

6 Responsible Procurement

A Promoter of Shared Value

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Suppliers have always been Nanya Technology Corporation's most important business partners. We aim to enhance cooperation to create greater value and share the value and benefits of cooperation and create a sustainable future.

100% SAQ completion rate of key raw material suppliers

97.05 million The cumulative amount of refunds to migrant workers of contractors as of 2023 was NT\$97.05 million to 3,781 people.

203 contractors 203 RMI-approved smelters identified in supply chain survey

Strategy and Performance of Material Topics

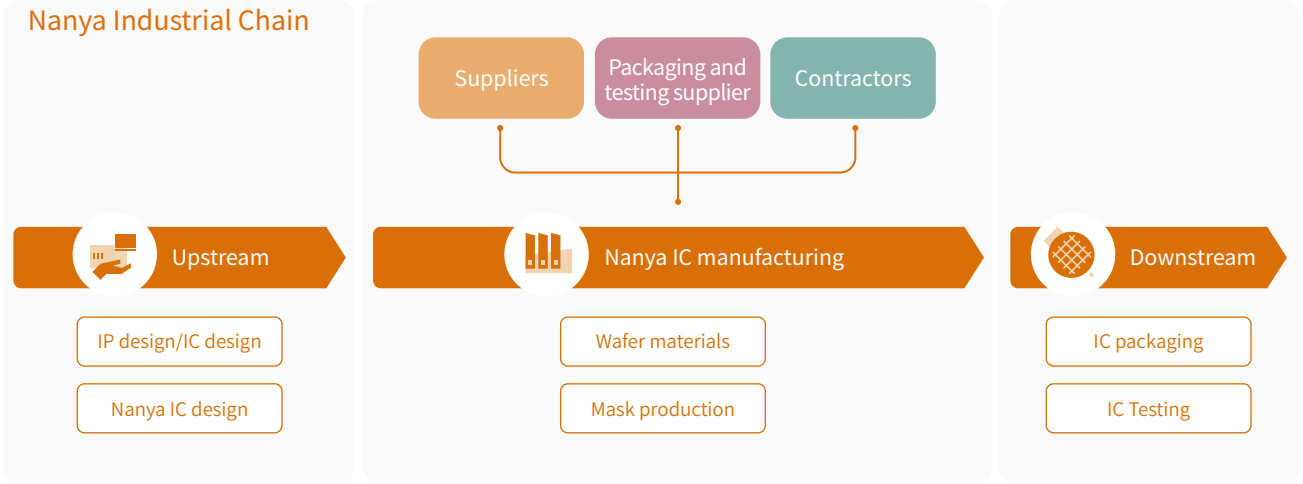
Strategy of Material Topics	2023 Goals	Performance and Goal Achievement	2024 Goals
<div>Sustainable Supply Chain Management</div> <div>Conflict-free minerals and responsible mineral procurement management</div> <div>No conflict minerals have been used in any of Nanya's products</div> <div>Supply chain risk management</div> <div>Implement regular "quality, delivery, service, cost, technology, and sustainable management" evaluations for suppliers</div>	Use 100% conflict-free minerals and responsibly procured minerals	◆ 100%	Use conflict-free minerals and responsibly procured minerals: 100%
	Completion of SAQ by significant suppliers: 100%	◆ 100%	Completion of the self-evaluation questionnaire by significant suppliers: 100%
	100% completion rate of deficiency improvements by suppliers with high sustainability risk in audits	◆ 100%	Completion rate of deficiency improvements by suppliers with high sustainability risk in audits100%
	100% of suppliers signing Supplier Code of Conduct	◆ 100%	100% of suppliers signing Supplier Code of Conduct
	100% completion of audits and guidance for significant suppliers	◆ 100%	100% completion of audits and guidance for significant suppliers
	Implement at least 2 supplier sustainability guidance projects	◆ 2 projects	Implement at least 2 supplier sustainability guidance projects

Exceed
 Achieved
 Partially Achieved

6.1 Supply Chain Overview

Nanya Industrial Chain

IC industry (including DRAM) is categorized into upstream IC design, mask making/wafer material, midstream IC production, and downstream IC packaging and testing. Nanya is committed to the R&D, design, manufacturing, and sales of IC products, and is positioned in the upstream IC design and midstream IC production in the industrial supply chain. To improve the efficiency of customer service and effectively build closer relationships with customers in the upstream product design and testing and verification stages, the head office provides customers' technical solutions in various regions, including Taiwan, mainland China, Southeast Asia, Europe, America, Japan, and South Korea. In response to customer's requests, we irregularly exchange technologies with customers, provide technical support, and assist in solving the problems faced by the customer's engineering staff in design and testing. The Company continuously communicates with customers in the midstream production and sales stages and report weekly to the head office on the feedback of customers' future demand forecasts. The head office aggregates the demand forecasts around the globe and converts them into production plans, which are adjusting weekly to meet customers' needs and maximize the benefits. In the meantime, we cooperate with downstream contractors to form a complete industry chain.



Form of Supply Chain

Nanya's suppliers can be divided into "suppliers" and "contractors" based on the manufacturing process; suppliers can be further divided into production materials suppliers and non-production materials suppliers. "Production materials" suppliers are the Company's main suppliers, and include raw materials suppliers and professional spare parts suppliers (suppliers of spare parts for production machinery in clean rooms and related packaging materials).

To effectively manage suppliers and allocate resources, Nanya considers the "location of the supplier," "product of the supplier," "operations of the supplier," and "sustainable development" to screen significant suppliers (including tier 1 raw materials suppliers, professional spare parts suppliers, and high risk suppliers).

Factors that are considered are briefly described below:

- **Region of the supplier**: Geopolitical risk and local regulations
- **Products of the supplier**: Raw material attributes and risks of components
- **Supplier operations**: Establishment of business continuity management system for the industry
- **Sustainability governance**: Evaluate environmental management, labor rights, and business ethics

Distribution of suppliers (raw materials and professional spare parts suppliers)

Year	2020	2021	2022	2023
Asia	280	266	273	270
Americas	93	102	96	81
Europe	41	32	28	27
Oceania	31	31	18	13
Total	445	431	415	391

* The distribution of suppliers calculation method is based on the number of actual shipping locations.

Supplier category and Non-tier 1 significant suppliers

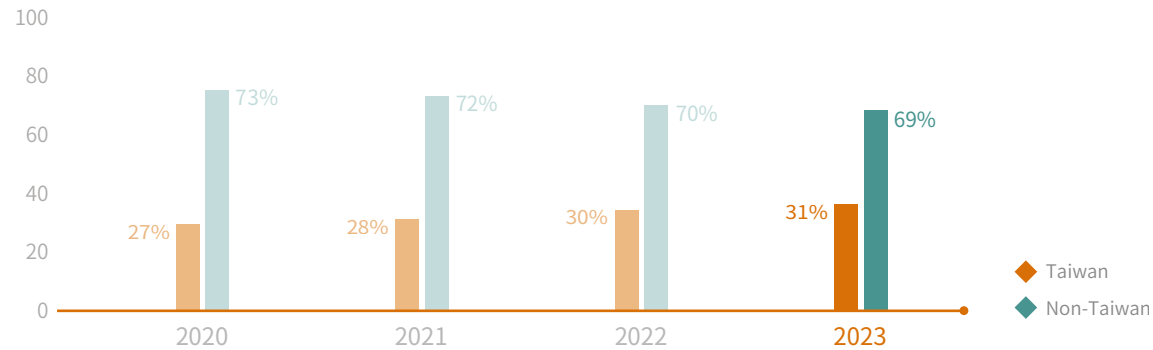
	Year	2020	>	2021	>	2022	>	2023
Raw materials	Number of tier 1 suppliers	82		80		80		79
	Number of tier 1 suppliers of concern	82		80		80		79
	Percentage accounted for by tier 1 suppliers of concern (%)	100%		100%		100%		100%
	Percentage of procurement amount accounted for by tier 1 suppliers of concern (%)	100%		100%		100%		100%
Professional spare parts	Number of tier 1 suppliers	222		215		202		194
	Number of tier 1 suppliers of concern	11		11		12		10
	Percentage accounted for by tier 1 suppliers of concern (%)	5%		5%		6%		5%
	Percentage of procurement amount accounted for by tier 1 suppliers of concern (%)	2%		9%		4%		6%
	Number of tier 1 suppliers	304		295		282		273
	Number of tier 1 significant suppliers	93		91		92		89
	Percentage of procurement amount accounted for by tier 1 significant suppliers (%)	68		72		71		77
	*Number of non-tier 1 significant suppliers	82		80		80		79

*Non-tier 1 suppliers refers to tier 1 raw materials suppliers

Local Procurement

Nanya prioritizes local procurement to improve service efficiency, shorten delivery time, and reduce the impact on the environment, and the percentage of local procurements has continued to rise in the past four year. However, as semiconductor equipment and technologies mostly involve foreign production or international collaboration, most of the materials used in the semiconductor industry are still produced in foreign countries. This has led to larger foreign procurement compared to domestic procurement. Nanya will continue to cooperate with local suppliers to expand procurement and employment opportunities in Taiwan, driving economic development and creating greater value in partnerships with suppliers.

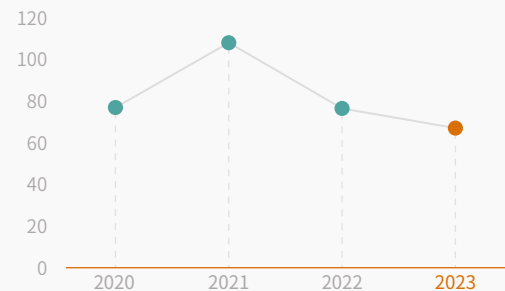
Local procurement amount or raw materials in 2020-2023



Green procurement

In response to global environmental protection issues, Nanya continues to use energy-saving, low-pollution, reused, recyclable, green building materials, and other green and eco-friendly products and equipment, and exerts its influence to encourage supply chain manufacturers to follow and improve the performance of green procurement. The green procurement amount in 2023 was NT\$7,837,000. Nanya also continues to review the feasibility of replacing purchased items with eco-friendly products.

Total green procurement amount (Million NTD)



6.2 Sustainable Supply Chain Management

Nanya firmly believes that the sustainable growth of its supply chain is closely related to its sustainable development, and is therefore actively involved in the management of related resources and cooperates with suppliers to drive the supply chain's sustainable growth and achieve shared value for mutual benefit.

Sustainable Supply Chain Management Strategy

- Development strategies and management strategies

Nanya's sustainable supplier development strategies



Sustainable supplier risk management

Implement risk assessment through self-evaluation questionnaires for suppliers, and strengthen supplier risk management through audits and improvement tracking



Supplier cooperation and exchanges

Periodically organize supplier conferences and supplier evaluations on the basis of cooperation and mutual aid, and provide guidance for suppliers to increase social, economic, and environmental benefits, in order to achieve sustainable development of suppliers.



Improve the sustainability of suppliers

Nanya pays attention to environmental and social sustainability issues while pursuing economic benefits, and continues to work with suppliers in projects related to sustainability



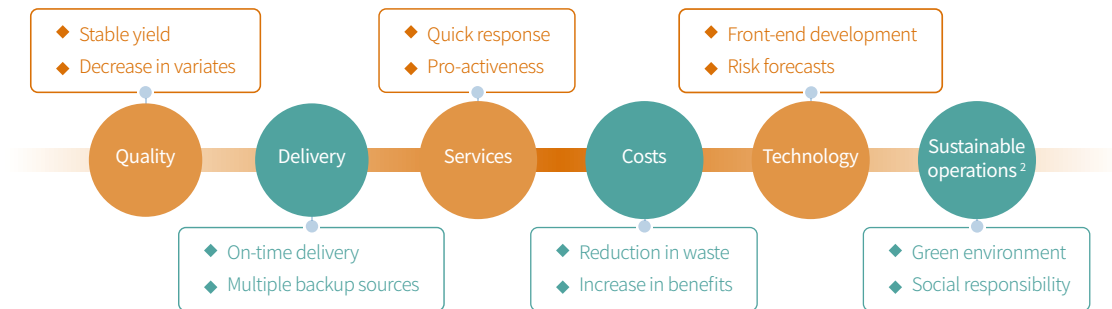
Responsible Mineral Procurement

Nanya is committed to a responsible procurement management strategy for the ban on conflict minerals to satisfy current and future market, legal, and regulatory expectations.

Sustainable Supplier Management Strategy

Nanya's selection criteria for direct material suppliers not only require passing third-party verification of ISO 9001 and ISO 14001, but also rigorous evaluation and review through an electronic supplier evaluation management system based on six aspects: quality, delivery, service, cost, technology, and sustainability. The score for sustainable management indicators (sustainable operations) accounts for 19% to ensure compliance with the Company's requirements for sustainable supplier management. After becoming the Company's supplier, the implementation of supplier sustainability management is verified through audits.

Six Strategies for Supplier Management¹



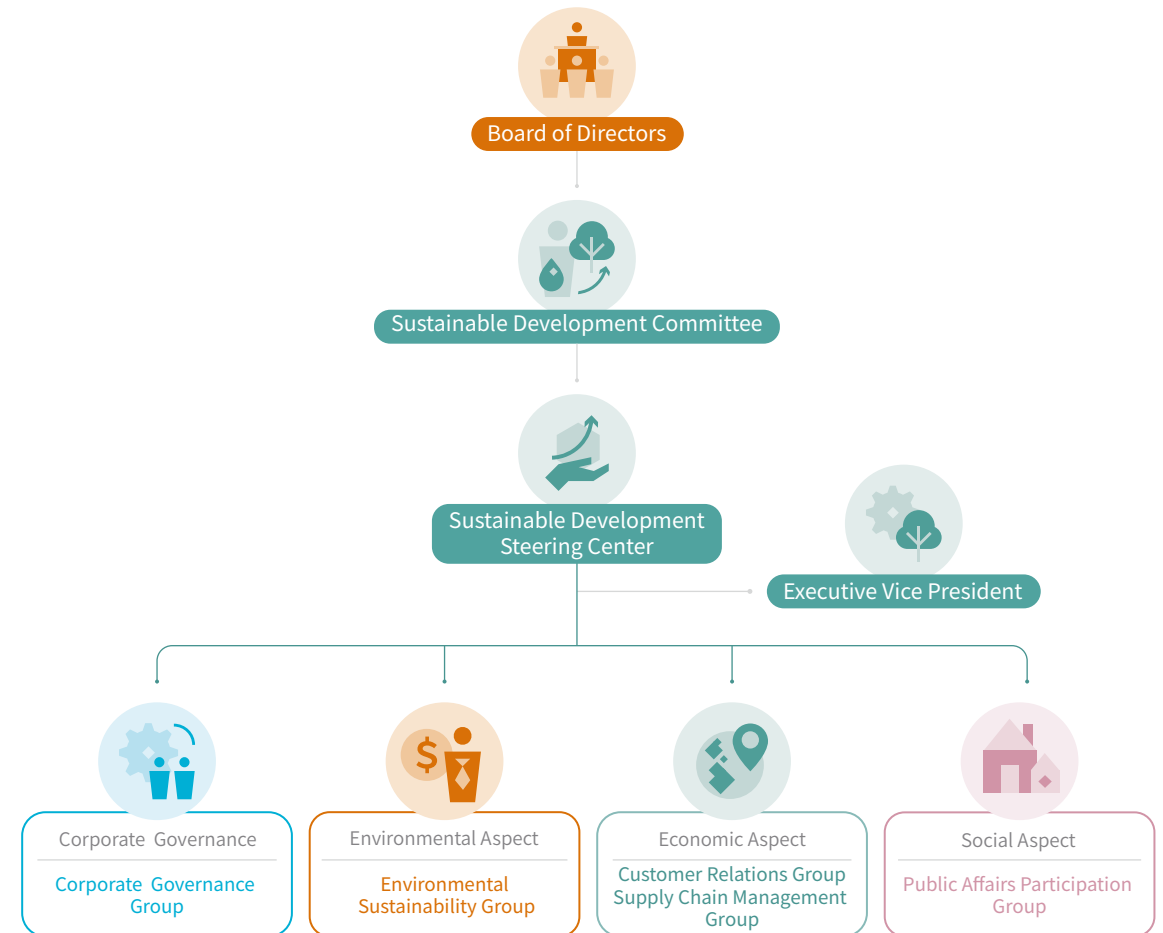
Note 1: The five most important supplier management strategies are: "quality, delivery, service, technology, and sustainable development"

Note 2: Sustainable operations: • Green environment evaluation items include the ISO 14001 certification, energy and resource conservation, reduction in greenhouse gas emissions, and waste recycling rate.
• Corporate social responsibility evaluation items include compliance with local labor laws and regulations.

• Supply Chain Management Organization

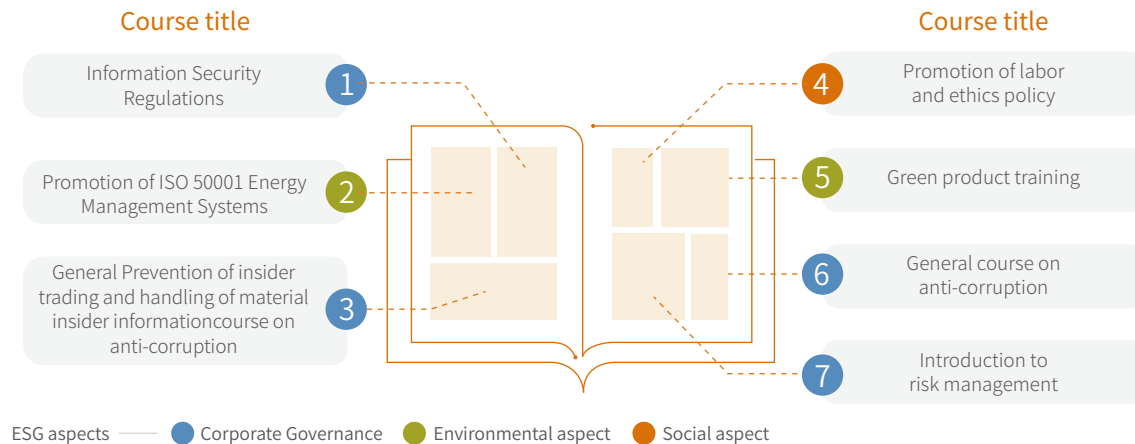
Implementing sustainable supply chain management is an important tasks of Nanya's sustainable operations. To this end, Nanya established the Sustainable Development Committee (formed by the chairman, 4 independent directors, and 2 executive directors) as a functional committee under the Board of Directors. Nanya further established the Sustainable Development Promotion Center and Sustainable Development Management Group as executive units under the committee. We plan and implement sustainable development affairs for each aspect of the four major management directions: governance, economic, social, and environmental. Departments then formed the Public Affairs Working Group, Corporate Governance Working Group, Customer Relations Working Group, Supply Chain Management Working Group, and Environmental Sustainability Working Group under these four major aspects to implement sustainable development-related projects. Nanya regularly reports the implementation status and results of sustainability-related matters to the Sustainability Development Committee every year, and then the Sustainability Development Committee will further report to the Board of Directors.

The Supply Chain Management Working Group reports sustainable supply chain matters and progress to the Sustainability Development Promotion Center, and the Chief Sustainability Officer reports the results to the Sustainability Development Committee twice a year. The Sustainability Development Committee further reports to the Board of Directors, and the Board of Directors makes the final decision on implementation directions that need to be optimized or improved, ensuring that the directions are consistent with the Company's sustainability vision and policies.



• Internal Personnel Training

Nanya provides the "Sustainable Supply Chain Management Process" training course to all procurement personnel every year to improve their understanding of sustainable supply chains. Contents of the course include supplier sustainability risk assessment standards and processes, green procurement, etc., so that procurement personnel can incorporate the concept of sustainability into daily operations. Nanya offered 7 sustainability-related courses with a total of 5 hours and 23,695 participants. The total number of hours was 118,475, in 2023, so that employees carry out routine operations or make decisions that are aligned with the Company's supply chain sustainability management direction.



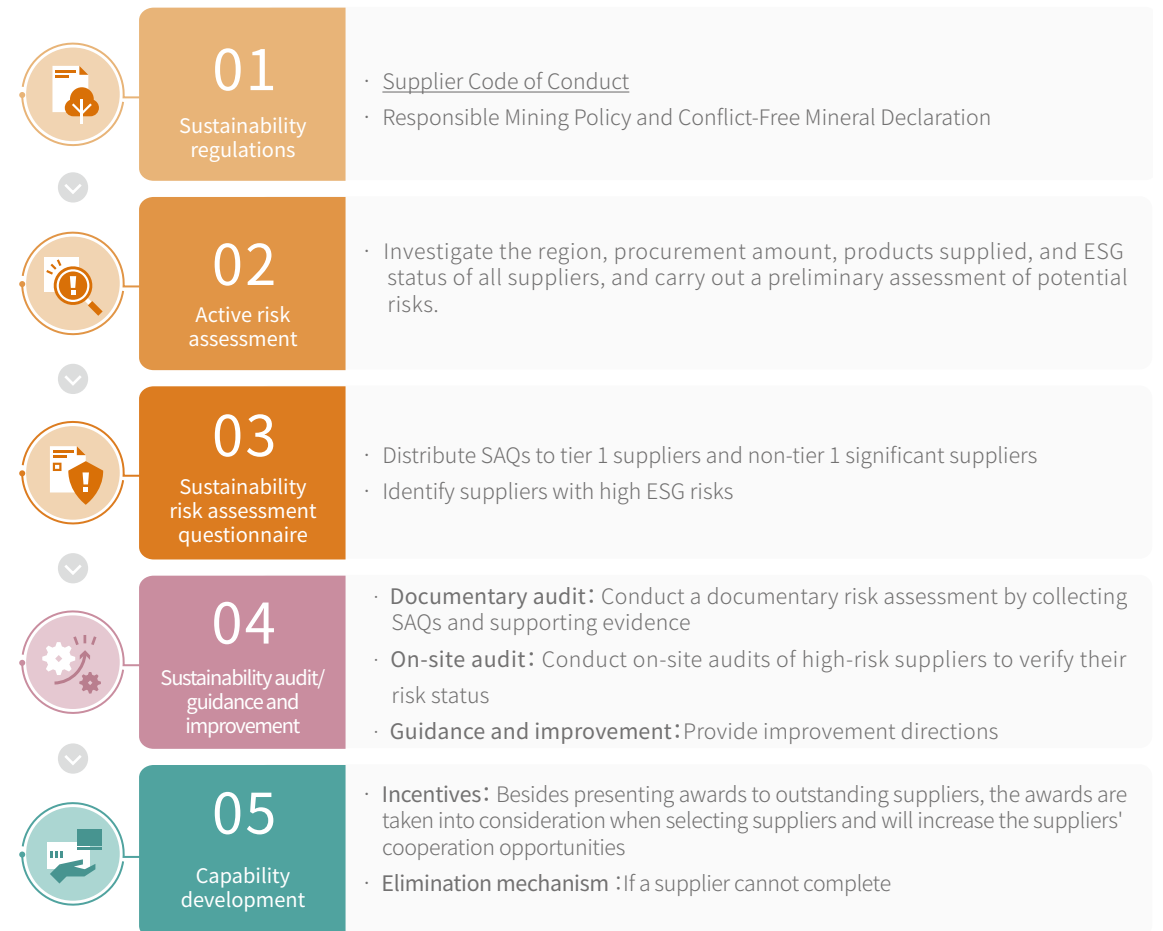
In addition, for sustainable supply chain projects to offset the carbon footprint and implement carbon reduction, all personnel participating in the projects participated in the carbon inventory management course on November 3, 2023. Contents of the course include carbon management practices, carbon platform operations and implementation and key points of GHG inspection, so that relevant personnel are familiar with the knowledge and implementation steps of carbon inventory, and incorporate the contents into daily operations. This will facilitate project implementation. The total training hours per person was 6 hours.

• Supplier Education and Training

Nanya organized the "2023 Nanya Technology Corporation Sustainable Supply Chain Training and Conference" in May and September 2023 to let suppliers better understand its sustainable supply chain management process and sustainability vision. A total of 55 people from 37 local raw materials suppliers in Taiwan participated in the conference, which shared Nanya's water resources management, environmental protection regulations and training for suppliers, and the goals and contents of supply chain information security environment and human rights sustainability projects. We aim to work with suppliers in jointly creating sustainability value and a sustainable environment.

Sustainable Supply Chain Management Process

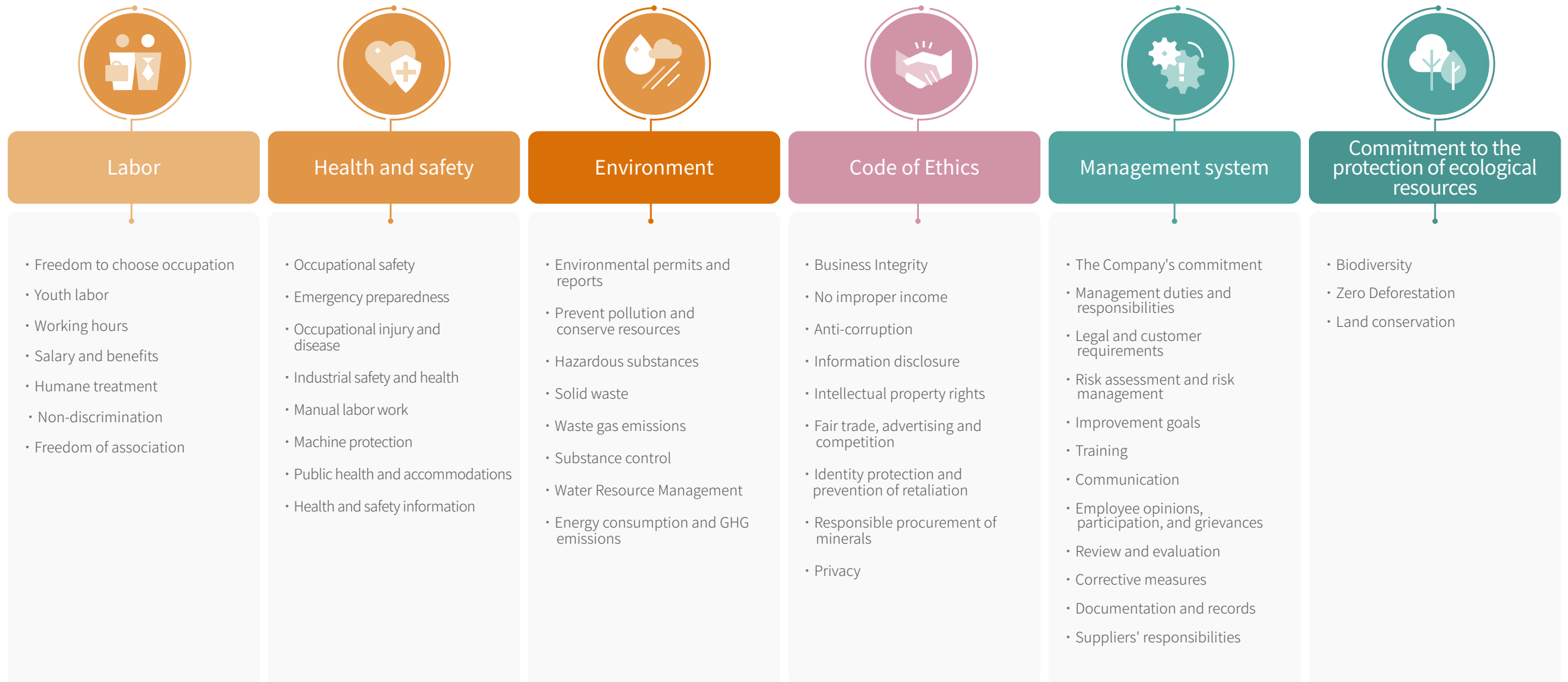
Nanya has established a complete supply chain management process, ensuring that suppliers meet our standards and requirements through a cycle of five major processes: sustainability specifications, active risk assessment, sustainability risk assessment questionnaire, sustainability audit/guidance and improvement, and supplier capability development. We understand the status of supply chain risks through the risk investigation and audit mechanism, and guide suppliers to make improvements and build capabilities, so as to gradually improve the supply chain's overall sustainability performance.



• Sustainability regulations

Nanya established the Supplier Code of Conduct for suppliers to understand and gradually implement corporate sustainability. The Company provides suppliers with training and requires suppliers to sign the Supplier Code of Conduct every year. In 2023, a total of 352 suppliers (tier 1 suppliers and non-tier 1 significant suppliers) have completed signing with a signing rate of 100% and a training coverage rate of 100%. At the same time, suppliers related to conflict minerals are also required to sign the Responsible Mining Policy and Conflict-Free Mineral Declaration with a 100% signing rate.

Nanya Supplier Code of Conduct










• Risk assessment

01 Active risk assessment

Nanya inspects and investigates the basic situation of all suppliers, including potential impacts on the environment, society, and governance, business intensity, region, industry, and product characteristics. We hope to discover suppliers with potential risks for management, and understand and reduce overall supply chain risks.

- *Region of the supplier: Assess if the region has any conflict minerals, natural disaster risks, and human rights risks
- *Product categories supplied: Assess if the materials used to produce the product contain any hazardous substances (e.g., RoHS/PFOS/PFAS, etc.) and whether there are alternative materials
- *Supply operations: Assess if the supplier has any operational risks and emergency response plans

	Environment	Failed to identify and manage hazardous substances according to environmental protection regulations
	Society	Failed to identify and assess child labor-related risks according to safety and health regulations
	Governance	Failed to identify risks related to corruption and material shortages
	Business intensity	Supply ability of different supplier categories (raw materials, factory services, and outsourcing) and main suppliers of key raw materials (e.g. whether production capacity or manpower is sufficient) based on the purchase amount
	Region/Country	Examine and investigate the regions where suppliers are located to assess whether they are affected by conflict minerals or are in high-risk areas, areas prone to natural disasters, or have human rights risks.
	Industry attributes	For suppliers in different industries, we identify industry-specific risks based on risks of concern (e.g., the raw material supply chain assesses the risk of system interruption/contractors assess the risk of hazardous substance management, child labor, and migrant workers)
	Product characteristics	Key materials containing heavy metals and hazardous substances are screened based on material attributes

02 Sustainability risk assessment questionnaire

We distribute sustainability risk assessment questionnaires to tier 1 suppliers and non-tier 1 significant suppliers, and require suppliers to conduct self-assessments and provide supporting evidence, such as management system certificates, in order to ensure the implementation of suppliers' sustainability actions. The results of the suppliers' SAQs are used as the basis of sustainability risk management. Contents of the questionnaire include potential impacts on three major aspects: governance/social/environmental, such as anti-corruption, ethical or legal misconduct, and disciplinary actions in the governance aspect; potential impacts on the social aspect include labor practices/human rights standards/business ethics/health and safety; potential impacts on the environmental aspect include environmental management and GHG.

In 2023, we completed a sustainability risk assessment for all tier 1 suppliers (including tier 1 significant suppliers), distributed and collected questionnaires from all 352 suppliers, and screened the 18 suppliers in the bottom 5% lowest scores (high-risk suppliers). We completed documentary and on-site audits of high-risk suppliers in December.

Supplier sustainability survey

Year		2020	>	2021	>	2022	>	2023
Tier 1 suppliers	Number of suppliers surveyed	304		295		282		273
	Response rate (%)	100%		100%		100%		100%
Tier 1 significant suppliers	Number of suppliers surveyed	93		91		92		89
	Response rate (%)	100%		100%		100%		100%
Non-tier 1 significant suppliers	Number of suppliers surveyed	80		90		80		79
	Response rate (%)	100%		100%		100%		100%

Note: Tier 1 suppliers include tier 1 significant suppliers

Results of the Supplier Sustainability Risk Survey

Tier 1 significant suppliers	Number of high-risk suppliers	14
	Percentage of high risk suppliers (%)	15%
Non-tier 1 significant suppliers	Number of high-risk suppliers	4
	Percentage of high risk suppliers (%)	5%

Note: Tier 1 suppliers include tier 1 significant suppliers

• Sustainability Audit

Nanya uses different forms of audits to verify the sustainability implementation status of suppliers, including documentary audits and different forms of on-site audits (two-party audits, three-party audits, and industry standards), and references it when providing guidance to suppliers. During audits, Nanya reviews the implementation status from legal and human rights perspectives, as well as related management regulations, provides suppliers with directions for improvement, engages in exchanges, and requires processes to be formulated for major deficiencies. Three months after an audit, Nanya reviews deficiencies and requires documentary evidence to be provided. In 2023, 18 high sustainability risk suppliers were audited, the coverage rate of high-risk suppliers was 100%, and 57 non-compliance items were found in the audits. High risk non-tier 1 significant suppliers, did not have any non-compliance items. Nanya provides guidance to assistance with making improvements to audit deficiencies, and all improvements have been completed. In addition, Nanya will consider commissioning an independent third party to audit suppliers that fail to complete improvements for deficiencies for three consecutive years.

Form of sustainability audit

Implementation method		Subjects	Number of suppliers
Documentary audit	Documents are collected through the sustainability risk assessment questionnaire	Tier 1 suppliers and significant suppliers (including tier 1 and non-tier 1)	352
On-site audit - Two-party audit	Conducted by Nanya	High risk suppliers (tier 1 suppliers and significant suppliers)	18
On-site audit - Three-party audit	Conducted by an independent third party	Raw materials supplier	4
Audit based on industry standards	Audit based on RBA standards	Tier 1 suppliers and significant suppliers (including tier 1 and non-tier 1)	11

Sustainability Audit

	2023 Goals	2023 Achievements
Number of audited suppliers in writing/on-site	100%	352
Percentage of significant suppliers audited	-	48%
Number of high-risk suppliers audited	15	18
Percentage of improvements to deficiencies completed	100%	100%
Number of suppliers eliminated	0	0

Guidance for deficiencies found in audits

	2023	2023 Goals
Number of suppliers receiving guidance	18	15
Percentage of tier 1 significant suppliers that received guidance (%)	100%	100%

We analyze the results of supplier sustainability risk questionnaires, find high risk suppliers, conduct further audits and provide guidance based on the different attributes of suppliers, issue a CAR for deficiencies found in the audit, and require suppliers to propose improvement plans. However, major deficiencies of each industry that require improvement are sometimes limited by their upstream industry, resources, and schedule. To effectively unify the improvement schedule of suppliers, improvements to deficiencies found in the previous year are examined during annual audits. Hence, suppliers are required to complete improvement measures within two years. If a supplier cannot complete improvements within the prescribed time limit, it will be discussed by the Material Review Board (MRB). For severe cases, elimination mechanisms, such as continued communication, reduction or transfer of purchase orders, or cease cooperation, will be used to ensure that risks are effectively controlled and reduced. No suppliers were eliminated in 2023.

Sustainability audit table of high-risk suppliers

Year		2021	>	2022	>	2023
Numbers of audited suppliers		20		20		18
Average audit score		88		89.97		90.45
Number of non-compliance audit items		81		74		57
Category and number of violations	Labor ethics	8 items involving not having work rules formulated or approved		8 items involving not having work rules formulated or approved		Items involving not having work rules formulated or approved: 3 items
		violated 16 items involving human rights or employment discrimination		15 items involving not having or violating human rights rules		Items involving not having or violating human rights rules: 10 items
		violated 2 items involving work hours and wages		3 items involving not having or violating rules on work hours and wages		Items involving not having or violating rules on work hours and wages: 1 items
		violated 4 items involving grievance mechanisms		12 items involving not having or violating grievance mechanisms		Items involving not having or violating grievance mechanisms: 4
		violated 4 items involving information security		3 items involving not having or violating information security rules		Items involving not having or violating information security rules: 2 items
		violated 7 items involving reward and punishment procedures		3 items involving not having or violating code of ethics		Items involving not having or violating code of ethics: 7 items
		violated -5 items involving moral standards		4 items involving inadequacies in the supply chain management system		Items involving inadequacies in the supply chain management system: 7 items
		-		1 item involving insufficient labor and ethics training frequency		Items involving improvements required by the labor and ethics management system: 5 items
		-		1 item involving improvements required by the labor and ethics management system		Items involving failure to establish guidance, correction, or reward and punishment systems: 2 items
	total	A total of 46 items		A total of 50 items		A total of 41 items
	EHS	19 defects in labor safety operation control		11 defects in labor safety operation control		Defects in labor safety operation control: 4 items
		2 defects in health operation control		7 defects in health operation control		Defects in health operation control: 4 items
		5 defects in fire safety operation		1 defects in fire safety operation		Defects in fire safety operation: 4 items
		9 defects in environmental protection operation control		5 defect in environmental protection operation control		Defects in environmental protection operation control: 4 items
	total	A total of 35 items		A total of 24 items		A total of 16 items

6.3 Improve the Sustainability of Supply Chains

In response to changes and updates to sustainability trends, Nanya will improve supplier sustainability through seminars and project guidance, which raise suppliers' awareness and ability to achieve sustainability.

Sustainable Supply Chain Seminar

The third reading of the Climate Change Response Act was passed in January 2023. The official version of the Task Force on Nature-related Financial Disclosures (TNFD) was jointly announced by four international organizations in September the same year. The FSC requires listed companies with a capital of over NT\$10 billion to comply with the International Financial Reporting Standards (IFRS) in 2026, and disclose related information in the annual report and financial statements during annual general meetings. This shows that the implementation of sustainable development by companies has changed from optional to standard.

Nanya has issued a TCFD report since 2021, announced the biodiversity policy in 2022, and implemented the TNFD in 2023 to continue responding to and implementing sustainable development. In addition to actively managing the nature and climate-related risks and impacts generated by our operations, we also hope to exert greater influence in sustainability.

We invited over 20 suppliers, including raw materials, equipment, packaging and testing, and contracting, to participate in the "4th Sustainable Supply Chain Seminar" on December 5, 2023. The theme of the seminar was the mutual benefit of climate and nature. During the seminar, the Taiwan Institute for Sustainable Energy was invited to share "Net Zero ESG Development Trends," National Taipei University of Technology shared "Why Nature and Biodiversity Matters - TNFD Trend Analysis," and the Green Energy & Environment Research Laboratories of the ITRI shared "Digital Carbon Management and Carbon Reduction Hotspot Analysis Technology," sharing new carbon reduction technologies and management measures. Vice President Joseph Wu of Nanya shared sustainable supply chain management strategies and future directions for cooperation. We hope that the seminar will raise the sustainability awareness of Nanya and our suppliers, and to stay up-to-date on the latest announcements, laws, and international standards, jointly facing future sustainable development trends. In addition, all suppliers were invited to an exchange after the seminar, in which Nanya's benchmark suppliers shared their own sustainability management methods and performance, and how they responded to international trends and the requirements of stakeholders. Nanya shares its resources through public events, and will continue to exert influence with its suppliers to enhance the sustainability resilience of the entire value chain.

Nanya assesses the quality, technology, delivery, services, costs, and sustainable operations (such as energy management, energy conservation and carbon reduction, and human rights and ethics) of raw materials, components, and equipment suppliers every year. Besides irregularly providing awards to outstanding suppliers, annual evaluation results are taken into consideration when selecting suppliers for future procurements, and will increase the suppliers' cooperation opportunities, such as increasing the products procured from them.

南亞科技
2023永續供應鏈研討會-
氣候與自然共好

時間: 2023年12月5日(星期二) | 14:00-16:00
地點: 南亞科技總部一樓大廳禮堂

時間	項目
13:40-14:00	報到
14:00-14:20	開幕致詞
14:20-14:46	台塑鋼鐵廠演講
14:46-14:56	議題演講1: 南亞科技永續發展策略 Speaker: 南亞科技 陳宏昌副總經理
14:56-15:06	休息
15:06-15:24	議題演講2: 網際網路之ESG發展趨勢 Speaker: 台灣科技大學 陳財吉教授
15:24-15:42	議題演講3: 淨零與利器: 數位碳管理及其數據分析 Speaker: 工業技術研究院 陳宏昌副總經理
15:42-16:00	議題演講4: 自然與生態多樣性及其重要性: TNFD趨勢分析 Speaker: 南亞科技大學 陳宏昌副總經理
16:00-	餐敘

2023 Sustainable Supply Chain Seminar
Event Agenda



Group photo at the 2023 Sustainable Supply Chain Seminar

Supply Chain Sustainability Projects

<div> </div> <div> <div>Three-zero human rights program</div> </div>	<div> <div>Content of capability development</div> <div>We promote the human rights program that advocates zero crimes against humanity, zero forced labor, and zero discrimination to significant suppliers</div> </div>	<div> <div>Number of suppliers</div> <div>2022: 15 contractors</div> <div>2023: 8 contractors</div> </div> <div> <div>Project start and end date</div> <div>2022~2030</div> </div> <div> <div>Expected benefits</div> <div>Strengthen human rights protection, reduce the exploitation of human rights, create a friendly workplace, and avoid becoming a sweatshop</div> </div>	<div> <div>Quantified benefits</div> <div> <div>◆ Initiatives and implementation in 2022-2023</div> <div>(1) Continue to communicate with and provide guidance to suppliers that support the Three-Zero Human Rights Program in coordination with the audit schedule, and investigate the company's current system to evaluate its inclusion as a key supplier.</div> <div>(2) Continue to communicate with suppliers that have not responded to the Three-Zero Human Rights Program each month.</div> </div> <div> <div>◆ Mitigation and remediation from in 2024-2025</div> <div>(1) Continue to communicate with, provide guidance to, and track suppliers that support the Three-Zero Human Rights Program in coordination with the audit schedule.</div> <div>(2) Track the establishment of a human rights system by suppliers audited each month (approximately 3 suppliers), and provide guidance to suppliers with writing a human rights code of conduct.</div> <div>(3) Continue to encourage other suppliers to support the Three-Zero Human Rights Program</div> </div> <div> <div>◆ Termination and prevention in 2026-2028</div> <div>Track the establishment of a human rights system by suppliers, provide guidance to suppliers for establishing human rights risk assessment regulations, and implement risk identification and compensation measures.</div> </div> <div> <div>◆ Tracking and disclosure in 2029-2030</div> <div>Prepare and periodically disclose human rights due diligence reports.</div> </div> </div>
<div> </div> <div> <div>Product carbon footprint inventory</div> </div>	<div> <div>Content of capability development</div> <div>Encourage raw materials suppliers and packaging and testing plants to compile their carbon footprint inventory</div> </div>	<div> <div>Number of suppliers</div> <div>10 suppliers in 2023-2025</div> </div> <div> <div>Project start and end date</div> <div>Conduct the baseline survey in 2023-2024</div> <div>Carbon inventory of 6 suppliers in 2024</div> <div>Carbon inventory of 4 suppliers in 2025</div> </div> <div> <div>Expected benefits</div> <div> <div>1. Aligned with international climate change issues</div> <div>2. Reduces the Company's product carbon footprint</div> <div>3. Achieving the SBTs in 2030 will be beneficial</div> </div> </div>	<div> <div>Quantified benefits</div> <div> <div>◆ Inventory</div> <div>Nanya has compile the environmental footprint inventory of its products every year since 2017 to find suppliers that cause an increase in product carbon footprint, including major suppliers of wafers, packaging and testing, and chemicals and special gases.</div> </div> <div> <div>◆ Goal</div> <div>Prioritize the top 30 raw materials suppliers and contractors with the highest carbon emissions for promoting the carbon reduction project and long-term goal of net zero emissions</div> </div> <div> <div>◆ Communication method</div> <div>Communicate with the top 30 raw materials suppliers and packaging and testing plants with the highest carbon emissions, and participate in the low carbon footprint inventory and carbon reduction project of the Industrial Development Administration, Ministry of Economic Affairs under the guidance of the Industrial Technology Research Institute. Nanya aims to jointly reduce carbon emissions by 6,300 metric tons together with 10 supply chain partners over two years (2023/11-2025/10).</div> </div> <div> <div>◆ Implementation progress tracking/feedback</div> <div> <div>(1)The Industrial Technology Research Institute and National Taiwan University of Science and Technology provide guidance for suppliers' carbon footprint inventory and carbon reduction projects over a two-year period.</div> <div>(2)Create and share the supplier product carbon footprint inventory on the platform.</div> </div> </div> </div>



Low carbon transformation transportation project

Content of capability development

Nanya established an upstream and downstream joint carbon reduction model and implements carbon reduction plans to strengthen the development of green suppliers. Nanya is worked with wafer suppliers through projects in 2023 to use shipping instead of air transport for wafer transportation. The quality assessment process has been completed and the goal of 100% low-carbon transportation mode is expected to be achieved in 2024.

Number of suppliers

1 supplier in 2023

Project start and end date

2022~2030

Expected benefits

1.Nanya established a demonstration project and will expand it to other suppliers in the future, increasing the selection of green suppliers

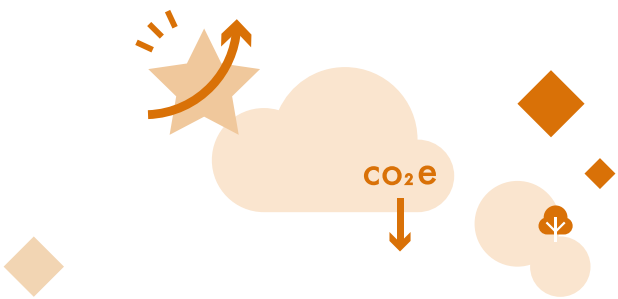
2.Optimizing the transportation process, reducing the number of forklift operations, and saving manpower.

Quantified benefits

◆ GHG emissions was reduced by approximately 100 tons in 2023 (shipping reduces carbon emissions by 96% compared to air transport), which is the equivalent of planting 1,300 trees for the Earth every month.

Supplier Capability Development

	2023 Goals	2023 Performance
Number of suppliers engaging in capability development	15	18
As a percentage of significant suppliers	100%	100%



6.4Responsible Mineral Procurement Management

Nanya is committed to a management and responsible procurement strategy for the ban on conflict minerals, and announced the Responsible Mineral Procurement Policy to satisfy current and future market, legal, and regulatory expectations. We aim to meet requirements for the responsible procurement of minerals and bear responsibilities specified by the Responsible Business Alliance (RBA) and satisfy the Responsible Minerals Assurance Process (RMAP). Contractors and raw materials suppliers that use gold, tantalum, tin, tungsten (3TG), cobalt, and Mica are required to comply with our Responsible Mineral Procurement Policy and cooperate with supply chain surveys.

Since 2009, Nanya has begun to investigate the sources of gold, tantalum, tin, and tungsten in the supply chain due to customer requirements, and cobalt and Mica were added in 2017. Nanya requires contractors and raw material suppliers to use the survey tool template provided by the Responsible Minerals Initiative (RMI) to collect relevant information. The management direction has changed from the ban on using minerals from conflict areas to the purchase of minerals with a responsible attitude, and hope that the supply chain can also purchase metal minerals ethically and responsibly.

Hence, Nanya conducts a supply chain survey at least once a year, users or suppliers of 3TG use the Conflict Minerals Reporting Template (CMRT), while users or suppliers of cobalt and mica use the Extended Minerals Reporting Template (EMRT) as survey tools to provide survey results on the source of 3TG, cobalt, and mica, in order to ensure that the supply chain is not a part of actions by warlords or armed groups that harm basic human rights, and signed the Responsible Mineral Policy and Declaration for No Use of Conflict Minerals. We ensure that the list of smelters provided by suppliers are all compliant with the requirement to responsibly source minerals set forth by the Responsible Business Alliance (RBA) Code of Conduct.

Nanya began adding the Statement of Compliance with RMI Policy and Conflict Mineral-Free on its product labels in 2022, declaring that all of our products comply with requirements of the Responsible Minerals Initiative (RMI) management policy and do not use conflict minerals.



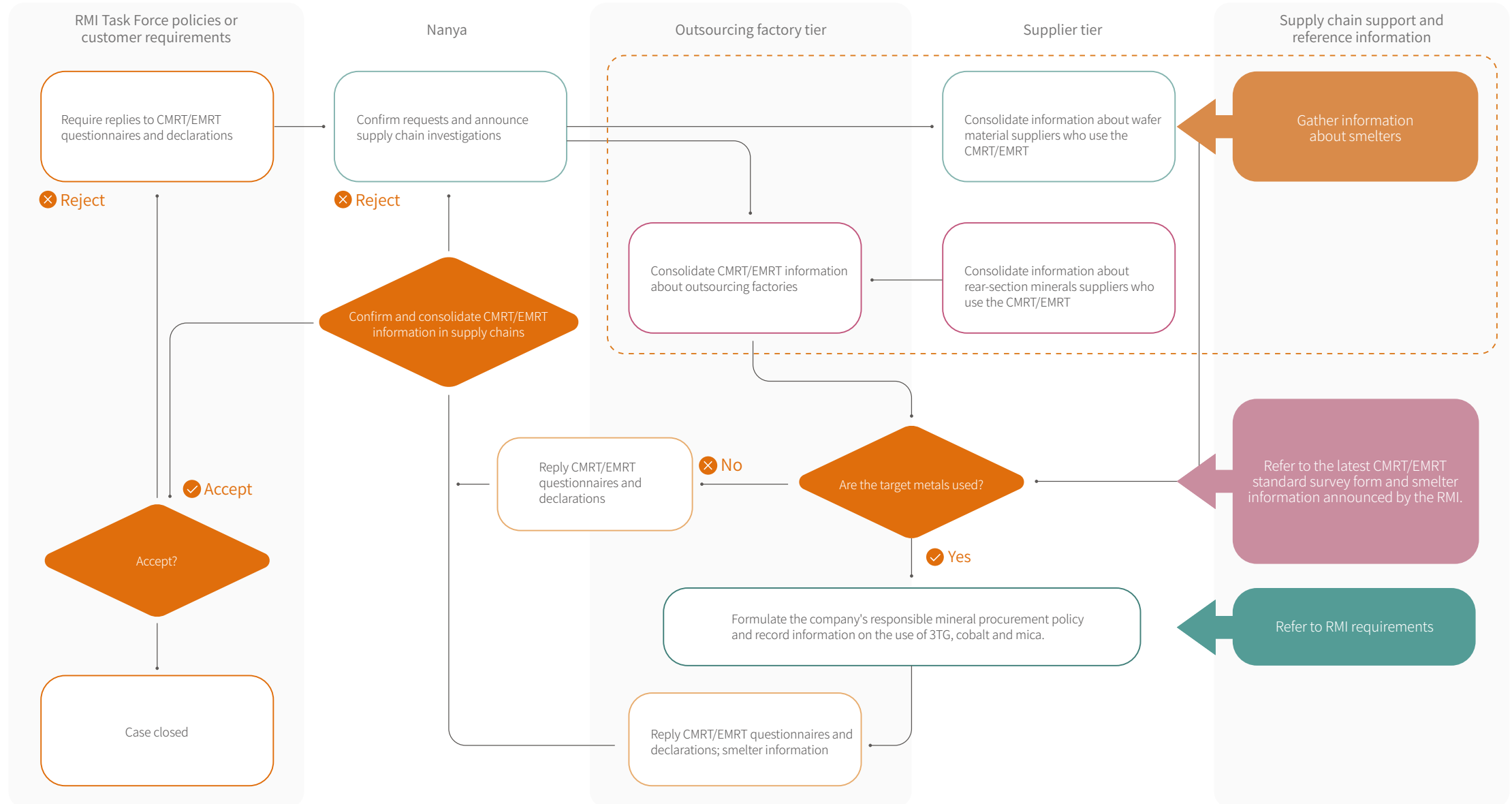
Investigation Preparation

Nanya's supply chain maintains multi-level supply chain relations with the raw ores. Before investigations, we shall inspect the supply chain materials and define the applicable categories of gold, tantalum, tin, tungsten, cobalt, and Mica in the Company's products. We screen and select suppliers for the conflict minerals investigations and implement a series of top-down investigations on the suppliers. We use the standard investigation tools defined in the RMI and obtain the latest lists.

Applications of gold, tantalum, tin, tungsten, cobalt, and Mica used by the Company are as follows:

Metal name	Applicable product	Application category
Gold	RDL, IC, DIMM	Gold-plated layer and gold wire
Tantalum	Wafer, DIMM	Wafer manufacturing target material and passive components alloy material
Tin	IC, DIMM	Solder paste, solder ball, and tin wire
Tungsten	Wafer, DIMM	Wafer manufacturing target material and passive components alloy material
Cobalt	Wafer, DIMM	Wafer manufacturing target material and passive components alloy material
Mica	IC Packing	Tray curing agent additive

Responsible Mineral Mining Investigation Process

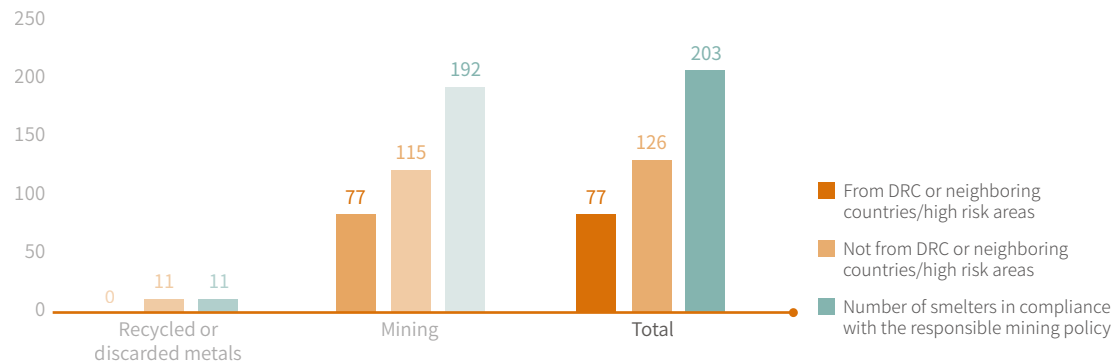


Summary of Survey Data for Target Metal

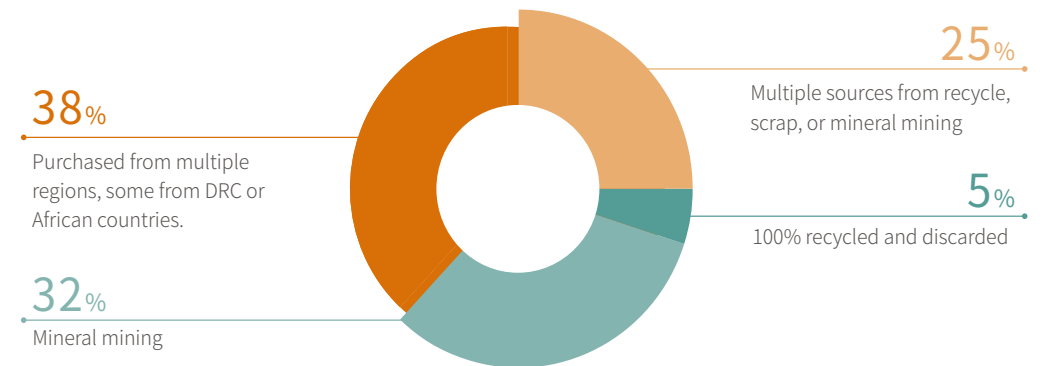
Nanya is a memory product supplier. According to due diligence of the supply chain and comparison with the list of qualified smelters of the Responsible Minerals Initiative (RMI), a total of 45 minerals suppliers, including 7 Tier-1 contractors and 7 Tier-1 raw materials suppliers as well as 38 Tier-2 and Tier-3 suppliers, have provided information on the source of gold, tantalum, tin, tungsten, cobalt, and mica, and we identified information for 203 smelters in the supply chain investigation in 2023. Currently, all 203 smelters are accredited smelters by the Responsible Minerals Initiative (RMI), and completely comply with the conflict-free minerals and responsible minerals policy, making real contributions to the environment and industry supply chain.

Minerals used in our existing products are gold, tantalum, tin, tungsten, cobalt, and mica. Approximately 38% of the 77 smelters replied that the source of the minerals might come from the Democratic Republic of the Congo (DRC) or neighboring countries as well as from recycled or discarded metals. The 77 smelters have confirmed that the source of all the minerals conformed to the Responsible Minerals Assurance Process (RMAP) policy, and were accredited by the Responsible Minerals Initiative (RMI) team as legitimate smelters.

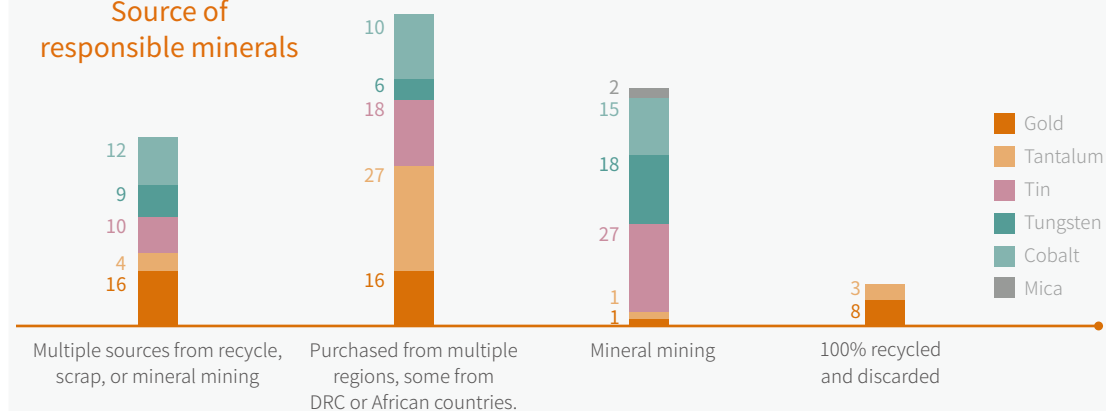
Source of minerals and number of smelters in compliance with the responsible mining policy



Percentage accounted for by each source of responsible minerals



Source of responsible minerals



Nanya shall continue to implement due diligence based on the Responsible Minerals Assurance Process (RMAP) and lower risks in the supply chain.

Nanya is responsible for the RMAP and hopes to achieve the following goals:

1. Continue to cooperate with suppliers/contractors and conduct supply chain investigations to ensure the accuracy of information on responsible mineral assurance.
2. Consolidate forces in the supply chain and require 3TG, cobalt, and mica smelters to pass the verification procedures in the Responsible Minerals Assurance Process (RMAP), and ensure that the sources of 3TG, cobalt, and mica are lawful and comply with requirements of the RMI.
3. Review supplier data and verify that suppliers meet requirements of the responsible mineral policy.

Supply chain responsible mineral investigation cycle

Nanya began conducting conflict-free minerals supply chain surveys in 2009. Our approach is to continue communicating with our supply chain with the management spirit of continuous improvement based on supply chain survey results, RBA-RMI management guidelines, and customers' latest requirements. We identify supply chain survey conditions and analyze survey results to make timely adjustments to the Company's conflict-free management indicators and responsible minerals policy, showing the management results from a positive cycle.



Future Outlook

Collecting information on smelters will gradually become the norm due to the Responsible Minerals Initiative (RMI). Natural resources will gradually be depleted, and most resources are managed and controlled by a few countries or governments due to geography. In the mining process of natural resources, tremendous energy consumption, water resource pollution, land loss, and even illicit incidents, such as infringements of human rights, may occur. Hence, companies should fulfill their social responsibility, take environmental protection, labor rights, and basic human rights seriously, and extend management indicators to suppliers based on the spirit of lawful procurement.

In the past decade, in response to requirements from clients and various social aspects, Nanya has participated in investigations of rare-earth materials, metalloids, and volatile organic compounds (VOCs), and actively introduced backup suppliers into our qualified supply chain. Moreover, we have ensured that all suppliers in the supply chain are very cooperative in replying to our requests and gradually meeting regulatory requirements on company indicators, so as to meet clients' expectations and achieve sustainable operations.