USI® 环旭电子股份有限公司
Universal Scientific Industrial (Shanghai) Co., Ltd.

SSE：601231

2O20 **SUSTAINABILITY REPORT**

ABOUT THIS REPORT

Principles for Report Compilation

To reflect our commitment to upgrade sustainable corporate value, improve the quality of non-financial information reporting, and realize ESG targets, we renamed this report to "Sustainability Report". This report is the ninth Sustainability Report published by Universal Scientific Industrial (Shanghai) Co., Ltd. (USI, Company, We) and its subsidiaries. (From 2010 to 2012, USI Shanghai's indirect controlling shareholder Universal Scientific Industrial Co., Ltd. had published three Sustainability Reports, which also covered the Company's fulfillment of its social responsibilities). This report is made in accordance with GRI Standards (2016) core options and CASS-CSR 4.0 basic framework. This report also refers to the Evaluation Index System of Shanghai Listed Corporate Social Responsibility Index (2017) and the Shanghai Stock Exchange environmental and poverty alleviation disclosure requirements, publicly disclosing USI's measures, achievements, and targets for all ESG key issues. Please refer to the Stakeholder Engagement section for the identification of material topics and report boundaries.

Report Scope and Boundaries

This report provides information about stakeholder material concerns, including business information of facilities in Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan, and Mexico*. The data collection period was from 01/01/2020 to 12/31/2020, and the financial data are expressed in CNY throughout the report. Environmental, health, and safety performances are expressed using accepted international standard units and indicators.

Note:

ASE Technology Holding Co., Ltd. (hereinafter referred to as the "parent company" or "ASEH") is the parent company of Universal Scientific Industrial (Shanghai) Co., Ltd.

Zhangjiang Facility: Universal Scientific Industrial (Shanghai) Co., Ltd. (USI Shanghai is the parent company of all Facilities listed below)

Jinqiao Facility: Universal Global Technology (Shanghai) Co., Ltd.

Shenzhen Facility: USI Electronics (Shenzhen) Co., Ltd.

Kunshan Facility: Universal Global Technology (Kunshan) Co., Ltd.

Taiwan Facility (includes Taiwan-TT and Taiwan-NK): Universal Global Scientific Industrial Co., Ltd.

Mexico Facility: Universal Scientific Industrial de México, S. A.de C. V.

External Assurance

To improve information transparency and accountability, SGS Taiwan Ltd. provided third-party assurance for this report following AA1000 AS v3 (2020) Type 2 Moderate Level with 35 disclosures verified with High Level. Please refer to the GRI & CASS-CSR 4.0 Index for details.

Report Publication

USI publishes a Sustainability Report in Traditional/ Simplified Chinese and English every July and is accessible on the USI Sustainability Web (https://www.usiglobal.com/csr).

First Version: Released in July 2013
Previous Version: Released in July 2020
Current Version: Released in July 2021
Next Version: Planned release in July 2022

Feedback and Contact Methods

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USI Specific Disclosures and Additional Indicators

Letter from the Chairman

The COVID-19 pandemic this past year is a calamitous disaster in human history that brought an unprecedented impact on human survival and the global economy. Inevitably, even with various governmental economic stimuli and relief policies, many businesses face operational difficulties.

However, even under these adverse circumstances, USI's revenue and profits in 2020 reached new heights. As a result, we continue to deliver substantial returns for our investors and shareholders, provide a safe and stable working environment for our employees, and focus on our social responsibilities as a responsible, accountable company.

In recognition of our efforts, we received the Sustainability Award of the Year from Sina Finance's China ESG Golden Awards 2020 and CSR Annual Sustainable Elite Award from the SGS 2020 CSR Awards. In addition, we scored an overall 84.1% in customer satisfaction and received the Perfect Quality Supplier Award and Customer-Oriented Award from our customers.

Not only have we maintained our Shanghai Stock Exchange information disclosure A rating, our parent company, ASEH, was named Dow Jones Sustainability Index industry leader for the fifth consecutive year running.

As an essential member of ASEH, USI continues to contribute to the Group's success. With the complete acquisition of Asteelflash, our global employees increased by nearly 30%. In the past, most of USI's production bases were in Asia. But now, our production has expanded to the whole world, including Europe, America, and Africa, realizing the goal of using globalized production to serve global customers. Recognizing our employees come from various countries and ethnic groups, we bear a broader scope of commitment and greater social responsibility than ever.

Sustainable management becomes crucial to our business operations as we grow to such a scale. No matter what sustainability issues and initiatives we decide to take on in the next 10 to 20 years, we will shoulder our responsibilities with all-hands on deck. The USI leadership will lead our employees on the path to continuous, sustainable growth. Apart from our management team and employees, we invite all our stakeholders, including shareholders, suppliers, and customers, to join us on our journey. Sustainability should be embodied in every process and link of our operations to reach a harmonious balance between profit and social responsibility.

The next step to the ultimate realization of corporate social responsibility lies in every employee implementing sustainability in daily operations and management. Not only should employees adopt new ideas to engage in their work, but they should also assume more responsibility and seek sustainable, higher requirements to incorporate in their jobs. By actively identifying gaps and directions for improvement, we can gradually integrate social responsibility into our everyday behavior. USI can then truly move forward on the path of responsible, sustainable development.

In these pandemic times, we must be united in this challenge. We must cherish each other and take good care of our families. At the same time, we should keep corporate social responsibility and sustainable development in mind, work productively, and climb to new heights with USI.

Chairman Jeffrey Chen

Letter from the President

The spread of the COVID-19 pandemic in 2020 has impacted our lives, restricted our freedom of movement, and slowed down global economic and social development, bringing a high degree of risk and uncertainty to business operations. Yet, with the help of everyone at USI, we overcame the challenges and grew against the odds, reaching record highs in both revenue and profit.

USI has been committed to corporate social responsibility for many years. This year we established the USI Sustainability Committee with five sustainability taskforces: Corporate Governance, Green Products & Innovation, Value Chain Management, Employee Care & Social Involvement, and Environmental Protection & Occupational Safety, striving to achieve sustainability through Environmental, Social, and Governance (ESG) dimensions.

In the face of climate change, a critical risk impacting our sustainable development, USI actively uses renewable energy in 100% of our China Facilities and 20% of Mexico Facility, gradually and effectively reducing greenhouse gas emissions caused by our operations. In addition, we installed solar panels on the roof of the Taiwan-NK Facility, generating 685 MWh of green electricity in 2020. Taiwan-NK Facility also obtained the EEWH Silver Green Building Certification.

As part of our green supply chain policy, we held a Global Sustainable Supply Chain Online Conference to directly communicate sustainable requirements, experience, and future goals with 120 supplier partners from all over the world.

To control another critical risk, data security and privacy, we introduced an advanced persistent threat (APT) system to strengthen our information security protection capabilities. We also enhanced our email security with protective mechanisms and obtained an ISO 27001 certification.

Talent is an essential ingredient for USI's continuous growth. In 2020, we formalized our human rights protection management principles, providing equal employment opportunities and development pathways for all employees. We expect all our supplier partners to abide by these principles as well.

In terms of youth development, we opened many internship opportunities and provided training through a mentorship system to help students enter the workplace after graduation. As a result, 754 students benefited from our youth development programs this year, a seven-fold increase over last year. We also help students in resource-deprived areas by promoting various projects, such as funding the Gansu Chendong Kindergarten, Digital Education Poverty Alleviation Program, Western Region Student Aid Program, and Hope for Pearls Project.

USI's efforts to promote sustainable development have been well-recognized, reaching a social contribution value* of CNY 2.24 per share in 2020. We won the Sustainability Award of the Year and the Best Social Responsibility Award from Sina Finance's China ESG Golden Awards 2020. Also, we received the Annual Sustainability Elite Award in the 2nd SGS CSR Awards.

From our customers, we were honored with the Supplier Perfect Quality Award and Customer-Oriented Award.

Guided by the United Nations Sustainable Development Goals (SDGs), we work with our partners and communities to promote economic growth and productivity through sustainable development. We are committed to contributing to quality sustainable living spaces, providing a challenging and fulfilling work environment for our employees, generating generous returns for our stakeholders, and fulfilling our responsibilities as global corporate citizens.

Note: Social contribution value per share = (earnings per share + tax payments + employee salaries + interest expenses + total social input) ÷ total number of shares issued in the year

Chen-Yen Wei

President C.Y. Wei

USI Contributions to the SDGs

SDG	Contributions	SDG	Contributions
1 NO POVERTY	• Invested CNY 1.362 million into 6 Targeted Poverty Alleviation Programs, benefiting 1,001 students. P.137	**2 ZERO HUNGER**	• Donated Care Packages with rice, oil, and dried goods to 30 Kunshan households in need before Chinese New Year. P.139
3 GOOD HEALTH AND WELL-BEING	• Subsidized 43 well-being clubs and held 140 activities with 45,632 participants. P.91 • Provide medical and emergency support for unexpected or sudden illnesses for employees on business trips or stationed overseas. P.88	**4 QUALITY EDUCATION**	• Donated a cumulative total of 685 boxes of books to the Philanthropic Libraries. P.134 • Trained a cumulative total of 833 USIU internal lecturers. P.102 • Supported 43 employees to take advanced studies. P.100 • Launched 8 degree-granting programs with local universities. P.101
5 GENDER EQUALITY	• 100% of female and male employees that took parental leave returned for more than a year. P.89 • Employees have the right to equal pay for equal work regardless of gender. P.84 • Increased percentage of females in senior management positions for 3 consecutive years. P.80	**6 CLEAN WATER AND SANITATION**	• 32% Reduction of water use intensity from the baseline year 2015. P.55
7 AFFORDABLE AND CLEAN ENERGY	• Purchased certified renewable energy to offset carbon dioxide emissions generated by traditional electricity used. P.61	**8 DECENT WORK AND ECONOMIC GROWTH**	• 28.2% Revenue growth in 2020 compared to 2019. P.14 • Included in the SSE Corporate Governance Index. P.11 • 84.1% Satisfaction rate from our major customers. P.115 • Starting salaries for direct laborers at each facility are higher than local minimum wages. P.84 • Attract customer demand and create job opportunities through product technology development and innovation. P.46
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Installed solar panels on the roof of Taiwan-NK Facility to promote solar power and generated 685 MWh of green electricity in 2020. P.66	**10 REDUCED INEQUALITIES**	• Employed 122 people with disabilities. P.81
11 SUSTAINABLE CITIES AND COMMUNITIES	• Promote green products to reduce harm to the human body and environmental impact. P.49	**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**	• Implemented the Business Continuity Management System in all China and Mexico Facilities. P.11 • Assess and manage current corporate risks quarterly. P.21 • Established an email protection mechanism to strengthen USI email security. P.25 • Introduced an Advanced Persistent Threat (APT) system to strengthen cybersecurity protection capabilities. P.25
13 CLIMATE ACTION	• Promote and continue to optimize green products to reduce energy consumption and carbon dioxide emissions. P.50 • Taiwan-NK Facility received our 1st Green Building Label certification. P.66	**14 LIFE BELOW WATER**	• Cleaned up 3 coasts and picked 3,653 pieces of trash. P.142
15 LIFE ON LAND	• Supported the Million Tree Project for 8 years running, planting a total of 85,969 trees, and covering 67.2 hectares. P.141	**16 PEACE, JUSTICE AND STRONG INSTITUTIONS**	• Established Sunshine Conduct Policies and Anti-Corruption Management Measures with reporting mechanisms to ensure compliance from suppliers and employees. No corruption or bribery instances were found. P.19
17 PARTNERSHIPS FOR THE GOALS	• Local purchasing rate reached 36%. P.119 • 100% of our key suppliers meet conflict-free mineral requirements. P.128		SUSTAINABLE DEVELOPMENT GOALS

Maintained **Three Years Information Disclosure A Rating** on Shanghai Stock Exchange 2018-2020

MSCI ESG Rating **Upgraded to BB**

2020 Lenovo Supplier - **Perfect Quality Award** and **Customer-Oriented Award**

Awards and Recognition

2020

Taiwan-NK Facility - **EEWH Sliver Green Building Label Certificate**

2020 SGS CSR Awards - **CSR Annual Sustainable Elite**

Sina Finance China ESG Golden Awards 2020 - **Sustainability Award of the Year** and **Best Social Responsibility Award**

Environmental

Zhangjiang Facility

- Shanghai Roots & Shoots - 2020 Million Tree Project Sponsorship Award

Governance

Zhangjiang Facility

- Top 10 Sales in Shanghai Integrated Circuit Packing and Testing Industry 2019
- 12th in Shanghai Top 100 Manufacturing Enterprises 2020
- 39th in Shanghai Top 100 Enterprises 2020

Jinqiao Facility

- 2020 Jinqiao Development Zone "Four Star" Sustainable Enterprise

Shenzhen Facility

- 2020 Shenzhen Corporate Social Responsibility Rating "Four-Star" Certificate

Kunshan Facility

- 2019 Top 10 Growing Taiwan-Funded Enterprises
- 2019 Qiandeng Township Advanced Foreign Trade Stable Quality Improvement
- 2020 Qiandeng Township Top 10 Taxpaying Enterprises
- 2020 Qiandeng Township Top 10 Foreign-Funded Enterprise
- 2020 Kunshan-Taiwan Integrated Development 30th Anniversary - Outstanding High-Quality Development Award
- 2020 Smart Tech Transformation Benchmark Enterprise
- 2020 Jiangsu Engineering Research Center for Intelligent Electronic Communication Components
- 2020 Jiangsu Accredited Enterprise Engineering Center
- AUO Tech Forum 2020 - Smart Manufacturing Pioneer Award

Social

Zhangjiang Facility

- RBA Validated Audit Process - Silver Certificate
- 10th China Charity Festival - 2020 Listed Companies Social Responsibility Award
- 10th China Charity Festival - 2020 Corporate Social Responsibility Industry Model Award

Taiwan Facility

- 2020 Nantou County Top Cancer Screening Workplace
- 1st Place in 2020 Smoke-free Workplace Environment Competition
- 2018-2020 Accredited Nantou County Nursing Room - Most Comfortable Room
- 2019-2021 Accredited Healthy Workplace - Health Advocate Badge

Operation and Governance

USI's vision is to be the most reliable provider for electronic design, manufacturing service, and modularization with diversified global footprints and miniaturization solutions. Through the collective contribution of employer and employees, we established managing mechanisms in charge of respective responsibility and published the operative condition. We strive to generate exceptional rewards for stakeholders and to build a better place to live.

2020 Key Performance

Included in
FTSE China A150 Index and **China A200 Index**

Included in
CSI 300 Index

A-level
Rating of Information Disclosure in the SSE

38.25 Hours
Board Members Total Training Hours

Included in
SSE Corporate Governance Index

Included in
MSCI Emerging Markets Index

✓ Achieved   🕐 Not Achieved

SDGs	Business Action	2020 Key Issue	KPI	2020 Target	2020 Performance	Status	2021 Target	2025 Target
8 DECENT WORK AND ECONOMIC GROWTH	Improve economic growth and productivity through sustainable development	Corporate Governance	• Included in SSE Corporate Governance Index	• Continue to be included in SSE Corporate Governance Index	• Included in SSE Corporate Governance Index	✓	• Continue to be included in SSE Corporate Governance Index	• Continue to be included in SSE Corporate Governance Index
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	1. Apply sustainable system or strategy and include sustainable information in routine report 2. Ensure all employees can acquire the related information and consensus of sustainable development	Business Continuity	• Obtain ISO 22301 certification	• Implement BCMS to 6 major facilities	• Implemented BCMS to China and Mexico Facilities in 2020	✓	• Obtain ISO 22301 certification in Taiwan Facility	• Obtain ISO 22301 certification in China Facilities
		Cybersecurity Management	• Obtain ISO 27001 certification	• Obtain ISO 27001 certification in Taiwan Facility	• Obtained ISO 27001 certification in Taiwan Facility	✓	• Implement Cybersecurity Management System in China Facilities	• Obtain ISO 27001 certification in China Facilities
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Forbid any kind of corruption and bribery	Business Ethics	• Completion rate of USI Employee Code of Conduct training	• 100% completion rate of USI Employee Code of Conduct training	• 100% completion rate of USI Employee Code of Conduct training	✓	• 100% completion rate of USI Employee Code of Conduct training	• 100% completion rate of USI Employee Code of Conduct training

Note:
1. SSE, Shanghai Stock Exchange
2. MSCI, Morgan Stanley Capital International
3. CSI, China Securities Index
4. FTSE, Financial Times Stock Exchange
5. BCMS, Business Continuity Management System

Company Profile

Company Overview

USI (SSE: 601231) is a leading global company of electronic design and manufacturing services, we also take the lead in SiP (System in Package) modules. USI provides D(MS)[2] product services: Design, Manufacturing, Miniaturization, Industrial software and hardware Solutions, and material procurement, logistics and maintenance Services for brand owners. USI is a member of ASEH (TWSE: 3711, NYSE: ASX) and has many years of experience in the electronics manufacturing services industry. We leverage the industry-leading technology of ASE Inc. with our subsidiary, Asteelflash, to offer customers diversified products in the sectors of wireless communication, computer and storage, consumer, industrial, automotive, and medical electronics.

Company Name	Universal Scientific Industrial (Shanghai) Co., Ltd.
Headquarter Location	No.1558 Zhang Dong Rd., Pudong New Area, Shanghai 201203
Registered Capital	CNY 2,175,923,580
Stock Number / Name	601231 / USI Shanghai in SSE
Date of Stock Issue	Feb. 20, 2012
Main Products and Services	Provide professional services in design, miniaturization, material procurement, manufacturing, logistics, and maintenance of electronic products such as communication products, computer and storage products, consumer electronics, industrial products, medical and automotive products
Global Total of Employees	24,000 (As of 12/31/2020)
Areas of Operation	America, Europe, Asia, Africa

Note: Please refer to the company website (https://www.usiglobal.com) for details.

Global Operations

In 2020, USI completed the acquisition of Asteelflash, the 2nd largest EMS Company in Europe, and built Vietnam Facility to be the first manufacturing base in Southeast Asia. After the integration of resources, our global service and manufacturing network covers Asia, America, Africa, and Europe. USI has 27 manufacturing facilities and over 190 SMT lines that can support dynamic technology and automation capabilities. Our local teams of experts will offer customized customer service according to geographical regions.

USI Manufacturing Locations   AFG Manufacturing Locations

Poland (1)   Czech Republic (1)

Germany (4)

United Kingdom (1)

France (7)

USA Silicon Valley (1)

Mexico (1)

Mexico (1)

Tunisia (1)

China (5)

China (1)

Taiwan (2)

Vietnam (1)

Financial Performance and Tax Governance

Financial Performance

Though COVID-19 has caused great impact to global economy in 2020, USI committed to the creation of sustainable target by stable operation performance. In 2020, USI reported consolidated sales revenue of CNY 47.70 billion with an increase of 28.20% comparing with 2019; its total capital is divided into liabilities and equity, which are CNY 18.89 billion and CNY 12.05 billion. The earnings per share were CNY 0.80 and dividend remittance was CNY 1,099,138,448, accounting for 2.30% of revenue. Please refer to "2020 USI Annual Report" for more financial information.

▸ **Operating Revenue**

Operating Revenue (in CNY Billion)
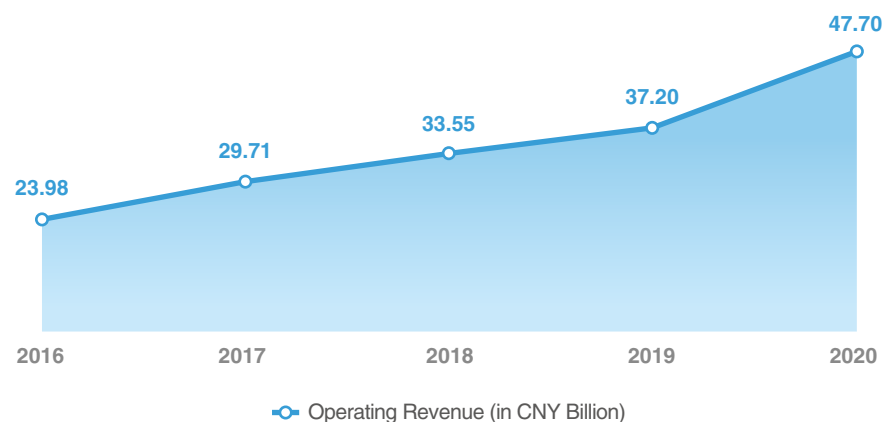
Unit: CNY

Item	2020	2019	2018
Operating Revenue	47,696,228,223	37,204,188,424	33,550,275,008
Operating Profit	1,961,650,751	1,422,151,443	1,386,673,438
Operating Cost	42,710,970,316	33,499,411,113	29,907,522,754
Total Profit	1,973,563,055	1,432,762,959	1,393,319,924
Net Profit	1,733,565,232	*1,260,107,633	1,179,967,596
Taxes (Business Tax, Income Tax, Property Tax)	214,263,124	301,715,494	398,032,297
Earnings Per Share	0.80	0.58	0.54
Government Subsidies	76,779,477	52,011,789	35,560,867

Note: The net profit in 2019 is modified to the net profit from continuing operations.

Tax Governance

USI established tax policy to organize tax governance and follow tax laws of global operation locations, we believe that being an honest and responsible taxpayer fosters economic growth and contributes to long term business sustainability.

Tax Policy

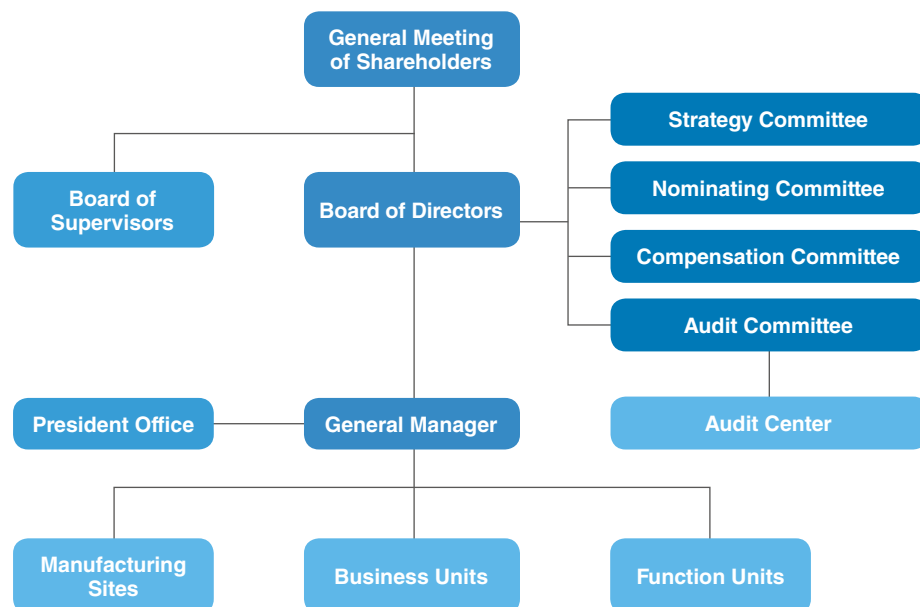▸ **Complying with all applicable tax laws and regulations of all countries in which we operate and duly reporting and paying all necessary taxes in a timely manner.**

▸ **Taking into consideration of both short term and long-term tax impacts when making major business decisions.**

▸ **Being transparent and disclosing tax information in accordance with applicable regulations and reporting requirements.**

▸ **Paying taxes on the profits earned from business activities conducted in relevant jurisdictions and ensuring intra-group transactions are conducted at arm's length.**

▸ **Not using tax havens and tax structures that are meant for tax avoidance or aggressive tax planning.**

▸ **Constructing an appropriate mechanism to evaluate potential tax risks which are given rise to our global manufacturing and sales activities.**

▸ **Developing mutually trustful and respectful relationships with tax authorities in the countries we operate and communicating with them on tax matters where appropriate.**

Our principal operating offices and facilities are in China and Taiwan. A large proportion of operating revenue and profit before income tax is accounted by business activities conducted in China and Taiwan, which contributed more than 80% of income tax expense and income tax paid. The statutory tax rates in China and Taiwan are 25% and 20% respectively. China Facilities qualified as high and new technology enterprises were entitled to a reduced income tax rate of 15% and were eligible for weighted deduction of research and development expenses. Additionally, Taiwan Facility was also qualified as industrial innovation enterprise and entitled to deduct research and development costs before income tax. The effective tax rates in China and Taiwan were 11% and 9% respectively in 2020.

Board Governance

Board Structure

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        ┌─────────────────────┐
        │  General Meeting     │
        │  of Shareholders     │
        └─────────────────────┘
                                      ┌──────────────────────┐
                                      │  Strategy Committee   │
  ┌──────────────┐  ┌──────────────┐  └──────────────────────┘
  │ Board of     │  │ Board of     │  ┌──────────────────────┐
  │ Supervisors  │  │ Directors    │  │ Nominating Committee  │
  └──────────────┘  └──────────────┘  └──────────────────────┘
                                      ┌──────────────────────┐
                                      │ Compensation Committee│
                                      └──────────────────────┘
                                      ┌──────────────────────┐
                                      │  Audit Committee      │
                                      └──────────────────────┘
  ┌──────────────┐  ┌──────────────┐  ┌──────────────────────┐
  │ President     │  │ General      │  │  Audit Center         │
  │ Office        │  │ Manager      │  └──────────────────────┘
  └──────────────┘  └──────────────┘
  ┌──────────────┐  ┌──────────────┐  ┌──────────────────────┐
  │ Manufacturing│  │ Business     │  │  Function Units       │
  │ Sites        │  │ Units        │  └──────────────────────┘
  └──────────────┘  └──────────────┘
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Board of Directors

The candidates of USI's Board of Directors are nominated by the Nominating Committee and then approved by the Board of Directors and the Shareholders' Meeting. Shareholders can nominate the directors and independent directors. The Nominating Committee will select candidates based on their professional experience. Independent director candidates are required for the attitude of independence. The term of service of the Board of Directors is three years.

Board of Directors shall exercise its authorities according to laws, administrative regulations, department rules or articles of the company. Material events must be deliberated and voted by directors after full discussion. But if the events are out of the authorization to Board of Directors, it should be submitted to Shareholders' meeting for deliberation and approval. Company holds at least two board meetings every year. There were 9 board meetings in 2020 with a 100% attendance rate.

USI held Shareholders' meeting in April of 2020 to pass The Election Proposal About Non-Independent Director and The Election Proposal About Independent Director and voted the fifth term of Directors. Currently, USI's Board of Directors is composed of 9 directors, and three of them are independent directors. Mr. Jeffery Chen serves as Chairman of the Board. The responsibilities of Chairman are to host Shareholders' meetings and Board meetings, supervise the execution progress of Board resolutions, and exercise the authorities of legal representative. Please refer to the company website (https://www.usiglobal.com/en/corporate-governance/ir-board) for the name list of Board of Directors.

Board Diversity

USI considers diversified factors such as: age, professional background, industry experience and nationality for board composition. The directors are assigned to different committees according to their expertise to enhance corporate core competitiveness, and to increase the efficiency and quality of major investment decisions, as well as to perfect the corporate governance structure. Please refer to the company website (https://www.usiglobal.com/en/corporate-governance/ir-board) for the backgrounds of the Board of Directors.

Conflict of Interests Management

According to Company Articles, any director related to the matters in the resolutions made in the director meetings and board meetings shall not vote on such resolution or exercise the right to vote on behalf of other directors. And company has Board of Supervisors which includes the shareholder representatives and employee representatives. Supervisors shall monitor the acts of the directors and senior officers, audit and approve the regular reports prepared by the Board of Directors. External auditor will issue an internal audit report annually. USI held 3 Shareholders' meetings in 2020; shareholder representatives passed resolutions of Directors and Supervisors and financial proposals in accordance with the laws. Please refer to the company website (https://www.usiglobal.com/en/corporate-governance/ir-board-supervisors) for the name list of Board of Supervisors.

To safeguard investor interests, USI has a dedicated unit to address investors' concerns and developed corporate Investor Relations Management Guidelines to build a good communication platform for direct engagement. USI is committed to providing transparency about the status of our business operations and monthly updates on our Investors website. Also, we retain legal counsel to provide necessary services and maintain a long-term, stable, and harmonious relationship between the corporation and investors.

Board Committees

USI's Board of Directors has four special committees: Strategy Committee, Nominating Committee, Compensation Committee, and Audit Committee. There are rules of procedure for the committees. Each special committee shall be responsible to the Board of Directors, and the proposals of the special committees shall be examined and determined by the Board of Directors.

The members of those committees shall all be directors. The number of independent directors in the Audit Committee, Nominating Committee, and Compensation Committee shall be in the majority, and the independent directors shall be the conveners of those committees. The convener of the Audit Committee shall be a professional accountant. The members of the Strategy Committee shall include at least one independent director. Please refer to the company website (https://www.usiglobal.com/en/corporate-governance/ir-committees) for the composition of special committees.

Board Performance and Compensation

USI established an evaluation and incentive mechanism to measure the performance of directors, supervisors, and senior officers respectively. Compensation Committee will draft a compensation proposal according to achievement rate of annual profit and operating targets. The proposal is generated after considering about industrial salary level and company status, and interlinking the business operator's annual salary, company asset, profitability, and business goals. It is expected to enhance operator's positivity, perfect the mechanism to select the superiors and strengthen goal constraint. For further details of Compensation of Directors, Supervisors and Senior Officers, please refer to Section 8 of USI 2020 Annual Report.

Continuous Education for Board Members

To expand the competencies of board members, USI arranges course activities for board members. The courses cover corporate governance and sustainability topics. It is expected to develop the sustainability spirit into the corporate policy. Total number of training hours in 2020 was 38.25.

Course Name	Hour(s)
2020 Training Course for China Association of Public Companies	3
ESG Training Course of Public Companies	1.5
Perform Accounting and Audit Responsibilities & Improve Financial Information Quality of Listed Companies	0.75
Guidelines for the Standard Operation of Listed Company	2
Market Situation and the Latest Regulatory Policy of Information Disclosure	2
Code of Corporate Governance for Listed Companies	2
Supervision of Standard Operations of Listed Companies	2
Deepen Understanding and Hard Work, and Offer High Quality Performance to Assist Listed Companies to Achieve High Quality Development	1
Training Course for Independent Directors	24
Total Training Hours	**38.25**

Audit Center

Audit Center is subordinate to the auditing committee under the board of directors. The employment of the head of auditing must be approved by half of the board members. A full-time head auditor is established, and auditors are established in major facilities as well.
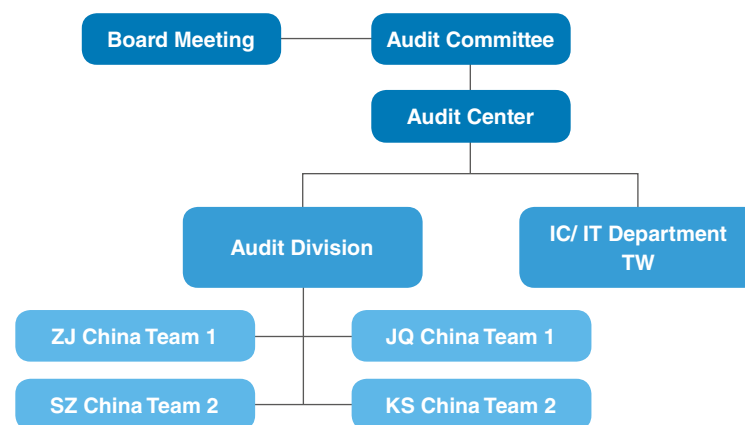
- **Internal Audit Process**

  ▸ Audit scope: All operation and management of finance and business are included. According to related regulations, there are nine divided circles responsible for respective audit.

  ▸ Object of audit: All institutes and legal branches around the world of USI.

  ▸ Audit strategy: The regular audit is practiced based on the annual audit project decided by the board of directors; a special case audit will be practiced if needed. The goal is to prevent possible shortages from the internal control system and present improving suggestions. Besides, the Audit Center urges all departments to practice self-examination and assessment to evaluate the rationality and effectiveness of the outcomes. The Audit Center will produce an auditing report after the auditing activity performed. The compiled report will be submitted to the board of directors as the realization of the Company's governance spirits.

Business Ethics and Compliance

Business Ethics

To make sure USI employees do not have fraud or illegal profit exchanges with related institutes, USI employees must put more emphasis on incorruptible deeds. In employees' working regulations, they are required not to engage in activities for personal gain with their authority. When newcomers accept training, they are given related training courses. USI has drawn up Fraud Risk Management Procedure and The Rule of Punishment for Fraud in the Sunshine Act, and a mailbox for complaints and prosecutions is provided to forbid any kind of corruption and bribery strictly. Accusation mails could be non-anonymous or anonymous; Company should safeguard informants' safety and interests to ensure they will not be threatened. After identified and assessed by risk management process in 6 major facilities, there was no important corruption cases required for corrective actions. There were no instances of bribery or corruption discovered in 2020.

Grievance Channels			
Zhangjiang	zj.gp.sox@usiglobal.com	**Kunshan**	ks.gp.sox@usiglobal.com
Jinqiao	jq.gp.sox@usiglobal.com	**Taiwan**	tw.gp.sox@usiglobal.com
Shenzhen	sz.gp.sox@usiglobal.com	**Other Sites**	tw.gp.sox@usiglobal.com

To ensure that employees understand and comply with the USI Employee Code of Conduct, we made it into a mandatory course on our internal e-learning platform. All employees need to finish the required reading and pass the quiz every year. All records are listed as tracking list to ensure the course of Employee Code of Conduct has been finished by each employee. Furthermore, the Sunshine Conduct Policies must be conducted to employees regularly to remind them of relevant corporate regulations and strict observance of rules. And the Sunshine Conduct is also announced to suppliers every year.

Sunshine Conduct Policies

▸ **Require Employees and Suppliers to Sign and Declare Compliance with the Sunshine Conduct Policies**

▸ **Set up Channels to Report Incidences and Regularly Inform Employees and Suppliers of Reporting Channels**

▸ **Educate and Promote the Sunshine Conduct Policies**

▸ **Set Audit Scope for Sunshine Conduct**

▸ **Design Assessing Process for Sunshine Conduct**

Employee Code of Conduct

▸ **Employment Morality and Code of Ethics**

▸ **Rules to Avoid Conflict of Interests**

▸ **Rules of Gifting and Entertaining**

▸ **Reporting Responsibilities and Obligations**

▸ **Violation Handling**

Regulatory Compliance

USI has devoted to maintaining the corporate image for years and strictly complied with national or international laws and regulations related to corporate governance, financial management, intellectual property, green environmental protection and safety rules, labor rights, and fair market competition. We also cherish customer value, rights, and interests. The contract review completion rate reached 96%*. For any negative impact on corporate image or violation of the law, a task force will be formed by USI to take countermeasures. By the end of 2020, no violations involving in a significant penalty* or other non-economic punishment occurred.

Note:
1. 240 contracts remained to be reviewed by both parties by the end of 2020.
2. The definition of significant penalty is sanctions over CNY 70,000.

Enterprise Risk Management

For effective and timely prevention and control of internal and external risks to reduce operation uncertainties, USI organized a Risk Management Committee in 2020. The President and 6 Senior Managers form the Committee. The Board of Directors is the highest decision-making unit to approve significant decisions according to operation strategies and internal and external environment changes. Risk Management Committee is the responsible unit to coordinate company's risk management activities, which takes the responsibilities to review risk management policy, evaluate company risk management and review the countermeasures of significant risk losses. The committee also investigates warning system and countermeasures of major risk issues to ensure the risk management policy can be executed by each operation unit. USI Risk Management Committee must report to ASEH Risk Management Committee.

- **Risk Management Committee**

ASEH
Risk Management
Committee

- SPIL Group Risk Management Committee
- ASE Group Risk Management Committee
- USI Group Risk Management Committee
- USI Risk Management Secretariat
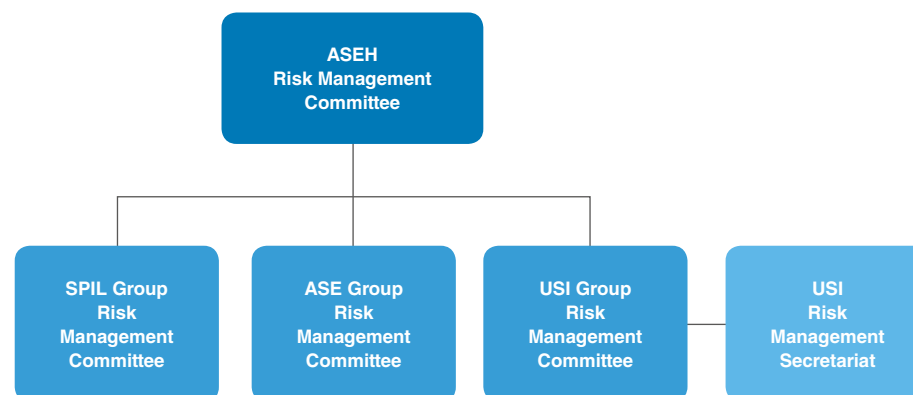
Risk Governance Process

Through worldwide manufacturing sites, business units and function units, USI engages Enterprise Risk Management (ERM) project to identify risk events and factors, evaluate and adopt proper countermeasures to ensure sustainable management and achieve business operational goals.

1. Identify corporate level and operational level risks, list various risks that are facing by corporate and conduct top-down ERM approach by top managements to confirm the focused items.

2. Conduct bottom up ERM approach by operation units to check their management risks, inspect internal and external risk factors, and show the control results on risk map according to the evaluation of Risk Level and Control Effectiveness.

3. Generate a corporate risk report based on risk evaluation results from operation units and corporate level. Inspect risk situations, countermeasures, and corporate opportunities. List corrective actions and risk mitigation plans for the risk items identified by each operation unit.

4. Monitor quarterly progress of risk mitigation plans to ensure the risks are effective controlled and convert the corporate risk management to the effective behaviors of organization strategies enhancement.

Risk Identification

Identify focused items through corporate risk management by senior management, and apply Risk Evaluation Questionnaire to collect feedback from each operation unit. Manage risks by Top-down and Bottom-up models to identify the risk factors of impact on USI sustainable development.

Risk Assessment

1. Evaluate the risk levels from two aspects
   ▸ The possibility of occurrence
   ▸ The negative impacts on finance, reputation, and continuing operations
2. Inspect the effectiveness of exist activities, and evaluate residual risk after control activities

Risk Response

Find out and evaluate countermeasures and corrective actions to control risks that include:

▸ Implementation cost and resources
▸ Feasibility and possible benefit
▸ Proposal lead time and schedule planning

• Risk Assessment Results

	Yes	Partial	No
H	▸ Financial disclosures ▸ Fraud ▸ Manufacturing and factory equipment ▸ Capacity planning and management ▸ Production schedule ▸ Raw material management	▸ Customer service	
M	▸ Corporate responsibility and sustainable development ▸ Natural disasters ▸ Geographical politics ▸ Laws and regulations abidance ▸ Disasters and disaster losses ▸ Manufacturing process design ▸ Accounting principles and policy compliance	▸ Business sustainable management ▸ Order processing ▸ Return of material ▸ Process management ▸ Statutory disclosure ▸ Information availability ▸ Business concentration ▸ Stock management ▸ Suppliers' business continuity management and social responsibility	
L	▸ Communication ▸ Risk monitoring ▸ Pricing ▸ Asset and physical environmental management ▸ Operation plan ▸ Talent management/ recruitment ▸ Financial transparency and credibility ▸ Capital planning	▸ Innovation, research, and development ▸ Key technical talents ▸ Customer satisfaction ▸ Product test/ certification	

Risk Level

Control Effectiveness

- **2020 USI Risk Assessment Countermeasures**

Item	Risk Situation	Countermeasure	Corporate Chance
Operation and Infrastructure			
Energy Management and Alternative Energy	Violate local laws and loss business opportunities that resulted from the facility not following governmental authority or customer's request to plan a comprehensive energy program	1. USI has bought green power to offset company's carbon emission since 2018, and climate change was one of the major topics in 2020 USI sustainability committee 2. The usage rate of green power was over 80% in USI global facilities in 2020, China Facilities achieved 100% of green power usage through I-REC purchased	1. Observe, evaluate, and publish the trend of regulations and customer specifications to enhance the efficiency of energy usage and innovate low carbon products for sustainable manufacturing 2. Strengthen social involvement to in line with governmental regulations by industrial unions or other stakeholders. Review company sustainable development through international appraisals. Build corporate positive image and increase market value
Succession Plan and Recruitment	Operating risk from imperfect cultivation of the talent team and management mechanism	1. Build key successor system 2. Build talent development scheme	1. Ensure corporate sustainable development through successor system, and prevent business impact due to unexpected changes in personnel 2. Implement talent development mechanism to ensure the successors have the capability to perform key responsibilities 3. Provide diversified development resources to potential talents, increase development opportunities, and focus on individual development requirements to improve the potential talents' retention rate
Information Security	1. Lack information security awareness, mistrust Phish or scam website 2. Leak system account or password 3. Not well protect confidential data	1. Enhance employees' information security education 2. Block suspicious letters to reduce employees' defrauded possibilities 3. Implement control mechanism to manage IT operations	1. Enhance all employees' quality and improve security awareness to prevent advanced information security attack in the future 2. Deploy the security level of front-end system to reduce the risk of hacking 3. Protect company's intellectual property and business secrets through tight information security program to strengthen corporate competitiveness

Item	Risk Situation	Countermeasure	Corporate Chance
Operation and Infrastructure			
Competition	Loss new products orders caused by new technology shortage	1. Understand industrial trend to plan technology development strategy in advance 2. Standardize technology development achievements and share the existing information internally	Complete advanced manufacturing process and technology development, integrate the manufacturing advantages among different facilities to provide more competitive manufacturing services
	Loss orders caused by new competitors join	1. Enhance technical advantages to promote product diversity and technical barrier 2. Control material and labor costs 3. Through SiP production and sales performance, USI provide reliable manufacturing services for customers according to supply chain management experiences	Continue to develop manufacturing process and collaborate with customers to research advanced SiP technology and deepen technical layout, promote the capability of product diversity, and improve company competitiveness
Strategy and Planning			
Regional Politics	Negative impact to global economy, EMS industry chain and company operations due to geopolitical changes in the post-epidemic era	1. Evaluate macro-economy, industry trend and emerging risk. Keep interactions with customers and stakeholders. Adopt action plans to enhance company core competence and operation resilience 2. Adjust manufacturing sites and business allocation to reduce regional supply chain impacts from trade friction and epidemic; through business growth and merger to enhance the market placement of non-China areas 3. Continue to enhance supply chain management and risk identification; through corrective actions and progress tracking to ensure supply chain resilience and sustainability. And adjust purchasing strategies according to regionalization trend	Enhance manufacturing strategy in non-China areas and convert local resources to be competitive advantages; strengthen company global manufacturing service capability

Note:
1. Please refer to page 34 of 2020 USI Annual Report for Risk Management: "Chapter 3: Item 4. The risks we might be facing".
2. Please refer to 2020 ASEH Corporate Sustainability Report for the related risks of climate change.

Cybersecurity Management

Effective information security management is fundamental unit to all operations. To ensure company has consensus of information security goals, USI set up a committee to boost information security awareness. The committee members are composed of Vice Presidents or Division heads level above. Under the committee, there are information security representatives to take charge of task arrangement, negotiation, and supervision. And the tasks will be executed by Risk Management team, Document Management team and Audit team.

Cybersecurity Vision

▶ **Strengthen employees' information security awareness**

▶ **Protect customers and USI's sensitive information**

▶ **Establish a holistic cybersecurity system and ensure its effectiveness**

▶ **Ensure the confidentiality, integrity, and availability of information assets**

• Information Security Goals

The Company's information security objectives are to ensure the preservation of Confidentiality, Integrity, Availability and Compliance of the core systems engaged in business operations. Additionally, quantitative goals should be defined according to organization level and job function to ensure the achievements of the ISMS* implementations and information security objectives.

1. Protect USI's important information assets, including USI and customer products, manufacturing processing information and recipe, R&D information, services, etc., and maintain their confidentiality, integrity, and availability.
2. Strengthen USI employee's awareness of the company's and customer's information asset protection responsibilities.
3. Ensure that the execution of all business comply with the requirements of relevant laws or regulations.
4. Construct a safe and convenient information network environment to protect employees from internal and external information security threats.
5. Establish an information security sustainability plan to ensure the business contingency.
6. In-depth assess existing information security level and enhance the maturity of entire information security management.

Note:
ISMS, Information Security Management System

• Cybersecurity Advocacy and Training

USI has made Enterprise Network Information Security Management Approach and introduced Advanced Persistent Threat (APT) to increase cybersecurity protection. Through weekly announcement, employees are required to follow network information security regulations and use legal software. IT Department randomly checks illegal use of software, any illegal cases will be punished according to regulations. USI arranges an online training course to strengthen employees' information security thinking. All employees should take Information Security courses and pass tests. IT also irregularly practices Social Engineering (Phish Insight) to enhance employees' information security awareness.

To be a gatekeeper of information security in company, the IT members do not only accept professional training courses, but also need to get certificate to ensure the effectiveness of information security organization can systematically solve variously incidents.

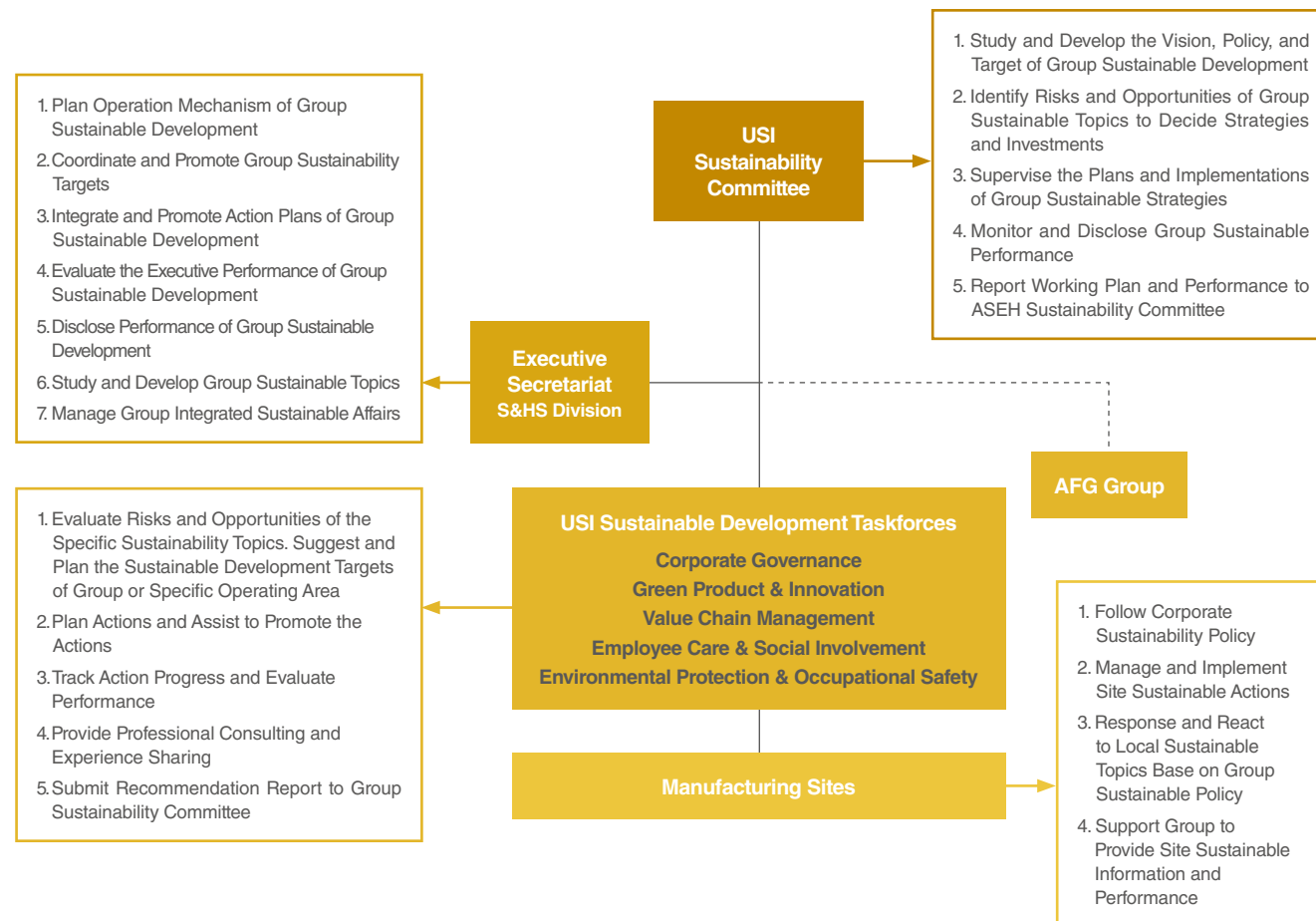# Sustainability Management

2

USI follows our parent company's four sustainability strategies, Low Carbon, Circular, Inclusive and Collaborative integrating our core values into corporate policy and operation management. Not only bringing in the most benefits for shareholders and investors but create social value to pursue the sustainable development of co-existing environment, society, and governance.

Sustainability Committee

USI established the USI Sustainability Committee in August 2020. This committee is the highest-level organization of corporate sustainable development management. The committee covers all manufacturing facilities. The committee's mission has been divided into five taskforces, Corporate Governance, Green Product & Innovation, Value Chain Management, Employee Care & Social Involvement, and Environmental Protection & Occupational Safety. Committee members are representatives chosen from each department and the President acts as the Chair. The members of S&HS Division act as Facilitators, Vice Presidents and Division heads act Leaders and Coordinators respectively. Through policies and actions set by the committee and corporate-wide cooperation, we promote and implement a sustainable business model.

USI Sustainability Committee

1. Study and Develop the Vision, Policy, and Target of Group Sustainable Development
2. Identify Risks and Opportunities of Group Sustainable Topics to Decide Strategies and Investments
3. Supervise the Plans and Implementations of Group Sustainable Strategies
4. Monitor and Disclose Group Sustainable Performance
5. Report Working Plan and Performance to ASEH Sustainability Committee

Executive Secretariat S&HS Division

1. Plan Operation Mechanism of Group Sustainable Development
2. Coordinate and Promote Group Sustainability Targets
3. Integrate and Promote Action Plans of Group Sustainable Development
4. Evaluate the Executive Performance of Group Sustainable Development
5. Disclose Performance of Group Sustainable Development
6. Study and Develop Group Sustainable Topics
7. Manage Group Integrated Sustainable Affairs

AFG Group

USI Sustainable Development Taskforces

Corporate Governance
Green Product & Innovation
Value Chain Management
Employee Care & Social Involvement
Environmental Protection & Occupational Safety

1. Evaluate Risks and Opportunities of the Specific Sustainability Topics. Suggest and Plan the Sustainable Development Targets of Group or Specific Operating Area
2. Plan Actions and Assist to Promote the Actions
3. Track Action Progress and Evaluate Performance
4. Provide Professional Consulting and Experience Sharing
5. Submit Recommendation Report to Group Sustainability Committee

Manufacturing Sites

1. Follow Corporate Sustainability Policy
2. Manage and Implement Site Sustainable Actions
3. Response and React to Local Sustainable Topics Base on Group Sustainable Policy
4. Support Group to Provide Site Sustainable Information and Performance

We commit to

Contributing towards building a better place to live

Generating exceptional rewards for stakeholders

Providing a fulfilling and challenging working environment

Each year, the Committee submits the annual Sustainability Report to the board of directors, and a series of discussions and plans will be carried out by the board of directors regarding the Company's implementation of sustainability activities. The committee coordinators will hold quarterly meetings; leaders and task force members will decide and track the sustainable targets in the meetings. The sustainable achievements will be presented to committee Chair and members in the annual Sustainability Committee meeting. In addition to regular meetings, the Committee held a sustainability forum for the senior management team on December 30, 2020, which was also attended by the Chief Administrative Officer of our parent company (ASEH). Sustainability consultants were invited to share and discuss sustainable development trends in-depth and suggest directions for USI sustainable development.

To raise awareness about sustainable practices, USI has a multi-stage sustainability training course in our LMS (e-learning) system. First, all new employees are preliminary trained to recognize the concept of sustainability. Committee members and representatives must undertake specialized training to enhance their capability and knowledge of sustainable standards and practices.

Senior Managers Sustainability Forum

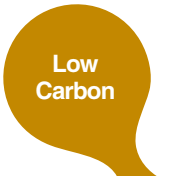Annual Sustainability Committee Meeting

Sustainability Policy
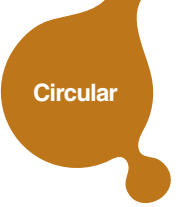
Through the understanding of Environmental, Social, and Governance (ESG) dimensions in sustainability, USI considers that sustainable business development is closely linked with the interests of employees, community, society, and shareholders. The scope of ESG covers the issues of labor rights, workplace safety and health, environmental protection, business ethics, and social engagement. To accomplish our ESG goals effectively and meet stakeholders' expectations, USI set the following measures to achieve sustainability goals. The complete policy can be accessed at the USI Sustainability Web (https://www.usiglobal.com/en/csr/Sustainability-Management/Policy)

Sustainability Policy

▶ **Comply with Regional, National and International Laws**

▶ **Assure Labor Rights**

▶ **Ensure Safe and Healthy Workplace, and Minimize Environmental Impact**

▶ **Carry out Business Ethics**

▶ **Participate in Community Activities**

▶ **Do Not Procure Conflict Minerals Including Suppliers**

▶ **Strictly Prohibit Slavery and Human Trafficking Including Suppliers**

▶ **Continuous Improvement; Public Disclosure**

Sustainability Strategy

To reach the United Nations Sustainable Development Goals (SDGs) and pursue corporate sustainability, USI follows our parent company's four sustainability strategies to prioritize response SDGs based on the Company's core values. This enables the Company to take comprehensive actions concerning corporate sustainability.

Strategic Pillars		Strategic Directions
Low Carbon — Be devoted to reducing carbon emitted during business operations; and assist consumers in saving energy and reducing carbon emission by providing them our products or services. This helps us not only to facilitate its economic transformation but also to grow while keeping our carbon emission and costs low.	**Carbon Management**	Build up the overall carbon management strategies, policies, and systems to facilitate the low carbon development
	Green & Renewable Energy Investment	Build up USI's green/ renewable investment strategy to prevent external costs and find new opportunities
	Low Carbon Products/ Services	Provide low-carbon solutions (services or products) to the market
	Adaptation & Resilience	Identify vulnerabilities caused by a changing climate and develop adaptation strategies to reduce climate risks
	Enable Sustainable Lifestyles	Shape low-carbon culture internally and image as a leading provider of low-carbon solutions externally
Circular — Be devoted to reducing waste produced due to the Company's operation/ production patterns as well as its product &service design and identify any resource that can be recycled and reused to create closed-loop recycling production processes and ideal product & service designs.	**Circular Design**	Integrate circular thinking into product and process design to facilitate sustainable resources usage and foster portable circular business
	Water Cycle	Set up USI water objective and strategy and build up USI circular water cycle
	Waste/ Reusable Resource Management	Identify and develop materials and production process with reuse potential to minimize waste
Inclusive — Ensure that all products & services provided by the Company do not exclude any specific market segment and be proactive in developing universal products & services that can be acquired or used by different market segments or segments with special needs.	**Social Impact**	Develop the conceptual framework for social involvement as well as corresponding monitoring and evaluation mechanism
	Social Innovation	Identify social problems and target populations to be addressed and collaborate with partners to find new business opportunities through social innovation
Collaborative — Share different resources and technologies with cross-industrial/ cross-domain business partners within the value chain, and further create values that cannot be solely made by our Company.	**Smart Procurement**	Build up responsible and sustainable procurement mechanism to strengthen the corporate risk management system
	Supply Chain Management	Increase and optimize supply chain traceability
	Strategic Partnership	Build up a strategic partnership with companies possessing different capabilities and resources to foster innovation

Strategic Approaches and Targets of Key Sustainable Issues

In 2020, we generated strategic approaches and 2025 targets according to key sustainable issues, tracked the target achievements and published the sustainable missions and performances in the annual Sustainability Committee meeting.

👍 On-schedule　　💪 Room for Improvement

Corporate Governance

On the premise of abiding local regulations and eliminating corruption and fraud, continue to increase the Company's market competitiveness and ability in evaluating and responding to operational risks, optimize external communication channels to establish a rapid, accurate and safe information network, and train the Company to develop competencies and skills required for sustainable operations.

Key Issue	Strategic Approach	2025 Target	Status
Regulatory Compliance	Implement laws and regulations: 1. Promote legal compliance awareness through training courses 2. Perfect legal compliance management mechanism and process	• Maintain 0 major regulatory violations	👍
Business Ethics	Implement the related policies and specifications of business ethics: Continue to promote training courses and reflect business ethics in daily operations	• 100% coverage of employee annual Code of Conduct training	👍
Cybersecurity Management	Perfect cybersecurity mechanism: 1. Advocate employees to follow cybersecurity regulations and use legal software 2. Prevent operational risk from imperfect cybersecurity protection	• Obtain ISO 27001 certification for all China Facilities	👍

Green Products & Innovation

Respond to the trend of global environmental regulations and make Green Product Specification to control hazardous substances in the products. Ensure the green products we manufacture and sell are in compliance with environmental laws, regulations, and requirements around the world in terms of environmental protection, while satisfying customers' needs and the development trends of environmental protection, following company's standards for internal control, and continuing innovation and improvement.
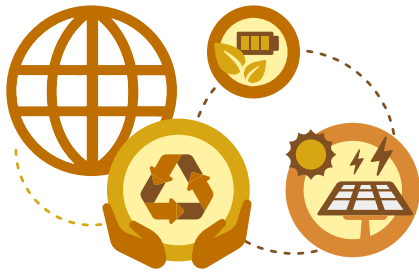
Value Chain Management

Gain satisfaction and affirmation from customers and users with after-sales service, quality, and safety of our products. On issues regarding human rights, morality, and environment, we further ask the suppliers to establish sustainable partnerships.

Key Issue	Strategic Approach	2025 Target	Status
Innovation Management & Sustainable Production	Follow green product specifications; continue to develop product innovation and manufacturing process improvement	• Continue encouraging innovation and green product design and accumulate 725 patents	
Customer Relations Management	Through customer satisfaction survey to understand customers' expectations and needs. Precisely answer customers' questions and provide the best services to customers	• Score at least 87% customer satisfaction rate	
Sustainable Supply Chain	Make sustainable procurement policy to evaluate and audit suppliers' environmental and social performances, and comply with conflict-free minerals purchasing	• Achieve 30% local supplier procurement rate • 100% Key suppliers comply with Conflict-Free Policy • More than 75% suppliers complete RBA Self-Assessment Questionnaire	

Environmental Protection & Occupational Safety

In response to climate change and global environmental issues, enhance USI's capabilities in resource utilization and pollution prevention to reduce environmental impact during operations. Promote OHS culture, enhance USI's capabilities in risk management, injure prevention, and emergency response to create a safe and healthy workplace.

Key Issue	Strategic Approach	2025 Target	Status
Water Resource Management	1. Follow each manufacturing site's regulations and perform periodically water quality monitoring to guarantee the emission results 2. Periodically track and analyze the water usage	• Reduce water use by 10% on a intensity basis from the baseline year 2015	👍
Climate Change	1. Apply ISO 14064 to implement and manage greenhouse gas inventory 2. Through TCFD mechanism to understand operational risks and chances to make countermeasures	• Maintain ISO 14064:2018 certification for all facilities	👍
Energy Management	1. Implement ISO 50001 quality management system 2. Improve green power usage rate 3. Promote energy saving program in facilities 4. Promote green building project	• Reduce energy consumption intensity by 10% from the baseline year 2015 • Achieve 85% renewable energy use across all global facilities	👍
Waste Management & Circular Economy	Obey local laws and regulations to manage wastes via qualified suppliers	• Reduce hazardous waste intensity by 10% from the baseline year 2015 • Recycle 90% of non-hazardous waste	💪
Occupational Safety and Health	1. Implement ISO 45001 to ensure the management scope covers all employees and the related workers 2. Establish internal risk assessment 3. Promote EAP (Employee Assistance Program) and health promotion programs	• No major occupational injuries • No major occupational diseases • No major infectious diseases	👍

Inclusive Workplace

To build an inclusive workplace for employees, we Enforce Human Rights Policy, Enable Talent Development, Provide Comprehensive Benefits, and Cultivate Harmonious Labor Relations to create a happy workplace.

Key Issue	Strategic Approach	2025 Target	Status
Talent Attraction & Retention	Establish a comprehensive welfare system and harmonious labor relations: 1. Encourage employees actively to participate company activities 2. Understand employees' needs and recognition through employee engagement survey 3. Maintain labor relations, provide a competitive salary and welfare system	• Employee engagement score over 80% • IDL turnover rate under 10% and DL turnover rate under 50% • Key talent retention over 90%	
Human Capital Development	Integral talents development mechanism: 1. Plan suitable training programs to achieve information sharing and learning mechanism in facilities 2. Provide a challenging and valuable job career and promotion opportunities	• Establish professional certification system and have more than 2% of global employees complete professional certification • Introduce training effectiveness system to more than 9 global facilities • Accumulate more than 1,000 lecturers through the internal lecturer training program	
Human Rights	Enforce human rights protection: No forced labor; prohibition of using child labor; non-discrimination; anti-harassment; freely association; respect employees' privacy; follow the regulations of working hour; manage and reduce risks of human rights to create a working place without discrimination	• 100% introduce human rights risks assessment across all global facilities • 100% establish overtime warning system across all global facilities	

Social Involvement

USI promotes and expands social engagement through Investing in Education, Contributing to Society, Promoting Arts & Culture, External Participation and strives to make a positive social impact on our surrounding communities.

Key Issue	Strategic Approach	2025 Target	Status
Investing in Education	Invest in rural education and enhance youth employability: 1. Through multiple education projects to enhance resources of rural and remote areas 2. Through industrial-academic partnership and internship projects to enhance youth employability	• Hold at least 6 reading activities in rural and remote areas • Collaborate on 2 technical research projects with academic institutions • Admit over 150 students in our internship program • Share 40 USIU courses	👍
Contributing to Society	Actively participate in community activities: 1. Support insufficient social resources via enterprise's sponsor 2. Implement community development, care vulnerable groups and protect environment 3. Strengthen the relationship between community and company to become the energy of social improvement	• Reach 2,000 volunteers • Plant 8,250 trees in the USI Employee Forest	👍
Promoting Arts & Culture	Promote arts & culture: 1. Activate and sponsor excellent arts and cultural groups 2. Enhance employees' testes and cultural quality of life	• Support 3 talented artists and groups	👍
External Participation	Promote global partnership of sustainable development: Through external participation and initiatives, USI keeps in close touch with the industry and contributes to the development of the electronic and engineering sectors	• Participate in at least 40 external associations	👍

Stakeholder Engagement

Material Issues Identification

The content of this report is defined through the four GRI Standards reporting principles: Stakeholder Inclusiveness, Sustainability Context, Materiality, and Completeness. Details are shown in the following diagram.

Step 1
Identify Stakeholders
- **7** stakeholders

Step 2
Design Sustainability Survey
- **18** issues summarized

Step 3
Investigate Stakeholder Concerns
- **870** feedback

Step 4
Analyze Impact on Business Operations
- **67** senior executives and USI Sustainability Committee members

Step 5
Identify Material Issues
- **9** material issues
- **2** other issues

Step 6
Define Material Topics and Boundaries
- **19** specific topics
- **5** other topics

Stakeholder Inclusiveness

Sustainability Context

Materiality

Completeness

- **Step 1 Identify Stakeholders**

We reviewed and defined our stakeholders through USI Sustainability Committee, listing stakeholders with whom we have a close relationship. The list of major stakeholders is based on our previous stakeholder identification results and follows ASEH requirements*. Shareholders/ investors, customers, employees, suppliers/ contractors, government, industry unions/ associations, and communities (including NGOs and the media) were identified as the 7 major stakeholders.

Note: We follow the 5 principles of AA1000 SES (2015) Stakeholder Engagement Standard, dependency, responsibility, influence, diverse perspectives, and tension to identify stakeholders.

- **Step 2, 3, 4 Survey Stakeholders Concerns and Analyze Impact on Business Operations**

The committee integrated GRI Standards, Sustainable Development Goals (SDGs), the Responsible Business Alliance (RBA) Code, and Morgan Stanley Capital International (MSCI) ESG Index with our operational characteristics and ASEH's requirements and summarized them into 18 sustainability issues. In 2020, we conducted a Stakeholder Concern Survey, analyzed and identified material issues for 870 stakeholders. Then, we invited 67 senior managers and committee members to take the Operational Impact Survey to measure the impact of sustainability issues on the Company's operations. The results are taken and analyzed with the results from the Stakeholder Concern Survey.

Sustainability Issues

- ▸ **18 sustainability issues.**
- ▸ **7 governance issues, 5 envrionmental issues, and 6 social issues.**

Stakeholders Concerns

- ▸ **870 stakeholders participated in the survey.**
- ▸ **Respondents include shareholders/ investors (5), customers (11), employees (534), suppliers/ contractors (309), government (1), industry unions/ associations (2) and communities (8).**

Impact on Business Operations

- ▸ **67 senior managers and committee members were invited to take the survey.**
- ▸ **Measured the impact of each sustainability issue on the Company's revenue, risk, customer satisfaction and employee recognition.**

- **Step 5 Identify Material Issues**

The Stakeholder Concern Survey and Operational Impact Survey were analyzed according to GRI Standards principles. Following stakeholder inclusiveness and materiality, we identified the priorities of governance, environmental, and social issues. The issues were divided into material issues (9 items) and non-material issues (9 items) shown in the graph below. Non-material issues Cybersecurity Management, Energy Management, Climate Change, and Human Capital Development are ASEH material issues, so the USI Sustainability Committee included said issues as material for an overall disclosure.

We further analyzed the differences between the material issues in 2020 and the previous year's. Business Ethics, Talent Attraction and Retention and Air Pollution Prevention have been upgraded as material issues mainly due to the Company's expansion and COVID-19. Climate Change and other non-material issues are disclosed in this report as they are also important in the sustainable development of USI. Furthermore, we included disclosures on Conflict Minerals Management and Continuous Improvement Program according to the Company's industrial characteristics. Details are further described in this report.

Significant

1 Economic Performance	4 Customer Relationship Management	7 Air Pollution Prevention
2 Regulatory Compliance	5 Sustainable Supply Chain	8 Occupational Health and Safety
3 Business Ethics	6 Innovation Management and Sustainable Manufacturing	9 Talent Attraction and Retention

Insignificant

10 Cybersecurity Management	13 Energy Management	16 Human Rights
11 Water Resource Management	14 Waste and Circular	17 Diversity and Inclusion
12 Climate Change	15 Human Capital Development	18 Social Involvement

- **Governance**   - **Environmental**   - **Social**

- **Material Issues**

Material Issue	Content	Relative Topics of GRI	Section
Economic Performance	Financial transparency (including operating costs, employee remuneration, and community investment) so stakeholders can understand changes in operations, income, and expenses.	• 201 Economic Performance	• Financial Performance • Comprehensive Compensation System • Employee Benefits • Social Involvement Overview
Regulatory Compliance	Ensure compliance with all applicable laws; promote awareness in compliance with laws and regulations.	• 307 Environmental Compliance • 416 Customer Health and Safety • 417 Marketing and Labeling • 419 Socioeconomic Compliance	• Business Ethics and Regulatory Compliance • Customer Privacy and Product Safety • Environmental Protection
Business Ethics	Publish codes of conduct and codes of ethics and establish reporting channels; cultivate a culture of integrity and responsibility and prevent corrupt, anti-competitive behavior.	• 205 Anticorruption • 206 Anticompetitive Behavior	• Business Ethics and Regulatory Compliance
Customer Relationship Management	Conduct customer satisfaction survey and maintain grievance system to maintain customer service quality and meet needs.	• ASEH Specified Topic • 418 Customer Privacy	• Customer Service and Satisfaction
Sustainable Supply Chain	Formulate sustainable procurement policy; conduct suppliers' sustainability risk assessment/ audit and avoid purchasing "Conflict Minerals".	• USI Specific Disclosures • 204 Procurement Practices • 308 Supplier Environmental Assessment • 414 Supplier Social Assessment	• Supply Chain Management • Conflict Minerals Compliance
Innovation Management and Sustainable Manufacturing	New process/ new product development; factor in environmental and social impacts in research and development (R&D); integrate sustainable practices into all stages of the manufacturing process, including material usage, design, procurement, production and packing to reduce the impacts on environment; enhance product quality and technology/ intellectual property acquisition.	• ASEH Specified Topic • 302 Energy	• Research Patents and Continuous Improvement • Green Product Management

Material Issue	Content	Relative Topics of GRI	Section
Air Pollution Prevention	Various prevention and control equipment are used to treat the VOCs, SOx, NOx, and particulate matter in accordance with environmental legislation.	• 305 Emissions	• Air Pollution Control
Occupational Health and Safety	Introduce Occupational Health and Safety (OHS) management system to prevent accidents; preform disaster response drills; work with contractors to ensure safety in the workplace.	• 403 Occupational Health and Safety	• Occupational Health and Safety
Talent Attraction and Retention	Ensure competitive pay for employees; conduct employee engagement surveys to communicate with employees, maintain labor relations, understand their needs and ideas, and become the most attractive place to work.	• 202 Market Presence • 401 Employment • 402 Labor/ Management Relations • 405 Diversity and Equal Opportunity	• Talent Attraction and Retention
Cybersecurity Management	Launched the Cybersecurity Management Committee, obtaining the ISO 27001 certification, implementing NIST CSF* maturity assessment tool, and conducting annual disaster recovery drill from major crisis events of information system, protection of customer proprietary information.	• ASEH Specified Topic	• Cybersecurity Management
Energy Management	Enhance efficiency of energy utilization in the manufacturing process and equipment; promote the building of smart grid and renewable energy strategy.	• 302 Energy	• Energy Management
Climate Change	Climate change mitigation and adaptation; implement carbon management in product development, and in the manufacturing and supply chain process.	• 305 Emissions	• Climate Change Mitigation
Human Capital Development	Plan training & education programs and share them between sites to enhance employee capabilities.	• 404 Training and Education	• Human Capital Development

Note:

1. NIST, National Institute of Standards and Technology

2. CSF, Cybersecurity Framework

• Step 6 Define Material Topics and Boundaries

Scope and Structure of the Report: Following the principle of comparability, our 2020 Sustainability Report follows the material issues and coverage of the previous year. The structure of this report is based on material issues identified from stakeholder concerns and operational impact, as well as feedback from experts and scholars, fully disclosing USI's current policy and plans for fulfilling corporate social responsibility. Finally, we selected 19 topics referring to the GRI Standards that respond to material issues identified, highlighted 2 topics according to the Company's industrial characteristics, and added 3 ASEH required topics. The final results are described in the following table:

Q Disclosure

Scope	Boundaries				
Topic	Internal	Shareholders/ Investors	Community	Supplier	Customer
Governance (Economical)					
Economic Performance	Q	Q			
Market Presence	Q	Q	Q		
Procurement Practice	Q	Q		Q	
Anticorruption	Q	Q		Q	
Anticompetitive Behavior	Q	Q			
Environmental					
Energy*	Q				Q
Emission*	Q		Q		
Environmental Compliance	Q	Q			
Supplier Environmental Assessment	Q			Q	
Social					
Employment	Q				
Labor/ Management Relations	Q		Q		
Occupational Health & Safety	Q			Q	

Scope	Boundaries				
Topic	Internal	Shareholders/ Investors	Community	Supplier	Customer
Social					
Training and Education	Q				
Diversity & Equal Opportunity	Q				
Supplier Social Assessment	Q			Q	
Customer Health and Safety	Q				Q
Marketing and Labeling	Q				Q
Customer Privacy	Q				Q
Socioeconomic Compliance	Q	Q			
Others					
Customer Relationship Management	Q				Q
Innovation Management and Sustainable Manufacturing	Q	Q		Q	
Cybersecurity Management	Q				Q
Conflict Minerals Management	Q	Q		Q	
Continuous Improvement Program	Q				

Note:
1. The internal boundaries cover our six major manufacturing facilities, namely Zhangjiang Facility, Jinqiao Facility, Shenzhen Facility, Kunshan Facility (above facilities are China Facilities), Taiwan Facility, and Mexico Facility.
2. The disclosure boundaries of "Energy" and "Emissions" will be explained in the "Environmental Protection and Occupational Safety" chapter.

Stakeholder Communication

In light of issues that highly impact the corporate operation and that stakeholders are highly concerned about, to meet their expectations, we have built a good communication platform, adopt relevant corresponding strategies, and maintain and strengthen the relationship between the Company and stakeholders. Issues that they are not so concerned about also will be responded to in each chapter of the report.

Stakeholder	Material Issue	Communication Channel	Frequency	2020 Performance	Section
Stockholder/ Investor	• Economic Performance • Innovation Management and Sustainable Manufacturing • Talent Attraction and Retention • Customer Relationship Management • Sustainable Supply Chain	• Board meetings • Annual general meeting • Regular reports (quarterly semi-annual/ annual report) • Telephone conferences • Investor section on the corporate website • Shanghai Stock Exchange- SSE E-interaction • Receptions, visits, and roadshows* • Other interim announcements	• Non-periodic • Yearly • Periodic • Quarterly • All the time • All the time • Non-periodic • Non-periodic	• 9 board meetings were held. • Held 3 shareholders' meetings to explain our operating performance, stock repurchase proposals, option issuance, and employee stock ownership plans and respond to investors' concerns. • USI discloses the Company's financial information through regular reports (quarterly/ semi-annual/ annual reports) published on the SSE website and analyzes the Company's business situation and data accordingly. • Held a telephone conference each quarter to explain USI's production and management to investors. • Participate in brokers' strategy meetings and receive investors during their visits. • Continue to be included in the MSCI Emerging Markets Index.	• Financial Performance and Tax Governance • Board Governance • Research Patents and Continuous Improvement • Talent Attraction and Retention • Customer Service and Satisfaction • Supply Chain Management
Customer	• Customer Relationship Management • Sustainable Supply Chain • Business Ethics • Waste and Circular	• RBA-Online • After-sales service system (e-RMA) • Customer's satisfaction questionnaire • Mail	• All the time • All the time • Quarterly • All the time	• Report Self-Assessment Questionnaire (SAQ) assessment status and results through the RBA-Online platform. • Constant monitoring of RMA* status through the system (e-RMA). • Carry out satisfaction surveys each quarter through sales associates, and the main customers satisfaction is 84.1%. • Get the ISO 27001 certification, implementing NIST CSF maturity assessment tool, and continuous improvement cybersecurity management capabilities to enhance assurance for customer.	• Customer Service and Satisfaction • Cybersecurity Management • Business Ethics and Regulatory Compliance • Waste Management

Note:

1. Roadshow activities: Roadshows are used to promote the issuance of securities, referring to securities issuers' promotion activities targeting institutional investors before the issuance of securities, and is an important promotion and publicity tool to facilitate the successful issuance of shares with full communication between investors and financiers.

2. RMA, Return Merchandise Authorization

Stakeholder	Material Issue	Communication Channel	Frequency	2020 Performance	Section
Employee	• Talent Attraction and Retention • Occupational Health and Safety • Talent Development • Business Ethics • Human Rights	• Employee Welfare Committee/ staff congress • Employee Relationship Website • President's symposium • Industrial relations meetings • Training programs • Employee engagement survey • Newsletter	• Quarterly • All the time • Quarterly • Quarterly • Non-periodic • Every other year • Quarterly	• Held a workers' conference each quarter to discuss and plan recent activities related to employees and propose employees' opinions. • "Employee Relationship Website" is set up in USI's intranet. In addition to providing information regarding employees' welfare and activities, employees can share their opinions in the "suggestions box for employees" on the website. And a total of 688 employee opinions were given back. • President's Symposium was held each quarter for the general manager to announce the future trend and expectations of USI to colleagues. Additionally, the president can listen to employees' opinions in the meeting. Total held 216 employee symposiums. • USI University has been established to irregularly provide employees with various educational training programs to perfect their professional skills. Every employee received 31.0 hours of training on average. • The Company adjusts employees' salaries based on the salary management system for five consecutive years; for outstanding employees, the Company provides a stock subscription plan to reward employees; in 2020, USI will increase salaries by 4% to 11% in China, 2% to 4% in Taiwan and 8% to 15% in Mexico in order to maintain its competitiveness in the talent market. • Share the experience of high-ranking officials through the Company's quarterly journals and WeChat group and understand information such as the latest industrial developments, health education knowledge, employee activities, and so on. Held 140 employee activities and 207 employee health education trainings. • Starting from September 2020, ASEH will provide 20 medical masks per month for each employee at its Taiwan Facility to eliminate employees' inconvenience of purchasing medical masks.	• Talent Attraction and Retention • Human Capital Development • Human Rights Management • Business Ethics and Regulatory Compliance • Occupational Health and Safety
Industry Union/ Association	• Climate Change • Waste and Circular • Occupational Health and Safety	• Industry conferences • Industry Union/ Associations conference forum • Member meeting	• Non-periodic • Non-periodic • Non-periodic	• Actively participate in conferences or forums held by Industry Unions or Associations. We participated in 44 external organizations. • Publish operating results and development direction periodically.	• Social Involvement • Climate Change Mitigation • Pollution Control

Stakeholder	Material Issue	Communication Channel	Frequency	2020 Performance	Section
Supplier/ Contractor	• Customer Relationship Management • Sustainable Supply Chain • Business Ethics • Occupational Health and Safety	• Quarterly business review • Business meetings • Supplier evaluation • Purchase contracts/ Conducts • Training of suppliers • On-site audit for suppliers • Questionnaire investigation for suppliers • Supplier conference	• Quarterly • Non-periodic • Yearly • In contract period • Non-periodic • Non-periodic • Yearly • Yearly	• Continue to promote green supply chain, ask, and help suppliers to pass quality management system certifications. Control the usage of raw materials to ensure the products and materials correspond to the regulations of USI green products. • 18 new suppliers were subject to evaluation and 16 of them were approved and became to USI's Approved Vendor List (AVL). • In addition to the compliance with purchase contract, suppliers must sign the "Suppliers Sunshine Code of Conduct" and "Supplier's Commitment to Corporate Social Responsibilities". • A total of 612 each category contractors join our occupational safety and health education and training. • Suppliers are selected each year to carry out on-site inspection for RBA. The number of suppliers were selected was 76. • A supplier survey is conducted irregular to comprehend the current situations and trends of suppliers. A total of 576 suppliers were surveyed. • We held an online supplier sustainability briefing in Taiwan to promote our policies and philosophy, and our supplier partners expressed their expectations for USI through the online briefings. A total of 120 supplier partners attended the online sharing session. We also held 25 Executive Business Review (EBR) meetings with material suppliers and 14 new product and technology presentations.	• Customer Service and Satisfaction • Supply Chain Management • Business Ethics and Regulatory Compliance • Occupational Health and Safety
Government	• Air Pollution Prevention • Occupational Health and Safety • Regulatory Compliance • Sustainable Supply Chain	• Official document • Participation in conferences	• Non-periodic • Non-periodic	• Actively participate in conferences or forum held by competent authorities.	• Pollution Control • Occupational Health and Safety • Business Ethics and Regulatory Compliance
Community (NGOs and the Media)	• Air Pollution Prevention • Waste and Circular • Energy Management • Climate Change • Water Resource Management	• USI Website/ Email/ Direct line • Community activities	• All the time • Non-periodic	• Draw up environmental protection, occupational safety & health (ESH) Standard Operation Procedure and measures of environment safety communication, consultancy, and participation. Keep friendly relationships with community residents. • Actively participate in social activities and establish a good relationship with the local communities we operate in. Held 69 philanthropic social activities.	• Social Involvement • Climate Change Mitigation • Pollution Control

Green Products and Innovation

In response to the latest changes in international environmental regulations, we have integrated and developed "Green Product Specifications" to control the hazardous substances contained in electronic components and products. Our design and R&D staff have the ability to design products ecologically to ensure that the green products manufactured and sold meet the requirements of environmental regulations in various countries, as well as customer needs, environmental development trends and the Company's internal control standards. We have made continuous innovation and improvement in quality, cost, delivery, service, efficiency and safety in manufacturing related operations and processes.

2020 Key Performance

660 Cases
Patents Accumulated

319 Cases
Improvement Proposals Approved

✓ Achieved 🕐 Not Achieved

SDGs	Business Action	2020 Key Issue	KPI	2020 Target	2020 Performance	Status	2021 Target	2025 Target
8 DECENT WORK AND ECONOMIC GROWTH	Promote development-oriented policies to support production, job creation, creativity, and innovation	Patents and Research	• Apply for green product and design proposal	• Continue to apply for green product design proposals	• 660 patents accumulated	✓	• Continue the incentive system for green product and design	• Continue the incentive system for green product design, targeting a cumulative number of patents to 725
11 SUSTAINABLE CITIES AND COMMUNITIES	Reduce energy consumption in the production process and reduce CO₂ emissions	Continuous Improvement	• Continuously introduce proposals for improvement	• Continuously introduce proposals for improvement in each facility	• 319 approved proposals for continuous improvement	✓	• Continuously introduce proposals for improvement in each facility	• Continuously introduce proposals for improvement in each facility
13 CLIMATE ACTION	Adopt green product design to improve energy efficiency and reduce waste	Green Design/ Green Product	• International energy conservation certification	• All internal power supplies complied with 80 Plus Titanium certification	• All internal power supplies complied with 80 Plus Titanium certification	✓	• The conversion efficiency of the AC-DC internal power supply complies with 80 Plus titanium certification	• The conversion efficiency of the AC-DC internal power supply complies with 80 Plus titanium certification
			• Miniaturized design	• Wireless product design, using smaller RF test head and Antenna connector, reducing material usage by 30%	• 4 products use smaller RF test heads and Antenna connectors, reducing materials usage by 30%	✓	• Use the latest generation of RF connectors on handheld devices to save materials, with a utilization rate of more than 90%	• Apply for 2 antenna patents, research and develop to achieve higher efficiency of the antenna, save transmitted power at the transmission end, reduce power loss, save energy, and reduce environmental damage

Research Patents and Continuous Improvement

Research and Patents

USI provides diversified manufacturing services for customers. The engineering team assists customers in reviewing product designs for the optimal balance between quality and cost before mass production. For the same quality, USI offers suggestions to improve product design and manufacturing costs to reach a win-win strategy. For staying ahead of intelligent trends, the Taiwan Facility started to promote Industry 4.0 since 2015 and kicked off the Ten-Year to Win Project. We expect to develop smart manufacturing capability in USI worldwide facilities and create better operating performance for investors. For years USI has presented research performances to the electronics industry through applying patents and international journals.

USI has 1,231 R&D personnel, accounting for 6.7% of the staff population and spent CNY 1.576 billion, accounting for 3.31% of the revenue in 2020. The number of products provided was 838,953,639.

▸ **R&D Spending and Intensity**

	2016	2017	2018	2019	2020
R&D Intensity (%)	3.69%	3.43%	3.91%	3.69%	3.31%
R&D Spending (in CNY Billion)	0.88	1.02	1.31	1.37	1.58

◼ R&D Spending (in CNY Billion)   ○ R&D Intensity (%)
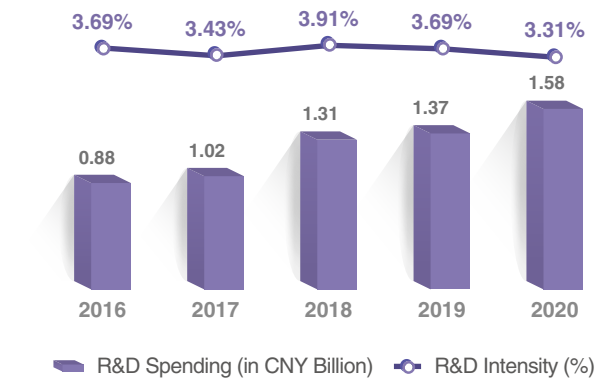
In terms of patents, to encourage research, development, and innovation, USI set up Patent Management and Incentive and regular R&D competitions. The winners will be awarded during the year-end dinner party as encouragement. By the end of 2020, an accumulative total of 660 patents had been obtained. The accumulative approved patents increased by 32 cases comparing with 2019. The patents obtained in the last three years are shown in the figure.

	2018	2019	2020
Annual Filed Application	58	46	56
Annual Granted Application	59	44	39
Accum. Filed Patent (Pending)	180	163	165
Accum. Effecitve Granted Patent	589	628	660
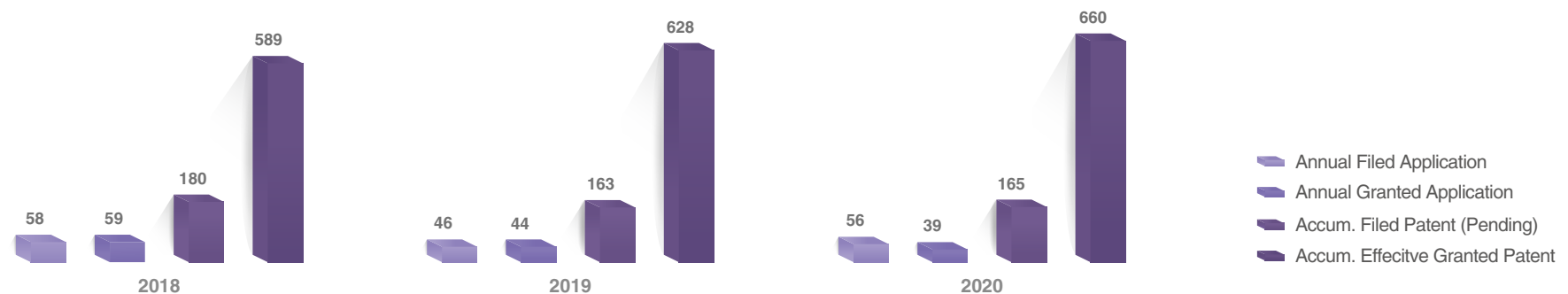
There are two green proposals passed USI patent review meeting.

Facility	Green Proposal	Proposal Benefit
Zhangjiang	Use auto-scan barcodes and search buttons for pressing test mechanism	Reduce the number of people operating the machine, reduce labor costs, realize automated unmanned factories, increase production capacity, and reduce power consumption
	Improve the tilting design of the cutting disc's edge steps to effectively reduce the edge scrap	1. Continue to promote wireless communication modules, allowing different system platforms on the client side to share the same wireless communication module design and common materials to simplify system design and reduce materials waste 2. Design the wireless communication module, using RoHS compliant non-toxic materials and components

Continuous Improvement Program

Continuous Improvement Program (CIP) proposes improvement plans for the quality, costs, lead time, services, efficiency and safety of manufacturing related operation and procedures. Its purposes are as follows:

▸ **Build a platform to realize ideas and approve employees' endeavors and awards**

▸ **Encourage employees devoting to continuous improvement**

▸ **Enhance teamwork and enterprise competitiveness**

The cases proposed by each facility are reviewed by Site Review Committee (SRC) for their project results that including innovation and development capability, actual saving value attainment capability, technical application capability, standard operation capability, and reproduction operation capability. After the organizer samples the cases, Corporate Review Committee (CRC) will review their saving benefits and promote cases with reproducible results to enlarge the benefits. According to the statistics in the figure below, over 250 cases on average are defined each year.
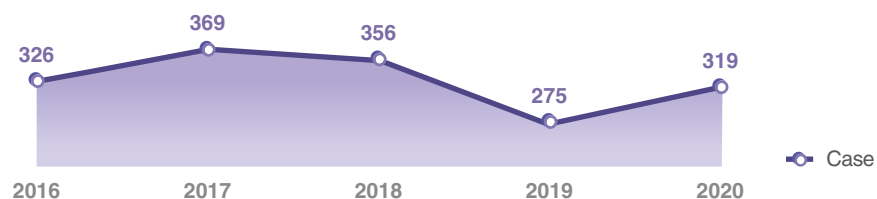
After the 2020 annual performance examined and approved by CRC, the actual tangible cost saving was CNY 76.95 million, mainly from the innovative test design of the Zhangjiang Facility. Please refer to the figure for the details of each facility. The saving cost accounted for 0.21% of revenue (target value: 0.21%) and a total of CNY 437,400 has been awarded.

▸ **2020 CIP Performance by Facility**

- Taiwan
- Shenzen
- Kunshan
- Zhangjiang
- Jinqiao
- Mexico

0.3% 5.8% 10.2% 16.7% 50.7% 16.3%

326   369   356   275   319

2016   2017   2018   2019   2020
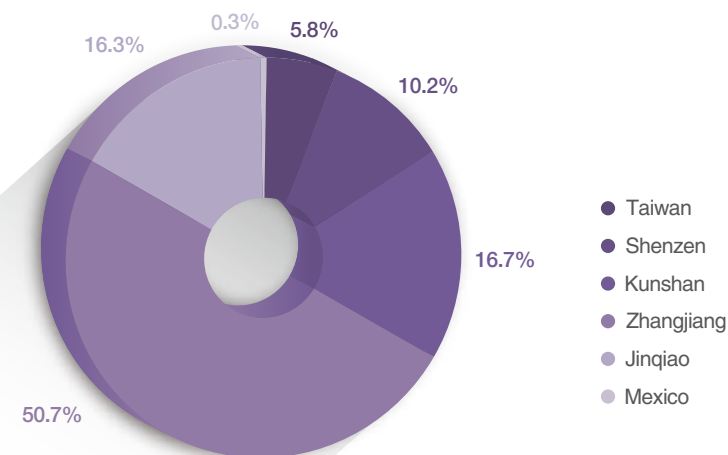
Case

CIP Excellent Contribution Award

Each facility proposes representative or innovative cases to enter global competitions. Awarded teams are granted trophies and incentive payments. The following table explains the contribution award and its standard. In response to the issue of climate change, USI has included "energy saving and carbon reduction" in the rating system and the type of key project to promote relevant green proposals. In 2020, ten projects achieved the targets, but no Energy Saving and Carbon Reduction projects awarded.

Facility	Ranking	Project	Project Content
Key Project			
Zhangjiang	Gold Medal	WiFi Module Test Dual Robot	Due to the introduction of new models and the capacity expansion, the self-made development equipment SMD is introduced. The purchase cost of the self-made equipment is significantly reduced, compared to the purchase cost of the equipment GIT, with the same production capacity per unit. The estimated annual savings are CNY 901,460.
Shenzhen	Bronze Medal	Automatic opening and closing of piano cover and flat flexible cables (FFC) of plugging	Add automated structure added to the testing step process to improve unit time output, with an estimated annual savings of CNY 7,361.
Kunshan	Bronze Medal	Automation of loading test and glue application	Perform automatic loading, automatic testing, AVI (Audio Video Interleave) detection and automatic glue application, within estimated annual savings of CNY 336,259.
Other Project			
Zhangjiang	Gold Medal	Replace existing equipment with new IO test boards	By redesigning and verifying the new IO test board, we were able to replace three existing equipment without affecting product yield and quality, to save space, time and resource costs for mass production of wiring, with an estimated annual savings of CNY 4,650,786.
Kunshan	Silver Medal	Introduction of the vacuum-type Dual Well ping-pong test	Dual-Well ping-pong test is used to replace single-board test. The fetch/ release link is operated in parallel, which improves the utilization rate of the machine, increases the output per unit time of a single jig, and saves the hardware investment and labor costs of the test machine. It is expected to save CNY 466,220 annually.
Zhangjiang	Bronze Medal	Introduction of the new internal calibration machine	Product quality and productivity is improved through the improvement of sputtering machine design, to save the cost of external calibration of the new internal calibration machine. At the same time, to ensure the quality of the product measurement, the internal calibration process will be introduced after verification. It is expected to save CNY 1,088,681 annually.
Jinqiao	Bronze Medal	Intelligent dynamic testing, reducing test time	Use statistics (Nyquist sampling theorem) to intelligently screen low-risk test items and conduct dynamic random testing of test items to reduce test time under the premise of ensuring product quality. It is expected to save CNY 418,737 annually.
Jinqiao	Honorable Mention	Improvements related to the implementation of QR codes	Add 2D codes to raw materials and disk cards to improve receiving efficiency, and issue whole rolls to reduce splitting operations and improve issue efficiency. It is expected to save CNY 1,503,830 annually.
Shenzhen	Honorable Mention	T-CON Full Signal Test	The system determines whether the board to be tested is good or not, ensuring a uniform standard of test quality, improving testing efficiency, and automating production by introducing automatic control devices. It is expected to save CNY 48,097 annually.
Taiwan	Honorable Mention	Implement a shortage alarm system at SMT stations	Introduce SCI module (SMT machine intelligence communication module) to analyze and monitor the materials status in real time to improve the shortage situation from manual inventory of work orders and to grasp the replenishment quantity of materials more accurately. It is expected to save CNY 162,893 annually.

Green Product Management

With respect to the strategies of green management and ecological design on products, and through annual third-party IECQ QC080000, ISO14001, and ISO 14064 management systems inspections. USI can quickly respond to changes in international environmental protection laws, directives, and clients' requests. In addition, USI integrates and stipulates "Standards for Green Environmental Protection Products" to control hazardous substances in electronic components and products. The design and R&D personnel of USI have ecological design capabilities for their products, and continue to introduce the concept of green products and clean technology, which allows our environmental-friendly products to be sold around the world and ensures that the green products we manufacture and sell are in compliance with environmental laws, regulations, and requirements around the world in terms of environmental protection, while satisfying customers' needs and the development trends of environmental protection, and following company's standards for internal control.

• **Four Main Aspects of Green Product Eco-design**

Aspects	Environmental Directives	Requirements	USI DfE
Hazardous substances in electronic products	• RoHS (Restriction of Hazardous Substances) • REACH (Registration, Evaluation and Authorization of Chemicals) • Halogen-free parts and process requirements • Battery Directive and Packaging and Packaging Waste Directive	• Low polluting • Non-toxic	• Phase out the use of BFRs • Phase out the use of PVC • Use non-halogen materials
Recycling management of electronics	• WEEE (Waste Electrical and Electronic Equipment)	• Recyclable • Easy to take apart • Easy to process	• Reduce the number of tools used to take machines apart • Increase the percentage of recyclable module designs • Introduce the labeling for recyclable plastics
Ecological energy design of products	• ErP (Energy-related Product) • CEC (California Energy Commission)	• Energy saving • Resource saving • Reduced environmental impact	• Reduce the energy consumption of machinery in stand-by or off mode • Increase the efficiency of energy conversion of EPS • Keep machinery in power-saving mode
Product miniaturization design	• SiP (System in Package) • SOM (System on Module)	• Reduce volume • Easy to integrate	• Improve the system's functions • Reduce the complexity of the circuit • Reduce the materials usage

Note: To date, we have controlled over 300 chemical substances under the "Green Product Specifications" to ensure that our products are in compliance with RoHS European Union directives. Besides, in response to the announcement of adding the 24th batch of 2 Substances of Very High Concern (SVHC), the candidate list of REACH has been extended to 211 substances.

Recycling Symbol of System

Recycling Symbol of Lithium Battery

USI designs green products that meet global regulations based on the four aspects of Green Product Eco-design, and constantly improve ecological design capabilities so products can meet trends in green design. We design products with Eco-Design as the principle in the planning stages of product development. In 2020, USI introduced a professional green value chain management platform "Green Parts Aggregations & Reporting System (GPARS)" and database for Environmental Hazardous Substances (EHS). The materials we use in our products meet Hazardous Substance Free (HSF), RoHS and WEEE requirements. Up to 2020, we have over 300 chemical substances controlled under "Green Product Specifications" to ensure that our products follow RoHS European Union directives. In response to REACH's announcement of adding the 24th batch of 2 Substances of Very High Concern (SVHC), the list of REACH substances has expanded to 211 substances. For substances that have not been replaced by technology at this stage, a "prohibited substance eradication plan*" has been drawn up. In addition, suppliers must provide "Environmental Hazard Non-Use Declaration" and SDS (Safety Data Sheet) or material composition tables. According to the Design for Environment (DfE) operating procedures, USI not only takes potential environmental impacts under consideration when designing a product, but also have them confirmed with the project development unit and the customer to meet the requirements of Energy Star and ErP, as to meet a range of environmental factors, such as material use, energy saving and CO_2 reduction, efficient use of water resource, pollutant emission, resource wasting and recyclability, in order to minimize negative impacts to our environment during the product life cycle.

Note: The current plan is to ban the use of the three substances "indium phosphide", "nickel sulfate", and "nickel amino sulfate" by 2023.

A green product with clean technology needs to comply with two or more green product ecological designs to improve energy efficiency and reduce environmental pollution. In 2020, USI's green product revenue accounted for 47.6% of the Company's total revenue, and the percentage of green products in each category is shown on the right. In the future, we will continue to invest in green product research and development and increase the proportion of green products.

▸ **The Proportion of Green Product Revenue to the Company's Overall Revenue**

Green Product Category	Percentage of Revenue in 2020 (%)
Communication products	27.5
Consumer electronics	1.6
Computer products and storage	15.3
Industrial products	1.4
Automotive electronics	1.8
Total	**47.6**

Note: The USI's product categories fall into six categories, and this section does not cover medical categories.

▸ **Performance of Eco-designed Products**

Product Revenue Ratio (%)	2017	2018	2019	2020
Energy efficiency	33.3	32.9	34.4	38.6
Electronic waste recycling	12.5	11.2	9.2	6.3
Light and compact	49.2	39.6	39.0	41.6
The proportion of total revenue	**95.0**	**83.7**	**82.6**	**86.5**

• **Product Energy Efficiency Evaluation**

In terms of USI's energy-saving efficiency in the eco-design of products, the Company's product energy-saving evaluation was conducted in 2020, and the reduction in the total annual power consumption of products shipped was reduced by 4,143 MWh. The evaluation results are as follows:

Main Product Category	Product Application Type	Energy Saving in 2020 (kWh)
Server	Case 1	3,935,262
	Case 2	112,420
Computer Products and Storage	Case 1	94,608
	Case 2	1,247
Total		**4,143,537**

To intensify the promotion of green products, USI established the "Green Design Innovation and Invention: Patent Incentive System" at the end of 2017. The objectives thereof are to give green-related designs weighted scores; build a green and innovative corporate culture; and facilitate green design proposals. A total of 2 green design invention proposals entered the patent application process in 2020 (please refer to the "Research and Patents" section). The results of green product planning and green related design are as follows:

• Future Goals

Types of Product	2021 Goals
Green design patent proposal	Annual green design patent proposals reach 15% (compared with annual total patent proposals)
Green design encouragement mechanism	Add green design weighing to USI's annual inventor event
Server	To use PSU meets EU CoC Tier 2 & US DOE
	To use 80 Plus Titanium PSU
	The DC-DC conversion efficiency of the DC power supply of the server product under full load is > 90%
Wireless Communication	On handheld devices, continue to use the latest generation of radio frequency (RF) connector, which is light and compact and materials saving, with a utilization rate of more than 90%
	Continue to use IC parts that meet product requirements and have low power consumption for the design. The True Wireless Stereo (TWS) SiP has SiP standby power consumption below 1mA.
POS/PR	Meet UL/IEC 62368 requirements in the design of all Tier 1 system products (Target: 100%)
Automobile Electronics	Promote modular circuit design for vehicle related function in order to reduce the consumption of materials and time
	Design automotive LED light source module to reduce energy consumption
	Adopt the design of multi-screen dual system in one single hardware platform; and continue to reduce investment in hardware design

• USI's Green Design in 2020

Product Category	Key Features	2020 Performances
Internal Power Supply	• Improve energy efficiency	• All internal power supplies complied with 80 Plus Titanium certification
External Power Supply	• Improve energy efficiency	• Comply with the EU Code of Conduct Tier 2 (CoC Tier 2) and the latest regulations of the US Department of Energy (DoE)
Solid State Disk (SSD)	• Reduce power consumed in both the in-use and standby status	• Products support low power consumption mode
Mobile Communication Product (IMS*)	• Reduce power consumed in both the in-use and standby status • Use low pollution materials • Modularization and compatibility • Reduce consumables	• Use the same design architecture, using Block to introduce the circuit and PCB layout design to reduce the expense of testers and the energy of the equipment services used during the test phase • Adopt the shared product design to reduce process development and materials usage
Wearable Solution Product	• Improve energy efficiency • Reduce power consumption in standby • Modularization and compatibility • Miniaturization	• Used wafer stacking technique to repackage two chips into one, saving half of the board area [MCU (10mm*10mm) and LPDDR2 (10mm*11.5mm) merge into One SiP (9mm*9mm)]
Intelligent Connectivity Solution Product (ICS)	• Reduce consumables	• The wireless product design uses a smaller RF test head and Antenna connector, which reduces the material usage by 30% due to the reduction in size
enterprise Access Point Product (eAP)	• Improve energy efficiency	• Design products to meet ErP Lot 26 network standby requirements (Standby mode < 8W)
Automotive Electronics Product	• Improve energy efficiency • Miniaturization	• Evaluate the power modules using $74mm^2$ chips to replace two $64mm^2$ chips (Belt Start & Generator, BSG) to reduce component materials

Note: IMS, Integrated Mobility Solution

Green Education

Besides implementing the green management internally, USI made stakeholders further aware of the importance of environment protection and applied the correct environmental concepts to various steps in production process (i.e., the product planning, raw material control and greenhouse gas emission reduction). USI keeps communicating with its employees, suppliers and contractors regarding USI's ESH-associated principles, knowledge, and requirements. The e-learning courses of green education were added to USI's internal training that informed the employees of GP-related regulations, requirements, operating procedures, and eco-friendly materials. In 2020, the total number of all facilities' green education training hours was 10,391 hours.

To meet customer requirements, USI is not only keen to participate in international forums that carbon emission disclosure, but also carried out plans for energy conservation and carbon emission reduction. By instilling the green concepts at internal training programs while drawing from external experiences in this regard, USI conveyed its green values and fulfilled the Green Promises.

Course	Course Content		
Hazardous Substance Management System Requirements for Green Products	• Quality Policy • Hazardous Substance Management System	• Green Product Management System • RoHS (EU) 2015/863	• Halogen-Free • Green Product Workflow
Green Design Controlling Process	• Green Product Workflow		
Green Products Laws and Regulations Introduction	• EU RoHS • China RoHS • Taiwan RoHS	• Japan RoHS • REACH • WEEE	• Halogen-Free • CEC • ErP
Green Manufacture Management	• RoHS (EU) 2015/863	• WEEE 2012/19/EU	• Green Manufacture Management
OQC Shipping Area Control	• Global Green Product Environmental Regulations	• USI GP and HF Labeling	• QQC Items and Standards
Green Part Verification and Approval	• Operating Standards and Regulations for Green Products		

Environmental Protection and Occupational Safety

With an emphasis on environmental protection, USI takes aggressive measures against climate change. We look forward to considering environmental protection as well as achieving environmental sustainability while pursuing high quality products and services. In addition, we are committed to promoting a culture of occupational safety and health and providing a quality working environment for our employees.

2020 Key Performance

100 % Renewable Energy Use in China Facilities

20 % Renewable Energy Use in Mexico Facility

0 Formal Environmental Sanctions

Added **4** Categories of Indirect Greenhouse Gas Inventory

EEWH Silver Obtained 1st Green Building Certification

685 MWh Green Power Produced through Solar Power

13,701 People Attended Health Promotion Activities

207 Occupational Health & Safety Trainings Conducted

28 Million CNY Invested in Environmental Conservation

✔ Achieved   ⏱ Not Achieved

SDGs	Business Action	2020 Key Issue	KPI	2020 Target	2020 Performance	Status	2021 Target	2025 Target
8 DECENT WORK AND ECONOMIC GROWTH	Formulate health and safety policies creating a work environment where all workers can be fulfilled while working	Occupational Health & Safety	• Major occupational disease incidences • Major occupational injury incidences • Major infectious disease incidences	• Maintain ISO 45001 certification • No major occupational diseases • No major occupational injuries • No major infectious diseases	• Maintained ISO 45001 certification in all facilities • No cases of occupational disease • No major cases of occupational injuries • No major cases of infectious diseases	✔	• Maintain ISO 45001 certification • No major occupational diseases • No major occupational injuries • No major infectious diseases	• Obtain/ maintain ISO 45001 certification • No major occupational diseases • No major occupational injuries • No major infectious diseases
13 CLIMATE ACTION	Conduct an inventory of carbon emissions and implement carbon reduction projects	Climate Change	• Obtain green building certification • Obtain ISO 14064-1:2018 certification	• Obtain green building certification • Obtain ISO 14064-1:2018 certification	• Obtained green building certification • Obtained ISO 14064-1:2018 certification	✔	• Maintain ISO 14064-1:2018 certification in all major facilities	• Obtain/ maintain ISO 14064-1:2018 certification in all major facilities

SDGs	Business Action	2020 Key Issue	KPI	2020 Target	2020 Performance	Status	2021 Target	2025 Target
SUSTAINABLE CITIES AND COMMUNITIES (11)	Establish environmental objectives, include them in the business strategy, and review the performance annually	Energy Management	• Green power usage rate	• 100% green power usage rate in China Facilities and 20% in Mexico Facility	• 100% green power usage rate in China Facilities and 20% in Mexico Facility	✓	• Maintain 100% green power usage rate in China Facilities and increase green power usage in Mexico Facility to 30%	• Green power usage rate: 100% in China Facilities; 70% in Mexico Facility; 40% in Poland Facility; 10% in Taiwan Facility
			• Electricity intensity	• Electricity intensity decreases by 5% from baseline year 2015	• Electricity intensity decreased by 19% from baseline year 2015	✓	• Electricity intensity decreases by 6% from baseline year 2015	• Electricity intensity decreases by 10% from baseline year 2015
		Water Resource Management	• Water intensity	• Water use intensity decreases by 5% from baseline year 2015	• Water use intensity decreased by 32% from baseline year 2015	✓	• The water use intensity decreases by 6% from baseline year 2015	• The water use intensity decreases by 10% from baseline year 2015
		Waste and Recycling	• Hazardous waste generation intensity	• Hazardous waste generation intensity decreases by 5% from baseline year 2015	• Hazardous waste generation intensity increased by 4% from baseline year 2015	◔	• Hazardous waste generation intensity decreases by 6% from baseline year 2015	• Hazardous waste generation intensity decreases by 10% from baseline year 2015
			• Non-hazardous waste recovery rate	• Non-hazardous waste recovery rate recycling rate reaches 90%	• Non-hazardous waste recovery rate recycling rate reached 90.7%	✓	• Non-hazardous waste recovery rate recycling rate reaches 90%	• Non-hazardous waste recovery rate recycling rate reaches 90%

Environmental Protection

USI integrates the concept of ecologically sustainable development with company's managerial decision-making and operation management. The board of directors and the executives assume management responsibility and take the opinions of stakeholders as reference to formulate the corresponding management strategy. Through the continuous promotion of management systems ISO 14001, ISO 50001, and ISO 14064-1:2018 (please refer to the Management Systems Certification Table), we have improved and reduced environmental impact of our operation and hereby make a public disclosure about USI's environmental information for the implementation of corporate environmental responsibility.

USI established EHS & Energy Policy (Environment, Health, Safety, and Energy Policy). Follow the principle of "Regulatory Compliance & Responding to Environmental Campaigns", optimized resource utilization, and created an eco-friendly, healthy, and safe working environment. A telephone hotline and mailbox are provided for suggestions or complaints from stakeholders. In 2020, no official complaint about environmental impact was received, and no violation against environmental regulations and environmental pollution incidents. There are no significant environmental or ecological related fines or penalties* within 4 years.

Note: Major fines or penalties refer to a fine of more than CNY 70,000.

EHS & Energy Policy

▸ **Regulatory Compliance & Responding to Environmental Campaigns**

USI will comply with all applicable local regulatory requirements and will respond to global environmental campaigns.

▸ **Awareness Training & Policy Implementation**

Raise workplace environment health and safety awareness through continuous communication with all employees, suppliers, distributors, contractors, and other business partners. Conduct training and drills to prevent environmental impact, excess resource waste, and safety hazards.

▸ **Impact Mitigation & Continuous Improvement**

USI is committed to preventing pollution and managing its energy consumption. By enhancing their products' environmental-friendliness and energy efficiency, USI will reduce greenhouse gas emissions and advance towards carbon neutrality hoping to mitigate the impact of climate change.

▸ **Effective Reduction & Circular Reuse**

Procure sustainable products and services and support circular economic development through conserving energy, improving process design, and reducing and reusing industrial waste.

▸ **Goal Establishment & Sustainable Operations**

Implement an EHS and Energy Management System in compliance with international standards and goals and continuously review and improve our short, medium, and long-term targets and goals to ensure its effectiveness and sustainability.

Climate Change Mitigation

According to the World Meteorological Organization, 2015 to 2020 is the hottest period in Earth's recorded history. This indicates that global warming is spiraling out of control and immediate actions are urgent. As climate change has become one of important sustainable development issues, countries across the world have proposed reduction goals and methods in droves. For example, 2030 Sustainable Development Goals (2030 SDGs) proposed by the UN, the Carbon Disclosure Project (CDP) initiated by major investment institutions, the UN Global Compact, and the Science-Based Targets initiative (SBTi) co-founded by World Resource Institute and other institutions. As a company that takes our civic responsibility seriously and commits to sustainable development, USI has not only set carbon reduction goals and set out action plans to achieve them, but also pays attention to the international response measures to global warming, continuing our analysis and control, and pursuing environmental and corporate sustainability.

Carbon Management

USI continues launch greenhouse gas reduction policy. The greenhouse gas (GHG) emissions inventory was performed in 2007 according to ISO 14064-1. Another check was conducted in 2010 on our worldwide production bases and the results were verified by third-party institution to establish USI inventory benchmark data. Since the initial inventory of GHG emissions category 3 of Taiwan Facility in 2018, we fully inventoried China Facilities the next year. In 2020, a more comprehensive and in-depth inventory was conducted. In 2017, we also started to conduct product carbon footprint inventory; and disclosed relevant information in compliance with international regulations, initiatives and customers' requirements. Besides, following one of the parent company's strategic sustainability pillar "low-carbon", USI have put Carbon Disclosure Project (CDP) and Task Force on Climate-related Financial Disclosures (TCFD) into action. The introduction of TCFD is expected to be completed in 2021. For detailed information, please refer to the 2020 ASEH Corporate Sustainability Report.

Climate change has taken its tolls on USI. China Facilities already used 100% renewable energy, while the Mexico Facility used 20% of its annual electricity consumption (I-REC, please refer to the Renewable Energy section for details). In addition, Zhangjiang Facility and Shenzhen Facility have also initiated carbon quota management in accordance with local regulations. Cap and trade system for GHG and possible energy or carbon taxes are issues USI is always paying attention to. In addition to the continuous efforts in energy efficiency improvement, the promotion of Green Promise and the environmental protection measures of will be in facilities to minimize risks from climate change.

Greenhouse Gas Emissions

USI's total greenhouse gas emissions in 2020 were 190,974.17 metric tonnes of CO_2e (category 1 & category 2), an increase of 13,804.85 metric tonnes of CO_2e from 2019, and emissions per million CNY turnover were 4.02 metric tonnes of CO_2e, a decrease of 0.83 metric tonnes of CO_2e from 2019. The analysis of the cause was the continuous growth of operating income in 2020. The analysis is shown in the following figure:

▸ **The Ratio of Category 1 to Category 2 Greenhouse Gas Emissions**

Category 2
96.5%

Category 1
3.5%

Mobile Burning Emission
0.1%

Fugitive Emission
1.2%

Processing Emission
0.0%

Fixed Burning Emission
2.2%
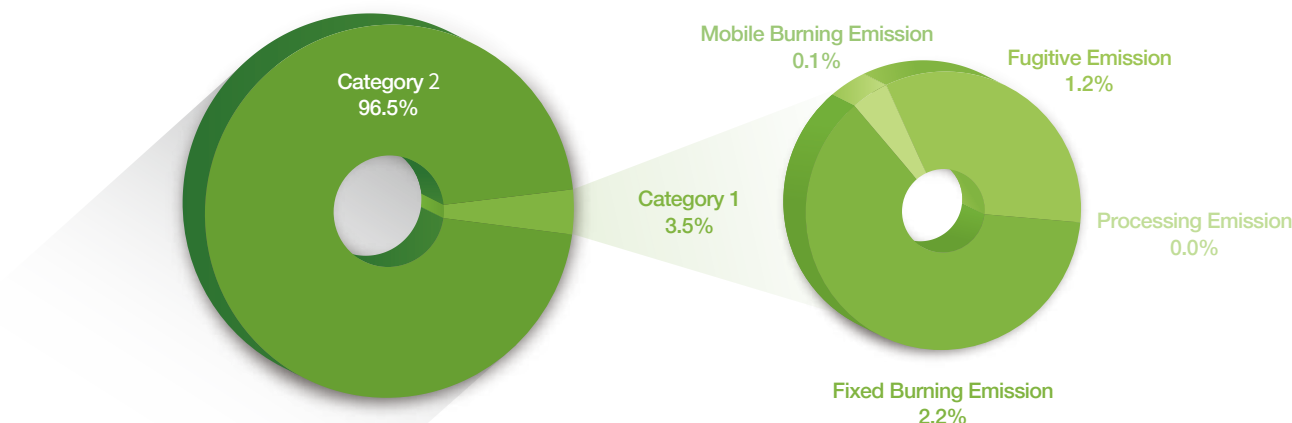
▸ **Greenhouse Gas Emissions and Intensity**
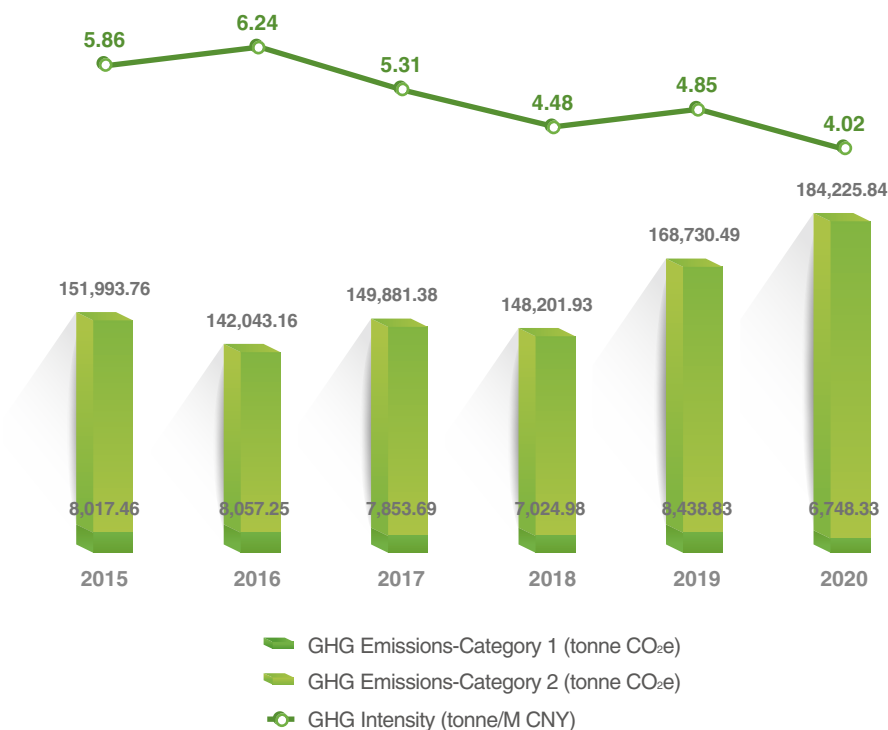
Note:
1. The data presented came from the ISO 14064-1:2018 inventory results, rounded to the 2nd decimal point.
2. The data organization boundary is summarized by the operation control method.
3. The statistical data covers the Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan (including Taiwan-TT, Taiwan-NK, and Tsaotuen No.1 office), and Mexico Facilities.
4. The significant threshold is set at 3%, and the substantial threshold is set at 5%.
5. The greenhouse gas emission includes various categories such as CO_2, CH_4, N_2O, HFCs, PFCs, NF_3 and SF_6.
6. GWP value adopts the IPCC Fifth Assessment Report (2013).

Indirect Greenhouse Gas Emissions

USI continued to promote the greenhouse gas inspection (ISO 14064-1). Following the introduction of the category 3 inspection at Taiwan site in 2018, In 2020, we conducted inventory and identification of category 3 to category 6 emissions on the value chain. The verification results by the third-party verification unit are as follows:

▸ **Indirect Greenhouse Gas Emissions**

Unit: metric tonnes CO_2e

Category	Description	Greenhouse Gas Emissions
Category 3	**Indirect greenhouse gas emissions from transportation**	**3,225,655.68**
	Emissions from upstream transportation and distribution of goods	3,114,667.56
	Emissions from downstream transportation and distribution of goods	24,825.98
	Emissions from employee commuting	85,946.72
	Emissions from business travel	215.42
Category 4	**Indirect greenhouse gas emissions from products used by the organization**	**13,571,054.93**
	Emissions from goods purchased	13,500,253.32
	Emissions from capital goods	65,529.11
	Emissions from solid and liquid waste treatment	1,205.29
	Emissions from the use of assets	4,067.21
Category 5	**Indirect greenhouse gas emissions associated with the use of products from the organization**	**N/A**
Category 6	**Indirect greenhouse gas emissions from other sources**	**N/A**
Total		**16,796,710.61**

Note:
1. The data presented came from the ISO 14064-1:2018 inventory results, rounded to the 2nd decimal point.
2. N/A: Category 5 and Category 6 are not significant after being identified, so they are not included in quantitative data.

Energy Management

In the green-house gas emissions, power loss shares about 92% in USI. The key to reducing carbon emission is to save power, making maximum efforts for electricity efficiency. In order to reduce energy consumption during the operational activities and product processes and save the cost, the external power supply unit with low energy consumption will be selected in priority when the products are designed, as well as the tests will be evaluated to ensure the products can meet the requirements of environmental protection. The different energy-saving improvement plans will be executed for air conditionings, lighting equipment and heavy-energy consumption facilities in all facilities as well, continuously reducing the energy consumption and saving the electricity bill, such as variable-frequency control, seasonable adjustment of air-conditioning temperature, replacement of old equipment, monitoring and management of electricity bill.

The total energy consumption of USI in 2020 was 948,926.3 gigajoules, an increase of 70,650.1 gigajoules from 2019. Based on the turnover, the energy consumption per million CNY in 2020 decreased by 4.9 gigajoules. In terms of energy saving, there were 8 major energy-saving schemes, which saved a total of 8,374.1 MWh of electricity and reduced carbon dioxide emissions by 4,509.6 metric tonnes. The total investment is CNY 10,503,751, and the annual cost saving is CNY 5,300,430. The detailed results are shown in the following chart:

▸ **Energy Consumption**

Unit: GJ

Category / Year	Direct Energy Consumption			Indirect Energy Consumption	Total Energy Consumption
	Diesel	Gasoline	Natural Gas	Electricity	
2020	1,393.59	2,523.89	74,103.64	870,905.19	948,926.31
2019	1,065.38	3,572.89	103,881.07	769,756.87	878,276.21
2018	639.08	4,011.47	76,708.71	657,531.10	738,890.36
2017	601.98	4,081.84	96,721.77	657,007.49	758,413.08
2016	530.25	4,367.25	101,997.58	624,491.07	731,386.15

Note:
1. The data presented came from the ISO 14064-1:2018 inventory results, rounded to the 2nd decimal point.
2. The data includes Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan Facilities.
3. Conversion data of the heat value index:
   - Facilities in Zhangjiang, Jinqiao, Shenzhen and Kunshan have adopted Annex A (referential energy conversion standard coal factors) of General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2008).
   - Taiwan Facility has adopted page 159 of "Heat Content of Energy Products" of Taiwan Energy Statistics Handbook (2017).

▸ **Energy Intensity**

Energy Consumption (GJ) / Energy Intensity (GJ/M CNY)

Year	Energy Consumption (GJ)	Energy Intensity (GJ/M CNY)
2015	776,645.71	29.1
2016	731,386.15	31.3
2017	758,413.08	26.1
2018	738,890.36	22.0
2019	878,276.21	25.5
2020	948,926.31	20.6
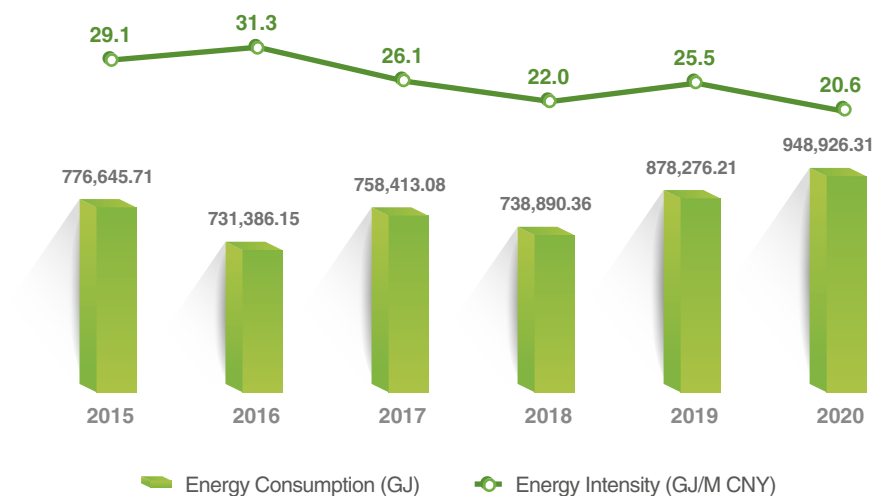
▸ **Power Saving Performances in 2020**

Facility	Project	Description	Power Saving (MWh)	CO_2 Reduction (metric tonnes CO_2e)
Zhangjiang	Air conditioner replacement	• The oil-free centrifugal air compressor is used to replace the existing oil-injected screw compressor, and a compressor heat recovery system is established, reducing gas and electricity costs.	619.8	491.0
	Energy consumption transformation of air compressors	• Install ventilation equipment on blinds to enhance air convection and heat exchange and ensure that the temperature of the air compressor inlet is consistent with the outside air temperature.	22.4	17.7
Kunshan	Energy-saving improvement of facility lighting	• The original 1.2m lamps used in the facility were Philips 15W LED lamps and 18W LED lamps, which were replaced by Philips MASTER 10.5W LED lamps under the condition that the illumination and service life were not lower than the original ones.	231.4	183.3
Taiwan	Replacing the old chiller on 5F	• Tatung chiller TCA/8NAK1A is used to replace the original Tatung chiller TCA-10EK1D.	4.4	2.2
	B1 Ice water machine replacement	• Newly added two ice water hosts, 500RT, and replaced the old with the new six 300RT ice water hosts (two were eliminated, and four were used as standby machines).	7,358.4	3,745.4
	New H Line is added to replace the original D Line on 3F	• The equipment of the original Jyi Diann wave soldering is replaced by the ERSA reflow oven.	27.0	13.7
	30HP water pump with frequency converter	• The original 30HP water pump in the facility is running at full load. In consideration that it can serve high floors without full load, the inverter is configured to adjust its supply pressure.	52.9	26.9
	100HP air compressor with frequency converter	• Configure the inverter to reduce load to save energy and save electricity, and the CDA pressure is insufficient to prepare the machine to automatically load and run to prevent on-site production from being interrupted due to pressure loss.	57.8	29.4

Note:

1. Carbon emissions reduction = Electricity saving x electricity emission coefficient.

2. Electricity emission coefficient:

   - China Facilities adopt the "2019 Emission Reduction Project: China's regional grid baseline emission factor" by the Department of Climate Change, Ministry of Ecology and Environment: Zhangjiang, Jinqiao, and Kunshan: Huadong Power Grid 0.792 kg CO_2e/kWh.

   - Taiwan Facility adopt the "2019 Electricity Emission Factor" announced by the Bureau of Energy, with a CO_2 emission factor per kWh of 0.509 kg CO_2e/kWh.

Renewable Energy

USI positively responds the use of renewable energy. 199,916 MWh International REC (I-REC, the registration authority is I-REC Registry) was purchased in 2021 to offset carbon dioxide emitted by the traditional power in 2020 (Zhangjiang, Jinqiao, Shenzhen, Kunshan Facilities were all offset, and the Mexico Facility was offset by 20% of annual electricity). According to Market-based Approach, the statements are used to neutralize category 2 Market-based emissions. The greenhouse gas emissions amount by location and market are shown on the right.

Category	Item	Category 1	Category 2	Total
Location-based	GHG Emissions (metric tonnes CO$_2$e/year)	6,748.33	184,225.84	190,974.17
	Percentage (%)	4%	96%	100%
Market-based	GHG Emissions (metric tonnes CO$_2$e/year)	6,748.33	26,056.90	32,805.23
	Percentage (%)	21%	79%	100%

Note: The data presented came from the ISO 14064-1:2018 inventory results, rounded to the 2nd decimal point.

Pollution Control

Water Resource Management

For USI, we do not have issues on contaminating catchment areas as our facilities are not built around it. But China's regulation has become increasingly rigorous and ASEH paid close attention, the storage and distribution of water resources have also become an important topic for us. So, we pay a great attention to it. USI has been making efforts in conserving water resources and continues to manage the resources in our production and daily life. Apart from regularly tracking the water usage of USI's six major manufacturing facilities, USI also commissions a third party to check the quality of effluent on a regularly basis to prevent water pollution from happening. Each facility tests the watch items in accordance with local laws and regulations: In Zhangjiang and Jinqiao Facilities, the watch items include pH value, SS, BOD, COD, ammonia nitrogen, total phosphorus, petroleum, animal and vegetable oils, and sulfides; in Taiwan Facility, the watch items include water temperature, pH value, SS, BOD, and COD; in Mexico Facility, the watch items include BOD, TSS, copper, nickel, cadmium, lead, hexavalent chromium, zinc, arsenic, mercury, and grease; in Shenzhen Facility, there are no relevant watch items and the discharge water management follows the national discharge water standards; Kunshan Facility leases some floors of the ASEH's factory. In the water intake and discharge, ASEH is responsible for control and the Kunshan Facility only shares water-related costs. There was no violation of water discharging regulations in 2020, and USI will continue to keep a track on the use of precious water resource and save as much water as possible for a friendly environment and reduction of environmental impacts.

According to statistics, the total water consumption of USI in 2020 was 803.690 ML, an increase of 17.9% from 2019 (681.848 ML). In terms of water intake, except for the use of underground water sources in Taiwan-TT Facility, all other facilities use tap water sources. The annual underground water consumption is 69.158 ML, and the water consumption of tap water is 734.532 ML. In terms of water discharge, the waste water from each facility of USI is discharged into sewage with a discharge of 679.622 ML. Analyzing the statistical results, in 2020, in response to the expansion of the company's operations, revenue reached a record high, which is the main reason why the overall water intake of USI has increased compared with the previous year.

To make the use out of every drop of water, USI is planning to recycle as much water as possible via improvement of equipment and technology. In 2018, the process water recycling system was introduced to Zhangjiang Facility. This system enables USI to recycle process water produced from the cutting process; filter and sterilize the water through filtration, disc filter, ceramic ultrafiltration membrane and UV sterilization processes; and reuse the water in the production. With respect to the second-phase installation of process water zero discharge system at Jinqiao Facility, this project has adopted advanced oxidation technology. In 2020, USI recycled 179.145 ML of water, with a total recycling rate of 22.3%, and estimated savings of CNY 847,354. In addition, the process water consumption is 252.090 ML, with a recycling rate of 66.6%.

▸ **Water Withdrawal and Discharge in 2020**

Unit: ML

| Facility | Zhangjiang | Jinqiao | Shenzhen | Kunshan | Taiwan | | NK | Mexico |
					TT			
Source	Tap water	Tap water	Tap water	Tap water	Tap water	Groundwater	Tap water	Tap water
Water Withdrawal	320.326	126.589	99.982	60.146	21.870	69.158	81.257	24.362
Discharge Flow	Sewage treatment facility	Sewage treatment facility	Sewage treatment facility	Sewage treatment facility	Maoluo River		Sewage treatment facility	City sewage treatment facility
Water Discharge	288.293	113.930	89.984	54.131	38.227		73.131	21.926

Note: With the exception of the Taiwan-TT Facility, USI has no discharge water flow meter in each facility. Thus, the water discharge volume is estimated based on the estimation principle of 90% of the water intake.

▸ **Water Withdrawal and Recycle**

12.1% 10.3% 14.3% 24.6% 22.7% 22.3%

740 717 728 582 682 804

2015 2016 2017 2018 2019 2020

■ Water Withdrawal (ML)   ─○─ Water Recycling Rate (%)

9%

91%

● Groundwater   ● Tap Water
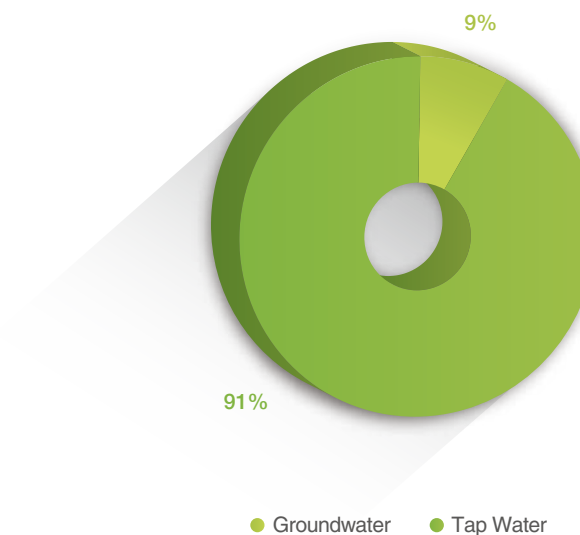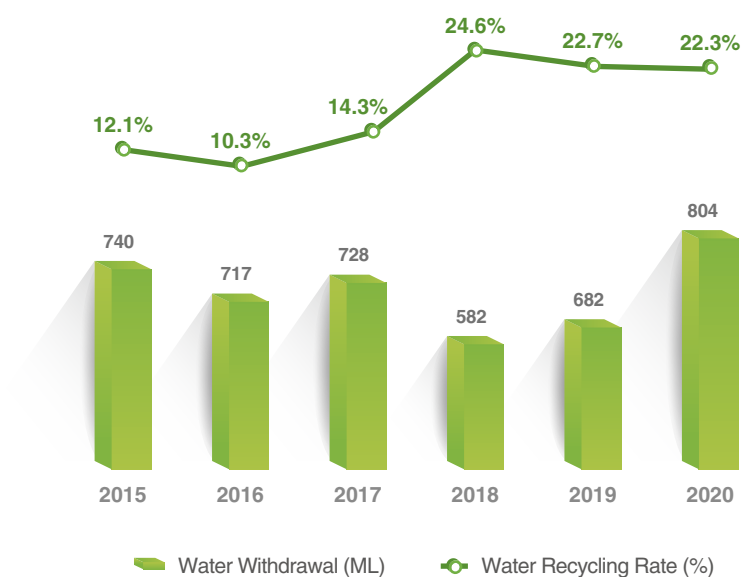
Waste Management

USI consider "waste minimization and reuse" as corporate policy. The principles of "Effective Reduction & Circular Reuse" and "Impact Mitigation & Continuous Improvement" have been carried out thoroughly in all the facilities and treated as annual performance indicator. Therefore, through regular data record and tracking, the relevant units such as process unit, facility affairs unit, and EHS unit strictly monitor the usage and outputs.

According to the statistics, the total amount of waste generated in 2020 was 8,589.03 metric tonnes, and the recovery amount was 7,326.578 metric tonnes, with a recovery rate of 85.3%. Although it is slightly lower than the previous year, it still meets the annual target (80%). The details are shown as follows. In 2020, after the trial production of some production lines in the Zhangjiang Facility in the year before last year, the uptime rate of production lines increased significantly this year, resulting in an increase in the production of non-recoverable hazardous waste in the manufacturing process a slight decrease in the recovery rate compared to the previous year. In the future, USI will continue to implement the waste reduction policy, reduce volume from the source, and strive to achieve the goal of resource sustainability.

Year	Hazardous Waste (tonne)	Non-hazardous Waste (tonne)
2015	382	4,783
2016	396	5,036
2017	420	5,586
2018	538	7,239
2019	697	7,814
2020	783	7,806

Hazardous Waste (tonne)   Non-hazardous Waste (tonne)

Year	Waste Recycling Rate (%)
2015	86.7%
2016	87.1%
2017	88.2%
2018	89.2%
2019	86.1%
2020	85.3%

Waste Recycling Rate (%)
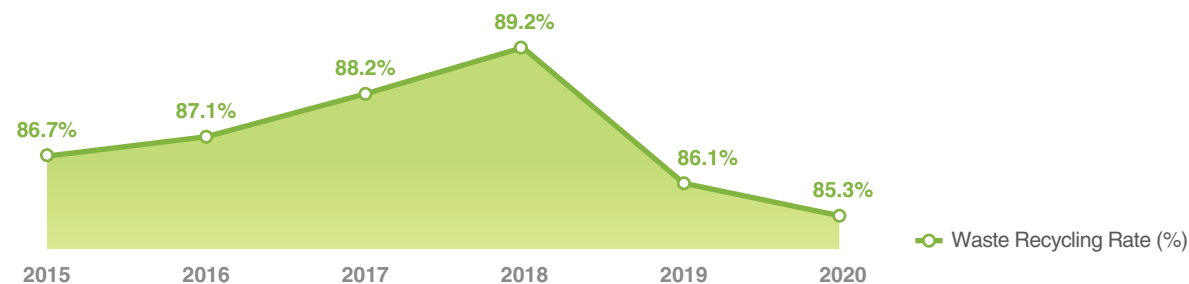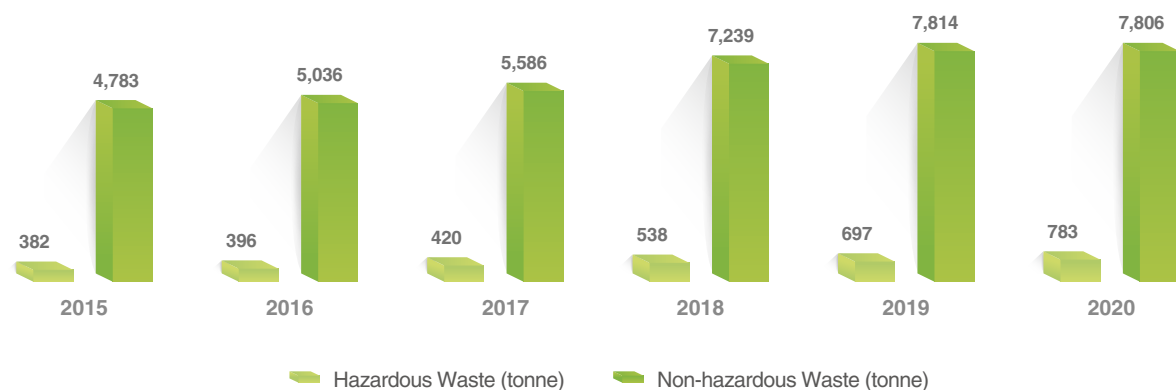
USI has developed a waste disposal program specifying that hazardous wastes must be handled by qualified suppliers with valid licenses for disposal and that non-hazardous wastes must be given to licensed recycling operators for recycling or shipped to the licensed incinerators for incineration. Statistics of disposal methods for various wastes in each facility in 2020 are shown in the table below:

Unit: metric tonnes

Treatment / Facility		Reuse		Recycling		Composting		Landfill		Incineration	
		Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous
Zhangjiang		0.000	0.000	45.187	1,113.150	0.000	0.000	1.971	37.870	207.603	0.000
Jinqiao		0.000	0.000	2.772	404.005	0.000	0.000	27.860	35.238	68.394	0.000
Shenzhen		0.000	573.622	71.900	1,224.458	0.000	73.962	0.000	82.467	44.740	0.000
Kunshan		0.000	0.000	122.148	1,683.122	0.000	164.829	0.000	44.602	34.553	0.000
Taiwan	TT	0.000	224.874	0.000	164.990	0.000	66.960	0.000	0.000	117.911	178.770
	NK	0.000	89.827	0.000	246.119	0.000	66.960	0.000	0.000	7.200	194.39
Mexico		0.000	306.110	5.226	570.652	0.000	105.705	0.000	153.285	25.600	0.000
Total		1,194.433		5,653.729		478.416		383.293		879.161	

Note: Statistics are rounded to the 3rd decimal place.

Air Pollution Control

In recent years, air pollution is getting worse in China and Taiwan. It seriously affected the quality of life to local residents that become an urgent issue. This is the reason that local authority has made relevant amendments to local regulation. As our production facilities are within the affected areas, we also pay great attention to air pollutant control within our factory.

In terms of volatile organic compounds (VOCs), Taiwan Facility was the only one required to be regularly inspected and declared. However, requested by the competent authority of Shanghai City at the end of 2017, Zhangjiang Facility and Jinqiao Facility made their first declaration. In 2018, in response to the "Environment Protection Tax" declaration requirements of the supervisory authority, the statistical methods were adjusted and declared, and activated carbon towers and water washing towers were installed. Although Shenzhen Facility and Kunshan Facility do not have relevant regulations, they still took the initiative to carry out relevant detection and management, and implemented relevant preventive and control measures, such as UV light decomposition* and carbon treatment measures to reduce VOCs emissions. According to statistics, VOCs emissions in 2020 were 47.056 metric tonnes, an increase of 5.4% from the previous year. After analysis, the reason was that the increase in the use of organic solvents in response to the expansion of the company's operations, so the VOCs emissions have increased slightly from the previous year.

Note: UV beam can break the molecular bond of industrial wastes as well as the water and oxygen in the air. Then, with the use of ozone, the oxidization reaction takes place for deodorization and sterilization.

Emissions (tonne)

Year	Value
2015	20.500
2016	23.421
2017	23.792
2018	23.295
2019	44.640
2020	47.056
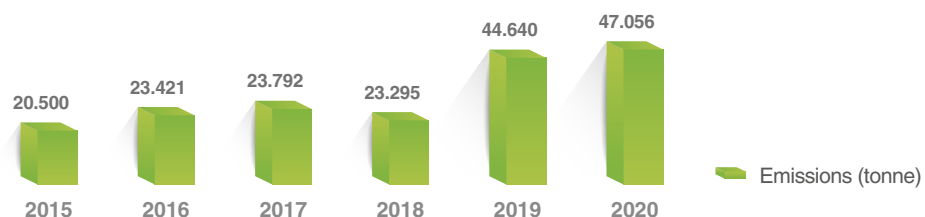
Note:
1. The data included Zhangjiang, Jinqiao, Shenzhen, Kunshan and Taiwan Facilities.
2. As emission declaration was no longer required for our facilities in Zhanjiang and Jinqiao Facilities starting from 2018, USI has adopted to environmental protection tax. Relevant VOCs statistical methods were also adjusted and integrated with the base year (2015) data according to the statistical methods of environmental protection tax.

For the emissions of nitrogen oxide (NOx), sulfur oxides (SOx), and particulate matter, although they have not been included into local regulations, Zhangjiang Facility and Jinqiao Facility still voluntarily detect and disclose emission data. In 2019, to reduce the emissions of nitrogen oxides in boiler exhaust gas, Jinqiao Facility carried out boiler exhaust gas transformation and equipped with a low-nitrogen burner. If we look at the situation of nitrogen discharge in 2020, it was 65% lower than the previous year. In the future, USI will let other facilities disclose relevant information, and actively promote the expansion of related improvement measures to other facilities. The air pollutant emission data for 2020 is shown in the table below:

Unit: metric tonnes

Facility / Pollutant	Zhangjiang	Jinqiao	Shenzhen	Kunshan	Taiwan TT	Taiwan NK
Volatile Organic Compounds (VOCs)	4.446	2.313	3.064	0.053	18.697	18.483
Nitrogen Oxides (NOx)	0.169	0.773	N/A	N/A	N/A	N/A
Sulfur Oxides (SOx)	N.D.	N.D.	N/A	N/A	N/A	N/A
Particulate Matter (PM)	1.316	0.233	N/A	N/A	N/A	N/A

Note:
1. The estimated emission level and amount in the test report produced by a third-party test body are adopted for the Zhangjiang, Jinqiao, Shenzhen, and Kunshan Facilities, and the data are rounded to the 3rd decimal point.
2. The discharge amount of Taiwan Facilities are based on the declared amount of air pollution fees collected by local environmental protection organizations, which are calculated with mass balance.
3. N.D.: Non-Detectable, the level is too low to be detected by the instrument.
4. N/A: No applicable local regulation and no available self-testing data.

Green Manufacturing and Expenditures

Clean Production

In addition to adopting ecological design for its products, USI conforms to the principles of the cleaner production evaluation system at all its facilities in production and manufacturing, logistics and transportation, green management and social responsibility to implement resource conservation, green manufacturing processes, pollution prevention and innovative eco-friendly design. This has not only lowered the impact of manufacturing processes upon the environment, but also reduced costs of raw materials, energy, and pollutant treatment while increasing economic and environmental protection benefits.

Since 2011, Zhangjiang, Jinqiao, Shenzhen, and Taiwan-TT Facilities have successively obtained clean production certification. USI will continue to devote itself to the promotion of clean production and the establishment. In 2019, Taiwan-NK Facility started undergoing EEWH green building certification, and successfully obtained the first green building certification in 2020. In addition, we have cooperated with solar construction companies to build a solar power generation system with a total capacity of 499 kWp. Since October 2019, it has officially put into power generation. In 2020, it produced a total of 685 MWh green power.

For "zero net deforestation", wooden articles we use in the company are mainly pallets or crates used in product transportation. In addition to the materials designated by customers, USI follows the requirements as below:

Type	Range of Use	Requirements
Plastic Pallets or Anti-static Plastic Crates	For all in-facility transportation and storage of products/ raw material, as well as the transportation to the customers nearby	Self-recycling and reuse
Regenerated Wooden Pallets or Crates	For long-distance transportation to customers	Recycle and reuse by outsourced manufacturers
Fumigated Wooden Pallets	Designated by customers	Made by fast-growing trees

Green Office

USI continues to promote green office culture. To reduce paper use in the office, related document signing operations have been introduced successively into online e-signature system. The electronic payroll, company parking, and accommodation expenses were incorporated with e-invoicing system. The in-facility orientations were held to promote the use of e-carrier. Furthermore, in accordance with the specifications of "EHS & Energy Change Management Procedure", the purchase of products related to green labels has been given priority when the equipment change, or modification requests are made. In terms of office energy saving, all our facilities have also eliminated old air-conditioning equipment as well as traditional fluorescent lamps since 2015 and replaced with new high-performance air conditioning systems and energy efficient LED lighting fixtures.

Green Expenditures

To calculate our investment in the environment, we have classified relevant costs according to the nature of ASEH's environmental expenditure (including "Operating Cost", "Upstream/ Downstream Cost", "Management Overhead" and "Social Activities Cost". For detailed expenditure details, please refer to "Sustainability Data - Environmental Data B. Environmental Expenditures"). In 2020, due to the increase in operating cost investment, USI's total environmental expenditure was approximately CNY 28 million, an increase of 21% from the previous year. In the meantime, we have continued to further improve our environmental management by calculating and analyzing relevant costs on a quarterly basis.

▸ **Expenditures of Environmental Protection**

	2016	2017	2018	2019	2020
Environmental Expenditure (CNY)	15,293,075	14,936,818	20,729,687	23,179,611	28,131,112
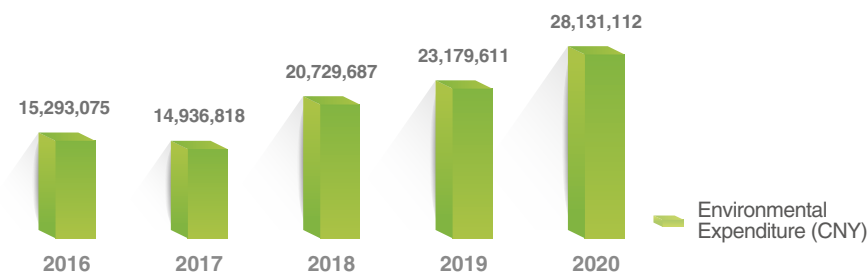
Environmental Profit and Loss

In order to further create useful products and services through the use of natural capital and reduce the direct or indirect impact on the environment during the process, USI introduced Environmental Profit and Loss (EP&L) methodology in 2020 to help the company to make effective decisions by weighing different issues through monetization management. We focus on major environmental issues related to operations, including greenhouse gas emissions, air pollution emissions, waste generation, water resources use, and tree planting carbon sinks. Using EP&L methodology, we map out the impact event chain of environmental pollution emissions and resource consumption. And calculate the environmental cost of human health damage, environmental resource reduction and ecosystem impact caused by these behaviors.

Influence Factor	Output	Impact
Greenhouse Gas Emissions	Total greenhouse gas emissions (Category 1-6)	Affect human health, damage to construction assets, economic losses, agricultural/ forestry losses, desertification, and other ecosystem services
Kitchen Leftovers	Total amount of leftovers composted	
Air Pollution	Volatile organic compounds (VOCs), Nitrogen oxides (NOx), Sulfur oxides (SOx), Particulate matter (PM)	Affect human health, water acidification, agricultural output, forest and wood and man-made materials damage
Waste	Total amount of hazardous and non-hazardous waste incinerated or buried (Excluding waste recycled and reused)	Impact of climate change, affecting human health and living quality
Water Resources	Total water consumption	Cause malnutrition, water resources diseases and water use costs
Recycled Water	Reduce water consumption	Reduce malnutrition, water diseases and water usage costs
	Reduce specific controlled pollutants*	Reduce human health hazards
Tree Planting	Total carbon sink	Increase the amount of carbon sink collection and purify the air

Note: Specific controlled pollutants include grease, cadmium, lead, hexavalent chromium, copper, zinc, nickel, and arsenic.

Occupational Health and Safety

To make sure staff and our workers' physical and mental health during working hours. In addition to complying with local labor laws and safety production regulations, USI has stipulated safety and health policies, objectives, standard procedures, and held educational training and LOHAS activities. All our facilities passed the OHSAS 18001 or ISO 45001 Occupational Safety and Health Management System which was included our staff and other workers* (Coverage Rate = 100%*), so we review our policy and performance yearly to satisfy the requirements of occupational health and safety laws and our policies, and continuing to provide a safe and comfortable workspace.

Note: Other workers are mainly temporary workers in the facilities, and other contractors such as meal contractor, resident personnel, security personnel, cleaning personnel, etc., and there was a total of 4,091 people.

Occupational Health and Safety Management

▸ **Health and Safety Management Goals and Statuses in 2020**

Goals	Performance
Maintaining "Zero" Occupational Disease Incidences	No cases of occupational disease occurred.
Maintaining "Zero" Work-Related Deaths	No cases of work-related deaths occurred.
"Zero" Infections from Infectious Diseases within Facilities	Since 2016, we established a universal notification system and enhanced our emergency response capabilities. No infectious disease-related cases occurred in 2020.

The six major manufacturing facilities of USI comply with local regulations and requirements, let their employees establish the Safety and Health/ Production Committee, and let employee there among to be the Committee's representative. The proportion of labor representatives also complies with local regulations and more than 33%. Although the meeting frequency of each facility's Committee is different, each

Committee holds at least one regular meeting every three months, and the Committee's responsibilities will be in the following diagram. Besides, an internal exchange platform and paths for the sharing of the Company's information system are also established within the facility (including WeChat and irregular exchange sessions) to ensure the availability of smooth communication channels.

In 2020, USI invested CNY 166 million in safety production and chemical safety management. Occupational safety and health costs include employee insurance, physical check-up, labor protection, safety measures improvements, operating environment monitoring, and ISO 45001 certification fee.

Occupational Safety Risk Management

As part of the risk-based thinking required by the ISO 45001 Occupational Safety and Health Management System, USI establishes a process to manage procurement, contracts, and changes. We implement necessary safety assessments, trainings, and data updating to reduce potential safety and health risks from operating conditions or the work environment.

To effectively identify and assess safety and health hazards and risks and opportunities derived from the operations and work environment, we request responsible units to identify hazards based on occurrence probability, exposure frequency, and consequence severity regularly each year. Where the identification and assessment procedures must be applied again due to any change to the production or activity; opinions or requests made by the stakeholders/ adjustments or amendments to legal regulations, the results must be evaluated together with potential risks and opportunities, regulatory rules and the Company's policy. The Company identifies and controls priority risks and opportunities and request relevant parties to amend plans based on the level of involved dangers and opportunities. The purpose is to minimize negative impacts that come from productions, activities, or services within the facility; and to enhance the Company's occupational safety and health performance and to create a sound management system. In the meantime, to ensure the quality of identification and assessment procedures, not only should designated safety and health units conduct relevant educational training on a regular and irregular basis (the annual performance, please refer to "Emergency Response Center"), but also the representatives of promoting health and safety measures shall take internal auditor training within the OHSAS 18001 or ISO 45001 management system and acquire qualifications.

To enable our workers to work with peace of mind, each factory is equipped with an exclusive unit for inspection, maintenance, and inspection. Company is responsible for the regular implementation of environmental testing, such as building security inspection, drinking water inspection, effluents inspection, Legionnaires' disease, emergency lighting, lightning protection detection, smoke detection equipment, and fire equipment testing on the operational environment, and monitors operational environments with high risks including noises, the concentration of carbon dioxide, organic solvents, specific chemical substances, lead in the workplace and free radiation to ensure that

the threshold values of concentration of harmful substances and noises are below standards. If there are any abnormalities, it will be immediately corrected and maintained; if it is close to the abnormal state, we will provide employees with appropriate preventive training, and with a healthy and safe working environment.

▸ **Hazard Identification and Risk and Opportunities Procedure**

Plan
- Draw hazard identification flowchart

Do
- Analyze the job and operation items
- Identify hazards, risks, and opportunities

Check
- Summarize and define priorities to lower risks and opportunities

Action
- Establish safety and health goals and programs
- Confirm improvement
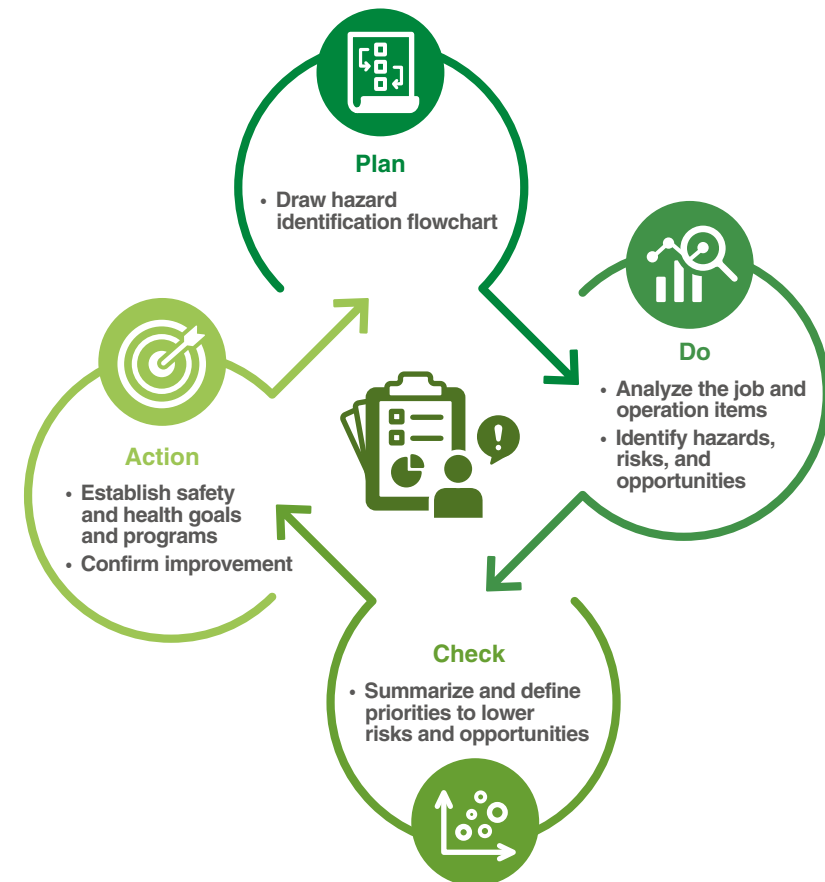
▸ **The Negative Impacts Management for Hazard Identification and Risks and Opportunities in 2020**

Risk and Opportunity Level	Correct Action	Identification Result	Hazard or Impact Above Medium Level	Impact Management
1. Serious	1. Control measures must reduce the risk to an acceptable range. 2. Review the integrity of existing protection and control measures and formulate management plans for improvement. If there is no improvement, it is necessary to formulate operation control procedures or emergency response plans.	There are no Serious or High-Level risks and opportunities in the work activities or working environment of USI facilities.		
2. High				
3. Medium-High	It must be reviewed whether there are still opportunities to improve the performance of occupational safety and health, such as: 1. Measures to further reduce personnel exposure frequency or incident rate. 2. Adjust the work, work plan, and working environment suitable for workers. 3. Reduce the monotonous work or working frequency. 4. Strengthen existing control measures.	Part of the factory operations and high-risk operations employees have Medium High or Medium Level risks and opportunities; others are Low or Slight Level risks and opportunities.	Elevated operations: drop, fall	Must wear safety belts and helmets and use compliant auxiliary equipment; set up the operation control area and have workers from the same industry to assist in the operation.
			Confined space operations: hypoxia	Wear self-contained breathing apparatus and strengthen training.
4. Medium			COVID-19 : infectious diseases within facilities	Carry out relevant requirements and measures for personnel access control, self-main temperature monitoring, notification system, environmental protection, etc.
5. Low			Hot work operation: fire	Must control fire sources and combustibles, wear personal protective equipment, carry spare fire extinguishers, and strengthen training.
6. Slight			Work environment (such as using organic solvents, X-Ray inspections): inhalation hazard, skin contact hazard or body pathology	In addition to regular monitoring of high-risk operating environments (including lighting), special health inspections should be carried out. The inspection items include noise, carbon dioxide concentration, organic solvents, specialized substances, dust, lead workplaces, and free radiation; they require personal protective gear during operation.

In case of discovering occupational hazards or other emergency conditions, employees may, according to the emergency response flowchart posted in each facility, report it to the senior management team and handle it accordingly. Where it is confirmed that the current condition can result in occupational injury or disease, the employee may notify the EHS Department for confirmation and leave the position. The purpose thereof is to protect the said employee from being harmed or punished. Whenever an accident occurs, the accident unit shall analyze "man, machine, material, method and environment" to adopt relevant corrective prevention measures. With complete investigation procedures P-D-C-A, not only will accident investigation become even more efficient, but also the facts and conditions will be clarified; reasons for identification; and action plans will all be taken place to minimize the occurrence of accidents.

Chemical Safety Management

We developed our Chemical Management Procedure in line with the UN Strategic Approach to International Chemicals Management (SAICM), so chemicals are controlled and used in ways that minimize adverse impacts on the environment and human health. The key to our Procedure is a comprehensive review of substances and all applicable chemical regulations and use restrictions. We grade chemicals according to environmental and safety risks and collate a list of banned substances. As part of source control, chemicals must be reviewed and led before they can be procured and subsequently introduced into our manufacturing process. All personnel involved with handling chemicals must undergo before work training and regular training to ensure that chemicals are handled safely from the moment they enter our operations until they are appropriately disposed of or recycled. We keep all relative records to optimize our Procedure and prevent occupational hazards.

▶ **Chemical Safety Management Process**
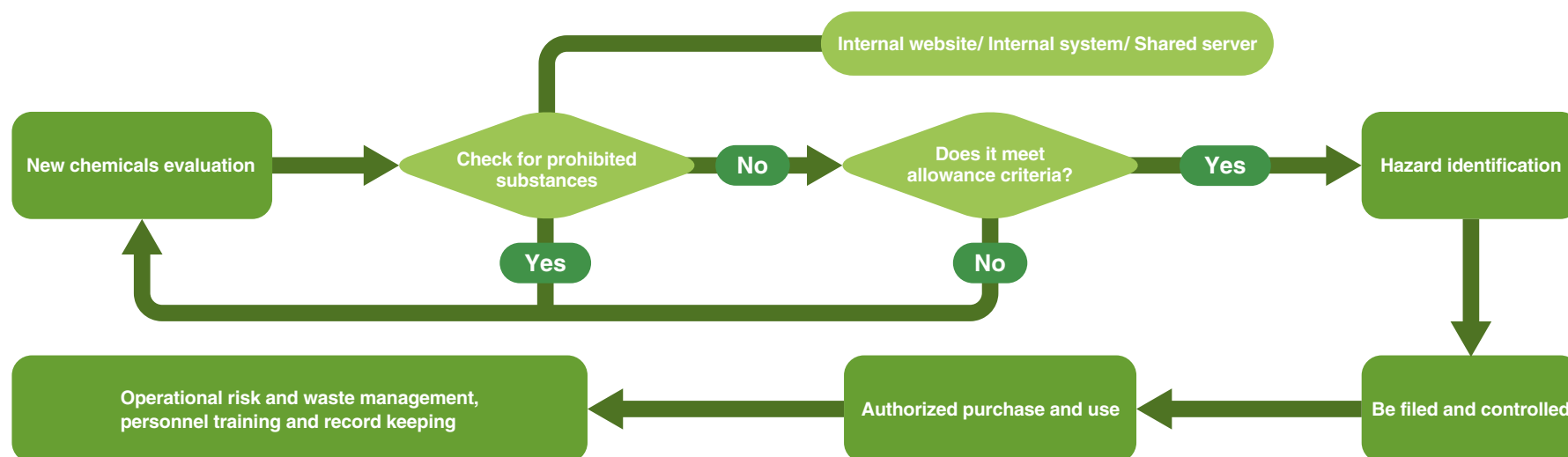
Occupational Incident Management

In 2020, there were 11 physical workplace incidents (including production equipment crushing, pinching, slipping, spraining, etc.) and one chemical workplace incident (ethanol spattering). The statistics of workplace incidents revealed that improper operation of production equipment was the main cause. In addition to strengthening the awareness of relevant personnel, relevant protective equipment has been installed in the equipment. Several "walking injury" incidents were also found. In addition to the improvement of lighting and floor slip prevention, the Company posted warnings and strengthened advocacy and training, incorporated its requirements into the employee work rules, and continued to work towards the goal of zero accidents. Our contractors had one injury case (please refer to the Contractor Management section). To prevent work injury accidents from happening at home and abroad, USI holds work injuries orientations and conducts educational training for employees and contractors from time to time, and regularly follow-up relevant data to improve.

▸ **Occupational Injury Statistics in 2020**

Facility	Total of Hours Worked	Rate of Recordable Work-related Injuries		Rate of High-consequence Work-related Injuries		Rate of Fatalities as A Result of Work-related Injury		Occupational Diseases Rate (ODR)		Lost Day Rate (LDR)	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Zhangjiang	6,556,220.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Jinqiao	5,803,338.00	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.21
Shenzhen	8,588,348.00	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.72	0.00
Kunshan	6,811,329.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Taiwan	8,377,945.00	0.05	0.07	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.81
Mexico	5,928,496.00	0.07	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.47	1.21
All Facilities	42,065,676.30	0.06		0.00		0.00		0.00		0.59	

Note:

1. Statistics of data do not cover the injury information of contractors. Statistics of occupational disease are in accordance with the definition of occupational diseases from relevant local laws and regulations for each facility.

2. The statistical formulas for the various data are as follows:

 - Rate of recordable work-related injuries = (Number of recordable work-related injuries ÷ Total of hours worked) × 200,000.

 - Rate of high-consequence work-related injuries = (Number of high-consequence work-related injuries ÷ Total of hours worked) × 200,000; (Excluding fatalities)

 - Rate of fatalities as a result of work-related injury = (Number of fatalities as a result of work-related injuries ÷ Total of hours worked) × 200,000.

 - Occupational Diseases Rate (ODR) = (Total numbers of occupational diseases ÷ Total of hours worked) × 200,000.

 - Lost Day Rate (LDR) = (Number of days lost due to injury ÷ Total of hours worked) × 200,000.

 - Number of days lost due to injury are based on the information collection period until 12/31/2020.

Emergency Response Center

USI has established an emergency response center for environment and safety and made a general education proposal on hazards and emergency response procedures. Also, it conducts emergency response training for disasters caused by earthquakes, fires, hazardous substances, and infectious diseases. Moreover, it holds environmental, safety and health programs such as emergency response to organic solvents, the labeling of hazardous and harmful substances, the usage of labor protective equipment and general education training for employees to participate in drills and take examinations to enhance their safety awareness and emergency response abilities, reduce the occurrence of accidents caused by unsafe behavior and prevent possible work accidents. 207 advocacy and training courses held in 2020, with 56,285 employees trained 48,411 hours, including 6 trainings for first responders, 6 earthquake disaster prevention drills, 34 fire drills, and 12 chemical disaster drills. For relevant units using hazardous substances, we additionally implemented regular inspections and random audits.

Physical and Mental Health Care

To provide employees with comprehensive health care, USI has built a healthy workplace system better than what is required by law. It has established complete software and hardware facilities and assigned specialized personnel to provide professional services. Additionally, it holds health training, workshops, and group activities. Moreover, USI conveys information of the Company to its employees through journals (Newsletter), WeChat group, health email and bulletin board regularly to enhance their health knowledge and skills to maintain their physical and mental health and to build an excellent healthy workplace.

Software and Hardware Measures

Regarding the software facilities, USI wishes to provide employees a quality healthcare service. It has not only hired several nurses, specialized family medicine doctors, occupational medicine doctors, and psychologists but also invited physiotherapists and nutritionists to provide services in the facility on an irregular basis. Provide psychological, work stress, career, and other consulting services for employees. In 2020, there were 9,692 participants in physician health consultations, and the total of hours is 9,140 hours.

As for hardware, USI has a medical room equipped with changing dressing facilities, manometers and weighing scales, provide basic health services for employees and workers working in USI manufacturing facilities; and set the restroom, lounge, counseling room and breastfeeding room for taking rest, consult a doctor and breastfeed. Among them, the Taiwan Facility have received the "Nantou County Excellent Breast Feeding (Collection) Room" certification for seven consecutive years, continuing to provide an even more comfortable breastfeeding space for mothers.

Physical Therapist Intervention

No. 1 in A Smoke-free Healthy Living Environment

Nantou County Excellent Breastfeeding Room Certification

Physical and Mental Health

To effectively achieve health management, USI conducts physical check-ups each year. USI tracks employees with significant abnormalities and conducts the prevention and control of contagious diseases. Also, specific physical check-ups are provided for high-risk employees in the work environment to achieve the effect of early diagnosis and early treatment. In mental health, USI not only hold birthday parties and single parties regularly for employees (please refer to the Employee Benefits section for details), but also has Employee Assistance Programs (EAP). It works with the human resources department to make sure employees' pressure from their families, work, and life can be balanced and addressed.

Employee Assistance Program provides welfare and supportive service for the Company's employees. Different from others, it helps enhance employees' mental abilities to improve their performances. In addition to managing human resources more effectively, it can deal with crises efficiently, improve production efficiency, and create a harmonious work environment as well. The Company has specially arranged an overall work adaptability assessment for employees with physical or mental difficulties this year to ensure that all employees have received professional assistance.

The COVID-19 epidemic broke out at the end of 2019, and in less than three months, it quickly evolved into a global pandemic. USI immediately established an emergency response war room, co-chaired by the Chief Human Resource Officer and the Chief Quality Assurance and Corporate Social Responsibility Officer. Through daily teleconferences, we initiated and implemented a series of preventive actions. In the War Room, we have formulated relevant control measures and formulated pandemic prevention plan which has been announced for implementation. To create a healthy and safe working environment and reduce the risk of employee exposure to viruses, we have established the following as the main measures for pandemic prevention:

1. Develop Epidemic Prevention Strategies: Corporate should modify the strategies to reduce employee health risks and business impact in response to changes in the epidemic.

2. Set up and Implement Basic Infection Prevention Measures:
   ‣ Remind personnel entering and leaving the factory to wash their hands frequently. set up the alcohol hand sanitizer with an alcohol concentration between 60% to 75% when handwashing is not convenient or available.
   ‣ Remind everyone of coughing and sneezing etiquette.
   ‣ Avoid face-to-face conversations at close range and reduce personnel exposure by adjusting flexible working hours and using online meetings or video handoffs.
   ‣ Use the correct disinfectants for regular environmental disinfection, especially canteens, conference rooms, training rooms, elevators, door handles and buttons.

3. Develop Notification and Handling Procedures for Employees with Abnormal Health: When there are confirmed, suspected, contact-traced, or high-risk cases detected, appropriate prevention control procedures will be activated.

4. Formulate and Implement Flexible and Protective Staff Epidemic Precautions:
   ‣ Provide family care leave to employees who have family members that need care.
   ‣ Let employees who take leave for epidemic prevention have no worries about the subsequent payroll issues caused by taking leave.
   ‣ Make sure that employees understand the related complementary measures for leave and provide them with a safe and secure working environment.

5. Implement Workplace Control:
   ‣ Provide good ventilation and filtering equipment to increase the ventilation rate of the indoor working environment, or set up transparent protective equipment, such as a canteen partition.
   ‣ Ask personnel entering and leaving the factory to follow safe work practices and prepare personal protective equipment.

Through multiple channels and mechanisms, the Company has strengthened risk prevention and enhanced employees' awareness of pandemic prevention, and the relevant measures have been revised in a rolling manner, in line with the global pandemic status and governmental pandemic prevention. As the world enters the post-pandemic period, we will continue to pay close attention to the development of the pandemic and fully cooperate with the local government's pandemic prevention measures to provide a healthy and safe environment for our employees.

Health Promotion

To enhance occupational safety and health management; fortify health hazard identification; assist employees in preventing chronic and occupational diseases; encourage and remind employees to do regular sports, eat and drink healthily, and have good living habits, USI provides not only professional physician consultations, but also holds various health education seminars, training, and activities such as pregnancy healthcare, cancer screening services, first-aid training, vaccination services, blood donation activities, weight-loss competitions, and smoking cessation contests. In 2020, due to the pandemic, many courses could not be held, but will be conducted by email, communication software, etc. A total of 53 events were held during the year, with a total of 13,701 participants. Through long-term advocacy, we have observed the improvement in employees' health. For example, in our Taiwan Facility, the number of people who quit smoking increased from 0% to 17%, and the number of cigarettes smoked per day gradually decreased. A total of 599 people participated in the weight loss competition, with a total weight loss of 1,128 kg. In the ergonomic hazard and health promotion project, the proportion of suspected hazardous cases in the Nordic Musculoskeletal Questionnaire (NMQ) survey also dropped from 12.8% in 2018 to 6.3%, and the overall employee satisfaction reached 90.55%, and the Company was awarded with the excellent workplace award in the Nantou County Workplace Cancer Screening Project.

Safety and Health Lecture

Blood Donation Activity

Physical Fitness & Health Promotion

Outstanding Award for Workplace
Cancer Screening Incentive Program

Inclusive Workplace
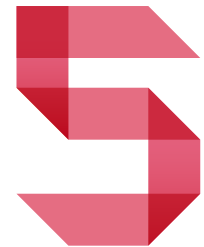
Human Capital is essential for the constant growth of USI, requiring considerate care and tending. Thus, we build an inclusive workplace and a better society for employees and the surrounding community. We Enforce Human Rights, Enable Talent Development, Provide Comprehensive Benefits, and Cultivate Harmonious Labor Relations to create a happy workplace.

2020 Key Performance

96.6 % Employees Locally Hired

833 People Passed Internal Instructor Training

31.0 Hours Average Training Hours Per-employee

8 % Decrease Turnover Rate

216 Employee Symposiums

43 Employees Supported to Get Degrees

✓ Achieved   ◷ Not Achieved

SDGs	Business Action	2020 Key Issue	KPI	2020 Target	2020 Performance	Status	2021 Target	2025 Target
4 QUALITY EDUCATION	Ensure that all employees have access to appropriate training and lifelong learning opportunities	Talent Attraction and Retention	• Employee engagement	• Employee engagement survey conducted in 2021	• Employee engagement survey conducted in 2021	✓	• Employee engagement at 73% or over	• Employee engagement at 80% or over
			• Turnover rate	• DL turnover rate is less than 60% • IDL turnover rate is less than 10%	• DL turnover rate is 45% • IDL turnover rate is 12%	◷	• DL turnover rate is less than 55% • IDL turnover rate is less than 10%	• DL turnover rate is less than 50% • IDL turnover rate is less than 10%
		Human Capital Development	• Develop IDL professional certification process	• To build up the IDL professional certification platform	• The IDL professional certification platform is being improved	◷	• To complete the professional certification rate increase over 2%	• To complete the professional certification rate be increased over 2% every year
			• Internal instructor training	• Internal instructor adds up over 810 people	• Internal instructors are total of 833 people	✓	• Internal instructor adds up over 880 people	• Internal instructor adds up over 1,000 people
8 DECENT WORK AND ECONOMIC GROWTH	Provide reasonable working conditions for all employees, so that everyone get appropriate work	Human Rights	• Human rights risk identification	• To establish human rights policy	• Completed the formulation of human rights policy	✓	• To establish human rights risk identification and mitigation procedure	• To develop human rights risk identification to all facilities
			• Working hours monitoring system	• To set up the working hours monitor system for 30% facilities	• Completed setting up the working hours monitor system in 33% facilities	✓	• To set up the working hours monitoring system in 70% of the facilities	• To set up the working hours monitoring system in all facilities

Talent Attraction and Retention

USI recruits suitable professionals based on goals and functions and establishes institutionalized employment methods and standardized operating procedures in each of our global facilities. The Human Resources Recruitment Department conducts open recruitment according to the manpower needs approved by each department. We adopt multiple recruitment channels, including campus recruitment, employee referral programs, industry-academia cooperation internship programs, corporate sharing sessions, multi-media online recruitment, etc. We follow the principles of fairness and impartiality and treat applicants of different ages, genders, races, religions, nationalities, or political party affiliation equally without any prejudice or discrimination. In 2020, we recruited about 19,000 people using objective testing tools that match the occupational characteristics, so that we can accumulate the energy needed for continuous growth and innovative research and development, allowing diverse and talented people from around the world to bring their strengths into play and meet the needs of different customers and diverse markets.

Global Workforce Structure

At the end of 2020, the total number of employees of the six manufacturing facilities of USI in the scope of this report is 18,615, including 15,659 formal employees and 2,956 informal employees; by the employee category included 1,082 management personnel, 1,851 administrative personnel, 3,566 technical personnel and 12,116 skilled personnel; by the nationality included 17,989 domestic and 626 foreign; by the area distribution included 12,298 in China, 3,796 in Taiwan, 2,521 in Mexico.

▸ **Global Employees**

	2018	2019	2020
Total Employees	18,567	18,515	18,615

▸ **Employee by Gender**

	2018	2019	2020
Female	8,351 (45%)	8,503 (46%)	8,431 (45%)
Male	10,216 (55%)	10,012 (54%)	10,184 (55%)
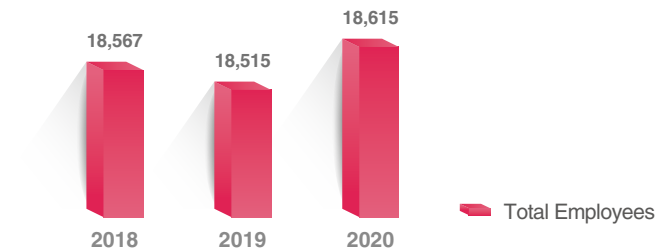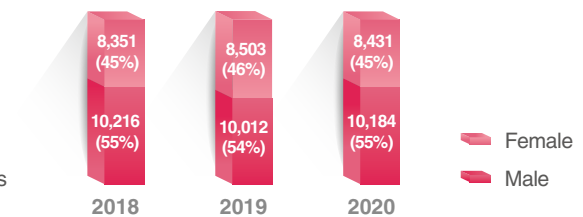
▸ **Geographic Distribution**

	2018	2019	2020
Mexico	2,140 (12%)	2,425 (13%)	2,521 (14%)
Taiwan	2,830 (15%)	3,754 (20%)	3,796 (20%)
China	13,597 (73%)	12,336 (67%)	12,298 (66%)
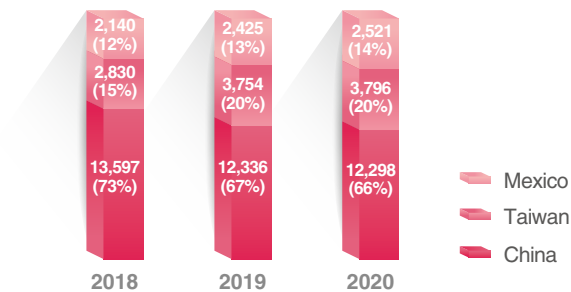
▸ **Full-time/ Non-regular Employee**

	2018	2019	2020
Non-regular	1,415 (8%)	2,862 (15%)	2,956 (16%)
Permanent	17,152 (92%)	15,653 (85%)	15,659 (84%)
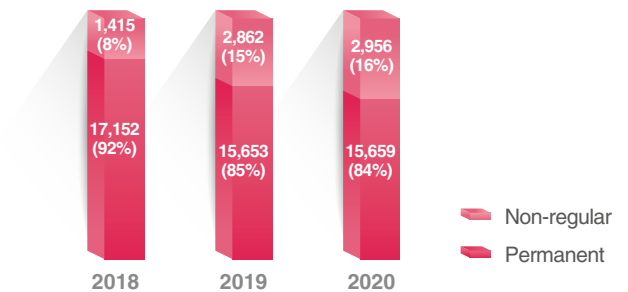
▸ **Employee Age Distribution**

680 (3%)

8,895 (48%)

9,040 (49%)

● Age < 30   ● Age 30~50   ● Age > 50

▸ **Employee by Job Category**

1,082 (6%)

12,116 (65%)

3,566 (19%)

1,851 (10%)

● Management   ● Technical   ● Administrative   ● Skilled

The Company formulates internal management measures such as Employee Handbook, Employee Code of Conduct, Policy of Workplace Humane Treatment Establishment, Recruiting Principles and Recruiting Management Policy of the Disabled, clearly specifying the protection of employees' rights and ensuring employees to receive proper care; for pregnant employees, in addition to regular follow-up and health consultation, pregnant employees are also given full care.

We are committed to creating a gender-friendly workplace with a diverse and inclusive workplace that allows female to fully utilize their talents in the workplace. Thus, in terms of employment of female employees, the proportion of female employees to the total number of employees in our global manufacturing facilities was 45% at the end of 2020, reaching 45% or higher for three consecutive years.

The proportion of female in management was 23.6%, reaching 23% or higher for three consecutive years. In the table on the right, we can see that the share of female in top management has also been increasing year by year.

▸ **Diversity Indicator**

	2018	**2019**	**2020**
Female share of total workforce (%)	45.0%	45.9%	45.3%
Female in management positions (% of total management workforce)	23.6%	23.4%	23.6%
Female in top management positions (% of total top management positions)	11.2%	12.8%	12.9%

USI has been proactive in solving the employment issue of local people and people with physical or mental disabilities. In 2020, the proportion of hiring local citizens as executive managers were 80.3%. The rest of the managers are Taiwanese supervisors due to operational demand. Also, worldwide facilities have employed 122 people with disabilities, and 54% increase in employment rate compared with the previous year. The distribution data in each facility shows figures on the right:

▸ **Distribution of Executive Managers**

	China	Taiwan	Mexico
2018 (Foreign/Domestic)	29% · 29/12	100% · 81	33% · 2/1
2019	37% · 29/17	100% · 85	100% · 2
2020	41% · 26/18	100% · 84	100% · 4

Legend: Domestic Rate, Foreign, Domestic

	China	Taiwan	Mexico
2018 (Female/Male)	4/37	10/71	3
2019	5/41	12/73	2
2020	5/39	12/72	4

Legend: Female, Male
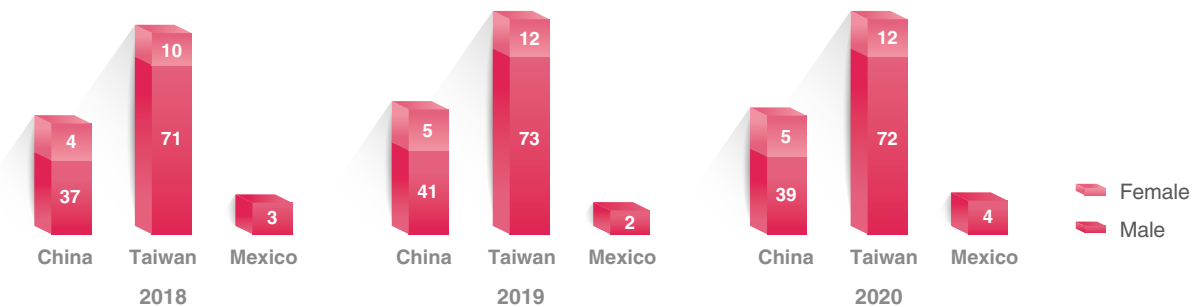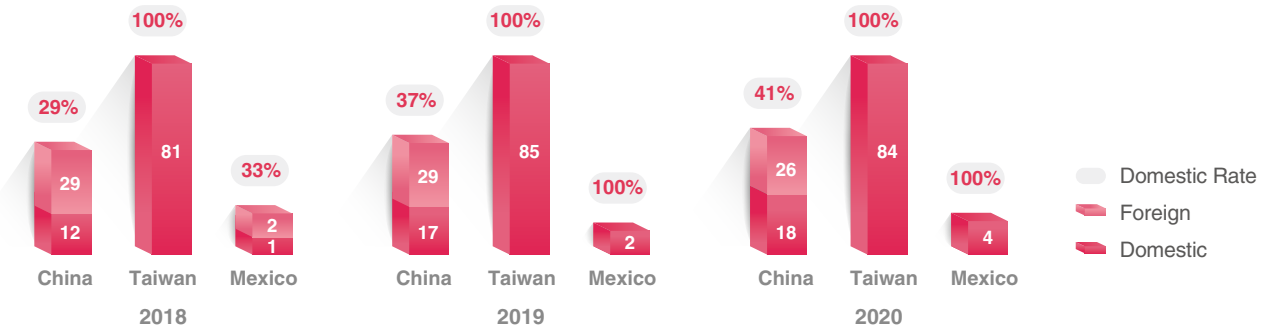
Note:
1. Executive managers are directors and above.
2. The proportion of executive manager = No. of domestic executive managers in the Facility ÷ No. of all executive managers in the Facility.

▸ **Employees with Disabilities**

	2018	2019	2020
Total	77	79	122
Female	49	62	80
Male	28	17	42

Legend: Total, Female, Male
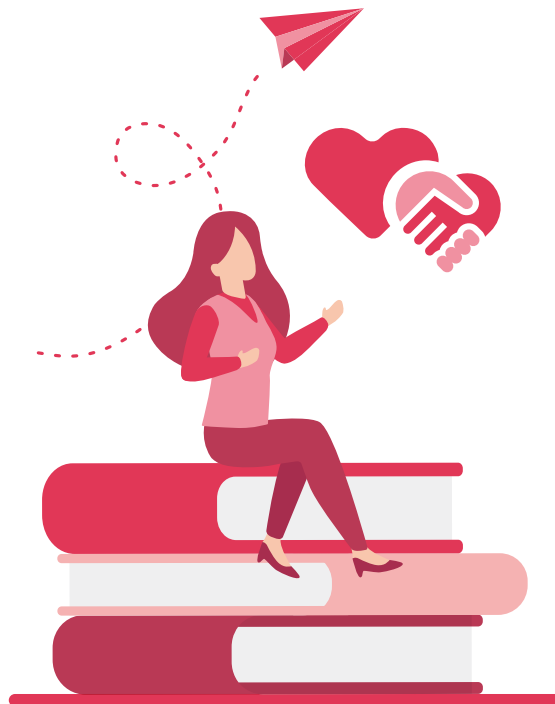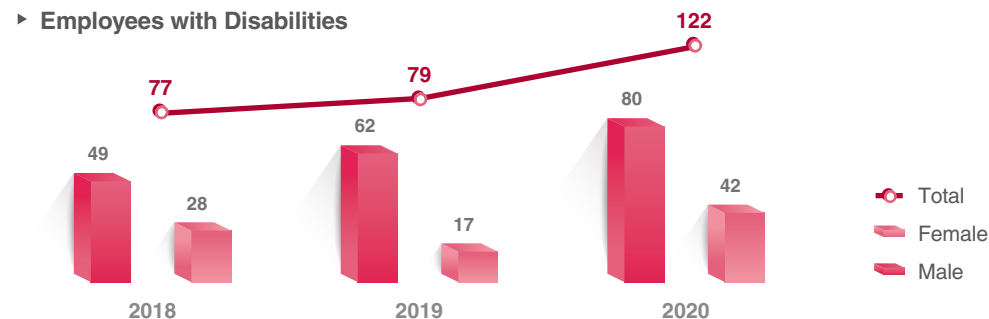
Employee Hiring and Turnover

USI has proactively established and promoted the 3-6-9 trio scheme to provide new employees with a series of training, a comprehensive welfare system, and a comfortable and convenient workplace. Besides, USI also established communication channels to care for employees' work and life; and hold an annual celebration party to enhance employees' recognition of and loyalty to the Company. In 2020, the overall new hire rate was 101%, of which 5,902 new hires were employed for more than 90 days, and the overall retention rate for new hires was about 31%; as for the turnover rate, the turnover rate of indirect employees (IDL)* was 12%, the turnover rate of direct employees (DL)* was 45%, and the overall turnover rate was 34%. The overall turnover rate has dropped by more than 6% for two consecutive years.

In order to ensure that new employees are competent to perform their duties, their personal traits fit the Company's culture, and the employees review whether the Company is a good fit for them during this trial period, starting from 2020, we have adjusted the calculation formula, and recalculated the turnover rate in 2018-2019. As a result of the recalibration of the calculation formula, the information on the new hire rate is also adjusted. The detail data please refer to "Sustainability Data - Social Data B. New Hires and Employee Turnover".

Note: The indirect employee includes management position, technical position, and administrative position; the direct employee is classified as skilled position.

▸ **Number and Percentage of All New Employees**

109%
89%
101%
19,138
16,420
18,792
2018
2019
2020

- ○- Newly Employed Rate
- ■ Incoming Employees
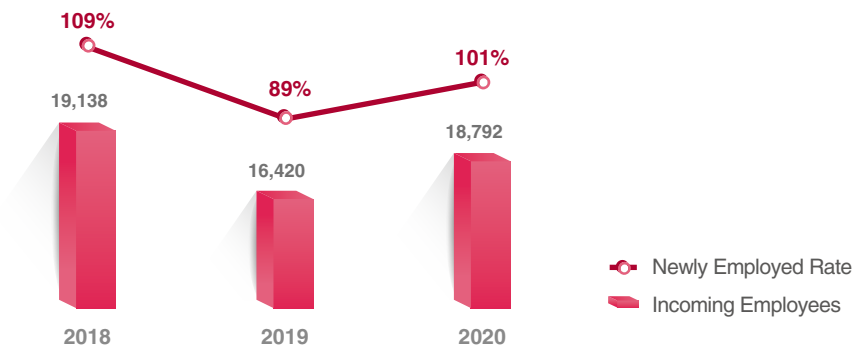
▸ **Number and Percentage of All Resigned Employees**

48%
42%
34%
8,426
7,838
6,301
2018
2019
2020

- ○- Employee Turnover Rate
- ■ Turnover Numbers
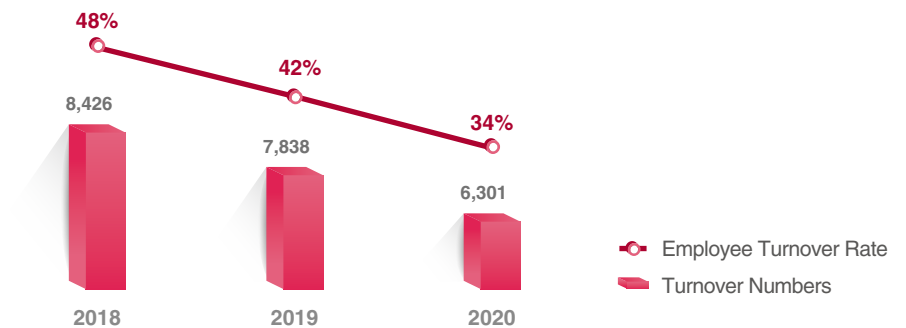
Due to the phased production needs, the number of direct employee changes in the relevant indicators of the newly employed rate and the turnover rate caused a big difference. Therefore, we also calculate the newly employed rate and turnover rate information of indirect employee in the last three years to show the company's more actual employee turnover situation, as shown in the figure below.

▸ **Number and Percentage of New IDL Employees**

Newly Employed Rate
Incoming Employees
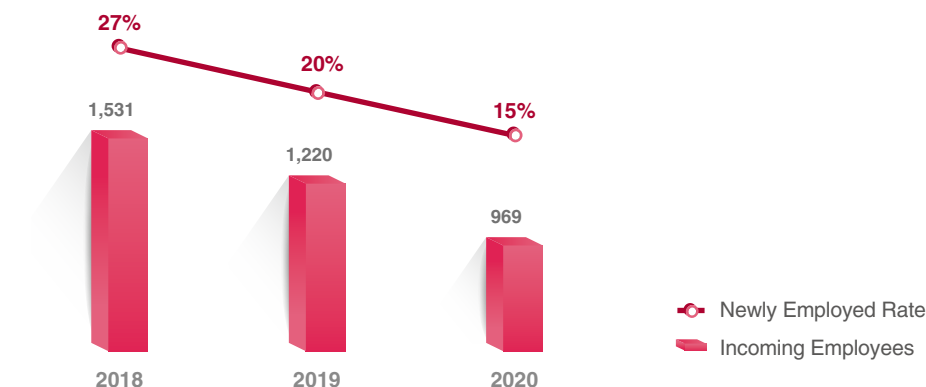
▸ **Number and Percentage of Resigned IDL Employees**

Employee Turnover Rate
Turnover Numbers
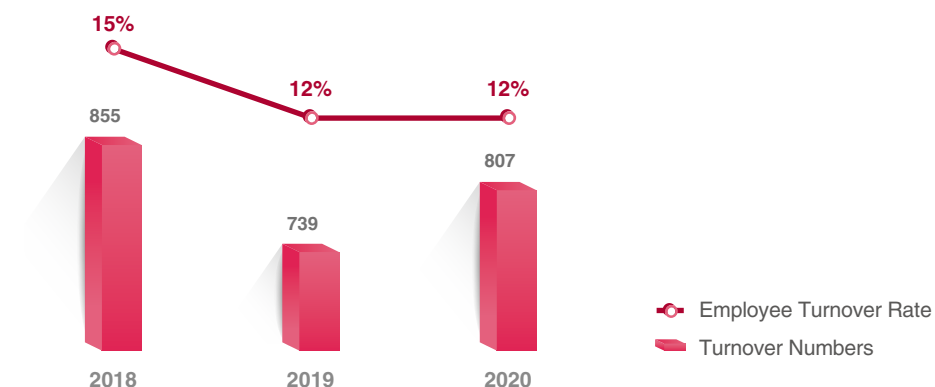
Comprehensive Compensation System

USI is willing to give employees reasonable rewards for their contribution to the Company. We designed a competitive salary system according to market salary standards, external competitiveness of talents, and the supply and demand status of the labor market. Also, the Company adjusts employees' salaries to reflect business performance, annual performance assessment results, and performance at work. To ensure our salary offers are reasonable and competitive, USI participates in well-known public salary surveys held by local business consultants and regional salary associations and promptly adjusts our offer to reflect market prices.

USI sets up salary systems according to the following concepts:

▸ Recognize employees' contributions to the Company, formulate the differences between each position, and maintain the balance of paying salaries.

▸ Respond to employees' performances appropriately for encouraging employees and recruiting required human talents.

▸ Provide employees fair and reasonable treatment and adjust the salary as responsibilities are increased.

▸ Adjust flexibly with the human recourse market and the changes of organization.

USI not only complies with the requirements of local labor laws, but also formulate fair starting salaries and rewards no matter employees' gender, religion, politics, and marital status. With a fair, reasonable, and incentive salary evaluation system, the Company provides employees with consistent remuneration and benefits. In addition, there is a monthly bonus, a stock subscription plan and an annual bonus. For the annual bonus, in accordance with the Company's articles of association and related regulations, 10% of the Company's profits are allocated to reward employees with excellent performance, thereby improving employee retention. The ratio of the standard starting salary of entry-level personnel (direct employees) to the local minimum wage is about 1.00~1.10 after calculation. The proportion of basic salary* and compensation* of female and male in each facility are shown as follows:

Ratio of direct labor starting salaries to local minimum wages		China*	Taiwan	Mexico
		1.00~1.10	1.08	1.03
Management Position	Ratio of basic salary of female and male	0.94~0.99	0.82	0.59
	Ratio of compensation of female and male	0.89~1.06	0.78	0.54
Technical Position	Ratio of basic salary of female and male	0.60~1.10	0.85	0.86
	Ratio of compensation of female and male	0.59~1.12	0.81	0.84
Administrative Position	Ratio of basic salary of female and male	0.79~1.14	0.78	0.84
	Ratio of compensation of female and male	0.79~1.15	0.74	0.88
Skilled Position	Ratio of basic salary of female and male	0.97~1.05	0.93	1.01
	Ratio of compensation of female and male	0.96~1.06	0.90	1.02

Note:

1. The ratio of starting salaries of direct labor and local minimum wages = Starting salaries of direct labor ÷ Local minimum wages.

2. The ratio of female and male salaries = Salaries of female employees ÷ Salaries of male employees.

3. Salary refers to job remuneration paid to employees, including the basic pay, allowance, and bonus (ex. meal allowance, shift allowance, supper allowance, overseas posting allowance, station allowance, monthly work bonus, and full attendance allowance).

4. Remuneration is the total of basic pay, allowance, and bonus. Bonus refers to compensation that is not paid monthly (ex. bonus for three major festivals, employees' bonuses, work performance bonuses, and exceptional performance).

5. Due to regional differences in China Facilities, there was a large gap in the ratio.

Pay Raise Mechanism

USI conducts salary surveys every year, we evaluate the macroeconomic indicators and salary standards of various operating locations around the world and make appropriate salary adjustments to maintain the Company's overall salary competitiveness. In 2020, the Company adjusted employees' base salary in each facility that increases salaries by 4% to 11% in China, 2% to 4% in Taiwan and 8% to 15% in Mexico to maintain its competitiveness in the talent market.

Employee Privacy

In conformity with our principles of respecting and protecting employees' personal information, the Company has established information confidentiality management and data management systems for recruitment, performance appraisal, and salary information. It has designated personnel to maintain information confidentiality. This system enables the Company not to leak confidential information and to maximize our employees' privacy. For example, someone who needs to review employees' personal information needs to apply and receive permission from the supervisor beforehand. Those who violate regulations, steal, divulge, or alter employees' personal information and privacy will be handled according to the Company's rules and would be liable for legal responsibilities. Based on salary confidentiality policy, all employees are requested not to talk, ask, or comment about their salaries with others. In case of violating this rule, they shall be handled with relevant penalty rules.

Employee Performance Appraisal and Development

Through a fair and sound performance management system, USI links the Company's overall strategic objectives with employees' individual work objectives and performance measurement standards. Each permanent employee must set personal performance goals after discussing with and receiving approval from the supervisor at the beginning of the year. At the end of the year, employees' performance evaluation and ranking will be carried out based on the achievement of various performance goals. The evaluation items include work goals and functional performance, whereas functional performance includes professional skills, learning and application ability, soft skills, and work attitude. The Company provides rewards, training, and various career development opportunities based on employees' performance. For those with outstanding performance and development potential, the Company proactively promotes and trains them through an open and transparent promotion mechanism and provides them with higher responsibilities and relatively more advantageous salary remuneration. We hoped to help employees reach their personal and organizational performance targets, stepping forward to the integral goals set up by USI.
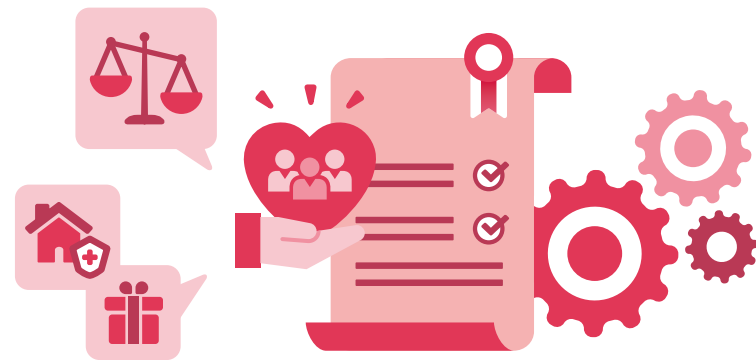
▸ **Distribution of Employees Receiving Regular Performance and Function Development Review in 2020**

Gender	Category	Regular Performance Review			Function Development Review		
		Number of Employees	No. of Employees Accepted Regular Examinations	Percentage of Employees Accepted Regular Examinations	Number of Employees	No. of Employees Accepted Regular Examinations	Percentage of Employees Accepted Regular Examinations
Male	Management Position	811	811	100%	811	781	96.30%
	Technical Position	2,812	2,812	100%	2,812	2,812	100.00%
	Administrative Position	577	577	100%	577	576	99.83%
	Skilled Position	3,866	3,866	100%	3,866	3,866	100.00%
Subtotal		**8,066**	**8,066**	**100%**	**8,066**	**8,035**	**99.62%**
Female	Management Position	254	254	100%	254	254	100.00%
	Technical Position	635	635	100%	635	635	100.00%
	Administrative Position	1,193	1,193	100%	1,193	1,193	100.00%
	Skilled Position	5,170	5,170	100%	5,170	5,170	100.00%
Subtotal		**7,252**	**7,252**	**100%**	**7,252**	**7,252**	**100.00%**
Total		**15,318**	**15,318**	**100%**	**15,318**	**15,287**	**99.80%**

Note:

1. Performance Appraisal Personnel Qualification: The regular staff who have assumed post for three months or more during the appraisal period. However, those who haven't passed the probationary assessment, or those on leave without pay for over three months are not listed in the name list of performance appraisal personnel.

2. Executives of vice general managerial rank or higher are not included in the functional development assessment and review.

Employee Benefits

The Company provides a welfare system that is better than what is required by law, including bonuses, vacation leaves, insurance, accommodation, pension, emergency assistance, monetary gifts for wedding and childbirth, funeral subsidies, special store discounts, etc. The Company provides a comprehensive welfare system for both permanent and non-permanent employees who have signed labor contracts with the Company, and the benefits are as follows:

Transportation
USI provides transportation between facilities, parking lots, and pregnancy priority parking (Taiwan Facility).

Dining
All facilities have an employee cafeteria, meal subsidy, and Dining mom sticker*.

Insurance
Five social insurances and one housing funds in China Facilities; Labor insurance, health insurance, employee comfort and compensation, employee/ dependents group insurance, employee pension and business trip insurance in Taiwan Facility; Social insurance, life insurance, and employee pension insurance in Mexico Facility.

Holiday and Vacation
Besides national holidays and weekends, there are accompanying maternity leave for male employees (China and Taiwan Facilities), female employees to take prenatal visit leave (China and Taiwan Facilities), maternity leave for female employees, parental leaves (Taiwan Facility), nursing leave (China Facilities), menstrual leave, paid sick leave, paid annual leave* and paid-time-off (China and Taiwan Facilities), Indigenous holiday leave (Taiwan Facility).

LOHAS
Domestic and foreign employee trips, family day, parent-child activities, end-of-the-year banquet and drawing lots, birthday celebrations, athletic games, singing competitions, and choir.
Table tennis club, badminton club, swimming club, fishing club, cycle club, yoga club, Chinese chess club, English club, and choir.
USI also is equipped with recreation rooms such as computer classrooms, libraries, fitness rooms, and basketball and badminton courts. Also, various recreational facilities such as table tennis and pool are available.

Bonus
Annual bonus, full attendance bonus, overtime wage, performance bonus, three festival gift certificate, birthday gift certificate, R&D incentive bonus, patent incentive reward, employee seniority bonus (China and Taiwan Facilities).

Health
Each facility is equipped with a medical room and a breastfeeding room. Additionally, full-time nursing personnel and professional doctors provide services such as free medical consultation and emergency treatment. Moreover, our employees can enjoy one free physical check-up each year and attend various hygiene training sessions and seminars held irregularly.

Accommodation
Dormitories are equipped with household appliances, air-conditioning, hot water, wi-fi, and furniture. USI pays for all full-time employees' housing accumulation funds and provides housing subsidies.

Other
Other employees' benefits include travel allowance, wedding subsidies, subsidies for continued education at a domestic or foreign institution, childbirth subsidy, education subsidies and scholarships for employees' children (China and Taiwan Facilities), hospitalization benefits for employees, hospitalization benefits for employees' families (Taiwan and Mexico Facilities), hospitalization subsidy, communications expenses, care for workgroups, emergency subsidy and application of residence permits for current employees. Convenient stores were established to provide colleagues convenient services such as fee payment (China and Taiwan Facilities) and ticket purchases.

Note:
1. "Paid annual leave" is implemented according to local regulations.
   - China Facilities: An employee who has been working for more than one year and less than ten years will have five days of annual leave; more than ten years and less than 20 years have ten days; more than 20 years have 15 days.
   - Taiwan Facility: An employee who has been working for more than six months and less than one year will have three days of annual leave; more than one year and less than two years will have seven days; more than two years and less than three years will have ten days; more than three years and less than five years will have 14 days; more than five years and less than ten years will have 15 days; more than ten years will be offered with one additional day each year.
   - Mexico Facility: Those who have been working for one year will have six days; more than one year will have one day of annual leave each additional year (no more than 12 days in total); more than four years will be offered with two additional annual leave every five years.
2. For pregnant employees who show the "mom sticker" can get an extra portion of the meal.

In addition, we provide employees in our global manufacturing facilities with insurance benefits and employee welfare leave that are superior to regulations:

Insurance Benefit

▸ **Provide medical care protection and emergency support for accidents or sudden illnesses during overseas business travel/ expatriation period for employees on business trips and expatriation. Insurance brokers shall provide employees with overseas travel insurance claims related services.**

- Enhance outpatient/ emergency medical coverage for sudden illness and provide double medical coverage for personnel and their dependents on business trips or expatriation to Schengen countries.
- Improve comprehensive overseas travel insurance to provide protection for employees and their dependents during business travel/ expatriation period.

▸ **To protect employees' living standards and care in Taiwan Facility, the Company provides a group insurance system in addition to labor insurance.**

Employee Paid-time-off

▸ **China Facilities:**
  - As an incentive for long-term employment, employees who have been employed for at least two years are provided with 2 to 10 days of full-pay welfare leave according to their years of service.

▸ **Taiwan Facility:**
  - New employees are entitled to 4 days of special leave for new hires, and it is valid within one year after the employment date.
  - Employees who have been employed for one year are entitled to 7-day full-pay sick leave in a year, and full-pay sick leave are granted pro-rata to their employment for less than a year. It is superior to the 30-day half-pay sick leave provided by the Labor Standards Act.

▸ **Benefit and Subsidy Statistics in 2020**

Subsidy Item	Subsidy Recipients	Subsidy Amount (CNY)	Benefit Item	Beneficiaries	Benefit Amount (CNY)
Wedding Subsidy	224	89,057	**Three Festival Gift Certificate**	29,744	7,607,521
Childbirth Subsidy	219	168,553	**Birthday Gift Certificate**	13,443	4,061,748
Travel Subsidy	8,655	3,221,521	**Employee Continued Education Subsidy**	378	428,861
Hospital Consolation Subsidy	194	53,063	**Scholarships for Employees' Children**	4,099	2,154,524
Condolence Payment	261	284,915	**Retirement Gift**	16	25,646
Emergency Assistance	4	29,485	**Employee Special Coupon**	2,500	354,141

In accordance to local laws, only Taiwan Facility has parental leave, and the percentage of people holding their post due to parental leave has reached 100% for 4 consecutive years.

▸ **Parental Leave Statistics**

Taiwan Facility	2017			2018			2019			2020		
	Male	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Employees qualified to apply for parental leave that year	56	21	**77**	108	41	**149**	166	53	**219**	209	89	**298**
Employees that applied for parental leave that year	2	7	**9**	3	5	**8**	5	11	**16**	4	19	**23**
Employees expected to return from leave that year	2	7	**9**	1	7	**8**	2	13	**15**	5	9	**14**
Employees that returned from leave that year	1	7	**8**	0	3	**3**	2	9	**11**	5	9	**14**
Employees that returned from leave the previous year	1	4	**5**	1	7	**8**	0	3	**3**	2	9	**11**
Employees reinstated in the previous year and continued to work for more than one year	1	4	**5**	1	7	**8**	0	3	**3**	2	9	**11**
Reinstatement rate for parental leave (%)	50%	100%	**89%**	0%	43%	**38%**	100%	69%	**73%**	100%	100%	**100%**
Percentage of people holding their post due to parental leave (%)	100%	100%	**100%**	100%	100%	**100%**	0%	100%	**100%**	100%	100%	**100%**

Note:
1. The data only cover Taiwan Facility because other facilities do not provide parental leave.
2. Qualification for Application of Parental Leave without Pay that Year: Those who have applied for "Paternity Leave" or "Pregnancy Leave" (20 weeks or more) from 2017 to 2020 and who still hold a post in 2020.
3. No. of people eligible for application for parental leave in the current year: The statistics for 2017-2019 have been revised because the departed employees have not been deducted.
4. Reinstatement rate for parental leave = No. of people reinstated that year ÷ No. of people expected to be reinstated that year × 100%.
5. Percentage of people holding their post due to parental leave = No. of people reinstated in the previous year and continued to work for more than one year ÷ No. of people reinstated in the previous year × 100%.

Employee Retirement Benefit Plans

In accordance with the statutory regulations for each operating site, USI and its subsidiaries contribute to various types of social insurance funds for each employee, such as labor pension, medical, unemployment, and old-age annuity. The Taiwan Facility formulate defined benefit plans in accordance with the "Labor Standards Act," and defined contribution plans in accordance with Taiwan's "Labor Pension Act" and local practices overseas. In addition to the contribution to pension reserve fund required by law, we also have an annual actuarial calculation of the pension reserve fund conducted by a professional accounting consultant to protect employees' rights to claim their pensions in the future and ensure full contribution.

If employees meet the statutory retirement requirements, they can apply for retirement. After completing the retirement procedures, those with the years of service in the old system can receive the old system pension, and the retirement pension in the individual account can also be withdrawn according to law after the age of 60. In 2020, there were 15 applications for retirement at our Taiwan Facility, receiving a total of approximately CNY 4.8 million in old system pensions. There were one and two applications for retirement at the China and Mexico Facilities, respectively.

Pension contribution practices and readiness:

	Practice	Preparation in 2020
Benefit Plans	• In accordance with the provisions of the Labor Standards Act, Taiwan Facility calculate the retirement payment based on the seniority base from the employee's average salary of the previous six months, according to the employee's years of service until the approved retirement. • The retirement contribution fund shall be transferred to the Taiwan Labor Funds Supervisory Committee and deposited in the name of the Committee in a special account at the Bank of Taiwan.	• The Taiwan Facility contribute 2% of employees' total monthly salaries to the employee retirement fund. • As of the end of 2020, our Taiwan Facility have contributed approximately CNY 29,377,858.18 in the old-system retirement reserve, which is the employer's contribution only, with no employee participation. The balance of the account is CNY 13,335,819.27.
Contribution Plans	• In accordance with the "Labor Pension Act," the Taiwan Facility shall monthly contribute to the individual pension account based on the employee's pension bracket. • The factories in China and Mexico participate in pension insurance and unemployment insurance plans established by government agencies according to regulations. According to these plans, the monthly payment will be paid to these plans in proportion to the deposit base. If the balance of the special account is insufficient to pay the amount of the year, the deficiency shall be made up in the following year. • The proportion of appropriation of each facility is as follows: - China Facilities: Employee Contribution 8%; Employer Contribution 13%~16%. - Taiwan Facility: Employee Contribution 0~6%; Employer Contribution 6%. - Mexico Facility: Employee Contribution 2%; Employer Contribution 8%.	• In accordance with the new labor pension system, the Taiwan Facility monthly contribute 6% of the employee's monthly salary to the individual pension account; in addition to the Company's fixed contribution, employees can also choose to deposit up to 6% of the employee's monthly salary to the special account, with tax exemption. • In 2020, the worldwide sites* appropriated retirement insurance funds total of CNY 149,396,745.94, and the balance was CNY 28,147,217.16.

Note:
1. The worldwide sites included Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan, Mexico and other manufacturing facilities, and sales offices.
2. Please refer to page 152-153 in the 2020 USI Annual Report for detailed information.

Work-Life Balance

In USI, various clubs have been established for health, happiness, and learning. Related expenses are appropriated each year for the clubs to hold activities and to enhance the physical and mental development of employees.

▸ **Three Main Themes of Employee Activities**

Health

Only a healthy body can create infinite possibilities. By improving employees' knowledge and environment of healthy life, the efficiency is improved and productivity doubled.

Happiness

The philosophy of happiness is the magic wand to create win-win for a company and its employees. If failure is the mother of success, happiness will be the father of success. Employees get their passion and inspiration from happiness, whereas happiness is the spring of power that keeps employees going.

Learning

Learning keeps you young. Learning is to take care of employees for the rest of their lives. Learning programs are developed for employees' career development. Looking for the fun of learning keeps life going and makes employees willing to work harder.

To organize employees' welfare and activities, USI established the Employee Welfare Committee in Taiwan Facility. The members of the committee come from the Company's various departments and are elected or selected in proportion to the number of employees in each department. By holding regular meetings on a quarterly or monthly basis, the committee members exercise relevant functions and powers in the meetings, resolve relevant employee welfare policies formulated by the Welfare Committee and plan to hold various employee activities, and implement and promote employee benefits in accordance with the resolutions. The Committee holds public events with clubs for employees and their families to attend and achieve the objective of "cultivating useful skills in life." It has not only brought joy to employees but also cultivated teamwork, promote a harmonious work atmosphere, and enhance work efficiency.

USI attaches great importance to employees' health, actively promotes employees to establish exercise habits, subsidizes the establishment of 43 clubs, plans and improves various facilities, and regularly organizes various events. A total of 140 employee activities, and 45,632 people participated in the activities. At the same time, employees are encouraged to interact with other employees of the same interests through club activities to balance work and life.

43 Clubs
- 33 health & LOHAS clubs
- 9 arts & culture clubs
- 1 public welfare clubs

140 Employee Activities
- 36 sporting activities
- 104 other activities, such as DIY and celebrity lectures etc.

45,632 Participants
- 9,658 people joined sporting competitions
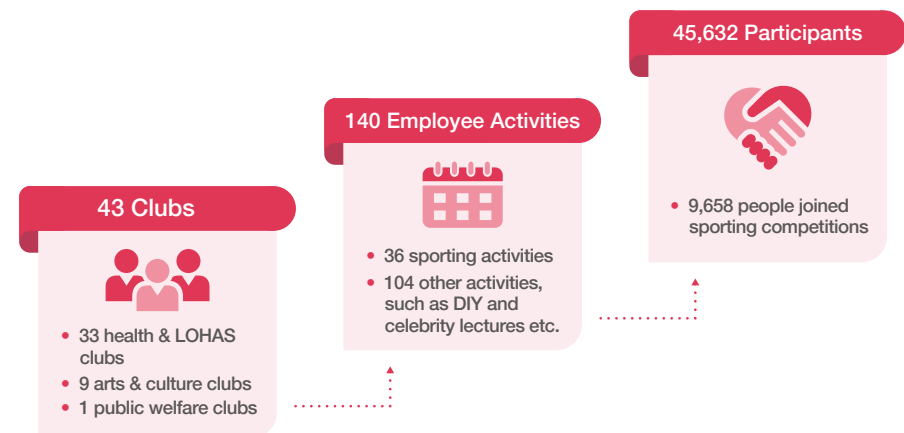
▸ **Employee Activity**

• Sports competition: Employees can strengthen their physical fitness, improve their own skills, and enrich their cultural life through physical exercise, techniques, training, and competitive competitions.

• Arts and LOHAS: Provide employees with various arts and cultural activities to promote personal exploration and growth of the body, mind, and soul.

Basketball Game (Kunshan)

Yoga Fitness (Taiwan)

Flower Arranging Activity (Zhangjiang)

BBQ Activity (Kunshan)

National Fitness Season (Kunshan)

Volleyball Game (Taiwan)

Free Clinic Activity (Jinqiao)

Wish Doll DIY (Taiwan)

Skills Contest (Kunshan)

Table Tennis Game (Taiwan)

Chess Activity (Kunshan)

Tea Tasting Lecture (Taiwan)

- Energy supplement: Provide employees with various lectures and appreciation. In addition to the improvement of self-energy, they can also obtain knowledge supplements in other fields.

Police-civilian Cooperation Lecture (Jinqiao)

Comedy Life Philosophy Lecture (Taiwan)

Impossible Lecture Beyond You (Taiwan)

- Birthdays and festivals: Organize birthday parties for employees quarterly or expand the parties in conjunction with festivals, offering warm blessings to employees and showing the Company's humanistic care.

Monthly Star (Zhangjiang)

Birthday Party (Shenzhen)

Birthday Party (Kunshan)

Chinese New Year Celebration (Mexico)

Valentine's Day Activity (Mexico)

Women's Day Activity (Mexico)

- Season of gratitude: Create an atmosphere of mutual gratitude and unite employees' coherence.

Winning in 20 (Shenzhen)

Senior Employee Awards (Taiwan)

Return Banquet (Kunshan)

Employee Engagement Survey

Surveys and studies over the years have proved that highly committed employees will have an emotional connection with the organization or team. They actively participate in company activities, are willing to work and are willing to devote more effort to make suggestions for improvement, so that the work can be carried out more smoothly. At the same time, they are also willing to share their work experience with others. Therefore, employees' input has a positive impact on employee retention, productivity, sales growth, customer satisfaction, etc.

To understand the degree of employees' engagement to the Company and work, USI cooperated with expert consultants to conduct the first "employee engagement survey" in 2017. We hope that it can help us effectively understand and collect employees' opinions through the survey results. We can use it as a policy tool for attracting, retaining and cultivating talents, so that the Company's processes, strategies, and various measures can be closer to the needs of employees to achieve a win-win situation for the Company and employees.

In 2019, for the second time, we surveyed employee engagement for a total of 15 driver factors of the 6 engagement behaviors, and the total score of engagement was 67%. In 2020, the President and one-down of all units have participated in the "WW Engagement Survey" to clarify and focus the survey results and the following plan. The executive vice general manager of each facility will become the chairman, and the manager of each facility's human resource department will become the executive secretary to form a project team with representatives of each unit. The team shall carry out action plans based on the survey results and expect to raise employee engagement goals again.

▸ **Action Plan to Enhance Employee Engagement**

Survey Factor	Main Issue	Action Plan
Senior Leadership	Employees have sufficient and appropriate opportunities to interact and communicate with senior management.	• Strengthen quarterly performance interviews, and hold regular communication meetings with the President, senior executive interviews, or lunch appointments. • All units launch All Hands Meetings to convey the Company's business development status and vision and carry out more diversified business strategies and advocacy of the Company's development direction through the Company's journals (Newsletter) and irregular email announcements. • Plan in-depth high-level interaction time and channels through the USI Experience Camp.

Brands and Image	For people with similar work experience and skills as me, this company is one of the most ideal workplaces.	• Comprehensively enhancing corporate image to strengthen the brand recognition of USI in the talent market:
		  1. We enhance our global civic image through fulfilling our civic responsibilities as a member of the global village by continuously dedicating ourselves to social welfare and driving environmental protection.
		  2. We strength our corporate image of the pursuer of the innovation and pioneering technologies with proactively getting involvement in cutting-edging technology forums.
		  3. We convey our corporate trait of "Realizing IDEAS Together" by leveraging public communication channels, such as social media.
		• Comprehensively exposing to the talent market by adapting flexible and diversified recruitment channels:
		  1. The employees are the best ambassadors of our employer brand. We build an engaging employee experience to inspire our employees' intrinsic motivation to recommend USI to more great talents.
		  2. We expose more young students to USI by more campus partnership activities, such as regular campus seminars and collaboration, and leveraging employees' influence on campus.
		  3. We catch more attention from the talents by regular updates on our recruitment website and social medias with compelling and innovative contents.

Talents & Staffing	We can attract and retain the key talents we need to achieve our business goals.	• Conduct market salary surveys every year and adjust annual salaries according to the survey results and evaluation, maintaining salary competitiveness.
		• Establish profit sharing bonus and equity incentive plans based on employees' performance and the Company's profitability, using "equity incentive to retain and motivate talents," so that employees' efforts are more closely integrated with the Company's growth. The performance management shifts from "performance evaluation" to "performance development." The manager helps their team to achieve outstanding and grow from the process with immediate feedback and constantly communication. Meanwhile, showing care and empathy can build the positive emotional relationship with employees. Leveraging our internal performance management mechanism to encourage and recognize the outstanding performance delivered by the employees, and in the meantime, the managers and supervisors also need to help poor performers to improve.
		• Talent development blueprint:
		  1. We build a learning ecosystem for talents by linking up internal and external learning resources. To improve the skills of employees.
		  2. We link up the development needs of USI with those of the employees through leveraging technology and data analysis to design the talent development blueprint.
		  3. We provide talents with the diverse, cross-field and cross-culture development opportunities through the policies and motivation mechanism.
		• Invite suppliers to hold 19 technical seminars and hold various technical forums for employees to have better understanding of the industry dynamics and communicate with the industry at the same time.
		• Establish a Mentor system, formulate job skills requirement tables and skills training plans to guide new employees to familiarize themselves with the work content, and to commend outstanding employees.

Enabling Infrastructure	The Company's existing workflow allows me to maximize the effectiveness of my work.	• Improve or upgrade the software/ hardware equipment or operating procedures suggested by employees to meet the needs of various tasks. • Integrate, upgrade, and improve the performance of old systems, such as employee information platform, employee self-service website, etc. We also provide operation instructions and point of contact for real time troubleshooting for employees.

Human Capital Development

Employees are important assets of USI. They are also the spirit of and motivation for the Company to progress and grow. Therefore, USI has been devoted to investing talents and created a learning organization culture to providing employees the most appropriate resources and effective learning models, helping them to enhance themselves and show their value in relevant expertise.

USI University

Through multiple educational training, USI helps its employees cultivate professional abilities and grow, and improve in learning effectiveness. The most important learning and development system of USI is USI University (USIU). USIU has College of Management, College of Technology, College of Quality, College of Manufacturing, and General Courses, led by the General Manager as the university principal; professionals who are influential and who are above the vice general director level are appointed as the deans of the said colleges and director of the center. USIU integrates global learning resources for employees to learn and develop. For many years, USIU has developed excellent teachers and fine knowledge for delivering culture.

President
Vice President

Dean of Student

Director-General

WW L&D Team

College of Management
- LD
- BD
- GP
- PM
- PjM

College of Technology
- H/W
- RF
- S/W
- MD

College of Quality
- DQA
- MQA
- SQA
- MA&CE
- QS、QE
- Green & EHS

College of Manufacturing
- EQ
- TE
- ME
- PMC
- IE
- PE
- PD

General Courses
- New Employee Orientation
- Core Value
- Personal Effectiveness
- Foreign Language Ability
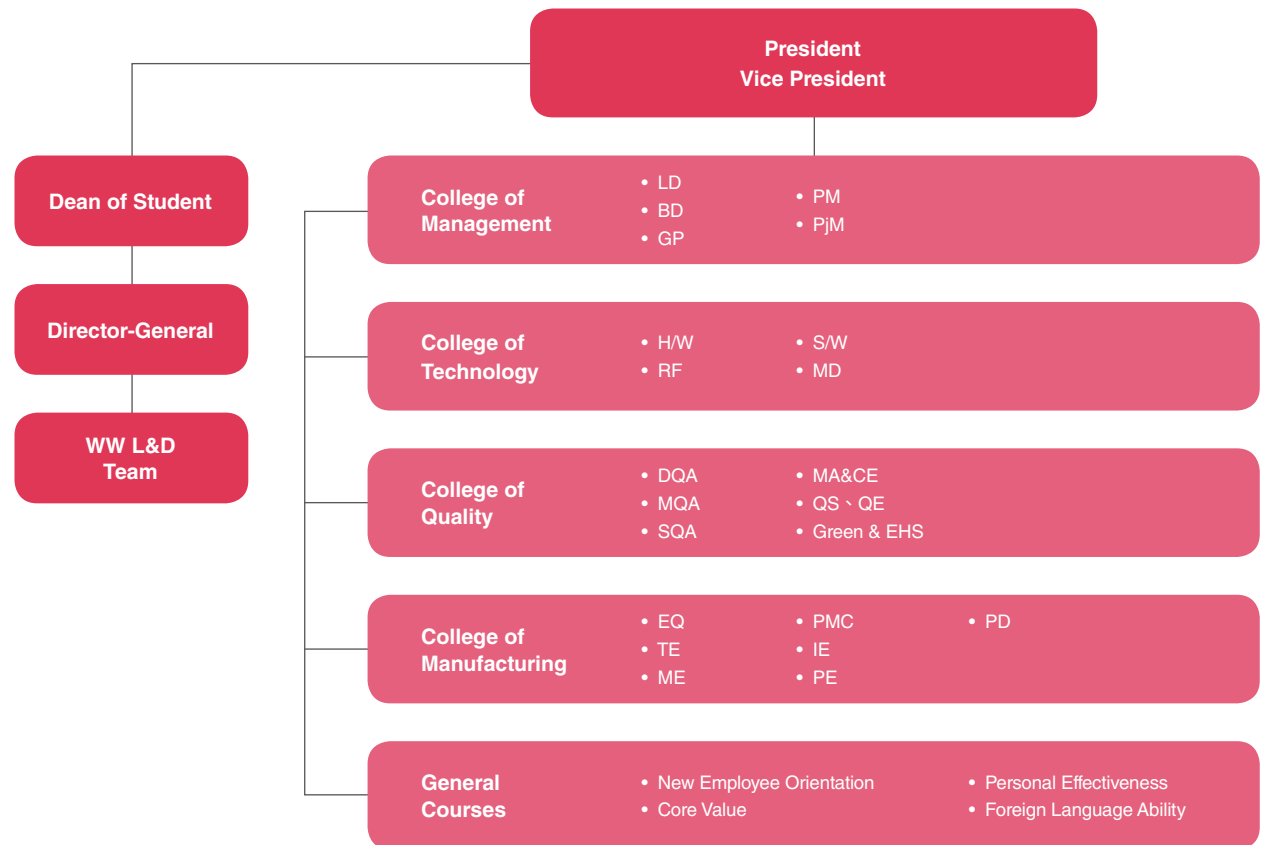
▸ **Employees Training Hours**

USI's total training reached 577,370 hours in 2020. Each employee received 31.0 hours of training on average. Training hours broke down by employee category shown below:

Category	2018	2019	2020		
	Average Training Hours for Per Employee	Average Training Hours for Per Employee	Total Training Hours	No. of Employees	Average Training Hours for Per Employee
Female	23.1	25.1	359,519	10,184	35.3
Male	20.4	19.6	217,851	8,431	25.8
Management Position	36.9	34.9	22,112	1,082	20.4
Technical Position	22.1	22.0	90,299	3,566	25.3
Administrative Position	16.6	19.3	32,600	1,851	17.6
Skilled Position	21.3	22.2	432,359	12,116	35.7
New Employees	27.5	13.4	310,494	15,071	20.6
All Employees	21.9	22.6	577,370	18,615	31.0

Note: Average training hours for per employee=This category/ gender actual total training hours of employees÷This category/ gender No. of employees at the end of the period.

Among them, the training statistical breakdown for three different topics are as follows:

Topic	Total Training Hours	No. of Employees	Average Training Hours for Per Employee
Environmental	37,011	37,112	1.0
Health & Safety	47,329	58,845	0.8
Human Rights	37,291	56,049	0.7

Dual Career Ladder

USIU provides a complete learning and development framework for employees to actively retain talents, by strengthening the "dual career system" of management and professional positions. With the mission of establishing an innovative learning environment to reach high operational performance, we are dedicated to enhancing the quality of employee, leadership management, and innovative research and development ability inside the organization. It has targeted employees with different competence to plan various staff training and courses, provide them a complete learning platform, help them to solve work issues, and enhance their professional capability to reach organizational targets.

Competency

Position Certification

Leadership Development

Technical / Prof. Manager
Expert / Lecturer

Staff Engineer / Administrator
Advanced Training

Senior Engineer / Administrator
Middle Training

Engineer / Administrator
Basic Training

Executives

Division Mgr.
UMBA

Department Mgr.
MTP

Section Mgr.
MIT

Supervisor
TWI

USI University

| New Employee Orientation | USI Camp | COO's Communication | Tech. / Mgmt. Forum |

USI Motto **"Realizing IDEAS Together"**

Note:
1. UMBA, USI Master of Business Administration
2. MTP, Manager Training Program
3. MIT, Manager Initial Training
4. TWI, Training Within Industry for Supervisors

Diverse Learning Channels and Platforms

USIU provides training courses required by comprehensive talents for employees, offers not only diverse educational training content but also designed the methods of taking the class and relevant activities based on the course category. The courses include training in the classroom, e-learning training, on-job training, and external training. These courses help USI employees to learn and develop themselves. Multiple learning models and a precise and solid training framework. Plan diverse, innovative learning channels inside or outside the training, inspiring employees to grow continuously. By presenting the procedure, R&D, project, and innovation results, employees can also apply what they have learned in the work field.

Vision & Mission

Competence

- Core Competence
- Management Competence

College

- College of Management
- College of Technology
- College of Quality
- College of Manufacturing
- General Courses

Self-learning

- Study (Books, Journals, Network…etc.)
- External Training, Lecture, Seminar
- On-the-Job Training
- Professional Accreditation

OJT

- Director Training
- SOP Training
- Internal E-system
- Professional Knowledge and Skill
- Internal Sharing Study

e-platform (LMS, Global OA, SOP, DMP, PDM)
Motto : Realizing IDEAS Together

2020 Focus on Employee Development Programs

Strengthen Employee Sustainable Employment Ability and Lifelong Learning Program

As the demand for multi-talents continues to increase, professionals with merely one skill can no longer satisfy workplace demands. The Company has, therefore, continuously enhanced employees' sustainable employment ability, improved our employee system, and assisted employees in acquiring skill management ability and lifetime learning programs that are required for a job transfer in the future. We have supported 43 employees to get diplomas/ degrees in 2020. The categories of degrees obtained by employees and the departments of study are showed below:

Category	Junior College Program	College/ University Program	Master Program
No. of Degree	24	14	5
Departments of Study	Logistics Management Advertising Design Project Management	Logistics Management Industrial Engineering Taxation and Finance	Project Management Mechanical and Electrical Engineering Counseling and Consultation Financial Affairs

In addition, since 2018, USI's Zhangjiang Facility and Kunshan Facility have invited local colleges or universities for cooperation to organize internal education/ degree courses inside the facilities, so that employees can avoid the trouble of commuting and make good use of their time in order to obtain associate or university credits/ degrees. In 2020, a total of 9 people graduated with university diplomas/ degrees; a total of 23 people obtained associate diplomas/ degrees. Among them, 2 employees who have obtained university diplomas/ degrees got promoted in the Company. It is expected that a total of 52 employees will graduate from the in-service educated programs jointly organized by the Company.
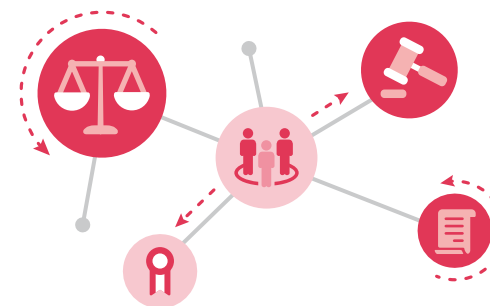
▸ **Details of The Cooperation Between Zhangjiang Facility and Local School to Open Classes**

School	Department	Start Year	End Year	University Program	College/ University Program	No. of Courses Taken	Estimated No. of Graduates
East China University of Science and Technology	Information Engineering	2018	2021		●	19	17
East China University of Science and Technology	Business Management	2018	2021		●	1	1
East China University of Science and Technology	Information Engineering	2019	2022		●	18	18
East China University of Science and Technology	International Economy and Trading	2019	2024	●		11	11
East China University of Science and Technology	Information Engineering	2020	2023		●	31	31
East China University of Science and Technology	International Economy and Trading	2020	2025	●		12	12
Shanghai University	Electronic Information Engineering	2021	2024		●	23	23
East China University of Science and Technology	Business Management	2021	2024		●	4	4
East China University of Science and Technology	Human Resources	2021	2024		●	1	1
Shanghai University	Business Management	2021	2026	●		16	16

▸ **Details of The Cooperation Between Kunshan Facility and Local School to Open Classes**

School	Departments of Study	No. of Courses Taken	No. of People Obtained Diplomas/ Degrees in 2020	Estimated No. of Graduates	Explanation
Soochow University	College/ University Program for Logistics Management	40	9	75 people signed up in 2020; 20 people expected to graduate in 2022.	Employees can obtain academic credits/ degrees through make-up exams or apply for certificates of academic credits after reaching the passing score of 60 in each subject.
Suzhou Top Institute of Information Technology	Junior College Program for Logistics Management	23	23	34 people signed up in 2019; 34 people expected to graduate in 2021.	N/A

Internal Instructor Training Program

For many years, the Company has trained and certified employees through the internal instructor system to serve as lecturers, forming a good knowledge inheritance culture, and giving full play to internal human resources and influence. The Company provides employees with high-quality and forward-looking courses to train world-class talents for the Company to enhance the Company's competitiveness. USIU has developed excellent teachers, 833 people in our worldwide facilities have passed our internal instructor training by the end of 2020. In addition, the instructors assisted in the opening of various training courses at USIU with approximately 1,800 lessons.

Year	Male	Female
2016	513	199
2017	453	208
2018	523	210
2019	414	194
2020	586	247

Male   Female
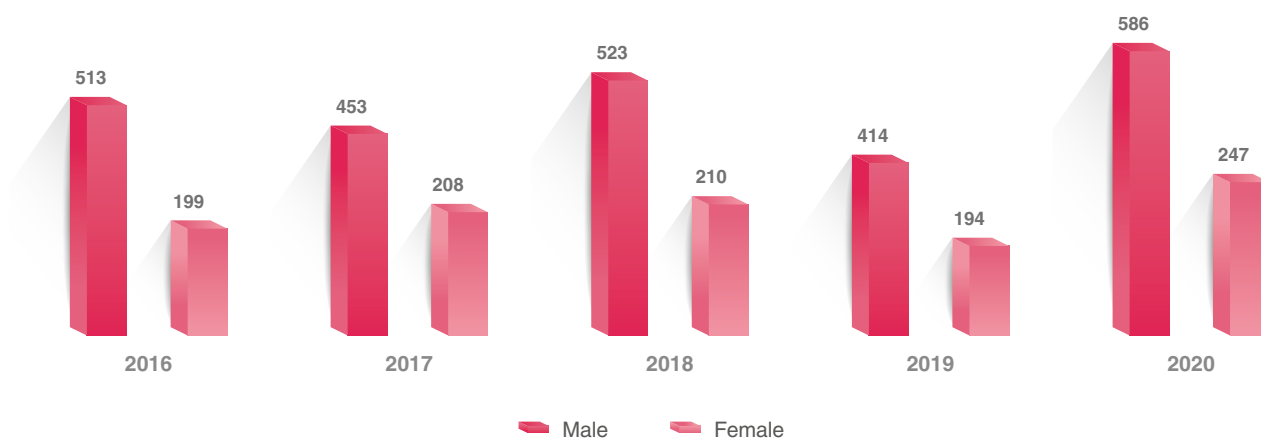
Human Rights Management

Human Rights Policy

USI strongly believes that corporates have the responsibility to respect human rights. We are committed to protecting and promoting human rights with our employees, joint ventures, suppliers, business partners, clients, local governments, communities, and other stakeholders. We support and respect human rights as defined in Principles 1 and 2 in the United Nations (UN) Global Compact, the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the International Labor Organization's Declaration of Fundamental Principles and Rights at Work, and the laws of the countries in which we operate.

Being a member of the Responsible Business Alliance, we adopt its Code of Conduct in our global operations to enforce our commitment to protecting human rights. In line with these standards, USI adopts this Policy to convey our commitment to all stakeholders. This Policy will be reviewed every year and updated, if necessary, to ensure its effectiveness. We will continually promote human rights training, assesses human rights-related risks for executives' review, and disclose the results to the public.

We commit to enforcing human rights protection through these principles, and the complete Policy can be assessed at the USI Sustainability Website. (https://www.usiglobal.com/en/csr/Inclusive-Workplace/Human-Rights).

▸ **Diversity and Anti-discrimination**

We respect the diversity of our employees, suppliers, business partners, communities, and all other stakeholders and strictly prohibit any discrimination or any other characteristics protected by law.

▸ **Respect and Humane Treatment**

We are committed to treating people with respect and humanity. We do not tolerate any form of disrespectful or inappropriate behavior in the workplace and work-related environment.

▸ **No Forced Labor and Human Trafficking**

We forbid any type of forced labor, including human trafficking and illegal employment.

▸ **Child Labor and Young Workers**

Any form of child labor is strictly prohibited. We do not tolerate employing young workers aged 18 or below to perform any work that could jeopardize their health and safety.

▸ **Compensation, Benefits and Working Hours**

We comply with all relevant laws and regulations on salary, social security, and working hours of the country or the jurisdiction of our operations.

▸ **Safety and Health in the Workplace**

We are committed to providing our employees a safe and healthy work environment and strive for zero injuries and accidents by complying with all applicable health and safety regulations and ensuring all procedures are in place.

▸ **Freedom of Speech and Association**

We fully respect and support employees' rights to associate and express their points of view freely.

▸ **Protection of Privacy**

We strive to safeguard all stakeholders' data privacy and security as detailed in the USI Privacy Policy.

▸ **Product Responsibility and Conflict-Free Minerals Commitment**

We keep with our conflict-free mineral procurement commitments. No metals or products from conflict areas that violate human rights are purchased or used in USI manufacturing and production. We also do not tolerate USI products used for human rights violations.

Human Rights Governance

To adequately manage human rights issues that arise from operating a global business, USI implements risk management at all facilities, collates and reports the information to the Sustainability Committee at regular meetings. Employee and operation-related human rights issues are managed by the Employee Care & Social Involvement Taskforce, using the RBA management. For suppliers, the Value Chain Management Taskforce conducts supplier sustainability assessments to identify related risks.

Human Rights Risk Assessment

We focus our human rights management on our employees and suppliers in the course of our operations, and we prevent human rights violations by conducting due diligence and providing channels for complaints. In terms of the human rights risks faced by the production and operation process, our main targets are "employees". We use the Self-Assessment Questionnaire (SAQ) of the "Responsible Business Alliance" to identify social, environmental, and ethical risks in our business. In 2020, the average SAQ score of our global manufacturing facilities was higher than 85, so all of them will be low-risk facilities. In addition to the SAQ annual assessment, USI also proactively commissioned a third-party agency that has received special training in social and environmental audits to simultaneously implement the Validated Audit Process (VAP) of the Responsible Business Alliance for all of our factories in the world and new business relationship company, carrying out risk management, investigating the human rights risk assessment results of the past two years, and identifying issues and objects vulnerable to human rights risks. By the VAP audit and employee grievance statistics, the Mexico Facility is found to be a facility with relatively higher risk, and we develop corresponding human rights mitigation measures and compensation content. According to the assessment results, "working hours, non-discrimination, sexual harassment, emergency preparedness and occupational safety" are issues that are likely to expose risks. We have formulated annual mitigation measures to raise awareness of human rights through human rights education and training, recruiting sufficient manpower and managing working hours, and implementing hazard identification of the working environment and the negative impact management of risk opportunities. The details please refer to the Occupation Health and Safety section.

▸ **Risk Assessment**

	Zhangjiang	Jinqiao	Shenzhen	Kunshan	Taiwan	Mexico
SAQ Score	● 92.5	● 93.2	● 95.2	● 92.6	● 92.3	● 87.5
VAP Score (Full Marks = 200)	170.2	174.2	176.8	170.0	193.0	90.0

SAQ Assessment Scores: ● Low Risk（≥ 85） ▲ Medium Risk（65 ≤ X <85） ● High Risk（<65）

We assessed human rights risks associated with the company's suppliers using Supplier Self-Assessment Questionnaire (SSAQ). The company performed sustainability risk assessments on yearly key suppliers and conducted risk identification through the RBA Validated Audit Process (VAP). Based on the assessment results, we identified "compensation and benefits, working hours, emergency preparedness and health and safety Communication" as major human rights risks. We then identified potential high-risk suppliers and continuously track the improvement effect of different risk conditions. The details please refer to the Supply Chain Management section.

Human rights management standards and regulations:

1. USI Sustainability Policy, please visit: https://www.usiglobal.com/en/csr/Sustainability-Management/Policy
2. USI Code of Ethics & Business Conduct, please visit: https://www.usiglobal.com/en/csr/Operation-Governance/Code-of-Ethics-And-Business-Conduct
3. USI Supplier Code of Conduct, please visit: https://www.usiglobal.com/en/supply-chain-management/Supplier-Code-of-Conduct

Human Rights Mitigation Measures

Target	Employee		Supplier/ Contractor	
	Labor	Health and Safety	Labor	Health and Safety
Risk Issue	Working Hours Non-Discrimination Sexual Harassment	Emergency Preparedness Occupational Safety	Compensation and Benefits Working Hours	Emergency Preparedness Health and Safety Communication
Mitigation Measure	• Employment of sufficient manpower to meet manufacturing capacity and prevent manpower shortages and overtime. • Establishment of working hours management system to alert employees and their direct superiors of overtime work. • Regularly review employee discrimination risks and keep review records to prevent unlawful discrimination. • Organization of human rights training courses.	• Conduct disaster prevention and safety education and training advocacy and confirm the implementation of evacuation signs and advocacy of emergency contact information. The details please refer to the Occupation Health and Safety - Emergency Response Center section. • Organize environmental safety and health promotion courses and arrange on-site drills and tests for employees to enhance their safety awareness and emergency response capabilities. The details please refer to the Occupation Health and Safety - Occupational Safety and Health Management section.	• Annual audits or RBA VAP to assess suppliers' human rights risks through each facility to mitigate risks. • Requiring suppliers to adopt corrective measures for human rights risks and conduct follow-up on implementation. • The details please refer to the Value Chain Management - Supply Chain Management section.	
Compensation Measure	• Establishment of overtime management and tracking mechanism to prevent employees from working for seven or more consecutive days. • Provide employees with space for activities and holidays required by religious customs and revise related management measures. • Provide counseling services by physicians on site to assist employees with psychological counseling and stress relief counseling.	• Regularly conduct employees' emergency evacuation drills for fires, earthquakes and compound disasters, review and revise preventive early warning measures and drill effectiveness. • Provide on-site physician consultation to assist employees in health management, assessment and maternity protection consultation, and assist in applying for medical insurance reimbursement.	• Requiring suppliers to provide guidance or compensation, or to implement policy changes or other measures for employees whose human rights have been violated. • The details please refer to the Value Chain Management - Supply Chain Management section.	
Appeal Channel	The Company's internal whistle-blowing channels: Including human resources mailbox, employee complaint hotline, and whistle-blowing mailboxes in all factories.		The grievance mechanism for external whistleblowing: The details please refer to the Operation and Governance - Business Ethics and Compliance section.	

Human Rights Protection Training

The employees at our worldwide facilities must undergo the "Employee Code of Conduct" online course each year to enhance their understanding of the laws and regulations. At the same time, through online testing, we confirm the employees' knowledge of related provisions. In 2020, the average training hours on human rights issue for each person were 1.4 hours; the total number of training hours is 37,291 hours; the total number of people trained is 27,306 people (included the resigned employee); therefore, all employees 100% completed human rights issue training. We will continue to focus on human rights protection and offer training programs to raise awareness of human rights to mitigate risks.

▸ **Human Rights Protection Training Statistics**

Total Training Hours: 17,155 (2017), 16,273 (2018), 26,606 (2019), 37,291 (2020)
No. of Employees: 16,908 (2017), 19,745 (2018), 24,188 (2019), 27,306 (2020)
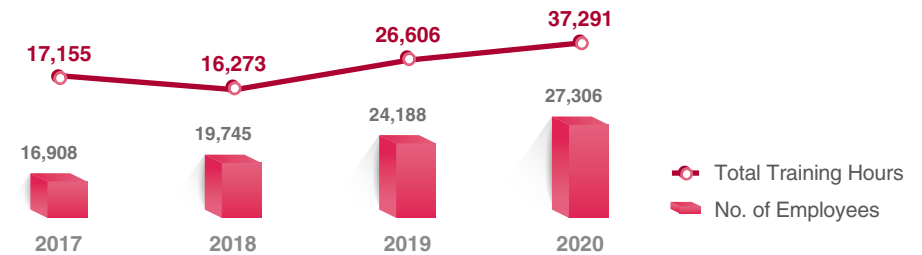
Employee Communication

USI builds a good employer-employee communication mechanism, and signs labor contracts conforming to local laws and regulations with its employees (the signing rate reached 100%). The contracts explicitly state rights and obligations for both parties to follow. When there is any great change to USI's operation, which makes labor contracts unable to be fulfilled, employees shall be notified in advance in accordance with local laws and decrees*. We also communicate with the affected employees, explaining the rights and interests that they should have. In addition, Taiwan Facility cooperating with the Vocational Training Bureau to provide training and planning, and collecting information on job opportunities in nearby regions to assist the colleagues in transferring jobs.

Note: We will inform employees of Mexico Facility at least 14 days in advance; the other facilities at least 30 days in advance.

We actively establish positive employee relations and to continuously establish an open and smooth management environment built upon mutual trust, so as to facilitate labor relations, the communication channels provided are as on the right:

President's Symposium (Quarterly)

Employee Relationship Website (All the time)

Suggestion Box for Employees (All the time)

Interaction Meetings (Non-periodic)

Employee Engagement Survey (Every other year)

Direct Line / Email (All the time)
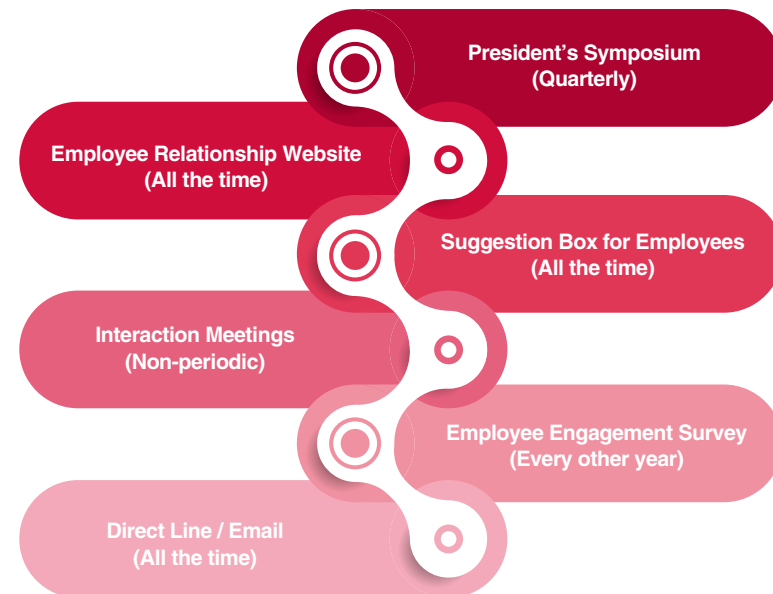
In 2020, the Company held a total of 216 employee symposiums. It included 24 president's symposiums, 141 new employees, 17 foreign employees, and 34 general employees.

President's Symposium (Mexico)

Employee Symposium (Taiwan)

Employee Symposium (Kunshan)

Employees can express their opinions through the "Electronic Employee Feedback Box", "Physical Employee Feedback Box", "Dedicated HR Feedback Box", "Employee Complaint Hotline", and "Written Complaint Submission". Employees' opinions are referred to the relevant responsible units for assistance according to the content of the problem, and we communicate with employees about the corresponding measures and results, with the case closure rate reaching 100% in 2020. At the same time, we also arrange introduction courses to new employees to explain the locations of employee suggestion boxes and how to fill out the information, to ensure that employees are aware of them.

	Electronic Employee Feedback Box	Physical Employee Feedback Box	Dedicated HR Feedback Box	Employee Complaint Hotline	Written Complaint Submission	Total
No. of Employee Response	178	504	3	3	0	688
No. of Closed Case	178	504	3	3	0	688

We have a Policy of Workplace Humane Treatment Establishment which purpose is to establish a safe, dignified, non-discriminatory, respectful, inclusive, and equal workplace, and prevent all employees are from physical or mental infringement during work. In response to various formally established employee complaint cases, the Company handles the investigation procedures is the following:

| Lodge complaint | Dept. manager or HR accept the complaint case | Establish investigation team to investigate | Complete investigation within 30 days | Base on investigation result to punish | Keep confidential file and closed the case |

In 2020, a total of 45 internal employee complaints were received, including one labor dispute, three sexual harassment and other complaints about friction between employees. The above complaints were all confirmed and investigated in accordance with Policy of Workplace Humane Treatment Establishment, for any confirmed misconduct, the Company determines and announces the corresponding punishment in accordance with the Employee Code of Conduct guidelines; the Company communicates and coordinates with the parties involved (the complainant), responds and makes improvements, and provides consultation services to employees by on-site physicians for psychological, work stress and career issues, with the case closure rate reaching 100%. In 2020, USI did not have any external complaints for our employees.

Employee Unions

USI's employees may freely organize and participate in trade unions and conduct collective negotiation. USI will not involve the establishment, operations, or management of the trade union in any form; and will maintain a smooth communication channel with the trade union to facilitate the implementation of agreements made in collective negotiations; to protect both parties' rights and interests, and to have explicit regulations on protection of employees' health, safety and hygiene for the compliance by both labor and management, developing stable and harmonious labor-management relations. Currently, Zhangjiang, Kunshan, and Mexico Facilities have all established a trade union. Among them, the trade union of Mexico Facility already signed a collective agreement with the Company to ensure that union members are protected under the contract, and the signing coverage rate is about 89%*

Note: Signing coverage rate=Number of employees participating in the trade union in the Mexico Facility ÷ No. of employees in Mexico Facility at the end of the period ×100%

▸ **Share of Employees Participating in Trade Unions**

	2018	2019	2020
Join Rate	23.5%	24.0%	31.7%
No. of Employees in Unions	4,363	4,435	5,900

● Join Rate
No. of Employees in Unions
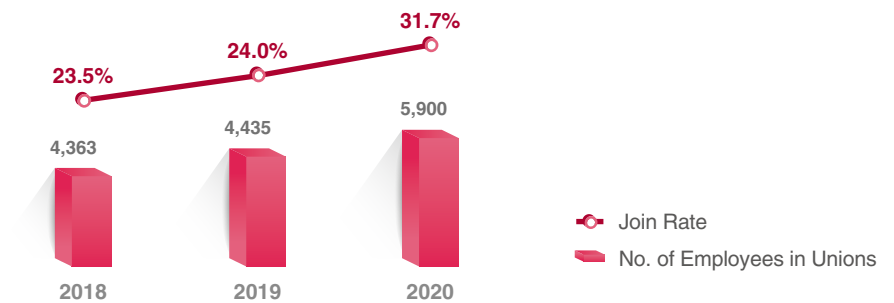
Value Chain Management

Facing the boundless development trend in the globe, good supply chain management can not only effectively lower production costs and enhance the quality of products to win more satisfaction, but also expand the company business and social responsibility with partners to create a sustainable future.

2020 Key Performance

84.1 % Customer Satisfaction

36 % Local Purchasing Rate

89 % New Suppliers Passed Sustainability Assessment

76 Suppliers Received a Sustainability Audit

120 Supplier Partners Participated in the Sustainable Value Chain Webinar

✔ Achieved 🕐 Not Achieved

SDGs	Business Action	2020 Key Issue	KPI	2020 Target	2020 Performance	Status	2021 Target	2025 Target
8 DECENT WORK AND ECONOMIC GROWTH	Through customer satisfaction surveys and complaint channels, we gain customer insight and accurately respond to customers' expectations, providing customers with the best quality service	Customer Relationship Management	• Major Customer Satisfaction	• Major Customer Satisfaction reaches 87%	• Major Customer Satisfaction is 84.1%	🕐	• Major Customer Satisfaction reaches 87%	• Major Customer Satisfaction reaches 87%
17 PARTNERSHIPS FOR THE GOALS	Formulate sustainable procurement policies, promote supplier environmental/ social performance evaluation and audit, and avoid purchasing conflict minerals	Sustainable Supply Chain	• Local procurement rate	• Local procurement rate reaches 22%	• Local procurement reached 36%	✔	• Local procurement maintains at least 30%	• Local procurement maintains at least 30%
			• Percentage of target suppliers completing the conflict-free minerals	• 100% Target suppliers use conflict-free minerals	• 100% completion of conflict-free minerals	✔	• 100% Target suppliers use conflict-free minerals	• 100% Target suppliers use conflict-free minerals
			• Percentage of suppliers completing the Sustainability SAQ	• Established in 2021	• Percentage of completion in 2021	✔	• Percentage of suppliers completing the Sustainability SAQ reaches 70%	• Percentage of suppliers completing the Sustainability SAQ reaches 75%

Product Value Chain

USI is the world's leading company of D(MS)[2]* providing design, miniaturization, material sourcing, manufacturing, logistics, and after-sales services of electronic devices/ modules for brand owners. In addition to manufacturing services, USI also provides customers with Turnkey Service*. The Company's Product Value Chain and Turnkey Service cover the content as shown in the figure:

• **Product Value Chain**

Customer ⟷ **USI®** ⟷ **Supplier Agent Contractor**

| Communication | Consumer | Industrial & Car & Medical | Computer & Storage |

Products & Market Positions

Wi-Fi SiP
WW No.1 for
Smart Phone & Tablet

Wearable Device
WW No.1 for
Watch, Wristband…

SHD & POS
WW No.2 for
Logistics & Warehousing

SSD & NAS
Enterprise &
SMB

FPS
WW No.2 for
Smart Phone & Tablet

LCD X-Y Board
WW No.2 for
TV, NB, Monitor

Lighting Control
WW No.2 for
Car LED Lighting

X-86 M/B & Docking
Server/ WS/ DT
Docking for NB

Note:
1. D(MS)[2] refers to the combination of DMS (electronic design, manufacturing, and services) with M (miniaturization) and S (solution).
2. Material suppliers refers to suppliers of PCBs, substrates, active/ passive components, other electromechanical components, mechanical components, packaging materials and accessories.

• Turnkey Service

Material sourcing & RFQ

Material planning & purchasing

Inventory management

VMI hub management

RMA service

Supplier management

System integrator relationship

Logistic arrangements

PCBA & Box assembly
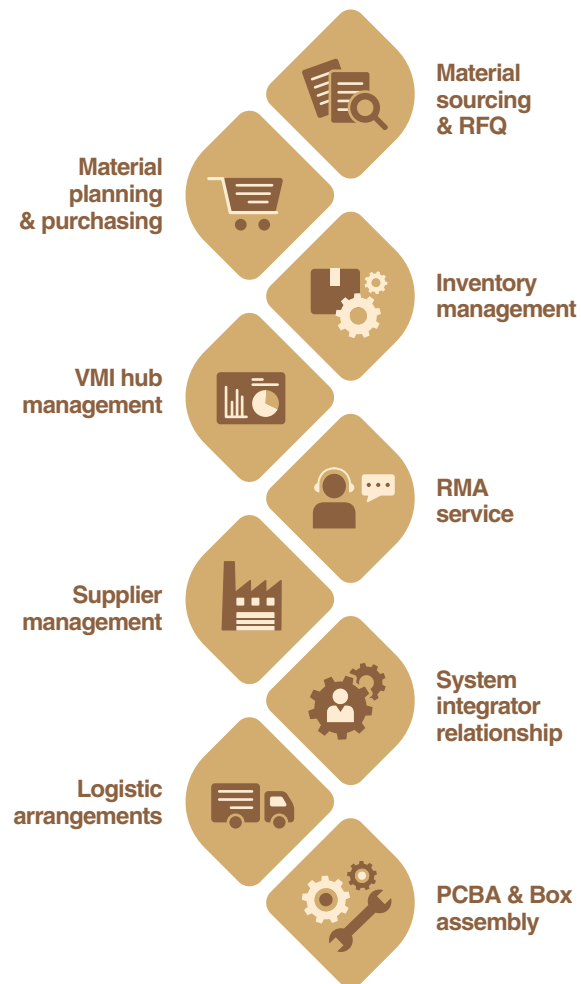
Note: The essence of Turnkey Service is service integration.

Customer Service and Satisfaction

USI, the world's leading provider of D(MS)^2, has been committed to providing professional services and fine-quality products since its inception and fulfilling various needs of customers. Besides its advanced R&D capabilities and manufacturing process, USI offers each customer a comprehensive package that includes services ranging from product design to distribution. The company's worldwide manufacturing bases also ensure immediate and flexible on-site support, both technologically and logistically.

To meet or exceed customer needs and expectations, USI provides customers with high-stability, high-reliability, and cost-advantage products. With the experience and technology accumulation by working with top clients in the world for years, we integrate the three core technologies: computing, communications and multimedia processing, and provide customers with the most complete solution for wireless communication products, computer and industrial applications, storage of products and servers, automotive and video products, and miniaturized products.

For the implementation of quality policies as well as the guarantee on goods and services, a comprehensive inspection must be made for all USI products before shipment. Only qualified products can be delivered (outgoing quality pass rate is 100%). There were 838,953,639 products provided in 2020. Besides, USI has also passed various international certifications such as TL 9000, ISO 9001. (Please refer to the Management Systems Certification Table)

Quality Policy

▸ **The quality of product and services we provided shall conform to or exceed customers' requirements and expectations.**

▸ **Each member in the company shall participate and endeavor for continuous improvement to pursue the Zero Defect in each operational segment.**

▸ **USI shall ensure its system operating effectively under the applicable international standards that products and services are required.**

▸ **To minimize the potential risk of safety to the employees, users and hazard to the applied environment.**

All-Encompassing After-Sales Service

The customization of our after-sales services allows USI to satisfy customers' needs with all-around high-quality, high-efficiency and flexible services. Not only has each of our customer has dedicated personnel, but also, we collect customers' feedback and opinions through regular and irregular meetings and questionnaire-based surveys. Their feedback enables us to, while understanding their needs, improve our service quality and enhance partnership to create a solution where everyone benefits. Apart from standard after-sales services, USI also provides customized all-round after-sales services to closely cooperate with our customers and provide them solutions that really meet their needs.

In terms of after-sales service management, USI adopts e-RMA* and SAP* systems for global service network to effectively control the collection and classification of defective products as well as resource allocation. Therefore, the relevant units can provide customers with product exchange and failure analysis services. The customers are also allowed to monitor the RMA status---anytime, anywhere---via e-RMA, where they can apply to the RMA service and submit status inquiries.

Note:
1. e-RMA, e-Return Material Authorization
2. SAP, Systems Application and Products in Data Processing (It is a world-famous and universal ERP system developed by SAP.)

- **All-Encompassing After-Sales Service**

RMA Service
- After-sales service solutions
- Warranty and maintenance
- Project rescheduling and replacement of parts
- Product replacements
- Product repairs

Technical Support
- On-site technical support at customer's requirement
- Training program for maintenance staff
- Troubleshooting and defect analysis
- Test equipment/ fixtures and technical documents

Spare Parts
- Selling regular and critical spare parts/ components service

In terms of after-sales service, USI uses on-time shipment rate and repair turnaround days as the measurement metrics. On-time shipment rate represents the shipment batches shipped on time as a percentage of total monthly shipments agreed with the customer. Repair turnaround days refer to the time interval between USI' receipt of returned products from customers and shipment. In view of the diversified products provided by USI, the standards for the repair turnaround days of returned products will be set in accordance with product attributes and the difference in the quantity of returned products. In the past five years, USI has reached an on-time shipment rate of over 98.5% in agreements with customers. Since the outbreak and impact of the COVID-19 pandemic in 2020, airlines and carriers around the world have been hit hard. With airlines cutting flights and suspending flights, it results in a drastic reduction in flights and the waiting time for the flight is more than one week. In addition, for the RMA service, it needs to wait for the customer's reply on the shipping version and revision program. The number of centralized one-time returns is relatively high. Thus, some RMAs cannot be returned within the time interval originally agreed with the customer, resulting in extended repair turnaround days. This situation has received customers' understanding.

Note: For modularized products, it is not possible to be repaired. Thus, they must be replaced with new products, and they are included in the calculation.

▸ **On-time Delivery Rate and Maintenance Turnover Days**
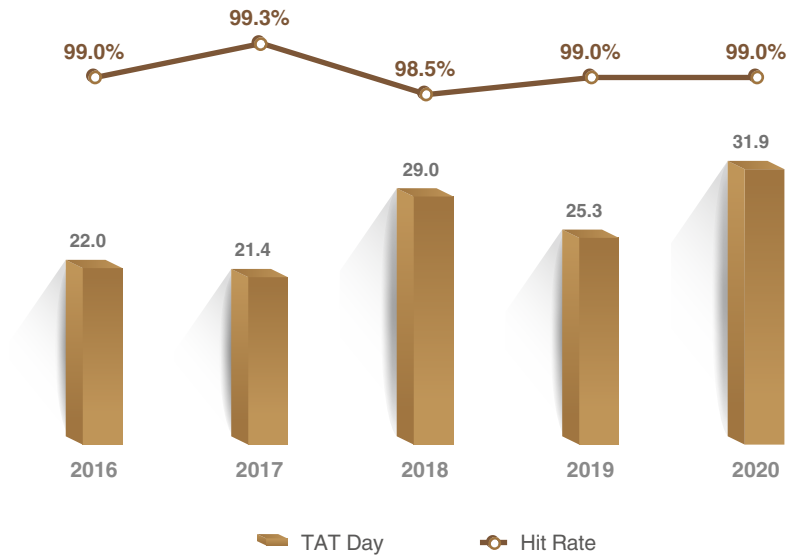
Customer Complaints and Product Recall

By following the quality policy of "Each member in the company shall participate and endeavor for improvement continuously to pursue the Zero Defect in each operational segment", USI adheres to "Three Non-Defective Principles": No acceptance of defective products, No fabrication of defective products, and No delivery of defective products. The company is highly concerned about the products with potential quality issues. USI's R&D and engineering units are invited to discuss the treatment plans and cause analysis and the regular study meetings to continuously track the countermeasure effectiveness as well as to prevent from repetition of defective products. For the products with safety concerns or batch issues, the company establishes preventive measures to recall them right away. The losses can be avoided, and customer lives and properties can be protected from damage.

In terms of customer complaint response, USI establishes a systematic handling procedure. Once receiving the failure analysis or complaint request from customers, it will be immediately and initially confirmed and recorded by corresponding responsible personnel, after formulating the most effective countermeasures for improvement, we will give back to customers and prevent similar complaints from happening again. In 2020, USI received 4 complaints from our major customers, and the resolution rate was 100%. Of which 2 were listed as CQCN*, and no product recalls occurred. The main reasons of customer complaints were summarized and analyzed. Of which, one was about the "fixture design problem," one was about the "personnel operation problem," and the other two were about the "process problems." The Company formulated improvement measures, including: designing new fixture, making version comparison documents, add inspection items to the work process specifications, strengthening personnel work advocacy and process quality control to implement and improve fundamental problems.

Note:
1. CQCN (Customer Quality Complaint Notification) event. For example, a certain amount of costs to be paid by the Company additionally; customers' notification of suspending the shipment; product recall; suspension in production.
2. Statistics cover Zhangjiang, Jinqiao, Shenzhen, Kunshan and Taiwan Facilities.

Driving up Customer Satisfaction

In order to ensure effective communication with customers around the world, USI has set up dedicated personnel for all customers to handle customer service incidents, and actively collects customer opinions and demands by holding Quarterly Business Review (QBR) meetings, irregular business meetings, questionnaire surveys, etc. , in order to understand customers' evaluation of the Company's products in the aspects of quality, delivery, technology, green products, service and other, continue to improve the Company's service quality, strengthen the good cooperative relationship with customers, and work together to create the Company's greatest benefits and value. In response to the results of the questionnaire survey, relevant units within the Company hold seminars to formulate feasible response strategies, and effectively communicate with customers' feedback, needs and suggestions, formulate improvement plans and action plans, continue to track and monitor the improvement status, and send feedback of the latest progress to customers constantly, improving communication quality and customer satisfaction to obtain customer recognition and long-term support.

- **Customer Satisfaction Survey Process**

| Start a preliminary survey | → | Confirm customer list | → | Customer satisfaction survey 1. Collect existing QBR scores 2. Conduct QBR score or customer questionnaire survey | → | Coordination and review of analysis reports | → | Follow up and case closure |
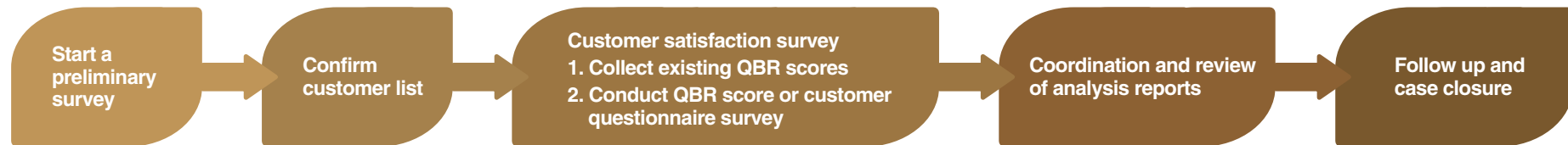
USI is committed to achieving the annual goal of customer satisfaction. The statistical results of major customer* satisfaction in 2020 showed that the overall satisfaction rate was 84.1% (Successful). In terms of satisfaction in individual service, except for "other" which did not reach 80%, all the other five items reached "Successful" or above. We will continue to strive to improve customer satisfaction in all aspects to obtain higher customer satisfaction and implement sustainable development. For the long-term goal in the future, we expect customer satisfaction to reach 87% or more in 2025.

Note: Major customers refer to the top 20 customers with the best annual revenue (accounting for above 85% of USI revenue) according to USI Central Staff Office's statistic; Due to COVID-19 in 2020, only 15 customer satisfaction surveys were filled.

- **Customer Satisfaction of USI's Major Customers**

Outstanding
(Satisfaction ≥ 90%)

Excellent
(90% > Satisfaction ≥ 85%)

Successful
(85% > Satisfaction ≥ 80%)

Improvement Required
(80% > Satisfaction)
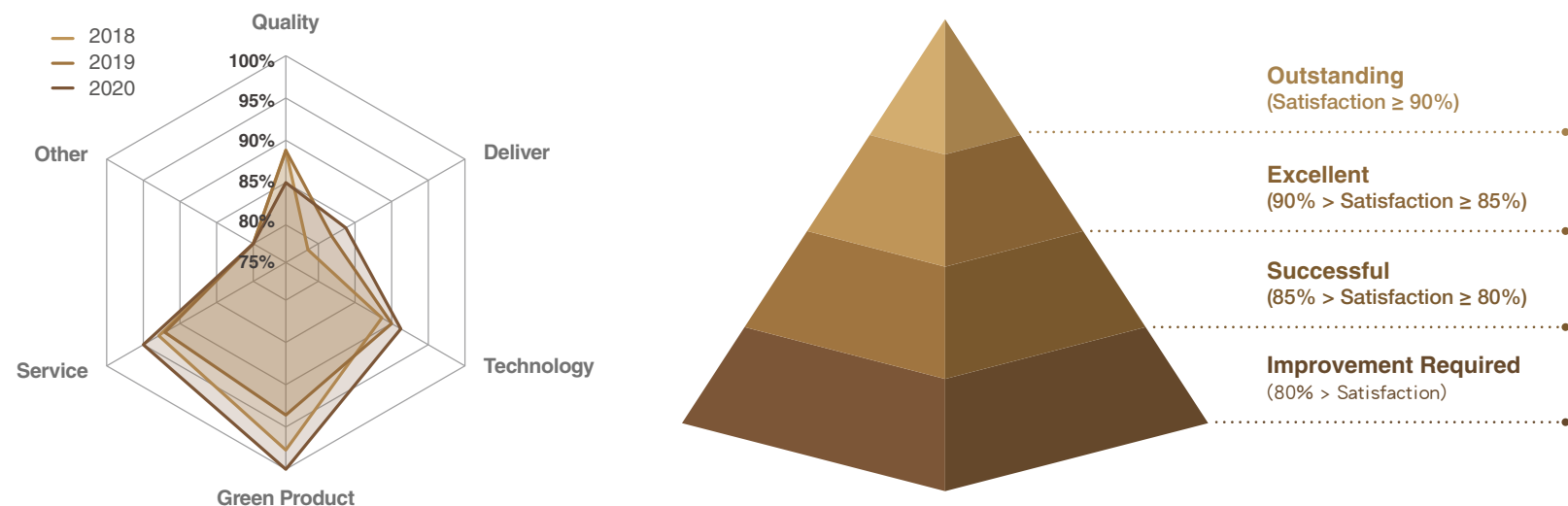
Customer Privacy and Product Safety

Confidential customer information and health and safety are not only important assets of both parties, but also the basis of mutual trust. If the Company violates relevant regulations or if the products endanger customers' health and safety, it will severely damage the image and cause financial risks. USI specifies the relevant management procedures and regulations, and properly controls the Company's business secrets and undisclosed confidential information, to prevent the products manufactured from harming customers' health and safety.

Customer Privacy

USI attaches great importance to customer privacy and the importance of maintaining confidentiality of data. In addition to signing confidentiality agreements and contracts with customers to protect customers' confidential information, ensuring that relevant business personnel abide by confidentiality responsibilities, the Company manages it with the highest standards and complies with the privacy policies established by ASEH. At the same time, every new employee must sign the employee code of conduct after reporting to the job, which clearly stipulates the compliance to recusal due to conflicts of interest, and that employees shall not make public statements without authorization and disseminate operating information not yet confirmed by the Company. Each department employee involved in a new project is required to sign a confidentiality agreement for each new project. Regarding customer document management, the Company stipulates that all customer documents are defined to have the highest level of confidentiality to protect product information provided by customers. Document information shall be encrypted and stored in the Company's internal network system. Information authorization management is adopted to ensure that customer privacy is tightly protected. For information security management, the Company also has a set of standard management procedures and training courses, to strictly implement the information security policy and customer privacy protection measures and operate in accordance with the policies and plans of the "Information Security Committee," protecting the Company's business secrets and customer information from leaks and comprehensively enhancing information security awareness. For related content, please refer to the section of "Cybersecurity Management." In 2020, there were no incidents of infringement of customer privacy rights, and no incidents of customer data leakage.

Customer Health and Safety

USI emphasizes customer satisfaction and safety, so all suppliers must label materials according to our Green Product Specification Procedure and we set up a mechanism that incorporates customers' demands into the product design. The company's products and operating system are also in line with international standard requirements and the safety guidelines of countries that its products are sold to. For example, it adopts stringent rules and uses only the low-pollution, non-toxic raw materials. For product planning, USI ensures products meets the specifications required by environmental regulations (EU RoHS, REACH, and related compounds etc.), and then conducts the life cycle assessment and eco-design evaluation. Meanwhile USI generates eco-profile in response to EU's Energy-related Products (ErP) Directive (please refer to the section Green Product Management). USI also developed a Chemicals Management Procedure to assess and prevent risks that may arise whenever we introduce a new chemical into our production process as detailed in the section Chemical Safety Management.

In the part on product safety, the Factory Inspection Mechanism* is used to ensure the manufactured products comply with relevant laws, regulations, and ordinances internationally and of the sales area. For all electronic system products that have obtained safety certification, relevant safety warnings and description of correct operations are clearly stated within the user manual. They are regularly audited by external units (UL, TUV, CCC, etc.), where the frequency is once per three months or once per year. We continue to expand the safety-related certification of products in the IoT, and industrial fields, thereby providing customers with high-quality products that are healthy and safe.

Note: Factory inspection mechanism: A manufacturing factory that manufactures products which are labeled with safety regulations shall receive factory inspection (to be audited by an external certification unit) based on the request of a certification issuance unit to ensure that its products conform to safety regulations.

▸ USI Products Compliance with Directive in 2020

Green Products Directive	Percentage of USI Products within the Directive				
	Intelligent Connectivity Solutions Products	Visual and Specific Application Products	Automotive Electronics and Module Products	Advanced Mobile and Miniaturization Solution Products	Advanced Low-Cost Module Manufacturing Products
EU RoHS	100%	100%	100%	100%	100%
Halogen Free (HF)	16%	89%	0%	100%	100%
CHINA RoHS	100%	100%	100%	100%	100%

For the protection of users, compliance with product safety regulations is a basic requirement for imported electronic products around the world. The system products manufactured by USI must comply with the product safety regulations of the country of sale or customers and meet one of the safety regulations on the right table. In addition, in the early stages of product design, we also consider various usage scenarios, and take imperfect laws and regulations into account, and strengthen product safety standards. In 2020, the Company expanded the scope of product safety-related certification in the Internet of Things and industrial fields and established an IEC 60730-1 certification process. On 12/31/2020, the Company held an open course in the Taiwan Facility to share relevant knowledge, with a total of 29 participants. In 2020, we did not receive any complaints about products endangering human health and safety, and no product safety-related violations were found.

▸ USI System Products Compliance with Safety Regulations in 2020

Safety Regulations	Percentage of USI Products within the Regulations	
	Intelligent Connectivity Solutions Products	Visual and Specific Application Products
EN/IEC 60950-1	93%	0%
EN/IEC 62368-1	69%	100%
CNS 14336.1	17%	100%
GB 4943.1	21%	0%

Supply Chain Management

As the world faces increasingly severe environmental and social challenges and the outbreak of COVID-19 pandemic, in view of the global economic contraction caused by the pandemic, it is difficult for factories to resume work. The Company strengthens its review of the financial status of suppliers and cooperates with financial units to conduct regular reviews of supplier financial risk evaluation. The Company increases the frequency of operations, adopt corresponding procurement strategies based on the financial risk evaluation level (high, medium, and low), find alternative vendor solutions, and strengthen the material preparation mechanism, avoiding supply chain interruptions. In the face of an unprecedented post-pandemic era, experts from various countries agree that the most effective way is to strengthen international cooperation. A global supply chain can greatly improve efficiency and strengthen supply chain resilience, so that the world economy can recover as soon as possible. We continue to strive to drive a positive cycle with the supply chain, develop stable partnerships with suppliers, and fully communicate and cooperate with each other.

USI strives to establish a sustainable supply chain, such as supporting local suppliers, implementing human rights, and safeguarding labor rights, restricting the use of hazardous substances, and not using conflict minerals. The Company adjusts its procurement strategy according to the industry trend, adopts different procurement strategies according to the major categories of raw materials, diversifies the sources of goods to reduce risks, ensures the supply of raw materials with competitive price advantages, reasonable costs, accurate delivery and good quality, and also conducts cross-departmental communication and coordination. In addition, we conduct regular supplier audits to ensure the sustainable operation of the supply chain, invite suppliers to hold presentations to introduce new products and technologies, and establish partnerships with suppliers to create a win-win policy. By the end of 2020, we will have held 14 new product and technology presentations with material suppliers.

USI has strictly abided by relevant national or international regulations for many years, is committed to maintaining corporate image, and attaches importance to customer value and rights. The Taiwan Facility formulated Authorized Economic Operator (AEO) high-quality corporate policy in 2020, and regularly implements risk management activities every year to ensure that risks are immediate and appropriately identified and evaluated, and appropriate response measures are taken. It is expected that the Company will be certified as a high-quality enterprise in the third quarter of 2021 to achieve the goal of sustainable operation.

USI Suppliers

USI's raw material suppliers include original manufacturers, agents, and off-the-shelf suppliers. Its procurement categories are mainly active parts, passive parts, substrates, mechanism parts and other peripheral materials, and the raw material suppliers are distributed in Taiwan, mainland China, Asia Pacific, North America, and Europe. To implement effective supplier management, we have identified USI's Critical Tier 1 suppliers* (239 suppliers) from Tier 1 suppliers* (576 suppliers) as the basis for focused management. Confronted by the complex supply chain and the demands of our existing and new customers around the world, we traded with over 1,750 material suppliers, with an increase of 125 suppliers comparing with 2019, in 2020.

Note:
1. Tier 1 supplier are material suppliers (including direct materials, indirect materials, and packaging materials) with an annual procurement amount of USD 200,000.
2. Critical Tier 1 supplier:
   - Top 85% of direct material procurement amount.
   - Indirect and packaging material suppliers with a procurement amount of more than USD 1 million.
   - Preferred supplier: Proposed by Procurement Unit, approved by the Business, Supplier Quality Engineering, and R&D Unit.

▸ **Distribution of Raw Material Suppliers in 2020**

- 36%
- 21%
- 4%
- 1%
- 16%
- 1%
- 21%

● China   ● Europe   ● Mexico   ● North America
● Northeast Asia   ● Southeast Asia   ● Taiwan
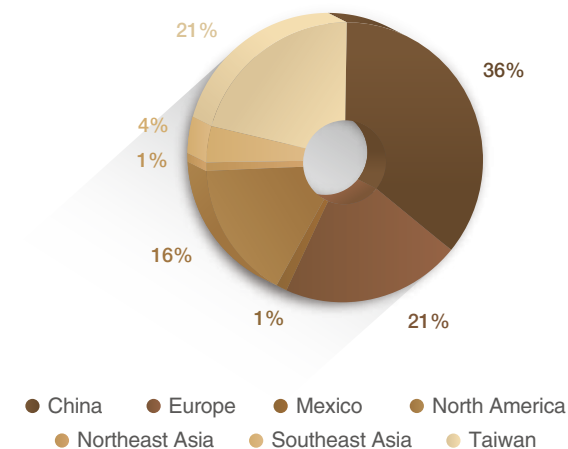
Note: The percentages of the amount purchased calculated according to the supplier distribution regions.

▸ **Distribution of Critical and Non-Critical Suppliers in 2020**

- 59%
- 41%

● Non-Critical supplier   ● Critical supplier
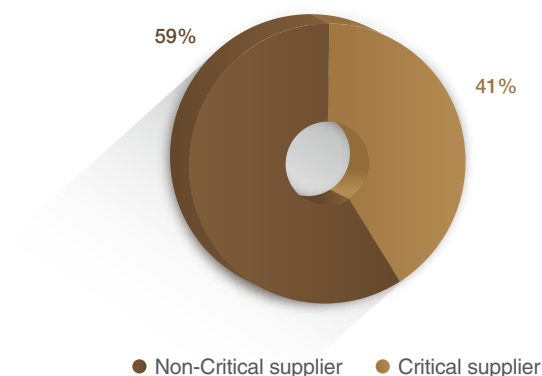
Note: Statistics by annual purchase amount of suppliers.

USI supports local suppliers. This strategy not only facilitates the growth of the local economy and increases local employment rates, but also effectively saves energy and time consumed in transportation, helping us to minimize the impact on our environment. Therefore, our raw materials are primarily purchased from local or nearby suppliers. In 2020, the Company's procurement ratio of local raw material suppliers increased by 24% in China, due to the transition of major suppliers' counterparties. As the trade war between the U.S. and China continues, more and more production will be moved back to Taiwan from China at customers' request. Thus, the ratio of Chinese suppliers will increase compared to 2019, which caused the local procurement in Taiwan to drop to 30%. In addition, for the Mexico region, the decline in local procurement was mainly due to changes in the production items of automotive products, with a decline in the proportion of local procurement suppliers.

For our six major manufacturing facilities in Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan and Mexico, we divide them into three regions: China, Taiwan, and Mexico. The local sourcing of raw materials suppliers in 2020 is as follows: The global local procurement rate grew from 19% in 2019 to 36% in 2020, based on the average ratio of local procurement to global procurement by those manufacturing facilities. Our strategic procurement department will continue to strengthen the management of target suppliers and select local vendors with competitive advantages. We will continue to develop local vendors with competitive advantages and aim to maintain a local procurement rate of at least 30% worldwide in 2021 to enhance the competitive advantage of the local industry and strengthen the partnership with suppliers.

▸ **Percentage of Purchasing from Local Suppliers at All Facilities**
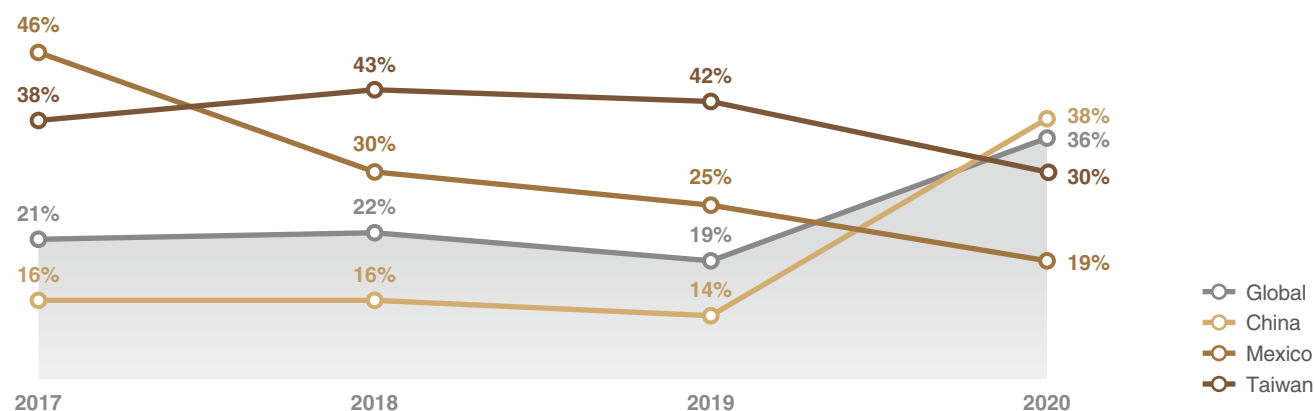
Note:

1. To be calculated in accordance with the amount of money for procurement.

2. The definition of "local" (based on the country) has been redefined. Because the scope of local procurement includes North American countries before 2020, the information on the ratio of local procurement in the past three years is adjusted together, which is the main reason for the sharp drop in the post-adjustment local procurement in Mexico.

The proportion of 2020 transactions with suppliers in each facility is shown in the table below. In this table, Zhangjiang and Jinqiao Facilities mainly manufacture the products for the biggest OEM customer. The type of material procurement was relatively simple, with the most substantial proportion of purchase amount. However, Shenzhen and Kunshan Facilities have multiple production lines with a wide range of material procurement, and the transactions of suppliers were relatively high.

▸ **Number of Suppliers and Percentage of Transaction Amount at All Facilities in 2020**

Facility	Zhangjiang	Jinqiao	Shenzhen	Kunshan	Taiwan	Mexico
No. of Suppliers	405	77	851	804	745	309
Percentage of the Transaction Amount	40%	20%	7%	10%	21%	2%

Supplier Evaluation

The progress of the suppliers' CSR will be one of the key factors behind USI's prospects. Therefore, USI establishes a standardized supplier evaluation system and Vendor Rating system to select suppliers according to the supplier evaluation criteria for protecting human rights and environment, as well as providing customers with high-quality products that meet health and safety requirements. Through continuous and close cooperative relationships with suppliers, a sustainable supply chain can be jointly established.

▸ **Evaluation Procedure**

1. Apply for Supplier Evaluation
2. Ask Supplier to Fill Out Questionnaire
3. Conduct On-site Audit
4. Evaluate Verified Results
5. Follow up on Corrective Actions and Close Case
6. Determine Supplier Viability
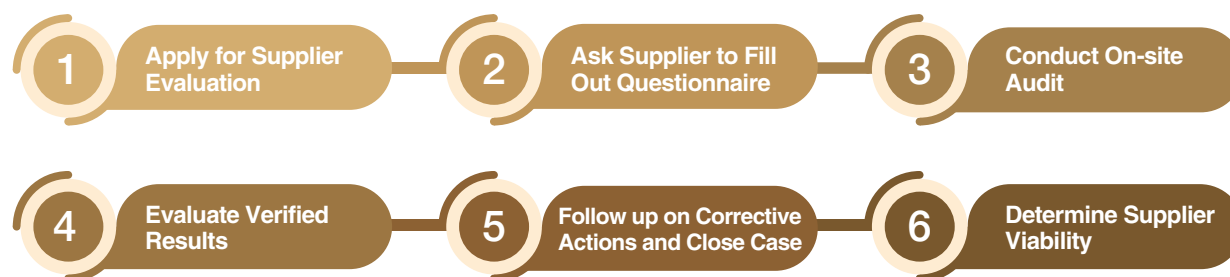
Following the company's demand trends and purchasing strategy of products of the future, USI establishes the supplier evaluation and approval process to investigate if the productivity, technical innovation ability, quality & service management of potential suppliers meet the requirements and serve as the basis of becoming an official supplier. When evaluating a new supplier, an evaluation team must be formed by purchase, quality, CSR, R&D, and engineering units to conduct a supplier capability survey for the Quality Review Board (QRB) to verify the final assessment result. The supplier evaluation and approval process include basic company information, product information, major customers and financial status, the supplier's green control procedure, and commitment to green products, as well as supplier social responsibility and EHS (environment, health, and safety) survey. For all new suppliers developed by USI, they are required to sign the "Certificate of Non-use of Environmentally Hazardous Substances", "Conflict Minerals Representation", "Supplier Sunshine Conduct Commitment" and "Supplier's Commitment to Corporate Social Responsibilities" to ensure that they will include the effects of environmental sustainability, social labor and human rights in the assessment and control. USI will give a corresponding approval level to the supplier after the evaluation. The relevant results and qualified supplier list can be looked up in PDM system. In 2020, a total of 18 new suppliers of USI entered the evaluation process, and finally 16 of them passed the review. The proportion of new suppliers that passed the screening was 89%.

Green Supply Chain

The trend toward sustainable development of green product is inevitable. Only by establishing long-lasting management model of green supply chain could allow industries face up-coming challenges. As a result, USI ensured that the entire production process---which involves product design, procurement of materials, manufacturing, transportation, packing, sale, and recycling of products---generated the maximum environmental benefits. With an effort to integrate upper and lower-stream partners, USI vowed to create a safe, stable green supply chain.

In response to the improvement of global green product environmental protection laws and diversified customers' requirements for green product standards (RoHS, REACH, and Conflict Minerals), USI introduced a professional green value chain management platform "Green Parts Aggregations & Reporting System (GPARS)" in 2020, which allows suppliers to understand the Company's latest green product specifications through the GPARS platform and conduct green part certification. In addition, through this system, the Company's R&D, production, and quality assurance related departments can also understand the control standards of green product composition and content and take necessary control measures. Through systematic management, we implement a global green product supply chain, improve data accuracy, and strengthen partnerships with our supply chain partners, to achieve a sustainable supply chain.

▶ **GPARS/ EHS System**
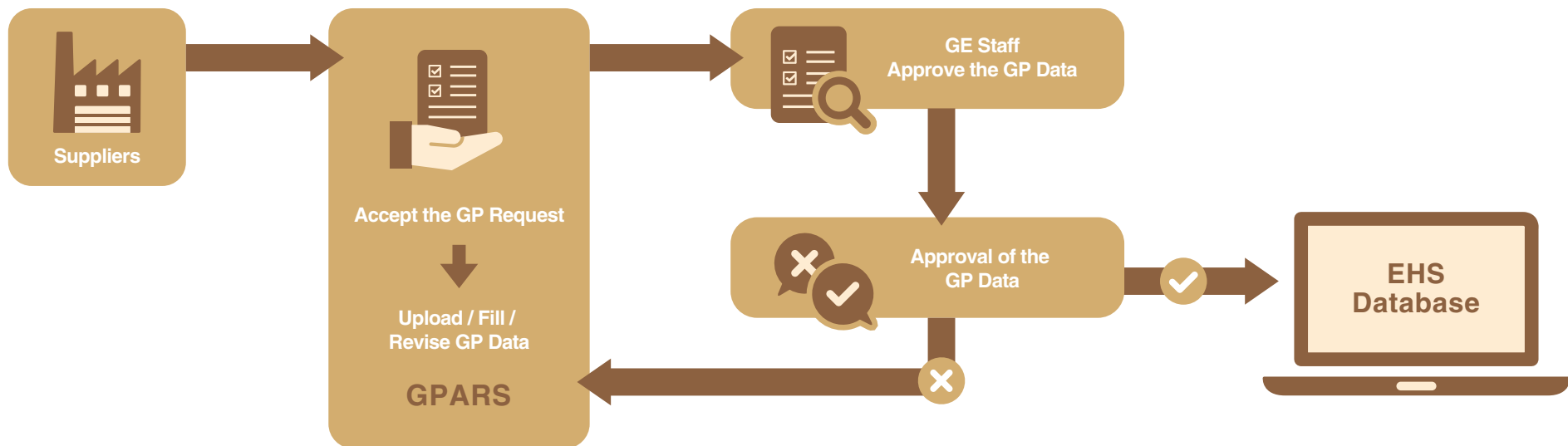
Contractor Management

Companies outsource technical and professional projects to contractors have become an inevitable trend. Besides the requisition of contract project quality and schedule, USI values contractor's safety and health management. Environment safety and health policy clearly commits "on a continuous basis, employees, suppliers and contractors must conduct environmental safety and health policy, knowledge and requirements through communication, participation and consultation. USI also provides training and exercise to reduce safety and health risks & incidents". And by implementing safety and health management evaluation, contractors could enhance their safety and health performance.

The Company attaches importance to the management of safety and hygiene. During the pandemic, we strictly control the access of external personnel into the factory and take relevant control measures, including filling out forms, taking body temperature, disinfecting hands with alcohol and wearing masks throughout the course, to reduce the possible risk of transmission. In 2020, the number of contractors participating in the company's occupational safety and health training reached 612 (trainees include contractors for: factory services, construction, waste, and other services). After training and evaluation by the EHS departments of each site, a total of 2,328 contractor employees obtained construction permits.

To ensure the safety of contractors, USI enhances the safety and health evaluation for unusual dangerous projects and recidivism contractors. In Taiwan Facility, any contractor with major violation and fails to improve within a designated period will face one-year suspension after they got the notice, and the contractors will be removed the qualification in China Facilities, if there are twice violations within 6 months. In 2020, a contractor accident occurred at the Mexico Facility when the failure to conduct a complete structural analysis of the roof operation during an elevated operation at the facility, resulting in a contractor personnel's falling accident. After analyzing the causes of the accident, the Company requires contractors to wear compliant safety belts and helmets and set up necessary safety and health measures (safety warning signs, safety fences, etc.) during construction, strengthens contractors' training on elevated operations to ensure construction safety, and includes them in the advocacy focus to prevent future construction failures. This work accident caused the injury rate for male contractors at Mexican Facility to be 2.19 and the lost day rate was 52.68 (please refer to the "Occupational Incident Management" section for the formula). In 2020, no qualified contractors were disqualified due to safety and health audits.

Training for Contractors (Taiwan)

Training for Contractors (Zhangjiang)

Training for Contractors (Shenzhen)

Supplier Sustainability Risk Assessment

To enhance the overall competitiveness of our supply chain and ensure our suppliers' compliance with corporate social responsibilities, USI has abided by the RBA code of conduct to assess and audit our suppliers. Formed by the Human Resources Department and EHS Department, the audit team oversees the audit within the scope of labors, health, safety, environment, ethics, and management system. The assessed items include the protection of human rights, fair treatment, legal working hours and salary, and environmental management, where suppliers are requested to ensure the rights and benefits of our employees, to implement the human right policy and to enhance the Company's performance in the society.

▸ **Sustainability Risk Assessment Procedure**

1 Suppliers sign the letter of commitment to promise to follow RBA Code of Conduct	2 Select suppliers	3 Suppliers fill out SAQ	Review the suppliers' SAQ
8 Case closed	7 USI confirm improvement results	6 Suppliers make improvement based on deficiencies	5 Conduct on-site audit for high-risk suppliers / 4

To better understand the status of the suppliers' sustainability development, USI uses the Self-Assessment Questionnaire (SAQ) and on-site audits to conduct a risk assessment of the suppliers. In 2020, we conducted a sustainability assessment survey of 576 Tier 1 suppliers, with a return rate of 70%, and the survey results showed that nearly 90% of the supplier audit results had a low risk rating. In addition, during the outbreak of the pandemic, the Company strictly controls the business travel itinerary, advocates the use of telephone, email or video conference for meetings, and complies with the quarantine regulations in the region, so it changes the on-site audits of material suppliers to online video audits. If the supplier is unable to use video conference, it will be audited by phone, and high standard preventive measures will be taken. In 2020, a total of 40 material suppliers were audited online and 36 on-site service providers were on-site audited. The audit results showed that 97% of them were at a low risk level, the closure rate of the suppliers' improvement items after the on-site audits reached 89%, and the other 11% of the suppliers were making continuous improvements. Together with suppliers, the Company contributes to the advancement and enhancement of the supply chain operating environment.

The Company analyzed the discrepancies of supplier audits and found that the labor and health and safety of the five major aspects accounted for 79% of the items requiring improvement, as shown in the chart below. In the future, USI will not only continue to audit our suppliers, but will also provide counseling services thereto based on these two aspects in 2021. In 2020, none of these suppliers were dissolved the partnership after the assessment. USI will keep assisting suppliers in making improvement and helping more suppliers to meet RBA Code of Conduct. We are expecting that 100% of suppliers can be rated as low risk in the future.

▶ **High Risk Factors of Supplier Sustainability in 2020**

Category	Risk Factor	Risk Description
Governance	Risk and continuous operations management	Failure to establish contingency/ improvement plans for risks associated with ongoing operations
		Failure to establish operation-related regulatory risk identification procedures
	Supplier sustainability management	Failure to establish a supplier sustainability management-related mechanism
Environment	Environmental management	Failure to establish a greenhouse gas emissions inventory mechanism
		Failure to establish energy management mechanism
		Failure to establish water management related reduction/ recovery management mechanism and objectives
Social	Labor rights and benefits	Failure to establish a management mechanism for labor-intermediaries/ labor-agencies
	Occupational health and safety	Failure to establish occupational health and safety regulations identification procedures

▶ **Distribution of Supplier Sustainability Audit Findings**

11%

5%

5%

44%

35%

- Labor
- Health and Safety
- Environmental
- Ethics
- Management System
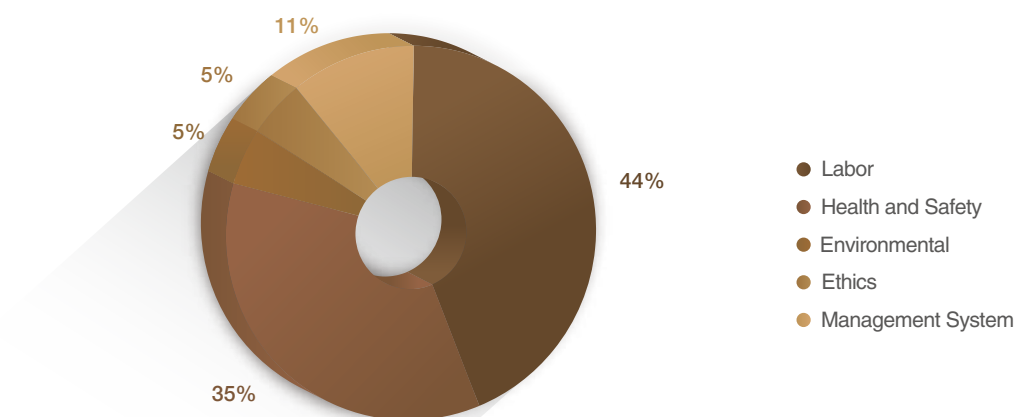
Online Sustainability Audits (Taiwan)

▶ **Supplier Audit Deficiencies and Improvement Actions in 2020**

Category	RBA Classification	Major Nonconformance Finding	Corrective Action
Labor	Wages and Benefits	• Salary reduction as a disciplinary action • Failure to comply with the provisions of law and regulations on leaves	• Specify in the regulations to clearly prohibit the punishment of salary deductions due to disciplinary issues • Establish regulations in accordance with the provisions of government law
	Working Hours	• Working hours over 60 hours • Monthly overtime working hours exceeding 36 hours	• Recruit employees in response to capacity needs, avoiding overtime due to lack of manpower • Establish an overtime reporting mechanism for real-time control of employees' working hours
	Freely Chosen Employment	• Failure to contribute to the provident fund for every employee • Failure to establish a system to prohibit the use of forced labor	• Confirm with provident fund management center and gradually make improvement • Increase the prohibition of forced labor system
Health and safety	Emergency Preparedness	• Failure to specify the class type in fire drill • Firefighting equipment is blocked and unchecked	• Specify the class in the fire drill information • Regularly inspect to ensure the effectiveness of firefighting equipment
	Health and Safety Communication	• Chemical safety information does not meet international regulatory requirements	• Establish chemical management related specifications
	Occupational Safety	• Construction contractors do not participate in education and training	• Strengthen the education, training and management mechanism of construction contractors
Environment	Hazardous Substances	• Hazardous waste treatment plants are not regularly audited • Plant noise is not monitored at night	• On-site audits will be arranged after 2021 • After 2021, it will be monitored together during the Boundary noise monitoring
	Air Emissions	• Waste gas treatment equipment not being spot checked	• Require personnel to conduct regular spot checks
	Water Management	• Failure to establish a rain water management system	• Identify potential risks of rain water pollution and develop management plans
Ethics	Privacy	• Failure to establish a policy or system to protect the privacy of customers and employees	• Establish a policy or system to protect the privacy of customers and employees
	Business Integrity	• Failure to establish a management system for business ethics	• Establish a management system for business ethics
Management system	Legal and Customer Requirements	• Failure to establish a regulatory tracking list and a periodic review system	• Develop a regulatory tracking list and a periodic review system
	Company Commitment	• Failure to develop corporate sustainability (CSR) and anti-corruption policies	• Develop corporate sustainability (CSR) and anti-corruption policies
	Communication	• No effective employee communication channel • Employee Satisfaction Survey Lacks a continuous improvement plan	• Revise management process to increase employee communication channels • Develop an improvement tracking plan and establish an audit system

Note: Identify the first three main categories of the Key audit deficiencies.

Supplier Communication

To establish a good communication with the suppliers, USI call together a supplier assessment team that consists of representatives from quality control, engineering, and procurement divisions. The team is in charge of communication with suppliers and inviting them to attend USI quarterly Executive Business Review (EBR), where the team members explain to the suppliers USI's viewpoints on social responsibility and environmental safety and health policies, such as USI's green supply chain, restrictions on using hazardous substances in product, environmental regulations and customer product quality requirements, while maintaining a close working interactions with suppliers. By the end of 2020, USI and material suppliers held 25 EBR meetings in total.

Apart from educating requirements of the green management system at the propagation meeting arranged and conducting face-to-face communications with the suppliers, USI holds related courses to interchange market dynamics with its suppliers on a regular basis. Additionally, USI promptly convenes orientations for its suppliers for different issues to let the entire supply chain command the latest information and regulations of the market. Therefore, the suppliers can comprehend USI's requirements of green procurement and of the conformity parts of WEEE, RoHS, REACH and CMRT. We also expect the suppliers to be like USI and value corporate ethics. In the aspect of implementing Supplier Sunshine Conduct Management Guidelines and anti-corruption, USI established an exclusive reporting mailbox (Please refer to the Business Ethics and Compliance section). In 2020, there were no cases where the suppliers provided feedback or made complaints.

- **Sustainable Supply Chain Webinar**

Since the first Supplier Sustainability Conference held in Taiwan in 2015, USI has been holding Supplier Sustainability Conferences for six consecutive years and is planning to make it an annual event for suppliers in the future. In 2020, due to COVID-19 we have changed this conference to an online session to prevent cluster outbreaks and impacting business operations. Remote activities through video conferencing can significantly reduce the proximity of human contact, which is a response to the pandemic to achieve safe and efficient remote communication. This year, the Greater China "Global Sustainable Supply Chain Webinar" was held at our Taiwan Facility to advocate the Company's various policies and beliefs and communicate directly with suppliers from all over the world. The content includes the continuous implementation of the green supply chain and the coordination with the trend of international environmental requirements, USI's sustainable management requirements, implementation experience, and sharing of future goals. In addition, we have invited Finn Han, Senior Product Manager of SGS Taiwan Ltd. to share "Trends in Corporate Sustainability Management in the Post-Pandemic Era," discussing global risks and corporate sustainability trends, to sustainable supply chain management and challenges, and how to move towards sustainable business development, so that we can learn to make the supply chain more transparent and design a lower carbon supply chain while facing the pandemic. A total of 120 supplier partners attended the online conference in 2020.

Procurement Platform that Advances with the Times

Since 2000, USI has implemented the SAP system to handle the related operations such as calculation of procurement requirements and order placement. However, in view that the quotation operation is still done by emailing to suppliers for inquiries, and the quotation-related information is stored in paper form or personal computer, since 2010, we have gradually introduced the electronic quotation operation and provided procurement management modules to effectively shorten the quotation time and improve the quotation efficiency. The quotation information is stored in the system so that no data is lost due to staff changes. Also, as the data is stored systematically, various kinds of reports can be generated for management analysis. The quotation information is controlled by award of bids, and the process is checked by a multi-level supervisory approval process to achieve fair and impartial operation and to prevent the procurement to be biased by personal relationships. At the same time, the electronic quotation platform approval process was introduced to replace the paper-based work process, effectively reducing the use of carbon products, and achieving the environmental sustainability strategy.

In 2020, we continued to optimize this quotation platform and develop a non-standardized material comparison table to provide procurement negotiation personnel and supervisors as a basis for analysis and decision making, which will help the team grasp the best quotation situation, achieve the most competitive price for procurement, and reduce production costs. At the same time, due to the expansion of the Company's global deployment in 2018, we also developed a multi-language interface in 2020 to respond to the use of the system by global personnel of different nationalities. On the other hand, due to the impact of COVID-19 pandemic, the uncertainties in the control of materials have increased. To improve the control of materials, we have established manufacturing country-specific information for all new materials at the first instant to achieve advanced deployment. Thus, we can systematically capture and analyze items that may be affected and implement early response operations to reduce the degree of impacts.

Conflict Minerals Compliance

Conflict minerals are metals such as tantalum, tin, tungsten, gold, and cobalt that are illegally mined and traded from the Democratic Republic of the Congo and its neighboring countries*. These metals were obtained by local armed militias through long-term violent coercion of labor or child labor to destroy the environment and ecology, and they are also the main source of funding for illegal armed organizations. ASEH joined Responsible Minerals Initiative (RMI) as a member in 2015. As a member of ASEH, USI utilizes the resources and guidance provided by RMI to make wise choices in the supply chain regarding conflict minerals, achieving a conflict-free mineral supply chain.

Note: The neighboring countries: Central African Republic, Republic of the Congo, Angola, Zambia, Tanzania, Burundi, Rwanda, Uganda, South Sudan.

Conflict Minerals Management

Item	Management Approach	2020 Performance
Management Requirement	• Establish procedures governing conflict minerals according to regulations and customers' requirements • Make corporate policy for sourcing conflict minerals • All suppliers must comply with our conflict-free minerals procurement policy	• USI's conflict-free minerals procurement policy is on the Company's website. https://www.usiglobal.com/csr/Conflict-Minerals-Compliance • All our targeted suppliers* comply with our conflict-free minerals policy
Material Management	• Investigate smelters materials are procured from* • Conduct suppliers/ materials risk assessment • Identify new risks	• The materials used by USI's suppliers come from qualified smelters. The use of 3TG smelters and cobalt smelters in 2020 is as follows and the distribution in recent years is shown as follows:
Supplier Management	• Make corporate policy for sourcing conflict minerals • Require suppliers to use qualified smelters • Conduct supplier on-site audits and counseling • Encourage unqualified smelters to work with RMI • Promote relevant requirements and plans through sustainable suppliers' briefings	• USI continues to promote the procurement of conflict-free minerals to the supply chain, and expanded supply chain due diligence. In 2020, a total of 359 suppliers completed the CMRT survey. The situation over the years is shown on the following page. In addition, we completed the CRT* survey of 77 suppliers • Written and online interviews with a total of 11 suppliers • Announced USI's requirements and future direction at the 2020 Sustainable Supply Chain Webinar
Internal management	• Conduct relevant personnel trainings	• Opened a "Conflict Minerals Management" online training course. This course is required for all personnel engaging in relevant affairs. In 2020, 39 completed the training
Independent Private Sector Audit	• Carry out third-party audits and meet the annual conflict-free mineral declaration • Abide and comply with customer conflict mineral audit requirements	• USI's parent company, ASEH, is required to report annually to the SEC* and the related conflict minerals reports passed the audit conducted by an Independent Private Sector Audit (IPSA)* • The Independent Private Sector Audit is conducted on the results of due diligence, and our target suppliers use 100% qualified smelters
Annual Report	• Compile annual conflict mineral report • Provide CMRT* requirements to the customers	• ASEH's annual conflict minerals report covers USI and its subsidiaries, the scope of the report is on the first page and can be accessed at: https://www.usiglobal.com/files/images/csr/2020_aseh_cm_report.pdf • Provide a complete conflict mineral report form in accordance with customer requirements

Status/ Materials	Tantalum	Tin	Tungsten	Gold	Cobalt
Conformant	39	73	45	110	9
Active	0	0	2	1	12
Non-Participating	0	0	0	0	52

Note:
1. USI requests suppliers to source minerals from RMI approved qualified refining plants. (https://www.responsiblemineralsinitiative.org/smelters-refiners-lists/)
2. CMRT, Conflict Minerals Reporting Template
3. CRT, Cobalt Reporting Template
4. Target supplier, annual 95% of total purchase amount
5. SEC, United States Securities and Exchange Commission
6. IPSA, Independent Private Sector Audit

▸ **3TG and Cobalt from Qualified Smelters Distributions**

Tantalum

	2016	2017	2018	2019	2020
Non-Participating	2			1	
Conformant	46	42	40	40	39

Tin

	2016	2017	2018	2019	2020
Non-Participating	23	3	2	2	
Active	11				
Conformant	65	70	73	77	73

Tungsten

	2016	2017	2018	2019	2020
Non-Participating	10			2	2
Active	2				
Conformant	39	41	41	43	45

Gold

	2016	2017	2018	2019	2020
Non-Participating	35	4	3	1	1
Active	10				
Conformant	90	96	101	104	110

Cobalt

	2019	2020
Non-Participating	64	52
Active	11	12
Conformant	2	9

Legend:
- Non-Participating
- Active
- Conformant

▸ **Number of Qualified Suppliers**

2016	2017	2018	2019	2020
209	364	379	352	359
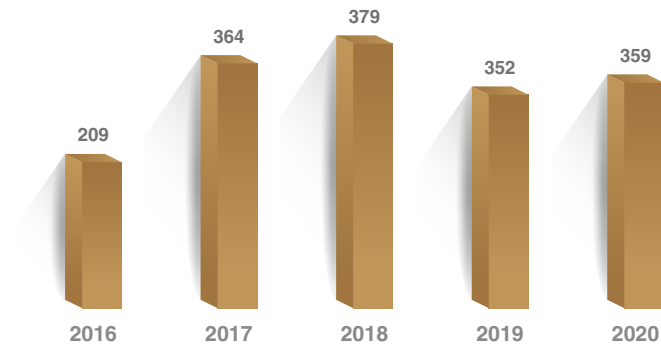
Conflict Minerals Commitment and Future Plans

With the resources and guidance provided by RMI and Organization for Economic Co-operation and Development (OECD), USI has started the supply chain conflict minerals response measures by requiring suppliers to refer to the criteria of procurement from RMI's qualified smelter list, in order to achieve USI's commitment and future plans for a conflict-free minerals supply chain. The measures taken are as follows:

1. Establish a conflict-free supplier procurement policy and communicate USI's management and investigation requirements through supplier conferences.
2. Carry out an annual survey to evaluate suppliers' purchase or use of smelters, and immediately request removal if found to be unqualified.
3. Analyze and identify suppliers' smelter risks, continue to conduct supplier on-site visits, and guide suppliers to establish management mechanisms.
4. Optimize supplier management system to improve the management of smelter information quality, while achieving customers' reporting requirements.
5. Set up a plan to investigate the sources of cobalt and mica to meet RMI and Responsible Minerals Assurance Process (RMAP) standards.

Social Involvement

7

To manage our relationships with our surrounding communities and the environment, USI actively engages in corporate citizenship through four approaches: Investing in Education, Contributing to Society, Promoting Arts & Culture, and External Participation. Together, we can create social value and build a sustainable future.

2020 Key Performance

CNY 5.97 Million
Invested in Social Involvement

1,674 Volunteer Hours
Contributed to Local Communities

754 Students
Participated in Industrial-Academic Partnerships

21,040
New Trees Planted in the Million Tree Project

1,001 Students
Reached through 6 Targeted Poverty Alleviation Programs

✓ Achieved   ⏱ Not Achieved

SDGs	Business Action	2020 Key Issue	KPI	2020 Target	2020 Performance	Status	2021 Target	2025 Target
4 QUALITY EDUCATION	Invest in rural education and youth capacity building to bridge the city-country education gap and raise youth employability	Investing in Education	• Rural area reading activities • Number of industrial-academic partnerships • Number of interns • Number of USIU classes shared	• Hold 6 reading activities in rural areas • Conduct research industrial-academic partnerships • 30 students participate in partnership programs • Share 20 USIU classes	• Held 6 reading activities in rural areas • Conduct 3 research industrial-academic partnerships • 754 students participated in partnership programs • Shared 21 USIU classes	✓	• Hold 6 reading activities in rural areas • Collaborate on 2 research industrial-academic partnerships • Admit 30 interns • Share 30 USIU classes	• Hold 6 reading activities in rural areas • Collaborate on 2 research industrial-academic partnerships • Admit 150 interns • Share 40 USIU classes
11 SUSTAINABLE CITIES AND COMMUNITIES	Actively participate in community activities, invest in community development, care for vulnerable groups, and protect the environment	Contributing to Society Promoting Arts & Culture	• Number of people benefiting from Targeted Poverty Alleviation programs • Number of volunteers • Number of trees planted • Number of art groups supported	• Alleviate 900 students from poverty • Reach 500 volunteers • Plant 6,000 trees in the USI Employee Forest • Support art groups	• 1,001 students alleviated from poverty through 6 programs • Reached 1,412 volunteers • Planted 7,040 trees in the USI Employee Forest • Supported 3 art groups and 2 artists	✓	• Set volunteer management policy • Design social activities to encourage volunteers • Support talented artists and groups	• Reach 2,000 volunteers • Plant 8,250 trees in the USI Employee Forest • Support 3 talented artists and groups
17 PARTNERSHIPS FOR THE GOALS	Promote sustainable development through networking with global partners	External Participation	• Number of organizations participated	• Continue participating in external organizations	• Participated in 44 external organizations	✓	• Participate in 40 external organizations	• Participate in 40 external organizations

Social Activities Overview

As part of our efforts to enable sustainable development, USI collaborates with community partners to build trust, make a positive impact, and contribute to society's overall development. We aim to achieve lasting social impact in four ways: Investing in Education, Contributing to Society, Promoting Arts & Culture, and External Participation. Through continuous investment in programs focused on communities where we operate, USI strengthens corporate solidarity and reaches out across sectors to create a better future for all.

In 2020, to measure the social value of our programs, we adapted the London Benchmark Group (LBG) methodology framework to effectively quantify our corporate citizenship and philanthropy investments. We hope to make better decisions, be more accountable, and maximize the effectiveness of each program by evaluating our inputs, outputs, and impact. USI invested CNY 5.97 million in 69 social activities and 44 external organizations in 2020 and engaged 1,412 employees to volunteer 1,674 hours of service throughout the year.

The following figures show the ratio of CNY invested by type of approach and by type of activities for the past three years:

‣ **Investment by Approach**

‣ **Investment by Type of Activities**

Investment by Approach

	2018	2019	2020
External Participation	27%	17%	7%
Promoting Arts & Culture	9%	17%	18%
Contributing to Society	42%	42%	54%
Investing in Education	22%	24%	21%

Legend: Investing in Education, Contributing to Society, Promoting Arts & Culture, External Participation

Investment by Type of Activities

	2018	2019	2020
Charitable Donation	17%	26%	38%
Community Investments	38%	37%	37%
Commercial Initiatives	45%	37%	25%

Legend: Commercial Initiatives, Community Investments, Charitable Donation

Investing in Education

Talent is an important growth driver for enterprises. Reading is the groundwork for accumulating innovative capabilities. As part of the Investing in Education strategic pillar, USI helped establish the Taiwan Reading Culture Foundation and its Philanthropic Library. The Library is set up in each township as a resource for teachers to borrow and use in class. We co-organized the Chinese Literary Prize for Global Youth to encourage students in literary pursuits. In terms of youth training, we have several industrial-academic partnership and internship projects in multiple facilities to enhance youth employability and develop next-generation technology talents.

Sponsor Taiwan Reading Foundation (Taiwan Facility)

"Broadening children's horizons and cultivating reading interest" cannot be done overnight. Therefore, USI has continuously sponsored the Taiwan Reading Culture Foundation to build Philanthropic Libraries since 2005 and invested CNY 123,000 every year purchasing new books for the Libraries. To date we have donated 685 boxes of books, developing the reading ability of students in rural and remote areas. We understand that only continuous investment can bring substantial impact and change to students, and not just financial and material assistance.

In addition to book donations, USI collaborates with the Foundation to organize Meet the Author and Parent-Child Reading activities. We spare no effort to expand investment in local education, enhance our internal reading habits, and promote reading. In 2020, we held four Meet the Author activities in Lanyu with 192 participants in total. Having an author share tips and experience in writing helps set an example for children and broaden their horizons. 100 people participated in the Parent-Child Reading Activity. We hope to instill reading habits through parents and children reading together, enriching children's minds.

We continued to use the SROI methodology to analyze and quantify our impact to students and children through the Philanthropic Libraries program and activities. Through our survey, we found 73% students who participated in Meet the Author activity felt their horizons broadened, a 15% increase from last year. From the parents that participated in the Parent-Child Reading activity, nearly 77% parents believed that the event could enhance family reading quality, 77% believed that it could enhance their children's reading comprehension. For detailed analysis, please refer to the charts on the next page.

▸ **Meet the Author - Outcome Incidences for Grade School Students**

73%
58%
57%
50%

2020
2019

Broadened Horizons
Increased Reading Motivation
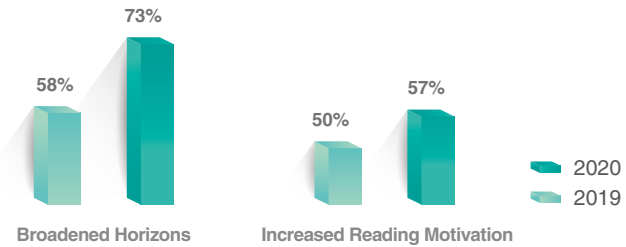
▸ **Parent-Child Reading: Outcome Incidences for Parents and 1st-3rd Graders**

Parents

72% 77%

Improved Family Reading Quality

1st-3rd Graders

77%
65%
71% 74%

2020
2019

Improved Reading Comprehension
Improved Reading Focus
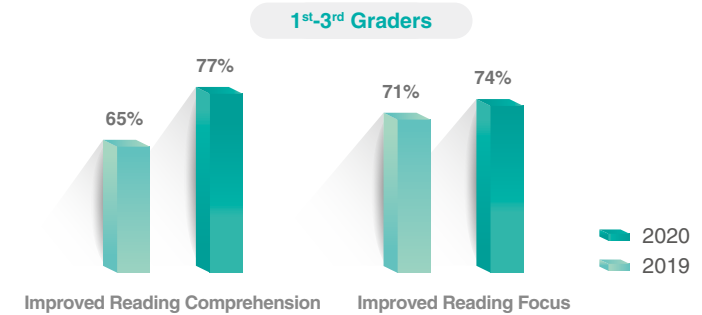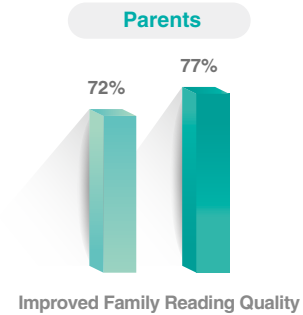
Sponsor Chinese Literary Prize for Global Youth (Taiwan Facility)

The Chinese Literary Prize for Global Youth is known as the fountain of living waters for new literary talents. Many literary luminaries such as Chang Man-Chuan, Jian Zhen, and Hou Wenyong had won this prize as students. To encourage student participation and advance Chinese literary culture, USI sponsors CNY 74,000 every year as prize money to scout for new literary stars. The call for manuscripts has expanded to include Chinese students from all over the world. In 2020, the 38th Global Chinese Student Literature Award received 1,254 entries from Taiwan, China, Malaysia, Singapore, Japan, and the US. There were 886 submissions from Taiwan and 368 from overseas. 332 entries were from Malaysia, an increase of 74 entries from last year. Double the schools submitted entries into the competition compared to last year. The Global Chinese Student Literature Award, co-sponsored by Mingdao Literature and Art Magazine, Mingdao Middle School, and Modern Literature Museum, is a cradle for literary talents in the Chinese region. We look forward to more award-winning students emerging in the Chinese literary world.

USI University Courses & Industrial-Academic Partnerships (Zhangjiang, Shenzhen, Kunshan, Taiwan Facilities)

Over the years, internal lecturers from USI University provided several free courses to share their knowledge, experience, or the industry's latest trends to associated organizations and students. Through courses such as 8 Dimension Problem Solving, and PPAP production standards, we assist SME to build their own processes. We also share industry trends and research results in university seminars, such as electrical simulation applied to electronic product design and the evolution of mobile antennas. In 2020, we shared 21 courses, 2,095 hours of lessons investing in the education of youth capacity training.

Also, to put academic theory into practice, USI provides internship opportunities in Zhangjiang, Shenzhen, and Taiwan Facilities. In 2020, 754 students interned 11,080 hours in our internship programs. We designed a one-on-one mentor system so students can bridge the gap between school and work after graduation.

In addition to internship opportunities, Taiwan Facility continued to partner with National Chiao Tung University. In 2020, we invested CNY 840,000 to implement various research projects such as Smartphone Radio Frequency Interference, Non-Solder Automated Optical Inspection Optimization Model for Machine Learning, and Extracting Key Product Specifications Using Natural Language. The results for Non-Solder Automated Optical Inspection Optimization Model for Machine Learning was published in the 33rd CGVIP 2020.

▸ **USI University Courses (Global)**

Zhangjiang Facility
- Work Experience Sharing
- Production Introduction
- Systemic Production Management
- System Analysis Introduction
  (Shanghai Tech School)

Shenzhen Facility
- 8D Problem Solving (Industry)
- PPAP Production Standards (Suppliers)
- Intro to RBA (Contractors)

Kunshan Facility
- Pearl Students Winter Camp (Students)
- PPAP Production Standards (Suppliers)
- 8D Problem Solving (Suppliers)

Taiwan Facility
- Career Coaching and Experience Sharing
  (National Chengong University)
- Seminar - Electrical simulation applied to electronic
  product design (National Sun Yat-Sen University)
- Seminar - Evolution of Mobile Antennas
  (National Sun Yat-Sen University)
- Seminar - Enterprise AP Introduction
  (National Chiao Tung University)
- Cross-Cultural Management (TEEMA)
- PPAP Production Standards (Industry)
- 8D Problem Solving (Suppliers)

Contributing to Society

The dramatic spread of COVID-19 continues to disrupt lives, communities, and businesses worldwide. As a listed company in Shanghai, USI actively takes the mantle of social responsibility and contributes towards efforts to contain the spread of the virus. We took the lead and set measures to protect our employees and support local communities. Our chairman donated CNY 1 million to the Shanghai Red Cross at the end of January for the prevention and treatment of COVID-19. Kunshan Facility donated CNY 100,000 to the Kunshan Fusion Fund Charity Association at the end of February to support pandemic prevention in Kunshan. To support the Nanshan District of Shenzhen City, Shenzhen Facility donated 100 forehead thermometers to the Nanshan Charity Association in late March to help the Association's control efforts in public places when protective equipment was in short supply. In Mexico, where the pandemic was severe, we donated 773 breakfasts to frontline health workers to cheer them on and donated 600 face masks to the neighboring community educating the importance of mask-wearing while in public places. At this moment of crisis, we come together and stand united in the war of prevention and control efforts against COVID-19.

Targeted Poverty Alleviation

In response to SDGs (Goal 1: No Poverty; Goal 4: Quality Education), USI sponsors several educational poverty alleviation programs to help children in impoverished regions obtain resources for quality education and narrow the gap between urban and rural areas. For example, in 2020, USI invested CNY 1.362 million and assisted 1,001 students by funding the Gansu Chengdong Kindergarten, Digital Education Poverty Alleviation Program, Western Region Student Aid Program, Hope for Pearls Project, Kunshan Heartfelt Wish Activity, and Yunnan Children Aid Program.

Funding Gansu Chengdong Kindergarten (Zhangjiang Facility)

USI actively responds to the call for targeted poverty alleviation, contributing towards education development in rural areas. In 2020, we invested CNY 1 million to help build the Gansu Chengdong Kindergarten, assisting children in poverty-stricken regions obtain better educational resources.

Western Region Student Aid Program (Zhangjiang Facility)

Education is the pathway out of poverty as it can help people gain comprehensive capabilities and utilize advanced technologies. Therefore, USI carried out the Western Region Student Aid Program through the Cihui Foundation in poverty-stricken western regions such as Yunnan and Sichuan and invested CNY 48,000 to provide financial aid to 12 impoverished outstanding college students to ensure their opportunities for education and growth. We believe when they complete their studies, they will use the knowledge learned to help more people.

Digital Education Poverty Alleviation Program (Zhangjiang Facility)

The United Nations believes that digital literacy is needed to prevent marginalization in society which is an essential task of poverty alleviation and development. To implement China's 13th Five-Year Plan for poverty alleviation, USI upholds our value of Realizing IDEAS Together, implements our sustainability policy of "actively participating in community activities", and focuses on the computer education gap of schools in remote areas. We launched the Digital Education Poverty Alleviation Program and donated computer classrooms to improve their learning environment, enrich teaching resources, and enhance students' abilities. The five computer classrooms we donated are in Gansu and Qinghai. The classrooms hold 150 sets of computers and benefited 909 students in 2020, and the cumulative beneficiaries reached 1,375.

The pandemic in 2020 forced schools to hold online lessons. Thus, USI computer classrooms were vital in assisting teachers in preparing their lessons and broadcasting. In addition, we continued to follow up on their remote teaching and learning to check if everything is going well and whether they needed any technical assistance. In the future, we might arrange computer training courses so teachers can conduct computer lessons more smoothly.

Yunnan Children Aid Program (Zhangjiang Facility)

In response to the Zhangjiang Science Park Trade Union's philanthropic initiative, USI Union donated "Heartwarming Bags" worth CNY 5,000 to give practical help to 10 children in need from Yunnan Province. By providing a basic set of learning supplies, we hope they can complete their studies and strive for a brighter future.

Hope for Pearls Project (Shenzhen, Kunshan Facilities)

Since 2016, USI has actively participated in the Hope for Pearls Project, helping students with excellent grades but cannot afford tuition to actualize their dream of finishing high school.

USI Shueijin Pearl Class of 2017 in Luoyang Third Middle School overcame difficulties brought by the pandemic and adjusted mindset in time for their Gaokao. They all got accepted to their dream universities, creating a 100% acceptance rate.

In 2020, we cooperated with Shanbay English Learning Platform and organized a "Pearls Check-in Challenge" where participants check-in through learning a new word. Once we reached the pledged amount of words, Shanbay donated English learning resources to the Pearl Students. We also held a "Walk for Pearls", where 35 USI families, 88 people walked to promote the Hope for Pearls Project. We raised CNY 300,000 for Qianshan Yezhai Middle School in Anhui Province and set up the fourth USI Shueijin Pearl Class with 40 students from the two fundraising events. In addition to funding, we continued to follow up on these pearl students through letters, home visits, and factory study tour invitations. Our mentor team introduced USI culture, shared their career stories, answered questions about growing up and the workplace, and gave suggestions for their future with humorous anecdotes.

We plan to offer them internship and employment opportunities as we believe pearl students are future stars that will shine and illuminate the community.

Kunshan Charity Foundation "Heartfelt Wish" Activity (Kunshan Facility)

As the saying goes, "never omit to do a good deed thinking it's too trivial." For five years running, USI supported Kunshan Charity Foundation's "Heartfelt Wish" activity. We donate CNY 9,000 to adopt the wishes of 30 impoverished children living in the Kunshan mountains. There is nothing more powerful than seeing the results of our wish-granting efforts when the children receive a gift they wished for on Children's Day. We also donate Care Packages with rice, oil, and dried goods to 30 households in need before Chinese New Year, wishing them the best for the coming year.

Social Inclusion

Dreams Come True Project (Taiwan Facility)

Every great dream begins with a dreamer. No matter where you are from, your dreams are valid. To spark the imaginations of disadvantaged children and inspire them to dream, USI annually invites children from Taiwan Fund for Children and Families to join outings with our employees and their families. For energetic children, they might soak in the electric atmosphere of the baseball game and be motivated to become professional players.

USI employees organized a gift registry for colleagues to buy Christmas presents for the kids in the Nantou Renai Home for Children for the past three years to bring a bit of festive joy. The head of the Employee Welfare Committee led 61 volunteers to the Renai Home to spread Christmas cheer. With a little bit of love, we can make wishes come true and see the joy it brings.
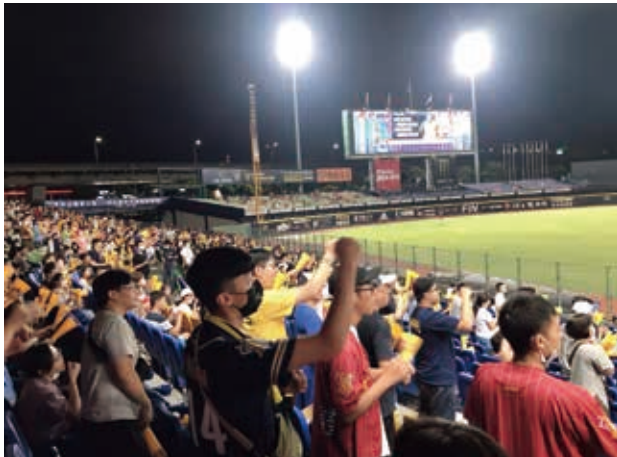
Sending Love to Retirement Homes (Jinqiao, Kunshan Facilities)

How to make sure seniors are well cared for is the issue we face in our aging society. USI annually arranges employees to visit and purchase supplies for local retirement homes to pay respects to the elderly. In 2020, we donated computers, fruit, rice, and other daily necessities worth about CNY 14.9 thousand to Shanghai Tangzhen Retirement Home and Kunshan Retirement Home. During our visits, volunteers prepared performances to entertain the seniors, sang classic old songs together, and chatted with them. Red Sunset Senior Choir of Tangzhen Retirement Home thanked volunteers by performing their number. Both the volunteers and seniors spent a lively afternoon together, adding color to their everyday life. USI will continue to spread the love with the spirit of dedication and responsibility to society.

Environmental Conservation

The Million Tree Project (Global)

In response to SDGs (Goal 13: Climate Action; Goal 15: Life on Land), USI actively promotes environmental education, protects ecosystems, combats desertification, and reverses land degradation through collaborating with Shanghai Roots and Shoots Youth Activity Center's Million Tree Project. Planting trees in Inner Mongolia and Ningxia not only reduce desertification, but the project also hires locals to maintain and plant trees, creating job opportunities. According to Shanghai Roots and Shoots, with the efforts of every volunteer and the local government, the ecology is undergoing tremendous change, and we are gradually greening the land. By the end of 2020, USI has planted 85,969 trees covering 67.2 hectares, capturing 7,647.46 kg of CO_2.

The USI Employee Forest was launched in 2016 as an awareness-raising campaign. We organized employees' donations and volunteers to plant trees in Inner Mongolia and Ningxia. Unfortunately, our tree planting ambassadors couldn't go to the planting sites due to the pandemic. Thus, employees participated even more actively in donating saplings to contribute to environmental protection. In 2020, 21,040 trees were newly planted, of which 7,040 trees were donated by employees, an increase of 15% over last year.

▸ **USI Tree Planting Statistics**
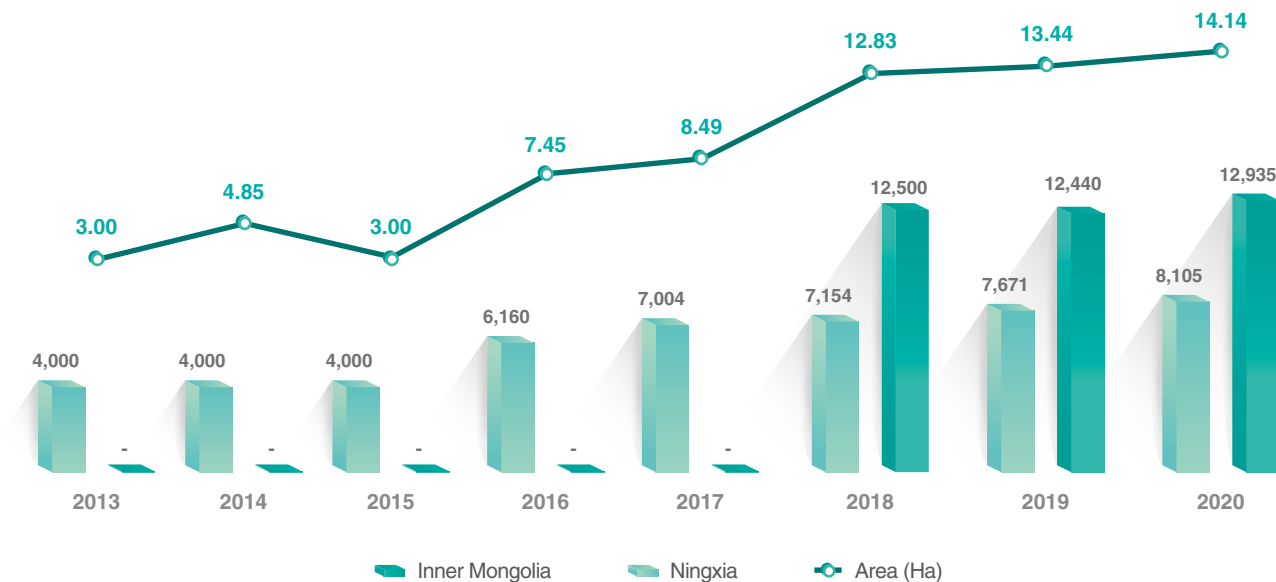
2020 Snapshot of Tree Planting in Inner Mongolia -1

2020 Snapshot of Tree Planting in Inner Mongolia -2

2020 Snapshot of Grass Squares in Ningxia

Year	Inner Mongolia	Ningxia	Area (Ha)
2013	4,000	-	3.00
2014	4,000	-	4.85
2015	4,000	-	3.00
2016	6,160	-	7.45
2017	7,004	-	8.49
2018	12,500	7,154	12.83
2019	12,440	7,671	13.44
2020	12,935	8,105	14.14

■ Inner Mongolia ■ Ningxia ⬤ Area (Ha)

"Love the Source of Life" International Coastal Cleanup (Jinqiao Facility)

To protect the oceans and coastal ecosystem and take action to restore them, we collected and documented the trash littering the coastlines of Shanghai. USI has joined the international coastal cleanup event each year since 2015 and encourages employees to volunteer to raise environmental protection awareness through a hands-on approach. We chose Nahui East Harbor, Binjiang, and Chongming as our cleanup locations in 2020. In a few hours, 65 volunteers pick up 3,653 pieces of trash, totaling 49 kg. Ocean trash is mainly non-degradable plastics, which affects marine wildlife, contaminates the environment, and ultimately impacts human health. We hope our engagement with the coastal cleanup can save the habitat of wetland birds and help the fight for trash-free seas.

Adopt-a-Road Program (Taiwan Facility)

USI Taiwan Facility's Adopt-a-Road Program entered its 14th year. We yearly donate CNY 213 thousand to maintain these roads' hedges and cleanliness and sponsor our town's efforts in greening and landscaping Zhongxing Road. Our adopted streets include a stretch of Caoxi Road (from Zhongxing Road to Maoluoxi Bridge), the provincial highway No.14B access road to Freeway No.3 (from Maoluoxi Bridge to the intersection at Shengfu Road), and Shengfu Road intersection to the central island at Shanglin police station.

Promoting Arts and Culture

Title Sponsor Youth Go Competitions (Zhangjiang Facility)

USI Formosa Team, composed of four young Go players from Haifeng Go Academy, connected with Go players and masters worldwide through online games and matches during the pandemic. USI continued to invest CNY 553 thousand in their training, promoting cross-strait youth exchange through the power of Go.

Sponsor Cloud Gate Dance Theatre's Annual Autumn Tour (Taiwan Facility)

Since 2005, USI has donated CNY 260 thousand a year to support the Cloud Gate Culture and Art Foundation. This year we sponsored the Cloud Gate Sounding Light production and invited suppliers to enjoy the show with our senior management at the VIP box in Taipei National Theater. In addition, the Employee Welfare Committee also provided subsidized tickets for employees to take their families to experience this performance in the Taichung National Theater. In total, we welcomed 280 partners to enjoy Taipei and Taichung's performances in hopes of enhancing creative energy.

Sponsor Min Hwa Yuan Theatre Performance (Taiwan Facility)

Promoting traditional arts and giving back to the community is central to USI's commitment to social activities. Taiwan Facility has supported the annual Straw Crafts Culture Festival since 2002 and invites the Minghuayuan Theatre Group every year to perform at Caotun Zhongshan Park. This year, we invested CNY 236 thousand and invited locals to come and enjoy the traditional opera The Emperor's Pride and Joy. We hope to keep traditional culture alive through regular performance and broad distribution to be passed down generations.

External Participation

Societies globally are facing a range of complex challenges, as a global corporate citizen and leader in electronic design and manufacturing services, we recognize the need to take a more visible role in advocating key issues affecting the industry. We are building relationships with partners and like-minded stakeholders and advocating on sustainable issues such as climate change, corporate sustainability, human rights and sustainable supply chains.

In 2020, USI contributed CNY 420 thousand and actively participated in 44 industrial organizations and associations. Through meetings, networking events, and serving important positions, USI keeps in close touch with the industry and contributes to the development of the electronic and engineering sectors. The following is a partial list of organizations USI joined:

Zhangjiang Facility
- Shanghai Integrated Circuit Industry Association •••
- Pudong Association of Foreign Investment •••
- Shanghai Pudong Human Resource Association (SPHRA)
- Securities and Futures Market Work Committee
- The Listed Companies Association of Shanghai
- Shanghai Association of Foreign Investment (SAFI)
- Shanghai Accounting Association

Jinqiao Facility
- Shanghai Pudong New Area Accounting Association
- Shanghai Integrated Circuit Industry Association
- Shanghai Pudong Jinqiao Labor Personnel Association

Shenzhen Facility
- Taiwan Merchant Association Shenzhen •
- Shenzhen Hi-tech Industry Association •
- Shenzhen Association of Enterprises with Foreign Investment •••
- Shenzhen Enterprise Confederation •••
- Shenzhen Customs Bureau Association •••
- Shenzhen City Chamber of Commerce for Import and Export

Kunshan Facility
- Taiwan Compatriot Investment Enterprises Association of Kunshan •
- China Quality Management Association for Electronics Industry •••

Taiwan Facility
- Taiwan Telematics Industry Association •••
- Taiwan Electrical and Electronic Manufacturers' Association (TEEMA) ••
- Nankang Industrial Manufacturers Association •••
- 5G Industry Development Innovation Alliance
- Global Certification Forum
- USB Implementers Forum
- PCI-SIG
- VCCI Council
- WiFi Alliance
- Asia Terahertz Industry Development Association (ATIDA)
- Taiwan Transportation Vehicle Manufacturers Association

Note:
1. • Represents the position of Chairman/ Vice-chairman
2. •• Represents the position of Executive Director
3. ••• Represents the position of Director/ Supervisor

▸ **Promotion of Responsible Business Alliance (RBA)**

ASEH joined the RBA and became its member in 2015. As a member of ASEH, USI actively abides by the RBA Code of Conduct and requests its facilities around the globe to implement it. The information regarding USI's performance in terms of workers' human rights, occupational health and safety, corporate ethics and environmental protection is disclosed on the RBA-Online platform.

USI annually conducts internal audits to ensure compliance. In 2020, the results of RBA Self-Assessment Questionnaires for Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan, and Mexico Facilities were all "Low Risk." 100% of worldwide manufacturing facilities have implemented RBA Validated Audit Process, please refer to the Human Rights Management section for details. USI has not only accepted customers' audits but requested and assisted suppliers to follow the RBA Code of Conduct and disclose their results on the RBA-Online platform. Please refer to the Supply Chain Management section for further details.

▸ **Promotion of Responsible Minerals Initiative (RMI)**

USI follows the OECD framework Due Diligence for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas to establish conflict minerals management mechanism and referred to the RMI, the Responsible Minerals Assurance Process, and other sourcing initiatives allowing USI to regularly collaborate with suppliers and customers to reduce the environmental impact and contribute to sustainability goals. Please refer to the Conflict Minerals Compliance section for further details.

▸ **Promotion of Carbon Disclosure Project (CDP) and Task Force on Climate-related Financial Disclosures (TCFD)**

USI responds to the responsibility for stopping climate warming with specific energy-saving actions, following the sustainable strategy of "low-carbon mission", and the CDP and TCFD related actions are carried out. For related matters and results, please refer to the Climate Change Mitigation section for details.

Management Systems Certification Table

Facility / Management System	Zhangjiang	Jinqiao	Shenzhen	Kunshan	Taiwan	Mexico
ISO 14001	2004	2016	2001	2012	1998	2006
ISO 14064-1	2010	2016	2010	2011	2009	2016
ISO 50001	2017	2017	2017	2017	2017	2017
ISO 45001*	2019（2004）	2019（2016）	2019（2004）	2021（2012）	2019（2004）	（2014）
IECQ QC080000	2007	2018	2016	2020	2015	2007
TL 9000	2005	2015	-	2013	-	-
ISO 9001	2004	2015	2016	2014	1993	2007
IATF 16949*	2018（2007）	-	-	2018（2013）	2018（2003）	2018（2005）
ANSI/ESD S20.20	2013	2018	2017	2020	-	-
ISO 13485	-	-	-	2014	-	-
ISO 26262	2017	-	-	2017	-	-
RBA VAP	2015	2018	2015	2018	2018	-

Note:
1. The year shown on the table refers to the initial year of certification. All management systems are continuously updated to the latest version as of 2020.
2. ISO 45001 replaced OHSAS 18001 on March 12, 2018; USI has fully converted to the new version in 2019. The year in parentheses refers to the year OHSAS 18001 was first obtained.
3. IATF 16949 replaced ISO/TS 16949 on September 14, 2018; USI converted to the new certification system in 2018. The year in parentheses refers to the first year USI acquired ISO/TS 16949 certification.

ESG Key Performance Data

• **Environmental**

Green Power Use Percentage	Unit	2018	2019	2020
USI Group	%	87.2	82.7	81.5
China Facilities	%	100	100	100
Mexico Facility	%	0	10	20
Taiwan Facility	%	10	0	0

Greenhouse Gas Emissions	Unit	2018	2019	2020
Category 1	metric tonnes CO_2e	7,024.93	8,438.84	6,748.33
Category 2	metric tonnes CO_2e	148,201.93	168,730.49	184,225.84
Category 3-6	metric tonnes CO_2e	115.48	22,623.67	16,796,710.61

Note: USI first inventoried GHG emissions categories 3-6 in 2018, covering only Taiwan Facility. In 2019, the inventory scope expanded to cover China and Taiwan Facilities. In 2020, our inventory scope expanded according to ISO 14064-1:2018 requirements.

Water Resource Management	Unit	2018	2019	2020
Water withdrawal	ML	581.537	681.848	803.69
Recycled water	ML	142.813	155.058	179.145
Recovery rate	%	24.6	22.7	22.3

Waste Management	Unit	2018	2019	2020
Hazardous waste generated	metric tonnes	537.915	696.641	783.065
Non-hazardous waste generated	metric tonnes	7,239.187	7,813.671	7,805.962
Non-hazardous waste recycled	metric tonnes	6,940.740	7,067.916	7,079.345
Non-hazardous waste recycling rate	%	95.88	90.46	90.69

Environmental Expenditure	Unit	2018	2019	2020
Total	CNY	20,729,687	23,179,611	28,131,112
Operating Cost	CNY	12,589,868	11,428,159	15,177,012
Upstream/ Downstream Cost	CNY	425,092	516,463	854,709
Management Overhead	CNY	7,583,392	10,806,289	11,880,177
Social Activities Cost	CNY	131,335	428,700	219,214

• **Social**

Talent Attraction and Retention	Unit	2018	2019	2020
Number of employees	-	18,567	18,515	18,615
Male employees	-	10,216	10,012	10,184
Female employees	-	8,351	8,503	8,431
Share of females in total workforce	%	45.0	45.9	45.3
Employees in senior management positions (Director or above)	-	125	133	132
Female employees in senior management	-	14	17	17
Share of females in senior management positions	%	11.2	12.8	12.9
Employees in management positions	-	984	1,042	1,082
Female employees in management	-	232	244	255
Share of females in management positions	%	23.6	23.4	23.6
IDL employees promoted	-	767	1,086	868
Female IDL employees promoted	-	275	379	310

Talent Attraction and Retention	Unit	2018	2019	2020
Employees with disabilities	-	77	79	122
Average age of employees	Year	29.8	30.6	32.8
Average number of years employees worked in the Company	Year	3.7	4.1	5.2
Employee turnover rate	%	48	42	34
Ratio of DL entry level wage compared to local minimum wage	-	1.00~1.18	1.00~1.13	1.00~1.10
Employee engagement score	%	-	67	-
Return to work rate of employees that took parental leave	%	38	73	100
Retention rate of employees that took parental leave	%	100	100	100
Training and Talent Development	**Unit**	**2018**	**2019**	**2020**
Employees that complete the internal lecturer training program	-	733	608	833
Female internal lecturers	-	210	194	247
Total cost of employee training and development	M CNY	1.85	7.29	4.21
Coverage of employee training	%	100	100	100
Average hours of training per employee	Hour	21.9	22.6	31.0
Employees supported to take advanced studies	-	2	15	43
Human Rights	**Unit**	**2018**	**2019**	**2020**
Average training hours on human rights per employee	Hour	0.8	1.1	1.4
Labor contract signage rate	%	100	100	100
Number of employee symposiums	-	145	294	216
Employees in a union	-	4,363	4,435	5,900
Share of total workforce in a union	%	23.5	24.0	31.7

Occupational Health and Safety	Unit	2018	2019	2020
Incidences of occupational disease	-	0	1	0
Work-related deaths	-	0	0	0
Amount invested in safety production	M CNY	120	150	166
Number of emergency drills conducted	-	24	52	58
Number of health and well-being activities held	-	32	38	53
Number of participants in health and well-being activities	-	3,482	4,447	13,701
Number of doctor consultations held	Session	2,453	19,169	9,692
Total hours consulted	Hour	759	13,455	9,140
Social Involvement	**Unit**	**2018**	**2019**	**2020**
Total amount of social involvement	CNY	5,403,647	6,269,375	5,970,377
Investing in Education	CNY	1,171,332	1,521,946	1,259,165
Contributing to Society	CNY	2,293,006	2,643,501	3,203,034
Promoting Arts & Culture	CNY	492,580	1,053,759	1,087,534
External Participation	CNY	1,446,729	1,050,169	420,645
Number of employees engaged in social activities	-	504	536	1,412
Number of hours volunteered	Hour	3,525	3,633	1,674
Targeted Poverty Alleviation	**Unit**	**2018**	**2019**	**2020**
Number of programs invested	-	5	6	6
Number of students assisted	-	791	964	1,001
Amount invested in targeted poverty alleviation programs	K CNY	904	685	1,362

Environmental Conservation	Unit	2018	2019	2020
Annual number of trees planted	-	19,654	20,111	21,040
USI Corporate Forest	-	14,000	14,000	14,000
USI Employee Forest	-	5,654	6,111	7,040
Annual area of trees planted	Ha	12.83	13.44	14.14
Cumulative number of trees planted	-	44,818	64,929	85,969
Cumulative area of trees planted	Ha	39.62	53.06	67.20
Weight of coastal trash picked	Kg	1,283.96	486.30	49.00
Pieces of coastal trash picked	-	21,462	1,395	3,653
Investing in Education	**Unit**	**2018**	**2019**	**2020**
Cumulative number of Philanthropic Library boxes donated	Box	605	645	685
Number of people engaged in Meet the Author Activity	-	189	186	192
Number of people engaged in Parent-Child Reading Activity	-	106	136	100
Local Purchasing	**Unit**	**2018**	**2019**	**2020**
Mexico	%	30	25	19
Taiwan	%	43	42	30
China	%	16	14	38
Supplier Sustainability Evaluation	**Unit**	**2018**	**2019**	**2020**
Number of suppliers evaluated with sustainability metrics	-	382	515	576
Number of suppliers on-site audited with sustainability metrics	-	75	80	76
Supplier Communication	**Unit**	**2018**	**2019**	**2020**
Number of suppliers attending Sustainable Supply Chain Briefing	-	287	222	120

Conflict Minerals	Unit	2018	2019	2020
Number of suppliers that completed due diligence (CMRT survey)	-	379	352	359
Share of targeted suppliers in compliance with our conflict-free minerals policy	%	100	100	100

- **Governance**

Financial Performance	Unit	2018	2019	2020
Operating revenue	K CNY	33,550,275.0	37,204,188.4	47,696,228.2
Taxes (business tax, income tax, property tax)	K CNY	398,032.3	*352,271.7	396,301.4
Research and Patents	**Unit**	**2018**	**2019**	**2020**
Share of R&D personnel of total workforce	%	6.2	6.8	6.7
Amount invested in R&D	M CNY	1,312	1,373	1,576
R&D intensity	%	3.91	3.69	3.31
Number of patents accumulated	-	589	628	660
Continuous Improvement	**Unit**	**2018**	**2019**	**2020**
Number of improvement proposals	-	356	275	319
Cost saved	K CNY	83,576	92,628	76,951
Customer Service and Satisfaction	**Unit**	**2018**	**2019**	**2020**
On-time delivery rate	%	98.5	99.0	99.0
Customer satisfaction rate	%	82.1	82.5	84.1

Note: 2019 data adjusted by the accountant.

Board of Directors	Unit	
Number of Directors on the Board	-	9
Independent Directors	-	3
Percentage of Independent Directors	%	33.3

Strategic Committee	Unit	
Number of committee members	-	5
Number of Independent Directors in the committee	-	1
Percentage of Independent Directors	%	20.0

Audit Committee	Unit	
Number of committee members	-	5
Number of Independent Directors in the committee	-	3
Percentage of Independent Directors	%	60.0

Compensation Committee	Unit	
Number of committee members	-	5
Number of Independent Directors in the committee	-	3
Percentage of Independent Directors	%	60.0

Nominating Committee	Unit	
Number of committee members	-	5
Number of Independent Directors in the committee	-	3
Percentage of Independent Directors	%	60.0

Board of Supervisors	Unit	
Number of board members	-	3
Number of employees on the board of supervisors	-	1
Percentage of employees	%	33.3

Appendix

- **Sustainability Data - Environmental Data**

A. Indirect Greenhouse Gas Emissions (Category 2 Market-based)

Item	Unit	2017	2018	2019	2020
Category 2 Market-based	metric tonnes CO_2e/year	11,623.10	12,879.25	22,165.63	26,056.90

B. Environmental Expenditures

Unit: CNY

Category	2016		2017		2018		2019		2020	
	Capital Investments	Operating Expenses	Capital Investments	Operating Expenses	Capital Investments	Operating Expenses	Capital Investments	Operating Expenses	Capital Investments	Operating Expenses
Operating Cost	1,677,340	6,731,556	1,606,221	6,535,665	0	12,589,868	1,779,973	9,648,186	5,486,852	9,690,160
Upstream/ Downstream Cost	0	415,821	0	398,191	0	425,092	0	516,463	0	854,709
Management Overhead	364,602	5,871,826	349,143	5,811,481	0	7,583,392	1,731,219	9,075,070	56,792	11,823,385
Social Activities Cost	0	231,930	0	236,117	0	131,335	0	428,700	0	219,214
Total	**2,041,942**	**13,251,133**	**1,955,364**	**12,981,454**	**0**	**20,729,687**	**3,511,192**	**19,668,419**	**5,543,644**	**22,587,468**

Note:
1. The data covers Zhangjiang, Jinqiao, Shenzhen, Kunshan, and Taiwan Facilities.
2. Operating Cost: includes pollution prevention costs (air, water, noise, and hazardous substances) and resource circulation costs (efficient resource utilization, waste reduction, and recycling and disposal costs).
3. Upstream/ Downstream Cost: includes green procurement, recycling of used products, etc.
4. Management Overhead: includes manpower engaged in environmental improvement activities and environmental education, acquisition of external environmental licenses/ certifications, government environmental fees, etc.
5. Social Activities Cost: includes donations to, and support for, environmental groups or activities, etc.

- **Sustainability Data - Social Data**

A. Global Workforce Structure

Category	Group		China		Taiwan		Mexico		Group Subtotal and Percentage	
			Headcount	%	Headcount	%	Headcount	%	Headcount	%
Employee Category	Management	Male	476	44.0%	266	24.6%	85	7.9%	827	4.4%
		Female	162	15.0%	61	5.6%	32	3.0%	255	1.4%
	Technical	Male	1,668	46.8%	1,112	31.2%	125	3.5%	2,905	15.6%
		Female	386	10.8%	239	6.7%	36	1.0%	661	3.6%
	Administrative	Male	304	16.4%	227	12.3%	82	4.4%	613	3.3%
		Female	699	37.8%	427	23.1%	112	6.1%	1,238	6.7%
	Skilled	Male	4,801	39.6%	371	3.1%	667	5.5%	5,839	31.4%
		Female	3,802	31.4%	1,093	9.0%	1,382	11.4%	6,277	33.7%
Gender	Male	Full-time	5,346	34.1%	1,969	12.6%	952	6.1%	8,267	44.4%
		Non-regular	1,903	64.4%	7	0.2%	7	0.2%	1,917	10.3%
	Female	Full-time	4,018	25.7%	1,817	11.6%	1,557	9.9%	7,392	39.7%
		Non-regular	1,031	34.9%	3	0.1%	5	0.2%	1,039	5.6%
Location	Domestic	Management	581	3.2%	326	1.8%	108	0.6%	1,015	5.5%
		Non-Management	11,614	64.6%	2,970	16.5%	2,390	13.3%	16,974	91.2%
	Foreign	Management	57	9.1%	1	0.2%	9	1.4%	67	0.4%
		Non-Management	46	7.3%	499	79.7%	14	2.2%	559	3.0%
Age	< 30		6,672	75.0%	998	11.2%	1,225	13.8%	8,895	47.8%
	30-50		5,560	61.5%	2,402	26.6%	1,078	11.9%	9,040	48.6%
	> 50		66	9.7%	396	58.2%	218	32.1%	680	3.7%
Subtotal by Facility			**12,298**	**66.1%**	**3,796**	**20.4%**	**2,521**	**13.5%**	**-**	**-**
Total										**18,615**

Note:

1. Full-time Employees: Employees who signed the employment contract with the Company and who work 8-hour workdays, does not include dispatched workers.

2. Non-regular Employees: Employees who signed the fixed-term employment contract with the Company; does not include dispatched workers and pay-by-hour workers.

3. Only China Facilities have employed 1,333 dispatched workers (885 male and 448 female), which accounts for 9.8% of China Facilities employees.

4. Employee categories: management (personnel with management roles and responsibilities, from team leaders to general managers), technical, administrative, and skilled. Gender includes male and female.

B. New Hires and Employee Turnover

| | | 2017 | 2018 | | | | 2019 | | | | 2020 | | | |
| | | New Hires | | | | | | | | | | | | | |
Category		Total	China	Taiwan	Mexico	Total	China	Taiwan	Mexico	Total	China	Taiwan	Mexico	Total
Gender	Male	6,152	9,257	455	1,163	10,875	7,523	720	835	9,078	10,723	496	661	11,880
	New Hire Rate	74%	121%	33%	226%	114%	100%	41%	104%	90%	148%	25%	73%	118%
	Female	5,506	5,718	507	2,038	8,263	5,068	834	1,440	7,342	5,604	474	834	6,912
	New Hire Rate	73%	98%	48%	192%	103%	94%	54%	97%	87%	110%	26%	53%	82%
Employee Category	Management	15	24	10	31	65	15	27	16	58	16	11	28	55
	New Hire Rate	2%	4%	4%	67%	7%	2%	9%	25%	6%	2%	3%	30%	5%
	Technical	749	668	195	70	933	377	291	57	725	323	171	66	560
	New Hire Rate	25%	33%	17%	74%	29%	18%	23%	43%	21%	16%	13%	44%	16%
	Administrative	247	291	131	111	533	165	172	100	437	107	172	75	354
	New Hire Rate	21%	31%	33%	86%	37%	16%	31%	53%	25%	10%	27%	37%	19%
	Skilled	10,647	13,992	626	2,989	17,607	12,034	1,064	2,102	15,200	15,881	616	1,326	17,823
	New Hire Rate	100%	142%	88%	228%	148%	131%	88%	111%	124%	185%	41%	65%	147%
Age	< 30	10,466	13,297	581	2,110	15,988	11,163	981	1,508	13,652	12,824	537	883	14,244
	New Hire Rate	98%	132%	93%	245%	139%	123%	95%	121%	120%	174%	48%	70%	146%
	30-50	1,155	1,677	368	992	3,037	1,423	563	701	2,687	3,499	404	562	4,465
	New Hire Rate	24%	49%	23%	167%	55%	37%	29%	81%	40%	71%	18%	56%	55%
	> 50	37	1	13	99	113	5	10	66	81	4	29	50	83
	New Hire Rate	11%	2%	5%	80%	26%	9%	3%	38%	15%	6%	8%	24%	13%
Total No. of New Employees		11,658	14,975	962	3,201	19,138	12,591	1,554	2,275	16,420	16,327	970	1,495	18,792
New Hire Rate		74%	111%	39%	203%	109%	97%	47%	100%	89%	133%	26%	60%	101%
Total No. of New IDL Employees		1,011	983	336	212	1,531	557	490	173	1,220	446	354	169	969
New Hire Rate		20%	27%	19%	79%	27%	15%	24%	45%	20%	12%	16%	38%	15%
Total No. of New DL Employees		10,647	13,992	626	2,989	17,607	12,034	1,064	2,102	15,200	15,881	616	1,326	17,823
New Hire Rate		100%	142%	88%	228%	148%	131%	88%	111%	124%	185%	41%	65%	147%
Average Hiring Cost (CNY)		1,101				774				2,168				1,352
Total No. of IDL Job Transfers		788				676				1,086				868
Percentage of Open Positions Filled by Internal IDL Candidates*		44%				33%				47%				47%

Note: Percentage of Open Positions Filled by Internal IDL Candidates = Total IDL Job Transfers ÷ (Total IDL Job Transfers + Total New IDL Employees) × 100%.

Employee Turnover		2017	2018				2019				2020			
Category		Total	China	Taiwan	Mexico	Total	China	Taiwan	Mexico	Total	China	Taiwan	Mexico	Total
Gender	Male	3,493	4,294	84	245	4,623	4,005	164	368	4,537	1,767	343	587	2,697
	Turnover Rate	42%	56%	6%	48%	49%	53%	9%	46%	45%	24%	17%	65%	27%
	Female	3,542	3,209	65	529	3,803	2,585	135	581	3,301	2,963	289	352	3,604
	Turnover Rate	47%	55%	6%	50%	48%	48%	9%	39%	39%	58%	16%	22%	43%
Employee Category	Management	60	37	3	9	49	28	9	8	45	26	17	11	54
	Turnover Rate	7%	6%	1%	20%	5%	4%	3%	12%	4%	4%	5%	12%	5%
	Technical	631	509	61	15	585	330	93	36	459	351	119	31	501
	Turnover Rate	21%	25%	5%	16%	18%	16%	7%	27%	13%	17%	9%	21%	14%
	Administrative	277	158	26	37	221	148	47	40	235	139	60	53	252
	Turnover Rate	23%	17%	7%	29%	15%	14%	8%	21%	13%	14%	10%	26%	14%
	Skilled	6,067	6,799	59	713	7,571	6,084	150	865	7,099	4,214	436	844	5,494
	Turnover Rate	57%	69%	8%	54%	64%	66%	12%	46%	58%	49%	29%	42%	45%
Age	< 30	5,692	6,128	65	476	6,669	5,257	150	616	6,023	3,613	309	545	4,467
	Turnover Rate	53%	61%	10%	55%	58%	58%	14%	49%	53%	49%	28%	43%	46%
	30-50	1,318	1,372	76	269	1,717	1,330	131	299	1,760	1,111	299	344	1,754
	Turnover Rate	27%	40%	5%	45%	31%	34%	7%	35%	26%	23%	13%	34%	21%
	> 50	25	3	8	29	40	3	18	34	55	6	24	50	80
	Turnover Rate	8%	7%	3%	23%	9%	6%	6%	20%	10%	10%	6%	24%	13%
Total No. of Employee Turnover		7,035	7,503	149	774	8,426	6,588	299	948	7,838	4,730	632	939	6,301
Total Employee Turnover Rate		45%	56%	6%	49%	48%	51%	9%	42%	42%	38%	17%	38%	34%
Total No. of IDL Turnover		968	704	90	61	855	506	149	84	739	516	196	95	807
IDL Turnover Rate		19%	19%	5%	23%	15%	13%	7%	22%	12%	14%	9%	21%	12%
Total No. of DL Turnover		6,067	6,799	59	713	7,571	6,082	150	864	7,099	4,214	436	844	5,494
DL Turnover Rate		57%	69%	8%	54%	64%	66%	12%	46%	58%	49%	29%	42%	45%
Total No. of Voluntary Turnover*		6,880				8,292				7,651				5,846
Voluntary Employee Turnover Rate		44%				47%				41%				31%

Note:

1. New Hire Rate for each category = No. of new hires of that category in that year ÷ ((No. of people of that category at the beginning of that year + No. of people of that category at that year-end) ÷ 2) × 100%.

2. Turnover Rate for each category = No. of people leaving of that category in that year ÷ ((No. of people of that category at the beginning of that year + No. of people of that category at that year-end) ÷ 2) × 100%.

3. Number of Turnovers excludes personnel that leave within 90 days of employment.

4. Total number of voluntary turnovers: number of departures that year deducting those who did not pass the trial period and those who were dismissed.

C. Workforce Breakdown: Additional Gender Diversity Indicators

Item	Headcount	No. of Females	Percentage of Females
Junior management positions*	542	142	26.2%
Top management positions*	81	13	16.0%
Management positions in revenue-generating functions*	66	30	45.5%
STEM*-related positions	5,100	1,139	22.3%

Note:
1. Junior management positions refer to section chiefs and section managers.
2. Top management positions refer to positions maximum two levels away from the CEO, i.e., vice presidents and unit supervisors.
3. Revenue-generating functions: sales function, excluding support functions such as HR, IT, and Legal.
4. STEM-related positions refer to personnel with functions related to science, technology, engineering, and mathematics.

D. Workforce Breakdown: Ethnicity

Ethnicity	Headcount	Ethnicity	Headcount
Yi	191	Bai	26
Miao	125	Buyei	23
Zhuang	75	Yao	22
Tujia	69	Va	16
Dong	42	Hani	16
Dai	27	Lisu	14

Note:
1. There are 706 employees of ethnic minorities, representing 3.8% of the total workforce. 7 employees of ethnic minorities are in management positions, representing 0.6% of the management.
2. 60 employees not listed above are from 16 other different ethnic groups. Since there are no more than ten employees in each ethnic group, there were no further statistical breakdowns.

E. Human Capital Return on Investment & Average Profit per Employee

Item	Unit	2017	2018	2019	2020
Human Capital Return on Investment (HC ROI)	-	1.6	1.6	1.5	1.6
Average Profit per Employee	CNY	99,014	79,509	77,275	106,306

Note:
1. HC ROI = (Total Revenue - (Total Operating Expenses - Total employee related expenses (salaries + benefits))) ÷ Total employee related expenses.
2. Average Profit per Employee = Total Profit ÷ ((No. of employees at the beginning of the year + No. of employees at year-end) ÷ 2).

F. Average Salary and Compensation by Employee Category

Unit: K CNY

Category	Female Average	Male Average
Management (base salary only)	16	19
Management (base salary + other cash incentives)	26	33
Technical (base salary only)	10	11
Technical (base salary + other cash incentives)	13	15
Administrative (base salary only)	9	11
Administrative (base salary + other cash incentives)	12	15
Skilled (base salary only)	4	4
Skilled (base salary + other cash incentives)	4	4

G. Amount Spent on Training and Development by Employee Category

Unit: M CNY

Category	Training Cost
All Employees	4.21
Female	2.45
Male	1.76
Management Position	0.25
Technical Position	0.80
Administrative Position	0.42
Skilled Position	2.74
Age < 30	1.78
Age 30-50	2.36
Age > 50	0.07

H. Employees and Contractors Work-related Injuries

	Item	Unit	2017	2018	2019	2020
Employee	Total of Hours Worked	Hour	40,327,062	39,253,041	45,670,981	42,065,676
	No. of Recordable Work-related Injuries	Case	9	6	14	12
	Rate of Recordable Work-related Injuries	-	0.04	0.03	0.06	0.06
	Lost Workdays	Day	171	111	75	124
	Lost Workday Rate	-	0.85	0.57	0.33	0.59
	No. of Fatalities as a Result of Work-related Injuries	-	0	0	0	0
Contractor	Total of Hours Worked	Hour	253,210	1,312,732	4,868,030	3,766,409
	No. of Recordable Work-related Injuries	Case	0	0	1	1
	Rate of Recordable Work-related Injuries	-	0.00	0.00	0.04	0.05
	Lost Workdays	Day	0	0	8	24
	Lost Workday Rate	-	0.00	0.00	0.33	1.27
	No. of Fatalities as a Result of Work-related Injuries	-	0	0	0	0

Note: The statistical formulas for the various data are as follows:

1. Rate of recordable work-related injuries = (Number of recordable work-related injuries ÷ Total of hours worked) × 200,000.

2. Lost Workday Rate (LWR) = (Number of days lost due to injury ÷ Total of hours worked) × 200,000.

I. Social Involvement: Type of Contribution

Unit: CNY

Type of Contribution	Total Amount
Cash	5,444,970
In-kind giving cost	525,408
Time: volunteering cost	97,828
Management overheads	108,509

Note: In the Social Involvement chapter, total costs are based on cash and in-kind giving. Volunteering and management overhead costs are not included in the calculations.

Third-Party Assurance Statement

SGS — ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE UNIVERSAL SCIENTIFIC INDUSTRIAL (SHANGHAI) CO., LTD'S SUSTAINABILITY REPORT FOR 2020

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by UNIVERSAL SCIENTIFIC INDUSTRIAL (SHANGHAI) CO., LTD. (hereinafter referred to as USI) to conduct an independent assurance of the Sustainability Report for 2020 (hereinafter referred to as the Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during on-site verification from 24 February 2021 to 28 April 2021. SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all USI's Stakeholders.

RESPONSIBILITIES

The information in the USI's Sustainability Report of 2020 and its presentation are the responsibility of the directors or governing body (as applicable) and the management of USI. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all USI's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards). 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options		Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)	n/a
B	AA1000ASv3 Type 2 (AA1000AP Evaluation plus evaluation of Specified Performance Information)	Moderate
C	AA1000ASv3 Type 2 (AA1000AP Evaluation plus evaluation of Specified Performance Information) 35 disclosures of GRI Standards (201-1, 201-3, 201-4, 202-2, 204-1, 302-1, 302-5, 303-3(2018), 305-1,305-2, 305-3, 305-4, 305-5, 305-7, 306-2, 306-3, 307-1, 308-1,308-2; 401-1, 401-2, 401-3, 403-8 (2018), 403-9(2018), 404-1, 404-3, 405-2, 412-2, 414-1, 414-2, 416-1, 418-2, 417-3, 418-1, 419-1) for 5 facilities – Zhangjiang, Jinqiao, Shenzhen, Kunshan & Taiwan	High

Assurance has been conducted at a moderate level of scrutiny.

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Select specific reporting criteria included in the contract

Reporting Criteria Options	
1	GRI Standards (Core)
2	AA1000 Accountability Principles (2018)

- evaluation of content veracity of the sustainability performance information based on the materiality determination at a moderate level of scrutiny for USI and moderate level of scrutiny for applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018)
- AA1000 Assurance Standard v3 Type 2 evaluation of the report content veracity at a high level of scrutiny for 35 disclosures of GRI Standards (201-1, 201-3, 201-4, 202-2, 204-1, 302-1, 302-5, 303-3(2018), 305-1,305-2, 305-3, 305-4, 305-5, 305-7, 306-2, 306-3, 307-1, 308-1,308-2; 401-1, 401-2, 401-3, 403-8 (2018), 403-9(2018), 404-1, 404-3, 405-2, 412-2, 414-1, 414-2, 416-1, 418-2, 417-3, 418-1, 419-1) that reveal the sustainability performance information of Zhangjiang, Jinqiao, Shenzhen, Kunshan & Taiwan facilities; and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, Sustainability committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts, Social Return on Investment assessments (SROI) and Task Force on Climate-related Financial Disclosures (TCFD) has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from USI, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

USI has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, USI may collect more responses from diversified stakeholders to integrate their engagement results into governance, strategy and relevant decision-making processes across the full organisation.

Materiality

USI has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders. Evaluating the relevance of identified material sustainability topics based on suitable and explicit criteria has been implemented and improved in the report.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. USI could use adequate resources to achieve its commitments within a stated time period and to communicate its responses in a way that takes into consideration stakeholder interests and expectations.

Impact

USI has demonstrated a process on identifying impacts that fairly encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Impacts related to material topics were in place at target setting with qualitative and quantitative measurements and evaluation, leading to more effective decision-making and results-based management.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, USI's Sustainability Report of 2020, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. Disclosures on the specific actions taken to achieve goals and targets are thoroughly connected to each material issue (103-2). Moreover, USI Sustainability committee has been formally established to involve in the ESG management, which has fully demonstrated their efforts towards sustainable development.

Signed:
For and on behalf of SGS Taiwan Ltd.

David Huang
Senior Director
Taipei, Taiwan
21 May, 2021
WWW.SGS.COM

AA1000
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GRI & CASS-CSR 4.0 Index

• **General Disclosures**

Level of External Assurance: Moderate ○   High ●

Disclosure		CASS-CSR 4.0	Section	Page	Additional Explanation	Level of Assurance
Organizational Profile						
102-1	Name of the organization		Company Overview	12		○
102-2	Activities, brands, products, and services		Company Overview	12		○
102-3	Location of headquarters		Company Overview	12		○
102-4	Location of operations		Company Overview	12		○
102-5	Ownership and legal form		Global Operations	13		○
102-6	Markets served	P4.1 Organizational structure and operating location	Company Overview	12		○
102-7	Scale of the organization	P4.2 Main products, services, and brands P4.3 Enterprise size and influence P4.4 Major changes in organizational size, structure, ownership, or supply chain during the reporting period	Company Overview	12		○
			Financial Performance	14		
			Research and Patents	46		
102-8	Information on employees and other workers	S2.1 Employee composition S4.2 Employee localization policy S4.3 Local employment rate	Global Workforce Structure	79		○
			ESG Key Performance Data	147		
			Appendix	154		
102-9	Supply chain		Product Value Chain	111		○
			Supply Chain Management	117		
102-10	Significant changes to the organization and its supply chain		Global Operations	13		○
			Supply Chain Management	118		

	Disclosure	CASS-CSR 4.0	Section	Page	Additional Explanation	Level of Assurance
102-11	Precautionary Principle or approach		Enterprise Risk Management	20		○
			Green Product Management	49		
102-12	External initiatives	G5.3 Participation of research projects and formulation of corporate social responsibility standards, initiatives, and guidelines G6.3 Joining of corporate social responsibility organizations or conventions	Supplier Sustainability Risk Assessment	123		○
			Conflict Minerals Compliance	127		
			Carbon Management	57		
			Climate Change Mitigation	56		
102-13	Membership of associations		External Participation	144		○
Strategy						
102-14	Statement from senior decision-maker	P2.1 Situation analysis and strategic consideration of corporate social responsibility performance P2.2 Annual work progress in corporate social responsibility P3.1 Major corporate social responsibility events P3.2 Progress and achievement in key corporate social responsibility issues G2.2 Strategic planning and annual plans for corporate social responsibility programs G2.3 Promotion of integration of corporate social responsibility into corporate development strategy and day-to-day operation	Letter from the Chairman	5		○
			Letter from the President	6		
102-15	Key impacts, risks, and opportunities		Sustainable Issues and Key Performance	-	Explained in each chapter	○
			Enterprise Risk Management	21		
Ethics and Integrity						
102-16	Values, principles, standards, and norms of behavior	G1.1 Corporate mission, vision, and values M3.1 Business integrity	Business Ethics and Compliance	19		○
102-17	Mechanisms for advice and concerns about ethics	S1.1 Legal compliance system S1.2 Law compliance training	Business Ethics and Compliance	19		○

Disclosure		CASS-CSR 4.0		Section	Page	Additional Explanation	Level of Assurance
Governance							
102-18	Governance structure	G3.1	Support for and promotion of corporate social responsibility work from the highest authority	Board Structure	16		○
102-22	Composition of the highest governance body and its committees	G3.2	Leading group for and working mechanism on corporate social responsibility	Board Structure	16		○
		G3.3	Organizational system and division of responsibilities of corporate social responsibility				
		G4.1	Formulation of corporate social responsibility system	ESG Key Performance Data	152		
102-23	Chair of the highest governance body	G4.3	Implementation of corporate social responsibility performance appraisal or assessment	Board of Directors	16		○
102-24	Nominating and selecting the highest governance body	G5.1	Implementation of corporate social responsibility training	Board of Directors	16		○
		M1.1	Corporate governance regulation				
		M1.2	Nomination and selection process of the highest governing group and committee				
102-32	Highest governance body's role in sustainability reporting	E2.18	Policies for developing circular economy	Sustainability Committee	27		○
102-33	Communicating critical concerns			Board of Directors	16		○
				Conflict of Interests Management	17		
				Sustainability Committee	27		
Stakeholder Engagement							
102-40	List of stakeholder groups			Stakeholder Communication	41		○
102-41	Collective bargaining agreements	S2.3	Labor contract signing rate	Employee Communication	106		○
				ESG Key Performance Data	148		
102-42	Identifying and selecting stakeholders	G6.1	Identification of and responding to pursuits of stakeholders	Material Issues Identification	36		○
102-43	Approach to stakeholder engagement			Stakeholder Communication	41		○
102-44	Key topics and concerns raised	G6.2	Internal and external communication mechanisms and activities of corporate social responsibility	Material Issues Identification	37		○
				Stakeholder Communication	41		

Disclosure		CASS-CSR 4.0		Section	Page	Additional Explanation	Level of Assurance
Reporting Practice							
102-45	Entities included in the consolidated financial statements			Financial Performance	14		○
102-46	Defining report content and topic boundaries	G2.1	Identification and management of material issues in corporate social responsibility	Material Issues Identification	37		○
102-47	List of material topics			Material Issues Identification	37		○
102-48	Restatements of information			-	-	Explained in each chapter	○
102-49	Changes in reporting			Material Issues Identification	37		○
102-50	Reporting period			About this Report	-		○
102-51	Date of most recent report			About this Report	-		○
102-52	Reporting cycle	P1.1	Quality assurance	About this Report	-		○
102-53	Contact point for questions regarding the report	P1.2 P1.3	Information interpretation Reporting system	About this Report	-		○
102-54	Claims of reporting in accordance with the GRI Standards	G4.2	Construction of corporate social responsibility indicator system	About this Report	-		○
102-55	GRI Content Index			GRI & CASS-CSR 4.0 Index	161		○
102-56	External assurance			About this Report	-		○
				Third-Party Assurance Statement	159		

• **Topic-Specific Standards (For Material Issues)**

Identified Result: Material Issue ★

Level of External Assurance: Moderate ○   High ●

		Management Approach and Disclosure	CASS-CSR 4.0	Section	Page	Additional Explanation	Identified Result	Level of Assurance
Governance (Economic) Standard Series								
Economic Performance	103-1	Explanation of the material topic and its Boundary		Material Issues Identification	40			○
	103-2	The management approach and its components		Letter from the Chairman	5			○
				Letter from the President	6			
	103-3	Evaluation of the management approach		Financial Performance and Tax Governance	14			○
	201-1	Direct economic value generated and distributed	M1.6 Growth M1.7 Profitability M1.8 Safety S1.3 Total tax amount	Financial Performance	14		★	●
				Tax Governance	15			
				Comprehensive Compensation System	84			
				ESG Key Performance Data	151			
				ESG Key Performance Data	148			
	201-3	Defined benefit plan obligations and other retirement plans		Employee Retirement Benefit Plan	90		★	●
	201-4	Financial assistance received from government		Financial Performance	14		★	●
Market Presence	103-1	Explanation of the material topic and its Boundary		Material Issues Identification	40			○
	103-2	The management approach and its components		Comprehensive Compensation System	83			○
	103-3	Evaluation of the management approach		Comprehensive Compensation System	84			○
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage		Comprehensive Compensation System	84		★	○
				ESG Key Performance Data	148			
	202-2	Proportion of senior management hired from the local community	S4.3 Local employment ratio	Global Workforce Structure	81		★	●

Management Approach and Disclosure			CASS-CSR 4.0		Section	Page	Additional Explanation	Identified Result	Level of Assurance
Procurement Practices	103-1	Explanation of the material topic and its Boundary			Material Issues Identification	40			○
	103-2	The management approach and its components			Supply Chain Management	117			○
	103-3	Evaluation of the management approach			Supply Chain Management	118			○
	204-1	Proportion of spending on local suppliers	S4.4	Local procurement policy	Supply Chain Management	119		★	●
					ESG Key Performance Data	150			
Anti-corruption	103-1	Explanation of the material topic and its Boundary	M1.3 M1.4	Anti-corruption Compliance information disclosure	Material Issues Identification	40			○
	103-2	The management approach and its components			Business Ethics and Compliance	19			○
	103-3	Evaluation of the management approach			Business Ethics and Compliance	19			○
	205-1	Operations assessed for risks related to corruption			Business Ethics and Compliance	19		★	○
	205-2	Communication and training about anti-corruption policies and procedures			Business Ethics and Compliance	19		★	○
					Supplier Evaluation	120			
					Contractor Management	122			
	205-3	Confirmed incidents of corruption and actions taken			Business Ethics and Compliance	19	No incidents of corruption detected in 2020	★	○
Anti-competitive Behavior	103-1	Explanation of the material topic and its Boundary	M2.11 M3.2 M3.3 M3.5	Fair trade Economic contract compliance rate Fair competition Respect and protect intellectual property right	Material Issues Identification	40			○
	103-2	The management approach and its components			Business Ethics and Compliance	19			○
	103-3	Evaluation of the management approach			Regulatory Compliance	20			○
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices			Regulatory Compliance	20	USI has no legal actions related to anti-competitive behavior, anti-trust, or monopoly practices in 2020	★	○

Management Approach and Disclosure			CASS-CSR 4.0		Section	Page	Additional Explanation	Identified Result	Level of Assurance
Environmental Standard Series									
Energy	103-1	Explanation of the material topic and its Boundary			Material Issues Identification	40			○
	103-2	The management approach and its components	E2.2	Purchasing and using environmentally friendly raw material	Environmental Protection	56			○
	103-3	Evaluation of the management approach	E2.3	Energy conservation policies and measures	Energy Management	59			○
	302-1	Energy consumption within the organization	E2.4	Improve energy efficiency	Energy Management	59		★	●
	302-2	Energy consumption outside the organization	E2.5	Annual total energy consumption and reduction	Energy Management	59		★	○
	302-3	Energy intensity	E2.6	Comprehensive energy consumption per unit output value	Energy Management	59		★	○
	302-4	Reduction of energy consumption	E2.7	Clean energy policy and measure	Energy Management	60		★	○
	302-5	Reductions in energy requirements of products and services	E2.8	Clean energy usage	Green Product Management	50		★	●
Water and Effluents (2018)	103-1	Explanation of the material topic and its Boundary			Material Issues Identification	40			○
	103-2	The management approach and its components	E2.9	Water conservation policy and measure	Environmental Protection	56			○
	103-3	Evaluation of the management approach	E2.10	Annual freshwater consumption	Water Resource Management	61			○
			E2.14	Reduce waste emissions policy, measure, or technique	Water Resource Management	61			
	303-3	Water withdrawal	E2.15	Wastewater discharge and emission reduction	ESG Key Performance Data	146			●
Emissions	103-1	Explanation of the material topic and its Boundary			Material Issues Identification	40			○
	103-2	The management approach and its components	E1.9	Responding to climate change	Environmental Protection	56			
			E2.12	Reduce exhaust emissions policy, measure, or technique	Climate Change Mitigation	56			○
			E2.13	Exhaust emissions and emission reduction	Carbon Management	57			
	103-3	Evaluation of the management approach	E2.24	Plan and action to reduce greenhouse gas emissions	Carbon Management	57			
	305-1	Direct (Scope 1) GHG emissions	E2.25	Greenhouse gas emission and emission reduction	ESG Key Performance Data	146		★	●

Management Approach and Disclosure			CASS-CSR 4.0		Section	Page	Additional Explanation	Identified Result	Level of Assurance
Emissions	305-2	Energy indirect (Scope 2) GHG emissions	E1.9	Responding to climate change	Carbon Management	57		★	●
					ESG Key Performance Data	146			
	305-3	Other indirect (Scope 3) GHG emissions	E2.12	Reduce exhaust emissions policy, measure, or technique	Carbon Management	58		★	●
					ESG Key Performance Data	146			
	305-4	GHG emissions intensity	E2.13	Exhaust emissions and emission reduction	Carbon Management	57		★	●
	305-5	Reduction of GHG emissions	E2.24	Plan and action to reduce greenhouse gas emissions	Energy Management	60		★	●
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	E2.25	Greenhouse gas emission and emission reduction	Air Pollution Control	65		★	●
Effluents and Waste	103-1	Explanation of the material topic and its Boundary	E2.16	Develop circular economy policy and measures	Material Issues Identification	40			○
	103-2	The management approach and its components	E2.17	Waste emissions and emission reduction	Environmental Protection	56			○
	103-3	Evaluation of the management approach			Water Resource Management	61			○
					Waste Management	63			
	306-2	Waste by type and disposal method			Waste Management	64			●
	306-3	Significant spills			-	-	There were no leakages of fuel, waste, chemicals, or other substances in 2020		●
Environmental Compliance	103-1	Explanation of the material topic and its Boundary			Material Issues Identification	40			○
	103-2	The management approach and its components			Environmental Protection	56			○
					Regulatory Compliance	20			
	103-3	Evaluation of the management approach			Regulatory Compliance	20			○
	307-1	Non-compliance with environmental laws and regulations			Environmental Protection	56	No major penalties or other non-pecuniary sanctions were imposed on USI in 2020	★	●

Management Approach and Disclosure			CASS-CSR 4.0		Section	Page	Additional Explanation	Identified Result	Level of Assurance
Supplier Environmental Assessment	103-1	Explanation of the material topic and its Boundary	M3.8	Supplier social responsibility policy, initiative, and requirement	Material Issues Identification	40			○
			M3.9	Number of potential suppliers that were rejected because of social irresponsibility					
	103-2	The management approach and its components	M3.10	Supplier social responsibility routine management mechanism	Supply Chain Management	117			○
			M3.11	The process and method of supplier social responsibility audit					
	103-3	Evaluation of the management approach	M3.12	Number of suppliers audited during the reporting period	Supply Chain Management	118			○
			M3.13	Number of suppliers terminated due to unqualified social responsibility					
	308-1	New suppliers that were screened using environmental criteria	M3.14	Supplier's social responsibility performance assessment and communication	Supply Chain Management	120		★	●
	308-2	Negative environmental impacts in the supply chain and actions taken	M3.15	Supplier's social responsibility training	Supply Chain Management	123		★	●
			M3.16	Supplier's social responsibility training performance					

Social Standard Series

Management Approach and Disclosure			CASS-CSR 4.0		Section	Page	Additional Explanation	Identified Result	Level of Assurance
Employment	103-1	Explanation of the material topic and its Boundary			Material Issues Identification	40			○
	103-2	The management approach and its components			Talent Attraction and Retention	79			○
	103-3	Evaluation of the management approach			Employee Hiring and Turnover	82			○
					Employee Benefits	87			
	401-1	New employee hires and employee turnover	S1.5	Drive employment	Employee Hiring and Turnover	82		★	●
			S1.6	Number of employed in the report period					
			S2.20	Employee turnover rate					
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	S2.9	Annual leave per capita	Employee Benefits	87		★	●
			S2.10	Welfare and salary system					
			S2.17	Work-life balance					
	401-3	Parental leave	S2.18	Employee difficulty assistance	Employee Benefits	89		★	●
Labor/ Management Relations	103-1	Explanation of the material topic and its Boundary			Material Issues Identification	40			○
	103-2	The management approach and its components			Human Rights Policy	103			○
	103-3	Evaluation of the management approach			Human Rights Risk Assessment	104			○
	402-1	Minimum notice periods regarding operational changes			Employee Communication	106		★	○

	Management Approach and Disclosure		CASS-CSR 4.0	Section	Page	Additional Explanation	Identified Result	Level of Assurance
Occupational Health and Safety (2018)	103-1	Explanation of the material topic and its Boundary		Material Issues Identification	40			○
	103-2	The management approach and its components		Occupational Health and Safety	68			○
	103-3	Evaluation of the management approach		Occupational Health and Safety	68			○
	403-1	Occupational health and safety management system		Occupational Health and Safety	68		★	○
	403-2	Hazard identification, risk assessment, and incident investigation	S2.11 Occupational health management	Occupational Health and Safety	69		★	○
	403-3	Occupational health services	S2.12 Working environment and condition guarantee	Physical and Mental Health Care	73		★	○
	403-4	Worker participation, consultation, and communication on occupational health and safety	S2.13 Employee mental health assistance S3.1 Safety production management system	Occupational Health and Safety Management	69		★	○
			S3.2 Safety emergency management mechanism	Supply Chain Management	122			
	403-5	Worker training on occupational health and safety	S3.3 Safety education and training S3.4 Safety training performance	Occupational Health and Safety Management	73		★	○
				Supply Chain Management	122			
	403-6	Promotion of worker health	S3.5 Safety production investment	Physical and Mental Health Care	74		★	○
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	S3.6 Number of safety production accident S3.7 Employee casualties	Occupational Health and Safety Management	69		★	○
	403-8	Workers covered by an occupational health and safety management system		Occupational Health and Safety	68		★	●
	403-9	Work-related injuries		Occupational Health and Safety Management	72		★	●
	403-10	Work-related ill health		Occupational Health and Safety Management	72		★	○
Training and Education	103-1	Explanation of the material topic and its Boundary		Material Issues Identification	40			○
	103-2	The management approach and its components		Human Capital Development	96			○

	Management Approach and Disclosure		CASS-CSR 4.0	Section	Page	Additional Explanation	Identified Result	Level of Assurance
Training and Education	103-3	Evaluation of the management approach		Human Capital Development	97			○
	404-1	Average hours of training per year per employee	S2.15 Annual training performance	Human Capital Development	97		★	●
				ESG Key Performance Data	148			
	404-2	Programs for upgrading employee skills and transition assistance programs	S2.16 Career development pathway	Human Capital Development	100		★	○
	404-3	Percentage of employees receiving regular performance and career development reviews		Comprehensive Compensation System	86		★	●
Diversity and Equal Opportunity	103-1	Explanation of the material topic and its Boundary		Material Issues Identification	40			○
	103-2	The management approach and its components		Talent Attraction and Retention	79			○
	103-3	Evaluation of the management approach	S2.2 Equal employment S2.5 Female manager ratio S2.6 Employee privacy management S2.8 Diversity and equal opportunity	Global Workforce Structure	79			○
				Comprehensive Compensation System	83			
	405-1	Diversity of governance bodies and employees		Global Workforce Structure	79			○
				ESG Key Performance Data	147			
	405-2	Ratio of basic salary and remuneration of women to men		Comprehensive Compensation System	84		★	●
Non-discrimination	103-1	Explanation of the material topic and its Boundary		Material Issues Identification	40			○
	103-2	The management approach and its components		Human Rights Policy	103			○
	103-3	Evaluation of the management approach		Human Rights Risk Assessment	104			○
	406-1	Incidents of discrimination and corrective actions taken	S2.2 Equal employment	Human Rights Risk Assessment	104	No incidents of discrimination happened in 2020.		○

		Management Approach and Disclosure	CASS-CSR 4.0	Section	Page	Additional Explanation	Identified Result	Level of Assurance
Freedom of Association and Collective Bargaining	103-1	Explanation of the material topic and its Boundary		Material Issues Identification	40			○
	103-2	The management approach and its components		Human Rights Policy	103			○
	103-3	Evaluation of the management approach		Human Rights Risk Assessment	104			○
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	S2.4 Democratic management	Human Rights Risk Assessment	104			○
				Employee Unions	108			
				Supplier Evaluation	120			
Child Labor	103-1	Explanation of the material topic and its Boundary		Material Issues Identification	40			○
	103-2	The management approach and its components		Human Rights Policy	103			○
	103-3	Evaluation of the management approach		Human Rights Risk Assessment	104			○
	408-1	Operations and suppliers at significant risk for incidents of child labor		Human Rights Risk Assessment	104			○
				Supplier Evaluation	120			
				Conflict Minerals Compliance	128			
Forced or Compulsory Labor	103-1	Explanation of the material topic and its Boundary		Material Issues Identification	40			○
	103-2	The management approach and its components		Human Rights Policy	103			○
	103-3	Evaluation of the management approach		Human Rights Risk Assessment	104			○
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	S2.7 Anti-forced labor and harassment abuse	Human Rights Risk Assessment	104			○
				Supplier Evaluation	120			
				Conflict Minerals Compliance	128			
Human Rights Assessment	103-1	Explanation of the material topic and its Boundary		Material Issues Identification	40			○
	103-2	The management approach and its components		Human Rights Policy	103			○
	103-3	Evaluation of the management approach		Human Rights Risk Assessment	104			○
	412-2	Employee training on human rights policies or procedures		Human Rights Protection Training	106			●

Management Approach and Disclosure			CASS-CSR 4.0		Section	Page	Additional Explanation	Identified Result	Level of Assurance
Supplier Social Assessment	103-1	Explanation of the material topic and its Boundary	M3.8	Supplier social responsibility policy, initiative, and requirement	Material Issues Identification	40			○
	103-2	The management approach and its components	M3.9	Number of potential suppliers that were rejected because of social irresponsibility	Supply Chain Management	120			○
			M3.10	Supplier social responsibility routine management mechanism					
	103-3	Evaluation of the management approach	M3.11	The process and method of supplier social responsibility audit	Supplier Evaluation	120			○
	414-1	New suppliers that were screened using social criteria	M3.12	Number of suppliers audited during the reporting period	Supplier Evaluation	120		★	●
			M3.13	Number of suppliers terminated due to unqualified social responsibility					
	414-2	Negative social impacts in the supply chain and actions taken	M3.14	Supplier's social responsibility performance assessment and communication	Supplier Sustainability Risk Assessment	123		★	●
			M3.15	Supplier's social responsibility training	Conflict Minerals Commitment and Future Plans	130			
			M3.16	Supplier's social responsibility training performance					
Customer Health and Safety	103-1	Explanation of the material topic and its Boundary			Material Issues Identification	40			○
	103-2	The management approach and its components			Customer Privacy and Product Safety	116			○
	103-3	Evaluation of the management approach	M2.2	Product and service quality control system	Customer Health and Safety	116			○
	416-1	Assessment of the health and safety impacts of product and service categories	M2.10	Potential risk warning	Customer Health and Safety	116		★	●
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services			Customer Health and Safety	117	There were no violations or complaints concerning health and safety of our products in 2020	★	●

| Management Approach and Disclosure			CASS-CSR 4.0	Section	Page	Additional Explanation	Identified Result	Level of Assurance
Marketing and Labeling	103-1	Explanation of the material topic and its Boundary		Material Issues Identificatio n	40			○
	103-2	The management approach and its components		Business Ethics and Compliance	19			○
	103-3	Evaluation of the management approach		Regulatory Compliance	20			○
	417-3	Incidents of non-compliance concerning marketing communications		Regulatory Compliance	20	There were no incidents of non-compliance concerning marketing communications in 2020	★	●
Customer Privacy	103-1	Explanation of the material topic and its Boundary	M2.13 Protect customer information	Material Issues Identification	40			○
	103-2	The management approach and its components		Customer Privacy and Product Safety	116			○
	103-3	Evaluation of the management approach		Customer Privacy	116			○
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		Customer Privacy	116	We did not receive any privacy complaints in 2020	★	●
Socioeconomic Compliance	103-1	Explanation of the material topic and its Boundary		Material Issues Identification	40			○
	103-2	The management approach and its components		Business Ethics and Compliance	19			○
	103-3	Evaluation of the management approach		Regulatory Compliance	20			○
	419-1	Non-compliance with laws and regulations in the social and economic area		Regulatory Compliance	20	USI received 5 occupational safety and hazardous chemical labeling-related notice of improvement within time limit in 2020. All have been corrected within the time limit, and there were no significant penalties.	★	●

USI Specific Disclosures and Additional Indicators

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Conflict Minerals Management		USI Specific Disclosure	Conflict Minerals Compliance	127
Continuous Improvement Program		USI Specific Disclosure	Continuous Improvement Program	47
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Customer Relationship Management System	M2.3 Pass rate M3.4 Strategic common mechanism platform M3.6 Helping industry development	Parent Company (ASEH) Specified Topic Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Customer Service and Satisfaction	112
After-sales Service System	M2.14 Active after-sales service system M2.15 Actively respond to consumer complaint M2.16 Complaint resolution rate M2.18 Customer satisfaction	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Customer Service and Satisfaction	113
Product Recall, Stop-Loss, Compensation	M2.17 Stop loss and compensation	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	All-Encompassing After-Sales Service	114
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Ensure Reasonable Returns for Shareholders	M1.5 Protect the interests of small and medium investors M3.7 Fair trade	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Conflict of Interests Management	17
Measures to Support Scientific Research and Development	M2.1 Improve product and service accessibility M2.4 Continuous innovation M2.5 R&D investment M2.6 New number of patents M2.7 Industrialization of scientific and technological achievements	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Research Patents and Continuous Improvement	46

Disclosure	CASS-CSR 4.0		Source	Section	Page
Product Quality Control Systems and Certification			Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Management Systems Certification Table	145
Supplier List			Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Supply Chain Management	120
Provide Special Protections for Special Populations (such as pregnant or breastfeeding employees)			Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Employee Benefits	87
Number or Percentage of Employees with Disabilities			Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Global Workforce Structure	81
Recognition from Environmental Protection Authorities			Shanghai Stock Exchange Listed Company Environmental Information Disclosure Guidelines	Awards and Recognition	8
Employee Engagement	S2.19	Employee satisfaction	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Employee Engagement Survey	94
Community Responsibility	S4.6	Charitable contribution policy and its main sector	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Social Activities Overview	133
	S4.9	Building brand public welfare projects			
	S4.10	Supporting volunteer activities policy and measures			
	S4.11	Employee volunteer activities performance			
	S4.12	Helping Targeted Poverty Alleviation	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Contributing to Society	137
	S4.13	Poverty Alleviation Funds			
	S4.14	The number of people out of poverty			
Green Management	E1.1	Environmental management system	Shanghai Stock Exchange Listed Company Environmental Information Disclosure Guidelines	Environmental Protection	56
	M2.12	Promote sustainable consumption	Shanghai Stock Exchange Listed Company Environmental Information Disclosure Guidelines	Supply Chain Management	121
	E1.6	Building green supply chain			

Disclosure	CASS-CSR 4.0	Source	Section	Page
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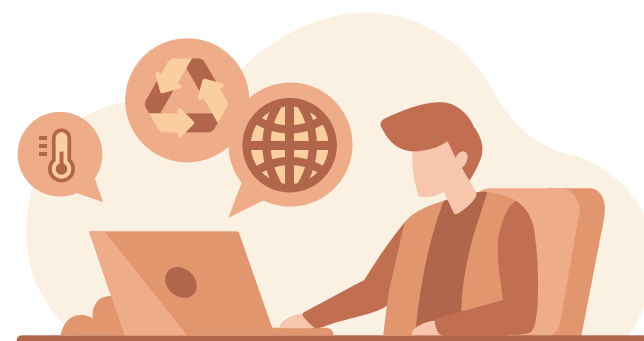
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