

# 8 Integrity and Transparency

## A Trustworthy Company

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Nanya Technology Corporation adheres to regulations and abides by moral standards. We continue to strengthen corporate governance and risk management mechanisms and use comprehensive education and training programs to improve the professional ethics of all employees and build common prosperity in the industry to become the most trustworthy company.

### Risk management optimization

Obtained a declaration of compliance with ISO 31000 guidelines and principles

### 53 suppliers

Established an information security audit system for key suppliers, and completed risk assessments and coaching improvements for 53 suppliers

### TOP 5 %

Top 5% in the 10th Corporate Governance Evaluation of TWSE listed companies

# Strategy and Performance of Material Topics

Material Topics and Strategy	2023 Goals	Performance and Goal Achievement	2024 Goals
<b>Risk Management</b> <b>Risk Management</b> Establish effective risk improvement mechanisms and procedures. <b>Loss management</b> Operating stress test and lowering operating costs. <b>Effectiveness</b> Mobilize all employees for risk management training and regular drills for operating risks.	4 quarterly meetings and reported to the Board of Directors 2 times Emergency response plan completion rate: 55 items Stress test: Implement 7 aspects each year Education and training: 100% of all employees	4 quarterly meetings and reported 2 times 69 items 9 aspects 100%	4 quarterly meetings and reported to the Board of Directors 2 times Emergency response plan completion rate: 55 items Stress test: Implement 7 aspects each year Education and training: 100% of all employees
<b>Business Integrity</b> <b>Focus on both internal and external operations</b> Implement regular internal education and training sessions and expand them to include external entities. Provide sufficient reporting channels and protection to cultivate professional ethics and legal compliance culture.	Material violations of regulations: 0 cases Corruption cases: 0 cases Employees' labor ethical training completion rate: 100% Employees' antitrust training completion rate: 100% Workplace violence: 0 cases Violation of trade secrets 0 cases	0 cases Note 1 1 cases 100% 100% Note 2 2 cases 0 cases	Material violations of regulations: 0 cases Corruption cases: 0 cases Employees' labor ethical training completion rate: 100% Employees' antitrust training completion rate: 100% Workplace violence: 0 cases Violation of trade secrets 0 cases
<b>Customer Service</b> <b>Design and testing</b> Use global engineering support services to resolve issues with customer design and testing. <b>Production and sales</b> Implement rigorous control of quality and improve delivery efficiency. <b>After-sales services</b> Use the customer complaint management system to quickly resolve customers' issues	Customer satisfaction score: 91 points Customer participation in platform parameters measurement services: 935 cases Joint product verification services for customers: 24 cases Customer technical exchange and courses: 92 sessions	94.5 points 952 cases 28 cases 92 sessions	Customer satisfaction score: Over 91 points Customer participation in platform parameters measurement services: 940 cases Joint product verification services for customers: 25 cases Customer technical exchange and courses: 92 sessions

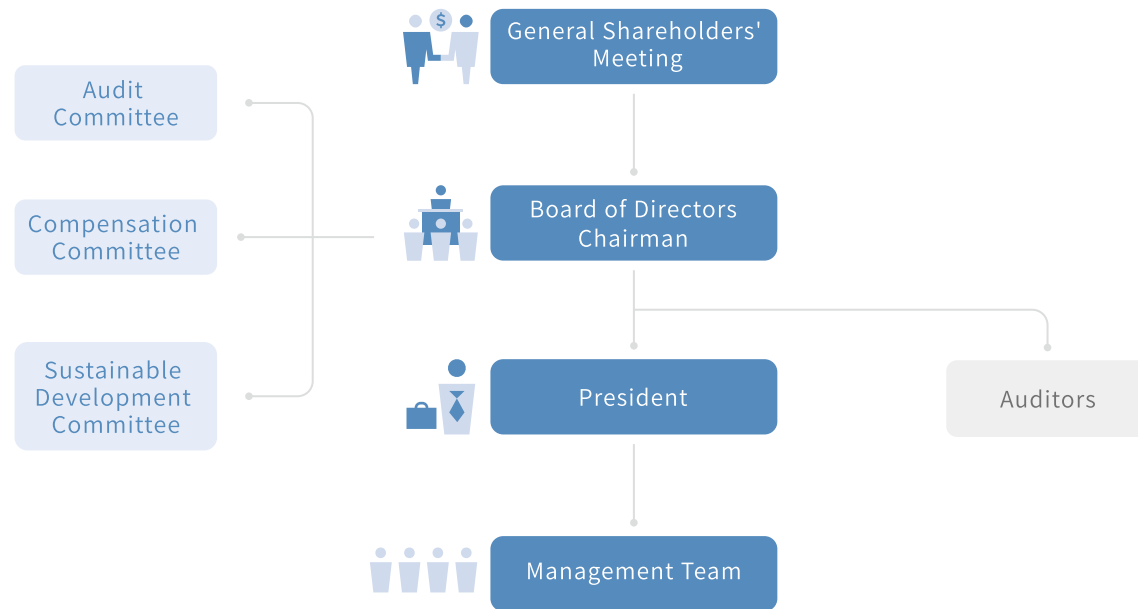
◆ Exceed ◆ Achieved ◆ Partially Achieved

Note 1: The anti-corruption actions are described in p.187

Note 2: For details on the handling of the two cases of workplace violence, please refer to p.62

# 8.1 Corporate Governance

Nanya believes that it can strengthen the Company's operations and ensure the rights and interests of the shareholders through sound and efficient corporate governance mechanisms. The Company is currently a constituent stock of the "TWSE Corporate Governance 100 Index" and ranked in the top 5% for the sixth time in the 10th Corporate Governance Evaluation of TWSE listed companies announced in 2024, which affirms the Company's continued efforts in corporate governance.



## Operations of Board of Directors and Functional Committees

Nanya's Board of Directors complies with relevant laws and regulations and resolutions of shareholders' meeting in its operations. The Board members possess professional knowledge, skills, and qualifications required for the performance of their duties, and they shall maximize the interests of the shareholders based on sustainable development of the Company. The main responsibilities of the Board of Directors are to ensure information transparency and legal compliance, appoint the chief executive, formulate earnings distribution proposals, and supervise and provide guidance for the Company's operations.

To establish a sound governance system for the Board of Directors, enhance its supervisory functions, and strengthen its management capabilities, the Company has formulated the [Rules of Meetings of the Board of Directors](#), which stipulate the relevant provisions for conducting its business to ensure compliance. A total of 5 Board meetings were held in 2023 with an average attendance rate of the directors of 98.3%.

### • Management of Conflicts of Interest

Nanya has included provisions on avoiding conflicts of interest in the rules for the Board of Directors meetings, and the charters of the Audit Committee, Compensation Committee, and Sustainable Development Committee, as well as in the ethical corporate management principles. The directors, managers, and stakeholders attending or participating in board meetings or committee meetings shall state the significant contents of their interests if they or the legal entities they represent have conflicts of interest with the matters listed on the agenda of the meeting. When there is a risk of harming the interests of the Company, they shall not participate in the discussion or voting and shall recuse themselves from the discussion or the voting. Nor may they vote on behalf of other directors. Furthermore, the Company has the [Codes of Ethics for Directors and Managers](#), which require relevant personnel to uphold moral principles in the performance of their duties and to avoid personal interests or potential conflicts of interest that may affect the overall interests of the Company, in order to prevent actions that may damage the Company and shareholders' equity.

### • Nomination and Election of Board Members

The Company has established fair, just, and open [Rules for the Election of Directors](#), encouraging the shareholders to participate in the nomination and election of directors. The candidate nomination system and cumulative voting method are used for the election of directors, in accordance with the Company Act and relevant laws and regulations. In addition, Nanya's [Articles of Incorporation](#) stipulate that the Board of Directors shall consist of 9 to 12 directors, including at least 3 independent directors, with a 3-year term. The Company has also established regulations for evaluating the performance of the Board of Directors and conducts performance evaluations regularly every year. The evaluation results can serve as a reference for nominating directors for re-election.

## · Board Diversity

Nanya's [Corporate Governance Principles](#) stipulate that the composition of the Board of Directors shall be determined by taking diversity into consideration, including but not limited to gender, race, and nationality. The current-term Board of Directors consists of 12 members from diverse professional backgrounds, including 4 independent directors and 2 female directors, accounting for 33% and 17% of the total, respectively. Among the independent directors, one has an accountant certificate, and no independent director concurrently serves as an independent director of more than 3 other public companies. There are 8 directors who are not employees of Nanya, accounting for 67% of the total, and the Chairman of the Board also does not serve as a senior manager of the Company, with clear separation of responsibilities. As of the end of 2023, 3 directors were aged 51-60, 3 directors were aged 61-70, and the remaining directors were over 70 years old. In addition, the average tenure of the directors is 10.4 years.

 [Implementation of the Board Diversity](#)

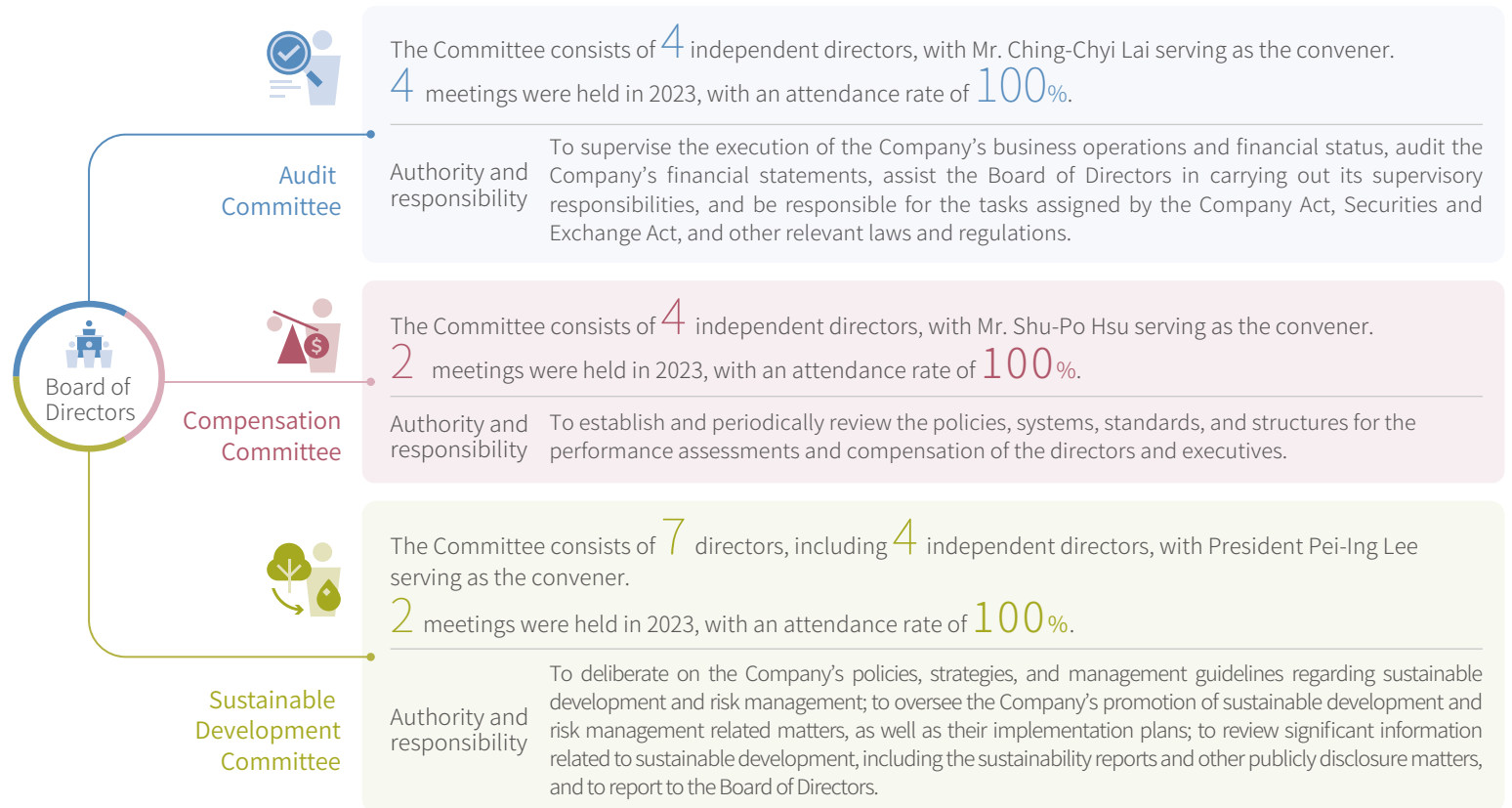
## · Professional Courses for Board Members

To enhance professional competencies of the directors, the Company arranges at least 6 hours of training courses for the directors every year. In 2023, the directors received a total of 82 hours of training courses, with an average of 6.8 hours per director. The courses cover a diverse range of subjects including economics, corporate governance, risk management, sustainable development, climate change, carbon trading and carbon management, and legal compliance, and more. Please refer to pages 59-60 of Nanya's [2023 Annual Report](#) for training courses of the directors in 2023.

In addition to diverse professional backgrounds, Nanya's directors have experiences as senior managers, government officials, or public representatives, so they possess diverse abilities required to perform the duties of directors. In 2024, the Company plans to arrange for the directors to take training courses on sustainable development, corporate governance, or risk management, in response to development trends in sustainability topics and corporate governance, and thereby strengthen the overall competencies of the directors.

## · Functional Committees and Performance Evaluation of the Board of Directors

To enhance supervisory functions and strengthen management mechanisms for the Board of Directors, Nanya has established the Audit Committee, Compensation Committee, and Sustainable Development Committee under the Board of Directors. Each functional committee is accountable to the Board and submits its proposals to the Board for resolution.



To implement corporate governance and enhance functions of the Board of Directors, the Company has established the [regulations of Performance Evaluation of the Board of Directors](#), incorporating indicators related to corporate sustainability such as "legal compliance", "corporate governance", "risk management", and "sustainable development" into the evaluation criteria. The Board of Directors and its functional committees undergo performance evaluations annually. In 2023, performance evaluations were conducted for the overall Board of Directors, individual directors, as well as the Audit, Compensation, and Sustainable Development Committees. According to the evaluation results, the Audit and Compensation Committees were rated as "excellent", while others were rated as "good". The results were reported to the Board of Directors on November 8, 2023. Please refer to pages 33-34 of Nanya's [2023 Annual Report](#) for the implementation of performance evaluations in 2023.

## Compensation of Directors and Senior Executives

The Company's independent directors receive a fixed amount of compensation each month, traffic fares based on attendance of Board meetings, and do not receive any variable remuneration. Other Directors only receive traffic fares based on attendance of Board meetings and do not receive any variable remuneration. All Directors do not receive Director's remuneration.

The compensation of managerial officers of the Company includes monthly salaries and various bonus systems, pension systems, and evaluation systems approved by the Compensation Committee. They are reported to the Board of Directors for approval before implementation. Members of the Remuneration Committee are all independent directors and provide external remuneration recommendations. The committee meets at least twice a year to ensure the reasonableness and competitiveness of remuneration.

The salary adjustment, bonuses, and other compensation of senior executives are determined in accordance with the Company's operations and personal performance and contributions. The Company included their economic, environmental, and social contributions and other corporate governance indicators for sustainable development. The Company also references salary standards in the industry and assigns the Human Resources Department to draft recommendations and report them to the Compensation Committee. The Committee Member shall review the recommendations and submit them to the Board of Directors for approval and execution.

Remuneration of the president and vice presidents is in accordance with Company rules, and includes fixed compensation, such as fixed salary, diligence incentive, and year-end bonus, monthly pension contributions (including new and old pension system) according to the Company's retirement regulations, and employee welfare funds; variable compensation includes special incentives, incentives, and employee bonuses paid for special situations according to the Company's retention measures and business performance.

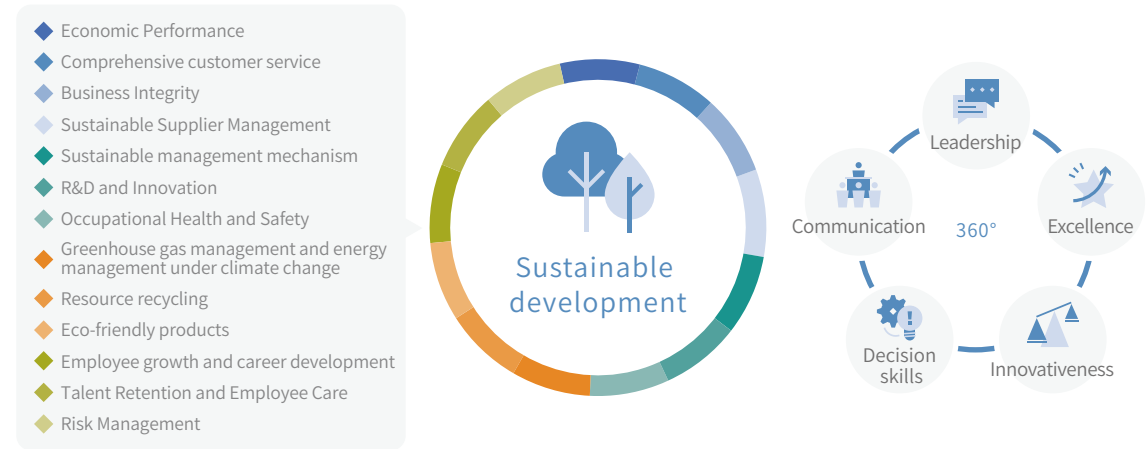
### Taiwan



The Company's highest paid employee in 2023 received approximately **16.05** times the median total pay of other employees.

The increase in pay of the highest paid employee in 2023 compared to 2022 is **1.72** times that of the increase in median total pay of other employees.

In addition to annual performance evaluations, 360-degree evaluations and sustainable development evaluations on the following aspects are also convened for senior managers.



### Shares Held by Senior Executives

March 31, 2024

Title	Name	Shares	Title	Name	Shares
President	Pei-Ing Lee	1,015,098	Assistant Vice President	Mark Mao	0
Executive Vice President	Lin-Chin Su	480,601	Assistant Vice President	Jeff Lin	250,027
Vice President	Joseph Wu	380,000	Assistant Vice President	Rex Chen	26,000
Vice President	Rex Chuang	459,000	Assistant Vice President	Chuan-Jen Chang	173,048
Vice President	Yau-Ming Chen	0	Assistant Vice President	Wooder Yang	0

## 8.2 Risk Management

Nanya established the Sustainable Development Committee under the Board of Directors to strengthen board functions and risk management mechanisms. The committee supervises the implementation of risk management, environmental protection, social responsibility, and corporate governance to help the Company achieve sustainable operation. The [Sustainable Development Committee Charter](#) stipulates that the committee shall have no less than 3 members, and half or more of all members must be independent directors. The committee is currently formed by 4 independent directors and 3 executive directors; all 7 members have an expertise in crisis management and risk management.

Nanya formulated the [Risk Management Regulations](#), which was approved by the Board of Directors. In accordance with the Risk Management Regulations, the risk management policies are effective identification, analysis and assessment, control and action, ongoing supervision of various risks, and enhancement in risk awareness of the staff, with the aim of controlling risks within the tolerance level, and ensuring the integrity, effectiveness, and efficiency optimization of risk management.

### Missions and Commitments

#### Risk Management Missions

We will establish and maintain effective risk management systems and constantly improve them, lower operation cost to ensure corporate sustainable profits, and create a quality working environment to achieve the goals of corporate sustainable operation.

#### Risk Management Commitments

- All employees shall adhere to their commitments and managers in particular should lead by example and fulfill their supervisory responsibilities.
- We shall ensure that employees of all levels receive adequate training and have the skills for performing various risk management tasks to ensure the normal operations of the Company.
- We shall provide necessary resources to maintain the effective operations of risk management mechanisms and continue to implement improvements to reduce risks.
- We shall strengthen communication with stakeholders, increase the risk management awareness of all employees, and fulfill our risk management policy.

### Organization and Operations

The Board of Directors is the highest level decision-making and supervision unit for risk management, and is responsible for establishing the Company's risk management policy and regulations. The Board of Directors supervises the implementation of the risk management system and the effective operation of its mechanisms. The Sustainable Development Committee reviews the Company's risk management policies, strategies, and management approach, and supervises the Company's implementation of risk management matters and implementation plans to achieve risk management goals. The Sustainable Development Committee meets at least twice a year and reports the situation of risk management or major risk items to the Board of Directors in a timely manner.

In order to ensure smooth and effective risk management operations, Nanya has established a three-line defense mechanism as shown in the organizational chart below.





Nanya established the Risk Management Steering Center in accordance with the [Risk Management Regulations](#). The executive vice president serves as the center's director and members are assigned by each department head based on tasks. The Steering Center is responsible for promoting and supervising the work implementation of each risk management team, as well as overall risk management. Moreover, to conform with the Company's operational strategies, the Steering Center set up five functional teams, i.e., industrial and operational, finance, information security, hazard, and legal, under its purview. The risk management team are formed by dedicated personnel appointed by each business management department. Besides assisting business management departments with gathering information on risks of internal and external environments and performing daily risk monitoring, the risk management team also track and assess the risk level of risk factors, take improvement measures, and report implementation results of risk management to the Steering Center.

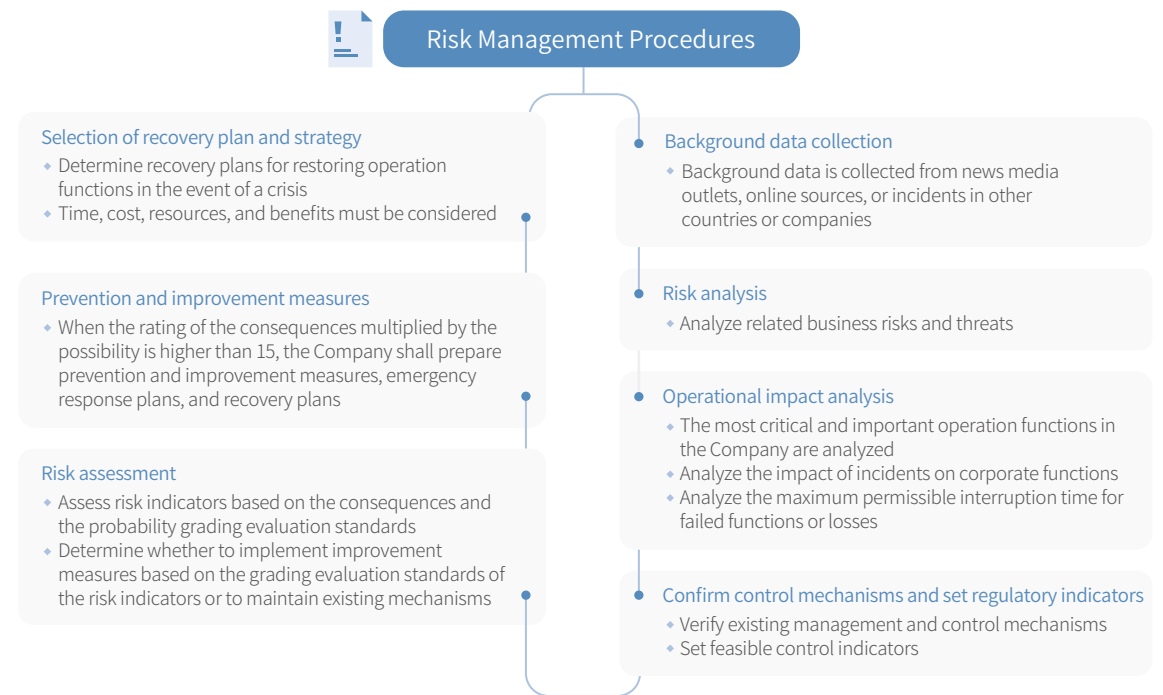
The Company established the "Sustainability and Risk Management Division," a dedicated risk management organization, to implement risk management and operations. The Division's main task is to assist the Risk Management Steering Center in formulating management approaches, planning and implementing relevant activities, and supervising the operations of each risk management team, so as to properly control risks.

The Risk Management Steering Center meets quarterly to review the operational performance and business continuity plans of each risk management team, so as to ensure the applicability, suitability, and effectiveness of their operations. The Corp. Auditors shall annually check the implementation status of risk management policies and higher risk items, provide suggestions for improvements in a timely manner, and track improvement results, and regularly report the implementation status of audits and improvements to the Audit Committee to effectively control the Company's existing or potential risks. In addition, we commission a third party to conduct external audits every two years to verify the implementation of the Company's risk management system. The most recent audit was completed in June 2023, and a statement of compliance with the ISO 31000 guidelines and principles and effective implementation was obtained.



## Risk Management System

Nanya's risk management systems are used to identify and analyze risks currently faced by the Company, establish suitable risk appetite and control procedures, and supervise compliance with various risks and risk appetite. We adopt risk management systems and uncover the Company's potential risks and opportunities to effectively execute risk management and ensure normal operations of the Company. We create value for shareholders, employees, customers, and society to achieve sustainable development goals for the Company.



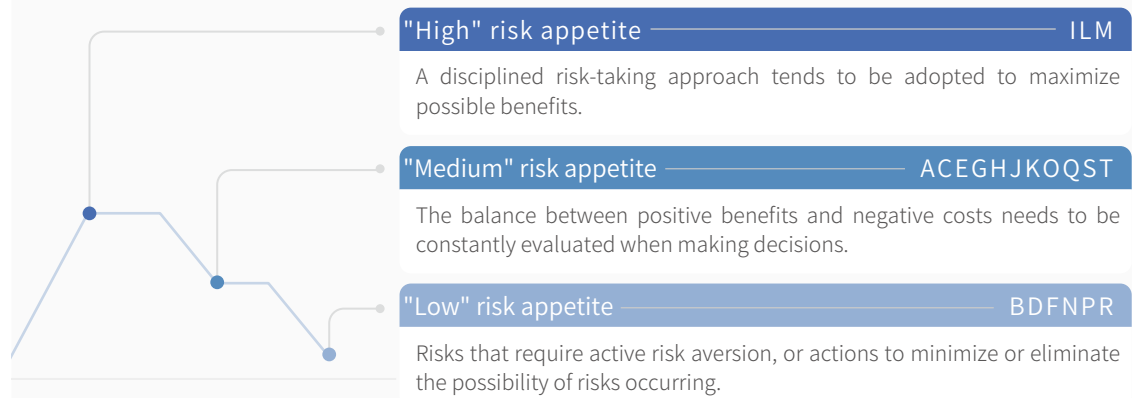
In accordance with the mechanisms and values of the ISO 31000 Enterprise Risk Management (ERM) Guidelines, Nanya formulated risk management policies and procedures in combination with our strategic goals for long-term operations to serve as guiding principles. We list risks with externalities, new risks, and risks with significantly higher importance or potential long-term, significant, or specific impacts as emerging risks, which are reviewed and tracked over the next three to five years. Through long-term planning and promotion, we aim to raise the risk awareness of all employees, and further internalize the awareness in daily management to ensure the normal operations of the Company.

## Risk appetite for major risk categories and handling principles

When the Company's departments that manage each business conduct risk analysis and assessments, they analyze the attributes and impacts of risk factors that were identified, and suitable quantitative or qualitative assessment indicators are established to assess the risk level. The risk appetite and tolerance are also determined and summarized by the Sustainability and Risk Management Division, which reports it to the Risk Management Steering Center for resolution. This provides the basis for routine risk control. The Risk Management Steering Center reviews risks and takes relevant measures on this basis to ensure that various business strategies comply with the principles for handling the risk appetite.



### Risk appetite and corresponding handling principles:

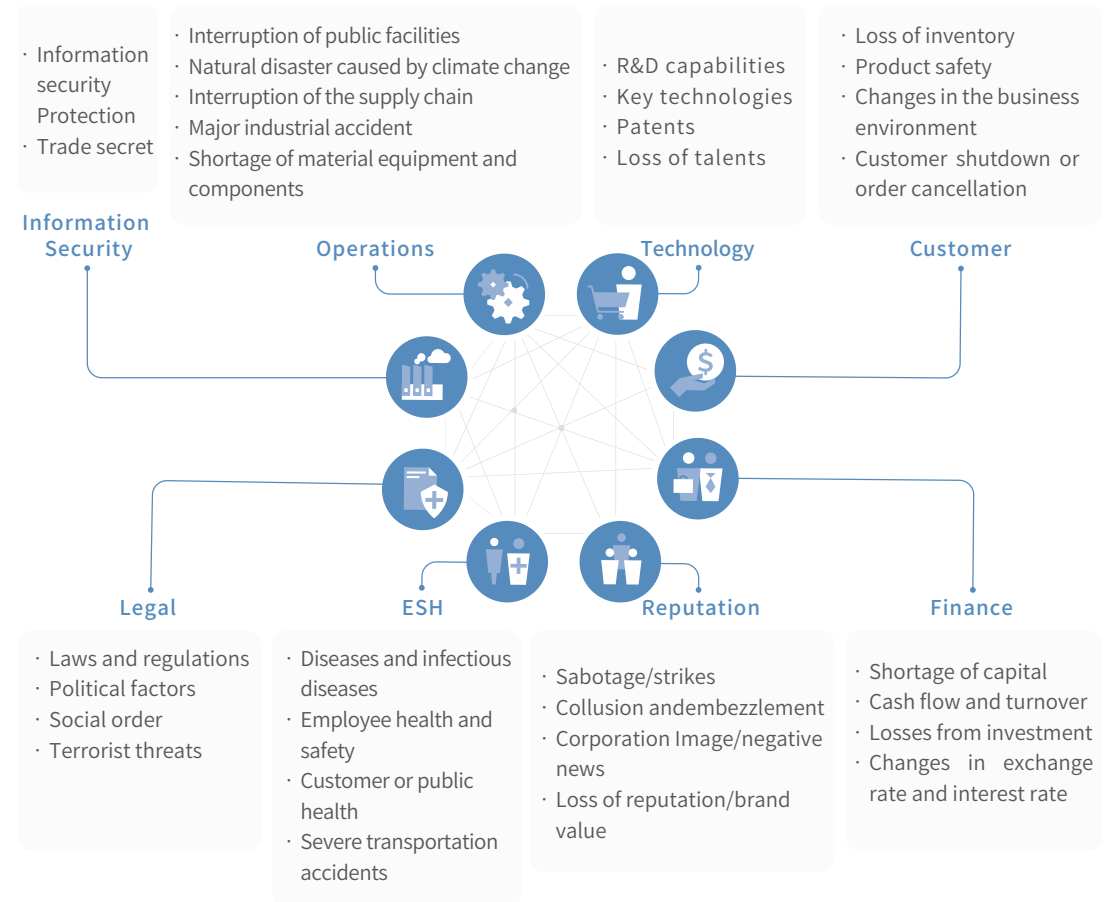


### Risk appetite for 20 major risk categories:

- |  |                                   |   |   |
|--|-----------------------------------|---|---|
| A. Major facilities, equipment, and components | F. Major industrial accident      | K. Shortage of resources                    | P. Collusion and embezzlement                           |
| B. Interruption of public facilities           | G. Interruption of communications | L. Customer shutdown or order cancellation  | Q. Diseases and infectious diseases                     |
| C. Natural disasters, severe weather           | H. IT system losses               | M. Finance                                  | R. Violation of laws and regulations                    |
| D. Disruption of supply chain systems          | I. Loss of inventory and stocks   | N. Personnel losses                         | S. Information Security                                 |
| E. Severe transportation accidents             | J. R&D capabilities               | O. Sabotage, strikes, thefts, and smuggling | T. Loss of corporate image, reputation, and brand value |

## Relevance of Risk Factors

We verified potential risks, threats, and operational impacts in the internal and external environment with respect to company operations, technologies, customers, finance, reputation, ESH, Legal, and information security based on the risk management system. We analyzed risk factors with the highest correlation, and periodically review prevention and improvement measures through quarterly meetings, so that standard operating procedures will be more thorough. We periodically conduct drills of emergency response measures to effectively minimize risks.





## Emergency Response Mechanisms and Measures

The Company complies with the principle, framework, and spirit of ISO22301 when applying them in emergency response mechanisms and measures and completing certification of ISO9001, ISO14001, ISO50001, ISO27001, and ISO45001. To reduce risks and damage of emergency incidents, Nanya has a complete set of operational norms and methods for handling emergency anomalies, covering manufacturing, supply chain and warehousing, information security, human resources and other aspects. We can immediately take response measures in the event of an emergency, mitigate the impact of the incident and quickly recover, and ensure normal operations to meet client needs. For example, raw material shortage, incidents that affect 10% of output (such as earthquakes, typhoons, toxic gases, fire alarms, labor shortages etc.), abnormal utilities systems, abnormal automation systems, abnormal outsourcing capacity, and large number of customer returns, all have specific treatment steps and improvement measures.

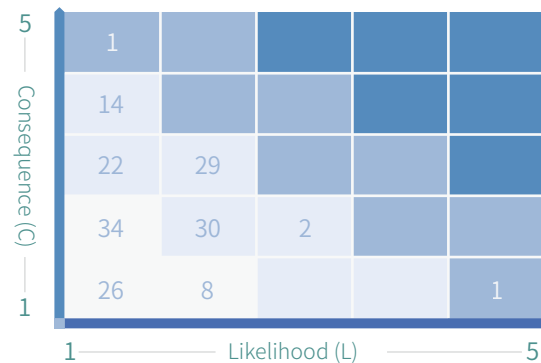
In addition, the emergency response to personnel safety, such as fire alarm, gas leakage, leakage, odor, earthquake and radiation leakage, emergency response measures, notification procedures and command systems are all in accordance with relevant environmental health and safety regulations. The Company organizes at least one emergency evacuation drill and two fire safety drills each year to ensure the effectiveness of emergency response measures.

## Risk Identification and Stress Testing

### • Risk Identification Results

Nanya annually identifies risk items proposed by the Risk Management Steering Center. We took response measures against identified risk items based on risk levels. A total of 168 risk items were proposed in 2023, and the risk profile and the distribution of risk items and quantities were specified below after identification. Based on the statistics, 0 items needed immediate improvement; 2 items required improvement plans, 98 items should have indicators set up for monitoring, and 68 items were kept under observation.

### Distribution of risk items



Evaluation criteria of consequence: 1 = mild; 5 = severe  
Evaluation criteria of likelihood 1 = rare; 5 = always

#### Response measures

- ☐ Kept under observation
- ☐ Set up indicators for monitoring
- ☒ Require improvement plans
- ☐ Immediate improvement

### • Response Measures to Risks

After risk identification, items that required improvement plans were mainly 1 item related to operations (System optimization in response to regulatory changes to comply with regulations) and 1 item related to information security (FAB machines may be subject to cyberattacks or damage). Each risk management team formulated and implemented response measures for the risk items, and also established handling mechanisms.

#### Risk type

#### ✓ Main response measures

#### Operational risk

- ◆ **Supply chain:** Geopolitical risks such as the Russo-Ukrainian War, China's control over germanium/gallium exports, the Israeli-Palestinian conflict and the Red Sea crisis may cause the crisis of broken supply chains. In addition to immediately taking inventory of suppliers and supply items in the affected areas, we are searching for alternative suppliers for potential risk items and increasing safety stock in response.
- ◆ **Electricity:** Different electricity rationing scenarios are simulated each year, and emergency response drills are conducted. We continue to track power development projects and stable power supply measures of the government and Taiwan Power Company, in order to assess related risks and respond in a timely manner. Emergency power generators and DUPS equipment and response measures of our fabs were able to effectively respond to voltage drop, electricity rationing, and major events of abnormal power supply in recent years, and did not cause any severe production incidents.
- ◆ **Air pollution:** The "Air Pollution Control and Emissions Standards for the Semiconductor Industry" was amended on May 4, 2023, making standards for concentration of volatile organic compounds (VOCs) and acidic pollutant emissions from current processes even stricter. After outsourcing testing, some items have exceeded the standard or is at risk of exceeding the standard, and relevant improvement measures have been evaluated. An improvement plan has been submitted to the Department of Environmental Protection in accordance with regulations. Currently, there are no concerns about penalties affecting production.

#### Information Security Risk

- ◆ Differentiated management is implemented through supplier classification and grading. We designed a self-assessment questionnaire (SAQ) for suppliers to assess their current information security status, and use third-party SSC (Security Score Card) ratings as the basis for suppliers to assess their overall information security risk. At present, 54 suppliers have completed the SAQ and third-party SSC, and on-site audits have been completed for 5 suppliers. The Company called 7 suppliers with poor SAQ scores (lower than 85 points) to its fab for communication, review, and improvements. There are 12 suppliers with SSC scores lower than 80 points, and the SSC evaluation reports were provided for improvement.
- ◆ Added the risk "FAB machines may be subject to cyberattacks or damage"; the probability of occurrence is low (1) but the severity is extremely high (5), so it is a risk that requires an improvement plan. We plan to install a fab OT information security system to monitor the list of assets and network topology, implement vulnerability management and risk assessment, and use AI for big data analysis, so as to achieve early discovery of potential threats and lower the severity of risks.

## Risk type



### Legal Risk

## ✓ Main response measures

- ◆ **Compliance with the Personal Data Protection Act/Anti-espionage Law:** In response to the personal data protection regulations of the European Union, United States, China, and Taiwan, the Company has obtained the consent or authorization of employees and customers to use their personal data, and updated labor contracts and employee manuals of overseas subsidiaries. With regard to cross-border transmission of information, we have signed cross-border agreements that comply with the regulations of each country or the official version agreements. Due to the vague enforcement standards of China's Counter-Espionage Law, the Company has updated its business travel instructions, and communicated related matters through education and training, so as to reduce the risk of employees on business trips breaking the law. Currently, there is no significant impact on the Company's operations.
- ◆ **Compliance with the climate change regulations:** As regulations related to climate change are currently too uncertain, the Company cannot reasonably assess the impact on its future financial position. We expect that the legislative authorities will enact more relevant laws in the future, and the Company will continue to monitor the impact on operations and adjust plans to ensure operational resilience. The carbon fee system is expected to become effective in 2024. If emissions exceed the applicable threshold stipulated in the carbon fee system, the Company may need to pay the resulting carbon fee, resulting in an increase in operating costs. However, changes in relevant laws and policies currently do not pose a significant financial risk to the Company's business.
- ◆ **Intellectual property protection:** The Company has formulated an intellectual property management strategy and deepened its patent portfolio. We also included the protection of trade secrets into the training course for new employees, and require employees to strictly abide by their obligation of confidentiality. The Company established information security management regulations to protect data safety and customer privacy. We raise employee awareness to protect the Company's confidential information and improve their knowledge of regulatory compliance through education and training, thereby lowering the risk of information leakage. The implementation progress is reported to the Board of Directors each year, and is disclosed on the official website.
- ◆ **Compliance with antitrust regulation:** The Company has collaborated with legal experts of different countries, periodically gathered international antitrust standards and enforcement status, and comprehensively promoted the compliance with antitrust regulations to the staff. Currently, we have only one antitrust lawsuit case being appealed in the courts in Brazil, and this has no material impacts on our operations.



### Finance Risk

The sales of DRAM products are mainly conducted in US dollars. The Company established an offshore subsidiary at the end of 2018 to reduce the impact of exchange rates on the US dollar positions held by the parent company. In the future, we will continue to periodically review and manage the US dollar positions and implement the following practices:

- ◆ Convert the US dollar cash to the New Taiwan dollar and keep the lowest US dollar positions;
- ◆ Evaluate the use of pre-selling Foreign Exchange Forward to lower the exchange rate risk of accounts receivable;
- ◆ Evaluate the increase in debt denominated in US dollars to offset the exchange rate risk of accounts receivable for retention of reasonable US dollar net positions to reduce the impact of appreciation (depreciation) in New Taiwan dollars on profit and loss.

## Risk type



### Hazard Risk

## ✓ Main response measures

- ◆ **Risk management for management systems:** By implementing operations of EHS management systems (ISO45001 & ISO14001), we continue to identify potential EHS risks in operating activities, set indicators for continuous monitoring of low-risk items, and propose and implement tracking and improvement plans for medium and high-risks. If an accident occurs and it is an unacceptable risk, related departments are required to analyze the root cause and promote it to all employees for a comprehensive review, in order to prevent recurrence.
- ◆ **Key construction safety management:** Construction projects are high-risk and prone to major occupational accidents. The safety management of the company's expansion (construction) projects (expansion of Fab 5A, construction of nitrogen site) is the focus of annual risk management, in order to eliminate or reduce the risk of major occupational accidents during the project period. The Safety and Health Division not only dispatched additional manpower to conduct daily inspections and audits of the work site, but also continues to cooperate with relevant departments of the Company to conduct special audits and strengthen management systems. It also participates in monthly meetings of each construction site collaboration organization, provides contractors with guidance for site safety management, and also requires contractors to review deficiencies and propose fundamental improvement measures.
- ◆ **Complete planning to mitigate impact:** Implement enterprise risk management (ERM) by continuing to identify potential risks and formulating response measures for different levels of risk, in order to mitigate the impact of events. Improve BCP/BCM to restore the affected parts as soon as possible to reduce operating losses.

## • Sensitivity analysis and stress testing

Nanya conducts sensitivity analyses and stress testing on main risks in each aspect on an annual basis, including: financial (exchange rate) and non-financial (e.g. water resources, electricity supply, markets, operational strategies, occupational accidents from expansion, interruption of production, compliance, and information security) risks.

The Company's sensitivity analysis or stress testing results are as follows:

## Finance Risk



### Exchange rate

## Sensitivity analysis or stress testing

- ◆ The sales of DRAM products are mainly conducted in US dollars. To reduce the impact of exchange rate fluctuations on profit and loss, the Company established an offshore subsidiary at the end of 2018, which reduced the impact of exchange rate fluctuations on the US dollar positions held by the parent company.
- ◆ If NTD appreciates against USD by NT\$0.84 from 30.74 (at the end of 2023) to 29.90 (end of 2024), the foreign exchange loss may reach NT\$250 million.
- ◆ Foreign exchange losses are book value losses, not cash outflows, and the amount of foreign exchange losses is currently estimated to have a minimal impact on the Company's net worth. We will continue to observe exchange rate trends in the future and take response measures accordingly.

## Non-financial risk



### Water resources

- ◆ We reviewed the Company's internal and external water supply and water storage systems, and simulated various phases of water rationing. With self-owned backup wells that could provide 5,500 CMD, water tanks with capacity of 43,000 tons, and allocatable well water of 3,600 CMD from wells of the Chang Gung Golf Club, the Company could maintain 47 days of normal production at the plants under the situation that raw water supply was totally cut off.
- ◆ Possible scenarios under the simulations of phase-one, two, and three water rationing: If raw water suppliers were cut off for two, three, four, or five days per week, all these would not impact our production.



### Operations

#### Power supply

- ◆ Power outages severely affect the Company's production. Our important production systems and equipment are all connected to in-plant emergency generators and the DUPS system, so the impact of a sudden drop in voltage or planned power rationing imposed by Taiwan Power Company (TPC) can be mitigated.
- ◆ We reviewed the Company's internal and external power supply systems and conducted simulations for conditions where the TPC reduced the contract capacity by 5%, 10%, 15%, or 20%. With the in-plant emergency generators and the DUPS support, we could maintain normal operations of the plants. If the external power supply is cut completely, it would cause losses from suspension of production. Based on the 2023 revenue of NT\$29.9 billion, the impact on operating losses will be approximately NT\$2.5 billion per month.



### Market

#### Average price and sales volume

- ◆ The Company regularly conducts sensitivity analysis on sales volume and selling price to verify the achievability of business goals and formulate response strategies and plans.
- ◆ We observed the following based on the analyses in 2024:
  1. The price is expected to increase by 38% compared with 2023, and EPS changes if the annual change is between 29% and 47%.
  2. Sales volume is expected to grow by 34% compared with 2023, and EPS changes if the annual change is between 27% and 40%.



### Operational strategy

#### Profit and loss forecast sensitivity

- ◆ The Company conducts sensitivity analyses for the establishment of sales and production strategies. The analyses were implemented with sales price variations of 90%, 110%, and 120% of target sales prices under respective sales and production product portfolios and they showed the impact on the profit and loss of all product portfolios. We use the results of the analyses to select favorable sales and production strategies.

## Sensitivity analysis or stress testing

## Non-financial risk



### Occupational accidents during expansion

- ◆ We conducted a stress testing to assess the risk of an occupational accident causing death of contractor personnel during the expansion of Fab 5A.
- ◆ **Evaluation results are described below:**
  - 1.If an occupational accident causes the death of 1 employee of the construction contractor, it may result in the suspension of work in some areas of the construction site, and the amount of compensation for worker that is killed is approximately NT\$4-20 million. After assessment, this will not have a significant impact on the project and operations.
  - 2.If a large-scale construction site safety incident occurs (such as the collapse of large-area formwork grouting, etc.) and causes several casualties, the project may be completely suspended for required improvements. The suspension is estimated to take about 2 months until the resumption of work is approved, resulting in an estimated production capacity loss of approximately NT\$1.9 billion.
  - 3.It may also cause other negative impacts on the Company's operations (such as: company image, etc.)
- ◆ **Risk management direction:**
  - 1.With regard to the impact on labor inspection, Formosa Plastics Group, disaster victims, and company image, this risk can be transferred by handing over project management to a general contractor in a contract, with the contractor acting as the responsible person of the construction site.
  - 2.In response to the impact of expected production capacity losses, risks can be reduced by strengthening construction site safety management and supervision capabilities to avoid occupational accidents.



### Interruption of production

- ◆ A stress test was conducted to assess the risk of Y steel leak in the existing silicon methane (SiH4) supply area of the production plant causing a fire, affecting the backup system and causing supply to be suspended.
- ◆ **Evaluation results are described below:**
  - 1.If a Y steel leak causes a fire in the SiH4 supply area, it will cause supply to be suspended and affect the production of some DF and TF equipment.
  - 2.The reconstruction of supply equipment and post-disaster recovery is expected to take 2 months, and production losses during this period are estimated to be NT\$1.9 billion.
  - 3.If the media reports on the accident, it may have a negative impact (such as: company image, etc.)
- ◆ **Risk management direction:**
  - 1.Strengthen hardware protection: Raising and extending the retaining wall between Y-steel in the SiH4 supply area can reduce the impact of high temperature on one Y-steel when the other one catches fire.
  - 2.Ensure that supply equipment is maintained and inspected, fire detection and fire extinguishing systems function normally, and use existing protection and building planning to limit the scope of disasters.
  - 3.Also strengthen and increase the mutual supply backup system between the two fabs, and strengthened emergency response to reduce the loss of on-site equipment or the scope of impact caused by fire.

## Sensitivity analysis or stress testing

## Non-financial risk

### Sensitivity analysis or stress testing



#### Compliance Involving U.S. Antitrust Laws

- ◆ A stress testing was conducted to assess risks of violating U.S. antitrust laws.
- ◆ **Evaluation results are described below:**
  - 1.If the profit from the sale of memory modules for servers shipped to the United States is US\$3 million, and assuming that the victim determines the amount of damages based on our actual profit.
  - 2.For criminal fines, companies can be fined up to US\$100 million; For civil compensation, punitive damages can be up to three times the actual profit, which is approximately US\$9 million or converted to NT\$2.8 billion.
  - 3.It may also cause varying degrees of negative impacts (such as: company image and stock price fluctuations, etc.).
- ◆ **Risk management direction:**
  - 1.Impacts of cooperating with investigation procedures, payment of litigation fees, company image, and financial position: By evaluating all internal evidence, we determine whether a settlement should be reached as soon as possible to obtain a more advantageous position and conditions for settlement negotiations, so that we can get out of the lawsuit as soon as possible or reduce liability, and effectively control litigation costs to reduce risks.
  - 2.For the impact of senior executives and employees breaking the law: We ensure the implementation of the regulatory compliance plan by providing employees/high-risk personnel with regulatory compliance training and regularly conducting internal audits. We also plan director and supervisor liability insurance to transfer risks.



#### Information security

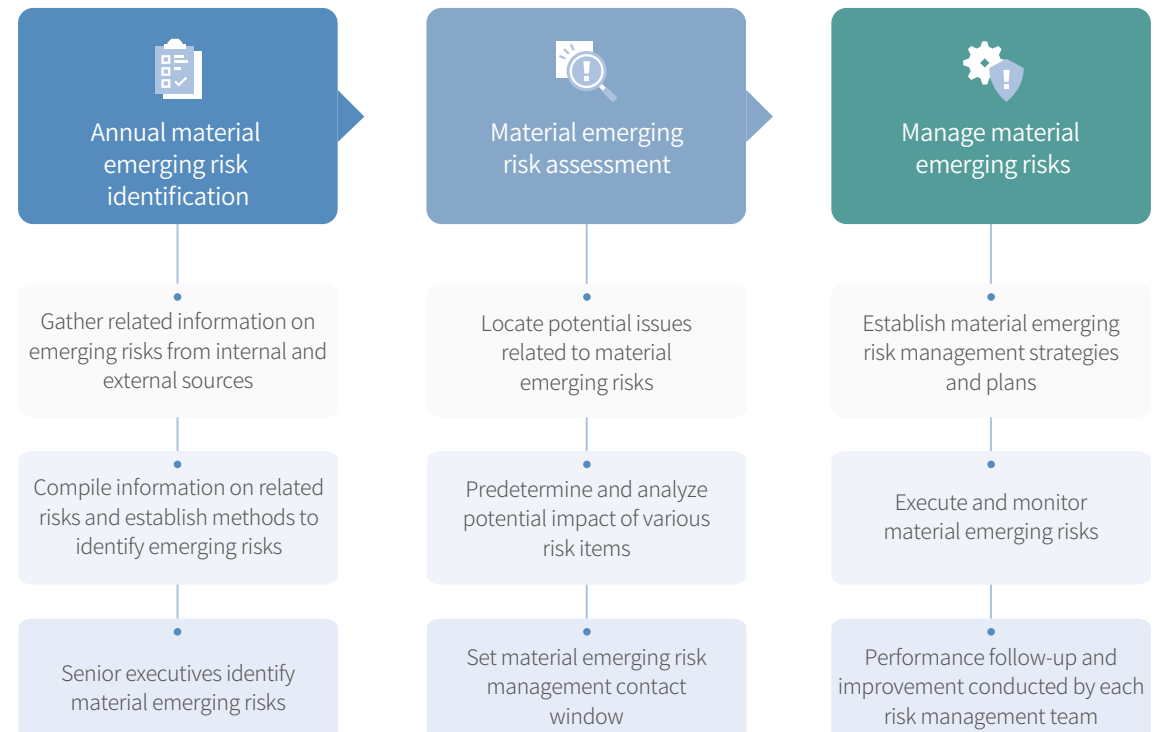
##### Hacking incident

- ◆ In response to the increasing number of hacking incidents in recent years, companies not only need security measures to face the threat of hackers, but also conduct periodic reviews and drills for handling hacking incidents, in order to verify its procedures and tools and improve its proficiency.
- ◆ Once a hacking incident occurs, the company is in a race against time from reporting, response to recovery. Reviews and drills evaluate or test the timeliness of each phase, and operations are standardized or automated to simplify and improve overall timeliness and reduce the impact of hacking.
- ◆ Based on the assessment of various hacking incidents, we determined the priority of restoring various types of computers in the information environment with the goal of reducing damages, in order to achieve prevention, incident detection, and damage control goals.
- ◆ If the Company is unfortunately damaged by ransomware or other malicious software, in the worst case scenario and using the manpower available for calculations, it will take about 4 days to restore physical servers and virtual servers that must be prioritized, which translates into an operating loss of approximately NT\$300 million.

## Emerging Risks

Nanya pays close attention to changes in the economic environment. We identify long-term risks and opportunities and adapt our business strategies to ensure sustainability and long-term operating performance. Each risk management team or managers at each level gathers related domestic and international information to evaluate potential risks in the Company's long-term operations. They used questionnaires or evaluations in meetings of senior executives to identify emerging risks with the highest level of potential impact in the future and review mitigation and response strategies. The topics and strategies are used as important references for formulating future business strategies.

### Emerging risk assessment process



Department heads gathered emerging risks in 2023, and senior executives identified four material emerging risks. Nanya has formulated response countermeasures while continuing to implement improvements with the aim of mitigating related impacts.

## Emerging Risk 1

Major countries localizing DRAM manufacturing will impact the Company's future business development

Geopolitics

### Risk description

- ◆ Nanya and its overseas subsidiaries continue to pay close attention to relevant laws and industry policies in the United States, Japan, China and the European Union to adjust sales strategies and goals in a timely manner.
- ◆ Some countries have strengthened local DRAM production through subsidy policies, which may have a significant impact on Nanya's future product exports.
- ◆ Some countries may protect the production and sales of local DRAM manufacturers through measures such as raising tariffs in the future, which may have a significant impact on Nanya's future product exports.
- ◆ In the pursuit of localized semiconductor manufacturing, the demand on key semiconductor talents has significantly increased in major countries, which will worsen the migration of outstanding local R&D and manufacturing talents.

### Impact

- ◆ Some countries are providing subsidies for DRAM manufacturers to build or expand local production capacity. Nanya does not enjoy subsidies for the expansion of new fabs, which will affect cost competitiveness.
- ◆ Some countries use policies to subsidize or restrict local electronic product manufacturers to only purchase locally produced DRAM products, which might affect Nanya's local sales.
- ◆ In the future, some countries might increase tariffs to limit the local sales of other countries' products, and Nanya's products may lose price competitiveness, which will impact revenue.
- ◆ Nanya is building a new fab and is expected to recruit a large number of employees within five years. A shortage of employees will impact the time it takes for the Company's new fab to reach mass production, and business growth will be limited.

### Mitigating actions

- ◆ Nanya and its overseas subsidiaries continue to pay close attention to relevant laws and industry policies in the United States, Japan, China and the European Union to adjust sales strategies and goals in a timely manner.
- ◆ Monitor the progress of new demand from customers and commence mass production in a timely manner to increase global sales capacity; actively expand customers in sales regions around the world and increase the percentage of sales accounted for by European and emerging markets.
- ◆ Continue to research and develop new technologies and products, actively expand the market with higher added value, and increase the proportion of revenue from the markets, to reduce the potential impact of local DRAM manufacturers in the United States, Japan, and China.
- ◆ Build a pool of key talent and implement talent development and retention measures. Expand the scope of industry-academia collaboration, establish an internship cooperation platform with excellent universities, and establish a stable source of human resources in the long-term.

## Emerging Risk 2

Cyberattack methods are evolving rapidly, and if information security protection fails, the Company's operation and reputation may be impacted.

Technical

### Risk description

- ◆ Cyberattacks are changing rapidly, and hackers are trying their best to cover up their attacks. If the information security system fails to keep pace with the times and detect suspicious activities early, it may lead to serious hacking incidents.
- ◆ Hacker attacks and data theft will generate risks such as suspension of the Company's system services and leakage of trade secrets, affecting the Company's operations and competitiveness.

### Impact

- ◆ Hackers can easily launch an effective attack if information security measures are ineffective, allowing hackers to obtain classified and sensitive data and use the data to threaten or extort the Company or customers.
- ◆ If hackers steal the Company's advanced process technologies and leak or sell it to the Company's competitors, it will threaten the Company's sustainability and profitability in the long-term.
- ◆ If hackers paralyze the Company's operations, it might cause production or operational losses.
- ◆ If a hacking incident occurs, it will damage the Company's reputation and will impact all stakeholders.

### Mitigating actions

- ◆ Establish a detection mechanism for the information security system and verify its effectiveness, in order to ensure the integrity and availability of the information security system.
- ◆ Continue to pay attention to updates and patches for various information security systems to ensure that system vulnerabilities can be patched in a timely manner to prevent hackers from exploiting them.
- ◆ Conduct disaster recovery drills to ensure that when information security measures fail, the backup plan can be quickly launched and the system can be restored.
- ◆ Continue to conduct social engineering drills to train employees to identify the authenticity of e-mails and URL links to reduce the risk of fraud and identity theft.
- ◆ Red teaming is carried out to simulate methods used by hackers, in order to verify the effectiveness of the Company's information security system and evaluate the Company's information security incident response procedures and response ability.

### Emerging Risk 3

The competition for talents expands across the semiconductor industry and the impact of declining birth rate may lead to a shortage of key talents in the future.

Societal

#### Risk description

- Due to the impact of geopolitics and demand stimulated by AI, the semiconductor industry has become a key industry of great importance to the world in recent years. Taiwan and major countries around the world are all dedicating their efforts to expanding wafer fabs, resulting in fierce competition for global talents. Following the development of Taiwan's technology industry, the thriving service industry after the pandemic, and the growingly severe low birth rates, the insufficient supply of talents has impacted the industry's overall competitiveness.

#### Impact

- The semiconductor industry has a shortage of technical talent, which are hard to cultivate, insufficient recruitment or loss of current talent will severely impact the development and improvement of product and process technologies, which will further impact the Company's mid-term and long-term competitiveness.
- Nanya is building a new fab and is expected to recruit a large number of employees within five years. A shortage of employees will impact the time it takes for the Company's new fab to reach mass production, and business growth will be limited.

#### Mitigating actions

- Build a pool of key talent and implement key talent development and retention measures.
- Expand the scope of industry-academia collaboration, establish an internship cooperation platform with nearby high quality universities, and establish a stable source of human resources in the long-term.
- Monitor industrial, government, academic, and research talent trends, and support and promote talent development measures. Improve company image, enhance the brand as an employer, and attract talent to join the Company.
- Encourage women and foreign workers to join the semiconductor industry and increase the percentage they account for in promotions and hiring.
- The recruitment method will be adjusted according to the mass production schedule of the new fab, and medium and large intensive recruitment activities will be organized by the Company or outsourced.

### Emerging Risk 4

Expansion of the new fab may bring the risk of biodiversity loss and ecosystem imbalance

Environment

#### Risk description

- Nanya will break ground for the expansion of a new fab in June 2022. Although the scope of expansion is reconstructed on an old site and not a new land development project, the expansion process might impact biodiversity and ecosystems in surrounding areas. Emissions from operating activities can also cause negative impacts such as climate change and ecosystem imbalances (water shortages, extreme weather disasters, etc.).

#### Impact

- Nanya is located in a shallow mountain area. During the construction of the new fab, noise or dust might affect the local animals and plants, causing an imbalance in biodiversity.
- If the wastewater and waste generated during the construction period are directly discharged or discarded into surrounding water areas, it will impact the watershed ecosystem.
- Water shortages caused by ecosystem imbalances will affect water supply and impact operations.
- The destruction of the ecosystem may lead to an increase in employee turnover due to poor working conditions and increase operating costs. It may also lead to poor perception of the community, resulting in reputation and trust risks.

#### Mitigating actions

- Pay attention to the ecological condition of areas where we operate, outsource environmental and ecological monitoring every year, and conduct monitoring and surveys every quarter. During construction periods, the frequency is increased to monthly. In addition to air quality and wastewater monitoring, it also includes biological surveys of land plants, mammals, birds, reptiles, amphibians and butterflies.
- Nanya announced the "Biodiversity and No Deforestation Policy" and adopted the LEAP (Locate, Evaluate, Assess, Prepare) methodology of the TNFD (Task Force on Nature-related Financial Disclosures) to establish its identification process for nature-related dependencies, impacts, risks, and opportunities. Nanya established relevant response measures and disaster warning mechanisms, issued a "Nature and Climate-related Financial Disclosures Report" to disclose to stakeholders, and communicated with external stakeholders through fixed meeting platforms.
- Nanya assesses nature and climate-related risks and opportunities, implement wastewater sorting and treatment in the production process, repeatedly recycles and reuses water to reduce the impact of water shortages, and established water resource response mechanisms and management indicators.
- We prohibit the discharge of wastewater and disposal of waste into natural watersheds during the construction period, and conduct monthly water quality monitoring surveys to prevent local water quality from being affected by construction and operations.



## Risk Culture Construction

To establish a comprehensive risk management culture, Nanya's Sustainable Development Committee, which is subordinate to the Board of Directors, reviews the Company's risk management policy, strategies, and management approach, and supervises the Company's implementation of risk management matters and plans. In accordance with the defined scopes, organizations, duties, and risk management procedures stipulated in the [Risk Management Regulations](#), the committee has fully implemented risk management tasks and held meetings twice in 2023 to review the implementation and operation of risk management. The "Risk Management Steering Center" is headed by the executive vice president. The Center internalizes risk awareness in the management hierarchy, and reviews risk management performance and emerging risks on an annual basis. The Company included risk management results into annual performance evaluation items for management (president and supervisors ranked assistant vice president and above). Through management by objective carried out by senior managers, risk management measures are implemented to comprehensively raise the Company's risk awareness.

Nanya has formulated a variety of incentives provided to encourage employee proposals and innovation to uncover and improve potential risks. We conduct reviews and provide cash incentives based on the expected benefits, creativity, application scope, integrity, and quality contributions. We also incorporate risk concepts in the new product design and development stage, using FMEA techniques to identify all possible potential risks and formulate mitigation measures, in the hope that the risks of new products can be reduced before mass production. The Company has established employee instant feedback mechanisms, including a 24-hour instant case report line, an information security line, a complaint line, and a complaint mailbox. We have also used TV walls, posters, and computer wallpapers to instill the risk management culture and allow the risk management culture to take root in all employees. Our evaluation regulations have already included employees' understanding and implementation of risk management as an evaluation item in quarterly work evaluations and year-end evaluations, and serves as a basis for performance ratings, promotion, bonuses, and stock options, as well as the implementation of risk management measures. We also link incentive measures to the Company's key risks. For example, in order to reduce hazard risks, the Company has a zero-occupational injury bonus system to encourage managers and employees to make improvements to avoid accidents. They will receive bonuses when the annual goals are achieved.

Furthermore, the Company also irregularly organizes management activities to raise employees' risk awareness, such as the "Information Security Month" in 2023, during which information security seminars, online Q&A, reading information security regulations, and call for articles on information security risks built employees' consensus of information security, and created a culture in which all employees participate in the prevention and improvement of risks. In response to the Company's increased awareness of risk management on nature and biodiversity issues, two workshops were held in December 2023 and gathered together relevant business units to improve their understanding of nature-related risks.

Year	> 2020	> 2021	> 2022	> 2023
Number of improvement proposals put forward by employees and benefits				
Number of proposals (case)	207	207	212	193
Proposal (case-closing) bonus (Thousand NTD)	414	412	507	422
Proposal benefits (Thousand NTD)	1,583,318	882,517	756,744	755,784
Number of proposals in each category				
Process and equipment risks	67	61	68	60
Productivity and quality risks	114	85	41	37
Environment, safety and hygiene risks	9	26	16	3
Other risks	17	35	87	93
Total	207	207	212	193

## Risk Management Education and Training

Nanya annually arranges for the directors to attend corporate governance and risk management courses held by institutions approved by the government, so as to assist in supervision the Company's risk management operations. In addition, the Company also compiles risk management education materials, makes rolling adjustments to the contents of the materials each year based on implementation items, contents, and results, and requires employees to read on the computer system each year, in order to raise the risk awareness of all employees. The completion of employee risk management education and training achieved the goal of 100% coverage rate in 2023, with a total of 1,808 training hours. We hope that through the education and training, employees will fully understand the Company's risk managements and incorporate their risk management awareness in daily management.

## 8.3 Information Security

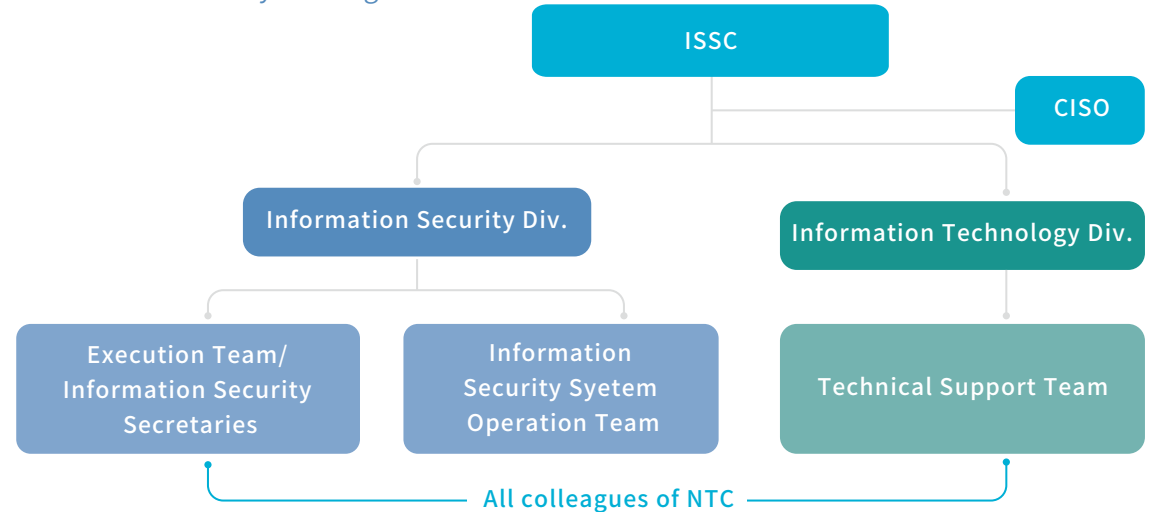
Nanya is actively implementing information security related systems to protect the interests of shareholders and customers. The Company has invested over NT\$1 billion into information security over the past 6 years, and also established an Information Security Committee. Information security is personally supervised by the president and overall information security operations are already on track. We continue to make improvements in response to external threats, and ensure the Company's smooth operation to gain the trust of shareholders and customers. [Information Security Policy](#)

We have focused our efforts in the field of DRAM for several decades, and are fully aware of the challenges in developing DRAM processes and products, as well as the importance of advanced process development, production know-how, and intellectual property rights protection. This is why we take information security very seriously, and have enhanced information security measures and raised employees' information security awareness to prevent the leakage of classified and sensitive data. These efforts aim to maintain the Company's R&D capabilities and core competitiveness, which is necessary to protect the Company's long-term interests and employees' work rights. In 2022, Nanya once again passed the information security verification that is carried out for ISO 27001 every three years. The scope of verification was expanded from the six main units to 100% coverage of all fabs, and the effectiveness of the certificate was maintained in 2023, showing Nanya's emphasis on its information security management system, while meeting international standards.

Nanya established an inter-departmental Information Security Committee to advance information security management. The president serves as the convener and appoints level 1 supervisors as committee members. One of the members was appointed as the Chief Information Security Officer (executive secretary). Members include the Chief Information Security Officer (Senior Director Huang Yen-Chang), Quality Assurance Division, Legal & IP Division, Human Resources Division, and Information Technology Division. Meetings of the Information Security Committee are convened every week. The committee is mainly responsible for the planning, formulation, approval, and supervision of the information security policies, goals, and related regulations. In addition, the committee quarterly reports the results of the operations of the information security management system to the board of directors. In addition, our four executive directors (President Pei-Ing Lee, Executive Vice President Lin-Chin Su, Vice President Joseph Wu, and Vice President Rex Chuang) also actively participate in the Company's quarterly information security meetings and annual information security management review meetings to ensure the effectiveness and benefits of the management.

In accordance with the implementation of the Cyber Security Management Act, Nanya Technology Corporation is following the requirements applicable to Grade A government agencies regarding cyber security responsibilities. The company currently holds valid cyber security professional certifications, include EC-Council CCISO (Certified Chief Information Security Officer), EC-Council ECSA (Certified Security Analyst), EC-Council CEH (Certificated Ethical Hacker), EC-Council ECIH (Certified Incident Handler), CompTIA Security+, EC-Council CND, EC-Council CPENT, and ISO/IEC 27001:2013 Information Security Management System (ISMS) Lead Auditor (ISMS chief auditor) to enhance the professional competencies and efficiency of information security personnel.

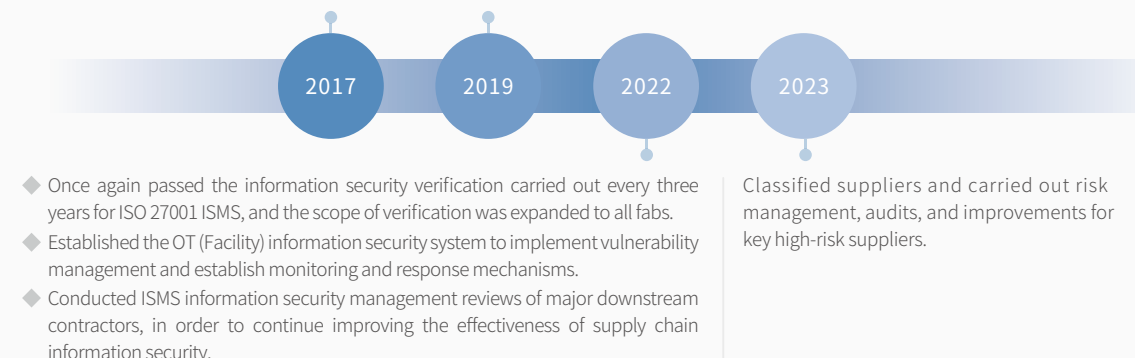
### Information security steering committee



### Milestones of Nanya's improvement measures for information security management

In response to risks of poaching by competitors which may cause risks of inappropriate acquisition of the Company's confidential and sensitive business information, the Company established the Information Security Section to take charge of planning, executing, auditing, and improving information security management.

- ◆ Obtained the ISO27001 Information Security Management System certificate for the first time.
- ◆ Continued to develop hacking prevention strategies and defense-in-depth plans in response to the frequent cybersecurity attacks in Taiwan and overseas, as well as the endless stream of attack methods.



## Main methods and implementation results of information security management

Implementation results of Nanya under the information security policy to ensure the confidentiality, integrity, and availability of information, and to protect the rights and interests of customers, shareholders, employees, and suppliers in 2023 are described below:



### 01 Strengthen information security and establish defense-in-depth

- ◆ Formed by sensitive data encryption, endpoint protection, and network gateway protection, which are supported by network access control, document output management, and e-mail protection mechanisms. We also installed metal detectors for controlled information security products, so as to prevent external cyberattacks and internal leaks.
- ◆ Strengthened endpoint security: Installed anti-virus software, updated security patches, controlled USB access, and established a backup mechanism to strengthen system security and lower the risk of system vulnerabilities.
- ◆ Protection from the threat of external attacks: Installed an information security system, web isolation, and file disarming mechanisms to prevent computer viruses or malware from affecting information system services or accessing confidential data, and also prevent the theft of confidential data through social engineering.
- ◆ Establish a Facility/FAB OT information security system: Improves visualized asset management, real-time monitoring of threats, and accelerates incident investigation and response.
- ◆ Establish an automated information security joint prevention and response system to improve threat detection and information security incident response capabilities.



### 02 Established physical security measures

- ◆ Established the Company Classified Information Management Guidelines. There are metal detectors at the entrances of office areas and plants, objects must be carried by personnel through the metal detectors, the Company's confidential information may not be disclosed to others without authorization, and the Company established related evaluation mechanisms.
- ◆ Access control, system login identity authentication, password control, access right control, and periodic vulnerability scanning.



### 03 Quality management and regulatory compliance

- ◆ In 2022, Nanya once again passed the information security verification that is carried out for ISO 27001 every three years. The scope of verification was expanded from the six main units to 100% coverage of all fabs, and the effectiveness of the certificate was maintained in 2023, showing Nanya's emphasis on its information security management system, while meeting international standards. [ISO 27001](#)
- ◆ Each year, we examine our information security measures and regulations, follow information security issues, formulate response plans to ensure their appropriateness and effectiveness, and give reports during ISO management review meetings.
- ◆ The Company has always attached importance to information security and personal data protection. We protect customers' rights and interests and fulfill our responsibility to personal data protection. Access rights to personal data are separated and controlled, and encryption is used for transmission protection to prevent unauthorized data leakage.



### 04 Training to raise information security awareness

- ◆ Phishing mail testing tools well known in the industry are used for social engineering drills. Every quarter multiple social engineering drills are carried out by mailing phishing mail and setting goals for the drills. Enhanced training is provided to employees who click on the link and open the attachment in the e-mail. We also established related evaluation mechanisms so that all employees will take the drills seriously, and to raise their information security awareness. A total of 8 drills were conducted throughout the year with over 28,000 participants and over 700 participants in overseas subsidiaries.
- ◆ We provide employees and new recruits with annual information security training to raise their awareness of information security risks.
- ◆ Professional cultivation of talents; recruit and cultivate the professional and cross-domain integration capabilities of information personnel, and obtain international professional certificates to enhance personnel's academic abilities and expand their fields.

## 05 Business continuity

- ◆ The Company assessed and identified risks that have the most severe impact on key business processes, and used it as the basis for the frequency of post-disaster recovery drills.
- ◆ Defined availability goals for information systems for the office area, R&D and design, and technology development, and set the annual goal for service suspension at  $\leq 1$  time and  $< 24$  hours each year. Information systems were not suspended in 2023.

## 06 Supply chain security

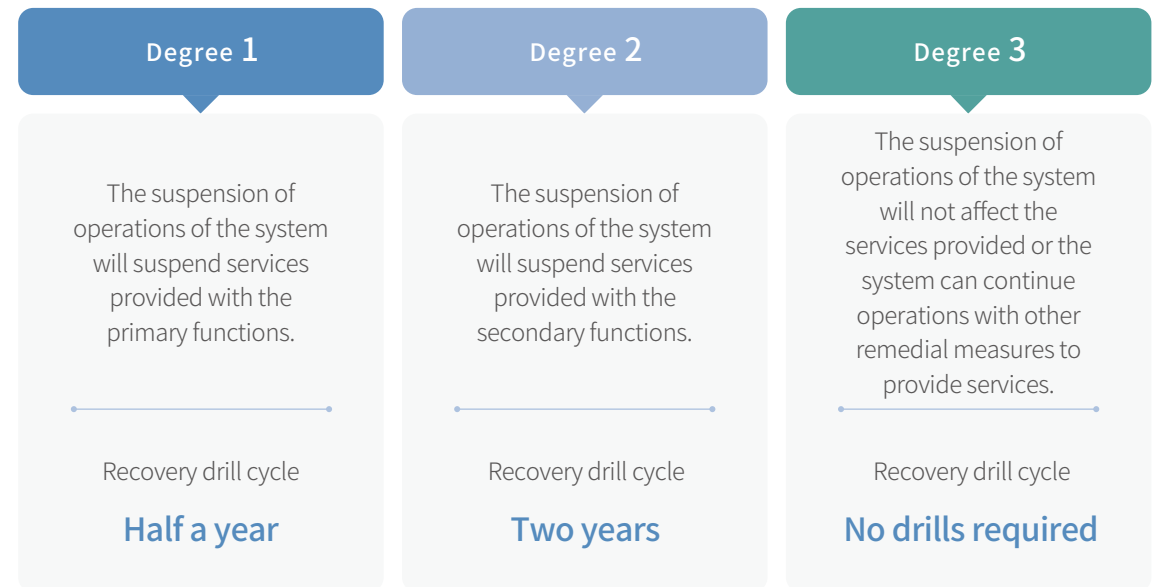
- ◆ In addition to the Company, we have expanded our information security to the entire supply chain. Equipment must pass a security inspection when entering our factories before they may be used. We also signed an information security clause with vendors and their employees to prevent attacks through our supply chain. An ISMS inspection of main downstream contractors was carried out in 2023. Appropriate corrective and preventive measures were taken for potential non-confirming items to ensure that the supply chain meets the Company's information security requirements.
- ◆ In 2023, we classified suppliers through self-assessment questionnaire(SAQ) and SecurityScorecard(SSC) and carried out risk management, audits, and improvements for key high-risk suppliers.

## 07 Discuss information security incidents and methods used by hackers

- ◆ We conducted penetration inspections of external service systems for 21 external websites, and made improvements for security weaknesses that were found.
- ◆ Nanya formally joined TWCERT/CC in 2022 to more quickly learn about methods used by hackers and take preventive and response measures in advance.
- ◆ A third party is commissioned to conduct annual penetration testing and red teaming to test the Company's information security for early discovery of system loopholes and vulnerabilities, so that improvements and corrections can be carried out.
- ◆ Nanya actively participated in the 2023 TWCERT/CC enterprise information security drill to strengthen the Company's ability to respond to information security incidents, and improve overall information security capabilities.

## Business Continuity Plan (BCP)

As different departments have different information system structures, we have performed risk evaluation and identification on these systems based on the severity of the impact of each system on key operation procedures so as to define the degree of severity of each system. The severity degrees are to serve as the basis for determining the frequency of post-disaster recovery exercises. The severity is classified into three degrees from important to minor (Degree 1 to 3). Description of each degree is explained below:



The recovery drill cycle is also divided based on the severity degrees (semi-annually, every two years, no drills required). Each department shall register the rating of the systems they are responsible for operations and maintenance in the list in the "information system severity degree classification" document. All Degree 1 systems are provided with multiple backup mechanisms placed in different server rooms in different buildings. All production information is provided with remote backup through encryption and the Company conducts recovery exercises according to the information system disaster recovery plan, in order to ensure the normal operation of systems. The Company has a total of 17 systems that required drills in 2023. We completed drills for 17 systems and the completion rate was 100%. Each information system management unit notifies the response units in the execution of response measures in accordance with the response procedures in the "Information System Response Plan" in the event of major anomalies.

## Information Security Awareness Training and Results

The Information Security Secretaries is formed by designated personnel, and members are Information Security Secretaries from each department. The members' tasks include cooperating with the Information Security in providing information security awareness training, formulating and modifying information security procedure, planning and execution of information risk assessment operations and cooperating with the Information Security Section or other units in information security-related matters. In terms of information security awareness training, Nanya has invested many resources in hopes of raising information security awareness and building a consensus among all employees. We provide information security education to our information security secretaries at monthly information security meetings. Quarterly meetings to report information security performance evaluation results to supervisors above the first level, conduct social engineering drills on a quarterly basis, and organize information security month activities each year, and in order to deepen the culture of confidential information management, all employees are required to complete the online designated reading course "Company Confidentiality Management Measures" every year. See the table below for courses and number of hours in 2023.

Type of training	Information Security Awareness Training Courses	Subjects	Number of hours
Designated reading for all employees	Company Classified Information Management Guidelines	All employees	3,629
Information security education for new employees	Proper Information Security Management (I)	New recruits (within a week)	440
	Proper Information Security Management (II)	New recruits (within six months)	570
Social engineering training	Social engineering exercises	All employees (excluding TA)	2,333
	Social engineering training	Employees who clicked on the link	14
Information security seminars (external lecturer)	AI Applications and Information Security	Information security Secretaries, Information Security Division	101
	Common hacking techniques and recommended response measures	Supervisors, Information Security Secretaries	77
Internal auditor training	ISO 27001 internal auditor training	Information Security Secretaries	90
Annual information security activities	Information security management Q&A	All employees	1,780
Total hours			9,031

## Information Security Goals

The Company understands that its information systems will continue to face threats and risks, and thus comprehensively deployed suitable information security mechanisms. The Company passed the third-party audit in 2023 without any major deficiencies, and there were no customer information leakages and fines for major information security incidents as well, see the table below for details.

Item	Statistics
Violations of information security or network security incidents (number of cases)	0 cases
Data leakage incidents (number of cases)	0 cases
Number of information security violations involving customers' personal data	0 cases
Number of customers and employees affected by data leakage	0 times
Amount of fines imposed due to information security or network security incidents(NT\$)	NT\$0



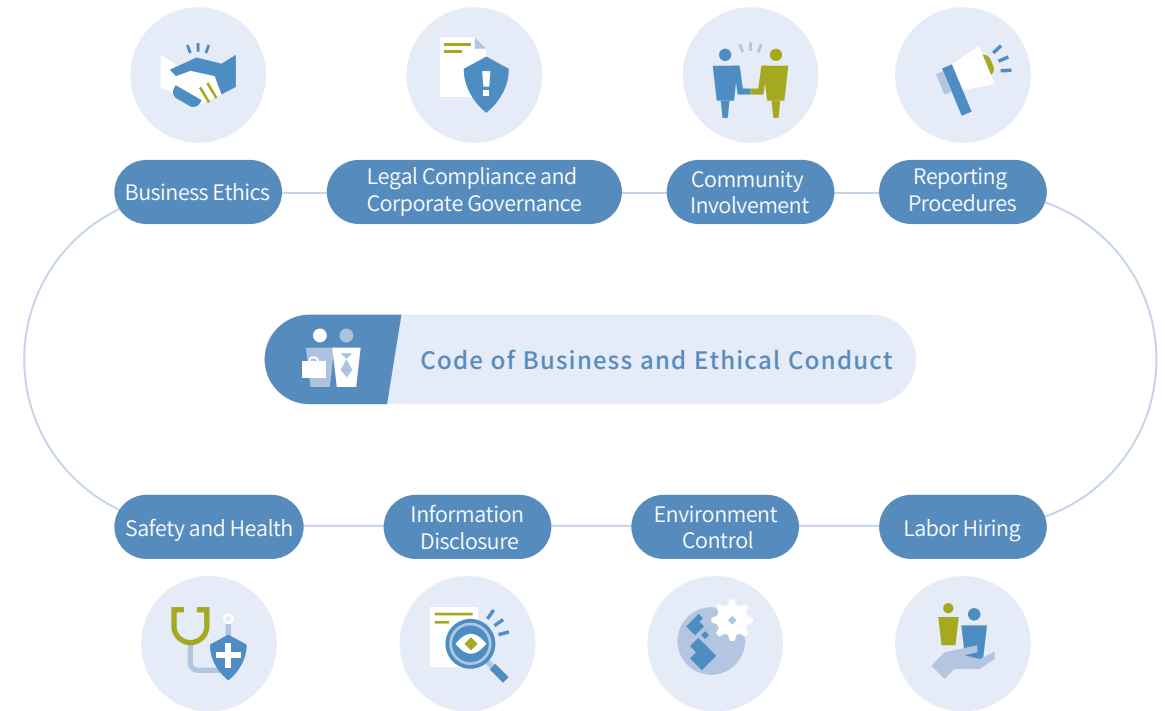
## 8.4 Business Integrity

Nanya upholds the corporate culture and spirit of "diligence". We use ethical, honest, fair, transparent, and responsible business philosophies to strengthen regulatory compliance. We established the "Codes of Ethics for Directors and Managers" for senior executives and the "Ethical Corporate Management Principles", "Labor and Ethical Work Guidelines", and "Antitrust and Competition Law Compliance Manual" for employees. We established the digital transaction platform for suppliers. We also have a comprehensive auditing system to implement ethical corporate management and prevent violations of the law. In 2023, Nanya was fined by the competent authority once due to an occupational accident; there were no other violations of laws and regulations. Nanya stipulates in the Business and Ethical Code of Conduct that it will not make donations other than to charity (such as political donations), in order to remain politically neutral and encourage employees to perform their civic duties.

### Ethical Code of Conduct

Nanya referenced the Code of Conduct of the Responsible Business Alliance (RBA) and established the "Code of Business and Ethical Conduct" and "Labour & Ethic Policy" as the basis for business conduct, and periodically carries out RBA VAP verification, receiving platinum grade with a perfect score in 2022. The Code of Business and Ethical Conduct is applicable to all employees of the Company (including managerial officers), and is also applicable to employees of subsidiaries, customers, suppliers, and stakeholders. Contents include business ethics, information disclosure, environment control, recruitment, safety and health, compliance and corporate governance, and social engagement. The Company is also committed to respecting human rights, established a human rights policy, and performs due diligence (please refer to Chapter 4 Employee Human Rights Protection for details) to ensure there are no violations of human rights. The "Labor and Ethics Policy" and "Code of Business and Ethical Conduct" have been published on the internal and external websites and made available to all employees and external personnel at all times.

All employees of the Company and subsidiaries are required to abide by the code of conduct to raise employee awareness of integrity and ethics; coverage reached 100%. The Company continued to organize the "RBA Labor and Ethical Code of Conduct Course" and "Code of Business and Ethical Conduct Course" for all employees in 2023. The training coverage rate was 100%. The Company provides the virtual "RBA Labor and Ethical Code of Conduct Course" for all new recruits.



To continue to optimize the workplace environment, Nanya implements related training by setting labor moral goals each year. We organized five courses including "Labor and Ethical Code of Conduct Course" and "Anti-corruption Course" with "Anti-corruption Course", "Code of Business and Ethical Conduct Course", "Senior Executive Ethical Corporate Management Course", and "Occupational Hazards and Preventive Training" based on the management objectives of "zero corruption", "zero sexual harassment", "prevention of insider training," and "zero illegal infringement in the workplace". The training completion rate was 100% for all courses.



Ethical corporate management and labor ethical education results	2021	2022	2023	2024 Goals
"RBA Labor and Ethical Code of Conduct Course" completion rate <sup>Note 1</sup>	100%	100%	100%	100%
"Code of Business and Ethical Conduct" completion rate <sup>Note 2</sup>	100%	100%	100%	100%
"Anti-corruption Course" completion rate <sup>Note 3</sup>	100%	100%	100%	100%
"Senior Manager Ethical Corporate Management Course" completion rate <sup>Note 4</sup>	100%	100%	100%	100%
Completion rate of "Advocacy Briefing on Prevention of Insider Trading" <sup>Note 5</sup>	100%	100%	100%	100%
"Occupational Hazards and Preventive Training" completion rate <sup>Note 6</sup>	100%	100%	100%	100%
"Antitrust promotion" completion rate <sup>Note 7</sup>	100%	100%	100%	100%

Note 1: A total of 3,644 individuals completed the "RBA Labor and Ethical Code of Conduct Course" in 2023. (organized in September 2023)

Note 2: A total of 3,603 individuals completed the "Code of Business and Ethical Conduct Course" in 2023. (organized in February-March 2023)

Note 3: A total of 3,639 individuals completed the "Anti-corruption Course" in 2023. (organized in September-October 2023)

Note 4: The "Senior Executive Ethical Corporate Management Course" was incorporated into the "Code of Business and Ethical Conduct Course" and a total of 10 individuals completed the training in 2023.

Note 5: A total of 3,438 individuals completed the "Insider Trading Prevention Training" in 2023. (organized in November-December 2023)

Note 6: The "Occupational Hazards and Preventive Training" course includes both physical and digital courses. In 2023, a total of 1 in-person course was held for department heads, team leaders, and chief engineers/managers (42 individuals received training) and the digital courses were provided to all employees (3,644 individuals received training).

Note 7: A total of 3,609 individuals completed the "Anti-trust Act Course" in 2023. (organized in October-November 2023)

Note 8: Trainees of the courses listed above are all employees who receive training that year. New employees take the courses during orientation.

## Antitrust

To ensure employees understand and abide by the Antitrust Law and reduce the risks of violations, Nanya established the "Antitrust Policy", "Antitrust and Competition Law Compliance Manual" and the "Procedure of Antitrust and Competition Law Compliance" to strictly require employees and managers to abide by laws and regulations and report the compliance status to the Board of Directors. We also organize regular training courses for related employees and require them to sign compliance manual. No cases occurred in 2023.

Note: There is still 1 ongoing anti-trust case that occurred in 2010, when the Company was accused by Brazil's Ministry of Justice and Public Security for violating anti-trust regulations (please refer to [page 177](#) of Nanya's 2023 Annual Report). The Company has engaged counsels to deal with the case to protect its interests.

## Anti-corruption

All employees must abide by Nanya's "Code of Business and Ethical Conduct," "Human Resources Management Regulations," and "Work Rules" for related personnel. Any abuse of powers, embezzlement, bribery, acceptance of commissions, once verified, shall result in termination of employment without exception. The direct supervisors shall also be punished accordingly based on the circumstances. For example, the Code of Business and Ethical Conduct stipulates that employees may not offer (or accept) bribes or engage in unethical conduct that damages the Company's image, such as engaging in insider trading, or become involved in severe violations or corruption cases (e.g. employees using their position to accept bribes. Employees will be immediately terminated if they are verified to be in violation, and the Company reserves the right to take legal action if such violation causes the Company to sustain significant losses.

Personnel holding positions involved in business, procurement, outsourcing, construction supervision, and budget and other interests of vendors may not accept the invitation of vendors to any form of entertainment, and may not accept money or other benefits from vendors, in order to prevent all forms of corruption. We have implemented periodic job rotations for related positions. We also prepare anti-corruption education materials to educate all employees. We completed 100% of anti-corruption training courses in 2023 and provided 1,820 hours of training, in hopes that all employees can abide by ethical principles in both work and life and fulfill the corporate culture of "diligence". There was 1 case of corruption in 2023. Please refer to "[Chapter 4 - Number of reports through employee grievance and complaint channels over the years](#)" for details of the case.

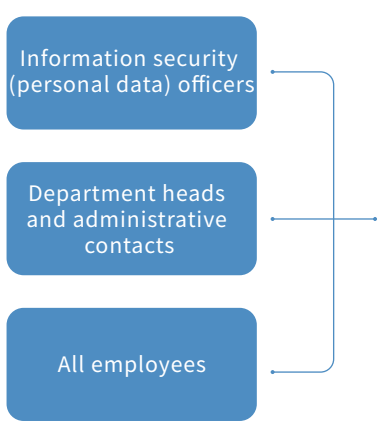
Furthermore, we evaluate business locations in Taiwan and overseas based on compliance with ethical corporate management related regulations and internal audit mechanisms each year. No corruption risks were found in 2023.



## Protection of Personal Data

The Company has established the Personal Data Management Rules to ensure that our employees, suppliers, clients or outsiders may abide by the personal information protection regulation. The procedures specify the organization and duties for personal data protection, and provide regulations on the collection/processing/use of personal data as well as information on how data subjects shall exercise their rights and how their data is processed. Departments are required to comply with the Procedures when collecting and processing personal data. If a department commissions other individuals, other departments, or other companies to collect or process personal data, it must ensure that the individual, department, or company's conduct complies with the Procedures and related laws and regulations. Unless consent is obtained from the owner of personal data or due to special provisions of other laws and regulations, the Company will not disclose personal data to a third party or use the personal data for other purposes. To implement personal data processing risk management, the Company compiles an inventory of personal data and conducts an assessment every year, and implements improvement measures based on risk levels. We set controlled access for personal information of employees or customers and apply strict restrictions on the use of such information. No high-risk items occurred in 2023.

### Structure of the Personal Data Management Committee



### Duties of the Personal Data Management Committee

**Personal Data Management Committee**

- Evaluate and review the compliance and appropriateness of mechanisms for protecting personal data
- Conduct regular tests to evaluate and assess the effectiveness of technologies and organizational functions used for processing personal data
- Provide resources necessary for the establishment of personal data management mechanisms

The European Union's General Data Protection Regulation (GDPR) entered into force in May 2018. As the Company has established a subsidiary company in the European Union, the legislation provides a certain level of regulations on measures for managing the personal information of European customers, clients, and suppliers. Nanya has adopted response measures based on the requirements in the GDPR, announced response measures in the Data Protection Notice on Nanya's official website, and implemented related systems in subsidiaries to raise employees' awareness for personal data protection and reduce the risk of violations. All 3,626 employees received personal data protection training in 2023, training completion was 100%, and there were no violations. The Company annually conducts internal audits of personal data to ensure the implementation degree of personal data management. Nanya announced its [Privacy and Cookies Policy](#) on the official website. Within the authorized scope of certain purposes, we use safe and reasonable methods to collect, process, or utilize personal data. Moreover, we ensure that clients may exercise their rights stipulated in the Personal Data Protection Act. As the Company's personal information protection has been rigorously and effectively executed, there were no violations in 2023. Furthermore, the data is not used for other purposes.

### Number of violations of personal data regulations and fines

Year	> 2020	> 2021	> 2022	> 2023
Personal data complaints (Number of cases)	0	0	0	0
Fines for violation of personal data (Number of cases)	0	0	0	0
Fine (NTD)	0	0	0	0
Number of complaints to external units (number of cases)	0	0	0	0
Number of complaints to the competent authority (number of cases)	0	0	0	0

# Internal Control

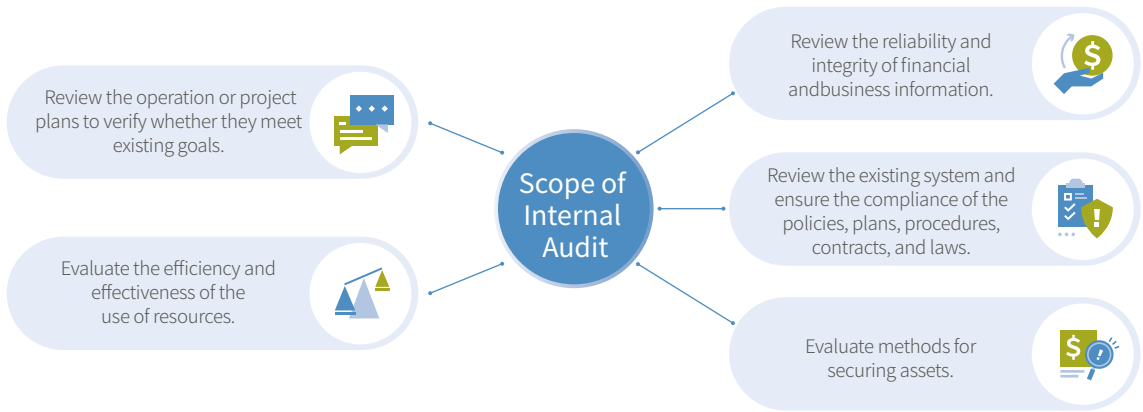
## Internal Control System

Nanya established an effective internal control system based on the Company and its subsidiaries' overall operation activities and its industry in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies". The Company conducts reviews at any time to respond to changes in the Company's internal and external environment as well as to ensure that the system design and implementation remain effective.

The implementation of the internal control system is a continuous operation. We continue to inspect various business and management operations and detect deviations from company policies, operating procedures, existing goals, or standards. We use a feedback system to respond to the appropriate management level and take necessary corrective actions for the issues to ensure the Company's operations are implemented in accordance with the original plans. We use the internal control system to complete audits and prevent abuse in operations.

## Internal Audit

Nanya established Corp. Audit under the Board of Directors and appoints three dedicated auditors who participate in related auditing courses organized by professional training institutions each year to improve their professional skills. We also use the professional and independent internal audit operations framework to implement internal control in all levels of the Company.

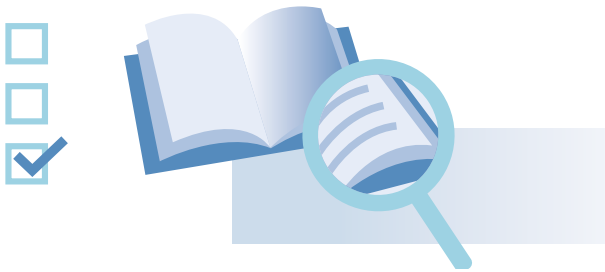


In addition to the audit report on the status of correction of defects and irregularities of internal control systems, the internal auditors shall follow up and provide reminders to ensure that relevant units take appropriate improvement measures in a timely manner. They shall submit the measures to the Independent Directors for review before the end of the following month after the completion of the audit report. Internal audit is not merely the responsibility of the independent audit department. The Company's units must complete independent business inspections within the specified cycles for specific audit items. Independent audit units shall review the results of the self-inspections and implement review inspections regularly or from time to time to ensure the execution of the internal control systems of each unit.

### Internal audit items

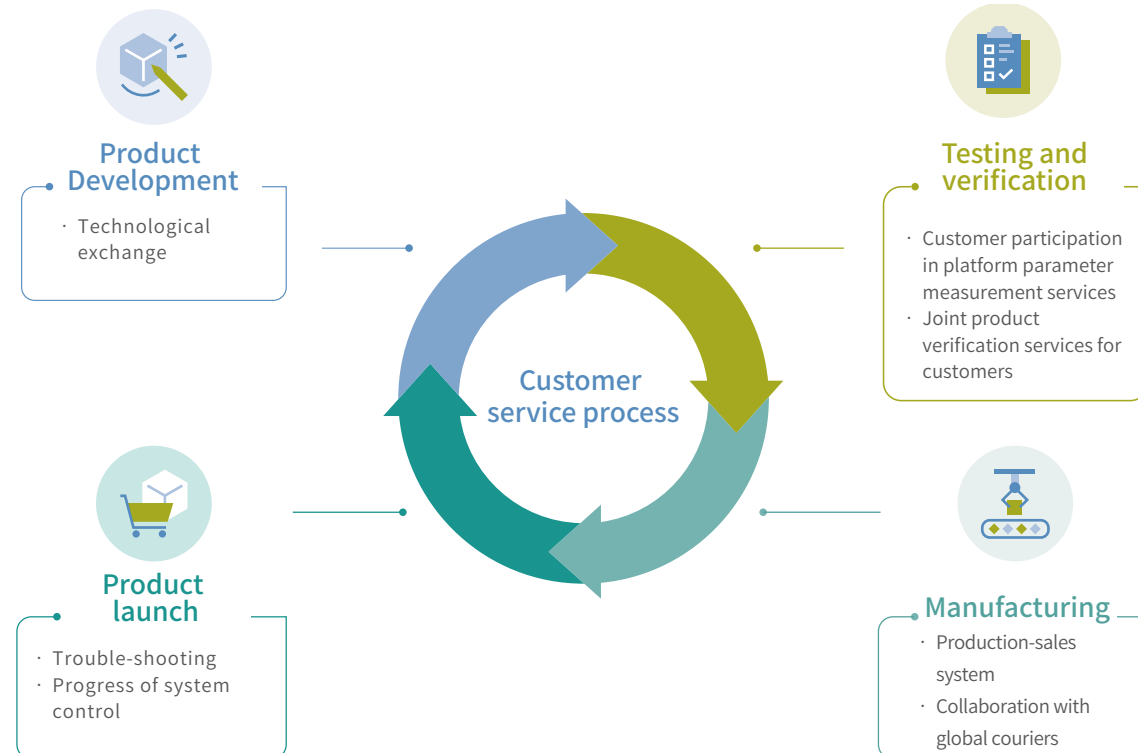
Year	> 2020	> 2021	> 2022	> 2023
Number of audit items	45	42	42	42
Number of anomalies discovered	3	2	3	3 <sup>note</sup>
Anomaly improvement rate	100%	100%	100%	100%

Note: The three anomalies included 1 for human resources, 1 for production, and 1 for finance; all improvements were completed.



## 8.5 Customer Service

Nanya is committed to providing the best customer service and is convinced that quality and timely customer service is crucial to the maintenance of customer relationships. Good customer relationships will help us build customer loyalty, and consolidate the good and trusted partnerships with customers. Our vision is to become the best memory partner in the smart era as well as a service-oriented enterprise. Through close cooperation with chip dealers and customers, we will strengthen product R&D and manufacturing in order to satisfy diverse requirements, provide customers with comprehensive products and system solutions, and offer better and more trustworthy service.



### Product Design and Testing Verification Stage

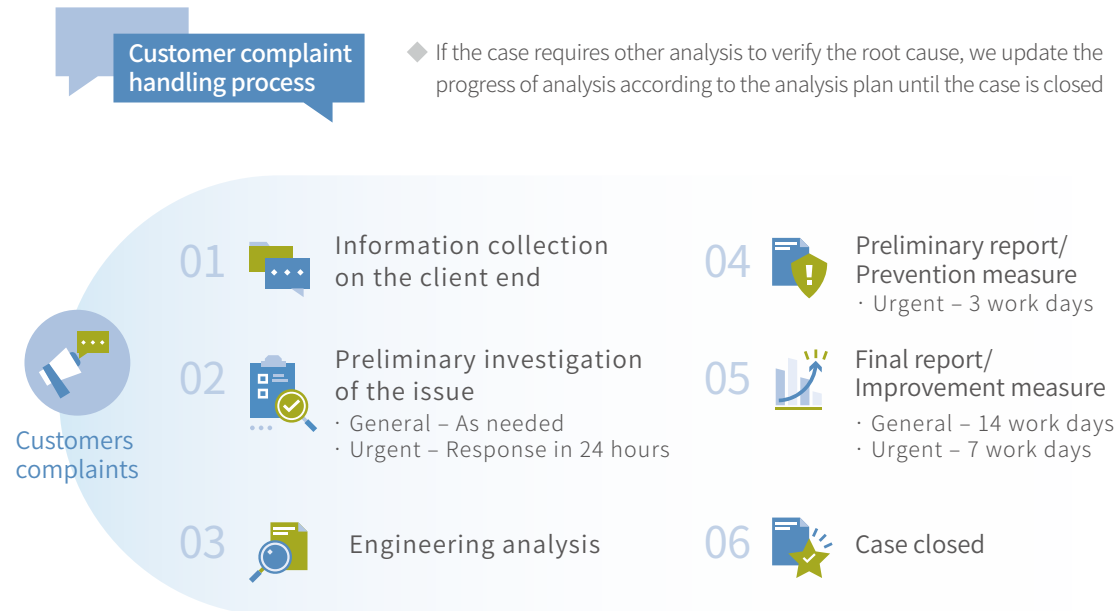
In order to improve the efficiency and frequency of customer services and effectively build close relationships with customers, the Field Application Engineering Division provides technical support to customers in Taiwan, China, Southeast Asia, Europe, the United States, Japan and South Korea, irregularly organizing technology exchange events and DRAM courses to meet the technical needs of customers. A total of 92 events were held in 2023 to provide technical support and help solve problems faced by customers' engineers in design and testing, and to enhance customers' understanding of DRAM usage and applications. In addition, Nanya's high-efficiency, intensive, and high-quality customer platform parameter measurement services help customers understand the characteristics of their product platforms, greatly accelerate the development and verification cycle of new client products, reduce investment risks, and help terminal products enter the market in a timely manner. Nanya also provides joint product verification services for customers to assist them in development and verification at the initial stage of products. This allows compatibility issues to be detected early and improved before mass production. In 2023, a total of 952 measurement services and 28 joint verification services were completed.

### Production and Sales Stage

Nanya has obtained the ISO 9001:2015 and IATF 16949:2016 quality system certifications. The Quality Assurance Division monitors and controls product quality as well as implements improvements in order to make sure that all production processes are fully optimized. Moreover, the Division includes each stage of the production process into a well maintained and tightly controlled system, manufacturing the products that meet customers' requirements. Sales personnel continue to communicate with customers and provide estimates of customers' future demand to the head office every week. The head office summarizes demand estimates from sales personnel worldwide, and convert it into a production plan through the production and sales system. Adjustments are made based on weekly feedback from sales personnel to meet customer demand. In addition, Nanya works with the world's top international express delivery companies, and selects the most suitable express delivery company based on the customer's area and delivery efficiency, so as to ensure that the products arrive according to the customer's required time.

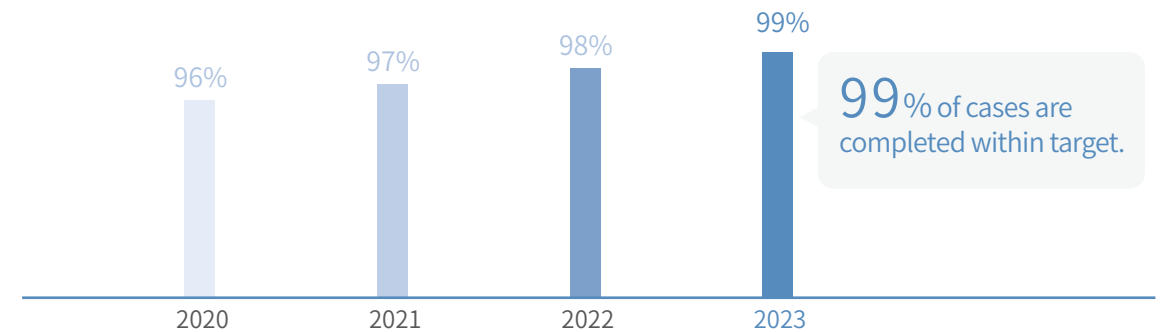
## After-sales Service Stage

Nanya is committed to enhancing product quality and rapidly responding to customers' quality issues to meet their expectations. In order to accelerate the efficiency of problem analysis, the Nanya's service team will fully understand the problems reported by customers first, arrange FAE on-site support to verify the problem if necessary, if the problem is related to Nanya's product or required further analysis, it would be registered in RMA system and arrange sample back. After receiving RMA sample, Nanya will update failure analysis report to customers based on analysis plans, and provide improvement actions and disposition plan once analysis is completed. The field application engineering, quality assurance, product engineering, and process engineering work together and use the RMA system for process management. Over the years, a response was provided to customers within the target time limit for over 90% of customer complaints.



## Achieving rate of customer complaint cases

99% of customer complaint cases were resolved within target deadlines in 2023. We will continue to maintain frequent communication with customers and understand how customers use our products and failure conditions in the shortest time possible, in order to accelerate problem analysis and solve problems. The cases that were not resolved within the deadline involved more complex analysis, and required customer platform analysis, measurement platform signals, parameters adjustment, and development of testing programs. This is why the cases took longer. Progress is periodically updated and analyzed in the analysis process, and plans are discussed and analyzed with customers.



## Customer Privacy Protection

Customers are extremely important partners for Nanya. Therefore, we are obligated to rigorously safeguard their privacy and confidential information as if it is our own. To ensure confidential information is well protected, Nanya has formulated the Confidential Information Management Procedure. Regarding the documents provided by customers, after internal filing procedure and the confidentiality classification, these documents are archived in the document control center. In the future, if employees require access to these documents, they have to go through the document application procedure. Based on the level of document confidentiality and the purpose of use, corresponding supervisors give their approval and then the document control center will authorize the access and distribute the documents to the applicants. In 2023, no case involving violation of customer privacy occurred. If a customer suspects or discovers evidence indicating an information leak, a complaint can be lodged through the Nanya [Reporting Mailbox](#) and [Reporting Hotline](#).

## Results of Customer Satisfaction Survey

Nanya actively understands customers' needs with respect to product quality, delivery, and services through diverse communication channels, including customer satisfaction survey, business and technology review meetings, and customer service platform, in order to improve the Company's products and services and strengthen customer relations.

Nanya strive for continuous improvement, working in a practical way, with a spirit based on exceeding our customers' requirements in quality, delivery and service. In relation to customer satisfaction, Nanya employs an impartial third-party consultancy company and Internal survey to conduct satisfaction survey for direct and end-customers through the internet or interviews, that Nanya can understand customers' needs from a fair and objective perspective. The content of the survey includes the dimensions of "Product", "Delivery", "Quality", "Technical service", "Communication", "Commercial" and "Comparison with competitors".

Nanya has a complete customer satisfaction procedure standard and a customer satisfaction committee, and uses the PDCA (Plan, Do, Check, Action) management cycle to form the common goal of improving customer satisfaction. The committee is composed of cross-function department, and is participated by the directors of marketing, sales management, business management, operation management, field application engineering and quality assurance departments. The main function include the selection of survey objects, sending questionnaires, collecting questionnaires, data analysis, regularly reviewing customer comment, coordinating and proposing appropriate improvement plans. and report the results of customer satisfaction in the top manager review meeting. Finally, feedback the continuous improvement plan to customers, Integrate into a complete and effective cross-function service team, Customer relationship management that creates coexistence and co-prosperity value through "service", and continuously improve customer satisfaction.

In addition to the customer satisfaction survey, Customers regularly conducts business and technical review meetings with Nanya 's service team, Nanya is able to keep close relationships with customers and provide better service. In order to improve customer satisfaction, Nanya has established a special review platform, which prioritizes handling and improving customer needs. Customers can find and contact our customer service platform through the company homepage of Nanya, input your suggestions and requirement, and continue to improve customer relations. We will commit ourselves to strengthening the collaborative cooperation among internal relevant divisions in response to urgent or sudden demands from customers. Moreover, we will continuously strive to improve product quality and the timeliness and efficiency of communication on quality issues with customers while keeping smooth communication with customers, making every effort to satisfy customers' requirements.

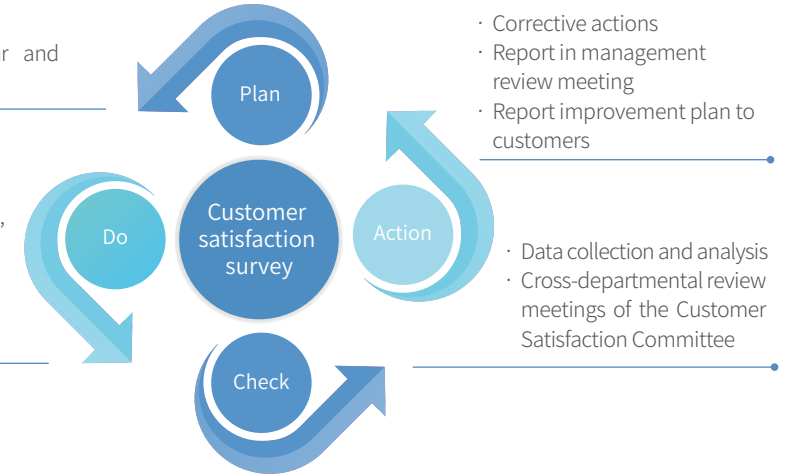


Contact Us

## Customer Satisfaction Survey Procedure

- Identify survey respondents
- The survey cycle is once a year and conducted each month

- Distribute questionnaire
- Survey content include "Product", "Delivery", "Quality", "Technical service", "Communication", "Commercial" and "Comparison with competitors"



Our customer satisfaction average score was 94.5 points in 2023, achieving the goal of 91 points. We review the actual results in the customer satisfaction survey each year and learn from the benchmark to set at a reasonable target value, which is submitted by the Quality Assurance Division to the president for approval. The target value in 2024 is set to be above 91 points.

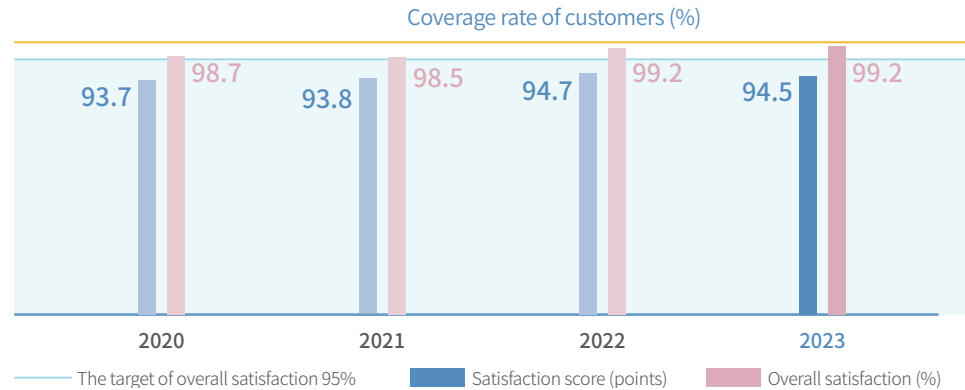
Customers highly recognize the Nanya's performance in delivery, technical service and communication at 95 points and above, Mainly Nanya assists the client in accelerating the verification of new products and technical exchanges during the product design, testing and verification phase.

In addition, based on market supply and demand and product application status, Nanya accelerates the development of new products, strengthens communication with customers and faces various improvement issues with a positive attitude, adheres to product quality control, and listens to customers' voices for continuous improvement. Thus, in 2023, there were no product recalls.

Nanya has gained the recognition of customers for its overall performance over the years; an overall score of 80 points and above is satisfied. In 2023, 99.2% of customers were satisfied with Nanya's overall performance, and has surpassed the target of 95% for six years. The goal for customer satisfaction is 95% and above in 2024.



## Customer satisfaction results



## 8.6 High-quality Company with Safety Certification

With the development of international industrial division of labor, the entire industry's supply chain has formed a diverse, extensive and interdependent network. Products produced by Nanya are basic components of the electronics industry, and are widely used and marketed around the world. To be able to respond to the uncertainty and unpredictable risks of the global supply chain, and in response to the implementation of AEO (quality enterprise) by customs, Nanya hopes to establish a complete supply chain security management mechanism through the AEO and C-TPAT system certifications, ensuring that the supply chain protects the safety of transportation, information, and goods from the starting point to the end point, while taking into account the convenience (speed) of trade.

Since joining the AEO certification in December 2010, Nanya has cooperated with Taipei Customs, Customs Administration, Ministry of Finance in completing 5 certifications. By adopting the AEO process, we can examine the Company's security system, improve operating procedures, improve service quality, and implement the core value of safe and prompt customs declaration, thereby fulfilling our corporate social responsibility of safety. At the same time, we will continue to dedicate our efforts to improving supply chain security and facilitate more convenient trade, ensuring transportation, logistics and information security to achieve the ultimate goal of sustainability.

\*AEO-Authorized Economic Operator

\*C-TPAT-Customs-Trade Partnership Against Terrorism

### 14 major management approaches for high-quality enterprises:

