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

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**ESG
Report**

Sustainability Award
Bronze Class 2022

S&P Global

ESG Report

Cover Story

Transforming the Future, Leading towards Sustainability

USI's vision is to become the most reliable Electronic Design and Manufacturing company in the world
As part of our social responsibility and obligations, we are committed to sustainable environmental, social, and governance development

The dots form a rotating spiral that symbolizes the continuous transformation of dreams into reality
Our dedication and attention to detail enable us to keep transforming and achieve sustainable development

The blue and green color scheme represents our Low Carbon and Circular Sustainability Strategy and accentuates our respect for nature and resources
We will continue our journey with a steadfast pace and realize a sustainable future

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About this Report

Universal Scientific Industrial (Shanghai) Co., Ltd. (USI, Company, We) issues an annual ESG Report to publicly disclose our measures, achievements, and targets for all ESG key issues. This report is the tenth ESG Report published by USI and its subsidiaries. (From 2010 to 2012, USI's indirect controlling shareholder Universal Scientific Industrial Co., Ltd. published three ESG Reports). Stakeholders could learn about our sustainability achievements through this report and join us in our ESG journey.

Principles for Report Compilation

This report has been prepared in accordance with GRI Standards (2016) Core option and CASS-CSR 4.0 basic framework. This year, we also integrated the SASB Electronic Manufacturing Services & Original Design Manufacturing Standards into our reporting for the first time. We also use other recognized frameworks such as the Evaluation Index System of Shanghai Listed Corporate Social Responsibility Index (2017) and the Shanghai Stock Exchange Environmental and Social Responsibility Disclosure Requirements to provide ESG information. Please refer to the Stakeholder Engagement section for material topics and report boundaries.

Report Scope and Boundaries

The data collection period of this report was from 01/01/2021 to 12/31/2021, and financial 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 includes **Zhangjiang Facility, Jinqiao Facility, Shenzhen Facility, Kunshan Facility, Nantou Facility (Nantou-TT and Nantou-NK), and Mexico Facility.** 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

Every year, we complete a third-party verification for this report to improve information transparency and accountability. SGS Taiwan Ltd. provided third-party assurance for this report following AA1000 AS v3 (2020) Type 2 Moderate Level with GRI 45 disclosures verified with High Level. This year we also verified 7 SASB Electronic Manufacturing Services & Original Design Manufacturing disclosure topics. For details, please refer to the GRI & CASS-CSR 4.0 Index and SASB Index.

Since 2013, USI has published an ESG Report in Traditional / Simplified Chinese and English every July and is accessible on the USI Sustainability Web (https://www.usiglobal.com/csr).

Report Publication

Previous Version	Current Version	Next Version
Released in July 2021	Released in July 2022	Planned release in July 2023

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Letter from the Chairman

In the past year, the world has yet to shake off the volatility brought about by the COVID-19 pandemic while facing increasingly severe natural disasters caused by extreme weather. As people face the threat of environmental problems, governments have put forward countermeasures to show their determination to protect the environment. Mainland China has committed to reducing carbon emissions to achieve 2030 Peak Carbon Emissions and 2060 Carbon Neutral goals, with specific policies and implementation standards to be released. Therefore, environmental protection (E), social responsibility (S), and corporate governance (G) are not only the criteria for investment decisions but have also become key to sustainable business operations.

ESG is an essential part of USI's business operations. We constantly enhance our practices to go above and beyond regulators' requirements. In recognition of our efforts in sustainability, we were invited to participate in the 2021 S&P Global Corporate Sustainability Assessment for the first time and received S&P Global Bronze Class distinction in the Electronic Equipment, Instrument, and Component industry group. Not only have we maintained a BB Rating in MSCI Emerging Markets Index, but we also continued to be included in the SSE Corporate Governance Index and maintained our SSE information disclosure A rating for four consecutive years.

We are committed to sustainable development and are determined to become the world's most reliable Electronics Design and Manufacturing company. Following our Sustainability Strategy's four dimensions, Low Carbon, Circular, Collaborative, and Inclusive, we drive our sustainability initiatives through our Sustainability Committee. Through the Committee, we strive to create a safe working environment, build sustainable partnerships with our stakeholders to accelerate our value chain's growth, and promote social development through cooperation and innovation.

USI pays close attention to environmental initiatives in the places we are located. After understanding the policies, we develop environmental protection and carbon reduction strategies in response. To achieve our Science-Based Target (SBT) by 2030, we formed our Net-Zero Carbon Emissions Strategy based on leveraging renewable energy. We have been purchasing renewable energy certificates since 2018, and in 2021, our renewable energy consumption reached 80.3% at the cost of approximately CNY 3.39 million, accounting for 0.006% of our revenue. Our net carbon emissions are on-track and already below our SBT target.

In 2021, USI overcame various operational challenges and reached a record high revenue of CNY 55.3 billion, achieving a record revenue growth of 15.94%. As an A-share listed company in Mainland China, USI has taken the initiative to disclose ESG-related information and has issued CSR reports for 13 consecutive years. In 2021, we renamed the report as USI ESG Report to reflect the importance of ESG in our operations.

By disclosing information, we hope to establish transparent and open communication channels with the outside world. With this report, we also strengthen internal communication on corporate values, improve various management policies to enhance our sustainable value, and contribute to the long-term coexistence and co-prosperity with our planet. Let's work and move forward together on the road to sustainable development!

Chairman Jeffrey Chen

Letter from the President

In 2021, the COVID-19 virus continued to mutate, the global pandemic became even more severe, and human travel continued to be heavily restricted in many ways, resulting in logistics disruptions, shortages of labor and materials, imbalances in market supply and demand, and inflation. At the same time, the unending trade wars, political turmoil in some countries, and the carbon reduction and 2050 net-zero emissions targets set by countries in response to global climate change are among the many challenges that are sweeping the industry, making us all the more aware of the urgency of implementing sustainable strategies.

In these uncertain times, USI has been strictly self-disciplined and initiated emergency response strategies to mitigate impact, and has made concerted efforts to set a new record of CNY 55.3 billion in revenue and 15.94% year-on-year growth in 2021. In terms of the global deployment strategy, Vietnam Facility as the first production base of USI in Southeast Asia, was officially put into production in July 2021, which also demonstrates the Company's ability to serve overseas customers' orders more flexibly and promote the development of the local economy and high-tech industries.

In recent years, value chain management has become a top priority in the technology industry. In November 2021, USI held a Greater China Global Sustainable Supply Chain Webinar to promote the Company's policies and corporate philosophy and communicate directly with suppliers around the world. The content included the continuous promotion of a green supply chain, in line with the trend of international environmental protection requirements, and included the sharing of the requirements, implementation experience, and future goals of ESG for suppliers. 276 supplier representatives attended the meeting, and after the meeting, we received more than half of the questionnaires distributed that gave us a feedback of "very satisfied". Being awarded the 2021 Lenovo Lean Management Award by our customers is a solid recognition of our achievements in driving value co-creation.

In order to reduce the negative impact on the environment in our operations, USI has been actively promoting the use of renewable energy since 2018, with 100% renewable energy being used in our Mainland China Facilities and 31% renewable energy being used in our Mexico Facility. The solar power system built at the Nantou-NK Facility generated a total of approximately 1,508 MWh of renewable energy electricity by the end of 2021. On the other hand, since 2013, the Company has been participating in the Million Tree Project of Shanghai Roots and Shoots Youth Activity Center to promote reforestation and environmental education.

USI's efforts to promote sustainable development have been recognized with several awards: The Company was invited for the first time to participate in the 2021 S&P Global Corporate Sustainability Assessment and won the Bronze Award in the Electronic Equipment, Instrument, and Component industry group. The Company also achieved the first place in the electronics industry in Sina Finance's 2021 China ESG Top 500 Excellent Enterprises and the China Corporate ESG Golden Award Corporate Social Responsibility Award. In 2021, the Company also achieved a social contribution value per share of CNY 2.89 [1].

Through the Sustainability Committee's five Taskforces - Corporate Governance, Green Products and Innovation, Value Chain Management, Employee Care and Social Engagement, and Environmental Protection and Occupational Safety, USI continues to utilize corporate resources and invest in social services to contribute to the long-term development of Earth. No one is an outsider when it comes to ESG compliance. We must work together to reduce energy consumption and protect the natural environment, improve the working environment and promote diverse talents, proactively disclose information, achieve fair and transparent management, and strive for sustainable development.

Chen-Yen Wei

President C.Y. Wei

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

USI Contributions to the SDGs

SUSTAINABLE DEVELOPMENT GOALS

1
- Invested in **5** rural revitalization programs, benefiting **1,050** students.

1 NO POVERTY

2
- Donated Care Packages with rice, oil, and dried goods to **18** Kunshan households in need before Chinese New Year.

2 ZERO HUNGER

3
- Supplied free COVID-19 nucleic acid testing and rapid testing for employees, with **9,176** participants.
- Promoted COVID-19 vaccination, with a complete vaccination rate of over **83%**.
- Held **42** health activities, such as occupational health promotion, blood donation, weight loss competition, and bone density testing, with **13,028** participants.
- Provide medical and emergency support for unexpected or sudden illnesses for employees on business trips or stationed overseas.

3 GOOD HEALTH AND WELL-BEING

4
- Donated a cumulative total of **725** boxes of books to the Philanthropic Libraries.
- Built 5 computer classrooms through the Rural Digital Education Program, benefiting **1,614** students.
- Trained a cumulative total of **867** USIU internal lecturers.
- Supported **133** employees to take advanced studies.
- **411** employees are enrolled in **14** On-Job Degree Programs held in partnership with local schools.

4 QUALITY EDUCATION

5
- Employees have the right to equal pay for equal work regardless of gender.
- Increased percentage of females in senior management positions for 4 consecutive years, and promoted **4.7%** compared with 2020.

5 GENDER EQUALITY

6
- **36.4%** Reduction of water use intensity from the baseline year 2015.
- **73.1%** Recycling rate of process water in 2021.

6 CLEAN WATER AND SANITATION

7
- Purchased certified renewable energy to offset carbon dioxide emissions generated by traditional electricity used.
- **100%** renewable energy use in Mainland China Facilities and **31%** in Mexico Facility.
- Saved **1,944** MWh of electricity with energy-saving measures in 2021.

7 AFFORDABLE AND CLEAN ENERGY

8
- **15.94%** Revenue growth in 2021 compared to 2020.
- Actively engaged in sound tax policies and honest tax contributions to support the government's efforts to promote economic growth.
- **84%** Satisfaction rate from our major customers.
- Starting salaries for direct laborers at each facility are higher than local minimum wages.
- Provided **17,923** job opportunities worldwide with **97%** local employment.

8 DECENT WORK AND ECONOMIC GROWTH

9
- Installed solar panels on the roof of Nantou-NK Facility to promote solar power and generated **1,508** MWh of green electricity in 2021.
- Encourage innovation and increased R&D employees to **2,332**.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- Tightened the banned substance elimination program and limited 3 substances (Indium Phosphide, Nickel Sulfate, Nickel Amino Sulfate) to **1,000 ppm** or less to reduce harm to workers and the environment.

11 SUSTAINABLE CITIES AND COMMUNITIES

- Promoted green product design, reduced energy loss, and engaged in continuous improvement to reduce CO_2 emissions, saving **95,754** MWh of electricity in 2021, equivalent to reducing **46,888** metric tonnes of CO_2.
- **0** days of production interruptions due to climate-related disasters.
- Implemented TCFD [1] to analyze USI climate risks. Results include 3 opportunities, 3 transition risks, and 3 physical risks. We will use **100%** renewable energy in our operations by 2035 and achieve **net-zero carbon emissions** by 2050.
- **85** employees volunteered in environmental conservation-related activities.

13 CLIMATE ACTION

- Supported the Million Tree Project for 9 years running, planting a total of **107,833** trees covering **76.71** hectares.

15 LIFE ON LAND

- 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.
- Local purchasing rate reached **39%**.
- **100%** of our key suppliers meet conflict-free mineral requirements.

17 PARTNERSHIPS FOR THE GOALS

10 REDUCED INEQUALITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

14 LIFE BELOW WATER

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

- Employed **83** people with disabilities.
- Appointed **8** ethnic minorities to management positions.

- Performed corporate risk management assessment and implemented relevant countermeasures.
- Established an email protection mechanism to strengthen USI email security.
- Introduced an APT [2] system to strengthen cybersecurity protection capabilities.
- Co-worked with suppliers to recycle pallets and packaging materials, saving approximately CNY **12.45** million.

- Cleaned up 2 coasts and picked **335.2** kg of trash.

- 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.

Note 1. TCFD, Task Force on Climate-related Financial Disclosures
2. APT, Advanced Persistent Threat

Awards and Recognition

上海證券交易所
SHANGHAI STOCK EXCHANGE

Maintained **Four Years Information Disclosure A Rating** on Shanghai Stock Exchange 2018-2021

Sustainability Award
Bronze Class 2022

S&P Global

Awarded

S&P Global Bronze Class in Sustainability Yearbook 2022

Awarded

Top 10 Exemplars of Pudong Headquarters Economy

2021 AWARDS

Awarded

Sina Finance
2021 China ESG Top 500 #1 in Electronics Industry &
China ESG Golden Awards 2021 -
Best Social Responsibility Award

Wind ESG
2021 Industry Top Rated

AAA

Received

Wind ESG AAA Rating - Top Rated in Electronic Equipment, Instruments & Components Industry Group

Lenovo

Awarded

2021 Lenovo Supplier **Lean Supply Chain Management Award**

Governance

Zhangjiang Facility
- 2020 Outstanding Contributions to Pudong Economy
- 15th China Listed Companies Value Award - Top 100 Valued Mainboard Listed Company
- 10th in Shanghai Top 100 Manufacturing Enterprises 2021
- 37th in Shanghai Top 100 Enterprises 2021
- 6th in Shanghai Top 100 Emerging Industry Enterprises 2021
- 39th in Top 50 of Shanghai Top 100 Growing Enterprises 2021

Shenzhen Facility
- Shenzhen Advanced Manufacturing Pioneer Award
- 2020 Shenzhen Excellent Foreign Enterprise - Double Excellence Enterprise
- 2020 Excellent Import and Export Enterprises
- 2020 Shenzhen Top 500 Enterprises
- 2020 Shenzhen Top 100 Industry Leaders
- 2021 Sugon - Perfect Quality Award

Kunshan Facility
- Qiandeng Digital Economy Key Enterprises
- 2021 Jiangsu Industrial Internet Development Model Enterprise
- 2015-2020 Innovative Transformation and High-Quality Development of Advanced Enterprises
- 2020 Qiandeng Outstanding Talent Contributing Tech Innovation Enterprise

Nantou Facility
- Authorized Economic Operator Certification

Social

Zhangjiang Facility
- 11th China Charity Festival - 2021 Social Responsibility Pioneer Award
- 15th China Listed Companies Value Award - 2021 China Listed Companies Social Responsibility Award
- GoldenBee Excellent CSR Report 2021 - Foreign-Invested and Hong Kong, Macau, and Taiwan-Invested Enterprise

Shenzhen Facility
- 2020-2021 Shenzhen Excellent Foreign Enterprise - Harmonious Labor Relations Promotion Award

Kunshan Facility
- 2020 Kunshan A Grade Trustworthy Labor Security Enterprise
- 2020 Suzhou Harmonious Labor Relations Enterprise

Nantou Facility
- 2018-2022 Accredited Nantou County Nursing Room - Most Comfortable Room
- 2019-2021 Accredited Healthy Workplace - Health Advocate Badge
- 2021 Occupational Health Promotion Outstanding Service Award

Mexico Facility
- Jalisco Distinction for Good Labor Practices

Environmental

Zhangjiang Facility
- Shanghai Roots & Shoots - 2021 Million Tree Project Sponsorship Award

Shenzhen Facility
- 2021-2023 Shenzhen Nanshan District Green Channel Enterprise

Kunshan Facility
- Jiangsu Green Factory Certification

Operations and Governance

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

CNY **55.3** Billion Record High Sales Revenue

CNY **1.86** Billion Net Profit

A-level Rating of Information Disclosure in the SSE

Included in **MSCI Emerging Markets Index**

Included in **SSE Corporate Governance Index**

Listed as **Top 10 Exemplars of Pudong Headquarters Economy**

Key Performance and Targets
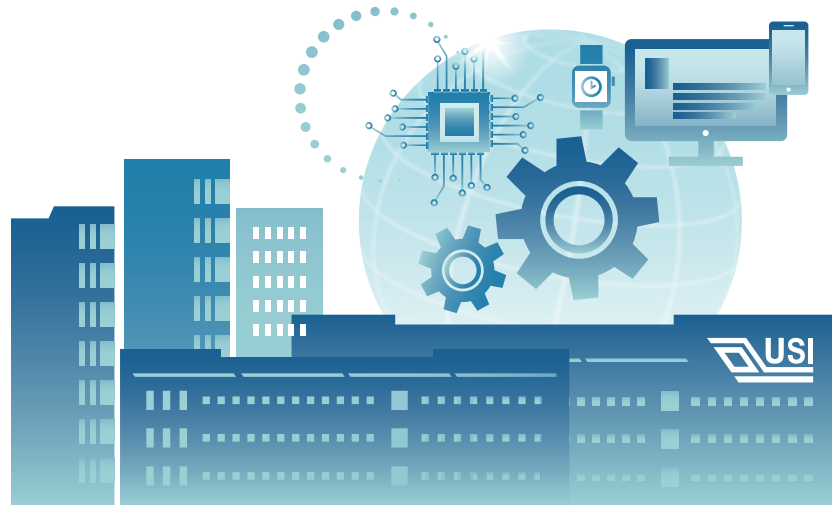
✔ Achieved   ⧗ Not Achieved

SDGs	Business Action	2021 Key Issue	KPI	2021 Target	2021 Performance	Status	2022 Target	2026 Target
8 DECENT WORK AND ECONOMIC GROWTH	Improve economic growth and productivity through sustainable development	Corporate Governance	▶ Included in SSE Corporate Governance Index	▶ Continue to be included in SSE Corporate Governance Index	▶ Included in SSE Corporate Governance Index	✔	▶ Continue to be included in SSE Corporate Governance Index	▶ Continue to be included in SSE Corporate Governance Index
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	1. Apply sustainable system or strategy and include sustainable information in routine report 2. Ensure all employees can acquire the related information and consensus of sustainable development	Business Continuity	▶ Obtain ISO 22301 certification	▶ Obtain ISO 22301 certification in Nantou Facility	▶ The certification was postponed due to COVID-19	⧗	▶ Obtain ISO 22301 certification in Nantou Facility	▶ Implemented BCMS to major Facilities
		Cybersecurity Management	▶ USI Cybersecurity training completion rate	▶ 80% completion rate of USI Cybersecurity training	▶ 85% completion rate of USI Cybersecurity training	✔	▶ 100% completion rate of USI Cybersecurity training	▶ 100% completion rate of USI Cybersecurity training
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Forbid any kind of corruption and bribery	Business Ethics	▶ USI Employee Code of Conduct training completion rate	▶ 100% completion rate of USI Employee Code of Conduct training	▶ 100% completion rate of USI Employee Code of Conduct training	✔	▶ 100% completion rate of USI Employee Code of Conduct training	▶ 100% completion rate of USI Employee Code of Conduct training

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Company Profile

Company Overview

USI (SSE: 601231) is a member of ASEH (TWSE: 3711, NYSE: ASX) and an industry leader in SiP (System in Package) modules. We provide D(MS)^2 product services: Design, Manufacturing, Miniaturization, industrial software and hardware Solutions, and material procurement, logistics and maintenance Services for brand owners. USI has a total of 27 manufacturing facilities with company headquarters in Pudong New Area of Shanghai, China and over 220 SMT lines across Asia, Europe, America, and Africa to support customers diversified electronic products through "global reach at a local level" strategy.

Company Name	Universal Scientific Industrial (Shanghai) Co., Ltd.
Registered Capital	CNY 2,209,609,072
Stock Number / Name	601231 / USI Shanghai in SSE
Date of Stock Issue	Feb. 20, 2012
Main Products and Services	Provide professional services in design, miniaturization, material procurement, manufacturing, logistics, and maintenance of electronic products such as communication products, computer and storage products, consumer electronics, industrial products, medical and automotive products
Chairman and Chief Executive Officer	Jeffrey Chen
President and Chief Operation Officer	C.Y. Wei
Global Total of Employees	24,768 (As of 12 / 31 / 2021)
Area of Manufacturing Facilities [1]	452,146 Square meters (45.2146 Hectares)

Note 1. The area of manufacturing facilities only includes facilities in the scope of this report. For more details, please refer to USI website (https: // www.usiglobal.com / en / global-locations)

Global Operations [1]

- Germany(4)
- Poland(1)
- Czech Republic(1)
- Mainland China(6)
- Taiwan(2)
- Vietnam(1)

- United Kingdom(1)
- France(7)
- Tunisia(1)
- USA Silicon Valley(1)
- Mexico(2)

USI Manufacturing Locations (USI + AFG)
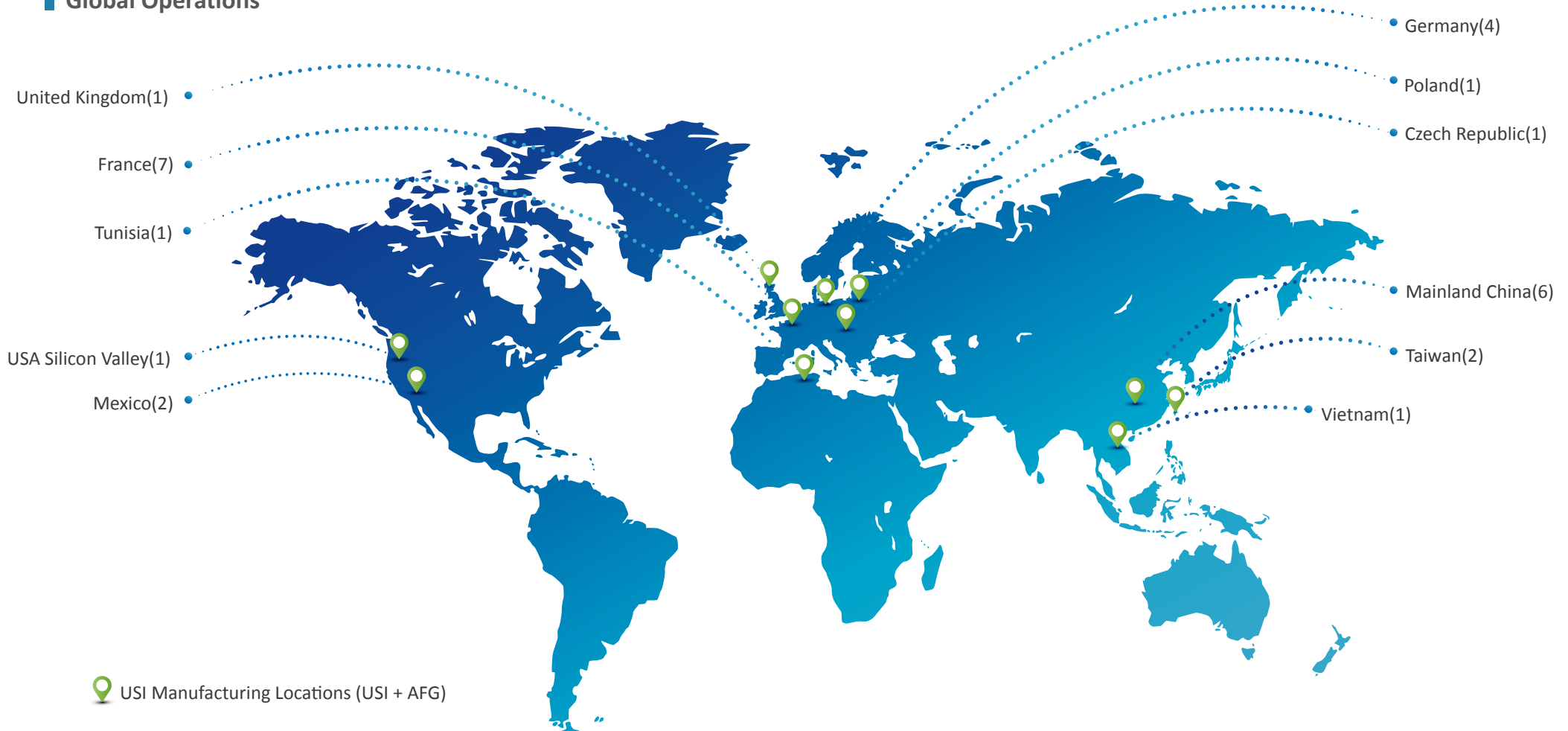
Note 1. For more details, please refer to USI website (https://www.usiglobal.com) or corporate videos (https://www.usiglobal.com/en/videos)

Financial Performance and Tax Governance

Financial Performance

The global supply chain was highly impacted by COVID-19, which increased uncertainty of business management. However, USI achieved superior business performance and hit new high by steady operation strategies. In 2021, USI reported consolidated sales revenue of CNY 55.30 billion with an increase of 15.94% comparing with 2020. Its total asset is divided into liabilities and equity, which are CNY 22.77 billion and CNY 13.08 billion. The earnings per share were CNY 0.85 and dividend remittance was CNY 1,099,138,448, accounting for 1.99% of revenue. The data scope in this chapter includes USI global operation locations, please refer to 2021 USI Annual Report for more financial information.

	2017	2018	2019	2020	2021
	29.71	33.55	37.20	47.70	55.30

Operating Revenue (in CNY billion)
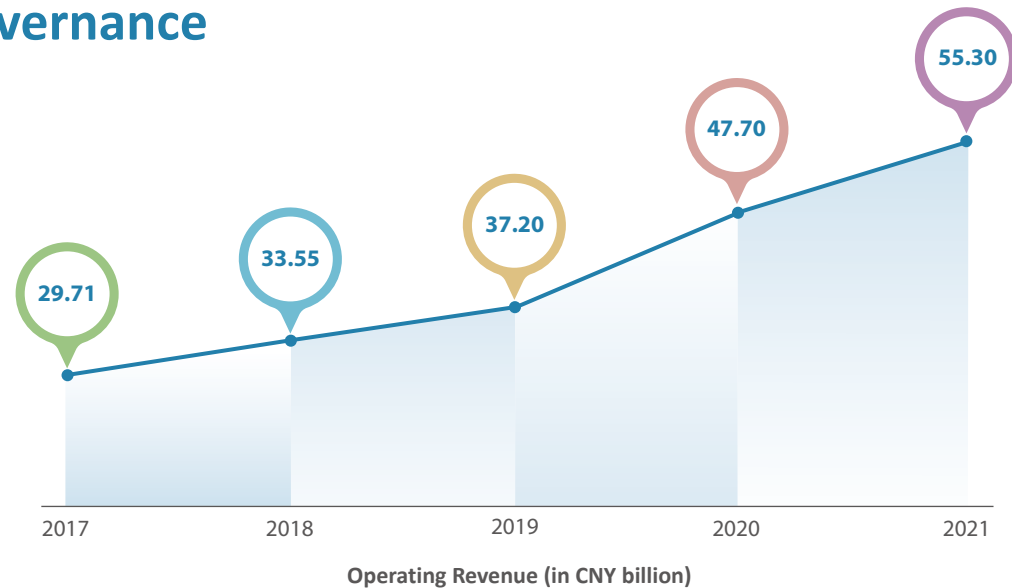
Unit: CNY

Item	2021	2020	2019
Operating Revenue	55,299,654,770	47,696,228,223	37,204,188,424
Operating Profit	2,131,813,481	1,961,650,751	1,422,151,443
Operating Cost	49,981,479,198	42,710,970,316	33,499,411,113
Total Profit	2,138,858,923	1,973,563,055	1,432,762,959
Net Profit	1,856,693,042	1,733,565,232	1,260,107,633
Taxes [1]	618,989,548	397,576,824	352,271,710
Earnings Per Share	0.85	0.80	0.58
Government Subsidies	50,678,107	76,779,477	52,011,789

Note 1. 2019 and 2020 data scope were adjusted by Financial Department

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Tax Governance

USI established tax policy to organize tax governance and follow tax laws of global operation locations, we believe that being an honest and responsible taxpayer fosters economic growth and contributes to long term business sustainability. The Chief Financial Officer supervises tax policy compliance, financial staff must take taxation training courses to prevent any risks from uncertain tax regulations.

Tax Policy

1. Comply with all applicable tax laws and regulations of all countries in which we operate and duly reporting and paying all necessary taxes in a timely manner.
2. Take both short term and long-term tax impacts into consideration when making major business decisions.
3. Be transparent and disclose tax information in accordance with applicable regulations and reporting requirements.
4. Pay taxes on the profits earned from business activities conducted in relevant jurisdictions and ensure intra-group transactions are conducted at arm's length.
5. Don't use tax havens and tax structures that are meant for tax avoidance or aggressive tax planning.
6. Construct an appropriate mechanism to evaluate potential tax risks which are given rise to our global manufacturing and sales activities.
7. Develop mutually trustful and respectful relationships with tax authorities in the countries we operate and communicating with them on tax matters where appropriate.

Our principal operating facilities and offices are in Mainland China and Taiwan. Therefore, a large proportion of operating revenue and profit before income tax is accounted by business activities conducted in Mainland China and Taiwan, which contributed more than 70% of income tax expense and income tax paid. 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 industrial innovation enterprise and thus entitled to reduce research and development before income tax. The effective tax rates in Mainland China and Taiwan were 9% and 21% respectively in 2021.

Note 1. Tien-Szu Chen resigned from the 5th Board of Directors, Gilles Baruk Benhamou was approved to fill the board vacancy

Board Governance

Board Structure
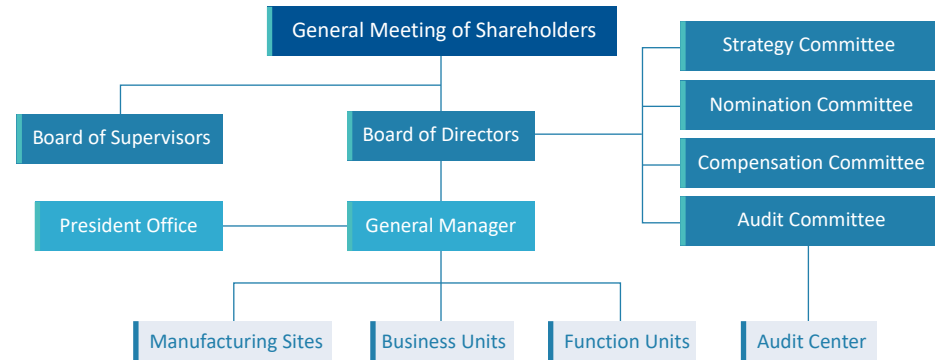
Board of Directors

The USI's Board of Directors candidates are nominated by the Nominating Committee and then approved by the Board of Directors and the Shareholders' Meeting. Currently, USI's Board of Directors is composed of 9 directors, with three independent directors. Each Board Director's term is three years. 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. Board of Directors shall exercise its authorities according to laws, administrative regulations, department rules or articles of the company. Material events must be deliberated and voted by directors after full discussion. But if the events are out of the authorization to Board of Directors, it should be submitted to Shareholders' meeting for deliberation and approval. The Company holds at least two board meetings every year. There were 7 board meetings in 2021 with a 100% attendance rate.

Shareholders can nominate directors and independent directors. The Nominating Committee will select candidates based on their professional background and working experience. Independent director candidates are required for the attitude of independence. Company held annual shareholders' meeting in April 2021. In addition to reviewing 2020 directors and supervisors' working reports and financial related issues during the meeting, a proposal of by-electing the non-executive director was approved[1]. For further details and the complete list of the Board of Directors, please refer to Section 4 of 2021 USI Annual Report.

Board Diversity

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

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 2021, board members completed 19 hours of training.

Course Name	Hour(s)
2021 Training Course for Corporate Governance	17
Regulatory Working Meeting of Listed Companies	2
Total Training Hours	**19**

Board Participation in Sustainability Governance

Three USI Board Members, namely, USI President C.Y. Wei, USI Chairman Jeffrey Chen, and ASEH Chief Administration Officer Dtuang Wang, have roles in our sustainable governance. USI President C.Y. Wei acts as the Chair of Sustainability Committee, and the other two board members are members in the ASEH Corporate Sustainability Committee. Their participation in the Sustainability Committee can strengthen the relationship between the Board and sustainability strategies. Each year, the Sustainability Committee submits the annual ESG Report 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. VP Otto Yu, the Taskforce Leader of Environmental Protection and Occupational Safety, shared the global trend of carbon reduction and USI Net Zero strategies in board meeting in July 2021. That will help the environmental sustainability to be more implemented by corporate governance decisions.

Board Performance and Compensation

USI established an evaluation and incentive mechanism to measure the performance of directors, supervisors, and senior officers respectively. Compensation Committee will draft a compensation proposal according to achievement rate of annual profit and operating targets. The proposal is generated after considering about industrial salary level and company status, and interlinking the business operator's annual salary, company asset, profitability, and business goals. It is expected to enhance operator's positivity, perfect the mechanism to select the superiors and strengthen goal constraint. For further details of Compensation of Directors, Supervisors and Senior Officers, please refer to Section 4 of 2021 USI Annual Report.

Conflict of Interests Management

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. And company has Board of Supervisors which includes the representatives of the shareholders and representatives of the employees. Supervisors shall monitor the acts of the directors and senior officers, audit and approve the regular reports prepared by the Board of Directors. External auditor will issue an internal audit report annually. USI held 2 Shareholders' meetings in 2021; shareholder representatives passed resolutions of Directors and Supervisors and financial proposals in accordance with the laws. Please refer to USI Investor Relations website (https://www.usiglobal.com/en/corporate-governance/ir-board-supervisors) for the name list of Board of Supervisors.

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

Board Committees

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

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

Audit Center

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

Board Meeting
Audit Committee
Audit Center
Audit Division — IT Audit Department
China Team 1 — China Team 2
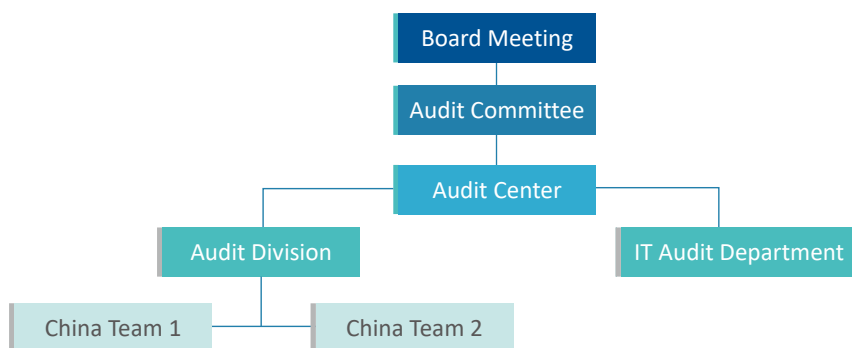
Internal Audit Process

≫ **Range of audit:** All operations and management of finance and business are included. According to related regulations, there are eight divided circles plus information circle 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 performed. The compiled report will be submitted to the board of directors as the realization of the Company's governance spirits.

Business Ethics and Compliance

Business Ethics

USI adopts a zero-tolerance attitude with the violations of fraud behaviors. To make sure employees do not have fraud or illegal profit exchanges with related institutes, USI employees must put more emphasis on incorruptible deeds. In employees' working regulations, they are required not to engage in activities for personal gain with their authority. USI has drawn up a Code of Business Conduct and Ethics [1] and a Privacy Policy [2] to be the business dealing standards of company employees, business partners and other stakeholders.

Grievance Mechanism and Whistleblowing Protection

Company provides the fraud notice mailbox for all employees and outsiders to report any integrity-related improper or suspected illegal practices. Reporting with name or anonymous are both accepted. The Company shall 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.

Ethics mailbox
ethics@usiglobal.com
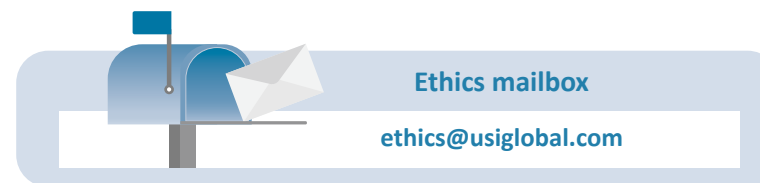
Promotion and Training

To ensure that employees understand and comply with the USI Employee Code of Conduct, Fraud Risk Management Procedure and The Rule of Punishment for Fraud in the Sunshine Act. When newcomers accept training, they 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 list to ensure the course of Employee Code of Conduct has been finished by each employee. Furthermore, the Sunshine Conduct Policies must be conducted to employees regularly to remind them of relevant corporate regulations and strict observance of rules. And the Sunshine Conduct is also announced to suppliers every year.

Note 1. Please refer to USI website (https://www.usiglobal.com/en/csr/Operation-Governance/Code-of-Ethics-And-Business-Conduct) for the complete Code of Business Conduct and Ethics
2. Please refer to USI website (https://www.usiglobal.com/en/privacy) for our complete Privacy Policy

Enterprise Risk Management

Risk Management Committee

To ensure sustainable business achievements, USI organized a Risk Management Committee to execute annual risk management activities according to business environment, industrial trend, and company operations. The function units of Risk Management Committee should investigate 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 responsibilities to adopt countermeasures and ensure the risk management policy can be executed by each operation unit.

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.

After identified and assessed by risk management process in 6 major facilities in 2021, only Financial Department identified Fraud as a high risk but controllable item, so there were no important corruption cases required for corrective actions. There were no instances of bribery or corruption discovered in 2021.

Regulatory Compliance

USI has devoted to maintaining the corporate image for years and strictly complied with national or international laws and regulations related to corporate governance, financial management, intellectual property, green environmental protection and safety rules, labor rights, and fair market competition. We also cherish customer value, rights, and interests. The contract review completion rate reached 96%[1]. 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 2021, no violations resulting in a significant penalty [2] or other non-economic punishment occurred. And 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 customer privacy rights, and no incidents of customer data leakage.

Risk Governance Process

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

1. Identify corporate level and operational level risks, list various risks that are facing by corporate and conduct Top-down ERM Approach by top managements to confirm the focused items.
2. Conduct Bottom-up ERM Approach by operation units to check their management risks, inspect internal and external risk factors, and show the control results on risk map according to the evaluation of Risk Level and Control Effectiveness.
3. Generate a corporate risk report based on risk evaluation results from operation units and corporate level. Inspect risk situations, countermeasures, and corporate opportunities. List corrective actions and risk mitigation plans for the risk items identified by each operation unit.
4. Monitor quarterly progress of risk mitigation plans to ensure the risks are effective controlled and convert the corporate risk management to the effective behaviors of organization strategies enhancement.

Note 1. 230 contracts remained to be reviewed by both parties by the end of 2021
2. The definition of significant penalty is sanctions over CNY 65,000

Risk Identification

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

Risk Assessment

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

Risk Response

Find out and evaluate countermeasures and corrective actions to control risks that include:
✓ Implementation cost and resources
✓ Feasibility and possible benefit
✓ Proposal lead time and schedule planning

■ Risk Assessment Matrix

Risk Level	Yes	Partial	No
H	• Outsourcing • Production Schedule • Demand Controls for Raw Materials • Innovation, Research, and Development • Fraud • Financial Disclosure		
M	• Geographical Politics • Natural Disaster Risks • Natural and Man-made Disasters • Legal and Regulatory Compliance • Quality Management • Compliance with Accounting Standards and Policies • Order Processing • Out of Materials / Lack of Materials • Shipment Management	• Talent Management / Recruitment • Standards of Quality • Planning of Production Equipment • Capacity Planning • Inventory Management • Factory Equipment Supply • Suppliers Business Continuity and Social Responsibilities	
L	• Communication • Enterprise Development • Contract Management • Technology • Supplier Chain Management • Pricing • Economic Conditions / Industry Trends • Cybersecurity	• Marketing / Sales Strategy • Business Concentration • Energy Management and Alternative Energy • Customer Satisfaction	

Control Effectiveness

2021 USI Risk Assessment Countermeasures [1~2]

Category	Item	Risk Situation	Countermeasure	Corporate Chance
Emerging Risk	Cybersecurity	1. Lack cybersecurity awareness, mistrust Phish or scam website 2. Leak system account or password 3. System is locked by hacker or data loss	1. Hold regular cybersecurity training courses for employees 2. Two-factor authentication 3. Regular backup & offsite backup	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
	Supply Chain Management	Supply chain has been impacted by COVID-19 and natural disaster, the production lines are facing the risks of manpower shortage, unstable logistics and key parts shortage	Material storage management, production schedule and logistics arrangements shall be more flexible base on the identified supply chain risks	Develop local suppliers to reduce the material risk from uncertain international transportation schedule
Strategy and Planning	Regional Politics	1. In the post-pandemic era, EMS industrial chain and corporate operations are impacted, that results in sluggish economic recovery and highly competitive in the field 2. Due to uncertainty of regional politics, the decision makers will hesitate and postpone the major investment decisions	1. Evaluate macro-economy, industry trend and emerging risk. Keep interactions with customers and stakeholders. Adopt action plans to enhance company core competence and operation resilience 2. Adjust manufacturing sites and business allocation to reduce regional supply chain impacts from trade friction and epidemic; through business growth and merger to enhance the market placement of non-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	1. Cooperate with customers to flexible adjust production facilities and improve products and services value 2. Enhance manufacturing strategy in non-Mainland China areas and convert local resources to be competitive advantages; strengthen company global manufacturing service capability 3. Aggressively develop and build local suppliers' capability to achieve a win-win situation

Note 1. Please refer to 2021 USI Annual Report for Risk Management: Section 3: (IV) Possible Risks
　　　 2. Please refer to the Climate Change and Carbon Management section for climate change related risks
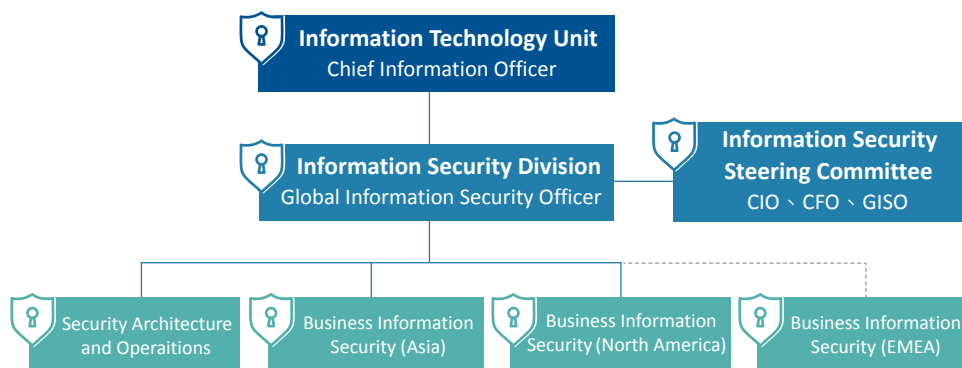
| Category	Item	Risk Situation	Countermeasure	Corporate Chance
Operation and Infrastructure	Energy Management and Alternative Energy	Violate local laws and losing business opportunities from not following governmental environmental regulations or customer's request to plan a comprehensive energy program	1. USI has bought RECs (Renewable Energy Certificates) to offset company's carbon emission since 2018, and climate change was one of the major topics in USI sustainability committee 2. Mainland China Facilities achieved 100% of renewable energy usage through I-REC purchased. USI will continue to enhance energy management and use alternative energy according to regulatory changes, customer requirements, and sustainable goals 3. Continue manage carbon emissions to achieve 2050 Net Zero target	1. Observe, evaluate, and publish the trend of regulations and customer specifications to enhance the efficiency of energy usage and innovate low carbon products for sustainable manufacturing 2. Strengthen social involvement to in line with governmental regulations by industrial unions or other stakeholders. Review company sustainable development through international appraisals. Build corporate positive image and increase market value
	Succession Plan and Recruitment	Operating risk from imperfect cultivation of the talent team and management mechanism	1. Build key successor system: (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	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
	Disasters	A company cannot normally operate without effective prevention and crisis management for emerging infectious disease, it will result in customers and company's losses	1. Follow procedures for Business Continuity Management and Enterprise Risk Management to ensure business continuity and recover the impacted facilities 2. Prevent and manage the impacts of emerging infectious disease, such as COVID-19	Through timely emerging risks plan evaluation to update and implement Crisis Prevention Measures, Emergency Response Plans, and Business Continuity Plan. It will help company to convert resilience to core competence

Cybersecurity Management

Effective cybersecurity management is fundamental to all operations. To ensure we have consensus of cybersecurity goals, USI set up a committee to boost cybersecurity awareness. The committee members are composed of CIO, CFO, GISO, Vice Presidents or Division heads level above, CIO shall report to Senior Vice President of Administration Group. Under the committee, there are information security representatives to assist the Information Security Committee in implementing cybersecurity affairs. USI obtained ISO 27001:2013 Certification in 2020 and the cybersecurity management is further implemented in the USI Group.

Information Technology Unit
Chief Information Officer

Information Security Division
Global Information Security Officer

Information Security Steering Committee
CIO、CFO、GISO

Security Architecture and Operaitions

Business Information Security (Asia)

Business Information Security (North America)

Business Information Security (EMEA)

Cybersecurity Vision

- Strengthen employees' cybersecurity awareness
- Protect customers and USI's sensitive information
- Ensure the confidentiality, integrity, and availability of information assets
- Establish a holistic cybersecurity system and ensure its effectiveness

Cybersecurity Goals & Vision

The Company's cybersecurity objectives 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 ISMS [1] implementations and cybersecurity objectives.

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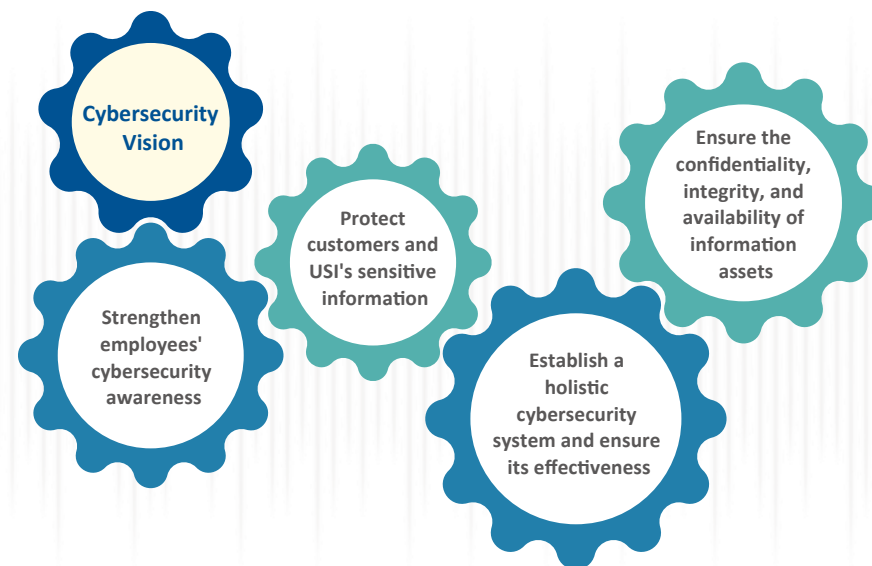
Cybersecurity Advocacy and Training

USI has made Enterprise Network Cybersecurity Management Approach and introduced Advanced Persistent Threat (APT) to increase cybersecurity protection. Through regular announcement, employees are required to follow network cybersecurity regulations and use legal software. 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. IT also irregularly practices Social Engineering (Phish Insight) to enhance employees' cybersecurity awareness.

To be a gatekeeper of company cybersecurity, IT members not only take professional training courses, but also need be certified to ensure the effectiveness of our cybersecurity organization can systematically solve cyber incidents. USI had no cybersecurity incidents in 2021.

Note 1. ISMS, Information Security Management System

Sustainability Management

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

We commit to

Provide a fulfilling and challenging working environment

Generate exceptional rewards for stakeholders

Contribute towards building a better place to live
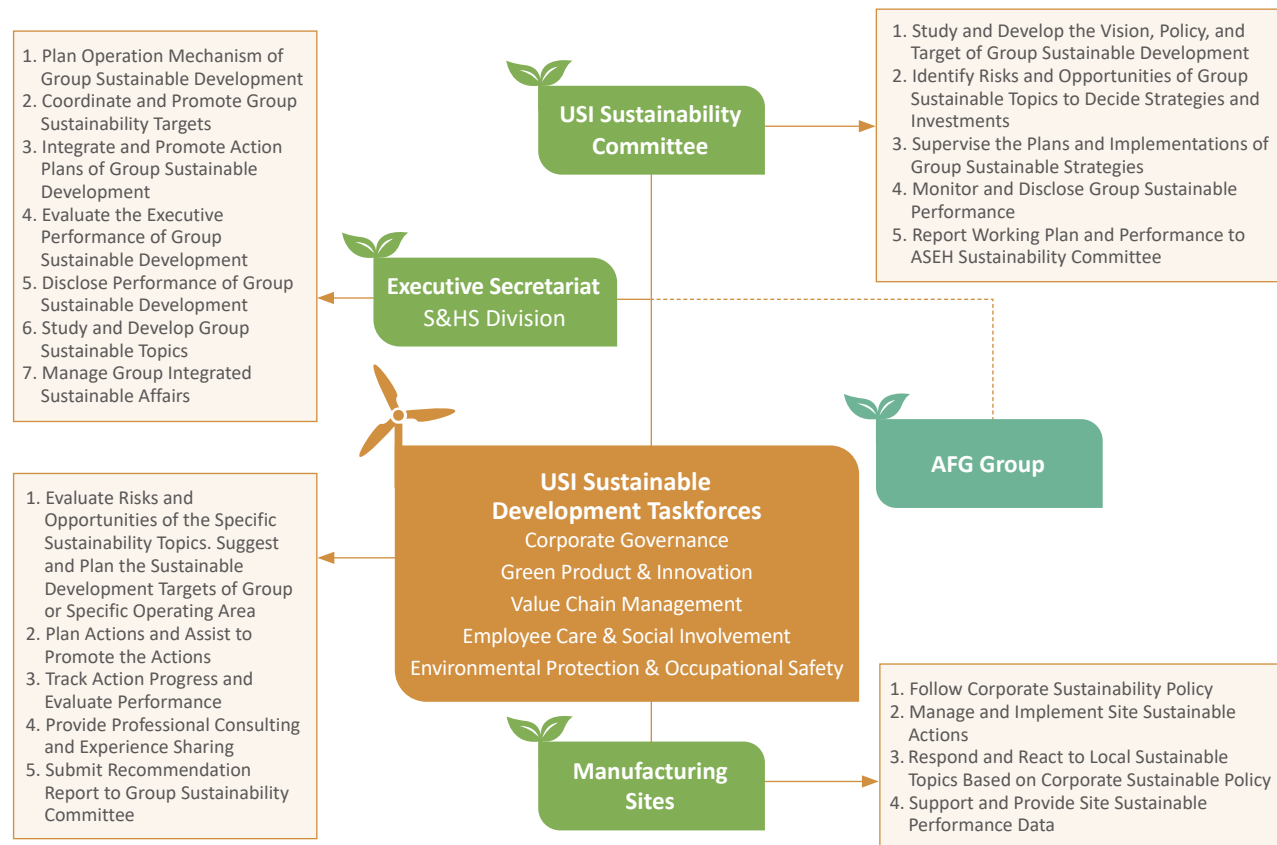
Sustainability Committee

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

The committee coordinators will hold quarterly meetings; leaders and task force members will decide and track the sustainable targets in the meetings. The sustainable achievements will be presented to committee Chair and members in the annual Sustainability Committee meeting. A Sustainability Committee Annual Meeting & Forum was held on December 14, 2021. Sustainability consultants were invited to share and suggest directions for USI sustainable performance.

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

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

USI Sustainability Committee

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

Executive Secretariat
S&HS Division

AFG Group

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

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

Manufacturing Sites

1. Follow Corporate Sustainability Policy
2. Manage and Implement Site Sustainable Actions
3. Respond and React to Local Sustainable Topics Based on Corporate Sustainable Policy
4. Support and Provide Site Sustainable Performance Data
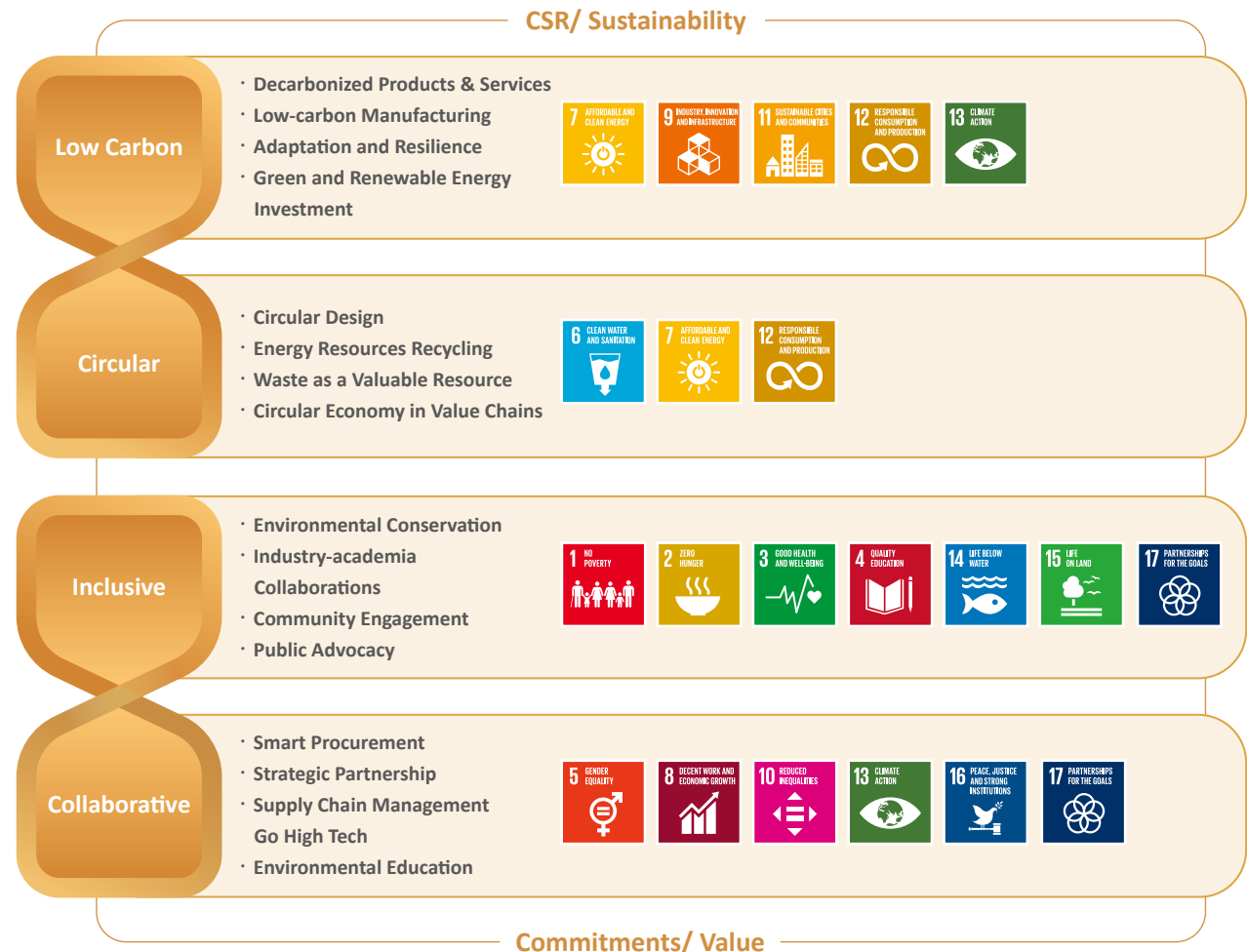

Sustainability Committee Annual Meeting & Forum

Sustainability Policy

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

Environmental
· Respond to climate action;
  Reduce greenhouse gas emissions
· Invest in green innovation;
  Improve energy efficiency
· Promote circular economy;
  Prevent and control pollutants

Social
· Ensure workforce diversity;
  Endorse human rights
· Stimulate social welfare;
  Support community investment
· Advocate supplier development;
  Achieve global partnership

Governance
· Upgrade corporate governance;
  Uphold business ethics
· Create company value;
  Connect with stakeholders
· Drive transparency culture;
  Disclose sustainable indicators

Sustainability Strategy

To reach the United Nations Sustainable Development Goals (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.

CSR/ Sustainability

Low Carbon
· Decarbonized Products & Services
· Low-carbon Manufacturing
· Adaptation and Resilience
· Green and Renewable Energy Investment

SDGs: 7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION

Circular
· Circular Design
· Energy Resources Recycling
· Waste as a Valuable Resource
· Circular Economy in Value Chains

SDGs: 6 CLEAN WATER AND SANITATION, 7 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Inclusive
· Environmental Conservation
· Industry-academia Collaborations
· Community Engagement
· Public Advocacy

SDGs: 1 NO POVERTY, 2 ZERO HUNGER, 3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION, 14 LIFE BELOW WATER, 15 LIFE ON LAND, 17 PARTNERSHIPS FOR THE GOALS

Collaborative
· Smart Procurement
· Strategic Partnership
· Supply Chain Management Go High Tech
· Environmental Education

SDGs: 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES, 13 CLIMATE ACTION, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS

Commitments/ Value

26

Strategic Approaches and Targets of Key Sustainable Issues

In 2021, we generated strategic approaches and 2026 targets according to key sustainable issues, tracked the target achievements and published the sustainable missions and performances in the annual Sustainability Committee meeting.

On-schedule   Room for Improvement [1]

Corporate Governance

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

Key Issue	Strategic Approach	2026 Target	Assessment Mechanism	Status
Regulatory Compliance	Implement laws and regulations: 1. Promote legal compliance awareness through training courses 2. Perfect legal compliance management mechanism and process	▶ Maintain 0 major regulatory violations	▶ Through monthly governance sanctions & fines data collection to control major regulatory violations of each facility, and analyze and track the progress of corrective actions	⚑
Business Ethics	Implement the related policies and specifications of business ethics: Continue to promote training courses and reflect business ethics in daily operations	▶ 100% coverage of employee annual Code of Conduct training	▶ Through e-learning system to arrange Business Ethics courses for employees, track and follow up the completion rate to ensure 100% coverage	⚑
Cybersecurity Management	Perfect cybersecurity mechanism: 1. Strengthen USI employee's awareness of the company's and customer's information asset protection responsibilities 2. Construct a safe and convenient information network environment to protect employees from internal and external cybersecurity threats	▶ 100% coverage of annual Cybersecurity training	▶ Through e-learning system to arrange Cybersecurity courses for employees, track and follow up the completion rate to ensure 100% coverage	⚑

Note 1. For target performance results, please refer to the respective chapter and section for more information

✓ On-schedule   📊 Room for Improvement

Green Products & Innovation

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

Value Chain Management

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

Key Issue	Strategic Approach	2026 Target	Assessment Mechanism	Status
Innovation Management & Sustainable Production	Follow green product specifications; continue to develop product innovation and manufacturing process improvement	▶ Continue encouraging innovation and green product design and accumulate 1,611 patents	▶ Through USI patent review meeting to oversee patent proposals and patent rights maintenance. The review meeting annually investigates the necessity and effectiveness of patents to maintain database	✓
Customer Relations Management	Through customer satisfaction survey to understand customers' expectations and needs. Precisely answer customers' questions and provide the best services to customers	▶ Score at least 84% customer satisfaction rate	▶ Quarterly track the results of QBR [1] and customer satisfaction survey to ensure the achievement rate	✓
Sustainable Supply Chain	Make sustainable procurement policy to evaluate and audit suppliers' environmental and social performances, and comply with conflict-free minerals purchasing	▶ Support local suppliers and achieve 35% local supplier procurement rate ▶ 100% Key suppliers comply with Conflict-Free Policy ▶ More than 76% suppliers complete RBA [2] Supplier Sustainability Assessment Questionnaire (SSAQ)	▶ Calculate local procurement amount to confirm the achievement rate ▶ Through CMRT [3] survey to ensure the achievement rate ▶ Through Supplier Sustainability Assessment Questionnaire to calculate the achievement rate	✓

Note 1. QBR, Quarterly Business Review
2. RBA, Responsible Business Alliance
3. CMRT, Conflict Minerals Reporting Template

☑ On-schedule   📊 Room for Improvement

Environmental Protection & Occupational Safety

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

Key Issue	Strategic Approach	2026 Target	Assessment Mechanism	Status
Air Pollution Control	Obey local laws and regulations to manage air pollution, implement air pollution control, continue to monitor and reduce air pollution	▶ 0 air pollution violations	▶ Quarterly check and confirm facilities air pollution emissions without violations	☑
Climate Change	1. Apply ISO 14064-1 to implement and manage greenhouse gas inventory 2. Through TCFD mechanism to understand operational risks and chances to make countermeasures	▶ Maintain ISO 14064-1: 2018 certification for all facilities	▶ Finish greenhouse gas inventory to pass annual ISO 14064-1 evaluation. ▶ Through annual TCFD evaluation to make operations strategies	☑
Energy Management	1. Implement ISO 50001 quality management system 2. Improve renewable energy usage rate 3. Promote energy saving program in facilities 4. Promote green building project	▶ Reduce energy consumption intensity by 11% from the baseline year 2015	▶ Monthly review energy consumption, and promote energy saving projects and improve renewable energy usage to ensure the performance of energy consumption intensity	☑
Occupational Safety and Health	1. Implement ISO 45001 to ensure the management scope covers all employees and the related workers 2. Establish internal risk assessment 3. Promote EAP (Employee Assistance Program) and health promotion programs	▶ No major occupational injuries ▶ No major occupational diseases ▶ No major infectious diseases	▶ Through Safety and Health / Production Committee to track the progress of filed projects and departments' KPIs	☑

☑ On-schedule   📊 Room for Improvement

Employee Care & Social Involvement

To build an inclusive workplace for employees, we Enforce Human Rights Policy, Enable Talent Development, Provide Comprehensive Benefits, and Cultivate Harmonious Labor Relations to create a happy workplace. And we promote and expand social engagement through Investing in Education, Contributing to Society, Promoting Arts & Culture, and External Participation to make a positive social impact on our surrounding communities.

Appeal Channel

Stakeholders can feedback or appeal through meetings, e-mail or Contact USI in USI website. Except internal meetings, the other appeal channels could be anonymous to secure whistleblowers' rights.

Key Issue	Strategic Approach	2026 Target	Assessment Mechanism	Status
Talent Attraction & Retention	Establish a comprehensive welfare system and harmonious labor relations: 1. Encourage employees actively to participate company activities 2. Understand employees' needs and recognition through employee engagement survey 3. Maintain labor relations, provide a competitive salary and welfare system	▶ Employee engagement score over 85% ▶ IDL turnover rate under 10% and DL turnover rate under 50% ▶ Key talent retention over 90%	▶ Hold employee engagement survey every two years to understand employees' opinions ▶ Track turnover situation every month / quarter / year and provide improvement plans	📊
Human Capital Development	Integral talents development mechanism: 1. Plan suitable training programs to achieve information sharing and learning mechanism in facilities 2. Provide a challenging and valuable job career and promotion opportunities	▶ Accumulate more than 1,000 lecturers through the internal lecturer training program ▶ Strengthen employee sustainable employment ability and lifelong learning program, support more than 80 employees get diplomas / degrees	▶ Quarterly track the situation of lecturer training program, and perfect internal training resources ▶ Annual track the employees number of obtaining degrees, and organize in-service educated programs inside the company	📊
Human Rights	Enforce human rights protection: No forced labor; prohibition of using child labor; non-discrimination; anti-harassment; freely association; respect employees' privacy; follow the regulations of working hour; manage and reduce risks of human rights to create a working place without discrimination	▶ 100% introduce human rights risks assessment across all global facilities ▶ Hire more than 120 people with disabilities	▶ Perform human rights risk assessment every year and track the improvement plans every 6-month to reduce the risks of endangering human rights ▶ Annual track the employment status of disabled employees to implement the diversified workplace policy	☑

Sustainable Impact Assessment

USI establishes value management system step-by-step and implements sustainability strategies to realize sustainability goals. We introduced SROI (Social Return of 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) to inventory the impacts and contributions to stakeholders from company's operations in Economic, Social, Environmental and Taxes in hopes to help company to improve operation performances through key management indexes correction.
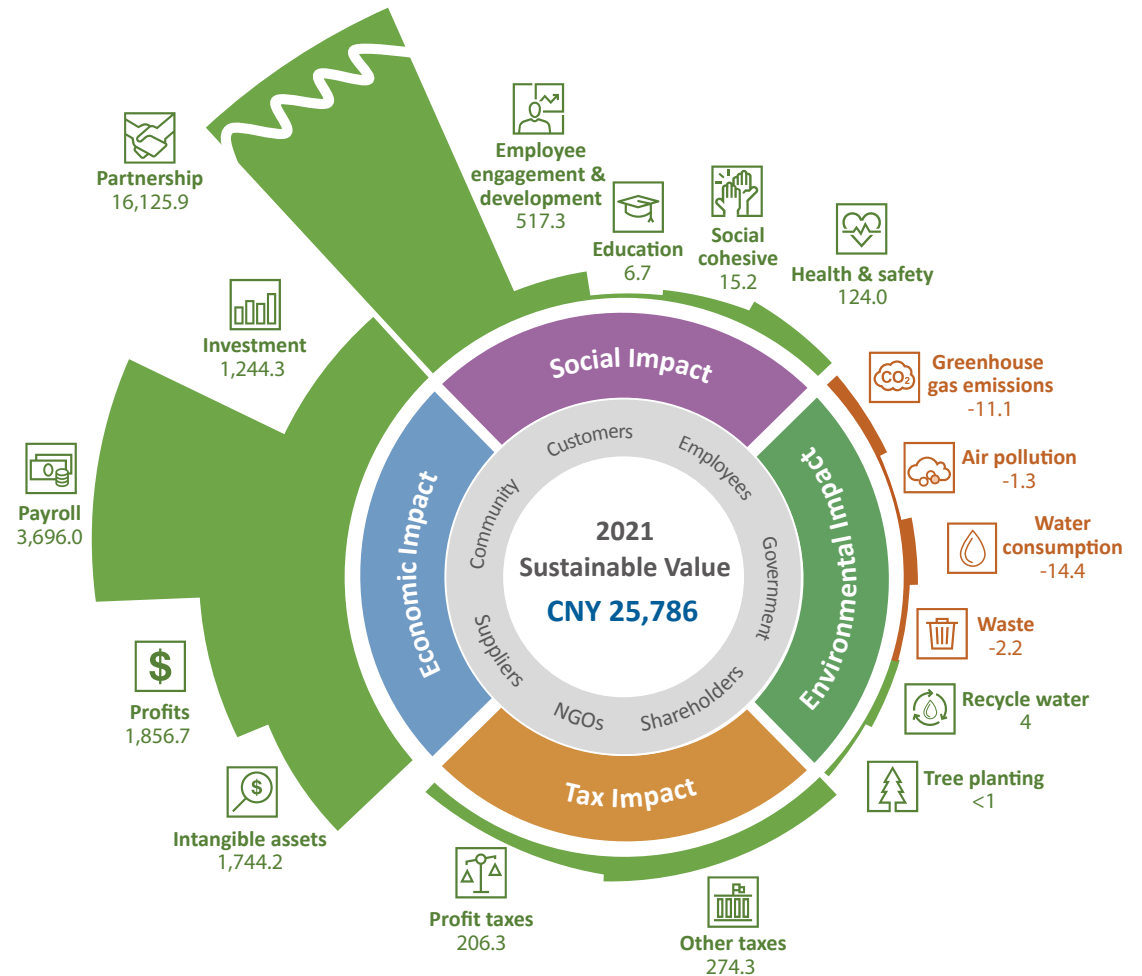
Sustainability Value and Impacts

Through TIMM assessment, USI generated CNY 25,786 million worth of sustainability value for stakeholders in 2021 that created positive and outstanding contributions.

Economic and Tax dimensions: USI has been an industry leading position and continuously improving core competitiveness through steady operation strategies. In 2021, USI achieved new high business profit bringing excellent benefits to shareholders, suppliers, employees, and government. Another major value was created by payroll. Company supports a comprehensive compensation mechanism though the growing numbers of employees, that does not only attract and retain talents, enhance employees' cohesiveness and activeness, but also guarantee employees and company steady growth.

Environmental dimension: The major negative impacts were Water Consumption and Greenhouse Gas Emissions. Through process water recycling system, the positive benefit of recycled water has been increasing every year. The recycled water rate was 27.5% in 2021, and the renewable energy rate was improved to 80.3% by purchasing certified renewable energy. On the other hand, USI's long term cooperation in NPO-led tree planting project mitigates environmental impact.

Social dimension: The major performances were good relationships with suppliers and human capital cultivation. USI holds a Sustainable Value Chain Webinar every year to promote company ESG policy. Human capital cultivation was executed by employee engagement survey to exhibit employees' working performances and values. While creating economic performances, company also actively engages in community construction and sustainability development, and contributes to society through various charitable activities.

Partnership 16,125.9
Investment 1,244.3
Payroll 3,696.0
Profits 1,856.7
Intangible assets 1,744.2

Social Impact
Economic Impact
Tax Impact
Environmental Impact

Customers | Employees | Government | Shareholders | NGOs | Suppliers | Community

2021 Sustainable Value CNY 25,786

Employee engagement & development 517.3
Education 6.7
Social cohesive 15.2
Health & safety 124.0
Greenhouse gas emissions -11.1
Air pollution -1.3
Water consumption -14.4
Waste -2.2
Recycle water 4
Tree planting <1
Profit taxes 206.3
Other taxes 274.3

Unit: CNY million

Stakeholder Engagement

Material Issues Identification

USI has identified major sustainability issues and established a framework for ESG disclosure in compliance with the GRI Standards, AA1000 SES (Stakeholder Engagement Standards) and AA1000 AP (Accountability Principle). The framework is established on the four major principles of Inclusivity, Materiality, Responsiveness, and Impact. Also, this framework is referenced for USI's long-term sustainability goals and strategies. As an integral basis for reviewing our sustainable development strategies, we value and solicit interaction and communication with our stakeholders by understanding their concerns through various communication channels.

Further analyzing the results, the differences between the material issues in 2021 and the previous year can be mainly attributed to the continuing influence of COVID-19, the increasing importance of climate change, privacy, human rights for all stakeholders, and USI's expansion. Work from home, worker shortages, investment in talent development, and net-zero action plans elevated Cybersecurity Management, Data and Privacy, Climate Change, Talent Development, and Human Rights to material issues.

Phase I. Inclusivity

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

We integrated GRI Standards, Sustainability Accounting Standards Board (SASB) Standards, Task Force on Climate-related Financial Disclosures (TCFD), Sustainable Development Goals (SDGs), Responsible Business Alliance (RBA) Code, Morgan Stanley Capital International (MSCI) ESG Rating, and S&P Global Corporate Sustainability Assessment (CSA) with our operational characteristics and ASEH's requirements and summarized them into 8 governance issues, 5 environmental issues, and 7 social issues, 20 sustainability issues in total.

Phase II. Materiality

In 2021, we conducted a Stakeholder Concern Survey, analyzed, and identified material issues for 996 stakeholders. Respondents included shareholders/ investors (11), customers (11), employees (562), suppliers/ contractors (348), government (9), industry unions/ associations (6) and communities (49). Then, we invited 84 senior managers and committee members to take the Operational Impact Survey to measure the impact of each sustainability issue on the company's revenues, risks, customer satisfaction, and employee engagement. The results are taken and analyzed with the results from the Stakeholder Concern Survey.

Step 1
Identify Stakeholders
‣ **7** stakeholders

Step 2
Design Sustainability Survey
‣ **20** issues summarized

Step 3
Investigate Stakeholder Concerns
‣ **996** feedbacks

Step 4
Analyze Operational Impact
‣ **84** senior executives and USI Sustainability Committee members participated

Phase III. Responsiveness

The Stakeholder Concern Survey and Operational Impact Survey were analyzed to identify the priorities of governance, environmental, and social issues. The issues were divided into material issues (13 items) and non-material issues (7 items). We selected 23 topics referring to the GRI Standards that respond to material issues identified, highlighted 2 topics according to the Company's industrial characteristics, and added 4 ASEH required topics. Energy Management and other non-material issues are disclosed annual drive priorities and performance in this report as they are also important in the sustainable development of USI.
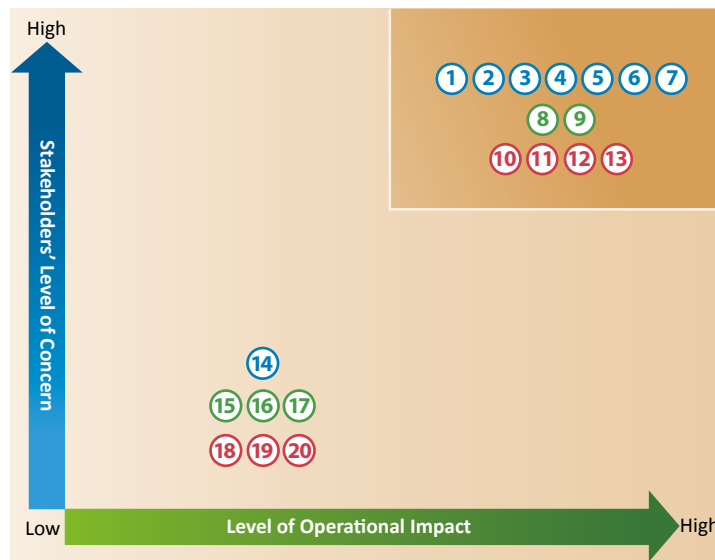
Scope and Structure of the Report: Following the principle of comparability, our 2021 ESG Report follows the material issues and coverage of the previous year. The structure of this report is based on material issues identified from stakeholder concerns and operational impact, as well as feedback from experts and scholars, fully disclosing USI's current policy and plans for fulfilling ESG sustainability development.

Phase IV. Impact

USI's five Sustainability Taskforces have formulated management strategies for all major ESG issues. Members of each Taskforce have jointly determined 21 long-term sustainability 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 ESG sustainability objectives in our annual ESG Report.

Step 5
Identify Material Issues
▸ **13** material issues

Step 6
Define Material Topics and Boundaries
▸ **23** specific topics
▸ **6** other topics
▸ **6** manufacturing facilities

Step 7
Formulate Long-term Goals
▸ **21** long-term goals

Step 8
Evaluate Impact
▸ **7** regular meetings

Materiality Matrix

Material

1 Regulatory Compliance
2 Business Ethics
3 Customer Relationship Management
4 Sustainable Supply Chain
5 Innovation Management and Sustainable Manufacturing
6 Cybersecurity Management
7 Data and Privacy
8 Climate Change
9 Air Pollution Prevention
10 Occupational Health and Safety
11 Talent Attraction and Retention
12 Talent Development
13 Human Rights

Non-material

14 Economic Performance
15 Water Resource Management
16 Energy Management
17 Waste and Circular
18 Diversity and Inclusion
19 Social Involvement
20 Work from Home

○ Governance   ○ Environmental   ○ Social

Material Issues, Topics of GRI and Influences

Material Issue		GRI Topics	Influence	Boundary				Impacts	
				Supplier	Internal [1]	Customer	Community	Direct	Business
Governance	Regulatory Compliance	307 Environmental Compliance 416 Customer Health and Safety 417 Marketing and Labeling 419 Socioeconomic Compliance	Ensure we comply with all applicable laws and avoid operational and financial risks from illegal activities through preventive measures.	✔	✔	✔		▲	
	Business Ethics	205 Anticorruption 206 Anticompetitive Behavior	Establishing a culture of integrity and accountability through business conduct and ethics is one of the keys to long-term operation and success.		✔			▲	
	Customer Relationship Management	ASEH Material Topics	Sound customer relationship management helps increase customer satisfaction and loyalty to effectively improves profitability and core competitiveness.		✔	✔			▲
	Sustainable Supply Chain	204 Procurement Practices 308 Supplier Environmental Assessment 414 Supplier Social Assessment Conflict Minerals Management [2]	We co-work with supply chain partners to commit to corporate sustainability, environmental protection, labor and social welfare, and promote environmental / social performance auditing assessment of suppliers to avoid purchasing conflict minerals.	✔	✔				▲
	Innovation Management and Sustainable Manufacturing	302 Energy 416 Customer Health and Safety ASEH Material Topics Continuous Improvement Program [2]	We are committed to innovative green technologies to reduce production costs, improve efficiency, and continuously reduce resource waste and energy consumption. In addition, the value chain business model strengthens our core competitiveness and expands the scope of green R&D technologies.		✔	✔		▲	
	Cybersecurity Management	ASEH Material Topics	Cybersecurity is the foundation for maintaining the safe operation of all services. We ensure cybersecurity through network security maturity assessments, operational cybersecurity health checks, and regular disaster recovery drills for information systems.		✔	✔		▲	
	Data and Privacy	418 Customer Privacy ASEH Material Topics	We maintain confidential business information responsibly and protect personal information privacy to ensure all rights are not compromised.		✔	✔		▲	

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

2. Conflict Minerals Management and Continuous Improvement Program are USI Specific Disclosure topics

Material Issue		GRI Topics	Influence	Boundary				Impacts	
				Supplier	Internal	Customer	Community	Direct	Business
Environmental	Climate Change	305 Emissions	Climate change has become the focus of global environmental issues, and our operations are increasingly dependent on energy for growth. Hence, we are facing expectations from our customers and the government, among other stakeholders, to increase the use of renewable energy.		✓		✓	▲	
	Air Pollution Prevention	305 Emissions	Air pollution is gradually worsening and seriously affecting people's quality of life. We use different control equipment for various pollutants to treat our emissions and meet regulatory standards.		✓		✓	▲	
Social	Occupational Health and Safety	403 Occupational Health and Safety	We have adapted an occupational safety and health management system in all our Facilities to prevent occupational hazards and enhance emergency response. USI also works with contractors to maintain a safety culture and provide workers with a safe and comfortable working environment.	✓	✓			▲	
	Talent Attraction and Retention	202 Market Presence 401 Employment 402 Labor / Management Relations 405 Diversity and Equal Opportunity	Enhance our competitiveness and become an attractive employer by providing competitive salary and benefits, understanding employees' needs, recognizing employees' performances and efforts, and maintaining labor relations.		✓		✓	▲	
	Talent Development	404 Training and Education	Plan suitable training courses for each job, implement information sharing and learning mechanisms across Facilities, and enhance the employee career development roadmap to help achieve business objectives.		✓			▲	
	Human Rights	406 Non-discrimination 407 Freedom of Association and Collective Bargaining 408 Child Labor 409 Forced or Compulsory Labor 412 Human Rights Assessment	Safeguard human rights in accordance with international standards on privacy, personal data, child labor, foreign migrant workers, forced labor, discrimination, freedom of assembly, equality / fairness, and conduct human rights risk assessment and mitigation measures to build an inclusive and non-discriminatory workplace.	✓	✓		✓	▲	

Stakeholder Communication

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

Stakeholder	Material Issue	Communication Channel	Frequency	2021 Performance	Section
Stockholder / Investor	▶ Economic Performance ▶ Talent Attraction and Retention ▶ Regulatory Compliance ▶ Business Ethics	▶ Board meetings ▶ Annual general meeting ▶ Regular reports (quarterly / semi-annual / annual report) ▶ Telephone conferences ▶ Investor Relations on USI website ▶ Shanghai Stock Exchange-SSE E-interaction ▶ Receptions, visits, and roadshows [1] ▶ Other interim announcements	▶ Non-periodic ▶ Yearly / Non-periodic ▶ Periodic ▶ Quarterly ▶ All the time ▶ All the time ▶ Non-periodic ▶ Non-periodic	▶ 7 board meetings were held. ▶ Held 2 shareholders' meetings to explain our operating performance, investment plan, passed 2021Y employee stock ownership plans and respond to investors' concerns. ▶ USI discloses the Company's financial information through regular reports (quarterly / semi-annual / annual reports) published on the SSE website and analyzes the Company's business situation and data accordingly. ▶ Held a telephone conference each quarter to explain USI's production and management to investors. ▶ Participate in brokers' strategy meetings and receive investors during their visits. ▶ Participate in Yicai roadshow programs to promote and advertise to investors.	▶ Financial Performance and Tax Governance ▶ Talent Attraction and Retention ▶ Business Ethics and Compliance ▶ Board Governance
Customer	▶ Business Ethics ▶ Occupational Health and Safety ▶ Human Rights ▶ Water Resource Management	▶ RBA-Online ▶ After-sales service system (e-RMA) ▶ Customer's satisfaction questionnaire ▶ Mail	▶ All the time ▶ All the time ▶ Quarterly ▶ All the time	▶ Report Self-Assessment Questionnaire (SAQ) assessment status and results through the RBA-Online platform. ▶ Constant monitoring of RMA [2] status through the system (e-RMA). ▶ Carry out satisfaction surveys each quarter through sales associates, and the main customers satisfaction is 84%. ▶ USI set up information security committee to implement NIST CSF [3] maturity assessment tool, and continuous improvement cybersecurity management capabilities to enhance assurance for customer. ▶ We held the Cybersecurity General Fundamentals Course to boost employee cybersecurity awareness.	▶ Business Ethics and Compliance ▶ Occupational Health and Safety ▶ Human Rights Protection ▶ Waste Management ▶ Cybersecurity Management ▶ Customer Service and Satisfaction
Supplier / Contractor	▶ Occupational Health and Safety ▶ Customer Relationship Management ▶ Human Rights ▶ Sustainable Supply Chain	▶ Quarterly business review ▶ Business meetings ▶ Supplier evaluation ▶ Purchase contracts / Conducts ▶ Training of suppliers ▶ On-site audit for suppliers ▶ Questionnaire investigation for suppliers ▶ Supplier sustainability conferences	▶ Quarterly ▶ Non-periodic ▶ Yearly ▶ In contract period ▶ Non-periodic ▶ Non-periodic ▶ Yearly ▶ Yearly	▶ Continue to promote green supply chain, ask, and help suppliers to pass quality management system certifications. Control the usage of raw materials to ensure the products and materials correspond to the regulations of USI green products. ▶ 34 new suppliers were subject to evaluation and 32 of them were approved and became to USI's Approved Vendor List (AVL). ▶ In addition to the compliance with purchase contract, suppliers must sign the Supplier Code of Business Integrity and Supplier's Commitment to Corporate Social Responsibilities. ▶ A total of 475 each category contractors join our occupational safety and health education and training. ▶ Suppliers are selected each year to carry out on-site inspection for RBA. The number of suppliers were selected was 83. ▶ A supplier survey is conducted irregular to comprehend the current situations and trends of suppliers. A total of 419 suppliers were surveyed. ▶ We held an online supplier sustainability briefing in Mainland China to promote our policies and philosophy and explained USI's ESG requirements for suppliers and shared future goals. A total of 276 supplier partners attended the online sharing session. We also held 24 Executive Business Review (EBR) meetings with material suppliers and 14 new product and technology presentations.	▶ Occupational Health and Safety ▶ Customer Service and Satisfaction ▶ Human Rights Protection ▶ Supply Chain Management

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

2. RMA, Return Merchandise Authorization

3. NIST CFS, US National Institute of Standards and Technology Cybersecurity Framework

Stakeholder	Material Issue	Communication Channel	Frequency	2021 Performance	Section
Employee	▶ Work from Home ▶ Occupational Health and Safety ▶ Talent Attraction and Retention ▶ Talent Development	▶ Employee Welfare Committee / staff congress ▶ Employee Relationship Website ▶ President's symposium ▶ Industrial relations meetings ▶ Training programs ▶ Employee engagement survey ▶ Newsletter ▶ Announcement	▶ Quarterly ▶ All the time ▶ Quarterly ▶ Quarterly ▶ Non-periodic ▶ Every other year ▶ Quarterly ▶ All the time	▶ 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 702 employee opinions were given back. ▶ President's Symposium was held each quarter for the general manager to announce the future trend and expectations of USI to colleagues. Additionally, the president can listen to employees' opinions in the meeting. Total held 116 employee symposiums. ▶ Company has been established to irregularly provide employees with various educational training programs to perfect their professional skills. Every employee received 30.7 hours of training on average. ▶ The Company adjusts employees' salaries based on the salary management system for six consecutive years; for outstanding employees, the Company provides a stock subscription plan to reward employees; in 2021, USI will increase salaries by 6% to 16% in Mainland China, 2% to 4% in Nantou and 5% to 13% in Mexico to maintain its competitiveness in the talent market. ▶ Share the experience of high-ranking officials through the Company's quarterly journals and WeChat group and understand information such as the latest industrial developments, health education knowledge, employee activities, and so on. Held 111 employee activities and 410 employee health education trainings. ▶ In response to COVID-19, we increased the insurance coverage for our employees, and provided them with the necessary supplies to protect themselves. To ensure employees can work remotely, in addition to adapting Microsoft 365, we conducted a telework drill with 63% participation rate in February to smooth out bugs before promoting work from home. About 60 employees applied for long-term telework afterwards.	▶ Occupational Health and Safety ▶ Talent Attraction and Retention ▶ Human Capital Development
Government	▶ Occupational Health and Safety ▶ Social Involvement ▶ Water Resource Management ▶ Business Ethics	▶ Official document ▶ Governmental agencies briefings / public hearings / seminars	▶ Non-periodic ▶ Non-periodic	▶ Actively participate in briefings / public hearings / seminars held by competent authorities.	▶ Occupational Health and Safety ▶ Social Involvement ▶ Water Resource Management ▶ Business Ethics and Compliance
Industry Union / Association	▶ Occupational Health and Safety ▶ Talent Attraction and Retention ▶ Waste and Circular ▶ Air Pollution Prevention	▶ Industry conferences ▶ Industry Union / Associations conference forum ▶ Member meeting	▶ Non-periodic ▶ Non-periodic ▶ Non-periodic	▶ Actively participate in conferences or forums held by Industry Unions or Associations. We participated in 40 external organizations. ▶ Publish operating results and development direction periodically.	▶ Occupational Health and Safety ▶ Talent Attraction and Retention ▶ Waste Management ▶ Air Pollution Control ▶ External Participation
Community (NGOs and the Media)	▶ Air Pollution Prevention ▶ Waste and Circular ▶ Climate Change ▶ Human Rights	▶ USI Website / Email / Direct line / Press release ▶ Community activities	▶ All the time ▶ Non-periodic	▶ Draw up environmental protection, occupational safety & health (ESH) Standard Operation Procedure and measures of environment safety communication, consultancy, and participation. Keep friendly relationships with community residents. ▶ Actively participate in social activities and establish a good relationship with the local communities we operate in. Held 68 philanthropic social activities.	▶ Air Pollution Control ▶ Waste Management ▶ Climate Change and Carbon Management ▶ Human Rights Protection ▶ Social Involvement

Green Products and Innovation

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

696 Cases Patents Accumulated

CNY **78.76** Million CIP Cost Saving

2,332 Employees R&D Job Function

CNY **1.64** Billion R&D Spending

92 % Eco-design Product Revenue Ratio

96 GWh Product Energy Efficiency

Key Performance and Targets

✓ Achieved   ⧗ Not Achieved

SDGs	Business Action	2021 Key Issue	KPI	2021 Target	2021 Performance	Status	2022 Target	2026 Target
8 DECENT WORK AND ECONOMIC GROWTH	Promote development-oriented policies to support production, job creation, creativity, and innovation	Patents and Research	▶ Apply for green product and design proposal	▶ Continue to apply for green product design proposals	▶ 696 patents accumulated	✓	▶ Continue the incentive system for green product and design	▶ Continue the incentive system for green product design, targeting a cumulative number of patents to 1,611
11 SUSTAINABLE CITIES AND COMMUNITIES	Reduce energy consumption in the production process and reduce CO_2 emissions	Continuous Improvement	▶ Continuously introduce proposals for improvement	▶ Continuously introduce proposals for improvement in each facility	▶ 304 approved proposals for continuous improvement	✓	▶ Continuously introduce proposals for improvement in each facility	▶ Continuously introduce proposals for improvement in each facility
13 CLIMATE ACTION	Adopt green product design to improve energy efficiency and reduce waste	Green Design / Green Product	▶ International energy conservation certification	▶ All internal power supplies complied with 80 Plus Titanium certification	▶ All internal power supplies complied with 80 Plus Titanium certification	✓	▶ The conversion efficiency of the AC-DC internal power supply complies with 80 Plus Titanium certification	▶ The conversion efficiency of the AC-DC internal power supply complies with 80 Plus Titanium certification
			▶ Miniaturized design	▶ On handheld devices, continue to use the latest generation of radio frequency (RF) connector, which is light and compact and materials saving, with a utilization rate of more than 90%	▶ 5 products use the latest generation of RF connectors to save materials, with a utilization rate of more than 90%	✓	▶ Design Wi-Fi Module with better energy efficiency to save energy (Target to Save 30% Power)	▶ Develop miniaturized antenna design to reduce material and energy consumption and reduce its carbon footprint (Shrink Antenna Size by 25%)

Research Patents and Continuous Improvement

Research and Patents

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

USI has 2,332 R&D employees, accounting for 9.42% of the employee population and invested CNY 1.641 billion, accounting for 2.97% of the revenue in 2021. The number of products shipped was 1,000,628,071 [1].

■ R&D Spending and Intensity

R&D Spending (in CNY billion)
R&D Intensity (%)
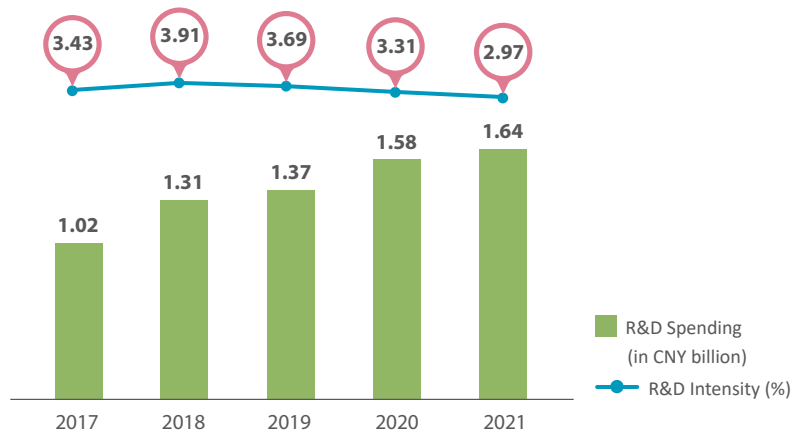
Note 1. Please refer to page 19~20 and 22 in the 2021 USI Annual Report for detailed information
2. AGV, Automated Guided Vehicle

In terms of patents, to encourage research, development, and innovation, 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. By the end of 2021, an accumulative total of 696 patents had been obtained. The accumulative approved patents increased by 36 cases comparing with 2020. The patents obtained in the last four years are shown in the figure.

- Annual Filed Application
- Annual Granted Application
- Accum. Filed Patent (Pending)
- Accum. Effecitve Granted Patent
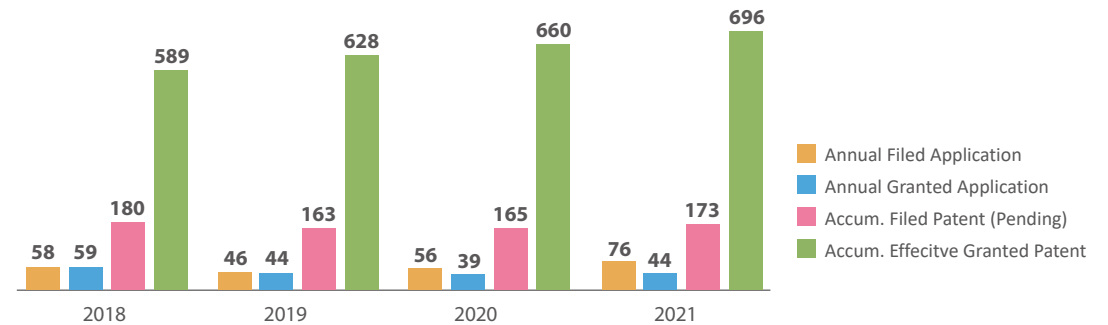
Four of the proposals involved green process designs and have passed internal patent review meetings. The green process proposal is to increase the proportion of automated and unmanned factory operations by reducing work hours, lowering labor costs, or improving efficiency to achieve energy and carbon savings in the process.

Facility	Green Proposal	Proposal Benefit
Zhangjiang	Testing Pen Device	The device performs fully automatic scanning, loading and response testing. This saves labor, reduces working hours, and improves productivity.
	Automatic clamping device for chip test fixture	The device drops the rotating head to the clamping point and uses the bearing on the rotating head to clamp onto the fixture, thus reducing the number of operators needed.
	Cart positioning equipment and positioning method	Design cart rack, apply six-axis robot to replace manual clamping of pallets on the rack, AGV [2] replaces manual transport of the rack to supply to the production line, thus reducing the number of operators, lowering labor costs and realizing the objective of an automated and unmanned factory.
Kunshan	Pallet transfer device and material counting system	Automatic pallet loading and unloading mechanism design, saving manpower working hours, reducing the duration of personnel contact with X-ray machines, thus reducing health impacts for exposure to radiation.

Continuous Improvement Program

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

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

The cases proposed by each facility are reviewed by Site Review Committee (SRC) for their project results that including innovation and development capability, actual saving value attainment capability, technical application capability, standard operation capability, and reproduction operation capability. After the organizer samples the cases, Corporate Review Committee (CRC) will review their saving benefits and promote cases with reproducible results to enlarge the benefits. According to the statistics in the figure below, over 250 cases on average are defined each year.
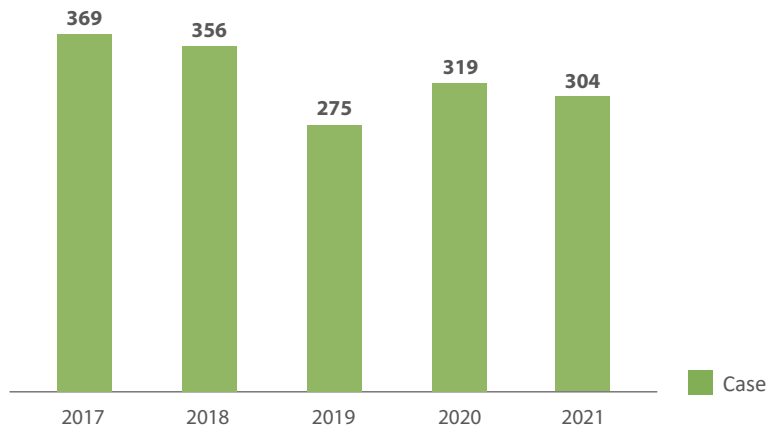
After the 2021 annual performance examined and approved by CRC, the actual tangible cost saving was CNY 78.76 million, mainly from the innovative automatic design of the Zhangjiang Facility. Please refer to the figure for the details of each facility. The saving cost accounted for 0.22% of revenue (target value: 0.22%) and a total of CNY 179 thousand has been reward employees for their commitment to continuous improvement[1].

■ **2021 CIP Performance by Facility**
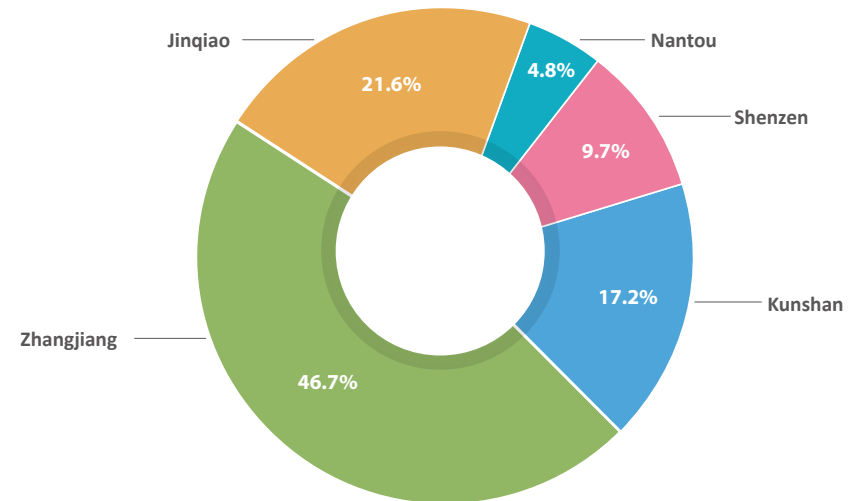
Note 1. Due to discrepancies with quoted figures, the bonus for 2020 was revised to CNY 218 thousand

CIP Excellent Contribution Award

Each facility proposes representative or innovative cases to enter global competitions. Awarded teams are granted trophies and incentive payments. The following table explains the contribution award and project benefits. In response to the issue of climate change, USI has included Energy Saving and Carbon Reduction in the rating system and the type of key project to promote relevant green proposals. In 2021, 8 projects achieved the targets, included two Energy Saving and Carbon Reduction projects awarded.

Facility	Ranking	Project Name	Project Benefit
Key Project			
Jinqiao	Bronze Medal	Heat Recovery System	Improved heat recovery system to recycle thermal energy into the Facility's air conditioning system, reducing the load on boilers and ice machines, reducing water, electricity and gas consumption, saving 135,306 kWh of electricity annually and reducing carbon emissions by 606 metric tonnes, within estimated annual savings of CNY 1,307,703.
Nantou-NK	Bronze Medal	Improve the operation of air conditioning tank feed pump	Use pressure sensor with two-way valve modification, with three-way valve and inverter variable flow energy-saving technology, so that the feed water pressure flow supply is stable, maintaining the best operation mode to achieve energy saving and carbon reduction effects, saving 423,948 kWh of electricity annually and reducing carbon emissions by 213 metric tonnes, within estimated annual savings of CNY 195,161.
Other Project			
Zhangjiang	Gold Medal	Robot arm replacement product in the In-Circuit-Test platform improvement	The old machine was modified to add suction nozzles and laminated pallets for loading and unloading, which can improve efficiency and productivity, and reduce the purchase of 8 new machines, so that one person can operate 12 machines. It is expected to save CNY 2,907,317 annually.
Zhangjiang	Silver Medal	NW2009 equipment using RF switch IC instead of RF mechanical switch	Design RF switchboard to replace the original RF switch to save equipment investment costs. It is expected to save CNY 3,193,344 annually.
Jinqiao	Silver Medal	Improved laser groove perforation	Increase delay time and laser power control to improve penetration. It is expected to save CNY 1,458,952 annually.
Zhangjiang	Bronze Medal	Improved laser cutting productivity	Combine laser cycle mode and new laser cutting method (including a new base design) to reduce laser cutting path and time. It is expected to save CNY 2,377,133 annually.
Kunshan	Bronze Medal	Screw fixture control system	The locking screw fixture features a foolproof design to prevent the loss caused by worker negligence through statistics. It is expected to save CNY 258,325 annually.
Kunshan	Bronze Medal	Parallel testing for Function Test	Parallel testing is introduced to reduce the operating time of the entire PCB testing, saving on testing working hours and reducing machine loading rate. It is expected to save CNY 378,092 annually.

Green Product Management

With respect to the strategies of green management and ecological design on products, and through annual third-party IECQ QC080000, ISO 14001, and ISO 14064-1:2018 management systems inspections. USI can quickly respond to changes in international environmental protection laws, directives, and clients' requests. In addition, USI integrates and stipulates Standards for Green Environmental Protection Products to control hazardous substances in electronic components and products. The design and R&D personnel of USI have ecological design capabilities for their products, and continue to introduce the concept of green products and clean technology, which allows our environmental-friendly products to be sold around the world and ensures that the green products we manufacture and sell are in compliance with environmental laws, regulations, and requirements around the world in terms of environmental protection, while satisfying customers' needs and the development trends of environmental protection, and following company's standards for internal control.

■ Four Main Aspects of Green Product Eco-design

Main Aspect	Environmental Directive	Requirement	USI Design for Environment (DfE)
Hazardous substances in electronic products	RoHS [1] (Restriction of Hazardous Substances) REACH [2] (Registration Evaluation and Authorization of Chemicals) Halogen-free parts and process requirements Battery Directive and Packaging and Packaging Waste Directive	▶ Low polluting ▶ Non-toxic	▶ Phase out the use of BFRs ▶ Phase out the use of PVC ▶ Use non-halogen materials
Recycling management of electronics	WEEE (Waste Electrical and Electronic Equipment)	▶ Recyclable ▶ Easy to take apart ▶ Easy to process	▶ Reduce the number of tools used to take machines apart ▶ Increase the percentage of recyclable module designs ▶ Introduce the labeling for recyclable plastics
Ecological energy design of products	ErP (Energy-related Product) CEC (California Energy Commission)	▶ Energy saving ▶ Resource saving ▶ Reduced environmental impact	▶ Reduce the energy consumption of machinery in standby and off mode ▶ Increase the efficiency of energy conversion of EPS ▶ Keep machinery in power-saving mode
Product miniaturization design	SiP (System in Package) SOM (System on Module)	▶ Reduce volume ▶ Easy to integrate	▶ Improve the system's functions ▶ Reduce the complexity of the circuit ▶ Reduce the materials usage

Note 1. To date, we have controlled over 300 chemical substances under the Green Product Specifications to ensure that our products are in compliance with RoHS European Union directives

2. In response to the announcement of adding the 26th batch of 4 Substances of Very High Concern (SVHC), the candidate list of REACH has been extended to 223 substances

3. The current plan is to ban the use of the three substances Indium Phosphide, Nickel Sulfate, and Nickel Amino Sulfate by 2023

USI designs green products that meet global regulations based on the four aspects of Green Product Eco-design, and constantly improve ecological design capabilities so products can meet trends in green design. We design products with Eco-Design as the principle in the planning stages of product development. In 2020, USI introduce a professional green value chain management platform "Green Parts Aggregations & Reporting System (GPARS)" and database for environmental hazardous substances (EHS). The materials we use in our products meet Hazardous Substance Free (HSF), RoHS and WEEE requirements. Up to 2021, we have over 300 chemical substances controlled under Green Product Specifications to ensure that our products follow RoHS European Union directives. In response to REACH's announcement of adding the 26th batch of 4 Substances of Very High Concern (SVHC), the list of REACH substances has expanded to 223 substances. For substances that have not been replaced by technology at this stage, a Prohibited Substance Eradication Plan [3] has been drawn up. In addition, suppliers must provide Environmental Hazard Non-Use Declaration and Safety Data Sheet (SDS) or material composition tables. According to the Design for Environment (DfE) operating procedures, USI not only takes potential environmental impacts under consideration when designing a product, but also have them confirmed with the project development unit and the customer to meet the requirements of Energy Star and ErP, as to meet a range of environmental factors, such as material use, energy saving and CO_2 reduction, efficient use of water resource, pollutant emission, resource wasting and recyclability, in order to minimize negative impacts to our environment during the product life cycle.

A green product with clean technology needs to comply with two or more green product ecological design standards to improve energy efficiency and reduce environmental pollution. In 2021, green product revenue accounted for 32.8% of USI's total revenue, which decreased by 14.8% compared to the previous year, mainly due to supply shortages and the percentage of green products in each category is shown in the table below. In the future, we will continue to invest in green product research and development and increase the proportion of green products.

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

Green Product Category [1]	Percentage of Revenue in 2021 (%)
Communication Product	26.5
Industrial & Automobile Electronic Product	2.2
Consumer Electronics & Computer and Storage Product	4.1
Total	**32.8**

Performance of Eco-designed Products

Product Revenue Ratio (%)	2017	2018	2019	2020	2021
Energy Efficiency	33.3	32.9	34.4	38.6	45.9
Electronic Waste Recycling (WEEE)	12.5	11.2	9.2	6.3	5.2
Light and Compact	49.2	39.6	39.0	41.6	41.0
The Proportion of Total Revenue	**95.0**	**83.7**	**82.6**	**86.5**	**92.1**

In our 2021 product energy-saving evaluation, USI's eco-design products saved 95,754 MWh, equivalent to reducing 46,888 metric tonnes of CO_2 and accounting for 37.3% of USI's total revenue.

Product Energy Efficiency Evaluation

Product Category	Energy Saving in 2021 (kWh)
Communication Product	1,020
Consumer Electronics Product	40,011
Computer and Storage Product	17,227,481
Industrial Product	638
Automobile Electronic Product	78,484,431
Total	**95,753,581**

Note 1. USI's product categories fall into six categories, and this section does not cover medical categories

To intensify the promotion of green products, USI established the Green Design Innovation and Invention Patent Incentive System at the end of 2017. The objectives thereof are to give green-related designs weighted scores; build a green and innovative corporate culture; and facilitate green design proposals. The results of each product category and green related design are as follows:

USI's Green Design in 2021

Product Category	Key Features	Performances
Internal Power Supply	▶ Improve energy efficiency	▶ All internal power supplies complied with 80 Plus Titanium certification
External Power Supply	▶ Improve energy efficiency	▶ Comply with the EU Code of Conduct Tier 2 (CoC Tier 2) and the latest regulations of the US Department of Energy (DoE)
Server	▶ Improve energy efficiency	▶ The DC-DC conversion efficiency of the DC power supply of the server product is more than 90%
Wearable Solutions	▶ Improve energy efficiency ▶ Reduce power consumption in standby ▶ Modularization and compatibility ▶ Miniaturization	▶ True Wireless Stereo (TWS) uses low-power IC parts in its SiP design so that its standby power consumption is below 1mA
Intelligent Connectivity Solutions	▶ Reduce consumables	▶ Continue to use the latest radio frequency (RF) connector in handheld devices and replace existing parts with smaller, thinner, and lighter components to conserve material use
enterprise Access Point Product	▶ Improve energy efficiency	▶ Design products to meet ErP Lot 26 network standby requirements (standby mode < 8W)
Visual & Specific Application Product	▶ Improve energy efficiency ▶ Miniaturization	▶ Develop hearing aid charging products to reduce the use of disposable batteries and reduce waste

Green Supply Chain

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

We invite our suppliers to join our GPARS platform to communicate and update on relevant changes in global environmental protection laws, regulations, and customer requirements for green product standards (RoHS, REACH, and Conflict Minerals). Suppliers can read up on our newest green product specifications through this platform and go through its certification process. In addition, our R&D, production, and quality assurance teams can also stay up-to-date on current standards for our products 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 / EHS System**

Green Education

Besides implementing the green management internally, USI made stakeholders further aware of the importance of environment protection and applied the correct environmental concepts to various steps in production process (i.e., the product planning, raw material control and greenhouse gas emission reduction). We keep communicating with its employees, suppliers and contractors regarding our ESH-associated principles, knowledge, and requirements. The e-learning courses of green education were added to USI's internal training that informed the employees of GP-related regulations, requirements, operating procedures, and eco-friendly materials.
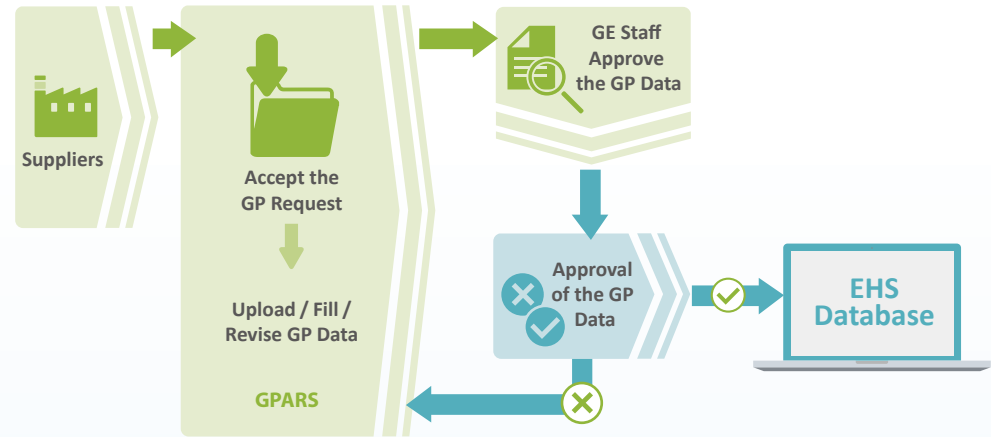
In 2021, the total number of all facilities' green education training hours was 18,713 hours. To meet customer requirements, USI is not only keen to participate in international forums that carbon emission disclosure, but also carried out plans for energy conservation and carbon emission reduction. By instilling the green concepts at internal training programs while drawing from external experiences in this regard, USI conveyed its green values and fulfilled the Green Promises.

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

Value Chain Management

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

84% Customer Satisfaction

416 Suppliers Conflict-free Mineral

39% Global Local Purchasing Rate

276 Supplier Partners Participated in the Sustainable Value Chain Webinar

94% New Suppliers Passed Sustainability Assessment

Key Performance and Targets

✓ Achieved   ⧗ Not Achieved

SDGs	Business Action	2021 Key Issue	KPI	2021 Target	2021 Performance	Status	2022 Target	2026 Target
8 DECENT WORK AND ECONOMIC GROWTH	Through customer satisfaction surveys and complaint channels, we gain customer insight and accurately respond to customers' expectations, providing customers with the best quality service	Customer Relationship Management	▶ Major Customer Satisfaction	▶ Major Customer Satisfaction reaches 84%	▶ Major Customer Satisfaction is 84%	✓	▶ Major Customer Satisfaction reaches 84%	▶ Major Customer Satisfaction reaches 84%
17 PARTNERSHIPS FOR THE GOALS	Formulate sustainable procurement policies, promote supplier environmental / social performance evaluation and audit, and avoid purchasing conflict minerals	Sustainable Supply Chain	▶ Local procurement rate	▶ Local procurement rate reaches 30%	▶ Global Local Procurement rate is 39%	✓	▶ Local procurement maintain at least 35%	▶ Local procurement maintain at least 35%
			▶ Percentage of target suppliers completing the conflict-free minerals	▶ 100% Target suppliers use conflict-free minerals	▶ 100% completion of conflict-free minerals	✓	▶ 100% Target suppliers use conflict-free minerals	▶ 100% Target suppliers use conflict-free minerals
			▶ Percentage of suppliers completing the Supplier Sustainability Assessment Questionnaire (SSAQ)	▶ Suppliers completing the SSAQ rate reaches 71%	▶ Suppliers SSAQ completion rate is 73%	✓	▶ Suppliers completing the SSAQ rate reaches 72%	▶ Suppliers completing the SSAQ rate reaches 76%

Product Value Chain

USI is the world's leading company of D(MS)^{2} [1] providing design, miniaturization, material sourcing, manufacturing, logistics, and after-sales services of electronic devices / modules for brand owners. In addition to manufacturing services, USI also provides customers with Turnkey Service [2]. Our Product Value Chain and Turnkey Service cover the content as shown in the figures below:

■ Product Value Chain

Customer

USI

Supplier [3]
Agent
Contractor

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

Products & Market Positions

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

5G SiP
Smart Phone & Tablet

Wearable Device
WW No.1 for Watch, Wristband…

LCD X-Y Board
TV, NB, Monitor

SHD & POS
WW No.2 for Logistics & Warehousing

Power Module
Car LED Lighting Inverter
Power Module
xEV Powertrain

SSD & Array
Enterprise & SMB

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

■ Turnkey Service

Material sourcing & RFQ

Material planning & purchasing

Inventory management

VMI hub management

RMA service

Supplier management

System integrator relationship

Logistic arrangements

PCBA & Box assembly

Note 1. USI provides D(MS)^{2} product services: Design, Manufacturing, Miniaturization, Industrial software and hardware solutions, and material procurement, logistics, and maintenance services for brand owners

2. The essence of Turnkey Service is service integration

3. Material suppliers refers to suppliers of PCBs, substrates, active/ passive components, other electromechanical components, mechanical components, packaging materials, and accessories

Customer Service and Satisfaction

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.

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 clients in the world for years, we integrate the three core technologies: computing, communications, and multimedia processing, and provide customers with the most complete solution for wireless communication products, computer and industrial applications, storage of products and servers, automotive and video products, and miniaturized products.

USI implementation of quality policies as well as the guarantee on goods and services, a comprehensive inspection must be made for all products before shipment. Only qualified products can be delivered (outgoing quality pass rate is 100%). There were 1,000,628,071 products provided in 2021. Besides, USI has also passed various international certifications such as TL 9000, and ISO 9001 (Please refer to the Management Systems Certification Table). Please refer to USI website for our Quality Policy.

All-Encompassing After-Sales Service

The customization of our after-sales services allows USI to satisfy customers' needs with all-around high-quality, high-efficiency and flexible services. Not only has each of our customer has dedicated personnel, but also, we collect customers' feedback and opinions through regular and irregular meetings and questionnaire-based surveys. Their feedback enables us to, while understanding their needs, improve our service quality and enhance partnership to create a solution where everyone benefits. Apart from standard after-sales services, USI also provides customized all-around after-sales services to closely cooperate with our customers and provide them solutions that really meet their needs.
In terms of after-sales service management, USI adopts e-RMA[1] and SAP[2] systems for global

service network to effectively control the collection and classification of defective products as well as resource allocation. Therefore, the relevant units can provide customers with product exchange and failure analysis services. The customers are also allowed to monitor the RMA status---anytime, anywhere---via e-RMA, where they can apply to the RMA service and submit status inquiries.

■ **USI After-Sales Services Scope & Categories**

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

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

Technical Support
- On-site technical support at customer's requirement
- Training program for maintenance staff
- Test fixture and technical file maintenance
- Product defect analysis and troubleshooting
- New product service technical support

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

USI uses on-time delivery rates and maintenance turnover days as measurement metrics for our after-sales service [1]. On-time delivery rates are the percentage of batches shipped on time out of the total monthly shipments agreed with the customer. Maintenance turnover days are the interval between receiving returned products and their reshipment date. With USI's wide range of product services, different returned product quantities and properties will have different standards for maintenance turnover days. Turnover days in 2021 increased due to COVID-19, which resulted in longer waiting periods for global supply of materials and shipment lead times. After clear communication with customers, the agreed on-time delivery rate was 99.5%.

■ On-time Delivery Rate and Maintenance Turnover Days

Year	On-time Delivery Rate	Turnover Days
2018	98.5%	29.0
2019	99.0%	25.3
2020	99.0%	31.9
2021	99.5%	36.0

Legend: Turnover Days — On-time Delivery Rate
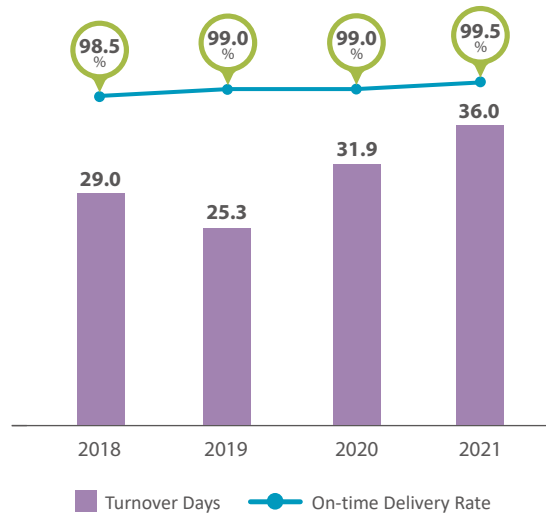
Note 1. For modularized products, it is not possible to be repaired. Thus, they must be replaced with new products, and they are included in the calculation.
2. Statistics cover Zhangjiang, Jinqiao, Shenzhen, Kunshan, and Nantou Facilities.

Customer Complaints and Product Recall

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

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 3 complaints [2] from key customers in 2021, with a 100% resolution rate and no product recalls. The main attributes of customer complaints are summarized and analyzed, and they all belong to manufacturing process problems. The Company's improvement measures include designing new molds, adding alarm devices to control the adhesive dispensing parameters and updating the inspection process to avoid recurrence of problems and to resolve root cause issues.

Driving up Customer Satisfaction

In order to ensure effective communication with customers around the world, USI has set up dedicated personnel for all customers to handle customer service incidents, and actively collects customer opinions and demands by holding Quarterly Business Review (QBR) meetings, irregular business meetings, and questionnaire surveys in order to understand customers' evaluation of the Company's products in the aspects of quality, delivery, technology, green

products, service and other, continue to improve the Company's service quality, strengthen the good cooperative relationship with customers, and work together to create the Company's greatest benefits and value. In response to the results of the questionnaire survey, relevant units within the Company hold seminars to formulate feasible response strategies, and effectively communicate with customers' feedback, needs and suggestions, formulate improvement plans and action plans, continue to track and monitor the improvement status, and send feedback of the latest progress to customers constantly, improving communication quality and customer satisfaction to obtain customer recognition and long-term support.

■ Customer Satisfaction Survey Process

1. Start a preliminary survey
2. Confirm customer list
3. Customer satisfaction survey
   1. Collect QBR scores
   2. Conduct QBR score or customer survey
4. Coordination and review of analysis reports
5. Follow up and case closure

USI is committed to achieving the annual goal of customer satisfaction[1]. The statistical results of major customer [2] satisfaction in 2021 showed that the overall satisfaction rate was 84% (Successful). In terms of individual satisfaction dimensions, except for "Delivery" and "Other" which did not reach 80%, all the other dimensions reached "Successful" or above. For dimensions that do not meet the required standards, we continue to communicate with our customers to receive their feedback and make all necessary improvements. 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.

■ Major Customer Satisfaction Over the Years
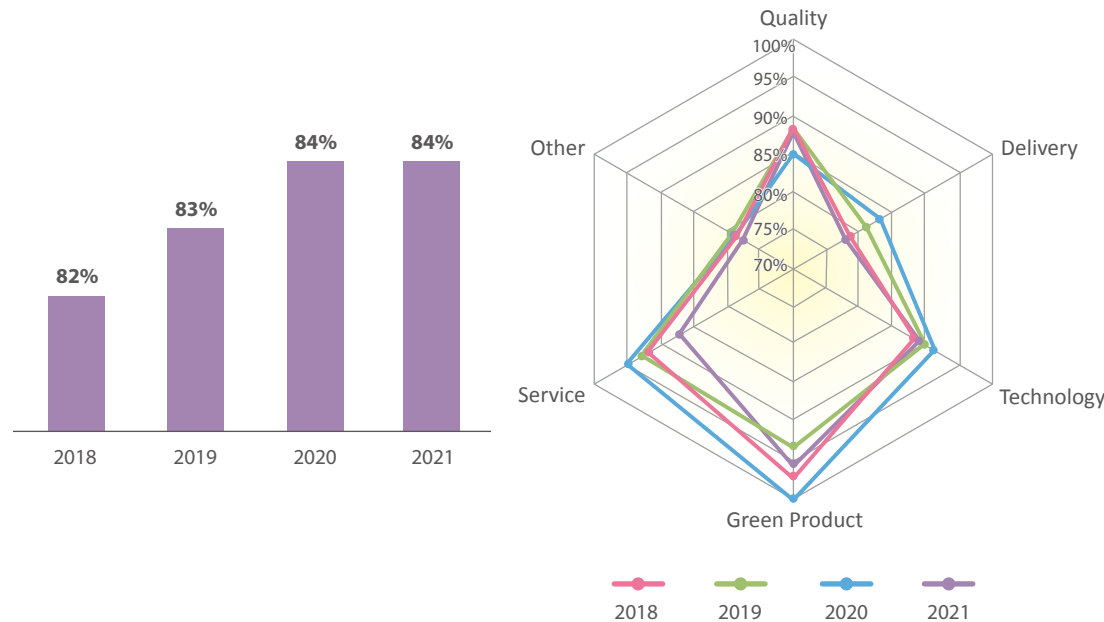
Note 1. Definition of Customer Satisfaction Score: Outstanding (Satisfaction ≥ 90%), Excellent (Satisfaction ≥ 85%), Successful (Satisfaction ≥ 80%), Improvement Required (Satisfaction ≤ 80%)

2. Major customers refer to the top 20 customers with the best annual revenue (accounting for above 90% of USI revenue) according to USI President Office data

Customer Privacy and Product Safety

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 has management procedures to control and restrict access to confidential information to avoid endangering customers' health and safety. If the company violates relevant regulations or our products harm customers' health and safety, it will seriously damage our image and cause financial losses.

Customer Privacy

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. At the same time, every new employee must sign the employee code of conduct after reporting to the job, which stipulates the compliance to recusal due to conflicts of interest, and employees shall not make public statements without authorization and disseminate operating information not yet confirmed by the Company. Regarding customer document management, the Company stipulates that all customer documents are defined to have the highest level of confidentiality to protect product information provided by customers. Document information shall be encrypted and stored in the Company's internal network system. Information authorization management is adopted to ensure that customer privacy is tightly protected. For cybersecurity management, the Company also has a set of standard management procedures and training courses, to strictly implement the cybersecurity policy and customer privacy protection measures and operate in accordance with the policies and plans of the Information Security Committee, protecting the Company's business secrets and customer information from leaks and comprehensively enhancing cybersecurity awareness. For related content, please refer to the Cybersecurity Management section. In 2021, there were no incidents of infringement of customer privacy rights, and no incidents of customer data leakage.

Customer Health and Safety

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

As part of product safety, we use the Factory Inspection Mechanism [1] to ensure all manufactured products comply with relevant laws, regulations, and ordinances internationally and of the sales area. For all electronic system products that have obtained safety certification, relevant safety warnings and description of correct operations are clearly stated within the user manual, and are regularly checked by a third-party (ex. UL, TUV, CCC) on a quarterly or annual basis.

■ **USI Products Compliance with Directive in 2021**

Green Products Directive	Percentage of USI Products within the Directive				
	Intelligent Connectivity Solutions	Visual and Specific Application	Automotive Electronics and Module Turnkey Mgmt.	Advanced Mobile and Miniaturization Solution	Advanced Low Cost Module Manufacturing
EU RoHS	100%	100%	100%	100%	100%
Halogen Free (HF)	15%	77%	0%	100%	100%
CHINA RoHS	100%	100%	100%	100%	100%

Note 1. 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

For the protection of users, compliance with product safety regulations is a basic requirement for imported electronic products around the world. The system products manufactured by USI must comply with the product safety regulations of the country of sale or customers and meet one of the safety regulations in the right table. In addition, in the early stages of product design, we also consider various usage scenarios, and take imperfect laws and regulations into account, and strengthen product safety standards. The Company shall continue to expand product safety-related certifications for retail, industrial, and special field applications related to IoT to provide customers with high-quality, health and safety-compliant products. In 2021, the Company established a certification pipeline for product safety-related certifications for home security (including access control, home burglary prevention, area burglary prevention, and fire alarm notification), and conducted an online session to share knowledge and introduce the certification process at our Nantou Facility. In 2021, we did not receive any complaints about products endangering human health and safety, and no product safety-related violations were found.

■ **USI System Products Compliance with Safety Regulations in 2021**

Safety Regulations	Percentage of USI Products within the Regulations	
	Intelligent Connectivity Solutions	Visual and Specific Application
EN / IEC 60950-1	96%	100%
EN / IEC 62368-1	100%	100%
CNS 14336.1	75%	0%
GB 4943.1	50%	0%

Supply Chain Management

In 2021, the rapid mutation of COVID-19 virus has resulted in the global pandemic continuing unabated, with extreme climate causing frequent natural disasters in various countries. In the face of unprecedented impacts and challenges, we have joined hands with our global partners to fight against the global pandemic. To avoid supply chain interruptions and maintain operational productivity, we conduct regular annual reviews and evaluations of supplier financial risks. We would adjust our procurement strategies, find alternative vendors, and prepare backup materials. In 2021, we evaluated 46 suppliers for financial risks.

To build a sustainable supply chain, USI has implemented measures to support local suppliers, implement human rights and protect labor rights, restrict the use of hazardous substances and avoid using conflict minerals, as well as adjusting our procurement strategy according to global industry trends. We have adopted 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 also conducted cross-departmental communication and coordination, executed regular audits of suppliers to ensure sustainable management of the supply chain, and invited suppliers to attend new product and technology presentations to establish solid partnership relationships with suppliers. In 2021, we held 14 new product and technology presentations with material suppliers.

In addition, to reduce material costs, prevent material shortages or improve quality, USI conducts alternative material evaluation programs, and the Procurement Department, together with the R&D, Manufacturing, and Engineering departments, actively discusses with customers in advance about the introduction of alternative materials to avoid supply chain disruptions. We continue to drive a positive cycle with our supply chain, communicating and collaborating with each other. For materials with unique characteristics, customized materials, or materials subject to market supply constraints, we have identified five key material categories for production and established the following operations for key materials to reduce the risk of occurrence:

- Development of alternative material mechanisms
- Emergency response management measures
- Purchase mechanism from spot dealers
- Material shortage review mechanisms
- Inter-facility transfer and rebalancing mechanisms
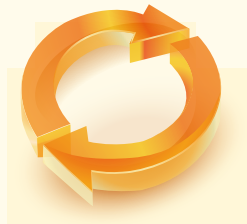
Supplier Code of Conduct

As a responsible corporate citizen, USI takes proactive action to ensure that business practices meet the highest standards of professionalism and ethics. The supply chain is an important extension of the business value chain, and we are actively engaged in supply chain development to ensure that suppliers, contractors, and service providers work together to achieve the goal of sustainable development. Therefore, USI has established a code of conduct for its suppliers to comply with. In addition to fully complying with the laws and regulations of the countries / regions in which they operate, suppliers are also required to follow set standards for business practices in the areas of labor, occupational health and safety, the environment, business ethics, and management systems. At the same time, suppliers are required to communicate these requirements to their next-tier suppliers and monitor their respective compliance. USI regularly sends out annual supplier code of conduct communication letters to ensure that all suppliers continue to comply with relevant domestic and international regulations, relevant international standards, and anti-corruption and anti-competitive conduct requirements. Please refer to USI website for our full Supplier Code of Conduct. (https://www.usiglobal.com/files/images/supply/Supplier_CoC_EN.pdf)

Supply Chain Strategy

USI fully understands that the overall power of procurement is a unique resource. In order 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 also evaluate the overall sustainable value generated by the supply chain, hoping to develop stable partnerships with suppliers, continuously improve the overall supply chain resilience, grow together with suppliers, and implement sustainable procurement in concrete terms. Through the development of different projects such as supply chain diversity and sustainable procurement, we aspire to create a win-win future together with our suppliers.

■ Supply Chain Management Strategy

Value-Oriented
To obtain a competitive overall value in the supply chain.

Diversified Sources
To maintain at least two suppliers for the same material to ensure a continuous supply.

Responsible Minerals Sourcing
To ensure that suppliers are using only responsibly sourced, conflict-free minerals in their products.

Quality First
To obtain the best quality products and services from suppliers.

Sustainable Sourcing
To raise suppliers' economic, environmental and social performance in sustainability.

Strategic Cooperation
To integrate suppliers' resources and capabilities for greater innovation.

■ Sustainable Supply Chain Projects

Project	Quantitative / Qualitative Results
Bringing in Second Sources	To reduce material costs, avert serious material shortages, and replace unsuitable suppliers to optimize product quality, we strive to establish more than two alternative materials for each material for original or collaborative design and manufacturing projects to increase flexibility in supply. In 2021, for Customer Z we have introduced the optional material mechanical components solution, with an estimated annual volume of 800,000 pieces, and the optional substrates with an estimated annual volume of 530,000 pieces. The two projects are estimated to save approximately CNY 5.12 million annually.
Pallet Recycling and Reuse	In cooperation with local suppliers, the Nantou Facility recycled and reused 13,105 plastic pallets and 6,798 wood pallets in 2021, and saved approximately CNY 3.31 million.
Packaging Materials Recycling	We collaborate with major processing vendors to recycle packaging materials and reduce environmental damage. In 2021, the Nantou Facility recycled a total of 1.13 million trays, 230,000 partitions, and 60,000 recycling bins, a total of 562.66 metric tonnes of waste were reduced and saved approximately CNY 9.14 million.

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

USI Suppliers

USI products are diverse and can be applied in many sectors. We mainly procure active / passive components, substrates, mechanical components, and other peripherals. Our raw material suppliers, spread throughout the world, include original manufacturers, agents, and off-the-shelf suppliers. In the face of the ongoing pandemic and global shortages, in 2021, we traded with over 1,900 material suppliers, an increase of 200 suppliers compared to 2020, to meet the needs of existing and new customers.

■ Category of Raw Material Suppliers in 2021

- Acive — 68%
- Passive — 7%
- Mechnical — 3%
- PCB — 8%
- Others — 14%
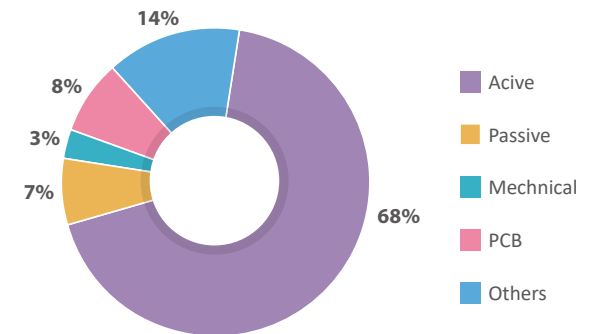
■ Distribution of Raw Material Suppliers in 2021 [1]

- Mainland China — 41%
- Taiwan — 20%
- Southeast Asia — 4%
- Northeast Asia — 2%
- North America — 14%
- Mexico — 1%
- Europe — 18%
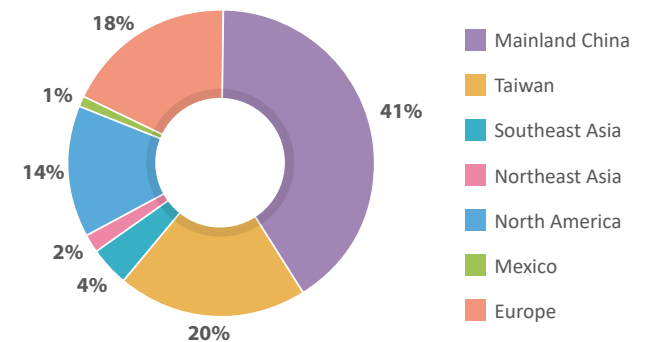
The proportion of 2021 transactions with suppliers in each facility is shown in the table below. In this table, Zhangjiang and Jinqiao Facilities mainly manufacture the products for the biggest OEM customer. The type of material procurement was relatively simple, with the most substantial proportion of purchase amount. However, Shenzhen and Kunshan Facilities have multiple production lines with a wide range of material procurement, and the transactions of suppliers were relatively high.

■ Number of Suppliers and Percentage of Transaction Amount at All Facilities in 2021

Facility	Zhangjiang	Jinqiao	Shenzhen	Kunshan	Nantou	Mexico
No. of Suppliers	429	70	884	829	780	428
Percentage of the Transaction Amount	38%	17%	8%	12%	20%	5%

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 2021, the proportion of local raw material supplier purchases in Mainland China increased by 5% due to the introduction of new projects and changes in key supplier counterparties. In Mexico, in response to customers' requests for production locations, some of the models originally produced in Mainland China were transferred to Mexico, resulting in an increase in the number of suppliers in Mexico from 309 to 428. It also led to a 7% decrease in the percentage of local procurement in the Mexico Facility.

For our six major manufacturing facilities in Zhangjiang, Jinqiao, Shenzhen, Kunshan, Nantou, and Mexico, we divide them into three regions: Mainland China, Taiwan, and Mexico. The local sourcing of raw materials suppliers in 2021 is as follows: The average local procurement rate grew to 39% in 2021, based on the average ratio of local procurement to global procurement by those manufacturing facilities. Our strategic procurement department will continue to strengthen the management of target suppliers and select local vendors with competitive advantages. We will continue to develop local vendors with competitive advantages and aim to maintain a local procurement rate of at least 35% worldwide in 2022 to enhance the competitive advantage of the local industry and strengthen the partnership with suppliers.

Note 1. Procurement amount statistics by all facilities

■ Percentage of Purchasing from Local Suppliers at All Facilities [1]

- Global
- Mainland China
- Mexico
- Taiwan

	2018	2019	2020	2021
Mexico	69%	61%	19%	12%
Taiwan	43%	42%	30%	29%
Global	22%	18%	37%	39%
Mainland China	16%	14%	38%	43%
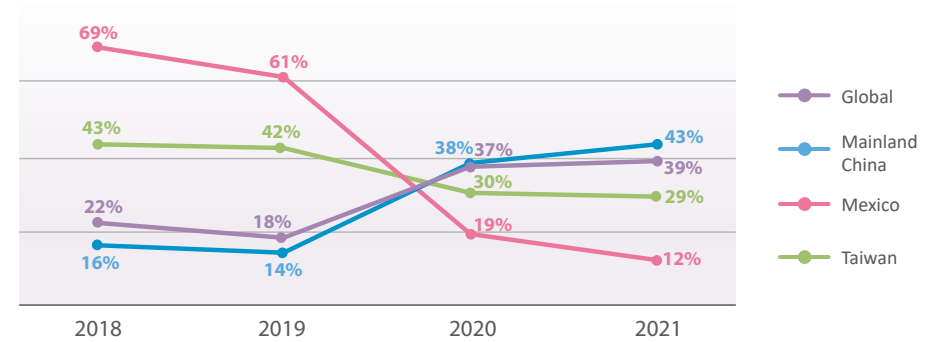
Authorized Economic Operator

Over the years, the company has strictly complied with the relevant national and international regulations and attaches great importance to the rights and values of customers. Nantou Facility passed the Authorized Economic Operator (AEO) certification on October 1, 2021 and was awarded the certificate by the Taichung Customs. AEO aims to establish a partnership between customs and enterprises with complete supply chain security measures and certified operators through AEO certification. It helps to enhance the corporate image and strive for international trade supply chain cooperation opportunities. Through the AEO certification system, it enhances cargo production management, strengthens corporate risk control mechanisms, and ensures the provision of secure product distribution services to meet the trend of global trade security and convenience. When AEO-certified entities process customs clearance for shipments, they can enjoy preferential measures such as fast clearance, so that products can be shipped out efficiently. Through the world-class security certification of entity, procedures, cargo, and information, it effectively enhances international competitiveness.

Supplier Evaluation and Regular Assessment

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

Following the company's demand trends and purchasing strategy of products of the future, USI establishes the supplier evaluation and approval process to investigate if the productivity, technical innovation ability, quality & service management of potential suppliers meet the requirements and serve as the basis of becoming an official supplier. When evaluating a new supplier, an evaluation team must be formed by purchase, quality, CSR, R&D, and engineering units to conduct a supplier capability survey for the Quality Review Board to verify the final assessment result. The supplier evaluation and approval process include basic company information, product information, major customers and financial status, the supplier's green control procedure, commitment to green products, supplier quality, and supplier sustainability assessment survey. For all new suppliers developed by USI, they are required to sign the Certificate of Non-use of Environmentally Hazardous Substances, Conflict Minerals Representation, Supplier Code of Business Integrity, and Supplier's Commitment to Corporate Social Responsibilities to ensure

that they will include the effects of environmental sustainability, social labor and human rights in the assessment and control. USI will give a corresponding approval level to the supplier after the evaluation. The relevant results and qualified supplier list can be looked up in PDM system. In 2021, a total of 34 new suppliers of USI entered the evaluation process, and finally 32 of them passed the review. The proportion of new suppliers that passed the screening was 94%.

After becoming our qualified supplier, we must regularly assess the supplier's performance. USI forms an assessment team composed of members from the Supply Chain Management and Quality Assurance Departments and quarterly evaluates suppliers from three aspects: quality, delivery and communication, and price. According to our Supplier Performance Measurement Procedure, we divide the evaluation scores into five grades. For Superior suppliers, the company will give incentives to give priority to obtaining the right to manufacture new products or increase the order volume. If suppliers do not meet expectations, they will receive Vendor Corrective Action Report (VCAR) requests for relevant replies and improvement reports. The improvement plans and results proposed by the suppliers shall be reviewed by the relevant units and audited by the supplied commodity management department as required. We expect to improve the delivery of incoming materials, reduce the price of incoming materials, improve the quality of incoming materials, strengthen communication with suppliers, and continuously improve and find long-term cooperative supplier partners through supplier performance evaluation.

■ Evaluation Procedure

1 Apply for Supplier Evaluation
2 Ask Supplier to Fill Out Questionnaire
3 Conduct On-site Audit
4 Evaluate Verified Results
5 Follow up on Corrective Actions and Close Case
6 Determine Supplier Viability

■ Supplier Regular Assessment

A+ Superior
A Excellent
B Acceptable
C Observed
D Replaceable
Quality / Price / Delivery & Communication — Performance Measurement

Supplier Sustainability Risk Assessment

USI abides by and uses the RBA Code of Conduct to audit our suppliers. Our RBA audit team is formed by members from our Human Resources Department and EHS Department and assesses suppliers in five dimensions: labor, health and safety, environment, ethics, and management systems. The assessment highlights labor rights protection, workplace safety, environmental management, and anti-corruption. To ensure suppliers' compliance with corporate social responsibilities and enhance their competitiveness we request suppliers to uphold human rights, ensure the rights and benefits of their employees, and advance their companies' social performances.

◼ Sustainability Risk Assessment Procedure

1 — Suppliers sign the letter of commitment to promise to follow RBA Code of Conduct

2 — Select suppliers

3 — Suppliers fill out SSAQ

4 — Review the suppliers' SSAQ

5 — Conduct on-site audit for high-risk suppliers

6 — Suppliers make improvement based on deficiencies

7 — Confirm improvement results

8 — Case closed

To implement effective supplier management, the Company screens Tier 1 suppliers for control through annual procurement amounts and identification of Critical Tier 1 Suppliers as the basis for focused management. The Company conducts risk assessments of suppliers through the Supplier Sustainability Assessment Questionnaire (SSAQ) to ensure that risks can be effectively controlled and reduced. We also identify suppliers with potentially high governance, environmental and social risks, and conduct on-site audits of suppliers with potentially higher risks to gain an in-depth understanding of the current status of supplier sustainability.

In 2021, we conducted an SSAQ survey for 419 Tier 1 suppliers, with a response rate of 73%. According to supplier replies, we review and assess the suppliers with high risk and conduct on-site audits. Due to the COVID-19 pandemic, we imposed stringent travel restrictions to protect all employees. Therefore, in 2021, document audits and online audits of 47 material suppliers were conducted. In addition, On-site audit of 36 on-site service contractors. Audit results are 100% low-risk. For the deficiencies found in the audit, the suppliers were required to propose an improvement plan, and to complete the improvement within the deadline. The improvement plan was also revisited by us, with the supplier required to have a 100% completion rate of improvement items after the review. We analyzed the deficiency items in supplier audits and found that of the five major areas 45% were labor-oriented. The detailed results are shown in the chart below. In 2022, we will continue to focus on labor-oriented improvements through counseling and advisory measures. For suppliers that we had not terminated relationships with in 2021 after evaluation, we will continue to assist suppliers with the goal of complying with the RBA Code of Conduct and contribute to the improvement and enhancement of the supply chain business environment together with suppliers.

◼ Supplier Definition

Tier 1 Suppliers

Material suppliers (including direct materials, indirect materials, and packaging materials) that we have traded with for two consecutive years and have an annual purchase amount exceeding USD 200,000

Critical Tier 1 Suppliers
- ▶ Top 85% of direct material procurement amount
- ▶ Indirect and packaging material suppliers with a procurement amount of more than USD 1 million
- ▶ Preferred supplier: Proposed by procurement unit, approved by the Business, Supplier Quality Engineering, and R&D Unit

◼ Distribution of Critical and Non-Critical Suppliers in 2021 [1]

- 92% Critical Supplier
- 8% Non-Critical Supplier
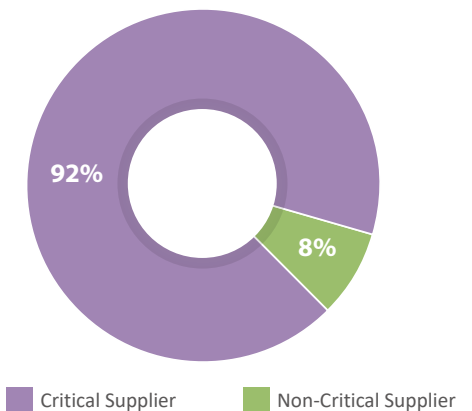
Note 1. Statistics by annual purchase amount of suppliers

■ Supplier Audit Deficiencies and Improvement Actions in 2021 [1]

Category	RBA Classification	Major Nonconformance Finding	Corrective Action
Labor	Wages and Benefits	▶ Reduction of salary as a disciplinary action ▶ Failure to revise salary management related documents in a timely manner	▶ Revision of performance evaluation and bonus adjustment system as disciplinary action ▶ Revision of the company's salary management-related regulatory documents
	Freely Chosen Employment	▶ Enforced payment for work uniforms and other items when employees resign ▶ Failure to declare that employees are allowed to have free association and assembly	▶ The cost of work uniforms is borne by the company, and the relevant provisions were deleted ▶ Amendment of company documents
	Young Workers	▶ No management system to prohibit the use of child labor	▶ Establishing regulations prohibiting the use of child labor and remedial measures after the misuse of child labor
	Humane Treatment	▶ No in-depth understanding of the specific content of humane treatment in the RBA Code of Conduct	▶ Adding sexual harassment and sexual assault to the relevant management regulations
Health and Safety	Occupational Safety	▶ Occupational hazards notice signs not posted at sites with potential occupational hazards	▶ Posting occupational hazard notification cards
	Occupational Injury and Illness	▶ Failure to establish management procedures for prevention of work-related injuries and occupational diseases	▶ Develop management procedures for handling occupational accidents and preventing occupational
Ethics	Business Integrity	▶ Failure to establish an anti-corruption policy for business integrity	▶ Establish a management system for business integrity
	Protection of Identity and Non-Retaliation	▶ Failure to establish policies / procedures to protect the identity of employees and supplier whistle	▶ Develop a complaint reporting and whistleblower management system
	Privacy	▶ Failure to establish a policy or system to protect the privacy of customers and employees	▶ Establish a policy or system for protecting the privacy of customers and employees
Management System	Legal and Customer Requirements	▶ Failure to establish regulatory identification procedures	▶ Establish regulatory identification procedures

■ Distribution of Supplier Sustainability Audit Findings

- Labor — 45%
- Health and Safety — 23%
- Ethics — 22%
- Management System — 10%
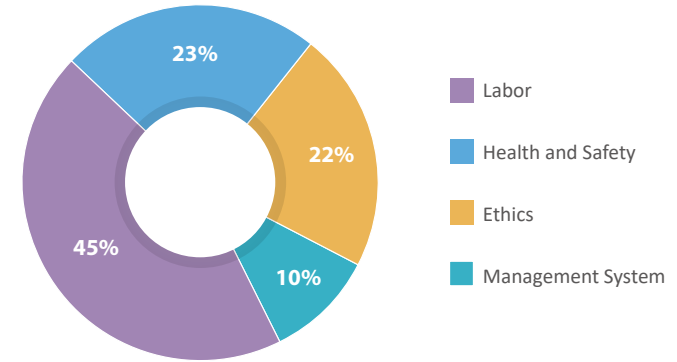
In addition, the results of the human rights risk assessment of suppliers in 2021 found that "Wages and Benefits, Freely Chosen Employment, Occupational Safety, Occupational Injury and Illness" were the main human rights risk issues. We identify suppliers that were likely to face high risks and take corresponding measures to continuously track the effectiveness of their different risk profiles and ensuing improvement plans.

■ Supplier Human Rights Incident Mitigation and Compensation Measures

Category	Labor	Health and Safety
Risk Issue	▶ Wages and Benefits ▶ Freely Chosen Employment	▶ Occupational Safety ▶ Occupational Injury and Illness
Mitigation Measure	▶ 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.	
Compensation Measure	▶ 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 vendor 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.	
Appeal Channel	▶ The grievance mechanism for external whistleblowing: for details please refer to the Business Ethics and Compliance section.	

Note 1. Identify the top 3 RBA classification audit deficiencies in each category

Supplier Communication

Good communication channels and frequent interactions with our suppliers build solid relationships. For this, we established a supplier evaluation team with members from our Quality, Engineering, and Procurement units to handle supplier communication. We invite suppliers to attend USI's quarterly Executive Business Review (EBR), where we share our views on future market trends and experiences. We also take the chance to promote our environmental health and safety policies, focusing on their role in our green supply chain. We reiterate the importance of social responsibility and sustainability by updating them with the latest hazardous substance restrictions, environmental regulations, and customer product quality requirements. In 2021, USI and our material suppliers held 24 EBR meetings.

In addition to quarterly meetings, USI regularly holds courses to communicate with suppliers on market dynamics. We will host webinars for suppliers in light of new regulations to let the entire supply chain learn about the latest information and upcoming changes. Suppliers then can prepare and comply with USI's requirements regarding green procurement standards such as WEEE, RoHS, REACH, and Conflict Minerals. We expect our suppliers to value corporate ethics, enforce anti-corruption practices, and uphold our Supplier Code of Business Integrity. To monitor this, USI has a dedicated whistleblower mailbox (Please see the Business Ethics and Compliance section) for all to report any violations in our business practices with our supplier partners. In 2021, there were no cases where the suppliers provided feedback or made complaints.

Sustainable Supply Chain Webinar

The Sustainable Value Chain Webinar is an annual event held by the Company for its suppliers. In 2021, the Global Sustainable Supply Chain Webinar for the Greater China region was held at the Nantou Facility. The event promoted USI's philosophy and implementation policies, and communicated directly with suppliers around the world, including the continuous implementation of green supply chain in line with international trends for environmental protection, and the sharing of our requirements, implementation experience, and future goals for suppliers' ESG. At the same time, we invited Senior Product Manager, Kyle Lu from SGS Taiwan to share "Net Zero Carbon Emission Trend and Response", which explained that in the upcoming battle against climate change, enterprises should have the correct concept of carbon management when facing the goal of carbon reduction, emission reduction, and even achieving net-zero emissions, and gradually carry out carbon inventory calculation as the basis for setting up carbon sustainability management. Through information disclosure, companies can improve the effectiveness of corporate governance, effectively enhance their corporate image, and gain the credibility of stakeholders to achieve the win-win sustainability goal of environment, society, and governance. A total of 276 supplier partners attended this online sharing conference, and 155 questionnaires were recovered after the session, with USI rated as "very satisfied".

■ Supplier Feedback

≫ **"The webinar provided insight into the industry and global trends"**

≫ **"Webinars are a great way to learn without being limited by location"**

Conflict Minerals Compliance

Conflict minerals are metals such as tantalum, tin, tungsten, gold, and cobalt that are illegally mined and traded from the Democratic Republic of the Congo and its neighboring countries [1]. These metals were obtained by local armed militias through long-term violent coercion of labor or child labor to destroy the environment and ecology, and they are also the main source of funding for illegal armed organizations. ASEH joined RMI (Responsible Minerals Initiative) in 2015. As a member of ASEH, USI utilizes the resources and guidance provided by RMI to make wise choices in the supply chain regarding conflict minerals, achieving a conflict-free mineral supply chain.

Central African Republic
Congo Republic
Sudan
Uganda
Democratic Repulic of the Congo (DRC)
Rwanda
Burundi
Tanzania
Angola
Zambia

Conflict Minerals Management

Item	Management Approach	2021 Performance
Management System	▶ Establish procedures governing conflict minerals according to regulations and customers' requirements ▶ Make corporate policy for sourcing conflict minerals ▶ All suppliers must comply with our conflict-free minerals procurement policy ▶ Conduct relevant personnel trainings	▶ Complete Conflict Minerals Management Process information, please refer to https://www.usiglobal.com/en/csr/Conflict-Minerals-Compliance ▶ Complete Conflict Minerals procurement policy information, please refer to https://www.usiglobal.com/files/images/csr/2020/Conflict_Minerals_Management/USI_Conflict_Minerals_Policy_EN.pdf ▶ All our targeted suppliers [2] comply with our conflict-free minerals policy ▶ Opened a "Conflict Minerals Management" online training course. This course is required for all personnel engaging in relevant affairs. In 2021, 73 employees completed the training
Due Diligence (DD)	▶ Investigate smelters materials are procured from [3] ▶ Conduct suppliers / materials risk assessment ▶ Risk Identification ▶ Identify new materials	▶ The materials used by USI's suppliers come from qualified smelters. The use of 3TG smelters and cobalt smelters in 2021 is as follows and the distribution in recent years is shown on the following page ▶ Risk Identification and Mitigation Plan: Continued Trading for Mitigable Risks, Suspension of Trading during Mitigation Periods, Termination of Trading for Non-Mitigable Risks, Management Process as shown on the following page
Supplier Management	▶ Make corporate policy for sourcing conflict minerals ▶ Require suppliers to use qualified smelters ▶ Conduct supplier on-site audits and counseling ▶ Encourage unqualified smelters to work with RMI ▶ Promote relevant requirements and plans through sustainable suppliers' briefings	▶ USI continues to promote the procurement of conflict-free minerals to the supply chain, and expanded supply chain due diligence. In 2021, a total of 416 suppliers completed the CMRT [4] survey. The situation over the years is shown on the following page. In addition, we completed the CRT [5] survey of 150 suppliers ▶ Written and online interviews with a total of 15 suppliers ▶ Announced USI's requirements and future direction at the 2021 Sustainable Supply Chain Webinar
Independent Private Sector Audit	▶ Carry out third-party audits and meet the annual conflict-free mineral declaration ▶ Abide and comply with customer conflict mineral audit requirements	▶ USI's parent company, ASEH, is required to report annually to the SEC [6] and the related conflict minerals reports have been audited by IPSA [7] ▶ The IPSA is conducted on the results of due diligence, and our target suppliers use 100% qualified smelters
Annual Report	▶ Compile annual conflict mineral report ▶ Provide CMRT requirements to the customers	▶ ASEH's annual conflict minerals report covers USI and its subsidiaries, the scope of the report is on the first page and can be accessed at: https://www.usiglobal.com/files/images/csr/2021/Conflict_Minerals_Management/2021_cm_report.pdf ▶ Provide a complete conflict mineral report form in accordance with customer requirements

Note 1. The neighboring countries: Central African Republic, Republic of the Congo, Angola, Zambia, Tanzania, Burundi, Rwanda, Uganda, and South Sudan
2. Target supplier, annual 92% of the total purchase amount
3. USI requests suppliers to source minerals from RMI approved qualified refining plants (https://www.responsiblemineralsinitiative.org/smelters-refiners-lists/)
4. CMRT, Conflict Minerals Reporting Template
5. CRT, Cobalt Reporting Template
6. SEC, United States Securities and Exchange Commission
7. IPSA, Independent Private Sector Audit

Number of Qualified Smelters 3TG and Cobalt

Tantalum

Year	Value
2018	40
2019	40 (+1)
2020	39
2021	39

Tin

Year	Value
2018	73 (+2)
2019	77 (+2)
2020	73
2021	55 (+12)

Tungsten

Year	Value
2018	41
2019	43 (+2)
2020	45 (+2)
2021	42 (+6)

Gold

Year	Value
2018	101 (+3)
2019	104 (+1)
2020	110 (+1)
2021	109 (+6)

Cobalt

Year	Conformant	Active	Non-Participating
2019	2	11	64
2020	9	12	52
2021	22	15	38

Legend: Conformant, Active, Non-Participating
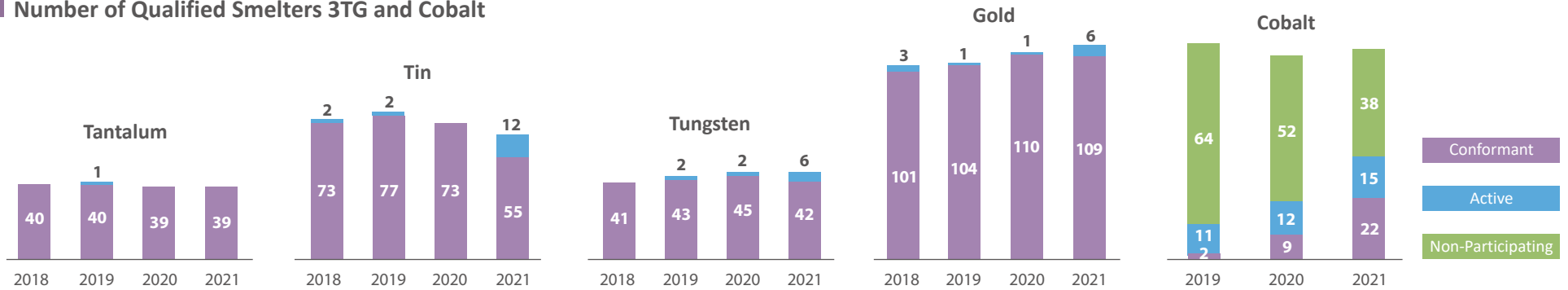
Risk Identification Management Process

3TG Parts → Supplier Provides/Updates CMRT → Identify Smelter Risks → Qualified Smelter → Case Closed

Identify Smelter Risks → Non-Qualified Smelter → Risk Mitigation Options

Risk Mitigation Options → Yes (Risk Mitigation Efforts) → Supplier Provides/Updates CMRT

Risk Mitigation Options → No (Risk Mitigation Non-Feasible) → List High Risk Suppliers and Evaluate to Continue Trading

Number of Qualified Suppliers

Year	Value
2018	379
2019	352
2020	359
2021	416
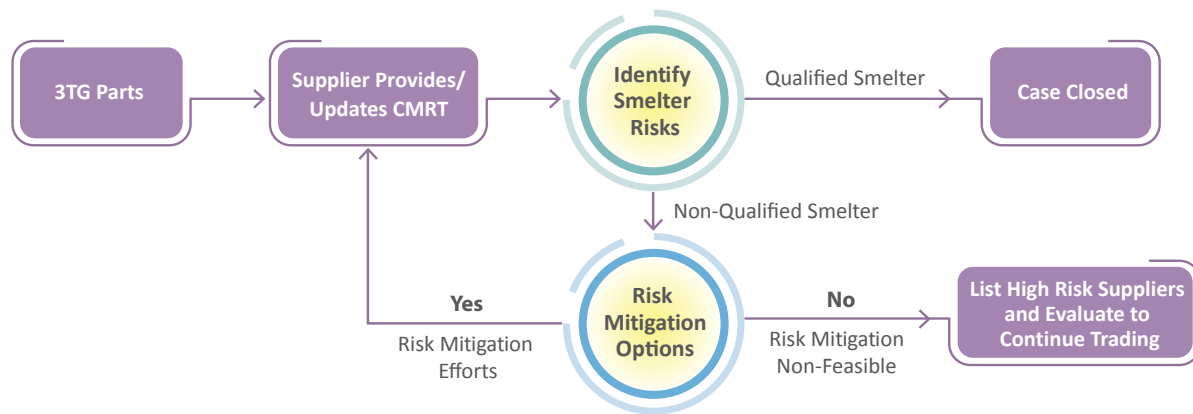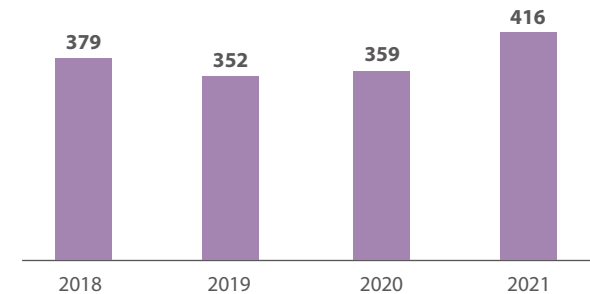
Conflict Minerals Commitment and Future Plans

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

1. Establish a conflict-free supplier procurement policy and communicate USI's management and investigation requirements through supplier conferences.

2. Carry out an annual survey to evaluate suppliers' purchase or use of smelters, and immediately request removal if found to be unqualified.

3. Analyze and identify suppliers' smelter risks, continue to conduct supplier on-site visits, and guide suppliers to establish management mechanisms.

4. Optimize supplier management system to improve the management of smelter information quality, while achieving customers' reporting requirements.

5. Set up a plan to investigate the sources of cobalt and mica to meet RMI and RMAP (Responsible Minerals Assurance Process) standards.

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 Facilities

93 % Non-hazardous Waste Recovery Rate

1,508 MWh Renewable Energy Produced through Solar Panels

CNY **26** Million Invested in Environmental Conservation

410 Occupational Health & Safety Trainings

0 Case Contractor Occupational Injuries

83 % Employees Fully Vaccinated Against COVID-19

13,098 People Attended Health Promotion Activities

Key Performance and Targets

Achieved   Not Achieved [1]

SDGs	Business Action	2021 Key Issue	KPI	2021 Target	2021 Performance	Status	2022 Target	2026 Target
8 DECENT WORK AND ECONOMIC GROWTH	Formulate health and safety policies creating a work environment where all workers can be fulfilled while working	Occupational Health & Safety	▶ Major occupational disease incidences ▶ Major occupational injury incidences ▶ Major infectious disease incidences	▶ Maintain ISO 45001 certification ▶ No major occupational diseases ▶ No major occupational injuries ▶ No major infectious diseases	▶ Maintained ISO 45001 certification in all facilities ▶ No cases of occupational disease ▶ No major cases of occupational injuries ▶ No major cases of infectious diseases	✔	▶ Maintain ISO 45001 certification ▶ No major occupational diseases ▶ No major occupational injuries ▶ No major infectious diseases	▶ Obtain / maintain ISO 45001 certification ▶ No major occupational diseases ▶ No major occupational injuries ▶ No major infectious diseases
11 SUSTAINABLE CITIES AND COMMUNITIES	Establish environmental objectives, include them in the business strategy, and review the performance annually	Energy Management	▶ Electricity intensity	▶ Electricity intensity decreases by 6% from baseline year 2015	▶ Electricity intensity decreased by 23.4% from baseline year 2015	✔	▶ Electricity intensity decreases by 7% from baseline year 2015	▶ Electricity intensity decreases by 11% from baseline year 2015
		Water Resource Management	▶ Water intensity	▶ Water use intensity decreases by 6% from baseline year 2015	▶ Water use intensity decreased by 36.4% from baseline year 2015	✔	▶ The water use intensity decreases by 7% from baseline year 2015	▶ The water use intensity decreases by 11% from baseline year 2015
		Waste and Recycling	▶ Hazardous waste generation intensity	▶ Hazardous waste generation intensity decreases by 5% from baseline year 2015	▶ Hazardous waste generation intensity increased by 14.7% from baseline year 2015	⌛	▶ Hazardous waste generation intensity decreases by 7% from baseline year 2015	▶ Hazardous waste generation intensity decreases by 11% from baseline year 2015
			▶ Non-hazardous waste recovery rate	▶ Non-hazardous waste recovery rate recycling rate reaches 90%	▶ Non-hazardous waste recovery rate recycling rate reached 93%	✔	▶ Non-hazardous waste recovery rate recycling rate reaches 90%	▶ Non-hazardous waste recovery rate recycling rate reaches 90%
13 CLIMATE ACTION	Conduct an inventory of carbon emissions and implement carbon reduction projects	Climate Change	▶ Obtain ISO 14064-1:2018 certification	▶ Obtain ISO 14064-1:2018 certification	▶ Obtain ISO 14064-1:2018 certification	✔	▶ Maintain ISO 14064-1:2018 certification in all major facilities	▶ Obtain / maintain ISO 14064-1:2018 certification in all major facilities

Note 1. For unachieved targets, please refer to the corresponding sections for relevant explanations and future improvement plans

Climate Change and Carbon Management

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

Our Environment, Health, Safety, and Energy Policy (EHS & Energy Policy) follows the principle of Regulatory Compliance & Responding to Environmental Campaigns to optimize resource utilization, and create an eco-friendly, healthy, and safe working environment. Please refer to USI website for the complete EHS & Energy Policy. A telephone hotline and mailbox are provided for feedback from stakeholders. In 2021, no official complaint about environmental impact was received, and no violation against environmental regulations and environmental pollution incidents. There are no significant environmental or ecological related fines or penalties [1] within 4 years.

The global warming caused by greenhouse gas emissions over the years has exposed the world economy to significant risks and has threatened many businesses around the world. As a result, stakeholders are starting to focus on risks and opportunities due to climate change. The Financial Stability Board (FSB) published the Task Force on Climate-related Financial Disclosures (TCFD) Framework in June 2017. The framework provides a clear picture of how to address the risks and opportunities associated with climate change and gives companies and investors a comprehensive assessment framework that can also be reflected in financial reporting.

Task Force on Climate-related Financial Disclosures (TCFD)

In response to international initiatives and our Low-Carbon Strategy, USI adopted the TCFD framework and discloses the risks and opportunities brought by climate change, demonstrating corporate responsibility and strategy to allocate capital more reasonably and effectively to achieve the vision of low carbon economic transformation.

Governance
- The USI Sustainability Committee, the highest organizational unit to manage the Group's sustainable development, annually prepares an ESG report that includes climate change-related issues for the Board of Directors' review

Risk Management
- Climate risk is incorporated into the Enterprise Risk Management (ERM) management process
- Collaborate across departments to identify climate-related risks / opportunities along the value chain, assess financial impacts and develop countermeasures to manage them using Mitigation and Adaptation methods

Strategy
- Identify short, medium, and long-term climate change risks and opportunities
- Assess risks and opportunities based on different climate scenarios

Metrics and Targets
- Set climate-related performance indicators and quantitative targets; regularly track progress, and disclose to the public without concealing information
- Set a long-term goal for Net-Zero Carbon Emissions in 2050

Note 1. Major fines or penalties refer to a fine of more than CNY 65,000

■ Climate Change Risk and Opportunity Management Process

Background Data Collection
- Collect background and scenario data from news, internet, other countries or company events
- Consider the transition risks (policy and law / market / technology / reputation), the physical risks (chronic and acute) and the opportunities (resource efficiency, energy, products and services, markets and adaptation)

Risk / Opportunity Possibility Analysis
- To analyze the targets in the value chain that are being affected (including direct operations, supply chain or customers)
- Impact duration (now within 0 to 1 year, short-term 1 to 3 years, medium-term 4 to 10 years and long-term 11 to 30 years)
- Possibility (almost sure, highly possible, possible, unlikely, and extremely unlikely)

Financial Impact Analysis
- Use impact on monthly revenue as an indicator (The indicator levels are divided into 1 to 5, with the fifth level having the highest impact)

Risk Assessment
- Evaluate risk / opportunity indices based on the possibility and financial impact scales
- According to the risk / opportunity indices, it is classified as
  ★ Red: High risk / opportunity (for immediate action)
  ★ Blue: Moderate risk / opportunity
  ★ Green: Low risk / opportunity

Control Mechanism
- Review the existing control mechanism and set feasible control indicators

■ Climate Change Risk and Opportunity Matrix

Legend:
- ● Low Risk / Opportunity
- ● Moderate Risk / Opportunity
- ● High Risk / Opportunity

Matrix axes: Financial Impact Severity (Low to High) vs Risk Probability (Low to High)

Opportunities	**Transition Risks**	**Physical Risks**
⑥ Develop energy saving components	③ Energy Transition	① Drought (Supply Chain)
⑦ Demand for electric cars market	⑤ International carbon tax and emission quota requirements	② Floods (Supply Chain)
⑧ Introduce an energy management system to improve energy efficiency	④ Customer demand for green products	⑨ Drought (USI)

The Financial Impact from Risk and Opportunity

Risk and Opportunity Types	Description of Risks and Opportunities	Potential Financial Impact	Countermeasures
Transition Risks	Energy Transition	Increase in energy costs	▶ Improve equipment efficiency, upgrade the power supply and replace power systems ▶ Organize regular sessions of successful power saving case studies with related taskforces
	Customer demand for green products	Additional carbon reduction equipment installation and R&D costs	▶ We have developed biodegradable plastics (emission reduction) that fit the customers' needs based on climate change issues to facilitate the energy-saving and carbon-reducing product applications for our customers ▶ We absorb cutting-edge knowledge through papers, seminars, and exhibitions to effectively meet customers' requirements for Energy Star and CoC Tier 2
	International carbon tax and emission quota requirements	Additional operating costs	▶ We propose to introduce eco-friendly materials in the early stage of product development, which can effectively reduce carbon emission in line with customers' product development plan for carbon neutral products ▶ We have developed a carbon supply chain management plan that will allow us to understand the carbon emissions from our supply chain in the future ▶ We have adopted green power gradually to minimize the impact of carbon pricing
Physical Risks	Drought (Supply Chain) Floods (Supply Chain)	The production was adversely influenced, resulting in financial losses and revenue decline	▶ Establish a substitute mechanism for materials ▶ Purchase mechanism for spot dealers ▶ Implement cross-site material transfer mechanism ▶ Provide market information to prepare materials in advance (MPA) ▶ When an emergency occurs that causes a lack of material, the emergency response management procedures will be activated according to the SOP
	Drought (USI)		▶ Simulate flood and drought risks using physical scenarios of climate change and propose contingency preventive measures
Transition Opportunities	Develop energy saving components	To meet customers' energy-saving product needs; therefore, we can increase the revenues	▶ We can reduce the material and energy consumption by increasing the output per material unit through the miniaturization design; in addition, the energy consumption required for transportation is lower than that of other products ▶ We can meet the design requirements such as ERP, CEC, and DoE for different types of products to improve the overall power efficiency in the system
	Demand for electric cars market		▶ We have developed a series of flip-chip PEC [1] to meet the high current density requirements of headlights, focusing on LED chip life, reliability, and brightness for Car Lights ▶ For the Powertrain, we continue to design and promote low energy consumption and high efficiency products to our customers. We also design and develop products to meet the IATF 16949 requirements
	Introduce an energy management system to improve energy efficiency	Reduce electricity cost for operation	▶ We can identify primary energy consumption areas through our ISO 50001 energy management system, formulate energy-saving plans, and control our energy performance to effectively save energy and reduce carbon emissions through the PDCA Cycle every year

Note 1. PEC, Pad Extension Chip

■ Metrics and Targets Related to Climate Change

Manage carbon emissions and improve energy efficiency

- 35% reduction in absolute GHG Category 1 & Category 2 emissions in 2030 (base year: 2016, 2.5% reduction per year)
- 15% reduction in absolute GHG Category 3 emissions in 2030 (base year: 2020, 1.5% reduction per year)

Increase the use of renewable energy

- 85% Renewable energy use in 2025
- 100% Renewable energy use in operational processes by 2035

R&D for low carbon products

- Increase R&D expenses for low-carbon products and continue to increase the ratio of energy-saving benefits and revenue for low-carbon products

According to the analysis of the Climate Change Risk and Opportunity Matrix, there are three transition risks, three physical risks and three transformation opportunities, among which the high risk of USI is the demand for green products from customers. We announced our goal of achieving net zero carbon emissions by 2050 and continues 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. For the first time, 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. For more details, please refer to Sustainability Data - Environmental A. TCFD Framework Response.

Carbon Management

USI continues launch greenhouse gas reduction policy. The greenhouse gas (GHG) emissions inventory was performed in 2007 according to ISO 14064-1. Another check was conducted in 2010 on our worldwide production bases and the results were verified by a third-party institution to establish USI inventory benchmark data. Since the initial inventory of GHG emissions Category 3 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 Carbon Disclosure Project (CDP) and conducts annual inventory surveys. For detailed information, please refer to the 2021 ASEH ESG Report.

Climate change has impacted USI operations. Our Mainland China Facilities are using 100% renewable energy, while the Mexico Facility used 31% of its annual electricity consumption (I-REC, please refer to the Renewable Energy section for details). In addition, Zhangjiang Facility and Shenzhen Facility have also initiated carbon quota management in accordance with local regulations. Cap and trade system for GHG and possible energy or carbon taxes are issues USI is always paying attention to. In addition to the continuous efforts in energy efficiency improvement, the promotion of Green Promise and the environmental protection measures of will be in facilities to minimize risks from climate change.

Greenhouse Gas Emissions

USI's total GHG emissions in 2021 were 206,131.55 metric tonnes of CO_2e (Category 1 & Category 2), an increase of 15,103.32 metric tonnes of CO_2e from 2020, and our GHG emissions intensity was 4.13 metric tonnes of CO_2e, an increase of 0.11 metric tonnes of CO_2e from 2020. According to our analysis, in 2021, our operation expansion and continuous production capacity growth increased our revenue. However, due to the exchange rate loss from USD to CNY, our GHG emissions intensity increased. Calculated in USD, our GHG emissions intensity would be 26.63 metric tonnes of CO_2e, 1.12 metric tonnes of CO_2e less than in 2020. The analysis is shown in the following figure:

■ The Ratio of Category 1 to Category 2 Greenhouse Gas Emissions [1~6]

Category 2
97.8%

Category 1
2.2%

Fugitive Emission
1.1%

Mobile Burning Emission
0.1%

Fixed Burning Emission
1.0%
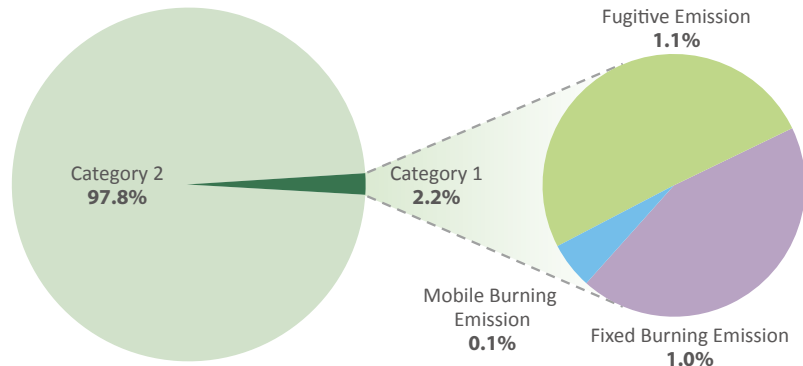
■ Greenhouse Gas Emissions and Intensity

Year	2015	2016	2017	2018	2019	2020	2021
GHG Intensity	5.86	6.24	5.31	4.48	4.85	4.02	4.13
Category 2	151,993.76	142,043.16	149,881.38	148,201.93	168,730.49	184,225.84	201,538.85
Category 1	8,017.46	8,057.25	7,853.69	7,024.93	8,438.83	6,802.39	4,592.71
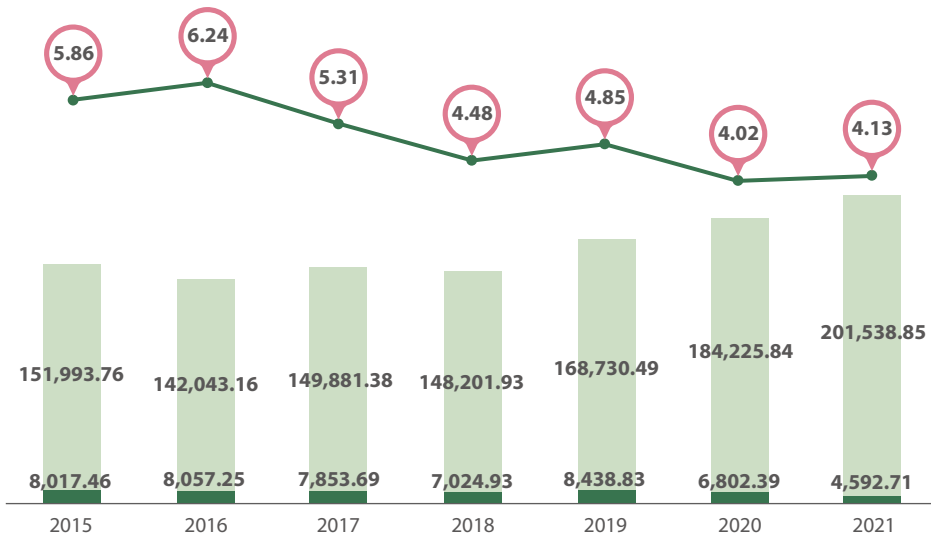
■ GHG Emissions-Category 1 (metric tonnes CO_2e)   ■ GHG Emissions-Category 2 (metric tonnes CO_2e)

— GHG Intensity (metric tonnes CO_2e / M CNY)

Indirect Greenhouse Gas Emissions

USI continued to promote the greenhouse gas inspection (ISO 14064-1). Following the introduction of the Category 3 inspection at Nantou Facility in 2018, beginning in 2020, we conducted inventory and identification of Category 3 to Category 6 emissions on the value chain. In 2021, the verification results by the third-party verification unit are as follows:

■ Indirect Greenhouse Gas Emissions [7]

Unit: metric tonnes CO_2e

Category	Description	Greenhouse Gas Emissions
Category 3	Indirect greenhouse gas emissions from transportation	**103,140.41**
	Emissions from upstream transportation and distribution of goods	48,016.13
	Emissions from downstream transportation and distribution of goods	44,545.17
	Emissions from employee commuting	10,364.53
	Emissions from business travel	214.58
Category 4	Indirect greenhouse gas emissions from products used by the organization	**12,877,738.29**
	Emissions from goods purchased	12,843,600.91
	Emissions from capital goods	30,571.58
	Emissions from solid and liquid waste treatment	1,230.79
	Emissions from the use of assets	2,335.01
Total		**12,980,878.70**

Note 1. The data presented came from the ISO 14064-1:2018 inventory results
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. The greenhouse gas emission includes various categories such as CO_2, CH_4, N_2O, HFCs, PFCs, NF_3, and SF_6
5. GWP value adopts the IPCC Fifth Assessment Report (2013)
6. Due to the revision of the calculation formula of GHG emissions in 2020, the value of Category 1 is revised
7. The data presented came from the ISO 14064-1:2018 inventory results, rounded to the 2nd decimal place

Energy Management

In the green-house gas emissions, power loss shares about 97.8% in USI. The key to reducing carbon emission is to save power, making maximum efforts for electricity efficiency. To reduce energy consumption during the operational activities and product processes and save the cost, the external power supply unit with low energy consumption will be selected in priority when the products are designed, as well as the tests will be evaluated to ensure the products can meet the requirements of environmental protection. The different energy-saving improvement plans will be executed for air conditionings, lighting equipment and heavy-energy consumption facilities in all facilities as well, continuously reducing the energy consumption and saving the electricity bill, such as variable-frequency control, seasonable adjustment of air-conditioning temperature, replacement of old equipment, monitoring and management of electricity bill.

The total energy consumption of USI in 2021 was 986,633.2 gigajoules, an increase of 37,706.9 gigajoules from 2020. Based on the turnover, the energy consumption per million CNY in 2021 decreased by 0.002 gigajoules. In terms of energy saving, there were 10 major energy-saving schemes, which saved a total of 1,944 MWh of electricity and reduced carbon dioxide emissions by 1,175 metric tonnes. The total investment is CNY 10,299,102, and the annual cost saving is CNY 1,653,485. The detailed results are shown in the following chart:

■ **Energy Intensity**

Energy Consumption (GJ): 776,645.71 (2015), 731,386.15 (2016), 758,413.08 (2017), 738,890.36 (2018), 878,276.21 (2019), 948,926.31 (2020), 986,633.19 (2021)

Energy Intensity (GJ / M CNY): 29.1 (2015), 31.3 (2016), 26.1 (2017), 22.0 (2018), 25.5 (2019), 20.6 (2020), 20.6 (2021)
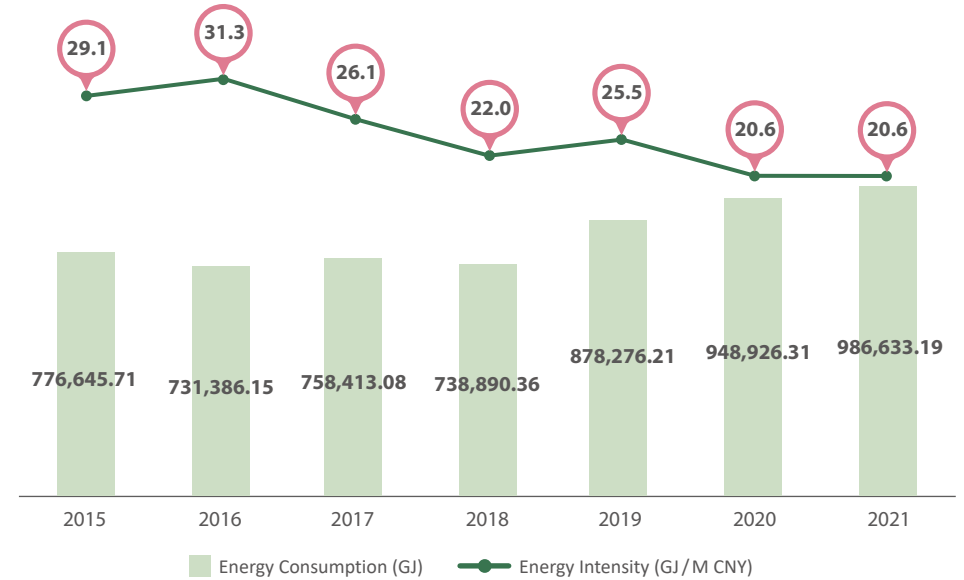
■ **Energy Consumption** [1~3]

Unit: GJ

Category	Direct Energy Consumption			Indirect Energy Consumption	Total Energy Consumption
	Diesel	Gasoline	Natural Gas	Electricity	
2021	1,335.80	2,575.20	34,238.98	948,483.21	986,633.19
2020	1,393.59	2,523.89	74,103.64	870,905.19	948,926.31
2019	1,065.38	3,572.89	103,881.07	769,756.87	878,276.21
2018	639.08	4,011.47	76,708.71	657,531.10	738,890.36

Note 1. The data presented came from the ISO 14064-1:2018 inventory results, rounded to the 2nd decimal place
    2. The data includes Zhangjiang, Jinqiao, Shenzhen, Kunshan, Nantou Facilities
    3. Conversion data of the heat value index:
      • Facilities in Zhangjiang, Jinqiao and Kunshan have adopted Annex A (referential energy conversion standard coal factors) of General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2008)
      • The Shenzhen 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 have adopted "Heat Content of Energy Products" from Taiwan Energy Statistics Handbook (2020)

Power Saving Performances in 2021

Facility	Project	Description	Power Saving (MWh)	CO$_2$ Reduction[1~2] (Metric tonnes CO$_2$e)
Zhangjiang	Heat recovery system improvement	The high temperature generated from the operation of the air compressor is effectively converted to provide air conditioning for the facility, reducing the demand for operating the water-cooled chiller unit	45.1	35.7
Kunshan	Improvement of water-cooled chiller unit	Replacement of old water pumps with energy-efficient pumps for the water-cooled chiller unit	640.1	507.1
Nantou	B1 Ice water machine replacement	Added two new Centrifugal Water Chiller Unit 500RT to replace the old six original 300RT Water Chiller Units (two retired, four for backup use)	813.7	408.5
	Exhaust fan motor replacement	1. The original 15HP old motor is replaced by IE3/10HP high efficiency motor 2. The original 16.5kW motor was replaced with a new 16.13kW motor to improve efficiency	34.3	17.2
	Adjustments of air compressor supply pressure	Adjusted the effective air pressure from 7kg/cm^2 to 6.5kg/cm^2	5.3	2.6
	Air compressor with variable frequency drive	Equipped with a variable frequency drive to save energy and lower the load operation and automatically load the backup unit when the air pressure is insufficient to prevent the production line from being interrupted due to loss of pressure	53.1	26.6
	Add variable frequency drive inverters to area pumps	To meet the demand of supply pressure for the operation of pumps in facilities, an inverter is added to effectively regulate the power	173.7	87.2
	Energy-saving improvement of facility lighting	Replace the original emergency lighting with LED lighting in the facility, parking lot and restaurant under the condition that the illumination level and service life are not lower than the original	23.6	11.8
	Energy-saving improvement of Air Conditioning Cooling Tower Fan	The traditional cooling tower fan blades are changed to thick airfoil energy-saving blades, and the streamlined airfoil design reduces air resistance, reduces motor load current, and thus saves energy	74.7	37.5
	Replace Constant Temperature and Humidity Chamber	Replaced the constant temperature and humidity chamber with a newer, energy saving model and reduced the annual energy consumption from 450 MWh to 312 MWh	80.5	40.4
Total			**1,944.1**	**1,174.6**

Renewable Energy

USI actively responds to the call for renewable energy use. We purchased 222,319 MWh International REC (I-REC, the registration authority is I-REC Registry) in 2022 to offset CO$_2$ emitted by traditional power in 2021 (the annual electricity use for Zhangjiang, Jinqiao, Shenzhen, Kunshan Facilities were all offset, and 31% of Mexico Facility's electricity was offset). Low-carbon products produced in facilities using renewable energy accounts for 69.93% of USI's annual revenue. According to GHG Protocol Scope 2 Guidance, the statements are used to neutralize Category 2 Market-based emissions. The greenhouse gas emissions amount by location and market [3] are as follows:

Category	Item	Category 1	Category 2	Total
Location-based	GHG Emissions (Metric tonnes CO$_2$e)	4,592.71	201,538.85	206,131.56
	Percentage (%)	2	98	100
Market-based	GHG Emissions (Metric tonnes CO$_2$e)	4,592.71	26,617.41	31,210.12
	Percentage (%)	15	85	100

Note 1. Carbon emissions reduction = Electricity saving x electricity emission coefficient
   2. Electricity emission coefficient:
      • Zhangjiang, Jinqiao, and Kunshan Facilities adopt the Huadong Power Grid 0.792 metric tonnes CO$_2$e/MWh which in "2019 Emission Reduction Project: China's regional grid baseline emission factor" by the Department of Climate Change
      • Nantou Facility adopt the "2020 Electricity Emission Factor" announced by the Bureau of Energy, with a CO$_2$ emission factor per kWh of 0.502 kg CO$_2$e/kWh
   3. The data presented came from the ISO 14064-1:2018 inventory results, rounded to the 2nd decimal place

Water Resource Management

USI does not have issues on 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 has been making efforts in conserving water resources and continues to manage the resources in our production and daily life. Apart from regularly tracking the water usage of USI's six major manufacturing facilities, USI also commissions a third-party to check the quality of effluents on a regularly basis to prevent water pollution from happening. Each facility tests the watch items in accordance with local laws and regulations: In Zhangjiang and Jinqiao Facilities, the watch items include pH value, SS, BOD, COD, ammonia nitrogen, total phosphorus, petroleum, animal and vegetable oils, and sulfides; in Nantou Facility, the watch items include water temperature, pH value, SS, BOD, and COD; in Mexico Facility, the watch items include BOD, TSS, copper, nickel, cadmium, lead, hexavalent chromium, zinc, arsenic, and mercury; in Shenzhen Facility, there are no relevant watch items and the discharge water management follows the national discharge water standards; Kunshan Facility leases some floors of the ASEH's factory. In the water intake and discharge, ASEH is responsible for control and the Kunshan Facility only shares water-related costs. There was no violation of water discharging regulations in 2021, and USI will continue to keep a track on the use of precious water resource and save as much water as possible for a friendly environment and reduction of environmental impacts.

USI total water consumption in 2021 was 861.89 ML, an increase of 7.2% from 2020 (803.69 ML). However, our water intensity is reduced by 36.4% 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 61.03 ML, and the water consumption of tap water is 800.86 ML. In terms of water discharge, 742.46 ML of wastewater was discharged into the sewage systems. Analyzing the data, operational expansion is the main reason why the overall water intake of USI has increased compared with the previous year.

To make the use out of every drop of water, USI is planning to recycle as much water as possible via improvement of equipment and technology. In 2018, the process water recycling system was introduced to Zhangjiang Facility. This system enables USI to recycle process water produced from the cutting process; filter and sterilize the water through filtration, disc filter, ceramic ultrafiltration membrane and UV sterilization processes; and reuse the water in the production. With respect to the second-phase installation of process water zero discharge system at Jinqiao Facility, this project has adopted advanced oxidation technology. In 2021, USI recycled 236.97 ML of water, with a recycling rate of 27.5%, and estimated savings of CNY 879,187. In addition, the process water consumption is 314.13 ML, with a recycling rate of 73.1%.

▇ Water Withdrawal and Discharge in 2021

Unit: ML

Facility	Zhangjiang	Jinqiao	Shenzhen	Kunshan	Nantou		NK	Mexico
					TT			
Source	Tap water	Tap water	Tap water	Tap water	Tap water	Groundwater	Tap water	Tap water
Water Withdrawal	361.972	120.161	98.965	70.278	24.126	61.033	92.687	32.665
Discharge Flow	Sewage treatment facility	Sewage treatment facility	Sewage treatment facility	Sewage treatment facility	Maoluo River		Sewage treatment facility	City sewage treatment facility
Water Discharge [1]	325.775	108.145	89.069	63.250	43.401		83.418	29.399

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
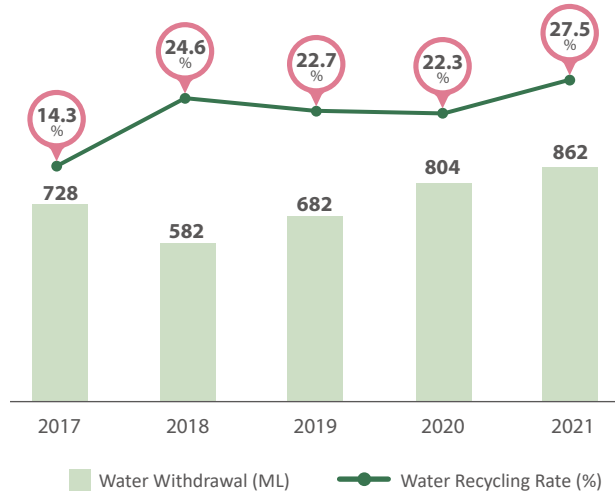
USI considers "Waste Minimization and Reuse" as corporate policy. The principles of "Effective Reduction & Circular Reuse" and "Impact Mitigation & Continuous Improvement" have been carried out thoroughly in all the facilities and treated as annual performance indicator. Therefore, through regular data record and tracking, the relevant units such as process unit, facility affairs unit, and EHS unit strictly monitor the usage and outputs. 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. During the waste removal process, the responsible EHS department monitors and follows vehicles from time to time and review the track records of the waste removal vehicles to confirm that the waste is handled in accordance with the regulations and contracts.

According to the statistics, the total amount of waste generated in 2021 was 9,733.33 metric tonnes, and the recovery amount was 8,318.25 metric tonnes, with a recovery rate of 85.5%. Although it is slightly higher than the previous year, it still meets the annual target (80%). The details are shown as follows. In 2021, the production of non-recyclable hazardous waste in the manufacturing process increased due to the introduction of new manufacturing processes and chemicals in some facilities. USI continues to focus on product package outer box, partition and tray cleaning and recycling, with a total weight of 1,284.79 metric tonnes recycled and reused in 2021. 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.

■ Water Withdrawal and Recycle

14.3% 24.6% 22.7% 22.3% 27.5%

728 582 682 804 862

2017 2018 2019 2020 2021

☐ Water Withdrawal (ML) ━●━ Water Recycling Rate (%)

■ Water Usage Ratio

93%

7%

☐ Tap Water ■ Groundwater

5,586 7,239 7,814 7,806 8,766

420 538 697 783 967

2017 2018 2019 2020 2021

■ Hazardous Waste (metric tonnes) ☐ Non-hazardous Waste (metric tonnes)

88.2% 89.2% 86.1% 85.3% 85.5%

2017 2018 2019 2020 2021

━●━ Waste Recycling Rate (%)
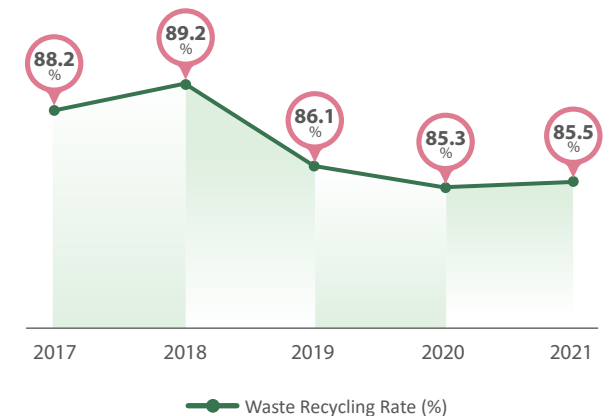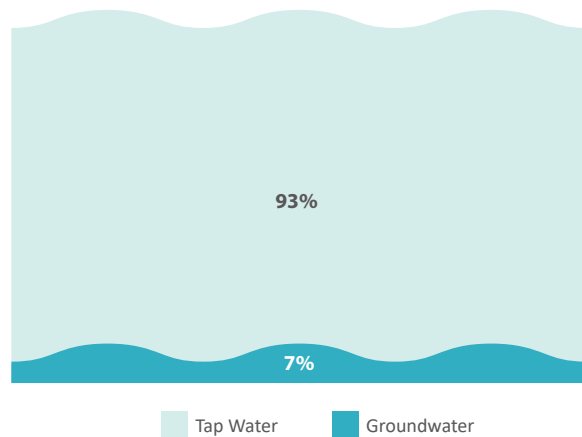
Statistics of Disposal Methods for Various Wastes in 2021 [1~2]

Treatment / Facility	Reuse		Recycling		Composting		Landfill		Incineration	
	Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous
Zhangjiang	0.000	0.000	3.120	674.952	0.000	368.567	0.643	36.961	378.239	0.000
Jinqiao	0.000	0.000	0.132	239.302	0.000	180.000	0.000	26.125	91.109	0.000
Shenzhen	0.000	542.861	74.685	1,284.866	0.000	82.620	0.000	84.553	51.770	0.000
Kunshan	0.000	0.000	121.000	1,779.925	0.000	164.785	0.000	44.495	52.562	0.000
Nantou TT	0.000	741.933	0.000	156.904	0.000	66.960	0.000	0.000	156.255	181.940
Nantou NK	0.000	0.000	0.000	532.672	0.000	67.230	0.000	0.000	8.835	155.908
Mexico	0.000	0.000	3.849	1,073.666	0.000	158.220	0.000	120.648	25.034	0.000
Total	1,284.794		5,945.073		1,088.382		313.425		1,101.652	

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

2. Electronic waste is recycled / treated by qualified local licensed operators according to law, and the operators currently cooperating with USI have not obtained third-party certification

Air Pollution Control

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

In terms of volatile organic compounds (VOCs), Nantou Facility was the only one required to be regularly inspected and declared. However, requested by the competent authority of Shanghai City at the end of 2017, Zhangjiang Facility and Jinqiao Facility made their first declaration. In 2018, in response to the "Environment Protection Tax" declaration requirements of the supervisory authority, the statistical methods were adjusted and declared, and activated carbon towers and water washing towers were installed. Although Shenzhen Facility and Kunshan Facility do not have relevant regulations, they still took the initiative to carry out relevant detection and management, and implemented relevant preventive and control measures, such as UV light decomposition [1] and carbon treatment measures to reduce VOCs emissions.
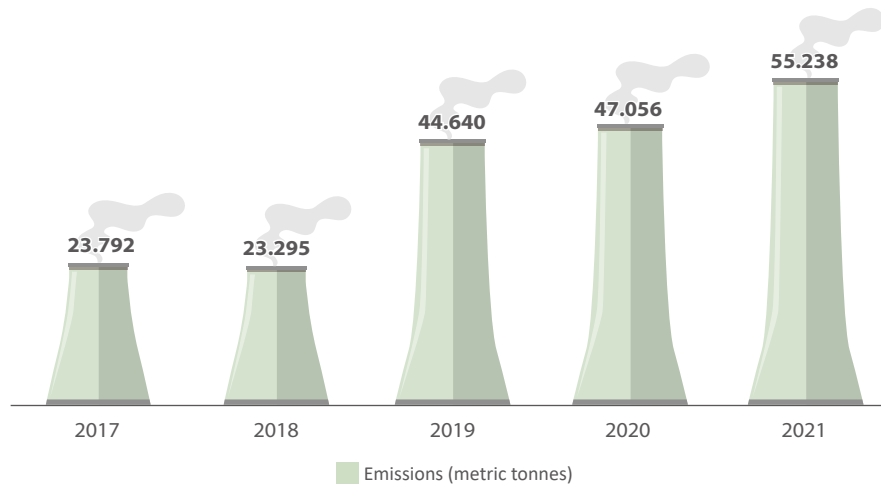
According to statistics [2], VOCs emissions in 2021 were 55.238 metric tonnes, an increase of 17% from the previous year. After analysis, the reason was that the increase in the use of organic solvents in response to the expansion of the company's operations, so the VOCs emissions have increased slightly from the previous year.

For the emissions of nitrogen oxide (NO_X), sulfur oxides (SO_X), and particulate matter, although they have not been included into local regulations, Zhangjiang Facility and Jinqiao Facility still voluntarily detect and disclose emission data. In 2019, to reduce the emissions of nitrogen oxides in boiler exhaust gas, Jinqiao Facility carried out boiler exhaust gas transformation and equipped with a low-nitrogen burner. 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 [3~6] for 2021 is shown in the table below:

Unit: metric tonnes

Facility Pollutant	Zhangjiang	Jinqiao	Shenzhen	Kunshan	Nantou	
					TT	NK
Volatile Organic Compounds (VOCs)	4.485	1.481	1.227	0.991	23.397	23.656
Nitrogen Oxides (NO_X)	1.148	0.589	N/A	N/A	N/A	N/A
Sulfur Oxides (SO_X)	N.D.	N.D.	N/A	N/A	N/A	N/A
Particulate Matter (PM)	1.796	0.672	N/A	N/A	N/A	N/A

23.792 (2017) | 23.295 (2018) | 44.640 (2019) | 47.056 (2020) | 55.238 (2021)

Emissions (metric tonnes)

Note 1. UV beam can break the molecular bond of industrial wastes as well as the water and oxygen in the air. Then, with the use of ozone, the oxidization reaction takes place for deodorization and sterilization
2. The data includes Zhangjiang, Jinqiao, Shenzhen, Kunshan, Nantou Facilities
3. The estimated emission level and amount in the test report produced by a third-party test body are adopted for the Zhangjiang, Jinqiao, Shenzhen, and Kunshan Facilities, and the data are rounded to the 3rd decimal place

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

Green Manufacturing and Expenditures

Clean Production

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

Since 2011, Zhangjiang, Jinqiao, Shenzhen, and Nantou-TT Facilities have successfully obtained clean production certification. In 2019, Nantou-NK Facility started undergoing EEWH green building certification, and successfully obtained the first green building certification in 2020. In addition, we have cooperated with solar construction companies to build a solar power generation system with a total capacity of 499 kWp [1]. Since October 2019, it has officially put into power generation. In 2021, it produced a total of 1,508 MWh green power. In the future, we will continue to focus on clean production and green building promotion to build up a green factory of USI.

For Zero-Net Deforestation, wood materials we use are mainly pallets or crates used in product transportation. In addition to the materials designated by customers, USI follows the requirements as below:

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

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

Green Office

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

Green Expenditures

To calculate our investment in the environment, we have classified relevant costs according to the nature of ASEH's environmental expenditure (including Operating Cost, Upstream / Downstream Cost, Management Overhead and Social Activities Cost. For detailed expenditure details, please refer to Sustainability Data - Environmental E. Environmental Expenditures). In 2021, due to the increase in operating cost investment, USI's total environmental expenditure was approximately CNY 26 million, a decrease of 8% from the previous year. In the meantime, we have continued to further improve our environmental management by calculating and analyzing relevant costs on a quarterly basis.

■ Expenditures of Environmental Protection

2017	2018	2019	2020	2021
14,936,818	20,729,688	23,179,611	28,131,111	25,989,443

Environmental Expenditure (CNY)
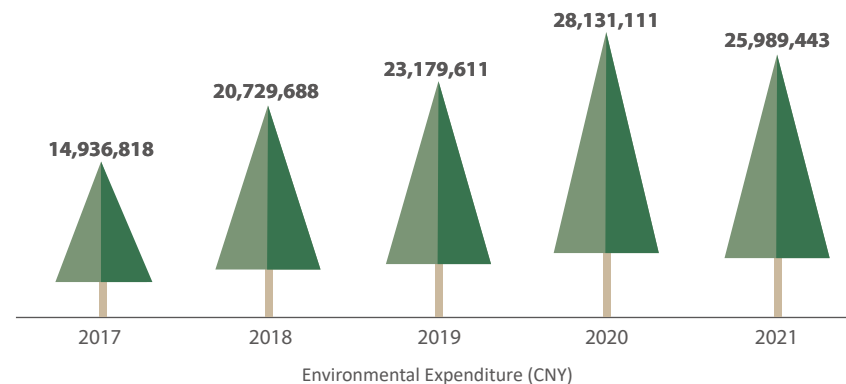
Biodiversity

USI Facilities are not located in World Heritage sites or protected areas. We are committed to biodiversity by taking the following measures:

» Confirm that new facilities are not located in legally protected areas and biodiversity sensitive areas and avoid deforestation

» Comply with local ecological protection laws and regulations and implement environmental assessment operations at facilities to confirm that there are no ecologically sensitive sites around the facilities and that there is no significant impact on the ecological environment

» Mitigate by avoidance, minimization, restoration, and offsets when operating in areas near critical biodiversity

» Work with Tier 1 and Non-tier 1 suppliers and promote biodiversity and deforestation reduction commitments

» Collaboration with external groups began in 2013 to increase habitat and soil conservation through continuous afforestation with No Net Loss (NNL) and Zero-Net Deforestation (ZND) as the goals. Future operations will move towards Net Positive Impact (NPI), please refer to the Conserving the Environment section.

USI Facilities in Mainland China, Nantou and Mexico are all located in high-tech and industrial parks. We are committed to reducing energy consumption and energy recycling in our operations and seek to stop or reduce forest destruction caused by our production and sales processes (No Gross Deforestation). By 2045, continue to reduce the impact on the biological environment caused by our operations.

Environmental Profit and Loss

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

The environmental impact of USI production operations in 2020, after value conversion, is CNY 24,411,787, of which the main source of environmental impact is greenhouse gas emissions (the impact of greenhouse gas emissions is the result of offsetting the positive benefits of carbon sinks from tree planting), with categories 1 and 2 accounting for 49%, followed by water consumption, accounting for 38%. In 2021, the cost of the environment outside the country

is CNY 24,926,384. Greenhouse gas emissions categories 1 and 2 together account for 44%, followed by water consumption accounting for 42%. Comparing the results of the two years, the overall environmental external costs in 2021 increased by 2% compared to 2020, while the total revenue in 2021 increased by 15.94% compared to the same period in 2020, the environmental costs were able to maintain a slight increase despite the significant increase in revenue, which demonstrates our dedication and excellent results in reducing the environmental impact in 2021. USI's environmentally friendly operations, such as the use of recycled water, generated positive benefits of CNY 3,098,258 and CNY 3,985,332 in 2020 and 2021, respectively, and the carbon storage benefits from tree planting generated positive values of CNY 2,766 and CNY 5,814, respectively, in the same years. The total of the two positive benefits in 2021 increased by about 29% compared to the previous year, which signifies USI's efforts in environmental protection were able to maintain a small increase in the negative impact.

■ Cost Value Analysis of External Environmental Costs

	2019	2020	2021
Total	70,883	72,352	73,810
Waste	1,817,641	1,950,888	2,087,408
Air Pollution	982,538	1,133,517	1,304,282
Water Consumption	11,455,117	12,492,394	14,399,529
Greenhouse Gases (Category 1, 2)	10,729,972	11,863,660	11,052,501

Valued Value (CNY)

■ Greenhouse Gases (Category 1, 2) ■ Water Consumption ■ Air Pollution ■ Waste ■ Kitchen Waste
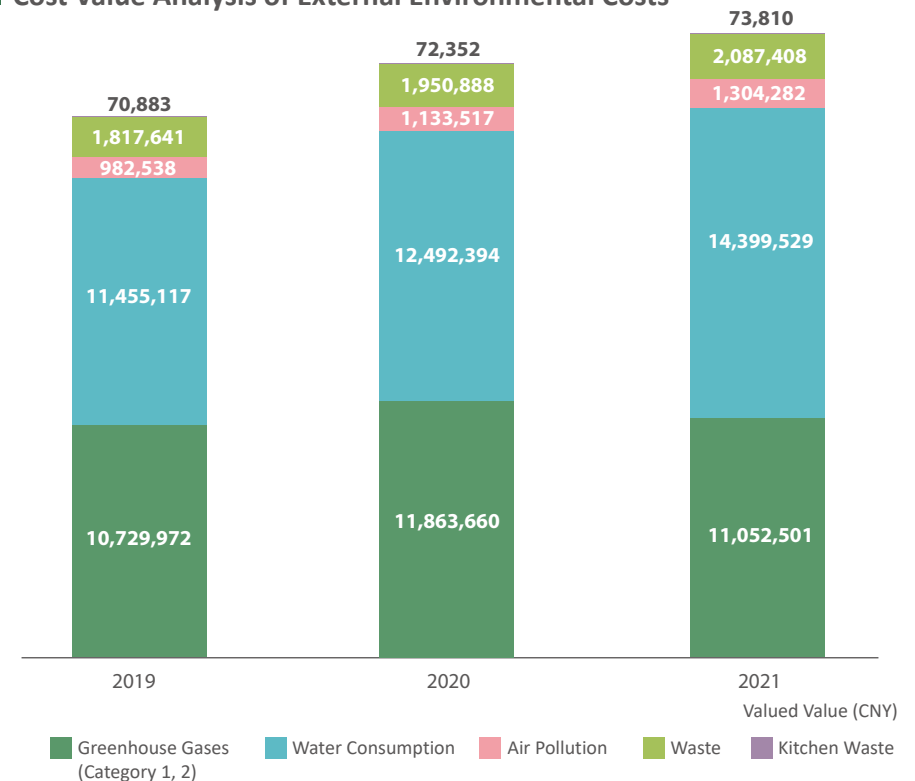
Occupational Health and Safety

To ensure employees and other workers' physical and mental health during working hours. In addition to complying with local labor laws and safety production regulations, USI has stipulated safety and health policies, objectives, standard procedures, and held educational training and LOHAS activities. All our facilities passed the ISO 45001 Occupational Safety and Health Management System which includes our employees and other workers [1] (Coverage Rate = 100%), so we review our policy and performance yearly to satisfy the requirements of occupational health and safety laws and our policies and continuing to provide a safe and comfortable workspace.

Occupational Health and Safety Management

■ Health and Safety Management Goals and Statuses in 2021

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 2021.

Note 1. Other workers are mainly temporary workers in the facilities, and other contractors such as kitchen contractor, resident personnel, security personnel, and cleaning personnel, 3,963 people in total.

To understand and grasp the safety and production, the six major manufacturing facilities of USI are required by local laws and regulations to set up a Safety and Health / Production Committee by employees, with employee representatives as the management representatives of the committee, and the proportion of labor representatives is at least one-third in each facility in accordance with local laws and regulations. The frequency of the committee meetings varies from facility to facility, but regular meetings are held at least once every three months to coordinate 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.

■ Safety and Health / Production Committee's Responsibilities

Safety and Health / Production Committee
- Guard the workplace
- Guarantee the investments are inputed
- Ensure the trainings and educations are accomplished
- Perfect the system of production responsibility
- Supervise and check the production works
- Develop and implement health management and promotion
- Prevent occupational diseases

To ensure the safety and health of workers in the facility, USI invested CNY 159 million in safety production and chemical safety management in 2021. 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 Health and Safety Management System, USI establishes a process to manage procurement, contracts, and changes. We implement necessary safety assessments, trainings, and data updating to reduce potential safety and health risks from operating conditions or the work environment.

To effectively identify and assess safety and health hazards and risks and opportunities derived from the operations and work environment, we request responsible units to identify hazards based on occurrence probability, exposure frequency, and consequence severity every year. Where the identification and assessment procedures must be applied again due to any change to the production or activity; opinions or requests made by the stakeholders / adjustments or amendments to legal regulations, the results must be evaluated together with potential risks and opportunities, regulatory rules, and the Company's policy. The Company identifies and controls priority risks and opportunities and request relevant parties to amend plans based on the level of involved dangers and opportunities. The purpose is to minimize negative impacts that come from productions, activities, or services within the facility; and to enhance the Company's occupational safety and health performance and to create a sound

management system. In the meantime, to ensure the quality of identification and assessment procedures, not only should designated safety and health units conduct relevant educational training on a regular and irregular basis (Please refer to the Occupational Safety and Health Training section), but also the representatives of promoting health and safety measures shall take internal auditor training within the ISO 45001 management system and acquire qualifications.

■ Hazards, Risks, and Opportunities Identification Procedure

- **Plan**
  - Draw hazard identification flowchart
- **Do**
  - Analyze the job and operation items
  - Identify hazards, risks, and opportunities
- **Check**
  - Summarize and define priorities to lower risks and opportunities
- **Action**
  - Establish safety and health goals and management plans
  - Confirm improvement

■ Management Measures for Identified Hazards, Risks, and Opportunities in 2021

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

In 2021, there were more than 40 management programs included in the tracking management, which includes strengthening the management of hazardous operations and eliminating safety hazards of machinery and equipment, such as installing sensors and protective devices on automated warehouses and automatic pallet wrapping machines to prevent accidental collision with or intrusion by humans. By the end of 2021, all the management programs have been improved.

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 the above actions.

Safe Workplace

To ensure the safety of workers, each facility conducts automatic inspections in accordance with government regulations and the company's operating standards, and EHS personnel also conduct routine safety audits, which covers occupational safety, health, and hygiene, as well as management systems. In some facilities, the inspection results are included in the safety and health evaluation activities, and outstanding units are publicly recognized in the regular safety and health / production meetings to encourage personnel to participate in safety and health management and improvement measures.

■ **Audit Results Over the Years** [1]

Year / Dimension	2018	2019	2020	2021
Safety	598	330	376	747
Health	142	53	108	121
Management System	1	5	11	47

Note 1. The data includes Zhangjiang, Jinqiao, Shenzhen, Kunshan, Nantou Facilities

In addition, according to the actual operating hazards of each facility, qualified institutions are also commissioned to regularly implement environmental testing in order 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 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 of or recycled. We keep all relative records to optimize our Procedure and prevent occupational hazards.

■ **Chemical Safety Management Process**
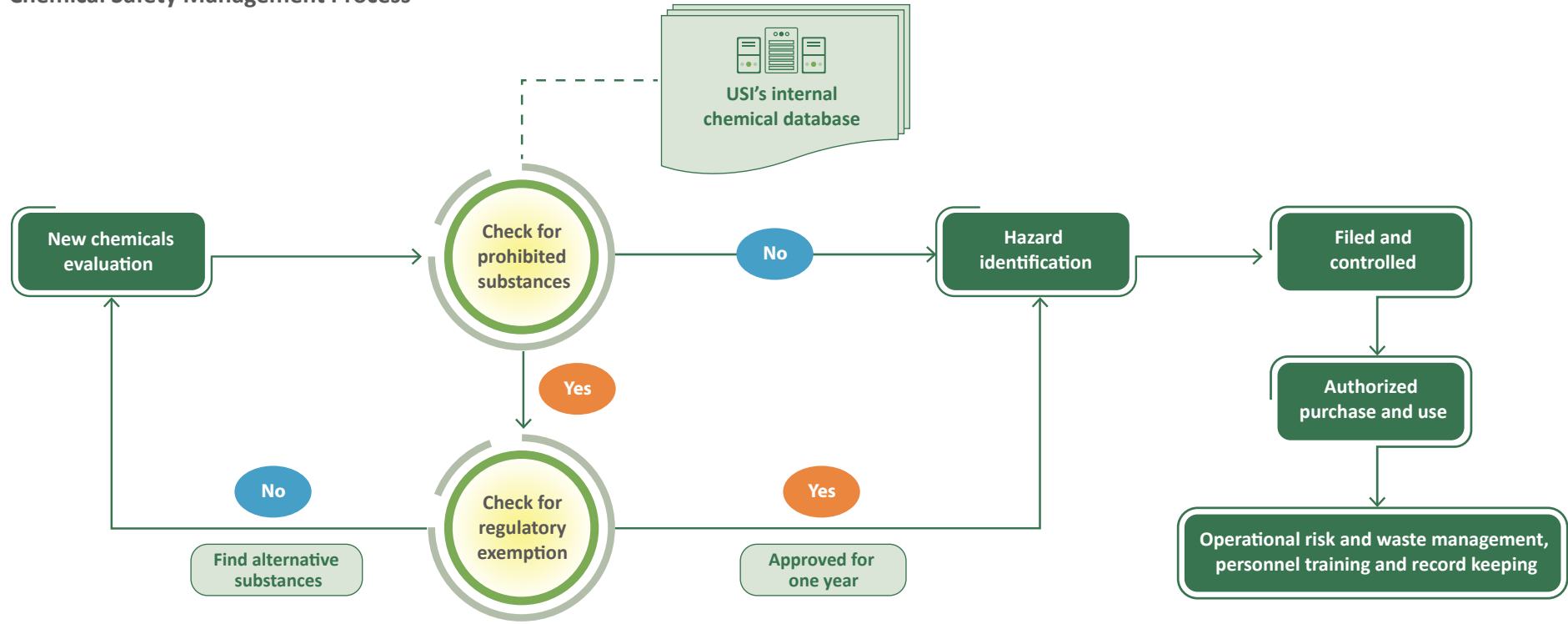
Occupational Incident Management

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 2021, there were 13 physical injuries (including forklift crushing, clamping, slipping, spraining), one ergonomics injury (lifting sprain), and two near miss incidents. Our injury statistics indicated that one injury occurred in Jinqiao Facility and one in Nantou Facility at the end of 2020, which was caused by a fall on a staircase and an automatic warehouse injury caused by a person not

following the SOP. The accident involving a forklift occurred at the Nantou Facility, in which the operator did not wear safety shoes during the material picking operation, resulting in a crushing injury caused by the forklift. After analyzing the root causes of the accident, we reinforced the requirement to wear steel-toed safety boots for forklift operators, extended forklift operation safety training for qualified personnel, and strengthened daily audits by supervisors to prevent recurrence. The above three incidents are the main reasons for the increase of lost day rate in 2021. Also, several "walking injury" incidents were recorded. In addition to the improvement of lighting and floor slip prevention, we posted warnings and strengthened advocacy and training, incorporated safety requirements into the employee code of conduct, and continue 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 2021.

Occupational Injuries and Occupational Diseases in 2021 [1]

Items \ Year	2018	2019	2020	2021	Facility					
					Zhangjiang	Jinqiao	Shenzhen	Kunshan	Nantou	Mexico
Total Hours Worked	39,253,041	45,670,981	42,065,676	44,539,170	8,510,206	4,720,205	8,404,067	4,929,600	8,027,468	9,947,624
Number of Lost-time Injuries	6	14	12	14	0	0	1	0	7	6
Lost-time Injury Frequency Rate [2]	0.15	0.31	0.29	0.31	0	0	0.12	0	0.87	0.60
Rate of High-consequence Work-related Injuries [3]	0	0	0	0	0	0	0	0	0	0
Number of Work-related Fatalities	0	0	0	0	0	0	0	0	0	0
Rate of Fatalities as A Result of Work-related Injuries [4]	0	0	0	0	0	0	0	0	0	0
Occupational Diseases Rate (ODR) [5]	0	0.02	0	0	0	0	0	0	0	0
Number of Days Lost Due to Injuries	111	75	124	460	0	66[6]	21	0	352[6]	21
Lost Day Rate (LDR) [7]	2.83	1.64	2.95	10.33	0.00	13.98	2.50	0	43.85	2.11

Note 1. Statistical count excludes traffic accidents during commutes. Please refer to the Contractor Management section for information on work-related injuries of contractors

2. Lost-time injuries frequency rate (LTIFR) = (Number of lost-time injuries ÷ Total hours worked) × 1,000,000

3. Rate of high-consequence work-related injuries = (Number of high-consequence work-related injuries ÷ Total hours worked) × 1,000,000

4. 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

5. Occupational Diseases Rate (ODR) = (Total numbers of occupational diseases ÷ Total of 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

6. Include work-related injuries that occurred in 2020 and count lost days in 2021

7. 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 / 2021

Occupational Safety and Health Training

In order to enhance employees' awareness of occupational safety and health, 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 education 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. 410 advocacy and training courses were held in 2021, with 50,851 employees trained 57,776 hours.

■ **Occupational Health and Safety Training Data**

Items \ Year	2018	2019	2020	2021
Total Number of Courses	Data not available	183	207	410
Total Number of Trainees	21,687	32,443	56,285	50,851
Total Training Hours	41,686	21,942	48,411	57,776

To ensure employees fully understand facility evacuation routes and how to use emergency response equipment, our EHS Emergency Response Center developed a hazard awareness plan, emergency response procedures, and conducted emergency response training for disasters caused by earthquakes, fires, and chemical leaks, so that employees can effectively apply their drill trainings and minimize accidental injuries and impacts when the actual emergencies occur. In 2021, 32 disaster drills were held, including 7 first responder trainings, 4 earthquake disaster prevention drills, 13 fire drills, and 8 chemical disaster drills.

Contractor Management

Companies outsource technical and professional projects to contractors have become an inevitable trend. Besides the requisition of contract project quality and schedule, USI values contractor's safety and health management. EHS & Energy Policy clearly commits "Raise workplace environment health and safety awareness through continuous communication with all employees, suppliers, distributors, contractors, and other business partners. Conduct training and drills to prevent environmental impact, excess resource waste, and safety hazards". 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**

1 Construction Assessment
- Construction requirements
- Contractor qualification evaluation

2 Document Review
- Contractor information review
- Confirmation of construction application form
- Confirmation of hazardous work application form

3 Education and Training
- Training construction workers
- Apply for a construction permit
- Agreement organization training

4 Construction Management
- Notification of working environment hazards
- Agreement organization meeting
- Construction supervision
- Environmental safety inspection and audit

5 Post-Construction Management
- Fines for violation
- Occupational injury statistics
- Feedback to contractor evaluation

Note 1. Mainland China Facilities: two abnormal events occurred within half a year; Nantou Facilities: If major violations are not improved within the time limit, they will be suspended for one year
2. The data includes Zhangjiang, Jinqiao, Shenzhen, Kunshan, Nantou Facilities
3. Hazardous work: including hot work, hanging work, confined space work, elevated work
4. Major findings: on-site auditing findings and issuing a ticket

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 2021, 475 contracting companies, 7,363 participants undertook USI's occupational safety and health training (trainees include contractors for: material contractor, factory services, construction, waste, and other services). After training and evaluation by the EHS departments of each facility, a total of 2,627 contractor employees obtained construction permits.

| Nantou | Zhangjiang | Shenzhen |

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 [1]. In 2021, no qualified contractors were disqualified due to safety and health audits.

■ **Contractor Construction Application and Audit Findings [2]**

Items \ Year	2018	2019	2020	2021
Number of construction applications	2,571	2,483	2,694	3,099
Number of applications for hazardous work [3]	1,237	564	744	997
Number of findings in on-site audit	34	67	103	34
Number of major findings [4]	31	40	47	34

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 2018, only one contractor-related [1] work injury incident occurred in 2019 and one in 2020, and the main root causes of the incidents were analyzed, and the facilities asked to strengthen awareness and supervision. Therefore, in 2021, USI did not have any more work-related injuries or work safety accidents involving contractors.

■ Contractor Occupational Injuries and Occupational Diseases [2]

Items \ Year	2018	2019	2020	2021
Total Hours Worked	1,312,732	4,868,030	3,766,409	3,157,842
Number of Lost-time Injuries	0	1	1	0
Lost-time Injury Frequency Rate	0.00	0.21	0.27	0.00
Rate of High-consequence Work-related Injuries	0	0	0	0
Number of Work-related Fatalities	0	0	0	0
Rate of Fatalities as A Result of Work-related Injury	0	0	0	0
Occupational Diseases Rate (ODR)	0	0	0	0
Number of Days Lost Due to Injury	0	8	24	0
Lost Day Rate (LDR)	0.00	1.64	6.37	0.00

Physical and Mental Health Care

USI provides several on-site health services to build a healthy workplace beyond regulation requirements. It has established complete software and hardware facilities and assigned specialized personnel to provide professional services. Additionally, it holds health training, workshops, and group activities. Moreover, USI conveys information of the Company to its

Note 1. For details, please refer to 2019 Corporate Social Responsibility Report, Page 48 and 2020 Sustainability Report, Page 122

2. Please refer to the Occupational Incident Management section for the relevant ratio calculation formula

employees through journals (Newsletter), WeChat group, health email and bulletin board regularly to enhance their health knowledge and skills to maintain their physical and mental health and to build an excellent healthy workplace.

Software and Hardware Measures

Regarding the software facilities, USI wishes to provide employees a quality healthcare service. We have several on-site nurses and implement a health consultation program that brings general and specialized doctors on-site, including psychologists, physiotherapists, nutritionists, and occupational specialists. We strive to not only prevent and reduce occupational injuries and diseases through these consultations but also provide

Physical Therapist Intervention

employees with support programs that foster health and well-being. In 2021, USI employees logged 9,558 hours in 18,519 consultations.

As for hardware, USI nurse stations are equipped with weighing scales, blood pressure monitors, resting rooms, counseling rooms, and breastfeeding rooms to provide basic health services for employees. Nantou Facility has received the Nantou County Excellent Breastfeeding Room certification for eight consecutive years, continuing to provide a comfortable breastfeeding space for mothers.

Physical and Mental Health

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

EAP provides welfare and supportive service for USI's employees. Different from others, it helps enhance employees' mental abilities to improve their performances. In addition to managing human resources more effectively, it can deal with crises efficiently, improve production efficiency, and create a harmonious work environment as well. 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.

Pandemic Prevention Program

When COVID-19 broke out at the end of 2019, USI set up an Emergency Response Command Center, co-chaired by the Chief Human Resource Officer and the Chief Quality Assurance and Corporate Social Responsibility Officer. Through the Command Center, we have rolled out relevant control measures to create a healthy and safe working environment and reduce employee exposure to the viruses. Although there were sporadic confirmed or high-risk cases in 2021, USI has strengthened production diversion management and implemented prevention measures in advance, and therefore none of the manufacturing facilities were shut down due to COVID-19. Apart from establishing preventive measures, USI also actively promotes COVID-19 screening and vaccination. In 2021, the Company provided free nucleic acid testing, rapid screening, and vaccination to employees at our facilities, and 9,176 people participated in the screening process. By the end of 2021, over 83% of employees were fully vaccinated.

Direct Employee Rapid Test

COVID-19 Vaccination

Nucleic Acid Testing

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

Set up and Implement Basic Infection Prevention Measures
- Remind personnel entering and leaving the premises to wash their hands frequently. Set up alcohol hand sanitizer with 60% to 75% alcohol concentration around the facility.
- Require employees to wear masks and promote coughing and sneezing etiquette.
- Avoid close conversations, adjust working hours and use online meetings to hand over shifts.
- Regular environmental disinfection, such as canteens, conference rooms, training rooms, elevators, door handles and buttons.

Implement High-risk Case Notification and Handling Procedures
- When there are confirmed, suspected, contact-traced, or high-risk cases detected, appropriate prevention control procedures will be activated.

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

Implement Workplace Control
- Provide good ventilation and filtering equipment to increase the ventilation rate of the indoor working environment, or set up transparent protective equipment, such as a canteen partition.
- Strictly control the access of external personnel into the factory, including filling out forms, taking body temperature, disinfecting hands with alcohol and wearing masks throughout the visit, to reduce the possible risk of transmission.

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

Health Promotion

To enhance occupational safety and health management and fortify health hazard identification, we adjust the focus of the yearly health promotion activities based on the analysis of employee health examination results and activity feedback to prevent chronic and occupational diseases. USI also encourage and remind employees to exercise regularly, eat and drink healthily, and maintain good living habits.

Analysis of abnormal health report
- BMI
- Waistline
- Blood pressure
- Total cholesterol
- Triglycerides

+

Health promotion activity participation survey
- Exercise
- Soreness care
- Weight management
- Physical fitness promotion
- Metabolic syndrome prevention and treatment
- Chinese medicine health care

=

Health promotion program

10 Strengths of Healthy Living:
- Immunity Strength
- Knowledge Strength
- Productivity Strength
- Love Strength
- Respiratory Strength
- Muscle Strength
- Cardio Strength
- Family Strength
- Weight Strength
- Stamina Strength

USI provides not only professional physician consultations, but also holds various health education seminars, training, and activities such as pregnancy healthcare, cancer screening services, vaccination services, blood donation activities, weight-loss competitions, quit smoking contests, and bone density detection. In 2021, due to the pandemic, many activities could not be held, but some were conducted through email announcements and video conferencing applications.

Diversified Health Promotion Activities

- A total of 42 activities were held during the year, with a total of 13,028 participants.
- The Zhangjiang and Jinqiao Facilities jointly held a week-long occupational health promotion activity with education and training courses to enhance employees' awareness of occupational disease protection.
- The Nantou Facility was awarded the "Healthy Workplace Certification - Health Promotion Label" by the National Health Agency.
- The Nantou Facility donated 303 bags of plasma in a blood donation campaign with the participation of 200 employees.
- 588 employees participated in the Nantou Facility's weight loss activity and lost a total of 936 kg.

Occupational Disease Prevention Promotion

Blood Donation Drives

Weight Management Activity Program

Women's Health Lectures

Physical Fitness & Health Promotion

Bone Density Detection

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.

17,923 Employees New Hires

96 % Key Talent Retention Rate

100 % Working Hour Warning System Establishment

116 Events Global Employee Symposiums

84 % Employee Engagement Rate

97 % Local Hire Rate

111 Events Employee Activities

133 Employees Sponsored to Obtain Degrees

Key Performance and Targets

✅ Achieved   ⏳ Not Achieved [1]

SDGs	Business Action	2021 Key Issue	KPI	2021 Target	2021 Performance	Status	2022 Target	2026 Target
4 QUALITY EDUCATION	Ensure all employees have accesses to be trained and have lifelong learning opportunities	Talent Attraction and Retention	▶ Employee engagement [2]	▶ Employee engagement rate is more than 80% ▶ Data coverage rate is more than 80%	▶ Employee engagement rate is 84% ▶ Data coverage rate is 89%	✅	▶ Employee engagement rate is more than 83% ▶ Data coverage rate is more than 85%	▶ Employee engagement rate is more than 85% ▶ Data coverage rate is more than 85%
			▶ Turnover rate	▶ Direct employee (DL) turnover rate is less than 55% ▶ Indirect employee (IDL) turnover rate is less than 12%	▶ DL turnover rate is 46% ▶ IDL turnover rate is 18%	⏳	▶ DL turnover rate is less than 55% ▶ IDL turnover rate is less than 12%	▶ DL turnover rate is less than 50% ▶ IDL turnover rate is less than 10%
			▶ Key talent retention rate	▶ Key talent retention rate is more than 90%	▶ Key talent retention rate is 96%	✅	▶ Key talent retention rate is more than 95%	▶ Key talent retention rate is more than 95%
		Human Capital Development	▶ Employee career plan	▶ Subsidize more than 40 employees to obtain degrees	▶ Subsidize 73 employees to obtain degrees	✅	▶ Subsidize more than 50 employees to obtain degrees	▶ Subsidize more than 80 employees to obtain degrees
			▶ Internal instructor training	▶ Internal instructor number adds up over 880	▶ Internal instructors are total of 867	⏳	▶ Internal instructor number adds up over 910	▶ Internal instructor number adds up over 1,000
8 DECENT WORK AND ECONOMIC GROWTH	Provide all employees with reasonable working conditions and allow everyone to have an appropriate job	Human Rights	▶ Human rights risk assessment	▶ Set up procedures for human rights risk identification and mitigation ▶ Implement an overtime warning system in 70% of operation facilities	▶ Promulgate and implement the revised Human Rights Policy ▶ Set up human rights risk identification and mitigation procedures ▶ Implement overtime warning system in all facilities	✅	▶ Implement human rights risk identification and mitigation procedures in 100% of operation facilities	▶ Implement human rights risk identification and mitigation procedure in 100% of operation facilities
			▶ Equal employment opportunities	▶ Employ more than 70 disabled employees	▶ Employ 83 disabled employees	✅	▶ Employ more than 80 disabled employees	▶ Employ more than 120 disabled employees

Note 1. For unachieved targets, please refer to the corresponding sections for relevant explanations and future improvement plans
2. The employee engagement survey will be conducted every two years. The next survey will be conducted in 2023

Human Rights Protection

USI strongly believes that corporates have the responsibility to respect human rights. We are committed to protecting and promoting human rights with our employees, joint ventures, suppliers, business partners, customers, local governments, communities, and other stakeholders. We support and respect the United Nations' "The Universal Declaration of Human Rights", human rights as defined in Principles 1 and 2 in "The United Nations Global Compact", "The United Nations Guiding Principles" on Business and Human Rights, the International Labor Organization's Declaration of Fundamental Principles and Rights at Work, and the laws of the countries in which we operate. Being a member of the Responsible Business Alliance, we adopt its Code of Conduct in our global operations to enforce our commitment to protecting human right, 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, including safeguarding freedom of association and privacy rights, prohibiting forced labor, prohibiting child labor, prohibiting inappropriate appointments, and building a non-discriminatory work environment. For the USI Human Rights Policy, please refer to the USI website. (https://www.usiglobal.com/en/csr/Inclusive-Workplace/Human-Rights)

Due Diligence Process

USI understands and manages human rights issues in a responsible manner, adheres to the PDCA process and the concept of continuous improvement, and sets up a special unit of the Sustainability Committee to identify, evaluate, prevent, and reduce human rights-related impacts through the due diligence process.

▋ RBA Risk Assessment Framework

Our human rights management focuses on our employees and suppliers that are in our operations. Every year we use SAQ [1] through the RBA management mechanism and entrusts a third-party agency that has received special training in social and environmental audits to simultaneously implement RBA VAP [2] audit to do the risk management for our business or new business relationship companies to conduct risk management, and the regular risk assessments are carried out using a risk matrix, which has two quantifiable indicators of

Note 1. SAQ, Self-Assessment Questionnaire, a risk assessment score above 85 is considered low risk; 65~85 is considered medium risk; below 65 is high risk
2. VAP, Validated Audit Process Validated Audit Process, designed to provide enterprises with assurance of risk identification and promotion of improvement and a strong management system of labor, ethics, health, safety and environmental conditions in the supply chain to improve business practices. On-site audits of suppliers, potential suppliers and the company's own facilities provided by an RBA-approved independent third-party audit

frequency and impact. Investigate the results of human rights risk assessment in the past two years, identify issues and objects that are vulnerable to human rights risks, formulate measures, make implementation plans, and continue to make improvement. The annual assessment results would be submitted to each team of the Sustainability Committee and reported to top management team in the regular meeting. We require joint ventures to conduct human rights risk assessment annually. In their sustainability reports, we also require them to disclose their SAQ results, prepare corresponding improvement plans, and follow up on mitigation and remediation measures statuses. As for the supplier human rights risk assessment, we conduct a sustainable risk assessment for the annual first-tier suppliers and further identify their human rights risks through on-site audits and RBA VAP. From this, we then identified potential high-risk suppliers and continuously track the improvement effect of different risk conditions. For details, please refer to the Supply Chain Management section.

Objectives	Sustainability Committee Taskforce	Management Mechanism
Employees and Community Environment	Employee Care & Social Involvement Taskforce	1. SAQ & VAP 2. Environmental Monitoring and Negotiation
Supplier	Value Chain Management Taskforce	Annual Sustainability Risk Assessment and Audit
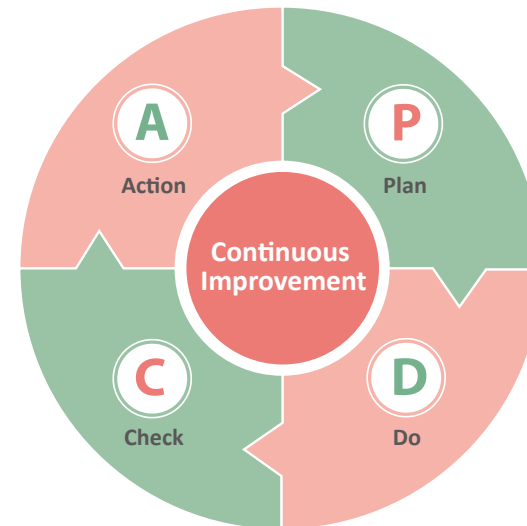
RBA Human Rights Management Mechanism

In accordance with the RBA management framework, each facility implements internal and external audits regularly, and arranges cross-site mutual audits every year to ensure full compliance with the regulations. If there are any violations, an improvement plan would be proposed and improved within a requested time period. The Sustainability Committee meets quarterly to review the achievement and improvement of various performance indicators of labor, ethics, environment, safety and health to ensure that the company fulfills various social responsibilities. The company has established investigation mechanisms and complaint channels to ensure the implementation of human rights policies and avoid incidents that endanger human rights. USI has also established employee reporting mechanisms to handle employees' complaint. The investigation procedure is shown as follows:

1 Lodge Complaint

2
1. Dept. manager or HR accept the complaint case
2. Set investigation team to investigate
3. Complete investigation within 30 days

3 Based on the investigation results, the review committees make the punishment decision

4
1. Announcement of disciplinary judgment
2. Confidential filing of the complainant and investigation information (case closed)

Human Rights Risk Assessment Results

In 2021, all facilities got SAQ assessment scores that are higher than 85, indicating that all facilities in the assessment of human rights risks are low-risk facilities. After analyzing the VAP audit results and employee complaints, we found that Mexico Facility has relatively high risks compared with other facilities. We have developed corresponding human rights mitigation and remediation measures to the findings.

Note 1. Major risks are those events with high frequency and high impact; minor risks are those events with low frequency and low impact; other events are classified as secondary risks
2. Other Risks 1 includes industrial hygiene, safety and hygiene, hazardous substances, environmental permits and reporting work environment safety and hygiene issues
3. Other Risks 2 includes non-discrimination, free choice of employment, manual labor, health and safety communication human rights issues
4. Other Risks 3 includes risk assessment and risk management, occupational injury and disease issues

Human Rights Risk Assessment Results of All Facilities

Zhangjiang 170.2 / 92.6
Jinqiao 174.2 / 93.4
Shenzhen 183.6 / 95.3
Kunshan 170.8 / 92.7
Nantou 190.1 / 93.9
Mexico 90 / 88.5

—— SAQ Score —— VAP Score
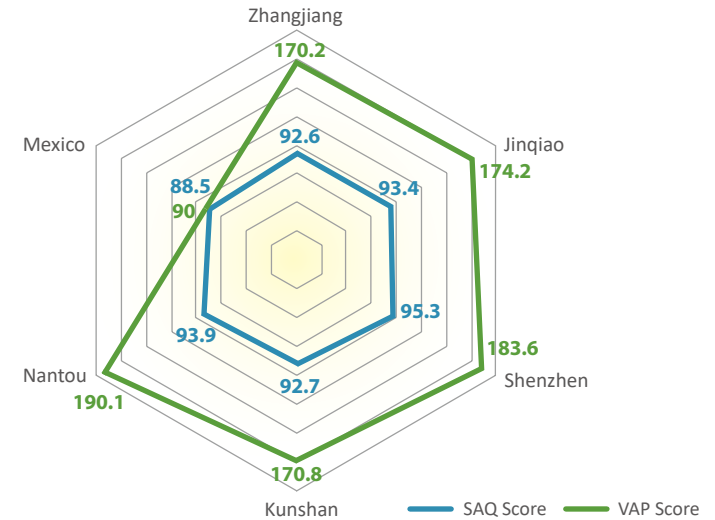
Human Rights Risk Analysis [1]

Working Hours (High frequency, High impact)

Emergency Preparedness, Occupational Safety (Medium frequency, Medium impact)

Other Risks 1 [2], Other Risks 2 [3], Other Risks 3 [4] (Low frequency, Low impact)

Frequency (Low / Medium / High)

Impact (Low / Medium / High)
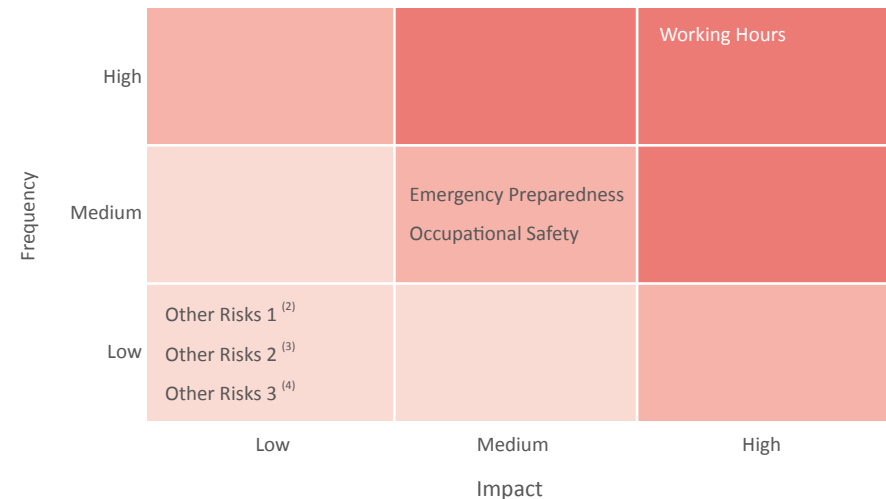
Human Rights Risk Mitigation & Remediation

In 2021, based on the RBA VAP assessment results and employee complaint cases, we formulate annual mitigation and compensatory measures for the issues that are easily exposed to risks, such as "working hours, non-discrimination, sexual harassment, privacy rights, emergency preparedness and occupational safety" to improve them through human rights training to enhance employee's awareness of human rights, review the working hours early warning system mechanism again to strengthen working hour management, recruit a sufficient manpower to cope with the impact of productional manpower arrangements caused by both the USI business expansion and the supply chain material shortages due to COVID-19, and identify the hazards of the operating environment and manage the negative impacts of risk opportunities. For the operating environment details, please refer to the Occupational Health and Safety section.

Objectives	Employee		
	Labor		**Health & Safety**
Risk Issues	Working Hours Non-Discrimination	Sexual Harassment Privacy Rights	Emergency Preparedness Occupational Safety
Mitigation	▶ Recruit sufficient staff to meet production capacity needs and avoid overtime due to insufficient workforce ▶ Establish a working hour management mechanism system, and notify the overtime employees and their direct supervisors with an early warning ▶ Regularly review employee discrimination risks and keep the reviewing records to eliminate discrimination violations ▶ Strengthen the training and publicity of third-party contractor agency to ensure employees' privacy rights ▶ Strengthen human rights (including, but not limited to non-discrimination, sexual harassment, and privacy) training and publicity, and reiterate relevant human rights complaints and handling procedures		▶ Disaster prevention safety education and training promotion and confirmation of evacuation signs and emergency contact information are in place. For details, please refer to the Occupational Safety and Health Training section ▶ Organize environmental safety and health education courses and arrange on-site drills and tests for employees to enhance employees' safety awareness and emergency response capabilities. For details, please refer to the Occupational Safety and Health Training section
Remediation Measures	▶ Enforce "After Continuously Working 6 Days, Need to Take One Day Off" management and tracking mechanism ▶ Reward employee with quarterly incentive and annual bonuses, and provide additional bonus to those who create surplus and outstanding performance ▶ Provide activity space and vacation required by employees' religious customs, and revise relevant management measures ▶ About human rights related issues, use the reporting mechanism to complete the investigation process, track the effective implementation of disciplinary and counseling measures, and adjust the corresponding internal management mechanism and compensation ▶ Provide clinic physician consultation service to assist employees in psychological counseling and stress relief counseling		▶ Regularly conduct emergency evacuation drills for fires, earthquakes and complex disasters, review and revise preventive warning measures and drill results ▶ Provide on-site physician consultation to assist employees in health management, assessment and maternal protection consultation, and assist in applying for medical insurance compensatory
Grievance Mechanism	USI provides internal reporting channels: including human resources mailboxes, employee complaint lines and reporting mailboxes in all facilities		

Human Rights Training

USI continuously pay attention to human rights protection issues, promote relevant trainings, and enhance human rights protection awareness to reduce the possibility of related risks. Every year employees in all facilities around the world are requested to take "Employee Code of Conduct" and "Humane Treatment in the Workplace" courses to know the definitions and requirements of employee behaviors. And to ensure employees really understand the relevant regulations, employees need to pass the online test. In 2021, the per capita human rights-related training hours is 1.1 hours; the total training hours is 35,313 hours; the total number of employees who are trained reaches 30,902 (the resigned employees are included). As a result, 100% of current employees have completed training on human rights issues.

■ Human Rights Training Employee Headcount and Training Hours

	2017	2018	2019	2020	2021
No. of Employees	16,908	19,745	24,188	27,306	30,902
Total Training Hours	17,155	16,273	26,606	37,291	35,313

■ No. of Employees ━●━ Total Training Hours
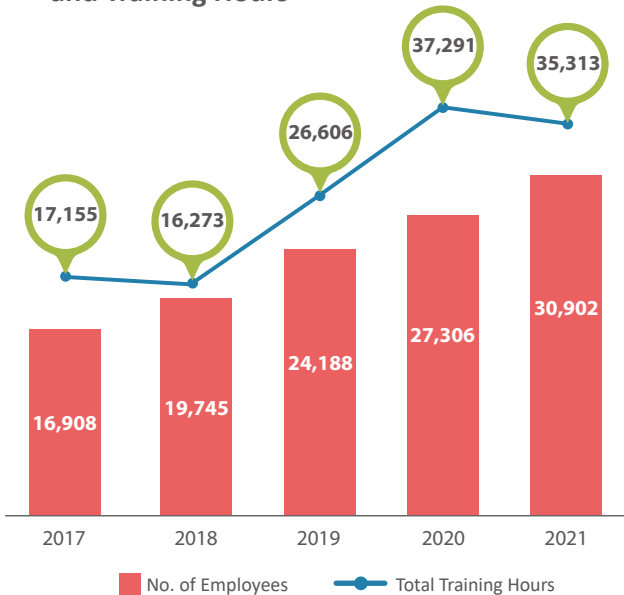
Employee Rights

Comply with the labor regulations in the country or jurisdiction where the facility is located, and sign employment contracts with all employees in compliance with local regulations (the signing rate is 100%). When there is a major change in the company's operations and the employment relationship cannot be continued, the company shall inform in advance per local laws and regulations of notice period [1] to communicate with the affected employees and explain their due rights and interests to them. In addition, the Nantou Facility would cooperate with the Vocational Training Bureau to provide training plans, collect information on employment opportunities in the neighboring areas, and assist employees in changing jobs.

All facilities have formulated employee 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 Handbook, including appointment, resignation, working hours, vacations, bonuses, insurance and behavioral disciplines, and other requirements and posts it on the company's internal website, bulletin board or conspicuous place in the workplace. Each facility has Recruitment Guidelines to define 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 the company. The purpose of "Measures for Humane Treatment" 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.

Note 1. 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

2. Group agreement coverage rate=Number of employees participating in the trade union ÷ No. of employees at the end of the period ×100%

Employee Unions

USI respects employees' freedom of association. Employees who have like-minded or interested partners can independently form associations and can also freely organize and participate in trade unions to conduct collective consultations in accordance with relevant laws and regulations. USI will not interfere in any way with the establishment, operation or management of the association. The Company will maintain a smooth communication channel with the trade union, implement the relevant matters of the group agreement and the express regulations on the health, safety and hygiene of employees, so that both labor and management can abide by it and develop a stable and harmonious labor relationship. Now, Zhangjiang Facility, Kunshan Facility and Mexico Facility have established trade unions, and a group agreement is signed with the trade union. Employees participating in the trade union enjoy the protection of the group agreement. The group agreement coverage rate is around 63% [2]. In 2021, with the Company's proactive communication with employees, there were no major labor disputes or work stoppages caused by strikes.

■ The Proportion of Employees Participating in Trade Union

	2018	2019	2020	2021
No. of Employees in Unions	4,363	4,435	5,900	6,350
Join Rate	23.5%	24.0%	31.7%	32.9%

■ No. of Employees in Unions ━●━ Join Rate
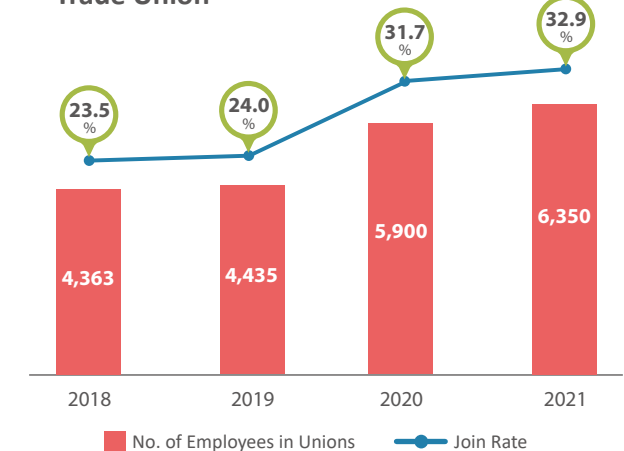
Employee Communication

USI actively build positive employee relations, and continue to build an open, trusting and smooth two-way communication environment. In addition to arranging courses to introduce employees how to express their opinions, the locations of employee suggestion boxes and how to fill in relevant information in the option sheet, we also regularly hold supervisors' symposiums and listen to employees' voices through meetings, channels, questionnaires in the form of instant feedback, and take practical actions to promote the harmony of labor-management relations. Due to COVID-19, based on the local government's regulations to limit the number of gatherings and the consideration of employee health risk control, the method of face-to-face communication with employees has dropped sharply. The company still held 116 employee communication meetings (46 General Manager Symposiums, 22 Care Conferences for New Employees; 18 Care Conferences for Foreign Employees; 30 Employee Feedback Conferences). Instead of that we delivery messages to employees by produced a variety of different ways to strongly broadcast communication messages, and we strengthen the promotion of internal and external reporting and complaint / complaint channel information when the messages are communicated.

In 2021, there are 10 internal employee complaints, including 1 sexual harassment, 1 discrimination, 1 privacy right and employee frictions and violations of workplace disciplines. After investigation and confirmation, the confirmed wrongdoing behaviors were punished and announced following the employee code of conduct. For the parties (complainant and the respondent) to communicate and coordinate, and to make responses, compensation, and improvement actions, to provide employees with psychological, work pressure, career and other consulting services conducted by the on-site physicians. The case closure rate is 100%.

There are multiple diverse channels where employees can file their opinions, as listed in the chart below. All suggestions would be passed to the corresponding responsible unit for a response. The units then respond to and resolve each case. The case closure rate in 2021 is 100%.

- General Manager (GM) Symposium
- Labor Conference

GM Symposium
(Zhangjiang Facility)

- Employee Communication Meeting
- Instant Messaging Tools (WeChat)
- Employee Relation Website
- Employee Suggestion Box
- Hotline
- E-mail

Employee Communication Meeting
(Kunshan Facility)

Regular Symposiums & Meetings
Employee Engagement Survey
Instant Feedback Channels

Harmonious Labor Relations

Internal Opinion Response Pathway	Electronic Employee Suggestion Box	Employee Suggestion Box	HR Dedicated Suggestion Mailbox	Employee Complaint Hotline	Total
No. of Employee Response	167	533	2	0	702
No. of Closed Case	167	533	2	0	702
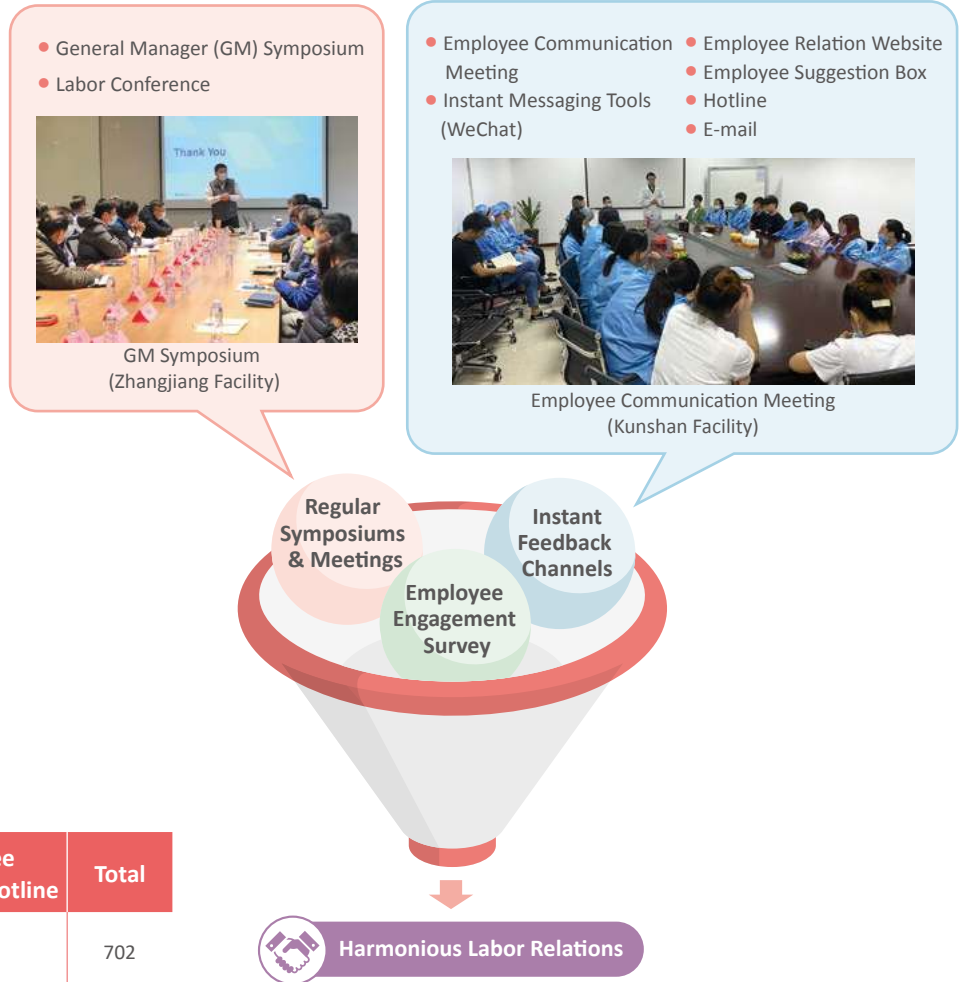
Talent Attraction and Retention

We believe that an inclusive work environment allows everyone to feel respected and supported, making it easier to find the best way to work, develop everyone's expertise area and grow together. As USI expands its business, how to create a multicultural workplace that integrates multi-national cultures, accepts individual differences of employees, and establishes a no prejudice against different ages, genders, races, religions, nationalities, political parties or physical disabilities workplace, and a diversified workplace for employees to grow together is an urgent issue for USI. Therefore, USI is investing a lot of efforts in the establishment of workplace culture, women's participation in decision-making, and the job arrangement of disabilities employees.

Workforce Structure

As of the end of 2021, the six major manufacturing facilities covered by this report have a total of 19,290 employees, including 15,390 permanent employees and 3,900 temporary employees. Divided by job category, including 1,091 in management positions, 1,991 in administrative positions, 3,527 in technical positions, 12,681 in skilled positions; divided by nationality, there are 18,677 natives and 613 non-natives; divided by region, there are 12,743 employees in Mainland China, 4,057 employees in Taiwan, and 2,490 employees in Mexico. For other detailed classification information, please refer to the Sustainability Data - Social A. Workforce Structure table.

Employees Headcount

	2018	2019	2020	2021
Total Employees	18,567	18,515	18,615	19,290
Male	10,216 (55%)	10,012 (54%)	10,184 (55%)	10,847 (56%)
Female	8,351 (45%)	8,503 (46%)	8,431 (45%)	8,443 (44%)
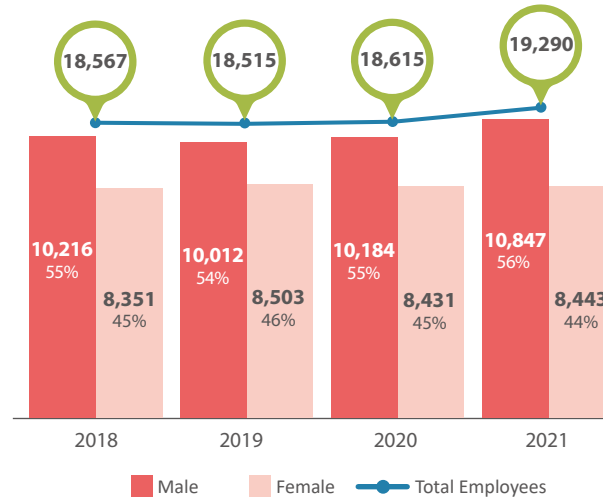
Permanent / Temporary Employees

	2018	2019	2020	2021
Temporary	1,415 (8%)	2,862 (15%)	2,956 (16%)	3,900 (20%)
Permanent	17,152 (92%)	15,653 (85%)	15,659 (84%)	15,390 (80%)
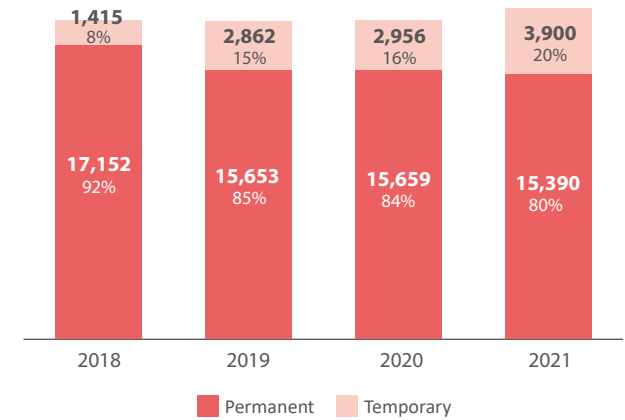
Job Category Distribution

- Administrative 1,991 — 10%
- Technical 3,527 — 18%
- Management 1,091 — 6%
- Skilled 12,681 — 66%
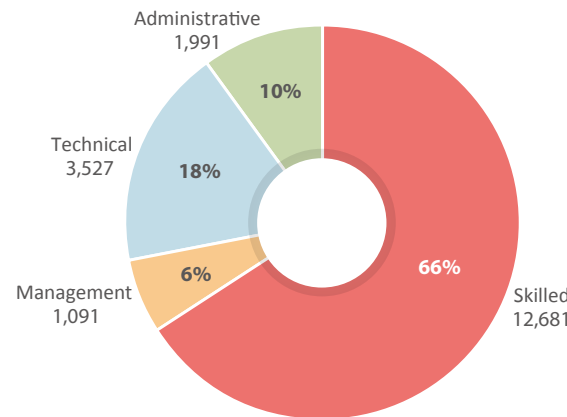
Geographic Distribution

	2018	2019	2020	2021
Mexico	2,140 (12%)	2,425 (13%)	2,521 (14%)	2,490 (13%)
Taiwan	2,830 (15%)	3,754 (20%)	3,796 (20%)	4,057 (21%)
Mainland China	13,597 (73%)	12,336 (67%)	12,298 (66%)	12,743 (66%)

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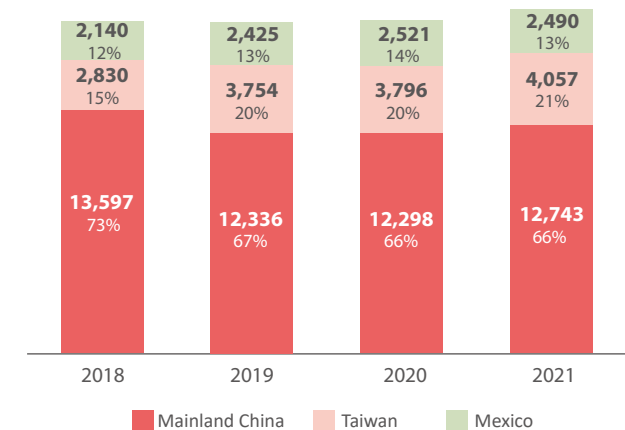
The company pays attention to the employee workplace environment and is committed to creating a gender-friendly work environment. With a diversified and inclusive workplace, so that women can give full play to their strengths in the workplace. When women's physical conditions change (such as pregnant), they are given adequate care in addition to regular follow-up visits and health consultations. In terms of female employee employment, by the end of 2021, female employees in all facilities accounted for 43.8% of the total number of employees; the number of women in senior management positions increased by 4.7% over the previous year to 17.6%. In terms of female senior management development and training, it is expected that the proportion will reach more than 20% by 2026.

We actively solve the employment problem of local citizens and people with disabilities across our facilities. USI provides 17,923 job opportunities around the world. 97% of employees are local citizens where the factories are located. Over the years, the proportion of local employees in management positions has increased to 80.4%. In addition, the Administrative Measures for the Appointment of Disabled Persons has been set up and the competent work content is tailored for persons with disabilities, so that those who work in USI have more sense of work achievement. In 2021, 83 disabled persons were hired worldwide.

■ Gender Diversity Indicators

Proportion of	2018	2019	2020	2021
Female in total employees	45.0%	45.9%	45.3%	43.8%
Female in management positions	23.6%	23.4%	23.6%	22.6%
Female in junior management positions [1]	26.4%	25.2%	26.2%	25.9%
Female in middle management positions [2]	23.7%	24.6%	23.5%	20.3%
Female in top management positions [3]	11.2%	12.8%	12.9%	17.6%
Female in revenue-generation function management positions [4]	N/A [6]	N/A	45.5%	47.9%
Female in STEM job positions [5]	N/A	N/A	22.3%	22.1%

■ Employees with Disabilities [7]
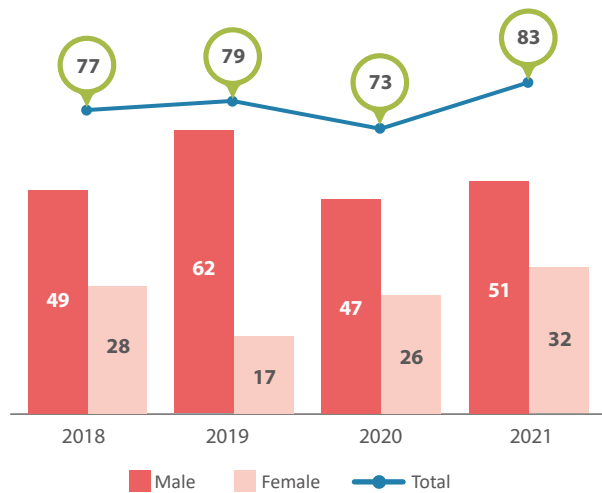
■ Distribution of Top Management Position [8]
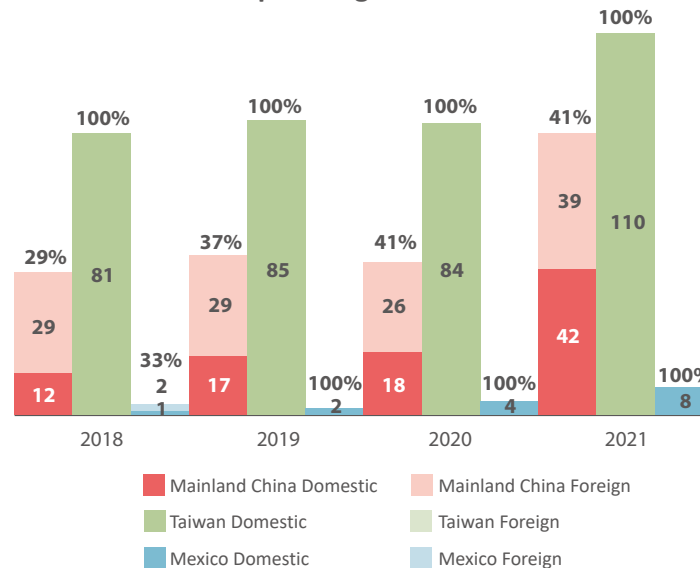
Note 1. The junior management positions refers to section and sub-section heads
2. The middle management positions refers to department heads
3. The top management positions refers to the division heads and above
4. Revenue-generating functions: sales function, excluding support functions such as HR, IT, and Legal
5. STEM refers to personnel with job functions related to science, technology, engineering and mathematics fields
6. N/A: There is no relevant statistical classification for that year
7. The 2020 data of employees with disabilities in the Nantou Facility was miscalculated as numbers with disability weights and has been revised
8. The proportion of domestic top management position ＝ No. of domestic top managers in the Facility ÷ No. of all top managers in the Facility ✕ 100%

Recruiting the Right Talents

USI recruits suitable professionals based on the operation and development goals and functions. The human resources recruitment department adopts a variety of recruitment channels and employment models based on the reviewed and approved departmental manpower demands. We openly recruit talents through multiple channels, such as campus recruitment, employee recommendation programs, industry-university cooperation internship programs, corporate sharing sessions, online recruitment, and multimedia recruitment. And then, it is planned according to the manpower needs of each facility and to establish the most suitable employment relationship (such as full-time / part-time workers, regular / contracted workers, dispatch workers, or appointed professionals), and treat all applicants without prejudice or discrimination. And use objective interview testing tools to screen candidates' occupational suitability. In 2021, 17,923 people were recruited, 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.

USI actively establishes and promotes the 369 3-Stage Care for New Employees and provides training programs to guide new employees to quickly integrate into the company, a complete welfare system and a comfortable and convenient working environment and establishes good communication channels to care about the work and life of employees and hold a celebration party to enhance employees' recognition of and loyalty to USI. In 2021, there are 4,040 new employees who have served for more than 90 days, and the overall retention rate of the new employees is about 23%. We attach great importance to the employees' opinions. Over the years, we have used employee satisfaction surveys and employee engagement surveys to understand employees' expectations and listen to employees' voices. Moreover, we put forward improvement plans to increase employees' willingness to stay in USI.

By analyzing the termination reasons, we plan the recruiting strategy and propose retention plans to reduce employee turnover. For example, in Nantou Facility, to retain outstanding skilled employees, those who are outstanding employees shall be selected every month and rewarded with incentive bonuses. By the end of 2021, the retention rate of outstanding employees reached more than 95%, the turnover rate of direct employees [1] decreased by 13%.

The overall turnover rate of the company is 36%, and the turnover rate of indirect employees [2] is 18%; the turnover rate of direct employees is 46% due to the unstable supply status of the supply chain and staged production needs caused by the pandemic. For other detailed classification information, please refer to Sustainability Data - Social B. New Hires and Employee Turnovers.

Talent Attraction and Retention

Recruiting the Right Talents

Comprehensive Compensation System

Employee Engagement Survey

Multi-Faceted Performance Appraisal System

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

Number and Ratio of New Entry Employees

	2018	2019	2020	2021
No. of New Employees	19,138	16,420	18,792	17,923
New Entry Rate	109%	89%	101%	95%
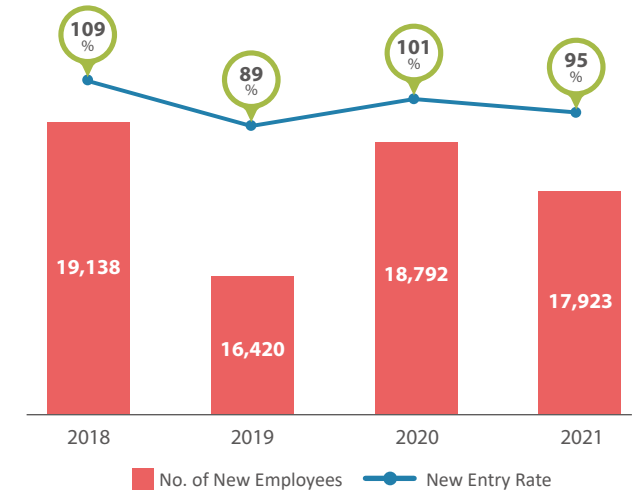
Number and Turnover Rate of Former Employees

	2018	2019	2020	2021
No. of Resigned Employees	8,426	7,838	6,301	6,878
Employee Turnover Rate	48%	42%	34%	36%

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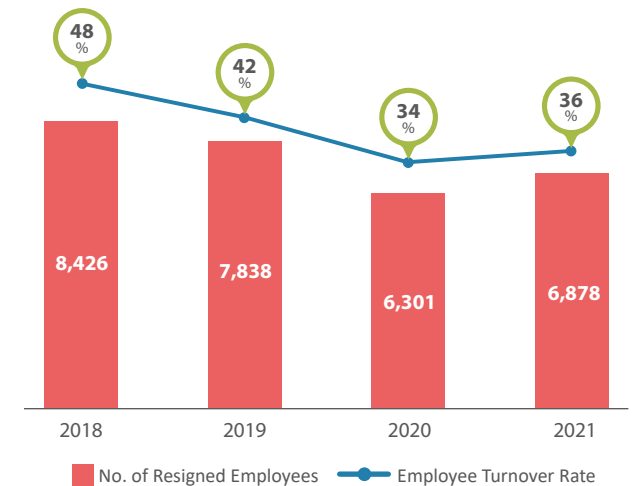
■ Number and Ratio of New Entry IDL Employees

	2018	2019	2020	2021
No. of New Employees	1,531	1,220	969	1,210
New Entry Rate	27%	20%	15%	18%

■ No. of New Employees —●— New Entry Rate
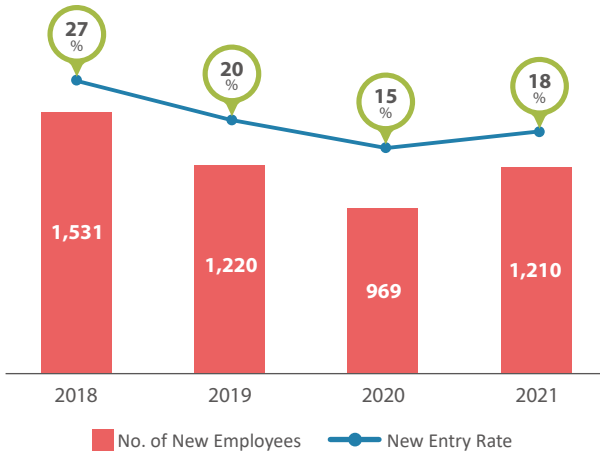
■ Number and Turnover Rate of IDL Former Employees

	2018	2019	2020	2021
No. of Resigned Employees	855	739	807	1,165
Employee Turnover Rate	15%	12%	12%	18%

■ No. of Resigned Employees —●— Employee Turnover Rate
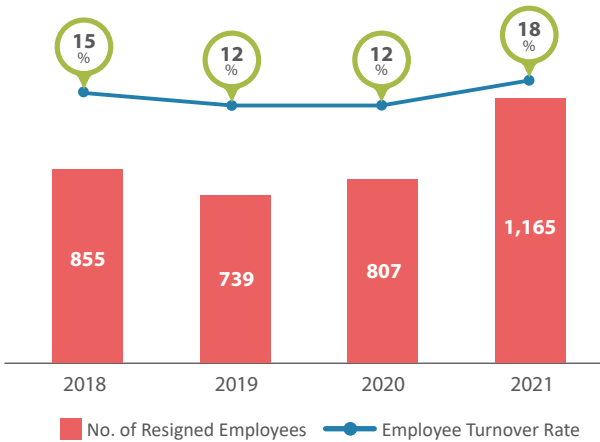
Comprehensive Compensation System

> 💰 **USI sets up compensation system according to the following concepts**
>
> ● **Recognize employees' contributions to the Company, formulate the differences between each position, and maintain the balance of paying salaries.**
> ● **Respond to employees' performances appropriately for encouraging employees and recruiting required talents.**
> ● **Provide employees fair and reasonable treatment and adjust the salary as responsibilities are increased.**
> ● **Adjust flexibly with the human recourse market and the changes of organization.**

USI 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, employee stock option and profit-sharing plan. 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.

In 2021, the company adjusted the basic salary of employees in each facility. The salary adjustment range of Mainland China Facilities is about 6% to 16%, the Nantou Facility is about 2% to 4%, and the Mexico Facility is about 5% to 13%; so as to continuously retain the recruiting competitiveness in the labor market. The ratio of the standard starting salary of direct employees to the local minimum salary is about 1.00~1.08 after calculation. The ratio of basic salary [1] and compensation [2] of female and male [3] in each facility are shown in the following table:

Note 1. Salary refers to the monthly remuneration paid to the employees, including the basic pay, allowance, and bonus (ex. meal allowance, shift allowance, supper allowance, overseas expatriate allowance, position allowance, monthly work bonus, and full attendance allowance)
2. Compensation is the sum of salary and bonuses. Bonuses refer to non-monthly remunerations (such as three festival bonuses, profit sharing, job performance bonuses, and special bonuses)
3. Due to regional differences, there will be large differences in Mainland China Facilities' ratios

Ratio of DL starting salaries to local minimum wages [1]		Zhangjiang	Jinqiao	Shenzhen	Kunshan	Nantou	Mexico
		1.00	1.00	1.02	1.05	1.08	1.03
Management Position	Ratio of basic salary of female and male	0.75	1.12	0.80	0.96	0.82	0.63
	Ratio of compensation of female and male [2]	0.62	1.22	0.84	0.98	0.73	0.61
Technical Position	Ratio of basic salary of female and male	1.04	0.98	0.91	1.02	0.83	0.79
	Ratio of compensation of female and male	1.04	1.00	0.95	1.00	0.79	0.79
Administrative Position	Ratio of basic salary of female and male	0.71	1.05	0.76	0.87	0.89	0.98
	Ratio of compensation of female and male	0.67	1.13	0.77	0.83	0.87	0.98
Skilled Position	Ratio of basic salary of female and male	0.95	0.93	1.02	0.98	1.01	1.18
	Ratio of compensation of female and male	0.95	0.92	1.02	0.97	1.03	1.14

Employee Privacy

In conformity with our principles of respecting and protecting employees' personal information, USI has established information confidentiality management and data management systems for recruitment, performance appraisal, and salary information and has full-time personnel to manage file confidentiality to ensure that the employee information is confidential, so that the personal privacy of employees is maximized. If the employee's personal information needs to be accessed in the work process, an application must be submitted in accordance with the regulations, and the application must be processed after the approval of the reviewing supervisor. For cases of stealing, leaking or tampering with employees' personal information and privacy in violation of regulations, they will be dealt with in accordance with company regulations, and legal responsibilities will be pursued. In addition, based on the salary confidentiality regulations, the company requires all employees to "not discuss or disclose their own or others' salary" and "not inquire about or comment on the salary of others". Any violation will be dealt with in accordance with the relevant punishment regulations.

Note 1. Ratio of direct employee starting salary to local minimum salary = direct employee starting salary ÷ local minimum salary
2. Ratio of female to male salary / compensation = female salary / compensation ÷ male salary / compensation

Employee Benefits

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

"Emergency Management" is a must-have capability for a company to operate sustainably. In order to reduce the risk of being unable to operate due to natural disasters, fires, certifiable diseases and other factors, USI implements a remote work mode. By the "Global Remote Work Guidance", employees can apply to work from home. USI provides subsidies for the purchase of work equipment and meals reimbursement. Taking the COVID-19 pandemic prevention as an example, the company truly let employees take responsibility for self-work management and the actual drill of the supervisor's remote management mode and deduced the Microsoft 365 software to ensure that the efficiency of working environment is the same as employees work in the office. In the remote work drill in the Nantou Facility, the employee participation rate reached 63%, and about 60 employees subsequently applied for the long-term remote work.

Simultaneously, considering the aspects of food, housing, education, entertainment, transportation, physical and mental health of employees around the world, the company adjusts measures to local conditions, provides employees with considerate welfare systems and insurance plans, provides facilities for physical and mental development, and designs various activities to strengthen physical and mental adjustment ability. Formal and informal employees of employment contracts can also achieve a balanced life with their families while working.

Comprehensive Welfare System

Bonus	Festival bonus, full attendance bonus, overtime wage and allowance, performance bonus, three festival gift certificates, birthday gift certificate, R&D incentive bonus, patent incentive reward, employee seniority bonus (Mainland China and Nantou Facilities)
Holidays and Leaves	Besides national holidays, statutory leaves and the two-day weekend, there are some special leaves such as paternity leave (Mainland China and Nantou Facilities), pre-maternity leave (Mainland China and Nantou Facilities), maternity leave, parental leaves (Nantou Facility), breastfeeding leave, period leave, paid sick leave, paid annual leave [1], welfare leave [2] (Mainland China and Nantou Facilities), Indigenous holiday leave (Nantou Facility) and election voting leave
Insurance	Provide social insurance for employees in accordance with the laws, provide pensions and retirement pay, add commercial group insurance plans such as Employee Group Insurance, domestic and overseas travel insurance (for expatriates and their family members to participate during conducting the oversea assignment), and life insurance (Mexico Facility)
Meals	All facilities have an employee cafeteria, meal subsidy, and "Mom stickers" [3]
Dormitory	Different types of dormitories are equipped with household appliances, air-conditioning, hot water, wi-fi, and furniture. USI pays for all full-time employees' housing accumulation funds and provides housing subsidies
Transportation	Cross-site shuttle bus, parking lots, and pregnancy priority parking (Nantou Facility)
LOHAS	Employee (domestic and foreign itineraries) travel, family days, parent-child activities, annual dinner party and lottery, birthday parties, sports meetings, singing competitions, and cultural and artistic activities Diversified clubs: choir, basketball club, softball club, badminton club, bowling club, swimming club, Iron Horse (bike) club, jogging club, billiard club, volleyball club, yoga and aerobics club, USI Toastmasters (English speech club), fishing club, outdoor camping club, photography club, volunteer club Special activity facilities such as: worship room, computer network classroom, reading room, Muse and Creativity Center (fitness room) Leisure facilities: basketball and volleyball court, badminton court, snooker table and table tennis table
Health	Each facility is equipped with a medical room and a breastfeeding room. USI provides full-time nursing personnel and professional doctors (contracted with hospitals) to provide services such as free medical consultation and emergency treatment. Our employees have one free physical check-up every year. Moreover, various hygiene training sessions and seminars are held irregularly
Others	Wedding subsidies, funeral allowance for employees and dependents, childbirth subsidy, education subsidies and scholarships for employees and their children (Mainland China and Nantou Facilities), hospitalization solatium/ allowance for employees, hospitalization solatium for employees' families (Mexico Facility), communication expenses, care for workgroups, emergency subsidy, pay for the residence permit/ working permit for foreign employees Convenient stores were established to provide employees payment (Mainland China and Nantou Facilities) and ticketing services; Sign preferential contracts with restaurants, shopping stores, preschool childcare services, and language learning institutions

Note 1. "Paid annual leave" is implemented according to local regulations. Mainland China Facilities: An employee who has been working for more than one year and less than ten years will have five days of annual leave; more than ten years and less than 20 years have ten days; more than 20 years have 15 days. Nantou Facility: An employee who has been working for more than six months and less than one year will have three days of annual leave; more than one year and less than two years will have seven days; more than two years and less than three years will have ten days; more than three years and less than five years will have 14 days; more than five years and less than ten years will have 15 days; more than ten years will be offered with one additional day each year. Mexico Facility: Those who have been working for one year will have six days; more than one year will have one day of annual leave each additional year (no more than 12 days in total); more than four years will be offered with two additional annual leave every five years

2. Welfare leave: It is regarded as a long-term reward in Mainland China Facilities. Employees who have served for more than two years will be provided with full-paid welfare leave ranging from 2 to 10 days according to their length of service; The time limit is to be used within one year after the entry date; after one year of employment, employees are entitled to 7 days of full-paid sick leave for the whole year, and 7 days of full-paid sick leave for less than one year will be given according to the percentage of employment, which is better than the 30-day half-paid sick leave stipulated by law

3. For pregnant employees who show the "Mom sticker" can get an extra portion of the meal

Employee Benefit and Subsidy

Subsidy Item	Subsidy Recipients	Subsidy Amount (CNY)
Wedding Subsidy	236	95,861
Childbirth Subsidy	180	145,200
Travel Subsidy	7,884	3,188,638
Hospital Consolation Subsidy	172	38,947
Condolence Payment	226	62,061
Emergency Assistance	3	16,956
Total	**8,701**	**3,547,663**

Benefit Item	Beneficiaries	Benefit Amount (CNY)
Three Festival Gift Certificate	28,584	9,412,301
Birthday Gift Certificate	11,974	3,895,416
Employee Continued Education Subsidy	382	444,070
Scholarships for Employees' Children	5,049	2,760,919
Retirement Gift	22	29,092
Employee Special Coupon	2,300	216,512
Total	**48,311**	**16,758,310**

In response to the government's policy of encouraging childbirth, the company adjusts suitable work shifts for pregnant employees, provides convenient parking spaces, extra meal benefits, and retains positions for those who apply for maternity leave. Breastfeeding leave is given to those who are breastfeeding by themselves after giving birth. If employees need to take care of their family members for a longer period, they can also apply for family care leave or parental leave to take care of their family. Employees in Nantou Facility are clearly given the right to apply for parental leave in accordance with local laws. They can apply for reinstatement after the need for childcare leave is cancelled. The company also proactively reminds employees of the expiration date of childcare leave. In 2021, due to the COVID-19 pandemic, the need for family care has greatly increased, so the reinstatement rate and retention rate did not keep in 100%.

Parental Leave in Nantou Facility

Item	2017	2018	2019	2020	2021		
					Male	Female	Total
Employees qualified to apply for parental leave that year [1]	77	149	219	298	197	83	280
Employees that applied for parental leave that year	9	8	16	23	4	30	34
Employees expected to return from leave that year	9	8	15	14	4	21	25
Employees that returned from leave that year	8	3	11	14	1	16	17
Employees that returned from leave the previous year	5	8	3	11	5	9	14
Employees reinstated in the previous year and continued to work for more than one year	5	8	3	11	3	8	11
Reinstatement rate [2] for parental leave	89%	38%	73%	100%	25%	76%	68%
Retention rate [3] after back from parental leave	100%	100%	100%	100%	60%	89%	79%

Note 1. Eligibility for parental leave in the current year: those who have taken "paternity leave" or "pregnancy leave" (20 weeks or more) from 2016 to 2021 and are still working in 2021
2. 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%
3. 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 and elderly insurance in accordance with the retirement laws and regulations of each business location. Employees who meet the statutory retirement conditions may apply for retirement to withdraw pensions in accordance with the law. In 2021, 19 employees at the Nantou Facility applied for retirement, and 4 and 5 employees retired at the Mainland China and Mexico Facilities respectively. To sum up the contributions of all facilities [1], USI has allocated CNY 192,429,296.31. USI's relevant retirement system is shown as follows:

Nantou

Old System:
In accordance with the Labor Standards Act, the retirement provision fund shall be handed over to the Labor Retirement Reserve Supervision Committee, and deposited into a special account in the Bank of Taiwan in the name of the committee; each year, the actuarial assessment shall be conducted to determine whether the balance of the special account is sufficient to pay the estimated amount payable for the year, if there is insufficient payment for possible retirement payments, the balance of the special account will be made up in the following year. The pension calculation is calculated by multiplying the average salary of the employee six months before retirement by the seniority base, and 2% of the total monthly salary of the employee is allocated to the employee retirement fund.

2021 results: Retirement reserves totaled CNY 231,001,247.97 and the ending balance was CNY 16,935,164.14.

New System:
According to the Labor Pension Act, the employer shall deposit 6% of the employee's monthly salary into the employee's personal pension account monthly. Employees can choose to deposit 0~6% of the distribution ratio into their personal accounts and enjoy tax-free benefits.

Mainland China

Practice:
Participate in endowment insurance plans established by government agencies as required, pay monthly contributions to these plans according to the corresponding proportion of the deposit base, and allocate 8% of the employee's salary; employers contribute 15% to 20% of the salary.

Mexico

Practice:
Open a retirement savings account for employees according is required by the local regulations and make contributions according to the corresponding proportion of the contribution base each month. The employee contributes 2% of the salary; the employer contributes 8% of the salary.

Note 1. All facilities include: Zhangjiang Facility, Jinqiao Facility, Shenzhen Facility, Kunshan Facility, Nantou Facility, Mexico Facility and other manufacturing facilities and business offices; for details, please refer to page 191 of 2021 USI Annual Report

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**

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

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

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

To organize employees' welfare and activities and maintain harmony between labor and management, the Employee Welfare Committee is established in Nantou Facility. The committee members come from various departments. According to the proportion of the number of departments, representative members were recommended or elected. By holding regular meetings on a quarterly or monthly basis, the committee members exercise relevant functions and powers in the meetings to decide on the relevant employee welfare policies formulated by the Welfare Committee and hold various employee activities and implement and promote employee welfare in accordance with the resolutions. Through the operation of the Welfare Committee, cooperate with the association to hold relevant interesting activities, or participate in public activities, so that more employees and their families can participate in the grand event, and realize the purpose of cultivating useful skills in life. It has not only brought joy to employees but also cultivated teamwork, promote a harmonious work atmosphere, and enhance work efficiency.

USI attaches great importance to employees' health, actively promotes employees to establish exercise habits, subsidizes the establishment of 45 various clubs, plans and improves various facilities, and regularly organizes various competitions. In 2021, a total of about CNY 1 million was given for the 111 employee activities, with 45,957 persons participated in the activities. At the same time, employees are encouraged to interact with other employees of the same interests through club activities to balance their work and life.

45 Clubs
29 Health & LOHAS clubs
14 Arts & Culture clubs
2 Community Service clubs

111 Employee Activities
33 Sporting Activities
78 Other activities, such as celebrity lectures, and DIY activities.

45,957 Participants
5,914 Sporting Competitions
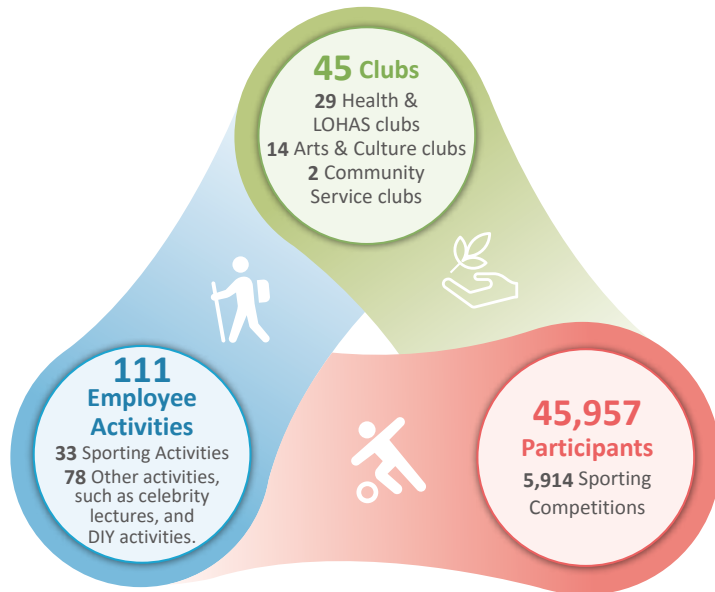
■ **Employee Activities**

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

Fun Table Tennis Game

Badminton Game

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

Singing Contest

Creative Lantern Activity

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

Safe Production Month

Mini Farmer's Market and Lectures

Volunteer Ambition: Encourage employees to show their talents and participate in social welfare activities voluntarily, so that employees can achieve self-growth, enhance personal ability and experience, and help groups in need of assistance

Accompanying People with Disabilities

Beach Cleanup Activity

Birthdays and Festivals: Hold birthday parties for employees every quarter or expand them in conjunction with festival parties. Send warm wishes to employees and demonstrate the company's humanistic care

Mid-Autumn Festival DIY Activity

Birthday Activity

Thanksgiving Season: Create an atmosphere of mutual gratitude and gather each other's centripetal force

Anniversary Event

Internship Programs

Employee Performance Appraisal and Development

Through a fair and sound performance management system, USI links the Company's overall strategic objectives with employees' individual work objectives and performance measurement standards. Each permanent employee must set personal performance goals after discussing with and receiving approval from the supervisor at the beginning of the year. During the work execution process, the supervisor will provide consultation, counseling, and incentives to employees to complete the assignment. At the end of the year, according to the achievement of various performance goals, in the form of an evaluation committee, the upper-level supervisor, the supervisor of the upstream and downstream units of the business colleagues and customer opinions, the judges will jointly evaluate the performance of the personnel from multiple perspectives. Development advice for employees and forced rankings are required to be provided in the Performance Review Meeting. In 2021, 6,225 employees conducted multi-faceted performance appraisal.

The evaluation items include working objectives and competency review. Competency includes professional skills, learning and application ability, soft skills, and work attitude. USI provides rewards, training, and various career development opportunities based on employees' performance appraisal result. For those with outstanding performance and development potential, USI proactively promotes and trains them through an open and transparent promotion pathway and provides them

with higher responsibilities and relatively more advantageous salary remuneration. We hope to help employees reach their personal and organizational performance targets, stepping forward to the integral goals set up by USI.

Planning
- Set Goals and Working Plans

Execution
- Review and Follow-up Adjustments
- Coach and Motivation

Appraisal
- Evaluation System
- Performance Review and Feedback
- Individual Development Plan

Application
- Promotion Nomination
- Salary Incentive
- Career Development
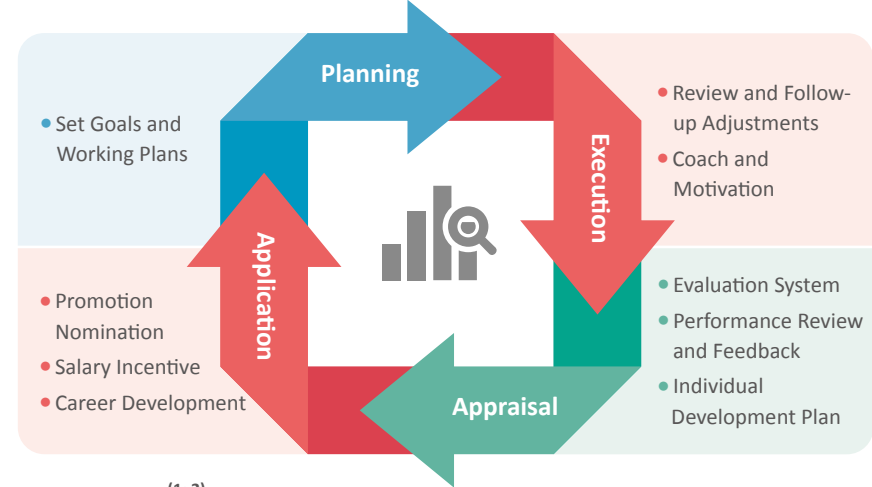
■ Employee and Distribution of Taking Regular Performance Appraisal and Competency Review [1,2]

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 Position	828	828	100%	828	794	95.89%
	Technical Position	2,695	2,695	100%	2,695	2,695	100.00%
	Administrative Position	605	605	100%	605	605	100.00%
	Skilled Position	3,707	3,707	100%	3,707	3,707	100.00%
	Subtotal	7,835	7,835	100%	7,835	7,801	99.57%
Female	Management Position	245	245	100%	245	244	99.59%
	Technical Position	619	619	100%	619	619	100.00%
	Administrative Position	1,233	1,233	100%	1,233	1,233	100.00%
	Skilled Position	4,887	4,887	100%	4,887	4,887	100.00%
	Subtotal	6,984	6,984	100%	6,984	6,983	99.99%
	Total	**14,819**	**14,819**	**100%**	**14,819**	**14,784**	**99.76%**

Note 1. Qualification of Performance Appraisal and Competency Review: The employee who have assumed post for three months or more during the assessment period. However, those who haven't passed the probationary assessment, or those on leave without pay for over three months are not listed in the name list to do the performance appraisal and competency review

2. Vice president and above do not file their competency review in the system

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Employee Engagement Survey

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

To understand how well the employees fit in with USI, we have initiated the first Employee Engagement Survey in partnership with expert consultants in 2017 and continue to conduct biannual surveys ever since. 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. Thus, achieving a win-win situation between USI and employees.

In 2021, based on the results of 2019 survey feedbacks and the 2020 WW Engagement Survey Workshop conclusion, USI continually conducts follow-up action plans on senior executive management leadership, company branding and image, talent development and deployment, and sufficient and efficient work resources to improve employee engagement goals.

In 2021, the design survey is expanded from the original 15 aspects of 2 levels and 6 dimensions to a total of 18 aspects of 3 levels and 6 dimensions of employee experience to survey employees' opinions. The new survey added Sustainability index (sustainable dedication, retention, ESG) to listen to employees' voices more effectively, so that the company's processes, strategies, and measures can be closer to the employees' expectations to achieve the goal of attracting and retaining talents. This 14-day employee engagement survey was conducted on 14,998 direct / indirect employees who arrived on the job before June 30, 2021. A total of 13,350 valid questionnaires were collected. The effective response rate of the questionnaire was 89%, and the overall employee engagement score was 84%. Compared with the survey results in 2019, the IDL effective response rate increased by 1.5% compared with that in 2019. The results of the comparison of the various item scores shows that the company's actions to listen to the voices of employees are deeply recognized by employees and employees are more willing to speak up.

Employee Experience

Purpose	**Work**	**Reward**	**People**
Inspiration	Drive	Growth	Trust
Inclusion	Voice	Capability	Collaboration
Understanding	Organization	Fair Pay	Support

Sustainability Indexes

Sustainable Engagement
- ☐ Engaged
- ☐ Enabled
- ☐ Energized

Retention
- ☐ Pull force
- ☐ Push force

ESG
- ☐ Environment
- ☐ Society
- ☐ Governance

Engagement Behavior

Employee Behavior
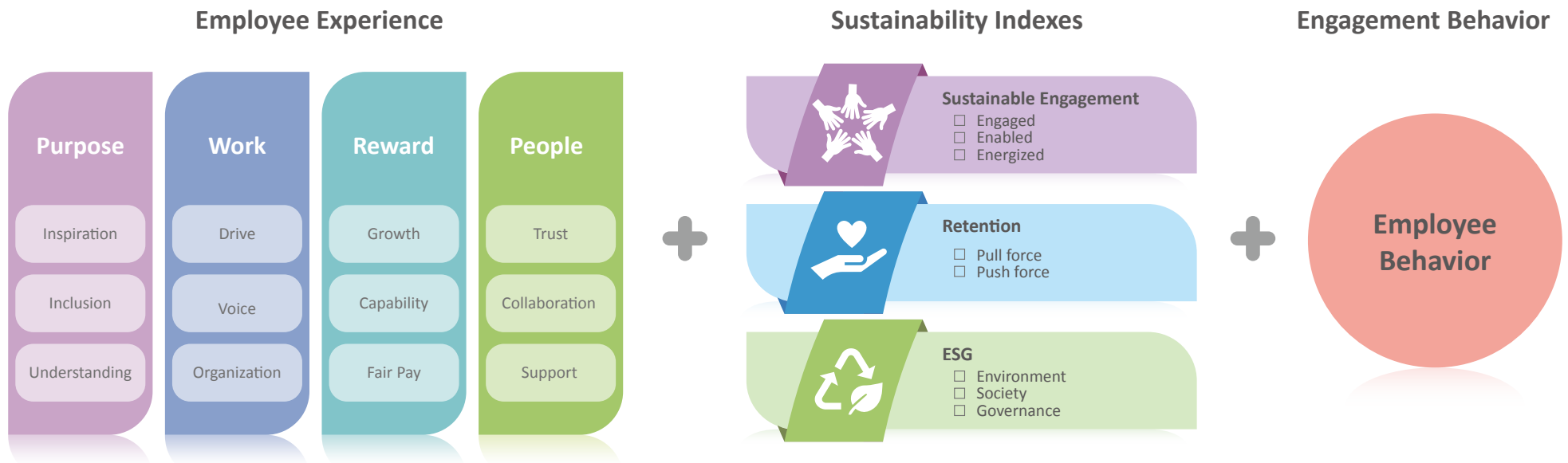
Human Capital Development

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

Dual Career Ladder

Through diversified educational training, USI helps its employees cultivate professional abilities and grow, and improve in 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, and General Knowledge Center". The USIU President is served by the president, and the deans of the colleges and General Knowledge Center are respectively served by the vice presidents with prestigious and professional knowledge in each field. 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 "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 the 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 a complete learning platform, help them to solve work issues, and enhance their professional capability to reach organizational targets.
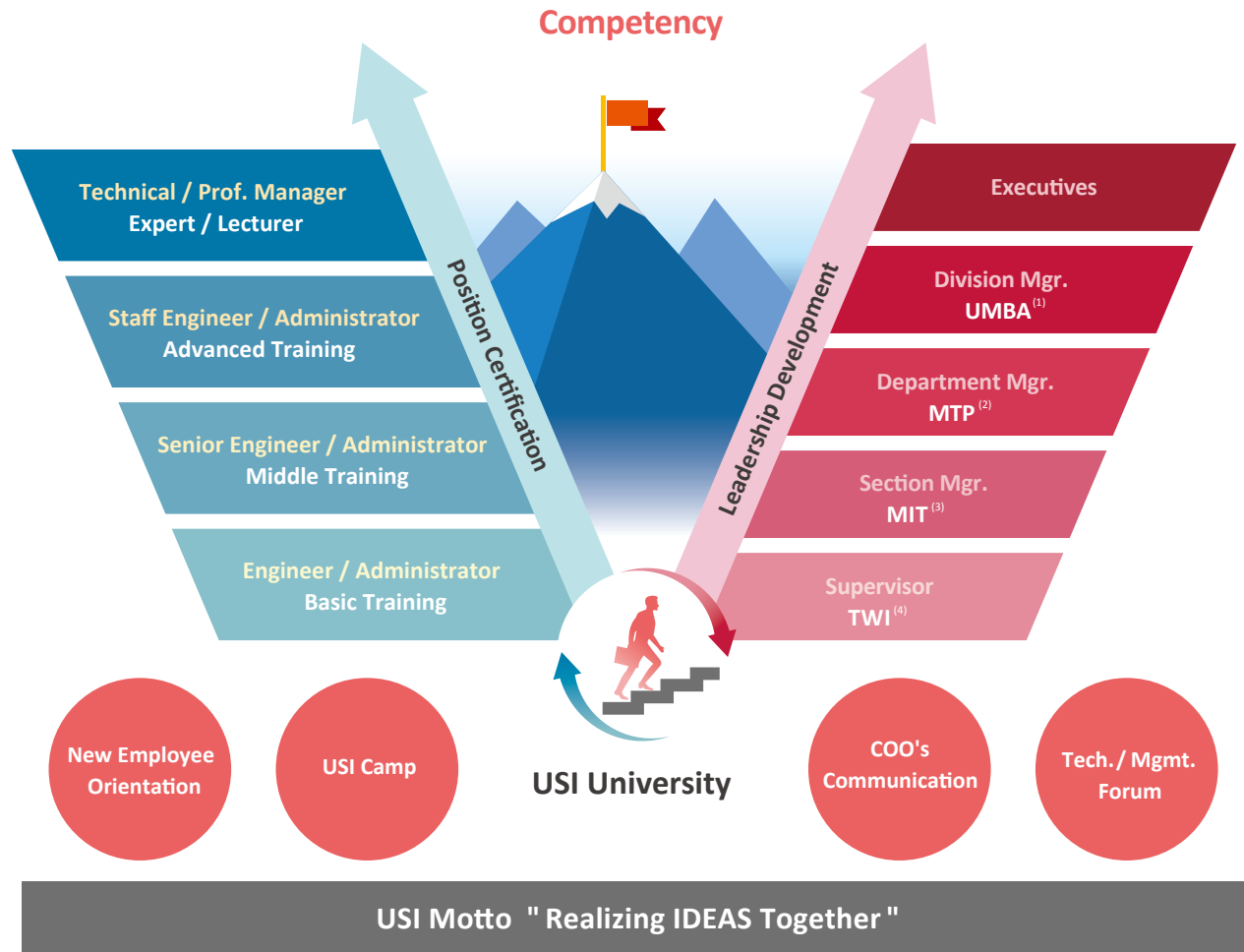
Note 1. UMBA, USI Master of Business Administration, Courses for Division heads
2. MTP, Manager Training Program, Course for Department heads
3. MIT, Manager Initial Training, Courses for Section heads
4. TWI, Training Within Industry for Supervisor, Courses for Section heads

Competency

Position Certification

Leadership Development

Technical / Prof. Manager Expert / Lecturer	Executives
Staff Engineer / Administrator Advanced Training	Division Mgr. UMBA[1]
Senior Engineer / Administrator Middle Training	Department Mgr. MTP[2]
Engineer / Administrator Basic Training	Section Mgr. MIT[3]
	Supervisor TWI[4]

USI University

New Employee Orientation

USI Camp

COO's Communication

Tech. / Mgmt. Forum

USI Motto "Realizing IDEAS Together"

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 category. The courses include training in the classroom, e-learning training, on-job training, and external training. These courses enable employees to learn and continuing education in a more efficient and flexible manner. Under the 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 the process reengineering, research and development achievement, project execution, and innovation, and apply what they have learned to practice field of work.

Vision & Mission

Competence
- Core Competence
- Management Competence

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

e-Platform

LMS, Global OA, SOP, DMP, PDM

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

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

Motto : Realizing IDEAS Together

Note 1. Average training hours ＝ The actual total training hours of employees of this category／gender ÷ the number of employees of this category／gender at the end of the period

Employee Training Hours

In 2021, our total training hours reached 592,663 hours, and on average, every employee was trained 30.7 hours [1]. The training statistics for each employee category are as follows:

Category	2021	
	Total Training Hours	**Average Training Hours**
Male	377,789	34.8
Female	214,874	25.4
Management Position	28,306	25.9
Technical Position	98,497	27.9
Administrative Position	42,023	21.1
Skilled Position	423,837	33.4
New Employees	288,203	16.1
All Employees	**592,663**	**30.7**

Year	Total Training Hours	Average Training Hours for Per Employee
2017	367,602	22.3
2018	405,791	21.9
2019	417,860	22.6
2020	577,370	31.0
2021	592,663	30.7

■ Total Training Hours ━●━ Average Training Hours for Per Employee

The breakdown for different training topics is shown in the following chart. The total training cost exceeds CNY 28.9 million. For details, please refer to Sustainability Data - Social G. Training Hours and Training Cost.

Training Topics	Environment	Health and Safety	Human Rights	Green Product	Business Ethics	Enterprise Risk	Cybersecurity
Total Training Hours	17,486	34,664	35,313	18,713	12,418	8,166	7,881
No. of Employees	23,754	19,753	30,902	17,476	22,485	9,985	8,381
Average Training Hours	0.7	1.8	1.1	1.1	0.6	0.8	0.9

Tailored Career Plan

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 requests. USI has, therefore, continuously enhanced employees' sustainable employment ability, assisted employees doing acquiring skill and ability management and lifetime learning programs that are required for a job transfer in the future. Starting from 2018, a total of 133 employees have been supported to obtain academic qualifications / degrees, and a total of 73 employees have been supported to obtain academic qualifications / degrees in 2021. The categories of employees' degrees and their majors are shown as follows:

Category	High School Program	Vocational School Program	College Program	University Program	Master Program
No. of employees	16	37	2	15	3
Major	N/A	Early Childhood Education, Administration, Visual Communication Design, Logistics Management	Environmental Art Design, Business Administration	Information Engineering, Logistics Management, Industrial Engineering, International Trade	Mechanical and Electrical Engineering, Finance, Human Development

In addition, since 2018, USI's Zhangjiang Facility, Kunshan Facility and Mexico Facility have invited local colleges or universities to cooperate and hold in-house academic degree courses in the Facility, so that employees can avoid the trouble of commuting and make the best use of their time to get a high school, college or university diplomas / academic degrees. As of the end of 2021, there are a total of 14 classes, and 411 employees are taking their further education as on-the-job training. For details, please refer to Sustainability Data - Social H. Degree programs Offered by Local Schools in Cooperation with USI.

In terms of professional skills certification, USI promotes the job certification system, and establishes an inspection mechanism for the professional ability that each position should have, so that employees in the same position have a certain level of professional skills. For example, in 2019, Kunshan Facility became the first batch of high-skilled certification enterprises in Jiangsu Province. 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 2021, a total of 157 junior technicians, 311 intermediate technicians, 353 senior technicians, 90 advanced technicians. 911 skilled workers have been trained in total.

Internal Instructor Training Program

For many 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. As of the end of 2021, due to the impact of the COVID-19 pandemic, many courses cannot be held as scheduled in the classroom, and the need for employees to work remotely has increased, so converting the training to an e-based curriculum is required for a comprehensive planning. Therefore, the number of completing internal instructor program is only 867 in 2021.

	2017	2018	2019	2020	2021
Total Internal Instructor	661	733	608	833	867
Male	453	523	414	586	580
Female	208	210	194	247	287

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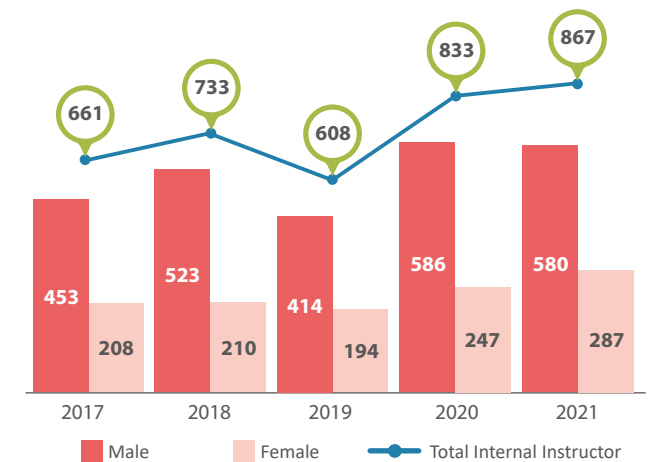
Talent Cultivation in the VUCA Era

VUCA is currently the most discussed word in the management world, representing Volatility, Uncertainty, Complexity, and Ambiguity. Although the current world situation is changeable, uncertain, complex and ambiguous, in order to prepare for such a chaotic environment in advance, a new attitude and thinking is needed. VUCA 2.0: Vision, Understanding, Courage, and Adaptability are the new and positive attitudes to cope with future changes.

Cultivating talents in the VUCA era requires talents to build new capabilities by accumulating different practical experience, cross-border experience, and using "role swap" to allow employees to move between different 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, try multiple cross-border development to

cultivate a comprehensive perspective, and jointly create a stage full of a sense of belonging and achievement. Therefore, based on the greatest intersection of the three cores of "personal ability, personal interest, and organizational needs", we establish a personal development planning management mechanism, and build an employee-led, boss-assisted, and jointly formulate employee's personal structured career development and growth plan, let the program helps employees achieve individual development goals that are in line with USI's strategic mission and goals. At the same time, employees' development in various functions is improved through the leadership and management forum held every quarter, and through the information and knowledge sharing and exchanges of well-known leaders in the industry and colleagues.

■ **Personal Development Plan Process**

Confirmation
- Self-Reflection & Career Exploration
- Goals Identification and Development

Self-Assessment
- Self-Assessment Using SWOT [1] Analysis
- Build a Win-Win Strategy

Development Plan
- Formulate Annual SMART [2] Goals
- The 70-20-10 Rule [3]

Implement
- One Small Step a Day; Self-Reflection
- Seek Feedback and Support
- Face Obstacles
- Commitment and Motivation

Evaluation & Adjustment
- Follow-up, Sharing & Feedback, Consultint and Listening
- Recording, Adjustment & Continuous Improvement

Note 1. SWOT, Strengths, Weaknesses, Opportunities, and Threats
    2. SMART, Specific, Measurable, Attainable, Relevant, Time-Based
    3. The 70-20-10 Rule, Learning by Doing - Learning from Others - Learning by Curriculum

Hackathon Activity

Hackathon is a compound word of "Hack" and "Marathon", which is used to refer to a "marathon-style technology creation event"; and the activities for the event are carried out by team members for the project. The essence of a hackathon is to form teams of people with different backgrounds and use creativity together to solve difficult problems in various fields. Team members do not necessarily need to have a background in programming, and the main axis of the competition also focuses on solving problems with new ideas.

The company's inaugural hackathon was "Anywhere for Everywhere," leveraging Microsoft 365 deployments to encourage employees to form cross-functional teams and participate in this fun event. Since, this is a global event, instead of a live match, the event was held virtually by using Microsoft Teams.

The competition is divided into a preliminary round and a final round. There are training courses and consulting services provided by Microsoft and Acer. Due to time constraints, 15 teams were selected in the preliminary round, and 6 teams participated in the competition in the final round. The scoring criteria are practical application (35%), creative idea (25%), technical application (25%) and presentation (15%).

Winning Team

Second Place
God Divination

Champion
Breath of Water

Third Place
Explode before the Deadline

Design Concepts

Create a question-and-answer robot to solve the daily problems of the OA system and the real-time monitoring system (Shop Floor Information System, SFIS) in production line

Create a line balance rate for uploading System Assembly (SASM) part numbers and converts this data into graphs and tables to reduce operator workload by up to 65%

Create a pre-alert system to ensure completion of tax payment and customs clearance in time

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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 **3.83** Million   Invested in Social Involvement

107,833 Trees   Planted in the Million Tree Project

1,415 Students   Participated in Industrial-Academic Partnerships

1,717 Volunteer Hours   Contributed to Local Communities

1,050 Students   Reached through 5 Rural Revitalization Programs

335.2 kg   Trash Picked from 2 Coasts

Key Performance and Targets

✓ Achieved ⧗ Not Achieved [1]

SDGs	Business Action	2021 Key Issue	KPI	2021 Target	2021 Performance	Status	2022 Target	2026 Target
4 QUALITY EDUCATION	Invest in rural education and youth capacity building to bridge the city-country education gap and raise youth employability	Investing in Education	▸ Rural area reading activities ▸ Number of industrial-academic partnerships ▸ Number of interns ▸ Number of USIU classes shared	▸ Hold 6 reading activities in rural areas ▸ Conduct 2 research industrial-academic partnerships ▸ Admit 30 interns ▸ Share 30 USIU classes	▸ 3 reading activities held in rural areas ▸ 3 research industrial-academic partnerships conducted ▸ 56 students interned in USI ▸ 19 USIU classes shared	⧗	▸ Hold 6 reading activities in rural areas ▸ Conduct 2 research industrial-academic partnerships ▸ Admit 60 interns ▸ Share 30 USIU classes	▸ Hold 6 reading activities in rural areas ▸ Conduct 2 research industrial-academic partnerships ▸ Admit 150 interns ▸ Share 40 USIU classes
11 SUSTAINABLE CITIES AND COMMUNITIES	Actively participate in community activities, invest in community development, and care for vulnerable groups	Contributing to Society / Promoting Arts & Culture	▸ Number of people benefiting from rural revitalization programs ▸ Number of volunteers ▸ Number of art groups supported	▸ Support 900 rural students ▸ Set volunteer management policy ▸ Support art groups	▸ 1,050 rural students supported through 5 programs ▸ Set volunteer management policy ▸ 2 art groups and 4 artists supported	✓	▸ Support 1,000 rural students ▸ Reach 500 volunteers ▸ Support 2 art groups	▸ Support 1,200 rural students ▸ Reach 2,000 volunteers ▸ Support 3 art groups
13 CLIMATE ACTION	Strengthen environmental protection awareness and mitigate environmental impact	Conserving the Environment	▸ Number of trees planted ▸ Amount of coastal trash picked ▸ Number of environmental seminars held	▸ Plant 7,500 trees in employee forest ▸ Hold coastal cleanups ▸ Hold environmental seminars	▸ 7,864 trees planted in employee forest ▸ 2 coasts cleaned and 335.2 kg of trash picked ▸ 1 environmental seminar held	✓	▸ Plant 8,000 trees in employee forest ▸ Hold coastal cleanup and pick 300 kg of trash ▸ Hold 2 environmental seminars	▸ Plant 8,250 trees in employee forest ▸ Pick 1,000 kg of trash ▸ Hold 5 environmental seminars

Note 1. For unachieved targets, please refer to the corresponding sections for relevant explanations and future improvement plans

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. The complete Public Affairs Engagement Policy can be accessed on USI website (https://www.usiglobal.com/en/csr/Social-Involvement).

To measure the social value of our programs, we adapted the London Benchmark Group (LBG) framework and Social Return on Investment (SROI) methodology to effectively quantify our corporate citizenship and philanthropy investments. We hope to make better decisions, be more accountable, and maximize the effectiveness of each program by evaluating our inputs, outputs, and impact. USI invested CNY 3.83 million in 68 social activities and 40 external organizations in 2021 and engaged 314 employees to volunteer 1,717 hours of service throughout the year.

The following figures show the ratio of CNY invested by type of approach [1], type of activities, and type of contribution [2]:

Investment by Approach
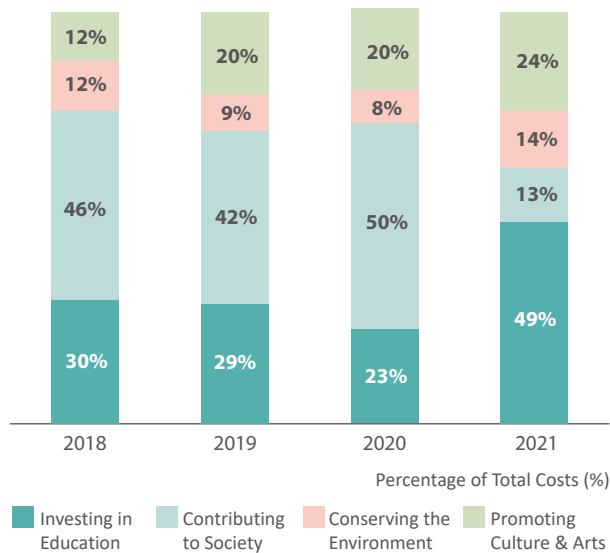
Investment by Type of Activity
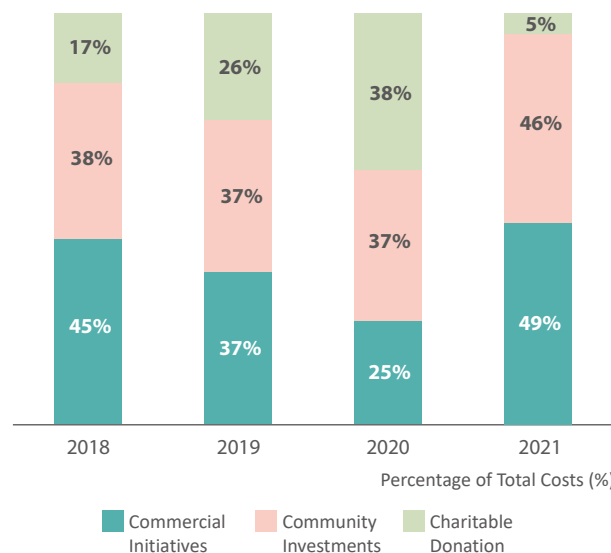
Investment by Type of Contribution
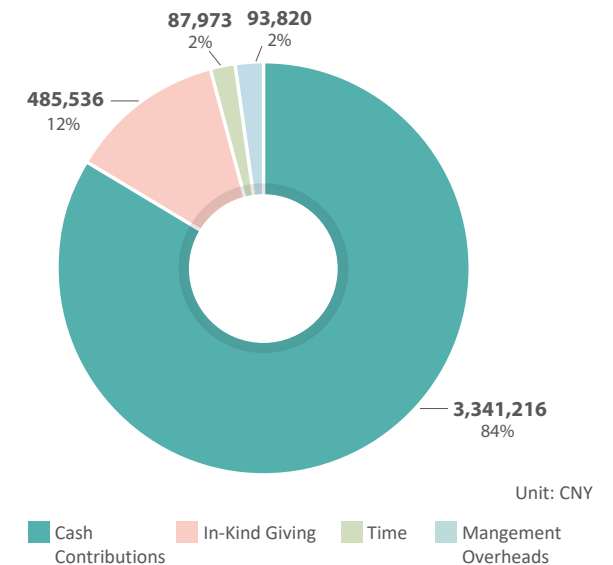
Note 1. External organizations participation costs are excluded from the social involvement four approaches

2. Total social investment costs are based on cash and in-kind giving. Volunteering time and management overhead costs are not included in the calculations

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Social Involvement Priorities & KPIs

Priority Alignment with SDGs	Business Drivers	Business Benefit KPI	Social / Environmental Benefit KPI
Investing in Education 4 QUALITY EDUCATION	To expand our pipeline of high-tech talent, Investing in Education is the driving force for our growth. We continuously invest in developing future human capital through skill-based programs for potential employees, enhancing youth employability. **2026 Goals:** ▶ Share at least 40 USI University courses ▶ Accept at least 150 interns ▶ Collaborate on at least 2 industrial-academic research partnerships	Cultivate high-tech talents and develop innovative electronic designs and technologies. **2021:** ▶ Collaborated on 3 industrial-academic research partnerships ▶ Reduced false alarms and increased manual re-inspection efficiency by optimizing automated optical inspection machine learning for non-solder components ▶ Reduced the layout time needed and errors made by extracting key product specifications using natural language ▶ Increased production efficiency and yield rates and reduced labor costs by designing machine learning AI models that detect defects in soldering across multiple types of components	Enhance youth employability through internship programs and industrial-academic partnerships. **2021:** ▶ Students that participated in industrial-academic research partnerships: 9 ▶ Interns accepted: 56 ▶ Number of people that attended USI University courses: 1,350 ▶ Schools with partnerships: 33
Contributing to Society 11 SUSTAINABLE CITIES AND COMMUNITIES	Contributing to Society is our long-term mission to build and deepen our connections with local communities. We harness internal and external resources to infuse into socially marginalized areas, becoming the force behind raising sustainable communities. **2026 Goals:** ▶ Support 1,200 underprivileged students ▶ Have 2,000 volunteers	Increase employee engagement through volunteering in social activities. **2021:** ▶ Volunteer hours: 1,717 hours ▶ Number of volunteers: 314	Enhance well-being for vulnerable groups within local communities, increasing social inclusion. **2021:** ▶ Sponsored 42 Contributing to Society philanthropic activities
Conserving the Environment 13 CLIMATE ACTION	Conserving the Environment becomes even more important as climate change intensifies. USI adapts our motto of Realizing IDEAS Together to our climate action, raising awareness, acting, and finding solutions to mitigate our impact on the environment. **2026 Goals:** ▶ Plant 8,250 new trees in the USI Employee Forest ▶ Pick up 1,000 kg of coastal trash ▶ Hold 5 environmental seminars	By continuously planting trees, we hope to increase the amount of carbon captured as part of our effort to mitigate climate change. **2021:** ▶ Planted 7,864 new trees in the USI Employee Forest	Reduce environmental impact, improve the quality of our living spaces, and raise awareness for environmental conservation. **2021:** ▶ Cleaned up 2 coasts and picked up 335.2 kg of trash

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 120,000 every year purchasing new books for the Libraries. To date we have donated 725 boxes of books, developing the reading ability of students in rural and remote areas. We understand that only continuous investment can bring substantial impact and change to students, and not just financial and material assistance.

In addition to book donations, USI collaborates with the Foundation to organize Parent-Child Reading and Magical Physics Science Camp activities. We spare no effort to expand investment in local education, enhance reading habits, and promote interest in science. Due to COVID-19, Meet the Author activities in Lanyu were canceled in 2021. We plan to resume them once the pandemic subsides. 119 people participated in the Parent-Child Reading Activity. We hope to instill reading habits through parents and children reading together, enriching children's minds. This year, we also initiated a Magical Physics Science Camp for upper grade elementary school students in Nantou. Through exciting experiments, the teacher introduced 32 students to Faraday and explored the wonders of physics from hands-on experiments.

We continued to use the SROI methodology to analyze and quantify our impact to students and children through the Philanthropic Libraries program and activities. Through our survey, we found 75% students who participated in the Magical Physics Science Camp felt their science knowledge increased and 73% increased their interest in STEM subjects. From the parents that participated in the Parent-Child Reading activity, 73% parents believed that the event could enhance family reading quality, 72% believed that it could enhance their children's reading comprehension. For detailed analysis, please refer to the charts on the right. In total, every $1 invested in the Philanthropic Libraries can generate $3.88 of social value.

Magical Physics Science Camp: Outcome Incidences for Students

Increased Science Knowledge	Increased Interest in STEM Subjects	Increased Science Reading Motivation
75%	73%	71%
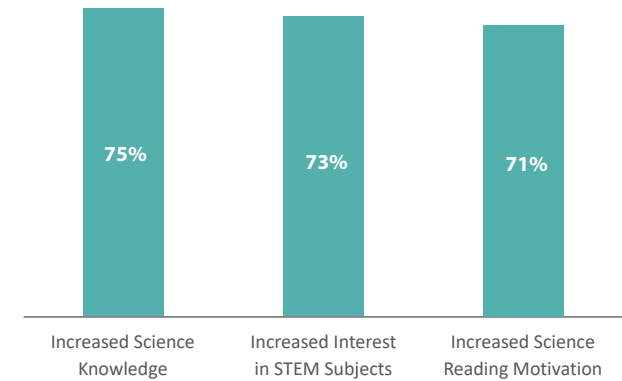
Parent-Child Reading: Outcome Incidences for Parents and 1st-3rd Graders

	Parents			1st-3rd Graders		
Improved Family Reading Quality	72% (2019)	77% (2020)	73% (2021)			
Improved Reading Comprehension	65% (2019)	77% (2020)	72% (2021)			
Improved Reading Focus	71% (2019)	74% (2020)	73% (2021)			

2019 | 2020 | 2021
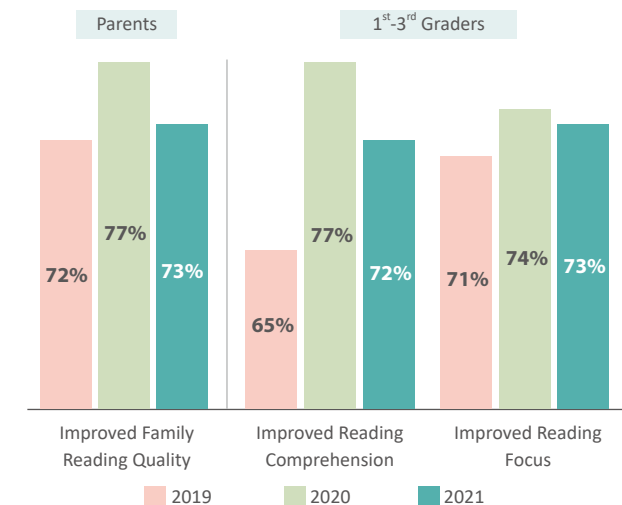
Sponsor Chinese Literary Prize for Global Youth

/ 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 Wenyong had won this prize as students. To encourage student participation and advance Chinese literary culture, USI sponsors CNY 70,000 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 2021, the 39th Global Chinese Student Literature Award received 1,150 entries, mainly from Taiwan, Mainland China, and Malaysia. There were 753 submissions from Taiwan and 397 from overseas. 420 schools submitted entries into the competition. The Global Chinese Student Literature Award, co-sponsored by Mingdao Literature and Art Magazine, Mingdao Middle School, and Modern Literature Museum, is a cradle for literary talents in the Chinese region. We look forward to more award-winning students emerging in the Chinese literary world.

USI University Courses & Industrial-Academic Partnerships

/ Zhangjiang, Shenzhen, Kunshan, Nantou, Mexico Facilities /

Over the years, USI focused on internal employee education and training. 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 courses such as Highly Skilled Talent Development and Management and CIP Smart Manufacturing Application Management, we share our experiences with industry peers. Also, we share research results and knowledge in university seminars, such as 5G mobile communication and RF design and user scenario and data analysis so university students can be exposed to practical applications of theories. Due to the pandemic, we only shared 19 courses, 2,343 hours of lessons in 2021. In the future, we will continue investing in the education of youth capacity training once the pandemic eases up.

Also, to put academic theory into practice, USI provides internship opportunities in Shenzhen, Kunshan, Nantou, and Mexico Facilities. In 2021, 56 students interned in our internship programs. We designed a one-on-one mentor system so students can bridge the gap between school and work after graduation.

In addition to internship opportunities, Nantou Facility continued to partner with National Chiao Tung University. In 2021, we invested CNY 710,000 to implement various research projects such as Cross-Component Short Circuit and Tin Defect Detection, Non-Solder Automated Optical Inspection Optimization Model for Machine Learning, and Extracting Key Product Specifications Using Natural Language. The Cross-Component Short Circuit and Tin Defect Detection research won in first place in the International ICT Innovative Services Awards 2021. In 2021, 1,415 students benefited from these industrial-academic partnership programs and participated 42,582 hours.

◼ USI University Courses (Global)

Zhangjiang Facility
- Work Experience Sharing
- Production Introduction
- Product Line Introduction
- Experience Sharing (Shanghai Tech School, Hubei Tech School)

Shenzhen Facility
- Career Planning (Henan University, Henan Polytechnic University)
- Intro to RBA (Contractors)

Kunshan Facility
- AI Powered Visual Inspection (TEEMA)
- Highly Skilled Talent Development and Management (Qiandeng Labor Office)
- Quality Training and Management (Suppliers)

Nantou Facility
- Seminar - 5G Mobile Communication and RF Design (National Cheng Kung University)
- Seminar - User Scenario and Data Analysis (National Sun Yat-Sen University)
- CIP Smart Manufacturing Application Management (TEEMA)
- Team Communication and Coordination Skills (Nankang Factory Association)

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 2021, USI invested CNY 216 thousand and assisted 1,050 students by funding the Rural Digital Education Program, Western Region Student Aid Program, Hope for Pearls Project, Kunshan Care Package and Heartfelt Wish Activity, and the Huanghe Jiaotong University Aid Program.

Rural Digital Education Program

/ Zhangjiang Facility /

The United Nations believes that higher digital literacy in the digital age is needed to prevent marginalization in society which is an essential task of rural revitalization. USI upholds our value of Realizing IDEAS together and implements our sustainability policy of actively participating in community activities and focuses on the computer education gap of schools in remote areas. We launched the Rural Digital Education Program and donated computer classrooms to improve their learning environment, enrich teaching resources, and enhance students' abilities. The five computer classrooms we donated are in Gansu and Qinghai. The classrooms hold 150 sets of computers and benefited 961 students in 2021, and the cumulative beneficiaries reached 1,674.

In 2021, we continued to follow up on the usage of the computer classrooms and organized a team of professional social workers, technical staff, project leaders, and local rural revitalization workers to visit the schools and interview the teachers. From our field interview insights, we will arrange computer training courses so rural teachers can conduct computer lessons more smoothly in 2022.

Western Region Student Aid Program

/ Zhangjiang Facility /

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

Huanghe Jiaotung University Aid Program

/ Zhangjiang Facility /

USI donated CNY 50,000 to supply 7 impoverished Huanghe Jiaotung University Electrical and Mechanical Engineering students with computers for their studies. Due to family finances, these students don't have personal laptops and couldn't put their studies into practice. We hope our support can serve as a starting point for these university students in the technology industry, so that they can keep up with their studies, and have more possibilities in the future.

Hope for Pearls Project

/ Shenzhen, Kunshan Facilities /

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

In 2021, we held a "Walk for Pearls", where 100 USI employees and their families walked to promote the Hope for Pearls Project. We raised CNY 100,000 for Qianshan Yezhai Middle School in Anhui Province and set up the fifth USI Shueijin Pearl Class with 40 students. In addition to funding, we continued to follow up on these pearl students and support them emotionally and spiritually.

With our love and support, USI Shueijin Pearl Class of 2018 in Chongqing Jianshan High School and Luoyang Third Middle School passed their Gaokao with flying colors. 100% pearl students in Jianshan High School got accepted to their dream universities. 97% pearl students in Luoyang Third Middle School got accepted, with 45% getting in tier 1 schools.

Currently, three pearl students joined our workforce, and we plan to continue providing them with internship and employment opportunities as we believe pearl students are future stars that will shine and illuminate the community.

Kunshan Charity Foundation "Care Package" and "Heartfelt Wish" Activity

/ Kunshan Facility /

As the saying goes, "never omit to do a good deed thinking it's too trivial." We donate Care Packages worth CNY 9,000 with rice, oil, and dried goods to 18 households in need before Chinese New Year, wishing them the best for the coming year. Also, for six years running, USI supported Kunshan Charity Foundation's "Heartfelt Wish" activity. We donate CNY 9,000 to adopt the wishes of 30 impoverished children living in the Kunshan mountains. There is nothing more powerful than seeing the results of our wish-granting efforts when the children receive a gift they wished for on Children's Day.

Social Inclusion

Dreams Come True Project

/ Nantou Facility /

For the past four years, USI employees organized a gift registry for colleagues to buy Christmas presents for the kids in the Nantou Renai Home for Children to bring a bit of festive joy. In 2021, 70 employees participated in the gift registry. The head of the Employee Welfare Committee led 11 volunteers to the Renai Home to spread Christmas cheer. Due to the pandemic, we couldn't invite the kids to theatre or baseball outings, so in addition to the gifts, we also brought a show from Apple Theatre. With a little bit of love, we can make wishes come true and see the joy it brings.

Sending Love to Retirement Homes

/ Jinqiao, Kunshan Facilities /

How to make sure seniors are well cared for is the issue we face in our aging society. USI annually arranges employees to visit and purchase supplies for local retirement homes to pay respects to the elderly. In 2021, we donated computers, air conditioners, fruit, rice, and other daily necessities worth about CNY 23 thousand to Shanghai Tangzhen Retirement Home and Kunshan Retirement Home. During our visits, volunteers and seniors spent a lively afternoon together, adding color to their everyday life. USI will continue to spread the love with the spirit of dedication and responsibility to society.

Conserving the Environment

The Million Tree Project / Global /

In response to SDGs (Goal 13: Climate Action; Goal 15: Life on Land), USI actively promotes environmental education, protects ecosystems, combats desertification, and reverses land degradation through collaborating with Shanghai Roots and Shoots Youth Activity Center's Million Tree Project. Planting trees in Inner Mongolia and Ningxia not only reduce desertification, but the project also hires locals to maintain and plant trees, creating job opportunities. According to Shanghai Roots and Shoots, with the efforts of every volunteer and the local government, the ecology is undergoing tremendous change, and we are gradually greening the land. By the end of 2021, USI has planted 107,833 trees covering 76.71 hectares, capturing 16,416 kg of CO_2.

The USI Employee Forest was launched in 2016 as an awareness-raising campaign. We organized employees' donations and volunteers to plant trees in Inner Mongolia and Ningxia. Unfortunately, our tree planting ambassadors couldn't go to the planting sites due to the pandemic. Thus, employees participated even more actively in donating saplings to contribute to environmental protection. In 2021, 21,864 trees were newly planted, of which 7,864 trees were donated by employees, an increase of 12% over last year.

■ USI Tree Planting Data

Year	Cumulative Area (Ha)	Trees Planted
2013	3.00	4,000
2014	7.85	4,000
2015	10.85	4,000
2016	18.30	6,160
2017	26.79	7,004
2018	39.62	19,654
2019	53.06	20,111
2020	67.20	21,040
2021	76.71	21,864

Million Tree Project

▲ Trees Planted　　●— Cumulative Area (Ha)
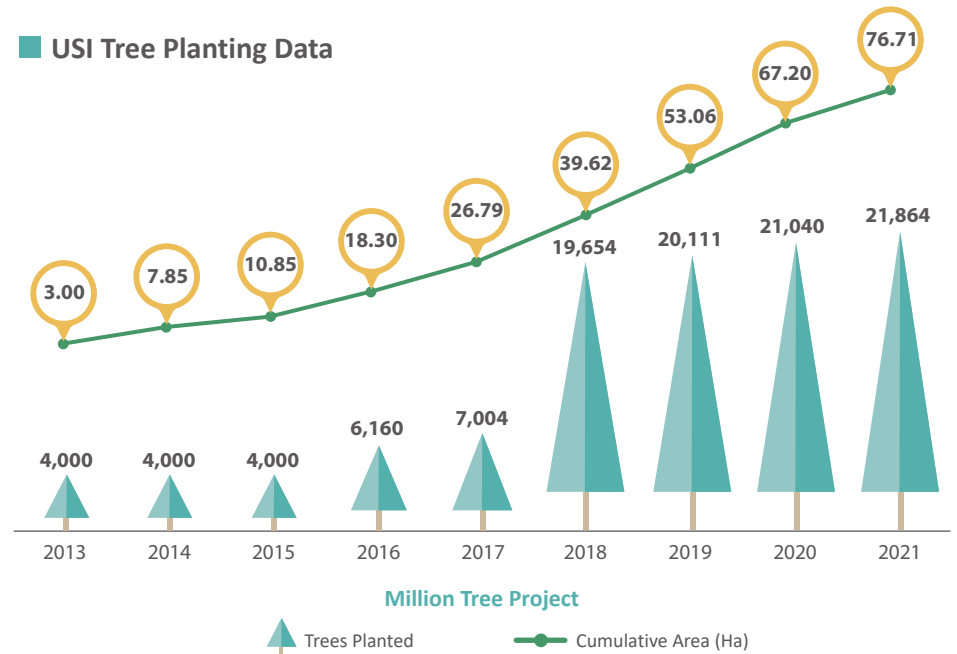
2021 Snapshot of Grass Squares in Ningxia

2021 Snapshot of Tree Planting in Inner Mongolia

International Coastal Cleanup

/ Jinqiao, Nantou Facilities /

To protect the oceans and coastal ecosystem and take action to restore them, we have joined the international coastal cleanup event each year since 2015 to collect and document the trash littering the coastlines near our facilities. USI encourages employees to volunteer in these activities to raise environmental protection awareness through a hands-on approach. We chose Shanghai Fenxian and Taichung Dajiaxishi Seawall as our cleanup locations in 2021. In a few hours, 85 volunteers picked over 2,705 pieces of trash, totaling 335.2 kg. Ocean trash is mainly non-degradable plastics, which affects marine wildlife, contaminates the environment, and ultimately impacts human health. We hope our engagement with the coastal cleanup can save wetland habitats and help the fight for trash-free seas.

Mini Farmer's Market

/ Nantou Facility /

Local individual farmers bring the fruits of their labor and employees bring their trust and wallets and use their actions to endorse organic environmentally friendly farming. This farmer's market not only is a platform for small farmers to directly sell their produce, it's also a place where consumers can buy with a peace of mind. Additionally, it is also a implementation of the Local Production, Local Consumption concept that reduces the carbon footprint of daily groceries. USI encourages employees to shop with local farmers, enhance their connections with the community, protect the environment, and continue this virtuous cycle.

Adopt-a-Road Program

/ Nantou Facility /

USI Nantou Facility's Adopt-a-Road Program entered its 15th year. We yearly donate CNY 216 thousand to maintain these roads' hedges and cleanliness and sponsor our town's efforts in greening and landscaping Zhongxing Road. Our adopted streets include a stretch of Caoxi Road (from Zhongxing Road to Maoluoxi Bridge), the provincial highway No.14B access road to Freeway No.3 (from Maoluoxi Bridge to the intersection at Shengfu Road), and Shengfu Road intersection to the central island at Shanglin police station.

Promoting Arts and Culture

Title Sponsor Youth Go Competitions

/ Zhangjiang Facility /

Due to COVID-19, young professional Go players across the strait met online and conducted virtual matches. USI invested CNY 519 thousand sponsoring the USI Rookie of the Year Competition and 2021 Twin Cities Cup and hopes to enhance Go player's capabilities and promote cross-strait youth exchange through the power of Go.

Sponsor Cloud Gate Dance Theatre's Annual Autumn Tour

/ Nantou Facility /

Since 2005, USI has donated CNY 230 thousand a year to support the Cloud Gate Culture and Art Foundation. We believe that while technology can improve our quality of life, art can improve the quality of our minds and souls. Cloud Gate productions not only show the beauty of dance, but also express the infectious joy of life and depth of culture. This year we sponsored the Cloud Gate 13 Tongues production and invited 42 supplier partners to enjoy the show with our senior management at the Tamsui Cloud Gate Theatre.

External Participation

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

In 2021, USI actively participated in 40 industrial organizations and associations [1~3] and contributed CNY 342.5 thousand [4]. Through meetings, networking events, and serving important positions, USI keeps in close touch with the industry and contributes to the development of the electronic and engineering sectors. The following is a partial list of organizations USI joined:

Zhangjiang Facility

Shanghai Integrated Circuit Industry Association ✦✦✦

Pudong Association of Foreign Investment ✦✦✦

Shanghai Pudong Human Resource Association (SPHRA)

Securities and Futures Market Work Committee

The Listed Companies Association of Shanghai

Shanghai Association of Foreign Investment (SAFI)

Shanghai Accounting Association

Jinqiao Facility

Jinqiao Enterprise Association

Shenzhen Facility

Taiwan Merchant Association Shenzhen ✦

Shenzhen Enterprise Promotion Association ✦✦

Shenzhen Association of Enterprises with Foreign Investment ✦✦✦

Shenzhen Enterprise Confederation ✦✦✦

Shenzhen Customs Bureau Association

Shenzhen City Chamber of Commerce for Import and Export

Shenzhen Hi-tech Industry Association

Shenzhen Quality City Promotion Association

Kunshan Facility

Taiwan Compatriot Investment Enterprises Association of Kunshan ✦

Nantou Facility

Taiwan Electrical and Electronic Manufacturers' Association (TEEMA) ✦✦

Taiwan Telematics Industry Association ✦✦✦

Nankang Industrial Manufacturers Association ✦✦✦

Taiwan Association of Occupational Health Nurses ✦✦✦

5G Industry Development Innovation Alliance

Global Certification Forum

USB Implementers Forum

Video Electronics Standards Association (VESA)

VCCI Council

Asia Terahertz Industry Development Association (ATIDA)

Taiwan Transportation Vehicle Manufacturers Association

≫ Promotion of RBA

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

USI annually conducts internal audits to ensure compliance. In 2021, the results of RBA Self-Assessment Questionnaires for Zhangjiang, Jinqiao, Shenzhen, and Kunshan, Nantou, and Mexico Facilities were all "Low Risk." 100% of worldwide manufacturing facilities have implemented RBA Validated Audit Process, please refer to the Human Rights Protection section for details. USI has not only accepted customers' audits but requested and assisted suppliers to follow the RBA Code of Conduct and join the RBA-Online platform to disclose their results. Please refer to the Supply Chain Management section for further details.

≫ Promotion of Responsible Minerals Initiative (RMI)

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

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

USI responds to the responsibility for stopping climate change with specific energy-saving actions following our Low-Carbon sustainable strategy and joins the CDP and TCFD initiatives. For related information and results, please refer to the Climate Change and Carbon Management section for details.

Note 1. ✦Represents the position of Chairman/ Vice-chairman
2. ✦✦Represents the position of Executive Director
3. ✦✦✦Represents the position of Director/ Supervisor
4. 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

Appendix

Management Systems Certification Table

Management System [1] / Facility	Zhangjiang	Jinqiao	Shenzhen	Kunshan	Nantou	Mexico
ISO 14001	2004	2016	2001	2012	1998	2006
ISO 14064-1	2010	2016	2010	2011	2009	2016
ISO 50001	2017	2017	2017	2017	2017	2017
ISO 45001	2019	2019	2019	2021	2019	2021
IECQ QC080000	2007	2018	2016	2020	2015	2007
TL 9000	2005	2015	-	2013	-	-
ISO 9001	2004	2015	2016	2014	1993	2007
IATF 16949	2018	-	-	2018	2018	2018
ANSI / ESD S20.20	2013	2018	-	2020	-	-
ISO 13485	-	-	-	2014	-	-
ISO 26262	2017	-	-	2017	-	-
ISO 27001	-	-	-	-	2020	-
RBA VAP	2015	2018	2015	2018	2018	-

Note 1. The year shown on the table refers to the initial year of certification. All management systems are continuously updated to the latest version as of 2021

ESG Key Performance Data

▌ Environmental

Renewable Energy Use Percentage [1]	Unit	2018	2019	2020	2021
USI Group	%	87.2	82.7	79.6	80.3
Mainland China Facilities	%	100	100	100	100
Mexico Facility	%	0	10	21	31
Nantou Facilities	%	10	0	0	0
Greenhouse Gas Emissions [2~3]	**Unit**	**2018**	**2019**	**2020**	**2021**
Category 1	metric tonnes CO_2e	7,024.93	8,438.84	6,802.39	4,592.71
Category 2	metric tonnes CO_2e	148,201.93	168,730.49	184,225.84	201,538.85
Category 3-6	metric tonnes CO_2e	115.48	22,623.67	16,722,053.37	12,980,878.70
Water Resource Management	**Unit**	**2018**	**2019**	**2020**	**2021**
Water withdrawal	ML	581.537	681.848	803.690	861.887
Recycled water	ML	142.813	155.058	179.145	236.972
Recovery rate	%	24.6	22.7	22.3	27.5

Note 1. The reasons of Renewable Energy Use Percentage reduced in USI Group: (1) increased energy consumption data of Nantou-TT1 in 2020; (2) expanded production lines in Nantou-NK sharply increased energy consumption in 2021

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

3. The emissions data of Category 1 and Category 3-6 were modified because of the greenhouse emissions formula revision in 2020

Waste Management	Unit	2018	2019	2020	2021
Hazardous waste generated	metric tonnes	537.915	696.641	783.065	967.233
Non-hazardous waste generated	metric tonnes	7,239.187	7,813.671	7,805.962	8,766.093
Non-hazardous waste recycled	metric tonnes	6,940.740	7,067.916	7,079.345	8,115.463
Non-hazardous waste recycling rate	%	95.88	90.46	90.69	92.58

Environmental Expenditure	Unit	2018	2019	2020	2021
Total	CNY	20,729,687	23,179,611	28,131,112	25,989,443
Operating cost	CNY	12,589,868	11,428,159	15,177,012	12,176,028
Upstream/ downstream cost	CNY	425,092	516,463	854,709	1,058,487
Management overhead	CNY	7,583,392	10,806,289	11,880,177	12,464,402
Social activities cost	CNY	131,335	428,700	219,214	290,527

Social

Talent Attraction and Retention	Unit	2018	2019	2020	2021
Number of employees	-	18,567	18,515	18,615	19,290
Male employees	-	10,216	10,012	10,184	10,847
Female employees	-	8,351	8,503	8,431	8,443
Percentage of females in total workforce	%	45.0	45.9	45.3	43.8

Talent Attraction and Retention	Unit	2018	2019	2020	2021
Employees in senior management positions (Director or above)	-	125	133	132	199
Female employees in senior management	-	14	17	17	35
Percentage of females in senior management positions	%	11.2	12.8	12.9	17.6
Employees in management positions	-	984	1,042	1,082	1,091
Female employees in management	-	232	244	255	247
Percentage of females in management positions	%	23.6	23.4	23.6	22.6
IDL employees promoted	-	767	1,086	868	922
Female IDL employees promoted	-	275	379	310	319
Employees with disabilities	-	77	79	73	83
Average age of employees	Year	29.8	30.6	32.8	31.4
Average number of years employees worked in the Company	Year	3.7	4.1	5.2	4.5
Employee turnover rate	%	48	42	34	36
Ratio of DL entry level wage compared to local minimum wage	-	1.00~1.18	1.00~1.13	1.00~1.10	1.00~1.08
Employee engagement score [1]	%	-	77	-	84
Return to work rate of employees that took parental leave	%	38	73	100	68
Retention rate of employees that took parental leave	%	100	100	100	79
Training & Talent Development	Unit	2018	2019	2020	2021
Employees that complete the internal lecturer training program	-	733	608	833	867
Female internal lecturers	-	210	194	247	287
Total cost of employee training and development	M CNY	1.85	7.29	4.21	28.94

Note 1. The coverage scope of 2019 employee engagement score was adjusted from IDL (Indirect Labor) to all employees

Training & Talent Development	Unit	2018	2019	2020	2021
Coverage of employee training	%	100	100	100	100
Average hours of training per employee	Hour	21.9	22.6	31.0	30.7
Employees supported to take advanced studies	-	2	15	43	73

Human Rights	Unit	2018	2019	2020	2021
Average training hours on human rights per employee	Hour	0.8	1.1	1.4	1.1
Labor contract signage rate	%	100	100	100	100
Number of employee symposiums	-	145	294	216	116
Employees in a union	-	4,363	4,435	5,900	6,350
Percentage of total workforce in a union	%	23.5	24.0	31.7	32.9

Occupational Health and Safety	Unit	2018	2019	2020	2021
Incidences of occupational disease	-	0	1	0	0
Work-related deaths	-	0	0	0	0
Amount invested in safety production	M CNY	120	150	166	159
Number of emergency drills conducted	-	24	52	58	32
Number of health and well-being activities held	-	32	38	53	42
Number of participants in health and well-being activities	-	3,482	4,447	13,701	13,028
Number of doctor consultations held	Session	2,453	19,169	9,692	18,519
Total hours consulted	Hour	759	13,455	9,140	9,558

Social Involvement	Unit	2018	2019	2020	2021
Total amount of social involvement	CNY	5,403,647	6,269,375	5,970,377	3,826,752
Investing in Education	CNY	1,171,332	1,521,946	1,259,165	1,713,707
Contributing to Society	CNY	1,824,782	2,175,354	2,769,476	489,454
Conserving the Environment	CNY	468,224	468,147	433,558	451,281
Promoting Arts & Culture	CNY	492,580	1,053,759	1,087,534	829,772
External Participation	CNY	1,446,729	1,050,169	420,645	342,538
Number of employees engaged in social activities	-	504	536	1,412	314
Number of hours volunteered	Hour	3,525	3,633	1,674	1,717

Environmental Protection	Unit	2018	2019	2020	2021
Annual number of trees planted	-	19,654	20,111	21,040	21,864
USI Corporate Forest	-	14,000	14,000	14,000	14,000
USI Employee Forest	-	5,654	6,111	7,040	7,864
Annual area of trees planted	Ha	12.83	13.44	14.14	9.51
Cumulative number of trees planted	-	44,818	64,929	85,969	107,833
Cumulative area of trees planted	Ha	39.62	53.06	67.20	76.71
Weight of coastal trash picked	Kg	1,283.96	486.30	49.00	335.2
Pieces of coastal trash picked	-	21,462	1,395	3,653	2,705

Rural Revitalization	Unit	2018	2019	2020	2021
Number of programs invested	-	5	6	6	5
Number of students assisted	-	791	964	1,001	1,050
Amount invested in targeted programs	K CNY	904	685	1,362	216

Investing in Education	Unit	2018	2019	2020	2021
Cumulative number of Philanthropic Library boxes donated	Box	605	645	685	725
Number of people engaged in Parent-Child Reading Activity	-	106	136	100	119
Number of interns	-	41	93	754	1,415

Local Procurement	Unit	2018	2019	2020	2021
Global	%	22	18	37	39
Mexico	%	30	25	19	12
Taiwan	%	43	42	30	29
Mainland China	%	16	14	38	43

Supplier Sustainability Evaluation	Unit	2018	2019	2020	2021
Number of suppliers evaluated with sustainability metrics	-	382	515	576	419
Percentage of suppliers that completed Supplier Sustainability Assessment Questionnaire	%	71	70	70	73
Number of suppliers and contractors on-site audited with sustainability metrics	-	75	80	76	83

Supplier Communication	Unit	2018	2019	2020	2021
Number of suppliers attending Sustainable Supply Chain Briefing	-	287	222	120	276

Conflict Minerals	Unit	2018	2019	2020	2021
Number of suppliers that completed due diligence (CMRT survey)	-	379	352	359	416
Percentage of target suppliers completing the conflict-free minerals	%	100	100	100	100

Governance

Financial Performance	Unit	2018	2019	2020	2021
Operating revenue	K CNY	33,550,275.0	37,204,188.4	47,696,228.2	55,299,654.8
Taxes [1]	K CNY	398,032.3	352,271.7	397,576.8	618,989.5

Research and Patents	Unit	2018	2019	2020	2021
Share of R&D personnel of total workforce	%	6.2	6.8	6.7	9.4
Amount invested in R&D	M CNY	1,312	1,373	1,576	1,641
R&D intensity	%	3.91	3.69	3.31	2.97
Number of patents accumulated	-	589	628	660	696

Continuous Improvement	Unit	2018	2019	2020	2021
Number of improvement proposals	-	356	275	319	304
Cost saved	K CNY	83,576	92,628	76,951	78,756

Customer Service and Satisfaction	Unit	2018	2019	2020	2021
On-time delivery	%	98.5	99.0	99.0	99.5
Customer satisfaction	%	82	83	84	84

Note 1. 2019 & 2020 data were adjusted by the accountant

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

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

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

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

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

Sustainability Data - Environmental

A. Task Force on Climate-related Financial Disclosures (TCFD) Framework Response

1. Governance: Disclose the organization's governance around climate-related risks and opportunities	
Disclosure	**Specific Practices**
Describe the board's oversight of climate related risks and opportunities **(Please refer to the <u>Board Participation in Sustainability Governance</u> section)**	The USI Sustainability Committee, the highest organizational unit to manage the Group's sustainable development, annually prepares an ESG report that includes climate change-related issues for the Board of Directors' review. As climate change becomes the focal point for environmental protection issues, the Board periodically reviews the annual ESG report and discusses climate-related issues in relevant policy and planning meetings.
Describe management's role in assessing and managing climate-related risks and opportunities **(Please refer to the <u>Sustainability Committee</u> section)**	Through the USI Sustainability Committee, management from the President to Vice Presidents and Division Heads all work together to manage climate-related risks and opportunities. Of the Committee's taskforces, Corporate Governance and Environment Protection & Occupational Safety taskforces are the leaders in assessing climate-related risks and opportunities.

2. Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	
Disclosure	**Specific Practices**

Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term
 	
(Please refer to the <u>Task Force on Climate-related Financial Disclosures (TCFD)</u> section)
	According to enterprise risk management (ERM), short-term is defined as within three years, medium-term is four to ten years, and long-term is 11 to 30 years.
	Risks:
	    Short-term Risk: Supply chain shortages and production delays due to changes in rainfall patterns such as floods and droughts, as well as customer demand for energy efficiency and carbon reduction in products.
	    Medium-term Risk: Energy saving and carbon reduction measures and carbon tax local policy requirements.
	    Long-term Risk: Cooperate with governmental commitments to achieving carbon neutrality.
	Opportunities:
	    Short-term Opportunity: Incorporating energy management systems to save energy and reduce carbon emissions. Energy-saving component product design and technology meet customer needs.
	    Medium-term Opportunity: Increasing market demand for electric vehicle products.

Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning **(Please refer to the <u>Task Force on Climate-related Financial Disclosures (TCFD)</u> section)**	Climate-related risks and opportunities are assessed to incorporate dimensions including products & services, supply chain, adaptation & mitigation activities, R&D, investment, and operations and then ranked according to their probability and impact.
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario **(Please refer to the <u>Task Force on Climate-related Financial Disclosures (TCFD)</u> section)**	Our transition risks are modeled by referencing the International Energy Agency's WEO 450 Scenario (2016) and the Nationally Determined Contribution rates for all manufacturing facilities. Our physical risks are estimated by referencing the World Bank Climate Change Knowledge Portal and the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform, to estimate the temperature increase and rainfall in 2020-2040 for RCP2.6, RCP4.5, RCP8.52, and other scenarios. Based on these climate scenario models, we would assess the risks and opportunities posed by climate change to USI.

3. Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks	
Disclosure	**Specific Practices**
Describe the organization's processes for identifying and assessing climate-related risks **(Please refer to the Task Force on Climate-related Financial Disclosures (TCFD) section)**	The Sustainability Committee is dedicated to managing all aspects of climate change related risks. The Committee studies domestic and international sustainability and climate change-related initiatives and utilizes the TCFD framework, categorized into transition risks and physical risks, to analyze the impact of policies and regulations, technology, markets, corporate reputation, and climate events.
Describe the organization's processes for managing climate-related risks **(Please refer to the Task Force on Climate-related Financial Disclosures (TCFD) section)**	Projects that have high climate risks are managed in terms of mitigation and adaptation. Mitigation: actively promote sustainable manufacturing / use renewable energy / enhance energy efficiency Adaptation: strengthen climate resilience by finding alternative energy sources, propose R&D strategy according to climate change risk analysis, and provide integrated solutions to assist customers in adapting to climate change.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management **(Please refer to the Risk Governance Process section)**	Integrate climate risk scenario modeling into the ERM process to identify, evaluate, and implement appropriate countermeasures for risks that might affect USI's business objectives and to ensure sustainable operations.

4. Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities	
Disclosure	**Specific Practices**
Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process **(Please refer to the Energy Management section)**	USI collects and monitors its metrics regarding energy consumption intensity, GHG emissions intensity, electricity savings from energy efficiency projects and electricity purchased with renewable energy certificates.
Disclose Scope 1, Scope 2, and Scope 3 [1] greenhouse gas (GHG) emissions, and the related risks **(Please refer to the Greenhouse Gas Emissions section)**	We annually inventory and disclose Scope 1 (direct emissions), Scope 2 (indirect emissions), and Scope 3 GHG emissions according to ISO 14064-1:2018 greenhouse gas standard to maintain and obtain ISO certification. Scope 3 inventory items include indirect GHG emissions from transportation, products used by the organization, use of sold products, and other sources.
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets **(Please refer to the Task Force on Climate-related Financial Disclosures (TCFD) section)**	USI sets targets to reduce our carbon emissions and improve our energy efficiency. Our target is to reduce Scope 1 and Scope 2 GHG intensity by 2.5% a year from our 2016 baseline and 35% by 2030. For Scope 3 GHG intensity, we strive to reduce 1.5% a year from our 2020 baseline and 15% by 2030. We aim to use 100% renewable energy in our operational process by 2035.

Note 1. In the ISO 14064-1:2018 verification, Scope 1 emissions are classified as Category 1, Scope 2 emissions are classified as Category 2, and Scope 3 emissions are classified as Categories 3-6

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

Item	Unit	2017	2018	2019	2020	2021
Category 2 Market-based	metric tonnes CO_2e	11,623.10	12,879.25	22,165.63	26,056.90	26,617.41

C. Hazardous Waste

Item	Unit	2017	2018	2019	2020	2021
Recycling / Reuse	metric tonnes	233.65	210.95	255.13	247.23	202.79
Total	metric tonnes	186.54	326.97	441.52	535.83	764.44
Landfill	metric tonnes	5.40	8.00	14.58	29.83	0.64
Incinerated with Energy Recovery	metric tonnes	0	0	0	0	0
Incinerated without Energy Recovery	metric tonnes	181.14	318.97	426.94	506.00	763.80

D. Non-hazardous Waste

Item	Unit	2017	2018	2019	2020	2021
Recycling / Reuse	metric tonnes	5,062.92	6,729.85	7,072.29	7,079.35	8,115.46
Total	metric tonnes	523.31	509.34	741.38	726.62	650.63
Landfill	metric tonnes	366.26	284.00	352.32	353.46	312.78
Incinerated with Energy Recovery	metric tonnes	0	0	0	0	0
Incinerated without Energy Recovery	metric tonnes	157.05	225.34	389.06	373.16	337.85

E. Environmental Expenditures [1]

Unit: CNY

Categories	2017		2018		2019		2020		2021	
	Capital Investments	Operating Expenses	Capital Investments	Operating Expenses	Capital Investments	Operating Expenses	Capital Investments	Operating Expenses	Capital Investments	Operating Expenses
Operating Cost [2]	1,606,221	6,535,665	0	12,589,868	1,779,973	9,648,186	548,685	9,690,160	1,996,631	10,179,397
Upstream / Downstream Cost [3]	0	398,191	0	425,092	0	516,463	0	854,709	0	1,058,487
Management Overhead [4]	349,143	5,811,481	0	7,583,392	1,731,219	9,075,070	56,792	11,823,385	168,781	12,295,620
Social Activities Cost [5]	0	236,117	0	131,335	0	428,700	0	219,214	70,919	219,608
Total	**1,955,364**	**12,981,454**	**0**	**20,729,687**	**3,511,192**	**19,668,419**	**5,543,644**	**22,587,468**	**2,236,331**	**23,753,112**

F. Materials Recycled and Reused

Item	Unit	2018	2019	2020	2021
Pallets	pcs	10,910	14,428	21,817	36,786
Packaging Materials	pcs	6,007,276	6,119,847	7,218,172	8,701,254
Recycled and Reused Weight	metric tonnes	610.05	620.40	728.43	1,170.46
Total Financial Benefits	**K CNY**	**3,755,216**	**3,452,049**	**3,050,159**	**2,387,932**

Note 1. The data covers Zhangjiang, Jinqiao, Shenzhen, Kunshan, and Nantou Facilities

2. Operating Cost: includes pollution prevention costs (air, water, noise, and hazardous substances) and resource circulation costs (efficient resource utilization, waste reduction, and recycling and disposal costs).

3. Upstream / Downstream Cost: includes green procurement, recycling of used products, etc.

4. Management Overhead: includes manpower engaged in environmental improvement activities and environmental education, acquisition of external environmental licenses / certifications, government environmental fees, etc.

5. Social Activities Cost: includes donations to, and support for, environmental groups or activities, etc.

Sustainability Data - Social

A. Workforce Structure

Category		Zhangjiang		Jinqiao		Shenzhen		Kunshan		Nantou		Mexico		Category Total & Percentage	
		HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Total)
Position [1]	Management-Male	141	12.9%	93	8.5%	103	9.4%	124	11.4%	268	24.6%	115	10.5%	844	4.4%
	Management-Female	61	5.6%	21	1.9%	53	4.9%	22	2.0%	62	5.7%	28	2.6%	247	1.3%
	Technical-Male	580	16.4%	396	11.2%	311	8.8%	339	9.6%	1,123	31.8%	130	3.7%	2,879	14.9%
	Technical-Female	143	4.1%	87	2.5%	70	2.0%	64	1.8%	247	7.0%	37	1.0%	648	3.4%
	Administrative-Male	71	3.6%	45	2.3%	105	5.3%	124	6.2%	231	11.6%	87	4.4%	663	3.4%
	Administrative-Female	206	10.3%	81	4.1%	293	14.7%	192	9.6%	465	23.4%	91	4.6%	1,328	6.9%
	Skilled-Male	1,516	12.0%	585	4.6%	1,242	9.8%	1,965	15.5%	471	3.7%	682	5.4%	6,461	33.5%
	Skilled-Female	835	6.6%	472	3.7%	1,256	9.9%	1,147	9.0%	1,190	9.4%	1,320	10.4%	6,220	32.2%
Gender	Male	2,308	21.3%	1,119	10.3%	1,761	16.2%	2,552	23.5%	2,093	19.3%	1,014	9.3%	10,847	56.2%
	Female	1,245	14.7%	661	7.8%	1,672	19.8%	1,425	16.9%	1,964	23.3%	1,476	17.5%	8,443	43.8%
Employment Type [2]	Permanent [3]	2,725	17.7%	1,397	9.1%	2,362	15.3%	2,361	15.3%	4,055	26.3%	2,490	16.2%	15,390	79.8%
	Temporary [4]	828	21.2%	383	9.8%	1,071	27.5%	1,616	41.4%	2	0.1%	-	0.0%	3,900	20.2%
Nationality	Domestic-Management	179	1.0%	109	0.6%	145	0.8%	132	0.7%	329	1.8%	133	0.7%	1,027	5.3%
	Domestic-Professional	3,332	17.8%	1,657	8.9%	3,262	17.5%	3,826	20.5%	3,241	17.4%	2,332	12.5%	17,650	91.5%
	Foreign-Management	23	3.8%	5	0.8%	11	1.8%	14	2.3%	1	0.2%	10	1.6%	64	0.3%
	Foreign-Professional	19	3.1%	9	1.5%	15	2.4%	5	0.8%	486	79.3%	15	2.4%	549	2.8%

Note 1. The position category is divided into Management (employees with management responsibilities such as the Sub-Section manager to Vice Presidents belong to Management), Technical, Administrative, and Skilled positions

2. Dispatch workers: There are 1,730 dispatch workers (1,130 Male and 600 Female) in Mainland China Facilities, accounting for 13.58% of employees in Mainland China Facilities; there are 2 male dispatch workers in the Nantou Facility, accounting for 0.05% of employees in Nantou Facility

3. Permanent employees: employees who have signed an employment contract with the company and work 8 hours a day, excluding dispatch workers

4. Temporary employees: employees who have signed a regular employment contract with the company, excluding dispatch workers and hourly workers

Category		Zhangjiang		Jinqiao		Shenzhen		Kunshan		Nantou		Mexico		Category Total & Percentage	
		HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Total)
Age	< 30	1,640	18.3%	801	8.9%	1,574	17.6%	2,740	30.6%	1,049	11.7%	1,154	12.9%	8,958	46.4%
	30-50	1,890	19.8%	973	10.2%	1,826	19.1%	1,226	12.8%	2,549	26.7%	1,085	11.4%	9,549	49.5%
	> 50	23	2.9%	6	0.8%	33	4.2%	11	1.4%	459	58.6%	251	32.1%	783	4.1%
Education	Ph D.	-	0.0%	-	0.0%	-	0.0%	-	0.0%	11	100.0%	-	0.0%	11	0.1%
	Master	88	7.2%	52	4.3%	27	2.2%	26	2.1%	1,012	83.2%	12	1.0%	1,217	6.3%
	Bachelor	1,335	20.2%	779	11.8%	810	12.3%	944	14.3%	2,193	33.2%	550	8.3%	6,611	34.3%
	High School & Under	2,130	18.6%	949	8.3%	2,596	22.7%	3,007	26.3%	841	7.3%	1,928	16.8%	11,451	59.4%
Subtotal by Facility		3,553	18.4%	1,780	9.2%	3,433	17.8%	3,977	20.6%	4,057	21.0%	2,490	12.9%	-	-
Total														19,290	

B. New Hires and Employee Turnover

New Hires Category		2018	2019	2020	2021							
					Zhangjiang	Jinqiao	Shenzhen	Kunshan	Mainland China Sub-TTL	Nantou	Mexico	Total
Gender	Male	10,875	11,880	11,880	2,823	1,289	2,726	4,151	10,989	476	721	**12,186**
	New Entry Rate [1]	114%	118%	118%	123%	104%	174%	174%	147%	23%	73%	**116%**
	Female	8,263	6,912	6,912	923	481	1,211	1,802	4,417	506	814	**5,737**
	New Entry Rate	103%	82%	82%	70%	64%	77%	130%	88%	27%	54%	**68%**

Note 1. New Entry Rate of the category = 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 y at the end of the current year) ÷ 2) × 100%

New Hires Category		2018	2019	2020	2021							
					Zhangjiang	Jinqiao	Shenzhen	Kunshan	Mainland China Sub-TTL	Nantou	Mexico	Total
Position	Management	65	55	55	3	0	1	1	5	13	59	77
	New Entry Rate	7%	5%	5%	2%	0%	1%	1%	1%	4%	45%	7%
	Technical	933	560	560	178	121	68	60	427	148	85	660
	New Entry Rate	29%	16%	16%	24%	24%	18%	15%	21%	11%	52%	19%
	Administrative	533	354	354	53	30	121	68	272	113	88	473
	New Entry Rate	37%	19%	19%	20%	25%	34%	22%	26%	17%	47%	25%
	Skilled	17,607	17,823	17,823	3,512	1,619	3,747	5,824	14,702	708	1,303	16,713
	New Entry Rate	148%	147%	147%	145%	132%	166%	200%	167%	45%	64%	135%
Age	< 30	15,988	14,244	14,244	2,598	1,270	2,930	5,173	11,971	508	844	13,323
	New Entry Rate	139%	146%	146%	147%	129%	217%	198%	178%	50%	71%	149%
	30-50	3,037	4,465	4,465	1,146	499	1,007	780	3,432	457	616	4,505
	New Entry Rate	55%	55%	55%	62%	50%	57%	68%	60%	18%	57%	48%
	> 50	113	83	83	2	1	0	0	3	17	75	95
	New Entry Rate	26%	13%	13%	9%	13%	0%	0%	4%	4%	32%	13%
Total No. of New Employees		19,138	16,420	18,792	3,746	1,770	3,937	5,953	15,406	982	1,535	17,923
New Entry Rate		109%	89%	101%	103%	89%	125%	158%	123%	25%	61%	95%
Total No. of New IDL Employees		1,531	1,220	969	234	151	190	129	704	274	232	1,210
New Entry Rate		27%	20%	15%	19%	20%	21%	15%	19%	12%	48%	18%
Total No. of New DL Employees		17,607	15,200	17,823	3,512	1,619	3,747	5,824	14,702	708	1,303	16,713
New Entry Rate		148%	124%	147%	145%	132%	166%	200%	167%	45%	64%	135%
Average Hiring Cost [1] (CNY)		1,310	807	1,016								2,114
Total No. of IDL Job Transfers		767	1,086	868								922
Inter-departmental IDL Replacement Rate [2]		33%	47%	47%								43%

Note 1. In 2021, the recruitment cost was redefined, so the statistical data for 2018~2020 were revised

2. Inter-departmental IDL replacement rate = Total IDL Job Transfers ÷ (Total IDL Job Transfers + Total New IDL Employees) ✕ 100%

Employee Turnover		2018	2019	2020	2021							
					Zhangjiang	Jinqiao	Shenzhen	Kunshan	Mainland China Sub-TTL	Nantou	Mexico	Total
Gender	Male	4,623	4,537	2,697	1,107	517	507	1,257	3,388	254	448	**4,090**
	Turnover Rate [1,2]	49%	45%	27%	48%	42%	32%	53%	45%	12%	45%	**39%**
	Female	3,803	3,301	3,604	548	282	409	735	1,974	237	577	**2,788**
	Turnover Rate	48%	39%	43%	42%	38%	26%	53%	39%	13%	38%	**33%**
Position	Management	49	45	54	19	20	3	4	46	17	30	**93**
	Turnover Rate	5%	4%	5%	10%	16%	2%	3%	7%	5%	23%	**9%**
	Technical	585	459	501	218	173	54	65	510	134	61	**705**
	Turnover Rate	18%	13%	14%	30%	34%	14%	16%	25%	10%	37%	**20%**
	Administrative	221	235	252	54	29	68	49	200	86	81	**367**
	Turnover Rate	15%	13%	14%	20%	24%	19%	16%	19%	13%	44%	**19%**
	Skilled	7,571	7,099	5,494	1,364	577	791	1,874	4,606	254	853	**5,713**
	Turnover Rate	64%	58%	45%	56%	47%	35%	64%	52%	16%	42%	**46%**
Age	< 30	6,669	6,023	4,467	1,028	510	574	1,741	3,853	197	564	**4,614**
	Turnover Rate	58%	53%	46%	58%	52%	43%	67%	57%	19%	47%	**52%**
	30-50	1,717	1,760	1,754	624	288	340	251	1,503	269	398	**2,170**
	Turnover Rate	31%	26%	21%	34%	29%	19%	22%	26%	11%	37%	**23%**
	> 50	40	55	80	3	1	2	0	6	25	63	**94**
	Turnover Rate	9%	10%	13%	13%	13%	6%	0%	9%	6%	27%	**13%**
Total No. of Resigned Employees		8,426	7,838	6,301	1,655	799	916	1,992	5,362	491	1,025	**6,878**
Total Employees Turnover Rate		48%	42%	34%	46%	40%	29%	53%	43%	13%	41%	**36%**
Total No. of Resigned IDL		855	739	807	291	222	125	118	756	237	172	**1,165**
IDL Turnover Rate		15%	12%	12%	24%	29%	14%	14%	20%	10%	36%	**18%**
Total No. of Resigned DL		7,571	7,099	5,494	1,364	577	791	1,874	4,606	254	853	**5,713**
DL Turnover Rate		64%	58%	45%	56%	47%	35%	64%	52%	16%	42%	**46%**
Total No. of Voluntary Resignation [3]		8,292	7,651	5,846								**6,682**
Turnover Rate		47%	41%	31%								**35%**

Note 1. Turnover Rate for each category = No. of resignations of that category in that year ÷ [(No. of people of that category at the beginning of that year + No. of people of that category at that year-end) ÷ 2] × 100%

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

　　 3. Total No. of Voluntary Resignations: 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 Employees		Management	
	Headcount	%	Headcount	%
Mainland China	12,676	65.71%	574	52.61%
Taiwan	3,661	18.98%	380	34.83%
Philippines	429	2.22%	0	0.00%
Mexico	2,465	12.78%	133	12.19%
Singapore	1	0.01%	1	0.09%
Vietnam	54	0.28%	0	0.00%
United Sates	1	0.01%	1	0.09%
Canada	1	0.01%	1	0.09%
Great Britain	1	0.01%	1	0.09%
France	1	0.01%	0	0.00%
Total	19,290		1,091	

D. Workforce Breakdown: Ethnic Minorities [1~2]

Ethnics	Headcount	Race	Headcount
Miao	132	Dong	38
Tujia	89	Yao	31
Yi	89	Dai	15
Zhuang	70	Bai	13
Buyei	48	Va	11

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

Item	Currency	2018	2019	2020	2021
Human Capital Return on Investment [3] (HC ROI)	-	1.6	1.5	1.6	1.5
Average Profit per Employee [4]	CNY	79,509	77,275	106,306	112,854

F. Average Salary and Compensation Data by Employee Category

Unit: K CNY

Category	Female Average	Male Average
Management Position Average Salary	17	23
Management Position Average Compensation	29	40
Technical Position Average Salary	11	12
Technical Position Average Compensation	14	16
Administrative Position Average Salary	10	11
Administrative Position Average Compensation	13	15
Skilled Position Average Salary	4	4
Skilled Position Average Compensation	5	5

Note 1. There are 591 employees that are ethnic minorities, accounting for 3.1% of the total workforce, including 8 in management positions, accounting for 0.7% of managers
2. 55 employees not listed above are from 19 other different ethnicities. Since there are less than 10 employees in each of these ethnic categories, they were not represented in the chart
3. 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
4. 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)

G. Training Hours and Training Cost

Category	Group		Facility						Sub-Total	% of the Group
			Zhangjiang	Jinqiao	Shenzhen	Kunshan	Nantou	Mexico		
Training Hours (hours)	Gender	Male	132,428	55,624	48,343	92,138	33,711	15,544	377,789	64%
		Female	59,734	28,438	31,972	46,786	25,840	22,103	214,874	36%
	Position	Management	6,330	3,499	4,036	6,246	5,900	2,297	28,306	5%
		Technical	30,216	20,799	9,217	13,462	22,475	2,327	98,497	17%
		Administrative	8,135	2,929	7,374	8,847	8,280	6,459	42,023	7%
		Skilled	147,482	56,836	59,688	110,369	22,897	26,565	423,837	72%
	Types of Courses	Compulsory Courses [1]	10,578	8,101	11,710	102,205	3,610	22,301	158,506	27%
		Non-Compulsory Courses [2]	181,585	75,962	68,604	36,719	55,941	15,347	434,157	73%
		Total	**192,163**	**84,063**	**80,315**	**138,925**	**59,551**	**37,647**		**592,663**
Training Cost [3] (CNY)	Gender	Male	5,392,269	2,228,478	2,405,442	4,181,064	3,439,226	566,922	18,213,400	63%
		Female	2,432,282	1,139,324	1,590,839	2,123,069	2,636,202	806,152	10,727,868	37%
	Age	< 30	4,634,371	1,839,721	2,299,722	4,509,311	2,515,540	611,026	16,409,692	57%
		30-50	3,177,283	1,524,340	1,675,215	1,788,377	3,109,523	583,736	11,858,474	41%
		> 50	12,896	3,741	21,344	6,445	450,365	178,312	673,103	2%
	Management	Top	34,352	9,872	36,722	21,620	218,855	2,097	323,518	21%
		Middle	80,617	31,693	102,361	66,501	242,936	18,318	542,425	34%
		Junior	141,332	98,608	61,718	195,947	140,094	63,343	701,042	45%
	Course Types	Compulsory Courses	430,723	324,551	582,679	4,637,888	368,322	813,355	7,157,518	25%
		Non-Compulsory Courses	7,393,828	3,043,251	3,413,602	1,666,245	5,707,106	559,719	21,783,751	75%
		Total	**7,824,551**	**3,367,802**	**3,996,281**	**6,304,133**	**6,075,428**	**1,373,074**		**28,941,269**

Note 1. Compulsory course: basic and necessary training for employees, such as: Sunshine behavior policy advocacy, establishment of humane treatment in the workplace, RBA, etc.

2. 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

3. Training cost = (actual cost + virtual cost for students to attend class) × (training hours for this group ÷ total training hours)

H. Degree Programs Offered by Local Schools in Cooperation with USI

Facility	Cooperative School	Major	Study Period From	Study Period End	High School	Vocational School to Junior College	High School to College	Junior College to University	No. of Employees Taking Degree
Zhangjiang	East China University of Science and Technology	Information Engineering	2019	2022				●	18
	East China University of Science and Technology	Information Engineering	2020	2023				●	30
	East China University of Science and Technology	Business Management	2021	2024				●	4
	East China University of Science and Technology	Human Resource Management	2021	2024				●	1
	Shanghai University	Electronic Information Engineering	2021	2024				●	23
	East China University of Science and Technology	International Economy and Trading	2019	2024			●		11
	East China University of Science and Technology	International Economy and Trading	2020	2025			●		11
	Shanghai University	Business Management	2021	2026			●		16
Kunshan	Soochow University	Logistics Management	2020	2022				●	75
	Soochow University	Logistics Management	2021	2023				●	55
	Suzhou Top Institute of Information Technology	Logistics Management	2019	2022		●			42
	Suzhou Top Institute of Information Technology	Logistics Management	2020	2023		●			66
	Suzhou Top Institute of Information Technology	Logistics Management	2021	2024		●			54
Mexico	COBAEJ	High School	2020	2022	●				57

Sustainability Data - Governance

A. Number of Anti-corruption Trainings in 2021 (including resigned employees)

Facility	Zhangjiang	Jinqiao	Shenzhen	Kunshan	Nantou	Mexico	Total
Employees Excluding Senior Managers	3,752	2,018	6,173	3,708	4,508	2,168	**22,485**
Senior Managers	23	8	34	15	66	12	**158**

Third-Party Assurance Statement

SGS

ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE UNIVERSAL SCIENTIFIC INDUSTRIAL(SHANGHAI) CO., LTD.'S ESG REPORT FOR 2021

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 ESG Report for 2021 (hereinafter referred to as the Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during verification 2022/02/24~2022/04/28. 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 ESG Report of 2021 and its presentation are the responsibility of the directors or governing body (as applicable) and the management of USI. SGS has not been involved in the preparation of any of the material included in the Report.

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

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

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

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

	Assurance Standard Options and Level of Assurance
A.	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B.	AA1000ASv3 Type 2 Moderate Level (AA1000AP Evaluation plus evaluation of Specified Performance Information)
	AA1000ASv3 Type 2 High Level (AA1000AP Evaluation plus evaluation of Specified Performance Information)
C.	45 disclosures of GRI Standards (201-1,201-2,201-3,201-4,202-1,202-2,204-1,205-1,205-2,205-3,206-1,302-1,302-3,302-5,303-3,305-1, 305-2,305-3,305-4,305-5,305-7,306-3, 306-5, 307-1,308-1,308-2,401-1,401-2,401-3,402-1,403-8,403-9, 403-10,404-1,404-3,405-2,412-1,412-2,414-1,414-2,416-1,416-2,417-3,418-1,419-1) for 5 facilities - Zhangjiang, Jinqiao, Shenzhen, Kunshan & Nantou

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 Standards (Core)
2. AA1000 Accountability Principles (2018)
3. SASB

- evaluation of content veracity of the sustainability performance information based on the materiality determination at a moderate level of scrutiny for USI and moderate level of scrutiny for applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018);
- AA1000 Assurance Standard v3 Type 2 evaluation of the report content veracity at a high level of scrutiny for 45 disclosures of GRI Standards (201-1,201-2,201-3,201-4,202-1,202-2,204-1,205-1, 205-2,205-3,206-1,302-1,302-3,302-5,303-3,305-1,305-2,305-3,305-4,305-5,305-7,306-3,306-5, 307-1,308-1,308-2,401-1,401-2,401-3,402-1,403-8,403-9,403-10,404-1,404-3,405-2,412-1,412-2, 414-1,414-2,416-1,416-2,417-3,418-1,419-1) that reveal the sustainability performance information of Zhangjiang, Jinqiao, Shenzhen, Kunshan & Nantou facilities;
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with; and
- evaluate of the report against the SASB Disclosures and Metrics included in the ELECTRONIC MANUFACTURING SERVICES & ORIGINAL DESIGN MANUFACTURING Sustainability Accounting Standard (VERSION 2018-10) and conducted alongside an evaluation of accuracy assurance at moderate level of scrutiny.

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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 members 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 (TIMM), Social Return on Investment assessments (SROI), and Task Force on Climate-related Financial Disclosures (TCFD) has not been checked back to source as part of this assurance process.

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

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

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

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

AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity
USI has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, sustainability experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, USI may proactively consider enabling stakeholders' participation in identifying relevant material sustainability topics and their solutions.

Materiality
USI has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

Responsiveness
The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. USI has responded in a way that addressed the needs, concerns and expectations of stakeholders.

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

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GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, USI's ESG Report of 2021, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, more detailed the mechanisms for evaluating of the effectiveness of the management approach may be further enhanced (103-3). The goals and targets setting of key topics for the medium-term and long-term with respect to sustainability performance are expected to demonstrate in the report. Moreover, when assessing impacts, USI should consider economic, environmental, human rights, and other societal challenges at local, regional, and global levels related to sectors and the geographic location of its activities and business relationships.

SASB CONCLUSIONS, FINDINGS AND RECOMMENDATIONS
USI has referenced with SASB's Standard, ELECTRONIC MANUFACTURING SERVICES & ORIGINAL DESIGN MANUFACTURING, VERSION 2018-10 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 audited consolidated financial statements. 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 USI could further disclose more topics with sufficient data to enhance continuous improvement.

Signed:
For and on behalf of SGS Taiwan Ltd.

David Huang
Senior Director
Taipei, Taiwan
11 May, 2022
WWW.SGS.COM

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GRI & CASS-CSR 4.0 Index

▌ General Disclosures

Level of External Assurance: Moderate ○ High ●

Disclosures		CASS-CSR 4.0	Section	Page	Additional Explanation	Level of Assurance
Organizational Profile						
102-1	Name of the organization		Company Overview	13		○
102-2	Activities, brands, products, and services		Company Overview	13		○
102-3	Location of headquarters		Company Overview	13		○
102-4	Location of operations		Company Overview	13		○
102-5	Ownership and legal form	P4.1 Organizational structure and operating location	Company Overview	13		○
102-6	Markets served	P4.2 Main products, services, and brands	Company Overview	13		○
102-7	Scale of the organization	P4.3 Enterprise size and influence P4.4 Major changes in organizational size, structure, ownership, or supply chain during the reporting period	Company Overview	13		○
			Financial Performance	15		
			Research and Patents	40		
102-8	Information on employees and other workers	S2.1 Employee composition S4.2 Employee localization policy S4.3 Local employment rate	Global Workforce Structure	94		○
			ESG Key Performance Data	125		
			Sustainability Data - Social	136		
102-9	Supply chain		Product Value Chain	48		○
			Supply Chain Management	53		
102-10	Significant changes to the organization and its supply chain		Company Overview	13	Since acquiring Asteelflash in 2020, we have more than 220 production lines	○

Disclosures		CASS-CSR 4.0	Section	Page	Additional Explanation	Level of Assurance
102-11	**Precautionary Principle or approach**		Enterprise Risk Management	19		O
			Green Product Management	43		
102-12	**External initiatives**	G5.3 Participation of research projects and formulation of corporate social responsibility standards, initiatives, and guidelines G6.3 Joining of corporate social responsibility organizations or conventions	Supplier Sustainability Risk Assessment	57		O
			Conflict Minerals Compliance	60		
			Climate Change and Carbon Management	64		
			Carbon Management	67		
102-13	**Membership of associations**		External Participation	122		O
Strategy						
102-14	**Statement from senior decision-maker**	P2.1 Situation analysis and strategic consideration of corporate social responsibility performance P2.2 Annual work progress in corporate social responsibility	Letter from the Chairman	5		O
			Letter from the President	6		
102-15	**Key impacts, risks, and opportunities**	P3.1 Major corporate social responsibility events P3.2 Progress and achievement in key corporate social responsibility issues G2.2 Strategic planning and annual plans for corporate social responsibility programs G2.3 Promotion of integration of corporate social responsibility into corporate development strategy and day-to-day operation	Key Performance and Targets	-	Explained in each chapter	O
			Enterprise Risk Management	19		
Ethics and Integrity						
102-16	**Values, principles, standards, and norms of behavior**	G1.1 Corporate mission, vision, and values M3.1 Business integrity	Business Ethics and Compliance	18		O
102-17	**Mechanisms for advice and concerns about ethics**	S1.1 Legal compliance system S1.2 Law compliance training	Business Ethics and Compliance	18		O

Disclosures		CASS-CSR 4.0	Section	Page	Additional Explanation	Level of Assurance
Governance						
102-18	**Governance structure**	G3.1 Support for and promotion of corporate social responsibility work from the highest authority	Board Structure	16		O
102-22	**Composition of the highest governance body and its committees**	G3.2 Leading group for and working mechanism on corporate social responsibility	Board Structure	16	All board directors are male	O
		G3.3 Organizational system and division of responsibilities of corporate social responsibility	ESG Key Performance Data	131		
		G4.1 Formulation of corporate social responsibility system				
102-23	**Chair of the highest governance body**	G4.3 Implementation of corporate social responsibility performance appraisal or assessment	Board of Directors	16		O
102-24	**Nominating and selecting the highest governance body**	G5.1 Implementation of corporate social responsibility training	Board of Directors	16		O
		M1.1 Corporate governance regulation				
		M1.2 Nomination and selection process of the highest governing group and committee				
102-32	**Highest governance body's role in sustainability reporting**	E2.18 Policies for developing circular economy	Sustainability Committee	25		O
102-33	**Communicating critical concerns**		Board of Directors	16		O
			Board Engagement with Sustainability Governance	17		
			Conflicts of Interest Management	17		
			Sustainability Committee	25		
Stakeholder Engagement						
102-40	**List of stakeholder groups**		Stakeholder Engagement	32		O
102-41	**Collective bargaining agreements**	S2.3 Labor contract signing rate	Employee Rights	92		O
			Employee Unions	92		
			ESG Key Performance Data	127		

Disclosures		CASS-CSR 4.0	Section	Page	Additional Explanation	Level of Assurance
102-42	Identifying and selecting stakeholders	G6.1 Identification of and responding to pursuits of stakeholders G6.2 Internal and external communication mechanisms and activities of corporate social responsibility	Material Issues Identification	32		○
102-43	Approach to stakeholder engagement		Stakeholder Engagement	36		○
102-44	Key topics and concerns raised		Material Issues Identification	32		○
			Stakeholder Engagement	36		
Reporting Practice						
102-45	Entities included in the consolidated financial statements		Financial Performance	15		○
102-46	Defining report content and topic boundaries	G2.1 Identification and management of material issues in corporate social responsibility	Material Issues Identification	34		○
102-47	List of material topics		Material Issues Identification	34		○
102-48	Restatements of information		-	-	Explained in each chapter	○
102-49	Changes in reporting		Material Issues Identification	32		○
102-50	Reporting period		About this Report	4		○
102-51	Date of most recent report		About this Report	4		○
102-52	Reporting cycle	P1.1 Quality assurance P1.2 Information interpretation P1.3 Reporting system G4.2 Construction of corporate social responsibility indicator system	About this Report	4		○
102-53	Contact point for questions regarding the report		About this Report	4		○
102-54	Claims of reporting in accordance with the GRI Standards		About this Report	4		○
102-55	GRI Content Index		GRI & CASS-CSR 4.0 Index	145		○
102-56	External assurance		About this Report	4		○
			Third-Party Assurance Statement	143		

Topic Specific Standards (For Material Issues)

Identified Result: Material Issue ★
Level of External Assurance: Moderate ○ High ●

		Management Approach and Disclosure	CASS-CSR 4.0	Section	Page	Additional Explanation	Identified Result	Level of Assurance
Governance (Economic) Standard Series								
Economic Performance	201-1	Direct economic value generated and distributed	M1.6 Growth M1.7 Profitability M1.8 Safety S1.3 Total tax amount	Financial Performance	15			●
				Tax Governance	16			
				Comprehensive Compensation System	97			
				ESG Key Performance Data	128			
				ESG Key Performance Data	130			
	201-2	Financial implications and other risks and opportunities due to climate change		Climate Change and Carbon Management	64			●
	201-3	Defined benefit plan obligations and other retirement plans		Employee Benefits	101			●
	201-4	Financial assistance received from government		Financial Performance	15			●
Market Presence	103-1	Explanation of the material topic and its Boundary		Material Issues Identification	34			○
	103-2	The management approach and its components		Comprehensive Compensation System	97			○
	103-3	Evaluation of the management approach		Comprehensive Compensation System	97			○
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage		Comprehensive Compensation System	97		★	●
				ESG Key Performance Data	126			
	202-2	Proportion of senior management hired from the local community	S4.3 Local employment ratio	Global Workforce Structure	95		★	●
Procurement Practices	103-1	Explanation of the material topic and its Boundary		Material Issues Identification	34			○
	103-2	The management approach and its components		Supply Chain Management	53			○
	103-3	Evaluation of the management approach		Supply Chain Management	53			○
	204-1	Proportion of spending on local suppliers	S4.4 Local procurement policy	Supply Chain Management	55		★	●
				ESG Key Performance Data	129			

Management Approach and Disclosure			CASS-CSR 4.0	Section	Page	Additional Explanation	Identified Result	Level of Assurance
Anti-corruption	103-1	Explanation of the material topic and its Boundary	M1.3 Anti-corruption M1.4 Compliance information disclosure	Material Issues Identification	34			○
	103-2	The management approach and its components		Business Ethics and Compliance	18			○
	103-3	Evaluation of the management approach		Business Ethics and Compliance	18			○
	205-1	Operations assessed for risks related to corruption		Business Ethics and Compliance	18		★	●
	205-2	Communication and training about anti-corruption policies and procedures		Business Ethics and Compliance	18		★	●
				Sustainability Data - Governance	142			
				Supply Chain Management	53			
	205-3	Confirmed incidents of corruption and actions taken		Business Ethics and Compliance	18	No incidents of corruption detected in 2021	★	●
Anti-competitive Behavior	103-1	Explanation of the material topic and its Boundary	M2.11 Fair trade M3.2 Economic contract compliance rate M3.3 Fair competition M3.5 Respect and protect intellectual property rights	Material Issues Identification	34			○
	103-2	The management approach and its components		Business Ethics and Compliance	18			○
	103-3	Evaluation of the management approach		Regulatory Compliance	19			○
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		Regulatory Compliance	19	USI has no legal actions related to anti-competitive behavior, anti-trust, or monopoly practices in 2021	★	●
Environmental Standard Series								
Energy	103-1	Explanation of the material topic and its Boundary	E2.2 Purchasing and using environmentally friendly raw material E2.3 Energy conservation policies and measures E2.4 Improve energy efficiency E2.5 Annual total energy consumption and reduction E2.6 Comprehensive energy consumption per unit output value E2.7 Clean energy policy and measure E2.8 Clean energy usage	Material Issues Identification	34			○
	103-2	The management approach and its components		Climate Change and Carbon Management	64			○
	103-3	Evaluation of the management approach		Energy Management	69			○
	302-1	Energy consumption within the organization		Energy Management	69			●
	302-3	Energy intensity		Energy Management	69			●
	302-5	Reductions in energy requirements of products and services		Green Product Management	44		★	●

		Management Approach and Disclosure	CASS-CSR 4.0	Section	Page	Additional Explanation	Identified Result	Level of Assurance
Water and Effluents (2018)	303-3	Water withdrawal	E2.9 Water conservation policy and measure E2.10 Annual freshwater consumption E2.14 Reduce waste emissions policy, measure, or technique E2.15 Wastewater discharge and emission reduction	Water Management	71			●
				ESG Key Performance Data	124			
Emissions	103-1	Explanation of the material topic and its Boundary	E1.9 Responding to climate change E2.12 Reduce exhaust emissions policy, measure, or technique E2.13 Exhaust emissions and emission reduction E2.24 Plan and action to reduce greenhouse gas emissions E2.25 Greenhouse gas emission and emission reduction	Material Issues Identification	34			○
	103-2	The management approach and its components		Climate Change and Carbon Management	64			○
	103-3	Evaluation of the management approach		Carbon Management	67			○
	305-1	Direct (Scope 1) GHG emissions		Carbon Management	67		★	●
				ESG Key Performance Data	124			
	305-2	Energy indirect (Scope 2) GHG emissions		Carbon Management	67		★	●
				ESG Key Performance Data	124			
	305-3	Other indirect (Scope 3) GHG emissions		Carbon Management	68		★	●
				ESG Key Performance Data	124			
	305-4	GHG emissions intensity		Carbon Management	67		★	●
	305-5	Reduction of GHG emissions		Energy Management	69		★	●
	305-7	Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions		Air Pollution Control	74		★	●
Waste (2020)	306-1	Waste generation and significant waste-related impacts	E2.16 Develop circular economy policy and measures E2.17 Waste emissions and emission reduction	Waste Management	72			○
	306-2	Management of significant waste-related impacts		Waste Management	72			○
	306-3	Waste generated		Waste Management	72			●
	306-5	Waste directed to disposal		Waste Management	73			●
Environmental Compliance	103-1	Explanation of the material topic and its Boundary		Material Issues Identification	34			○
	103-2	The management approach and its components		Climate Change and Carbon Management	64			○
				Regulatory Compliance	19			
	103-3	Evaluation of the management approach		Regulatory Compliance	19			○
	307-1	Non-compliance with environmental laws and regulations		Climate Change and Carbon Management	64	No major penalties or other non-pecuniary sanctions were imposed on USI in 2021	★	●

		Management Approach and Disclosure		CASS-CSR 4.0	Section	Page	Additional Explanation	Identified Result	Level of Assurance
Supplier Environmental Assessment		103-1	Explanation of the material topic and its Boundary	M3.8 Supplier social responsibility policy, initiative, and requirement M3.9 Number of potential suppliers that were rejected because of social irresponsibility M3.10 Supplier social responsibility routine management mechanism M3.11 The process and method of supplier social responsibility audit M3.12 Number of suppliers audited during the reporting period M3.13 Number of suppliers terminated due to unqualified social responsibility M3.14 Supplier's social responsibility performance assessment and communication M3.15 Supplier's social responsibility training M3.16 Supplier's social responsibility training performance	Material Issues Identification	34			○
		103-2	The management approach and its components		Supply Chain Management	53			○
		103-3	Evaluation of the management approach		Supplier Evaluation and Regular Assessment	56			○
		308-1	New suppliers that were screened using environmental criteria		Supplier Evaluation and Regular Assessment	56		★	●
		308-2	Negative environmental impacts in the supply chain and actions taken		Supplier Sustainability Risk Assessment	57		★	●

		Management Approach and Disclosure		CASS-CSR 4.0	Section	Page	Additional Explanation	Identified Result	Level of Assurance
Social Standards Series									
Employment	103-1	Explanation of the material topic and its Boundary			Material Issues Identification	34			○
	103-2	The management approach and its components			Recruiting the Right Talents	96			○
	103-3	Evaluation of the management approach			Recruiting the Right Talents	96			○
					Employee Benefits	98			
	401-1	New employee hires and employee turnover		S1.5 Drive employment S1.6 Number of employed in the report period S2.20 Employee turnover rate	Recruiting the Right Talents	96		★	●
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		S2.9 Annual leave per capita S2.10 Welfare and salary system S2.17 Work-life balance S2.18 employee difficulty assistance	Employee Benefits	99		★	●
	401-3	Parental leave			Employee Benefits	100		★	●
Labor / Management Relations	103-1	Explanation of the material topic and its Boundary			Material Issues Identification	34			○
	103-2	The management approach and its components			Human Rights Protection	89			○
	103-3	Evaluation of the management approach			Due Diligence Process	89			○
	402-1	Minimum notice periods regarding operational changes			Employee Rights	92		★	●
Occupational Health and Safety (2018)	103-1	Explanation of the material topic and its Boundary		S2.11 Occupational health management S2.12 Working environment and condition guarante S2.13 Employee mental health assistance S3.1 Safety production management system S3.2 Safety emergency management mechanism S3.3 Safety education and training	Material Issues Identification	34			○
	103-2	The management approach and its components			Occupational Health and Safety	77			○
	103-3	Evaluation of the management approach			Occupational Health and Safety	77			○
	403-1	Occupational health and safety management system			Occupational Health and Safety	77		★	○
	403-2	Hazard identification, risk assessment, and incident investigation			Occupational Health and Safety	77		★	○

		Management Approach and Disclosure	CASS-CSR 4.0	Section	Page	Additional Explanation	Identified Result	Level of Assurance
Occupational Health and Safety (2018)	403-3	Occupational health services	S3.4 Safety training performance S3.5 Safety production investment S3.6 Number of safety production accident S3.7 Employee casualties	Physical and Mental Health Care	84		★	○
	403-4	Worker participation, consultation, and communication on occupational health and safety		Occupational Health and Safety Management	77		★	○
	403-5	Worker training on occupational health and safety		Occupational Health and Safety Management	82		★	○
	403-6	Promotion of worker health		Physical and Mental Health Care	84		★	○
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Occupational Health and Safety Management	77		★	○
	403-8	Workers covered by an occupational health and safety management system		Occupational Health and Safety	77		★	●
	403-9	Work-related injuries		Occupational Incident Management	80		★	●
	403-10	Work-related ill health		Occupational Health and Safety Management	77		★	●
Training and Education	103-1	Explanation of the material topic and its Boundary		Material Issues Identification	34			○
	103-2	The management approach and its components		Human Capital Development	106			○
	103-3	Evaluation of the management approach		Human Capital Development	107			○
	404-1	Average hours of training per year per employee	S2.15 Annual training performance	Human Capital Development	107		★	●
				ESG Key Performance Data	127			
	404-2	Programs for upgrading employee skills and transition assistance programs	S2.16 Career development pathway	Tailored Career Plan	108		★	○
	404-3	Percentage of employees receiving regular performance and career development reviews		Employee Performance Appraisal and Development	104		★	●

	Management Approach and Disclosure		CASS-CSR 4.0	Section	Page	Additional Explanation	Identified Result	Level of Assurance
Diversity and Equal Opportunity	103-1	Explanation of the material topic and its Boundary	S2.2 Equal employment S2.5 Female manager ratio S2.6 Employee privacy management S2.8 Diversity and equal opportunity	Material Issues Identification	34			○
	103-2	The management approach and its components		Talent Attraction and Retention	94			○
	103-3	Evaluation of the management approach		Global Workforce Structure	94			○
				Comprehensive Compensation System	97			
	405-1	Diversity of governance bodies and employees		Global Workforce Structure	94			○
				ESG Key Performance Data	125			
	405-2	Ratio of basic salary and remuneration of women to men		Comprehensive Compensation System	98		★	●
Non-Discrimination	103-1	Explanation of the material topic and its Boundary		Material Issues Identification	34			○
	103-2	The management approach and its components		Human Rights Protection	89			○
	103-3	Evaluation of the management approach		Due Diligence Process	89			○
	406-1	Incidents of discrimination and corrective actions taken	S2.2 Equal employment	Human Rights Mitigation & Remediation	91		★	○
Freedom of Association and Collective Bargaining	103-1	Explanation of the material topic and its Boundary		Material Issues Identification	34			○
	103-2	The management approach and its components		Human Rights Protection	89			○
	103-3	Evaluation of the management approach		Due Diligence Process	89			○
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	S2.4 Democratic management	Due Diligence Process	89		★	○
				Employee Unions	92			
				Supplier Evaluation and Regular Assessment	56			
Child Labor	103-1	Explanation of the material topic and its Boundary		Material Issues Identification	34			○
	103-2	The management approach and its components		Human Rights Protection	89			○
	103-3	Evaluation of the management approach		Due Diligence Process	89			○
	408-1	Operations and suppliers at significant risk for incidents of child labor		Due Diligence Process	89		★	○
				Supplier Evaluation and Regular Assessment	56			
				Conflict Minerals Compliance	60			
Forced or Compulsory Labor	103-1	Explanation of the material topic and its Boundary		Material Issues Identification	34			○
	103-2	The management approach and its components		Human Rights Protection	89			○
	103-3	Evaluation of the management approach		Due Diligence Process	89			○

Management Approach and Disclosure			CASS-CSR 4.0		Section	Page	Additional Explanation	Identified Result	Level of Assurance
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	S2.7	Anti-forced labor and harassment abuse	Due Diligence Process	89		★	○
					Supplier Evaluation and Regular Assessment	56			
					Conflict Minerals Compliance	60			
Human Rights Assessment	103-1	Explanation of the material topic and its Boundary			Material Issues Identification	34			○
	103-2	The management approach and its components			Human Rights Protection	89			○
	103-3	Evaluation of the management approach			Due Diligence Process	89			○
	412-1	Operations that have been subject to human rights reviews or impact assessments			Due Diligence Process	90		★	●
	412-2	Employee training on human rights policies or procedures			Human Rights Training	92		★	●
Supplier Social Assessment	103-1	Explanation of the material topic and its Boundary	M3.8	Supplier social responsibility policy, initiative, and requirement	Material Issues Identification	34			○
	103-2	The management approach and its components	M3.9	Number of potential suppliers that were rejected because of social irresponsibility	Supply Chain Management	53			○
	103-3	Evaluation of the management approach	M3.10	Supplier social responsibility routine management mechanism	Supplier Evaluation and Regular Assessment	56			○
	414-1	New suppliers that were screened using social criteria	M3.11	The process and method of supplier social responsibility audit	Supplier Evaluation and Regular Assessment	56		★	●
	414-2	Negative social impacts in the supply chain and actions taken	M3.12 Number of suppliers audited during the reporting period		Supplier Sustainability Risk Assessment	57		★	●
			M3.13 Number of suppliers terminated due to unqualified social responsibility		ESG Key Performance Data	129			
			M3.14 Supplier's social responsibility performance assessment and communication M3.15 Supplier's social responsibility training M3.16 Supplier's social responsibility training performance		Conflict Minerals Commitment and Future Plans	61			

	Management Approach and Disclosure		CASS-CSR 4.0	Section	Page	Additional Explanation	Identified Result	Level of Assurance
Customer Health and Safety	103-1	Explanation of the material topic and its Boundary	M2.2 Product and service quality control system M2.10 Potential risk warning	Material Issues Identification	34			◯
	103-2	The management approach and its components		Customer Privacy and Product Safety	51			◯
	103-3	Evaluation of the management approach		Customer Health and Safety	52			◯
	416-1	Assessment of the health and safety impacts of product and service categories		Customer Health and Safety	52		★	●
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		Customer Health and Safety	52	There were no violations or complaints concerning health and safety impact of products in 2021	★	●
Marketing and Labeling	103-1	Explanation of the material topic and its Boundary		Material Issues Identification	34			◯
	103-2	The management approach and its components		Business Ethics and Compliance	18			◯
	103-3	Evaluation of the management approach		Regulatory Compliance	19			◯
	417-3	Incidents of non-compliance concerning marketing communications		Regulatory Compliance	19	There were no incidents of non-compliance concerning marketing communications in 2021	★	●
Customer Privacy	103-1	Explanation of the material topic and its Boundary	M2.13 Protect customer information	Material Issues Identification	34			◯
	103-2	The management approach and its components		Customer Privacy and Product Safety	51			◯
	103-3	Evaluation of the management approach		Customer Privacy	51			◯
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		Business Ethics	18	There were no incidents of data breaches or customer privacy violations in 2021	★	●
				Customer Privacy	51	We did not receive any privacy complaints in 2021		
Socioeconomic Compliance	103-1	Explanation of the material topic and its Boundary		Material Issues Identification	34			◯
	103-2	The management approach and its components		Business Ethics and Compliance	18			◯
	103-3	Evaluation of the management approach		Regulatory Compliance	19			◯
	419-1	Non-compliance with laws and regulations in the social and economic area		Regulatory Compliance	19	USI received 3 occupational safety and workplace environmental monitoring-related notice of improvement within time limit in 2021. All have been corrected within the time limit, and there were no significant penalties.	★	●

SASB Index

Topic	Code	Accounting 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	71
Waste Management	TC-ES-150a.1	Amount of hazardous waste from manufacturing, percentage recycled	t, %		Waste Management	72
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 2021	Employee Unions	92
Materials Sourcing	TC-ES-440a.1	Description of the management of risks associated with the use of critical materials	N/A		Supply Chain Management Conflict Minerals Compliance Enterprise Risk Management Process	53 60 21
Activity Metrics	TC-ES-000.A	Number of manufacturing facilities	Number		Company Overview	13
	TC-ES-000.B	Area of manufacturing facilities	Square feet (ft^2)	The area of the manufacturing facilities within this report's scope boundaries is 4,866,859 ft^2 after conversion	Company Overview	13
	TC-ES-000.C	Number of employees	Number		Global Workforce Structure	94

USI Specific Disclosures and Additional Indicators

Disclosure	CASS-CSR 4.0	Source	Section	Page
Conflict Minerals Management		USI Specific Disclosure	Conflict Minerals Compliance	60
Continuous Improvement Program		USI Specific Disclosure	Continuous Improvement Program	41
Innovation and Development		Parent Company (ASEH) Specified Disclosure	Research and Patents	40
Customer Relationship Management System	M2.3 Pass rate M3.4 Strategic common mechanism platform M3.6 Helping industry development	Parent Company (ASEH) Specified Disclosure Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Customer Service and Satisfaction	49

Disclosure	CASS-CSR 4.0	Source	Section	Page
After-sales Service System	M2.14 Active after-sales service system M2.15 Actively respond to consumer complaint M2.16 Complaint resolution rate M2.18 Customer satisfaction	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Customer Service and Satisfaction	49
Product Recall, Stop-Loss, Compensation	M2.17 Stop loss and compensation	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	All-Encompassing After-Sales Service	50
Shareholder Participation		Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Board Governance	16
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Measures to Support Scientific Research and Development	M2.1 Improve product and service accessibility M2.4 Continuous innovation M2.5 R&D investment M2.6 New number of patents M2.7 Industrialization of scientific and technological achievements	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Research Patents and Continuous Improvement	40
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Supplier List		Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Supplier Evaluation and Regular Assessment	56
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