

SEMI Supply Chain Management Initiative

Industry Advisory Council Agreement

PREAMBLE

This Industry Advisory Council Agreement (this “Agreement”) establishes the framework for joint technical meetings and discussions, data sharing, preparation of documents and other activities to be conducted by SEMI members and other stakeholders participating in the SEMI Supply Chain Management Initiative (the “Initiative”). This Agreement addresses various aspects related to the Initiative’s activities, including purpose and background, membership, management, cost sharing, information sharing and antitrust compliance. The work plan of the Initiative will be developed by the Initiative members.

BACKGROUND

Semiconductors have become ubiquitous in recent years, with all aspects of society having become extremely dependent on chips. Demand has expanded from traditional applications for PCs and mobile phones to include automobiles and other connected applications, fueled by 5G and Internet of Things (IoT), to propel the Intelligent Data Age. Post COVID-19 semiconductor annual revenue growth has been unprecedented, exceeding 20%, but the industry has also been severely challenged by disruptions that have accelerated in magnitude and frequency, including:

- Increasing geopolitical conflicts that can only be mitigated by global, integrated, coordinated, and aligned policies.
- Escalating unplanned and unforeseen events, such as natural disasters and pandemics; and
- Heightened global focus on sustainability, safety, and security.

These factors have highlighted the inherent vulnerabilities and interdependencies of multi-tier supplier relationships in the electronics and adjacent value chains. An industry-wide supply chain directive must be established for companies to strategically manage risk, invest in multi-tier supply chain mapping, and lead the way to building resilience in supply chains. Both inbound (supplier facing) and outbound (customer facing) supply chains need to examine how the pillars of resiliency, transparency, collaboration, and information sharing need to be applied purposefully and consistently to meet the new challenges.

PURPOSE AND PRINCIPLES

IAC Members of the Initiative agree to support, and fulfill the terms of, the following foundation statement to drive the charter and scope of the initiative, which will be the “SEMI Supply Chain Management Initiative” public statement:

The global SEMI Supply Chain Management Initiative will leverage SEMI’s broad and deep industry reach to work with member companies and other industry stakeholders to develop a global platform to collectively identify and address pressing supply chain challenges, help member companies anticipate issues and risks, and help improve supply chain capabilities across the industry through benchmarking, sharing leading practices, and creating a blueprint for the future of the electronics supply chain ecosystem.

IAC Members are committed to the following objectives:

- **Investment:** Agree to support the Initiative through the ongoing commitment of funding for the Initiative and its various workstreams, and are aligned on the need to drive transformation across our industry
- **Engagement:** Establish **Global (and later Regional) Industry Advisory Councils “IACs”** to guide priorities
- **Collaboration:** Create **collaboration platforms** for information exchange, education, thought leadership and collectively supported solutions and tools
- **Benchmarking:** **Promote and participate in quarterly supply chain management (“SCM”) pulse surveys** with McKinsey & Company to track industry dynamics and benchmark best practices
- **Industry Alignment:** Drive appropriate and necessary **standards for SCM visibility and transparency** through SEMI’s International Standards Program

SEMI will publish quarterly Initiative updates and continue to engage with industry associations, governments, investors, customers, suppliers, and other stakeholders to accelerate progress towards objectives and inspire others to join.

This Agreement serves as the foundation for defining voluntary and collaborative efforts among the IAC members as defined by the Initiative charter towards meeting these objectives.

SCOPE OF AGREEMENT

The scope of this Agreement is limited and will focus on the following SCM-related activities on a voluntary basis:

- Consensus-driven assessment and decision on Initiative priorities
- Collaboration on shared industry/supply chain goals and deliverables

- Initiating and participating in relevant supply chain benchmarking efforts and data collection programs
- Proactive and direct support of for advocacy/public policy efforts that support supply chain-related needs
- Development and support of white papers, blog posts, webinars, presentations, and position papers, as needed
- Development of an SCM blueprint for required future capabilities
- Approval of and adherence to standards derived from the Initiative

No company is required to contribute company-specific information or data on specific topics, but participants are encouraged to provide perspectives, insights and recommendations that are applicable to collaborative efforts. As needed, SEMI will facilitate blind surveys and anonymous data collection programs to gather data necessary for assessing industry solutions, tools, and approaches. Any data provided to the Initiative through these means will be aggregated and individual company information will not be disclosed. The submission of information or data does not limit or modify the intellectual property rights of the company providing the information or data. When SEMI, on behalf of participating Initiative members, publicly issues reports, presentations, or any other information, it may disclose participating member company names if prior permission is received.

The execution of priorities identified by participating Initiative IAC Members is dependent upon the amount of available funding provided by Initiative members.

INITIATIVE MEMBERSHIP AND PARTICIPATION

Membership in the Initiative shall be open to SEMI members in the electronics manufacturing and design ecosystem, including materials suppliers, capital equipment manufacturers, device manufacturers, systems manufacturers, and service providers at the discretion of the Global IAC. Initiative members shall not disclose findings, documents, data, or other information of any Initiative work product without the approval of the Global IAC. Companies who are not members of SEMI but are deemed critical for the Initiative's progress will be able to join but are required to pay a higher non-member Initiative fee. Non-member companies joining SEMI as a SEMI member prior to joining the Initiative will pay IAC Member fees as soon as their membership is active.

IAC Members agree that their company name and logo can be used in a publicly disclosed "SCM Initiative Signatory List" as used for Initiative membership marketing and disclosure purposes. The Initiative will not use any IAC Member company names or logos in any publication to represent an IAC Member's opinion, claims, data, or other representation of an IAC Member's position on issues. All logos are to be provided in digital format by the IAC Member upon joining the Initiative.

Each IAC Member company shall appoint one or more representatives, each of whom will individually have the authority to act on the IAC Member's behalf in Initiative matters. Each IAC Member company shall appoint one representative to be the voting member for the company. IAC Members agree to actively participate in Initiative elections and voting matters, meetings, contribute expertise, and complete deliverables in a timely manner.

Participation in the Initiative will take place by company representatives within the Global IAC, and/or one or more Working Groups as listed below:

IAC Members:

IAC members will set the direction for the Initiative. Each IAC member company will have one vote regardless of the number of representatives identified.

Each year, the IAC Member representatives shall elect the following two key Global IAC positions, by a simple majority of ballots returned, whereby each Member company will have one vote for each position:

- Chair – Responsible for setting the agenda and coordinating with SEMI in decision-making on administrative matters
- Vice-Chair – Responsible as IAC Chair alternate when absent, supporting IAC Chair

The IAC can pass resolutions by all IAC members voting and a simple majority IAC members approving. The Chair and the Vice- Chair, with SEMI, will have the authority to break ties and resolve impasses.

Expectations for IAC members:

Working with SEMI:

- Create purpose, scope, charter, and other governing elements for the Initiative
- Provide thought leadership and guidance on areas of focus for ongoing quarterly SEMI/McKinsey Pulse Surveys
- Help prioritize working groups at both the Global and Regional levels
- Advise on revenue-generation avenues to fund Initiative activities
- Be an ambassador for, and promote awareness of, the Initiative
- Provide oversight and guidance for the Regional IACs, once established

SCM Working Groups:

As required, the Global IAC will institute and maintain a series of Working Groups responsible for delivering the recommended direction, technical positions and papers, and overall output of the Initiative. The Working Group list is subject to change at the discretion of voting members,

adopted by approval of a two-thirds majority of Global IAC members. At the time of this Agreement, the initially identified Working Groups are:

- Supply Chain Benchmarking
- Supply Chain Blueprint for the Future
- Supply Chain Data and Metrics – leading /lagging indicators
- Critical Material Resiliency Index

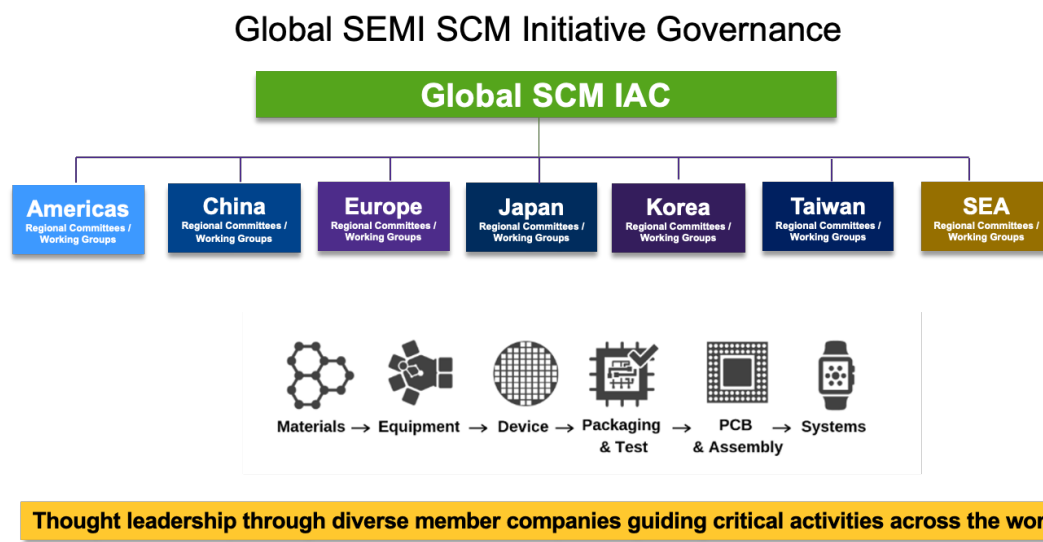
Company representatives who are selected to participate in the Working Group(s) are requested to be knowledgeable and are empowered to speak on behalf of the member company they are representing, participate fully in meetings, respond to information and data requests in a timely manner, and assist with information and data gathering efforts and report writing. The estimated time requirement for each Initiative Member's participation in each Working Group is between 2 to 4 hours per week.

SCM INITIATIVE INDUSTRY ADVISORY COUNCIL STRUCTURE

The Global IAC is designed to be a global council. Regional or segment-specific sub-teams, under the guidance of the Global IAC, will drive specific workstreams contributing to overarching Initiative goals and objectives. It is anticipated that Regional IACs will be established for each of the following regions: Americas, Europe, Southeast Asia, China, Japan, Korea, and Taiwan.

The maximum number of Global IAC members will be capped at 20 and the maximum number of Regional IAC members will be capped at 15 for each region to ensure a balanced geographical and segment representation.

The Global and Regional IAC Chairs and Vice Chairs may serve up to two 2-year terms each



INITIATIVE MANAGEMENT

The Initiative will be managed by SEMI with the assistance of one or more professional management and/or consulting firms, to be selected by SEMI. Roles and responsibilities for SEMI will include the following:

- Appointment of a full-time SEMI Initiative Leader and support team
- Coordinating activities of the Initiative, such as conference calls, record-keeping, and dissemination of related materials
- Working with Members to develop an appropriate list of priorities and deliverables to be completed under the Initiative
- Preparing, reviewing, and submitting final work products, including reports and position papers
- Managing and tracking Initiative-related financials. SEMI will prepare and present quarterly financial summaries on the Initiative.
- Providing IT and other technical SEMI resources for communications, document repositories, and other coordination/collaboration resources as agreed between SEMI and the Global IAC.

The Initiative management team will also engage outside legal counsel on an as-needed basis, which will be included as part of the annual budget.

MEMBERSHIP FEES FOR PARTICIPATION

A participation fee will be required to fund the activities, and help offset administrative costs, of the Initiative.

Funding will be used for:

- SEMI personnel to manage the Initiative and execute on objectives and deliverables
- Supporting the attendance of Initiative representatives at SEMI conferences and industry symposia, based on Global IAC recommendations
- Third party-administered data collection programs and surveys
- Marketing and communications efforts to publicize progress and achievements of the Initiative, including Global IAC member spotlights and special recognitions

Participation Fee Structure:

Each IAC Member company will be required to provide seed funding for the Initiative.

- Funding will be tiered based on company revenue for the most recent fiscal year:
 - Revenue >\$1 billion - \$25K annual fee to participate
 - Revenue between \$500 million and \$1 billion – \$15K annual fee to participate
 - Revenue <\$500 million - \$5K annual fee to participate
 - ***Non-Member - \$50K annual fee to participate***

In addition, SEMI Members will have opportunities to support the Initiative with non-financial contributions, such as personnel assignees or secondees to the Initiative to augment SEMI resources.

Membership in good standing will allow Member companies to participate in elected Global and Regional IAC positions, the Initiative's working groups, representative voting rights as detailed in this Agreement, and access to member resources, reports, and shared information.

Participating companies that are not members of SEMI will be granted the same level of access to Initiative-related documentation. Non-members are strongly encouraged to join SEMI within one calendar year of the commencement of their Initiative participation.

Member companies that are part of the Global IAC may nominate representatives to the Regional IACs at no additional charge.

Participation in the Working Groups is not subject to an additional fee and will be restricted to SEMI Member companies only, unless the non-Member company is a paying member of the Global or a Regional IAC.

CONFIDENTIALITY OF INFORMATION

Information and data developed by the Initiative shall remain confidential unless approved for release by the Global IAC.

Members who share existing and newly generated information within the Initiative who consider the information shared to be confidential business information shall, to the extent practical, clearly mark the information as "confidential business information", "confidential information", "proprietary information", or the like, prior to sharing the information. For confidential business information not in tangible form or that cannot otherwise practically be marked with a "confidential" designation, Members shall, prior to or concurrent with sharing the confidential information, advise Member recipients of the information's status as confidential. Initiative Members agree to take appropriate measures to maintain and preserve as confidential, and to keep secure, such confidential business information they receive. However, the Members agree that confidential business information does not include information which: a) is in the public domain (e.g., is accessible through public databases or from the Internet) through no fault of a

Member receiving the confidential business information; b) appears in the published literature (e.g., in scholarly publications, or in a patent application that has been granted and made available for public inspection); or c) has been shared by the Member asserting the claim of confidentiality with one or more other entities, but without the benefit of the other entities having agreed to keep the information confidential.

NEW MEMBERS

Other entities may join the Initiative, subject to the terms of this Agreement, upon approval by the Industry Advisory Council members, according to the section of this Agreement entitled Membership Fees for Participation.

WITHDRAWAL AND DEFAULT OF MEMBERS

- A. Withdrawal: An IAC Member may withdraw at any time but shall not be entitled to receive a refund payment of any membership dues or Initiative fees.
- B. Default: The Initiative leader shall notify an IAC Member in writing when an IAC Member is in breach of this Agreement by the IAC Member's failure to do any of the following:
 - a. Meet its financial obligations under this Agreement in a timely manner. If the IAC Member fails to respond to the notice and remedy the breach within thirty (30) days of receipt of the notice, or the Initiative leader subsequently becomes aware the IAC Member has entered liquidation or is determined through a judicial or administrative action to be unable to pay its debts, or terminates its membership, that IAC Member shall be considered to be in default.
 - b. Fulfill the Investment and Industry Alignment statements of the Initiative "Purpose and Principles"
 - c. Adhere to terms of this Agreement

The Defaulting IAC Member loses its qualification as an Initiative IAC Member and forfeits and all rights under this Agreement (except with respect to confidentiality set out above). The Initiative will remove all references to the Defaulting IAC Member from the "SCM Initiative Signatory List" and all future publications containing a list of IAC Members.

An approved resolution from the Global IAC, by a vote of no less than two-thirds majority of Global IAC members, may give a Defaulting IAC Member ninety (90) days to remedy the defaulting condition. The resolution must detail explicitly the terms the Defaulting IAC Member must fulfill in those 90-days to remain an IAC Member.

INITIATIVE DISSOLUTION

This Agreement may be terminated as agreed upon at any time by the Global IAC and SEMI Executive Management. Upon the conclusion of this Agreement, the Initiative leader will:

- Review all remaining funding, including future obligated payments,
- Determine if any fund shortages exist and invoice Members in proportion to the original agreement obligations; and
- Identify information that is considered confidential information of the Initiative and its IAC Members (“Identified Information”) and retain such information with other pertinent Initiative records for a period of two (2) years. Promptly after such two-year period, the Initiative leader shall destroy all Identified Information.

ENTIRE AGREEMENT AND AMENDMENTS

This Agreement constitutes the entire agreement relating to the Initiative.

The Global IAC can pass amendments to this Agreement, including the “Purpose and Principles” with the approval of a majority of the Global IAC members. [Amendments to the Agreement can only be enacted on January 1 of every year, with Global IAC approval no later than October 1 of the preceding year.] Members will be required to sign an amended Agreement to remain members after the January 1 enforcement date.

ANTITRUST COMPLIANCE

The work of the Initiative is focused on the sharing and development of technical and other information and data related to the Initiative’s charter and scope. All Initiative IAC Members agree to abide by all applicable antitrust laws and regulations.

NO PARTNERSHIP FORMED

This Agreement does not constitute an Agreement to form a partnership, joint venture or agency relationship between or among the IAC Members. The IAC Members do not have the right to obligate or bind the other IAC Member(s), and nothing in this Agreement is intended to give any rights of any kind to any third persons.

[Signature Page Follows]

Last revision: November 17, 2022

ACCEPTED FOR:

Member Company

Address

Signature of Authorized Representative

Printed Name

Title

Date