

# BUSINESS INTEGRITY

Nanya upholds the corporate culture and spirit for "diligence". We use ethical, honest, fair, transparent, and responsible business philosophies to strengthen legal compliance. We established the "The Code of Ethics of Directors and Managers" for senior executives and the "Ethical Corporate Management Principles" and "Antitrust and Competition Legal Compliance Principles" for employees. We established the digital transaction platform for suppliers and a comprehensive auditing system to implement ethical governance and prevent violations of laws. Nanya maintains neutrality in politics and encourages employees to perform their civic duties.

## 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 Legal Compliance Principles" and the "Antitrust and Competition Legal Compliance Operating Procedures" 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 the compliance handbook. As of the end of 2020, the Company had one antitrust litigation in process. Please refer to page 154 in the [2020 Nanya Annual Report](#).

## Anti-Corruption

All employees must abide by Nanya's "Human Resources Management Regulations". 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. To prevent violations, employees in operations, procurement, finished product warehouses, construction supervision, and budgeting roles shall be rotated periodically and they shall abide by principles for preventing conflicts of interests. We shall also formulate anti-corruption education materials to educate all employees in hopes that all employees can abide by ethical principles in both work and life and fulfill the corporate culture of "diligence". No cases of material corruption had occurred from 2017 to 2020.

## Ethical Code of Conduct

Nanya referenced the Code of Conduct of the Responsible Business Alliance and established the Labor Ethical Management Policy and Business and Ethical Code of Conduct as the basis for compliance by all employees (including managerial officers), employees of subsidiaries, customers, and suppliers in the business operations. The "Labor Ethical Management Policy" and "Business and Ethical Code of Conduct" have been published on the internal and external websites and made available to all employees and external personnel at all times. To strengthen employees' integrity and ethical awareness, we required all the staff and the staff of subsidiaries to sign the code of conduct. The signing coverage rate was 100%. The Company continued to organize the "RBA Labor and Ethical Code of Conduct Course" and "Business and Ethical Code of Conduct Course" for all employees (including the staff of subsidiaries) in 2020. The training coverage rate was 100%. The "RBA Labor and Ethical Code of Conduct Course" is an online course for all employees and the completion rate was 100%. The Company provides the virtual "RBA Labor and Ethical Code of Conduct Course" for all new recruits.

Employees may not provide (or accept) bribes or participate in insider trading or other actions that violate moral standards and damage the Company's reputation. In the event of a material or corruption violation (e.g., employees abuse their powers and accept bribery), they shall be immediately terminated once such violations are verified. Where such violations damage the interest of the Company or lead to severe violations, the Company shall pursue their legal liabilities.



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", "Anti-corruption Course", "Business and Ethical Code of 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", and "zero illegal infringement in the workplace". The training completion rate was 100% for all courses.

**Ethical corporate management and labor ethical education results**

	2018	2019	2020	2021 Goals
"RBA Labor and Ethical Code of Conduct Course" completion rate	100%	100%	100%	100%
"Business and Ethical Code of Conduct Course" completion rate	100%	100%	100%	100%
"Anti-corruption Course" completion rate	100%	100%	100%	100%
"Senior Executive Ethical Corporate Management Course" completion rate	-	100%	100%	100%
"Occupational Hazards and Preventive Training" completion rate	-	100%	100%	100%

Note1:A total of 3,439 individuals completed the "RBA Labor and Ethical Code of Conduct Course" in 2020. (organized in October 2020).

Note2:A total of 3,428 individuals (excluding senior executives) completed the "Business and Ethical Code of Conduct Course" in 2020. (organized in October 2020)

Note3:A total of 3,371 individuals completed the "Anti-corruption Course" in 2020. (organized in July 2020)

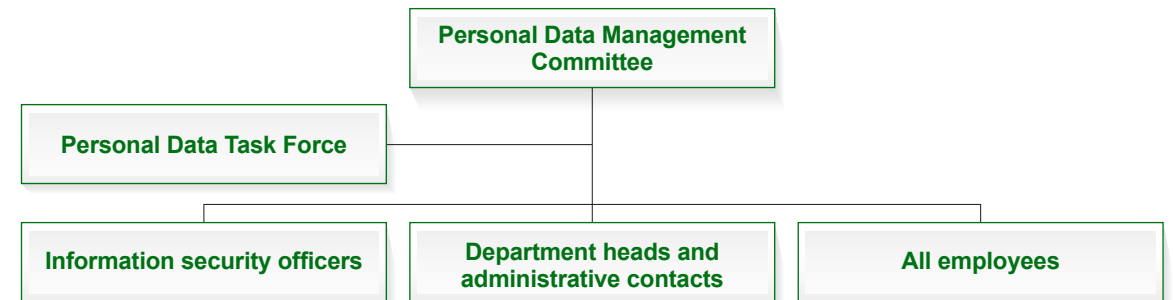
Note4:The "Senior Executive Ethical Corporate Management Course" was incorporated into the "Business and Ethical Code of Conduct Course" and a total of 11 individuals completed the training in 2020.

Note5:The "Occupational Hazards and Preventive Training" course includes both physical and digital courses. In 2020, a total of five physical courses were held, and the attendees consisted of department heads and project supervisors (227 individuals received training) and the digital courses were provided to all employees (3,440 individuals received training).

**Personal Data Protection Act**

The Company has established the Personal Data Management Procedures 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. To implement personal data processing risk management, the Company annually conducts personal data inventory and assessment, and we perform 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 were found in 2020.

**Structure of the Personal Data Management Committee**



**Duties of the Personal Data Management Committee**

 <p>Conduct regular tests to evaluate and assess the effectiveness of technologies and organizational functions used for processing personal data</p>	 <p>Evaluate and review the compliance and appropriateness of mechanisms for protecting personal data</p>	 <p>Provide resources necessary for the establishment of personal data management mechanisms</p>
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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 and implemented related systems in subsidiaries to increase employees' awareness for personal information protection and reduce the risks of violations.

## Internal Control

We organized personal data protection courses for personal data officers and personal data custodians in departments in 2020. A total of 31 individuals completed the training, and the training result was positive. 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. We will not utilize this data for secondary purposes other than our collection purposes. 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 2020.

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

	2018	2019	2020
<b>Number of complaints about personal data</b>	0	0	0
<b>Number of violations of personal data regulations</b>	0	0	0
<b>Fine</b>	0	0	0

### 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.

### Scope of Internal Audit


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

	2017	2018	2019	2020
<b>Number of audit items</b>	42	44	45	45
<b>Number of anomalies discovered</b>	9	7	4	3 <sup>note1</sup>
<b>Anomaly improvement rate</b>	100%	100%	100%	100%

Note1: The three anomalies included 1 for R&D, 1 for engineering, and 1 for finance. Improvements were completed for all three anomalies.

## Grievance and Complaint Channels

Nanya has established the Regulations for Employee Protection and Complaints and [Whistleblower Regulations](#) to provide employees with channels for reporting any unlawful or unethical conduct. When employees discover a breach of laws or inappropriate conduct that affects the interests of individuals or the Company or other related material issues or where an individual attempts to gain unlawful interest by abusing the power of their office, they may file reports at any time for responsible dedicated units to take charge of processing. In addition, we also established a report hotline (02-29061001) on the Company's official website and a dedicated email ([audit@ntc.com.tw](mailto:audit@ntc.com.tw)) to provide complaint channels for stakeholders for infringements of their rights. We also assign dedicated personnel to take charge of processing the complaints. To protect the whistleblower, personnel responsible for processing cases shall conduct investigations based on the confidentiality principles and they shall be prohibited from disclosing cases to unrelated personnel. When investigating related individuals, the processing personnel shall only discuss parts that are relevant to the individuals to protect the identity of the whistleblower.

### Grievance and complaint methods

	2017	2018	2019	2020
<b>File written complaints (including anonymous reports)</b>	4	1	0	<b>2</b>
<b>Employee grievance report table</b>	0	2	2	<b>1</b>
<b>Complaint hotlines and mailboxes</b>	0	1	0	<b>0</b>
<b>Total</b>	4	4	2	<b>3</b>
<b>Total confirmed cases after investigation</b>	1	1	1	<b>0</b>
<b>Category of confirmed cases</b>				
<b>Corruption and bribery</b>	0	0	0	<b>0</b>
<b>Discrimination</b>	0	0	0	<b>0</b>
<b>Humane treatment</b>	1	1	1	<b>0</b>
<b>Confidentiality of information</b>	0	0	0	<b>0</b>
<b>Conflicts of interest / Money-laundering / insider trading / dealing</b>	0	0	0	<b>0</b>
<b>Environment, health and safety</b>	0	0	0	<b>0</b>
<b>Processing and case closed</b>	1	1	1	<b>3</b>
<b>Case closure rate</b>	100%	100%	100%	<b>100%</b>

Case description: Two written complaints, including one for information privacy and the other for private affairs

1. In regard to the information privacy complaint, no sufficient facts or proofs were found as supporting evidence after investigation, so the complaint was not a confirmed case. Therefore, we promoted related systems and regulations to the persons involved.

2. Regarding the private affairs complaint, the persons involved dealt with it at their discretion.

One employee grievance case resulted from department management issues. The case was not confirmed after investigation. However, considering department's atmosphere and employees' morale, we adjusted the shift of persons involved.

## Information Disclosure

Nanya uses diverse, updated, and transparent channels to disclose related information to external stakeholders comprehensively. Nanya participated in 19 external investor conferences in 2020 and we also uploaded financial data and various information and video files to the company website and Market Observation Post System in accordance with requirements of the competent authority to provide investors with updated, correct, and transparent operation conditions and financial statistics.

