

6 Responsible Procurement

A Promoter of Shared Value

6-1 Supply Chain Overview	116
6-2 Sustainable Supply Chain Management	118
6-3 Improve the Sustainability of Supply Chains	122
6-4 Responsible Mineral Sourcing Management	124

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

100 %

Completed three-year sustainability audit of key suppliers

Five years in a row

Completion rate of deficiency improvements in supplier sustainability audit reached 100%

35 suppliers

Number of suppliers that supported the Sustainable Development Mutual Benefit Initiative in 2022 (organized for the first time)



Strategy and Performance of Material Topics



Sustainable Supply Chain Management

Management of responsible minerals sourcing and conflict-free minerals : No conflict minerals have been used in any of Nanya's products
Supply chain risk management: Implement regular "quality, delivery, service, cost, technology, and sustainable management" evaluations for suppliers

2022 Goals	2022 Performance Target achievement status	2023 Goals
Use of non-conflict minerals : 100%	100%	Use of non-conflict minerals : 100%
Completion of the self-evaluation questionnaire by significant suppliers : 100%	100%	Completion of the self-evaluation questionnaire by significant suppliers : 100%
100% completion rate of deficiency improvements by suppliers with high sustainability risk in audits	100%	100% completion rate of deficiency improvements by suppliers with high sustainability risk in audits
100% of suppliers signing Supplier Code of Conduct	100%	100% of suppliers signing Supplier Code of Conduct
100% completion of audits and guidance for significant suppliers	100%	100% completion of audits and guidance for significant suppliers
Implement at least 2 supplier sustainability guidance projects ^{New}	2 cases	Implement at least 2 supplier sustainability guidance projects

Exceeded Achieved Partially achieved

6-1 Supply Chain Overview

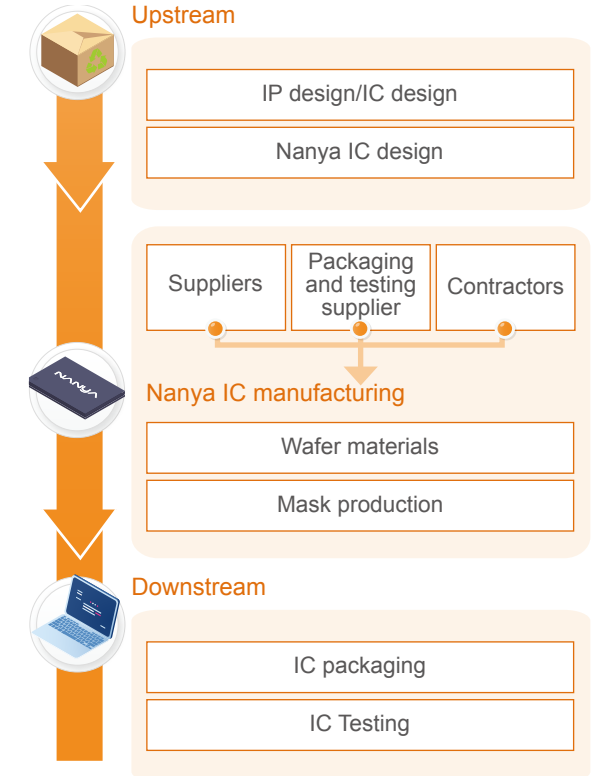
Nanya Industrial Chain

The IC industry (including DRAM) is categorized into upstream IC design, mask making/wafer materials, midstream IC production, and downstream IC packaging and testing. Nanya is committed to the research and development, design, production, and sales of IC products and we are primarily responsible for upstream IC design and midstream IC production in the industrial supply chain.

To improve the efficiency of customer service and effectively build closer relationships with customers in the upstream product design and testing and verification stages, the head office provides customers' technical solutions in various regions, including Taiwan, mainland China, Southeast Asia, Europe, America, Japan, and South Korea. In response to customer's requests, we irregularly exchange technologies with customers, provide technical support, and assist in solving the problems faced by the customer's engineering staff in design and testing.

The Company continuously communicates with customers in the midstream production and sales stages and report weekly to the head office on the feedback of customers' future demand forecasts. The head office aggregates the demand forecasts around the globe and converts them into production plans, which are adjusting weekly to meet customers' needs and maximize the benefits. In the meantime, we cooperate with downstream contractors to form a complete industrial value chain.

Nanya Industrial Chain



Form of supply chain

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

To effectively manage suppliers and allocate resources, Nanya evaluates importance, risk, annual procurement amount, and sustainable development to screen "significant suppliers" that need to be managed (including tier 1 raw materials suppliers, non-tier 1 raw materials suppliers, and high risk suppliers).

Geographic distribution of suppliers

	2019	2020	2021	2022
Overview of Tier 1 Suppliers				
Asia	323	280	266	273
Americas	125	93	102	96
Europe	50	41	32	28
Oceania	41	31	31	18
Total	539	445	431	415

Overview of Non-Tier 1 Suppliers in 2022	
Number of suppliers monitored	80
Number of non-tier 1 suppliers of concern	80

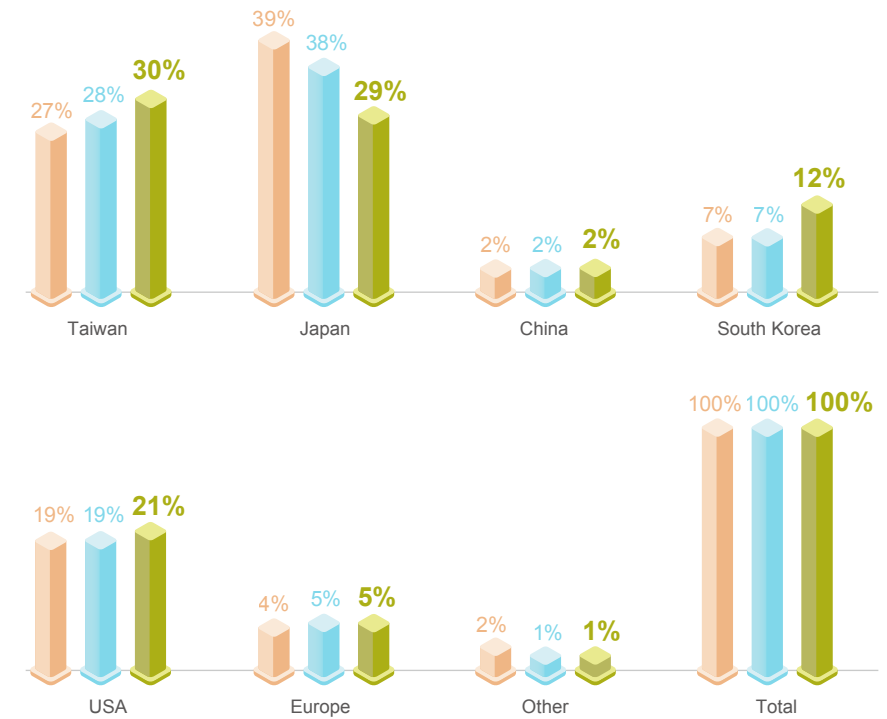
Number of tier 1 suppliers and suppliers of concern and percentage of procurement amount

Type of procurement	2019	2020	2021	2022
Raw materials				
Number of tier 1 suppliers	82	82	80	80
Number of tier 1 significant suppliers	82	82	80	80
Percentage accounted for by tier 1 significant suppliers (%)	100%	100%	100%	100%
Percentage of procurement amount accounted for by tier 1 significant suppliers (%)	100%	100%	100%	100%
Professional spare parts				
Number of tier 1 suppliers	248	222	215	202
Number of tier 1 significant suppliers	12	11	11	12
Percentage accounted for by tier 1 significant suppliers (%)	5%	5%	5%	6%
Percentage of procurement amount accounted for by tier 1 significant suppliers (%)	11%	2%	9%	4%

Local Procurement

Nanya prioritizes local procurement to facilitate stable development and cooperation with suppliers, provide faster service time, shorten delivery time, reduce unnecessary costs, and reduce the impact on the environment. However, as semiconductor equipment and technologies mostly involve foreign production or international collaboration, most of the materials used in the semiconductor industry are still produced in foreign countries. This has led to larger foreign procurement compared to domestic procurement. Nanya shall continue to cooperate with local suppliers to expand procurement and employment opportunities in Taiwan and create greater value in partnerships with suppliers.

Distribution of tier 1 suppliers by procurement region in 2020-2022



6-2 Sustainable Supply Chain Management

Sustainable Supply Chain Management Process

Sustainable Supply Chain Management Framework

Nanya Technology Corporation's emphasis on sustainable development is not limited to only the Company, but was further expanded to suppliers, particularly the ESG-related sustainable development needs of suppliers. We established a five-stage sustainable supply chain management process, and use sustainability regulations, active risk assessment and surveys, sustainability risk surveys, sustainability audits/improvement measures, and supplier capability development to manage and control supply chain risks and strengthen suppliers' sustainability performance. We hope to drive suppliers to grow with us and generate more shared value and influence through a series of sustainability management processes. In addition, the sustainable development of Nanya Technology Once a year, the committee regularly reports the effectiveness of supply chain management to the board of directors, so that senior executives can understand immediately.

Internal Personnel Training

We organize education and training courses on sustainability-related issues every year to help internal personnel better understand sustainable development and implement the sustainable development policy. A total of 7 courses were offered in 2022; the total length of the courses was 5 hours and there were 21,585 participants. The course titles are shown in the table below. Furthermore, training courses on sustainable supply chain management process are provided to the all procurement personnel every year, such as: supplier sustainability risk assessment standard and process, green procurement, etc.; total training hours is 1 hour. The courses help procurement personnel communicate Nanya Technology Corporation's sustainable supply chain management strategies with suppliers during routine operations.

sustainable supply chain management process	procurement personnel
Information Security Regulations	All colleagues in the company
Promotion of ISO 50001 Energy Management Systems	All colleagues in the company
Prevention of insider trading and handling of material insider information	All colleagues in the company
Promotion of labor and ethics policy	All colleagues in the company
Green product training	All colleagues in the company
General course on anti-corruption	All colleagues in the company
Introduction to risk management	All colleagues in the company

Supplier Education and Training

Nanya Technology Corporation organized the "2022 Nanya Technology Corporation Online Conference on Sustainable Supply Chains" on August 2, 2022 to let suppliers better understand its sustainable supply chain management process and sustainability goals. A total of 61 people from 24 suppliers participated in the online conference, which communicated Nanya Technology Corporation's ESG evaluation standards for suppliers and the goals and contents of environmental and human rights sustainability projects. We aim to work with suppliers in jointly creating sustainability value and a sustainable environment.

Sustainable Supply Chain Development and Management Strategies

Sustainable Supply Chain Development Strategies

Nanya Technology Corporation firmly believes that the sustainable growth of supply chains has certain impacts on corporate sustainable development. Therefore, we actively invest related resources and cooperate with suppliers to drive sustainable growth of the overall supply chain and achieve shared value.

Nanya's sustainable supply chain development strategies:

	Sustainable supply chain risk management Implement risk assessment through self-evaluation questionnaires for suppliers, and strengthen supplier risk management through audits and improvement tracking
	Supplier cooperation and exchanges Periodically organize supplier conferences and supplier evaluations on the basis of cooperation and mutual aid, and provide guidance for suppliers to increase social, economic, and environmental benefits, in order to achieve sustainable development of the overall supply chain
	Improve the sustainability of suppliers Nanya pays attention to environmental and social sustainability issues while pursuing economic benefits, and continues to work with suppliers in projects related to sustainability
	Responsible Minerals Sourcing Nanya is committed to a responsible procurement management strategy for the ban on Responsible Minerals Sourcing to satisfy current and future market, legal, and regulatory expectations

Sustainable Supply Chain Management Strategy

When Nanya is selecting suppliers that directly produce materials, the suppliers must go through rigorous evaluations and reviews in addition to third-party verifications, including ISO 9001 and ISO 14001. We use a digital supplier assessment and management system to conduct assessment of the Company's six supplier management strategies: "quality, delivery, services, costs, technology, and sustainable operations". The score for sustainable management indicators (sustainable operations) accounts for 15% to ensure compliance with the Company's requirements for sustainable supply chain development.

Six Strategies for Supply Chain Management¹



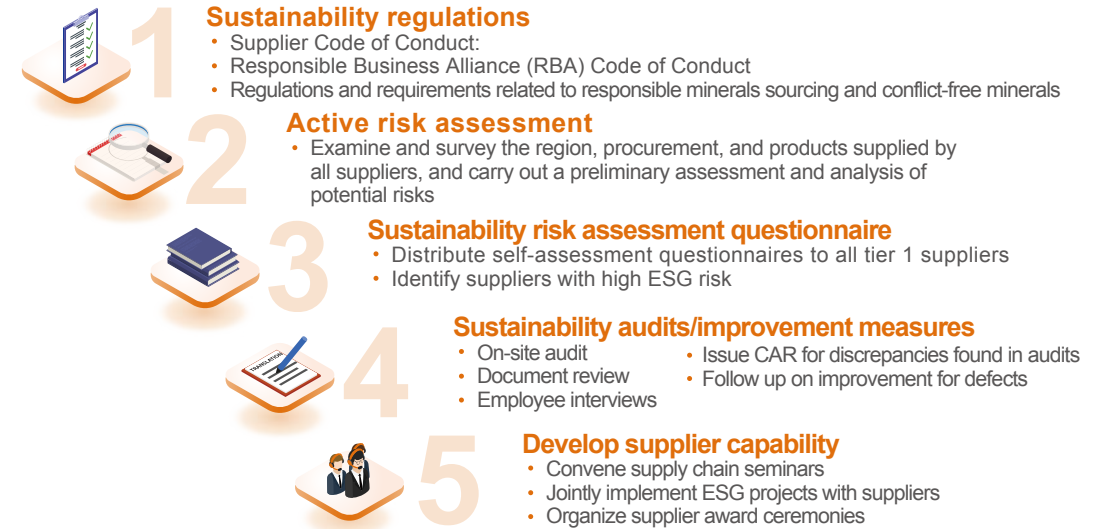
Note 1 : The five most important supplier management strategies are: "quality, delivery, service, technology, and sustainable development"

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

Sustainable Supply Chain Risk Management Process

In addition to continuous requirements on the aspects of quality, delivery, and service, Nanya also established related risk management mechanisms. When external factors (such as: natural disasters, diseases, changes in global major events) result in the risk of running out of materials, Nanya Technology Corporation immediately initiates emergency response. Related departments, including materials, quality assurance, and engineering, jointly and swiftly formulate response plans, and review aspects of checking on material inventory, asking backup suppliers for materials, increasing stock levels of materials, and reviewing material consumption in process to monitor the risk. Methods include:

- Examine imported production materials and verify that inventory on site and at suppliers reach the safety stock during weekly meetings
- Verify the status of spare parts, verify production and shipment status, and that there are no production material risks each week
- Provide estimated demand to suppliers each month, and make rolling adjustments to the estimates of spare parts demand each month if the delivery by suppliers is delayed



Sustainability regulations

Nanya Technology Corporation established the Supplier Code of Conduct for suppliers to understand and gradually implement corporate sustainability. The Company provides suppliers with comprehensive training. The scope of the Supplier Code of Conduct includes laborers, health and safety, environment, code of ethics, management system, and biodiversity. Suppliers are required to sign the Supplier Code of Conduct every year and training completion rate was 100%.

Supplier Code of Conduct Coverage :

- Labor : Freely Chosen Employment 、 Working Hours 、 Wages and Benefits 、 Humane Treatment 、 Non-Discrimination
- HEALTH and SAFETY : Occupational Safety 、 Emergency Preparedness 、 Occupational Injury and Illness 、 Industrial Hygiene 、 Sanitation, Food, and Housing
- ENVIRONMENTAL : Pollution Prevention and Resource Reduction 、 Hazardous Substances 、 Air Emissions 、 Water Management 、 Energy Consumption and Greenhouse Gas Emissions
- ETHICS : Business Integrity 、 No Improper Advantage 、 Disclosure of Information 、 Intellectual Property 、 Responsible Sourcing of Minerals 、 Privacy
- MANAGEMENT SYSTEM : Company Commitment 、 Management Accountability and Responsibility 、 Legal and Customer Requirements 、 Risk Assessment and Risk Management 、 Worker Feedback , Participation and Grievance
- Ecological resources commitments 、 biodiversity 、 deforestation 、 and reservation

Supplier Code of Conduct signing and training	2022	2023 Goals
Number of supplier signatures	362	
Percentage of supplier signatures (%)	100%	100%
Training completion rate (%)	100%	100%

Note: Suppliers that have signed include tier 1 suppliers and non-tier 1 significant suppliers

Risk assessment process

Step 1 of risk assessment

Active risk assessment : Nanya Technology Corporation examines and surveys the region, procurement, and products supplied by all suppliers, and carries out a preliminary assessment and analysis of potential risks to monitor suppliers' sustainability risks, in order to better understand suppliers' sustainable development situation.

Risk factors for initial assessment :

- * Supplier's area : assess whether there are conflict minerals in the area, natural disaster risks, human rights risk factors, etc.
- * Product category supplied: Evaluate the materials used in the production of products Whether the material contains harmful substances (such as: RoHS/PFOS/PFAS...), whether there are alternative materials, etc.
- * Operation of supply : Assess whether the supplier has operational risks risk, whether there is an emergency response plan

Step 2 of risk assessment

Sustainability risk assessment questionnaire : Nanya Technology Corporation distributes sustainability risk assessment questionnaires to all tier 1 suppliers, and the questionnaires are collected after suppliers use the questionnaire for self-assessment, in order to ensure their implementation of sustainability issues. Suppliers are required to reply the implementation status of various sustainability issues on the questionnaire and provide certification documents issued by related management systems. The results of the suppliers' self-assessment questionnaires shall be adopted as the basis of sustainability risk management and as reference for Nanya Technology Corporation's assistance to achieve supplier sustainability. The content of questionnaire mainly focuses on potential impacts that suppliers might make on the three aspects of economic, social, and environmental. (For example, Potential impacts on the social aspect include labor practices/human rights standards/business ethics/health and safety. Potential impacts on the environmental aspect include environmental management/greenhouse gas. We analyze the results of the suppliers' self-assessment questionnaires, screen 5% of high-risk suppliers for onsite audits, and provide assistance for improvements.

In 2022, all tier 1 suppliers (including significant suppliers) completed sustainability risk assessment. (The Company distributed the self-assessment questionnaires to 282 suppliers and all of them handed the questionnaires back.) After analysis of the questionnaires, a total of 16 high-risk major suppliers were identified in 2022. High risks in three aspects were as follows. With regard to high-risk suppliers, we performed document review and audits.

Economic aspect

- Failed to establish a responsible mineral sourcing and conflict-free minerals policy



Social aspect

- Failed to establish regulations prohibiting discrimination
- Failed to prohibit the use of child labor and provide remedies in case of unintentional use
- Failed to explicitly state that anonymous reports are acceptable
- Do not have any mechanisms for handling anonymous complaints and feedback
- Failed to establish complete personal data protection regulations and letter of consent for use of personal data



Environment aspect

- Failed to implement identification of safety and health regulations
- Failed to implement identification of environmental protection regulations



Supplier sustainability risk assessment

Tier 1 suppliers ^{Note}	2019	2020	2021	2022
Number of suppliers surveyed	330	304	295	282
Response rate	100%	100%	100%	100%
2023 Goals 100%				
Number of high-risk suppliers	17	16	15	16
Percentage of high-risk suppliers (%)	5%	5%	5%	5%

Raw material supplier	2019	2020	2021	2022
Number of suppliers surveyed	82	82	80	80
Response rate	100%	100%	100%	100%
2023 Goals 100%				
Number of high-risk suppliers	5	5	4	4
Percentage of high-risk suppliers (%)	6%	5%	5%	5%

Non-tier 1 raw materials suppliers	2019	2020	2021	2022
Number of suppliers monitored	40	80	90	80
Response rate	100%	100%	100%	100%
2023 Goals 100%				
Number of high-risk suppliers	2	4	5	4
Percentage of high-risk suppliers (%)	5%	5%	5%	5%

Note: Tier 1 suppliers include significant suppliers

Supplier sustainability survey

Non-tier 1 raw materials suppliers	2019	2020	2021	2022
Number of suppliers surveyed	330	304	295	282
Response rate (%)	100%	100%	100%	100%
Tier 1 suppliers				
Number of suppliers surveyed	94	93	91	92
Response rate (%)	100%	100%	100%	100%
Tier 1 significant suppliers				
Number of suppliers surveyed	40	80	90	80
Response rate (%)	100%	100%	100%	100%

Results of the 2022 Supplier Sustainability Risk Survey

	Tier 1 suppliers	Tier 1 significant suppliers	Non-tier 1 significant suppliers
Number of high-risk suppliers	16	16	4
High risk rate (%)	6%	17%	5%

Sustainability Audit

We analyze the results of supplier sustainability risk questionnaires, find high risk suppliers, conduct further audits and provide guidance for different attributes of suppliers, and issue a CAR for deficiencies found in the audit.

Suppliers are required to propose improvement plans and complete improvement measures within two years, how the supplier should be handled will be discussed by the Material Review Board(MRB), such as : reduction, transfer purchase orders, or cease cooperation, in order to ensure that risks are effectively controlled and reduced.

The audit coverage rate of high-risk suppliers was 100% in 2022. We audited 20 high-risk suppliers (including 16 high-risk tier 1 suppliers and 4 high-risk non-tier 1 significant suppliers) on their sustainability performance. The audit results showed that high-risk suppliers had 74 non-compliance items, but high-risk non-tier 1 suppliers had zero. In regard to non-compliance items, the Company issued a Corrective Action Request (CAR) for follow-up and improvement.

Sustainability audit table of high-risk suppliers

Non-tier 1 raw materials suppliers	2019	2020	2021	2022	2023 Goals
Numbers of audited suppliers	19	20	20	20	20
Average audit score	82	81	88	89.7	
Number of non-compliance audit items	112	64	81	74	

Category and number of violations:Labor ethics

2019	2020	2021	2022
<ul style="list-style-type: none">• 22 items involving human rights or employment discrimination• 4 items involving not having work rules formulated or approved• 14 items involving work hours and wages• 3 items involving grievance mechanisms• 3 items involving reward and punishment procedures• 8 item involving training, education, and communication <p>A total of 54 items</p>	<ul style="list-style-type: none">• 5 items involving not having work rules formulated or approved• violated 13 items involving human rights or employment discrimination• violated 7 items involving work hours and wages• violated 6 items involving grievance mechanisms• violated 2 items involving information security• violated 3 items involving reward and punishment procedures <p>A total of 36 items</p>	<ul style="list-style-type: none">• 8 items involving not having work rules formulated or approved• violated 16 items involving human rights or employment discrimination• violated 2 items involving work hours and wages• violated 4 items involving grievance mechanisms• violated 4 items involving information security• violated 7 items involving reward and punishment procedures• violated 5 items involving moral standards <p>A total of 46 items</p>	<ul style="list-style-type: none">• 8 items involving not having work rules formulated or approved• 15 items involving not having or violating human rights rules• 3 items involving not having or violating rules on work hours and wages• 12 items involving not having or violating grievance mechanisms• 3 items involving not having or violating information security rules• 3 items involving not having or violating code of ethics• 4 items involving inadequacies in the supply chain management system• 1 item involving insufficient labor and ethics training frequency• 1 item involving improvements required by the labor and ethics management system <p>A total of 50 items</p>
Improve completion rate			
100%	100%	100%	100%

Category and number of violations:EHS

2019	2020	2021	2022
<ul style="list-style-type: none"> 9 violations of environmental safety regulations 39 defects in labor safety operation 4 defects in environmental protection operation 6 defects in fire safety operation 	<ul style="list-style-type: none"> 2 violations of environmental safety regulations 8 defects in labor safety operation control 6 defects in health operation control 11 defects in fire safety operation 	<ul style="list-style-type: none"> 19 defects in labor safety operation control 2 defects in health operation control 5 defects in fire safety operation 9 defects in environmental protection operation control 	<ul style="list-style-type: none"> 11 defects in labor safety operation control 7 defects in health operation control 1 defect in fire safety operation 5 defects in environmental protection operation control
Improve completion rate	100%	100%	100%

• Supplier assessment : on-site assessment number(Include remote audit) : 21/3rd party assessment number : 1/desk assessment number : 340

	2022 Target	2022 actual	2023 Target
Number of audited suppliers in writing/on-site	360	362	360
Percentage of significant suppliers audited	40%	48%	40%
Number of high-risk suppliers audited	20	20	20
Percentage of improvements to deficiencies completed	100%	100%	100%
Number of suppliers eliminated	0	0	0

	2022 Target	2022 actual	2023 Target
Number of suppliers receiving guidance for deficiencies		25	
Proportion of significant suppliers that received guidance	100%	100%	100%

6-3

Improve the Sustainability of Supply Chains

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

► Supply Chain Seminar

We continued to organize the 3rd Nanya Technology Corporation Sustainable Supply Chain Seminar in November 2022, inviting experts and senior managers of nearly 20 significant suppliers to jointly participate in corporate sustainability. The sustainable supply chain management strategy of Nanya Technology Corporation was promoted during the seminar, and issues of concern were shared with suppliers. Suppliers (MERCK Taiwan and KANGO-PPC) shared the measures they implemented for environmental and social sustainability, so that other suppliers attending the event can learn from each other. Furthermore, SEMI President Terry Tsao was invited to analyze net zero and sustainability trends of supply chains, allowing managers at the event to understand the latest developments in issues.

Starting in the second half of 2022, managers of Nanya Technology Corporation led groups to visit 8 suppliers and Subcontractors to discuss the industry’s sustainability guidelines. After building a consensus on sustainable suppliers, Nanya Technology Corporation launched the Sustainable Development Mutual Benefit Initiative during the supply chain seminar, and managers of Nanya Technology Corporation led all managers of significant suppliers to jointly make a declaration that they will actively plan ESG development of the companies, take climate action in response to climate change, and implement human rights protection in the work place. The goal is to reduce electricity consumption by 10% and above in 2030, reduce carbon emissions by 20% and above, and create a sustainable supply chain that uses renewable energy, developing towards a sustainable future with net zero emissions one step at a time.

Signed percentage of “Sustainable Development Mutual Benefit Initiative ” for 2022

Significant Supplier		Subcontractor	
Procurement Amount	Percentage	Transaction Amount	Percentage
65.6%	40%(33 suppliers)	96%	50%(2 subcontractors)

Sustainable Development Mutual Benefit Initiative – Letter of Commitment

Sustainable Development Mutual Benefit Initiative

As responsible corporate citizens, _____ and Nanya Technology Corporation view ESG to be an important development indicator and jointly commits to the following with Nanya Technology Corporation:

- 1.Dedicate balanced efforts into the development of ESG while pursuing business performance.
- 2.Take climate action in response to the impact of climate change, including making an inventory and controlling GHG emissions, planning concrete energy conservation actions, and making preparations for low carbon energy use, in order to mitigate the impact of operations on the climate and environment.
- 3.Take action to protect the human rights of business partners, including zero crimes against humanity, zero discrimination, and zero forced labor, to respect the value of human rights.

We will work together in sustainable development strategies and actions to jointly expand our influence in sustainable development, so that the industry will take ESG more seriously. We will become promoters and work together to realize the vision of sustainable mutual prosperity!



2022 Supply Chain Seminar

Supply Chain Sustainability Projects

Sustainability projects	Contents of cooperation	Expected benefits	Quantified benefits
1.Three-zero human rights program	We promote the human rights program that advocates zero crimes against humanity, zero forced labor, and zero discrimination to significant suppliers	Strengthen human rights protection, reduce the exploitation of human rights, create a friendly workplace, and avoid becoming a sweatshop suppliers	1.Initiatives and promotions from 2022 to 2023 : (1) Continue to communicate with and provide guidance to suppliers that support the Three-Zero Human Rights Program in coordination with the audit schedule, and investigate the company's current system to evaluate its inclusion as a key supplier. (2) Continue to communicate with suppliers that have not responded to the Three-Zero Human Rights Program each month. 2. Mitigation and remediation from 2024 to 2025 : (1) Continue to communicate with, provide guidance to, and track suppliers that support the Three-Zero Human Rights Program in coordination with the audit schedule. (2) Track the establishment of a human rights system by suppliers audited each month (approximately 3 suppliers), and provide guidance to suppliers with writing a human rights code of conduct. (3) Continue to encourage other suppliers to support the Three-Zero Human Rights Program 3. Termination and prevention from 2026 to 2028 : Track the establishment of a human rights system by suppliers, provide guidance to suppliers for establishing human rights risk assessment regulations, and implement risk identification and compensation measures. 4. Tracking and disclosure from 2029 to 2030 : Prepare and periodically disclose human rights due diligence reports
2.Product carbon footprint inventory	Encourage raw materials suppliers and packaging and testing plants to compile their carbon footprint inventory	1.Aligned with international climate change issues. 2.Reduces the Company's product carbon footprint 3.Achieving the SBTs in 2030 will be beneficial.	1. Inventory : Nanya Technology Corporation compiles the environmental footprint inventory of its products every year to find suppliers that cause an increase in product carbon footprint 2. Set a Goal : Prioritize the top 12 raw materials suppliers and contractors with the highest carbon emissions for promoting the carbon reduction project and long-term goal of net zero emissions 3. communication method : Communicate with the top 12 raw materials suppliers and packaging and testing plants with the highest carbon emissions, and participate in the low carbon footprint inventory and carbon reduction project of the Industrial Development Bureau under the guidance of the Industrial Technology Research Institute 4. Implementation progress tracking and feedback : (1) The Industrial Technology Research Institute provides guidance for supplier low carbon footprint inventory and carbon reduction projects over a two-year period. (2) Create and share the supplier product carbon footprint inventory on the platform

Supplier Capability Development

	2022	Goals
Number of suppliers engaging in capability development	21	
Percentage accounted for by significant suppliers	23%	20%

Improvement project for human rights risks of suppliers / Subcontractors' migrant workers

Suppliers' stable and good supply capabilities come from stable production manpower and friendly working environments. Migrant workers are indispensable sources of labor for a majority of factories. However, most of migrant workers are brought to Taiwan through manpower agencies, which is prone to high risks of human rights management. Therefore, we have promoted the human rights protection for migrant workers as one of our supplier sustainability projects. We started to assess human rights risks of Subcontractors' migrant workers in 2019. The assessment was based on the provisions of Freely Chosen Employment in the RBA Code of Conduct, including, voluntary work and redundancy, zero fees for workers and not holding their identity cards and personal certificates under any circumstances, and no unreasonable restrictions on workers' freedom of movement and their primary movement areas. Actual implementation aspects include: Zero payment (including commissions, fees of accommodation, transportation, documentation, and health checkups), installing lockable safe boxes for storage of important documents and possessions, direct remittance of wages to employees' bank accounts, free access to working and living space, holding religious and cultural activities, and preventive measures against infectious diseases. In 2019-2022, the amount refunded totaled approximately NT\$78,060,000, benefiting 3,078 migrant workers.

Three-zero human rights program for suppliers

International society has attached growing importance to human rights issues in recent years. When forced labor or exploitation occurs, it raises concern and causes international society to condemn or even boycott. Hence, supply chains working together to strengthen human rights protection has become growingly important. Nanya Technology Corporation has dedicated years of effort to human rights protection, carried out human rights risk assessment and management, and created an inclusive and friendly workplace with diversity. We utilized our experience and achievements in human rights protection to implement the "Three-zero Human Rights Program" for significant supplier, creating a virtuous cycle of human rights for significant supplier (supplier audit → establish system → mitigation and remedy → risk assessment → self-audit and management). Significant supplier then influence other suppliers. As of the end of 2022, a total of 15 suppliers of concern signed Nanya Technology Corporation's "Three-zero Human Rights Program" and supported Nanya Technology Corporation's supplier sustainability projects.

Schedule of the Three-Zero Human Rights Program

Three-zero Human Rights Program signing, communication, investigation, and guidance in 2022-2023: Continue to communicate with and provide guidance in coordination with the audit schedule investigate the supplier's current system to evaluate its inclusion as a key supplier.


Policy formulation and improvement tracking in 2024-2025: Track the establishment of a human rights system by suppliers, and provide guidance to suppliers with writing a human rights code of conduct.

Risk assessment to mitigate adverse effects in 2026-2028: Track the establishment of a human rights system by suppliers, provide guidance to suppliers for establishing human rights risk assessment regulations, and implement risk identification and compensation measures.


Periodic disclosure in 2029-2030: Provide guidance for the preparation and periodic disclosure of human rights due diligence reports

Supplier energy-saving activity promotion project


Encourage raw materials suppliers and packaging and testing plants to compile their product carbon footprint inventory:




Compiled the 2022 product carbon footprint inventory to find the top 30 raw materials suppliers and packaging and testing plants causing an increase in the Company's product carbon footprint.



Communication method:
Communicate with the top 30 raw materials suppliers and packaging and testing plants with the highest carbon emissions, encourage participation in the low carbon footprint inventory and carbon reduction project of the Industrial Development Bureau under the guidance of the Industrial Technology Research Institute, the NTC will verify participants, and submit applications for subsidies from the Industrial Development Bureau under the program for large enterprises to lead small enterprises in carbon reduction.



The Industrial Technology Research Institute provides guidance for supplier low carbon footprint inventory and carbon reduction projects over a two-year period, and assists the Company's product supply chain in gradually progressing towards greening.



Create and share the supplier product carbon footprint inventory on the platform.

Supplier Annual Evaluation

Nanya Technology Corporation assesses the quality, technology, delivery, services, costs, and sustainable operations of raw materials, components, and equipment suppliers every year, and then selects outstanding suppliers to be commended in annual supplier commendation events. Sustainability issues are promoted during the events, and senior managers directly communicate goals and requirements for the supply chain with respect to quality, technology, delivery, services, costs, and sustainable operations.

Besides presenting awards to outstanding suppliers, annual evaluation results are taken into consideration when selecting suppliers for future procurements, and will increase the suppliers' cooperation opportunities.

We compared suppliers of raw materials, components, and equipment in 2022 and presented awards to 8 outstanding suppliers.



| 2022 Supplier Award Ceremony

6-4 Responsible Mineral Sourcing Management

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

The metal has contained in the product of Nanya Technology Corporation comply with RBA (Responsible Business Alliance) and Responsible Minerals Initiative (RMI) which has followed OECD (Organisation for Economic Cooperation and Development) Due Diligence Guidance. And we are not to purchase illegally sourced metals or minerals, or minerals from conflict areas or countries to make sure to meet Responsible Minerals Sourcing and Conflict-Free minerals requirements.

In order to meet requirements of Responsible Minerals Sourcing and Conflict-Free minerals, we will investigate the supply chain in detail and ensure that metal or mineral materials such as gold (Au), tantalum (Ta), tungsten (W), tin (Sn), cobalt (Co) and Mica are all purchased from RMI conformant smelter and submit the Conflict Minerals Report Template (CMRT) and Extend Minerals Report Template (EMRT).

Nanya's 7 Tier 1 Subcontractors and 7 Tier 1 materials suppliers have completed investigations on responsible procurement of minerals in their supply chains, and confirmed that all 38 of the Tier 2 and Tier 3 minerals suppliers in the supply chain meet requirements of the Responsible Minerals Assurance Process in the smelter survey.

Subcontractors and raw materials suppliers that use 3TG, cobalt, and Mica are required to comply with our policies.

Hence, users or suppliers of 3TG use the Conflict Minerals Reporting Template (CMRT), while users or suppliers of cobalt and mica use the Extended Minerals Reporting Template (EMRT) as survey tools to provide survey results on the source of 3TG, cobalt and mica, Ensure that the supply chain does not directly or indirectly inject warlord armed groups into acts that endanger basic human rights, or source from high-risk areas, and comply with the Responsible Minerals Assurance Policy.

Nanya Technology Corporation's production lines include wafers, packaged IC, and DIMM modules. Nanya Technology Corporation's supply chain reported 226 qualified smelters in 2021. Due to the Russia - Ukraine War in 2022, Nanya Technology Corporation's supply chain removed 7 Russian gold smelters, and other smelters were removed due to the expiration of their RMI certification. The supply chain reported 212 qualified 3TG, cobalt, and mica smelters in 2022.

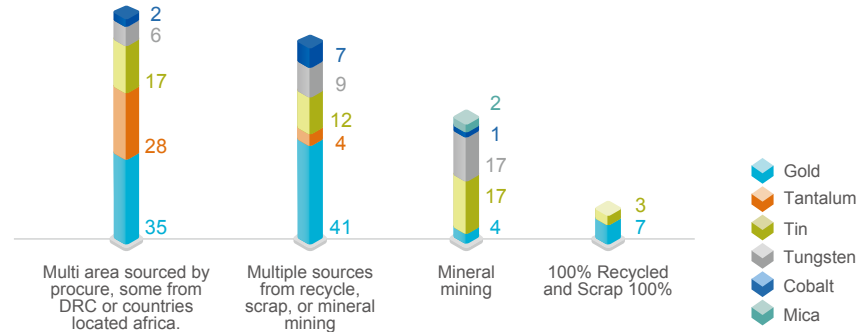
Nanya began adding the Statement of Compliance with RMI¹ Policy and Conflict Mineral-Free on its product labels in 2022, declaring that none of our products use conflict minerals and meet RMI Responsible Minerals Sourcing Policy.



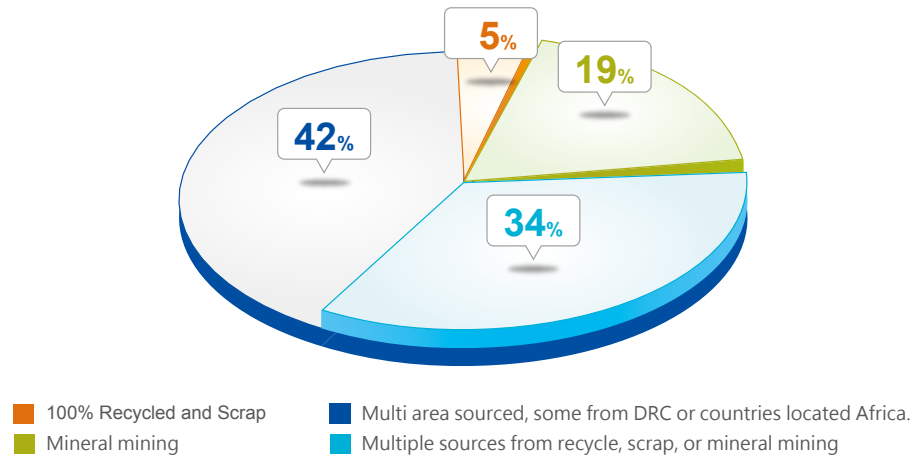
- ✓ Identification of mineral applications
- ✓ Identification of survey products
- ✓ Designate survey subjects
- ✓ Announce supply chain investigations

1 .RMI = Responsible Minerals Initiative

Responsibly Mineral Sourcing



Responsibly Mineral Sourcing Ratio

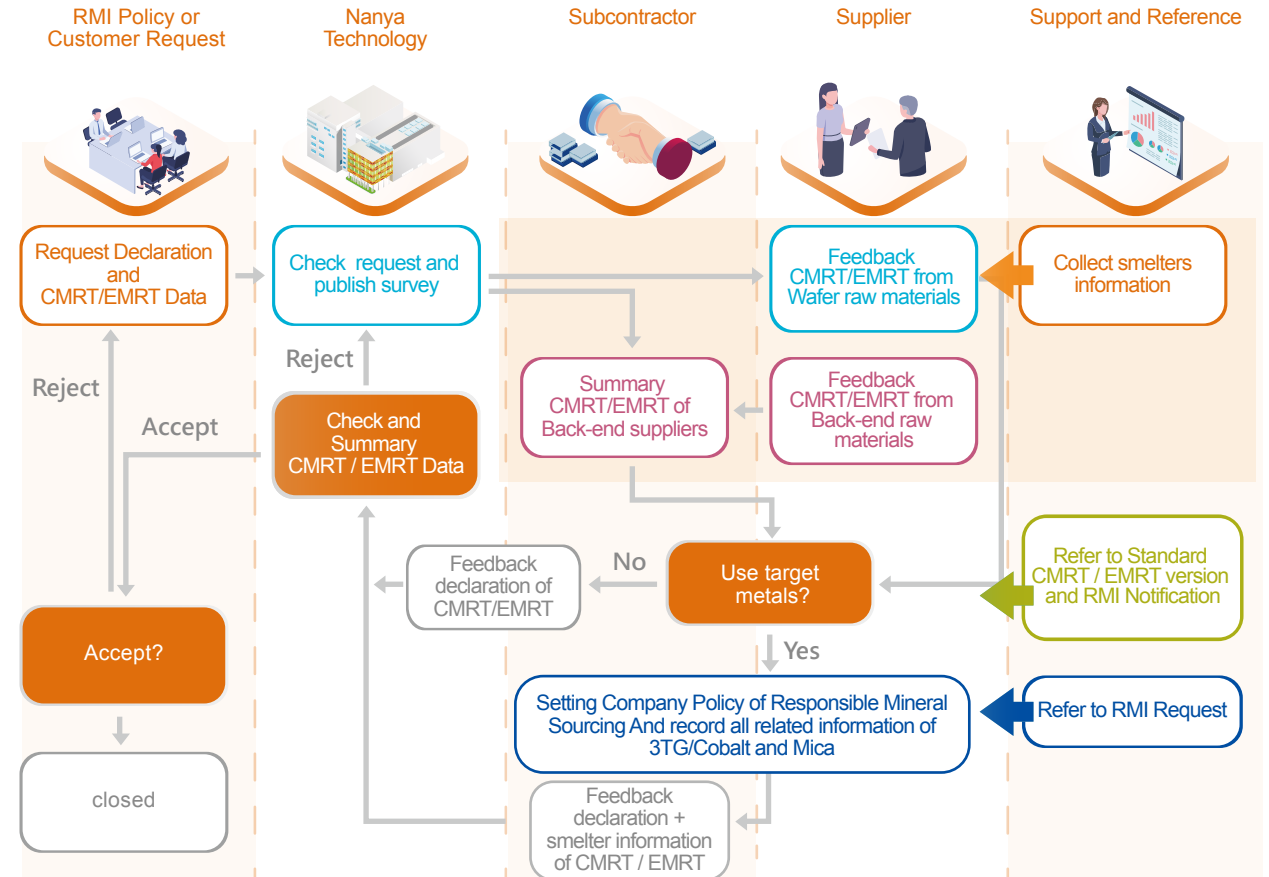


Minerals used in our existing products are gold, tantalum, tin, tungsten, cobalt, and mica. Approximately 42% of the 88 smelters replied that the source of the minerals may be from the Democratic Republic of the Congo(DRC) and its adjoining countries or other high-risk areas, as well as from recycled or discarded metals. The 88 smelters have confirmed that the source of all the minerals conformed to the Responsible Minerals Assurance Process (RMAP) policy, and were accredited by the Responsible Minerals Initiative (RMI) team as legitimate smelters.

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

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

Responsibly Mineral Sourcing Flow



Investigation Preparation

Nanya's supply chain maintains multi-level supply chain relations with the raw ores. Before investigations, we shall inspect the supply chain materials and define the applicable categories of gold, tantalum, tin, tungsten (3TG), cobalt, and Mica in the Company's products. We shall screen and select suppliers for the conflict minerals investigations and implement a series of top-down investigations on the suppliers. We shall use the standard investigation tools defined in the Responsible Minerals Initiative (RMI) and obtain the latest lists.

Due Diligence

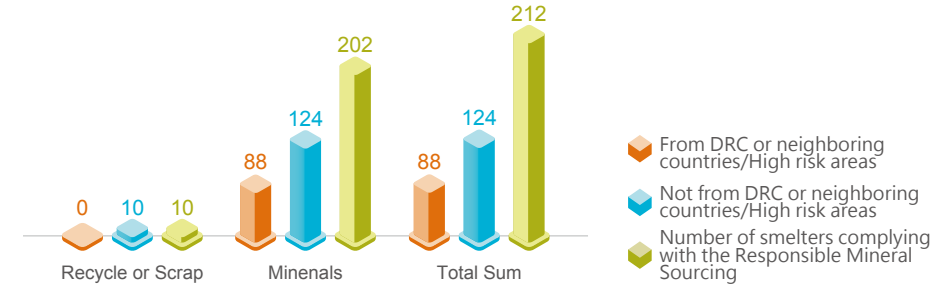


Corresponding Product Categories for 3TG, Cobalt and Mica Investigation Data

Nanya provides memory products. According to due diligence in the supply chain and comparison with the list of qualified smelters of the Responsible Minerals Initiative (RMI), a total of 52 minerals suppliers, including 7 Tier 1 Subcontractors and 7 Tier 1 raw materials suppliers as well as 38 Tier 2 and Tier 3 suppliers, have provided information on the source of 3TG, cobalt, and Mica, and we identified information for 212 smelters in the supply chain investigation.

Currently, all these 212 smelters are accredited smelters by the Responsible Minerals Initiative (RMI), and completely comply with the conflict-free minerals and responsible minerals policy.

Sources for responsible procurement of minerals



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

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

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

Presentation of results

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

Supply chain responsible mineral investigation cycle

Disclose the Responsible Minerals Report

- Summary of supply chain data
- Third-party audit
- Disclose the Responsible Minerals Report

Periodically examine the Responsible Minerals Policy

- Based on supply chain survey results, Examine the suitability of the Responsible Minerals Policy
- Meets requirements of RBA-RMI and customers

Analyze supply chain survey data

- RMI certification status
- Method for obtaining key minerals and percentage
- Source country or region
- Distribution of 3TG, cobalt, and mica production by region
- Distribution of 3TG, cobalt, and mica production by country
- Is it from disputed regions or traded from countries with low concern for human rights
- Risk level

Supply chain investigation

- Periodically verify RMI announcements
- Identify survey minerals
- Latest RMI survey tools/versions

Identify supply chain survey data

- Identification of mineral applications
- Identification of survey products
- Designate survey subjects
- Announce supply chain investigations

Future outlook

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

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