

2023 Sustainability Report



Cover Story

Sustainable 15^{Years} Envisaging the Future

In the intersection of point, line, and plane,
USI connects with partners in the value chain.
Innovate technologies with collaboration,
build a sustainable ecosystem,
and create more efficient and sustainable solutions.
Envisaging a Collaborative future for the next 15 years.



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About this Report

Since 2013, Universal Scientific Industrial (Shanghai) Co., Ltd. (USI, Company, We) has published annual Sustainability Reports in Traditional/Simplified Chinese and English and is accessible on the [USI Sustainability Web](#). This report is the 12th Sustainability Report published by USI and its subsidiaries (from 2010 to 2012, USI's indirect controlling shareholder Universal Scientific Industrial Co., Ltd. published 3 Sustainability Reports) released in July 2024. Stakeholders could learn about USI's sustainability practices and our environmental, social, and governance (ESG) target performances through this report.

Principles for Report Compilation



This report has been prepared with reference to the GRI Standards 2021 and the SASB Electronic Manufacturing Services & Original Design Manufacturing Standards. We also use the SSE Listed Companies Self-Regulatory Guidelines No.1-Regulations (Chapter 8 Social Responsibility) framework and provide ESG data consistent with the 2023 Annual Report. Please refer to the [Materiality Analysis](#) section for material issues and report boundaries.

Internal Review and Board Approval



We follow the USI ESG Best Practice Principles to disclose sustainability information. The Sustainability Report data was provided by the Sustainability Committee members and reviewed by department managers. The Executive Secretariat compiled this report and submitted it to the Board for review and approval.

Report Scope and Boundaries



The data in this report covers the period from 01/01/2023 to 12/31/2023, and monetary data are expressed in CNY throughout the report. Environmental, health and safety data are described using accepted international standard units and indicators. The report scope ⁽¹⁾ includes Zhangjiang Facility, Jinqiao Facility, Huizhou Facility, Kunshan Facility, Nantou Facility (Nantou-TT, Nantou-NK 1 & NK 2), Mexico Facility, and Vietnam Facility which covers around 90% of our annual revenue. If data numbers have a data scope different from the defined scope above, there will be a note indicating the particular scope for that data.

ASE Technology Holding Co., Ltd. is the parent company of USI and is referred to as our "parent company" or "ASEH" in this report.

External Assurance



We annually conduct a third-party verification for this report to improve information transparency and accountability. SGS Taiwan Ltd. provided third-party assurance following AA1000AS v3 (2020) Type 2 High Level for this report, including eight specified sustainability performances. We also verified SASB Electronic Manufacturing Services & Original Design Manufacturing disclosure topics. For details, please refer to the [Third-Party Assurance Statement](#).

USI manufacturing facilities have acquired and continuously updated various environmental, social, and governance management system certifications. For more information, please refer to the [Management Systems and Certifications Table](#).

If you have any suggestions, please contact us at:



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Note:
1. Please refer to the [Sustainability Data - Governance B. Scope Comparison Table of the 2023 Annual Report and Sustainability Report](#).



◆ About USI

USI is a member of ASEH (TWSE: 3711, NYSE: ASX) and an industry leader in System-in-Package (SiP) technology. We provide D(MS)² product services: Design, Manufacturing, Miniaturization, industrial software and hardware Solutions, material procurement, logistics and maintenance Services for brand owners. The Company completed acquisition of Hirschmann Car Communication in October 2023. This acquisition solidifies USI's standing as a global leader in electronic solutions and marks a significant milestone in USI's strategic growth and expansion initiative.

Headquarters

Pudong New Area, Shanghai

Area of Manufacturing Facilities ⁽¹⁾

538,332 m²

Global Total of Employees ⁽²⁾
(as of 12/31/2023)

23,009

2023 Revenue (CNY)

60.8 billion

Chairman and CEO

Jeffrey Chen

President and COO

C.Y. Wei

Registered Capital (CNY)

2,201,284,633

SSE Stock Number/Name

601231/USI Shanghai

Date of Stock Issue

February 20, 2012

Main Products and Services

Wireless communication products, cloud and storage products, consumer electronics, industrial products, medical and automotive products

Note:

1. The area of manufacturing facilities only includes facilities in the scope of this report, please refer to [Global Locations](#) for more details.
2. The global total of employees includes the total number of USI, Asteelflash (AFG) and Hirschmann Car Communication (HCC) employees.



Global Operations

Supply chain with a global mindset coupled with **volume purchasing capabilities**

United Kingdom

France

Tunisia

USA

Mexico

Germany

Poland

Czech Republic

Hungary

Mainland China

Taiwan

Vietnam

Operations span across **Asia, Europe, America, and Africa**, providing a complete range of services

30 manufacturing locations, with more than **220** SMT lines

Manufacturing Locations (USI+AFG+HCC)

◆ Letter from the Chairman and President

Since 2009, USI has integrated sustainable development into business operations and decision-making, driving us to achieve substantial outcomes. Despite challenges in 2023 due to the global economic recession and the slowing consumer market slightly affecting our performance, the management team showed strong resilience. We continued establishing a global presence, expanding our market through steady risk management strategies, and being unwavering in our goal of sustainable business operations.

After years of consistent effort, USI has gained recognition from various institutes for our ESG performance. In addition to being included in the S&P Global Sustainability Yearbook for three consecutive years, we received the highest environmental and social dimension scores in the Electronic Equipment, Instruments, and Components (EEIC) industry and performed in the Top 1% of companies worldwide in 2023. Several other institutions also recognize USI's ESG performance, such as obtaining a Bronze Sustainability Rating from EcoVadis and a Negligible Risk rating from Sustainalytics. USI has also been included in the SSE Corporate Governance Index for eleven consecutive years and received an A-level SSE Information Disclosure rating for six consecutive years. These achievements demonstrate our significant progress and stem from the collective efforts of all employees to implement our four sustainable development strategies: Low Carbon, Circular, Collaborative, and Inclusive. In 2023, we created a social contribution value⁽¹⁾ of CNY 3.53 per share.

Regarding corporate governance, USI highly values innovation, research, and development, as shown by our six R&D centers worldwide, which employ more than 2,800 R&D personnel. The Company is committed to cultivating R&D eco-design competency, endorsing low-carbon product design, improving energy efficiency, and promoting smart manufacturing. At the end of 2023, we upgraded the Zhangjiang Facility Lights-Out Factory, utilizing strategic integration of cutting-edge technologies to increase supply chain efficiency and offer customers the most advanced smart manufacturing services. These services include Industry 4.0 AI, situation room, Automated Guided Vehicle, Automatic Material Handling System, smart warehousing, automated dispatch, and remote data collection and control. As USI scales up, we established the Digital Transformation Center to optimize our competitiveness with an innovative approach, ultimately achieving a sustainable value chain.

On the environmental front, USI has been actively implementing environmental protection policies and conducting low-carbon emissions reduction measures to mitigate our environmental impact. After COP28 in December 2023, world leaders reached an agreement to reduce emissions substantially, reducing 43% of greenhouse gas (GHG) emissions by 2030 from 2019 levels and limiting the increase in global average temperature to 1.5° C. USI supports the Paris Agreement goals and thus passed the Environment, Health, Safety (EHS) & Energy Policy through the Board. In addition to meeting

Chairman Jeffrey Chen



the Science Based Targets (SBT) pledged by ASEH, we have also introduced the Taskforce on Climate-related Financial Disclosures (TCFD) and Carbon Disclosure Project (CDP) frameworks into our environmental management system and set long-term goals of using 100% renewable energy in operations by 2035 and Net-Zero Carbon Emissions by 2040.

In light of the significant impact extreme weather from climate change has on biodiversity, USI made a Biodiversity and No Deforestation Commitment, introduced biodiversity risk assessment processes, and mitigated impact through long-term participation in the Million Tree Project to achieve a balanced coexistence, forest conservation, and our ultimate long-term goal of 2050 Net Positive Impact (NPI). The Million Tree Project reduces desertification and soil erosion while gradually restoring biodiversity. We are pleased to report that by the end of 2023, we had planted 151,482 trees, covering an area of 97.91 hectares, and observed 47 species in Inner Mongolia and 14 species in Ningxia in the annual ecological survey. These results indicate that sand stabilization achieved significant results, and the ecosystem is reaching a balance and showing signs of preliminary recovery.

USI actively fulfills social responsibilities for stakeholders such as employees, suppliers, and customers. As a global leader in electronic design and manufacturing with 30 manufacturing sites worldwide, we support and respect the Universal Declaration of Human Rights (UDHR) and the United Nations Global Compact (UNGC). Our Human

Rights Policy reflects these principles, aiming to protect the human rights of all stakeholders and build a diverse and inclusive workplace.

Talent is the key to company growth. Thus, in 2023, we invested CNY 10.41 million in employee training, providing diverse capacity-building courses. Many of our philanthropic outreach efforts involve investing in education, including rural student educational programs. In 2023, we invested CNY 9.25 million in social activities, of which 56% supported disadvantaged students, narrowed the urban-rural resources gap, promoted industrial-academic partnerships and internships, and increased youth employability.

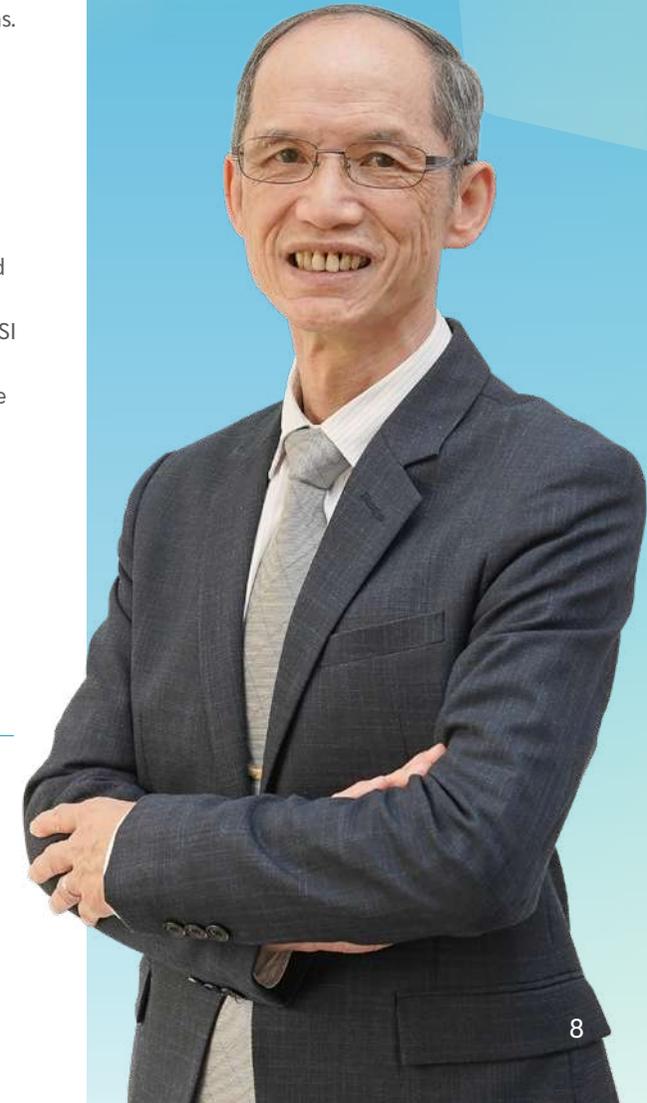
In a rapidly changing world, unexpected events have increased uncertainty and unpredictability in people's lives. USI has long integrated sustainability principles into the Company's strategy, and we expect all employees to embody these principles in their daily operations, thus stimulating an even more sustainable impact. As USI expands its global operations, we must demonstrate our capability to address all sustainable issues. USI aims to enhance ESG resilience over the next 15 years to create a sustainable and balanced environment and society for future generations.

Note:

1. 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

President C.Y. Wei

Chen-Yen Wei





Sustainable Performance Highlights



Industry Top 1%

Performed in the **Top 1%** in the EEIC industry, and was included in the S&P Global Sustainability Yearbook for three consecutive years (2022-2024)



Prime Status

Rated **"Prime"** Status in ISS ESG Corporate Rating



Global Supply Chain Sustainability Assessment Recognition

Received 2023 EcoVadis **Bronze Sustainability Rating**

★ 2023 Awards & Recognition ★

Certified RBA Factory of Choice

4 Facilities received the **RBA Factory of Choice One Star Award**



6 Years in a Row

Maintained Information Disclosure **A-Level Rating** on the SSE (2018-2023)



Customer Recognition

Awarded 2023 Lenovo Supplier **Elite Quality Award**





ESG

- Sustainalytics **Negligible Risk** ESG risk rating
- Wind ESG 2023 China Listed Companies **ESG Best Practice Top 100**
- SynTao Green Finance 2023 **ESG Rating of A-**
- China Association for Public Companies - **Excellence in ESG Practice for Listed Companies 2023**

Governance

- ◆ **Zhangjiang Facility**
 - 2023 Shanghai Top 100 Emerging Industry Enterprises
 - 2023 Shanghai Top 100 Enterprises
 - 2022 Panorama Investor Relationships Awards - Outstanding IR Enterprise, Outstanding IR Team, Best Communications Award, Best Board Secretary
 - 2022 Top 10 in Integrated Circuit Packaging Sales
 - 2022 Top 100 Imports and Exports of Shanghai Foreign Invested Enterprises
- ◆ **Huizhou Facility**
 - 2021-2023 Shenzhen Nanshan District Green Channel Enterprise
- ◆ **Kunshan Facility**
 - 2022 Qiandeng Outstanding Economic Contribution Enterprise
 - Kunshan Deepening Cross-Strait Industrial Cooperation Outstanding Contribution Award
- ◆ **Nantou Facility**
 - 2023 International Microsystems, Packaging, Assembly and Circuits Technology Conference - IMPACT 2022 Best Poster Award
- ◆ **Vietnam Facility**
 - Haiphong Industrial Park Outstanding Contributions Award

Social

- ◆ **Zhangjiang Facility**
 - 6th Social Responsibility Conference - 2023 Sustainable Development Contributions Honor Awards
 - 13th China Charity Festival - 2023 Responsible Brand Award
 - 2023 Pudong Advanced Fire Safety Collective
 - 2022 Top 100 Employment Creators of Shanghai Top Foreign Invested Enterprises
- ◆ **Huizhou Facility**
 - Standardized Safe Production Enterprise- Level 3
- ◆ **Kunshan Facility**
 - Kunshan Cross-District Human Resources Advanced Cooperative Unit
- ◆ **Nantou Facility**
 - 2023 Nantou County Top Cancer Screening Workplace
 - 2023-2025 Accredited Healthy Workplace-Health Promotion Badge
 - 2022-2025 Accredited Nantou County Breastfeeding Room-Most Accommodating Room
 - 16th Arts and Business Awards - Silver Award
- ◆ **Vietnam Facility**
 - 2022 Outstanding Contributions to Occupational Safety and Health Award

Environment

- ◆ **Zhangjiang Facility**
 - Pudong Energy-Saving Low-Carbon Exemplar Enterprise
 - Shanghai Roots & Shoots - 2023 Million Tree Project Sponsorship Award
- ◆ **Kunshan Facility**
 - Suzhou "Near Net-Zero" Factory
- ◆ **Nantou Facility**
 - Green Factory Certification





Sustainability Management

USI integrates the core values of four sustainability strategies, Low Carbon, Circular, Inclusive, and Collaborative, into corporate policy and operational management. Sustainable development and balance between the environment, society, and governance benefit shareholders and investors and engender social value that fosters the common good for all.

We commit to

 Providing a diversified, inclusive, and challenging working environment for employees

 Deploying safe and adaptable solutions across our global operations

 Generating exceptional rewards for stakeholders

 Contributing towards building a better place to live





Realizing the Sustainable Development Goals (SDGs)



According to the identified material issues and annual sustainable goals, USI focused on 6 SDGs to be key indicators of sustainable development in 2023.

Talent is a crucial factor in driving enterprise growth. USI invests in education to encourage students to pursue further education and has several industrial-academic partnerships and internship opportunities to enhance youth employability and develop the next generation of technology talents and future human capital.



Facing global economic fluctuations, USI creates business growth through steady operation strategies to support production and employment opportunities. The Company provides employees with a safe working environment, protects their rights, and plans training to enhance their professional capability and achieve organizational targets.

USI incorporates waste reduction and reuse into corporate policy. To uphold policy principles of "Impact Mitigation & Continuous Improvement" and "Effective Reduction & Circular Reuse" in facilities worldwide, they have been set as annual key performance indicators to strengthen the effective control of waste.



Following our Low-Carbon strategy, USI mitigates its environmental impact and adapts low-carbon measures in response to climate change. We use the TCFD framework to manage our carbon emissions throughout our products lifecycles, from design and supply chain to manufacturing, and map our path to 2040 Net Zero Carbon Emissions.

USI effectively controls risks by identifying, assessing, and responding to them. We implement information security management by following the Information Security Policy to ensure core systems' confidentiality, integrity, availability, and compliance, achieving our cybersecurity objectives.



As a global corporate citizen, USI advocates industrial key issues to business partners through the organizations we joined, increases the influence of sustainable goals through daily operations, and strengthens global partnerships to achieve our sustainability vision.



Sustainability Committee

To enhance the Company's core competitiveness, improve the decision-making efficiency of sustainable development, and improve corporate governance structure, USI expanded the functions of the Strategy Committee in 2024 and established the Strategy and Sustainability Committee, the highest-level management organization of corporate sustainable development. Under the Strategy and Sustainability Committee, the Sustainability Committee covers all manufacturing facilities. The Committee's mission comprises five Taskforces: Corporate Governance, Green Product & Innovation, Value Chain Management, Employee & Society Well-being Engagement ⁽¹⁾, and Environmental Protection & Occupational Safety. Committee members are representatives chosen from each department, the President is the Chair, and senior managers are Leaders and Coordinators.

Committee coordinators hold quarterly meetings; leaders and taskforce members will decide and track the sustainable targets in the meetings. Sustainable achievements are presented to the Committee Chair and members in the Sustainability Committee Annual Meeting, which was held on December 14, 2023. Sustainability consultants were invited to share and suggest directions for USI's sustainable development.

Please refer to the respective chapter's Sustainable Issue Performance and Targets section to understand 2023 sustainability performances.



Note:
1. The Employee Care & Social Involvement Taskforce was renamed as the Employee & Society Well-being Engagement Taskforce in 2023.

Sustainable Promotion

In 2023, USI held various sustainable activities to enhance employees' sustainability capabilities:

Capacity Training

- Invited a sustainability consultant to introduce latest Sustainability Trends in top management training course.
- Developed ESG e-learning materials to impart sustainability concepts for worldwide indirect employees.

Seminar

- Held seminars to share global sustainability trends including introducing IFRS⁽¹⁾ disclosure requirements and TNFD⁽²⁾.
- Held 3 Green Seminars to share how other industries incorporate sustainability in their businesses and inspire USI employees to implement eco-friendly actions in daily life, contributing to sustainability.

Knowledge Sharing

- Shared sustainability information and activities on the Company's SharePoint: "ESG-ing".
- Broadcast Corporate Governance Principles and the Paris Agreement on TV monitors at worldwide facilities.
- Published sustainability topics in the USI Newsletter ESG 360 column.

Prized Quiz

- Held Sustainability Prized Quiz to enhance employees' understanding about the Company's sustainability development.



Note:
 1. IFRS, International Financial Reporting Standards
 2. TNFD, Taskforce on Nature-related Financial Disclosures



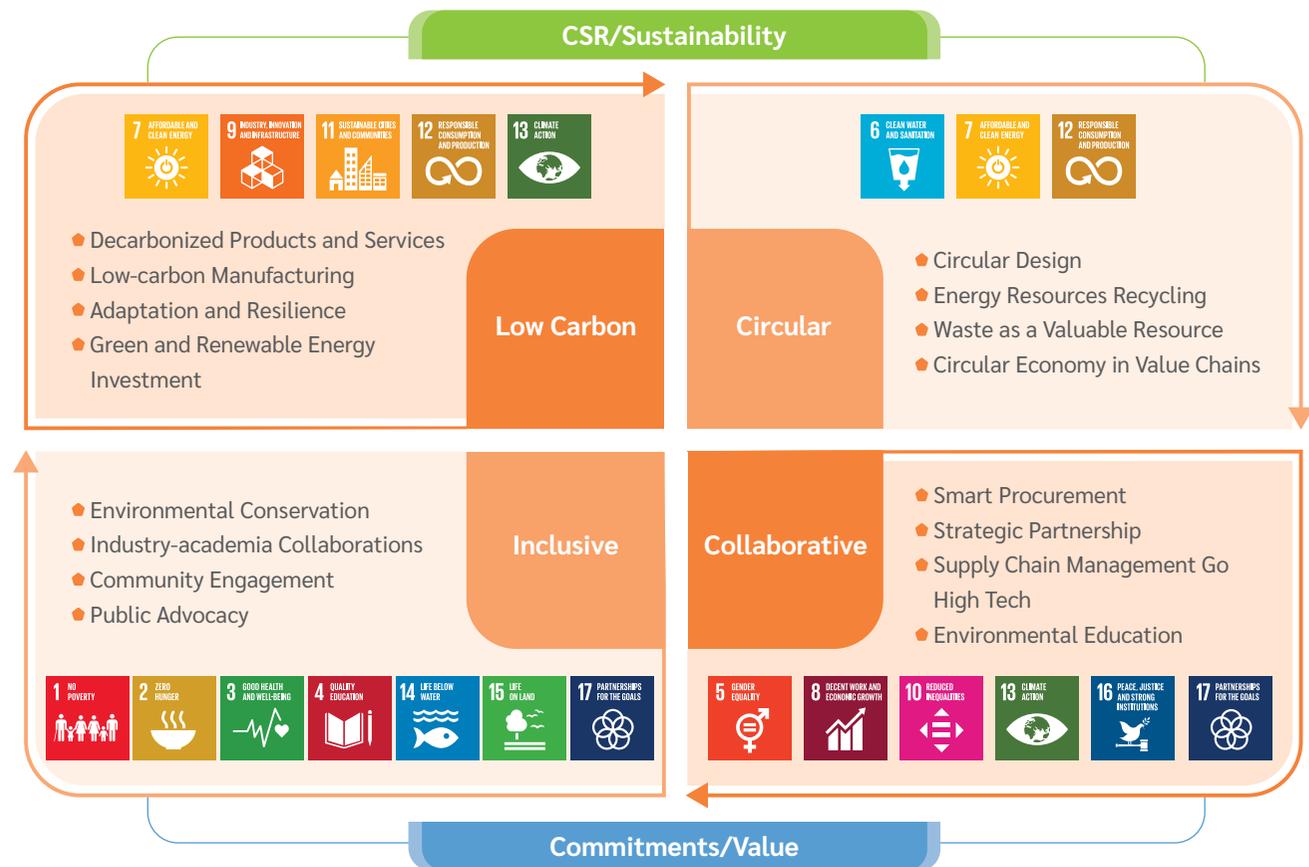
Sustainability Policy

Through the understanding of ESG dimensions in sustainability, USI considers that sustainable business development is intricately linked with the interests of employees, customers, investors, suppliers, and other stakeholders. The scope of ESG covers the issues of labor rights, workplace safety and health, environmental protection, and business ethics. To accomplish our ESG goals effectively and meet stakeholders' expectations, USI set the following policies to pursue sustainability. The complete policy can be accessed at the [USI Sustainability Web](#).



Sustainability Strategy

To reach the SDGs and pursue corporate sustainability, USI follows four sustainability strategies, Low Carbon, Circular, Collaborative, and Inclusive, to prioritize response SDGs based on the Company's core values. This enables the Company to take comprehensive actions concerning corporate sustainability. In 2023, we generated strategic approaches and 2028 targets according to key sustainable issues, focused on the corresponding SDGs, tracked the target achievements, published sustainable issues and performances in the Sustainability Committee Annual Meeting. For strategic approaches and targets of key sustainable issues, please refer to the respective chapter and section for more information.



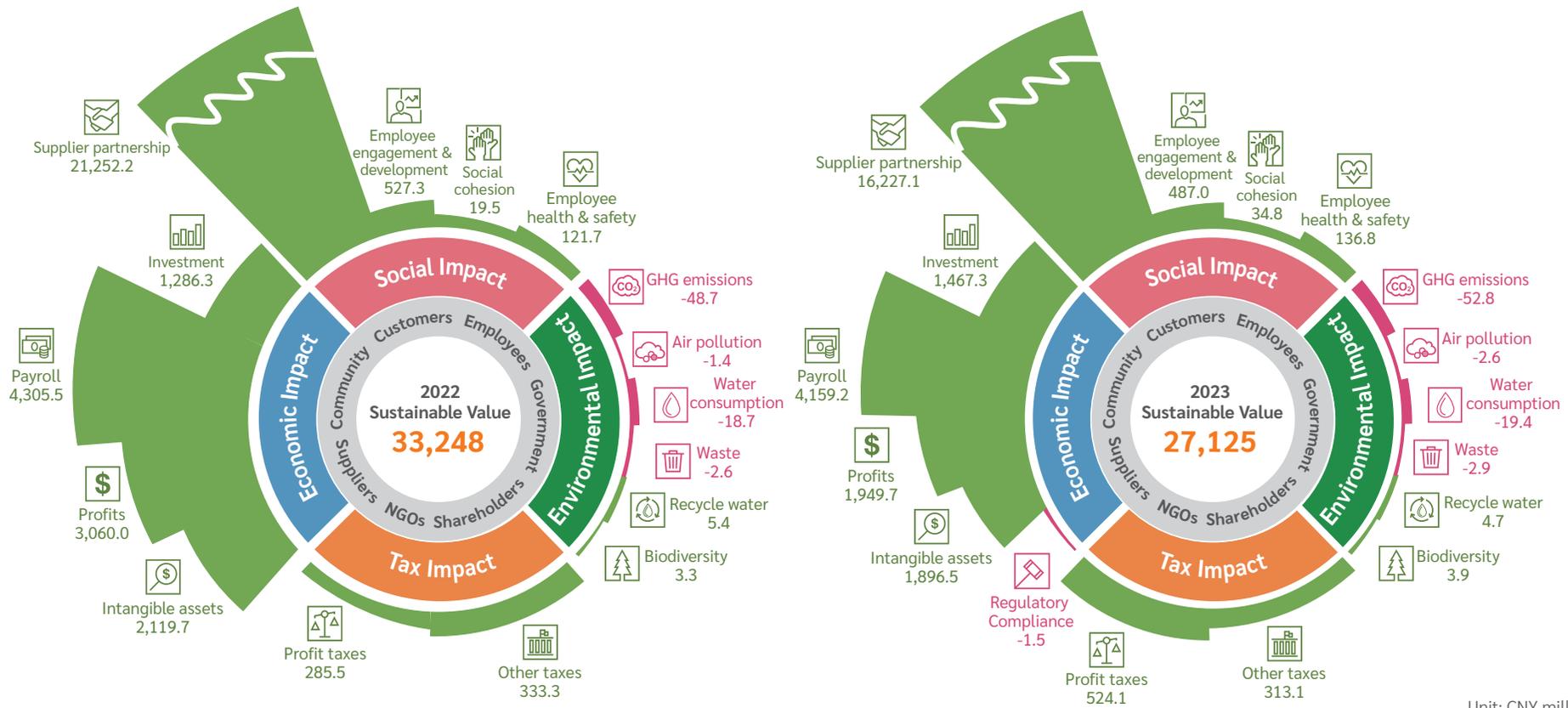


Sustainable Impact Assessment

To implement sustainability strategies and monitor our progress toward goals, USI introduced SROI (Social Return on Investment) and EP&L (Environmental Profit and Loss) in 2019 and 2020 separately to manage social projects' performances and make effective decisions on environmental issues. In 2021, USI implemented TIMM (Total Impact Measurement and Management) evaluation to inventory the impacts and contributions to stakeholders from the Company's operations in Economic, Social, Environmental, and Tax dimensions. In 2023, USI created positive contributions on economic and tax dimensions and invested in environmental and social activities to bring contributions to stakeholders.

Sustainability Value and Impacts ⁽¹⁾

Through the TIMM evaluation, USI generated CNY 27,125 million worth of sustainability value for stakeholders in 2023. Compared with 2022, positive contributions decreased by 18%.



Unit: CNY million

Note:
1. 2022 sustainable value was recalibrated to reflect the change in GHG emissions and Biodiversity calculation methodologies. Also, Regulatory Compliance was added as a driver of negative impact on the economic dimension in 2023.



Economic and Tax Dimensions

The Company's profit was impacted by the worldwide business cycle fluctuation. USI's Economic and Tax positive value decreased by 9% compared to 2022. Looking ahead to 2024, USI will continuously invest in innovative technologies to expand product portfolios and provide a complete supply chain technology to improve core competitiveness and create substantial benefits for shareholders, suppliers, employees, and the government.



Environmental Dimension

Though the overall environmental performance improved in 2023, the negative value still increased 10% due to adjusting for inflation and exchange rates. The major impacts were GHG emissions and water consumption. USI launches GHG reduction policy to inventory GHG emissions and product carbon footprint, purchase certified renewable energy to offset carbon dioxide emissions generated by traditional electricity used. The renewable energy rate was 82% in 2023. To use every drop of water, USI has been planning to recycle as much water as possible by improving equipment and technology. Through process water recycling system, the recycled water rate was 23% in 2023. USI will continue to promote green promises and environmental protection measures for a friendly environment.



Social Dimension

The primary performances were good relationships with suppliers and human capital cultivation. Compared with 2022, USI decreased 23% of social value due to the local purchasing amount affected by global economic conditions. Human capital development was reflected through the employee engagement survey that mapped employees' working performances and values. USI held employee engagement survey in 2023, and the sustainable value was impacted by the regressive average score slightly, we will take actions to response employees' expectations. In addition, the Company also actively engages in community construction and sustainable development and contributes to society through various charitable activities.

Environmental Profit and Loss

To further create useful products and services by natural capital and reduce the direct or indirect impact on the environment, we focus on major environmental issues related to operations, including GHG emissions, air pollution emissions, waste generation, water resources use, and biodiversity. 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.

The environmental impact of USI production operations in 2023, after value conversion, was CNY 69.1 million. To compare with 2022, our external environmental costs increased CNY 6.4 million. The major reasons of GHG emissions (the impact of GHG emissions is the result of offsetting the positive benefits of carbon capture from biodiversity) Scope 1 and 2 accounting for 71%; followed by water consumption accounting for 21%. In addition to the continuous efforts in energy efficiency improvement and reduction in energy costs, USI's environmentally friendly measures, such as biodiversity and recycled water, respectively generated a positive value of CNY 3.9 million and CNY 4.7 million in 2023, signifying that USI's efforts in environmental protection were able to mitigate negative impacts.



Impact Driver	2023 Activity/Output	Outcome/Impact
GHG Emissions	<ul style="list-style-type: none"> ● Continue to promote GHG reduction policies to reduce energy consumption. <ul style="list-style-type: none"> ▶ Inventoried 207,835.48 metric tonnes of CO₂e (Scope 1 & 2) GHG emissions, a decrease of 5.9% from 2022. ▶ 100% renewable energy use in Mainland China, Mexico, and Vietnam facilities. 	<ul style="list-style-type: none"> ● The impact value is CNY -52.8 million. ● Please refer to the Carbon Management and Energy Management sections for further details.
Water Resource	<ul style="list-style-type: none"> ● Commit to water conservation and recycling through equipment and technology improvements. <ul style="list-style-type: none"> ▶ Total water consumption was 1,028.62 ML, a decrease of 3.7% from 2022. ▶ Overall water recycling rate of 23%. 	<ul style="list-style-type: none"> ● The impact value is CNY -14.7 million. ● Please refer to the Water Resource Management section for further details.
Air Pollution	<ul style="list-style-type: none"> ● Regularly monitor and manage regulated pollutants such as volatile organic compounds (VOCs), nitrogen oxides (NO_x), sulfur oxides (SO_x) and fine suspended particulates. <ul style="list-style-type: none"> ▶ Measured 51.49 metric tonnes of VOCs emissions, a decrease of 14.3% from 2022. 	<ul style="list-style-type: none"> ● The impact value is CNY -2.6 million. ● Please refer to the Air Pollution Control section for further details.
Waste	<ul style="list-style-type: none"> ● Strictly monitor and track waste usage and outputs through regular data recording. <ul style="list-style-type: none"> ▶ Overall waste recycling rate was 87.3%, an increase of 1.3% from 2022. ▶ Recycled 91.5% of non-hazardous waste, a decrease of 1.0% from 2022. 	<ul style="list-style-type: none"> ● The impact value is CNY -2.9 million. ● Please refer to the Waste Management section for further details.
Biodiversity	<ul style="list-style-type: none"> ● Through afforestation, we aim to conserve soil and water, increase biodiversity, achieve a balanced coexistence, and maintain the integrity of natural ecosystems. <ul style="list-style-type: none"> ▶ USI has planted 151,482 trees covering 97.91 hectares. ▶ The latest ecological survey reports 47 species observed in Inner Mongolia and 14 species in Ningxia. ▶ Conserved about 134,332.52 metric tonnes of water and captured 729.44 metric tonnes of CO₂ in a year. 	<ul style="list-style-type: none"> ● The impact value is CNY 3.9 million. ● Please refer to the Conserving the Environment section for further details.



Social Impact

USI's business operations not only have direct financial impacts on stakeholders, but also have positive and negative social impacts including supplier partnership, employee engagement & development, employee health & safety, and social cohesion. In 2023, the total value of social impact was CNY 16,885.8 million which was mainly contributed by supplier partnership. The impact value of social dimension from direct operations⁽¹⁾ was CNY 16,861.9 million, CNY 5,047.6 million lower than in 2022.

Impact Driver	2023 Activity/Output	Outcome/Impact	
Direct Operations	Supplier partnerships	<ul style="list-style-type: none"> Conducted document reviews and on-site audits of 65 material suppliers, and on-site audits of 34 on-site service contractors, audit results were 100% low-risk. Held Sustainable Supply Chain Webinar for the Greater China region at the Nantou Facility. 507 supplier partners attended this webinar, and 338 feedback surveys conveyed they were "very satisfied". Global local procurement rate reached 40% in 2023. 	<ul style="list-style-type: none"> The impact value is CNY 16,227.1 million. Please refer to the Supply Chain Management section for further details.
	Employee engagement & development	<ul style="list-style-type: none"> Carried out biennial employee engagement survey in 2023. The effective response rate of the questionnaire was 83%, and the overall score was 80%. 	<ul style="list-style-type: none"> The impact value is CNY 487.0 million. Please refer to the Employee Engagement section for further details.
	Employee health & safety	<ul style="list-style-type: none"> There were 14 occupational injuries and 0 near-miss incidents. USI goes beyond legal requirements and provides free employee physicals every year. Also, specialized health exams are provided for employees who work in high-risk environments. 	<ul style="list-style-type: none"> The impact value is CNY 136.8 million. Please refer to the Occupational Health and Safety section for further details.
	Social cohesion	<ul style="list-style-type: none"> 679 students engaged in 63,710 hours of industrial-academic partnership programs. 	<ul style="list-style-type: none"> The impact value is CNY 11.0 million. Please refer to the Investing in Education section for further details.
Indirect Operations	Social cohesion	<ul style="list-style-type: none"> Engaged 535 employees to volunteer 3,645 hours of service in 2023. 	<ul style="list-style-type: none"> The impact value is CNY 23.8 million. Please refer to the Social Activities Overview section for further details.

Materiality Analysis

USI annually conducts a materiality analysis using the AA1000 Stakeholder Engagement Standards and the AA1000 Accountability Principles of Inclusivity, Materiality, Responsiveness, and Impact as our framework to identify material issues for ESG disclosure. The assessment is conducted based on the Double Materiality principle referenced from GRI 3: Material Topics 2021, the European Sustainability Reporting Standards, and the EU Corporate Sustainability Reporting Directive and integrated the Value Balancing Alliance (VBA) methodology, Harvard Business School Impact-Weighted Accounts methodology, London Benchmarking Group (LBG) framework, and TIMM Impact Evaluation framework to assess the significance of economic, environment, and people/human rights impacts mapped to sustainable issues. The results are then prioritized according to their significance, presented to the Sustainability Committee, and incorporated into our enterprise risk management process to serve as a reference for setting our long-term sustainability goals and strategies. For more details, please refer to the [Enterprise Risk Management](#) section. Our materiality assessment process, content, and data are independently verified by a third-party assurance provider and disclosed in the [Third-Party Assurance Statement](#).

After examining global sustainable trends and communicating with stakeholders, we reevaluated the inclusiveness and relevance of our sustainable issues. We added Risk & Crisis Management, removed Work from Home, separated Innovation Management & Sustainable Production into Green Products & Innovation Management and Sustainable Production.

The differences between material issues in 2023 and the previous year are primarily due to investor concerns for emerging risk management induced by extreme climate disasters and global political and economic turmoil. Companies are also emphasizing integrating material issues and risk management, so Risk & Crisis Management and Waste Management were elevated as material issues after external expert consultation and recommendations from the Sustainability Committee. Although Regulatory Compliance and Data Privacy are not material issues, they are still part of USI's long-term sustainability management, and their performance results are also disclosed in this report.

Note:

1. The social impact value directly related to operations is calculated by excluding charitable donations and non-industrial-academic educational programs.



Process to Determine Material Issues

Phase I. Inclusivity	Phase II. Materiality
<p>The Sustainability Committee reviewed our relationships with various stakeholders per ASEH's requirement and defined our 7 major stakeholders as: shareholders/investors/banks, employees, customers, suppliers/contractors, governments, industry unions/associations, and communities (including NGOs and the media).</p> <p>We integrated the SDGs, GRI Standards, SASB Standards, TCFD and TNFD frameworks, Responsible Business Alliance (RBA) Code of Conduct, S&P Global Corporate Sustainability Assessment indicators, and Morgan Stanley Capital International (MSCI) ESG Rating indicators with our industry specific characteristics and ASEH's requirements and compiled them into 9 governance issues, 6 environmental issues, and 6 social issues, 21 sustainable issues in total.</p>	<p>In 2023, we collected 1,372 Stakeholder Concern Surveys from external and internal stakeholders. Respondents include shareholders/investors/banks (13), customers (18), employees (629), suppliers/contractors (625), government (11), industry unions/associations (14), and communities (62). We analyzed the surveys and identified issues of high stakeholder concern.</p> <p>Taking the EU concept of double materiality into consideration, we conducted an Operational Impact Survey to reflect Financial Materiality by measuring the impact of each sustainable issue on the Company's revenue, risks, customer satisfaction, and employee engagement. 90 senior executives and Sustainability Committee members filled out this survey as representatives of USI's operations. For Impact Materiality, apart from incorporating TIMM impact evaluation results, 39 managers and colleagues conducted an External Sustainability Impact Survey that includes 10 positive impacts and 7 negative impacts on the economy, environment, people/human rights and assesses the severity ⁽¹⁾ and likelihood ⁽²⁾ of actual and potential impacts. The survey results identify 9 significant impacts, including 3 positive economic impacts, 2 positive, and 4 negative environmental impacts.</p> <p>We ranked the top 5 sustainability issues of stakeholder concern, significant operational impact, and significant external sustainability impact, and then tallied the number of occurrences. The preliminary material issues are the intersectional results of the three surveys.</p>



Note:

1. Severity: an actual or potential negative impact is determined by the following characteristics:
 - Scale: how grave the impact is.
 - Scope: how widespread the impact is, for example, the number of individuals affected or the extent of environmental damage.
 - Irremediable character: how hard it is to counteract or make good the resulting harm.

2. Likelihood: a potential negative impact refers to the chance/probability of the impact happening.



Phase III. Responsiveness

We assessed the significance of the issues by cross analyzing the Stakeholder Concern Survey, Operational Impact Survey, and External Sustainability Impact Survey, then mapped it to previous material issues and consulted external experts and the Sustainability Committee to determine 14 material issues. The materiality assessment results were then reviewed and approved by the Board of Directors. We mapped 19 GRI topic standards and 7 USI specific topics ⁽¹⁾ that respond to the material issues identified. Non-material issues such as Diversity & Inclusion are also disclosed in this report as they are essential in USI's sustainable development.

Scope and Structure of the Report: Following the principle of comparability, our 2023 Sustainability Report covers the material issues of the previous year. The structure of this report is based on collecting internal data and management approaches, following indicator reporting requirements, and fully disclosing USI's current policy and plans for fulfilling ESG sustainability development.

Phase IV. Impact

USI's five Sustainability Taskforces have disclosed management approaches, short- and long-term goals, and strategies for each material issue according to their requirements, formulating 41 long-term goals.

In addition to quarterly Executive Team meetings, the Sustainability Taskforces also meet semiannually to review the progress of each goal. At the annual Sustainability Committee meeting, we review our achievements, make rolling adjustments, track sustainability trends, and manage the impact of our sustainability goals. We publicly disclose the direction, progress, and performance of our sustainability goals in our annual Sustainability Report.



Note:
1. USI specific topics include Customer Relations, Sustainable Supply Chain, Green Products & Innovation, Sustainable Production, Cybersecurity Management, Risk & Crisis Management, Social Involvement, Data Privacy, and Biodiversity.



Impact Evaluation - Monetization Model (TIMM)

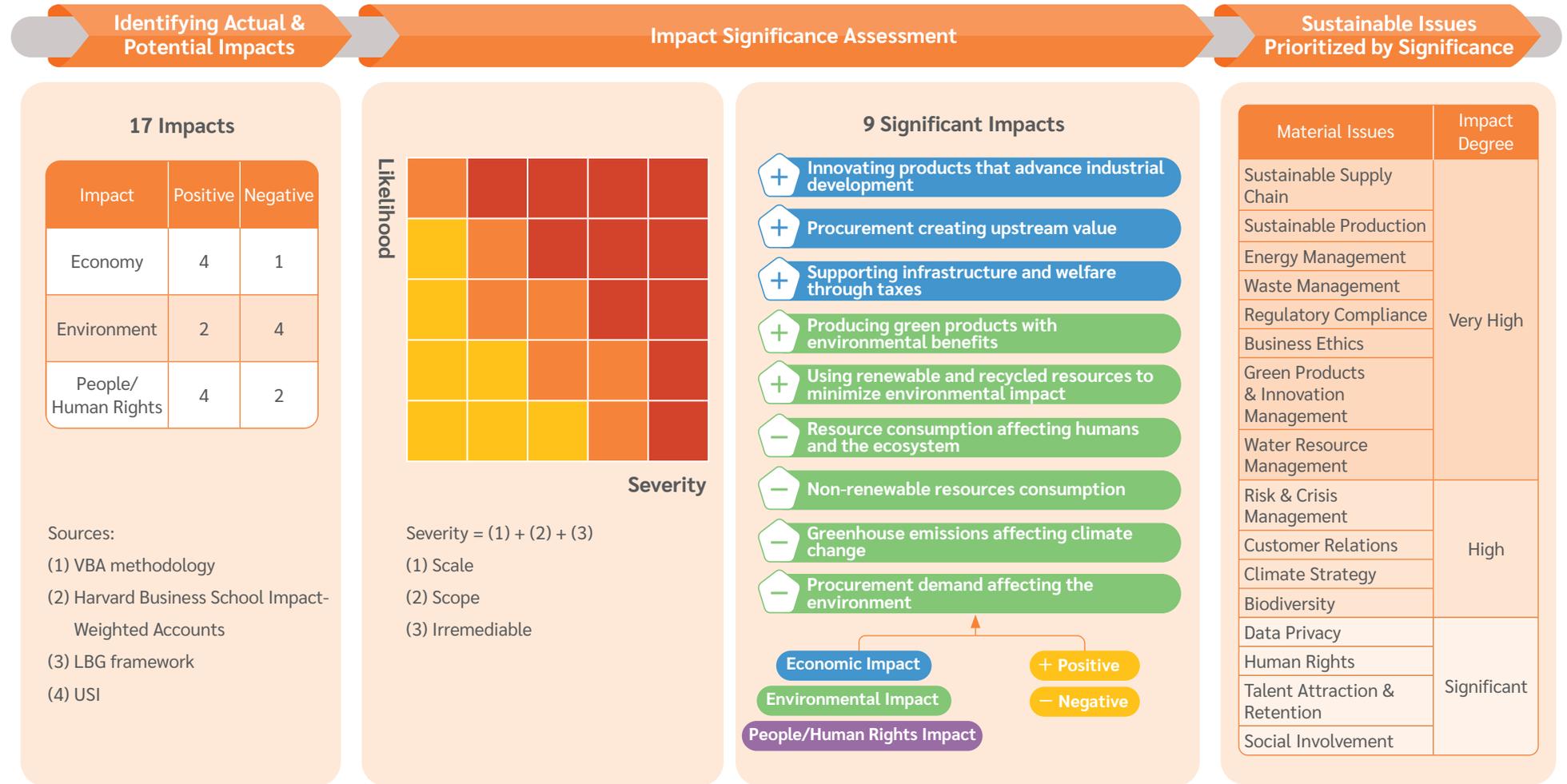
Dimension	Impact Driver	Type of Impact	Cause of Impact	Stakeholder/ Impact Area	Output Metric	Impact Valuation	Monetization (M CNY)	Impacted Sustainable Issue
Economic	Investments	Positive	Operations	Shareholders/ investors/banks	Capital expenditure	Asset depreciation costs, repair expenses	1,467.3	Sustainable Production
	Payroll	Positive	Operations	Employees	Payroll and benefits given	Employee salary expenses, social insurance, pension funds	4,159.2	Talent Attraction & Retention
	Profits	Positive	Products/ Services	Shareholders/ investors/banks	Profit distribution	Net profit reported	1,949.7	Financial Performance; Customer Relations
	Intangible assets	Positive	Operations	Shareholders/ investors/banks	R&D investment and intellectual property acquisition	Amortization of intangible assets, R&D expenses	1,896.5	Green Products & Innovation Management
	Regulatory Compliance	Negative	Operations	Shareholders/ investors/banks Governments Customers	Litigation and arbitration costs, fines	Litigation costs, legal advisor fees, fines	-1.5	Business Ethics; Customer Relations; Cybersecurity Management; Data Privacy; Risk & Crisis Management
Environmental	Greenhouse gases	Negative	Operations	Environment	GHG emissions	Social cost of carbon	-52.8	Climate Strategy; Energy Management
	Other emissions	Negative	Operations	Environment	Pollutant emissions	Natural capital cost	-2.6	Air Pollution Control
	Water use	Negative	Operations	Environment	Water consumption	Natural capital cost	-19.4	Water Resources Management
	Waste	Negative	Operations	Environment	Hazardous and non-hazardous waste	Natural capital cost	-2.9	Waste Management
	Recycled water	Positive	Operations	Environment	Reduced water consumption	Natural capital cost	4.7	Water Resources Management
	Biodiversity	Positive	Operations	Environment	Water conservation Reduced soil erosion Carbon sequestration and air purification	Ecological benefits of vegetation restoration	3.9	Biodiversity; Climate Strategy
Social	Supplier partnerships	Positive	Supply chain Business activities	Suppliers Customers	Supplier RBA audit Supplier training Local procurement	Market price valuation: Property losses or external training fees Perceived value according to supplier survey Local procurement value	16,227.1	Sustainable Supply Chain; Customer Relations
	Employee engagement & development	Positive	Operations	Employees	Employee career development Work environment Employee care	Market price valuation: Mental wellbeing courses Company benefits and subsidies Training and development expenses Team building motivational course fees	487.0	Talent Attraction & Retention; Human Capital Development; Human Rights; Diversity & Inclusion
	Social cohesion	Positive	Operations	Society Environment	Occupational training Arts & culture sponsorship Disadvantaged groups support	Value transfer valuation ⁽¹⁾	34.8	Social Involvement
	Employee health & safety	Positive	Operations	Employees Contractors	Number of occupational injuries Employee physicals Health insurance expenses	Health and safety expenses	136.8	Occupational Health & Safety
Tax	Profit taxes	Positive	Operations	Governments	Taxes paid	Income tax	524.1	Regulatory Compliance; Business Ethics
	Other taxes	Positive	Operations	Governments	Taxes paid	Real estate taxes, other taxes, and fees	313.1	Regulatory Compliance; Business Ethics

Note:

1. Based on the value transfer model described in the Social Capital Protocol, we referenced Taiwan SROI reports certified by Social Value International on similar topics, mapped and matched impact paths with USI activities to calculate the social value.



Impact Evaluation - Prioritizing Significant Impacts/Quantitative Data Model



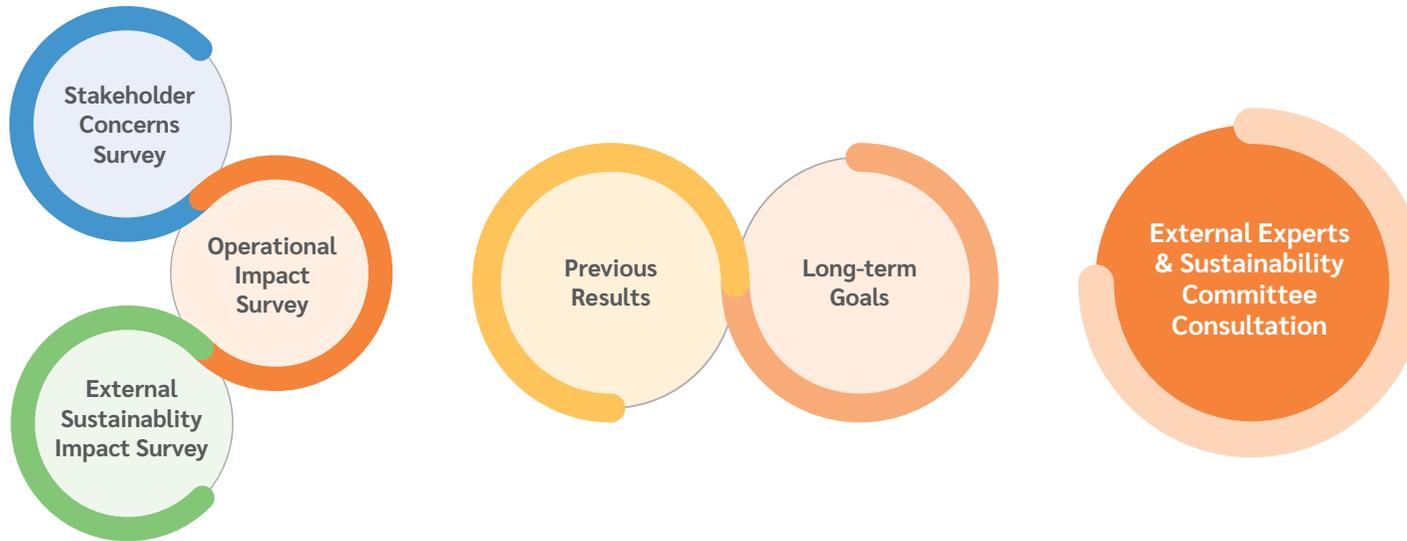


Double Materiality Assessment Results

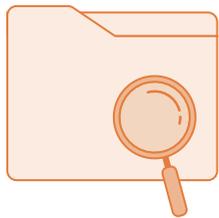
Dimension	Material Issue	Operational Impact (Financial Materiality)				External Sustainability Impact (Impact Materiality)								
		Revenue	Risks	Customer Satisfaction	Employee Engagement	Innovating Industrial Development (+ Positive)	Creating Upstream Value (+ Positive)	Supporting Welfare through Taxes (+ Positive)	Producing Eco-friendly Products (+ Positive)	Using Renewable Resources (+ Positive)	Consumption Affecting Humans & the Ecosystem (- Negative)	Non-renewable Resource Consumption (- Negative)	Emissions Affecting Climate Change (- Negative)	Procurement Demand Affecting the Environment (- Negative)
<p>Governance/ Economic</p>	Sustainable Supply Chain	✓		✓		✓	✓	✓	✓	✓		✓		✓
	Sustainable Production	✓		✓		✓	✓	✓	✓	✓	✓	✓		
	Green Products & Innovation Management	✓		✓		✓	✓		✓					
	Customer Relations	✓		✓		✓	✓							
	Cybersecurity Management		✓	✓										
	Risk & Crisis Management	✓	✓									✓	✓	
<p>Environmental</p>	Climate Strategy											✓	✓	
	Energy Management					✓			✓	✓	✓	✓		
	Waste Management								✓	✓	✓	✓	✓	
<p>Social</p>	Occupational Health & Safety				✓									
	Human Rights				✓									
	Talent Attraction & Retention				✓									
	Human Capital Development				✓									
	Social Involvement							✓						

Material Issues Risk Impact Management

Determining Material Issues & Prioritization Ranking



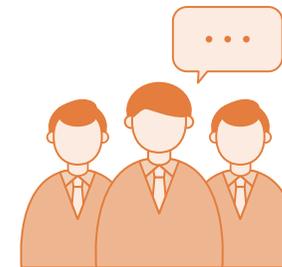
Rank	Material Issue
1	Sustainable Supply Chain
2	Sustainable Production
3	Green Products & Innovation Management
4	Human Rights
5	Customer Relations
6	Talent Attraction & Retention
7	Cybersecurity Management
8	Risk & Crisis Management
9	Climate Strategy
10	Energy Management
11	Waste Management
12	Occupational Health & Safety
13	Human Capital Development
14	Social Involvement



Selection Principle 1



Selection Principle 2



Expert Engagement & Consensus



Ranked Material Issues



Material Issues Impact Boundaries

Impact: Causes Contributes to Directly Linked

Rank	Material Issue	GRI	SASB	Influence Boundaries ⁽¹⁾			
				Suppliers	USI ⁽²⁾	Customers	Society
1	Sustainable Supply Chain	204 Procurement Practices 308 Supplier Environmental Assessment 414 Supplier Social Assessment USI Specific Topic	TC-ES-440a.1 Materials Sourcing TC-ES-320a.2 Workforce Conditions, Health & Safety TC-ES-320a.3 Workforce Conditions, Health & Safety				
2	Sustainable Production	USI Specific Topic	-				
3	Green Products & Innovation Management	302 Energy 416 Customer Health and Safety USI Specific Topic	-				
4	Human Rights	406 Non-Discrimination 407 Freedom of Association and Collective Bargaining 408 Child Labor 409 Forced or Compulsory Labor 411 Rights of Indigenous Peoples	TC-ES-310a.1 Labor Practices TC-ES-320a.2 Workforce Conditions, Health & Safety TC-ES-320a.3 Workforce Conditions, Health & Safety				
5	Customer Relations	USI Specific Topic	-				
6	Talent Attraction & Retention	201 Economic Performance 202 Market Presence 401 Employment 402 Labor/Management Relations 405 Diversity and Equal Opportunity	TC-ES-000.C Activity Metrics				
7	Cybersecurity Management	USI Specific Topic	-				
8	Risk & Crisis Management	USI Specific Topic	-				
9	Climate Strategy	201 Economic Performance 305 Emissions	-				
10	Energy Management	302 Energy	-				
11	Waste Management	306 Waste	TC-ES-150a.1 Waste Management				
12	Occupational Health & Safety	403 Occupational Health and Safety	TC-ES-320a.1 Workforce Conditions, Health & Safety				
13	Human Capital Development	404 Training and Education	-				
14	Social Involvement	USI Specific Topic	-				

Note:
 1. Grievance Mechanism: stakeholders can report grievances and provide feedback through channels provided in the Business Ethics section.
 2. USI's seven major manufacturing boundaries cover the Zhangjiang Facility, Jinqiao Facility, Huizhou Facility, Kunshan Facility (collectively called Mainland China Facilities), Nantou Facility, Mexico Facility, and Vietnam Facility.



Material Issues Risk Management

Risk Type: Strategic ❖ Operational ★ Hazards ⚠

Material Issue	Risk Factor	Risk Type	Risk Impact Evaluation	Likelihood ⁽¹⁾	Severity	Mitigation/Management Approach
Sustainable Supply Chain	Suppliers do not meet USI or regulation requirements	★	Supply chain procurement has potential negative economic, environmental, and human rights impacts. We promote supplier sustainability performance evaluations and audits to avoid short-chain supply competition, key component shortages, production interruption, conflict minerals, and adverse human rights impacts. We also collaborate with our supply chain partners to protect the environment, labor, and social welfare and maintain our operations and commitments to customers.	3	3	<u>Value Chain Management</u>
Sustainable Production	Failure to recognize industry trends and lose competitive edge	❖★	Advanced fabrication technologies are increasingly challenging and costly, affecting the Company's competitiveness and potentially creating a negative economic impact. We continue to invest in smart, automated manufacturing processes and encourage employees to continuously discern possible improvements, creating a globally competitive smart manufacturing facility with better results.	2	3	<u>Green Products & Innovation</u>
Green Products & Innovation Management	Unable to meet green product demand and develop innovative technologies	❖★	Green products are subject to complex international environmental regulations. Failure to meet customer demands will affect USI's market share and potentially have a negative economic impact. Therefore, we continue to design low-carbon products, improve energy efficiency, and strengthen product ecological design capabilities to expand and create green business opportunities.	3	4	<u>Green Products & Innovation</u>
Human Rights	Failure to protect USI employees' and suppliers' human rights	⚠	Failure to protect employee or supplier employee human rights has potential human rights and economic impacts that will affect employee engagement, diminish the attractiveness of recruiting talent, and may affect USI's reputation and customers' willingness to do business with us. Thus, we regularly assess human rights risks in our workplace and supply chain and implement mitigation and remediation actions, creating an inclusive, non-discriminatory workplace.	1	1	<u>Value Chain Management</u> <u>Inclusive Workplace</u>
Customer Relations	Unable to provide products or services that meet customer needs	★	If we cannot satisfy customers' diversified needs and provide professional services and quality products, customers will seek solutions from other companies. Building a good customer relationship will help improve customer satisfaction and loyalty, positively impacting people and the economy.	1	1	<u>Value Chain Management</u>
Talent Attraction & Retention	Failure to attract or retain enough high-quality, diverse talent	★	Failure to provide salaries and benefits that meet the needs and standards of the local community will hinder USI from recruiting and retaining talented personnel. This may limit our capacity to develop new markets and affect our business. We strive to be an attractive employer by offering competitive salaries and benefits and maintaining positive labor relations to create positive economic benefits.	1	1	<u>Inclusive Workplace</u>

Note:
1. On a scale of 1 to 5, the higher the score, the higher the likelihood or severity.



Risk Type: Strategic ❖ Operational ★ Hazards ⚠

Material Issue	Risk Factor	Risk Type	Risk Impact Evaluation	Likelihood	Severity	Mitigation/Management Approach
Cybersecurity Management	Various forms of hacking attacks	★	A lack of cybersecurity awareness can cause leaked confidential information, leading to economic losses for USI and its customers. Implementing training and a holistic cybersecurity system can lower risks, increase customer confidence, and generate positive economic benefits.	3	5	Operations & Governance
Risk & Crisis Management	Failure to immediately recognize and effectively control risks	❖★	Ineffective risk control will cause failure to recognize and respond to risks, potentially causing multiple negative economic, environmental, and people impact. To mitigate this, we adopted the Three Lines of Defense model in our internal control to turn risks into opportunities and ensure sustainable operations.	2	2	Operations & Governance
Climate Strategy	Operational impact due to climate disasters; local and international GHG emissions reduction regulations	❖★⚠	In response to stakeholder requests, USI is increasing the use of renewable energy to reduce environmental impact, which will also result in increased costs, and failure to meet this demand may affect our orders.	3	4	Environmental Protection & Occupational Safety
Energy Management	Excessive energy consumption in operations	★⚠	Power shortages and disruptions can cause delays in delivery and operational losses, affecting USI's reputation and customers' confidence in placing orders. To reduce the actual and potential impact on the economy and the environment, we will continue to improve energy efficiency and replace old equipment to reduce GHG emissions and operational risks.	3	4	Environmental Protection & Occupational Safety
Waste Management	Pollution due to improper waste disposal	⚠	Improper operational waste disposal might result in environmental pollution, which could affect our reputation. To reduce our actual and potential environmental impact, we partner with qualified waste treatment facilities and effectively reuse and recycle resources to reduce waste generation.	3	2	Environmental Protection & Occupational Safety
Occupational Health & Safety	Various natural or man-made disasters	⚠	Natural and occupational disasters potentially negatively impact the economy, environment, and people. Damaged equipment, damaged or collapsed buildings, and failure to implement operational safety regulations may endanger worker safety and cause disruptions to USI's operations. Implementing safety management and maintaining a safety culture with our contractors reduces risks, prevents workplace accidents, and increases efficiency.	3	2	Environmental Protection & Occupational Safety
Human Capital Development	Employee capabilities failing to progress with the times	★	If employees' capabilities cannot progress with business demands, it will affect USI's future growth and competitive edge and has a potential human and economic impact. With suitable training, knowledge sharing, and learning mechanisms, we can develop employees' abilities to help achieve business objectives.	1	1	Inclusive Workplace
Social Involvement	Failure to respond adequately to community requests	⚠	Failure to respond adequately to neighboring community requests can affect USI's reputation and potentially impact the people and the environment. Through Investing in Education, Contributing to Society, Conserving the Environment, and Promoting Arts & Culture, we respond to community needs and strive to maximize our positive impact on society while minimizing our environmental impact.	1	1	Social Involvement



Stakeholder Engagement

To respond to issues that are high stakeholder concern, we communicate with our stakeholders through various platforms on our sustainable development strategies and progress to maintain and strengthen our relationships. Issues identified as non-material will also be disclosed in their respective chapters to maintain report continuity.

Communication Channel (Frequency)	2023 Performance
<p>Shareholders/Investors/Banks</p> <ul style="list-style-type: none"> Board meetings (yearly/non-periodic) Annual general meeting (yearly/non-periodic) Quarterly/semiannual/annual report (periodic) Investor briefings (quarterly) Investor Relations on USI website (all the time) Shanghai Stock Exchange-SSE E-interaction (all the time) Receptions, visits, and roadshows ⁽¹⁾ (non-periodic) Other interim announcements (non-periodic) 	<p>Focus Issues: Human Capital Development, Talent Attraction & Retention, Sustainable Supply Chain, Green Products & Innovation Management, Air Pollution Control</p> <ul style="list-style-type: none"> Held 9 board meetings. Held 2 shareholders' meetings to explain our operating performance, investment plans, and respond to investors' concerns. USI publishes the Company's financial information on the SSE website regularly (quarterly/semi-annual/annual reports), which also analyzes USI's business performance. Quarterly investor online conferences are held to explain the USI's overall business operation status and strategies. Participate in brokers' strategy meetings and receive investors during their visits. The Chairman was interviewed on First Voice, where he shared USI's global strategy, core competitiveness, and his view on future market trends to help stakeholders understand the Company's strategy of "Global Demand, Local Service."
<p>Customers</p> <ul style="list-style-type: none"> Customer's satisfaction questionnaire (quarterly) RBA-Online (all the time) After-sales service system (e-RMA) (all the time) Mailbox (all the time) 	<p>Focus Issues: Occupational Health & Safety, Human Rights, Talent Attraction & Retention, Human Capital Development, Waste Management, Air Pollution Control</p> <ul style="list-style-type: none"> Conduct quarterly satisfaction surveys through sales associates, and the customers satisfaction score is 84.5. Report Self-Assessment Questionnaire (SAQ) assessment results through the RBA-Online platform. Constant monitoring of RMA ⁽²⁾ status through the system (e-RMA). No product recalls, and 100% customer complaints resolution rate. Respond to customers' green product marketing needs with 100% compliance with international safety standards/ environmental regulations or energy-saving requirements. USI continuously implements NIST CSF ⁽³⁾ maturity assessments and improve cybersecurity management capabilities to enhance customer confidence. Conduct annual Cybersecurity Fundamentals training to boost employee cybersecurity awareness.

Note:
 1. Roadshows: Roadshows refer 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
 3. NIST CFS, US National Institute of Standards and Technology Cybersecurity Framework



Communication Channel (Frequency)

2023 Performance



Employees

- Employee Welfare Committee/staff congress (quarterly)
- President Symposium (quarterly)
- Industrial relations meetings (quarterly)
- Newsletter (quarterly)
- Employee engagement survey (every other year)
- Employee Relationship Website (all the time)
- Announcement (all the time)
- Training programs (non-periodic)

Focus Issues: Occupational Health & Safety, Human Rights, Talent Attraction & Retention, Data Privacy, Human Capital Development

- 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 395 employee opinions were given back.
- Held quarterly President/General Manager's Symposiums to announce USI's future plans and expectations and listen to employees' voices. Held 167 symposiums in total.
- Shared senior management insights and experiences, latest industry trends, health knowledge, and employee activities through the Company's quarterly journals and WeChat posts. Held 205 employee activities and 224 employee health education trainings.
- Conducted annual employee salary adjustment. For outstanding employees, the Company provides a stock subscription plan to reward employees; in 2023, USI raised salaries by 1.5% to 12.0% in Mainland China, 2.9% to 4.2% in Nantou, 5.5% to 16.0% in Mexico and 7.0% to 8.0% in Vietnam to maintain its competitiveness in the talent market.
- Conducted a biennial Employee Engagement Survey to effectively collect employees' opinions and use it as a policy tool for attracting, retaining, and cultivating talents. This survey had an effective response rate of 83%, and the total score of engagement was 80%.
- Provided employees with various educational training programs to build their professional skills. Employees received 24.5 hours of training on average in 2023.



Suppliers/Contractors

- Quarterly business review (quarterly)
- Supplier evaluation (yearly)
- Questionnaire investigation for suppliers (yearly)
- Supplier sustainability conferences (yearly)
- Purchase contracts/Conducts (in contract period)
- Training of suppliers (non-periodic)
- On-site audit for suppliers (non-periodic)
- Business meetings (non-periodic)

Focus Issues: Sustainable Supply Chain, Customer Relations, Business Ethics, Human Rights, Green Products & Innovation Management

- Held 25 Executive Business Reviews with material suppliers, mentored 81 suppliers to implement corrective actions, and held 24 new product and technology presentations.
- Evaluated 38 new suppliers, 95% were approved and became USI's Approved Vendors.
- Conducted a supplier survey to gauge supplier status and views. 456 suppliers responded to the survey.
- We held a Sustainable Supply Chain Webinar for the Greater China Region to promote our ESG policies requirements for suppliers and shared future goals. A total of 507 supplier partners attended the webinar.
- Advocate for green supply chains and manage the sourcing of raw materials. Ensure products and materials comply with USI green products regulations through the Green Parts Aggregations & Reporting System platform.
- In addition to the compliance with purchase contract, suppliers must sign the Supplier Code of Business Integrity and Supplier's Commitment to Corporate Social Responsibilities.
- About 340 contractors attended our occupational health & safety training.
- 99 suppliers were selected for document and on-site RBA audits.
- Mentored 2 suppliers to introduce and obtain certification for GHG and product carbon footprint management systems (ISO 14064-1 or ISO 14067).



Communication Channel (Frequency)

2023 Performance



Governments

- Official document (non-periodic)
- Governmental agencies briefings/public hearings/seminars (non-periodic)

Focus Issues: Waste Management, Air Pollution Control, Water Resource Management, Occupational Health & Safety, Human Rights

- Actively participate in briefings/public hearings/seminars held by competent authorities.
- USI complies with local regulatory requirements and makes every effort to reduce emissions. Furthermore, the Company has not been sanctioned for any significant air pollution.
- Implementing continuous environmental protection via effective reduction, reuse, and recycling has reduced our total waste volume. Our non-hazardous waste recycling rate has reached 91.5%.



Industry Unions/Associations

- Industry conferences (non-periodic)
- Industry Union/Associations conference forum (non-periodic)
- Member meeting (non-periodic)

Focus Issues: Sustainable Supply Chain, Green Products & Innovation Management, Cybersecurity Management, Risk & Crisis Management, Regulatory Compliance, Customer Relations, Sustainable Production

- Actively participate in conferences or forums held by Industry Unions or Associations. We participated in 40 external organizations.
- Through the collaboration between internal lecturers from USI University (USIU) and partner manufacturers' associations, public associations, and universities, we share our own experience, knowledge, or the latest industry trends to relevant people and students. Shared 20 courses in total.
- Publish operating results and development direction periodically.



Communities (NGOs and the Media)

- USI Website/Email/Direct line/Press release (all the time)
- Community activities (non-periodic)

Focus Issues: Human Rights, Diversity & Inclusion, Social Involvement, Climate Strategy, Risk & Crisis Management, Air Pollution Control

- Draw up environmental protection, occupational health & safety (EHS) 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 86 philanthropic social activities.



Operations and Governance

USI's vision is to be the most reliable global partner leveraging our capabilities and technologies to serve all stakeholders and the planet better. Through the collective contribution of employer and employees, we established effective governance mechanisms with respective responsibilities and accountabilities. We strive to generate exceptional rewards for stakeholders and build a better place to live.

 **100%**
Board Meeting Attendance

 Included in **SSE Corporate Governance Index** for **11** Consecutive Years

 **105 Hrs.**
Continuous Education for Board Members

 **A-level** Rating of Information Disclosure in the SSE for **6** Consecutive Years

 **0**
Major Cybersecurity Incidents

 **0**
Significant Violations

SDGs ▶



Key Stakeholders: Shareholders/Investors/Banks, Governments



Sustainable Issue Performance and Targets



Material Issue



Achieved



Not Achieved

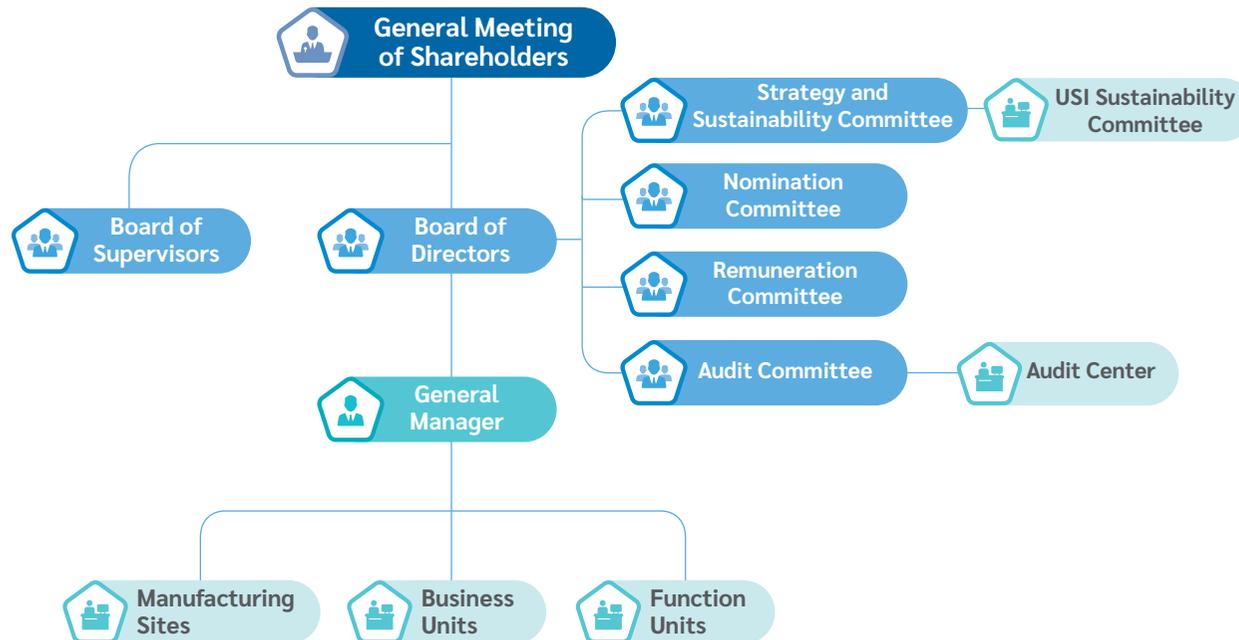
Management Purpose	KPI	2023 Target	2023 Performance	Status	2024 Target	2028 Target
Management Approach: Strengthen employee awareness of the Company's and customer's information asset protection responsibilities, construct a safe and convenient information network environment to protect employees from internal and external cybersecurity threats. Evaluation Mechanism: Grade cybersecurity incidents according to tolerable downtime of critical systems through the Information Security Steering Committee and adopt countermeasures to avoid damage expansion.						
Cybersecurity Management						
Establish a holistic cybersecurity system and ensure its effectiveness	▶ Major cybersecurity incidents	▶ No major cybersecurity incidents	▶ 0 major cybersecurity incidents		▶ No major cybersecurity incidents	▶ No major cybersecurity incidents
Management Approach: Identify risk events and factors, evaluate, and adopt proper countermeasures, convert risk management actions to the organization strategies to ensure sustainable management and achieve business operational goals. Evaluation Mechanism: Ensure compliance through Risk Management Committee's annual review USI internal control and audit system, and conduct annual risk drills by business continuity management mechanism.						
Enterprise Risk Management/ Business Continuity						
Achieve sustainable business continuity through risk management	▶ Follow ISO 31000 management principles and guidelines	▶ Introduce ISO 31000 to Huizhou Facility	▶ Introduced ISO 31000 to Huizhou Facility		▶ Introduce ISO 31000 to Suzhou Facility	▶ Introduce ISO 31000 to North America Facilities
	▶ Follow ISO 22301 management principles and guidelines	▶ Implement ISO 22301 in Mainland China Facilities	▶ Implemented ISO 22301 in Zhangjiang, Huizhou, and Kunshan Facilities		▶ Implement ISO 22301 in Vietnam Facility	▶ Implement ISO 22301 in North America Facilities
Regulatory Compliance/Data Privacy						
Ensure compliance with applicable laws and regulations and avoid violations	▶ USI Regulation Compliance training completion rate	▶ 90% training completion rate	▶ 90% training completion rate		▶ 95% training completion rate	▶ 99% training completion rate
Business Ethics						
Prevent corruption and bribery	▶ USI Code of Conduct or Sunshine Conduct Policy training completion rate	▶ 100% training completion rate	▶ 100% training completion rate of USI Code of Conduct		▶ 100% training completion rate	▶ 100% training completion rate



Board Governance

USI's Board of Directors has four special committees that report directly to them: the Strategy and Sustainability Committee, the Nomination Committee, the Remuneration Committee, and the Audit Committee. The directors are assigned to different committees based on their expertise to improve the Company's core competitiveness. The committees have specific rules of procedure. All members of the special committees must be directors. Independent directors shall comprise the majority of members on the Audit, Nomination, and Remuneration Committees and be the conveners of those committees. The convener of the Audit Committee must be a professional accountant, and the Strategy and Sustainability Committee should include at least one independent director. Proposals from the special committees need to be reviewed and approved by the Board. The Company must conduct at least two Board meetings annually with an 80% attendance requirement. In 2023, there were 9 board meetings with a 100% attendance.

Board Structure



Audit Center

The Audit Center is subordinate to the Audit Committee. 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. Group Internal Audit establishes a risk-based internal audit system and performs internal audit activities in accordance with the annual audit plan approved by the board of directors.

Internal Audit Process

Range of audit

All operations and management of finance and business are included. According to related regulations, there are eight divided cycles plus information cycle and financial reporting flow responsible for respective audit.

Object of audit

All institutes and legal branches around the world of USI.

Audit strategy

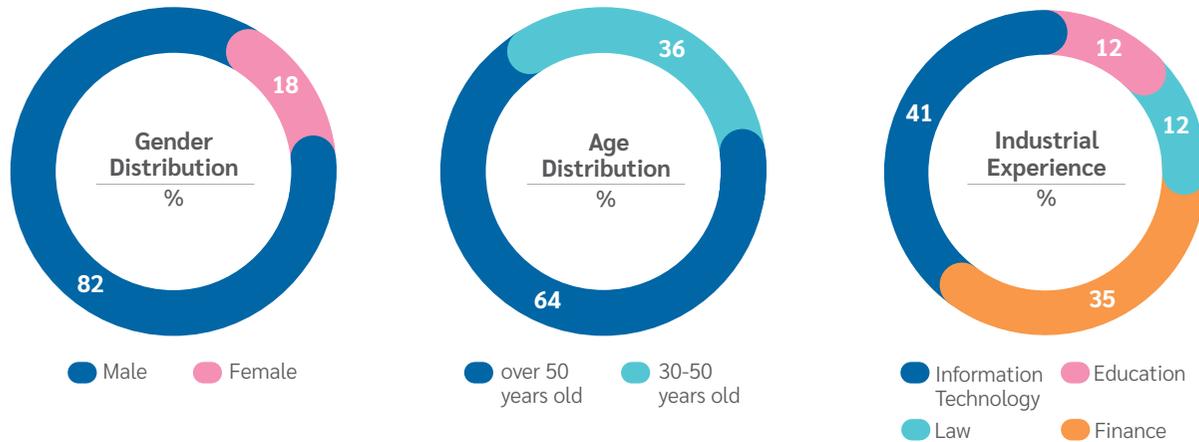
The regular audit is practiced based on the annual audit project decided by the board of directors; a special case audit will be practiced if needed. The goal is to prevent possible shortages from the internal control system and present improving suggestions. Besides, the Audit Center urges all departments 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 is performed. The compiled report will be submitted to the board of directors as the realization of the Company's governance spirits.



Board Nomination and Responsibilities

USI implements the Board of Directors Diversity Policy to select candidates based on a range of diversity criteria, including but not limited to gender, age, nationality, culture, ethnicity and industrial background. Board director candidates are nominated according to Articles of Association of USI and voted by the Shareholders' Meeting. Each director's term is three years. USI's Board of Directors shall consist of 9 to 11 directors, of which independent directors may not account for less than one-third of the Board members. The independent director candidates are required for the attitude of independence. Jeffrey Chen serves as Chairman of the Board. The responsibilities of Chairman are to supervise the execution progress of Board resolutions and exercise the authorities of legal representative. The Board of Directors shall exercise its authority 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. USI held 2 Shareholders meetings in 2023; shareholder representatives passed resolutions of Directors and Supervisors and financial proposals in accordance with the laws.

Board Diversity



According to the Company Articles, any corporations 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. The Company has a Board of Supervisors which includes shareholders 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 auditors will issue an internal audit report annually. Please refer to Section 10 of the 2023 Annual Report for related party relationships and transactions.

Board Participation in Sustainability Governance

USI has established the Strategy and Sustainability Committee directly under the Board of Directors, which is composed of board directors to supervise the goals setting and implementation of company's sustainable development. USI President C.Y. Wei, one of Board members, acts as the Chair of the Sustainability Committee. Chairman and President participate Annual Sustainability Committee to provide suggestions on ESG performance and targets, and it can also strengthen the relationship between the Board and sustainability strategies. Each year, the Sustainability Committee submits the annual Sustainability Report including material issues to the board of directors, and a series of discussions and plans will be carried out by the board of directors regarding our implementation of Corporate Social Responsibility activities.

In 2023, the Board of Directors approved the Biodiversity and No Deforestation Commitment and EHS & Energy Policy to establish the foundation of sustainable development.

Board Performance and Remuneration

USI established an evaluation and incentive mechanism to measure the performance of directors and senior officers respectively. Board of Directors will submit Working Reports, and Remuneration Committee will draft a remuneration proposal according to achievement rate of annual profit and operating targets, and link to sustainable targets of material issues by duty requests, such as energy intensity, GHG emissions. The proposal is generated after considering industrial salary level and company status, and interlinking the business operator's annual salary, company assets, profitability, and business goals. It is expected to enhance



operator's positivity, perfect the mechanism to select the superiors and strengthen goal constraint. To improve corporate governance and ensure the reliability of the company's financial results, USI rules clawback provision in Rules of Procedures of Remuneration Committee of the Board of Directors. USI has the right to cancel or reclaim the variable remuneration previously paid to the Company's President and Chief Financial Officer to the extent permitted by applicable laws.

For further details of remuneration of Directors, Supervisors and Senior Officers, please refer to Section 4 of the 2023 Annual Report.

Continuous Education for Board Members

To expand board members' competencies, USI arranges training courses that cover corporate governance and sustainability for board members in hopes that they will incorporate the spirit of sustainability in steering USI corporate policy. In 2023, board members completed 105.23 hours of training.

Course Name	Hours
Pre-appointment training for independent directors	75.00
First Training Session of 2023 for Directors, Supervisors and Executives and Specialized Training on the Reform of Independent Directors of Listed Companies in Shanghai Jurisdiction (including Corporate Risks Mitigation, Legal Liability and Fraud Cases)	6.50
Second Training Session of 2023 for Directors, Supervisors and Executives and Specialized Training on the Reform of Independent Directors of Listed Companies in Shanghai Jurisdiction (including Legal Liability and Fraud Cases)	13.00
2023 Chairman and General Manager Specialized Training	1.73
Sixth Follow-up Training Session of 2023 for Independent Directors of Listed Companies	9.00

Business Ethics and Compliance

Business Ethics

USI adopts a zero-tolerance attitude with fraud. To ensure employees do not commit 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. USI has drawn up a Code of Business Conduct and Ethics to be the business dealing standards of company employees, business partners and other stakeholders.

Promotion and Training

To ensure that employees understand and comply with the USI Employee Code of Conduct, Fraud Risk Management Procedure, and the Sunshine Conduct Policies. Except the newcomers are given related training courses, all employees need to finish the required reading and pass the quiz every year. All records are listed as tracking lists to ensure the course of Employee Code of Conduct has been finished by each employee. For the number of employees who accepted the Business Ethics Anti-Corruption training course, please refer to the Sustainability Data - Governance: A. Business Ethics Anti-Corruption Trainings in 2023.

Furthermore, the Sunshine Conduct Policies have been conducted to employees regularly to remind them of relevant corporate regulations and strict observance of rules. And Sunshine Conduct is also announced to suppliers every year. Once the violations of the Sunshine Conduct Policies have been verified to be true, the punished personnel must return unjustified enrichment to compensate company's losses, and their bonus, performance appraisal and promotion will be restricted according to the degree of negligence.

Risk Assessment

After identified and assessed by risk management process in 7 major facilities of this reporting scope in 2023, Fraud was identified as a middle risk but controllable item, so there were no important corruption cases required for corrective actions.

Grievance Mechanism and Whistleblowing Protection

Stakeholders can give feedback or appeal through meetings, e-mail, or Contact USI on the USI website. The Company provides a mailbox for all internal and external stakeholders to report any integrity-related improper or suspected illegal practices. Anonymous or named reporting are both accepted. The Company shall follow Code of Business Conduct and Ethics to do due diligence to investigate all reported cases and keep confidential of reporters in accordance with the laws to ensure safety of reporters and no threat or damage to reporters' rights and interests.



The number of Code of Business Conduct and Ethics violations in 2023 is as follows:

Reporting areas	Number of breaches in 2023
Corruption or Bribery	0
Discrimination or Harassment	4
Customer Privacy Data	0
Conflicts of Interest	0
Money Laundering or Insider Trading	0

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 cherish customer values, rights, and interests. We track the updates and compliance with applied laws and regulations at different facilities. 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 2023, there were no violations resulting in a significant penalty of over USD 10,000 (CNY 70,000), antitrust or other non-economic punishment occurred.

Protection of Privacy and Personal Data

We value the importance of privacy and personal data protection. USI adopts the [Policy on the Protection of Privacy and Personal Data](#) to guide and manage the compliance and protection of stakeholder personal data. If employees or external stakeholders discover any violations of privacy laws or regulations, they can provide feedback or appeal through [e-mail](#). The Legal, Compliance & IP Division organizes relevant parties to investigate and respond to incidents. By the end of 2023, we did not use collected personal data for any secondary purposes other than the specific purposes for which the personal data was first collected, and there were no incidents of infringement of privacy rights, and no incidents of data leakage.

Financial Performance and Tax Governance

Financial Performance

USI has built an effective communication platform for direct engagement and is committed to providing transparency about the status of our business operations and periodically updates on our Investors Services website to maintain a long-term, stable, and harmonious relationship between the corporation and investors. In 2023, USI reported consolidated sales revenue of CNY 60.79 billion with a decrease of 11.27% compared with 2022. The earnings per share were CNY 0.89 and dividend remittance was CNY 938,928,462, accounting for 1.54% of revenue. The data scope in this section includes USI global operation locations, for more details, please refer to the [ESG Key Performance Data - Governance: Financial Performance](#), or [Financial Information](#) on the USI website.

Tax Governance

USI's [Tax Policy](#) states our principles of 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.

The Company focused on tax risk management and included Tax Report to be one of the risk assessment items. The Tax Policy has been approved by the Board of Directors, and the Chief Financial Officer must supervise tax policy compliance, financial staff must take taxation training courses to prevent any risks from uncertain tax regulations. USI obtained a standard unqualified audit report in 2023, please refer to the Important Notices of the [2023 Annual Report](#) for related information.

Our principal operating facilities and offices are in Mainland China and Taiwan, which contributed around 60% of income tax expense and income tax paid in 2023. The statutory tax rates in Mainland China and Taiwan are 25% and 20% respectively. Mainland China Facilities qualified as high-technology enterprises, and thus were entitled to a reduced income tax rate of 15% and were eligible for weighted deduction of research and development expenses.

Additionally, Nantou Facility was also qualified as an industrial innovation enterprise and thus entitled to reduce research and development expenses after income tax. In 2023, the effective tax rate in Mainland China Facilities was 7.6%. And due to the adjustment of declared and approved tax amounts, the effective tax rate in Nantou Facility was -2.73%.



Enterprise Risk Management

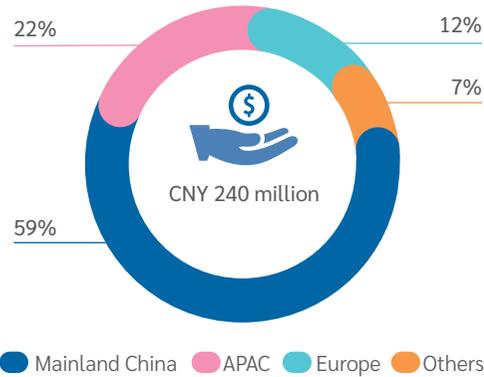
Risk Management Committee

The USI Audit Committee is composed of five directors, of which more than half are independent directors. To ensure sustainable business achievements, USI follows internal audit mechanism to organize a Risk Management Committee to execute annual risk management activities according to business environment, industrial trend, and company operations. The COO acts as the Chair, committee members are representatives chosen from Vice Presidents of business units, functional units, and manufacturing sites. The operating units of Risk Management Committee are responsible for the first line risks management to identify the internal and external risk factors, evaluate the risk levels, and inspect the effectiveness of activities. According to evaluation of risk level, the committee takes the responsibility to adopt countermeasures and ensure the risk management policy can be executed by each operation unit. The Risk Management Committee takes the second line responsibility, committee secretariat will track the targets of risk management activities from each operating unit. And the achievements will be presented to Vice President of the Risk Management unit. In addition, the company sets risk control indicators according to operational risks, the business units and functional units of each manufacturing site will conduct risk control evaluation every month and provide incentives to the units with excellent performances.

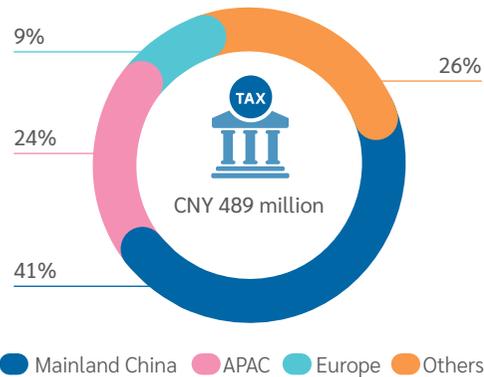
To cultivate risk awareness, USI arranged training courses for board members, and held Risk Management Introduction for Mainland China, Taiwan, Mexico, and Vietnam employees by online course in 2023. It is expected to reduce crisis through risk prevention and monitoring process.

Please refer to the charts below for the 2023 income tax accrued and income tax paid by operating regions ⁽¹⁾:

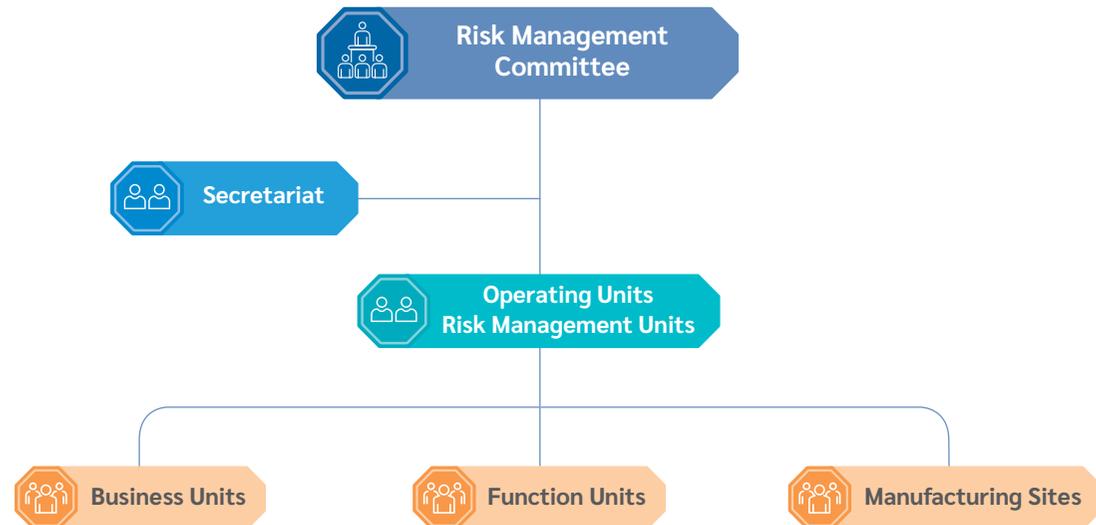
Income Tax Accrued



Income Tax Paid



Note:
 1. APAC: includes Taiwan, Hongkong, Vietnam and Japan; Europe: includes France, Germany, UK, Czech, Poland, and Tunisia; Others: includes Mexico and the U.S.A.



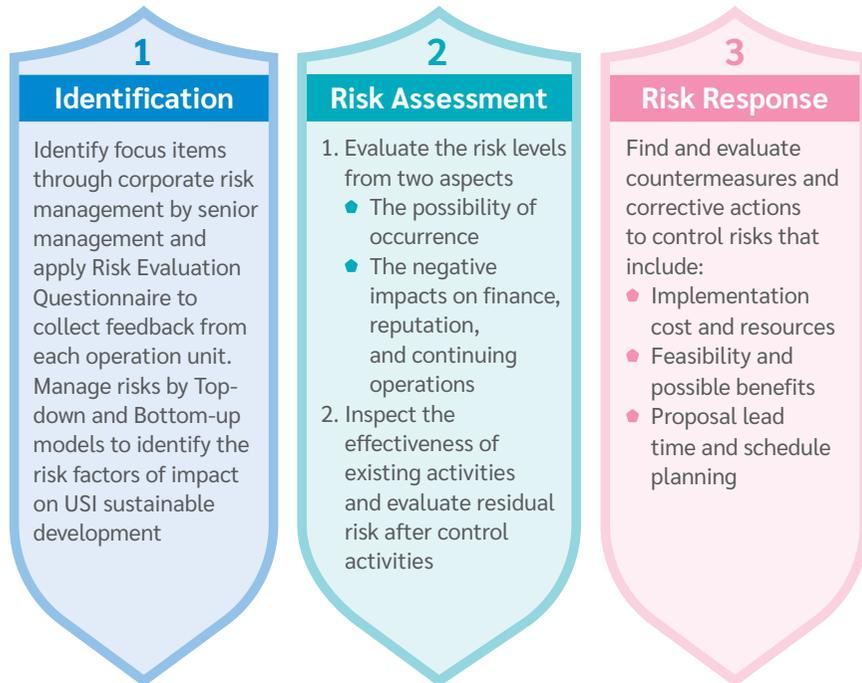


Risk Governance Policy

Through worldwide manufacturing sites, business units and functional units, USI engages Enterprise Risk Management (ERM) to identify risk events and factors, evaluate and adopt proper countermeasures. Through monitoring progress of risk mitigation plans to ensure the risks are effectively controlled and convert the corporate risk management actions to the organization strategies enhancement to ensure sustainable management and achieve business operational goals.

The Risk Management Committee will review the company's exposure twice per year. In the mid-year, the committee decides USI focused risks based on macroeconomic situation and worldwide operational risks (Top-down). In the end-year, the committee reviews internal operational risks identified by business units, manufacturing sites and functional units (Bottom-up).

Risk Governance Process



Risk Assessment Matrix

Risk Level	H	<ul style="list-style-type: none"> Economic Situation/ Industrial Trends Financial Disclosure Production Schedule Outsourcing 	<ul style="list-style-type: none"> Cybersecurity 	
	M	<ul style="list-style-type: none"> Innovation, Research, and Development Production Labor Shortage Regulatory Compliance Reward Manufacturing Process Design Purchasing Cost Management Pricing Contract Management 	<ul style="list-style-type: none"> Fraud Natural and Man-made Disasters Production Equipment Plan Capital Expenditures Assessment Raw Material Management Geographical Politics Business Concentration 	
	L	<ul style="list-style-type: none"> Corporate Social Responsibility Energy Management and Alternative Energy Biodiversity Taxation Board Structure and Management Business Model Product Launch Environmental Protection, Health, and Safety 	<ul style="list-style-type: none"> Marketing Strategies Logistics Inventory Management Shipping Management Organizational Structure Key Technical Talents 	
		Yes	Partial	No
		Control Effectiveness		



In the risk assessment phase, USI identifies the risk level by occurrence frequency, and evaluates the enterprise risk impact levels from the dimensions of finance, reputation, and continuing operations. Comprehensive both of risk impact level and frequency of occurrence, we will refer to the control effectiveness criteria to scale our existing controls and countermeasures and decide whether an action plan needs

to be developed. If the risk level is low, we will keep tracking the control effectiveness. But if the risk level is moderate, we need to improve the controls or countermeasures. Once the risk level is high, we will take immediate action, confirm the action owner and schedule to track the improvement progress periodically.

Every year, USI reviews company's exposure to climate change risk and water regime risk. We also perform sensitivity analysis on other risks that include interest/exchange rates risks, please refer to the [2023 Annual Report](#) for details.

 **Risk tolerance level of information technology**

After evaluating the risk tolerance level of information technology by risk governance process, its risk level was high. To face this high risk, USI immediately made corrective actions to concentrate resources to improve capabilities of information security team, enhance employees' safety awareness and emergency response capabilities, and cooperate with cybersecurity consultants to strengthen information security level. We followed ISO 27001 guidelines to grade information security incidents which were reviewed by Information Security Steering Committee and established tolerable downtime of critical system. According to the notification standards of operational and reputational impacts to set up risk team and adopt countermeasures to prevent the expansion of damage. In addition, it is planned to store backups of critical systems at least two facilities to prevent data lost from system outages.

 **Risk tolerance level of human resources**

USI has built a complete human resources and development mechanism to response USI's global layout, but the risk tolerance level of human resources was still identified by high. We set up KPI to track achievements and perform annual human rights risk assessment to ensure a diverse and inclusive workplace. In the dimension of human capital development, USI encourages employees to improve professional skills and take further education to obtain academic degrees and develop core competence and management competence for senior managers. In terms of talent retention, we build a key successor system to improve the potential talents' retention rate. It is expected to attract more key talents and reduce operating risks through comprehensive talent development and retention plans and establish the basis for sustainable operations.

 **Risk tolerance level of external factors**

Due to trade barriers and COVID-19 in recent years, the competitive trend is focusing on short supply chain, and manufacturing technologies have been promoted with intelligent, green, and service-oriented. Both land cost and labor cost of manufacturing sites are not the priority. Thus, the risk tolerance level of competitive was identified as high. USI develops local suppliers to reduce transportation lead-time and cost. Automation technologies to improve production efficiency, and low-carbon products are designed to increase energy efficiency and save production cost.



2023 USI Risk Assessment Countermeasures ⁽¹⁾

Emerging Risks	Risk Situation	Countermeasure	Corporate Chance
Cyberattacks	<ol style="list-style-type: none"> 1. System crashes due to unfixed system vulnerabilities 2. Attacked by computer viruses or lack cybersecurity awareness 3. Production system is attacked by hackers 	<ol style="list-style-type: none"> 1. Regular vulnerability assessment and remedy system vulnerabilities 2. Follow company cybersecurity management mechanism 3. Safety stock computer spares and backup hard disk to avoid emergencies 4. Quarterly check production software and hardware equipment to meet USI cybersecurity standards 	<ol style="list-style-type: none"> 1. Upgrade system safety level with updated cybersecurity technologies to reduce the risks of hacker attacks 2. Train employees' cybersecurity awareness of new cyberattacks 3. Through a comprehensive cybersecurity plan to protect company's intellectual property and business security to consolidate business competitive
Economic Conditions	<ol style="list-style-type: none"> 1. The global economy outlook is impacted by unstable trading, high market volatility and protectionism 2. New business models and digital applications will bring unprecedented changes 	<ol style="list-style-type: none"> 1. Understand the impacts from global economic changes and industry trends to adopt action plans and operating strategies 2. Cooperate with customers to develop technology portfolios, review, and adjust technology strategies 	Regional supply chain is emphasized in the post-pandemic era, labor-intensive has become tech-intensive, automation and intelligent production are promoted, and the long-chain manufacturing process has become short-chain. Continue to provide comprehensive services for customers to improve company's competitiveness.
Operation and Infrastructure Risk	Risk Situation	Countermeasure	Corporate Chance
Succession Plan and Recruitment	Operating risk from imperfect cultivation of the talent team and management.	<ol style="list-style-type: none"> 1. Build key successor system: <ol style="list-style-type: none"> (1) Regular inventory the requirements of key positions (2) Make succession development plans and provide resources (3) Systematized talent database for ongoing regular tracking 2. Build talent development scheme: the development plans of succession talents and potential talents 	<ol style="list-style-type: none"> 1. Ensure corporate sustainable development through a successor system, and prevent business impact from 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
Cybersecurity	<ol style="list-style-type: none"> 1. Lack cybersecurity awareness 2. Leak system account or password 3. System is locked by hacker or data loss 4. System is crashed by unfixed system vulnerabilities 	<ol style="list-style-type: none"> 1. Hold regular cybersecurity training for employees 2. Two-factor authentication 3. Regular backup & offsite backup 4. Regular vulnerability assessment and remedy system vulnerabilities 	<ol style="list-style-type: none"> 1. Enhance all employees' cybersecurity awareness 2. Upgrade system safety level and assure corporate reputation 3. Train the employees' resilience to reduce the hazard impacts

Note:
 1. The focus items are risk factors integrated by ASEH. Please refer to the [2023 Annual Report Risk Management: Section 3: \(IV\) Possible Risks](#).

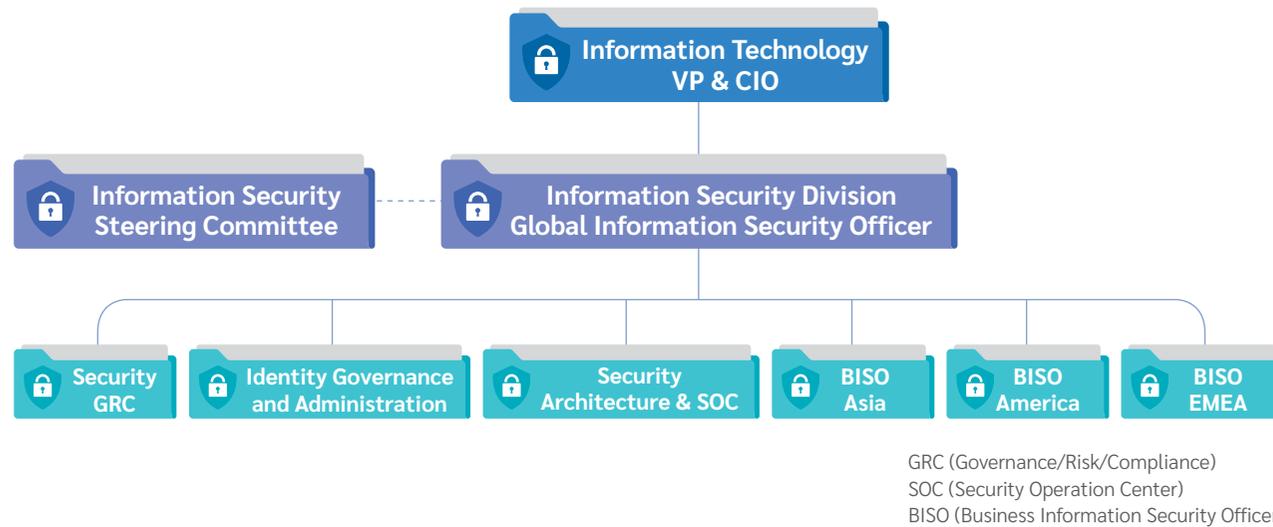


Strategy and Planning Risk	Risk Situation	Countermeasure	Corporate Chance
<p>Regional Politics</p>	<p>Regional conflicts have not slowed down the sanctions imposed by countries around the world, even impact global commodities and energy prices, and drag economic recovery from global inflation to increase business and investment risks.</p>	<ol style="list-style-type: none"> 1. Evaluate macro-economy, industry trends and emerging risks. Keep interactions with stakeholders. Enhance company core competence and operation resilience 2. Adjust manufacturing sites and business allocation, through business growth and merger to enhance the market placement of non-Mainland 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 	<ol style="list-style-type: none"> 1. Cooperate with customers to flexibly adjust production facilities and improve products and services value 2. Convert local resources to be competitive advantages; strengthen company global manufacturing service capability 3. Aggressively develop and build local suppliers' capabilities to achieve a win-win situation
<p>Competition</p>	<p>Lose competitive edge from lacking countermeasures of short supply chain, smart manufacturing, and green technologies</p>	<ol style="list-style-type: none"> 1. Develop local suppliers in response to the trend of regional supply chain. Enhance global manufacturing layout through merger and strategic cooperations 2. Continue to enhance automated processes to improve production and cost efficiency 3. Develop company green product strategy, improve product eco-design capabilities, promote low-carbon product design and upgrade energy efficiency 	<p>Through external competitive analysis and industrial trends to understand the company's strengths and weakness. Plan operation strategies and enhance company's advantages to keep competitiveness.</p>
<p>Climate Change</p>	<p>Ignore sustainable operation threats from climate change risks.</p>	<ol style="list-style-type: none"> 1. Incorporate climate risks into the ERM process 2. Identify short, medium, and long-term climate change risks and opportunities. Assess risks and opportunities based on different climate scenarios 3. Set climate-related performance indicators and quantitative targets; regularly track progress and disclose to the public without concealing information 4. Set a long-term goal for Net-Zero Carbon Emissions in 2040 	<ol style="list-style-type: none"> 1. Continue to implement climate change and energy management, water management, waste management and air pollution prevention to help customers produce energy-saving and carbon-reducing products 2. Formulate relevant mitigation plans and measures, accelerate the implementation of risk control and climate change mitigation actions, strengthen our operating sustainability management capabilities, and move towards sustainable corporate development



Cybersecurity Management

Effective cybersecurity management is fundamental to all operations. To ensure cybersecurity goal consensus, USI set up a committee to boost cybersecurity awareness. The committee members are composed of the CIO, CFO, GISO, Vice Presidents or Division heads level above. The CIO reports to the Senior Vice President of the Administration Group. Under the committee, there are information security representatives who implement cybersecurity affairs. Dtuang Wang, ASEH CISO (Chief of Information Security Officer), has role in the USI board and Information Security Steering Committee member. He joins strategy meetings to reach cybersecurity targets. The committee holds semi-annual meetings, cybersecurity representative reports the cybersecurity status to committee management team and provides guidance for cybersecurity strategies and implementation.



USI obtained ISO 27001 certification in 2020 and Zhangjiang Facility passed TISAX (Trusted Information Security Assessment Exchange) certification in 2023, which provides excellent evidence about the maturity of cybersecurity governance.

Cybersecurity Goals

USI's cybersecurity goals are to ensure the preservation of Confidentiality, Integrity, Availability and Compliance of the core systems engaged in business operations. Additionally, quantitative goals are defined according to organization level and job function to ensure the achievements of the Information Security Management System implementations and cybersecurity goals.

1. Protect USI's important information assets, including USI and customer products, manufacturing blueprints and recipes, R&D data, services, and maintain their confidentiality, integrity, and availability.
2. Strengthen USI employees' awareness of the Company's and customer's information asset protection responsibilities.
3. Ensure that the execution of all businesses complies with the requirements of relevant laws or regulations.

4. Construct a safe and convenient information network environment to protect employees from internal and external cybersecurity threats.
5. Establish a cybersecurity sustainability plan to ensure business contingency.
6. In-depth assess existing cybersecurity level and enhance the maturity of entire cybersecurity management.

Cybersecurity Vision

- Strengthen employees' cybersecurity 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

Cybersecurity Advocacy and Training

USI has made an Information Security Policy and established a Security Operation Center to increase cybersecurity protection. Through regular announcement to improve employees' risk identification ability. IT also irregularly practices Social Engineering (Phish Insight) to enhance employees' cybersecurity awareness. The IT Department spot-checks illegal use of software, any illegal cases will be punished according to regulations. USI arranges an online training course to strengthen employees' cybersecurity thinking. All employees should take Cybersecurity courses and pass tests. Cybersecurity training completion rate was 100% in 2023.

The company continues to steadily enhance resilience of information security defense to provide reliable products and services for customers. Until the end of 2023, USI had no major cybersecurity incidents.



Green Products and Innovation

As the industry leader, we focus on smart manufacturing and continuously improve our eco-design capabilities. We promote low-carbon product designs, enhance energy efficiency, and advance smart manufacturing projects. USI's Green Product (Clean Technology) Strategy of Modularization, Globalization, Diversification, Vertical Integration, and Smart Manufacturing aligns with the SDGs, addresses climate change, and aims to reduce energy resources.



100% Meet International Green Standards



1,589 Cumulative Number of Patents



Assisted Obtaining **EPEAT Silver** Level



7.1 TWh Product Energy Efficiency



CNY **409** Million Saved from CIP and Smart Manufacturing Projects



2,877 Metric Tonnes Carbon Reduced from CIP Key Projects

SDGs ▶



Key Stakeholders: Shareholders/Investors/Banks, Customers, Suppliers/Contractors



Sustainable Issue Performance and Targets



Material Issue



Achieved



Not Achieved

Management Purpose	KPI	2023 Target	2023 Performance	Status	2024 Target	2028 Target
<p>Green Products & Innovation Management</p> <p>Management Approach: Comply with green product regulations, engage in R&D innovation, and focus on patented technologies. Set medium and long-term goals for sustainable products to implement sustainable management actions. Evaluation Mechanism: Sustainability technology and product R&D plans are established, and task force meetings are convened periodically to determine the achievement of each indicator and to review implementation performance.</p>						
Ensure green products sold meet various stakeholder demands and increase revenue and competitiveness through continuous improvement	▶ Meet international safety, environmental, energy saving standards	▶ 100% shipped products meet standards	▶ 100% shipped products met standards		▶ 100% shipped products meet standards	▶ 100% shipped products meet standards
	▶ Sustainable mechanical design	▶ More than 80% of mechanical components use recyclable and reusable raw materials	▶ Recyclable and reusable raw materials accounted for 90% of mechanical parts		▶ More than 80% of mechanical components use recyclable and reusable raw materials	▶ More than 80% of mechanical components use recyclable and reusable raw materials
	▶ Product carbon footprint inventory ⁽¹⁾	▶ Inventory 3 series of product carbon footprints	▶ 100% completed (total 33 products)		▶ Inventory 3 series of product carbon footprints	▶ Inventory 3 series of product carbon footprints
	▶ Cumulative number of patents	▶ 1,527 patents	▶ 1,589 patents		▶ 1,616 patents	▶ 1,740 patents
<p>Sustainable Production</p> <p>Management Approach: Automated Lights-Out Factory is introduced to increase efficiency, improve quality, and satisfy customer's delivery date. Continuous improvement plans are also promoted to optimize design, manufacturing, and energy saving as well as carbon reduction. Evaluation Mechanism: Sustainable production targets are established, and taskforce meetings are convened periodically to review performance.</p>						
Enhance corporate competitiveness through smart automation and encouraging employees to continuously improve	▶ Smart manufacturing ⁽²⁾	▶ Reach 2.60-Stars in the Industry 4.0 5-Star rating standard	▶ Introduced Industry 4.0 5-Star rating, and reached an average of 2.62-Stars		▶ Introduce Industry 4.0 5-Star rating, and reach an average of 3.2-Stars	▶ Introduce Industry 4.0 5-Star rating, and reach an average of 4.28-Stars
	▶ Continuous Improvement Program	▶ Cost saved accounts for 0.21% of revenue	▶ Cost saved accounted for 0.27% of revenue		▶ Cost saved accounts for 0.21% of revenue	▶ Cost saved accounts for 0.21% of revenue

Note:
 1. In response to environmental trends, increase the number of inventory series.
 2. Due to the expansion of the Company's scale and difference in the foundation of global manufacturing facilities, we have revised the star-rating rules. The original goals set for 2023 are deferred to 2024, and relevant goals and plans are also adjusted accordingly.

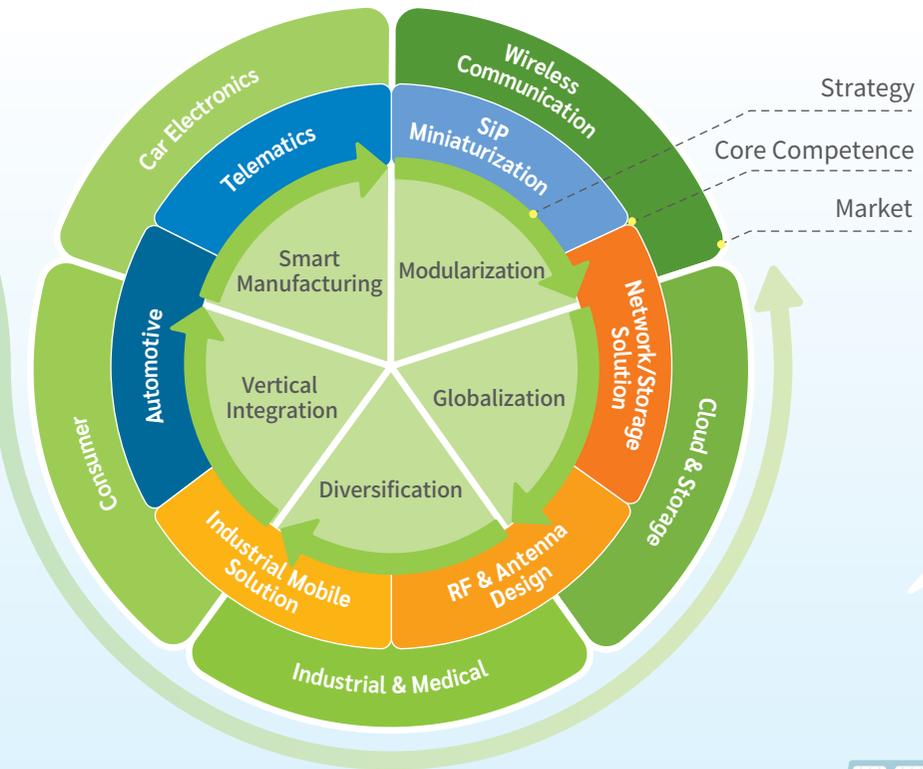


Green Products

Green Products Vision

USI has five product categories: Wireless Communication, Cloud & Storage, Industrial & Medical, Consumer, and Car Electronics. Our vision for green products for the medium term lies in using miniaturization technology to vertically integrate SiP modules in our customers' products, promoting low-carbon design, energy efficiency, and environmental impact reduction. Additionally, we are investing in developing electronic products for electric vehicles to reduce CO₂ emissions and mitigate pollution.

In the long term, we will certify our 5G testing capabilities to provide the best-miniaturized antenna design for smart mobile devices. We will apply this to computers, communication, wearable and industrial electronics, and electric vehicles. Then integrate all product technologies to form an Internet of Things network. With our green product clean technologies, we will develop market opportunities for low carbon, low consumption, and low pollution products to meet customer demands.





Green Products Management

USI has been devoted to green management to pursue a harmonious coexistence of our environment and society. To ensure our operations comply with international environmental protection regulations and customers' standards, we have established good communication channels with our suppliers and customers and implemented preventive measures from the procurement of raw materials to the customer-end after services. The objective is to minimize negative environmental impacts from our products and production.

Following the strategies of green management and product eco-design, USI conducts annual third-party IECQ QC080000, ISO 14001, and ISO 14064-1 management systems audits and inventory. Thus, USI can quickly respond to changes in international environmental protection laws. In addition, USI integrates and stipulates Standards for Green Environmental Protection Products to control hazardous substances in electronic components and products. And formulated our green product policy and four main aspects of green product eco-design.



Green Products Policy

- ✔ Product development and raw materials 100% meet the requirements of customers and USI green product environmental protection regulations
- ✔ Products must comply with international regulations and directives on hazardous substances
- ✔ Product introduction of ecological design concept



Four Main Aspects of Green Product Eco-design

Main Aspect	Green Products Directive	Requirement	USI Design for Environment (DfE)
Hazardous Substances Management	<ul style="list-style-type: none"> ● RoHS (Restriction of Hazardous Substances) ● REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) ● Halogen-free parts and process requirements ● Battery Directive and Packaging and Packaging Waste Directive 	<ul style="list-style-type: none"> ● Low polluting ● Non-toxic 	<ul style="list-style-type: none"> ● Phase out the use of BFRs ● Phase out the use of PVC ● Use non-halogen materials
Recycling Management	<ul style="list-style-type: none"> ● WEEE (Waste Electrical and Electronic Equipment) 	<ul style="list-style-type: none"> ● Recyclable ● Easy to take apart ● Easy to process 	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● ErP (Energy-related Product) ● CEC (California Energy Commission) 	<ul style="list-style-type: none"> ● Energy saving ● Resource saving ● Reduced environmental impact 	<ul style="list-style-type: none"> ● Reduce the energy consumption of machinery in standby and off mode ● Increase the efficiency of energy conversion ● Keep machinery in power-saving mode
Miniaturization Design	<ul style="list-style-type: none"> ● SiP (System in Package) ● SOM (System on Module) 	<ul style="list-style-type: none"> ● Reduced size ● Easy to integrate 	<ul style="list-style-type: none"> ● Improve the system's functions ● Reduce circuit complexity ● Reduce materials usage



Green Supply Chain

USI designs green products that meet global regulations based on the four aspects of green product eco-design and constantly improves design capabilities so that products can meet current eco-friendly trends. As a principle, we Eco-Design products in the planning stages of product development. USI introduced the Green Parts Aggregations & Reporting System (GPARS), a professional green value chain management platform and a Green Parts (GP) database to manage the materials we use in our products and whether they meet the latest relevant requirements that include but are not limited to Hazardous Substance Free (HSF), RoHS, REACH ⁽¹⁾, WEEE - Sustainable Raw Materials and USI Green Environmental Protection Products Requirements.

In response to the increase in global green product regulations, customer expectations for green product standards reduce the impact of raw material acquisition on the environment and society. Suppliers can refer to GPARS to learn about the latest green product specifications, conduct green parts certifications, track raw materials to Tier-1 suppliers' material composition list, and comply with USI Green Product Specifications ⁽²⁾ requirements. For substances without feasible substitutes at this stage, the Company has also formulated a Banned Substance Elimination Plan ⁽³⁾ and communicated this information to suppliers in the Annual Conferences,

requiring suppliers to comply with the specifications and cooperate with implementing the Banned Substance Elimination Plan. In addition, suppliers must provide Environmental Hazard Non-Use Declaration, material composition tables, and verification reports to ensure that the purchased parts and materials are 100% in compliance with company specifications. Please refer to the Hazardous Substance Management section for other hazardous substance requirements.

The trend toward sustainable green products is inevitable. Industries could face upcoming challenges only by establishing a sustainable supply chain. USI integrates upstream and downstream partners to generate maximum environmental benefits from the entire production process, including product design, material procurement, manufacturing, transportation, packing, selling, and product recycling through a comprehensive and transparent management system. Our R&D, production, and quality assurance teams can also stay up to date on current standards for our products through GPARS and take necessary control measures. The systematic management of our global green product supply chain helps us improve data accuracy, strengthen cooperation with supply chain partners, and achieve a green supply chain.

GPARS System



Note:
 1. In response to the announcement of adding the 30th batch of 5 Substances of Very High Concern (SVHC), the REACH list has been extended to 240 substances.
 2. USI controls the MOAH (Mineral oil aromatic hydrocarbons, from 1 to 7 aromatic cycles) and MOSH (Mineral oil saturated hydrocarbons, from 16 to 35 aromatic cycles) and been defined in controlled substances list of Green Product Specification from 04/01/2024.
 3. The threshold for Tetrabromobisphenol-A and Medium-chain Chlorinated paraffins is below 1,000 ppm. USI plans ban them from 01/01/2025 and ban their use according to the EU announcement date.



Hazardous Substance Management

We follow the IECQ QC080000 Hazardous Substances Process Management System standard and establish green parts/material management and control procedures to meet HSF standards. The main management requirements are as follows (for a partial list of banned

substances and requirements, please refer to the [Sustainability Data - Environmental G. Partial Selection of Restricted Environmentally Hazardous Substances Contained in Products](#) table):

Directive/Controlled Substance	Control Requirements
EU Directive - RoHS	<ul style="list-style-type: none"> RoHS directive was officially implemented on July 1, 2006. It mainly regulates the material and technical standards of electronic and electrical products. To protect human and environmental health, it prohibits the use of lead, mercury, cadmium, hexavalent chromium, PBB, PBDE, DEHP, BBP, DBP, and DIBP in electronic products. (RoHS Directive includes (2011/65/EU) and Amendment Directive (EU) 2015/863).
EU Directive - REACH	<ul style="list-style-type: none"> REACH is a statutory ordinance that compulsory registration, evaluation, permitting, and monitoring of chemicals entering the EU market, which came into effect on June 1, 2007. The bill raises the quality requirements and entry barriers for products from different countries and regions to enter the EU. For SVHC in REACH, suppliers must confirm all provided components, non-BOM and packaging materials, and report back to USI via GPARS or questionnaire methods for any SVHC substances at/or above the 0.1% weight by weight (w/w) concentration. For the current SVHC candidate list, please visit ECHA. The chemical substances restricted in REACH regulations are REACH Annex XVII hazardous substances. USI requests suppliers to confirm all provided components, non-BOM and packaging materials, and ban the use of Annex XVII list of dangerous substances. For detailed conditions of restriction, please refer to Annex XVII (amended directive) content. For the current Annex XVII list, please visit ECHA.
California Proposition 65	<ul style="list-style-type: none"> California Proposition 65, officially known as the Safe Drinking Water and Toxic Enforcement Act of 1986, was enacted as a ballot initiative in November 1986. The proposition protects the state's drinking water sources from being contaminated with chemicals known to cause cancer, birth defects or other reproductive harm, and requires businesses to inform Californians about exposure to such chemicals. USI supplier must confirm all provided components, non-BOM and packaging materials, and report back to USI via GPARS or Questionnaire methods for any containing hazardous substances. For the current Proposition 65 list, please visit OEHHA.
Toxic Substances Control Act (TSCA)	<ul style="list-style-type: none"> The TSCA is a U.S. law that was implemented by the U.S. Environmental Protection Agency (EPA) in 1976. The law regulates the introduction of new or existing chemicals. The main goal is to evaluate and supervise new commercial chemicals before they enter the market, to regulate the chemicals that existed in 1976 and pose unreasonable risks to health or the environment and regulate the distribution and use of these chemicals. TSCA prohibits the production or import of chemicals that are not on the TSCA list or subject to exemptions. Chemicals listed in TSCA are called Existing Chemicals, while chemicals not listed are called new chemicals. Manufacturers must submit a pre-manufacturing notice to the EPA before manufacturing or importing new chemicals for commercial use. USI suppliers must confirm and reply whether the materials provided contain hazardous substances controlled by TSCA through questionnaires. For the current TSCA control list, please visit the EPA.
Per-and Polyfluoroalkyl Substances (PFAS)	<ul style="list-style-type: none"> PFAS refers to any chemical substances containing at least one perfluorinated methyl group (-CF₃) or a perfluorinated methylene group (-CF₂-), and such substances are equipped with the waterproof and oilproof characteristics while exhibiting excellent chemical resistance and thermal resistance. They are widely used in adhesives, coating materials, inks, and plastic materials. The carbon-fluorine bond is extremely strong and stable, and it cannot be disintegrated by the environment, such that it may eventually become a permanent organic pollutant. The EU has announced the PFAS restriction proposal in 2023, and such proposal will be reviewed in 2024, and it is expected to be promulgated and implemented no later than 2025-2027. USI suppliers must confirm all provided components, non-BOM and packaging materials, and report back to USI via GPARS or Questionnaire methods for any containing hazardous substances.



For hazardous substance management and green product management, USI adopts the following management procedure and follows the PDCA continuous improvement principle, to allow the GPARS platform to be maintained under the latest management requirement status.



Eco Labels

Green Electronics Council (GEC) developed the Electronic Product Environmental Assessment Tool (EPEAT), and it is an environmental performance assessment tool published by the U.S. EPA. There are 51 stipulated standards, of which 23 are required criteria and 28 are optional criteria to assess the computer and display, imaging equipment, mobile phones, network equipment, photovoltaic modules and inverters, servers, and television products. The EPEAT covers the full product life cycle from design, production, energy use and product recycling conditions.

Eight EPEAT Performance Categories

Conditions	Required	Optional
1. Reduction/Elimination of Environmentally Sensitive Materials	3	8
2. Material Selection	3	3
3. Design for End of Life	6	5
4. Product Longevity/Life Extension	2	2
5. Energy Conservation	1	3
6. End of Life Management	2	1
7. Corporate Performance	3	2
8. Packaging	3	4
Total	23	28

The conditions levels are below:

1. Gold-level products: must meet 23 required criteria and 75% optional criteria (above 21 items).
2. Silver-level products: must meet 23 required criteria and 50% optional criteria (above 14 items).
3. Bronze-level products: must meet 23 necessary conditions.

First rule for hazardous substance: The first essential indicator to the reduction of use of environmental hazardous substance is to comply with the EU's RoHS standard. The eight performance categories also specify the requirement that batteries must not contain more than 25mg of lead, cadmium, mercury, and plastic material, and except for wires and cables, the content of polyvinyl chloride (PVC) is prohibited. Furthermore, according to the 8th rule: the first essential indicator for product packaging is to reduce and eliminate packaging materials with intentional addition of toxic substances, and the rule specifies that $Pb+Cd+Hg+Cr^{6+}$ must be less than 100 ppm.

In comparison to traditional computer equipment, all EPEAT registered computer products have lower contents of lead, cadmium and mercury based on the factor of protection of human health and environment, and such products are more energy saving and facilitated for upgrade and recycle/reuse. Accordingly, they can reduce GHG emissions due to climate change. For products registered by manufacturers in the EPEAT registry, it is necessary to provide solutions beneficial to the environment and facilitating the recycle operation. If a product is able to satisfy environmental performance related standards in each stage of its life cycle, it is able to receive the reward of bonus points.

In 2023, the Company assisted one of our customers to obtain the certification of silver medal grade for industrial tablet products, such that our customer was able to gain greater opportunities of product purchase agreements in the global market. This is an example demonstrating USI's commitment to green design and development together with customers and suppliers. Furthermore, the Company will also continue to exert effort in the GHG emission reduction due to climate change.





Product Compliance

In the process of product design, USI is committed to meeting regulatory compliance requirements, such as complying with region-specific sales market safety and regulatory requirements to avoid the production of products that pose a health and safety hazard to customers. All suppliers are required to comply with the USI's Green Product Specification, and the Company's products and operation system shall meet relevant international standards and the safety regulations of the respective regions where they are sold. We stringently control the use of raw materials for our products and use low-pollution and non-toxic raw materials to

ensure that our products comply with the relevant regulations and directives. Furthermore, we conduct product lifecycle inventory and eco-design evaluations, and publish product eco-characteristics manual to comply with the EU ErP Directives. 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 [Occupational Health and Safety](#) section.

USI Products Compliance with Directives in 2023

Green Products Directive	Percentage of USI Products within the Directive					
	Automotive & Industrial Power Electronics Products	Intelligent Connectivity Solutions Products	Advanced Low-Cost Module Manufacturing Products	Advanced Mobile & Miniaturization Solution Products	Specific Application Green Energy Products ⁽¹⁾	Visual Products ⁽²⁾
EU RoHS	100%	100%	100%	100%	100%	100%
Halogen Free (HF)	0%	12%	100%	87%	34%	93%
China RoHS	100%	100%	100%	100%	100%	100%

Our products undergo rigorous design review, such as modeling various usage scenarios in the early stages and addressing regulation deficiencies to strengthen product safety standards. With our Factory Inspection Mechanism ⁽³⁾, products are regularly audited by a third-party (ex. UL, TUV, CCC) on a quarterly or annual basis to ensure product user safety and compliance with relevant laws, regulations, and ordinances internationally and where they are sold. Electronic system products with safety certifications are all tagged with safety warnings and equipped with operation manuals. In 2023, we received zero complaints about products

endangering human health and safety, and no product safety-related violations were found.

In addition, given the rapid development of the electric vehicle industry due to the global emphasis on sustainability and achieving net-zero emissions, we have also built-up relevant testing and certification capabilities and a certification pipeline for electric vehicle charging piles, to enable the company to respond to the trend of the electric vehicle market and provide customers with high-quality products that meet the requirements for health and safety.

USI System Products Compliance with Safety Regulations in 2023

Percentage of USI Products within the Regulations	Safety Regulations			
	UL 62368-1	IEC 62368-1	CNS 14336.1	GB 4943.1
Intelligent Connectivity Solutions Product	84%	78%	50%	50%

Note:

1. This product belongs to the Global Sales & Service and Corporate Operations Development and North America Operation and Specific Application Green Energy Business Group.
2. This product belongs to the Shenzhen/Huizhou and Kunshan Manufacturing Service and Visual Product Group.
3. 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.



Product Life Cycle Assessment

Life Cycle Assessment (LCA) means systemically analyzing the environmental impacts of a product or technology throughout its Cradle-to-Grave life cycle, from the acquisition and handling of raw materials, through manufacturing, transportation, sales, use and maintenance of the product, to its final recycling or disposal. Among different methodologies, the product carbon footprint is a life cycle inventory of carbon emissions generated at each stage of a product, which is converted into the sum of CO₂ equivalents, making the Product Carbon Footprint the best example of a Simplified Life Cycle Assessment (SLCA). Due to the variety of USI products offered, we have completed carbon footprint inventories for various products in phased stages. We intend to inventory at least three product series' carbon footprints from 2023 to meet customer green product needs. To expand facility capabilities, we have shared relevant knowledge and experience of green product integration development low carbon materials with other facilities. In 2023, all USI products completed environmental impact assessments, including full LCAs conducted by USI and our customers (12% of revenue), simplified LCAs based on ISO 14067 product carbon footprint verifications (0.1% of revenue), and other assessment methods that focuses on toxic substances such as RoHS (87.9% of revenue).

Since 2017, USI has inventoried the carbon footprint data of one product series by using SimaPro, IPCC 2013 100a, and ReCiPe 2016 to calculate ISO 14067 product carbon footprint and ISO 14045 eco-efficiency evaluations. This is used to explore the impact and damage of products in 18 environmental aspects, analyze the environmental impact of products at various stages and seek hot spots for improvement, and calculate the product eco-efficiency in terms of the value of the product or service and its impact on carbon emissions or the environment ⁽¹⁾. For example: about 85% of the carbon emissions come from raw materials and manufacturing processes. We also found that there are opportunities to further identify action items with development potential, including optimizing the optimal input quantity and cutting ratio in the use of raw materials to reduce excess consumption; increasing the amount of raw materials purchased locally to reduce distribution consumption; replacing aging machines to continuously save electricity in the manufacturing process; and cooperate with carbon inventory in the facility to analyze GHG reduction performance in the production and manufacturing, while also promoting the use of 100% renewable energy in the manufacturing facility, please refer to the [Energy Management](#) section. This experience is further utilized to establish more product projects and a more complete carbon footprint inventory to reduce environmental impact, achieve product responsibility and consumption, and realize the concept of low carbon footprint products.

Product Carbon Footprint Inventory Performances

Product Category	Product Name	Carbon Footprint	Eco-efficiency Assessment/ Environmental Footprint	Emissions (kg CO ₂ e / pcs)	Certificate / Inventory Report
Consumer	Clickshare Button			1.81	Clickshare Button Inventory Report
Industrial, Automobile Electronic	Industrial Tablet			49.20	Industrial Tablet Inventory Report
Cloud and Storage	Add-on Card (AOC)		-	16.56	AOC Inventory Report
Consumer	LCD Drive X Board			4.00	X Board Certificate
Consumer	LCD Drive XC Board			9.20	XC Board Certificate
Industrial, Automobile Electronic	Digital Inkjet Printhead			31.07	Printhead Certificate
Cloud and Storage	USB-C Dock			290.36	USB-C Dock Certificate
Cloud and Storage	XnBay Smart Server			163.60	XnBay Certificate
Communication	4G LTE Module			6.56	4G LTE Certificate

Note:
1. Eco Efficiency ↑ = Product or Service Value ↑ ÷ Environmental Impact ↓



Promoting Green Design

Since 2016, USI has been holding Technology Forums to cultivate and improve the design capabilities of R&D personnel. The forum covers new knowledge and internal applications in miniaturization/packaging technology, Wi-Fi technology, testing technology, reliability testing, mechanism design, hardware design, and smart manufacturing. R&D personnel or employees interested in related topics can converge and exchange latest technological application insights through this platform. We have also expanded the forum from a one-day to a two-day event starting in 2020. In 2023, we invited Dr. Ming Chang Lee from the National Tsing Hua University to share Silicon Photonics Applications and Dr. Jeng-Ywan Jeng from the National Taiwan University of Science and Technology to share Toward Direct Digital Manufacturing Using High Speed and Design for Additive Manufacturing and to provide advice on the development of USI projects. At the same time, USI has added an Intelligence Express column to our Newsletter so that employees who are unable to attend the events can learn new technologies and applications in our regular publications or bulletins to enhance their technical knowledge.

USI R&D personnel have ecological design capabilities and continue to implement green concepts and clean technology into their projects, which allows us to sell environmentally friendly products around the world. According to the Design for Environment (DfE) operating procedures, USI not only considers potential environmental impacts in the design phase, but also confirms product specifications with Project Managers and customers to meet the requirements of Energy Star and ErP, as to meet a range of environmental factors, such as material use, energy saving and CO₂ 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.

A green product with clean technology needs to comply with two or more green products ecological design standards to improve energy efficiency and reduce environmental pollution. In 2023, revenue from cleaning-related technologies accounted for 41.43% of the overall revenue of the Company. Under the positive impact of the mass production of new generation of products and the low carbon trend, the overall revenue of green products was driven to increase by 16.86% from last year. In addition, in response to the promotion of miniaturization technology of green product strategy, the ratio of eco-design increased by 9%, and among the recycle of electronic wastes, the total weight of material recycled and reused also increased by 16% from 2022, please refer to the [Sustainability Data - Environmental F. Materials Recycled and Reused](#) table. In the future, we will continue to promote and invest in R&D to increase the proportion of clean technology and eco-design.

The Proportion of Green Product Revenue to USI's Overall Revenue

Green Product Category ⁽¹⁾	Percentage of Revenue in 2023
Communication Product	25.55%
Industrial & Automobile Electronic Product	7.82%
Consumer Electronics & Cloud and Storage Product	8.06%
Total	41.43%

Performance of Eco-designed Products

Category	2020	2021	2022	2023
WEEE Compliance Rate ⁽²⁾	100%	100%	100%	100%
RoHS Compliance Rate	100%	100%	100%	100%
Energy Efficiency (Product Revenue Ratio)	38.6%	45.9%	11.2%	2.5%
Electronic Waste Recycling (Product Revenue Ratio)	6.3%	5.2%	13.2%	11.9%
Light and Compact (Product Revenue Ratio)	41.6%	41.0%	58.0%	67.0%
The Proportion of Total Revenue	86.5%	92.1%	82.4%	81.4%

Note:

1. USI's product categories fall into five categories, and this section does not cover medical categories.
2. Compliance Rate: proportion of products that are required to comply with specifications.



In our product energy saving evaluation, USI's eco-design products saved 7.1 TWh, equivalent to reducing 0.16 million metric tonnes of CO₂ and accounting for 2.22% of USI's total revenue.

Product Energy Efficiency Evaluation

Product Category	Energy Saving in 2023 (kWh)
Consumer Electronics	21,843,000
Cloud and Storage	4,324,796
Industrial	716
Automobile Electronics	7,082,108,284
Total	7,108,276,796

To intensify the promotion of green products, USI established the Green Design Innovation and Invention Patent Incentive System at the end of 2017. We give weighted scores to green-related designs to encourage a green and innovative corporate culture and facilitate green design proposals. In 2023, green products were designed based on the four main aspects of green product eco-design and four directions of green promise, the results of green-related design are shown in the right table:

USI's Green Design in 2023

Product Design Aspect	Key Features	Performances
Choice of raw materials or components that have a lower environmental footprint	<ul style="list-style-type: none"> Miniaturization design and reduction waste 	<ul style="list-style-type: none"> Reduced raw material usage by a total of 456 kg in the annual shipment of miniaturized products. <ul style="list-style-type: none"> In terms of optimal circuit design, Computer Aided Design (CAD) reports are used to optimize the layout of components and wiring, reducing the use of capacitive/resistive components by up to 9%. Module size is reduced via advanced manufacturing process, and the area is reduced by approximately 13%. Introduction of miniaturization process to increase the component mounting density, and the Printed Circuit Board (PCB) overall size is reduced by approximately 10%. To prevent the quantity adjustment of static/discharge protection components of transition design, the quantity of components used is reduced by 25% in comparison with the previous generation of products.
	<ul style="list-style-type: none"> Hazardous Substance Free management 	<ul style="list-style-type: none"> 100% met RoHS environmental protection requirements.
Direct operations, production & manufacturing	<ul style="list-style-type: none"> Reduction energy consumption 	<ul style="list-style-type: none"> Streamlined the product testing process and reduced testing lead time by up to 10%~28% to reduce energy consumption in the production line and energy saving 3,025 kWh. The products passed 2 phases test improvement and reduced testing lead time by up to 38%.
	<ul style="list-style-type: none"> Manufacture CO₂ reduction and circular 	<ul style="list-style-type: none"> Facilities promote energy saving schemes, which saved a total of 3,187 MWh of electricity and reduced CO₂ emissions by 2.4 million metric tonnes. We plan to recycle as much water as possible via improvement of equipment and technology, the process water recycling rate of 64%; Water clean machine energy and water saving program of CIP saves 8,768 metric tonnes of water annually.
Distribution, storage, and transportation	<ul style="list-style-type: none"> Reduction the plastic and packaging material 	<ul style="list-style-type: none"> Foamed PE buffering material is replaced by the corrugated board design, and approximately 2 metric tonnes of plastic material output can be saved annually. The packaging quantity of each packaging carton is increased, and the use of bubble wrap is eliminated, such that approximately 15% of packaging material consumption is saved.
	<ul style="list-style-type: none"> Using recyclable and reusable packaging material 	<ul style="list-style-type: none"> USI recycled and reused about 40,000 plastic pallets, 9,000 wood pallets, 7 million trays, 170,000 partitions, and 380,000 recycling bins, reducing a total of 986 metric tonnes of waste.
Use phase - operation and servicing/maintenance	<ul style="list-style-type: none"> Improve energy efficiency 	<ul style="list-style-type: none"> The DC-DC conversion efficiency of the DC power supply of the server product is more than 90.5%.
	<ul style="list-style-type: none"> Energy efficiency regulations 	<ul style="list-style-type: none"> All internal power supplies complied with 80 Plus Titanium certification. 100% in compliance with the California Energy Commission Appliance Efficiency Regulations (CEC), European Commission's Eco-design Directive (EU ErP Lot 26) and the latest regulations of the EU Code of Conduct Tier-2 (CoC Tier-2).
	<ul style="list-style-type: none"> Energy saving 	<ul style="list-style-type: none"> In our product energy saving evaluation, eco-design products saved 7.1 TWh.
End of life management	<ul style="list-style-type: none"> Meet WEEE criteria 	<ul style="list-style-type: none"> Collaborated with customers and 100% met WEEE criteria in mechanical parts design. 999.6 metric tonnes of recyclable and reusable materials were used in USI's annual shipments.



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 GHG emission reduction). We keep communicating with employees, suppliers and contractors regarding our EHS-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 2023, the total of all facilities' green education training was 10,970 hours.

To meet customer requirements, USI is not only keen to participate in international forums on carbon emission disclosure, but also carry out plans for energy conservation and carbon emission reduction, please refer to the [Sustainability Management](#) and [Sustainable Supply Chain Development](#) sections. By instilling the green concepts at internal training programs while drawing from external experiences, USI conveyed its green values and fulfilled the Green Promises.



Course	Course Content
Hazardous Substance Management System Requirements for Green Products	<ul style="list-style-type: none"> Quality Policy Hazardous Substance Management System Green Product Management System Green Product Workflow RoHS (EU) 2015/863 GP Label in Production Line Halogen-Free Green Non-BOM Materials Engineering Change Request (ECR) Process
Green Products Laws and Regulations Introduction	<ul style="list-style-type: none"> RoHS Requirement by Country REACH EU Battery Directive EU Directive - PPW ⁽¹⁾ EU Directive - ELV ⁽²⁾ WEEE Halogen-Free (HF) CEC ErP California Proposition 65
Green Products Manufacture, Non-BOM Material and Shipping Control	<ul style="list-style-type: none"> Green Manufacture Management RoHS (EU) 2015/863 GP & HF Definition Green Non-BOM Management Outgoing Management
Green Design Controlling Process	<ul style="list-style-type: none"> Green Product Workflow
Green Part Verification and Approval	<ul style="list-style-type: none"> Operating Standards and Regulations for Green Products

Note:
 1. PPW, Packaging and Packaging Waste
 2. ELV, End-of-life Vehicle



Innovation Management

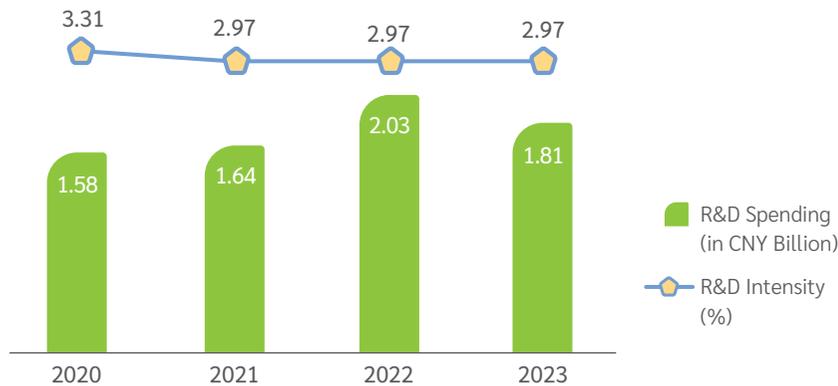
USI realizes that innovation is the key for continuous growth and considers Intellectual Property (IP) as one of our most important assets. We not only treasure our own IP but also respect all the IP around the world.

Research and Patents

IP is considered the responsibility of every employee. We not only endeavor to lower the risk of infringement but also encourage internal innovation activities. The Company provides the greatest benefit to all our stakeholders through the most effective IP management and devotes itself to creating an encouraging environment and management system to protect our IP. Please refer to the [IP Policy](#) for details. For years the Company has presented research performances to the electronics industry through applying patents and international journals.

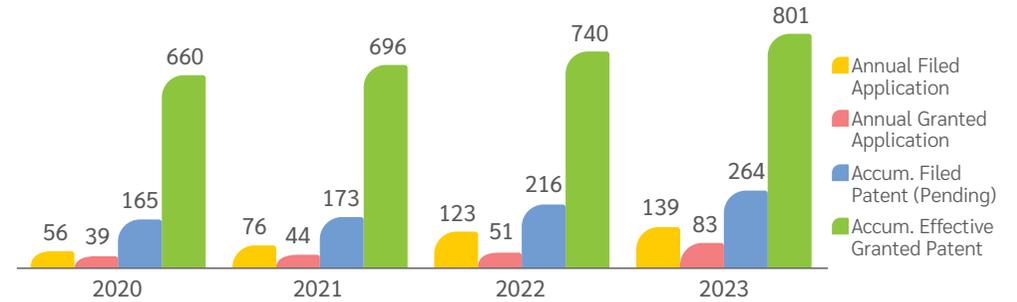
USI has 2,809 R&D employees, accounting for 12.21% of the employee population, increased by 0.74% comparing with 2022, and invested CNY 1.807 billion, accounting for 2.97%⁽¹⁾ of the revenue in 2023. The Company continues to cultivate and improve the ability of design and development personnel to maintain a stable and sustainable development in the intensity of research and development.

R&D Spending and Intensity



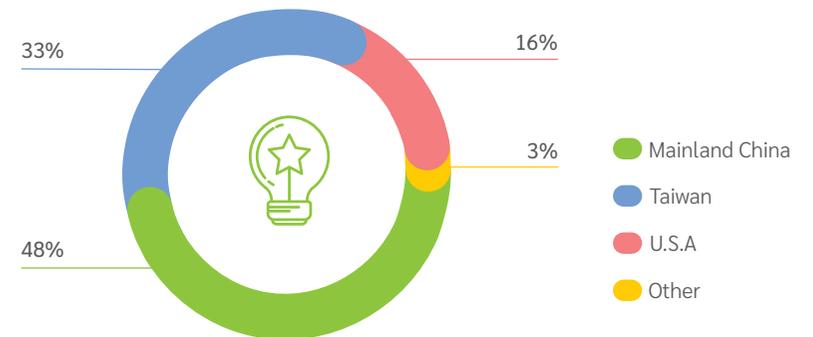
Note:
1. Please refer to page 30 of the [2023 Annual Report](#) for detailed information.

In terms of patents, to encourage research, development, innovation, and enhance technology and competitiveness, USI set up Patent Management and Incentive and regular R&D competitions. After the project has been verified, employees that proposed the patents will be financially rewarded and publicly recognized. According to the data, the number of patent proposals approved by the Patent Review Committee exceeded 130 annually, and a total of 171 proposals were filed and approved in 2023, among which there were 22 patent proposals of key technologies. Key technologies refer to patents in relation to SiP miniaturization technology, electric vehicle technology and wireless equipment technology. By the end of January 2024, the cumulative number of effective granted patents stood at 801, an increase of 61 over 2022, and the cumulative number of approved patent applications reached 1,589, an increase of 6%. The patents obtained in the last four years are shown in the figure.



Furthermore, regarding USI's electronic manufacturing and service technologies patent portfolio, USI has been granted 386 patents in Mainland China, 266 patents in Taiwan, 125 patents in the U.S.A and 24 patents in other countries.

Percentage of Accumulated Effective Patents by Country





In 2023, eight of the proposals involved green process designs and have passed internal patent review meetings. The green process proposal is to increase the proportion of automated and unmanned facility operations by reducing work hours, lowering labor costs, or improving efficiency to achieve energy and carbon savings in the process. Please refer to the following table for details:

Facility	Green Proposal	Proposal Benefit
Zhangjiang	New shield box design with temporary storage area	An additional test socket is installed at the external of the test isolation chamber as the temporary storage area. In addition, two nozzles of the rotating mechanism are further used to suck the internal/external test socket of the isolation box for position change. During the sealed test of the isolation box, the robotic arm can perform parallel processing of the external module operation, increasing test efficiency.
Zhangjiang	Panel Development Firmware Upgrade (DFU) automated test	Automatic material loading/unloading mechanism for DFU test is developed. During the test, automated arm is used to replace manual material loading/unloading operation to reduce manual operation and to reduce risks of picking and placing. Furthermore, jig status can be switched via manual control, such that during low production capability period, the small jig quantity mode can be activated, to reduce energy consumption.
Jinqiao	New PCB linkage separation mechanical design	A linkage mechanism capable of separating three layers of PCB at once is developed to replace the single-layer PCB separation, in order to reduce the manual disengagement time and the PCB scrap rate due to disengagement.
Huizhou	Check signal design	The method of inspecting whether signal outlet is from the short side or corner of the solder pad is performed during the PCB layout design, to reduce manual operation and working hours.
Kunshan	Three-dimensional semiconductor module	Under the original 2D parallel design, it is adjusted to a vertical structure for the component arrangement, such that the connection distance from the power IC to power inductor is shorter, and the parasitic inductance and resistance are also smaller while the overall power efficiency design is improved, thereby reducing the PCB material and design space required.
Nantou	Check differential signaling design	For the PCB layout design, solder pad and through-hole outlet differential signal automatic symmetry inspection is performed, to reduce manual operation and working hours.
Nantou	Check differential signal interference design	The method of inspecting whether other signal passes through the differential signal conduction hole is performed during the PCB layout design, to reduce manual operation and working hours.
Nantou	Module structure with solder joint protection and electromagnetic shielding	Substrates are changed from the traditional packaging process to High Density Interconnector (HDI) PCB, to improve the system function and to reduce the circuit complexity, thereby reducing the substrate cost, jig expense and lead time.

Sustainable Production

USI actively introduces smart manufacturing through the automated lights-out factory project to streamline production quality and efficiency, meet customer demand, and continue optimization of design, production, and energy efficiency through the Continuous Improvement Program.

Smart Manufacturing

Since 2015, USI has established Zhangjiang Facility as a model factory, and the name of Automation Development Division managed by the Zhangjiang Facility general manager has been changed to Smart Manufacturing Development Division with the introduction of smart manufacturing. In 2016, the Company further established the Information Automation Team (Industry 4.0) to further improve the function and scope of the Smart Manufacturing Development Division. Moreover, in 2021, the Division was further upgraded to Smart Manufacturing Development Center, and the organization members were also expanded to support and promote the 5-Star Lights-Out Factory development for all facilities worldwide. The Smart Manufacturing Development Center completed the first WiFi SiP Module Test Lights-Out Factory of Zhangjiang Facility was completed in 2021. In addition, the Company plans to upgrade four factories to Lights-Out Factories in 2025.

USI's Smart Manufacturing Program has adopted the concept of Industrial Internet of Things (IIoT) and plans the development of the Industry 4.0 Smart Manufacturing Program in line with the electronic manufacturing industry, and this is called the 5-Star Industry 4.0 Smart Manufacturing. We have also formulated the 5-Star Factory Standard with reference to the industry, i.e. more than 90% automation of machines, more than 90% of machine connection & real time monitoring, and labor is less than 10%. This plan sets out a phased development over the next five to ten years to increase the level of automation in USI facilities around the world.

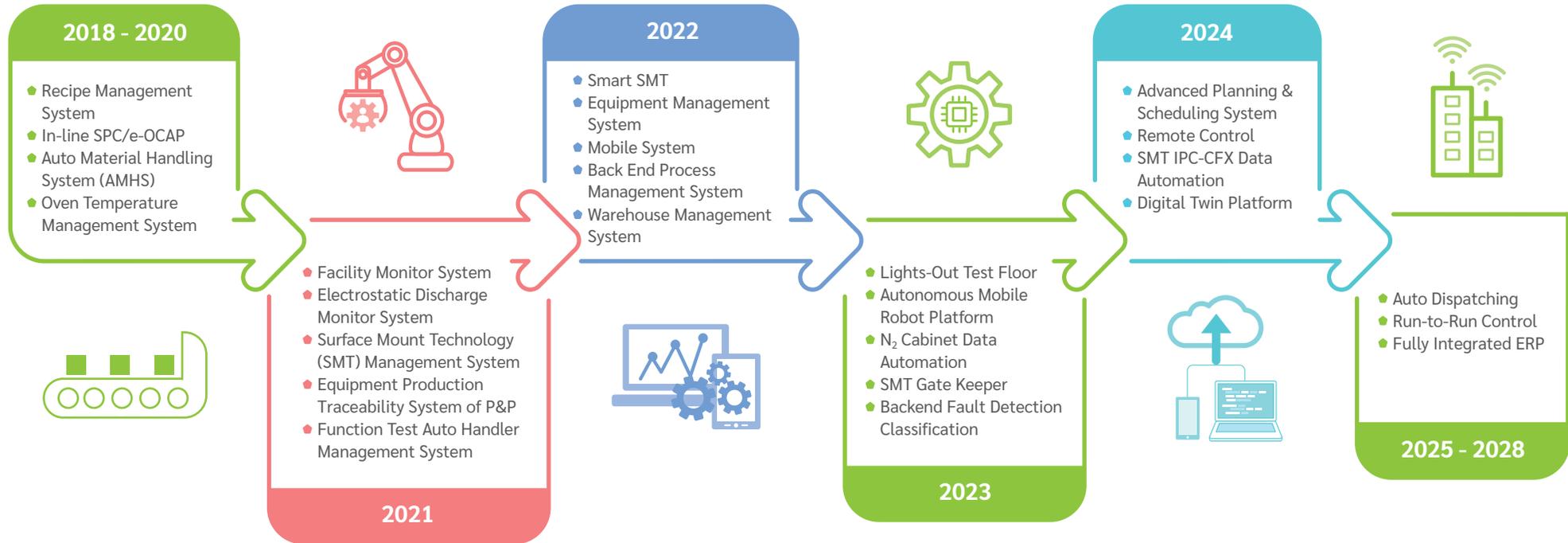
In 2023, we successfully introduced 62 automated manufacturing projects⁽¹⁾, saving a total of CNY 300 million in labor costs, with an average of 2.62-Star Facilities, including the highest level of automation at the 3.5-Star Zhangjiang Facility. The Company plans to upgrade all facilities with implementation of Industry 4.0 to 2-Star or 3-Star factories in 2028, such that the average class of facilities will reach 4.28-Star. USI aims to implement Lights-Out Factory in all facilities worldwide, at least building one fully automated smart manufacturing production in each facility. This demonstrates our determination to provide advanced manufacturing solutions capable of satisfying global customer demands and creating better business results for shareholders and investors.

Note:

1. The data includes Zhangjiang, Jinqiao, Huizhou, Kunshan, Nantou, Mexico, Vietnam, and Suzhou Facilities.



Lights-Out Factory Roadmap



USI's Industry 4.0 Automation Technology

- Automation equipment communication network that supports 5G and 4G
- AMHS/Auto Guide Vehicle based production workshop for Work-In-Progress transmission system
- Fully automated 6-sided product inspection system/unmanned testing workshops with fully automated robot arms
- Real-time environmental monitoring and alarm system with remote access instrument boards
- Artificial Intelligence is used for process control of key production equipment
- Production equipment data automation applications



Pilot Lights-Out Factory



Overall Dashboard



Continuous Improvement Program

Continuous Improvement Program (CIP) proposes improvement plans for the productivity, process, quality, efficiency, equipment, software, hardware, energy conservation and CO₂ emission reduction, automation, safety, digital innovation, and have cost saving benefits.

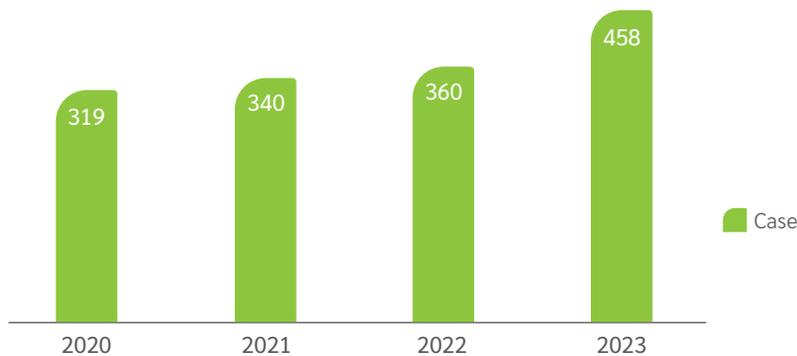


CIP Purpose



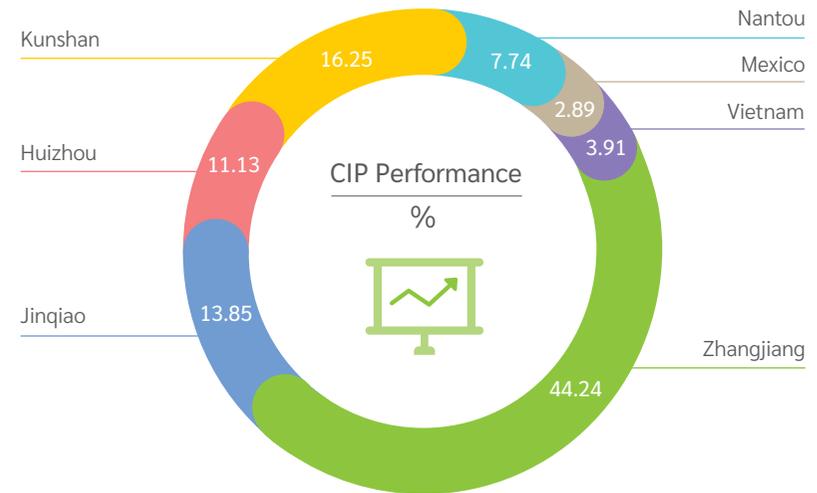
- Build a platform to realize ideas and approve employees' endeavors and awards
- Encourage employees devoting to continuous improvement
- Enhance teamwork and enterprise competitiveness

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. For the annual review meeting, the hosting unit selects cases and submits to the Corporate Review Committee (CRC) Committee to review the project content and effect of saving. In addition, facilities are encouraged to replicate cases of outstanding implementation effect, to expand the positive outcome. In the past year, 769 projects have been executed. In addition, according to the statistics shown in the graph below, there are more than 300 new projects proposed annually in recent years.



After the 2023 annual performance examined and approved by CRC, the actual tangible cost saving was CNY 108.7 million and the saving cost accounted for 0.27% of revenue. Please refer to the figure for the details of each facility.

CIP Performance by Facility



The CIP annual performance reward includes the basic bonus and incentive (reward amount is determined based on the performance achievement status and the profit status of the facility), and bonus is distributed according to the level of contribution of employees and the team on the continuous improvement activities. The bonus provided to individual employees accounts for 20%~70% of the total reward of the facility, and bonus coordinated and used accounts for 30%~80% of the total amount. The Facility general manager makes comprehensive determination, followed by distributing bonus to project responsible persons (including the supervisors of the project-related business departments, and the employees of the support units). The total bonus distributed was CNY 713,000. In addition, the CIP Excellent Contribution Award is a global competition that includes a Case Category competition and a SMT Run Rate Improving Gains Award competition, in which the winning teams are awarded trophy and awarded a total of CNY 317,000 to winning employees for their efforts in continuous improvement.



CIP Excellent Contribution Award

In response to climate change, USI has included energy saving and carbon reduction as key project categories, set a corresponding scoring mechanism, and increased the quota of key project awards to promote relevant compelling green proposals. In 2023, a total of 8 award-winning projects, among which there were 4 energy-saving and carbon reduction projects receiving awards, an increase of 2 projects from last year. In addition, the total carbon reduction amount increased by 1,561 metric tonnes, an increase of 119%. Such an outcome has demonstrated employees' increasing awareness on the climate change issue, and employees' joint effort in the reduction of environmental impact is prominent. For the annual award-winning projects, please refer to the following table for details:

Facility	Rank	Project Name	Project Benefit
Key Project			
Kunshan		Near Zero-Carbon and Energy Saving Technology	Through the improvement of the facility system techniques and replacement of equipment with high energy efficiency, energy saving, and emission reduction is achieved along with the reduction of energy consumption expense. This project received the honors of first group of Near Zero-Carbon Factory in Suzhou City and provisional Green Factory award, saving 130,000 kWh of electricity annually and reducing carbon emissions by 103 metric tonnes, with cumulative annual savings of CNY 1.30 million.
Zhangjiang		Expansion and Energy Saving Project of Nitrogen Station	The original nitrogen production technique is improved (use of the technique of liquid nitrogen refilling and cryogenic air separation to extract nitrogen, such that the process requires shorter purification time, lower energy consumption and higher extraction rate), in order to reduce the nitrogen production cost. In addition, according to the nitrogen demand, excessive dry air is used for the Clean Dry Air (CDA) system, in order to flexibly adjust gas resource, saving 3,000,960 kWh of electricity annually and reducing carbon emissions by 2,428 metric tonnes, with cumulative annual savings of CNY 1.79 million.
Jinqiao		Energy Saving Improvement of Process Cooling Water (PCW) System	Two independent PCW systems are integrated into one system. With the synergy effect of water supply pressure and the floor gravity water pressure, water supply pressure can be reduced effectively, and the pressure relief of the drain valve is reduced, saving 501,600 kWh of electricity annually and reducing carbon emissions by 211 metric tonnes, with cumulative annual savings of CNY 0.41 million.
Zhangjiang		Water Clean Machine Energy and Water Saving Program	The Programmable Logic Controller (PLC) program of the water clean machine is set in such a way that if no product is received, the workstation and air cooler are stopped from running, in order to save energy and water consumptions of the water clean machine, saving 318,567 kWh of electricity annually, saving 8,768 metric tonnes of water annually and reducing carbon emissions by 135 metric tonnes, with cumulative annual savings of CNY 0.20 million.
Other Project			
Kunshan		SMT Self-made Intelligent Conveyor	A new cover lifting design for conveyor is developed, to prevent shielding and blocking during troubleshooting and to allow personnel to pick up boards easily during troubleshooting. During the lifting of the cover, timer and alarm notification functions are provided. In addition, self-fabricated lift and aerial carrier are installed for return flow, to reduce the operator carrier transportation time, to achieve automatic connection between the front and rear of the production line, and to reduce deformation during carrier picking and placing process, thereby improving component mounting precision, achieving automatic board mounting unmanned production and increasing USI's automated production rate. Furthermore, invention patents have also be granted in Mainland China and Taiwan, with cumulative annual savings of CNY 0.49 million.
Huizhou		In-Circuit Test (ICT) Automatic Test	Flexible Printed Circuit (FPC) pressing gold finger is used, and Charge-Coupled Device (CCD) automatic alignment and positioning is utilized, to perform ICT automatic material loading/unloading to replace the manual operation of board picking and placement. In addition, connector pint test is implemented to replace the manual plug/unplug of Flexible Flat Cable (FFC) operation, thereby increasing the test efficiency and reducing the test working hours, with cumulative annual savings of CNY 0.94 million.
Zhangjiang		Implement Auto Combine Reel and Splice Tape Machine	Different from the manual attachment of reel and splice tape, automated equipment capable of performing automatic attachment of reel and splice tape machine is introduced, to increase production rate and to overcome the manual transportation issue, with cumulative annual savings of CNY 0.40 million.
Jinqiao		De-flux Machine Upgrade for Droplets Residue Issue Solving	Through equipment parameter adjustment, optimization of water temperature and chain speed, and modification equipment hardware, large size of nozzle and high-precision filter are adjusted and used, in order to increase production yield rate and product reliability while reducing scrap of products at the same time, with cumulative annual savings of CNY 0.56 million.



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's business and social responsibility with partners to create a sustainable future.



85

Customer Satisfaction Score



0 Cases

Product Recalls



40%

Global Local Procurement Rate



507 Supplier Partners

Participated in the Sustainable Value Chain Webinar



95% New Suppliers

Passed Sustainability Assessment



986 Metric Tonnes

Waste Reduced in Collaboration with Suppliers

SDGs ▶



Key Stakeholders: Customers, Suppliers/Contractors



Sustainable Issue Performance and Targets



Material Issue



Achieved



Not Achieved

Management Purpose	KPI	2023 Target	2023 Performance	Status	2024 Target	2028 Target
<p>Customer Relations</p> <p>Management Approach: Manage and monitor customer satisfaction through surveys and feedback channels, gain insight and respond to customer expectations accurately, provide quality and diversified service solutions, and create a win-win situation with customers. Evaluation Mechanism: Develop and implement improvement plans to enhance customer satisfaction through surveys and customer feedback systems.</p>						
Meet customers' diverse needs and resolve customer feedback ensuring continued business	▶ Customer Satisfaction Score	▶ Customer Satisfaction Score reaches 84	▶ Customer satisfaction score is 84.5		▶ Customer Satisfaction Score reaches 84	▶ Customer Satisfaction Score reaches 84
	▶ Zero product recalls	▶ 0 product recalls	▶ 0 product recalls		▶ 0 product recalls	▶ 0 product recalls
	▶ Customer feedback resolution rate	▶ 100% Customer feedback resolution rate	▶ 100% Customer feedback resolution		▶ 100% Customer feedback resolution rate	▶ 100% Customer feedback resolution rate
<p>Sustainable Supply Chain</p> <p>Management Approach: Develop sustainable procurement policies around evaluating supplier environmental/social performance, avoiding purchasing conflict minerals, and advancing with our suppliers to lower operational risks and secure overall supply chain resilience. Evaluation Mechanism: Annually survey regional procurement amount, conduct a Conflict Minerals Reporting Template (CMRT) and Supplier Sustainability Assessment Questionnaire (SSAQ) survey on suppliers, and evaluate and track deficiencies based on the survey results to confirm the achievement and completion rate of various indicators.</p>						
Work with suppliers to create a sustainable supply chain that protects the environment, emphasizes corporate social responsibility, enforces labor rights, and ensures health and safety	▶ Support local suppliers and procurement	▶ Global local procurement rate reaches 40%	▶ Global local procurement rate was 40%		▶ Global local procurement maintains at least 43%	▶ Global local procurement maintains at least 50%
	▶ Percentage of target suppliers completing the conflict-free minerals survey	▶ 100% Target suppliers use conflict-free minerals	▶ 100% Target suppliers use conflict-free minerals		▶ 100% Target suppliers use conflict-free minerals	▶ 100% Target suppliers use conflict-free minerals
	▶ Percentage of Tier-1 suppliers completing the SSAQ	▶ Tier-1 Suppliers SSAQ completion rate reaches 75%	▶ SSAQ completion rate is 76%		▶ Tier-1 Suppliers SSAQ completion rate reaches 75%	▶ Tier-1 Suppliers SSAQ completion rate reaches 75%



Product Value Chain

USI is a global leader in electronic design and manufacturing, providing Design, Manufacturing, Miniaturization, Industrial software, and hardware Solutions, as well as material procurement, logistics, and maintenance services for leading domestic and international brands. We integrate our products and services into a Value Chain and provide a Turnkey Service ⁽¹⁾ for our customers, as shown in the figures below:

Product Value Chain



Note:
 1. Turnkey Service is service integration.
 2. Material suppliers refers to suppliers of PCBs, substrates, active/passive components, other electromechanical components, mechanical components, packaging materials, and accessories.

Turnkey Service





Customer Relations

Since its inception, the Company has been providing professional services and quality products to meet the diversified needs of our customers. We possess cutting-edge product development and manufacturing capabilities to provide customers with complete services from design to distribution and services spanning across global production locations. Regarding technical and supporting logistics services, USI is committed to providing the most agile and fastest services close to our customers. Customer satisfaction is a core goal and value pursued by the Company.

Quality and Service

To meet or exceed customer needs and expectations provides customers with high-stability, high-reliability, and cost-advantage products. With the experience and technology accumulation by working with top customers 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.



USI has a Quality Policy and a comprehensive quality management system certified with ISO 9001 and other international standards (please refer to the Management Systems and Certifications Table). Through the PDCA cycle, we implement our Quality Policy, manage, and eliminate potential risks, conduct quality inspections, and strive to improve quality control in our facilities worldwide to ensure customer satisfaction.



Customer Complaints and Product Recalls

All USI products are subject to our Quality Policy, and we pay special attention to 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 the 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.

Regarding customer feedback, we established a system to log and respond to quality feedback rapidly. Related personnel are immediately notified when there's feedback. They then will analyze and propose the most effective solutions to the customers and take steps to prevent similar issues from arising again. According to the Company's statistics, there were 13 customer complaints in 2023, with a 100% resolution rate and no product recalls. Customer complaints were classified and analyzed according to the attributes of the complaints. For issues related to design process, improper parts and inadequate training of operators, the Company has established improvement strategies, including design process change and improvement, process and raw material quality control, and enhancement of trainings for operators to prevent re-occurrence of issues and to improve issues properly.



Driving Up Customer Satisfaction

USI offers a full range of services tailored to customer needs. We communicate effectively with our customers worldwide and proactively collect valuable feedback and concerns through regular and ad hoc business meetings, customer scorecards, and satisfaction surveys to holistically understand and respond to customers' concerns. In response to the survey results, the relevant units within the Company hold discussion meetings and leverage customers' feedback, needs and suggestions to formulate viable response strategies. Furthermore, we communicate effectively, formulate improvement plans and action plans, continuously track and monitor the improvement status, and provide feedback to customers at any time to improve the quality of communication and customer satisfaction and strengthen the solid relationship with customers in order to obtain their affirmation and long-term support and create a win-win scenario.

The 2023 Customer Satisfaction Survey ⁽¹⁾ covers all customers, accounting for 100% of USI's revenue. Using 80% as a threshold target for satisfaction, 95% of customers are satisfied with USI's services. In addition, the overall customer satisfaction score averages out to 84.5 across all satisfaction dimensions. In terms of individual satisfaction dimensions, all the dimensions reached Successful or above. USI strives to improve customer satisfaction in all aspects to achieve a higher level of customer satisfaction for sustainable corporate development and to maintain an annual goal of Successful or higher, with the expectation of moving towards Excellent in customer satisfaction in the future.



Note:
 1. Definition of Customer Satisfaction Score: Outstanding (Satisfaction ≥ 90), Excellent (Satisfaction ≥ 85), Successful (Satisfaction ≥ 80), Satisfied (Satisfaction ≥ 70), Improvement Required (Satisfaction ≥ 60), Unacceptable (Satisfaction < 60).

Customer Privacy Protection

Confidential customer information and customer health and safety are always treated with the highest priority as they are crucial assets for both parties and the basis for mutual trust. USI commits to maintaining customer privacy and data confidentiality. We set systems and procedures in place to center customer privacy and data confidentiality as the foundation of all business contracts. In addition to signing confidentiality agreements with our customers to safeguard customers' proprietary and confidential information, and require related units to observe confidentiality measures, we have also established privacy and personal information protection policies that serve as the basis for compliance management. This includes managing the collection, processing, and use of personal information, and practicing privacy and personal information protection to ensure the rights and interests of all. Please refer to the [Business Ethics and Compliance](#) section for our Privacy Policy.

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. For information security management, USI's cybersecurity objectives are to ensure the preservation of Confidentiality, Integrity, Availability, and Compliance of the core systems engaged in business operations, establish information security standard management procedures and training courses to promote and implement information security policies through various management systems and management committees, strengthen information security environment and incident response capabilities, and protect the Company's intellectual property and customer data from leaking or unauthorized access. Strengthen the information security environment and information security incident response capabilities and protect the Company's intellectual property and customer data from leakage or unauthorized access. For details, please refer to the [Cybersecurity Management](#) section.

Percentage of Satisfied Customers



Customer Satisfaction Score





Supply Chain Management

2023 was a challenging year with various global impacts of geopolitics, climate change, natural disasters, and inflation pressure, such that the response capability of enterprises and the resilience of global supply chain were under severe impact and challenges. While facing such a changing and unstable situation, we still exerted joint effort together with the global partners to develop stable partnership with suppliers and to continuously improve the resilience of the overall supply chain. To build a sustainable supply chain, we are adjusting our procurement strategy according to global industry trends and adopting various procurement strategies according to the major categories of raw materials to diversify our sources of supply to reduce risks and ensure competitive pricing, reasonable cost, accurate delivery, and sound quality. In addition, we have identified five critical material categories for production: materials with unique characteristics, customized materials, or materials subject to market supply constraints.

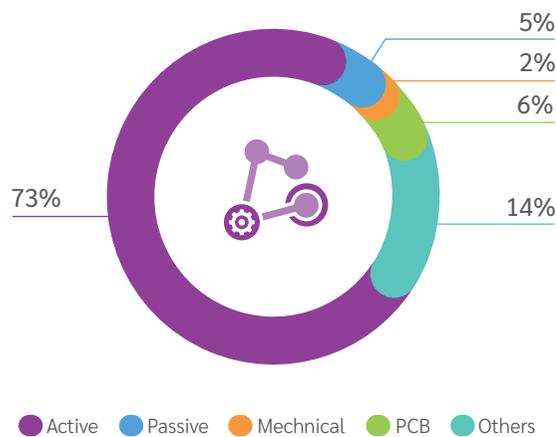
To maintain operational efficiency and avoid supply chain disruptions, we established the following strategic procedures to communicate and cooperate with our partners, driving a virtuous cycle.



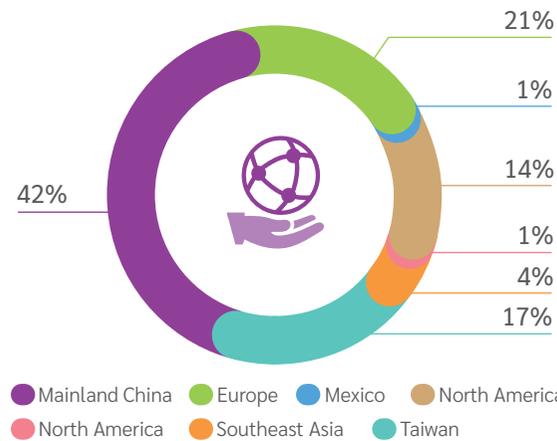
Supply Chain Overview

USI products are diverse and can be applied in many sectors. Our raw material suppliers, including original manufacturers, agents, and distributors, are spread worldwide to meet our product demand. We mainly procure active/passive components, substrates, mechanical components, and other peripherals. Of our seven main manufacturing facilities, Zhangjiang Facilities mainly manufacture products for the biggest OEM customer, which makes up a substantial amount of transactions but procures relatively simple materials. In 2023, we strategically centralized our procurement and traded with over 1,870 material suppliers worldwide.

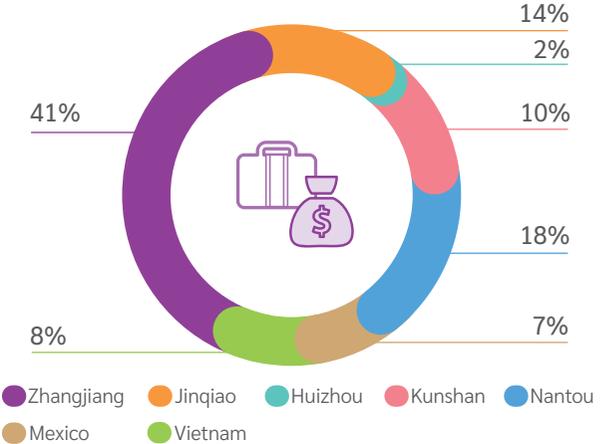
Raw Material Supplier Categories



Distribution of Raw Material Suppliers ⁽¹⁾



Transaction Amount at All Facilities ⁽²⁾



Note:
1. The percentages of the amount purchased are calculated according to the supplier distribution regions.

2. The percentages of the purchase amount of each facility.

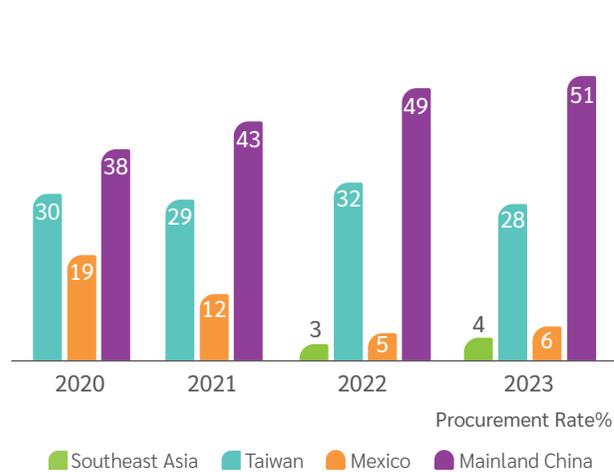


Local Procurement

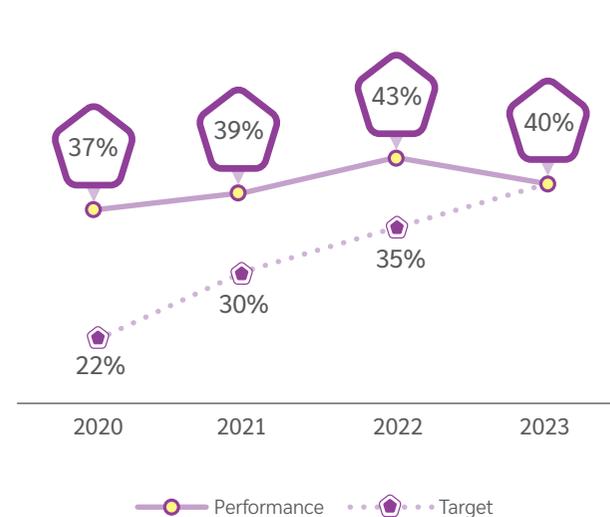
USI supports local suppliers. This strategy not only facilitates the growth of the local economy and increases local employment rates, but also effectively saves energy and time consumed in transportation, helping us to minimize the impact on our environment. Therefore, our raw materials are primarily purchased from local or nearby suppliers. In 2023, USI continued to proceed decentralized production sites and evaluate new suppliers and completed the development of a diversified sourcing solutions for raw materials, increasing the proportion of local procurement in Mainland China by 2% and by 1% in Mexico. USI established a new Vietnam Facility in 2021, and some production demands were transferred to the Vietnam Facility. In addition, since the main suppliers were from Mainland China and Taiwan, the local procurement in Taiwan reduced by 4%.

We divide our seven major manufacturing facilities in Zhangjiang, Jinqiao, Huizhou, Kunshan, Nantou, Mexico, and Vietnam into four regions: Mainland China, Taiwan, Mexico, and Southeast Asia. After combining the percentage of local sourcing for each facility, the overall rate of local sourcing decreased from 43% to 40% in 2023 due to geopolitical impacts. 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 43% worldwide in 2024 to enhance the competitive advantage of the local industry and strengthen the partnership with suppliers.

Percentage of Procurement from Local Suppliers at All Facilities ⁽¹⁾



Global Local Procurement Rate



Significant Suppliers ⁽²⁾

To effectively manage suppliers, USI groups suppliers by tiers and significance. Tier-1 Suppliers are selected through annual procurement amounts and long-term partnerships. Material suppliers (including direct, indirect, and packaging materials) that we have traded with for two consecutive years and have an annual purchase exceeding USD 200,000 are defined as the scope of management. According to the definition above, in 2023, there were 456 Tier-1 Suppliers. Considering developing suppliers' capabilities in the future, USI re-examined the definition of Critical Tier-1 Suppliers in 2023. Suppliers for Critical Raw Materials with Low Replaceability were winnowed from our Preferred Suppliers as Critical Suppliers. 192 Critical Suppliers were identified using the refined definition, thus reducing supplier management and costs. To effectively control supply chain risk and increase purchasing competitiveness, we enhanced the supervision and mentoring of Significant Suppliers. A total of 207 Significant Suppliers were identified from the Tier-1 Suppliers. For details regarding Supplier Screening, please refer to the [Sustainability Data – Social I. Coverage and Progress of our Supplier Screening Program](#) table.

Note:

1. The percentages of the purchase amount of each facility.
2. Definition of Significant Suppliers include:
 - I. Critical Tier-1 Suppliers:
 - i. Top 85% of direct material procurement amount.
 - ii. Indirect and packaging material suppliers with a procurement amount of more than USD 1 million.
 - iii. Suppliers for critical raw materials with low replaceability, such as printed circuit boards, semiconductor parts, mechanical parts, and connectors.
 - II. High Risk Suppliers: Suppliers with priority or other non-conformances regarding labor rights, health and safety, environment, sustainability, supply chain management or production safety violations that result in fines or shutdowns.
 - III. Critical non-Tier 1 Suppliers: suppliers that supply Critical Tier-1 Suppliers or suppliers that supply 2 or more Tier-1 suppliers.



Supplier Code of Conduct

As the supply chain is the essential link of our value chain and an extension of USI's values, USI has established the Supplier Code of Conduct. The Company also responds to the international biodiversity trend and ecological system balanced co-existence and forest conservation. In 2023, the Company included biodiversity, zero deforestation and land conservation in the code of conduct, such that the supply chain would be able to jointly reduce the impact of business operations on the ecological environment and maintain the stability and balance of the global ecosystem, thereby achieving the long-term goal of Net Positive Impact (NPI) of biodiversity. In the Code, suppliers are required to comply with the laws and regulations of the countries in which they operate, as well as the requirements for business conduct in the areas of labor, health and safety, the environment, ethics, and management systems and monitor their suppliers' compliance with the Code.

Through the Supplier Portal, we regularly promote the Code and have embedded a mechanism for suppliers to annually acknowledge their understanding and compliance with USI's Supplier Code of Conduct. In 2023, 100% of suppliers with transactions were advised of the Code to ensure continual compliance with relevant domestic and international regulations and anti-corruption and anti-competitive behavior requirements. By the end of 2023, 887 suppliers have

completed the reading; for other facilities, the establishment is expected to be completed in 2024. As part of our anti-corruption governance mechanism, USI has a dedicated whistleblower mailbox where all stakeholders can report business integrity and ethics concerns (Please refer to the Business Ethics and Compliance section). There were no reports of corruption or bribery from suppliers in 2023.

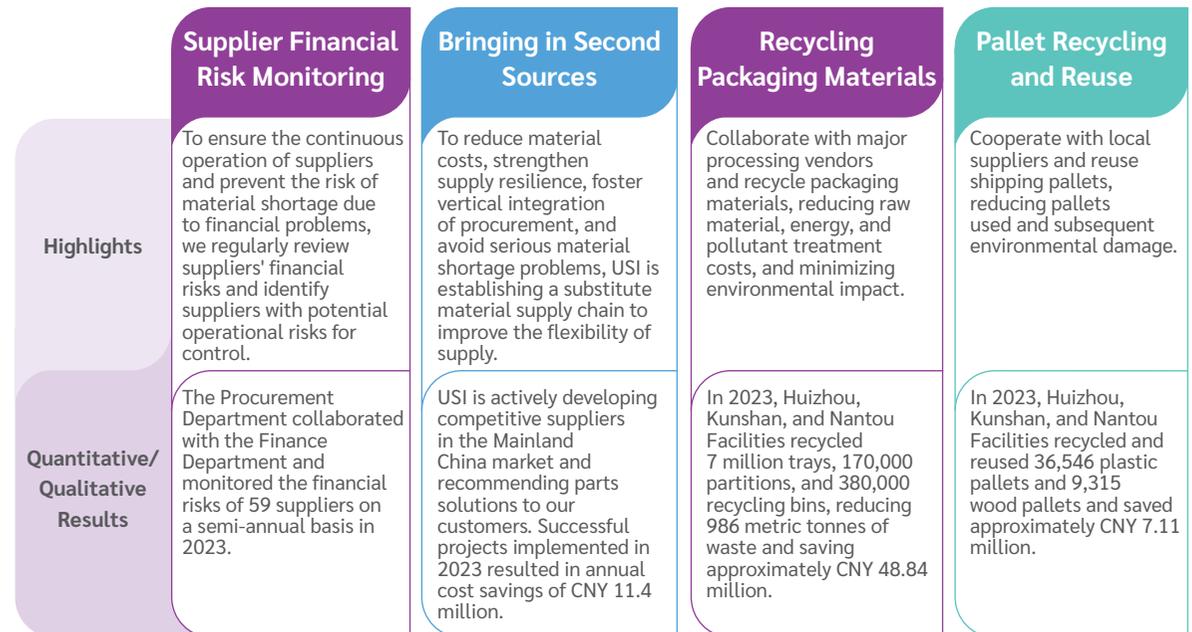
Supply Chain Strategy

USI fully understands that the overall power of procurement is a unique resource. To pursue sustainable growth while meeting the needs of our customers, in the Company's daily procurement operations, in addition to cost and quality considerations, we have developed six major supply chain strategies and evaluated the sustainability value of different projects such as supply chain diversity and sustainable procurement. With the development and progress of these projects, the Company shall continue to improve overall supply chain resilience, grow together with our suppliers, and implement sustainable procurement. In all, we hope to create a mutually beneficial future for our customers, our company, and our suppliers by developing stable partnerships with them.

Supply Chain Management Strategy



Sustainable Supply Chain Projects





Supplier Evaluation

Following customer demands, procurement strategy, and future trends, USI has a system to evaluate potential suppliers for technical capability, quality, and productivity and select those that meet the requirements as our official suppliers. A cross-departmental evaluation team would initially survey potential new suppliers' capacity by screening their basic company information, financials, product services, and primary customers and then assess their quality, green product management, and sustainability through the SSAQ (including labor rights, health and safety, environmental protection, and other components). The team would rate the supplier on the survey report and present it to the Quality Review Board for final assessment and approval. All new suppliers developed by USI are required to sign the Supplier's Commitment to Corporate Social Responsibilities and Supplier Code of Business Integrity along with the Purchasing Contract to ensure they will address and manage their environmental, labor, and human rights impacts. In 2023, a total of 38 new suppliers were evaluated, and 95% passed the screening criteria to become qualified suppliers.

Sustainable Supply Chain

With the UN's advocacy and worldwide trend in supply chain management, suppliers are expected to meet environmental, social, and governance standards in addition to quality, delivery, and cost to create sustainable value with partners across the value chain. The Supplier ESG Program is overseen by the Board to ensure policy alignment and implementation. Authorized by the Board, the Strategy and Sustainability Committee, led by a Director, enforces decisions as the highest decision-making body, submitting outcomes to the Board annually for review.

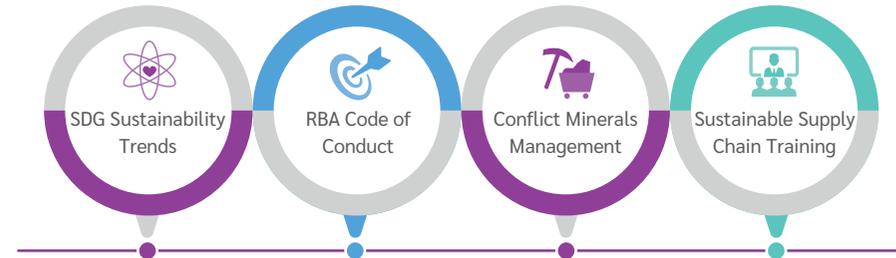
Each year, through sustainability risk assessment and conflict minerals due diligence, written assessments and on-site audits or visits, we identify suppliers, evaluate their environmental impact, social responsibility and governance practices, and plan corrective measures for sustainability to ensure that suppliers continue to comply with our Supplier Code of Conduct, and implement sustainable supply chain responsibility management.

The Company has established the Supplier Performance Measurement Procedure, to conduct regular assessments based on supplier transaction amount. The assessment results are divided into five levels, and according to the assessment regulations, the Company will reward those who become outstanding suppliers with priority in acquiring new product contracting rights or increasing the order quantity. If the supplier does not meet the expectations, the Company will request a Vendor Corrective Action Report (VCAR) and require the supplier to provide a reply and proof of improvement within one month. If the supplier fails to meet the improvement requirements in the follow-up, the supplier's qualification will be suspended.

In addition, based on the quarterly supplier performance measurement results, USI invites select suppliers to participate in the Company's quarterly Executive Business Review (EBR) meetings, using a scorecard to score the four major components of price, delivery and cooperation, quality and ESG by the responsible units. Through this channel of communication, USI can educate suppliers on the Company's sustainability policy and ESG strategy, gain insights into market supply and demand and development trends, share experiences with each other, maintain close interaction with suppliers, and find long-term suppliers. In 2023, A total of 25 EBR meetings were held.

In addition to the supplier assessment process, in 2023 we trained 100% of our internal procurement staff and other employees in sustainability knowledge and awareness, with a total of 448 employees participating 290 hours in the training sessions, to ensure that they understand the Company's Supplier ESG Program and instill ESG principles and knowledge into each employee's role and implement their daily operations. The Company follows the Supplier ESG Program to build strong relationships with suppliers and promote sustainability improvements throughout the supply chain to reduce overall supply chain risk and simultaneously build resilience and capacity to respond to global climate change.

Developing Sustainability Competency in 2023

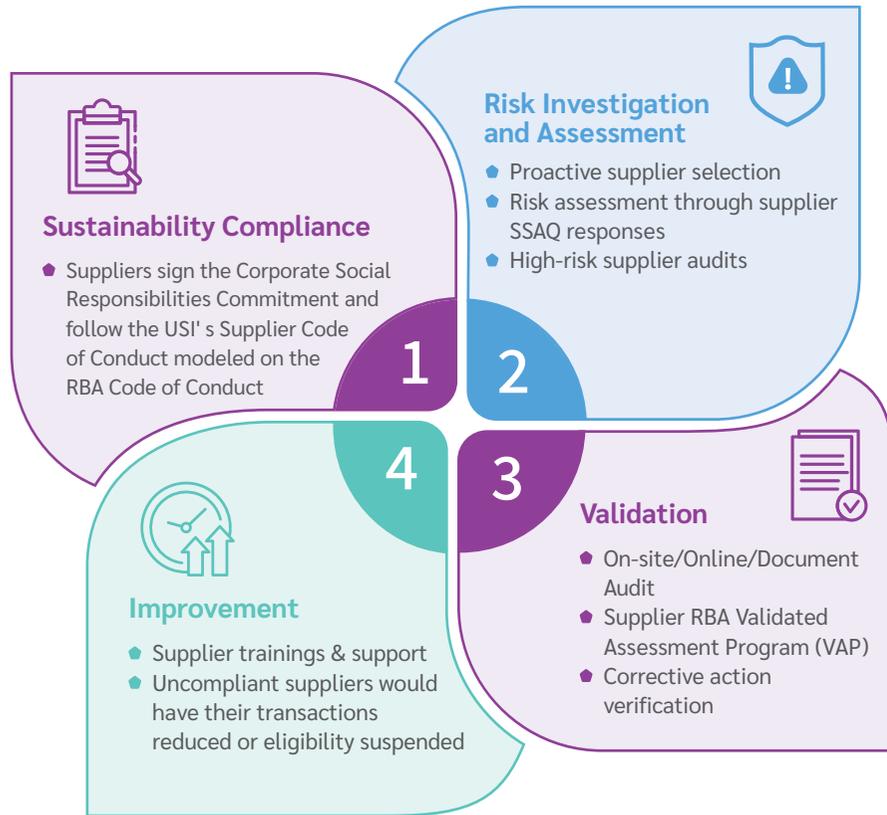


Supplier Sustainability Risk Management

To properly assess the sustainability risk of suppliers and ensure they comply with USI's Supplier Code of Conduct, USI suppliers are required to sign a commitment to follow the Code and respond to USI's sustainability risk assessment questionnaire based on the RBA Code of Conduct framework, which covers five aspects: labor rights, health and safety, environmental protection, sustainability and risk management, and supply chain management. These supplier risk assessments ensure their risks can be effectively reduced and controlled. On-site audits are conducted for suppliers that may have higher risks to gain a deeper understanding of their sustainability development status, implement effective supplier management, reduce risks, improve the overall efficiency of the supply chain, and strengthen the sustainable development of the supply chain.



Sustainability Risk Assessment Process



Before conducting a risk assessment of suppliers, the Company must first proactively conduct supplier screening. The company selects suppliers to be included in control by annual procurement amount and identifies suppliers with potentially high risks in terms of governance, environment and social as the basis for key management. For supplier country analysis, please refer to the [Sustainability Data – Social J. Supplier Selection by Country](#) table.

Supplier Screening

Methodology for Suppliers Screening

We proactively review and investigate all suppliers' countries/regions, their production processes, and their respective product categories to conduct preliminary assessments of suppliers and analyze potential risks.

- Country/location-specific risk:** Depending on the supplier's location, it may be monitored as a high-risk country. Minerals from the Democratic Republic of the Congo and neighboring countries in Central Africa may lead to human rights violations and risks of environmental damage.
- Sector-specific risk:** Suppliers of raw materials, labor agencies, contractors and field service providers that provide labor, energy consumption, and manufacturing processes with special risks of pollution emissions in the manufacturing industry, as well as labor agencies, contractors and field service providers who provide manpower.
- Commodity-specific risk:** Parts containing metals and hazardous materials are selected according to the classification of parts.

Aspects of Suppliers Screening

Environmental	Social	Governance	Business relevance
<ul style="list-style-type: none"> Any fire, explosion, industrial accident resulting in serious injury, death, toxic substance release into the environment, or property damage Any violation of applicable environmental protection laws and regulations, such as penalties or work suspensions ordered by competent authorities 	<ul style="list-style-type: none"> Any violation of labor, human rights, and labor health and safety related laws and regulations that results in penalties or work suspensions ordered by competent authorities 	<ul style="list-style-type: none"> Any violation of the Company Act, Securities and Exchange Act, information security or other network security incidents 	<ul style="list-style-type: none"> Annual procurement amount of direct, indirect, and packaging materials Technical and price advantages Productivity satisfaction and cooperation



Supplier Sustainability Risk Assessment

To enhance the competitiveness of the overall supply chain and to ensure that suppliers fulfill their corporate social responsibility, every year, an audit task force is formed by the Human Resources and CSR departments. The assessment scope includes five major aspects: labor, occupational health and safety, environment, ethics, and management system, and conducts written assessment and on-site audits of suppliers. The company conducts SSAQ surveys for Tier-1 Suppliers. In addition to asking suppliers to fill in related questionnaires, suppliers are also required to provide relevant management system certificates as supporting evidence (e.g. ISO 14001, ISO 14064-1, ISO 45001, and ISO 27001), and the results of third-party risk assessments and audits by suppliers who have completed RBA VAP are also accepted. A survey of 456 Tier-1 Suppliers was conducted in 2023, with a recovery rate of 76%. For details regarding Supplier Assessment data, please refer to the [Sustainability Data – Social K. Coverage and Progress of our Supplier Assessment Program](#) table.

We analyzed suppliers' responses to the SSAQ and audited the suppliers with potentially high risks. In 2023, we conducted on-site and document audits of 65 material suppliers. Suppliers with audit deficiencies were required to propose improvement plans and complete them within one month. A follow-up review was then conducted, resulting in a 100% closure rate. As a result, the suppliers were re-categorized as low-risk suppliers. For details regarding Corrective Action Plans data, please refer to the [Sustainability Data – Social L. Coverage and Progress of Suppliers with Corrective Action Plans](#) table. In addition, for suppliers that did not respond to the questionnaire, we will conduct a sustainability risk investigation through the information publicly disclosed by the supplier. We did not terminate relationships in 2023 after assessment and further analyzed the deficiency findings in supplier audits and found that of the five categories, 45% of findings were on health and safety. The detailed results are shown in the chart. In 2024, we will continue to focus on health and safety improvements through counseling and advisory measures and will continue to assist suppliers with the RBA Code of Conduct and contribute to the improvement and enhancement of the supply chain business environment together with suppliers. In addition, in 2023, we conducted on-site sustainability audits of 34 service contractors in each of our facilities to require contractors to comply with USI's Code of Conduct.

Distribution of Supplier Sustainability Audit Findings



Supplier Audit Findings and Corrective Actions ⁽¹⁾

Category	RBA Classification	Major Non-conformance Findings	Corrective Actions
Labor	Wages and Benefits	<ul style="list-style-type: none"> Statutory holidays, sick leave, marriage leave, maternity leave and parental leave fail to comply with regulatory requirements 	<ul style="list-style-type: none"> Rules for statutory holidays, sick leave, marriage leave, maternity leave and parental leave have been updated in the Employee Handbook
		<ul style="list-style-type: none"> Attendance Management Regulations: Cumulative lateness/early leave, deduction of basic wage, full-attendance bonuses, and various allowances 	<ul style="list-style-type: none"> Attendance Management Regulations have been amended to delete the provision of relevant article
		<ul style="list-style-type: none"> Employee Handbook: When an employee applies for resignation during the probation period, a training fee is deducted from the salary 	<ul style="list-style-type: none"> Relevant rules in the Employee Handbook have been amended
	Working Hours	<ul style="list-style-type: none"> Monthly overtime hours exceed regulatory requirements 	<ul style="list-style-type: none"> Employee recruitment has been increased, production personnel is coordinated, and on-duty personnel are arranged reasonably
<ul style="list-style-type: none"> Violated the principle of voluntary overtime work, and inadequate rules related to the protection of employee overtime works and rest time 		<ul style="list-style-type: none"> Overtime work management rules have been amended and announced publicly 	

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



Category	RBA Classification	Major Non-conformance Findings	Corrective Actions
Labor	Freely Chosen Employment	<ul style="list-style-type: none"> Rules for employees' resignation during probation period fails to comply with the regulatory requirements 	<ul style="list-style-type: none"> Relevant rules in the Employee Handbook have been revised
		<ul style="list-style-type: none"> Employees required to bear a portion of the on-board physical examination fee 	<ul style="list-style-type: none"> The rules specified in the Notice of Job Acceptance have been amended, and invoices can be used as the certificate for the expense reimbursement in full amount
Health and Safety	Occupational Safety	<ul style="list-style-type: none"> Failed to wear protective equipment 	<ul style="list-style-type: none"> Employee training and field inspection patrol have been enhanced
		<ul style="list-style-type: none"> Relevant protection rules for female employees during their pregnancy or breastfeeding period were incomplete 	<ul style="list-style-type: none"> New female employee protection management procedure has been independently established
	Emergency Preparedness	<ul style="list-style-type: none"> Fire-fighting equipment blocked by objects and failure to conduct checks 	<ul style="list-style-type: none"> Obstacles have been removed immediately, and staff training and equipment management are enhanced
		<ul style="list-style-type: none"> Emergency response drill reports recorded in writing only, and no drill equipment preparation and emergency response staff protection status were explained 	<ul style="list-style-type: none"> Drill report content has been revised, and photos are added to present the drill process
	Health and Safety Communication	<ul style="list-style-type: none"> Failed to post labels of hazards, emergencies and warnings 	<ul style="list-style-type: none"> Hazard warning labels have been reposted
		<ul style="list-style-type: none"> Chemical labels and warnings failed to provide information in the native language of foreign employees 	<ul style="list-style-type: none"> Labels have been posted in the native language of foreign employees, and educational information is conveyed
Environment	Hazardous Substances	<ul style="list-style-type: none"> Waste hazard disposal procedure incomplete, and labels failed to be updated 	<ul style="list-style-type: none"> Handling procedures and labels have been updated
	Solid Waste	<ul style="list-style-type: none"> Waste buckets in the waste storage warehouse failed to be disposed timely, and pallets were damaged and unstable 	<ul style="list-style-type: none"> Waste buckets have been disposed and pallets have been replaced immediately
Ethics	Responsible Sourcing of Minerals	<ul style="list-style-type: none"> No conflict minerals management mechanism, procedure documents and internal training were established 	<ul style="list-style-type: none"> Conflict minerals related procedures have been established
	Protection of Identity and Non-Retaliation	<ul style="list-style-type: none"> Employee Feedback Box failed to be installed in the area capable of protecting the identity of employees 	<ul style="list-style-type: none"> Surveillance camera monitoring range has been reviewed, and the Employee Feedback Box has been relocated
Management System	Legal and Customer Requirements	<ul style="list-style-type: none"> Failed to establish procedures for regulatory identification and customer requirements 	<ul style="list-style-type: none"> Regulatory identification and customer requirement procedures have been established
		<ul style="list-style-type: none"> Identification of the regulatory list was inadequate and failed to identify the latest version for compliance 	<ul style="list-style-type: none"> The list of laws and regulations has been updated, and the latest version is reviewed
	Communication	<ul style="list-style-type: none"> Employee management procedure failed to provide the version written in the native language of migrant workers 	<ul style="list-style-type: none"> Relevant documents have been translated immediately, and educational information is provided to migrant workers
		<ul style="list-style-type: none"> Employees failed to receive the Employee Handbook 	<ul style="list-style-type: none"> Employee receipt form has been newly stipulated, the Employee Handbook has been re-issued, and educational information is conveyed
	Documentation and Records	<ul style="list-style-type: none"> SOP failed to be updated and nonconforming with the current status 	<ul style="list-style-type: none"> SOP has been reviewed and updated immediately
<ul style="list-style-type: none"> Labor contracts failed to indicate official seal and date alternation was found 		<ul style="list-style-type: none"> Contracts have been verified and re-signed with relevant employees 	

In addition, USI assesses suppliers to understand how much they prioritize human rights. Based on suppliers' SSAQ response, sustainability reports, or public information, our 2023 supplier human rights assessment identified Freely Chosen Employment, Non-Discrimination/Non-Harassment, Industrial Hygiene, and Health and Safety Communication as the main human rights risk issues. We also identified high risk suppliers and took corresponding measures to continuously track the effectiveness of their corrective actions. We will continue to assist and counsel suppliers on human rights issues for suppliers who do not respond or disclose relevant information.



Supplier Human Rights Incident Mitigation and Remediation Measures

Category	Labor	Health and Safety
Risk Issue	<ul style="list-style-type: none"> Freely Chosen Employment Non-Discrimination/ Non-Harassment 	<ul style="list-style-type: none"> Industrial Hygiene Health and Safety Communication
Mitigation Measure	<ul style="list-style-type: none"> 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 Instilling the importance of human rights in supplier labor through education and training on sustainable supply chains to reduce risks in advance 	
Remediation Measure	<ul style="list-style-type: none"> Requiring suppliers to provide guidance or compensation, or to implement policy changes or other measures for employees whose human rights have been violated If a high-risk supplier is identified, the Company shall conduct on-site audits and provide recommendations for improvement and require the vendor to submit improvement reports on a regular basis to track the performance of continuous improvement 	
<p>External grievance mechanism & reporting mailbox: for details, please refer to the Business Ethics and Compliance section</p>		

Sustainable Supply Chain Development

Supplier sustainability helps companies reduce their environmental footprint, risk and reputation, drive value by improving efficiency and reducing costs, and build strong partnerships of mutual trust and respect to enhance overall sustainability. USI considers suppliers as key partners and attaches great importance to communication and interaction with them. Through supplier education and training, presentations, and technical/competency counseling, USI empowers suppliers to develop an awareness of sustainability management to meet the ever-changing trends and enhance the overall sustainability of the supply chain.

Sustainable Supply Chain Training

The Sustainable Supply Chain Webinar is an annual event held by USI for our suppliers. In 2023, the Webinar for the Greater China region was held at the Nantou Facility. Through the event, we communicated with suppliers around the world on our ESG philosophy and implementation policy, which includes the continuous implementation of a sustainable supply chain, international environmental requirements, our requirements for a Supplier ESG Program and the sharing of future goals. In addition, we further invited our supplier partner Tripod Technology to share information on how to set up goals and to achieve implementation outcome in terms of the aspects of ESG with USI's partners, to establish outstanding corporate role model and to learn and grow together with suppliers jointly.

Furthermore, Tzu-Hao Chen, Senior Manager of PwC Sustainability Services was invited to share the topic on the "Challenges of Supply Chain GHG Scope 3 Under Net Zero", to cope with the global trend of low-carbon transformation policy. As the demand for ESG low-carbon products have been become an inevitable trend, the topic describes how to fight against climate change and how enterprises may introduce low-carbon transformation policy to advance with the times and to achieve common prosperity and growth with the society. A total of 507 supplier partners attended this online sharing session, with a total of 1,014 training hours and 338 feedback questionnaires were received after the session, with Very Satisfied rating to USI.

New Technology/Product Presentation for Suppliers

Through the Technology Forum, USI cultivates and enhances the capabilities of our R&D personnel, communicates new technology applications across departments, and holds regular courses to exchange the latest technology applications and market dynamics with suppliers, so that the entire supply chain can keep abreast of the latest market information and regulations, and establish a sustainable partnership. In 2023, we held a total of 24 sessions with material suppliers to share information on new products and technologies.

Supporting Suppliers with Improvement Actions

The improvement of suppliers' ESG performance is a pivotal factor that affects the overall development of the Company. Therefore, during the document/on-site assessments conducted on raw material suppliers and on-site service contractors, we counsel them on their deficiencies through online discussions or on-site face-to-face explanations. For example: Establishment of management procedure and education on prohibition of forced labor, addition of parental leave, periodic inspection of fire extinguishers in the facility, posting of hazard warning labels, provision of personal protective equipment for wearing, and recommendations have been provided to 65 suppliers for deficiency improvement. In addition, pertaining to the written assessment of conflict minerals, written interviews and guidance were provided to 16 suppliers after reviewing the responses from suppliers, whereby incomplete questionnaire content or inadequate management processes and conflict mineral policies were identified. In total, 81 suppliers were counseled in 2023.

Supplier Capacity/Technology Development Program

Supplier competency and technology development is an integral component of supplier management. USI provides technical support and counseling to reduce operational risk and foster supplier development through various programs, allowing suppliers to understand USI's ESG-related requirements and establish sustainable partnerships.



Supplier Carbon Mentoring Program

In response to the risks and impacts of global climate change and USI's Net-Zero pathway, to promote GHG reduction policies and encourage suppliers to adopt energy-saving and carbon-reducing measures. Together, we aim to achieve set supplier carbon inventory targets and lay the foundation for future initiatives such as conducting carbon hotspot analysis and quantitative calculations for suppliers. In April 2023, USI launched the Supplier Carbon Mentoring Program. A dedicated team was assigned to train and assist suppliers in establishing GHG inventory management systems (ISO 14064-1) and calculating product carbon footprints (ISO 14067) to meet regulatory requirements. Over the course of six months, both on-site and online training was provided to enhance the supply chain's ability to measure its carbon footprint and improve its competitiveness. With our guidance, two suppliers obtained certification for their GHG inventory and product footprint in 2023, and the program has mentored four suppliers since 2022.



Supplier Product Technology Improvement Project

USI adopts the project method to engage in innovative collaboration with suppliers, to improve the sustainable manufacturing technology capability of suppliers. In 2023, we engaged in technology collaboration for more than half a year with two suppliers, and revised standard models to customized models, to protect the backlight module, to reduce failure rate and scrap rate while reducing the environmental impact and saving total cost at the same time. Furthermore, we also engaged in three-party collaboration with the upstream integrated circuit suppliers and downstream customers, such that under the premise where the performance was not affected, low-power mode and technology were introduced, allowing power amplifiers to save 30% of power consumption and to save energy consumption. USI aims to reduce manufacturing cost and to increase competitiveness via the project method, in order to satisfy diverse market demands.



Supply Chain Financing Program

Since 2015, USI has offered flexible working or investment capital solutions for qualified suppliers with a proven track record of sound partnership and procurement amounts with USI. This solution allows them to increase their quick ratio and stabilize their supply sources to meet sales growth and seasonal capital requirements, thus achieving economies of scale and improving ESG performance. USI has established long-term, healthy partnerships with 15 suppliers through this program.



Conflict Minerals Compliance

Conflict Minerals refer specifically to tantalum, tin, tungsten, gold (collectively 3TG), and cobalt mined and traded illegally by local militias in the Democratic Republic of the Congo and neighboring countries through forced labor and abusive child labor. As a member of ASEH who joined the Responsible Minerals Initiative (RMI) in 2015, USI utilizes RMI's resources and guidance to make responsible choices regarding conflict minerals, protecting human rights and the environment through sustainable procurement, and achieving a conflict-free mineral supply chain.

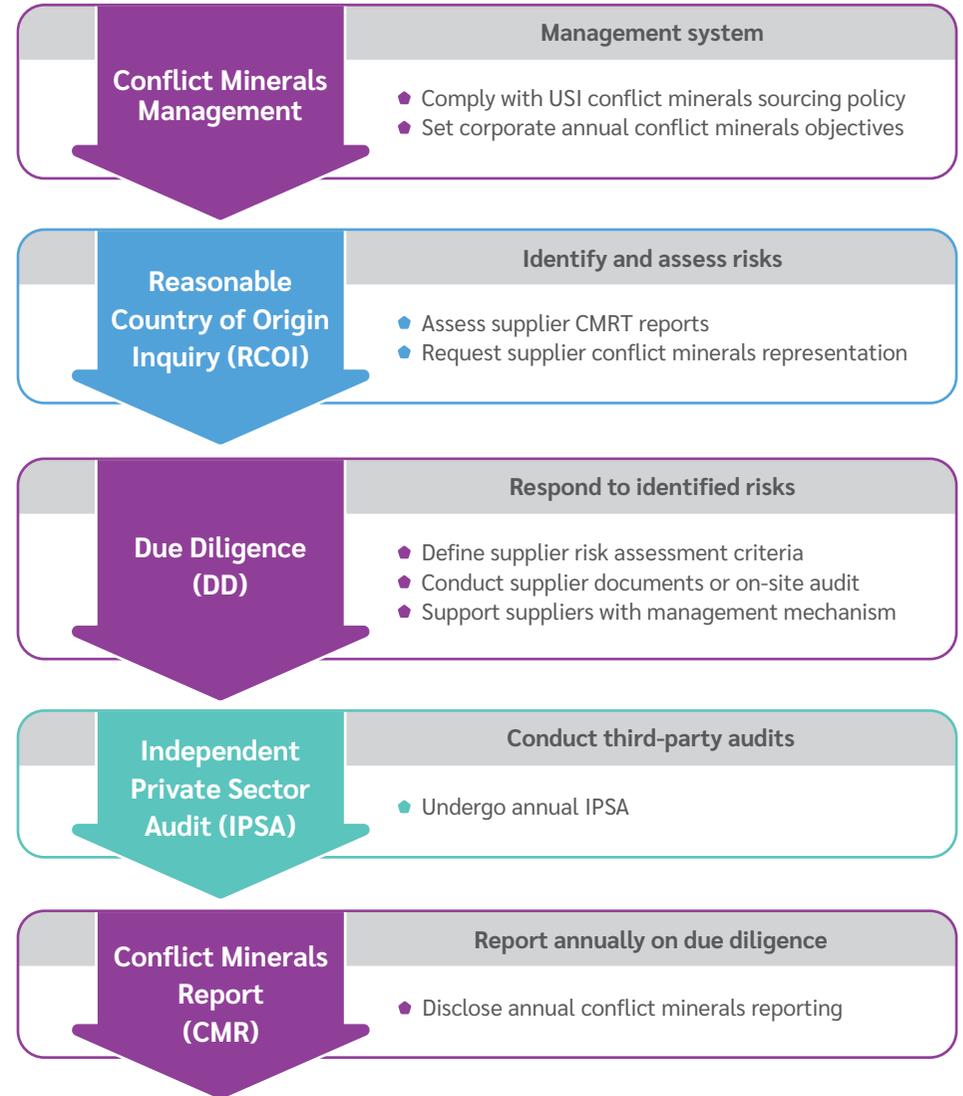
Conflict Minerals Management

To ensure that no conflict minerals are used during the manufacturing process of our products, USI has established the Conflict Minerals Procurement Management Policy according to the ASEH policy and requests suppliers to purchase metals from non-conflict smelters or smelting facilities approved by independent third-party, to eliminate the use of any nonconforming metals from Conflict-Affected and High-Risk Areas (CAHRAs). USI follows the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected, and High-Risk Areas developed by the Organization for Economic Cooperation and Development (OECD), We have further established the USI Supply Chain Policy for Responsible Sourcing of Minerals from Conflict-Affected and High-Risk Areas.

We guarantee to not support mineral sources obtained via any conduct seriously infringing human rights and to not use conflict minerals. We also actively enhance the supply chain risk transfer plan. Furthermore, we also establish a management system according to the five main frameworks described in the guidelines. Based on the due diligence procedure in the frameworks, we identify, assess, respond, and mitigate supply chain risk, and we further design the Supplier Conflict Minerals Audit Form, such that through field/document audit, suppliers are guided to establish management mechanisms in compliance with the OECD due diligence. USI requires suppliers to source raw materials from Qualified Smelters Disclosed by RMI and to sign and commit to comply with the conflict minerals procurement management policy of USI to achieve the Company's conflict minerals-free supply chain and customer requirements.



Conflict Minerals Management Process

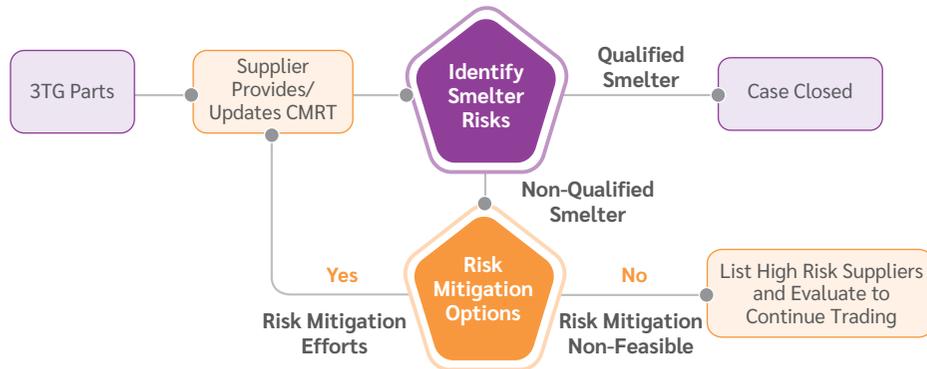




Reasonable Country of Origin Inquiry (RCOI)

The Company has established a conflict minerals management program to conduct a reasonable level of country-of-origin survey on target suppliers⁽¹⁾ every year to identify and confirm the source of 3TG, cobalt and mica in product bill of materials and component materials to confirm whether they are sourced from conflict mineral areas. We deploy the GPARS system to collect CMRT and EMRT (Extended Minerals Reporting Template) from our suppliers. We consolidate this data with the latest published list of smelters provided by the RMI to verify and ensure that the smelters' sources are qualified. If a supplier uses non-qualified smelters, we follow the risk identification and management process along with three mitigation options (mitigation for continued trading, temporary suspension of trading during mitigation period, and non-mitigation resulting in the cessation of trading) to address the issue. We require the supplier to immediately remove or replace such smelters from the supply chain. In 2023, all target suppliers used material from qualified smelters. The geographical distribution of the analyzed 3TG smelters is as follows: the majority of smelters are located in Asia, with a secondary concentration in the Americas.

Risk Identification Management Process



3TG Qualified Smelter Distribution Area



Due Diligence (DD)

USI continues to promote conflict-free mineral sourcing into the supply chain by conducting supplier due diligence and requiring the use of qualified smelters. In 2023, a total of 219 target suppliers completed due diligence with 100% compliance with the conflict-free minerals requirement; in addition to 3TG, we are progressively including more minerals from CAHRAs (e.g., cobalt and mica) in the survey, with a total of 175 suppliers surveyed and disclosed for cobalt and mica. We also shared our conflict minerals policy and related requirements through our Sustainable Supply Chain Webinar sharing sessions and shared our future planning and promotion direction with our suppliers.

Independent Private Sector Audit and Annual Report

The Company is committed to complying with customer requirements regarding conflict minerals audits and management standards. Every year, USI conducts an IPSA based on the results of due diligence investigations conducted on our suppliers. Our target suppliers are verified to use qualified smelters and comply with the annual declaration of conflict-free minerals. ASEH, the parent company of USI, is required to file annually with the United States Securities and Exchange Commission (SEC) and its Annual Conflict Minerals Report, which covers USI and its subsidiaries. For details, please refer to the [USI website](#). In 2023, the Nantou Facility obtained a Downstream Assessment Program (DAP) certification to strengthen our management of conflict minerals and meet customer requirements and EU responsible mineral regulations (EU Regulation 2017/821).

100%

2020~2023 Conflict Minerals Compliant Target Suppliers

Future Plans

1. Continue to conduct supplier assessment, and guide suppliers to establish management mechanisms
2. Optimize supplier management system to improve the management of smelter information quality, while achieving customers' reporting requirements
3. Set up a plan to investigate the sources of cobalt and mica to meet RMI and Responsible Minerals Assurance Process (RMAP) standards
4. Communicate USI's management and investigation requirements through supplier conferences
5. Obtain DAP certification for all facilities

Note:

1. Target suppliers are the top 90% of suppliers according to the annual purchase amount and the suppliers for the top customer of the year.



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.



100%
Renewable Energy Use in Mainland China, Mexico, and Vietnam Facilities



91%
Non-hazardous Waste Recycling Rate



3,305 MWh
Renewable Energy Produced through Solar Panels



0 Cases
Contractor Occupational Injuries



CNY 50 Million
Invested in Environmental Protection



10,705 Participants
Attended Health Promotion Activities

SDGs ▶



Key Stakeholders: Shareholders/Investors/Banks, Employees, Suppliers/Contractors, Governments



Sustainable Issue Performance and Targets



Material Issue



Achieved



Not Achieved

Management Purpose	KPI	2023 Target	2023 Performance	Status	2024 Target	2028 Target
<p>Occupational Health & Safety</p> <p>Management Approach: Establish ISO 45001 OHS management systems, regularly inspect and review work processes, and implement the PDCA cycle to raise awareness, assess risks, and ensure the health and safety of all workers in the workplace.</p> <p>Evaluation Mechanism: Monthly/quarterly/yearly tracking of management indicators through the Safety and Health Production Committee.</p>						
Promote OHS culture and enhance risk management, injury prevention, and emergency response capabilities to create a safe workplace for all workers	▶ Obtain/maintain ISO 45001 certification	▶ Obtain/maintain ISO 45001 certification	▶ Maintained ISO 45001 certification in all major facilities		▶ Obtain/maintain ISO 45001 certification in all major facilities	▶ Obtain/maintain ISO 45001 certification in all major facilities
	▶ Major occupational disease incidences	▶ No major occupational diseases	▶ No major occupational diseases		▶ No major occupational diseases	▶ No major occupational diseases
	▶ Major occupational injury incidences ⁽¹⁾	▶ No major occupational injuries	▶ No major occupational injuries		▶ No major occupational injuries	▶ No major occupational injuries
	▶ Major infectious disease incidences	▶ No major infectious diseases	▶ No major infectious diseases		▶ No major infectious diseases	▶ No major infectious diseases
<p>Climate Strategy</p> <p>Management Approach: Introduce ISO 14064-1 to all facilities and annually conduct GHG inventory to manage related emissions and work towards reaching the 2040 Net Zero Carbon Emissions goal.</p> <p>Evaluation Mechanism: Annual review of facility GHG emissions to ensure ISO 14064-1 certification.</p>						
Monitor and reduce GHG emissions as part of the Low Carbon strategy	▶ Obtain ISO 14064-1 certification	▶ Obtain ISO 14064-1 certification	▶ Obtain ISO 14064-1 certification		▶ Obtain ISO 14064-1 certification for all major facilities	▶ Obtain ISO 14064-1 certification for all major facilities
	▶ GHG Scope 1 & 2 absolute emissions	▶ 17.5% decrease from 2016	▶ 79% decrease from 2016		▶ 20% decrease from 2016	▶ 30% decrease from 2016
	▶ GHG Scope 3 absolute emissions	▶ 4.5% decrease from 2020	▶ 53% decrease from 2020		▶ 6% decrease from 2020	▶ 12% decrease from 2020

Note:
1. Number of occupational injury deaths.



Sustainable Issue Performance and Targets



Material Issue



Achieved



Not Achieved

Management Purpose	KPI	2023 Target	2023 Performance	Status	2024 Target	2028 Target
<p>Energy Management</p> <p>Management Approach: Establish ISO 50001 energy management systems to improve energy efficiency and reduce the risk of changes in energy supply, cost, and demand, enhancing business sustainability. Evaluation Mechanism: Annual review of regulations and site energy consumption ratios to propose energy saving improvement projects and ensure energy intensity performance.</p>						
Improve energy efficiency and reduce energy costs	▶ Electricity intensity	▶ 8% decrease from 2015	▶ 31% decrease from 2015		▶ 9% decrease from 2015	▶ 13% decrease from 2015
<p>Waste Management</p> <p>Management Approach: Comply with local waste management regulations, implement waste separation and reduction, continuously review and reduce the total amount of waste. Evaluation Mechanism: Monthly review of waste types and total amount of waste on site and confirm no violation of regulations.</p>						
Reduce waste generation and disposal costs through effective recycling and reuse of resources	▶ Hazardous waste generation intensity	▶ 1% decrease from the previous year	▶ 8.6% decrease from the previous year		▶ 1% decrease from the previous year	▶ 1% decrease from the previous year
	▶ Non-hazardous waste recycling rate	▶ Non-hazardous waste recycling rate reaches 90%	▶ Non-hazardous waste recycling rate reaches 91.5%		▶ Non-hazardous waste recycling rate reaches 90%	▶ Non-hazardous waste recycling rate reaches 90%
<p>Air Pollution Control</p>						
Reduce facility air pollution emissions and improve air quality	▶ Air pollution violations	▶ No significant air pollution violations ⁽¹⁾	▶ No significant air pollution violations		▶ No significant air pollution violations	▶ No significant air pollution violations
<p>Water Management</p>						
Increase process water recovery rate to reduce water demand and risks	▶ Water intensity	▶ 8% decrease from 2015	▶ 19.8% decrease from 2015		▶ 9% decrease from 2015	▶ 13% decrease from 2015

Note:
 1. The definition of significant fine or penalty is sanctions over USD 10,000 (CNY 70,000).



Nature, Climate Change and Carbon Management

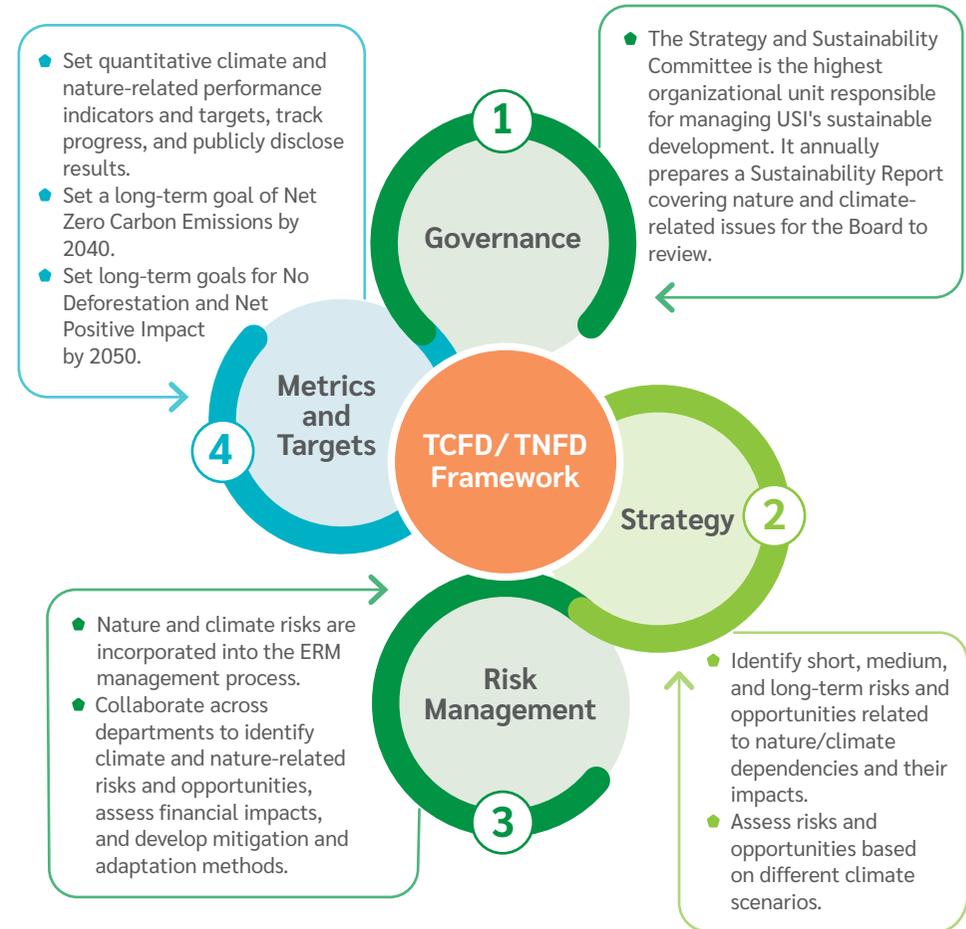
USI integrates the environment sustainable development principle with business decision-making and operation management, and the Board of Directors and senior officers take up the management responsibility and consider the recommendations and expectations of all stakeholders to establish corresponding management policies. In accordance with relevant management systems of ISO 14001, ISO 50001, and ISO 14064-1 (please refer to the [Management Systems and Certifications Table](#)), the Company's internal management procedures are established. In addition, education and training activities have been implemented for the internal employees of the Company, and the total number of hours of relevant training activities has reached approximately 2,299 hours. Internal employees' awareness of environmental protection are trained, and material environmental consideration items are identified continuously, such as air pollution, water pollution, wastes, toxic chemicals, noise pollution, soil pollution and energy resources are improved. We are committed to improving and reducing the negative impact of business operations on the environment. Furthermore, we also publicly disclose the Company's environmental information and fulfill corporate environmental responsibilities.

USI has established the [EHS & Energy Policy](#) and upholds the principle of "Legal Compliance, Response to Environmental Protection" to use the internal resources of the Company reasonably and to create an eco-friendly, healthy, and safe working environment. The Company continues to cooperate with local environmental protection departments and actively participates in environmental improvement related seminars and meetings. For recommendations or complaints filed by stakeholders, the Company has set up a telephone direct line and e-mail to receive such recommendations and complaints. In 2023, USI has not received any environment-related complaints and has not violated any environmental protection related laws and regulations, and there has been no environmental pollution incident. In addition, in the last four years, USI has not been sanctioned for major fines or penalties⁽¹⁾ due to environmental or ecology-related violations.

Climate Strategy and Nature Risk Management

The global warming caused by GHG emissions over the years has exposed the world economy to significant risks and has threatened many businesses around the world. Accordingly, stakeholders have started to pay attention to climate-related risks and opportunities. The Company also supports and responds to the goal of the Paris Agreement and has explicitly disclosed the risks and opportunities faced by the Company due to climate change and related to the nature according to the TCFD and TNFD frameworks, thereby proposing corresponding strategies and measures. Please refer to the [2023 Climate and Nature Risk Management Report](#) for further information in detail.

The USI Sustainability Committee is the dedicated unit for climate change related management to understand and analyze sustainable development topics related to the Company according to various domestic and foreign sustainable development and climate change related international initiative activities.



Note:

1. The definition of significant fine or penalty is sanctions over USD 10,000 (CNY 70,000).

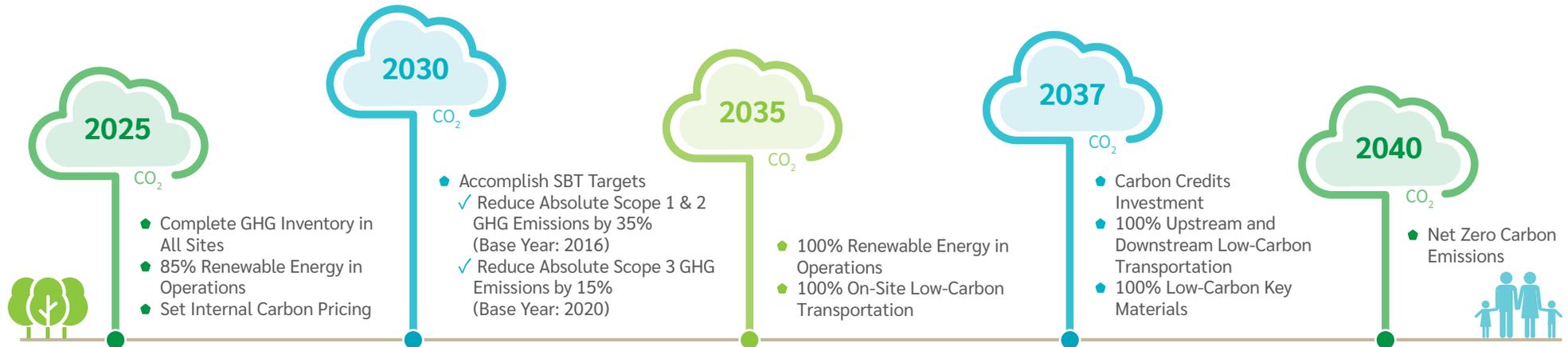


Net Zero Carbon Emission Targets

ASEH had their GHG emissions reduction targets validated by the Science Based Targets initiative (SBTi) in 2021. Therefore, we follow our parent company's GHG reduction goals, and plan to obtain quality carbon credit progressively by 2037 to offset the remaining carbon emissions to reach the goal of net zero carbon emissions by 2040. We continue to implement climate change and energy management, water management, waste management and air pollution prevention to help customers produce energy-saving and carbon-reducing products.

We are presenting our efforts and results in response to climate change through a systematic disclosure framework, further raising awareness of climate crisis, formulating relevant mitigation plans and measures, accelerating the implementation of risk control and climate change mitigation actions, strengthening our operating sustainability management capabilities, and moving towards sustainable corporate development.

Net Zero Carbon Emissions Roadmap



Carbon Management

USI continues its GHG reduction policy. We initiated our first GHG emissions inventory in 2007 according to ISO 14064-1. Then we expanded our scope in 2010 to encompass our worldwide production bases and the results were verified by a third-party institution to establish USI inventory benchmark data. Since the initial inventory of GHG Scope 3 emissions of Nantou Facility in 2018, we fully inventoried Mainland 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. USI collaborates with ASEH on the CDP and SBT to set carbon reduction targets and implement related actions.

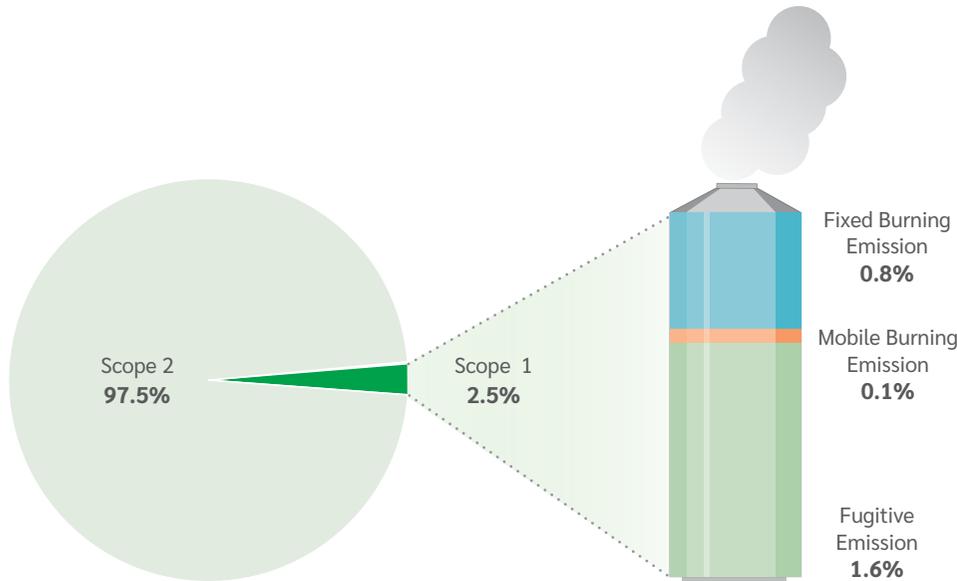
Climate change has impacted USI operations. Our Mainland China, Mexico and Vietnam Facilities are using 100% renewable energy (I-REC, please refer to the [Renewable Energy](#) section for details). In addition, Zhangjiang and Jinqiao Facilities have also initiated carbon quota management in accordance 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 will be in facilities to minimize risks from climate change.

Greenhouse Gas Emissions

In 2023, USI's total GHG emissions were 207,835.48 metric tonnes of CO₂e (Scope 1 & 2), with 13,061 metric tonnes of CO₂e reduction from 2022. Scope 1 includes 5,281.02 metric tonnes of CO₂e in direct GHG emissions and 15.79 metric tonnes of CO₂e in land-use GHG removals, totaling 5,265.23 metric tonnes of Scope 1 emissions. The GHG emissions intensity was 3.89 metric tonnes of CO₂e, an increase of 0.17 metric tonnes from 2022. Despite the decrease

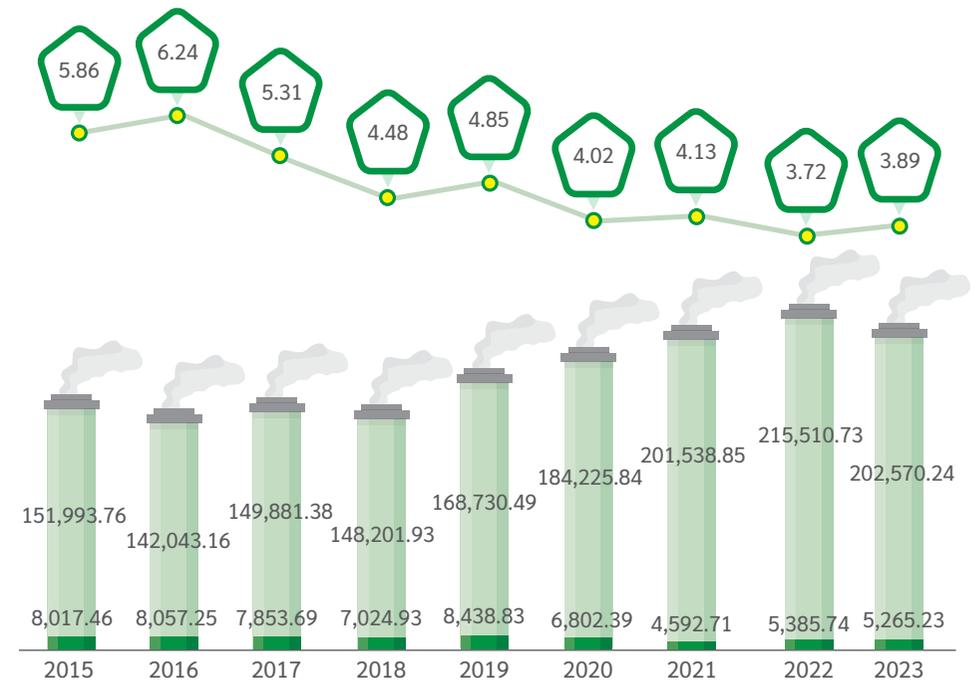
in emissions, the Company's overall revenue was lower than the previous year, resulting in a relative increase in emissions intensity per million CNY of turnover. Efforts to improve energy efficiency and reduce costs will continue. The breakdown of GHG emissions is shown in the following figures:

The Ratio of Scope 1 to Scope 2 Greenhouse Gas Emissions ^(1~5)



- Note:
1. The data presented came from the ISO 14064-1 inventory results, rounded to the 2nd decimal place.
 2. The data organization boundary is summarized by the operation control method.
 3. The significant threshold is set at 3%, and the substantial threshold is set at 5%.
 4. GHG emissions includes various categories such as CO₂, CH₄, N₂O, HFCs, PFCs, NF₃, and SF₆.
 5. GWP value adopts the IPCC Sixth Assessment Report (2021).

Greenhouse Gas Emissions and Intensity



- GHG Emissions - Scope 1 (metric tonnes CO₂e)
- GHG Emissions - Scope 2 (metric tonnes CO₂e)
- GHG (Scope 1+Scope 2) Intensity (metric tonnes/M CNY)



Indirect Greenhouse Gas Emissions

USI continued to promote the GHG inspection (ISO 14064-1). Following the introduction of the Scope 3 inspection at Nantou Facility in 2018, in 2020 we began to conduct 15 categories of significant identification and inventory of upstream and downstream activities in Scope 3, the results of which were verified by a third-party verification unit as follows:

Indirect Greenhouse Gas Emissions ⁽¹⁾

Unit: metric tonnes CO₂e

Category	Description	Greenhouse Gas Emissions
1	Purchased goods and services	6,838,088.66
2	Capital goods	41,538.36
3	Fuel and energy related activities	16,149.55
4	Upstream transportation and distribution	88,896.98
5	Waste generated in operations	820.60
6	Business travel	621.27
7	Employee commuting	10,128.89
8	Upstream leased assets	2,465.08
9	Downstream transportation and distribution	32,826.53
10	Processing of sold products	N/A ⁽²⁾
11	Use of sold products	N/A
12	End-of-life treatment of sold products	N/A
13	Downstream leased assets	N/A
14	Franchises	N/A
15	Investments	844,182.71
Total		7,875,718.63

Note:

- The data presented came from the ISO 14064-1 inventory results, rounded to the 2nd decimal place, converted to the GHG Protocol for disclosure.
- N/A: Non-significant after assessment of the indirect emissions materiality criteria in accordance with ISO 14064-1
- Conversion data of the heat value index:
 - Zhangjiang, Jinqiao and Kunshan Facilities have adopted Annex A (referential energy conversion standard coal factors) of General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020).
 - Huizhou Facility adopted Table E.2 (Fossil Fuel Combustion Emission Factors) of the Organizational Guidelines for Greenhouse Gas Emissions and Reporting (SZDB/Z 69-2018).
 - Nantou Facility adopted "Heat Content of Energy Products" from Taiwan Energy Statistics Handbook (2020).
 - Mexico Facility adopted "Lista de combustibles 2022".

Energy Management

Of all USI GHG emissions, about 96.9% comes from electricity consumption. Thus, the key to reducing carbon emissions is to save power, making maximum efforts for electricity efficiency. Accordingly, the Company invests in R&D as well as energy saving and carbon reduction activities and purchases Renewable Energy Certificate (REC) to offset GHG emissions. To reduce energy consumption in operational activities and product processes and save costs, 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. USI establishes an energy management system and procedure according to ISO 50001, relevant units of manufacturing process/factory affairs and environmental safety and health implement training and communication as well as collect energy consumption data. We conduct annual external training for energy management personnel to enhance their ability to research and utilize energy conservation knowledge. We also plan to invest internal resources to implement relevant energy conservation projects. Performances before and after energy improvement are compared, and risks and opportunities related to significant energy consumption are identified to determine major energy consumption items for energy-saving improvement. 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 energy consumption, such as variable-frequency control, reasonable adjustment of air-conditioning temperature, replacement of old equipment, monitoring and management of electricity bill.

The total energy consumption of USI in 2023 was 1,076,169.2 gigajoules, a decrease of 19,504.1 gigajoules from 2022. Mainly due to the decrease in the overall revenue in 2023 as compared to the previous year and the decrease in energy consumption required for the operation and manufacturing.

Based on the turnover, the electricity intensity in 2023 is 20.2 (Gigajoules per million CNY) an increase of 1.7 (Gigajoules per million CNY) compared to 2022, and a decrease of 30.8% when compared to the base year of 2015, when the electricity intensity was 29.1 (Gigajoules per million CNY).

In terms of energy saving, there were 13 major energy saving schemes, which saved a total of 3,187 MWh of electricity and reduced carbon dioxide emissions by 2,360.5 metric tonnes. The total investment is CNY 1,326,652, and the annual cost saving is CNY 6,027,812. The detailed results are shown in the following chart:

Energy Consumption ⁽³⁾

Unit: GJ

Year	Direct Energy Consumption			Indirect Energy Consumption	Total Energy Consumption
	Diesel	Gasoline	Natural Gas/Liquid Petrol Gas	Electricity	
2023	1,225.2	2,277.3	30,110.9	1,042,555.7	1,076,169.2
2022	1,266.0	2,215.4	28,307.9	1,063,884.0	1,095,673.3
2021	1,335.8	2,575.2	34,239.0	948,483.2	986,633.2
2020	1,393.6	2,523.9	74,103.6	870,905.2	948,926.3



Power Saving Performances in 2023

Facility	Project	Description	Power Saved (MWh)	CO ₂ Reduction ⁽¹⁻²⁾ (metric tonnes CO ₂ e)
Zhangjiang	A building process cooling water system merger optimization	Through the installation of interconnecting pipes, optimization of sharing capability of equipment water pumps, the use efficiency of single equipment can be increased, and the electricity consumption can be saved.	81.5	63.4
	A building washing machine exhaust air renovation and installation of dry filter box project	Optimization of roof exhaust fan drying method.	79.9	62.1
	Air compressor heat recovery	Through air compressor heat cycle and exchange, the purified water supply temperature can be increased, thereby reducing the electricity consumption required for cooling the air compressor unit water temperature.	427.8	332.7
	Drainage heat recovery for washing machine	With the use of two-staged cooling method, the terminal could increase purified water supply temperature to satisfy the Membrane Biological Reactor (MBR) incoming water condition and to reduce the electricity consumed for the heating of the rinsing machine.	714.9	556.0
	B building 1200RT water pump of ice machine cooling adding inverter operation optimization	The cooling water system is able to operate at variable flow rate, and according to the chiller unit, condensing load, cooling tower water inlet and outlet temperature change, the system flow rate can be adjusted timely, and the water pump running frequency is regulated automatically, thereby saving the energy consumption and expense incurred by the operation the water pump.	249.2	193.8
	Nitrogen station capacity expansion energy saving project	When the nitrogen usage amount is small, excessive CDA is incorporated into the system pipe network, to increase energy use efficiency. In addition, the nitrogen generating air compressor heat is recycled and provided to the air conditioning system for use, to save the consumption of natural gas.	1.1	0.9
	Water washing machine energy saving and water saving program	For energy-saving rinsing equipment, the electricity and water consumptions are saved to reduce the production cost.	150.9	117.4
Jinqiao	PCW system energy saving improvement	With the interconnecting PCW system pipelines at the third and fourth floors, one single unit of variable-frequency water pump is used to supply the PCW for two floors, such that one unit of water pump is under standby state to save electricity consumption.	501.6	390.1
Kunshan	Near-zero carbon and green energy-saving technological transformation	Through the improvement of the facility system techniques and replacement of equipment with high energy efficiency, energy saving, and emission reduction can be achieved along with the reduction of energy consumption expense.	43.5	33.8
	Cooling water system energy-saving renovation	Cool-heat exchange equipment is additionally installed to perform natural cooling, such that it can replace the chiller unit operation during the transition season.	518.6	403.3
Nantou	Vacuum machine replacement energy saving improvement	A new variable-frequency vacuum machine SV-1300 (30HP) is installed to replace the output of two old units. In addition, its variable-frequency function allows adjustment of usage amount to satisfy the field use, such that energy saving and carbon reduction can be achieved.	131.4	65.0
	Air conditioning cooling tower energy saving improvement	Variable-frequency drive (VFD) is installed on the cooling fan of the cooling tower, and water temperature change monitoring is utilized to perform unloading operation, thereby achieving the effect of energy saving and reduction of electricity expense.	256.4	126.9
	Energy saving improvement of district pump	Three-way valve is used in conjunction with VFD to control flow rate and pressure, to achieve energy saving and carbon reduction.	30.4	15.0
Total			3,187.2	2,360.5

Note:

1. Carbon emissions reduction = electricity saved x electricity emission coefficient

2. Electricity emission coefficient:

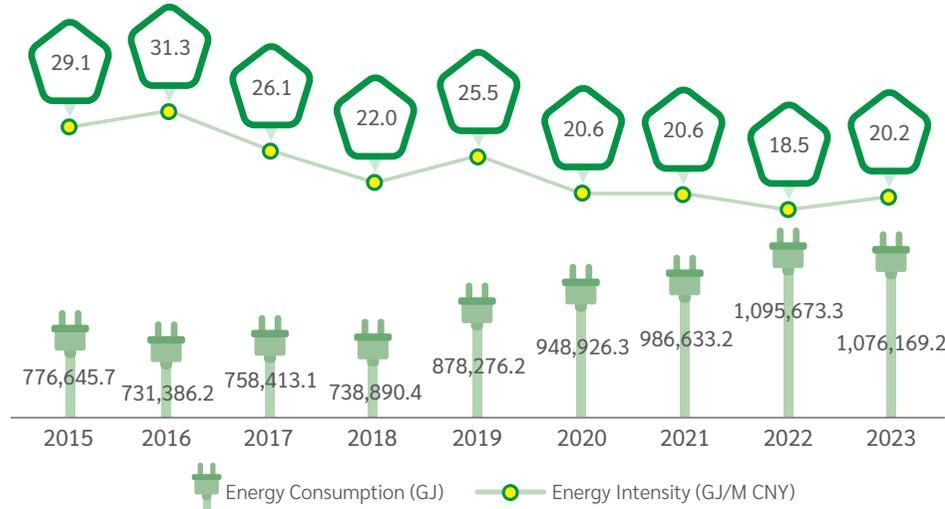
- Zhangjiang, Jinqiao, and Kunshan Facilities adopt the Huadong Power Grid 0.778 metric tonnes CO₂e/MWh based on the "2021 Emission Reduction Project: China's regional grid baseline emission factor" by the Department of Climate Change.

- Nantou Facility adopts the "2022 Electricity Emission Factor" announced by the Bureau of Energy, with a CO₂ emission factor of 0.495 kg CO₂e/kWh.



Water Resources Management

Energy Consumption and Intensity



Renewable Energy

USI actively responds to the call for renewable energy use. We purchased 236,432 MWh of I-RECs and Green Electricity Certificate (GEC) in 2024 to offset CO₂ emitted by traditional power in 2023 (the annual electricity usage for Zhangjiang, Jinqiao, Huizhou, Kunshan, Mexico, and Vietnam Facilities were all offset). Low-carbon products produced in facilities using renewable energy account for 70.5% of USI's annual revenue. According to GHG Protocol Scope 2 Guidance, the statements are used to neutralize Scope 2 market-based emissions. The GHG emissions amount by location and market ⁽¹⁾ are as follows:

Category	Item	Scope 1	Scope 2	Total
Location based	GHG Emissions (metric tonnes CO ₂ e)	5,265.23	202,570.24	207,835.48
	Percentage	3%	97%	100%
Market based	GHG Emissions (metric tonnes CO ₂ e)	5,265.23	26,286.99	31,552.22
	Percentage	17%	83%	100%

USI does not have issues with contaminating catchment areas as our facilities are not built around it. But Mainland 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. USI strives to conserve water in manufacturing and everyday life by installing water meters and monitoring monthly water usage data to manage water resources and identify opportunities for conservation.

Apart from regularly tracking the water consumption of the seven major manufacturing facilities to be added in Vietnam in 2023, each facility will separate and collect process chemicals for treatment, set up discharge water treatment facilities for water quality management, and regularly outsource the testing of discharge water quality to prevent the occurrence of incidents of contamination of water sources. Each facility is required to conduct tests in accordance with local laws and regulations, the items are summarized below:

- Zhangjiang, Jinqiao and Huizhou Facilities: pH, SS, BOD, COD, ammonia nitrogen, total phosphorus, total nitrogen, petroleum, and animal and vegetable oils.
- Nantou Facility: pH, water temperature, SS, BOD, COD, ammonia, copper, nickel, cadmium, lead, zinc, arsenic, fluoride, hexavalent chromium, selenium, silver, total mercury, and sulfide.
- Mexico Facility: pH, water temperature, BOD, SS, copper, nickel, cadmium, lead, zinc, arsenic, mercury, hexavalent chromium.
- Vietnam Facility: pH, SS, BOD, COD, ammonia, total phosphorus, total nitrogen, and coliform bacteria.

Kunshan Facility leases some floors of the ASEH's factory; the water intake and discharge are managed by ASEH. Kunshan Facility only shares water-related costs. There was no violation of water discharging regulations in 2023, and USI will continue to keep track on the use of water resources and save as much water as possible for a friendly environment and reduction of environmental impacts.

USI total water consumption in 2023 was 1,028.62 ML, a decrease of 3.7% from 2022 (1,068.17 ML). However, our water intensity is reduced by 19.8% ⁽²⁾ compared with 2015, achieving the goal of water saving. In terms of water intake, except for the use of underground water sources in Nantou-TT Facility, all other facilities use tap water sources. The annual underground water consumption is 69.98 ML, and the water consumption of tap water is 958.64 ML. In terms of water discharge, 892.84 ML of wastewater was discharged into the sewage systems. The analysis resulted in a slight decrease in overall USI withdrawals from the previous year, primarily due to a decrease in overall Company revenues in 2023 compared to the previous year.

Note:

- The data presented came from the ISO 14064-1 inventory results, rounded to the 2nd decimal place.
- Water intensity of 0.169 (m³/K USD) in 2015 and 0.136 (m³/K USD) in 2023, a decrease of 19.8% from the base year.



Regarding the water resource risk analysis, we adopt the Aqueduct Indicator established by the World Resources Institute. For the water stress, the baseline water stress is considered to measure the ratio between the total water demand and the renewable surface water and groundwater. Furthermore, the water stress risk of the location of each facility is understood; among the facilities, Zhangjiang Facility, Jinqiao Facility, Kunshan Facility, and Mexico Facility have been determined to be high-risk areas, and Huizhou Facility, Nantou Facility, and Vietnam Facility have been determined to be low-risk areas. For facilities at high-risk areas of water stress, the Company also assesses the installation of facility water consumption recycle and reuse equipment and the establishment of water resource management goal to implement control properly.

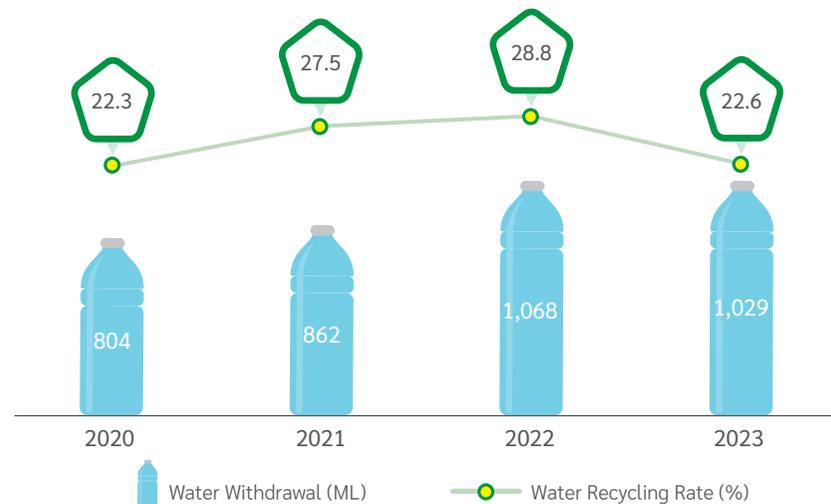
To make use of every drop of water, USI is planning to recycle as much water as possible via improvement of equipment and technology. In 2018, the process water recycling system was introduced to Zhangjiang Facility. This system enables USI to recycle process water produced from the cutting process; 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 installation of process water zero discharge system at Jinqiao Facility, this project has adopted advanced oxidation technology. In 2023, USI recycled 232.94 ML of water, with a recycling rate of 23%. In addition, the process water consumption is 188.94 ML, with a recycling rate of 64%.

Water Withdrawal and Discharge ⁽¹⁾

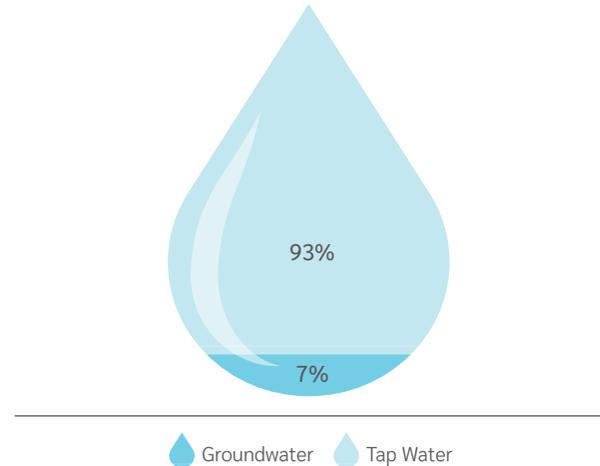
Unit: ML

Facility	Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou		Mexico	Vietnam	
					TT	NK			
Source	Tap water	Groundwater	Tap water	Tap water					
Water Withdrawal	314.550	96.188	171.450	92.122	21.357	69.984	114.486	60.490	87.994
Discharge Flow	Sewage treatment facility	City sewage treatment facility	Sewage treatment facility						
Water Discharge	283.095	86.569	154.305	82.910	49.288	103.037	54.441	79.195	

Water Withdrawal and Recycle



Water Usage Ratio



Note:

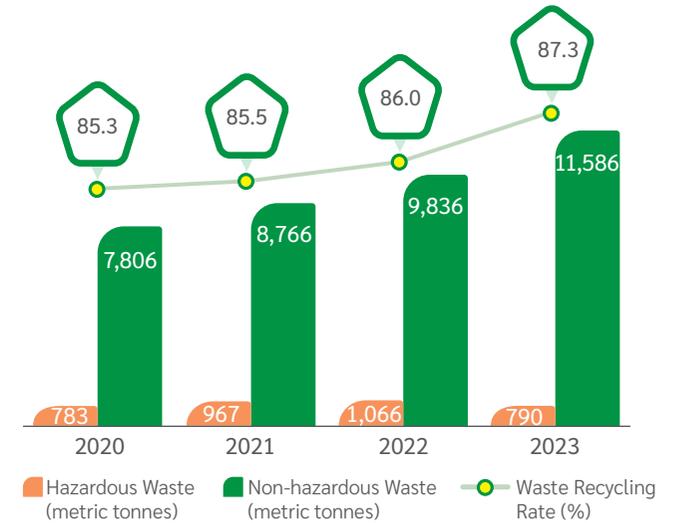
1. Apart from the Nantou-TT Facility, USI has no discharge water flow meter in each facility. Thus, the water discharge volume is estimated based on the estimation principle of 90% of the water intake.



Waste Management

USI considers "Waste Minimization and Reuse" as corporate policy. The principles of "Impact Mitigation & Continuous Improvement" and "Effective Reduction & Circular Reuse" 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, and strengthen the effective control of waste.

According to the data, the total amount of waste generated in 2023 was 12,377 metric tonnes, and recycled 10,805 metric tonnes, with a recycling rate of 87.3%. Although it is a slight increase from the previous year, it still meets the annual target (80%); The non-hazardous waste recycling rate of 91.5% also meets the annual target (90%), the details are shown as follows. The hazardous waste generation intensity is 0.104 (kg/K USD) in 2023 and 0.114 (kg/K USD) in 2022, a decrease of 8.6% from the previous year. This was mainly due to the continuous evaluation of the use of non-hazardous materials in place of hazardous materials in the facility, which effectively reduced the amount of hazardous waste generated. USI continues to focus on product package outer box, partition and tray cleaning and recycling, with a total weight of 3,052 metric tonnes recycled and reused. 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.



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. Zhangjiang Facility, Jinqiao Facility, Huizhou Facility, Kunshan Facility and Nantou-TT and Nantou-NK Facility have achieved zero burying of wastes. We will continue to review local waste management regulations of our facilities and invest in relevant research and human resources to evaluate recycling, reuse, and minimize landfilling of waste to reduce the negative impact on the natural environment. In 2023, some parts of the wastes for incineration treatment were converted into energy recovery, such as power generation and heat transfer application to reduce external energy demand and to reduce GHG emissions at the same time. The waste of each facility is classified in the following according to the treatment method.

Statistics of Disposal Methods for Various Wastes ⁽¹⁾

Unit: metric tonnes

Treatment Facility	Reuse		Recycle		Compost		Landfill		Incinerate				
	Hazardous	Nonhazardous	Hazardous	Nonhazardous	Hazardous	Nonhazardous	Hazardous	Nonhazardous	Hazardous		Nonhazardous		
									Energy recovery	Without energy recovery	Energy recovery	Without energy recovery	
Zhangjiang	0.000	1,268.420	55.064	1,042.105	0.000	338.239	0.000	0.000	293.181	0.000	45.094	0.000	
Jinqiao	0.000	449.378	9.514	461.452	0.000	236.086	0.000	0.000	59.719	0.000	11.852	0.000	
Huizhou	0.000	603.202	35.697	1,183.660	0.000	89.230	0.000	0.000	48.635	0.000	87.045	0.000	
Kunshan	0.000	0.000	92.880	1,441.300	0.000	159.610	0.000	0.000	0.000	58.510	32.569	0.000	
Nantou	TT	0.000	602.578	0.000	153.967	0.000	71.920	0.000	0.000	69.770	0.000	131.232	0.000
	NK	0.000	128.256	0.000	570.824	0.000	66.960	0.000	0.000	21.556	0.000	199.326	0.000
Mexico	0.000	0.000	3.776	1,466.419	0.000	60.113	0.000	420.951	0.000	31.759	0.000	0.000	
Vietnam	0.000	0.000	8.811	188.751	0.000	17.127	0.000	19.482	1.488	0.000	39.193	0.000	
Subtotal	0.000	3,051.834	205.742	6,508.478	0.000	1,039.284	0.000	440.433	494.348	90.269	513.740	0.000	
Total		3,051.834		6,714.219		1,039.284		440.433		584.617		546.310	
Percentage	0.00%	24.66%	1.66%	52.59%	0.00%	8.40%	0.00%	3.56%	3.99%	0.73%	4.41%	0.00%	

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



Air Pollution Control

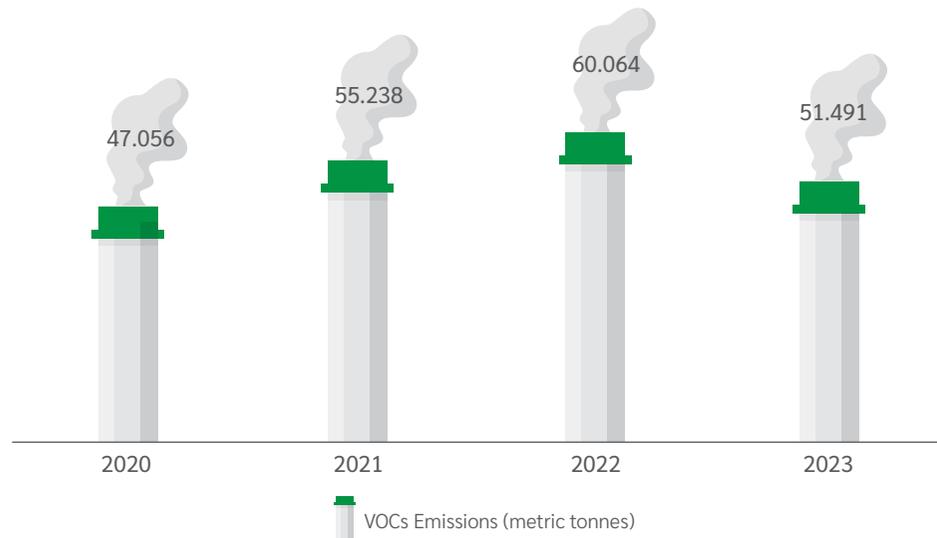
In recent years, air pollution is getting worse in Mainland China and Taiwan. It seriously affected the quality of life for residents that become an urgent issue. This is the reason that local authority has made relevant amendments to local regulations. As our production facilities are within the affected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

USI conducts regular testing and management of regulated pollutants such as volatile organic compounds (VOCs), nitrogen oxides (NO_x), sulfur oxides (SO_x), and fine suspended particulates (PM). With respect to VOCs, in addition to the Nantou Facility requiring regular inspection and reporting, Zhangjiang and Jinqiao facilities comply with the requirements of the 'Environmental Protection Tax' reporting by the competent authorities and equipped with activated carbon towers and washing towers, among other treatments, to reduce the emission of regulated pollutants. Huizhou and Kunshan facilities followed the requirements of local authorities to conduct VOCs and fine suspended particulates (FSP) testing and management, and initiated

related preventive measures, such as UV photodegradation⁽¹⁾, activated carbon treatment, and zeolite rotor plus catalyst thermal oxidizer, to reduce VOCs and PM emissions. In 2023, USI set up a zeolite rotor and rotary regenerative oxidizer in Nantou-NK 1 Facility to reduce VOCs emissions. For NO_x, SO_x, and PM emissions, since 2019, to reduce the emissions of Nox in boiler exhaust gas, Jinqiao Facility carried out boiler exhaust gas transformation and equipped with a low-nitrogen burner. Mexico Facility also started testing for FSP as requested by the local authorities. According to the data, USI generated 51.49 metric tonnes of VOCs in 2023, a decrease of 14.3% compared to the previous year. The major reason was that the Company's revenue decreased compared to the previous year and the relative VOCs emissions from some facilities decreased compared to 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 emissions data⁽²⁻⁵⁾ for 2023 is shown in the table below:

Unit: metric tonnes



Pollutant	Facility							
	Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou		Mexico	Vietnam
					TT	NK		
Volatile Organic Compounds (VOCs)	2.455	1.946	2.316	1.186	15.559	28.029	N/A	N/A
Nitrogen Oxides (NO _x)	0.770	0.388	N/A	N/A	N/A	1.559	N/A	N/A
Sulfur Oxides (SO _x)	N.D.	0.002	N/A	N/A	N/A	0.668	N/A	N/A
Particulate Matter (PM)	0.270	0.224	0.057	0.241	1.950	0.420	1.180	N/A

Note:
 1. UV beams can break the molecular bond of industrial waste 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.
 2. The estimated emission level and amount in the test report produced by a third-party test body are adopted for the Zhangjiang, Jinqiao, Huizhou, and Kunshan Facilities, and the data is rounded to the 3rd decimal place.

3. The discharge amount of Nantou Facility is based on the declared amount of air pollution fees collected by local environmental protection organizations, which are calculated with mass balance.
 4. N.D.: Non-Detectable, the level is too low to be detected by the instrument.
 5. N/A: No applicable local regulation and no available self-testing data.



Green Manufacturing and Expenditures

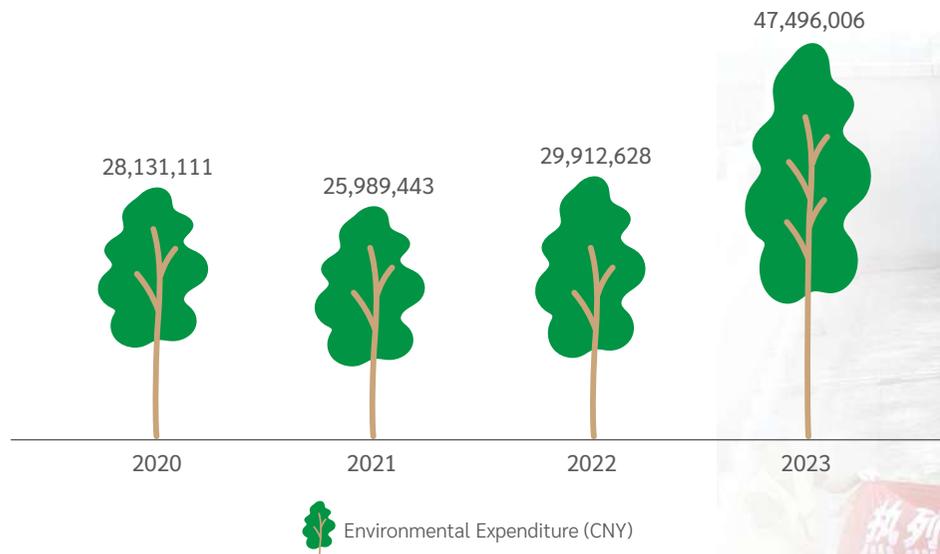
In addition to adopting ecological design for its products, USI conforms to the principles of the cleaner production evaluation system at all its facilities in production and manufacturing, logistics and transportation, green management, and social responsibility to implement resource conservation, green 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.

In 2020, Nantou-NK 1 Facility started undergoing EEWB green building certification, and successfully obtained the first green building certification. In addition, we have cooperated with solar construction companies to build a solar power generation system with a total capacity of 499 kWp⁽¹⁾. Since October 2019, it has officially been put into power generation. In 2023, it produced a total of 2,753.2 MWh green power.

In 2023, Huizhou Facility set up the solar power system on the roof of the facility, with a total capacity of 1,814 kWp and annual electricity generation of 551.9 kWh, and USI's cumulative total of 3,305 MWh of solar power generation. In the future, we will continue to focus on clean production and green building promotion to build up a green factory of USI.

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 expenditure details, please refer to the Sustainability Data – Environmental D. Environmental Expenditures table). In 2023, due to the increase in operating cost investment, USI's total environmental expenditure was approximately CNY 50 million, an increase of 59% 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.

Environmental Protection Expenditures



Note:
 1. kWp is the calculation unit of the solar cell's power output under standard sunshine conditions;
 1 kWp = 1 kilowatt-hour (kWh)



Occupational Health and Safety

In addition to complying with local labor laws and safety regulations, all major facilities have established and certified ISO 45001 Occupational Safety and Health Management Systems, encompassing employees and non-employee workers⁽¹⁾ (coverage rate: 100%). USI has a health and safety policy, standard operating procedures, educational training, and LOHAS activities to ensure workers' physical and mental health during working hours.

To maintain certification validity, the occupational safety and health management policy and business performance are reviewed annually to meet the requirements of occupational health and safety laws and our own guidelines to continue to provide a safe and comfortable working environment for workers.

Occupational Health and Safety Management

Health and Safety Management Goals and Statuses in 2023

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 2023

USI's seven major manufacturing facilities have set up Safety and Health Production Committees required by local regulations. According to the regulations, labor representatives should take up at least a third of the committee. The frequency of the committee meetings varies from facility to facility, but regular meetings are held at least quarterly to coordinate and recommend occupational safety and health management matters. 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.

Note:

1. Non-employee workers: workers that include temporary workers and contractors, such as construction, cafeteria, security, cleaning personnel, stationed personnel, and others, with 4,326 people in total.

Safety and Health Production Committee's Responsibilities



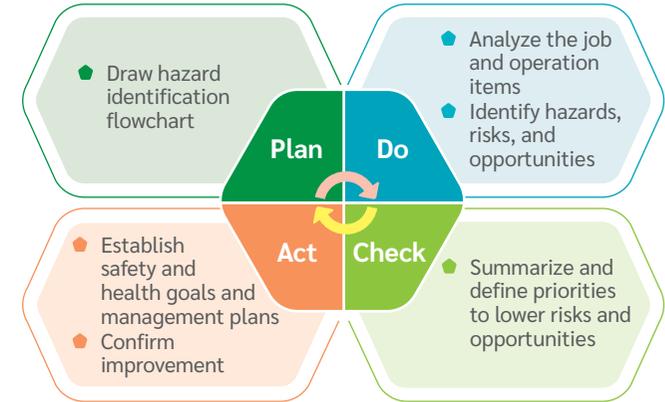
To ensure the safety and health of workers in the facility, USI invested CNY 197 million in safety production and chemical safety management in 2023. Occupational safety and health costs include employee insurance, physical check-up, labor protection, safety measures improvements, operating environment 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, training, and data updates 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 there's a change in legal regulations, production activity, or stakeholder request, the identification and assessment procedures must be applied again. USI identifies and controls priority risks and opportunities and requests relevant parties to amend plans based on the level of involved dangers and opportunities to minimize negative impacts, enhance our occupational safety and health performance, and create a sound management system. Also, to ensure quality, safety & health departments and representatives undergo regular safety training and internal auditor training within the ISO 45001 management system and acquire qualifications (Please refer to the [Occupational Health and Safety Training](#) section).

Hazards, Risks, and Opportunities Identification Procedure



Hazards, Risks, and Opportunities Identification Management Measures in 2023

Risk and Opportunity Level	Corrective Action	Identification Result	Hazard or Impact Above Medium Level	Management Measures
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 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 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.
4. Medium			Confined space operations: hypoxia	Wear self-contained breathing apparatus and strengthen training.
			COVID-19: public health	Carry out relevant requirements and measures for personnel access control, self-monitor temperature, notification system, and environmental protection.
			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), environmental inspections should be conducted. 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 2023, there were more than 40 safety and health management programs included in the tracking management, which includes strengthening the management of hazardous operations, eliminating safety hazards of machinery and equipment, reducing chemical use or using alternatives, and occupational disease prevention.

At the same time, to provide a better workplace environment, USI rewards employees for proposing any improvement measures that mitigate any occupational hazard or disease, and if employees find that there is a direct threat to personal safety and other emergency situations, they can immediately suspend their work at hand and evacuate the workplace according to the emergency response measures of each facility. USI will not punish any employees for emergency evacuations.

Safe Workplace

To ensure the safety of workers and facilities, each facility conducts inspections in accordance with local government regulations and the Company's operating standards, and EHS personnel also conduct routine facility safety audits, with the scope encompassing Occupational Health and Safety Management Systems. In some facilities, the inspection results are included in the occupational safety and health evaluation activities, and outstanding units are publicly recognized in the regular occupational safety and health (production) meetings to encourage personnel to participate in safety and health management and improvement measures.

Audit Findings Results Over the Years ⁽¹⁾

Aspects \ Year	2020	2021	2022	2023
Safety	376	747	535	594
Health	108	121	59	33
Management System	11	47	13	0

In addition, according to the actual operating hazards of each facility, qualified institutions are also commissioned to regularly implement environmental testing to control the operating environment of the hazard factors, testing items such as building security, drinking water safety, sewage testing, Legionella pneumophila bacteria, emergency lighting, lightning protection testing, smoke detection equipment and fire equipment testing. At the same time, the company also regularly monitors operational environments with high risks including noises, the concentration of carbon dioxide, organic solvents, specific chemical substances, lead in the

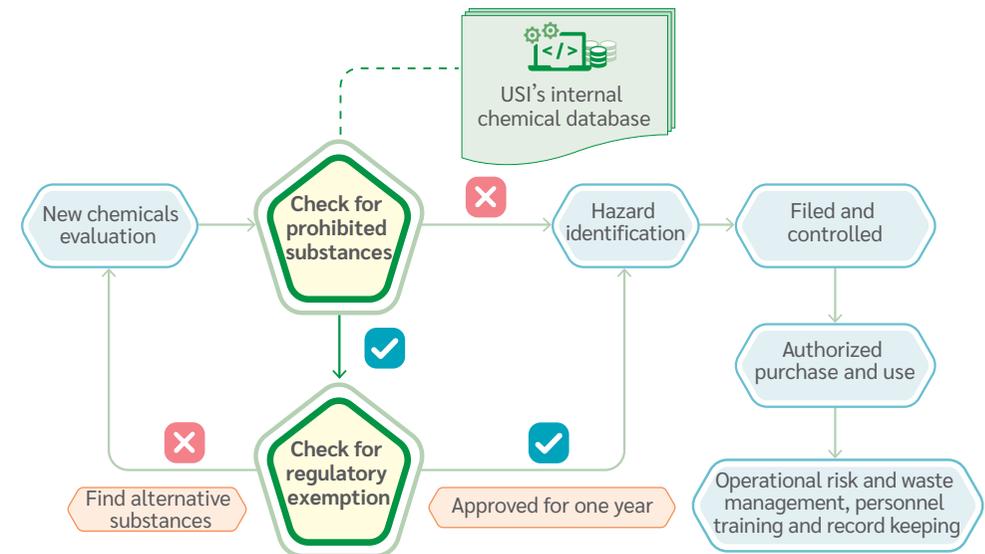
Note:
1. The data includes Zhangjiang, Jinqiao, Huizhou, Kunshan, and Nantou Facilities.

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.

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 constantly update them into our database. As part of source control, chemicals must be checked against the database, reviewed, and filed 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 or recycled. We keep all relative records to optimize our Procedure and prevent occupational hazards.

Chemical Safety Management Process





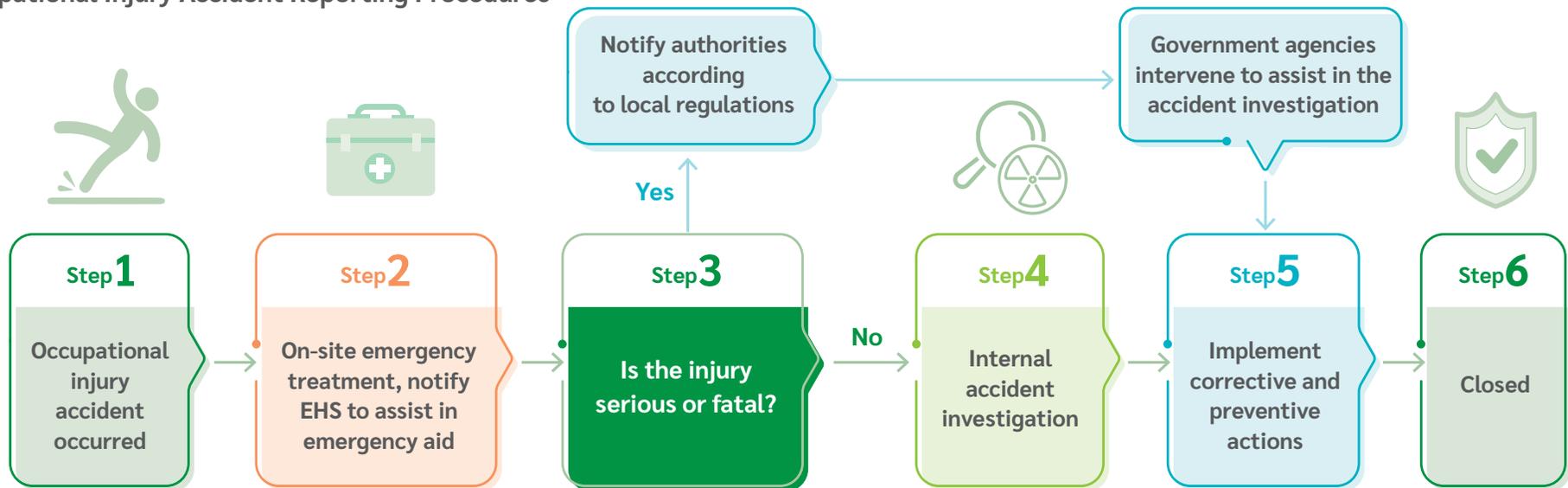
Occupational Incident Management

To ensure that the relevant units can respond quickly when an occupational incident occurs, each facility has established procedures for accident investigation and handling, stipulating that if a near miss, occupational injury or occupational disease occurs in the facility, procedures such as first aid, reporting, investigation, and improvement measures would be carried out, and at the same time improvement measures are proposed based on the root cause of the accident. All improvement measures would be carried out across all facilities, and relevant continuous improvement would be tracked regularly to prevent the recurrence of similar accidents. In 2023, there were 14 work-related physical injuries. In addition to improving the hardware and equipment, the company is also actively raising the safety awareness of its employees and continuing to work towards the goal of "zero accidents". There were no accidents resulting in injury or death of employees or damage to equipment resulting in production stoppage in 2023.

Occupational Injury Causes and Improvement Measures

Injury Type Cases		Improvement Measures
Bruise	5	<ul style="list-style-type: none"> Re-examine the actions and procedures of the personnel operating the machine, make further modifications, add protective devices, and post warning signs to prevent recurrence. Enhance training and issue personal protective equipment to protect personnel safety. Increase inspections, develop strict SOPs, and enhance safe operation promotion, and continuously improve operation procedures to reduce accidents. 
Fall/Slip	5	
Crush	3	
Fall	1	

Occupational Injury Accident Reporting Procedures





Occupational Injuries and Occupational Diseases in 2023⁽¹⁾

Items	Year	2020	2021	2022	2023	Facility						
						Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Vietnam
Number of lost-time injuries		12	14	11	14	0	0	0	1	6	7	0
Lost-Time Injury Frequency Rate (LTIFR) ⁽²⁾		0.29	0.31	0.23	0.37	0	0	0	0.14	1.09	1.05	0
Number of high-consequence work-related injuries		0	0	1	0	0	0	0	0	0	0	0
Rate of high-consequence work-related injuries ⁽³⁾		0	0	0.02	0	0	0	0	0	0	0	0
Number of near misses		0	2	5	0	0	0	0	0	0	0	0
Near Miss Frequency Rate (NMFR) ⁽⁴⁾		0	0.05	0.11	0	0	0	0	0	0	0	0
Number of work-related fatalities		0	0	0	0	0	0	0	0	0	0	0
Rate of fatalities as a result of work-related injuries ⁽⁵⁾		0	0	0	0	0	0	0	0	0	0	0
Occupational Diseases Rate (ODR) ⁽⁶⁾		0	0	0	0	0	0	0	0	0	0	0
Number of days lost due to injuries		124	460	309	444	0	0	0	95	47	300	0
Lost Day Rate (LDR) ⁽⁷⁾		2.95	10.33	6.54	11.74	0	0	0	13.25	8.94	44.84	0

Note:

- Statistical count excludes traffic accidents during commutes. Please refer to the Contractor Management section for contractor work-related injuries data.
- Lost-time injuries frequency rate (LTIFR) = (Number of lost-time injuries ÷ Total hours worked) × 1,000,000
- Rate of high-consequence work-related injuries = (Number of high-consequence work-related injuries ÷ Total hours worked) × 1,000,000
- Near Miss Frequency Rate (NMFR) = (Number of Near Misses ÷ Total hours worked) × 1,000,000
- Rate of fatalities as a result of work-related injury = (Number of fatalities as a result of work-related injuries ÷ Total hours worked) × 1,000,000
- Occupational Diseases Rate (ODR) = (Number of occupational diseases ÷ Total hours worked) × 1,000,000. Statistics of occupational disease are in accordance with the definition of occupational diseases from relevant local laws and regulations for each facility.
- Lost Day Rate (LDR) = (Number of days lost due to injury ÷ Total hours worked) × 1,000,000. Number of days lost due to injury are based on the information collection period until 12/31/2023.



Occupational Health and Safety Training

In order to enhance employees' awareness of occupational health and safety, USI has established "Environmental Safety and Health and Energy Education and Training Management Regulations" at each facility to draw up annual environmental safety and health education and training plans according to practical needs, and to conduct safety and health education and training for new recruits and in-service personnel (e.g., chemical safety operation, electrical safety, personal protective equipment use and workplace accident management training), regulatory and certification training (e.g., first aid personnel, special machinery and equipment safety management and radiation device operation training), management system operational training, emergency response training, and contractor training (please refer to the [Contractor Management](#) section), as well as arranging drills and tests for employees to enhance their knowledge and skills and their ability to deal with emergencies. In 2023, there were held 224 training courses and 19,956 employees logged 22,702 hours in occupational safety training.

Occupational Health and Safety Training Data

Items \ Year	2020	2021	2022	2023
Total Number of Courses	207	410	118	224
Total Number of Trainees	56,285	50,851	10,967	19,956
Total Training Hours	48,411	57,776	11,008	22,702

As a manufacturing company, USI has comprehensive Emergency Response Procedures to control and mitigate negative impacts caused by disasters. Our EHS Emergency Response Center conducts emergency response training for disasters caused by earthquakes, fires, and chemical leaks to ensure employees fully understand facility evacuation routes and how to use emergency response equipment. In 2023, 36 emergency drills were held, including first responder training and earthquake, fire, and chemical spill drills.

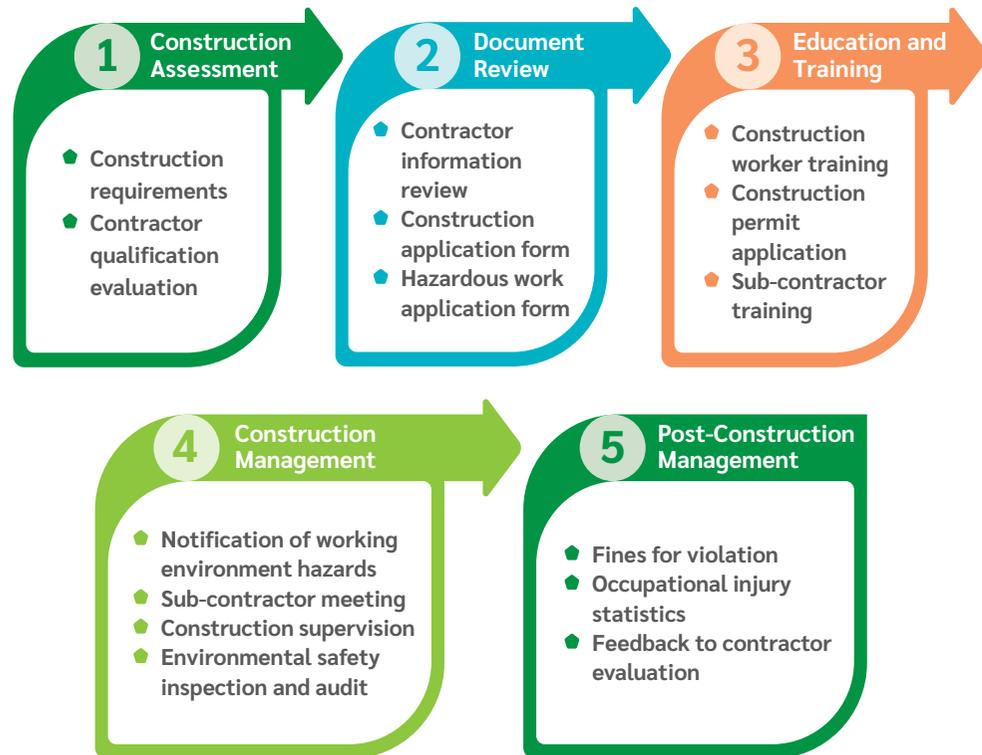




Contractor Management

Nowadays, outsourcing technical and professional projects to contractors are part of daily operations. Besides requesting contract project quality and schedule, USI values contractors' safety and health. USI's Policy clearly commits to "Awareness Training" and communication for all workers, and our Contractor and On-Site Construction Management Regulations were formulated using the concept and principle of the PDCA cycle, and we use the Regulations as our guidance to effectively manage and improve contractor occupational safety and health.

Contractor and On-Site Construction Management Regulations



The quality of the contractor's personnel has a significant impact on the quality, duration, and safety of the work being contracted. Therefore, USI contractors are asked to provide the necessary documentation of education and training, as well as participate in occupational safety and health education and training conducted by USI.

In 2023, more than 250 occupational safety and health training sessions were held for 2,300 participants from 340 contracting companies (trainees include contractors for material contractors, factory services, construction, waste, and other services). After training and evaluation by each facility's EHS departments, 2,384 contractor employees obtained construction permits.



To ensure construction safety during work performed by contractors, we focus on dangerous operations and repeat offenders to strengthen the inspection of operational safety during construction, such as protective equipment for workers and compliance with safe conduct. If deficiencies are found and not improved immediately, penalties will be imposed in accordance with company regulations and the results will be included in the evaluation of the contractor's qualifications. In 2023, no qualified contractors were disqualified due to safety and health audits.



Contractor Construction Application and Audit Findings ⁽¹⁾

Items	Year	2020	2021	2022	2023
Number of construction applications		2,694	3,099	3,174	3,386
Number of applications for hazardous work ⁽²⁾		744	997	886	584
Number of findings in on-site audit		103	34	66	20
Number of major findings ⁽³⁾		47	34	28	20

It is our policy to monitor, report, investigate, analyze, and record all types of incidents that occur with our contractors in the USI Facilities, including occupational disasters, fires, or explosions in accordance with USI's accident investigation and improvement procedures. Since 2020, only one contractor-related ⁽⁴⁾ work injury incident occurred in 2020, and the main root causes of the incidents were analyzed, and the facilities asked to strengthen the awareness and supervision. Therefore, in 2023, USI did not have any more work-related injuries or work safety accidents involving contractors.

Contractor Occupational Injuries and Occupational Diseases ⁽⁵⁾

Items	Year	2020	2021	2022	2023
Number of lost-time injuries		1	0	0	0
Lost-Time Injury Frequency Rate (LTIFR)		0.27	0.00	0.00	0.00
Number of high consequence work-related injuries		0	0	0	0
Rate of high consequence work-related injuries		0.00	0.00	0.00	0.00
Number of near misses		0	0	0	0
Near Miss Frequency Rate (NMFR)		0.00	0.00	0.00	0.00
Number of work-related fatalities		0	0	0	0
Rate of fatalities as a result of work-related injuries		0.00	0.00	0.00	0.00
Occupational Diseases Rate (ODR)		0.00	0.00	0.00	0.00
Number of days lost due to injuries		24	0	0	0
Lost Day Rate (LDR)		6.37	0.00	0.00	0.00

Physical and Mental Healthcare

To provide employees with comprehensive health care, USI has built a healthy workplace better than what is required by law. We have amenities and programs on-site with specialized personnel to provide professional services. Programs include health knowledge bulletins, health seminars, workshops, and group activities regularly conveyed through channels such as the USI Newsletter, WeChat groups, email announcements, and bulletin boards to enhance employee health knowledge and skills and build an excellent healthy workplace.

Amenities and Programs

USI provides employees with quality healthcare services. We have on-site nurses and regularly invite specialized family medicine doctors, occupational medicine doctors, psychologists, physiotherapists, and nutritionists to provide employees with psychological, work stress, career, and other consulting services. In 2023, approximately 14,000 health consultations total 9,720 hours.

As for amenities, USI nurse stations are equipped with simple wound dressing stations, blood pressure meters, and weighing scales to provide basic healthcare for employees. Nurse stations also have a resting lounge, counseling room, and breastfeeding room for rest, consultations, and breastfeeding. Nantou Facility has received the Nantou County Excellent Breastfeeding Room certification for ten consecutive years, providing a comfortable breastfeeding space for mothers.



Physical Therapist Intervention



Accredited Nantou County Breastfeeding Room

Note:

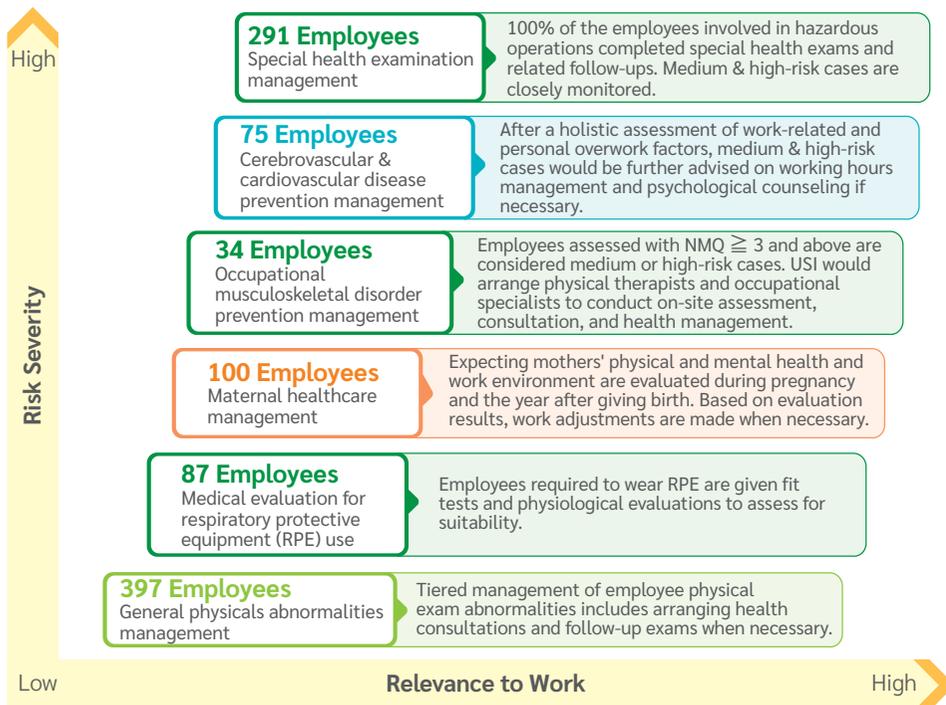
1. The data includes Zhangjiang, Jinqiao, Huizhou, Kunshan, and Nantou Facilities.
2. Hazardous work: includes hot work, hanging work, confined space work, elevated work
3. Major findings: on-site audit findings and issuing a ticket
4. For details, please refer to the 2020 Sustainability Report, page 122.
5. Please refer to the [Occupational Incident Management](#) section for the relevant ratio calculation formula.



Health Risk Management

A healthy workforce is an integral part of a company's competitiveness and a key driver of sustainable growth. To achieve effective health management, USI provides free annual physicals for employees and occupational medical exams for employees in high-risk operating environments, and the results are classified and managed. In addition to complying with laws, regulations, and related guidelines, employees' health risks are analyzed according to the nature of work and the health risk matrix. The top three themes are health management of special health examination management, cerebrovascular and cardiovascular disease prevention and management, and prevention and management of musculoskeletal diseases.

Occupational Health Risk ⁽¹⁾



Note:
 1. The data includes Nantou Facility.
 2. Metabolic syndrome: when three out of five factors are met (a. abdominal obesity, b. high blood pressure, c. high blood sugar, d. high triglycerides, e. low high-density lipoprotein cholesterol).
 3. NMQ, Nordic Musculoskeletal Questionnaire

In terms of special health examination management, we analyzed employee health examination results and found no individuals with unusual work-related conditions. Cerebrovascular and cardiovascular disease are closely related to employees' health (physiological) and workload (psychological), while musculoskeletal-related diseases are the first cause of occupational diseases (by industry). Therefore, we set management indicators for metabolic syndrome ⁽²⁾, cerebrovascular and cardiovascular disease, and musculoskeletal-related disease, as shown in the table below.

Health Risk Issues and Management Metrics

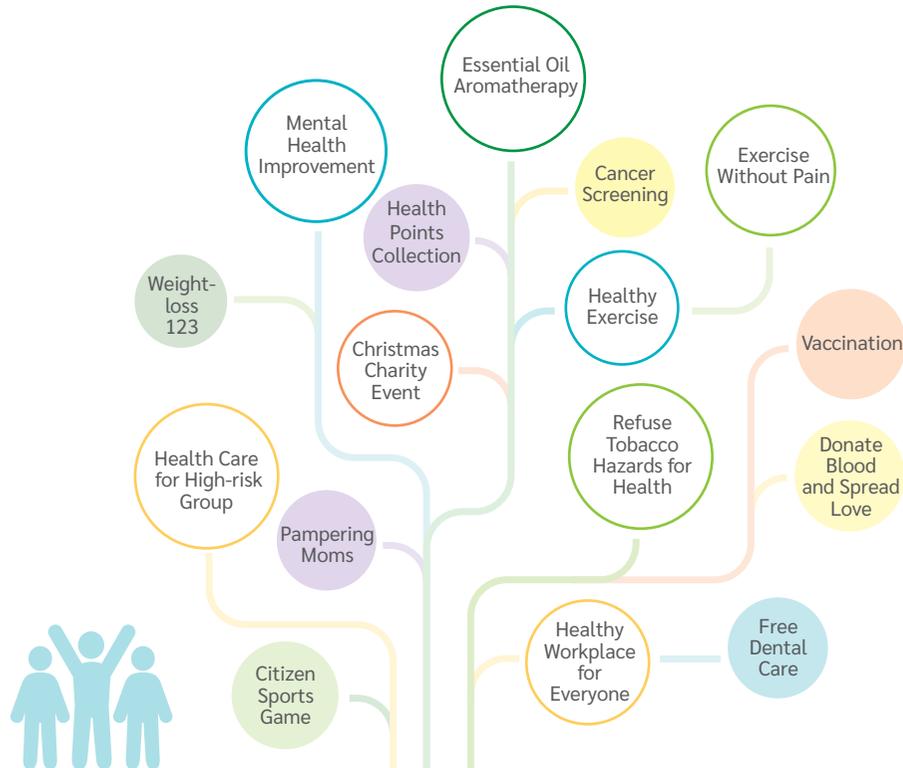
Issues	Management Metrics	2023 Performance	Status
Metabolic Syndrome	Less than 22%	18.7%	
Cerebrovascular and Cardiovascular Disease	Risk level of 3 or more, less than 2%	0.38%	
Musculoskeletal Disorders	NMQ ⁽³⁾ of 3 or more, less than 10%	2.5%	

Health Promotion

Health promotion is an integral part of preventive healthcare. Based on the results of the health examination and the willingness to participate in health promotion activities, USI holds various health seminars, trainings, and activities such as pregnancy healthcare, cancer screening services, vaccination services, blood donation activities, weight-loss competitions, quit smoking contests, and bone density detection to prevent chronic and occupational diseases. USI also encourages employees to exercise regularly, eat and drink healthily, and maintain good living habits.

In mental health, USI not only holds fellowship campaigns 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 improve their performance by enhancing employees' mental well-being. In addition to managing human resources more effectively, it can deal with crises efficiently, improve production efficiency, and make sure employees' pressure from their families, work, and life can be balanced and addressed. We have 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.

Annual Health Promotion Activities



Cancer Screening



Blood Donation Drives



Citizen Sports Game



Essential Oil Aromatherapy



Tobacco Control Activities



Free Dental Care

Diverse Health Activities Performance Highlights

- A total of 40 health activities were organized for the whole year, with 10,705 participants and an activity satisfaction above 95%.
- The Nantou Facility was awarded the Healthy Workplace Certification - Health Promotion Label by the National Health Agency.
- More than 4,000 employees attended health promotion activities.
- 1,372 participants took part in the ergonomic hazard prevention program.
- 309 employees participated in tobacco control and prevention activities.



Inclusive Workplace

Talents are the essential seeds for USI's continuous growth and need to be carefully nurtured and watered. We build an inclusive workplace for employees by Enforcing Human Rights, Implementing Talent Development, Providing Comprehensive Benefits, and Cultivating Harmonious Labor Relations.



17,031 Employees
Total Headcount



167 Events
Employee Communication Symposiums



95%
Local Hire Rate



20%
Females in Top Management



71%
Facilities with Trade Unions



312 Employees
Sponsored to Obtain Degrees in Total

SDGs ▶



Key Stakeholders: Employees, Government



Sustainable Issue Performance and Targets



Material Issue



Achieved



Not Achieved ⁽¹⁾

Management Purpose	KPI	2023 Target	2023 Performance	Status	2024 Target	2028 Target
<p>Human Rights/Diversity & Inclusion</p> <p>Management Approach: Respect and follow the Human Rights Policy. Manage and mitigate human rights risks through periodic audits and implement measures to ensure human rights compliance. Encourage diversity and inclusion in the workplace. Evaluation Mechanism: Conduct annual human right risk assessment and track human right risk improvement plans every six months; track the employment status of disabled employees annually.</p>						
Construct a diverse and inclusive workplace free of human rights violations, with equal opportunities for all genders	▶ Ensure females have chances in all-level decision-making leadership	▶ More than 17% females in top management	▶ 20% of females in top management positions		▶ More than 20% females in top management	▶ More than 25% females in top management
	▶ Employ disabled employees	▶ Employ more than 90 disabled employees	▶ Employ 101 disabled employees		▶ Employ more than 120 disabled employees	▶ Employ more than 160 disabled employees
<p>Human Capital Development</p> <p>Management Approach: Encourage employees to continue their advanced studies. Plan training courses for employees to fit in the right position and cultivate internal instructors to instill corporate culture and organizational capabilities. Evaluation Mechanism: Track employee training status and quarterly/yearly review internal instructor training plan.</p>						
Improve employee capabilities and provide them with learning and future development opportunities	▶ Improve employee competence	▶ 920 cumulative internal instructors	▶ Total of 1,129 internal instructors		▶ Over 1,100 internal instructors	▶ Over 1,300 internal instructors
	▶ Employee career development plan	▶ Subsidize more than 40 employees to obtain degrees	▶ Subsidized 155 employees to obtain degrees		▶ Subsidize more than 50 employees to obtain degrees	▶ Subsidize more than 50 employees to obtain degrees
<p>Talent Attraction & Retention</p> <p>Management Approach: Provide competitive salaries and benefits, build a sound welfare system and harmonious labor relations, increase employees' willingness to stay, and reduce employee turnover. Evaluation Mechanism: Track monthly/quarterly/yearly direct employee (DL) and indirect employee (IDL) turnover and retention rates to ensure prompt management response.</p>						
Provide employees with suited jobs and retain talents for the Company's sustainable operations	▶ Employee turnover rate	▶ DL: less than 45% ▶ IDL: less than 12%	▶ DL: 42% ▶ IDL: 13%		▶ DL: less than 45% ▶ IDL: less than 12%	▶ DL: less than 30% ▶ IDL: less than 10%
	▶ Key talent retention rate	▶ Above 95% key talent retention rate	▶ 92% key talent retention rate		▶ Above 97% key talent retention rate	▶ Above 97% key talent retention rate

Note:
 1. For not achieved targets, please refer to the corresponding section for relevant explanations and future improvement plans.



Human Rights Protection

USI strongly believes that corporations have the responsibility to respect human rights. We support and respect the UN UDHR, human rights as defined in Principles 1 and 2 in the UNGC, 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. We are committed to protecting and promoting human rights with our employees, joint ventures, suppliers, business partners, customers, local governments, communities, and other stakeholders. Being a member of the RBA, we adopt its Code of Conduct in our global operations to enforce our commitment to protecting human rights, enforcing employees' rights and interests at work, creating a diverse, inclusive, and healthy workplace, and making a commitment to a balanced life between work and family. USI human rights management-related Policies include: the Human Rights Policy, Anti-Discrimination and Anti-Harassment Policy, USI Code of Business Conduct and Ethics, Supplier Code of Conduct, USI Corporate Policy for Sourcing Conflict Minerals, EHS & Energy Policy, and Policy on the Protection of Privacy and Personal Data.

Due Diligence

USI understands and manages human rights issues in a responsible manner. Adhering to the concepts of the PDCA management process and continuous improvement, the taskforce teams under the Sustainability Committee identify, evaluate, monitor, prevent, and reduce human rights impacts through the due diligence process. We disclose the assessment results on the official website in the form of a Due Diligence Report.

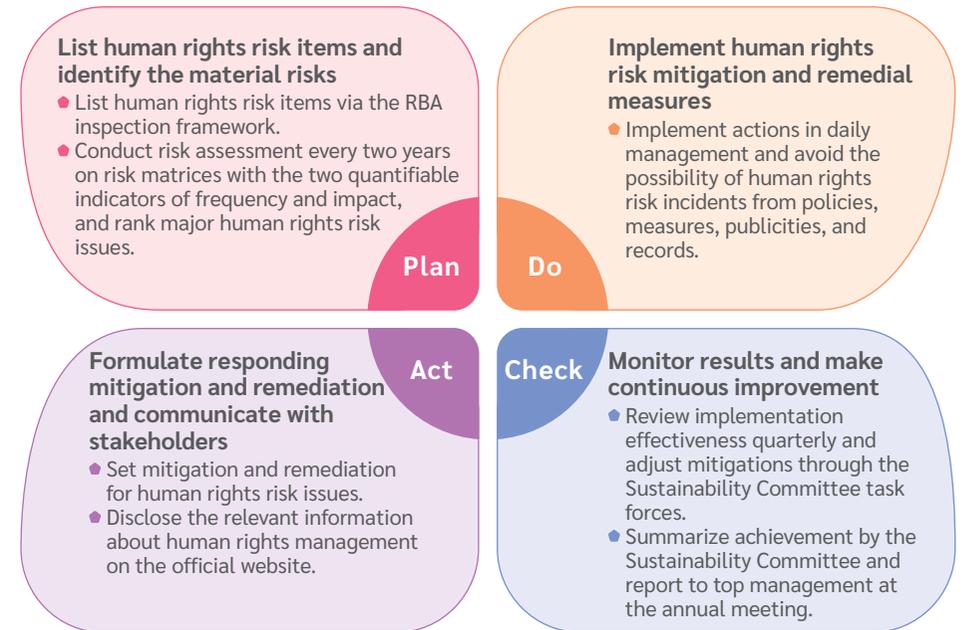
RBA Risk Assessment Framework

Our human rights management focuses on employees and suppliers within our operations. Through the RBA management mechanism, we implement SAQ ⁽¹⁾ internally every year and entrust external third-party institutions with special training in social and environmental audits to simultaneously provide RBA VAP ⁽²⁾ audit services for the risk management of all USI facilities and new business relationships.

We conduct regular risk assessment with a two quantifiable indicators risk matrix: frequency and impact, to investigate risk assessment results in the past two years, identify issues and groups that are vulnerable to human rights risks, formulate measures and plans, and continue to make improvements. The survey results are compiled and submitted to the Sustainability Committee Taskforces and reported to top management through regular meetings.

For our joint venture human rights risk assessment, it is required to conduct human rights risk identification every year. Those human rights risk issues listed in their sustainability reports, or the SAQ human rights risk identification results are necessary to formulate corresponding improvement plans and track their mitigations. The supplier human rights risk assessment is to conduct a human rights risk assessment on the annual Tier-1 suppliers and further understand which high risks that suppliers may face through on-site RBA VAP audits and continuously track and improve the effectiveness of their countermeasures for different risks. Please refer to the Supply Chain Management section for details on supplier human rights risks.

Due Diligence Process



Note:

- SAQ, Self-Assessment Questionnaire
- VAP, Validated Assessment Program, an on-site audit of suppliers, potential suppliers, and company facilities, performed by a RBA approved independent third-party audit company to provide the company with risk identification assurance, driving improvement, and implement a powerful management system of labor, ethics, health, safety, and environmental conditions in the supply chain.

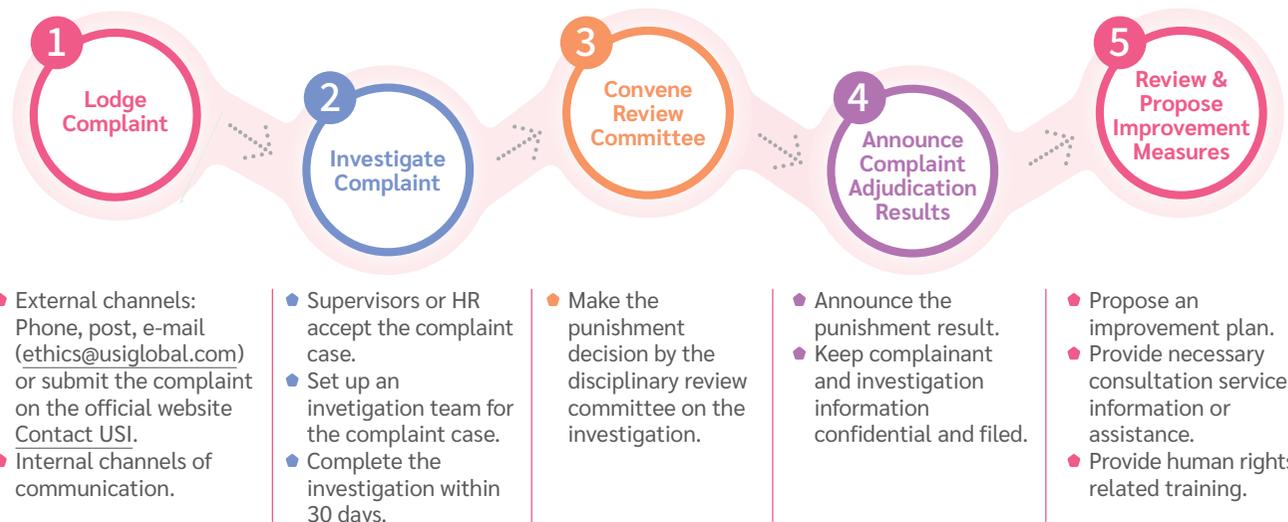


Actual/Potential Human Rights Issues and Groups at Risk Identified

USI Role	Groups at Risk	Human Rights Issues	Main Policies	Due Diligence	Grievance Mechanism
Employer (Including Mergers, Joint Ventures)	<ul style="list-style-type: none"> Employees Foreign migrant employees Young workers Third-party workers Female employees 	<ul style="list-style-type: none"> Freely chosen employment, working hours, wages and benefits, non-discrimination, anti-harassment, equal remuneration, gender equality, prohibition of child labor, young worker employment, freedom of association, right of collective bargaining, freedom of religion, prohibition of forced labor, occupational health and safety, emergency preparedness, occupational injury and illness, data privacy and security, sanitation, food, and housing 	<ul style="list-style-type: none"> Human Rights Policy Anti-Discrimination and Anti-Harassment Policy EHS & Energy Policy Policy on the Protection of Privacy and Personal Data 	<ul style="list-style-type: none"> RBA SAQ, RBA VAP, internal audit 	<ul style="list-style-type: none"> Internal reporting channels: all reporting channels of each Facility External reporting channels: please refer to the Business Ethics and Compliance section for details
Purchaser	<ul style="list-style-type: none"> Suppliers Contractors 	<ul style="list-style-type: none"> Freely chosen employment, working hours, wages and benefits, non-discrimination, anti-harassment, prohibition of child labor, young worker employment, prohibition of forced labor, occupational health and safety, emergency preparedness, occupational injury and illness, data privacy and security, prohibition of use of conflict minerals 	<ul style="list-style-type: none"> Supplier Code of Conduct USI Corporate Policy for Sourcing Conflict Minerals Policy on the Protection of Privacy and Personal Data 	<ul style="list-style-type: none"> SSAQ, on-site audit, document review 	
Product/Service Provider	<ul style="list-style-type: none"> Customers 	<ul style="list-style-type: none"> Data privacy and security 	<ul style="list-style-type: none"> Policy on the Protection of Privacy and Personal Data 	<ul style="list-style-type: none"> Risk assessment, internal/external audit 	

RBA Human Rights Management Mechanism

In accordance with the RBA management framework, each facility implements regular internal and external audits. We arrange cross-site mutual audits every year to ensure full compliance with standards. If there are any non-compliant items, corrective actions must be proposed and completed within the requested period. The Sustainability Committee meets quarterly to review labor, environment, occupational health and safety, and ethics performance to ensure that the Company fulfills its various social responsibilities. We have established an investigation and employee reporting mechanisms and complaint channels to manage employees' complaints and ensure the implementation of human rights policies and avoid incidents that endanger human rights.



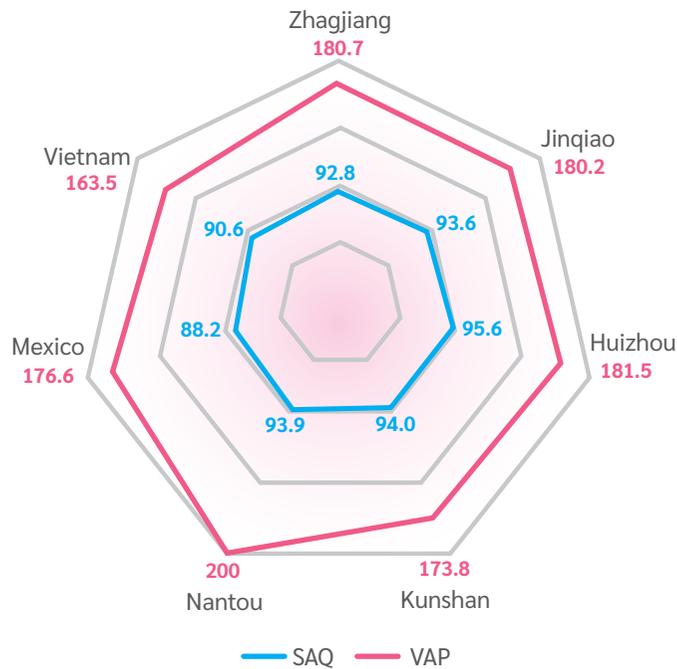


Human Rights Risk Assessment Results

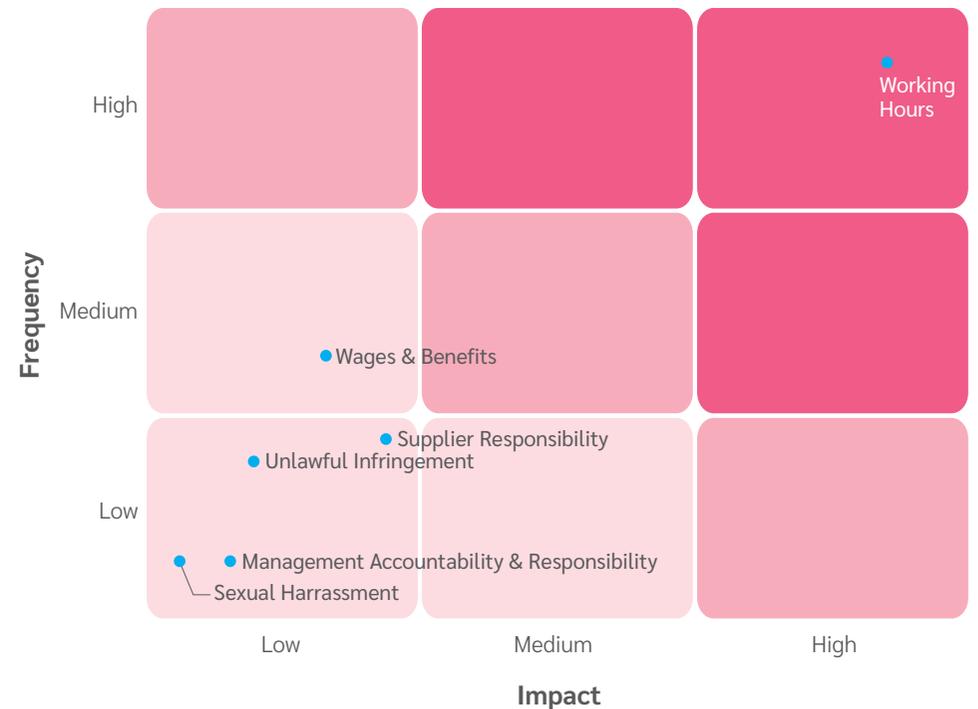
We conduct internal reviews by processing RBA SAQ and VAP human rights risk assessments of the 7 major facilities, as well as employee complaints, to identify the risks of each facility and propose corresponding mitigation plans. In 2023, the SAQ assessment scores of all facilities are higher than 85 points, indicating that all facilities are low-risk facilities in terms of human rights risks. We also conduct audits on Tier-1 suppliers by using the SSAQ to assess their human rights risks and further conducting on-site audits or document reviews.

In 2023, we found working hours, wages and benefits, unlawful infringement, and sexual harassment are issues that are prone to exposure risks. For other issue analysis and mitigation measures, please refer to the sections in the [Value Chain Management](#) and the [Environmental Protection and Occupational Safety](#) chapters.

Human Rights Risk Assessment Results ⁽¹⁾



Human Rights Risk Analysis ⁽²⁾



Note:

1. SAQ assessment score: above 85 is considered low risk; 65~85 is considered medium risk; below 65 is high risk.

2. Major risks are events with high frequency and high impact; minor risks are events with low frequency and low impact; other events are classified as secondary risks.



Human Rights Risk Mitigation & Remediation

In 2023, working hours, wage and benefits, unlawful infringement, and sexual harassment were identified as potential and actual human right issues. From awareness training, management strengthening, to disciplinary actions, we have implemented mitigation measures and provided remediations detailed in the table below:

Target	Workers
Risk Issues	Working Hours, Wages and Benefits, Unlawful Infringement, Sexual Harassment
Mitigation	<p>Working Hours:</p> <ul style="list-style-type: none"> Recruit enough employees to meet production capacity needs and avoid overtime due to an insufficient workforce. Establish a working hours management mechanism system to control overtime working hours, notify the overtime employees and their direct supervisors with an overtime limitation early warning. And enforce the "After Continuously Working 6 Days, Need to Take One Day Off" management and tracking mechanism. New/upgrade attendance system to strictly implement the working hour management mechanism. The working hour compliance rate ⁽¹⁾ had reached 75% in 2023; compare with 2022, an increase of 1,333 employees met the RBA working hour specifications. <p>Wages and Benefits:</p> <ul style="list-style-type: none"> Strengthen communication with resigning employees and arrange job transfer counseling. <p>Humane Treatment (including unlawful infringement and sexual harassment): Reiterate that no sexual harassment and unlawful infringement are tolerated.</p> <ul style="list-style-type: none"> Anyone who discovers an incident of unlawful infringement in the workplace or in which he or she is subjected to unlawful infringement, should immediately report it in accordance with the grievance procedures. After receiving the complaint case, an investigating process will kick off in a confidential manner. If the complaint is found to be true, it will be punished in accordance with the Work Rules. Strengthen human rights training and publicity including (but not limited to) non-discrimination, sexual harassment, privacy rights, etc. and reiterate relevant human rights grievance mechanism and handling procedures. Strengthen the trainings on the humane treatment in the workplace including (but are not limited to) interpersonal relationships and communication skills, unlawful infringement prevention policies in the workplace, safety equipment and resource systems, and awareness of potential risks in the working environment and understanding of possible aggressive behaviors and the methods to cope it, psychological counseling and emotion management, incident investigation and interview skills, etc. Issue trainings on the unlawful infringement prevention behaviors and publish documents on grievance process and punishment rules to help communicate with employees smoothly; provide on-site physician consultation services to assist employees with psychological counseling and stress relief consultation to alleviate employee stress and frustration. Announced the "Statement of Prohibiting Unlawful Infringement in the Workplace" and the "Unlawful Infringement Prevention and Management SOP", set those courses relevant to human rights issues as mandatory, construct a workplace unlawful infringement prevention special area on SharePoint intranet (217 visitors) to share the unlawful infringement grievance channels and management procedures, and trainings and promotion materials which are related to the laws and prevention measures, and medical consulting service information.
Remediation	<p>Humane Treatment (including unlawful infringement and sexual harassment):</p> <ul style="list-style-type: none"> Provide trainings on topics related to human rights/humane treatment, improve the leadership capabilities of supervisors, complete investigations through the grievance mechanism, track the effective implementation of disciplinary and counseling measures, and adjust the corresponding internal management mechanisms and compensation at the same time. Provide clinic physician consultation service and information to assist employees in psychological counseling and stress relief counseling.
Grievance Mechanism	USI provides internal reporting channels, including human resources mailboxes, employee complaint lines, and reporting mailboxes in all facilities.



Note:
 1. Working hours compliance rate = [1- (sum of the monthly employees who work more than 60 hours per week ÷ sum of employees at the end of each month)] × 100%



In 2023, there were 24 employee complaints, with 20 cases verified and filed, including 9 external litigation cases and 11 internal complaints. For the external cases, they were 1 closed win case involving occupational accident compensation disputes and 8 labor relations termination cases of the Huizhou Facility relocation. Internal complaints consisted of 4 harassments, 6 inappropriate management, and 1 case of disablement to use the attendance system. Regarding the failure using system case, we trained the employee to use the system and paid for the shortfall fee, so the case was closed. The 2 sexual harassment cases were that the complainant was inappropriately contacted by others against his or her will in the workplace, making the complainant feel offended. Another 8 cases were inappropriate co-worker interactions and management styles. Based on our Policy of Humane Treatment in the Workplace and complaint handling process, an internal investigation team process and collect statements with a manner of protecting privacy of both parties-complainant and complainer. Once suspected misconduct is confirmed, the Disciplinary Committee will set penalties in accordance with the Work Rules. To remediate the harm the employees underwent, we keep communicate and act actively to improve working conditions and provide employees with mental health counseling services for psychological reconstruction, work pressure relief, career planning and other services performed by on-site physicians. We strengthen human rights publicity to prevent employees from being ignorant of human rights-related laws and bring a negative impact on the Company's creation of an equal-gender and happy workplace, and conduct annual human rights-related employee training, including RBA, humane treatment in the workplace, gender equality, and the sexual harassment act. Adhering to the above principles in the facility where sexual harassment cases occurred, in 2023, after completing the sexual harassment handles, we delivered the harassment law propaganda, complaint process, and skills in handling such incidents in the management symposium with the General Manager of the Facility. Reiterate the policy of "No Toleration to any Sexual Harassment" and post the Anti-Discrimination and Anti-Harassment Policy in all buildings and floors and in internal communication networks. Besides, all employees were required to take a sexual harassment training. A total of 3,026 employees participated in the training, with 1,513 training hours.

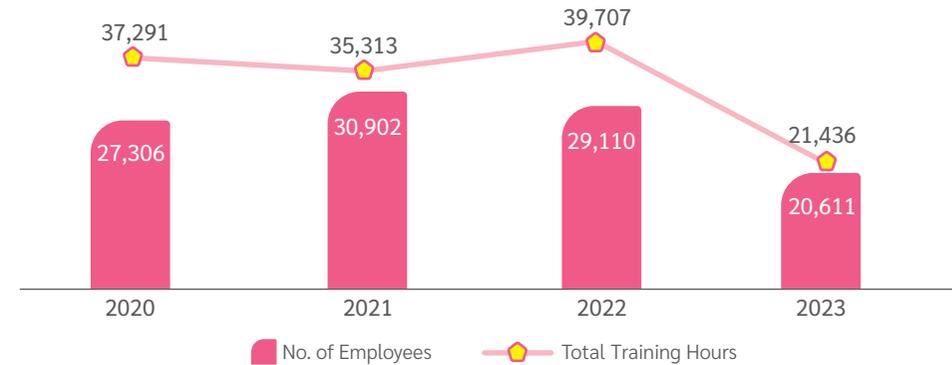
Sexual Harassment Case Handling and Remediation Principles

Punishment	<ul style="list-style-type: none"> For those who constitute sexual harassment cases, the Disciplinary Committee will make a punishment decision based on the violation and the Working Rules
Counseling	<ul style="list-style-type: none"> Keep the victim's personal information and the case confidential, provide psychological and medical consultation referrals, and provide HR assistance in adjusting work or units if necessary
Remediation	<ul style="list-style-type: none"> Review the cause and track the effectiveness of the counseling or punishment, and adjust the system to avoid the occurrence of a similar incident or retaliation

Human Rights Training

USI continuously pays attention to human rights protection issues, promotes relevant training, and enhances human rights protection awareness to reduce the possibility of related risks. Every year, employees in all facilities are requested to take Employee Code of Conduct and Humane Treatment in the Workplace courses to know the definitions and requirements of pro behaviors. To strengthen employees' understanding of human rights issues, we have created some "micro-learning" training videos for employees to learn during their fragmented time. In 2023, the per capita human right-related training was 1 hour; the total training hours were 21,436 hours; and the total number of trained employees was 20,611 (including resigned employees). 100% of employees have completed human rights training based on the training schedule.

Human Rights Training Participants and Training Hours



Employee Rights

USI complies with the employee human rights and labor laws in the country or jurisdiction where the Facility is located. All employees signed employment agreements with USI in compliance with local regulations (the signing rate is 100%). The agreement clearly stipulates the rights and obligations of both labor and the Company to protect and urges both parties to abide by it. When the Company's operation occurs a major change and cannot keep the employment relationship, the company shall inform the affected employees in advance per local laws and regulations of the notice period ⁽¹⁾ and explain their due rights and interests to them. In addition, the company will also try its best to assist employees to change jobs. As the Nantou Facility did, the Company will cooperate with the Taichung-Changhua-Nantou Regional Branch of the Workforce Development Agency to provide employees with working competency training information, collect job information in neighboring areas, and assist employees in changing jobs.

Note:

1. Notice period: Mainland China Facilities: employees should be notified at least 30 days in advance; Nantou Facility: employees should be notified at least 10 days in advance; Mexico Facility: employees should be notified at least 7 days in advance; Vietnam Facility: employees should be notified at least 3 days in advance.

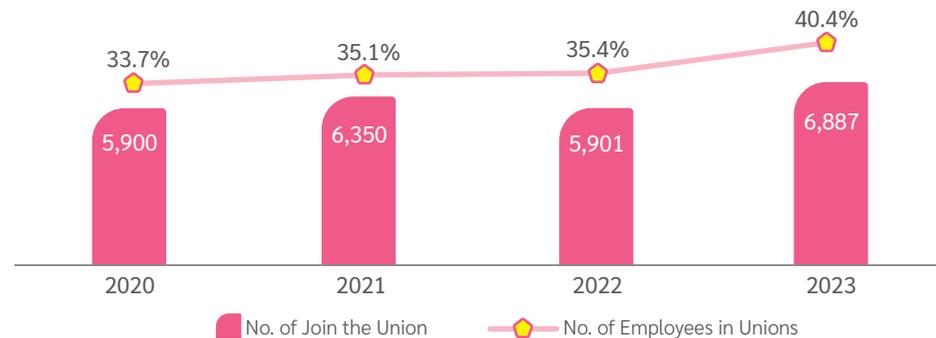


All Facilities have formulated work rules to ensure that employees are aware of their relevant rights and obligations. For example, Nantou Facility clearly stipulates various employee rights in the Employee Work Rule, including appointment, resignation, working hours, vacations, bonuses, insurance, behavioral disciplines, and other requirements, and posts them on the Company's internal website, bulletin board, or conspicuous place in the workplace. Every Facility has Recruitment Guidelines that have defined standardized operating procedures to select the most suitable candidates who are willing to serve in USI without discrimination and difference to attract more diverse talents for USI. The "Policy of Workplace Humane Treatment Establishment" is to show a workplace culture of safety, dignity, non-discrimination, mutual respect and tolerance, and equal opportunities, and to protect all employees from physical or mental harm while employees conduct their jobs.

Employee Unions

USI respects employees' freedom of association. Employees who have like-minded or interested partners can independently form associations. They are also free to organize and join trade unions and conduct collective consultations in accordance with relevant legal provisions. USI will not interfere in any way with the establishment, operation, or management of trade unions. USI will maintain smooth communication channels with the trade union, implement the matters related to employment, wage, and termination, and the regulations on employee health, safety, and sanitation, so that both labor and management can abide by them and form a labor union atmosphere for stable development. Now, except for the Nantou Facility and the Vietnam Facility, which have not established trade unions, the Zhangjiang Facility, Jinqiao Facility, Huizhou Facility, Kunshan Facility, and Mexico Facility have established their trade unions, and group agreements are signed with the trade unions. Employees participating in the trade union enjoy the protection of group agreements. The group agreement coverage rate is around 57%⁽¹⁾. In 2023, with the Company's initiative-taking communication with employees, there was no strike, which resulted from major labor disputes or work stoppages.

The Proportion of Employees Participating in Trade Unions



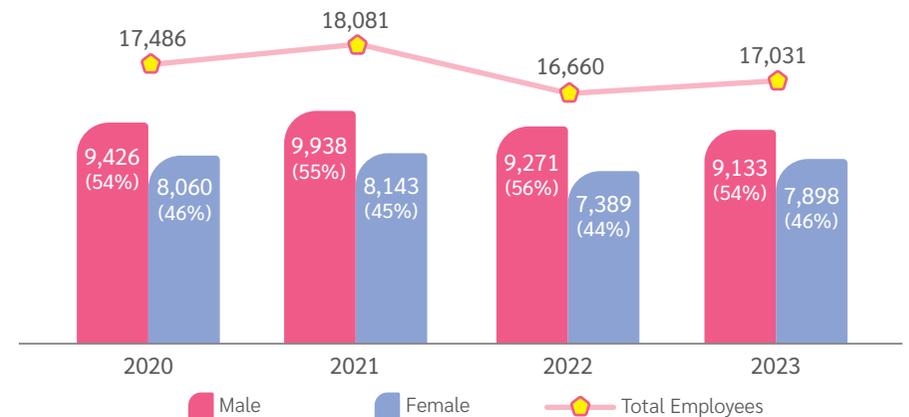
Talent Attraction and Retention

An inclusive work environment allows everyone to feel respected and supported, making finding the best way to work easier, developing everyone's expertise, and growing together. As USI expands worldwide, creating a workplace that grows with a multicultural culture, including individual employees' differences with no prejudice against different ages, genders, races, religions, nationalities, and politics, is of prime importance. Therefore, USI is investing substantial effort in establishing workplace culture, women's participation in decision-making, and the job arrangement of disabled employees.

Workforce Structure

As of the end of 2023, the seven major manufacturing facilities covered by this report had 17,031 employees, with 93% permanent employees (15,861 employees) and 7% temporary employees (1,170 employees). Classified by job categories, 1,113 employees were in management, 3,266 were in technical positions, 2,234 were in administrative positions, and 10,418 were in skilled positions. USI employees hail from 11 countries; classified by nationalities, there were 16,162 natives and 869 non-natives; classified by locations, there were 8,660 employees in Mainland China, 4,138 employees in Taiwan, 3,487 employees in Mexico, and 746 employees in Vietnam. Please refer to the Sustainability Data – Social A. Workforce Structure table for other detailed classification information.

Employee Headcount

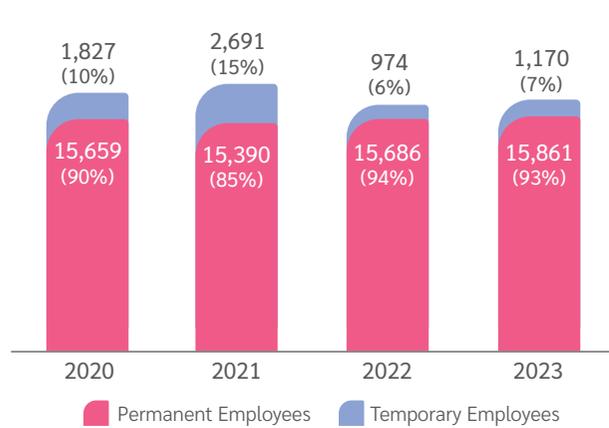


Note:

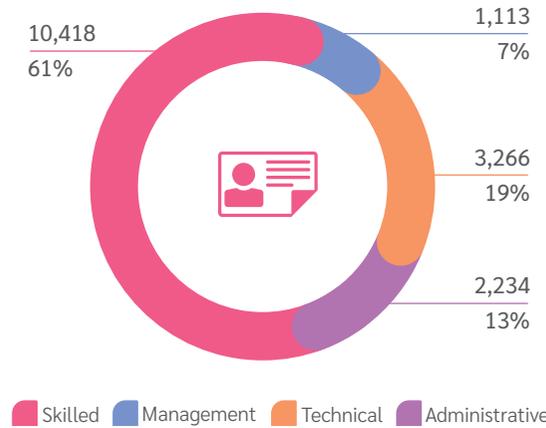
1. Group agreement coverage rate = number of employees participating in the labor union in the facility ÷ number of employees in the facility at the end of the period × 100%



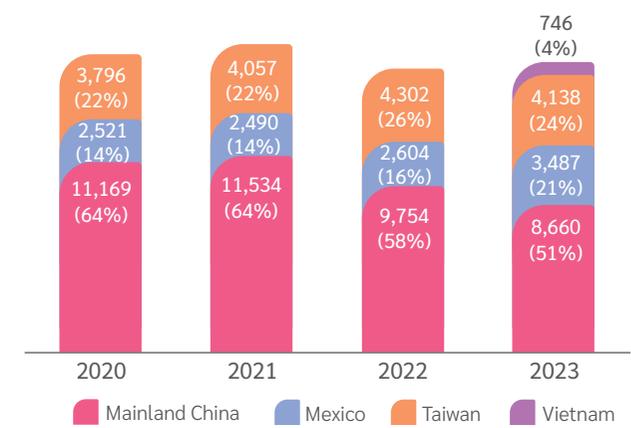
Permanent/Temporary Employees ⁽¹⁾



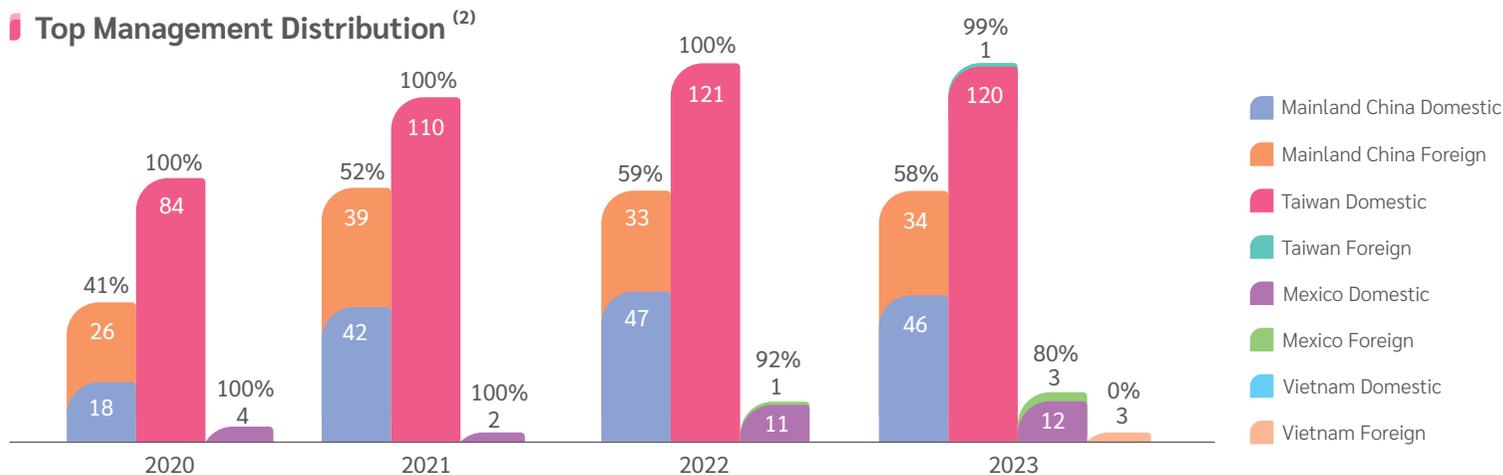
Job Category Distribution



Geographic Distribution



Top Management Distribution ⁽²⁾



Note:
 1. Permanent (regular) employees refer to employees who have signed an indefinite labor contract with the company. Temporary employees refer to employees who sign a fixed-term labor contract with the company and are also called contracted employees. Permanent/regular/temporary/contracted employees are full-time employees.
 2. The proportion of domestic top management position = No. of domestic top managers in the Facility ÷ No. of all top managers in the Facility × 100%



We are committed to creating a gender-friendly workplace so employees can fully utilize their talents in a diverse and inclusive workplace. As of the end of 2023, female employees accounted for 46.4% of total employees, and there were 20% females in top management positions. The proportion of females in top management positions has increased yearly since 2018. We shall cultivate more female employees who can serve in top management positions. We are working towards having 25% females in top management by 2028, allowing more females to participate in decision-making.

Gender Diversity Indicators

Diversity Indicators (%)	2020	2021	2022	2023
Females in total employees	46.1%	45.0%	44.4%	46.4%
Females in management positions	23.6%	22.6%	23.1%	23.6%
Females in junior management positions ⁽¹⁾	26.2%	25.9%	25.6%	24.3%
Females in middle management positions ⁽²⁾	23.5%	20.3%	21.8%	24.8%
Females in top management positions ⁽³⁾	12.9%	17.6%	19.2%	20.1%
Females in revenue-generation function management positions ⁽⁴⁾	45.5%	47.9%	50.0%	50.6%
Females in STEM job positions ⁽⁵⁾	22.3%	22.1%	21.7%	21.8%

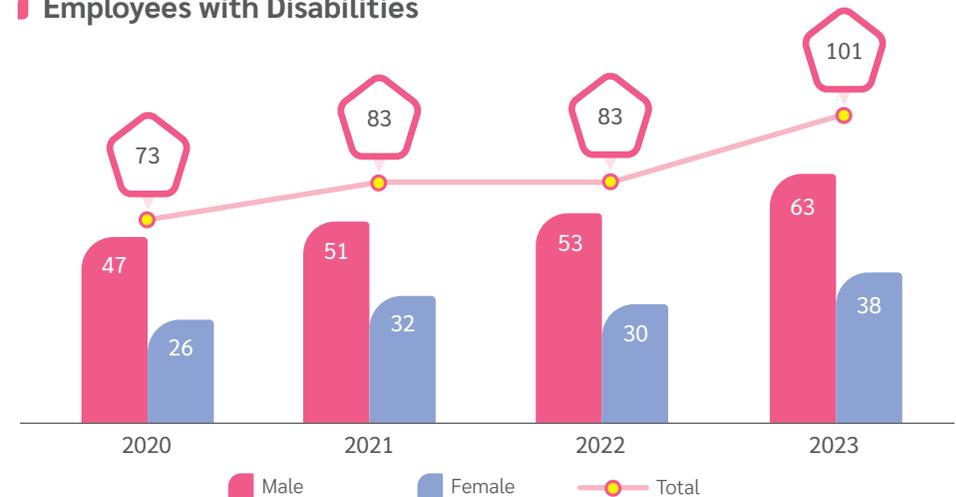
We actively solve the employment problem of local citizens and people with disabilities across our facilities and adhere to the principle of prioritizing recruiting "local talents". Therefore, 95% of employees are local citizens where the facilities were located. Over the years, the proportion of local employees promoted to management positions has increased to 94%. In addition, we strive to tailor jobs suited for our disabled employees, so they have a greater sense of job accomplishment. In 2023, 101 disabled employees were hired worldwide, accounting for approximately 0.6% of the total employees. We are willing to create more job opportunities to hire more people with disabilities and hope to employ 200 disabled people by 2028.

Note:

- The junior management positions refer to section and sub-section heads.
- The middle management positions refer to department heads.
- The top management positions refer to the division heads and above.
- Revenue-generating functions: sales function, excluding support functions such as HR, IT, and Legal.
- STEM refers to personnel with job functions related to science, technology, engineering, and mathematics fields.



Employees with Disabilities





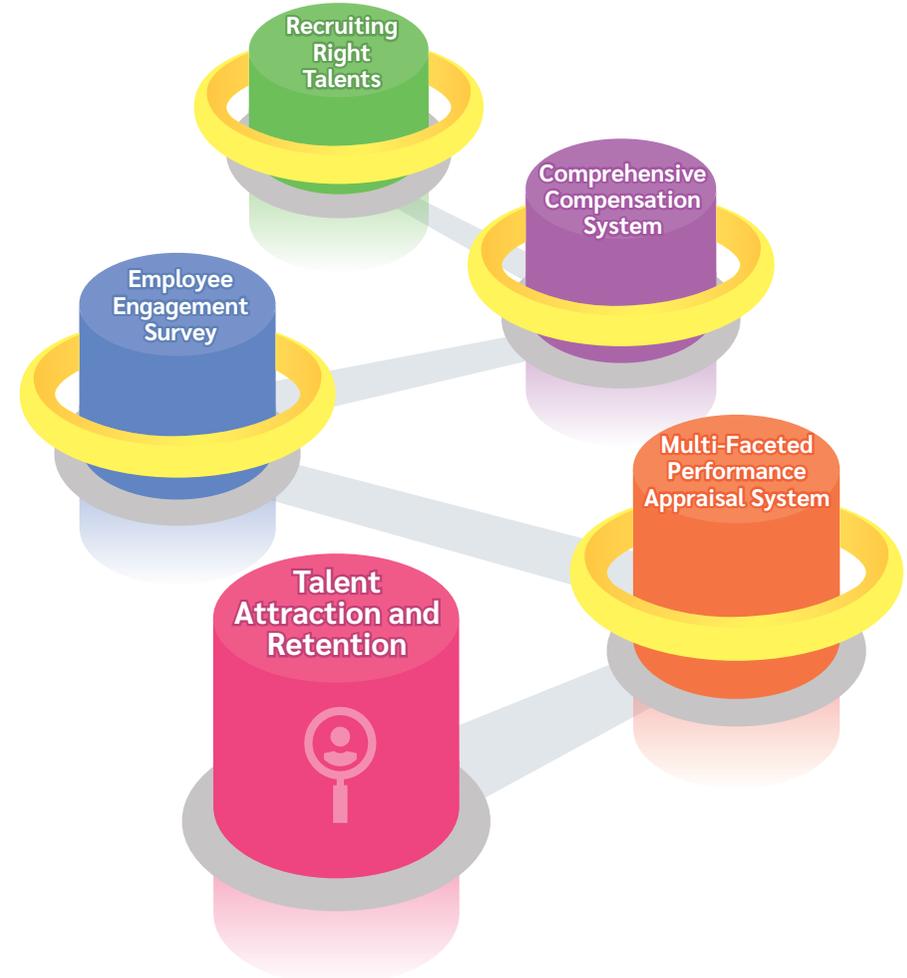
Recruiting the Right Talents

USI recruits suitable professionals based on business development goals and competencies. After receiving approved personnel demands, the recruiting department analyzes the labor market and plans various recruitment channels and employment models. We openly recruit talents through multiple channels, such as campus recruitment, employee recommendation programs, industrial-academic internship programs, corporate sharing sessions, online recruitment, and multimedia recruitment. Then, according to each facility's labor needs, establish the most suitable employment relationship (such as full-time/part-time workers, permanent/temporary workers, dispatched workers, or appointed professionals) and treat all applicants without prejudice or discrimination. We use objective interview testing tools to screen candidates' occupational suitability, accumulating the energy required for our continuous growth and innovative research and development so that diversified talents from around the world can give full play to their strengths and meet different customers and diverse market needs.

In 2023, USI recruited 9,499 new employees, including 8,949 direct employees ⁽¹⁾ and 550 indirect employees ⁽²⁾. We set up a mentor system and actively promote the "369 Three-Period Care for New Employees". We assign mentors and provide training programs so new employees can quickly integrate into the Company. We have a complete welfare system, a comfortable and convenient working environment, and excellent communication channels. We also care about our employees' work and life and hold celebrations to enhance employees' recognition and loyalty to USI and avoid the loss of human capital.

We value our employees' opinions. Over the years, we have conducted Employee Satisfaction Surveys and Employee Engagement Surveys to understand employees' expectations, listen to employees' voices, and put forward improvement plans to increase employees' willingness to stay in USI. By analyzing the termination reasons of DL and IDL, we conduct corresponding improvement measures and propose a retention plan to reduce employee turnover.

In 2023, the overall turnover rate of the Company was 29.7%. The DL turnover rate was 40.7%, and the IDL turnover rate was 12.6%. USI has been established for nearly 50 years, so 49 employees were eligible and have retired this year. In addition to the need to strengthen the internal interaction of the new employees due to the relocation of the Huizhou Facility and the expansion of the Nantou Facility and Mexico Facility, each facility has launched corresponding improvement plans in response to the reasons for employee resignation. Regarding DL turnover, we strengthen the supervisory workforce arrangement ability by training, encouraging DL to participate in skills training, or changing the new positions to slow down the DL's turnover rate. Regarding IDL turnover, in addition to strengthening employee care, enhancing smooth communication, and introducing organizational culture, systems, and benefits, we will take note of employee personal development plans and arrange talent development courses. Please refer to the [Sustainability Data – Social B. New Hires and Employee Turnover](#) table for other detailed data breakdowns.



Note:

1. Direct employees (DL) refer to employees working in skilled positions.
2. Indirect employees (IDL) refer to employees working in management, technical, and administrative positions.



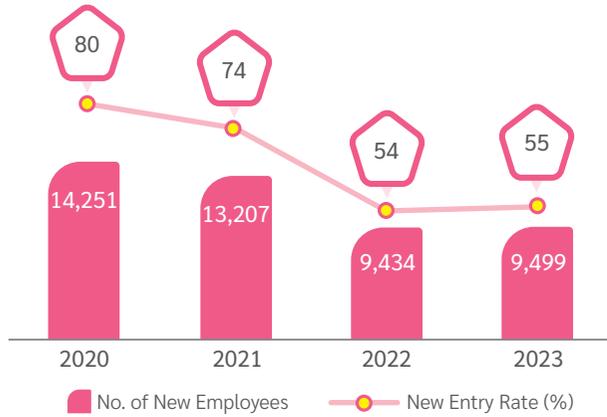
Comprehensive Compensation System

USI Compensation Philosophy

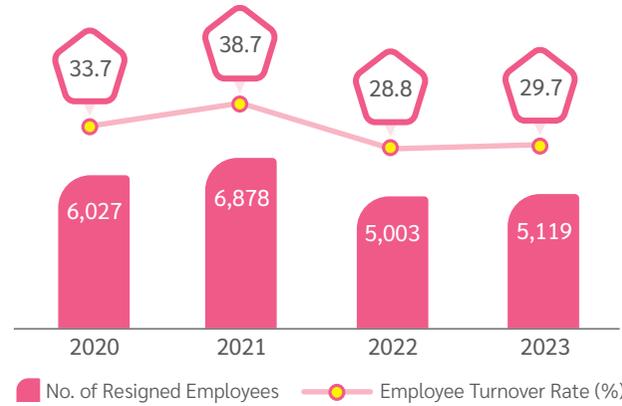
- ◆ Recognize employees' contributions to the Company, formulate the differences between each position, and maintain the balance of paying salaries.
- ◆ Respond to employees' performances appropriately for encouraging employees and recruiting required talents.
- ◆ Provide employees fair and reasonable treatment and adjust the salary as responsibilities are enriched.
- ◆ Adjust flexibly with the human resource market and the changes in the organization.

USI abides by the requirements of local labor laws. There are no different starting salaries and rewards based on employees' gender, religion, politics, and marital status. We provide employees with consistent salary standards and benefits through a fair, reasonable, and motivated salary assessment system. After reviewing employees' contributions and performance through a multi-faceted evaluation system, outstanding employees shall be given reasonable and substantial returns that are monthly job bonuses, equity incentive plans⁽¹⁾, employee stock options, and profit-sharing plans. In addition, USI participates annually in well-known public salary surveys held by local business consultants and regional salary associations to evaluate the overall economic indicators and market salary standards, external competitiveness of talents, and labor market supply and demand conditions to promptly adjust our offer to reflect market prices and enables employees to receive reasonable treatment and USI's overall compensation is competitive in the talent market.

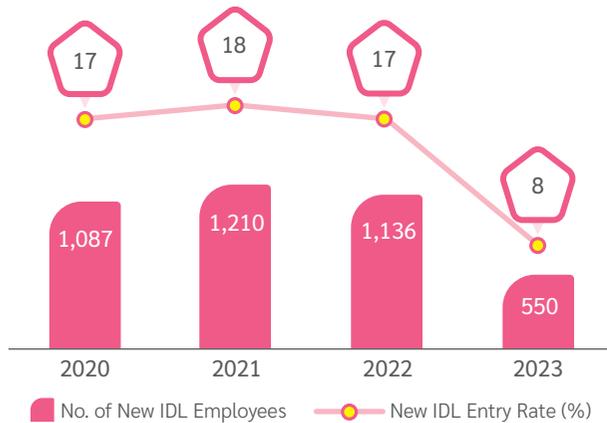
Overall Number and Ratio of New Hires



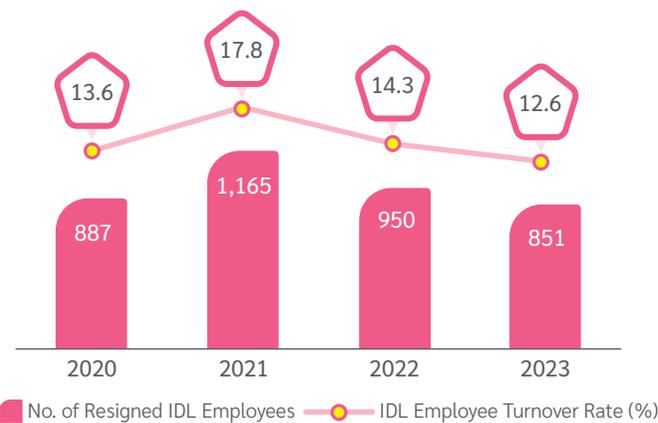
Overall Turnover Numbers and Rates



Number and Ratio of New IDL Employees



IDL Turnover Numbers and Rates



Note:

1. Equity incentive plan: refers to the purpose of attracting, retaining and motivating employees, while meeting both the official Company annual goals (return ratio on net assets is not less than 10% and the GHG emissions reduction is not less than 3,752.5 metric tonnes) and the employee individual performance rating requirement, then under the stock exercising condition, the incentive objectives (i.e., the Company's core business mid-level managers and technical employees, as well as relevant employees deemed by the Board of Directors to need incentives) have the right to exercise their eligible shares within the validity period to purchase Company stock at a price. In 2023, employees who are not executives and are eligible to exercise their incentives accounted for 22% of all employees.



In 2023, USI adjusted the employee basic salary in each facility to maintain the competitiveness of the talent market. The salary adjustment range of Mainland China Facilities is about 1.5% to 12.0%, the Nantou Facility is about 2.9% to 4.2%, the Mexico Facility is about 5.5% to 16.0%, and the Vietnam Facility is about 7.0% to 8.0%. The ratio of the standard starting salary of DL to the local minimum salary is about 1.00~2.51 after calculation. The ratio of basic salary ⁽¹⁾ and compensation ⁽²⁾ of females and males ⁽³⁾ in each facility are shown in the table:

Ratio of DL starting salaries to local minimum wages ⁽⁴⁾		Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Vietnam
		1.00	1.00	1.00	1.05	1.00	1.00	2.51
Management Position	Ratio of the basic salary of females and males ⁽⁵⁾	0.95	1.05	0.99	1.00	0.97	0.84	0.94
	Ratio of the compensation of females and males	0.98	1.01	0.99	0.97	0.95	0.89	0.93
Technical Position	Ratio of the basic salary of females and males	1.12	0.94	0.91	1.03	0.85	0.83	1.00
	Ratio of the compensation of females and males	1.16	0.96	0.95	1.02	0.81	0.83	0.91
Administrative Position	Ratio of the basic salary of females and males	0.90	0.98	0.89	0.86	0.87	0.82	1.02
	Ratio of the compensation of females and males	0.90	1.04	0.89	0.84	0.85	0.85	0.99
Skilled Position	Ratio of the basic salary of females and males	1.00	0.97	1.01	0.97	0.96	1.01	1.00
	Ratio of the compensation of females and males	0.99	0.97	1.02	0.96	0.93	1.01	1.10

Employee Communication

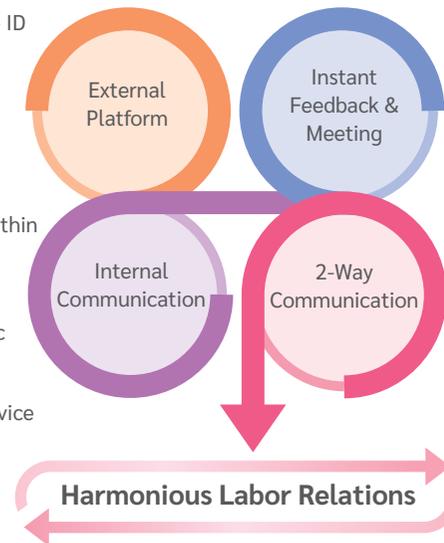
We actively establish a positive employee relationship and continuously maintain an open, mutual trust, and smooth one/two-way communication environment so that employees can instantly understand company trends and workplace-related rights and obligations and protect employee rights and interests. In addition, we arrange courses to introduce the channels for employees to express their opinions, the locations of Employee Suggestion Boxes, and how to fill in the relevant information. We listen to employees' voices by holding regular senior executive seminars, providing instant feedback meetings and channels, conducting questionnaires, and taking practical actions to promote harmony in labor-management relations. In 2023, there were 167 employee communication seminars in total (48 President/General Manager Symposiums, 35 New Employees Outreach, 9 Foreign Employees Caring Meetings, and 75 Employee Feedback Meetings) and vigorously push and disseminate communication messages through various media and strengthen the promotion of information on internal and external reporting and feedback channels when the messages are conveyed. Whether employees submit suggestions through electronic or physical employee suggestion boxes, employee complaint hotlines, employee relations networks, or other means, the corresponding responsible unit members will deal with the opinions expressed as soon as possible and provide feedback. In 2023, there were 395 employee suggestions, and the corresponding units responded in the shortest time.

Note:

- Salary refers to the monthly remuneration paid to employees, including basic pay, allowance, and bonuses (i.e., meal allowance, shift allowance, supper allowance, overseas expatriate allowance, position allowance, monthly work bonus, and full attendance bonus).
- Compensation is the sum of salary and bonuses. Bonuses refer to non-monthly remuneration (such as three festival bonuses, profit sharing, job performance bonuses, and special bonuses).

- WeChat Enterprise ID
- LinkedIn: 19,000 followers
- Facebook

- Communication within working unit
- HR and Employee Relations staff
- Physical/electronic bulletin board
- E-mail
- Employee Self-Service Network (ESS)
- Newsletter
- Video wall broadcasts



- 48 President/GM Symposiums
- 35 New Employee Outreach
- 9 Foreign Employees Caring Meetings
- 75 Employee Feedback Meetings
- Employee engagement survey
- Trade union participation: 5 facilities have trade unions with a 57% participation rate
- Hold regular labor/employee conferences
- Employee suggestion box
- General Affairs Service Platform

- Due to regional differences, there will be big differences in Mainland China Facilities' ratios.
- Ratio of the direct employee starting salary to local minimum salary = direct employee starting salary ÷ local minimum salary
- Ratio of female to male salary/compensation = female salary/compensation ÷ male salary/compensation



Employee Benefits

Considering the different needs of all employees around the world in terms of food, housing, education, entertainment, transportation, and physical and mental health, USI provides employees with considerate welfare systems and insurance plans, provides facilities for physical and mental development, and designs various activities to enhance physical and mental fitness, so as to Employees who have the employment relationship with USI can also have a balanced life with their families while working. For more details, please refer to [Sustainability Data – Social H. Comprehensive Welfare System](#).

Flexible Working Hours

Due to USI's globalization, cross-site and cross-time zone communication has become increasingly frequent. We set up multiple working hours for the same shift based on the principle of flexible working to meet the employees' needs of working in different business hours or time zones. If any employee has the need for family care or takes an education, an employee can apply for a change of working hours after obtaining the approval of the supervisor.

Distanced Working (Working from Home)

"Emergency Management" is a must-have capability for business sustainable management. To reduce the Company's risk of being unable to operate due to factors such as natural disasters, fires, and notifiable infectious diseases, USI has implemented a remote working model. Employees can comply with the "Global Remote Office Guidelines" to apply to work from home and receive reimbursement for purchasing working equipment and meals. As of the end of 2023, 538 employees around the world were applying to work remotely.

Physical and Mental Health Management

USI implements an employee assistance program to help employees adjust to work stress through stress adjustment questionnaires and cooperating with hospitals to provide psychological counseling services. We organize physical and mental health lectures and activities, hold art appreciation events, and see movies to manage work stress through multiple channels. Simultaneously, USI provides event venues and subsidizes various sports clubs to hold activities. It encourages employees to exercise for good physical health.

Employee Support Programs

Employee Benefits	Workplace stress management	<ul style="list-style-type: none"> Conduct stress adjustment surveys, provide psychological counseling services, lectures and activities on physical and mental health, art, culture & movie appreciation
	Sport & health initiatives	<ul style="list-style-type: none"> Sports activities: the Company subsidizes various sports associations to organize activities and activity venues Health management: annual physical examination, full-time medical staff to provide free medical consultation
Work Conditions	Flexible working hours	<ul style="list-style-type: none"> Set multiple working periods for one shift, for example: 8:00-17:00, 8:30-17:30 and 9:00-18:00 for the day shift, to meet different job requirements. Employees who need to take care of their families or study can also apply to work in the approved time period that works for their multiple responsibilities
	Working-from-home arrangements	<ul style="list-style-type: none"> Set Global Remote Work Guidelines that provides subsidies for work equipment purchase and meal allowance to the employees who apply to work from home
Family Benefits	Childcare facilities or contributions	<ul style="list-style-type: none"> Tuition and miscellaneous fees discounts for preschool childcare service contractors
	Breastfeeding room and benefits	<ul style="list-style-type: none"> There is a breastfeeding room in each Facility Breastfeeding leave: 60 minutes of breastfeeding time per day
	Maternity leave, pregnancy checkups leave	<ul style="list-style-type: none"> Maternity leave: Mainland China Facilities: more than 22 weeks; Nantou Facility: 8 weeks; Mexico Facility: 12 weeks; Vietnam Facility: 26 weeks Pregnancy checkups leave: Mainland China Facilities: 4 hours each time; Nantou Facility: 7 days; Vietnam Facility: 5 days
	Paternity leave, parental leave	<ul style="list-style-type: none"> Paternity leave: Mainland China Facilities: 15 days for giving birth accompany; Nantou Facility: 7 days in total for giving birth or checkup accompany; Mexico Facility: 5 days for giving birth accompany; Vietnam Facility: 5-14 days for giving birth accompany Parental leave: Mainland China Facilities: 5-10 days a year with pay; Nantou Facility: Maximum 6 months; Vietnam Facility: 20 days a year



Employee Benefits and Subsidies

Benefit Item	Beneficiaries	Benefit Amount (CNY)
Three Festival Gift Certificate	25,335	8,620,844
Birthday Gift Certificate	14,906	3,900,774
Employee Continued Education Subsidy	208	355,755
Scholarships for Employees' Children	5,098	2,549,083
Retirement Gift	38	55,610
Total	45,585	15,482,066

Subsidy Item	Subsidy Recipients	Subsidy Amount (CNY)
Wedding Subsidy	318	120,307
Childbirth Subsidy	100	146,143
Travel Subsidy	6,621	2,676,168
Hospital Consolation Subsidy	124	28,979
Condolence Payment	132	80,151
Emergency Assistance	5	30,599
Total	7,299	3,082,348

Family Support

In response to government policies to encourage childbirth and address the aging population, USI has adjusted appropriate shifts, provided convenient parking spaces, additional meal quotas, and maternity subsidies for pregnant employees. We provide maternity, pregnancy check-up, paternity, and accompanying pregnancy check-up leaves. We set up a breastfeeding room so employees that breastfeed have a comfortable room and are entitled to breastfeeding leave every day. Those who need childcare services can choose a daycare institution contracting with USI for special discounts to take care of children during working hours. If need to take care of the families for a longer period, employees can also apply for family care leave or parental leave⁽¹⁾ to fully take care of them. In accordance with local laws and regulations, employees can apply for reinstatement after the expiration of parental leave; for sure, USI will also proactively remind employees of the deadline for parental leave. In 2023, the number of newborns in the entire factory was 409, and both the reinstatement rate and the retention rate increased, showing that USI's maternity benefits and measures make employees more willing to become new parents.

Parental Leave in Nantou Facility

Item	2020	2021	2022	2023		
				Male	Female	Total
Employees qualified to apply for parental leave that year ⁽²⁾	298	280	192	78	24	102
Employees that applied for parental leave that year	23	34	34	8	27	35
Employees expected to return from leave that year	14	25	34	15	27	42
Employees that returned from leave that year	14	17	23	13	20	33
Employees that returned from leave the previous year	11	14	17	8	15	23
Employees reinstated in the previous year and continued to work for more than one year	11	11	8	7	13	20
Reinstatement rate ⁽³⁾ for parental leave	100%	68%	68%	87%	74%	79%
Retention rate ⁽⁴⁾ after back from parental leave	100%	79%	47%	88%	87%	87%

Note:

- Parental leave: Mainland China Facilities: 5-10 days of paid leave a year before the child is 3 years old; Vietnam Facility: 20 days a year before the child is 3 years old, and 15 days before the child is 7 years old.
- Eligibility for parental leave in the current year: those who have taken paternity leave or pregnancy leave (20 weeks or more) from 2019 to 2023 and are still working in 2023.
- Reinstatement rate: the number of people actually reinstated after parental leave in the current year ÷ the number of people who should be reinstated in the current year after parental leave × 100%
- Retention rate: the number of people who were still employed 12 months after the childcare leaves in the previous year ÷ the number of people who were returned to work after the childcare leave in the previous year × 100%



Employee Retirement Plan

USI and its subsidiaries provide pension insurance and elder insurance in accordance with the retirement laws and regulations of each business location. Employees who meet the statutory retirement conditions can apply for retirement to withdraw pensions or apply for elder annuities in accordance with the law. In 2023, there were 28 retired employees at the Nantou Facility, 11 at the Mainland China Facilities, and 10 at the Mexico Facility, for a total of 49 retired employees. USI has allocated CNY 232,422,846.31 in total for the retirement programs of all facilities⁽¹⁾. USI's relevant retirement systems are as follows:

Nantou (Old System)

- **Legal compliance:**
 - ▶ In accordance with the Labor Standards Act, the retirement provision fund is submitted to the Labor Retirement Reserve Supervisory Committee and deposited into a special account in the Bank of Taiwan in the name of the committee; an actuarial assessment is conducted every year to determine whether the balance of the special account is sufficient to pay the expected amount payable for the year. If there is insufficient payment for possible retirement payments, the estimated amount needs to be made up to the special account in the following year. Retirement benefits are calculated based on the employee's average salary in the six months before retirement multiplied by the seniority base.
- **Provision ratio:**
 - ▶ 2% of the employee's total monthly salary is appropriated to the employee retirement fund by the employer.
- **2023 actual results:**
 - ▶ A total of CNY 15,524,339 was withdrawn from the retirement reserve fund, and the balance at the end was CNY 128,165,752.

Mainland China, Nantou (New System), Mexico and Vietnam

- **Legal compliance:**
 - ▶ In accordance with local social insurance law, Mainland China Facilities and Vietnam Facility pay monthly deposit fees according to the corresponding proportion of the deposit base.
 - ▶ In accordance with the Labor Pension Act, the Nantou Facility requires employers and employees to contribute a fixed proportion of the employee's salary to the individual account every month according to the pension level. Employees' monthly withdrawals are tax-free.
 - ▶ In accordance with the local retirement benefit plan, the Mexico Facility establishes pension savings accounts for employees and makes monthly deposits based on the fixed proportion of employees' salaries.
- **Contribution ratio:**
 - ▶ Mainland China Facilities: employer 16%; employees 8%
 - ▶ Nantou Facility: employer 6%; employee 0-6%
 - ▶ Mexico Facility: employer 8%; employee 2%
 - ▶ Vietnam Facility: employer 14%; employee 8%
- **2023 actual results:**
 - ▶ A total of CNY 216,898,508 was deposited to employee individual accounts.

Work-Life Balance

Based on the three tenets of Health, Happiness, and Learning, USI sponsors various clubs every year to organize various activities and promote the physical and spiritual development of employees.

Three Main Themes of Employee Activities



Note:

1. All facilities include Zhangjiang, Jinqiao, Huizhou, Kunshan, Nantou, Mexico and Vietnam Facilities, other manufacturing facilities, and sales offices.



To organize employees' welfare and activities and maintain harmony between labor and management, USI encourages employees to well-plan their personal time for job and their families. We invite our employees and their families to participate in the activities, create a happy learning atmosphere, provide employees with spiritual joy, implement the purpose of "life skills, skills life". At the same time as joining those employee activities, we cultivate team understanding, create a harmonious working atmosphere, and greatly improve work efficiency.

USI attaches great importance to employee health and actively promotes employees to build exercise habits by sponsoring the activities of 38 various clubs. We plan and improve various facilities, regularly hold various lectures, activities, and competitions. In 2023, USI has provided a total of approximately CNY 1.5 million and organized a total of 205 employee activities, with 28,870 event participants.



Employee Activities



Sporting Competitions

Employees can enhance their physical fitness, improve their skills, and enrich their cultural life through physical exercise, technology, training, and competitive competitions.





Art and LOHAS

Provide employees with various art and cultural activities to promote physical and spiritual exploration and growth.



Energy Supplement

Provide employees with various talks and appreciation, DIY activities for stress relief, and obtain knowledge in other fields when improving self-energy.





Warmth and Gratitude

Participate in social activities, offer blessings and care to colleagues and those who need help, gather solidarity among colleagues, show humanistic care, and realize self-achievement.



Employee Performance Appraisal and Development

Through a fair and comprehensive performance management system, USI connects the Company's overall strategic goals with employees' individual objectives and performance measurement standards and regularly evaluates employees' work performance during the evaluation cycle according to job category. The performance appraisal (PA) process is a review committee consisting of upper-level supervisors, supervisors of upstream and downstream business units or colleagues, and customer opinions. The PA evaluates individual performance from multiple angles. Supervisors need to provide development suggestions and forced ranking results. According to the performance appraisal results, rewards, training plans, and various career development opportunities are provided. Those with excellent performance and potential are actively promoted and cultivated through an open and transparent promotion mechanism, providing higher responsibilities and compensation. Salary rewards motivate employees to achieve individual and unit objectives and move towards the Company's overall goals.





Employee Performance Appraisal Types

Types of PA	Target	Frequency	Practices
Agile Conversations	IDL	Ongoing/ all the time	<ul style="list-style-type: none"> In the performance management system (Success Factor), supervisors can review job progress and working attitude and annual KPIs with employees online by weekly or monthly regular reviews, or irregular reviews and provide employees timely guidance and feedback on a rolling basis.
Management by Objectives and Ranking	ALL	Semi/annual	<ul style="list-style-type: none"> Employees input their work plans and quantifiable KPIs on Success Factor at the beginning of each year. After discussing the KPIs with their direct supervisor and agreeing with both parties, employees put their KPI based on this consensus. During the performance appraisal period, the supervisors provide their consultation and motivation to the employees to complete the assigned tasks. At the end of the appraisal cycle, the evaluation and forced ranking are conducted according to the achievement of each objective.
Team-based Matrix Management	IDL	Ongoing/ all the time Semi/annual	<ul style="list-style-type: none"> In the spirit of project management, cross-functional/departmental individuals work together to complete project goals. The project leader is responsible for confirming and tracking the work executing status of each project member during the project. The project members report to the project leader and the organizationally direct supervisor simultaneously. The project leader will participate in the performance appraisal meeting of the project members to provide their observation and member's working performance.
Multi-dimensional Management	IDL	Semi/annual	<ul style="list-style-type: none"> It is a review committee, consisting of upper-level supervisors, supervisors of upstream and downstream business units or colleagues, customer opinions, etc., and the judges jointly evaluate the individual performance from multiple angles. Supervisors need to provide development suggestions and forced ranking results.
Multi-skilled Qualification Assessment	DL	Quarterly	<ul style="list-style-type: none"> The line instructors will assess every employee to see whether their competency of working on the production line, machine operation, product inspection, and exception elimination is qualified or not.

Employee and Distribution of Taking Regular Performance Appraisal and Competency Review^(1~2)

Gender	Position	Performance Appraisal			Competency Review		
		Number of Employees	No. of Employees Taking Performance Appraisal	Percentage of Taking Performance Appraisal	Number of Employees	No. of Employees Taking Review	Percentage of Taking Review
Male	Management	829	829	100%	792	792	100%
	Technical	2,616	2,616	100%	2,616	2,616	100%
	Administrative	840	840	100%	840	840	100%
	Skilled	3,695	3,695	100%	3,695	3,695	100%
Subtotal		7,980	7,980	100%	7,943	7,943	100%
Female	Management	260	260	100%	258	258	100%
	Technical	553	553	100%	553	553	100%
	Administrative	1,338	1,338	100%	1,338	1,338	100%
	Skilled	4,959	4,959	100%	4,959	4,959	100%
Subtotal		7,110	7,110	100%	7,108	7,108	100%
Total		15,090	15,090	100%	15,051	15,051	100%

Note:

1. Qualification of Performance Appraisal and Competency Review: employees that have passed the three-month probationary assessment are assumed to be qualified. However, those who haven't passed the probationary assessment, or those on leave without pay for over three months are not listed for performance appraisal and competency review.
2. Vice presidents and above do not file their competency review in the system.



Employee Engagement Survey

Employee engagement affects the employees' willingness of devoting themselves to their work, offering others their work experiences and suggestions for improvement, and it also affects the smoothness when they perform their jobs. Therefore, employee engagement has a positive impact on USI. USI conducted the first biennial survey with expert consultants in 2017. We hope that this can help us effectively understand and collect employees' opinions and use it as a policy tool for attracting, retaining, and cultivating talents, thereby improving the Company's processes, strategy, and various measures to be closer to the employees' needs and achieve a win-win situation between USI and employees.

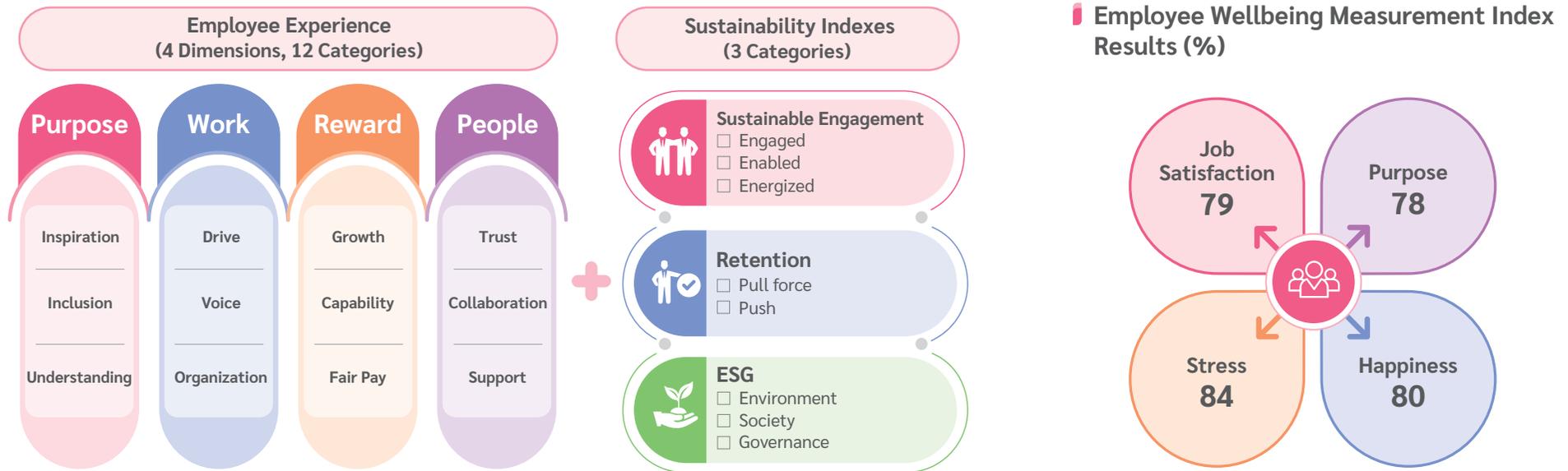
In 2021, we implemented a new survey structure and measurement benchmark ⁽¹⁾, adding the sustainable development index, which are the 3 categories of sustainable engagement, retention rate, and ESG, in the participation survey, which can listen to the voices of employees more deeply and effectively, get closer to employees' expectations to achieve the goal of attracting and retaining talents.

In 2023, we conducted a 14-day employee engagement survey and invited 15,516 DL and IDL who joined USI before June 30 to participate in the survey. A total of 12,878 valid questionnaires were collected, and the effective response rate (coverage rate) of the questionnaire was 83%.

According to the results of the 2023 employee engagement survey, the overall employee engagement was 80%. We had higher engagement with our employees in three aspects of team collaboration, supervisor supporting, and organizational efficiency and personal development, organizational efficiency, and inspiration are our three priorities in the future to promote Sustainability Engagement. The next employee engagement survey will be conducted in 2025.

Items	2019		2021		2023		2025
	Target	Result	Target	Result	Target	Result	Target
Engagement (%)	75	77	80	84	83	80	85
Data coverage (%)	80	76	80	89	85	83	85

We also used the employee wellbeing measurement index developed by the University of Oxford's Wellbeing Research Center to analyze our Employee Engagement Survey across 4 dimensions: job satisfaction, purpose, stress, and happiness.



Note:
1. Measurement: the survey is on a 5-point scale, and the results are calculated based on the sum of two positive evaluations of Strongly Agree (5) and Agree (4).



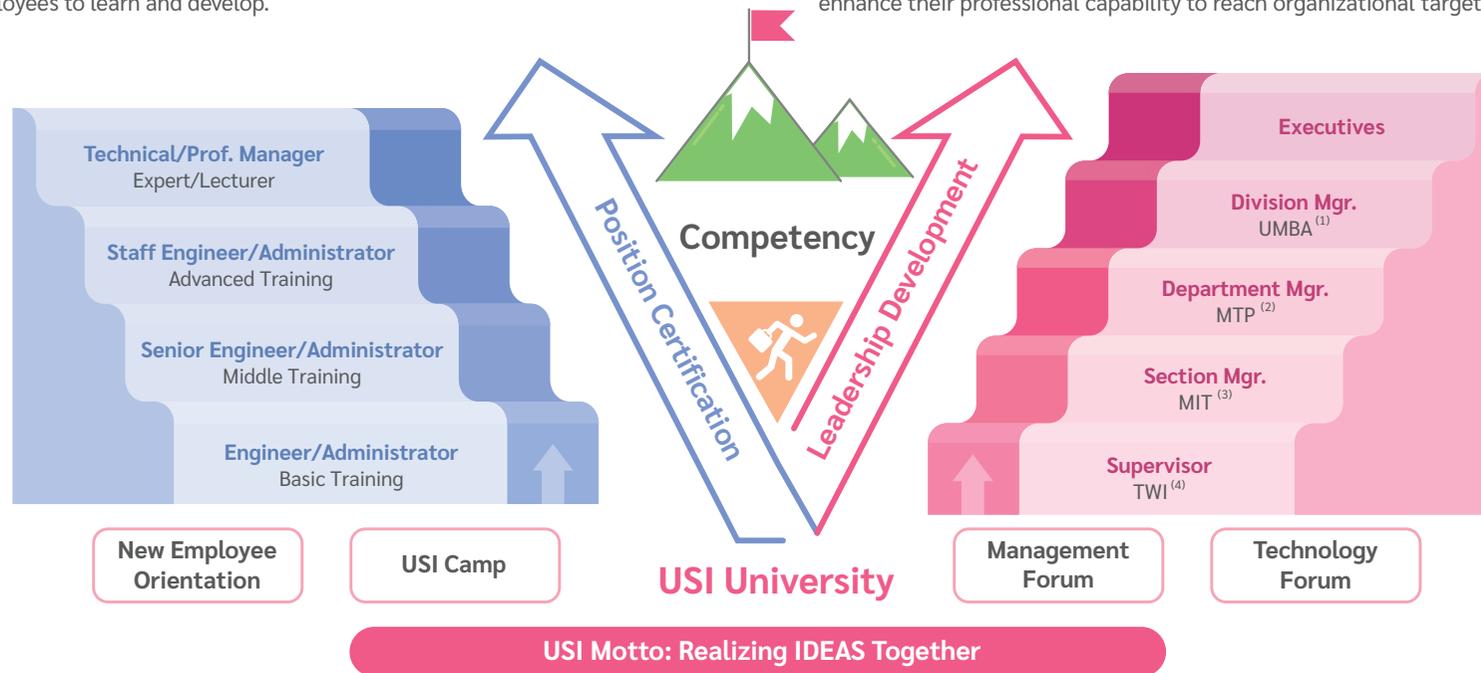
Human Capital Development

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 in talents and created a learning organization culture to provide employees with the most appropriate resources and effective learning models, helping them to enhance themselves and show their value in relevant expertise.

Dual Career Ladder

Through diversified educational training, USI helps its employees cultivate professional abilities and grow and improve learning effectiveness. The most important learning and development system in the USI cultivation program is USI University (USIU). USIU sets up College of Management, College of Technology, College of Quality, College of Manufacturing, College of Sustainability, and General Knowledge Center. The principal of USIU is served by the Company's president, and the deans of each college and General Knowledge Center are served by vice presidents with reputation and expertise in various fields. USIU integrates global learning resources for employees to learn and develop.

USIU provides a holistic learning and development framework for employees to actively retain talents by strengthening the "Dual Career System" of management and professional positions. With a mission of realizing high operational performance, USI establishes an innovative learning environment and is committed to improving employee professional quality, leadership management, and innovative research and development capabilities inside the organization. It has targeted employees with different competences to plan various employee training and courses, provide them with a complete learning platform, help them to solve work issues, and enhance their professional capability to reach organizational targets.



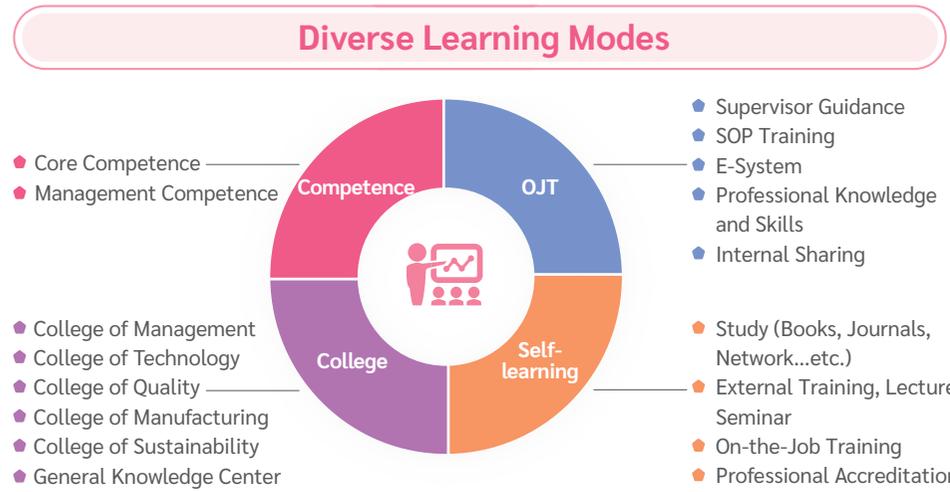
Note:
 1. UMBA, USI Master of Business Administration
 2. MTP, Manager Training Program

3. MIT, Manager Initial Training
 4. TWI, Training Within Industry for Supervisors



Diversified Channels and Platforms of Learning

USIU provides employees with all-round training courses that talents need to take. It offers not only diversified training content but also designed the training methods and relevant activities based on the different course categories. The courses include training in the classroom, e-learning training, on-job training, and external training. These courses enable employees to learn and continue their education in a more efficient and flexible manner. Under multiple learning models and a precise and solid training framework, we plan internal and external training and build diverse, innovative learning channels to inspire employees to grow continuously. So, more employees can show the training results through process reengineering, research and development achievement, project execution, and innovation, and apply what they have learned to the practice field of work.



e-platform (LMS, Global OA, SOP, DMP, PDM)

USI Motto: Realizing IDEAS Together

Note:
 1. VUCA, Volatility, Uncertainty, Complexity, Ambiguity
 2. SWOT, Strengths, Weaknesses, Opportunities, and Threats
 3. SMART, Specific, Measurable, Attainable, Relevant, Time-Based
 4. The 70-20-10 Rule, Learning by Doing – Learning from Others – Learning by Curriculum

Cultivating talents in the VUCA⁽¹⁾ era to cope with the changing environment in the future is an important part of the sustainable development of enterprises. It requires talents to build new capabilities by accumulating different practical experience, cross-border experience, and using "Role Swap" to allow employees to grow and move between separate roles and teams according to their personal career development goals and organizational development needs. The launch of the talent training plan will lead those who are at the helm who are striving forward in the turbulent waves to tap their potential by constantly accepting challenges, trying multiple cross-border development to cultivate a comprehensive perspective, and jointly create a stage fulfilled with a sense of belonging and achievement. Therefore, based on the intersection of the three cores, "Individual Ability, Individual Interest, and Organizational Demands", we establish an Individual Development Planning management mechanism. This is a structured learning plan led by employees. Through the assistance of supervisors, employees and their supervisors jointly set up their individual career development plan and individual growth plan and will achieve the development goals that are consistent with USI's strategic mission and goals together. At the same time, various forums and keynotes are held on a regular basis to improve various employees' competencies by sharing and communication from famous industry leaders and colleagues. In 2023, there were 2,080 participants in the leadership and management forums, 270 participants in the technology forums, and 309 participants in the sustainable development lectures to cultivate and strengthen their own abilities to accept new challenges.



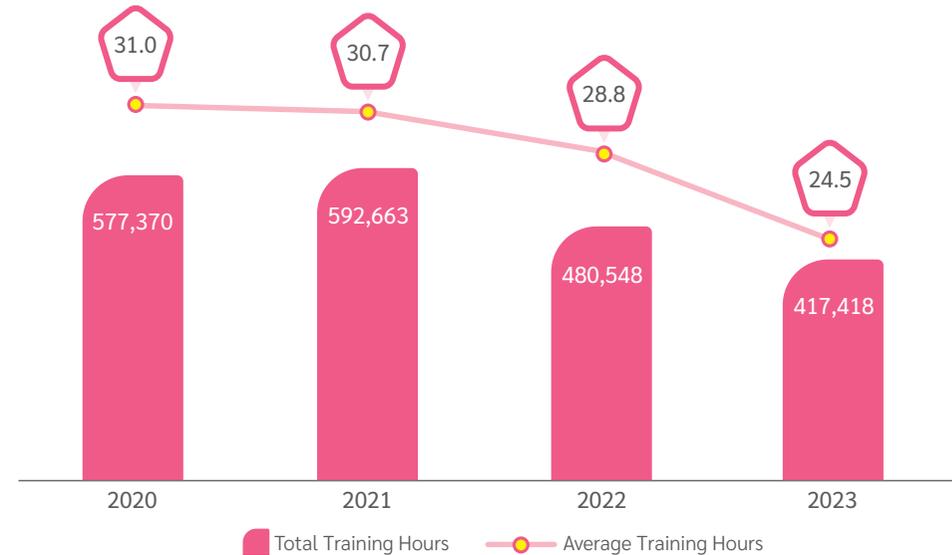


In the post-epidemic era, we have optimized our training platform and course production tools and replaced some physical face-to-face courses with digital courses. At the same time, we have made our course content more streamlined and vivid, and where and when to take the training is more flexible. In 2023, the total training hours were 417,418 hours, and the average per employee was trained for 24.5 hours⁽¹⁾. The total training cost exceeds CNY 10.4 million. For details, please refer to the [Sustainability Data – Social G. Training Hours and Cost](#) table.

Training Statistics by Employee Category

Category	2023	
	Total Training Hours	Average Training Hours
Male	252,436	27.6
Female	164,983	20.9
Management Position	34,349	30.9
Technical Position	138,562	42.4
Administrative Position	38,386	17.2
Skilled Position	206,122	19.8
New Employees	159,347	16.8
Total Employees	417,418	24.5

Employee Training Hours



Training Statistics by Topic

Training Topic	Environment	Health and Safety	Human Rights	Green Product	Business Ethics	Enterprise Risk	Cybersecurity
Total Training Hours	25,431	36,268	21,436	10,970	13,988	7,607	12,542
No. of Employees	18,173	19,510	20,611	12,908	17,439	7,768	8,449
Average Training Hours	1.4	1.9	1.0	0.8	0.8	1.0	1.5

Note:
 1. Average training hours = total training hours ÷ total employee headcount at the end of the year

Tailored Career Plan

The design concept of the USI's training courses is dual-track development courses to provide rich and diverse training courses and digital learning resources for all managerial and professional positions. To begin with the end in mind, we take the Koch four-level training evaluation model as a foundation to design training materials to provide rich and diverse training courses and digital learning resources for employees in different professional positions. From 2020, USI has standardized learning content in response to the needs of the Company's sustainable development and produced courses in English, Chinese, Spanish, Vietnamese, and other languages, allowing our colleagues to quickly understand policies and important messages conveyed by the Company.

Managerial Competencies

To ensure that the internal management talents meet the Company's development demands, we arrange management cadres to train managers at all levels according to the Company policies, core skills, management functions, human resources, financial accounting, and other concepts to prepare the Company's management echelon. We hold strategic leadership development programs (TWI/MIT/MTP/BU Head Cultivation) to obtain benefits such as strengthening management capabilities to their subordinates improving teamwork efficiency, planning the best workforce for the organization, reducing personnel costs, and reorganizing space layout. 416 employees, around 2.4% of the employees, attended the training according to the 2023 training plan. The estimated benefit was CNY 1,816,233.

Professional Competencies

USI implements a position certification system and establishes a professional ability verification mechanism for each position so that every employee in the same position has certain professional skills. Through the Professional Position Certification, employees shall improve their key capabilities such as problem analysis and problem-solving and provide them with a clear career roadmap for self-development. We include problem-solving training as part of our mid-level training program. After the training, it generates more solutions which lead to greater and more productive outputs than one employee can likely generate. Even better, those outputs are coordinated with every aspect of the work contributing to the team's success. 189 technical employees, around 1.1% of the employees, attended this training program according to the 2023 training plan. The estimated benefit was CNY 1,200,133.

Competency Training Courses

USI systematically improves employees' professional capabilities and organizational competitiveness, and tailors training courses to job roles and different functional development. We use the management and professional dual-function model as a framework to plan professional courses at various levels to improve individual employees' abilities to achieve better performance.

In terms of professional skills certification, the Kunshan Facility became the first batch of High-skilled Certification Enterprises of Jiangsu Province in 2019. In 2021, it has already had the ability to certify three types of jobs (as special installation and adjustment electronic equipment technician, debugging broadcasting and communication equipment technician, and electronic installation in broadcasting and communication equipment technician) and four levels of qualifications for junior, middle, high, and advanced technicians. As of 2023, we have trained a total of 2,685 certified skilled technicians, including 711 junior technicians, 810 intermediate technicians, 815 senior technicians, and 349 advanced technicians. This project allows USI to establish its own ability of training and evaluating professionals, to improve individual professional functions and cultivate and retain talents for the organization. According to the 2023 training plan, 780 professionals, around 4.6% of the employees, were trained and gained certifications. The estimated benefit was CNY 4,194,769.

Improve the Liveliness of Learning

To motivate employees to learn and keep their motivation continuously in a dynamic state, USI provides various activities to allow employees to continue learning with laughter and builds USI as a learning organization. The IT Hackathon competition will continue its activity in 2023. Employees with different professional backgrounds formed as a team to compete and worked together to solve the current thorny problems with their creativity in various fields. In language learning, there were Chinese learning courses at the Mexico Facility, face-to-face English courses at Mainland China Facilities and the Nantou Facility. Employees practiced their English with real-life exercises in the USI International (English) Speakers Club and USI English Salon activities. And we even held "The Spelling Bee" competition to enhance colleagues' motivation for English learning and create a cultural atmosphere of diverse learning. In organizational culture, we held the "Accountability Case Competition" to allow employees to display their creativity while playing the role of screenwriters.





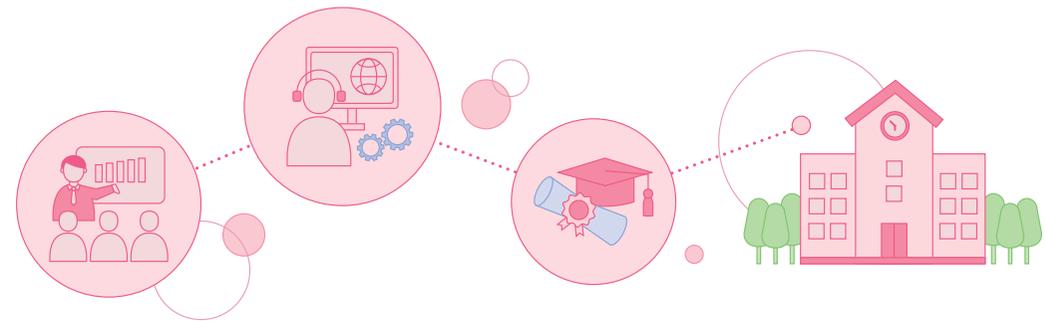
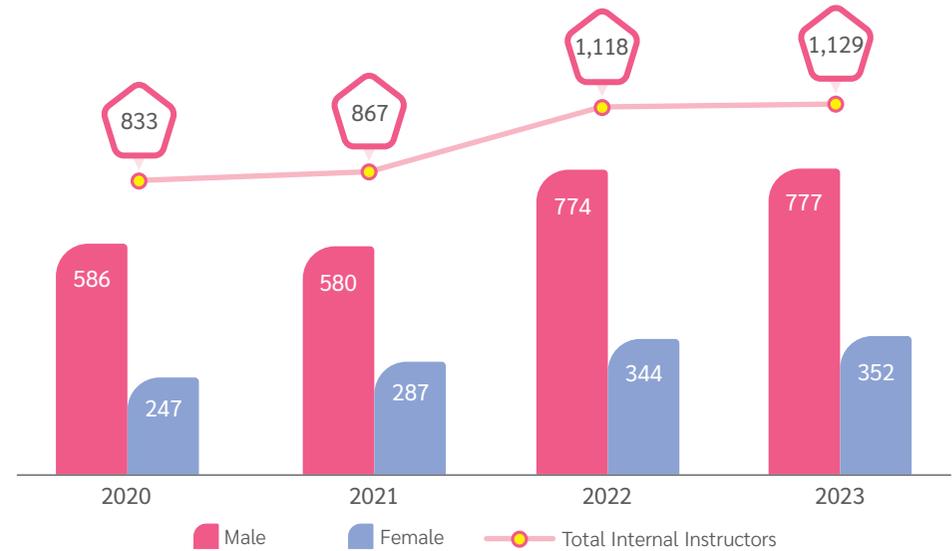
Strengthen Employee Sustainable Employment Ability and Lifelong Learning Program

In an era of ever-increasing demand for comprehensive talents, professionals with merely one skill are no longer enough to meet the working demands. USI has, therefore, continuously enhanced employees' sustainable employment ability, assisted employees in acquiring skills and ability management and lifetime learning programs that are required for a job transfer in the future. Starting from 2018, Zhangjiang, Kunshan, and Mexico Facilities have invited local colleges or universities to cooperate and hold 14 in-house academic degree courses in the facility, so that employees can avoid the commuting trouble and make the best use of their time to get a high school, college, or university diplomas/degrees. As of the end of 2023, a total of 312 employees have been supported to obtain academic degrees, and a total of 155 employees have been supported to obtain academic degrees in 2023. The categories of employees' degrees and their majors are shown as follows:

Category	Masters	University	College	High School
No. of employees	2	56	62	35
Major	Business administration, electrical engineering	Information engineering, environmental design, computer science and technology, human resources management, business administration, exhibition economics and management, financial management, administrative management, transportation, automobile application engineering, internet of things engineering, visual communication design, advertising, logistics management, e-commerce logistics	Business management, visual communication design and production, logistics management	None

Internal Instructor Training Program

Over the years, USI 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 to provide employees with high-quality and forward-looking courses to cultivate world-class talents for the Company to enhance the Company's global competitiveness. By the end of 2023, 1,129 instructors have passed the internal instructor program.





Social Involvement

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



CNY **9.25** Million
Invested in Social Involvement



3,645 Volunteer Hours
Contributed to Local Communities



151,482 Trees
Planted in the Million Tree Project



2,732 Students
Reached through 6 Rural Revitalization Programs



679 Students
Participated in Industrial-Academic Partnerships



35,040 kg
Community Waste Reduced in a Year



SDGs ▶



Key Stakeholders: Employees, Communities, Industry Unions/Associations



Sustainable Issue Performance and Targets



Material Issue



Achieved



Not Achieved

Management Purpose	KPI	2023 Target	2023 Performance	Status	2024 Target	2028 Target
<p>Social Involvement</p> <p>Management Approach: Focus investment in accordance with the USI Public Affairs Engagement Policy and encourage employees to volunteer in social activities through the Corporate Volunteer Regulations.</p> <p>Evaluation Mechanism: Adopt the LBG framework and SROI methodology to assess social activities input, output, and outcome, and adjust investments to create more value.</p>						
Effective management of social activities investment to maximize social value for both the company and the beneficiaries	▶ Rural area reading activities	▶ Hold 6 reading activities in rural areas	▶ Held 6 reading activities		▶ Hold 6 reading activities in rural areas	▶ Hold 6 reading activities in rural areas
	▶ Number of industrial-academic partnerships	▶ Promote industrial-academic partnerships	▶ Conducted 4 industrial-academic partnerships		▶ Conduct 2 industrial-academic partnerships	▶ Conduct 2 research industrial-academic partnerships
	▶ Number of interns	▶ Admit 30 interns	▶ Admitted 106 interns		▶ Admit 60 interns	▶ Admit 200 interns
	▶ Number of USIU classes shared	▶ Share 20 USIU classes	▶ Shared 20 USIU classes		▶ Share 25 USIU classes	▶ Share USIU 40 classes
	▶ Number of students benefiting from rural revitalization programs	▶ Support 1,100 rural students	▶ 2,732 students supported through 6 programs		▶ Support 1,500 rural students	▶ Support 2,000 rural students
	▶ Number of volunteers	▶ Reach 500 volunteers	▶ Reached 535 volunteers		▶ Reach 500 volunteers	▶ Reach 2,000 volunteers
	▶ Number of art groups supported	▶ Support 3 art groups	▶ Supported 4 art groups and 10 artists		▶ Support 3 art groups	▶ Support 3 art groups
	▶ Number of trees planted	▶ Plant 14,000 trees in the Corporate Forest	▶ Planted 21,268 trees		▶ Plant 14,000 trees in the Corporate Forest	▶ Plant 14,000 trees in the Corporate Forest
	▶ Amount of trash picked or reduced	▶ Pick up or reduce 200 kg of trash	▶ Reduced 35,040 kg of trash after waste sorting		▶ Pick up or reduce 300 kg of trash	▶ Pick up or reduce 1,000 kg of trash
	▶ Number of environmental seminars held	▶ Hold 2 environmental seminars	▶ Held 2 environmental seminars		▶ Hold 2 environmental seminars	▶ Hold 5 environmental seminars

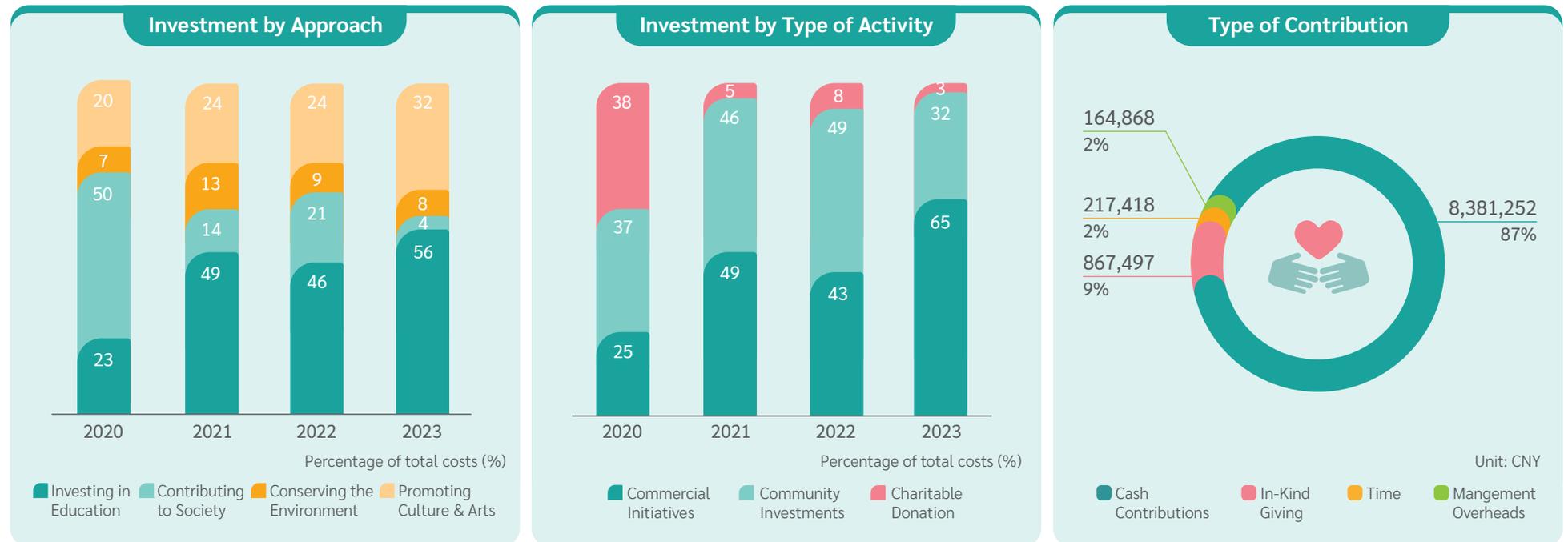


Social Activities Overview

As a corporate citizen, we believe that social involvement is more than monetary investments. Our contributions should be anchored in sustainable development and contribute to community development, making a positive impact. As the top management for Social Involvement, the Sustainability Committee established our Public Affairs Engagement Policy and Corporate Volunteer Regulations to systemically manage and focus our strategic direction. We encourage employees to volunteer in social activities that align with our four approaches: Investing in Education, Contributing to Society, Conserving the Environment, and Promoting Arts and Culture.

To measure the social value of our programs, we adapted the LBG framework to make better decisions, be more accountable, and maximize the effectiveness of each program by evaluating our inputs, outputs, and impact. USI invested CNY 9.25 million ⁽¹⁾ in 86 social activities and 40 external organizations in 2023 and engaged 535 employees to volunteer 3,645 hours of service throughout the year.

The following figures show the ratio of CNY Invested by type of approach ⁽²⁾, type of activities, and type of contribution:



Note:
 1. Total social investment costs are based on cash and in-kind giving. Volunteering time and management overhead costs are not included in the calculations.
 2. External organization participation costs are excluded from the social involvement four approaches.



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 the next-generation of technology talents.

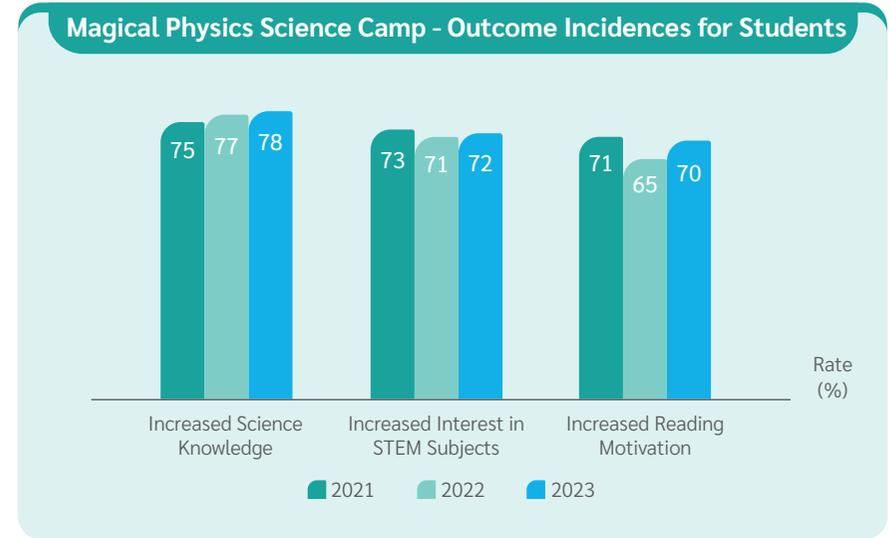
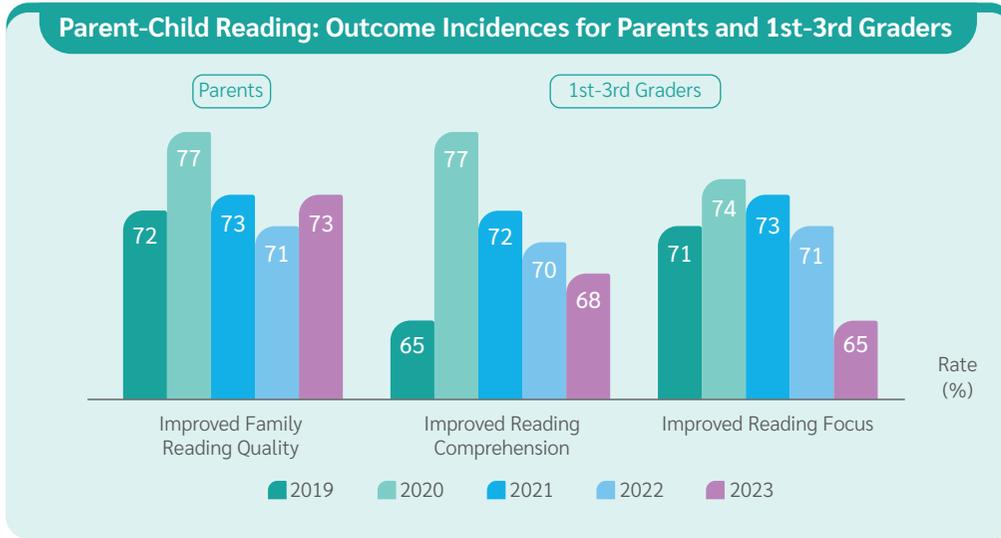
Sponsor Taiwan Reading Foundation (Nantou Facility)

"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 115,000 every year purchasing new books for the Libraries. To date we have donated 807 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.

Understanding that different methods are needed for different age groups to guide reading, in addition to book donations, USI collaborates with the Foundation to organize Parent-Child Reading, Meet the Author, and Magical Physics Science Camp activities. We spare no effort to expand investment in local education, enhance reading habits, and promote interest in science. In 2023, we held 6 reading activities. For preschool to lower graders, families are the cradle of learning. We held 2 Parent-Child Reading activities and guided children to read picture books in a lively way to cultivate active interest in reading and learning. Additionally, for upper graders, we held 2 Magical Physics Science Camps where students can test physics experiments with their five senses and a hands-on approach. We also held 2 Meet the Author activities where invited authors talked at schools about their works and experiences, letting students approach books from another perspective.

We continued to use SROI to analyze and quantify our impact on students and children through the Philanthropic Libraries program and activities. Through our survey, we found 76% of students who participated in the Magical Physics Science Camp felt their science knowledge increased. Of the parents that participated in the Parent-Child Reading activity, 73% of parents believed that the event could enhance family reading quality. For detailed analysis, please refer to the charts on the next page. In total, every \$1 invested in the Philanthropic Libraries can generate \$5.87 of social value.





Sponsor Chinese Literary Prize for Global Youth (Nantou 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 Wenying had won this prize as students. To encourage student participation and advance Chinese literary culture, USI sponsors CNY 69,000 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 2023, the 41st Global Chinese Student Literature Award received 1,217 entries, mainly from Taiwan, Mainland China, and Malaysia. There were 500 submissions from Malaysia. We look forward to more award-winning students emerging in the Chinese literary world.





USI University Courses & Industrial-Academic Partnerships (Global)

USI has always emphasized employee training and passing down knowledge. Internal lecturers from USI University cooperate with industrial guilds, associations, and universities provided several free courses to share their knowledge, experience, or the industry's latest trends to associated organizations and students. Through diverse courses such as ESG best practice sharing, creating harmonious labor relations, DISC personality analysis and communications, 8 dimensions problem solving, and 7 quality control methods, we share our experiences with industry peers and hold career planning courses to help university students grasp the job market. We shared 20 courses that totaled 1,392 hours of lessons in 2023, contributing to enhancing youth employability.

Also, to put academic theory into practice, USI provides internship opportunities in Zhangjiang, Kunshan, Nantou, and Mexico Facilities with one-on-one mentor system so students can bridge the gap between school and work after graduation. In 2023, 106 students interned in our internship programs. In addition to internship opportunities, Nantou Facility partnered with National Tsing Hua University, Taipei Tech, and Taiwan Tech to conduct research projects such as the Module Miniaturization Reliability Testing, Electronic Component Bonding Simulation Technology, Millimeter Optical Antenna Module Development, and LED Mask Curing for High-Precision Fast Printing research. Overall, 679 students benefited from these industrial-academic partnerships and participated 63,710 hours in 2023.

Intern Quotes



Since I arrived at USI as an intern, learning has never stopped. Being not afraid to make mistakes is also the most crucial aspect of being an intern. I will always be grateful for the trust that team members gave me.

-- DIEGO FERRARI GÓMEZ,
INDUSTRIAL ENGINEER



In USI you are never alone. If you are stuck on something, someone will always be willing to lend a helpful hand because your success is everyone's success, and nobody wants to see you fail.

-- LAISA OROZCO,
SECURITY ANALYST

USI University Courses (Global)

Facility	Course Name
Zhangjiang	<ul style="list-style-type: none"> ● Career Planning (Shanghai Tech School) ● Semiconductor Industry Introduction (Shanghai Tech School) ● RBA Introduction (Suppliers) ● Upward Value Towards Green - ESG Best Practice Sharing (Industry)
Huizhou	<ul style="list-style-type: none"> ● DISC Personality Analysis (Industry) ● New 8D 2.0 (Suppliers)
Kunshan	<ul style="list-style-type: none"> ● How to Create Harmonious Labor Relations (Industry) ● Mounting Process & Part Preparation Models (Industry) ● Business Operations Table Top Exercises (Industry) ● 8D Problem Solving and 7 Quality Control Methods (Suppliers)
Nantou	<ul style="list-style-type: none"> ● 13th Career Coach Program - Resume and the Interview (National Chengong University) ● Internship Sharing (Feng Chia University) ● How to Craft a Outstanding Resume (National Tsing Hua University)



Contributing to Society

Rural Revitalization

In response to SDGs (Goal 1: No Poverty; Goal 4: Quality Education), USI sponsors several educational rural revitalization programs to help children in impoverished regions obtain resources for quality education and narrow the gap between urban and rural areas. For example, in 2023, USI invested CNY 531 thousand in the Rural Digital Education Program, Hope for Pearls Project, Spark Philanthropic Library, Western Region Student Aid Program, Shanghai Song Ching Ling Foundation Mothers Home Program, and the Kunshan Charity Foundation's Embracing Autistic Kids, Lucheng Philanthropy, and Heartfelt Wish Activities, assisting 2,732 students in need.

Rural Digital Education Program (Zhangjiang Facility)

USI believes in tech for good and thus focuses on bridging the computer education gap by enriching tech resources and supporting local education in remote areas in response to the United Nations digital literacy advocacy initiative and rural revitalization efforts.

This program provides customized training material and tech support for 8 schools and held mini typing competitions to encourage and strengthen what they learned. We added 2 schools in Yunnan in 2023, and benefited 2,235 students, with a cumulative beneficiary of 3,472 students.



Hope for Pearls Project (Huizhou, 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 and going to college.

In 2023, we held a charity auction at USI where employees directly supported the 50 students in 2021 USI Shueijin Pearl Class through auction sales, where some of the proceeds were used to buy stationery gifts to wish them luck in their studies. With our love and support, USI Shueijin Pearl Class of 2020 passed their Gaokao with flying colors. 100% pearl students got accepted into their dream universities and 98% got in tier 1 schools.



Spark Philanthropic Library (Zhangjiang, Jinqiao Facilities)

Books are a beacon of light that guides our path forward. Reading sparks wisdom and knowledge, accumulating the foundation for innovation. To realize investing in education, and letting the light of knowledge shine in all corners, we built a Philanthropic Library at Malibao Elementary School in Yunnan.

During the construction period, USI employees held a book donation campaign to bring better educational resources to 345 students. When the Library was completed, USI and 42 employees donated 1,237 books and 20 audio players with 200 audiobooks to enrich the school's resources. We sincerely hope that the students will learn from books, keep up with the times, and thrive like the children in the city.





Western Region Student Aid Program (Zhangjiang Facility)

USI believes that the merit of investing in education lies in the present, while the benefit is in the future. We provided financial aid to 12 impoverished outstanding university students from rural areas such as Yunnan and Sichuan through Cihui Foundation's Western Region Student Aid Program to ensure their opportunities for education and growth.

Shanghai Song Ching Ling Foundation Mother's Home Program (Zhangjiang Facility)

To invest more in the education of rural areas, especially in Sichuan and Tibet, USI donated CNY 20,000 in the program to help schoolchildren obtain necessities and learning supplies.

Kunshan Charity Foundation "Embracing Autistic Kids", "Lucheng Philanthropy", and "Heartfelt Wish" Activities (Kunshan Facility)

In unstable times, the underprivileged are often the first to be affected. With love in our hearts, we participated in the Embracing Autistic Kids and Lucheng Philanthropy Activities and donated supplies for 60 profoundly disabled children, and vulnerable people in need. Also, we continued to participate in the Children's Day Heartfelt Wish Activity and sent gifts to children students in economically disadvantaged areas.

Social Inclusion

Our mission is to give back to the community by gathering resources and encouraging employee participation in community activities. We aim to build a society where everyone has a sense of growth, purpose, and fulfillment.

Accompanying Disadvantaged Children to Grow Up Happily (Nantou and Vietnam Facilities)

Every child has the right to education and is expected to grow up happily. USI encourages outstanding students with scholarships and school supplies, while USI volunteers not only lead guided tours of the Museum of Natural Science for elementary schools in remote areas and serve as after-school chaperones for underprivileged children to accompany them in their studies, but also organize watching baseball game outings and Christmas parties to enrich the lives of children at the Nantou Home for Children, brightening up every moment of their childhoods.



After School Care for Disadvantaged Children



Scholarship for Cat Hai High School Disadvantaged Students

Caring for Seniors in our Communities (Kunshan, Nantou, and Mexico Facilities)

As society ages, addressing the challenges of senior care and loneliness becomes critical. For significant holidays, such as Chinese New Years, USI organized meal donations for vulnerable seniors. Also, for Double Ninth Day, we organized supplies donation for senior homes to show our respect for elders and make their lives more comfortable.

We also have a volunteer team that visits retirement homes to engage with seniors. Through the ASE Cultural and Educational Foundation, we organize the Senior LOHAS Program, offering healthy exercises, educational games, and lively chats with peers and college students to promote active aging and an age-friendly society.



Senior Home Visitation



Senior LOHAS Program



Conserving the Environment



Climate change is an issue that humanity must face. Saving energy and reducing carbon emissions are the starting points for Conserving the Environment. For years, USI has been cooperating with Shanghai Roots & Shoots in the Million Tree Project to purify air quality and restore biodiversity. We also work with the ASE Environmental Protection and Sustainability Foundation in the Campus LED Installation Project to replace LED lighting for rural schools to save energy and schoolchildren's eyesight. We host activities such as Environmental Seminars, Mini Farmers' Markets, and Environmental Cleanups to promote green and low-carbon lifestyles, raise environmental awareness, deepen connections with neighboring communities, mitigate negative impacts, and contribute to the global environment.

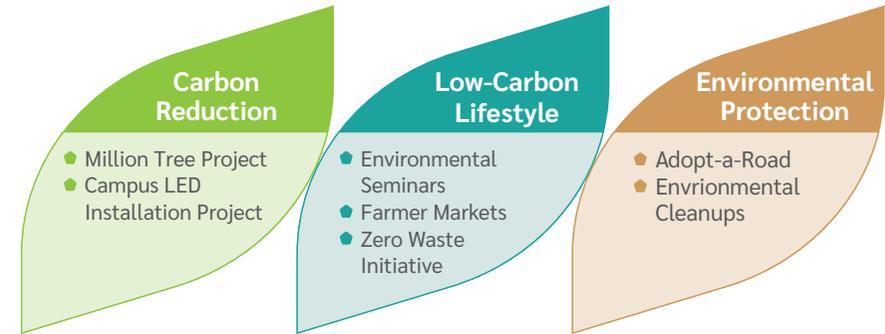
Million Tree Project (Global)

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' Million Tree Project. In addition to reversing land degradation and desertification in Inner Mongolia and Ningxia, planting trees also restores local biodiversity. The latest ecological survey reports 47 species observed in Inner Mongolia and 14 species in Ningxia, indicating the sand has begun stabilizing, the ecosystem is reaching a balance, and there are early signs of recovery. By the end of 2023, USI has planted 151,482 trees covering 97.91 hectares and cumulatively captured 729.44 metric tonnes of CO₂e using IPCC Guidelines⁽¹⁾. The afforested land conserves about 134,332.52 metric tonnes of water annually through water balance estimation methods.

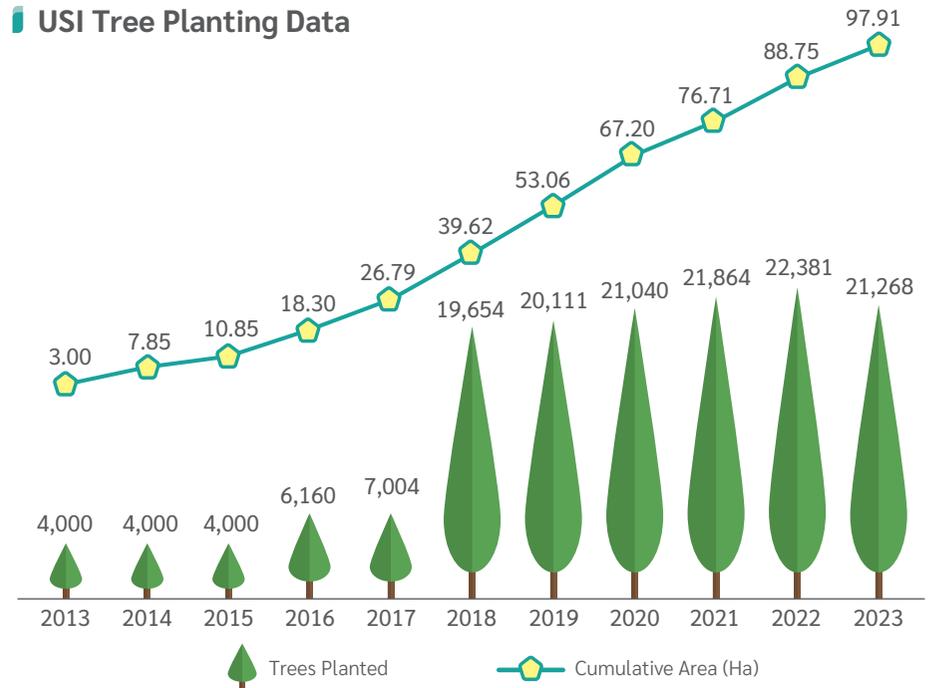
The USI Employee Forest was launched in 2016 as an awareness-raising campaign. We organized employees' donations and volunteers to plant trees in Inner Mongolia and Ningxia. After three years hiatus, USI tree ambassadors finally set foot in Inner Mongolia to plant trees, doing our part to protect the environment. Participants deeply realized that environmental restoration is an uphill battle and were even more supportive of environmental protection activities. In 2023, 21,268 trees were newly planted, of which employees donated 7,268 trees.



Activity Approaches



USI Tree Planting Data



Note:
1. 2006 IPCC Guidelines for National Greenhouse Gas Inventories.



Campus LED Installation Project (Nantou Facility)

Since 2014, USI has assisted the ASE Environmental Protection and Sustainability Foundation in launching the Campus LED Installation Project in remote elementary and middle schools in Nantou to enhance energy conversion and lighting in rural schools. The project aims to replace old fluorescent lights with energy-saving T8-LED lights, which not only effectively reduce electricity consumption and thus achieve energy-saving and carbon reduction benefits but also protect children's eyesight and create a high-quality education and learning environment. In 2023, we assisted in the installation of 2,723 LED lamps for a total of 595 teachers and students in Nantou's Wenshan, Xiling, and Zhanghe Elementary Schools, saving 58,817 kWh of electricity and thus reducing 29,114 kg of CO₂. In total, we have installed 42,294 lamps in 46 schools, creating low-carbon and sustainable campuses.

Year	Schools	LED Lights Installed	Annually Saved Energy (kWh)
2023	3	2,723	58,817



Zero Waste Initiative (Vietnam Facility)

Waste polluting our environment is worsening. Proper waste education and sorting can reduce waste and reuse resources to minimize waste from households. Vietnam Facility donated 18 color-coded trash cans and worked with the local environmental bureau to promote waste sorting of compost, recyclables, and general waste in the Nhan Hoa community. This initiative aims to reduce 60% of waste generated in a year and work towards creating zero waste. Based on the average amount of trash a person generates daily, the 200-person community reduced 35,040 kg of waste and turned it into organic compost and recyclables. We aspire to nurture positive community waste behaviors and build sustainable homes.



Creek Cleanup (Nantou Facility)

To protect marine life, we should start from the source. The intertwining rivers and creeks connecting the city and countryside teem with waste piled up along the banks, which gets washed into the ocean during heavy rains. That's why USI took action and organized a creek cleanup along the banks of the Zhuoshui River to intercept the waste from the river's source. USI's 40 volunteers partnered with Zhushan Fuzhou Community and picked up more than 30 bags of trash in 2023. This activity not only raises awareness of not littering but also hopes that with the joint efforts of all parties, a clean and pollution-free river can be restored, creating a thriving environment for all.





Promoting Arts and Culture

Sponsored Youth Go Competitions (Zhangjiang Facility)

USI continued to sponsor CNY 498 thousand in youth Go tournaments so evenly matched Go players across the strait could meet and compete through the Twin Cities Cup and extend their friendships and dreams through the chessboard. USI Formosa Team's Hao-hung Hsu won the Men's individual Gold in the 2023 Asian Games. We hope to encourage more youths to test their skills and grow through such activities.



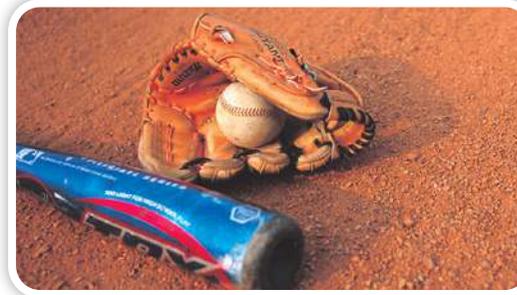
Sponsored Cloud Gate Dance Theatre Annual Tour (Nantou Facility)

Since 2005, USI has annually supported the Cloud Gate Culture and Art Foundation as we believe that while technology can improve our quality of life, art can improve the quality of our minds and souls. This year, we sponsored Waves production and invited supplier partners to enjoy dancers expressing the joy of life and depth of culture through dance.



Sponsored Cross-Strait Student Baseball League (Zhangjiang Facility)

To promote cross-strait student baseball and foster friendships through sports, USI once again sponsored CNY 515 thousand to support the games. In the finals, 32 teams and 840 players met and mingled through their shared enthusiasm and common language of baseball.



Sponsored Ming Hua Yuan Theatre Performance (Nantou Facility)

Promoting traditional arts and giving back to the community is central to USI's commitment to social activities. In 2023, we continued supporting the Straw Crafts Culture Festival by inviting the Minghuayuan Theatre Group to perform The Bandits at Caotun Zhongshan Park, where over 2,000 locals came and enjoyed the traditional opera outdoors, keeping traditional culture alive.





External Participation

As a global corporate citizen and leader in electronic design and manufacturing services, we recognize the need to be more visible in advocating key industry issues such as climate change, corporate sustainability, human rights, and supply chain resilience.

The Sustainability Committee systemically manages and guides our company-wide associations through the Public Affairs Engagement Policy. Organizations we choose to participate in are ones we share similar values with, and we regularly review our memberships for alignment on material issues, such as the Paris Agreement goals. Every year, the Senior Vice President of the Employee & Social Well-being Engagement Taskforce, responsible for the stewardship of public affairs engagement, reports review results to the Sustainability Committee. Where misalignments are found, the Committee reviews and deliberates whether to continue our membership.

USI actively participated in 40 industrial organizations⁽¹⁻³⁾ and contributed CNY 450.4 thousand in 2023⁽⁴⁾. Upon review, most associations we joined focus on other industry-specific issues, including workplace safety, sharing best practices, and professional development. Through networking events and serving important positions, USI keeps in touch with the industry and contributes to its progress. The following is a partial list of organizations USI joined:

Zhangjiang Facility

Pudong Association of Foreign Investmentmen ●●●
 Shanghai Integrated Circuit Industry Association ●●●
 Pudong New Area Association of Work Safety ●●●

Huizhou Facility

Taiwan Merchant Association Shenzhen ●

Kunshan Facility

Taiwan Compatriot Investment Enterprises Association of Kunshan ●●

Nantou Facility

Taiwan Electrical and Electronic Manufacturers' Association ●●
 Taiwan Telematics Industry Association ●●●
 Nangang Industrial Manufacturers Association ●●●
 Taiwan Association of Occupational Health Nurses ●●●

Note:

- Represents the position of Chairman/Vice-chairman
- Represents the position of Executive Director
- Represents the position of Director/Supervisor
- USI's Business Code of Conduct prohibits political participation through donations to lobbyists and political groups. And USI did not make any monetary contributions to political campaigns or organizations, lobbyists, or other tax-exempt groups whose role is to influence political campaigns or legislation.

Our assessment determined that 27 industrial associations we joined are Paris-aligned. Examples of the associations actively involved in developing climate policy and advocacy are listed below:

- Responsible Business Alliance (RBA) and Responsible Minerals Initiative (RMI)**
 As a member of ASEH, USI joined the RBA and RMI in 2015. RBA is an industrial alliance dedicated to enhancing the global supply chain's social, environmental, and ethical responsibility. They work with all sectors and initiate activities to mitigate climate change. USI follows the RBA Code of Conduct and requests our facilities around the world to implement it through annual RBA SAQ, internal audits, and 100% completion of RBA VAP. Additionally, 4 facilities have obtained the RBA Factory of Choice certification in 2023. We disclose our performance on the RBA-Online platform. Externally, USI accepts customers' audits and requests suppliers to follow the RBA Code of Conduct and join the RBA-Online platform to disclose their results. For more information, please refer to the Supply Chain Management and Human Rights Protection sections.
- Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)**
 TEEMA's mission is to promote economic development and act as a bridge for cross-sector communications. In response to international trends and regulations, TEEMA actively participates in and promotes energy saving and carbon reduction. USI responded by setting and achieving energy-saving goals. In addition to meeting the SBT targets pledged by ASEH to support the Paris Agreement goals, we have also introduced the TCFD & CDP frameworks into our environmental management system. Please refer to the Nature, Climate Change and Carbon Management section for our performance and progress results.





Appendix

Contributions to the SDGs



1 NO POVERTY

- Invested in **6** rural revitalization programs, benefiting **2,732** students.

2 ZERO HUNGER

- Donated **236** Chinese New Year's Eve dinners to disadvantaged lonely elders to spread warmth and cheer.

3 GOOD HEALTH AND WELL-BEING

- Held **40** health activities, such as blood donation, weight-loss competition, and bone density testing with **10,705** participants.
- Provide medical and emergency support for unexpected or sudden illnesses for employees stationed overseas or on business trips.

4 QUALITY EDUCATION

- Donated a cumulative total of **807** boxes of books to the Philanthropic Libraries for 19 years running.
- Built 2 computer classrooms through the Rural Digital Education Program, benefiting **3,472** students.
- Trained cumulative total of **1,129** USIU internal lecturers.
- Supported **312** employees to take advanced studies.

5 GENDER EQUALITY

- Employees have the right to equal pay for equal work regardless of gender.
- Increased percentage of females in top management positions for **6** consecutive years, reaching **20%** by 2023.

6 CLEAN WATER AND SANITATION

- Reduced **19.8%** water use intensity from the baseline year 2015.
- Recycled **64%** of process water.

7 AFFORDABLE AND CLEAN ENERGY

- Purchased certified renewable energy to offset carbon dioxide emissions generated by traditional electricity used.
- 100%** renewable energy use in Mainland China, Mexico, and Vietnam facilities.

8 DECENT WORK AND ECONOMIC GROWTH

- CNY **60.8** billion revenue in 2023.
- Actively engaged in sound tax policies and honest tax contributions to support the government's efforts to promote economic growth.
- Customer satisfaction score reached **84.5**.
- Starting salaries for direct laborers at each facility are higher than local minimum wages.
- Provided **18,016** job opportunities worldwide with **95%** local hires.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- Solar panels installed on Nantou-NK 1 Facility generated **3,305** MWh of renewable energy as of 2023.



- Employed **101** people with disabilities.
- Employed **626** ethnic minorities with **7** in management positions.



- Implemented enterprise risk management assessment and applied relevant countermeasures.
- Cooperated with suppliers to recycle pallets and packaging materials, reducing **986** metric tonnes of waste, and saved CNY **48.84** million.
- Tetrabromobisphenol-A** and **Medium-chain Chlorinated** paraffins the threshold below 1,000 ppm and ban their use according to regulations to minimize their impact on workers and the environment.
- Assisted to obtain the certification of **EPEAT Silver**.
- Used **90%** recyclable or reusable materials in designing mechanical products, which reached **999.6** metric tonnes in USI's annual shipments.



- Promoted waste classification at Nhan Hoa commune and reduced **35,040** kg of trash a year.
- Cleaned up Zhuoshui River and picked up more than **30** bags of trash.
- Held **2** environmental seminars.



- 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.
- No major fines or violations related to anti-competitive practices or antitrust laws and regulations.
- Introduced **Threat Intelligence System** to strengthen cybersecurity protection capabilities.
- 100%** target suppliers met Conflict-Free minerals requirements.



- Constantly monitor our emissions to lessen our negative environmental impact and contribute to building sustainable communities. There were **0** significant air pollution incidents in 2023.
- Recycled **91%** of non-hazardous waste through qualified disposal/recyclers.



- Promoted green product design, reduced energy loss, and engaged in continuous improvement to reduce CO₂ emissions, saving **7.1** TWh of electricity in 2023, equivalent to reducing **0.16** million metric tonnes of CO₂.
- 0** days of production interruptions due to climate-related disasters.
- Implemented TCFD to analyze USI climate risks. USI will use **100%** renewable energy in our operations by 2035 and achieve **net-zero carbon emissions** by 2040.



- Supported the Million Tree Project for 11 years running, planting a total of **151,482** trees covering **97.91** hectares.



- Provide a wide range of electronic products and services under Global Demand, Local Service to our customers with operations covering Asia, Europe, America, and Africa.
- Global local procurement rate reached **40%**.



ESG Key Performance Data

Environmental

Renewable Energy Use	Unit	2020	2021	2022	2023
USI Group	%	79.6	80.3	81.6	81.7
Mainland China Facilities	%	100	100	100	100
Mexico Facility	%	21	31	50	100
Vietnam Facility	%	-	-	-	100
Nantou Facility	%	0	0	0	0
GHG Emissions	Unit	2020	2021	2022	2023
Scope 1	metric tonnes CO ₂ e	6,802.39	4,592.71	5,385.74	5,265.23
Scope 2	metric tonnes CO ₂ e	184,225.84	201,538.85	215,510.73	202,570.24
Scope 3	metric tonnes CO ₂ e	16,722,053.37	12,980,878.70	10,473,941.30	7,883,729.04
Water Resource Management ⁽¹⁾	Unit	2020	2021	2022	2023
Water withdrawal	ML	803.690	861.887	1,068.173	1,028.620
Recycled water	ML	179.145	236.972	307.539	232.938
Recycling rate	%	22.3	27.5	28.8	22.6
Waste Management	Unit	2020	2021	2022	2023
Hazardous waste generated	metric tonnes	783.065	967.233	1,006.243	790.359
Non-hazardous waste generated	metric tonnes	7,805.962	8,766.093	9,835.675	11,586.338
Non-hazardous waste recycled	metric tonnes	7,079.345	8,115.463	9,097.263	10,599.595
Non-hazardous waste recycling rate	%	90.69	92.58	92.49	91.48

Note:

1. In 2023, both the water withdrawal and recycling rate proportionally decreased with the Company's revenue slight decline.



Environmental Expenditures	Unit	2020	2021	2022	2023
Total	CNY	28,131,112	25,989,443	29,912,628	47,496,006
Operating cost	CNY	15,177,012	12,176,028	12,634,136	27,857,337
Upstream/downstream cost	CNY	854,709	1,058,487	862,255	262,200
Management overhead	CNY	11,880,177	12,464,402	16,237,399	18,599,286
Social activities cost	CNY	219,214	290,527	178,839	777,183

Social

Talent Attraction and Retention	Unit	2020	2021	2022	2023
Number of employees	-	17,486	18,081	16,660	17,031
Male	-	9,426	9,938	9,271	9,133
Female	-	8,060	8,143	7,389	7,898
Percentage of females in total workforce	%	46.1	45.0	44.4	46.4
Employees in senior management positions (director and above)	-	132	199	213	219
Female employees in senior management	-	17	35	41	44
Percentage of females in senior management positions	%	12.9	17.6	19.2	20.1
Employees in management positions	-	1,082	1,091	1,061	1,113
Female employees in management	-	255	247	245	263
Percentage of females in management positions	%	23.6	22.6	23.1	23.6
IDL employees promoted	-	868	920	745	834
Female IDL employees promoted	-	310	319	278	320
Employees with disabilities	-	73	83	83	101



Talent Attraction and Retention	Unit	2020	2021	2022	2023
Average employee age	year	31.6	31.7	33.0	33.8
Average employee tenure	year	4.7	4.8	5.2	5.4
Employee turnover rate	%	33.7	38.7	28.8	29.7
Ratio of DL entry level wage compared to local minimum wage	-	1.00~1.10	1.00~1.08	1.00~1.09	1.00~2.51
Employee engagement score	%	-	84	-	80
Return to work rate of employees that took parental leave	%	100	68	68	79
Retention rate of employees that took parental leave	%	100	79	47	87
Talent Development	Unit	2020	2021	2022	2023
Employees that complete the internal lecturer training program	-	833	867	1,118	1,129
Female internal lecturers	-	247	287	344	352
Total cost of employee training and development	M CNY	4.2	28.9	17.1	10.4
Coverage of employee training	%	100	100	100	100
Average training per employee	hour	31.0	30.7	28.8	24.5
Employees supported to take advanced studies	-	43	73	24	155
Human Rights	Unit	2020	2021	2022	2023
Average human rights training per employee	hour	1.4	1.1	1.4	1.0
Labor contract signage rate	%	100	100	100	100
Number of employee symposiums	-	216	116	140	167
Employees in unions	-	5,900	6,350	5,901	6,887
Percentage of union labor in workforce	%	33.7	35.1	35.4	40.4



Occupational Health and Safety	Unit	2020	2021	2022	2023
Incidences of occupational disease	-	0	0	0	0
Work-related fatalities	-	0	0	0	0
Amount invested in safety production	M CNY	166	159	184	197
Number of emergency drills conducted	-	58	32	30	36
Number of health and well-being activities held	-	53	42	51	40
Number of participants in health and wellbeing activities	-	13,701	13,028	8,611	10,705
Number of doctor consultations held	-	9,692	18,519	30,211	14,856
Total hours consulted	hour	9,140	9,558	9,777	9,720
Social Involvement	Unit	2020	2021	2022	2023
Total amount of social involvement	CNY	5,970,377	3,826,752	5,281,086	9,248,749
Investing in Education	CNY	1,259,165	1,713,707	2,205,556	4,960,776
Contributing to Society	CNY	2,769,476	489,454	1,015,895	306,252
Conserving the Environment	CNY	433,558	451,281	423,275	696,683
Promoting Arts & Culture	CNY	1,087,534	829,772	1,188,091	2,834,620
External Participation	CNY	420,645	342,538	448,269	450,417
Number of employees engaged in social activities	-	1,412	314	701	535
Number of hours volunteered	hour	1,674	1,717	2,047	3,645
Environmental Protection	Unit	2020	2021	2022	2023
Annual number of trees planted	-	21,040	21,864	22,381	21,268
USI Corporate Forest	-	14,000	14,000	14,000	14,000
USI Employee Forest	-	7,040	7,864	8,381	7,268
Annual area of trees planted	ha	14.14	9.51	12.04	9.16



Environmental Protection	Unit	2020	2021	2022	2023
Cumulative number of trees planted	-	85,969	107,833	130,214	151,482
Cumulative area of trees planted	ha	67.20	76.71	86.36	97.91
Weight of trash picked or reduced	kg	49.00	335.20	200.00	35,040.00
Rural Revitalization	Unit	2020	2021	2022	2023
Number of programs invested	-	6	5	5	6
Number of students assisted	-	1,001	1,050	1,838	2,732
Amount invested in targeted programs	K CNY	1,362	216	818	531
Investing in Education	Unit	2020	2021	2022	2023
Cumulative number of Philanthropic Library boxes donated	box	685	725	767	807
Number of people engaged in Parent-Child Reading Activity	-	100	119	111	67
Number of students benefiting from industrial-academic partnerships	-	754	1,415	660	679
Local Procurement	Unit	2020	2021	2022	2023
Global	%	37	39	43	40
Mexico	%	19	12	5	6
Taiwan	%	30	29	30	28
Mainland China	%	38	43	50	51
Southeast Asia	%	-	-	3	4
Supplier Sustainability Evaluation	Unit	2020	2021	2022	2023
Number of suppliers evaluated with sustainability metrics	-	576	419	525	456
Percentage of suppliers that completed the SSAQ	%	70	73	73	76
Number of suppliers and contractors on-site audited with sustainability metrics	-	76	83	81	99
Supplier Communication	Unit	2020	2021	2022	2023
Number of suppliers that attended the Sustainable Supply Chain Seminar/Webinar	-	120	276	342	507



Conflict Minerals	Unit	2020	2021	2022	2023
Number of suppliers that completed due diligence (CMRT survey)	-	359	416	199	219
Percentage of target suppliers that completed the conflict-free minerals survey	%	100	100	100	100

Governance

Financial Performance	Unit	2020	2021	2022	2023
Operating revenue	K CNY	47,696,228.2	55,299,654.8	68,516,076.0	60,791,909.5
Operating cost	K CNY	42,710,970.3	49,981,479.2	61,327,074.5	54,939,136.5
Operating profit	K CNY	1,961,650.8	2,131,813.5	3,460,804.0	2,177,678.2
Total profit	K CNY	1,973,563.1	2,138,858.9	3,477,195.2	2,189,687.9
Net profit	K CNY	1,733,565.2	1,856,693.0	3,059,989.8	1,949,709.1
Government subsidies	K CNY	76,779.5	50,678.1	56,144.7	89,396.5
Taxes	K CNY	397,576.8	618,989.5	897,547.9	963,297.4
Earnings per share	CNY	0.80	0.85	1.40	0.89
Research and Patents	Unit	2020	2021	2022	2023
Share of R&D personnel of total workforce	%	6.7	9.4	11.5	12.2
Amount invested in R&D	M CNY	1,576	1,641	2,034	1,807
R&D intensity	%	3.31	2.97	2.97	2.97
Number of patents accumulated	-	660	696	740	801
Green Products	Unit	2020	2021	2022	2023
Annual product energy efficiency	GWh	4.14	95.75	22.02	7,108.28
Revenue ratio of eco-designed product	%	86.5	92.1	82.4	81.4
Number of inventoried LCA products	-	-	1	28	33



Smart Manufacturing	Unit	2020	2021	2022	2023
Number of introduced projects	-	-	33	70	62
Saving benefits	M CNY	142	208	295	300
Continuous Improvement	Unit	2020	2021	2022	2023
Amount of carbon reduced from CIP key projects	metric tonnes CO ₂ e	-	819	1,316	2,877
Number of improvement proposals	-	319	340	360	458
Cost saved	M CNY	77	79	119	109
Customer Relations	Unit	2020	2021	2022	2023
Customer satisfaction score	-	84.1	84.1	84.2	84.5
Satisfied customers	%	93	86	93	95
Percentage of revenue covered by customer surveys	%	93	89	100	100

Board of Directors	Unit	
Number of board directors ⁽¹⁾	-	11
Independent directors	-	4
Percentage of independent directors	%	36.4
Strategy and Sustainability Committee	Unit	
Number of committee members	-	7
Number of independent directors in the committee	-	2
Percentage of independent directors	%	28.6
Audit Committee	Unit	
Number of committee members	-	5
Number of independent directors in the committee	-	3
Percentage of independent directors	%	60.0

Remuneration Committee	Unit	
Number of committee members	-	5
Number of independent directors in the committee	-	4
Percentage of independent directors	%	80.0
Nomination 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

Note:

1. Two new directors were added in 2024, of which one of the new directors is independent.



Sustainability Data

Environmental

A. Scope 2 Market-based GHG Emissions

Item	Unit	2020	2021	2022	2023
Scope 2 market-based	metric tonnes CO ₂ e	26,056.90	26,617.41	26,912.82	26,286.99

B. Hazardous Waste

Item	Unit	2020	2021	2022	2023
Recycled/reused	metric tonnes	247.23	202.79	232.13	205.74
Total	metric tonnes	535.83	764.44	774.11	584.62
Landfilled	metric tonnes	29.83	0.64	0	0
Incinerated with energy recovery	metric tonnes	N/A ⁽¹⁾	N/A	N/A	494.35
Incinerated without energy recovery	metric tonnes	506.00	763.80	774.11	90.27

C. Non-hazardous Waste

Item	Unit	2020	2021	2022	2023
Recycled/reused	metric tonnes	7,079.35	8,115.46	9,097.26	10,599.60
Total	metric tonnes	726.62	650.63	738.41	986.74
Landfilled	metric tonnes	353.46	312.78	393.25	440.43
Incinerated with energy recovery	metric tonnes	N/A	N/A	N/A	546.31
Incinerated without energy recovery	metric tonnes	373.16	337.85	345.16	0

Note:

1. N/A: No survey on the energy recovery status of hazardous and non-hazardous waste incineration facilities by 2023



D. Environmental Expenditures ⁽¹⁾

Unit: CNY

Category	2020		2021		2022		2023	
	Capital Investment	Operating Expenses						
Operating cost ⁽²⁾	5,486,852	9,648,186	1,996,631	10,179,397	532,048	12,102,087	13,314,133	14,543,205
Upstream/downstream cost ⁽³⁾	0	854,709	0	1,058,487	0	862,255	0	262,200
Management overhead ⁽⁴⁾	56,792	11,823,385	168,781	12,295,620	2,416,689	13,820,710	317,708	18,281,577
Social activities cost ⁽⁵⁾	0	219,214	70,919	219,608	0	178,839	0	777,183
Total	5,543,644	22,587,468	2,236,331	23,753,112	2,948,737	26,963,891	13,631,841	33,864,165

E. Water Consumption & Discharge

Item	Unit	2020	2021	2022	2023
Discharged water	ML	679.62	742.46	930.22	892.84
Total water consumption	ML	124.11	119.43	137.95	135.78

F. Materials Recycled and Reused

Item	Unit	2020	2021	2022	2023
Pallets	pcs	21,817	36,786	39,384	45,861
Packaging materials	pcs	7,218,172	8,701,254	6,917,126	7,546,461
Recycled and reused weight	metric tonnes	728.43	1,170.46	827.98	986.14
Total financial benefits	K CNY	3,050,159	2,387,932	8,248,872	6,445,370

Note:

- The data covers Zhangjiang, Jingqiao, Huizhou, Kunshan, Nantou and Vietnam Facilities.
- 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).
- Upstream/downstream cost: includes green procurement and recycling of used products.

- Management overhead: includes workers engaged in environmental improvement activities and environmental education, acquisition of external environmental licenses/certifications, and government environmental fees.
- Social activities cost: includes donations to, and support for, environmental groups or activities.

G. Partial Selection of Restricted Environmentally Hazardous Substances Contained in Products

Requirement	Substance/Regulation Code	Requirement	Substance/Regulation Code
Banned substances and legal requirements	Cadmium (Cd) and its compounds	Banned substances and legal requirements	Perfluorooctyl acid and its salts (PFOA)
	Lead (Pb) and its compounds		Polychlorinated Biphenyls (PCB)
	Mercury (Hg) and its compounds		Commission directive 2013/2/EU
	Hexavalent chromium (Cr ⁶⁺) and its compounds		Batteries directive 2013/56/EU
	Polybrominated Biphenyls (PBB)		POPs recast regulation 2019/1021
	Polybrominated Diphenyl Ethers (PBDE)		REACH regulation (EC) 1907/2006
	Diethylhexyl Phthalate (DEHP) (117-81-7)		California Proposition 65
	Butyl Benzyl Phthalate (BBP) (85-68-7)		Toxic Substances Control Act (TSCA)
	Dibutyl Phthalate (DBP) (84-74-2)		Mineral Oil Aromatic Hydrocarbons (MOAH) (from 1 to 7 aromatic cycles)
	Di-isobutyl Phthalate (DIBP) (84-69-5)		Mineral Oil Saturated Hydrocarbons (MOSH) (from 16 to 35 aromatic cycles)
	Bromine	Planned elimination	Tetrabromobisphenol A (TBBP-A) [Prohibited/restricted according to EU announced dates]
	Chlorine		Medium Chain Chlorinated Paraffin (MCCP) [Prohibited/restricted according to EU announced dates]
	Per- and Polyfluoroalkyl Substances (PFAS)	Reporting substance	Global Automotive Declarable Substance List (GADSL)
	Perfluorooctanyl Sulphonic acid and its salts (PFOS)		Conflict Minerals

H. Environmental Labels & Declarations

Item	Type I Other Ecolabels	Type II Self-declared Environmental Claims	Type III Environmental Product Declarations
Labels/declarations	RoHS 、 Energy Star 、 EPEAT	ISO 14021	ISO 14067
% of revenues covered	99.6%	0%	0.4%



I. Low-Carbon Products

Type & Description of Products	Level of Aggregation	% of Total Revenues from Climate Change Products in 2023	Estimated Total Avoided Emissions per Year (metric tonnes CO ₂ e)	Comment
Low carbon products Communications, Consumer Electronics, Industrial Products, Cloud and Storage, Automobile Electronics	Company-wide	70.49%	176,283	USI defines a Facility that uses more than 5% renewable energy as a low-carbon product production facility
Avoided emissions for third-parties Communications, Industrial Products, Cloud and Storage, Automobile Electronics	Group of products	2.22%	162,306	Energy saving benefits compared to previous generation products or market equivalent products

J. Plastic Raw Materials

Item	2020	2021	2022	2023
% of Post-Consumer Recycled (PCR) plastic relative to total products produced	0.13%	0.11%	0.14%	4.43%

Plastic Materials in Products: (thermoplastic materials only, no packaging)	Amount Used in 2023 (metric tonnes)	% of Materials Recycled	% of Materials Recycled in 2023 Target	Status	2025 Target	Comment
Acryli, Acrylonitrile Butadiene Styrene (ABS), Poly butylene terephthalate, Polyamide, Polycarbonate, Polyester, Polyoxymethylene, Polystyrene, Polyurethane, Silicon Rubber	362.13	16.72%	15%	Achieved	17%	<ol style="list-style-type: none"> 1. According to WEEE product reports, the annual total thermoplastic material, in which 60.54 metric tonnes of recycled plastics are used. 2. Components using recycled plastic have been verified for mass production through collaboration between suppliers, USI, and customers.

K. Metal Raw Materials⁽¹⁾

Metal Materials	Amount Used in 2023 (metric tonnes)	% of Materials that are Recycled	Metal Materials	Amount Used in 2023 (metric tonnes)	% of Materials that are Recycled
Aluminum	133.43	76.80%	Nickel	0.01	20.00%
Cobalt	0.00	0.00%	Lithium	0.00	0.00%
Copper	2.52	81.04%	Titanium	0.09	2.78%
Iron/Steel	25.12	3.95%	Note: 1. According to the product WEEE reports collected, we conduct surveys and statistics on products that use more than 200 g of metal raw materials.		



Social

A. Workforce Structure

Category		Zhangjiang		Jinqiao		Huizhou		Kunshan		Nantou		Mexico		Vietnam		Category Total & Percentage	
		HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% of Total
Position ⁽¹⁾	Management-Male	141	12.7%	79	7.1%	104	9.3%	106	9.5%	296	26.6%	85	7.6%	39	3.5%	850	5.0%
	Management-Female	54	4.9%	22	2.0%	54	4.9%	23	2.1%	78	7.0%	25	2.2%	7	0.6%	263	1.5%
	Technical-Male	483	14.8%	257	7.9%	294	9.0%	293	9.0%	1,008	30.9%	232	7.1%	124	3.8%	2,691	15.8%
	Technical-Female	107	3.3%	62	1.9%	65	2.0%	60	1.8%	207	6.3%	51	1.6%	23	0.7%	575	3.4%
	Administrative-Male	98	4.4%	32	1.4%	94	4.2%	105	4.7%	330	14.8%	172	7.7%	26	1.2%	857	5.0%
	Administrative-Female	205	9.2%	59	2.6%	261	11.7%	179	8.0%	479	21.4%	133	6.0%	61	2.7%	1,377	8.1%
	Skilled-Male	666	6.4%	194	1.9%	1,009	9.7%	1,193	11.5%	460	4.4%	958	9.2%	255	2.4%	4,735	27.8%
	Skilled-Female	518	5.0%	210	2.0%	820	7.9%	813	7.8%	1,280	12.3%	1,831	17.6%	211	2.0%	5,683	33.4%
Gender	Male	1,388	15.2%	562	6.2%	1,501	16.4%	1,697	18.6%	2,094	22.9%	1,447	15.8%	444	2.6%	9,133	53.6%
	Female	884	11.2%	353	4.5%	1,200	15.2%	1,075	13.6%	2,044	25.9%	2,040	25.8%	302	1.8%	7,898	46.4%
Employment Type	Permanent ⁽²⁾	2,272	14.3%	915	5.8%	2,333	14.7%	1,980	12.5%	4,128	26.0%	3,487	22.0%	746	4.4%	15,861	93.1%
	Temporary ⁽³⁾	0	0.0%	0	0.0%	368	31.5%	792	67.7%	10	0.9%	0	0.0%	0	0.0%	1,170	6.9%

Note:

1. Positions are categorized into Management (employees with management responsibilities such as the Sub-Section manager to Vice Presidents), Technical, Administrative, and Skilled.
2. Permanent employees: employees who have signed an employment contract with the company and work 8 hours a day, excluding dispatched workers.
3. Temporary employees: employees who have signed a fixed period employment contract with the company, excluding dispatched workers and hourly workers.



Category		Zhangjiang		Jinqiao		Huizhou		Kunshan		Nantou		Mexico		Vietnam		Category Total & Percentage	
		HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% of Total
Nationality	Domestic-Management	176	1.1%	94	0.6%	148	0.9%	120	0.7%	372	2.3%	103	0.6%	29	0.2%	1,042	6.1%
	Domestic-Professional	2,062	12.8%	814	5.0%	2,529	15.6%	2,639	16.3%	3,016	18.7%	3,364	20.8%	696	4.3%	15,120	88.8%
	Foreign-Management	19	2.2%	7	0.8%	10	1.2%	9	1.0%	2	0.2%	7	0.8%	17	2.0%	71	0.4%
	Foreign-Professional	15	1.7%	0	0.0%	14	1.6%	4	0.5%	748	86.0%	13	1.5%	4	0.5%	798	4.7%
Age	< 30	626	9.8%	208	3.3%	1,031	16.1%	1,605	25.1%	931	14.6%	1,590	24.9%	400	6.3%	6,391	37.5%
	30-50	1,617	16.9%	699	7.3%	1,624	17.0%	1,153	12.1%	2,623	27.5%	1,497	15.7%	340	3.6%	9,553	56.1%
	> 50	29	2.7%	8	0.7%	46	4.2%	14	1.3%	584	53.7%	400	36.8%	6	0.6%	1,087	6.4%
Education	PhD	1	9.1%	0	0.0%	0	0.0%	0	0.0%	10	90.9%	0	0.0%	0	0.0%	11	0.1%
	Masters	89	7.8%	36	3.1%	24	2.1%	20	1.7%	966	84.3%	11	1.0%	0	0.0%	1,146	6.7%
	Bachelors	1,090	19%	504	8.7%	753	13.1%	873	15.1%	2,060	35.7%	483	8.4%	1	0.0%	5,764	33.8%
	High School & Under	1,092	10.8%	375	3.7%	1,924	19.0%	1,879	18.6%	1,102	10.9%	2,993	29.6%	745	7.4%	10,110	59.4%
Subtotal by Facility		2,272	13%	915	5%	2,701	16%	2,772	16%	4,138	24%	3,487	20%	746	4%	-	-
Total																17,031	



B. New Hires and Employee Turnover

New Hires		2020	2021	2022	2023							
					Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Vietnam	Total
Gender	Male	8,628	8,619	5,869	172	10	1,674	2,429	246	929	142	5,602
	New entry rate ⁽¹⁾	89%	89%	61%	12%	1%	110%	128%	12%	74%	31%	59%
	Female	5,623	4,588	3,565	89	9	1,118	1,245	154	1,183	99	3,897
	New entry rate	68%	57%	46%	10%	2%	94%	118%	7%	66%	33%	51%
Position	Management	70	77	71	1	0	0	0	15	40	2	58
	New entry rate	7%	7%	7%	1%	0%	0%	0%	4%	39%	5%	5%
	Technical	632	660	636	20	1	4	1	110	112	66	314
	New entry rate	18%	19%	18%	3%	0%	1%	0%	8%	45%	47%	9%
	Administrative	385	473	429	12	2	3	10	63	62	26	178
	New entry rate	21%	25%	21%	4%	2%	1%	3%	8%	22%	34%	8%
	Skilled	13,164	11,997	8,298	228	16	2,785	3,663	212	1,898	147	8,949
	New entry rate	116%	107%	77%	18%	3%	155%	169%	12%	79%	30%	85%
Age	< 30	10,973	9,967	6,623	171	15	1,822	3,130	183	1,170	157	6,648
	New entry rate	125%	123%	85%	24%	4%	175%	173%	18%	84%	38%	98%
	30-50	3,191	3,146	2,691	90	4	970	544	208	796	84	2,696
	New entry rate	38%	35%	30%	6%	0%	60%	48%	8%	61%	25%	28%
	> 50	87	94	120	0	0	0	0	9	146	0	155
	New entry rate	14%	13%	14%	0%	0%	0%	0%	2%	42%	0%	16%

Note:

1. Category new entry rate = new employee headcount of the category in the current year ÷ [(employee headcount of the category at the beginning of the current year + employee headcount of the category at the end of the current year) ÷ 2] × 100%



New Hires	2020	2021	2022	2023								
				Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Vietnam	Total	
Total no. of new employees	14,251	13,207	9,434	261	19	2,792	3,674	400	2,112	241	9,499	
New entry rate	80%	74%	54%	11%	2%	103%	124%	9%	69%	32%	55%	
Total no. of new IDL employees	1,087	1,210	1,136	33	3	7	11	188	214	94	550	
New entry rate	17%	18%	17%	3%	1%	1%	1%	8%	34%	36%	8%	
Total no. of new DL employees	13,164	11,997	8,298	228	16	2,785	3,663	212	1,898	147	8,949	
New entry rate	116%	107%	77%	18%	3%	155%	169%	12%	79%	30%	85%	
Average hiring cost (CNY) ⁽¹⁾	1,016	2,114	3,317									1,723
Total no. of IDL job transfers	868	922	753									845
Inter-departmental IDL replacement rate ⁽²⁾	44%	43%	40%									61%

Employee Turnover		2020	2021	2022	2023							
					Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Vietnam	Total
Gender	Male	3,317	3,529	2,808	317	230	734	1,076	252	332	128	3,069
	Turnover rate ⁽³⁻⁴⁾	34%	36%	29%	22%	32%	48%	57%	12%	26%	28%	33%
	Female	2,710	2,531	2,195	156	122	506	572	244	386	64	2,050
	Turnover rate	33%	31%	28%	17%	27%	43%	54%	12%	22%	22%	26%
Position	Management	57	93	72	8	6	7	2	24	21	4	72
	Turnover rate	5%	9%	7%	4%	6%	4%	2%	7%	21%	12%	7%
	Technical	548	704	518	91	109	51	36	122	43	29	481
	Turnover rate	15%	20%	15%	14%	28%	13%	10%	9%	17%	21%	14%

- Note:
1. Average hiring cost decreased due to the reduction in worker demand, change in recruiting patterns (reduce attending recruiting fairs), and a significant reduction in labor service fees (such as headhunters or dispatched workers).
 2. Inter-departmental IDL replacement rate = total IDL job transfers ÷ (total IDL job transfers + total new IDL employees) × 100%
 3. Category turnover rate = 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%
 4. Turnovers exclude personnel that leave within 90 days of employment.



Employee Turnover		2020	2021	2022	2023							
					Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Vietnam	Total
Position	Administrative	282	367	360	33	27	60	25	100	40	13	298
	Turnover rate	15%	19%	18%	11%	27%	16%	9%	13%	14%	17%	14%
	Skilled	5,140	4,896	4,053	341	210	1,122	1,585	250	614	146	4,268
	Turnover rate	45%	44%	38%	28%	36%	63%	73%	14%	25%	29%	41%
Age	< 30	4,165	4,041	2,962	233	157	803	1,381	187	427	124	3,312
	Turnover rate	47%	50%	40%	33%	45%	77%	76%	18%	31%	30%	49%
	30-50	1,767	1,925	1,935	236	195	421	266	264	250	68	1,700
	Turnover rate	21%	22%	21%	15%	24%	26%	24%	10%	19%	20%	18%
	> 50	95	94	106	4	0	16	1	45	41	0	107
	Turnover rate	15%	13%	13%	17%	0%	36%	7%	8%	12%	15%	11%
Total no. of resigned employees		6,027	6,878	5,003	473	352	1,240	1,648	496	718	193	5,119
Total employees turnover rate		34%	39%	29%	20%	30%	46%	56%	12%	24%	26%	30%
Total no. of resigned IDL		887	1,165	950	132	142	118	63	246	104	47	851
IDL turnover rate		14%	18%	14%	12%	24%	13%	8%	10%	17%	18%	13%
Total no. of resigned DL		5,140	5,713	4,053	341	210	1,122	1,585	250	614	146	4,268
DL turnover rate		45%	51%	38%	28%	36%	63%	73%	14%	25%	29%	41%
Total no. of voluntary resignation⁽¹⁾		5,328	6,502	4,089								4,635
Turnover rate		30%	37%	24%								28%

Note:

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



C. Workforce Breakdown: Nationality Distribution

Nationality	Total Workforce		Management	
	Headcount	% of total workforce	Headcount	% of total management
Mainland China	8,624	50.64%	553	49.69%
Taiwan	3,466	20.35%	422	37.92%
Mexico	3,467	20.36%	103	9.25%
Philippines	575	3.38%	0	0.00%
Vietnam	891	5.23%	29	2.61%
United States	2	0.01%	2	0.18%
Great Britain	2	0.01%	2	0.18%
France	1	0.01%	0	0.00%
Singapore	1	0.01%	1	0.09%
Canada	1	0.01%	1	0.09%
Malaysia	1	0.01%	0	0.00%
Total	17,031		1,113	

D. Workforce Breakdown: Ethnic Minorities ⁽¹⁾

Ethnicity	Employees		Management	
	Headcount	% of total workforce	Headcount	% of total management
Han	4,472	26.26%	185	16.62%
Yi	156	0.92%	0	0.00%
Miao	111	0.65%	1	0.09%
Zhuang	97	0.57%	1	0.09%
Tujia	47	0.28%	3	0.27%
Yao	33	0.19%	0	0.00%
Dong	31	0.18%	0	0.00%
Buyei	31	0.18%	0	0.00%
Bai	23	0.14%	0	0.00%
Hani	17	0.10%	0	0.00%
Dai	13	0.08%	0	0.00%
Lahu	12	0.07%	0	0.00%

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

Item	2020	2021	2022	2023
Human Capital Return on Investment ⁽²⁾ (HC ROI)	1.58%	1.53%	2.62%	2.49%
Average Profit per Employee ⁽³⁾ (CNY)	110,400	120,272	200,178	129,987

Note:

- There are 626 employees that are ethnic minorities, accounting for 3.68% of total employees, including 7 in management positions, accounting for 0.63% of managerial positions. 55 employees not listed above are from other 19 different ethnicities. Since there are less than 10 employees in each of these ethnic categories, they are not represented in the table.
- HC ROI = (total operating income for the current year – (total operating expenses for the current year – total employee-related expenditures for the current year (salary + benefits))) ÷ total employee-related expenditures for the current year × 100%
- Average profit per employee = total profit ÷ ((number of employees at the beginning of the year + number of employees at the end of the year) ÷ 2)



F. Ratio of Female to Male Average Salary and Compensation Data

Category	Female to Male Ratio	Category	Female to Male Ratio	Category	Female to Male Ratio
Non-Management Average Salary	0.950	Management Average Salary	0.967	Executives Average Salary	-
Non-Management Average Compensation	0.957	Management Average Compensation	0.970	Executives Average Compensation ⁽¹⁾	1.000
Technical Average Salary	0.910	Top Management Salary	1.012		
Technical Average Compensation	0.900	Top Management Compensation	1.000		
Administrative Average Salary	0.900	Middle Management Salary	0.967		
Administrative Average Compensation	0.930	Middle Management Compensation	1.020		
Skilled Average Salary	1.040	Junior Management Salary	0.922		
Skilled Average Compensation	1.040	Junior Management Compensation	0.890		

G. Training Hours and Cost

Category	Group		Facility							Subtotal	% of Group	
			Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Vietnam			
Training Hours (hours)	Gender	Male	53,448	21,154	54,411	54,211	35,289	25,395	8,528	252,436	60%	
		Female	32,428	15,011	41,239	29,068	25,642	17,895	3,700	164,983	40%	
	Position	Management	7,461	2,617	6,037	4,208	11,753	2,026	247	34,349	8%	
		Technical	23,683	10,228	8,618	9,626	17,733	1,462	1,318	138,562	33%	
		Administrative	7,512	1,958	6,483	5,101	11,402	3,608	2,322	38,386	9%	
		Skilled	47,220	21,362	74,512	64,345	20,043	36,194	8,341	206,122	49%	
	Types of Courses	Compulsory Courses ⁽²⁾	33,648	6,598	10,857	74,788	2,862	22,244	8,350	159,347	38%	
		Non-compulsory Courses ⁽³⁾	52,229	29,567	84,792	8,491	58,068	21,045	3,878	258,071	62%	
		Total		85,877	36,165	95,650	83,279	60,930	43,289	12,228	417,418	

Note:

- Executive level compensation is calculated based on the 2023 Annual Report. The average male executive median compensation is CNY 1,840 K.
- Compulsory course: basic and necessary training for employees, such as: Sunshine behavior policy advocacy, establishment of humane treatment in the workplace, and RBA.
- Non-compulsory course: training to improve the skills of employees in related fields, such as: DOE experimental design, program development and other related training courses.



Category	Group		Facility							Subtotal	% of Group
			Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Vietnam		
Training Cost (CNY)	Gender	Male	98,864	36,190	2,677,607	2,662,074	845,000	34,806	4	6,354,545	61%
		Female	47,112	11,400	1,795,411	1,371,249	811,863	14,341	2	4,051,377	39%
	Age	< 30	10,642	9,450	1,630,219	1,900,541	397,647	22,253	3	3,970,755	38%
		30-50	134,139	38,140	2,587,403	2,103,106	994,118	25,025	3	5,881,933	57%
		> 50	1,195	0	255,396	29,676	265,098	1,869	0	553,234	5%
	Management	Junior	15,215	5,945	199,526	231,223	21,002	1,432	0	474,342	28%
		Middle	26,569	3,665	412,283	164,703	21,002	189	0	628,411	38%
		Top	6,925	365	317,695	226,120	21,002	0	0	572,107	34%
	Types of Courses	Compulsory Courses	2,150	2,970	455,753	3,381,971	0	28,175	3	3,871,022	37%
		Non-compulsory Courses	143,826	44,620	4,017,264	651,352	1,656,863	20,973	3	6,534,900	63%
Total			145,976	47,590	4,473,018	4,033,323	1,656,863	49,147	6	10,405,922	

H. Comprehensive Welfare System

Labor Practices	Bonus	<ul style="list-style-type: none"> Festival bonus, full attendance bonus, overtime wage and allowance, performance bonus, festival gift certificates, birthday gift certificate, R&D incentive bonus, patent incentive reward, employee seniority bonus (Mainland China and Nantou Facilities)
	Holidays & Leaves	<ul style="list-style-type: none"> Besides statutory holidays and two-day weekly holidays, there are more kinds of leaves such as period leave, paid sick leave ⁽¹⁾ (Nantou Facility), paid annual leave ⁽²⁾, welfare leave ⁽³⁾ (Mainland China and Nantou Facilities), paid Indigenous holiday leave (Nantou Facility) and paid election voting leave (Nantou Facility) Implement remote working and flexible working hours work models
	Insurance	<ul style="list-style-type: none"> Provide social insurance and pensions for employees in accordance with the law, add commercial group insurance plans such as Employee Group Insurance, domestic and overseas travel insurance (for expatriates and their families to participate during their oversea assignments), and life insurance (Mexico Facility)
	Meals	<ul style="list-style-type: none"> Equipped with a spacious and hygienic employee cafeteria with a variety of nutritionist designed calorie-controlled dishes, and meal subsidies. Pregnant employees are provided with mother stickers to increase meal portions

Note:

1. Paid sick leave: Beyond the legal requirement of 30 days of half-paid sick leave, USI gives employees with a year of service 7 days of paid sick leave a year.
2. Paid annual leave is implemented according to local regulations. Mainland China Facilities: Employees are entitled to 5 days of leave after a year of service, 10 days after 10 years, and 15 days for a service period exceeding 20 years. Nantou Facility: Employees are entitled to 3 days of leave after 6 months of service, 7 days after 1 year, 10 days after 2 years, 14 days after 3 years, and 15 days after 5 years, with an additional day for each year of service over 10 years, up to a maximum of 30 days. Mexico Facility: After one year of employment, employees are entitled to 12 days of annual leave, which increases by 2 days each subsequent year. After the sixth year, 2 days are added every 5 years. Vietnam Facility: Employees are entitled to 12 days after a year of service and receives an additional day for every 5 years of service.
3. Welfare leave: It is regarded as a long-term service reward in Mainland China Facilities. Employees who have served for more than two years will be rewarded with full-paid welfare leave ranging from 2 to 10 days according to their length of service. Nantou Facility: New hires are entitled to 4 days of special leave, which must be used within one year of their entry date.



Labor Practices	Dormitory	<ul style="list-style-type: none"> Several types of dormitories are equipped with household appliances, air-conditioning, hot water, wi-fi, and furniture. USI provides housing subsidies if employees need to live in dorm and pays for all full-time employees' housing accumulation funds (Mainland China Facilities)
	Transportation	<ul style="list-style-type: none"> Provide comfortable and convenient free cross-site shuttle buses and ride-hailing services between factories; add subway commuter shuttles and subsidize fares (Huizhou Facility) Well-equipped parking lots and special parking spaces for pregnant women (Huizhou Facility, Nantou Facility)
Sports and Health	Sport Activities	<ul style="list-style-type: none"> Employee domestic and foreign itineraries travels, family days, parent-child activities, annual dinner party and raffles, birthday parties, sports days, singing competitions, and cultural and artistic activities Sponsor various club activities and hold various events and activities: Sports clubs are basketball club, softball club, badminton club, bowling club, swimming club, Iron Horse (bike) club, jogging club, billiard club, table tennis club, volleyball club, football club, frisbee club, dance clubs, and yoga aerobics clubs; Learning/leisure clubs are USI Toastmasters (English speech club), handicraft DIY club, USI book sharing club, fishing club, wild camping club, photography club, chess club, quality development (DOD) club, and loving charity clubs Leisure facilities: basketball and volleyball courts, badminton court, snooker table, tennis table, and treadmills
	Stress Management	<ul style="list-style-type: none"> Implement employee assistance programs, conduct stress management questionnaires, provide psychological counseling services, movie appreciation, and hold lectures and activities on physical and mental health, art, culture
	Health Management	<ul style="list-style-type: none"> Equipped with a medical room and with full-time nursing staff and professional on-site doctors (contracted with the hospital) to provide free medical consultation, emergency response and other services Our employees enjoy free health examination once a year and proactively track their physical conditions regularly. In addition, various health training and seminars, health promotion activities and hygiene activities are held from time to time
Family Support	Parenting Related	<ul style="list-style-type: none"> Paternity leave ⁽¹⁾, pregnancy checkup leave ⁽²⁾, maternity leave ⁽³⁾, parental leave (Nantou Facility), parental leave (Mainland China and Vietnam Facilities), breastfeeding leave ⁽⁴⁾ Equipped with breastfeeding rooms Employee wedding subsidies, maternity subsidies/congratulations, employee and their children's scholarships, and discounts on tuition and miscellaneous fees for preschool childcare services contracted vendors (Nantou Facility)
	Condolences	<ul style="list-style-type: none"> Funeral allowance for employees and dependents, hospitalization solatium/allowance for employees, hospitalization solatium for employees' families (Mexico Facility), emergency subsidy
Others		<ul style="list-style-type: none"> Pay for on-boarding health check-up for employees, assist foreign employees or Expats to apply for residence permit/work permit; and team care and communication expenses (Mainland China Facilities) Build dedicated activity rooms, such as worship rooms, computer and network classrooms, libraries, reading room, Muse and Creativity Center (fitness room) On-site convenience stores to provide employees payment and ticketing services (Mainland China and Nantou Facilities) Provide information on restaurants, shopping stores, medical clinics, and language learning institutions with preferential partnerships

Note:

1. Paternity leave: Mainland China Facilities: 15 days; Nantou Facility: 7 days; Mexico Facility: 5 days; Vietnam Facility: 5 to 14 days.
2. Maternity checkup leave: Mainland China Facilities: 0.5 day each time; Nantou Facility: 7 days; Vietnam Facility: 5 days.
3. Maternity leave: Mainland China Facilities: more than 22 weeks; Nantou Facility: 8 weeks; Mexico Facility: 12 weeks; Vietnam Facility: 26 weeks.
4. Breastfeeding leave: 60 minutes of breastfeeding time per day.



I. Coverage and Progress of our Supplier Screening Program

Supplier Screening	Unit	2023
Total number of Tier-1 suppliers	-	456
Total number of Significant Suppliers ⁽¹⁾ in Tier-1	-	192
Percentage of total spend on Significant Suppliers in Tier-1	%	91
Total number of Significant Suppliers in non-Tier 1	-	15
Total number of Significant Suppliers (Tier-1 and non-Tier 1)	-	207

J. Supplier Selection by Country

Country	Number of Suppliers	Percentage	Country	Number of Suppliers	Percentage
Mainland China	189	41.45%	British Virgin Islands	2	0.44%
Taiwan	179	39.25%	Netherlands	2	0.44%
United States	32	7.02%	Ireland	2	0.44%
Mexico	9	1.97%	Denmark	1	0.22%
Singapore	8	1.75%	Belgium	1	0.22%
Japan	7	1.54%	Eswatini	1	0.22%
Germany	6	1.32%	France	1	0.22%
Korea	5	1.10%	American Samoa	1	0.22%
Israel	3	0.66%	Malaysia	1	0.22%
Canada	2	0.44%	Mauritius	1	0.22%
United Kingdom	2	0.44%	Samoa Islands	1	0.22%
Total			456	100%	

Note:

1. Definition of Significant Suppliers include:

- I. Critical Tier-1 Suppliers:
 - i. Top 85% of direct material procurement amount.
 - ii. Indirect and packaging material suppliers with a procurement amount of more than USD 1 million.
 - iii. Suppliers for critical raw materials with low replaceability, such as printed circuit boards, semiconductor parts, mechanical parts, and connectors.

K. Coverage and Progress of our Supplier Assessment Program

Supplier Assessment	Unit	2023	Target for 2023
Total number of suppliers assessed via desk assessments/on-site assessments	-	357	320 suppliers
Percentage of unique Significant Suppliers assessed	%	93	
Number of suppliers assessed with substantial actual/potential negative impacts	-	65	
Percentage of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	%	100	
Number of suppliers with substantial actual/potential negative impacts that were terminated	-	0	

L. Coverage and Progress of Suppliers with Corrective Action Plans

Corrective Action Plan Support	Unit	2023	Target for 2023
Total number of suppliers supported in corrective action plan implementation	-	65	65 suppliers
Percentage of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation	%	100	

M. Coverage and Progress of Suppliers in our Capacity Building Programs

Capacity Building Programs	Unit	2023	Target for 2023
Total number of suppliers in capacity building programs	-	19	4 suppliers
Percentage of unique Significant Suppliers in capacity building programs	%	1.0	

- II. High Risk Suppliers: suppliers with priority or other non-conformances regarding labor rights, health and safety, environment, sustainability, supply chain management or production safety violations that result in fines or shutdowns.
- III. Critical non-Tier 1 Suppliers: Supplier that supply Critical Tier-1 suppliers or suppliers that supply 2 or more Tier-1 suppliers.



Governance

A. Business Ethics Anti-Corruption Trainings in 2023

Facility	Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Vietnam	Total
Senior Managers	203	107	165	131	391	116	51	1,164
Employees (excluding senior managers)	2,315	1,049	4,071	2,090	4,074	2,052	624	16,275
Training Rate ⁽¹⁾	111%	126%	157%	80%	108%	62%	90%	102%

B. Scope Comparison Table of the 2023 Annual Report and Sustainability Report

Entities Listed in the 2023 Annual Report	Sustainability Report Scope	Note
Universal Scientific Industrial (Shanghai) Co., Ltd.		Zhangjiang Facility
Universal Global Scientific Industrial Co., Ltd.		Nantou Facility
Universal Global Technology (Kunshan) Co., Ltd.		Kunshan Facility
Universal Global Technology Co., Ltd.		
Universal Global Technology (Shanghai) Co., Ltd.		Jinqiao Facility
Universal Global Technology (Huizhou) Co., Ltd.		Huizhou Facility
USI Electronics (Shenzhen) Co., Ltd.		
Universal Global Industrial Co., Ltd.		

Entities Listed in the 2023 Annual Report	Sustainability Report Scope	Note
Universal Scientific Industrial De Mexico S.A. De C.V.		Mexico Facility
Universal Scientific Industrial Vietnam Co., Ltd.		Vietnam Facility
Universal Scientific Industrial (France)		
Universal Scientific Industrial Co., Ltd.		Nantou Facility
Universal Scientific Industrial Poland Sp.z o.o.		
Asteelflash (Suzhou) Co., Ltd.		
M-Universe Investments		

Note:

1. Training Rate = (number of trainees ÷ number of senior managers/employees at the end of 2023) X 100%



GRI Index

Statement of use	USI has reported the information cited in this GRI Index for the period of 01/01/2023 to 12/31/2023 with reference to the GRI Standards
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	None

GRI Standard	Disclosure	Section	Page	Additional Explanation
GRI 2 General Disclosures 2021				
The organization and its reporting practices				
2-1	Organizational details	About USI	5	
2-2	Entities included in the organization's sustainability reporting	About this Report	4	
2-3	Reporting period, frequency and contact point	About this Report	4	
2-4	Restatements of information	-	-	Recalibrated smart manufacturing star rating targets, please refer to the note on P.45 .
2-5	External assurance	Third-Party Assurance Statement	173	
Activities and workers				
2-6	Activities, value chain and other business relationships	About USI	5	
		Product Value Chain	63	
2-7	Employees	Workforce Structure	107	
		Sustainability Data - Social	151	
2-8	Workers who are not employees	Occupational Health and Safety Management	90	
Governance				
2-10	Nomination and selection of the highest governance body	Board Nomination and Responsibilities	35	
2-12	Role of the highest governance body in overseeing the management of impacts	Board Participation in Sustainability Governance	35	
2-13	Delegation of responsibility for managing impacts	Sustainability Committee	13	



GRI Standard	Disclosure	Section	Page	Additional Explanation
2-14	Role of the highest governance body in sustainability reporting	Board Participation in Sustainability Governance	35	
2-15	Conflicts of interest	Board Nomination and Responsibilities	35	For details of directors serving other boards, please refer to the USI website .
2-17	Collective knowledge of the highest governance body	Continuous Education for Board Members	36	
2-19	Remuneration policies	Board Performance and Remuneration	35	
2-20	Process to determine remuneration	Board Performance and Remuneration	35	
		Comprehensive Compensation System	111	
Strategies, policies, and practices				
2-22	Statement on sustainable development strategy	Sustainability Strategy	15	
2-23 2-24	Policy commitments Embedding policy commitments	Sustainability Policy	15	
		Business Ethics and Compliance	36	
		Quality and Service	64	
		Supplier Code of Conduct	68	
		Conflict Minerals Compliance	75	
		Nature, Climate Change and Carbon Management	80	
		Human Rights Protection	102	
		Social Activities Overview	128	
2-25	Processes to remediate negative impacts	Material Issues Risk Impact Management	27	
		Stakeholder Engagement	29	
2-26	Mechanisms for seeking advice and raising concerns	Business Ethics	36	
2-27	Compliance with laws and regulations	Regulatory Compliance	37	
2-28	Membership associations	External Participation	137	



GRI Standard	Disclosure	Section	Page	Additional Explanation
Stakeholder engagement				
2-29	Approach to stakeholder engagement	Stakeholder Engagement	29	
2-30	Collective bargaining agreements	Employee Rights	106	
		Employee Unions	107	
GRI 3 Material Topics 2021				
3-1	Process to determine material topics	Materiality Analysis	19	
3-2	List of material topics	Material Issues Risk Impact Management	25	

GRI Standard/Other Source	Disclosure	Section	Page	Additional Explanation
Material Topics				
Sustainable Supply Chain				
3 Material Topics (2021)	3-3 Management of material topics	Value Chain Management	62	
204 Procurement Practices	204-1 Proportion of spending on local suppliers	Supply Chain Management	67	
308 Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	Supplier Evaluation	69	
	308-2 Negative environmental impacts in the supply chain and actions taken	Supplier Sustainability Risk Management	71	
414 Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	Supplier Evaluation	69	
	414-2 Negative social impacts in the supply chain and actions taken	Supplier Sustainability Risk Management	71	
USI Specific Topic	Sustainable Supply Chain	Conflict Minerals Compliance	75	
Sustainable Production				
3 Material Topics (2021)	3-3 Management of material topics	Green Products and Innovation	45	



GRI Standard/Other Source	Disclosure	Section	Page	Additional Explanation
USI Specific Topic	Sustainable Production	Sustainable Production	57	
Green Products & Innovation Management				
3 Material Topics (2021)	3-3 Management of material topics	Green Products and Innovation	45	
302 Energy	302-5 Reductions in energy requirements of products and services	Promoting Green Design	54	
416 Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	Product Compliance	51	
USI Specific Topic	Green Products and Innovation	Green Products and Innovation	47	
SSE Listed Companies Self-Regulatory Guidelines No.1 - Regulations	Compliance with product safety laws, regulations, and industry standards	Product Compliance	51	
Human Rights				
3 Material Topics (2021)	3-3 Management of material topics	Inclusive Workplace	101	
406 Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	Human Rights Risk Mitigation & Remediation	105	
407 Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Due Diligence Employee Unions Supplier Sustainability Risk Management Conflict Minerals Compliance	102	There were no significant freedom of association and collective bargaining risks found for any of our operations or suppliers
408 Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor		107	
409 Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor		71	
411 Rights of Indigenous Peoples	411-1 Incidents of violations involving rights of indigenous peoples	Due Diligence	75	
411 Rights of Indigenous Peoples	411-1 Incidents of violations involving rights of indigenous peoples	Due Diligence	102	
Customer Relations				
3 Material Topics (2021)	3-3 Management of material topics	Value Chain Management	62	
USI Specific Topic	Customer Relations	Customer Relations	64	



GRI Standard/Other Source	Disclosure	Section	Page	Additional Explanation
Talent Attraction & Retention				
3 Material Topics (2021)	3-3 Management of material topics	Inclusive Workplace	101	
201 Economic Performance	201-3 Defined benefit plan obligations and other retirement plans	Employee Benefits	113	
202 Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Comprehensive Compensation System	112	
	202-2 Proportion of senior management hired from the local community	Workforce Structure	108	
401 Employment	401-1 New employee hires and employee turnover	Recruiting Right Talents	110	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Benefits	113	
	401-3 Parental leave	Employee Benefits	114	
402 Labor/Management Relations	402-1 Minimum notice periods regarding operational changes	Employee Rights	106	
405 Diversity and Equal Opportunity	405-2 Ratio of basic salary and remuneration of women to men	Comprehensive Compensation System	112	
Cybersecurity Management				
3 Material Topics (2021)	3-3 Management of material topics	Operations and Governance	33	
USI Specific Topic	Cybersecurity Management	Cybersecurity Management	43	
Risk & Crisis Management				
3 Material Topics (2021)	3-3 Management of material topics	Operations and Governance	33	
USI Specific Topic	Risk and Crisis Management	Enterprise Risk Management	38	
Climate Strategy				
3 Material Topics (2021)	3-3 Management of material topics	Environmental Protection and Occupational Safety	78	



GRI Standard/Other Source	Disclosure	Section	Page	Additional Explanation
201 Economic Performance	201-2 Financial implications and other risks and opportunities due to climate change	Nature, Climate Change and Carbon Management	80	
305 Emissions	305-1 Direct (Scope 1) GHG emissions	Carbon Management	82	
	305-2 Energy indirect (Scope 2) GHG emissions	Carbon Management	82	
	305-3 Other indirect (Scope 3) GHG emissions	Carbon Management	83	
	305-4 GHG emissions intensity	Carbon Management	82	
	305-5 Reduction of GHG emissions	Energy Management	83	
Energy Management				
3 Material Topics (2021)	3-3 Management of material topics	Environmental Protection and Occupational Safety	79	
302 Energy	302-1 Energy consumption within the organization	Energy Management	83	
	302-3 Energy intensity	Energy Management	83	
	302-4 Reduction of energy consumption	Energy Management	84	
Waste Management				
3 Material Topics (2021)	3-3 Management of material topics	Environmental Protection and Occupational Safety	79	
306 Waste (2020)	306-1 Waste generation and significant waste-related impacts	Waste Management	87	
	306-2 Management of significant waste-related impacts	Waste Management	87	
	306-3 Waste generated	Waste Management	87	
	306-4 Waste diverted from disposal	Waste Management	87	
	306-5 Waste directed to disposal	Waste Management	87	



GRI Standard/Other Source	Disclosure	Section	Page	Additional Explanation
Occupational Health & Safety				
3 Material Topics (2021)	3-3 Management of material topics	Environmental Protection and Occupational Safety	78	
403 Occupational Health and Safety (2018)	403-1 Occupational health and safety management system	Occupational Health and Safety	90	
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety	91	
	403-3 Occupational health services	Physical and Mental Healthcare	97	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety Management	90	
	403-5 Worker training on occupational health and safety	Occupational Health and Safety Management	95	
	403-6 Promotion of worker health	Physical and Mental Healthcare	97	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety Management	91	
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety	90	
	403-9 Work-related injuries	Occupational Incident Management	93	
	403-10 Work-related ill health	Occupational Health and Safety Management	90	
Human Capital Development				
3 Material Topics (2021)	3-3 Management of material topics	Inclusive Workplace	101	
404 Training and Education	404-1 Average hours of training per year per employee	Human Capital Development	123	
	404-2 Programs for upgrading employee skills and transition assistance programs	Tailored Career Plan	124	
	404-3 Percentage of employees receiving regular performance and career development reviews	Employee Performance Appraisal & Development	119	



GRI Standard/Other Source	Disclosure	Section	Page	Additional Explanation
Social Involvement				
3 Material Topics (2021)	3-3 Management of material topics	Social Involvement	127	
USI Specific Topic	Social Involvement	Social Activities Overview	128	
SSE Listed Companies Self-Regulatory Guidelines No.1 - Regulations	Social Contribution per Share	Letter from Chairman and President	7	
	Community Responsibility Efforts	Social Activities Overview	128	
	Rural Revitalization Projects	Contributing to Society	132	
Topic Standard Disclosures				
201 Economic Performance	201-1 Direct economic value generated and distributed	Financial Performance and Tax Governance	37	
		Comprehensive Compensation System	112	
	201-4 Financial assistance received from government	ESG Key Performance Data	145	
205 Anti-corruption	205-1 Operations assessed for risks related to corruption	Business Ethics	36	
	205-2 Communication and training about anti-corruption policies and procedures	Business Ethics	36	
		Sustainability Data - Governance	161	
		Supplier Code of Conduct	68	
205-3 Confirmed incidents of corruption and actions taken	Business Ethics	36		
206 Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Regulatory Compliance	37	
303 Water and Effluents (2018)	303-1 Interactions with water as a shared resource	Water Management	85	
	303-2 Management of water discharge-related impacts	Water Management	85	
	303-3 Water withdrawal	Water Management	85	
	303-4 Water discharge	Water Management	85	



GRI Standard/Other Source	Disclosure	Section	Page	Additional Explanation
305 Emissions	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Air Pollution Control	88	
405 Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Board Nomination and Responsibilities	35	
		Sustainability Data - Social	151	
416 Customer Health and Safety	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product Compliance	51	There were no violations or complaints concerning health and safety impact of products in 2023.
417 Marketing and Labeling	417-3 Incidents of non-compliance concerning marketing communications	Regulatory Compliance	37	There were no incidents of non-compliance concerning marketing communications in 2023.
418 Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Regulatory Compliance	37	There were no incidents of data breaches or customer privacy violations in 2023.
		Customer Privacy Protection	65	We did not receive any privacy complaints in 2023.
USI Specific Disclosures				
USI Specific Topic	Data Privacy	Regulatory Compliance	37	
		Customer Privacy Protection	65	
	Biodiversity	Nature, Climate Change and Carbon Management	80	
SSE Listed Companies Self-Regulatory Guidelines No.1 - Regulations	Environmental protection investment and green technology development	Green Manufacturing and Expenditures	89	
	Environmental pollution control equipment setup and performance	Water Management	85	
	Voluntary agreements entered with environmental protection authorities to improve the environment	Nature, Climate Change and Carbon Management	80	
	Recognitions from environmental protection authorities	Sustainable Performance Highlights	9	
	Establishment of a safe and reliable production environment and process	Quality and Service	64	
	Establishment of product quality and safety assurance measures and emergency response plans for product safety incidents	Quality and Service	64	



SASB Index

Topic	Code	Metric	Unit of Measure	Summary	Section	Page
Water Management	TC-ES-140a.1	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	m ³ , %		Water Management	85
Waste Management	TC-ES-150a.1	(1) Amount of hazardous waste from manufacturing, (2) percentage recycled	t, %		Waste Management	87
Labor Practices	TC-ES-310a.1	(1) Number of work stoppages and (2) total days idle	Number, days idle	There were no work stoppages due to major labor disputes or strikes in 2023	Employee Unions	107
Workforce Conditions, Health & Safety	TC-ES-320a.1	(1) Total recordable incident rate (TRIR) and (2) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	Rate		Occupational Health & Safety	94 97
	TC-ES-320a.2	Percentage of (1) entity's facilities and (2) Tier-1 supplier facilities audited in the RBA VAP or equivalent, by (a) all facilities and (b) high-risk facilities	%	1.a) Percentage of Facilities that passed RBA VAP: 100% 1.b) Percentage of high-risk Facilities that passed RBA VAP: NA 2.a) Percentage of Tier-1 suppliers that passed RBA VAP: 10% 2.b) Percentage of high-risk Tier-1 suppliers that passed RBA VAP: 5%		-
	TC-ES-320a.3	(1) Non-conformance rate with the RBA VAP or equivalent and (2) associated corrective action rate for (a) priority nonconformances and (b) other nonconformances, disaggregated by (i) the entity's facilities and (ii) the entity's Tier-1 supplier facilities	Rate	1.i) Facilities' priority non-conformance rate: 0; other non-conformance rate 4.0 1.ii) Tier-1 suppliers' priority non-conformance rate: 0.02; other non-conformance rate 5.0 2.i) Facilities' priority corrective action rate: NA; other corrective action rate 100% 2.ii) Tier-1 suppliers' priority corrective action rate: 100%; other corrective action rate 66%		-
Product Lifecycle Management	TC-ES-410a.1	Weight of end-of-life products and e-waste recovered; percentage recycled	t, %	N/A	-	-
Materials Sourcing	TC-ES-440a.1	Description of the management of risks associated with the use of critical materials	N/A		Enterprise Risk Management Supply Chain Management Conflict Minerals Compliance	39 66 75
Activity Metric	TC-ES-000.A	Number of manufacturing facilities	Number		Global Operations	6
	TC-ES-000.B	Area of manufacturing facilities	m ²		About USI	5
	TC-ES-000.C	Number of employees	Number		About USI	5



Management Systems and Certifications Table

Management System ⁽¹⁾	Facility	Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Vietnam
ISO 14001		✓	✓	✓	✓	✓	✓	✓
ISO 14064-1		✓	✓	✓	✓	✓	✓	✓
ISO 50001		✓	✓	✓	✓	✓	✓	✓
ISO 45001		✓	✓	✓	✓	✓	✓	✓
IECQ QC080000		✓	✓	✓	✓	✓	✓	✓
TL 9000		✓	✓	-	✓	-	-	-
ISO 9001		✓	✓	✓	✓	✓	✓	✓
IATF 16949		✓	-	✓	✓	✓	✓	-
ANSI/ESD S20.20		✓	✓	✓	✓	✓	✓	✓
ISO 13485		-	-	✓	✓	✓	-	-
ISO 26262		✓	-	-	✓	-	✓	-
ISO 27001		-	-	-	-	✓	-	-
ISO/SAE 21434		✓	-	-	-	-	-	-
RBA VAP		✓	✓	✓	✓	✓	✓	✓

Note:

1. All management systems are continuously updated to the latest version as of 2023.



Third-Party Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE UNIVERSAL SCIENTIFIC INDUSTRIAL (SHANGHAI) CO., LTD.'S SUSTAINABILITY REPORT FOR 2023

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 2023 (hereinafter referred to as the Sustainability Report). The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 2 High level to assess whether the text and data in accompanying tables contained in the report and complies with the GRI Standards, SASB (ELECTRONIC MANUFACTURING SERVICES & ORIGINAL DESIGN MANUFACTURING) (VERSION 2023-12) and AA1000 Accountability Principles (2018) during on-site assurance (2024/3/11-2024/04/30). The boundary of this report includes USI Zhangjiang, Jinqiao, Huizhou, Kunshan, Nantou, Mexico, and Vietnam Facilities' specific performance data included the sampled text, and data in accompanying tables, contained in the report presented. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD).
 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 2023 and its presentation are the responsibility of the directors or governing body (as applicable) and management of USI. SGS has not been involved in the preparation of any of the material included in the Sustainability Report.

Our responsibility is to express an opinion on the report content within the scope of assurance 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 and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2: General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3: Material Topics 2021 for organisation's process of determining material topics, its list of material topics and how to manage each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

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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)	High

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:

Reporting Criteria Options	
1	GRI Universal Standard (2021) (Reference)
2	AA1000 Accountability Principles (2018)
3	SASB (ELECTRONIC MANUFACTURING SERVICES & ORIGINAL DESIGN MANUFACTURING) (VERSION 2023-12)

- The evaluation includes AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018).
- The evaluation of the reliability and quality of specified sustainability performance information in USI's Sustainability Report is limited to determined material topics and the agreed USI's specific performance as conducted in accordance with Type 2 of AA1000AS v3 sustainability assurance engagement at a high level of scrutiny for USI and high level of scrutiny for its subsidiaries or joint ventures.
- The evaluation of the report against the requirements of GRI Standards is listed in the GRI content index as material in the report and is conducted with reference to the Standards.
- The evaluation of the report against the SASB Disclosures and Metrics included in the ELECTRONIC MANUFACTURING SERVICES & ORIGINAL DESIGN MANUFACTURING Sustainability Accounting Standard (VERSION 2023-12) and conducted alongside an evaluation of accuracy assurance at high level of scrutiny.

SPECIFIED PERFORMANCE INFORMATION AND DISCLOSURES INCLUDED IN SCOPE
 The agreed USI's specific performance are as the following :

- Supplier Screening Coverage & Progress
- Supplier Assessment Program Coverage & Progress
- Suppliers with Corrective Action Plans Coverage & Progress
- Suppliers in Capacity Building Programs Coverage & Progress
- Volatile Organic Compounds Emissions (GRI 305-7)
- Waste Disposal (GRI 306)
- Hazardous Waste (GRI 306)
- Water Consumption (GRI 303-3)

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Third-Party Assurance Statement

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, Sustainability Committee Secretariat and the senior management in Nantou; 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, Total Impact Measurement and Management, and 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 assurance, 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.

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the assurance work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is 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.

QUALITY AND RELIABILITY OF SPECIFIED PERFORMANCE INFORMATION

The agreed USI's specific performance information is free from material misstatement and disclosed in an impartial manner in Sustainability Report. In the future, USI may consider reflecting the corresponding topics of those in the material topic identification results.

AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

USI has demonstrated a commitment to stakeholder inclusivity and stakeholder engagement. Regular and immediate communication channels are established for major stakeholders, such as investors, customers, employees, suppliers, government, associations and local communities, and their concerns are analyzed and responded to.

Materiality

USI has established effective processes for determining issues that are material to the business. In the process, the degree of stakeholder concerns, impacts on sustainability topics, and impacts on operations were considered. Some impacts were also monetized for consideration. As well as USI prioritizes reporting on those topics at appropriate level. The identified results were confirmed by the governing bodies and corresponding management and disclosures were made.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. Those topics stakeholders concerned were reflected in material topics identification and relevant communication performance was demonstrated in the report.

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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 relevant measurements and evaluation, leading to more effective decision-making and results-based management. In the future impact assessment, it is encouraged to incorporate human rights impacts into the assessment and analysis of each topic, and to appropriately present the results as well, rather than listing it as a separate specific topic.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, USI's Sustainability Report of 2023, is reporting with reference to the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1: Foundation 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to USI's contributions to sustainability development. For future reporting, USI is encouraged to prepare for the transition to reporting in accordance with the GRI Standards, with more comprehensive details of its management processes on the identified impacts on the economy, environment, and people, including impacts on their human rights. As well as it is recommended to set management indicators and targets for external impacts and stakeholder concerns and incorporate them into tracking and discussion at the governance body, in order to comprehensively demonstrate the completeness of due diligence.

SASB CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

USI has referenced with SASB's Standard, ELECTRONIC MANUFACTURING SERVICES & ORIGINAL DESIGN MANUFACTURING, VERSION 2023-12 to disclose information of material topics that are vital for enterprise value creation. The reporting boundaries of the disclosed information correspond to the financial data reported in USI's Sustainability Report of 2023. USI used SASB accounting and activity metrics to assess and manage the topic-related risks and opportunities, where relevant quantitative information was assessed for its accuracy and completeness to support the comparability of the data reported. Process to identify, assess, and manage topic-related risks and opportunities were integrated into USI's overall management process. It is recommended that monitoring internal and external drivers of ESG risk and opportunity and the evolution of SASB Standards to enhance continuous improvement.

Signed:

For and on behalf of SGS Taiwan Ltd.

Stephen Pao
Business Assurance Director
Taipei, Taiwan
30 May, 2024
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