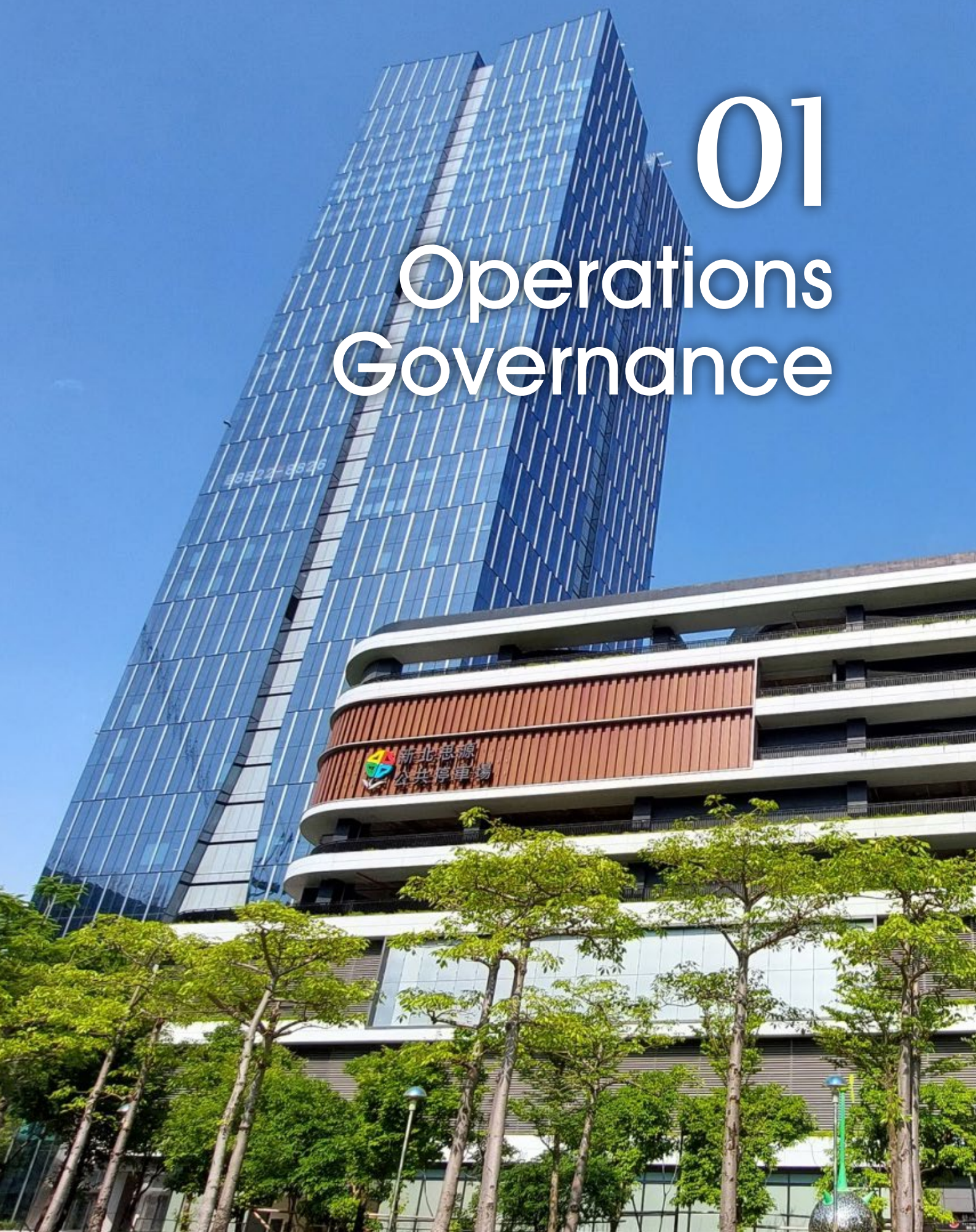


01 Operations Governance



Since its establishment in 1983, Clevo has pioneered laptop computers in Taiwan. We have achieved outstanding results in the R&D of high-tech niche products, particularly in the export market of ultra-high-end laptop computers. We have a wealth of experience and an impressive track record and have been recognized and awarded by customers worldwide. We also rank among Taiwan's top 50 well-known companies.

Clevo joins hands with employees, customers, suppliers, and other friendly business partners to experience corporate growth and prosperity and is expected to celebrate the company's 40th anniversary milestone. We are well aware that running a business is a difficult task. Clevo adheres to the core concept of integrity and steadfastness throughout the journey while cultivating a positive and kind corporate culture through the power of upward and downward effects. We also maintain the ability to adapt to various challenges, including the global economic environment, laws and regulations, and changes in global trends. We face challenges while maintaining a firm and unbreakable corporate style. We also hope that consistently overcoming obstacles will create a growth curve and reach new heights.

Clevo prioritizes high-quality products and services and a positive relationship of trust with customers and stakeholders. We always look forward to innovating, becoming industry leaders, and providing more value and satisfaction to our customers.

Performance Highlights

In 2022, our corporate governance evaluation score was 96.52, which increased by 3 points compared to 2021. We will strive to remain among the top 6%-20% of listed companies

Selected as a "Taiwan Corporate Governance 100 Index" constituent stock in 2022.

Regarding the external evaluation of the Board of Directors, the average score of the 7 directors is 4.95 (out of 5), and the evaluation results show that the company's operation as well as the financial and auditing management directions are clear.

The Taipei Twin Towers development project construction ceremony kicked off on November 11, 2022.

Association with SDGs

8 DECENT WORK AND ECONOMIC GROWTH



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION





1.1 About Clevo

Clevo mainly manufactures and sells laptop computers and is a global leader in the laptop computer OEM industry. Our business ranges from R&D, design, and production of portable computers and related products to B2B and post-sales services. We concentrate on developing a wide range of laptop computer products, with our product strategy organized around 4 main concepts: (ultra) thin and light (gaming) laptops with high gross profit margins, mid-to-high-end gaming laptops, commercial laptops, and Studio laptops.

The laptop computer industry has been continuously impacted and challenged in recent years due to changes in the hybrid working environment, the development trend of edge computing products, the fragmentation effect of environmental protection, and geopolitical supply chains. The company pursues a strategy of deeply cultivating blue ocean niches and quality prioritization. In addition to continuing to customize products for different regions or countries with market competitiveness, we also collaborate with international manufacturers to develop products that meet market expectations and continue to deepen the blue ocean market. The efforts have increased the company's profits and received numerous awards and recognitions worldwide.

By adhering to a professional attitude and technology, Clevo has constantly developed new markets, expanded its customer base, stood out in the fiercely competitive market, led the development of the future laptop computer industry, and become a reliable long-term partner for its customers. In 2022, our global laptop computer shipments reached nearly 200 million units, with an annual decrease of 23.4%. Clevo's shipments totaled 1.61 million units, and our consolidated revenues from the laptop business were NT\$18.8 billion, down 17.7% year-over-year but still the second-highest performance in 11 years.

The Clevo Group has ventured into real estate development and actively deployed into the Chinese mainland market since 1998. Buynow is Clevo's technology retail channel in mainland China, with 18 open shopping malls. With the vigorous development of e-commerce in the Chinese market, we have undergone multiple generations of innovation and evolution. Currently, the Buynow Malls combines 6 elements (technology, smartness, trendiness, creativity, fun, and experience) and introduces 5G and Big Data to create a consumers-oriented plaza of people, products, and stores. Buynow Malls offers online-offline multichannel convergence, one-stop shopping, and the experience of professional and smart technology. The number of mall visitors is boosted by continually strengthening the "discovery consumption" of online and offline integration and in-depth collaboration with internationally renowned brands via new entertainment modes such as short videos and live broadcasts. The goal is to develop an experience field that allows consumers to immerse themselves in the environment, generate a flow of people and consumption, and become a leading brand in China's technology shopping malls. We are confident that this new direction will bring us even more success and allow us to continue to lead the development of the technology retail industry. The COVID-19 epidemic significantly impacted China's consumer market in 2022. During the epidemic's lockdown period, Buynow's stores collaborated with merchants to overcome the difficulties, and the average occupancy rate across all Buynow Technology Plazas remained at 95%. Clevo has also actively responded to the development of the green energy industry promoted by the bank syndicate and planned

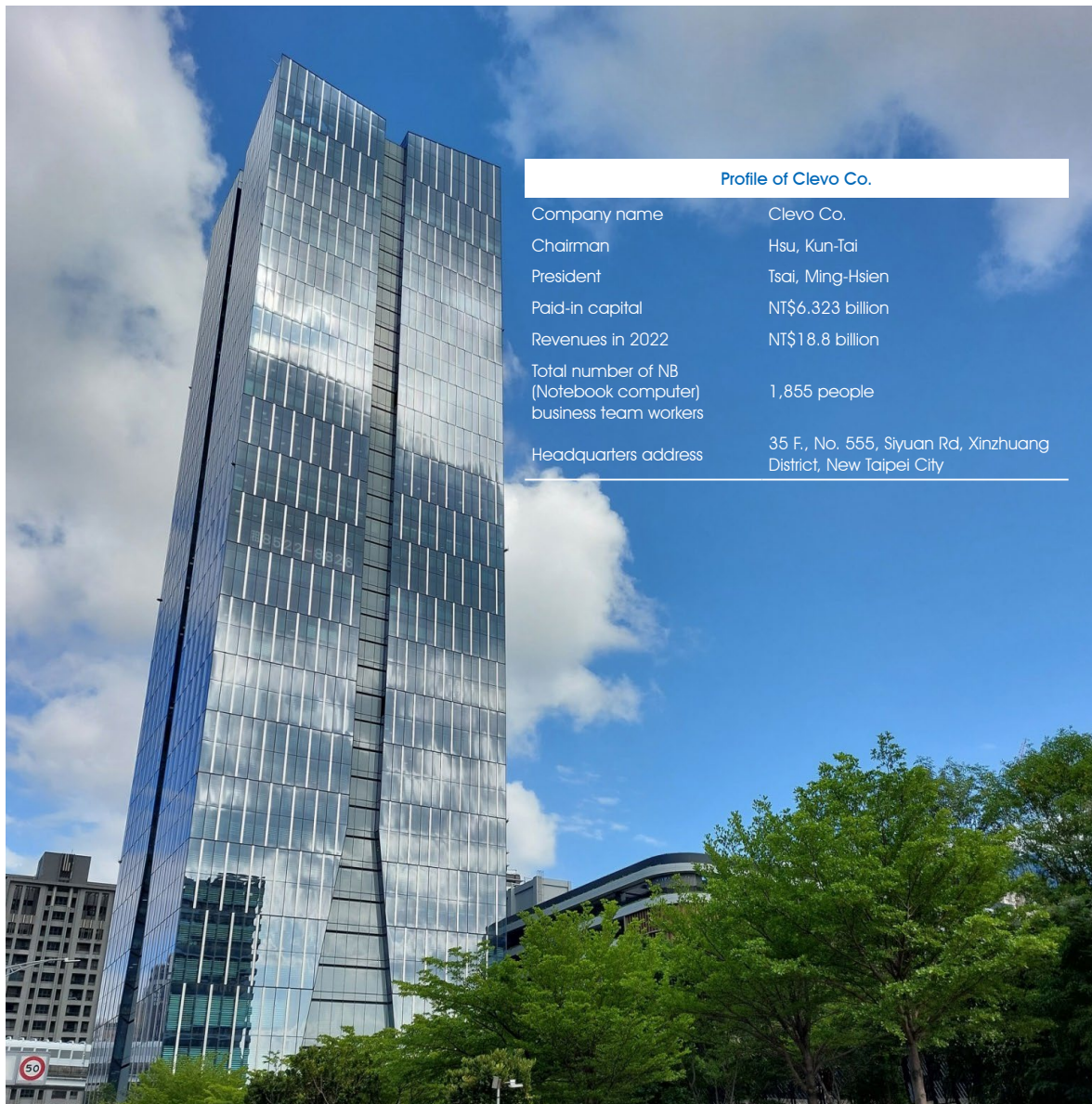
2022

Clevo ESG Report

2022

to include sustainability indicators into the credit conditions to achieve "Taiwan's 2050 Net Zero Emission Roadmap," the energy transformation policy. The company introduced corporate governance evaluation and social welfare indicators and received interest rate discounts for environmental sustainability indicators such as greenhouse gas emissions and green energy power generation. This action further reflects Clevo's emphasis on sustainable finance.

Clevo was added as a constituent stock to the Taiwan Stock Exchange's "Corporate Governance 100 Index" in 2022. This constituent stock is an important indicator of corporate sustainability and governance and is reviewed annually. The inclusion in the "Corporate Governance 100 Index" is a significant validation for Clevo ESG's growth. In the future, Clevo will continue to provide open and transparent information, strictly adhere to the laws of honest management and the laws and regulations of each operating base, shoulder corporate social responsibility, and contribute to Taiwan's long-term development.

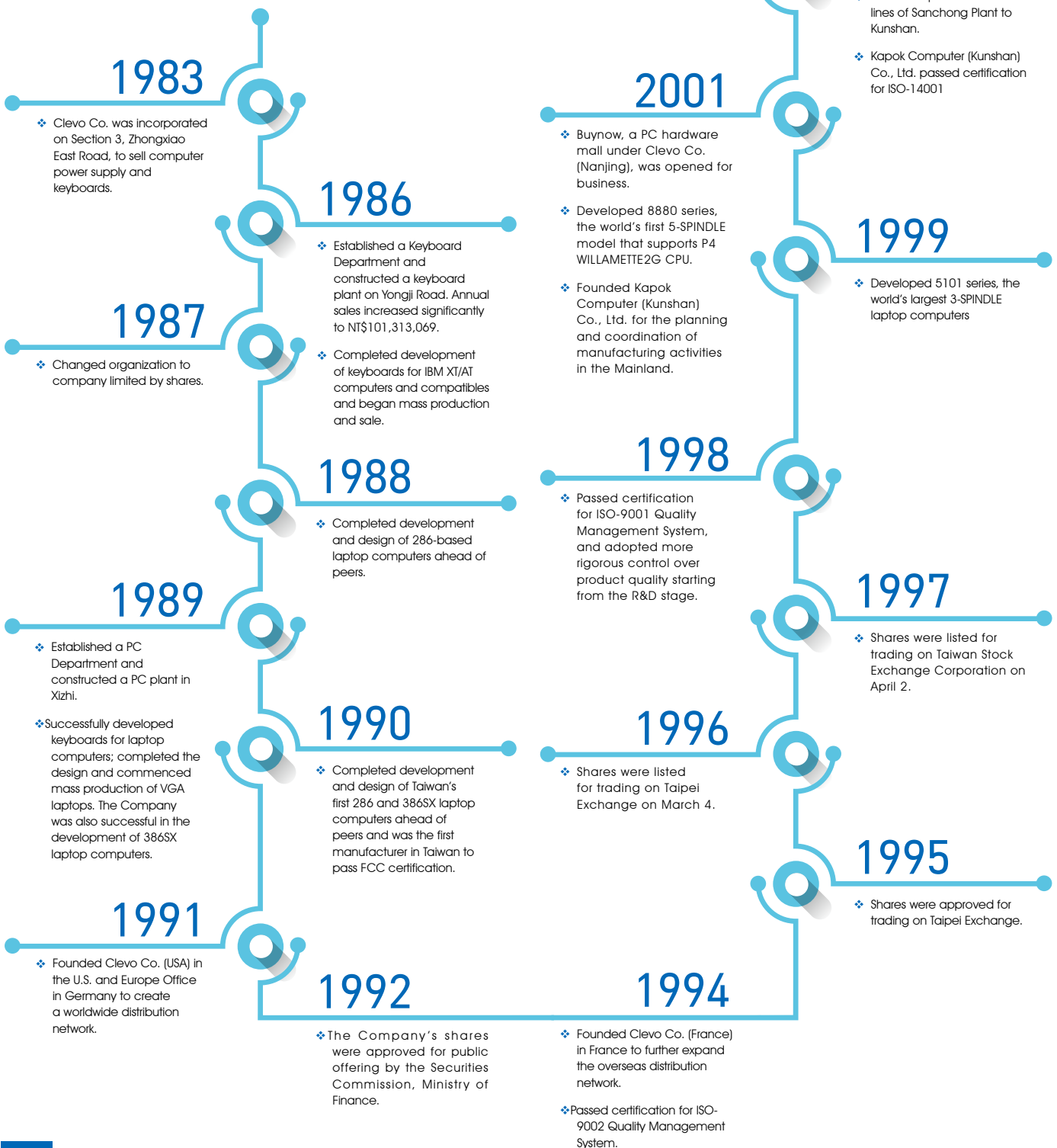




CLEVO® 01 Operations Governance

CLEVO®

1.1.1 Corporate History



2022

Clevo ESG Report 2022

2022

- ❖ Global Views Monthly announced the top 100 evergreen heritage stocks of listed companies in Taiwan that have been established for over 30 years, and Clevo Group ranked 62 on the list.
- ❖ The 2022 corporate governance evaluation results showed that the company has maintained at the top 6%-20% of listed companies, reaching the top level for two consecutive years.
- ❖ Selected as a Taiwan Stock Exchange "Taiwan Corporate Governance 100 Index" constituent stock.
- ❖ In July 2022, the Company entered into a joint venture with Kindom Construction Corp. and Hua Tai Investment to establish "Tua Tiann Co., Ltd.," which is responsible for signing and implementing the "Taipei Main Station Designated Area E1E2 Street Profile Public Urban Renewal Investment Proposal" with the Taipei Urban Regeneration Center.
- ❖ The Taipei Twin Towers development project construction ceremony kicked off on November 11, 2022.

2021

- ❖ The 2021 corporate governance evaluation results indicated that we have maintained the top 6%-20% among the listed companies.
- ❖ The Company sold the Sanchong plant at NT\$4.1 billion and will continue to activate the real estate and other assets held.
- ❖ Individual revenue reached NT\$22,839,008 thousand in 2021, a record high.

2020

- ❖ During the 2020 corporate governance evaluation results, our ranking among the listed companies in the electronic category with a market value of over NT\$10 billion jumped from the third tier to the second tier, showing excellent performance improvement.
- ❖ Chicony and Clevo Group ranked 44th in CommonWealth Magazine's Top-50 Groups 2020.

2019

- ❖ The Company maintained its standing in the 3rd tier during the 5th corporate governance evaluation.
- ❖ Buynow sold properties held in Chicony Industry (Wuhan) Co., Ltd.
- ❖ Subsidiary - Lunaria Investment GK sold real estate properties in Japan.

2018

- ❖ The Company moved up in the 4th corporate governance evaluation from the 6th tier to the top-3 tier, indicating exceptional performance improvement.
- ❖ Equity ownership and management of Buynow Wuhan Branch were transferred over to Chicony Square.
- ❖ Chicony Dezhou Branch and Shantou Branch opened for business.

2007

- ❖ Shipment volume of Kapok Computer (Kunshan) Co., Ltd. reached 80,000 units a month, a record-high level since plant relocation, and continued to improve in production capacity.

2012

- ❖ A memorandum of understanding for industry-academia collaboration was signed with the National Taipei University of Technology.

2016

- ❖ Harvard Business Review published the outcome of Best-Performing CEOs in Taiwan 2016. Hsu, Kun-Tai, chairman of affiliated enterprise - Chicony Electronics, was ranked 24th overall and 1st in the electronic components division among the top 50.
- ❖ Hyatt Place Luoyang opened for business.
- ❖ Buynow Shanghai Xuhui Branch re-opened as the first technology and smart solutions mall in Mainland China, offering a more comprehensive range of services to consumers.

2006

- ❖ Buynow (Guangzhou) opened for business, and became the largest Buynow branch at the time with a total floor space of 38,539.89 square meters.

2008

- ❖ Buynow (Guangzhou) received in-store visitors of more than 100,000 a day, while visitor count across all 13 Buynow stores achieved new height and exceeded 500,000.
- ❖ NB (Notebook Computer) sales reached a record-high level at NT\$1.76 billion.

2015

- ❖ Clevo's NB models P651SG and P750ZM were rated the No. 1 choice for Lightweight Gaming and Workstation, respectively, on NOTEBOOKCHECK. NET in Europe, ahead of machines from all other brands worldwide.
- ❖ The Company received A-rating during the 12th information disclosure evaluation for TWSE and TPEX listed companies.

2017

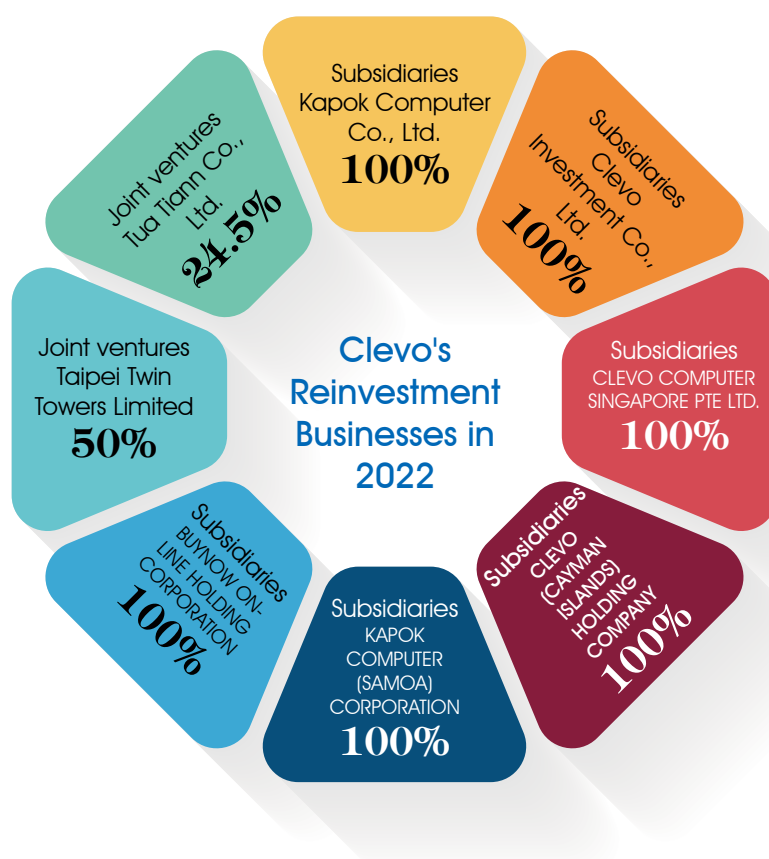
- ❖ Published the first sustainability report.
- ❖ Chicony Square Xian Branch opened for business.



1.1.2 Business Investments

Clevo has continued to improve the laptop computer industry's product development, production, and sales as well as the group's profitability by effectively controlling costs and focusing on quality. Clevo has actively deployed into mainland China by expanding Buynow IT channels to achieve diversified operations and integrate the upstream and downstream markets. We are committed to increasing the production and sales value of laptop computers while pursuing synergies to maximize the interests of shareholders and stakeholders based on years of experience in IT manufacturing and sales.

Clevo responded to the Taipei City Government's "Taipei Main Station Designated Area E1E2 Street Profile Public Urban Renewal Investment Proposal" in 2022 and was chosen as the best candidate along with Kindom Construction Corp. and Hua Tai Investment. The proposal improves the neighboring cities' living functions and indirectly promotes land development and reuse.



1.1.3 External Participation

Clevo has actively strengthened various internal professions and advantages, adhered to the concept of mutual prosperity and growth, and continued to participate in and support external organizations and activities to exchange industry trends, professional experience, and market information. The goal is to establish a mutual assistance and cooperation relationship while leading the industry trends.

External Organizations that Clevo had Taken Part in 2022



1.2 Economic Performance

Material topics: Economic Performance

Impact

◆ The Clevo Group adheres to the business philosophy of integrity; places a high value on long-term operations and stable profits; and addresses economic value issues that investors, shareholders, and other stakeholders are concerned about. The company is committed to green product R&D as well as employee training and collaborates closely with suppliers, customers, and partners to create multiple values.

Policy

◆ The Company establishes operational targets each year for the next 3 years and amends these targets year-over-year according to global economic growth. The efforts can facilitate strategic planning and action plans for the future to achieve gradual and stable growth.

Commitments and Goals

◆ Short-term goals: The Company aims to focus on sales volume and profit in 2023. The target sales volume is 1.8 million, with an estimated annual growth rate of 12%.
 ◆ Medium- to long-term goals: Continuously review the inventory and operational efficiency of the business group's assets in China by carefully evaluating each store's operating efficiency and opportunity. Proactive adjustments are continued with underperforming malls. Deleveraging is in progress to adjust the financial structure and push for transformation to maximize the group's interests. We also pledge to hold a quarterly corporate briefing meeting to explain the operation status to stakeholders such as investors and shareholders.

Responsible Unit

◆ Directors and Management Team

Responsibilities and Resources

◆ The company invests a considerable proportion of funds in R&D every year. In 2022, the combined research expenses were NT\$630,168 thousand, accounting for 3.35% of the annual turnover of the computer department.

Grievance System

◆ The Company has an Investor Relations Department that consolidates suggestions from shareholders and passes them on to the management/board of directors to support decision-making.
 ◆ TEL: (02)2278-9696
 ◆ Email: public@clevo.com.tw

Specific Actions in 2022

◆ Laptop computer business group: The company has actively implemented effective inventory management strategies in collaboration with customers to quickly grasp market destocking changes, collaborated with channel customers to grasp the advantages of destocking efficiency, and actively seized new product market opportunities.
 ◆ Mainland China business group channel: We will capitalize on the economic recovery following China's removal of COVID restrictions, accelerate asset optimization and activation strategies, and facilitate consistent profit growth for Chinese business groups.

Quantitative Management System

◆ We hold regular quarterly business management meetings to discuss the NB business group's operating performance, future prospects and NB trend reports, product competition analysis, and strategic planning. The headquarters holds quarterly Audit Committee and the Board of Directors meetings to review and adjust strategies according to quarterly performance and market changes, enabling risk avoidance and accomplishing annual targets.



CLEVO® 01 Operations Governance

Clevo Group's Main Operating Income



Clevo Group's Operating Performance in the Last 3 Years is as Follows:

(Unit: NTD Thousand)

Item	Basic Elements	2020	2021	2022
Direct Economic Values Produced	Income (including net sales, income from treasury investment, income from asset sale)	20,826,893	28,693,175	22,583,072
Economic Values Distribute	Operating costs	16,929,268	22,490,667	17,839,063
	Employee salary and welfare	1,944,575	2,355,365	2,045,363
	Payments to sponsors	1,281,989	1,924,695	1,659,631
	Proceeds paid to government authorities	1,527	123,568	212,469
	Community investment	2,590	2,530	2,020
	Total	20,159,949	26,896,825	21,758,546
Economic Values Retained (Production - Distribution)		666,944	1,796,350	824,526

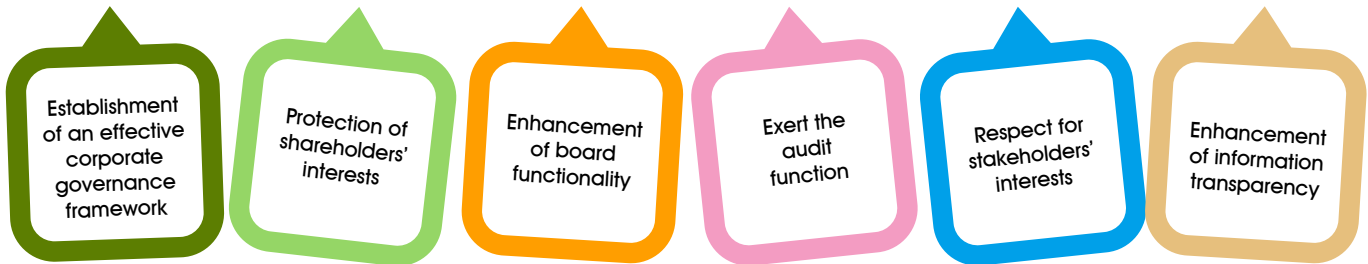
Note: In 2022, the company applied to the Labor Insurance Bureau for a NT\$21 thousand salary subsidy for "pregnancy checkup accommodation and paternity leaves" and "pregnancy checkup leave." It also applied to the government for investment tax credits, and NT\$49,248 thousand was declared.

COVID-19 swept the world in 2020 and 2021, and the upsurge in distance teaching and working boosted laptop computer market sales significantly. But as the epidemic slowed down in 2022, the market demand dropped compared to 2021. This led to a market oversupply, which decreased economic performance compared to the previous year. Every year, Clevo evaluates the fiscal year's performance and establishes operational targets to support the company's sustainable development.

1.3 Sustainable Governance

Clevo is dedicated to implementing the sustainable management concept and implementing communication with all major stakeholders. The company will act as a good corporate citizen, communicate its sustainable development performance, and ask stakeholders for feedback and guidance. The philosophy and spirit of Clevo are deeply ingrained in the company's workforce. We base our business operations on the six principles of sustainable management and strive to establish a stable, open, and charitable corporate culture by laying a strong foundation for corporate governance to guarantee the company's sustainable development.

Six Principles of Clevo Sustainable Management





Material topics: Corporate Governance

Impact

◆ Clevo complies with the relevant government regulations concerning corporate governance policies and practices. We have also continued to strengthen the functions of the Board of Directors. The members of the Board of Directors and the management team are expected to uphold high standards of integrity, self-discipline, and professionalism to ensure the rights and interests of shareholders, improve the management team's management, and strive to improve information transparency and implement corporate social responsibility.

Policy

◆ Clevo has established its Board of Directors according to the "Company Act," "Securities and Exchange Act," and other relevant regulations and governance principles. Functional committees are also established under the Board of Directors. They include the "audit committee," "remuneration committee," and "corporate governance committee" designed to strengthen the operational efficiency of the Board of Directors and submit proposals to the Board of Directors for resolution. To strengthen corporate governance and improve the Board of Directors' performance, a Corporate Governance Committee was established in 2020 according to Paragraph 3, Article 27 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. The Board of Directors is composed of 5 directors through resolution. Over half of the directors must be independent directors, and the members shall elect one (independent) director to serve as the convener and chairman of the meeting. Its operations shall be handled according to the Company's "Corporate Governance Committee Organization Regulations." Its main responsibilities include formulating the Company's corporate governance code of practice, reviewing the corporate governance system implementation performance and the annual implementation plan and progress, and formulating and regularly reviewing the training plan for directors.

Commitments and Goals

◆ Short-term goal: Comply with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and maintain the corporate governance evaluation results maintain at 6%-20%.
 ◆ Medium- and long-term goals: Continue to follow the Sustainable Action Plans for TWSE/TPEx Listed Companies, strengthen the functions of the Board of Directors, disclose information, and focus on sustainable development to improve ESG performance.

Responsible Unit

◆ Board of Directors and Management Team

Responsibilities and Resources

◆ The company currently has a Vice President of the Financial Center concurrently serving as corporate governance supervisor. A dedicated supervisor may be appointed for the role in the future, subject to compliance with laws.

Grievance System

◆ Mailbox: P.O. BOX 3-96, Sanchong, New Taipei City 24199 Taiwan (R.O.C.)
 ◆ English Mail box: P.O. BOX 3-96 Sanchong New Taipei City 24199 Taiwan (R.O.C.)
 ◆ Email address: public@clevo.com.tw
 ◆ TEL: (02)2995-0299

Specific Actions in 2022

◆ Frontal Impact Management
 ◆ Formulate a "Code of Practice for Corporate Governance" according to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to create a solid and effective Board of Directors.
 ◆ Establish a Corporate Governance Committee according to Paragraph 3, Article 27 of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
 ◆ Negative Impact Management
 ◆ Establish a reporting and complaint channel for stakeholders, and allow anyone can use this channel to make complaints and reports.
 ◆ Conduct internal and external performance evaluations for the Board of Directors and functional committees.

Quantitative Management System

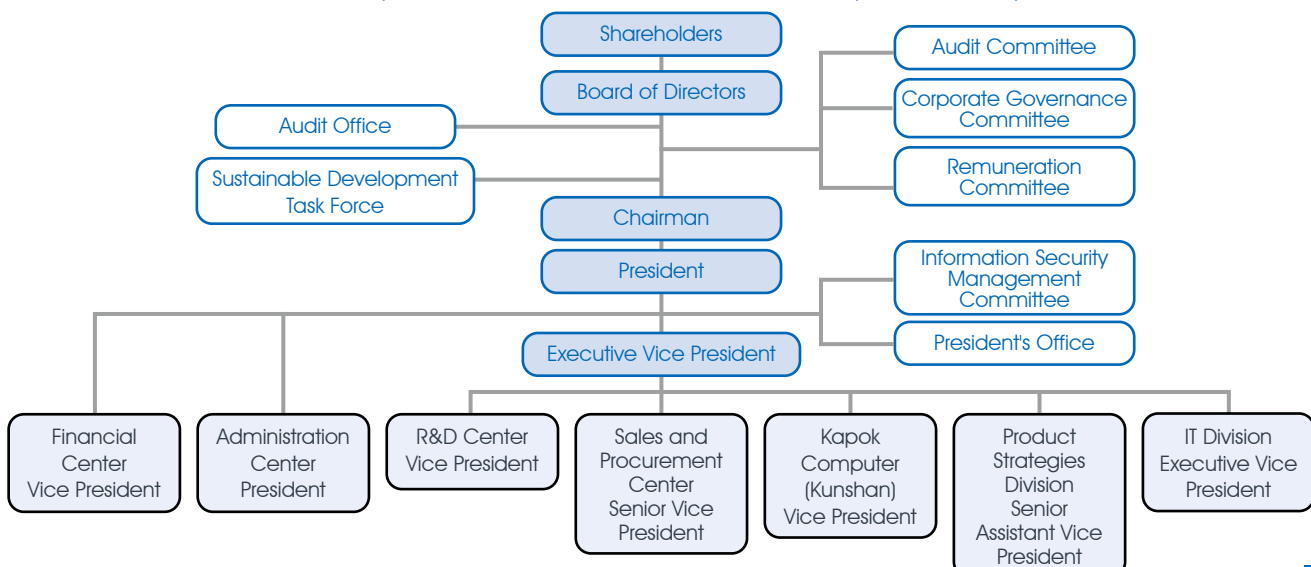
◆ Implement the "Board of Directors Performance Evaluation Method" and announce the directors' annual performance evaluation results on the corporate website.
 ◆ Draft an annual audit plan and regularly report to the Audit Committee and the Board of Directors.
 ◆ The 2022 corporate governance evaluation results showed that the company has maintained at the top 6%-20% of listed companies, reaching the top level for two consecutive years.

1.3.1 Robust Governance Framework

Clevo places a high value on good corporate governance and sees CSR as a critical component of sustainable management. In addition to continuing to uphold the company's core values in daily operations, it also actively responds to stakeholder expectations to enhance the standard and efficacy of corporate governance and bolster market competitiveness. The company is listed on the Taiwan Stock Exchange and follows a sound corporate governance structure. We have complied with the Securities and Exchange Act and set the shareholders' meeting as the company's highest decision-making body responsible for resolving important matters. The Board of Directors is the company's highest business executive body, responsible for supervising the company's operations and implementing important decisions. The highest person in charge of the company's internal management is the president, who is responsible for formulating company goals and policies, supervising the implementation, and proposing effective improvement plans. The president regularly reports on the company's operations to the Board of Directors. We have established several core centers under the governance structure to efficiently manage the company's operations, including the financial management center, administrative management center, R&D center, business and procurement center, Kapok Computer (Kunshan), product strategy department, and information department.

Clevo adheres to the rules of corporate governance. The board members and management are dedicated to achieving the business's operational goals in the best interests of all shareholders by upholding the business philosophy of integrity and integrity. The goal is to implement good corporate governance via corporate management operations, information transparency and openness, and improved supervision mechanisms. The company has also introduced the "Board of Directors Performance Evaluation Method" through internal and external evaluation and review to motivate ourselves to improve endlessly. The corporate governance evaluation results for 2022 indicated that we had maintained the top 6%-20% among listed companies, showcasing our persistence and efforts in corporate governance. We will continue to develop specific policies and goals and integrate them with operations in the future to ensure that the company's sustainable commitments are met.

Clevo's Corporate Governance Framework and Department Responsibilities





Department	Responsibilities
Auditing Office	Examine and review the internal control system of the Company and the subsidiaries, and audit all rules and systems.
President Office	Establish the Company's business targets and policies, operate each business and supervise/execute the affiliates' management.
Administrative Management Center	<ol style="list-style-type: none"> 1. Responsible for the whole enterprise's human resources management and general administrative management. 2. Be responsible for the legal and intellectual property management for the entire enterprise.
Financial Management Center	<ol style="list-style-type: none"> 1. Engage in the accounting and tax affairs, set up the budget, analyze the business, and prepare the financial statement. 2. Fund planning, long-term and short-term investment, foreign exchange hedging, and interbank transactions. 3. Services of stock affairs, investor and media relations management, and corporate governance operations.
Research and Development Center	Be responsible for product's research, development, design and technological application.
Business and Procurement Center	<ol style="list-style-type: none"> 1. Plan the global marketing, promote the business and sales, push the global deployment as well as deepen the regions and channel market. 2. Strengthen the after-sales services, meet the customers' demand, intensify the relationships with customers, reduce the risk of the bad debt and take charge of materials' support. 3. Strategic purchase, price negotiation and enquiry for the market price of the components of electrons and mechanisms. 4. Enhance the Company's image, participate in exhibition, advertise, plan and implement.
Kapok Computer (Kunshan)	<ol style="list-style-type: none"> 1. Be responsible for planning and coordination of orders received from Taiwan as well as production and manufacture in China. 2. Analyze the production capacity and set up the plans of production and manpower according to the plans of production and sales. 3. Prepare the material plans according to production plans, and control the issuance of material orders to maintain the lowest inventory volume. 4. Establish the production system with high-flexibility, high-efficiency, high-quality and low-cost to meet the customers' demand. 5. Implement the on-site real time service to enhance the service quality for the customers.
Product Strategy Office	Be responsible for new products' development and market development's planning.
Information Technology	<ol style="list-style-type: none"> 1. Plan and Implement the IT operation and e-operation, integrate the IT and communication. 2. Planning and design of applications and systems and information security management.

1.3.2 Board of Directors and Functional Committees

Clevo has established a rigorous corporate governance system to respect regulations and governance principles. We have established a Board of Directors to ensure the healthy operation of the company according to the "Company Act," "Securities and Exchange Act," and related laws and regulations. We have established functional committees under the Board of Directors, such as the "Audit Committee," "Remuneration Committee," and "Corporate Governance Committee" to strengthen the operational performance of the Board of Directors. These committees aim to improve the efficiency of the Board of Directors, assist in the management and supervision of relevant operational activities through dedicated functional committees, and provide more professional and independent opinions and suggestions for the company.

Board of Directors

The procedures for selecting and appointing members of the Company's Board of Directors comply with the relevant laws and regulations and adhere to the 3 major principles of fairness, impartiality, and openness. The nomination and selection of members of the Board of Directors follow the provisions of the company's articles of association and the candidate nomination system. In



company policy

addition to assessing each candidate's academic qualifications and referring to stakeholders' opinions, we also abide by the "Director Election Method" and "Corporate Governance Code of Practice" to ensure the diversity and independence of the Board of Directors. The Company attaches importance to gender equality in the composition of the Board of Directors. Currently, the Board of Directors consists of 4 directors, 3 independent directors, and 7 directors (including one female director). In 2022, the board had 29% of directors concurrently serving as employees and independent directors, representing 43% of the seats. Female directors represent 14% of the board, and the Company will continue looking for female professionals to undertake directorship.

A total of 9 meetings were held in 2022, with an average attendance rate of 96.8%. If the proposal discussed by the Board of Directors has a conflict of interest with the directors themselves, it shall be explained during the meeting. If the preceding conflict of interest involves the interests of the company and directors, the director shall not participate in the discussion or vote and shall be recused from the discussion and vote or exercising the voting rights on behalf of other directors. Proposals requiring recusal due to conflict of interest during the decision-making process are handled according to the conflict of interest recusal provisions specified in the "Code of Integrity Management," "Ethical Corporate Management Best Practice Principles," and "Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct." The recusal policy was followed in 2022, and the relevant regulations were not violated. The recusal policy was followed, and the relevant regulations were not violated. The functions of the board of directors are strengthened according to the "Board Performance Evaluation Measures," and an internal board performance evaluation is conducted at least once a year. The evaluation content includes five major aspects: (1) Participation in the Company's operations, (2) Quality of the board's decisions, (3) The board's composition, (4) Election and ongoing education of board members, and (5) Enforcement of internal control. In addition, it is evaluated by an external professional independent organization or an external team of experts and scholars every three years. The external evaluation focuses on four main aspects: (1) Professional capacity, (2) Decision-making skills, (3) Attention and supervision over internal control, and (4) Perspective towards corporate social responsibilities. In 2022, the internal performance evaluation of the Board of Directors was evaluated as good, and the operation status was sound.

The company has externally evaluated the professional functions, decision-making effectiveness, internal control, and sustainable development of the Board of Directors and functional committees in 2022. The average score of the 7 directors is 4.95 (out of 5), and the evaluation results show that the company's operation as well as the financial and auditing management directions are clear.

Compensations for board members are paid according to the Articles of Incorporation. Please refer to Articles 23 and 26 of the Articles of Incorporation for more details.

Audit Committee

The company's audit committee operates according to the "Audit Committee Charter" established by the company. Its main goal is to assist the Board of Directors to improve corporate governance efficiency through its professional division of labor and independent stand. The Audit Committee comprises 3 independent directors, and all members elect one of the independent directors as the convener and chairman of the meeting. The audit committee's responsibilities include overseeing the fair presentation of the company's financial statements,



the selection (removal) and independence and performance of accountants, the effective implementation of internal controls, the company's compliance with relevant laws and regulations, and the management and control of the company's existing or potential risks. In general, the main task and purpose of the Audit Committee is to supervise and manage the company's financial statements, internal control, and risk control. In 2022, the Audit Committee held 7 meetings, with an attendance rate of 90.5%. The important resolution items include reviewing financial statements, evaluating the effectiveness of the internal control system, assessing the independence and suitability of accountants, acquiring assets through the transfer of investment companies, agreeing to dispose of the company's subsidiaries' real estate projects, and passing the 2022 Annual audit plan.

Remuneration Committee

Clevo has assembled a Remuneration Committee according to Article 3 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange. The committee's primary responsibilities include reviewing and proposing amendments to the "Remuneration Committee Organization Regulations"; regularly reviewing the annual and long-term performance goals of the company's directors and managers, as well as related salary and remuneration policies, systems, and structures; evaluating the company's directors and managers' performance goals, and determining the content and amount of their salaries. The Remuneration Committee was established as an independent and objective committee to use performance as the basis for remuneration and ensure the company's legal and compliant remuneration system. The Committee also aims to attract outstanding talents, strengthen Clevo's remuneration system, and improve our competitiveness and attractiveness in the job market. The Remuneration Committee is composed of 3 independent directors. It held 3 meetings in 2022, with an attendance rate of 88.9%. During the meeting, the main discussion agenda included reviewing the year-end bonus plan for managers in 2021 and the amount of remuneration allocation for directors and employees.

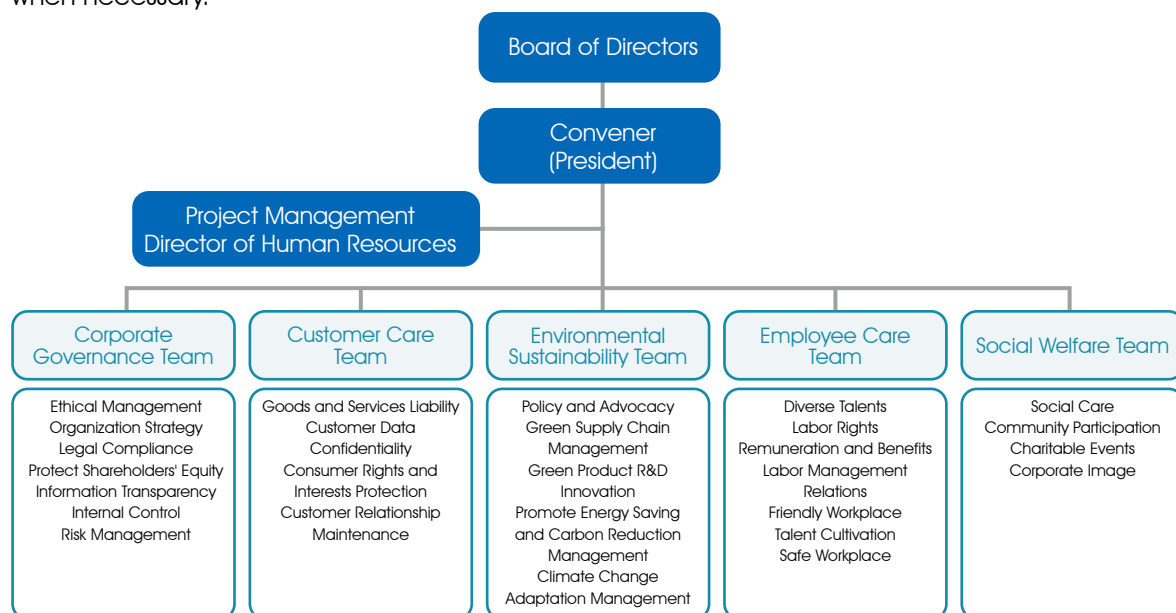
Corporate Governance Committee

In 2020, the company improved the functions of the Board of Directors according to Paragraph 3, Article 27 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies to strengthen the management mechanism. As resolved by the Board of Directors, the Corporate Governance Committee comprises five directors, and more than half are independent directors. All the members elect one (independent) director as the convener and meeting chair. The corporate governance committee operates according to the "Corporate Governance Committee Organization Regulations." The purpose is to formulate the code of practice for corporate governance and related regulations, review the effectiveness of the implementation of the corporate governance system and the annual implementation plan and progress, and formulate and regularly review the training plan for directors. A total of 2 meetings were held in 2022, with an attendance rate of 100%. The main topic of discussion at the meeting was the approval of the Corporate Governance Committee's annual implementation plan, a review of the previous year's report on corporate governance implementation, and a report on the audit plan for the coming year.

1.3.3 Sustainable Development Task Force

Clevo established a CSR task force in 2016 as a dedicated unit for sustainable development management and changed its name to the Sustainable Development Task Force in 2022. The President serves as the convener. Since its establishment, it has been responsible for compiling and publishing the annual sustainability report; Policy formulation for sustainability development, system establishment, and design of related management guidelines. The President also leads the company's subgroups and various departments in sustainability implementation in Clevo's operation process.

The Sustainable Development Task Force is divided into 5 teams according to the field. They include corporate governance, customer care, environmental sustainability, employee care, and social welfare. The relevant company units select supervisors and colleagues with appropriate functions to form teams, hold regular meetings, coordinate the management, and negotiate and discuss future ESG implementation methods and goals with each team. The Sustainable Development Task Force reported the 2021 sustainable development implementation status to the Board of Directors in June 2022. The Board of Directors can review the strategy progress through the annual implementation report and compel the management team to make adjustments when necessary.



Clevo's corporate website has an ESG section, which includes issues-oriented performance such as environmental protection, social care, employee care, and corporate governance. The goal is to provide stakeholders with a complete understanding of the company; keep the various stakeholders abreast on various issues such as environmental protection, labor rights, and social care; and implement sustainable enterprise and societal development.

ESG Education and Training

Under the promotion of the global ESG wave, businesses must identify the key issues that are most relevant to them and collaborate with operations planning to develop corresponding development strategies and actions. They must also Establish quantitative performance indicators as a management tool for evaluation, improvement, and tracking; and disclose information to



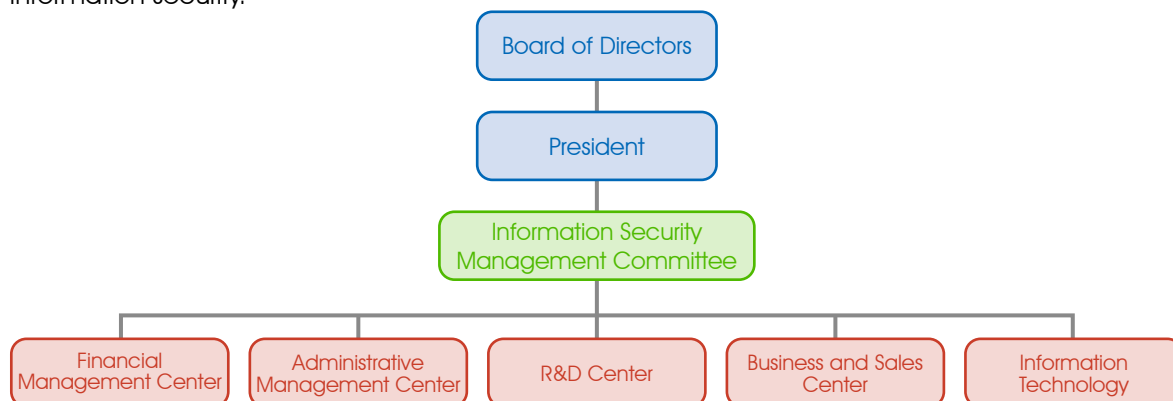
customers, suppliers, employees, and other stakeholders. The enterprise's overall ESG development strategy must be implemented gradually from top to bottom. After the management formulated the overall ESG blueprint, it was subdivided and assigned to different Sustainable Development Task Force teams for implementation.

In 2022, all Clevo directors participated in the "ESG Sustainable New Economy" course training to gain new knowledge of international ESG trends and regulatory changes and to strengthen the link between the company's operational goals and sustainable development strategies. We believe that the company's highest decision-making unit can detect ESG trends and guide the company toward sustainable development. Clevo's Sustainable Development Task Force collaborates with external consultants to conduct more detailed corporate sustainability education and training. In addition to understanding the updated sustainability report compilation specifications, it shares best practices for ESG indicators. The goal is to improve the company's ESG momentum and knowledge through continuous learning and observation.

In the future, we will continue to expand our corporate sustainability and convey the concept of sustainable development to employees, customers, and other stakeholders. We are committed to integrating corporate sustainable management into the DNA of Clevo Group, making sustainable development our core value and action guide. We will continue to strive with a positive attitude to realize Clevo's sustainable vision and build a better society and environment for the future.

1.3.4 Information Security Committee

Major information security incidents have occurred in government agencies and listed companies in recent years. The company established a Information Security Committee in December 2020 to strengthen its information security organizational structure according to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. The company's president chairs this committee, and the vice presidents of each center appoint directors of division-level units to serve as committee members to ensure the accuracy, integrity, security, and long-term availability of relevant information. Regular meetings are held in June and December every year at the company-wide cross-center management level on dynamic events to help colleagues understand, prevent, and deal with various information security needs. The minutes of such meetings are submitted to the President and the board of directors for verification and decisions on the relevant issues. The goal is to implement various information security-related policies more effectively and make information security awareness and concepts part of the Company's corporate culture. For more information about Information security, please refer to 1.4.3 Information security.



1.4 Business Integrity

Clevo continues to uphold the principle of integrity and compliance with the law to ensure that the company's business activities are conducted according to ethics and the law. We firmly believe that integrity management and law-abiding are the core foundations for the sustainable operation of enterprises. We have implemented a strict integrity management code and a zero-tolerance policy for all illegal incidents. As of 2022, Clevo has not had any major violations (referring to incidents in which the penalty amount exceeds NT\$1 million), demonstrating our firm belief in legal operations. In 2022, we revised the "Regulations Governing the Acquisition and Disposal of Assets" to further strengthen the company's operating procedures. These revisions have broadened the scope of applicable operating procedures, ensuring legal compliance in all businesses and transaction transparency and legality.

Below are Clevo's ultimate guiding principles regarding compliance:





1.4.1 Integrity with in Clevo

Material topics: Business Integrity and Anti-corruption

Impact

◆ The company strives for sustainable operations while avoiding legal liability and goodwill damage caused by dishonest behavior. Therefore, the management strategy must include values such as honesty and ethics to strengthen and internalize the concept of honesty management within the company.

Policy

◆ Clevo conducts business activities at the highest ethical standard. We have implemented a set of Business Integrity Code of Conduct and require all new recruits to sign relevant documents to ensure that all commercial activities comply with laws.

Commitments and Goals

◆ We have zero-tolerance for any behavior that violates commercial ethics and are therefore committed to promoting integrity, compliance, and prevention against dishonest conducts through internal reminders and regular awareness campaigns organized by the internal audit unit.

Responsible Unit

◆ Auditing Office

Responsibilities and Resources

◆ Audit Office, Financial Management Center

Grievance System

◆ Mailbox: P.O. BOX 3-96, Sanchong, New Taipei City 24199 Taiwan (R.O.C.)
 ◆ English Mail box: P.O. BOX 3-96 Sanchong New Taipei City 24199 Taiwan (R.O.C.)
 ◆ Email address audit@clevo.com.tw
 ◆ TEL: (02)2995-0299

Specific Actions in 2022

◆ The responsible departments shall remind internal board members and key internal managers about insider trading issues and monthly share trading. Progress and findings are reported to the management regularly.

◆ Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and misconduct to ensure ethical management in compliance with the requirements of laws and regulations.

◆ Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines concerning the Company's operations and business.

◆ Plan the internal organization, establishment, and responsibility. Establish a mutual supervision, checks, and balances mechanism for business activities that are less risky of dishonesty.

◆ Promotion and coordination of integrity policy advocacy training sessions.

◆ Ensure the reported cases are handled according to the "Reporting System" and implemented effectively.

◆ Assist the Board of Directors and management to inspect and evaluate the implementation of the preventive measures established by the integrity management, ensure they are operating effectively, and issue reports regularly.

◆ Produce the information about documentation of ethical management policy and compliance statement, fulfillment of the commitment and implementation status thereof, and maintain the same with care.

◆ In 2022, we provided new employees with integrity management and legal compliance education and training.

◆ The Company provided employees with education and training on integrity management through E-Learning. Course topic: Treasure Means Nothing without Integrity - Discussion about Integrity Management. Duration: 1 hour. There were a total of 78 views by the participants as of the end of 2022.

Quantitative Management System

◆ Internal audit, corporate governance evaluation, and violations count.

◆ No violation against the above business integrity code of conduct and guidelines and no incident of corruption was found in 2022. In the future, we will more actively promote business integrity and enhance communication through our contact windows.

◆ In 2022, no reports of illegal activities were reported through dedicated lines or emails.

Clevo's Robust Internal Control System

Clevo has established the administrative management center as a dedicated unit for integrity management. It collaborates with the audit unit to develop relevant laws and regulations to deeply embed the concept of "integrity management" in the work values of every colleague. We generally post relevant ethical behavior and honest management norms on the company's internal website and publicize them to employees. In 2022, a total of 217 people clicked on the relevant operating guidelines and methods. Suppose any violation of the company's articles of association is discovered. In that case, employees can anonymously complain or report illegal acts through multiple smooth channels with the various management levels and human resources units. The company has a whistleblower system in place to protect the company's reputation and property safety and prevent corruption, theft, embezzlement, or other illegal and unethical behaviors. Internal and external personnel are encouraged to report dishonest behaviors or misconduct, and rewards are given according to the severity of the reporting. To prevent retaliation from the accused, the identity and content of the report are kept strictly confidential. In 2022, no reports of illegal activities were reported through dedicated lines or emails.

In 2022, the internal control audit operations were implemented according to the audit plan formulated at the beginning of the year. They cover the relevant projects required by government laws and regulations. A total of 40 audits and 4 follow-up reports were conducted, all of which met the Company's control system requirements, and no major defects were found. But some minor imperfections were suggested for improvement, and the follow-up track was implemented until the improvement was completed. In 2022, a total of 12 improvement items were suggested after the review, and all improvements were completed.

We also use E-Learning to provide education and training related to honest management for employees to ensure that all colleagues in Clevo clearly understand the importance of honest management during the company operation. In 2022, a total of 78 people participated in this training program. Every new employee who joins Clevo must sign relevant documents such as the "Employee Confidentiality Agreement," "Integrity and Self-discipline Commitment," "Employee Self-Discipline Convention," and "Employee Closing Letter" to ensure that employees understand and promise to abide by integrity and ethical behavior requirements. In 2022, a total of 79 people signed the preceding documents, reaching a 100% signing rate. In addition, relevant articles on the company's internal webpage were viewed by a total of 79 people in 2022.

Clevo educates current directors, internal managers, and other employees aware of the company's important internal information at least once a month before the 5th and emphasizes the points requiring attention. Education and publicity will be given within one month of taking office for new directors and internal managers. In 2022, the company conducted 12 educational promotions for current directors, internal managers, or other employees with access to the company's important internal information, with 240 participants. The education, training, and publicity content includes "common irregularities in the declaration of insider equity," "laws related to insider equity changes," "laws related to ownership rights," "regulations of directors and supervisors in the Securities Exchange Law," and related data files. Relevant information files are delivered to all directors, internal managers, or other employees with access to the company's important internal information for reference before the 5th of each month.

The company will notify all directors immediately after the scheduled board of director meeting date every year to prevent directors from illicitly violating the stock trading norms during the closure period before the financial report announcement.



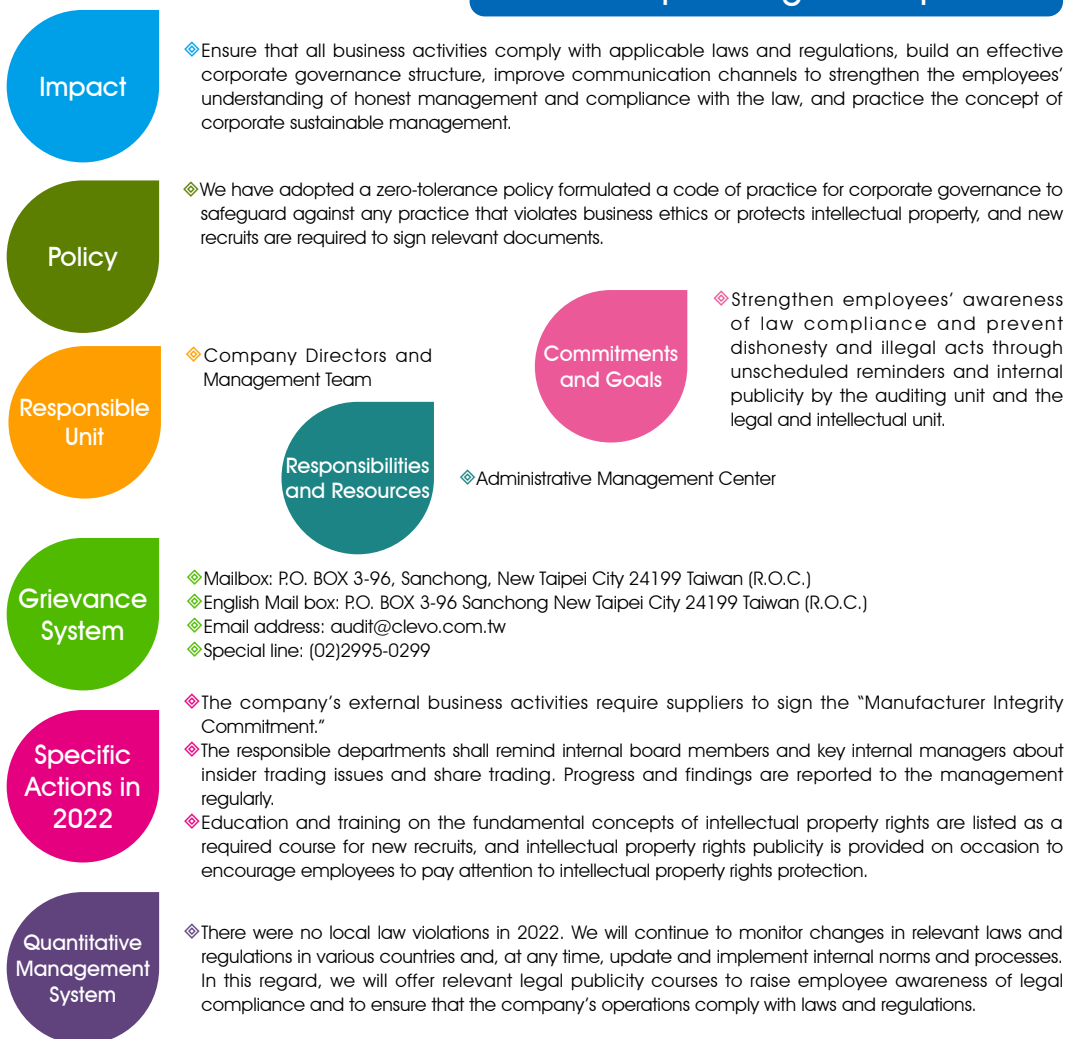
Intellectual Property Management Plan

In July 2021, we established an intellectual property management team to deal with many internal and external intellectual property-related issues derived from emerging business models, enhance the company's intellectual property protection capabilities, and strengthen intellectual property risk control. The team has successively adjusted the relevant intellectual property management procedural document contents to conform to the Taiwan Intellectual Property Management System (TIPS). The company plans to apply for third-party verification in August 2023, and the review is expected to be completed in 2023.

To establish and strengthen employees' understanding of intellectual property protection, the company has conducted internal education and training for personnel in charge of intellectual property management and all employees and provided intellectual property-related information for employees via E-Learning. The "Basic Concepts of Intellectual Property Rights" course was held, and the number of trainees was approximately 78, accounting for 14.7% of the employees in the Taipei headquarters. The goal is to improve the company's intellectual property rights management.

1.4.2 Legal Compliance

Material topics: Legal Compliance



Clevo strictly adheres to the laws and regulations that each operating base must follow for the organization's products or services. The company upholds the principle of "integrity" and conducts business with the highest ethical standards. We have established a code of integrity management and a code of ethical conduct and required all recruits to sign relevant documents to ensure that all commercial activities comply with laws. We adopt a zero-tolerance policy for any misconduct that violates business ethics. With the regular reminders and internal propaganda by the auditing unit, we are committed to reinforcing our employees' concept of ethical management and legal compliance, to prevent misconduct. The company also regularly collects and updates legal changes in key domestic and international markets and promptly implements countermeasures to address the various regulatory changes

1.4.3 Information Security

Material topics: Information Security and Customer Privacy

Impact

Information security issues may cause the company to fail to operate normally, shut down the related systems, and obstruct normal operations. The company established an "Information Security Committee" in 2020 to create continuous improvement; maintain the confidentiality, integrity, and availability of data; and ensure the continuous operation of the company's core business and production facilities. The goal is to create a continuously improving information security environment that properly responds to threats and impacts caused by information security incidents to clients and the company.

Policy

We have formulated the "Enterprise Information Network Management Measures" and the "Information security Management Measures" according to international standards and use them for evaluation analysis to improve and implement implementation.

Commitments and Goals

Short-term goal: Refer to the ISO27001 international standard to strengthen information system security, maintain system reliability, eliminate doubt about information security leakage, and reduce the occurrence of information security incidents that can affect the company's operations. Continue to implement, audit, and improve to ensure compliance with laws and regulations.
Medium and long-term goals: Introduce the ISO27001 Information Security Management System (ISMS) international standard certification.

Responsible Unit

Company Directors and Management Team

Responsibilities and Resources

Board of Directors and Information Security Office

Grievance System

Mailbox: P.O. BOX 3-96, Sanchong, New Taipei City 24199 Taiwan (R.O.C.)
English Mail box: P.O. BOX 3-96 Sanchong New Taipei City 24199 Taiwan (R.O.C.)
Email address: ce12@clevo.com.tw
Special line: (02)2995-0299

Specific Actions in 2022

Follow the ISO 27001 infrastructure specification, check information security policies' applicability and security measures using the standard's management cycle mechanism of Plan-Do-Check-Act (PDCA), and report the implementation results to the Information Security Committee twice a year.

Quantitative Management System

Regularly conduct routine meetings, information security audits, and social engineering drills. Conduct a personal software asset inventory once a year.



The number of information security threats detected in 2022 increased by 55%, according to Trend Micro's 2022 Annual Information Security General Assessment Report. Furthermore, hackers have indiscriminately attacked all industrial consumers and business organizations, increasing blocked malicious program files by 242%. An observation of Taiwan's information security situation in the past year revealed that Taiwan ranks among the top 5 countries worldwide for the 4 types of information security threats received. They include ransomware attacks, malicious links, mobile phone information security threats, and internal and external attacks on smart home networking. As a result, information security has emerged as a major risk factor in business operations. Clevo believes that information security is the digital fortress of enterprise management. We have formulated internal management practices for the company's internal audit and control based on domestic and international information security standards. We have effectively implemented information security management, planning, supervision, promotion, and regular internal and external audits through our rigorous management program to ensure normal operating operations and truly protect the information security of employees and customers.

The Information Office will regularly announce and promote information security awareness to colleagues to help them develop good data backup and access habits, correct software and hardware access procedures, and use the uniformly authorized legal operating systems. The Information Office has also provided a list of legal software on the Company's homepage for review by colleagues to help them avoid violating laws and regulations related to intellectual property rights.

In addition, we have also strengthened the control and maintenance of internal information security through refined governance mechanisms, enhanced defense capabilities, and situational drills, improved the overall information security management level, and established a Information Security Committee in December 2020. The Information Security Committee was also reorganized in December 2022 to include Kapok Computer (Kunshan) and Buynow to strengthen the Clevo Group's information security control. The company's president will serve as the committee's chairman, and each center's deputy president will appoint directors of division-level units to serve as committee members. Meetings were held every 6 months to understand, prevent, and deal with various information security needs while coordinating information security-related policy formulation, implementation, risk management, and compliance inspections. The top supervisor of the information security department shall report to the Audit Committee of the Board of Directors every 6 months concerning the information security management performance as well as information security-related topics and directions.

We adopted specific information security measures in 2022 to reduce the operation level impacts and information security risks. These measures included optimizing firewall and virus protection and performing test drills on backup hosts. These measures are designed to ensure that the Oracle EBS servers Clevo's computer room can be restored in the shortest time and with the least loss when faced with disasters or intentional and malicious system damages and smoothly switch to the backup server in the remote IDC computer room to maintain the normal operation of the company.

The information security threats faced by major enterprises are changing with each passing day. Every year, Clevo has implemented a series of strict monitoring and inspections on equipment security in the computer room to more effectively avoid information security attacks. The efforts include regular vulnerability scanning and penetration testing of important service

servers in the computer room, establishing Security Information and Event Management (SIEM) for important services, collecting system records in a centralized manner, and helping to analyze early indications of an abnormal occurrence.

2022 Information Security Management Operations

System Usability

- ❖ System/network usability status monitoring
- ❖ Remote backup mechanism, data backup, and backup measures
- ❖ Regular disaster recovery drills

External Threat

- ❖ Virus protection and malware detection
- ❖ Computer server vulnerability scanning and system update

Privilege Management

- ❖ Computer room personnel access privilege control
- ❖ Personnel account and privilege management

Data Access Management

- ❖ Control information data access privilege
- ❖ Confidential information access is subject to approval

2022 Information Security Management Policy and Objectives

- ❖ Announce the latest information security matters on the enterprise employee portal website to remind and educate employees to be cautious.
- ❖ Check virus patterns and Microsoft operating system updates every week.
- ❖ Social engineering: Phishing email simulation drill, click rate < 10%
- ❖ System Backup and Restore Drill
- ❖ Conduct software inventory on computers to ensure the legal use of authorized software.
- ❖ Software and hardware asset management system monitoring.