



2019

CORPORATE SOCIAL RESPONSIBILITY REPORT

About This Report

Report Scope and Overview

This is the eighth Corporate Social Responsibility report published by Universal Scientific Industrial (Shanghai) Co., Ltd. (USI, Company, We) and its subsidiaries. (From 2010 to 2012, USI Shanghai's indirect controlling shareholder Universal Scientific Industrial Co., Ltd. has published three Corporate Social Responsibility reports, which also reported the Company's status of fulfilling its social responsibilities.) The report aims to disclose USI's commitment and endeavor in sustainable development in environmental, social and corporate governance (ESG) aspects.

This report provides information about stakeholder concerns, including business information of facilities in Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan-TT, Taiwan-NK, and Mexico*. The data collection period was from 01/01/2019 to 12/31/2019, and the statistic data are in CNY, USD, and NTD. The environmental, health and safety performances are expressed using accepted international indices.

Note:

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

Zhangjiang Facility: Universal Scientific Industrial (Shanghai) Co., Ltd. (USI Shanghai as the parent company)

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

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

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

Taiwan-TT and Taiwan-NK Facilities: Universal Global Scientific Industrial Co., Ltd.

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

Principles for Report Compilation

This report is made based on "core options" and "basic framework" in accordance with "GRI Standards 2016" and "CASS-CSR4.0". For "GRI 403 Occupational Health and Safety" and "GRI 303 Water and Effluents", USI adopted "GRI Standards 2018" to comply and regulate itself with stricter international norms and trends. This report also refers to the Evaluation Index System of Shanghai Listed Corporate Social Responsibility Index (2017) and the Shanghai Stock Exchange environmental and poverty alleviation disclosure requirements, publicly revealing USI's measures, achievements, and targets for all ESG key issues. Please refer to the Stakeholder Engagement chapter for the identification of material topics and report boundaries.

Assurance

To improve information transparency and accountability, SGS Taiwan Ltd. provided third-party assurance for this report following AA1000AS (2008) Type 2 Moderate Level with 25 disclosures verified with High Level. Please refer to the GRI Index for details.

Report Publication

USI publishes a corporate social responsibility report every year.

First Version: Released in July 2013

Previous Version: Released in July 2019

Current Version: Released in July 2020

Next Version: Planned release in July 2021

Feedback and Contact Methods

There are Traditional/Simplified Chinese and English versions of this report available and is also accessible on the USI CSR Web (<https://www.usiglobal.com/csr>). If you have any comments, questions, or suggestions, please contact us:

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Letter from the Chairman

In 2019, global trade frictions and inflation became normalized; issues such as climate change, environmental pollution, and resource depletion remain severe. On top of that, the COVID-19 epidemic also started at the end of the year. These unfavorable factors have caused a substantial negative impact on the health and sustainable development of the global electronics industry and related capital markets and companies. Under these circumstances, we still hold ourselves to be socially responsible and accountable, emphasizing zero tolerance for discrimination, and combining our business responsibilities with social responsibilities.

USI, included in the Shanghai Stock Exchange's A-Share Index for eight years running, has always strived to fulfill its corporate social responsibilities while also making outstanding achievements in the process of corporate globalization. I am proud to witness the honors and recognition bestowed on USI for fulfilling our corporate social responsibility. For example, we received the 2019

Corporate Social Responsibility Model Award at the 8th China Finance Summit, Public Welfare Award from the China Listed Companies Forum. For the first

time, we listed as TOP 50 on the Most Valuable Chinese Brands, the Bund Ranking.

At USI, we are committed to creating sustainable value for all our stakeholders through a sustainable business model. So that employees have a comfortable and fulfilling working environment, suppliers have a fair and competitive environment, customers have quality service, and shareholders and investors have high returns.

Throughout 2019, while USI continues to explore establishing a sustainable business model, we also insist on sharing our successes and continue to make contributions to the community and society. Not only did we increase our investment in environmental costs to reduce our negative impact on our surroundings, but we also expanded our investments in production safety to ensure our employees' safety. All USI production bases and the one in Mexico have obtained ISO 14001, ISO 50001, and other certifications. We believe we can instigate a positive cycle in the society through education and knowledge. So we continue to support various education poverty alleviation programs such as the Digital Education Poverty Alleviation Program, Western Region Student Aid Program, and Guangxi Baise City Left-behind Children Project.

2020 will be a challenging year. USI will fulfill corporate social responsibilities and shape our culture through humanism in the face of the global pandemic. We will accomplish this by taking good care of every employee, preventing discrimination, and creating a people-oriented, just, and fair working environment. Concurrently, we will pay attention to our neighboring communities and promote collaborations that integrate interests that benefit both society and business, thus building mutually respectful, equal, and interactive relationships. We believe these difficult times will pass.

Lastly, I am willing to meet the challenges and changes in the electronics industry with all our colleagues at USI. By actively promoting employee training and development, improving corporate governance, adhering to shareholder values, and learning from the most responsible companies in the world, combined with our "Modularization, Diversification, and Globalization" development strategy, we will continue to seek new business models for sustainable profit and seek more cooperation with strategic partners. With continuous innovation, USI will provide the most advanced technical support for the health and safety of human society, continue to make sustainable profits, thus have more confidence to fulfill social responsibilities and work hard to build a safe and healthy world!



Chairman Jeffrey Chen



Letter from the President

The COVID-19 epidemic broke out at the end of 2019, and in less than three months, it quickly evolved into a global pandemic. USI immediately established an emergency response war room, co-chaired by the Chief Human Resource Officer and the Chief Quality Assurance and Corporate Social Responsibility Officer. Through daily teleconferences, we initiated and implemented a series of preventive actions based on three principles:

1. Comply with the laws and regulations.
2. Care for employees' health and safety.
3. Make every effort to meet the commitment to our customers on the above two premises.

Fortunately, we passed the first test. Before the end of March 2020, we almost caught up with all shipments delayed in January and February earning high recognition from our customers. To combat the outbreak, we immediately donated CNY 1 million to the Shanghai Red Cross for prevention and relief efforts. We also assisted some troubled suppliers to resume work.

The COVID-19 pandemic will not be subdued within a short time and will have a significant impact on society. As a corporate citizen, we should review what we did in 2019, and then look ahead to see what else we can contribute to in 2020.

Maintaining our strategy, we privatized Memtech, a Singapore-based component solutions provider, signed an acquisition for 100% equity of Asteelflash, the second-largest EMS company in Europe, and invested in constructing a new site in Haiphong, Vietnam. We

restarted our Taiwan-NK Facility, built Guangdong Huizhou Facility, and established a third facility in Mexico and a second in Poland. As we expand our global presence, we implement the RBA Code of Conduct in all our sites and conduct regular audits to ensure compliance. Working with our partners, we strive to develop a sustainable supply chain.

In response to the challenges brought by climate change, we are reducing the environmental impact of our operations. We increased 7% investing in green expenditures compared to last year. 100% of our facilities in China are using renewable energy, and we recovered 76.7% of our process water.

Employees are the seeds for our continued growth, and we are committed to providing a safe and healthy workplace. USI invested CNY 150 million in safety production to protect employees, which is a 25% increase from last year. We offered seminars to educate employees on health hazards and how to prevent chronic and occupational diseases. Also, we provide counseling services so employees can receive support to manage their mental health, work stress, and overall career pressures.

For our communities, we increased our outreach by volunteering more in our Investing in Education, Contributing to Society, and Promoting Arts & Culture programs. Not only did we offer internship opportunities to college students, but we also collaborated with renowned universities in several industrial-academic projects to advance electronics manufacturing.

Following our parent company's "Low Carbon, Circular, Inclusive, and Collaborative" sustainable strategy, we achieved a social contribution value* of CNY 1.90 per share in 2019. We are deeply honored to be recognized with the 2019 Listed Companies Social Responsibility Award at the 9th China Charity Festival and Outstanding Social Responsibility Award from Sina Finance's China ESG Golden Awards 2019. We also listed as TOP 50 on the Most Valuable Chinese Brands, the Bund Ranking for the first time in 2019. In November, MSCI included USI in its Emerging Markets Index.

In 2020, we pledge to advance improvement projects and pursue coexistence and shared prosperity with the economy, society, and environment. As we move forward, we continue to provide employees with a challenging and fulfilling working environment, create excellent rewards for stakeholders, contribute to sustainable living spaces, and assume our corporate social responsibility.

Note: Social contribution value per share = basic earnings per share + (taxes + employee compensation + interest + charitable donations) ÷ number of common shares issued during the year

Chen-Yen Wei

President C.Y. Wei



3 Awards and Recognition



Maintained Information Disclosure **A Rating**
Shanghai Stock Exchange 2018-2019



Included in **MSCI Emerging Markets Index**

Honeywell

Global One Honeywell Supplier Summit
Productivity Prize



CE Software Solution Development Division
CMMI V2.0 ML3 Certification



9th China Charity Festival
2019 **Listed Companies Social Responsibility Award**



2019 **Fair Wealth 3 - Star Company**



Governance

Zhangjiang Facility

- 14th in Shanghai Top 100 Manufacturing Enterprises 2019
- Top 50 in Most Valuable Shanghai Brands The Bund Ranking 2019
- Top 50 in China's Overseas Listed Company Brand Value List 2019
- 2019 Pudong New Area Brand Enterprises for Export/Import
- Top 10 Sales in Shanghai Integrated Circuit Packing and Testing Industry 2018
- Top 10 Economic Performance in Shanghai Integrated Circuit Industry 2018
- 2018 Outstanding Contribution to Pudong New Area Economy

Jinqiao Facility

- Top 10 Sales in Shanghai Integrated Circuit Packing and Testing Industry 2018
- Top 10 Economic Performance in Shanghai Integrated Circuit Industry 2018



Social

Zhangjiang Facility

- 2019 China Listed Companies Forum Charity Award
- Sina Finance- China ESG Golden Awards 2019- Best Social Responsibility Award
- 8th China Finance Summit- 2019 Corporate Social Responsibility Model Award

Shenzhen Facility

- Zhaopin Best Employer Award 2018-China Preferred Employer of the Year



Environmental

Zhangjiang Facility

- Shanghai Roots & Shoots- 2019 Corporate Social Responsibility Award

Shenzhen Facility

- Top 500 Shenzhen Companies 2019
- Top 100 Shenzhen Industry Leaders 2019
- Top 100 Companies Contributing to Nanshan District Economic Growth 2018

Kunshan Facility

- China Quality Certification Centre- Grade A Products Manufacturing Company
- GA of Customs, PROC- China Foreign Trade Export Leading Index Company

Kunshan Facility

- 51 Job Top HRM- 2019 Top Human Resources Management Awards

Taiwan Facility

- 2019 Nantou County Top Cancer Screening Workplace
- 2018-2020 Accredited Nantou County Nursing Room- Most Comfortable Room
- 2019-2021 Accredited Healthy Workplace - Health Advocate Badge

Jinqiao Facility

- Finalist for "Environmental Protection Proposal for Jinqiao Development Zone"

USI Steps Up to Combat COVID-19

The dramatic spread of COVID-19 continues to disrupt lives, communities, and businesses worldwide. As a listed company in Shanghai, USI actively takes the mantle of social responsibility and contributes towards efforts to contain the spread of the virus. We took the lead and set measures to protect our employees and support local communities. This is our response to the "Notice on Full Support for the Supervision and Control of the New Coronavirus Outbreaks" Shanghai Stock Exchange issued.

Since the initial outbreak in January 2020, USI followed the situation closely and immediately established an emergency war room to ensure our employees' health and safety. Drawing on our SARS (2003) and MERS (2012) experience, the response team increased safety procedures, monitored personal protection equipment supply on each site, set return to work guidelines, and routinely disinfected offices and dormitories premises. Apart from working to safeguard our employees' well-being, we cooperate with local governments and strictly implement their measures and requirements to control and prevent outbreaks.



Caring for our Employees

USI supports employees through setting epidemic-related paid-time-off policies so employees can take time off without worries. We prioritize employees' well-being by establishing procedures to work from home, encourage employees to take a sick day, see a doctor if they are ill, cooperate with preventive quarantines, and take care of their families and dependents. The company is also committed to providing a safe working environment by routinely disinfecting office facilities, ensuring internal ventilation, procuring needed protective equipment, and setting up protective partitions in the cafeteria to maintain social distance during meals. To reduce the chance of exposure, USI began requiring daily temperature checks, moving the majority of meetings online, managing time slots for taking meals, prohibiting business trips, and limiting external personnel from entering the factory to reduce group contact. The nurse's office educates and raises awareness on epidemic prevention measures, reminding everyone to protect themselves, maintain personal hygiene, wear masks, and frequently wash hands.



Supporting our communities

To support the containment efforts in various regions, USI Facilities have committed over CNY 1.1 million donations to frontline healthcare workers and local communities. Our chairman donated CNY 1 million to the Shanghai Red Cross at the end of January for the prevention and treatment of COVID-19. Kunshan Facility donated CNY 100,000 to the Kunshan Fusion Fund Charity Association at the end of February to support pandemic prevention in Kunshan. To support the Nanshan District of Shenzhen City, Shenzhen Facility donated 100 forehead thermometers to the Nanshan Charity Association in late March to help the Association's control efforts in public places when protective equipment was in short supply. At this moment of crisis, we come together and stand united in the war of prevention and control efforts against COVID-19.



ESG Key Performance Data

Governance

- CNY **37.204** billion in revenue
- CNY **1.262** billion in profits
- CNY **302** million in taxes
- CNY **1.373** billion in R&D spending
- **82.5%** customer satisfaction rate
- **100%** conducted RBA VAP audits

Environmental

- **44.640** tonnes of VOCs emissions
- **8,510.312** tonnes of waste generated
- **696.641** tonnes of hazardous waste
- **7,813.671** tonnes of non-hazardous waste
- **86%** waste recycled or recovered
- **681.848** megaliters of water consumed
- **41.674** megaliters of underground water withdrawn
- **640.174** megaliters of tap water consumed
- **613.663** megaliters of water discharged
- **155.058** megaliters of water recycled
- **22.7%** of water recycled
- **76.7%** process water recycled
- USD **336** million invested in environmental conservation
- **5,833** training hours delivered in environmental education
- **100%** maintained ISO 14001 Environment Management System certification

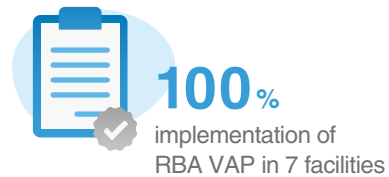
Social

- **18,515** employees at year end
- **45.9%** of women in our global workforce
- **12.8%** of women in our senior management
- **1.3%** of women in management roles
- **100%** employees signed employment contract
- **100%** employees received training
- **84%** employee turnover rate
- Average **22.6** hours of training received per employee
- **0** workplace casualties
- **1** case of work-related occupational disease
- **183** occupational safety and health training sessions
- **32,443** people attended Occupational Safety and Health training sessions
- CNY **150** million invested in safety production
- CNY **6.27** million invested in social involvement
- **3,633** employee volunteer hours
- **100%** key suppliers comply with our conflict-free minerals policy
- **100%** maintained ISO 45001 (OHSAS 18001) Occupational Safety and Health Management System certification





USI Operation and Governance



USI Operation and Governance

USI's mission is to turn innovative technologies into value for customers. Through the collective contribution of employer and employees, we established managing mechanisms in charge of respective responsibility and published the operative condition. We strive to be the most reliable provider for electronic design and manufacturing services to generate exceptional rewards for stakeholders.

Company Profile

USI is a Shanghai Stock Exchange (SSE) listed Company (SSE: 601231). We are a leading global company of electronic design and manufacturing services and provide design, miniaturization, material sourcing, manufacturing, logistics, and after-sales of electronic devices/modules for brand owners. USI is a member of ASEH (TWSE: 3711, NYSE: ASX) and has many years of experience in the electronics manufacturing services industry. We leverage the industry-leading technology of ASE Inc., which enables USI to offer customers diversified products in wireless communication, computer and storage, consumer, industrial, and automotive electronics worldwide.

In November 2019, MSCI announced including USI in its Emerging Markets Indices. USI harnesses its advanced miniaturization technology to establish unique market competitiveness. From the professional service spectrum covering development, design, material procurement, manufacturing, logistics, and maintenance of electronic products, we provide clients with overall service that has high performance in timelines, quality and adding value and also the most significant cost competitiveness. USI is committed to providing professional service of design and manufacture for the electronics industry. We focus on top of developing trends in the business and maximize value for global clients based on complete systems and advanced miniaturization solutions. We started from car electronic elements and industrial devices at the beginning, and now we are capable of providing a wide range of high-quality and well-balanced products in fi-elds such as wireless network access, digital storage, and LCD panel control. In May 2019, it was the very first time for USI to receive "TOP 50 Most Valuable Shanghai Brands the Bund Ranking", affirming the Company's efforts in brand innovation in the industry.

Company Overview

Universal Scientific Industrial (Shanghai) Co., Ltd.		
Headquarters Location	No.1558 Zhang Dong Rd., Pudong New Area, Shanghai 201203	
Registered Capital	CNY 2,175,923,580	
Location of Stock Issue	Shanghai Stock Exchange	
Stock Number / Name	601231 / USI Shanghai	
Date of Stock Issue	Feb. 20, 2012	
Main Products and Services		
	Communication Products	Consumer Electronics Products
		
	Computer & Storage Products	Industrial & Car Electronics Products
Global Total of Employees	18,648 (As of 2019/12/31)	
Areas of Operation	Shanghai / Shenzhen / Kunshan / Taiwan / Mexico / Japan / USA / Poland	

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

• Global Operations

To date, USI has R&D centers and manufacturing facilities in China and Taiwan with clients from all over the world. To provide customers fast and timely services, in addition to Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan-TT, Taiwan-NK, Mexico, and Poland Facilities, USI has sales offices and after-sales service points in North America and Europe. Our global service network covers Asia, America, and Europe (Please see page 22 of 2019 USI Annual Report for the major holdings/participation company analysis).

In 2018, President C.Y. Wei announced that it was "the starting year of USI's expansion" and started making strategic investments for suitable manufacturing sites. Chairman Jeffery Chen mentioned that USI would change from "Localized Production to meet International Clients" to "Global Production to meet International Clients." It is a significant breakthrough and challenge for USI. In 2019, we privatized Memtech, a Singapore-based component solutions provider, signed an acquisition for 100% equity of Asteelflash, the second-largest EMS in Europe, and invested in constructing a new site in Haiphong, Vietnam. We restarted our Taiwan Nankang Facility, built Guangdong Huizhou Facility, and established a third facility in Mexico and a second in Poland.

Note: Poland Facility is CHUNG HONG ELECTRONICS Poland Sp. Z.o.o.



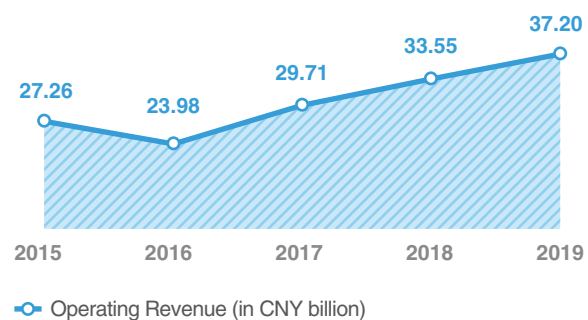
Financial Performance

In 2019, USI reported consolidated sales revenue of CNY 37.20 billion with an increase of 10.89% comparing with 2018; the net profit was CNY 1.26 billion with a increase of 6.98% compared to 2018; the net sales was CNY 37.20 billion; its total capital is divided into liabilities and equity, which are CNY 11.60 billion and CNY 10.31 billion. The earnings per share were CNY 0.58 and dividend remittance were CNY 356,851,467.12, accounting for 0.96% of revenue. Please refer to "2019 USI Annual Report" for more financial information.

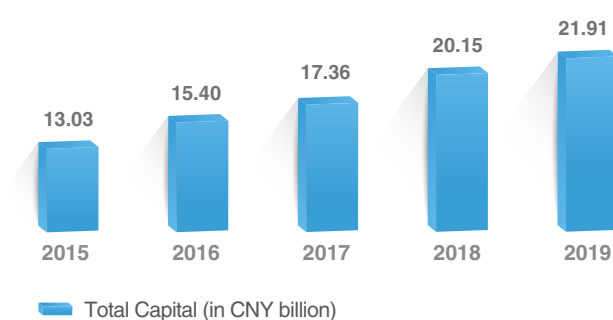
Unit: CNY

Item	2019	2018	2017
Operating Revenue	37,204,188,424	33,550,275,008	29,705,684,978
Operating Profit	1,422,151,443	1,386,673,438	1,564,790,729
Total Profit	1,432,762,959	1,393,319,924	1,564,425,899
Net Profit	1,262,103,937	1,179,967,596	1,314,091,320
Taxes (Business Tax, Income Tax, Property Tax)	301,715,494	398,032,297	313,667,582
Government Subsidies	52,011,789	35,560,867	90,067,526

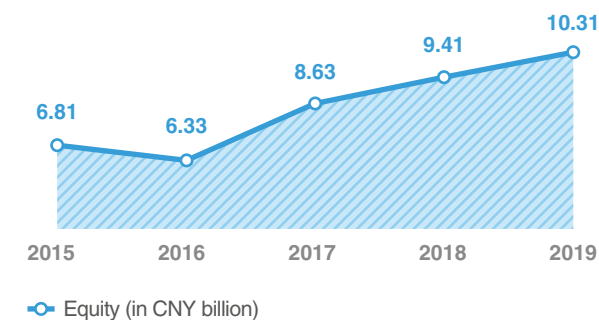
► Five Consecutive Years of Operating Revenue Trend



► Five Consecutive Years of Total Capital Trend



► Five Consecutive Years of Equity Trend



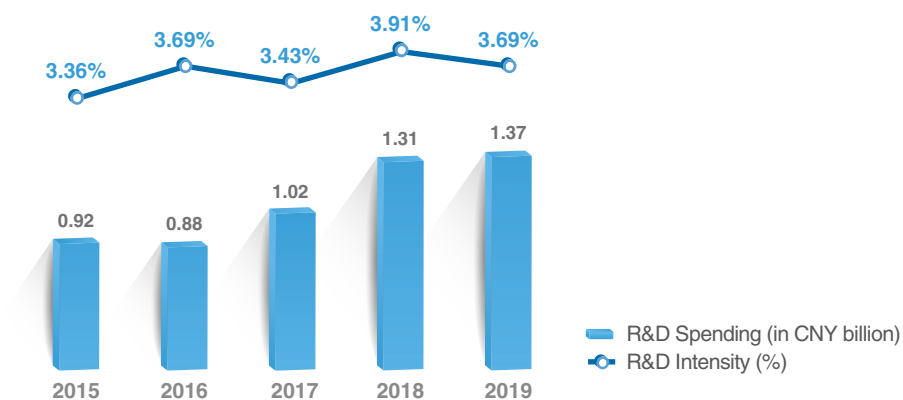
Patents Research and Continuous Improvement

• Research and Patents

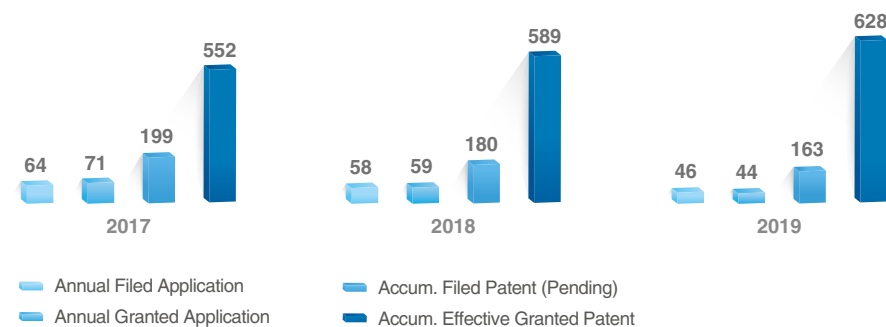
USI provides diversified manufacturing services for customers. The engineering team assists customers in reviewing product designs for the optimal balance between quality and cost before mass production. For the same quality, USI offers suggestions to improve product design and manufacturing costs to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

USI has 1,276 R&D personnel, accounting for 6.84% of the staff population and spent CNY 1.373 billion, accounting for 3.69% of the revenue in 2019. The number of products provided was 558,463,609.

► R&D Spending and Intensity



In terms of patents, to encourage research, development, and innovation, USI set up Patent Management and Incentive and regular R&D competitions. The winners will be awarded during the year-end dinner party as encouragement. By the end of 2019, an accumulative total of 628 patents had been obtained. The accumulative approved patents increased by 39 cases comparing with 2018. The patents obtained in the last three years are shown in the following figure.



Note: 2018 patent quantity corrected due to data updated after the 2018 CSR report issued

There are four green proposals passed USI patent review meeting.

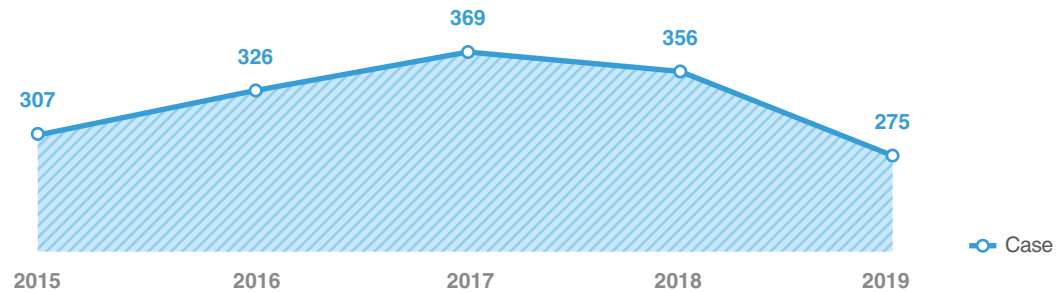
Facility	Green Proposal	Proposal Benefit
Zhangjiang	Common sputtering tray and fixture	Apply standard modularized sputtering tray design to fit different system platforms, and it can be made by RoHS nontoxic material to save system design and material cost
Jinqiao	Chipset test fixture and method	Improve the carrier board of test fixture to increase test reliability and reduce the waste of resources from a retest
	Semiconductor device and production method	Apply vacuum printing equipment to save the workforce and utility
Taiwan-TT	Corrective UV index method and system	Reduce system power consumption and increase the working efficiency

• 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:

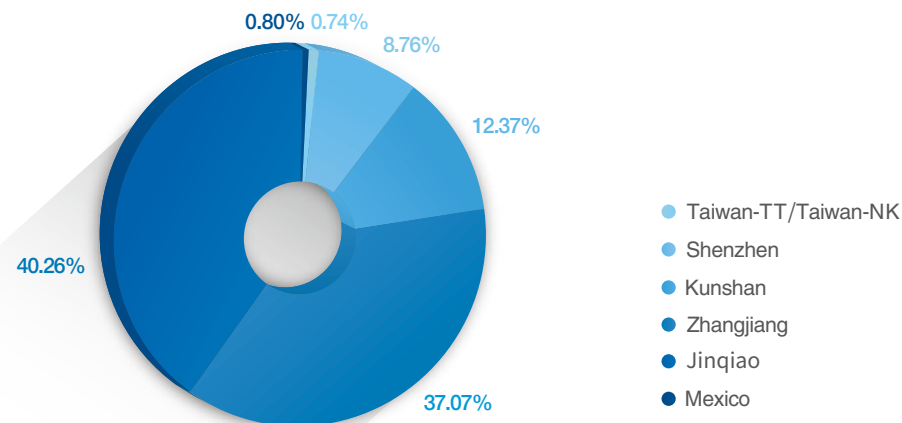
- ▶ **Build a platform to realize ideas and approve employees' endeavors and awards**
- ▶ **Encourage employees devoting to continuous improvement**
- ▶ **Enhance teamwork and enterprise competitiveness**

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 2019 annual performance examined and approved by CRC, the actual tangible cost saving was USD 13.43 million, mainly from the improvement of new cutting method for irregular product design in Jinqiao Facility. Please refer to the figure below for the details of each facility. The saving cost accounted for 0.35% of revenue (target value: 0.21%) and a total of USD 90,800 has been awarded.

▶ 2019 CIP Performance by Facility



13 USI Operation and Governance

► CIP Excellent Contribution Award

Each facility proposes representative or innovative cases to enter global competitions. Awarded teams are granted trophies and incentive payments. The following table explains the contribution award and its standard. In response to the issue of climate change, USI has included "energy saving and carbon reduction" in the rating system and the type of key project to promote relevant green proposals. In 2019, seven projects achieved the targets, but no Energy Saving and Carbon Reduction projects awarded.

Facility	Ranking	Project	Project Content
Key Project			
Kunshan	Silver Medal	VPD Automated Demonstration Production Line	Improved production flow of visual products through automatic lines. It can save the workforce and solve quality risks caused by manual operation. Its estimated annual saving amount is USD 102,355.
Zhangjiang	Bronze Medal	Oven Temperature Management System (OTMS)	Solved operational mistakes by oven temperature management system, it can also keep the oven parameter records for data analyzing and tracking. Its estimated saving amount is USD 299,737.
Jinqiao	Bronze Medal	Auto Packing Implementation	Applied real-time SFIS (Shop-flow information system), shipping information and automatic packaging process to save workforce cost. Its estimated annual saving amount is USD 279,715.
Other Project			
Jinqiao	Gold Medal	New Cutting Method for Irregular Product Design	Applied new cutting methods for irregular designs to reduce both labor and machine costs, and it also can reduce CO ₂ emission compared with the original dry ice cleaning method. Its estimated saving amount is USD 13,328,671.
Zhangjiang	Silver Medal	Reduce Pre-solder Ball Height by Process Optimization	Developed pre-solder ball skills by the USI engineering team; it not only meets customers' higher-level spec but also saves outsourcing expenses. Its estimated annual saving amount is USD 187,779.
Zhangjiang	Bronze Medal	New Tooling Design for Sputter Quality & Capacity Improvement	Improved sputtering tooling design to upgrade production quality and capacity. Its estimated annual saving amount is USD 105,572.
Kunshan	Bronze Medal	Pogo Pin Test Fixture	Developed software and hardware of Pogo pin test fixture to realize USI self-made capability and also free from fixture vendor's monopoly to save fixture cost. Its estimated annual saving amount is USD 86,132.

External Participation and Initiatives

USI took part in 52 industrial organizations and associations in 2019 and contributed CNY 1.05 million. 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 ●●●
- Shanghai Association of Foreign Investment (SAFI) ●●●
- Pudong Association of Foreign Investment
- Shanghai Pudong Human Resource Association (SPHRA)
- Securities and Futures Market Work Committee
- The Listed Companies Association of Shanghai

Shenzhen Facility

- Taiwan Merchant Association in Shenzhen ●●●
- Shenzhen Hi-tech Industry Association ●●●
- Shenzhen Association of Enterprises with Foreign Investment ●●●
- Shenzhen Entry-Exit Inspection and Quarantine Association (SIQA) ●●●
- Shenzhen City Importers and Exporters Chamber of Commerce ●●●
- Shenzhen Enterprise Confederation ●●●
- Taiwan Merchant Association in Nanshan, Shenzhen ●

Jinqiao Facility

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

Kunshan Facility

- Taiwan Patriot Investment Enterprises Association of Qiandeng Branch, Kunshan ●●
- China Quality Management Association for Electronics Industry

Taiwan Facility

- Taiwan Telematics Industry Association ●●●
- Taiwan Electrical and Electronic Manufacturers' Association (TEEMA) ●●
- CALCE* Electronic Product & Systems Consortium
- Video Electronics Annual VESA
- Global Certification Forum
- USB Implementers Forum
- PCI-SIG Annual Membership
- VCCI Council
- Select USA Investment Summit
- Asia Terahertz Industry Development Association (ATIDA)
- IEEE-ISTO Wireless Power Consortium (WPC)
- Industrial Technology Research Institute - MWC 2019 Industrial Trend Seminar
- Taiwan Transportation Vehicle Manufacturers Association

Note:

1. ● Represents the position of Chairman / Vice-chairman
2. ●● Represents the position of Executive Director
3. ●●● Represents the position of Director / Supervisor
4. CALCE, Center of Advanced Life Cycle Engineering



• 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 the Company's performance in terms of workers' human rights, occupational health and safety, corporate ethics and environmental protection is disclosed on the RBA-Online platform.

USI annually conducts internal audits to ensure compliance. In 2019, the results of RBA Self Assessment Questionnaires for Zhangjiang, Jinqiao, Shenzhen, and Kunshan, Taiwan-TT, Taiwan-NK, and Mexico Facilities were all "Low Risk." 100% of worldwide manufacturing facilities have implemented RBA Validated Audit Process. 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 RMI

USI follows the OECD* framework Due Diligence for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas to establish conflict minerals management mechanism and referred to Responsible Minerals Initiative (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

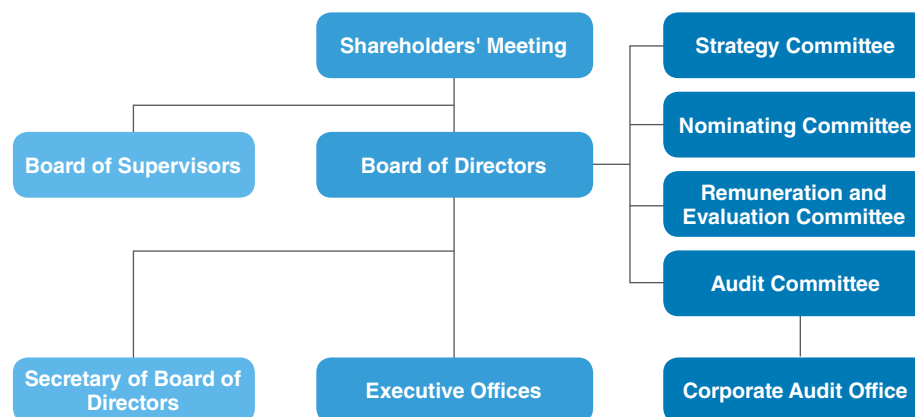
Note : OECD, Organization for Economic Co-operation and Development

Corporate Governance

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 provides monthly updates on our Investor Relations website. Also, we retain legal counsel to provide necessary services and maintained a long-term, stable, and harmonious relationship between the corporation and investors.

USI emphasizes honest operation. Based on related national regulations, USI has established flawless managing framework and systems, drew up anti-bribery behavioral principles (Employee Code of Conduct), realized internal audit and strengthened internal risk management. By promoting the governance of the corporation, USI seeks sustainable industrial development.

• Managing Structure



► Board of Directors

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

Currently, USI's Board of Directors is composed of 9 directors, and three of them are male independent directors. Mr. Jeffery Chen serves as Chairman of the Board. Please refer to page 72 of "2019 USI Annual Report" for the members of Board of Directors. According to 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 one board meeting every three months. There were 8 board meetings in 2019.

USI's Board of Directors has four professional committees: Strategy Committee, Nominating Committee, Remuneration and Evaluation Committee, and the Audit Committee.

► Strategy Committee

The Strategy Committee of USI's Board of Directors is composed of 5 directors, including one independent director. Strategy Committee enhances the Company's core competency according to the needs of strategic development to determine corporate development plan, improve investment decision-making procedures, and enhance scientific decisions, and increase the efficiency and quality of major investment decisions as well as to perfect the corporate governance structure.

► Nominating Committee

The Nominating Committee of USI's Board of Directors is composed of 5 directors including three independent directors. The main responsibilities are to make recommendations for the size and composition of the Board of Directors as well as the composition of senior management personnel of the Company based on the Company's shareholding structure and the needs of corporate management and operation.

► Remuneration and Evaluation Committee

The Remuneration and Evaluation Committee of USI's Board of Directors is composed of 5 directors, including three independent directors. The main responsibilities are to study, draft, and implement the appraisal standards & methods and remuneration policy & plan for corporate directors and senior management personnel, as well as putting forward opinions or proposals. This committee also examines the performance of corporate directors and senior management personnel, conducts the annual performance reviews, and monitors the implementation of corporate compensation system.

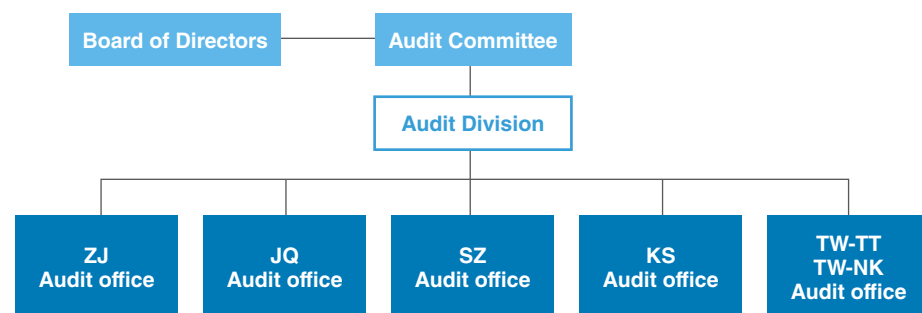
► Audit Committee

The Audit Committee of USI's Board of Directors is composed of 5 directors, including three independent directors. The main responsibilities are the proposals of hiring or replacing external auditing agencies and the supervision and implementation of the corporate internal audit system. This committee is also responsible for the communication between internal and external audits, validating Company's financial information and disclosures, reviewing the organizational internal control system as well as the audit of substantive connected transactions, and so on.



• Internal Audit Organization

The internal auditing is subordinate to the auditing committee under the board of directors. The employment of the head of auditing has to be approved by half of the board members. A full-time head auditor is established, and auditors are established in each facility as well.



► Internal Audit Process

- Range of audit: All business and management of finance and operation are included. According to related regulations, there are nine divided circles responsible for respective audit.
- Object of audit: All institutes and legal branches around the world of USI.
- Audit strategy: The regular audit is practiced based on the annual audit project decided by the board of directors; a special case audit will be practiced if needed. The goal is to prevent possible shortages from the internal control system and present improving suggestions. Besides, the audit office urges all departments to practice self-examination and assessment to evaluate the rationality and effectiveness of the outcomes. The audit office 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 Regulations Abidance

• Business Ethics

To make sure USI employees do not have illegal profit exchanges with related institutes, USI employees must put more emphasis on incorruptible deeds. In employees' working regulations, they are required not to deal with private affairs through USI's resources and engage in activities for personal gain with their authority. When newcomers accept training, they are given related training courses. USI has drawn up Fraud Risk Management Procedure and The Rule of Punishment for Fraud in the Sunshine Act, and a mailbox for complaints and prosecutions is provided to forbid any kind of corruption and bribery strictly. Accusation mails could be non-anonymous or anonymous; Company should safeguard informants' safety and interests to ensure they will not be threatened.

Sunshine Conduct Policies

- Require Employees and Suppliers to Sign and Declare Compliance with the Sunshine Conduct Policies
- Set up Channels to Report Incidences and Regularly Inform Employees and Suppliers of Reporting Channels
- Educate and Promote the Sunshine Conduct Policies
- Set Audit Scope for Sunshine Conduct
- Design Assessing Process for Sunshine Conduct

Grievance Mechanism

Zhangjiang	zj.gp.sox@usiglobal.com	Kunshan	ks.gp.sox@usiglobal.com
Jinqiao	jq.gp.sox@usiglobal.com	Taiwan-TT	tw.gp.sox@usiglobal.com
Shenzhen	sz.gp.sox@usiglobal.com	Taiwan-NK	

To ensure that employees understand and comply with the USI Employee Code of Conduct, we made it into a mandatory course on our internal e-learning platform. All employees need to finish the required reading and pass the quiz every year. All records are listed as tracking list to ensure the course of Employee Code of Conduct has been finished by each employee. Furthermore, the Sunshine Conduct Policies must be conducted to employees regularly to remind them of relevant corporate regulations and strict observance of rules. There was no bribery or corruption discovered in 2019.

Employee Code of Conduct

- ▶ **Employment Morality and Code of Ethics**
- ▶ **Rules to Avoid Conflict of Interests**
- ▶ **Rules of Gifting and Entertaining**
- ▶ **Reporting Responsibilities and Obligations**
- ▶ **Violation Handling**

• Regulations Abidance

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 performance rate with the customers reached 90.07%*. 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 2019, no violations involving in a significant penalty* or other non-economic punishment occurred.

Note:

1. 110 contracts remained to be reviewed by both parties by the end of 2019.

2. The definition of significant penalty is sanctions over USD 10,000

Enterprise Risk Management

The Company assesses risks annually to ensure they can be identified, evaluated, and responded to in time with proper measures. Taking the environment, industrial trends, and corporate operations into consideration, we make all efforts to maintain sustainable management and achieve our business operational goals.

Each unit takes charge of identifying internal and external risk factors that might affect USI's sustainable development and operational goals, evaluating risk levels and the effectiveness of relevant controlled activities, and taking appropriate measures based on the results of risk evaluation.

After reviewing 2019 risk assessment, we rated all environmental and social issues as Effectively Controlled and Low Risk, so we did not include them to Risk Assessment items.

Risk assessment includes various risks that an enterprise might face, primarily divided into the corporate level and operation level:

- ▶ Corporate level risks: corporate governance, ethics, external factors, strategy and planning
- ▶ Operation level risks: marketing and communication, product development, supply chain, corporate assets, finance, climate change, natural disasters, waste reduction, human resources, information, law compliance, and fraud.

Marketing and Communication chiefly covers customer services such as order processing, quotation, and customer satisfaction. The Supply Chain includes production planning, procurement, production, and logistics management. Climate Change, Natural Disasters, and Waste Reduction covers greenhouse gases emissions, natural disasters and epidemics, and waste disposal. Human Resources cover employee health and safety, labor and employment issues, salary and employee benefits. Risks regarding fraud, compliance, and information are high level concerns of the Company.

• Risk Management Framework



• Risk Assessment Results

Risk Level	H	<ul style="list-style-type: none"> ▸ Statutory disclosure and Announcement ▸ Fraud ▸ Geographical Politics 		
	M	<ul style="list-style-type: none"> ▸ Raw Material Management ▸ Order Processing ▸ Credit Management ▸ Business Sustainable Management ▸ Product / Technology Strategy ▸ Trial run / Promotion Opportunity ▸ R&D Data Management ▸ Audit Report Quality ▸ Manufacturing Process Design 	<ul style="list-style-type: none"> ▸ Pricing Strategy ▸ Business Concentration ▸ Stock Management ▸ Marketing / Sales Strategy ▸ Succession Planning ▸ Asset Utilization ▸ IT 	
	L	<ul style="list-style-type: none"> ▸ Reputation/ Stakeholder Relations ▸ Payroll and Employees' welfare ▸ Marketing / Sales Strategy ▸ Production Equipment Planning ▸ Reporting Quality ▸ Growth / Organization's Ability ▸ Natural Disasters ▸ Intellectual Property ▸ Corrective Action and Punishment on Fraud Charges 	<ul style="list-style-type: none"> ▸ Innovation, Research, Development ▸ Key Technical Talents ▸ Customer Services ▸ Customer Satisfaction ▸ Product Test/ Certification ▸ Finished Goods Inventory Management 	
		Yes	Partial	No
		Control Effectiveness		

• 2019 USI Risk Assessment Countermeasures and Chances

Aspect	Item	Countermeasure	Corporate Chance
Macro-economy			
Political Environment	China-US trade war	Monitor the impacts of custom issues; transfer production lines to other manufacturing sites if necessary	Enhance manufacturing strategy in non-China areas and convert local resources to be competitive advantages; strengthen company global manufacturing service capability
Micro-economy			
Market Demand	Sudden and significant increase/decrease of demand forecast or order from clients leads to redundant/stagnant materials	A complete system to control the changes in orders. Any redundant/stagnant materials caused by clients will be well solved by effective enforcement	Control customers' business trends and product/service situations. Use database to analyze forecast model and improve production-marketing efficiency
	A single client accounts an alarmingly large percentage of sales revenue	Dedicate in new client development to reduce the revenue of one single client	Enhance development, acquirement and integration of key technologies and products. Increase cross selling to existing clients in different production lines, and also create new clients and business chances
Management After Investment	The reinvestment benefits from strategic investment activities are not as good as expected	Make an integration strategy and executive effective after investment management to monitor, feedback and adopt necessary actions for daily and major emergencies	Enhance and monitor integration activities on soft issues, such as cultural integration, to make sure the target benefits can be achieved
Competition	Adjust internal resources to feedback new business model if it has significant discrepancy with existing operation model	Check and adjust currently resources, and hold irregularly meetings to decide the related action plans; strategic alliances with benchmarking customers to reduce R&D cost and risk	Control industry evolution, business competition and customers' business development to ensure Company's capability and flexibility on product developments and manufacturing services, and attain the benefits of industrial division
	Bad gross margin performance caused by market competition sharply	Apply miniaturization solutions to upgrade the product diversity and technical barrier; utilize existing product design experience and promote to new customers	Integrate the advantages of miniaturization solution and modularized technology on different production lines. Help clients to innovate new products and business opportunities

Note:

1. Please refer to page 27 of 2019 USI Annual Report for Risk Management: "Chapter 3: Item 4. The risks we might be facing"
2. Please refer to 2019 ASEH Corporate Social Responsibility Report for the related risks of climate change

Information Security Management

To comply with internet safety regulations by employees, USI set up a committee to boost information security awareness. The committee members are composed of Vice Presidents or Division heads level above. Under the committee, there are information security representatives to take charge of task arrangement, negotiation and supervision. And the tasks will be executed by Risk Management team, Document Management team and Audit team.

USI has made Enterprise Network Information Security Management Approach. Through weekly announcement, employees are required to follow network information security regulations and use legal software. IT Department randomly checks illegal use of software, any illegal cases will be punished according to regulations.

- **Information Security Training**

USI arranges an online training course in 2020 to strengthen employees' information security thinking. All employees should take Information Security courses and pass tests. IT will also irregularly practice Social Engineering (Phish Insight) to enhance employees' information security awareness.

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

- **Information Security Policy and Target Goals**

USI plans to get ISO 27001 certificate. Through the checklist of the cybersecurity framework, USI can understand the defensive strength from five orientations, including identity, protect, detect, respond, and recover. It will help Company to construct cybersecurity and control measures on feed forward control, process control and feedback control to reduce business risk caused by information security incidents and heighten stakeholders' confidence.

Regarding the management of customer and product information and documentation, USI has strict protocols and standards to protect customers' confidentiality. For more information, please refer to the section on Customer Privacy & Product Safety.





Corporate Sustainability Profile



USI is aware that corporations should not only create economic value, bring in the most benefits for shareholders and investors, but create social value. As obeying morality and regulations, USI works hard to practice social responsibilities such as corporate management, environmental protection, community participation, and employee rights protection. USI pursues the sustainable development of co-existing economy, society, and environment.

Corporate Sustainability Profile

Sustainability Management

USI extends its core values of "Realizing IDEAS Together" to encompass the environment, social and governance aspects. By integrating core values into the corporate policy and operation management, USI pursues the vision of sustainable development.

>> We commit to



Contribute towards building a better place to live

Generate exceptional reward for stakeholders



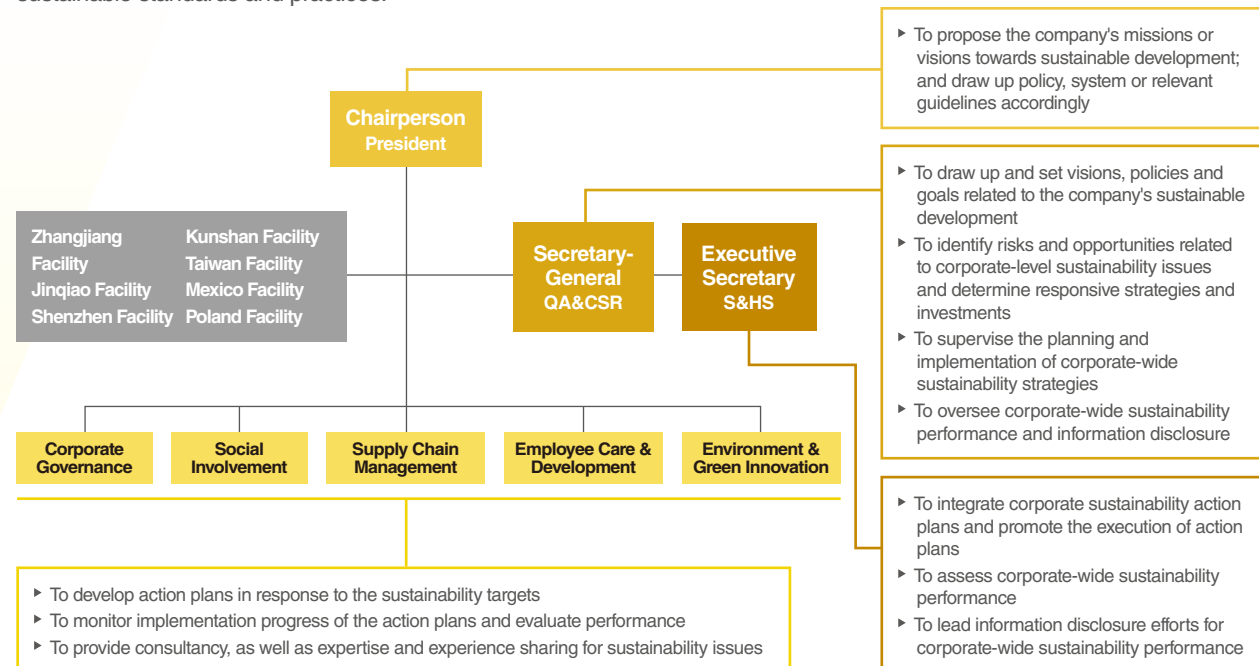
Provide a fulfilling and challenging working environment



• CSR Committee

To promote our corporate social responsibility, USI established the USI CSR Committee to set policies and strategies for sustainable development. The committee covers all manufacturing facilities. To respond to and fulfill expectations of the company and stakeholders, the committee's mission has been divided into five aspects, Corporate Governance, Social Involvement, Supply Chain Management, Employee Care & Development, and Environment & Green Innovation. The committee is formed by representatives from each department and the President acts as the Chair. The Quality Assurance & Corporate Social Responsibility Unit is responsible for setting the agenda for sustainable strategies. Through policies and actions set by the committee and corporate-wide cooperation, we promote and implement a sustainable business model.

To raise awareness about CSR and 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 have to undertake specialized training to enhance their capability and knowledge of sustainable standards and practices.



Each year, the Committee submits the annual CSR report to the board of directors, and a series of discussions and plans will be carried out by the board of directors regarding the Company's implementation of Corporate Social Responsibility activities. At the end of the year, the Committee holds an annual meeting to review the Company's CSR performance and future direction of CSR projects. On December 11, 2019, the Committee held a sustainability forum for the senior management team, which was also attended by the Chief Administrative Officer of our parent company (ASEH). Sustainability consultants of Deloitte Risk Advisory, and Dr. Hsu Jia-Wei and Dr. Chen Yao-Te from the Corporate Sustainability Research Center of Tunghnan University were invited to share and discuss sustainable development trends in-depth and suggest directions for the Group's sustainable plans.



Annual CSR Meeting



Senior Managers Sustainability Forum

• CSR Policy


USI, through the understanding of Corporate Social Responsibility (CSR), considers that the sustainable business development of USI is closely linked with the interests of employees, community, society, and shareholders. The scope of the CSR covers the issues of labor rights, safe and healthy workplace, environmental protection, business ethics, and social engagement. To deploy USI ESG effectively and to meet the expectancy of the stakeholders, USI will undertake the following measures to achieve the goals. The complete policy can be accessed at the USI CSR Web (<https://www.usiglobal.com/usi-code/csr-policy>).

CSR Policy

- ▶ Comply with Regional, National and International Laws
- ▶ Assure Labor Rights
- ▶ Ensure Safe and Healthy Workplace, and Minimize Environmental Impact
- ▶ Carry out Business Ethics
- ▶ Participate in Community Activities
- ▶ Do Not Procure Conflict Minerals Including Suppliers
- ▶ Strictly Prohibit Slavery and Human Trafficking Including Suppliers
- ▶ Continuous Improvement; Public Disclosure

• Sustainable Strategy

To reach sustainable development goals (SDGs) of the United Nations (UN) and pursue corporate sustainability, USI follows the parent company's four sustainability themes to select priority response SDGs based on the Company's core values. This enables the Company to take comprehensive actions concerning corporate sustainability.

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

Future Goals & Performances

USI has set goals corresponding to the five aspects and set up short and future medium-term plans. These goals are connected to UN's 2030 Sustainable Development Goals (SDGs) to respond to global sustainability issues.



Primary SDGs			Secondary SDGs
8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Aspect Mission			
On the premise of abiding by 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 our employees to develop competencies and skills required for sustainable operations.			
Future Goals		2019 Performances	
<ul style="list-style-type: none"> Introduce BCM* management system in Poland Facility* (2020) Continue to implement ERM* quarterly self-assessment, ensure that each facility is reviewed annually, and publish annual evaluation report (2020) Pass ISO 27001 certification in Taiwan Facility (2020) Introduce endpoint protection system to strengthen network endpoint security management (2020) Pass ISO 22301 certification (2021) 		<ul style="list-style-type: none"> Annual revenue CNY 37.204 billion, increasing 10.89% from 2018 (revenue has been growing for three consecutive years) Included in the MSCI Emerging Market Index Acquisition of Asteelflash in Europe and Memtech in Singapore & establishment of M-Universe Performed ERM quarterly self-assessment and publish USI's ERM annual assessment report Based on the "Corporate Governance Standards" newly issued by the Shanghai Securities Regulatory Commission, the articles of incorporation, USI governance structure framework and content were further improved Established Information Security Management Committee Released two USI CSR videos (USI Million Tree Project: Inner Mongolia, Digital Education Poverty Alleviation Program) 	

Note:

1. Poland Facility is the subsidiary of USI, CHUNG HONG ELECTRONICS Poland Sp. Z.o.o.

2. BCM, Business Continuity Management

3. ERM, Enterprise Risk Management



Supply Chain Management

Primary SDGs



Secondary SDGs



Aspect Mission

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

Future Goals

- All major suppliers join the RBA-Online* platform and share their RBA SAQ* (2020)
- All USI's suppliers comply with Responsible Minerals Initiative (2020)
- Add investigation of conflict-free mineral cobalt and survey 75 suppliers (2020)
- Expend product safety related certification to IoT and industrial area (2021)
- Customer satisfaction reach 90% (2021)

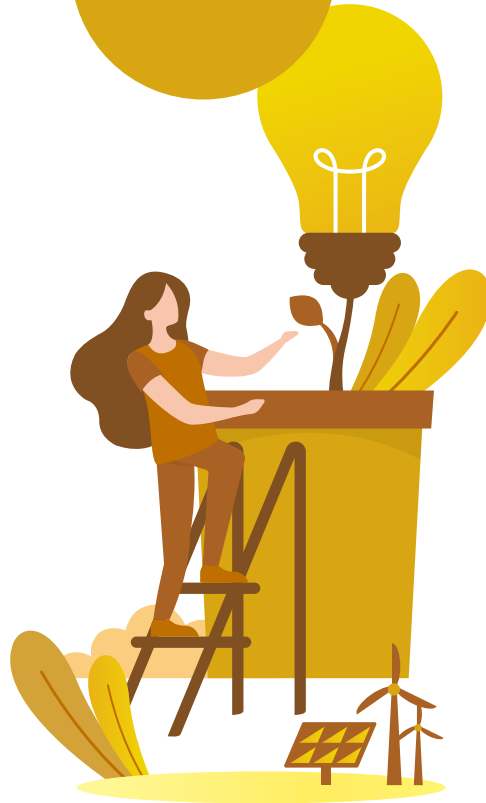
2019 Performances

- 100% of USI's own suppliers signed Environmentally Hazardous Substance Non-Use Certificate and Supplier Conflict Mineral Commitment
- 100% of new suppliers signed the Supplier Sunshine Conduct Commitment
- Conducted on-site RBA audits of 80 suppliers. No high-risk suppliers were found in the audit results, and all projects that needed improvement have been completed
- Held USI Annual Supplier Sustainability Seminar to conduct two-way communication with suppliers, and a total of 179 suppliers participated
- 100% major suppliers comply with our conflict-free minerals policy
- Fully implement UL/IEC 62368-1. Product compliance ratio increased from 75% to 100%
- Customer satisfaction is 82.5%

Note:

1. RBA-Online, RBA Online Risk Assessment Platform: an official website established by RBA. It provides global RBA members a channel to disclose relevant information
2. RBA SAQ, RBA Self-Assessment Questionnaire: a self-assessment questionnaire for suppliers. Its content includes aspects of the labor, health and safety, ethics, environment and management system

Environment & Green Innovation



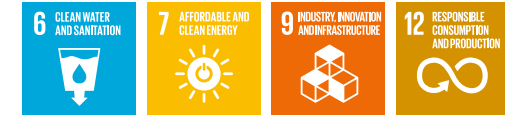
Note:

1. 2017 is the base year, from which the future goals were set
2. IMS, Integrated Mobility Solutions Product
3. RF: Printed PCB aerial design and WWAN/Wi-Fi/BT/GPS integrated module design

Primary SDGs



Secondary SDGs



Aspect Mission

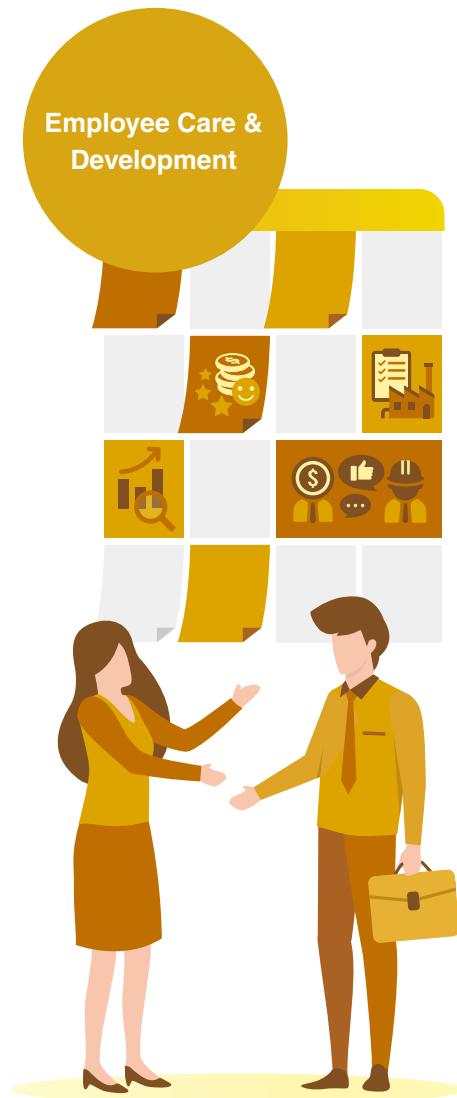
In response to climate change and global environmental issues, enhance the Company's capabilities in resource utilization and pollution prevention and mitigation. Besides, concerning operational stages from product design, material receiving, production to transportation, take eco-design into consideration and continue to create green innovation proposals in order to minimize impacts to the environment during the operations.

Future Goals

- Introduce Environmental Profit and Loss Methodology (EP&L) and establish database (2020)
- Reduce 7% water withdrawal compared to base year* (2022)
- Recycle 100% process water (2022)
- Recycle 87% waste (2022)
- Lower VOCs emissions by 10% compared to base year* (2022)
- Lower GHG emissions by 10% compared to base year (2022)
- Earn Green Building Award (2022)
- Comply with up-to-date green regulations (2022)
- Continue to promote and encourage energy-saving and carbon-emission measures to enhance product energy efficiency while developing high-efficiency, integrated and universal design products (2022).

2019 Performances

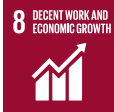




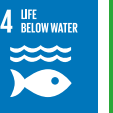

- Reduced 6.4% water withdrawal compared to base year
- Recycled 76.7% process water
- Recycled 86% waste
- VOCs emissions increased 118% compared to base year
- GHG emissions increased 10.7% compared to base year
- Expanded survey of Scope 3 GHG to facilities in China
- Expanded the use of renewable energy: 100% in China Facilities 10% in Mexico Facility
- Built a solar power system to produce 153 MWh of green electricity
- SSD products support low energy consumption mode <0.005W
- NAS products have a DC conversion efficiency of 88%
- All internal connectors meet 80 Plus Titanium certification
- Computer products comply with CEC
- Universal design for IMS* products to reduce material use and process
- ICS adopts modular design (SOF, RF *)
- WS products optimize program flow, reduce standby current and improve efficiency
- eAP products use microcontrollers unit (MCUs) with high-performance power management to increase power conversion efficiency
- Wireless Module products were integrated with antenna design
- 48V BSG use efficiency increased by 5%, and reduced module area by 50%










Note:

1. VAP, Validated Audit Process

2. VAR, Validated Audit Report

Primary SDGs		Secondary SDGs			
					
					
Aspect Mission					
<p>"Equal Employment Opportunity", "Integral Training Program", "Comprehensive Welfare and Salary System", "Strong Employee Engagement" and "Excellent Working Environment", the five commitments that we have made to our employees, to create a happy workplace.</p>					
Future Goals		2019 Performances			
<ul style="list-style-type: none"> The RBA VAP* will be implemented in 100% of worldwide manufacturing facilities (2020) Score over 180 on the RBA VAR* for worldwide manufacturing facilities (2021) Set Human Rights Policy that embody the International Labor Convention (2020) Develop employee strike management procedure (2021) Voluntary turnover rate: direct employees < 100%; indirect employees < 10% (2020) 		<ul style="list-style-type: none"> Taiwan-NK Facility introduced RBA VAP. The implementation rate of the RBA VAP in our seven major manufacturing facilities in China, Taiwan and Mexico reached 100% Zhangjiang, Jinqiao, Shenzhen, Kunshan and Taiwan Facilities RBA VAR results all exceeded 160 points Implement human rights through membership in RBA, there were no employee strikes this year An average of 0.55 hours of training was conducted on human rights. 100% employees have finished human rights training Four consecutive years of pay increases; outstanding employees are offered share subscription as an award Hold Health, Happiness, and Learning activities for employees to manage talent loss risk The voluntary turnover rate of direct employees was 122%; and that of indirect employees was 14%, are lower than the previous year To maintain the safety of employees, the investment in production safety in 2019 increased by 25% to CNY 150 million Raise awareness of health hazards to prevent chronic and occupational diseases. 38 seminars were held, with 4,447 participants 			



Primary SDGs		Secondary SDGs		
				
				
Aspect Mission				
Continue to promote and expand social engagement through three approaches: Investing in Education, Contributing to Society, and Promoting Arts & Culture, make a positive social impact, and extend meaningful influence on the society.				
Future Goals		2019 Performances		
<ul style="list-style-type: none"> Continue to promote social involvement based on the three approaches (2013~) Implement industrial-academic internship programs for more than 30 participants (2020) Establish USI Public Welfare Foundation (2020) 		<ul style="list-style-type: none"> Invested CNY 6,269,375 in 49 social activities and 52 external organizations. For details, please refer to the Social Involvement and External Participation and Initiatives sections in the report Continued to promote industrial-academic internship programs. 93 students participated in the programs, contributing to 26,082 hours of internship 		





Stakeholder Engagement

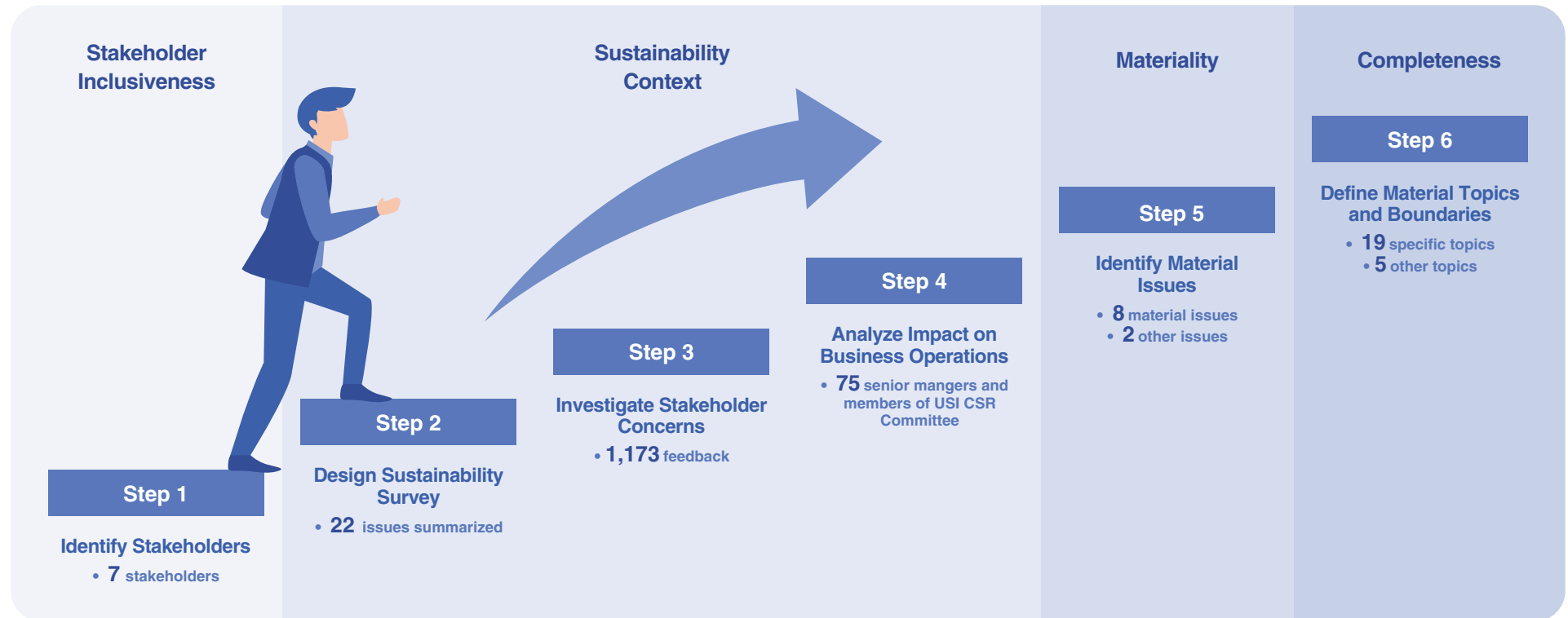


We are committed to operating with transparency and, through open and direct communication; we work to develop trusted relationships with all stakeholders. We maintain formal management systems to engage with, listen to, and learn from our stakeholders and incorporate their input as an essential basis for reviewing and continuously improving the Company's sustainable strategy.

Stakeholder Engagement

Identification of Stakeholders and Material Issues

The content of this report is based on the four major principles of GRI Standards, including Stakeholder Inclusiveness, Sustainability Context, Materiality, and Completeness. Details are shown in the following diagram.



• Step 1 Identify Stakeholders

From 2016 to 2018, USI identified that the main stakeholders are similar for three consecutive years. After discussion by the USI CSR Committee, the Company will conduct a questionnaire survey every two years from 2018 to analyze and identify the main stakeholders to understand their concerns as well as respond and communicate. This year, referring to the identification results of the questionnaire survey of the previous year, we re-examined the list of stakeholders and identified stakeholders who are closely related to us, including shareholders/ investors, customers, employees and dependents, suppliers, associated companies, government units, and local communities, the 7 major stakeholders.

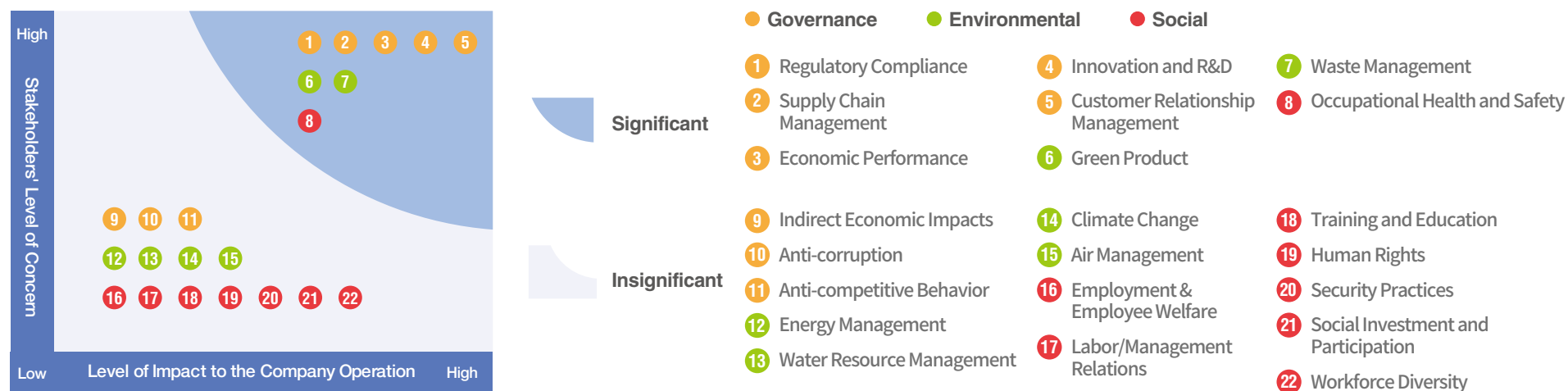
• Step 2, 3, 4 Survey Stakeholders Concerns and Analyze Impact on Business Operations

The committee integrated GRI Standards, Sustainable Development Goals (SDGs), and Responsible Business Alliance (RBA) Code with our operational characteristics and parent company's requirements and summarized them into 22 sustainability issues (including 8 issues in the economic aspect, 6 issues in the environmental aspect, and 8 issues in social aspect). An online questionnaire survey was conducted on the identified stakeholders, and a total of 1,173 questionnaires were recovered. After the analysis of the questionnaires, the topics with high interest of the stakeholders were identified. In addition, based on the impact of the Company's operations and performance on various issues on the economy, environment, and society, a total of 75 senior executives and committee members of each unit were invited to investigate, and analyze the results with the issues that stakeholders are concerned about.

• Step 5 Identify Material Issues

Results of "Questionnaire for Stakeholders' Concerns" and "Questionnaire for Operating Impacts" are analyzed based on stakeholder's inclusiveness and materiality as described in GRI Standards; identify the priority of issues related to the economy, environment and society. Depending on their majority, they can be divided into material issues (total 8 items, including 2 from the parent company) and non-material issues (14 items). Among them, "Energy Management", "Water Resource Management", "Climate Change Mitigation", "Employment and Employee Welfare" and "Training and Education" are the issues our parent company are most concerned about. The USI CSR Committee included said issues as material for an overall disclosure.

We further analyzed the differences between the material issues in 2019 and the previous year. In addition to the newly added "Innovation and R&D," "Economic Performance," and "Green Product" have been upgraded as major issues mainly because of the Sino-US trade relations and the Company's expansion. "Air Management" and other non-major issues are disclosed in this report as they are also important in the sustainable development of USI. Furthermore, according to the Company's industrial characteristics, we included "Conflict Minerals Management" and "Continuous Improvement Program." In light of the COVID-19 pandemic, we added "USI Steps Up to Combat COVID-19" to address this issue that has huge negative impact on the health and sustainable development of any enterprise. Details are further described in this report.

















► Material Issues in 2019

Material Issue	Content	GRI Topic	Chapter
Regulatory Compliance	All USI operational locations observe local regulations and laws, including environmental, economic, and labor regulations. (e.g., Environmental Protection, Human Rights, OHS, Product Labeling, Marketing, Business Confidentiality)	<ul style="list-style-type: none"> • 307 Environmental Compliance • 416 Customer Health and Safety • 417 Marketing and Labeling • 419 Socioeconomic Compliance 	<ul style="list-style-type: none"> • Business Ethics and Regulations Abidance • Customer Privacy & Product Safety • USI with Environment
Supply Chain Management	USI procurement practices and supplier risk assessments, including environment, labor, and human rights assessment. (e.g., RBA Audit)	<ul style="list-style-type: none"> • 204 Procurement Practices • 308 Supplier Environmental Assessment • 414 Supplier Social Assessment 	<ul style="list-style-type: none"> • Supply Chain Management
Economic Performance	Company's financial performance, including retirement plans and government subsidies	<ul style="list-style-type: none"> • 201 Economic Performance 	<ul style="list-style-type: none"> • Financial Performance • Comprehensive Welfare and Salary System
Innovation and R&D	New processes/product development, focusing on integrating social innovation in R&D, enhancing product quality, and acquiring patents/intellectual property	<ul style="list-style-type: none"> • Topics of our parent company 	<ul style="list-style-type: none"> • Patents Research and Continuous Improvement
Customer Relationship Management	Company's approaches to protect customer privacy, maintain customer satisfaction and provide quality customer service	<ul style="list-style-type: none"> • Topics of our parent company • 418 Customer Privacy 	<ul style="list-style-type: none"> • Customer Service & Satisfaction • Customer Privacy & Product Safety
Green Product	Reducing environmental impact from procuring materials, manufacturing to product transportation. And the disclosure that the related green products within the reporting period	<ul style="list-style-type: none"> • 302 Energy 	<ul style="list-style-type: none"> • Green Management
Waste Management	Company's waste management practices	<ul style="list-style-type: none"> • 306 Effluents and Waste 	<ul style="list-style-type: none"> • Waste Management
Occupational Health and Safety	Company's Occupational Health and Safety management, including chemical safety management approaches	<ul style="list-style-type: none"> • 403 Occupational Health and Safety 	<ul style="list-style-type: none"> • Excellent Working Environment
Energy Management	Company's energy management approaches	<ul style="list-style-type: none"> • 302 Energy 	<ul style="list-style-type: none"> • Energy Management
Water Resource Management	Company's water resource management practices	<ul style="list-style-type: none"> • 303 Water and Effluents 	<ul style="list-style-type: none"> • Water Resource Management
Climate Change	Company's greenhouse gas emission and reduction management plans	<ul style="list-style-type: none"> • 305 Emissions 	<ul style="list-style-type: none"> • Carbon Management
Employment and Employee Welfare	Company's approaches to hiring (including local hiring), remuneration, and employee benefits	<ul style="list-style-type: none"> • 202 Market Presence • 401 Employment • 405 Diversity and Equal Opportunity 	<ul style="list-style-type: none"> • Global Workforce • Equal Employment Opportunity • Comprehensive Welfare and Salary System
Training and Education	Employee training and development	<ul style="list-style-type: none"> • 404 Training and Education • 412 Human Rights Assessment 	<ul style="list-style-type: none"> • Integral Training Program • Global Workforce

• Step 6 Define Material Topics and Boundaries



















Scope and Structure of the Report: Substantial issues of the 2019 annual report has followed the scope of previous year's report to, based on materiality issues identified from the level of stakeholder's concerns and impacts to our Company as well as experts and scholars' feedback, determine the content and framework thereof. This approach made based on the principles of comparability enables us to fully disclose USI's current policy and future plans with respect to our fulfillment of corporate social responsibility. Finally, referring to the GRI Standards, we also selected 19 topics responding to material issues and according to the Company's industrial characteristics, outlined 2 topics, added 2 topics required by the parent company, and added 1 topic in response to current events. The final results are described in the following table:

 Disclosure

Scope	Boundaries			
Topic	Internal	Community	Supplier	Customer
Economic				
Economic Performance				
Market Presence				
Procurement Practices				
Environmental				
Energy*				
Water and Effluents*				
Emissions*				
Effluents and Waste*				
Environmental Compliance				
Supplier Environmental Assessment				



Note :



1. The internal boundaries cover our seven major manufacturing facilities, namely Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan-TT, Taiwan-NK and Mexico Facilities.
2. The disclosure boundaries of "Energy", "Water and Effluents", "Emissions" and "Effluents and Waste" will be explained in the "Environment & Green Innovation" chapter.




Scope	Boundaries			
Topic	Internal	Community	Supplier	Customer
Social				
Employment				
Occupational Health and Safety				
Training and Education				
Diversity and Equal Opportunity				
Human Rights Assessment				
Supplier Social Assessment				
Customer Health and Safety				
Marketing and Labeling				
Customer Privacy				
Socioeconomic Compliance				
Other Topics				
Innovation and R&D				
Customer Relationship Management				
Conflict Minerals Management				
Continuous Improvement Program				
USI Steps Up to Combat COVID-19				

Stakeholder Communication

In light of issues that highly impact the corporate operation and that stakeholders are highly concerned about, to meet their expectations, we have built a good communication platform, adopt relevant corresponding strategies, and maintain and strengthen the relationship between 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	2019 Performance	Chapter
 Stockholder / Investor	<ul style="list-style-type: none"> • Innovation and R&D • Economic Performance • Supply Chain Management • Customer Relationship Management 	<ul style="list-style-type: none"> • Board meetings • Annual general meeting • Regular reports (quarterly semi-annual/annual report) • Telephone conferences • Investor section on the corporate website • Shanghai Stock Exchange-SSE E-interaction • Receptions, visits, and roadshows • Other interim announcements 	<ul style="list-style-type: none"> • Non-periodic • Yearly • Periodic • Quarterly • All the time • All the time • Non-periodic • Non-periodic 	<ul style="list-style-type: none"> • 8 board meetings were held. • Held 3 shareholders' meetings to explain our operating performance, stock repurchase proposals, option issuance, and employee stock ownership plans and respond to investors' concerns. • USI discloses the Company's financial information through regular reports (quarterly/ semi-annual/ annual reports) published on the SSE website and analyzes the Company's business situation and data accordingly. • Held a telephone conference each quarter to explain USI's production and management to investors. • Participate in brokers' strategy meetings and receive investors during their visits. 	<ul style="list-style-type: none"> • Company Profile • Supply Chain Management • Customer Service & Satisfaction
 Employee and Dependent	<ul style="list-style-type: none"> • Employment and Employee Welfare • Occupational Health and Safety • Training and Education • Labor/ Management Relations • Economic Performance 	<ul style="list-style-type: none"> • Employees' welfare committee/ staff congress • Employee Relationship Website • President's symposium • Industrial relations meetings • Training programs • Employee engagement survey • Newsletter 	<ul style="list-style-type: none"> • Quarterly • All the time • Quarterly • Quarterly • Non-periodic • Every other year • Quarterly 	<ul style="list-style-type: none"> • 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. • 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 294 employee symposiums. • USI University has been established to irregularly provide employees with various educational training programs to perfect their professional skills. Every employee received 22.6 hours of training on average. • "Employee engagement survey" is conducted every other year on USI's intranet. The feedback rate is 86.9%. • 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. • Implement human rights through membership in RBA. And an average of 0.55 hours of training was conducted on human rights. 100% employees have finished human rights training. • Four consecutive years of pay increases; outstanding employees are offered share subscription as an award. And hold Health, Happiness, and Learning activities for employees to manage talent loss risk. 	<ul style="list-style-type: none"> • Promises for Employees • Company Profile

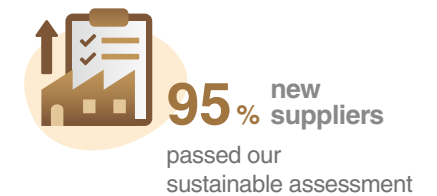
Stakeholder	Material Issue	Communication Channel	Frequency	2019 Performance	Chapter
<div> Customer</div>	<ul style="list-style-type: none">Customer Relationship ManagementGreen ProductAnti-corruptionSupply Chain Management	<ul style="list-style-type: none">RBA-OnlineAfter-sales service system (e-RMA)Customer's satisfaction questionnaireGreen Product Management System (GPMS)Mail	<ul style="list-style-type: none">All the timeAll the timeQuarterlyAll the timeAll the time	<ul style="list-style-type: none">Report Self-Assessment Questionnaire (SAQ) assessment status and results through the RBA-Online platform.Constant monitoring of RMA* status through the system (e-RMA).Carry out satisfaction surveys each quarter through sales associates.Investigate whether components contain environmentally hazardous substances or chemicals through the GPMS.	<ul style="list-style-type: none">Customer Service & SatisfactionGreen PromiseCorporate GovernanceSupply Chain Management
<div> Supplier</div>	<ul style="list-style-type: none">Supply Chain ManagementRegulation ComplianceGreen ProductCustomer Relationship Management	<ul style="list-style-type: none">Quarterly business reviewBusiness meetingsSupplier evaluationPurchase contracts/ConductsTraining of suppliersOn-site audit for suppliersQuestionnaire investigation for suppliersSupplier conference	<ul style="list-style-type: none">QuarterlyNon-periodicYearlyIn contract periodNon-periodicNon-periodicYearlyYearly	<ul style="list-style-type: none">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.21 new suppliers were subject to evaluation and 20 of them were approved, and became to USI's Approved Vendor List (AVL).In addition to the compliance with purchase contract, suppliers have to sign "the Code of Sunshine Conduct of Suppliers" and "Supplier's Commitment to Corporate Social Responsibilities".We total held 1,226 activities that occupational safety and health education and training for every category contractor.Suppliers are selected each year to carry out on-site inspection for RBA. The number of suppliers were selected was 80.A supplier survey is conducted irregular to comprehend the current situations and trends of suppliers. A total of 515 suppliers were surveyed.Supplier sustainability presentations were held in Shanghai, Shenzhen and Taiwan communicating the policies and philosophy of the Company. Furthermore, suppliers can also express their expectations of USI through the post-presentation satisfaction questionnaire. A total of 222 representatives from 179 suppliers attended these sessions.	<ul style="list-style-type: none">Supply Chain ManagementCorporate GovernanceGreen PromiseCustomer Service & Satisfaction

Stakeholder	Material Issue	Communication Channel	Frequency	2019 Performance	Chapter
 Affiliated Company	<ul style="list-style-type: none"> • Employment and Employee Welfare • Regulation Compliance 	<ul style="list-style-type: none"> • Board meetings • Work/Business meetings 	<ul style="list-style-type: none"> • Periodic/Non-periodic • Non-periodic 	<ul style="list-style-type: none"> • 8 board meetings were held. • Work/business meetings of departments to communicate the policies, objectives, and requirements of the parent company (ASEH). 	<ul style="list-style-type: none"> • Promises for Employees • Corporate Governance
 Government	<ul style="list-style-type: none"> • Regulation Compliance 	<ul style="list-style-type: none"> • Official document • Participation in conferences 	<ul style="list-style-type: none"> • Non-periodic • Non-periodic 	<ul style="list-style-type: none"> • Actively participate in conferences held by competent authorities on an irregular basis. Participated in 52 external organizations. 	<ul style="list-style-type: none"> • Corporate Governance
 Community	<ul style="list-style-type: none"> • Social Investment and Participation • Occupational Health and Safety 	<ul style="list-style-type: none"> • Community activities • USI Website/E-mail/Direct line 	<ul style="list-style-type: none"> • Non-periodic • All the time 	<ul style="list-style-type: none"> • Actively participate in social/community activities and establish a good relationship with neighbors. Total participated/held in 49 philanthropic social activities. • 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. 	<ul style="list-style-type: none"> • Social Involvement • USI with Environment • Promises for Employees

Note: RMA, Return Merchandise Authorization



Sustainable Value Chain



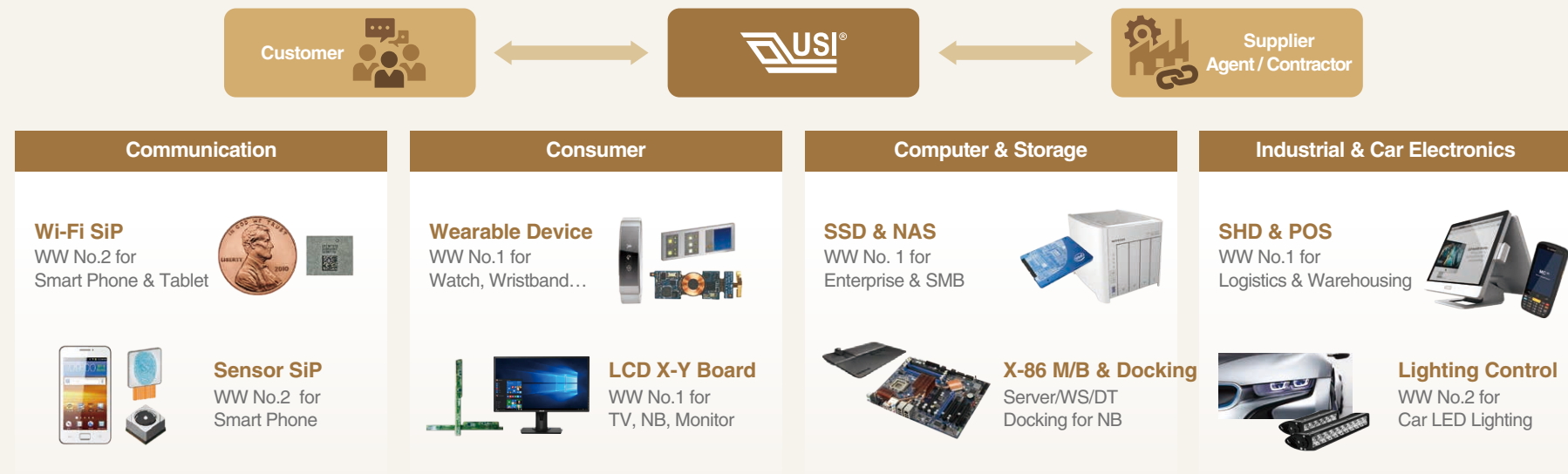
Sustainable Value Chain

In facing the boundless development trend in the globe, good value 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.

Product Value Chain

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

• Product Value Chain

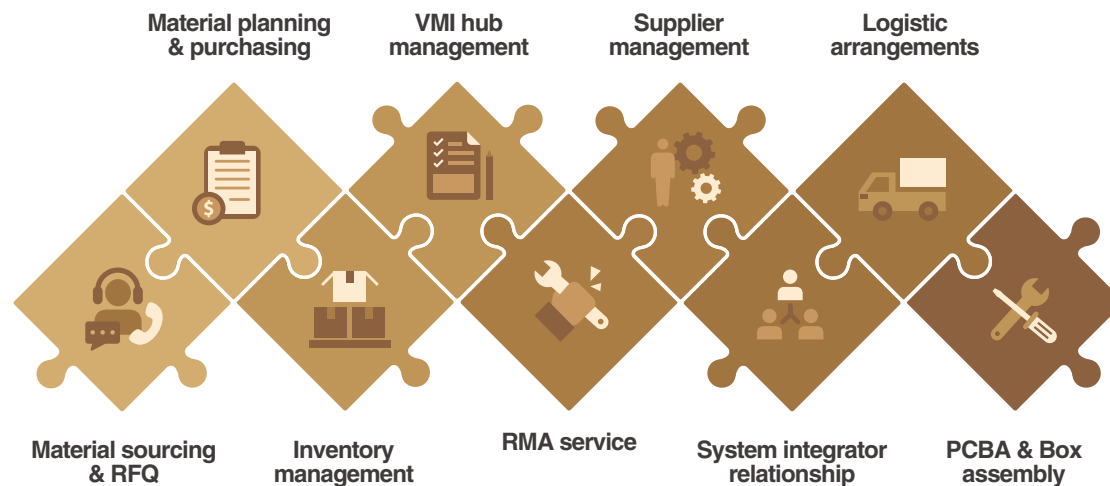


Note:

1. D(MS)² refers to the combination of DMS (electronic design, manufacturing and services) with M (miniaturization) and S (solution)

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

• Turnkey Service



Note: The essence of Turnkey Service is service integration.

Customer Service & Satisfaction

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

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

For the implementation of quality policies as well as the guarantee on goods and services, a comprehensive inspection must be made for all USI products before shipment. Only qualified products can be delivered (outgoing quality pass rate is 100%). There were 558,463,609 products provided in 2019. Besides, USI has also passed various international certifications such as TL 9000, ISO 9001. (Please refer to the Management Systems Certification Table)

Quality Policy

- ▶ The quality of product and services we provided shall conform to or exceed customers' requirements and expectations.
- ▶ Each member in the company shall participate and endeavor for continuous improvement to pursue the Zero Defect in each operational segment.
- ▶ USI shall ensure its system operating effectively under the applicable international standards that products and services are required.
- ▶ To minimize the potential risk of safety to the employees, users and hazard to the applied environment.



• All-Encompassing After-Sales Service

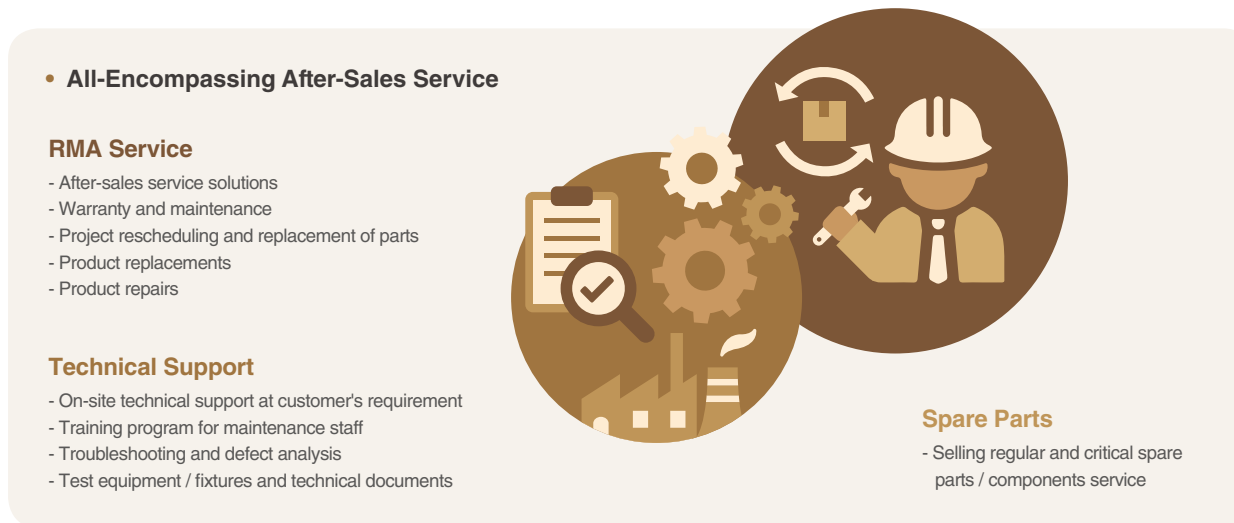
The customization of our after-sales services allows USI to satisfy customers' needs with all-around high-quality, high-efficiency and flexible services. Not only has each of our customer has personnel dedicated thereto, but also we have managed to collect customers' feedback and precious opinions through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

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

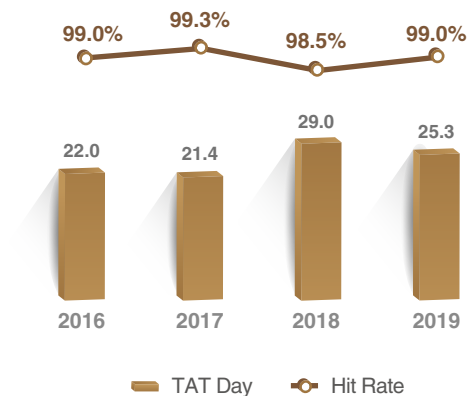
Note:

1. e-RMA, e-Return Material Authorization

2. SAP, Systems Application and Products in Data Processing (It is a world-famous and universal ERP system developed by SAP)



► On-time Delivery Rate and Maintenance Turnover Days



Regarding the after-sales service, USI utilizes the on-time delivery rate and maintenance turnover days as the standard of measurement: The on-time delivery rate is the monthly ratio of whether the shipments are delivered on time according to the agreements with customers. And the maintenance turnover days refer to the period of time from the receipt of returned goods to the shipment of exchanged goods. Due to the diversified products that USI has, there are different product exchange turnover standards classified based on product attributes and the number of exchange. In the past four years, USI's on-time delivery rate has reached above 98% in accordance with customer agreements.

Note:

1. The statistical data of on-time delivery cover Zhangjiang, Shenzhen, Kunshan, Taiwan-TT, Taiwan-NK and Mexico Facilities.
2. The products manufactured by Jinqiao Facility have been modularized that cannot be repaired but replacing with new items instead. Therefore, they are excluded in this calculation.

• Driving up Customer Satisfaction

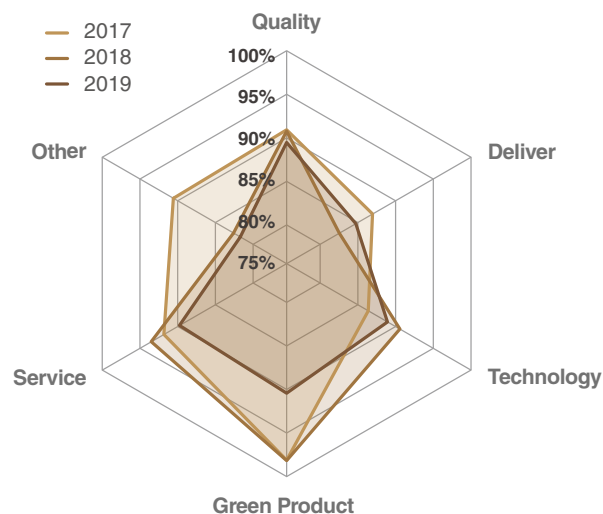
In order to ensure an effective communication with global customers, USI has dedicated personnel to deal with customer service incidents for all clients. Through the organization of QBR (Quarterly Business Review) meetings and occasional business meetings, questionnaires, we can actively collect customer opinions and appeals as well as understand the product evaluations in terms of technology, quality, price and delivery period, from customers to keep improving USI service quality and good cooperative relationship with customers so as to jointly create the best interests and values for the company. As for the results of survey, USI's internal responsible unit holds seminars to make feasible coping strategies and then negotiate with customers based on their needs. By the establishment of improvement plans, we continuously follow up the progress and always keep the customers in the loop to improve communication quality and customer satisfaction.

With respect to customer satisfaction, USI has made a great effort in reaching our goals this year (where the customer satisfaction level must reach 80%). As for our long-term goal, we hope that our customer satisfaction will reach the "Outstanding" level in 2021. In 2019, the overall satisfaction of USI's main customers is 82.5% (Successful). Concerning the satisfaction level for our respective services, all of our services have reached the "Successful" or "Excellent" level, except for "Others."

Note:

Major customers refer to the top 20 customers with the best annual revenue (accounting for above 90% of USI revenue) according to USI Central Staff Office's statistic.

► Customer Satisfaction of USI's Main Customers



► Customer Complaints Handling and 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 promptly and customer lives and properties can be protected from damage.

In terms of customer complaint reply, USI establishes a systematic handling procedure. Once receiving the failure analysis or complaint request from customers, it will be immediately and initially confirmed and recorded by corresponding responsible personnel, after formulating the most effective countermeasures for improvement, we will give back to customers and prevent similar complaints from happening again. According to statistics, in 2019 USI had a total of 7 customer complaints from major customers, and the customer complaint resolution rate was 100%. One of the complaints was listed as CQCN* and no product recall event occurred.

Note:

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

Customer Privacy & Product Safety

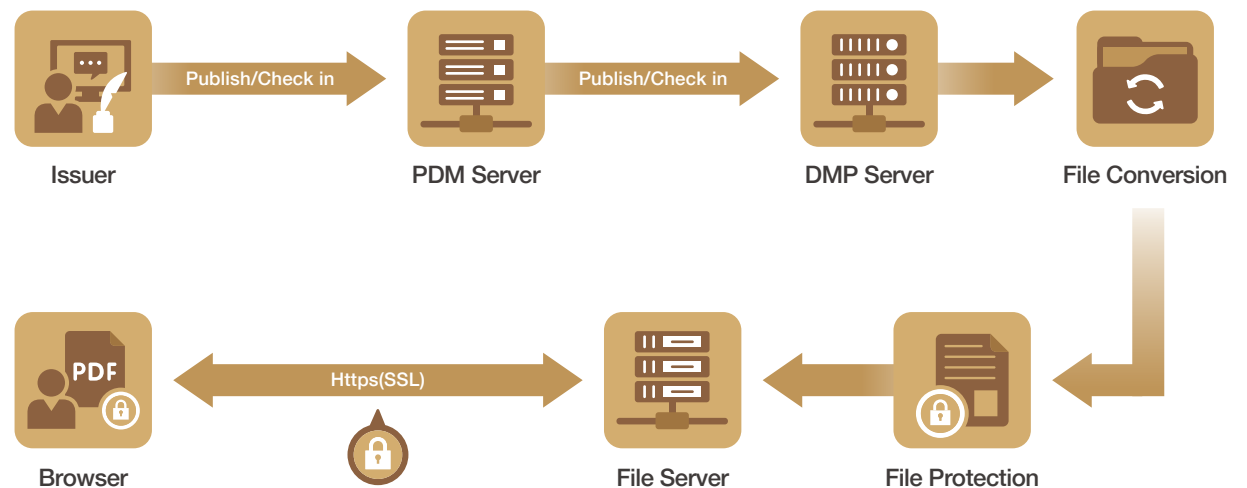
Customer's confidential information and product safety are important assets of both USI and its customers and are the foundation of mutual trust. Financial risks arise when internal management systems and processes are flawed or ineffective. Therefore, USI manages confidential information with the highest standard in addition to signing confidentiality agreements with its customers.

The technology files of USI products can be classified into "A-Absolutely Confidential", "B-Highly Confidential" and "C-Confidential" based on the confidentiality. In order to ensure the important product information (e.g. material specifications, inspection specifications, etc.) provided by customers is properly preserved. According to the rules of USI, all customers' documents must be classified as "A-Absolute Confidential". Besides, these documents must pass the countersignature procedures officially, be encoded and then stored in USI's PDM* or DMP* system. To ensure that the system tracks browse records, confidential documents and information preserved in USI's intranet can only be browsed by authorized personnel. People who have resigned or temporarily leave the position without pay will have their account authority "Locked" and access to the system interdicted.

All USI staff who have direct contact with customer documents must receive the confidential document control training course and retraining is required once the curriculum documents are revised to make sure that the related personnel clearly understand the requirements of customer document management system. The confidential document control training is conducted through an online course. In 2019, it was set as a training course for new personnel. A total of 1,263 people participated from different sites. We plan to list this course as a required training course for key management personnel in each site in 2020. In 2019, there was no leakage of customers' documents.

Note:

PDM, Product Data Management; DMP, Document Management and Protection, all of them are the internal management system of electronic documents.



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 low-pollution, non-toxic raw materials. For product planning, USI ensures products meet the specifications required by environmental regulations (EU RoHS, REACH, etc.), and then conducts the life cycle assessment and eco-design evaluation. Meanwhile USI generates eco-profile in response to EU's Energy-related Products (ErP) Directive (please refer to the section Green Promise). USI also developed a Chemicals Management Procedure to assess and prevent risks that may arise whenever we introduce a new chemical into our production process as detailed in the section on Excellent Working Environment.

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

USI has been continuously expanding certifications related to safety regulations of Southeast Asian and Eastern European emerging markets; and introduced the newest information type standards UL/IEC 62368-1. In 2018, we established the third-party testing laboratory contact window; and the forecast mechanisms for in-factory laboratory and relevant procedure/ guidelines thereof. As of the end of 2019, the proportion of the company's products meeting this standard has increased from 75% in 2018 to 100%. USI did not receive any complaints of products linked to human health and safety risks, neither the violation related to product safety in 2019.

Note:

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

Supply Chain Management

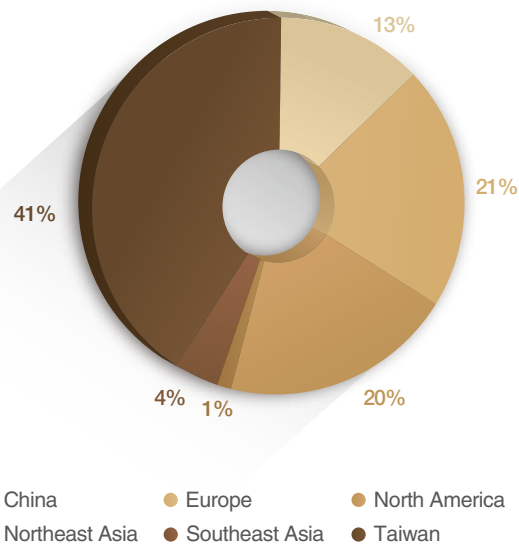
Looking into the future trend of global information explosion and big data, a sound and efficient supply chain management can effectively reduce the production cost and increase product competitiveness. Supply chain management not only provides assistance and protection to USI's suppliers with respect to quality, delivery time, costs and services, but also guarantees that the quality of products and services provided by the suppliers meet the requirements of USI, our customers and international standards.

USI has made our greatest effort in establishing a sustainably developed supply chain, such as supporting local suppliers; implementing human rights; maintaining labors' rights and benefits; restricted use and control of hazardous substances; use of conflict-free minerals and so on. USI's Supply Chain Management Division adjusts procurement strategy according to the industry trend, where different strategies are adopted for different materials to ensure our competitiveness in material costs. Besides, we also have separate source of supply in order to minimize potential risks and ensure that our materials are supplied with reasonable costs, accurate delivery time and good quality. In the same time, interdepartmental communication and negotiations also take place. For example, the manufacturing and inventory management units collaborate to review and discuss the inventory and request the procurement unit to respond to excess order or sluggish inventory; and analyze the future market trend, improve/enhance procurement related activities, and set future procurement strategies together with the Strategic Procurement Department. USI also reviews the performance of our suppliers on a regular basis to ensure the sustainability of our supply chain and to provide high-quality products and services; and invites suppliers to hold product launch sessions to introduce their new products and new technology. This enables us to establish a long-term firm partnership with our suppliers and create a win-win situation. As of the end of 2019, we held a total of 6 briefings on new products and new technologies with material suppliers.

• The Suppliers of USI

USI's raw material suppliers include original manufacturers, agents, and stock item suppliers. They can be mainly classified into active components, passive components, substrates, mechanical components, and other peripherals. The raw material suppliers are located in North America, Europe and Asia. Confronted by the complex supply chain and the demands of our existing and new customers around the world, we traded with over 1,600 material suppliers, with an increase of 100 suppliers comparing with 2018, in 2019.

► Distribution of Raw Material Suppliers in 2019



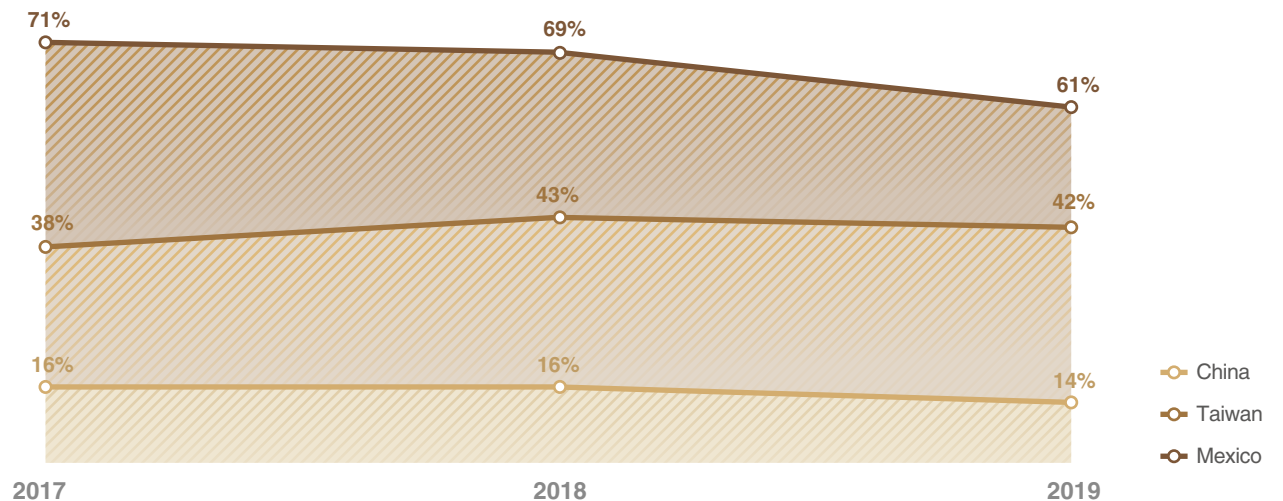
Note:

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

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. USI's local raw material supplier procurement ratio declined in 2019. The reasons for the impact were that, in Mexico, due to the turnover growth of the new projects introduced in 2018, its materials and suppliers were designated by customers, and the ratio of the amount of money of project material procurement has increased. However, the local suppliers did not take up a higher ratio of procurement, and it was the reason why the local procurement ratio in Mexico has fallen sharply. As for the products produced in Asia, due to the continued trade war between China and the United States, more products produced in China were transferred back to Taiwan for manufacturing. The ratio of the procurement amount of suppliers in China was higher than that in Taiwan's, which was the reason for the decline in the local procurement ratio of China and Taiwan.

USI's Strategic Procurement Department the management of major suppliers and will select local suppliers with competitive advantages. It is our goal that each region will reach the goal of having a 1% growth of local procurement in 2020 to increase the competitive advantages of local industries and enhance the partnership with our suppliers.

► Percentage of Purchasing from Local Suppliers at All Facilities



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

According to the number and amount, the proportion of 2019 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 are both plants with multiple production lines that have 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 2019**

Facility	Zhangjiang	Jinqiao	Shenzhen	Kunshan	Taiwan*	Mexico
No. of Suppliers	384	87	765	814	500	291
Transaction Percentage	31%	27%	10%	12%	15%	5%

Note: Taiwan Facility data includes Taiwan-TT and Taiwan-NK Facilities.

• **Supplier Evaluation**

The progress of the suppliers' CSR (Corporate Social Responsibility) 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.

► **The Evaluation Procedure**



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 QRB (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, and commitment to green products, as well as supplier social responsibility and EHS (environment, safety and health) 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", "Sunshine Supplier Conduct Commitment" and "Supplier's Commitment to Corporate Social Responsibilities" to ensure that they will include the effects of environmental sustainability, social labor and human rights in the assessment and control. USI will give a corresponding approval level to the supplier after the evaluation. The relevant results and qualified supplier list can be looked up in PDM system. In 2019, a total of 21 new suppliers of USI entered the evaluation process, and finally 20 of them passed the review. The proportion of new suppliers that passed the screening was 95%.

• Contractor Management

Companies outsource technical and professional projects to contractors have become an inevitable trend. Besides the requisition of contract project quality and schedule, USI values contractor's safety and health management. Environment safety and health policy clearly commits "on a continuous basis, employees, suppliers and contractors must conduct environmental safety and health policy, knowledge and requirements through communication, participation and consultation. USI also provides training and exercise to reduce safety and health risks & incidents". And by implementing safety and health management evaluation, contractors could enhance their safety and health performance. According to statistics, in 2019, the number of contractors participating in the company's occupational safety and health education and training reached 328 (trainees include contractors for: factory services, construction, waste, and other services). After training and evaluation by the EHS departments of each site, a total of 2,250 contractor employees obtained construction permits.

To ensure the safety of contractors, USI enhances the safety and health evaluation for unusual dangerous projects and recidivism contractors. In Taiwan Facilities, any contractor with major violation and fails to improve within a designated period will face one-year suspension after they got the notice, and the contractors will be removed the qualification in China Facilities, if there are two violations within 6 months. In 2019, a contractor safety accident occurred at the Taiwan-NK Facility. The contractor's screw drilled the wire and caused a short circuit during construction in the site, which was not carried out according to the standard protection plan, resulting in an electric burn injury. After analyzing the cause of the accident, the company requires the person in charge of the contractor to do daily pre-construction safety promotion education and full-range monitoring. In addition, the company's contractors need to audit from time to time to ensure the quality and safety of the construction, and include the focus of the promotion to prevent subsequent construction failure. This work-related accident resulted in 0.25 of the male contractor's work-related injury rate in Taiwan-NK Facility, and the lost day rate was 1.90 (please refer to the "Excellent Working Environment" chapter for the calculation formula). In 2019, no qualified contractors were disqualified due to safety and health audits.



Training for Contractors (Taiwan Facility)



Training for Contractors (Zhangjiang Facility)



Training for Contractors (Shenzhen Facility)

• RBA Management

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

► The Management Procedure



USI conducted a risk assessment of suppliers. In 2019, a total of 515 suppliers were given the sustainability assessment questionnaires. The recovery rate was close to 70%. The survey results showed that 90% of the suppliers' audit results were low-risk. In addition, 40 material suppliers and 40 site service suppliers were audited on the spot, and the audit results did not have a high risk level and were all in the qualified range. After the on-site audit and evaluation, all the projects that the suppliers needed to improve on have been improved. The company and the suppliers have contributed to the progress and improvement of the supply chain operating environment.

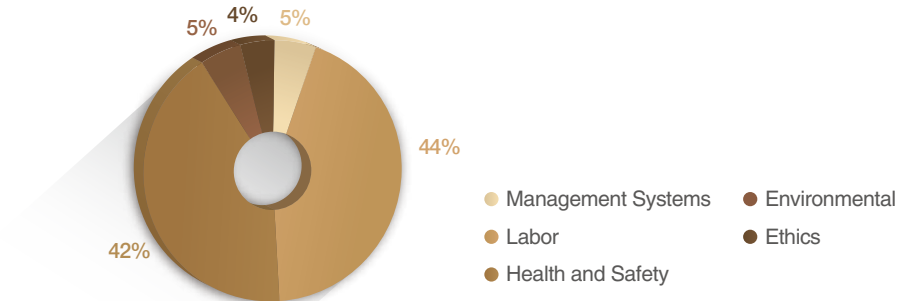
USI also analyzed items to be improved, where 86% they are from the labor and health and safety aspects as illustrated in the table as follows. In the future, USI will not only continue to audit our suppliers, but will also provide counseling services thereto based on these two aspects in 2020. In 2019, none of these suppliers were dissolved the partnership after the assessment. USI will keep assisting suppliers in making improvement and helping more suppliers to meet RBA Code of Conduct. We are expecting that 100% of suppliers can be rated as low-risk in the future.

► RBA On-site Auditing in 2019

Aspects	Potential Negative Social Impacts Identified*	No. of Suppliers That Needs Improvement	Proportion of Suppliers That Have Improved
Labor	Freely Chosen Employment	7	100%
	Working Hours	20	100%
	Wages and Benefits	25	100%
Health and Safety	Occupational Safety	16	100%
	Emergency Preparedness	23	100%
	Industrial Hygiene	9	100%
Environmental	Environmental Permits and Reporting	2	100%
	Hazardous Substances	5	100%
	Air Emissions	3	100%
Ethics	Business Integrity	2	100%
	No Improper Advantage	2	100%
	Responsible Sourcing of Minerals	2	100%
Management System	Legal and Customer Requirements	3	100%
	Risk Assessment and Risk Management	2	100%

Note: During suppliers' on-site audits, we identify and record the top three negative impacts.

► On-site audit results: distribution of items to be improved based on the 5 aspects



• Supplier Communication

To establish a good communication with the suppliers, USI call together a supplier assessment team that consists of representatives from quality control, engineering and procurement divisions. The team is in charge of communication with suppliers and inviting them to attend USI quarterly QBR (Quarterly Business Review), where the team members explain to the suppliers USI's viewpoints on social responsibility and environmental safety and health policies, such as USI's green supply chain, restrictions on using hazardous substances in product, environmental regulations and customer product quality requirements, while maintaining a close working interactions with suppliers. By the end of 2019, USI and material suppliers held 23 QBR meetings in total.

Apart from educating requirements of the green management system at the propagation meeting arranged and conducting face-to-face communications with the suppliers, USI holds related courses to interchange market dynamics with its suppliers on a regular basis. Additionally, USI promptly convenes orientations for its suppliers for different issues to let the entire supply chain command the latest information and regulations of the market. Therefore, the suppliers can comprehend USI's requirements of green procurement and of the conformity parts of WEEE, RoHS, REACH and CMRT. We also expect the suppliers to be like USI and value corporate ethics. In the aspect of implementing Supplier Sunshine Conduct Management Guidelines and anti-corruption, USI established an exclusive reporting mailbox (Please refer to the Business Ethics and Regulations Abidance section). In 2019, there were no cases where the suppliers provided feedback or made complaints.

► Sustainable Suppliers Briefing

Since rich feedbacks receiving from the first Sustainability Supplier Briefing in Taiwan in 2015, USI has held the Sustainability Supplier Briefing for five years in succession and has projected this briefing as a supplier annual event in the future. The 2019 briefings were held in Shanghai, Shenzhen and Taiwan to communicate directly with local suppliers. These briefings contained continuous implementation of green supply chain, the cooperation with the trends of international requirements for environmental protection, explanation of USI's sustainability requirements, implementation experience and future goals. During the Taiwan session, we invited the senior operation director of SGS Taiwan Ltd. Stephen Pao to share "Trends and Development of Sustainable Supply Chain Risk Management" and explain the development and application of corresponding measures and tools. In addition, in the Shanghai session, we invited the founder of EHS Value Leon Ma to share "China Environmental Policy Interpretation and Trend Outlook", which benefited us and our suppliers a lot. There were 179 suppliers and 222 representatives participated in these three briefings. 130 questionnaires were collected after the briefings and the suppliers evaluated USI as "satisfactory".

► Suppliers Feedback

1. "Through this briefing, we can understand the importance of the development of sustainable supply chain risk management trends and the establishment of business sustainable operation plans."
2. "I have a deep understanding of your company's culture and institutional processes. I have also met a lot of supplier friends, and I am willing to serve USI with many partners."



Sustainable Briefing for Suppliers (Taiwan Session)



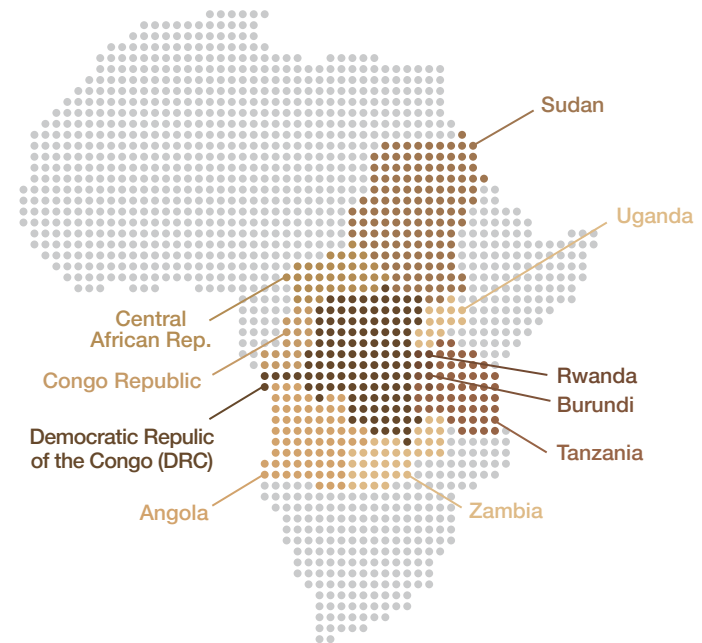
Sustainable Briefing for Suppliers (Shanghai Session)

• Conflict Minerals Compliance

ASEH joined the Responsible Minerals Initiative (RMI) (Originally the Conflict-Free Sourcing Initiative) in 2015. As a member of ASEH, USI used resources and instructions provided by RMI to make wise choices in regards to conflict minerals* to create a conflict-free supply chain.

Note:

The conflict minerals refer to the mined of metals: tantalum, tin, tungsten, gold (known as 3TG), and Cobalt (Co), which are extracted and traded illegally in the Democratic Republic of Congo and neighboring countries. These metals are mined by child labor that is forced under violence by local armed militias. It destroys the ecological environment and is also used as the primary funding source for illegal armed groups. The neighboring countries: Central African Republic, Republic of the Congo, Angola, Zambia, Tanzania, Burundi, Rwanda, Uganda, South Sudan.



Conflict Minerals Management	Management Approach	2019 Performance
Management Requirement	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> USI's conflict-free minerals procurement policy is on the Company's website. https://www.usiglobal.com/usi-code/conflict All of our key suppliers comply with our conflict-free minerals policy
Material Management	<ul style="list-style-type: none"> Investigate the smelters materials are procured from* Conduct suppliers/materials risk assessment Identify new risks 	<ul style="list-style-type: none"> All materials adopted by USI come from qualified smelters, the 3TG distribution in recent years is illustrated on the next page: Tantalum:1 under the certification process; 40 qualified Tin:2 under the certification process; 77 qualified Tungsten:2 under the certification process; 43 qualified Gold:1 under the certification process; 104 qualified USI identifies new risks and pays attention to the use of cobalt ore smelters by suppliers. The use of cobalt smelters in 2019 is shown on the following page
Supplier Management	<ul style="list-style-type: none"> Make a corporate policy for sourcing conflict minerals Require suppliers to use qualified smelters Conduct supplier on-site visits and counseling Encourage unqualified smelters to work with RMI Promote relevant requirements and plans through sustainable suppliers' briefings 	<ul style="list-style-type: none"> USI continues to promote the procurement of conflict-free minerals to the supply chain, and expanded supply chain due diligence. In 2019, a total of 352 suppliers completed the CMRT survey. The situation over the years is shown on the following page. In addition, we completed the CRT* survey of 75 suppliers Audited 14 suppliers and provided counseling services to 5 of them to enhance their internal management mechanisms Announced USI's requirements and future direction at the 2019 Sustainable Suppliers Briefing
Internal management	<ul style="list-style-type: none"> Conduct relevant personnel trainings 	<ul style="list-style-type: none"> Opened a "Conflict Minerals Management" online training course. This course is required for all personnel engaging in relevant affairs. In 2019, 67 completed the training
Independent Private Sector Audit	<ul style="list-style-type: none"> Carry out third-party audit, in compliance with the annual SEC* declaration Cooperate with customers' requirements on conflict minerals audits 	<ul style="list-style-type: none"> USI's parent company ASEH discloses its annual conflict minerals report that is verified by a third party in compliance with the United States SEC requirements
Annual Report	<ul style="list-style-type: none"> Compile annual conflict mineral report Provide CMRT* requirements to the customers 	<ul style="list-style-type: none"> 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.aseglobal.com/ch/pdf/2019_ASEH_CM_Report.pdf Provided a complete conflict mineral report form in accordance with customer requirements

Note:

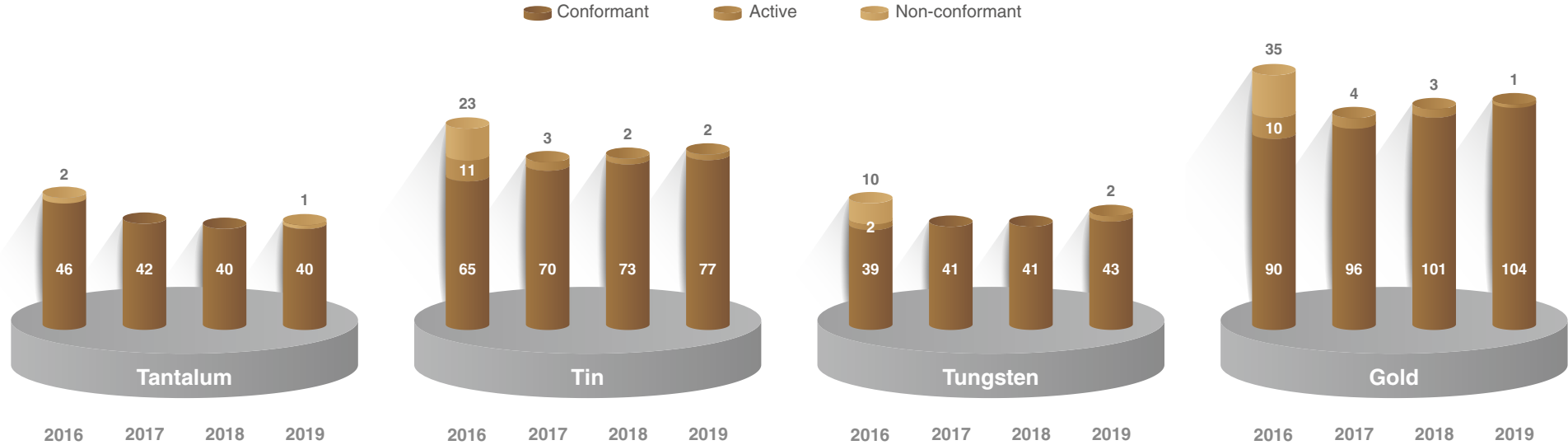
1. USI requests suppliers to source minerals from RMI approved qualified smelters. (<http://www.responsiblemineralsinitiative.org/conformant-smelter-refiner-lists/>)

2. SEC, United States Securities and Exchange Commission

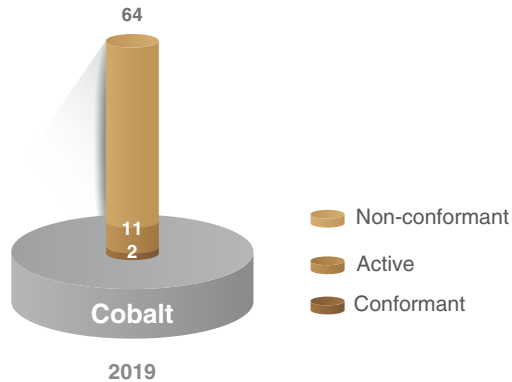
3. CMRT, Conflict Minerals Reporting Template

4. CRT, Cobalt Reporting Template

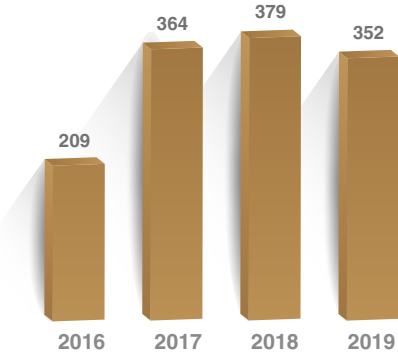
► Suppliers with 3TG Materials from Qualified Smelters



► Suppliers with Cobalt from Qualified Smelters



► Number of Qualified Suppliers





Environment & Green Innovation



USD
3.36 million
invested in environmental
conservation



153 MWh
green power produced
through solar power



Pursuing
EEWH
1st green building
certification



Scope 3
inventoried greenhouse
gases in all China Facilities



100%
renewable energy
use in China Facilities



0
formal
environmental
sanctions

10%
renewable energy
use in Mexico Facility

Environment & Green Innovation

With an emphasis on environmental protection, USI takes aggressive measures against climate change. We look forward to taking into account of environmental protection as well as achieving environmental sustainability while pursuing high quality products and services.

USI with Environment

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 system related to ISO 14001, ISO 50001, ISO 14064-1, etc. (please refer to the Management Systems Certification Table), we have improved and reduced environmental impact of our operation and hereby make a public disclosure about USI's environmental information for the implementation of corporate environmental responsibility.

In order to further create useful products and services through the use of natural capital and reduce the direct or indirect impact on the environment during the process, USI is expected to introduce Environmental Profit and Loss (EP&L) methodology in 2020 to help the company to make effective decisions by weighing different issues through monetization management.

USI established EHS & Energy Policy (Environment, Health, Safety, and Energy Policy). Follow the principle of "Compliance with Law and Response to Environmental Protection", optimized resource utilization, and created an eco-friendly, healthy and safe working environment. A telephone hotline and mailbox are provided for suggestions or complaints from stakeholders. In 2019, no official complaint about environmental impact was received, and no violation against environmental regulations and environmental pollution incidents.

EHS & Energy Policy

- ▶ **Regulatory Compliance & Responding to Environmental Campaigns**
USI will comply with all applicable local regulatory requirements and will respond to global environmental campaigns.
- ▶ **Hazard Prevention & Raising Awareness with Training**
Raise workplace environment health and safety awareness through continuous communication with all employees, suppliers, and contractors. To prevent hazardous events, implement training and drills to reduce risks and excess waste of energy.
- ▶ **Pollution Prevention & Continual Improvement**
USI is committed to preventing pollution and managing its energy consumption. Through continuous improvement methodologies, USI will strive to implement new technologies, where feasible, and to develop environmentally compatible products and processes.
- ▶ **Energy Optimization & Waste Reduction**
Optimize energy and resource use and mitigate climate impact through conserving energy, improving process design, reducing waste and greenhouse gases, and recycling.
- ▶ **Goal Establishment & Sustainable Operations**
Implement an EHS and Energy Management System in compliance with international standards and goals. Conduct audits to ensure its effectiveness and sustainability.

Climate Change Mitigation

According to the World Meteorological Organization, 2015 to 2019 is the hottest period in Earth's recorded history. And 2019 is the second hottest year in history, second only to 2016, an El Niño Year. This indicates that global warming is spiraling out of control and immediate actions are urgent. As climate change has become one of important sustainable development issues, countries across the world have proposed reduction goals and methods in droves. For example, 2030 Sustainable Development Goals (2030 SDGs) proposed by the UN, the Carbon Disclosure Project (CDP) initiated by major investment institutions, the UN Global Compact, and the "Science-Based Targets initiative (SBTi)" co-founded by World Resource Institute and other institutions. As a company that takes our civic responsibility seriously and commits to sustainable development, USI has not only set carbon reduction goals and set out action plans to achieve them, but also pays attention to the international response measures to global warming, continuing our analysis and control works, and pursuing environmental and corporate sustainability.

Carbon Management

USI's medium and long-term goals in our Greenhouse Gases Reduction Policy are to reduce our emissions by 10% from the baseline year 2015. The greenhouse gas emission inventory check was performed in 2007 according to ISO 14064-1. Another check was conducted in 2010 on our worldwide production bases and the results were verified by third party institution for the establishment of USI inventory benchmark data. Since the introduction of the inspection of Scope 3 of the Taiwan-TT Facility in 2018, the facilities in China also began theirs in 2019. In 2017, we also started to conduct product carbon footprint inventory; and disclosed relevant information in compliance with international regulations, initiatives and customers' requirements. Besides, following one of the parent group's strategic sustainability themes "Low Carbon", USI have put Carbon Disclosure Project (CDP) and Task Force on Climate-related Financial Disclosures (TCFD) into actions. For detailed information, please refer to the 2019 ASEH Corporate Social Responsibility Report.

Climate change has taken its tolls on USI. The China Facilities already used 100% renewable energy, while the Mexico Facility used 10% of its annual electricity consumption (I-REC, please refer to the "Renewable Energy" chapter for the 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 (Excluding Scope 3)

USI's total greenhouse gas emissions in 2019 were 177,169.32 tonnes of CO₂e (excluding Scope 3), an increase of 21,942.46 tonnes of CO₂e from 2018, and emissions per million CNY turnover were 4.85 tonnes of CO₂e, an increase of 0.37 tonnes of CO₂e from 2018. The analysis of the cause was the expansion of the Zhangjiang Facility in 2019 and the addition of the Taiwan-NK Facility. Because it was in the trial production stage, the energy consumption was unstable, resulting in increased carbon emissions. The analysis is shown in the following figure:

► Greenhouse Gas Emissions

Unit: Tonne CO₂e

Type	Emission Source					Scope		Total Emission
Year	Fixed Burning Emission	Mobile Burning Emission	Fugitive Emission	Processing Emission	Indirect Energy Emission	Scope 1	Scope 2	
2019	6,042.40	318.35	2,078.09	0.00	168,730.49	8,438.84	168,730.49	177,169.33
2018	4,425.24	338.86	2,260.84	0.00	148,201.93	7,024.93	148,201.93	155,226.87
2017	5,472.90	339.07	2,041.72	0.00	149,881.38	7,853.69	149,881.38	157,735.07
2016	5,761.99	363.69	1,931.57	0.00	142,043.16	8,057.25	142,043.16	150,100.40
2015	5,776.50	349.52	1,891.45	0.00	151,993.76	8,017.46	151,993.76	160,011.22

► Greenhouse Gas Emissions and Intensity



Note:

1. The data presented came from the ISO 14064-1 inventory results, rounded to the 2nd decimal point
2. The data organization boundary is summarized by the operation control method.
3. The statistical data covers the Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan-TT, Taiwan-NK and Mexico Facilities.
4. The significant threshold is set at 3%, and the substantial threshold is set at 5%
5. The baseline year is 2015
6. The greenhouse gas emission includes various categories such as CO₂, CH₄, N₂O, HFCs, PFCs, NF₃ and SF₆
7. GWP value adopts the IPCC Fifth Assessment Report (2013)

• **Greenhouse Gas Emissions (Scope 3)**

USI continued to promote the greenhouse gas inspection (ISO 14064-1). Following the introduction of the Scope 3 inspection at Taiwan-TT Facility in 2018, it further expanded to the China Facilities in 2019. The verification results by the third-party verification unit are as follows:

► **Greenhouse Gas Emissions (Scope 3)**

Unit: Tonne CO₂e

Category		Description	Greenhouse Gas Emissions
Fuel and energy related activities (not included in Scope 1 and 2)	Electricity emissions	Coverage ranges from raw material mining, raw material transportation, refining and combustion, power generation operations, power grid transmission and distribution to user outlets and treatment of power generation operation waste, the Scope 2 results are deducted after the full life cycle calculated.	5,437.01
	Natural gas	Starting from natural gas extraction, production, refining, liquefaction, importing into internal, gasification back to gaseous state, and then distribution to users under high pressure and normal temperature environment, the Scope 1 and 2 results are deducted after the full life cycle is calculated.	6,931.68
	Gasoline	Starting from the extracting of the fuel crude oil used in the factory, delivering to internal, fractionation, refining, transportation and then the point of sale, the Scope 1 and 2 results are deducted after the full life cycle is calculated.	34.98
	Diesel oil		13.51
Waste generated in operations		Greenhouse gas emissions from the waste disposal process	5,148.80
Business travel		Employees take flights for business trips, excluding other transportation in business trips	1,020.64
Employee commuting		Greenhouse gas emissions from employees commuting to work	4,037.05
Total			22,623.68

Note:

1. The main source of the coefficient:

- Taiwan Facilities: mainly use the emission coefficients that can be queried by the EPA product carbon footprint calculation platform.
- China Facilities: mainly uses the emission coefficients that SimaPro can query.

2. In the "Employee commuting" category, because the electricity, electric or oil-electricity hybrid buses in the China Facilities have no suitable emission factors, they are not included in the statistical calculations.

Energy Management

In the green-house gas emissions, power loss shares about 95% in USI. The key to reducing carbon emission is to save power, making maximum efforts for electricity efficiency. In order to reduce energy consumption during the operational activities and product processes and save the cost, the external power supply unit with low energy consumption will be selected in priority when the products are designed, as well as the tests will be evaluated to ensure the products can meet the requirements of environmental protection. The different energy-saving improvement plans will be executed for air conditionings, lighting equipment and heavy-energy consumption facilities in all plants 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 2019 was 878,276.21 gigajoules, an increase of 139,385.85 gigajoules from 2018. Based on the turnover, the energy consumption per million (CNY) in 2019 increased by 3.40 gigajoules. In terms of energy saving, there were 6 major energy-saving schemes, which saved a total of 3,433,006 kWh of electricity and reduced carbon dioxide emissions by 880,471 tonnes. The detailed results are shown in the following chart:

► Energy Consumption

Unit: GJ

Year	Direct Energy Consumption			Indirect Energy Consumption	Total Energy Consumption
	Diesel	Gasoline	Natural Gas	Electricity	
2019	1,065.38	3,572.89	103,881.07	769,756.87	878,276.21
2018	639.08	4,011.47	76,708.71	657,531.10	738,890.36
2017	601.98	4,081.84	96,721.77	657,007.49	758,413.08
2016	530.25	4,367.25	101,997.58	624,491.07	731,386.15
2015	701.15	4,096.90	101,996.69	669,850.97	776,645.71

Note:

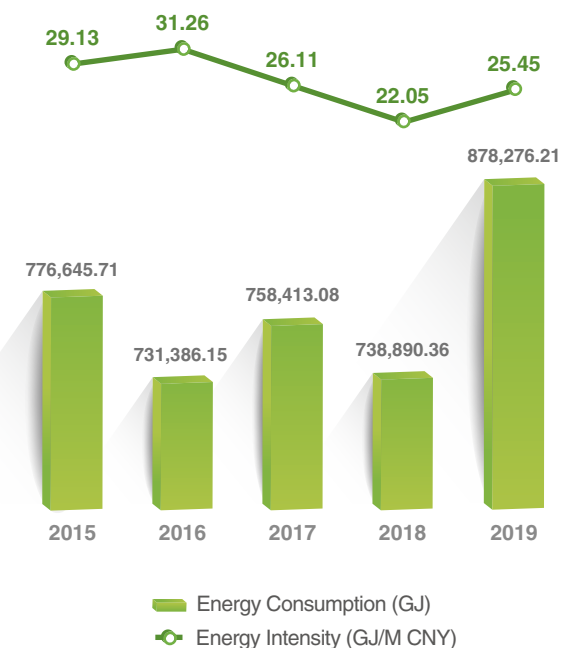
1. The data presented came from the ISO 14064-1 inventory results, rounded to the 2nd decimal point.

2. The data includes Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan-TT, Taiwan-NK Facilities.

3. Conversion data of the heat value index:

- Facilities in Zhangjiang, Jinqiao, Shenzhen and Kunshan have adopted Annex A (referential energy conversion standard coal factors) of General Principles for Calculation of the Comprehensive Energy Consumption (GBT 2589-2008).
- Taiwan Facilities have adopted page 159 of "Heat Content of Energy Products" of Taiwan Energy Statistics Handbook (2017)

► Energy Intensity



► Power Saving Performances in 2019

Facility	Project	Description	Power Saving(MWh)	CO ₂ Reduction (tonne CO ₂)
Zhangjiang	Ice water system optimization	<ul style="list-style-type: none"> The ice water system of each building is independently supplied. The operation efficiency of the ice machine is low (<80%), and there is no standby machine during the peak period of the ice machine system of building A. The production line is then at high risk. By optimizing the ice water supply system, the operation efficiency of the ice machine is improved, which saves energy, reduces emissions, and reduces the risk of the production line 	1,184.984	953.4
	Air compressor energy-saving transformation	<ul style="list-style-type: none"> When the screw oil-injected air compressor was originally used, the production line not only generated oil and gas but also had low efficiency. The existing oil-injected air compressor is replaced with the oil-free centrifugal air compressor, and a compressor waste heat recovery system is established to provide excess heat to the air conditioning system to replace part of the heat generated by the boiler, which reduces the cost of natural gas 	173.328	139.5
Kunshan	Air conditioning return air connection project	<ul style="list-style-type: none"> Turning on one air conditioner cannot regulate the temperature and humidity of the breaking machine in the VPD workplace. When two are turned on, the remaining air volume is huge. With additional connecting pipes, one air conditioner can regulate the temperature and humidity within the standard 	8.422	6.8
Taiwan-NK	Replace T8 lamps	<ul style="list-style-type: none"> 38W T8 is replaced with 18W LED 18W T8 is replaced with 9W LED 	1,841.702	981.6
Mexico	Replace T8 lamps	<ul style="list-style-type: none"> 32W T8 is replaced with 18W LED 	119.508	60.4
	Replace air conditioning	<ul style="list-style-type: none"> Replacement of air conditioning equipment 	105.062	53.1

Note:

1. The amount of carbon reduction = the amount of calculated from amount of saved energy × electricity emission factor

2. Electricity emission factor:

- USI's China Facilities (Zhangjiang, Jinqiao and Kunshan Facilities) have adopted "2017 Baseline Emission Factors for Regional Power Grids in China" drawn up by Ministry of Ecology and Environment with respect to climate change: use the power grid factor of eastern China (0.8046 tonnes CO₂e/MWh).
- USI's Taiwan Facilities use the "2017 electricity emission factor" published by Bureau of Energy, Ministry of Economic Affairs: 0.533 kg CO₂e/kWh.
- Mexico Facility adopts "Emission Factor of the National Electric System 2019": 0.505 tonnes CO₂e/MWh

• Renewable Energy

USI positively responds the use of renewable energy. International REC (I-REC, the registration authority is I-REC Registry) will be purchased with 181,176 MWh in 2020 to announce the neutralization of carbon dioxide emitted by the traditional power in 2019. (Zhangjiang, Jinqiao, Shenzhen, Kunshan Facilities all cancelled off, and the Mexico Facility was offset by 10% of annual electricity), According to GHG Protocol Scope 2 Guidance, the statements are used to neutralize market-based emissions. The greenhouse gas emissions and their proportions by location and market are as follows:

Method	Item	Scope 1	Scope 2	Total
Location-based	GHG Emissions (tonne CO ₂ e/year)	8,438.84	168,730.49	177,169.33
	Percentage (%)	4.76%	95.24%	100%
Market-based	GHG Emissions (tonne CO ₂ e/year)	8,438.84	22,165.63	30,604.47
	Percentage (%)	27.57%	72.43%	100%

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

Pollution Control

Water Resource Management

For USI, we do not have issues on contaminating catchment areas as our facilities are not built around it. But China's regulation has become increasingly rigorous and ASE Group paid close attention, the storage and distribution of water resources have also become an important topic for us. So, we pay a great attention to it. USI has been making efforts in conserving water resources and continues to manage the resources in our production and daily life. Apart from regularly tracking the water usage of USI's seven major manufacturing facilities, USI also commissions a third party to check the quality of effluent on a regularly basis in order to prevent water pollution from happening. Each facility tests the watch items in accordance with local laws and regulations: In Zhangjiang and Jinqiao Facilities, the watch items include pH value, SS, BOD, COD, ammonia nitrogen, total phosphorus, petroleum, animal and vegetable oils, and sulfides; in Taiwan Facilities, the watch items include water temperature, pH value, SS, BOD, and COD; in Mexico Facility, the watch items include BOD, TSS, copper, nickel, cadmium, lead, hexavalent chromium, zinc, arsenic, mercury, and grease; in Shenzhen Facility, there are no relevant watch items and the discharge water management follows the national

discharge water standards; Kunshan Facility leases some floors of the ASEH's factory. In the water intake and discharge, ASEH is responsible for control and the Kunshan Facility only shares water-related costs. There was no violation of water discharging regulations in 2019, and USI will continue to keep a track on the use of precious water resource and save as much water as possible for a friendly environment and reduction of environmental impacts.

According to statistics, the total water consumption of USI in 2019 was 681.848 million liters, an increase of 17.2% from 2018 (581.537 million liters). In terms of water intake, except for the use of underground water sources in the Taiwan-TT Facility, all other facilities use tap water sources. The annual underground water consumption is 41.674 million liters, and the water consumption of tap water is 640.174 million liters. In terms of water discharge, the waste water from each facility of USI is discharged into sewage with a discharge of 613.663 million liters. Analyzing the statistical results, in 2019, in response to the expansion of the company's operations, we have newly included the water consumption data of the Taiwan-NK Facility in the statistical category, which is the main reason why the overall water intake of USI has increased significantly compared with the previous year. In addition, the operation of the Mexico Facility is eye-catching, and the output has increased significantly, which subsequently affects the water consumption of the production line. The annual water consumption of the facility has increased by 62% compared with the previous year, which is also one of the reasons that the total water consumption of USI has increased from last 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 2019, USI recycled 155.058 million liters of water, with a total recycling rate of 22.7%, and estimated savings of USD 58,569. In addition, the process water consumption is 160.198 million liters, with a recycling rate of 76.7%.

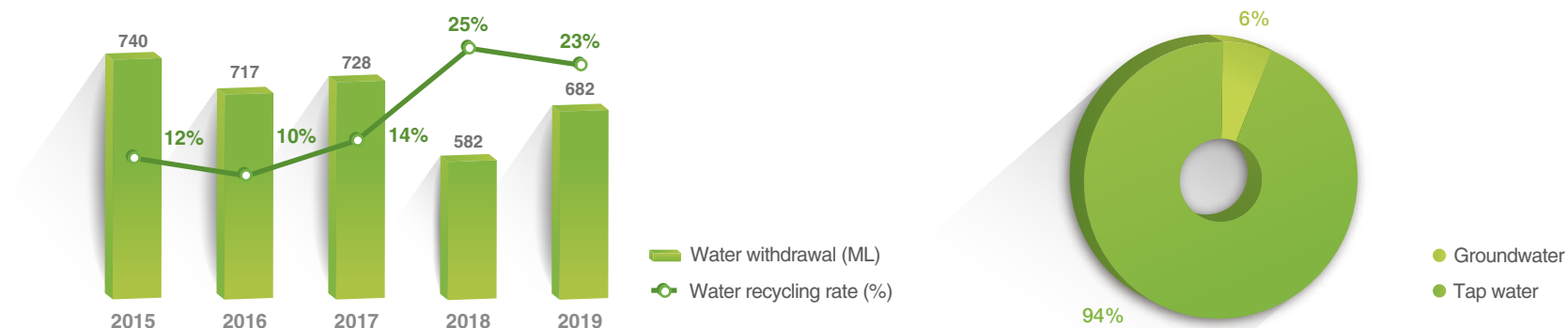
► Water Withdrawal and Discharge in 2019

Unit: ML

Facility	Zhangjiang	Jinqiao	Shenzhen	Kunshan	Taiwan-TT		Taiwan-NK	Mexico
Source	Tap water	Tap water	Tap water	Tap water	Tap water	Groundwater	Tap water	Tap water
Water Withdrawal	234.677	143.296	110.358	50.366	9.667	41.674	63.390	28.420
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	211.209	128.966	99.322	45.329	46.207		57.051	25.578

Note: Since there are no flow meters in each facility of USI, the discharge volume is estimated based on the principle of 90% water intake.

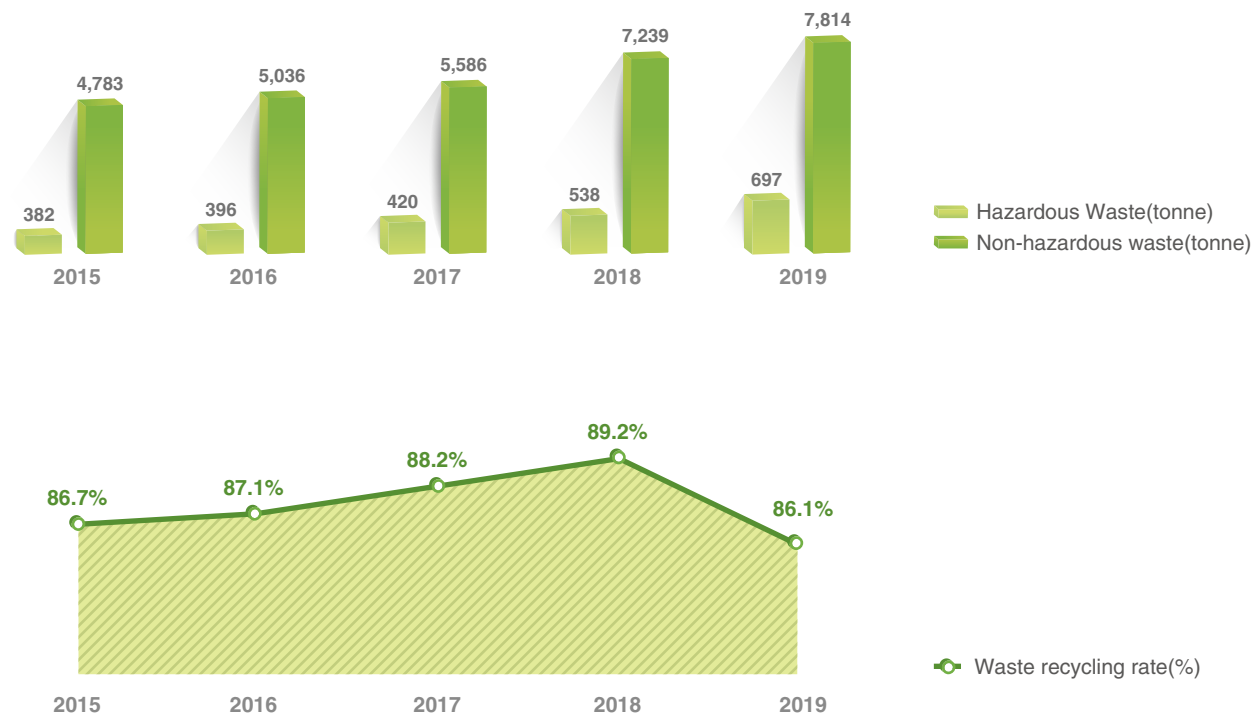
► Water Withdrawal and Recycle



Waste Management

USI consider "waste minimization and reuse" as corporate policy. The principles of "Pollution Prevention & Continual Improvement" and "Energy Optimization & Waste Reduction" 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 ESH unit strictly monitor the usage and outputs.

According to the statistic, the total waste generation of 2019 was 8,510 tonnes and the total recovery was 7,329 tonnes. The recovery rate reached 86% which still reached the set target (80%), although it was slightly lower than the previous year, as shown below. In 2019, in response to the expansion of the company's operating base, the Taiwan-NK Facility was newly included in the statistics. The Taiwan-NK Facility is still in the testing stage due to the differences in product characteristics and operating modes, so the products have not yet been mass produced. The waste recovery rate is lower than the overall USI average, resulting in a slightly lower annual waste recovery rate than the previous year. In the future, USI will continue to realize the water reduction policy and start from the beginning for the goals of resource sustainability.



USI has developed the waste disposal program specifying that hazardous wastes shall be given to the qualified suppliers with the valid licenses for disposal and that non-hazardous wastes shall be given to the licensed recycling operators for recycling or shipped to the licensed incinerators for incineration. Statistics of disposal methods for various wastes in each facility in 2019 are shown in the table below:

Unit: Tonne

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	79.692	914.649	0.000	0.000	2.110	30.379	80.855	0.000
Jinqiao	0.000	0.000	14.438	439.080	0.000	0.000	12.466	44.280	77.165	0.000
Shenzhen	0.000	519.844	94.131	1,488.588	0.000	112.880	0.000	98.042	61.340	0.000
Kunshan	0.000	0.000	50.921	1,483.523	0.000	162.778	0.000	44.003	28.240	0.000
Taiwan-TT	0.000	30.365	0.033	237.371	0.000	65.985	0.000	0.000	158.035	225.100
Taiwan-NK	0.000	11.973	0.000	155.114	0.000	45.140	0.000	0.000	0.970	163.960
Mexico	0.000	409.093	15.911	879.744	0.000	116.160	0.000	135.620	20.334	0.000
Total		971.275		5,853.195		502.943		366.900		815.999

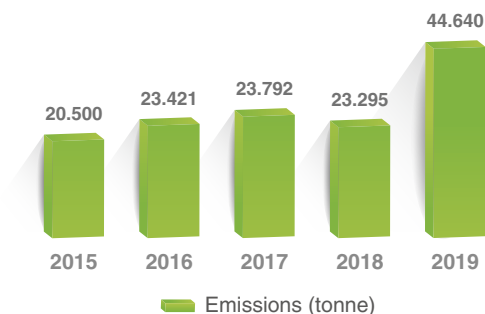
Note: The data presented are rounded to the 3rd decimal point

Air Pollution Control

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

In terms of volatile organic compounds (VOCs), Taiwan Facility was the only one required to be regularly inspected and declared. However, requested by the competent authority of Shanghai City at the end of 2017, Zhangjiang Facility and Jinqiao Facility made their first declaration. In 2018, in response to the "Environment Protection Tax" declaration requirements of the supervisory authority, the statistical methods were adjusted and declared, and activated carbon towers and water washing towers were installed. Besides, although Shenzhen Facility and Kunshan Facility do not have relevant regulations, they still took the initiative to carry out relevant detection and management works, and implement relevant preventive and control measures, such as UV light decomposition*, activated carbon treatment measures, etc., to reduce VOCs emissions. According to statistics, VOCs emissions in 2019 were 44.640 tonnes, an increase of 92% from the previous year. After analysis, the reason was that in response to the expansion of the company's operations, the emission situation of the Taiwan-NK Facility has also been included in the statistics, so the VOCs emissions have increased significantly from the previous year.

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



Note:

1. The data included Zhangjiang, Jinqiao, Shenzhen, Kunshan and Taiwan-TT and Taiwan-NK Facilities, in 2019, in response to the expansion of operations, the Taiwan-NK Facility was included in the data collection boundary.
2. As emission declaration was no longer required for our facilities in Shanghai (Zhangjiang and Jinqiao Facilities) starting from 2018, US has adopted to environmental protection tax therefor. Relevant VOCs statistical methods were also adjusted and integrated with the base year (2015) data according to the statistical methods of environmental protection tax.

For the emissions of nitrogen oxide (NO_x), sulfur oxides (SO_x), and suspended matter, although they have not been included into local regulations, Zhangjiang Facility and Jinqiao Facility still autonomously conduct detections and disclosures. In 2019, in order to reduce the emissions of nitrogen oxides in boiler exhaust gas, Jinqiao Facility carried out boiler exhaust gas transformation and equipped with a low-nitrogen burner. If we look at the situation of nitrogen discharge in 2019, it was 45% lower than the previous year. In the future, USI will let other facilities disclose relevant information, and also actively promote the expansion of related improvement measures to other facilities. The air pollutant emission data for 2019 is shown in the table below:

Unit: Tonne

Pollutant \ Facility	Zhangjiang	Jinqiao	Shenzhen	Kunshan	Taiwan-TT	Taiwan-NK
Volatile Organic Compounds (VOCs)	0.626	0.167	6.993	0.144	18.616	18.095
Nitrogen Oxides (NO_x)	1.021	1.674	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)	0.100	0.020	N/A	N/A	N/A	N/A

Note:

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

Green Promise

USI has been devoted to green promotions; and to the pursuit for a harmonious conversation between and co-existence of our environment and humanities. To ensure our operations comply with international environmental protection regulations and customers' standards, we have established good communication channels with our suppliers and customers; and implemented a series of preventive green management measures from the procurement of raw materials to the customer-end afterward services. The objective thereof is to minimize negative impacts of our product and production to the environment.

Meanwhile, USI conveyed earth-loving, eco-friendly and green concepts through meetings, training sessions and forums. Through a 3-way partnership, enterprise, employees and suppliers, USI fulfilled Green Promises as an enterprise citizen.



• Four Green Promises of USI



Green Management

- Have a comprehensive Green Management System
- Introduce Design for Environment
- Maintain the EHS database
- Implement auditing for the hazardous substances management system
- Implement Product Carbon Footprint
- Introduction of Material Flow Cost Accounting
- Implement Green Office
- Implement cleaner production in each facility



Green Education

- Provide employees, suppliers and contractors with environmental training, hold forums and meetings to underscore USI eco-friendly values



Green Supply Chain

- Control the quality of materials with suppliers
- To request suppliers to provide component table, testing report(s) and declaration of conformity
- To carry out annual examination of green product suppliers
- Implement Responsible Minerals Initiative
- Improve the communication channel between and suppliers (e.g. supplier the sustainability conference, supplier questionnaires, etc.)



Green Expenditures

- Provide funding for pollution prevention initiatives, cut resource consumption, properly dispose industrial waste, build an environmental management system and obtain certifications

Green Management

With respect to the strategies of green management and ecological design on products, and through annual third-party IECQ QC08000, ISO 14001, and ISO 14064 management systems inspections. USI can quickly respond to changes in international environmental protection laws, directives, and clients' requests. In addition, USI integrates and stipulates "Standards for Green Environmental Protection Products" to control hazardous substances in electronic components and products. The design and R&D personnel of USI have ecological design capabilities for their products, 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.

► Three Main Aspects of Green Product Eco-design

Aspects	Environmental Directives	Requirements	USI DfE
Hazardous substances in electronic products	<ul style="list-style-type: none"> RoHS (Restriction of Hazardous Substances) REACH (Registration Evaluation and Authorization of Chemicals) Halogen-free parts and process requirements Battery Directive and Packaging and Packaging Waste Directive 	<ul style="list-style-type: none"> Low-polluting Non-toxic 	<ul style="list-style-type: none"> Phase out the use of BFRs Phase out the use of PVC Use non-halogen materials
Recycling management of electronics	<ul style="list-style-type: none"> WEEE (Waste Electrical and Electronic Equipment) 	<ul style="list-style-type: none"> Recyclable Easy to take apart Easy to process 	<ul style="list-style-type: none"> Reduce the number of tools used to take machines apart Increase the percentage of recyclable module designs Introduce the labeling for recyclable plastics
Ecological energy design of products	<ul style="list-style-type: none"> ErP (Energy-related Product) CEC (California Energy Commission) 	<ul style="list-style-type: none"> Energy saving Resource saving Reduced environmental impact 	<ul style="list-style-type: none"> Reduce the energy consumption of machinery in stand-by or off mode Increase the efficiency of energy conversion of EPS Keep machinery in power-saving mode

Note:

To date, we have controlled over 300 chemical substances under the "Green Product Specifications" to ensure that our products are in compliance with ROHS European Union directives. Besides, in response to the announcement of adding the 21st batch of 4 Substances of Very High Concern (SVHC), the candidate list of REACH has been extended to 201 substances.



Recycling Symbol of System



Recycling Symbol of Lithium Battery

USI designs green products that meet global regulations based on the three 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. USI continuously strengthens the green product management system (GPMS) functions 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 2019, we have over 300 chemical substances controlled under "Green Product Specifications" to ensure that our products are in compliance with RoHS European Union directives. In response to REACH's announcement of adding the 21th batch of 4 Substances of Very High Concern (SVHC), the list of REACH substances has expanded to 201 substances. For substances that have not been replaced by technology at this stage, a "prohibited

substance eradication plan*" has been drawn up. In addition, suppliers must provide "Environmental Hazard Non-Use Declaration" and SDS (Safety Data Sheet) or material composition tables. According to the Design for Environment (DfE) operating procedures, USI not only takes potential environmental impacts under consideration when designing a product, but also have them confirmed with the project development unit and the customer to meet the requirements of Energy Star and ErP, as to meet a range of environmental factors, such as material use, energy saving and CO₂ reduction, efficient use of water resource, pollutant emission, resource wasting and recyclability, in order to minimize negative impacts to our environment during the product life cycle.

Note:

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

To intensify the promotion of green products, USI established the "Green Design Innovation and Invention: Patent Incentive System" at the end of 2017. The objectives thereof are to give green-related designs weighted scores; build a green and innovative corporate culture; and facilitate green design proposals. A total of 4 green design invention proposals entered the patent application process in 2019 (please refer to the "Research and Patents" chapter). The results of green design proposal for 2019 are as follows.

► Future Goals

Types of Product	2020 Goals
Green design patent proposal	<ul style="list-style-type: none"> Annual green design patent proposals reach 15% (compared with annual total patent proposals)
Green design encouragement mechanism	<ul style="list-style-type: none"> Add green design weighing to USI's annual inventor event
Server	<ul style="list-style-type: none"> To use PSU meets EU CoC Tier-2 & US DOE To use 80 Plus titanium PSU DC-DC converter Efficiency: Full load 92.6%
NAS (Network Attached Storage)	<ul style="list-style-type: none"> To replace coin battery with super charge caps To improve DC/DC design efficient, target: 90%
NS*	<ul style="list-style-type: none"> To achieve the latest standby requirement of ErP Lot 26 Adopt the high-efficiency power management microcontroller unit (MCU) and increase the power conversion efficiency.
SSD	<ul style="list-style-type: none"> To achieve fully supports PCIe low power features Develop mains regulators that can operate according to the operating mode, helping to reduce power consumption
Wireless Communication	<ul style="list-style-type: none"> To continue to improve module design method and ability and realize product eco-design To keep strengthening the integrated module design and improving the efficiency of energy use Enhance product efficiency and reliability in order to extend the product service life and reduce resource consumption TTR reduces power consumed during the production (reduce the testing time)
POS/PR	<ul style="list-style-type: none"> Meet UL/IEC 62368 requirements in the design of all Tier 1 system products; and select the PSU that comply with UL/IEC 62368
Automobile Electronics	<ul style="list-style-type: none"> Promote modular circuit design for vehicle related function in order to reduce the consumption of materials and time. Enhance battery efficiency and optimize the battery life of Smart Key Adopt the design of multi-screen dual system in one single hardware platform; and continue to reduce investment in hardware design Launch the first BSG ECU

► USI's Green Design in 2019

Product Category	Key Features	2019 Performances
Internal Power Supply	<ul style="list-style-type: none"> Improve energy efficiency 	<ul style="list-style-type: none"> All internal power supplies complied with 80Plus Titanium certification
Solid State Disk (SSD)	<ul style="list-style-type: none"> Reduce power consumed in both the In-use and standby status 	<ul style="list-style-type: none"> The product supported low energy consumption mode
Mobile Communication Product (IMS*)	<ul style="list-style-type: none"> Reduce power consumed in both the In-use and standby status Use low pollution materials Modularization and compatibility Reduce consumables 	<ul style="list-style-type: none"> The EC30 Enterprise Companion design was in compliance with the California Energy Commission (CEC) requirements. Introduced the same design framework into the circuit and PCB layout design in a Block manner to reduce tester expenditures and equipment service energy used during the test phase Adopted common product design to reduce process development and material use
Mobile Communication Product (CP*)	<ul style="list-style-type: none"> Reduce power consumed in both the In-use and standby status Use low pollution materials 	<ul style="list-style-type: none"> The design of the motherboard met the requirements for Energy Star, CEC, and ERP Lot 3 The packaging materials of the motherboard were made of materials that are easy to recycle, with a design that makes recycling easy to avoid garbage pollution caused by the use of disposable packaging materials
Wireless Communication (WP*)	<ul style="list-style-type: none"> Reduce power consumed in both the In-use and standby status Use low pollution materials Modularization and compatibility Reduce consumables 	<ul style="list-style-type: none"> SMN-01A was a product developed by USI in 2019, which has passed NCC certification and can be sold in the Taiwan market All of the developed and produced WP products were in compliance with EU RoHS Supported low power consumption mode: PSM / Edrx The WWAN / WLAN version of the WP product's SOM module design adopted a common PCB Footprint design. Customers can share one Carrier Board for two versions of SOM (LTE SOM and WLAN only SOM) to improve integration and commonality, and reduce Customer Carrier Board design needs to achieve the purpose of reducing energy
Wearable Solution Product	<ul style="list-style-type: none"> Improve energy efficiency Reduce power consumption in standby Modularization and compatibility Miniaturization 	<ul style="list-style-type: none"> Used wafer stacking technique to repackage two chips into one, saving half of the board area Selected high-efficiency power supply parts, optimized the program flow, reduced the standby current, and improved the use efficiency <ul style="list-style-type: none"> - Standby current from 2mA → 1mA Fortinet, FAP-U43Xf: 7.6W Continue to integrate antenna design, reduce antenna area, and simplify manufacturing and material use <ul style="list-style-type: none"> - Reduce area by 30%
Intelligent Connectivity Solution Product (ICS)	<ul style="list-style-type: none"> Modularization and compatibility Reduce consumables 	<ul style="list-style-type: none"> Adopted modular design (SOM, RF*), reduced process development and material use, and improved the energy efficiency of module design
enterprise Access Point Product (eAP)	<ul style="list-style-type: none"> Improve energy efficiency 	<ul style="list-style-type: none"> Adopted high-performance power management microcontroller (MCU) and increased power conversion efficiency <ul style="list-style-type: none"> - Conversion efficiency increased from 92.5% to 93.5%
Automotive Electronics Product	<ul style="list-style-type: none"> Improve energy efficiency Miniaturization 	<ul style="list-style-type: none"> Improved 48V BSG ECU output efficiency <ul style="list-style-type: none"> - Increased from 75% to 80% Developed wire bonding technique to replace MOSFET packaging and reduced module area by 50%

Note:

1. IMS, Integrated Mobility Solution
2. CP, Computing Products

3. NS, Network Solutions
4. WP, Wireless Product

5. RF: Printed-PCB aerial design and WWAN/Wi-Fi/BT/GPS Integrated module design

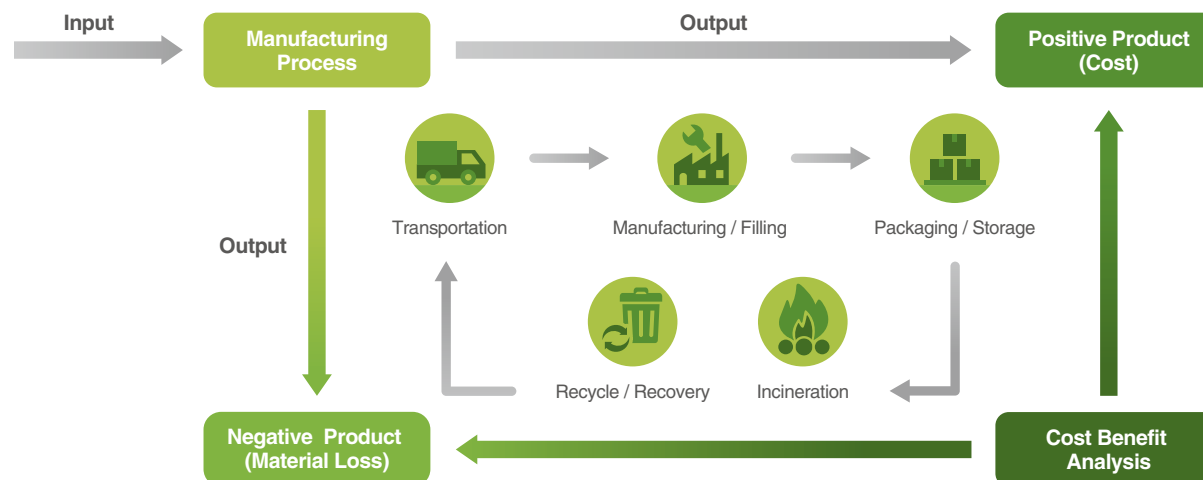
- **Product Material Flow**

As an environmental management accounting approach, Material Flow Cost Accounting (MFCA) had become a part of the ISO 14000 Environmental Management System in 2011. By recording material flows during the production process, companies are able not only to understand the resource use status and relevant costs, but also to further evaluate the possibility of reducing material use and loss. In the meantime, the objectives of protecting our environment and increasing economic benefits will be achieved as companies will be able to realize resource conservation and minimize pollutions. This is approach is therefore an effective way to put clean production into practice, such as increasing resource use efficiency from the origin and reducing or preventing the creation of pollutants.

In 2016, USI introduced MFCA to indicate resource losses, such as material recovery and waste treatment, with clear material and cash flows according to waste recycling and disposal steps of each stage. This allows us to have an in-depth understanding on our "process map" and "energy resource costs" to order to identify "positive products" or "negative products". Together with the interactions between human, organism and environment, this approach provides USI an important database that helps us to further enhance corporate sustainability and environmental management.

In 2019, for the evaluation of the "Raw Material Cost", "Energy Resource Cost", "Waste Disposal Cost", and "System Cost" of each stage of the "Docking Station (USB-C Dock G4)" life cycle, the company found that the main loss come from the loss of the semi-finished product of rework, and then proposed a feasible solution.

► **MFCA**



► **ISO 14051:2011 Certification**



- **Green Office**

USI continues to promote green office culture. In order 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-plant orientations were held to promote the use of e-carrier. Furthermore, in accordance with the specifications of "EHS & En 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 of 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.

• 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, its facilities including Zhangjiang, Jinqiao, Taiwan-TT, Shenzhen and Kunshan Facilities have successively obtained cleaner production certification. Due to the expiry of production certificates, Shenzhen Facility and Kunshan Facility are currently at the review stage of certificate extension; and are expected to receive renewed certificate in 2020. USI will continue to devote itself to the promotion of cleaner production and the establishment of a green factory. In 2019, the Taiwan-NK Facility has also started to promote the EEWH green building certification, which is expected to be certified in 2020. In addition, we have cooperated with solar construction companies to build a solar power generation system with a total capacity of 499kWp. Since October 2019, it has officially put into power generation. As of the end of the year, it produced a total of 153 MWh green power.

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

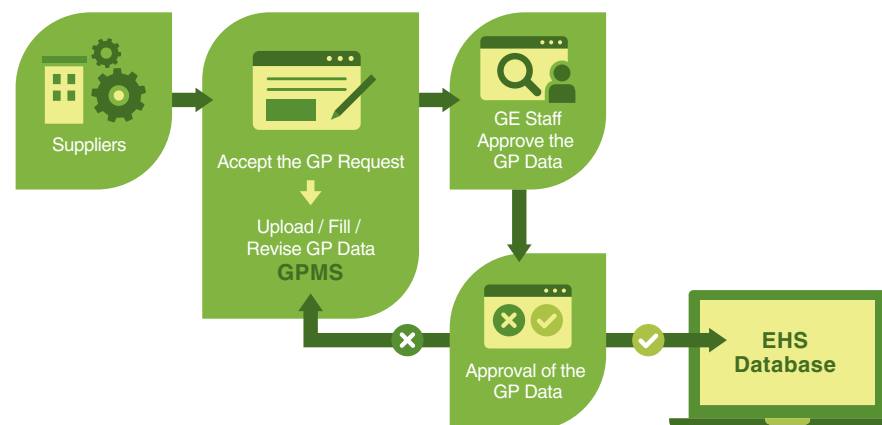
Type	Range of Use	Requirements
Plastic Pallets or Antistatic Plastic Crates	For all in-plant transportation and storage of products/raw material, as well as the transportation to the customers nearby	Self-recycling and reuse
Regenerated Wooden Pallets or Crates	For long-distance transportation to customers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

Green Supply Chain

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

USI has introduced Green Product Management System (GPMS), and its suppliers can obtain information regarding USI's latest green product norms through the system and log in the platform to have their green components certified. USI's R&D, production and quality assurance units can comprehend control standards for the composition and content of green products and take required control measures. The labeling of materials from suppliers must conform to Green Product Specification and Chemicals Management Procedure by USI, and suppliers should provide ingredient tables for components, test reports, declarations of conformity and safety information for its responsible unit to examine before the components can be used. For information of other supplier auditing, communications and conflict-free sourcing projects, refer to "Supply Chain Management."

► GPMS/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). USI keeps communicating with its employees, suppliers and contractors regarding USI's ESH-associated principles, knowledge and requirements. The e-learning courses of green education were added to USI's internal training that informed the employees of GP-related regulations, requirements, operating procedures and eco-friendly materials. In 2019, the total number of all facilities' green education training hours was 5,833 hours.

To meet customer requirements, USI was 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. Please refer to the chapter of "Supplier Communication" for associated activities in 2019.

► Training Program for Green Education

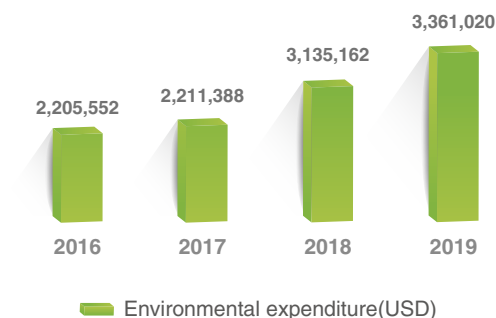
Course	Course Content		
Hazardous Substance Management System Requirements for Green Products	<ul style="list-style-type: none"> • Quality Policy • Hazardous Substance Management System 	<ul style="list-style-type: none"> • Green Product Management System • RoHS (EU) 2015/863 	<ul style="list-style-type: none"> • Halogen-Free • Green Product Workflow
Green Design Controlling Process	<ul style="list-style-type: none"> • Green Product Workflow 		
Green Products Laws and Regulations Introduction	<ul style="list-style-type: none"> • EU RoHS • China RoHS • Taiwan RoHS 	<ul style="list-style-type: none"> • Japan RoHS • REACH • WEEE 	<ul style="list-style-type: none"> • Halogen-Free • CEC • ErP
Green Manufacture Management	<ul style="list-style-type: none"> • RoHS (EU) 2015/863 • WEEE 2012/19/EU 	<ul style="list-style-type: none"> • Green Manufacture Management 	
OQC Shipping Area Control	<ul style="list-style-type: none"> • Global green product environmental regulation • USI GP and HF labeling 	<ul style="list-style-type: none"> • QQC items and standards 	
Green Part Verification and Approval	<ul style="list-style-type: none"> • Operating standards and regulations for green products 		

Green Expenditures

In order to calculate our investment in the environment, we have classified relevant costs according to the nature of parent group's (ASEH) environmental expenditure which is including "Operating Cost", "Upstream/Downstream Cost", "Administration Cost" and "Social Activity Cost". In the meantime, we have continued to further improve our environmental management by calculating and analyzing relevant costs on a quarterly basis.

In 2019, due to the increase in operating cost investment, USI's total environmental expenditure was approximately USD 3.36 million, an increase of 7% from the previous year. The analysis suggested that it was mainly due to the increase in "Administration Cost" and "Social Activity Cost." In 2019, the investment in the cultivation of relevant environmental personnel and related equipment has increased from the previous year, and the investment in external social activities has also increased. In the future, we will introduce EP&L methodology to measure the true cost and value of USI in the environment. By monetizing the impact of non-financial aspects and internalizing external costs, we will apply it to the entire strategic assessment and risk management to bring the greatest environmental sustainability value to USI.

► Expenditures of Environmental Protection



► Environmental Expenditure

Unit: USD

Category	2016		2017		2018		2019	
	Capital Expenditure	Recurrent Expenditure	Capital Expenditure	Recurrent Expenditure	Capital Expenditure	Recurrent Expenditure	Capital Expenditure	Recurrent Expenditure
Operating Cost	241,904	970,818	237,800	967,602	0	1,904,094	258,094	1,398,977
Upstream/Downstream Cost	0	59,969	0	58,952	0	64,291	0	74,887
Administration Cost	52,582	846,829	51,690	860,387	0	1,146,914	251,025	1,315,876
Social Activity Cost	0	33,449	0	34,957	0	19,863	0	62,161
Total	294,487	1,911,065	289,491	1,921,897	0	3,135,162	509,119	2,851,901

Note:

1. The data covers Zhangjiang, Jinqiao, Shenzhen, Kunshan Taiwan-TT and Taiwan-NK Facilities.
2. "Operating Cost" includes pollution prevention cost (air, water, noise, poison, etc.), efficient utilization and waste disposal cost.
3. "Upstream/Downstream Cost" includes green procurement, recycling of used products, etc.
4. "Administration Cost" includes manpower engaged in environmental improvement activities and environmental education, acquisition of external environment licenses/certification, government environmental fees, etc.
5. "Social Activity Cost" includes donations to, and support for, environmental groups or activities, etc.



Employee Care & Development



294

Employee Symposiums Activities



96.3%

employees locally hired



22.6 Hours

average training hours per employee



7% increase

in Employee Engagement Survey results



19,169 People

Physician Health Consultations



183

Occupational Safety and Health Education & Training Activities

Employee Care & Development

Human Capital is essential for the constant growth of USI, requiring considerate care and irrigation. Thus, we have five promises for employees: Equal Employment Opportunity, Integral Training Program, Comprehensive Welfare and Salary System, Strong Employee Engagement, and Excellent Working Environment.

Global Workforce

• Human Rights Policy

The spirit of RBA was incorporated in USI's corporate sustainability policy in June 2008 to protect workers' freedom of employment, humane treatment, freedom of assembly, and prevention of discrimination. USI obeys the local labor laws and acts, asks all USI employees to observe the Employee Code of Conduct. USI also requires each department to consider their physical and mental condition. Practicing dangerous work won't be allowed. When hiring foreign employees, an employment contract must be signed according to local regulations, to ensure employees' certificates or property don't need to be retained when formally working for USI.

USI "Employee Code of Conduct" points out clearly:

- ▶ **No recruitment of child labor.**
- ▶ **Inform employees before dismissal and give severance pay.**
- ▶ **Employees' salaries must not lower based salary standard of the governmental regulations.**
- ▶ **Extending work-hour due to business/work requirements must be processed according to the Labor Standards Act.**
- ▶ **Anti-harassment in the workplace.**
- ▶ **Enforce a non-discrimination policy: no one will be discriminated against the basis of race, religion, skin color, age, sex, nationality, or disability.**

The employees at our worldwide facilities must undergo the "Employees' Code of Conduct" online course each year to enhance their understanding of the laws and regulations. At the same time, through the method of online testing, we confirm the employees' knowledge of related provisions. In 2019, the average training hours on human rights issue for each person were 0.55 hours; the total number of training hours is 26,606 hours; the total number of people trained is 24,188 people (included the resigned employee); therefore, all employees 100% completed human rights issue training.

• Employee Privacy

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

• Workforce Structure

At the end of 2019, the total number of employees of the seven manufacturing facilities of USI in the scope of this report is 18,515, including 15,653 formal employees and 2,862 informal employees. The distribution data and proportion of different categories of employees in each facility shows in the following table:

► USI Workforce Structure

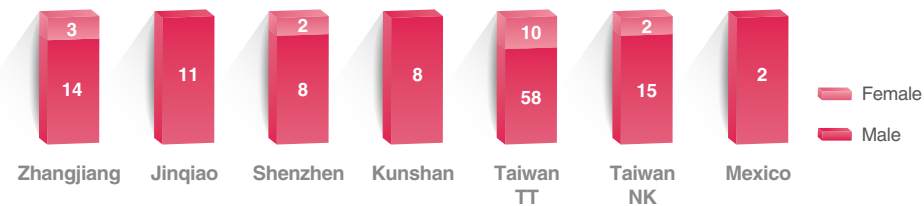
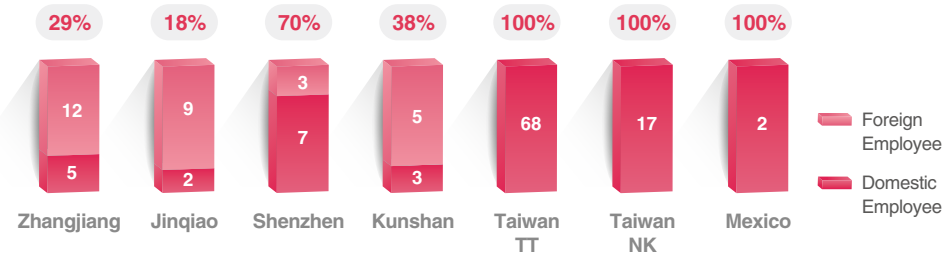
Category	Groups	Zhangjiang		Jinqiao		Shenzhen		Kunshan		Taiwan-TT		Taiwan-NK		Mexico		Subtotal and Percentage by Groups	
		Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Employee Category	Management Male	126	12.1%	135	13.0%	113	10.8%	117	11.2%	179	17.2%	77	7.4%	51	4.9%	798	4.3%
	Management Female	48	4.6%	30	2.9%	67	6.4%	24	2.3%	47	4.5%	11	1.1%	17	1.6%	244	1.3%
	Technical Male	467	13.1%	548	15.4%	330	9.3%	355	10.0%	795	22.3%	303	8.5%	117	3.3%	2,915	15.7%
	Technical Female	138	3.9%	116	3.3%	88	2.5%	63	1.8%	160	4.5%	64	1.8%	22	0.6%	651	3.5%
	Administrative Male	77	4.2%	54	2.9%	75	4.0%	120	6.5%	170	9.2%	43	2.3%	82	4.4%	621	3.4%
	Administrative Female	184	9.9%	87	4.7%	273	14.7%	176	9.5%	283	15.3%	103	5.6%	127	6.9%	1,233	6.7%
	Skilled Male	969	8.0%	1,081	9.0%	1,239	10.3%	1,399	11.6%	110	0.9%	273	2.3%	607	5.0%	5,678	30.7%
	Skilled Female	786	6.5%	775	6.4%	1,336	11.1%	940	7.8%	516	4.3%	620	5.1%	1,402	11.6%	6,375	34.4%
Gender	Male	1,639	16.4%	1,818	18.2%	1,757	17.5%	1,991	19.9%	1,254	12.5%	696	7.0%	857	8.6%	10,012	54.1%
	Female	1,156	13.6%	1,008	11.9%	1,764	20.7%	1,203	14.1%	1,006	11.8%	798	9.4%	1,568	18.4%	8,503	45.9%
Location	Domestic	2,745	15.4%	2,794	15.7%	3,506	19.7%	3,175	17.8%	2,062	11.6%	1,160	6.5%	2,394	13.4%	17,836	96.3%
	Foreign	50	7.4%	32	4.7%	15	2.2%	19	2.8%	198	29.2%	334	49.2%	31	4.6%	679	3.7%
Age	≤ 30	1,671	15.8%	1,917	18.1%	2,065	19.5%	2,396	22.6%	574	5.4%	670	6.3%	1,297	12.2%	10,590	57.2%
	31-49	1,105	15.1%	898	12.3%	1,432	19.5%	793	10.8%	1,403	19.2%	762	10.4%	933	12.7%	7,326	39.6%
	≥ 50	19	3.2%	11	1.8%	24	4.0%	5	0.8%	283	47.2%	62	10.4%	195	32.6%	599	3.2%
Subtotal by Facility		2,795	15.1%	2,826	15.3%	3,521	19.0%	3,194	17.3%	2,260	12.2%	1,494	8.1%	2,425	13.1%	-	-
Total		18,515															

Note:

1. Full-time Employees: Employees who signed the employment contract with the Company and who work 8-hour workdays, does not include dispatched workers.
2. Non-regular Employees: Employees who signed the fixed-term employment contract with the Company; does not include dispatched workers and pay-by-hour workers.
3. Only the Zhangjiang Facility has employed 45 dispatched workers (37 male and eight female), which accounts for 1.99% of the total number of Zhangjiang employees.
4. Employee categories: management, technical, Administrative, and skilled; Gender includes male and female groups. Other categories follow the same rule.

USI has been proactive in solving the employment issue of local people and people with physical or mental disabilities. In 2019, the proportion of hiring local citizens as executive managers were 78.2%. The rest of the managers are Taiwanese supervisors due to operational demand. Also, worldwide sites have employed 79 people with disabilities. And the distribution data in each facility shows in the figure below:

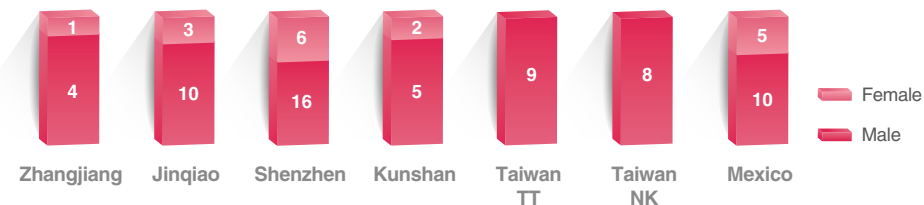
► Distribution of Executive Managers



Note:

1. Executive managers are directors or above.
2. The proportion of executive manager = No. of domestic executive managers in the facility ÷ No. of all executive managers in the facility.

► Distribution of Disability



Promises for Employees



Equal Employment Opportunity

USI recruited professional talents according to objectives and competency. In worldwide sites, USI established systematic employment policies and standardized procedures. According to the human resource requirement verified by each department, and then hold recruitment publicly. USI also followed fair and righteous principles regardless of age, gender, race, religion, nationality, or political party. USI treated all employees equally without bias and discrimination. Select employees' professional characteristics using an objective testing tool. This enables diverse talents from the world to play their specialty.

USI has proactively established and promoted the 3-6-9 trio scheme to provide new employees with a series of training, a comprehensive welfare system, and a comfortable and convenient workplace. Besides, USI also established communication channels to care for employees' work and life; and hold an annual celebration party to enhance employees' recognition of and loyalty to the Company. According to statistical analysis, in 2019, in the new incoming rate part, due to the increase in workforce demand, except for the Jinqiao Facility*, the new joining rate in all other facilities is higher than the turnover rate. In the turnover rate part, the turnover rate of the indirect employees* is 14%, and the turnover rate of direct employees* is 122%; both decreased compared to 2018. Each category of employee new incoming and turnover rates is shown in the following table.

Note:

1. Due to the batch order at Jinqiao Facility, this caused the employee turnover rate to be higher.
2. The indirect employee includes management position, technical position, and administrative position; the direct employees are classified as skilled position

► New Employee Incoming and Resignation in 2019

	Zhangjiang	Jinqiao	Shenzhen	Kunshan	Taiwan-TT	Taiwan-NK	Mexico	Total
New Employee Incoming								
Male	1,796	1,531	1,918	2,278	251	469	835	9,078
Female	1,050	985	1,607	1,426	191	643	1,440	7,342
Management Position	7	6	1	1	9	18	16	58
Technical Position	117	178	28	54	185	106	57	725
Administrative Position	35	47	37	46	126	46	100	437
Skilled Position	2,687	2,285	3,459	3,603	122	942	2,102	15,200
Age ≤ 30	2,438	2,178	3,057	3,490	262	719	1,508	13,652
31 ≤ Age ≤ 49	404	338	467	214	176	387	701	2,687
Age ≥ 50	4	0	1	0	4	6	66	81
Newly Employed Rate	102%	89%	100%	116%	20%	74%	94%	89%
Employee Resignation								
Male	1,607	2,386	1,802	2,123	139	188	662	8,907
Female	1,078	1,307	1,711	1,221	106	154	1,114	6,691
Management Position	16	11	2	2	6	8	8	53
Technical Position	122	160	45	43	85	41	51	547
Administrative Position	41	49	43	38	47	15	59	292
Skilled Position	2,506	3,473	3,423	3,261	107	278	1,658	14,706
Age ≤ 30	2,292	3,237	2,940	3,137	148	210	1,194	13,158
31 ≤ Age ≤ 49	393	456	570	207	83	128	525	2,362
Age ≥ 50	0	0	3	0	14	4	57	78
Employee Turnover Rate	96%	131%	100%	105%	11%	23%	73%	84%

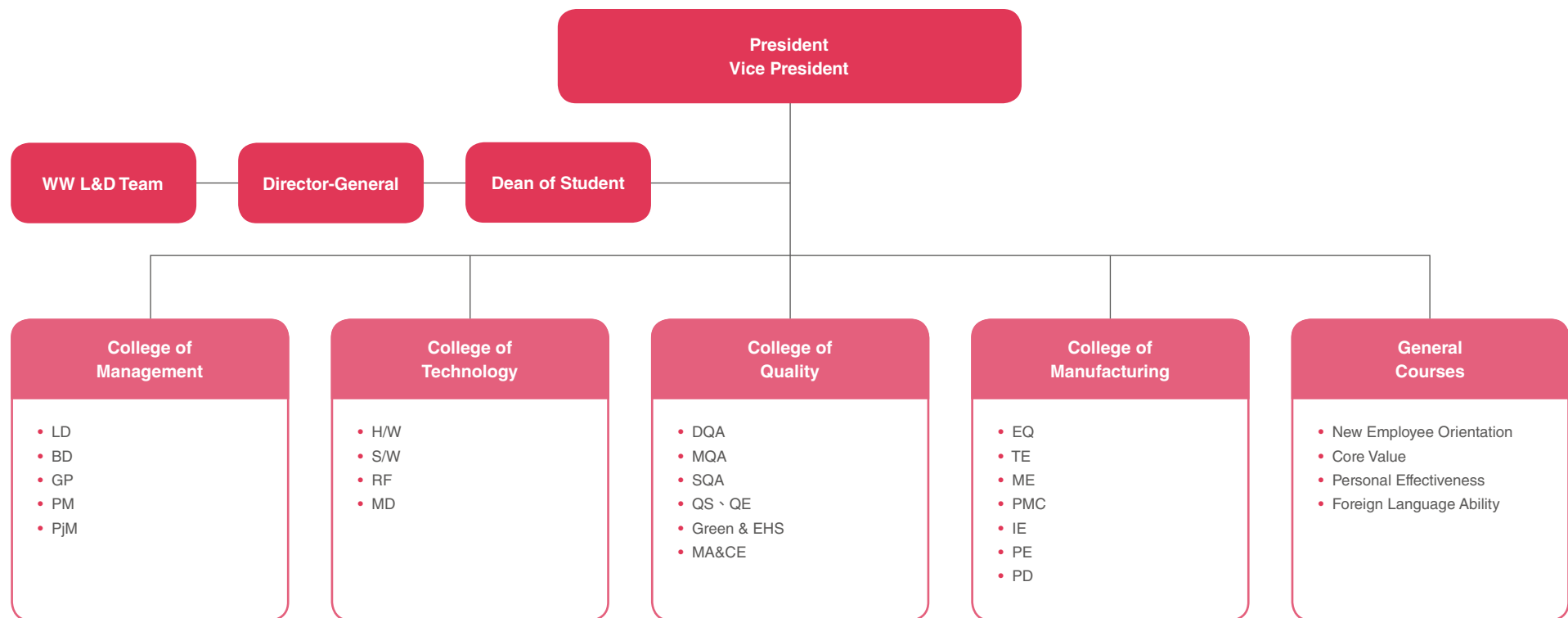
Note:

1. Newly Employed Rate = No. of people assuming office this year ÷ No. of people remaining in office at year-end × 100%
2. Employee Turnover Rate = No. of people leaving office this year ÷ No. of people remaining in office at year-end × 100%

Integral Training Program

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.

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



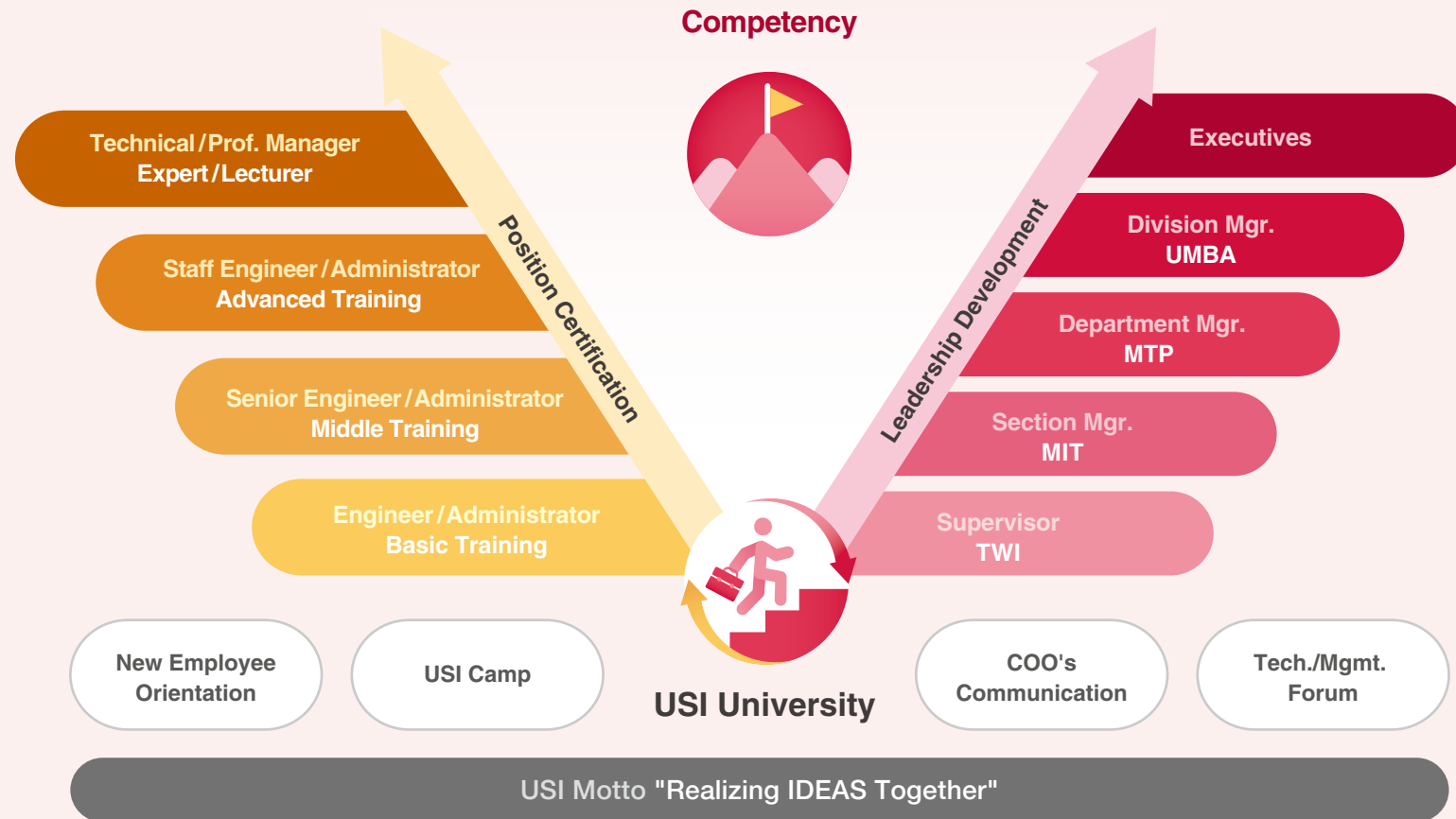
► The Employees Training Hours

USI's total training reached 417,860 hours in 2019. Each employee received 22.6 hours of training on average. Training hours broke down by employee category shown below:

Category	2017	2018	2019		
	Average Training Hours for Per Employee	Average Training Hours for Per Employee	Total Training Hours	No. of Employees	Average Training Hours for Per Employee
Female	21.1	23.1	250,868	10,012	25.1
Male	23.3	20.4	166,993	8,503	19.6
Management Position	18.8	36.9	36,400	1,042	34.9
Technical Position	18.8	22.1	78,426	3,566	22.0
Administrative Position	18.8	16.6	35,694	1,854	19.3
Skilled Position	23.9	21.3	267,340	12,053	22.2
New Employees	19.6	27.5	168,397	12,573	13.4
All Employees	22.3	21.9	417,860	18,515	22.6

With the mission of establishing an innovative learning environment to reach high operational performance, USIU is dedicated to enhancing the quality of employee, leadership management, and innovative research and development ability inside the organization. It has targeted employees with different competence to plan various staff training and courses, provide them a complete learning platform, help them to solve work issues, and enhance their professional capability to reach organizational targets.



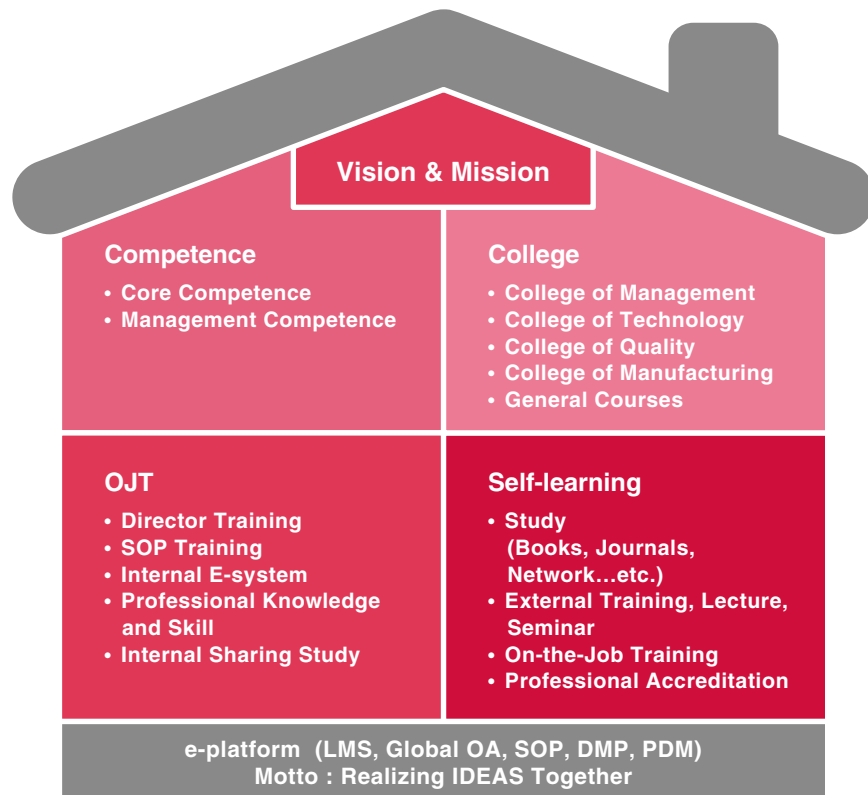


Note:

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

• Multiple Learning Channel and Platform

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



► 2019 Performance

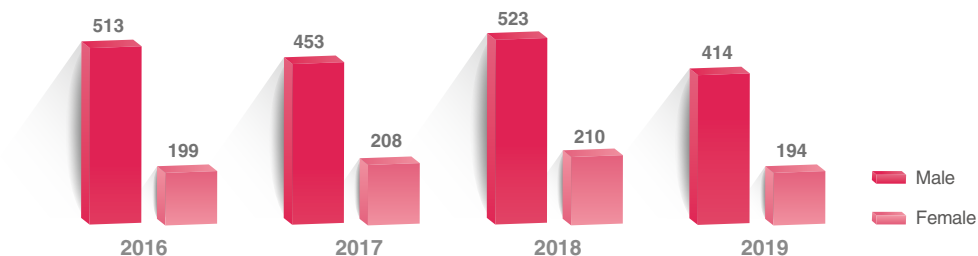
Item	Description
Strengthen Employee's Sustainable Employment Ability and Life-Time Learning Program	As the demand for multi-talents continues to increase, professionals with merely one skill can no longer satisfy workplace demands. The Company has, therefore, continuously enhanced employees' sustainable employment ability, improved our employee system, and assisted employees in acquiring skill management ability and life-time learning programs that are required for a job transfer in the future. We have supported 15 employees to get degrees in 2019.
Succession Program	Since 2018, in order to make up for the Company's internal executive talent gap, the Company has established an executive talent development program. The objectives of the program include improving the depth and breadth of personnel's work content, conducting work rotation and expatriate training to enhance cross-field management skills, assigning key tasks to strengthen management leadership, and conducting mentor training plans and management skills lecturer training to strengthen management functions. We have completed the process of generation succession program* and the establishment of a talent database in 2019.

Note: Generation Succession Program Workflow



► Internal Instructor Program

For many years, the Company has trained and certified employees through the internal instructor system to serve as lecturers, forming a good knowledge inheritance culture, and giving full play to internal human resources and influence. The Company provides employees with high-quality and forward-looking courses to train world-class talents for the Company to enhance the Company's competitiveness. USIU has developed excellent teachers, 608 people in our worldwide facilities have passed our internal instructor training by the end of 2019.



Comprehensive Welfare and Salary System

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

USI sets up salary systems according to the following concepts:

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



USI not only complies with the requirements of local labor laws, but also formulate fair starting salaries and rewards no matter employees' gender, religion, politics, and marital status. With a fair, reasonable, and incentive salary evaluation system, the Company provides employees with consistent remuneration and benefits as well as monthly work bonuses, annual bonuses and share subscription programs to offer rewards for excellent performance, and thereby improve employee retention rate. The ratio of the standard starting salary of entry-level personnel (direct employees) to the local minimum wage is about 1.00~1.13 after calculation. The proportion of basic salary* and salaries* of female and male in each facility, the details are showed as follows:

Category		Facility	Zhangjiang	Jinqiao	Shenzhen	Kunshan	Taiwan TT	Taiwan NK	Mexico
The proportion of starting salaries of direct labor and local minimum wages			1.00	1.00	1.02	1.10	1.13	1.13	1.05
Management Position	Proportion of basic salary of female and male		0.89	0.95	0.88	0.97	0.79	0.89	0.77
	Proportion of salaries of female and male		0.88	0.97	0.89	1.00	0.81	0.85	0.86
Technical Position	Proportion of basic salary of female and male		1.08	1.16	0.87	0.84	0.85	0.82	0.60
	Proportion of salaries of female and male		1.10	1.18	0.86	0.84	0.80	0.75	0.60
Administrative Position	Proportion of basic salary of female and male		0.75	0.91	0.88	0.86	0.78	0.75	0.99
	Proportion of salaries of female and male		0.75	0.93	0.86	0.86	0.73	0.67	0.96
Skilled Position	Proportion of basic salary of female and male		0.99	1.00	1.08	0.99	0.91	0.93	1.09
	Proportion of salaries of female and male		0.98	0.99	1.07	0.99	0.88	0.94	0.93

Note:

1. The ratio of starting salaries of direct labor and local minimum wages = Starting salaries of direct labor ÷ Local minimum wages.
2. The ratio of female and male salaries = Salaries of female employees ÷ Salaries of male employees.
3. Salary refers to job remuneration paid to employees, including the basic pay, allowance, and bonus (ex. meal allowance, shift allowance, supper allowance, overseas posting allowance, station allowance, monthly work bonus, and full attendance allowance).
4. Remuneration is the total of basic pay, allowance, and bonus. Bonus refers to compensation that is not paid monthly (ex. bonus for three major festivals, employees' bonuses, work performance bonuses, and exceptional performance).

85 Employee Care & Development

• Employee Performance Appraisal and Function Development

USI established a comprehensive performance evaluation system. Based on the organization strategy, guideline, and goal of USI, employees' personal working goals and working performance evaluation standards are executed after the discussion and agreement between administrators and employees. The evaluating items included: working goals and professional performances. Professional performances included: professional skills, learning and applying the ability, soft skills, and working attitude. Through the performance evaluation system, we hoped to help employees reach their personal and organizational performance targets, stepping forward to the integral goals set up by USI.

► Distribution of Employees Receiving Regular Performance and Function Development Review in 2019

Gender	Category	Regular Performance Review			Function Development Review		
		Amount of Employees	No. of Employees Accepted Regular Examinations	Percentage of Employees Accepted Regular Examinations	Amount of Employees	No. of Employees Accepted Regular Examinations	Percentage of Employees Accepted Regular Examinations
Male	Management Position	784	784	100%	784	757	96.56%
	Technical Position	2,788	2,788	100%	2,788	2,788	100.00%
	Administrative Position	580	580	100%	580	580	100.00%
	Skilled Position	3,690	3,690	100%	3,690	3,690	100.00%
Subtotal		7,842	7,842	100%	7,842	7,815	99.66%
Female	Management Position	243	243	100%	243	243	100.00%
	Technical Position	627	627	100%	627	627	100.00%
	Administrative Position	1,186	1,186	100%	1,186	1,186	100.00%
	Skilled Position	5,176	5,176	100%	5,176	5,176	100.00%
Subtotal		7,232	7,232	100%	7,232	7,232	100.00%
Total		15,074	15,074	100%	15,074	15,047	99.82%

Note:

1. Performance Assessment Personnel Qualification: The regular staff 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 of performance assessment personnel.
2. Executives of vice general managerial rank or higher are not included in the functional development assessment and review.

• Employee Benefits

Insurance

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

Holiday and Vacation

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

LOHAS

Domestic and foreign employee trips, family day, parent-child activities, end-of-the-year banquet and drawing lots, birthday celebrations, athletic games, singing competitions, and choir

Table tennis club, badminton club, swimming club, fishing club, cycle club, yoga club, Chinese chess club, English club, and choir.

USI also is equipped with recreation rooms such as computer classrooms, libraries, fitness rooms, and basketball and badminton courts. Also, various recreational facilities such as table tennis and pool are available.

Bonus

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

Health

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

Accommodation

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

Transportation

USI provides transportation between facilities, parking lots, and pregnancy priority parking (in Taiwan area).

Dining

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

Other

Other employees' benefits include travel allowance, wedding subsidies, subsidies for continued education at a domestic or foreign institution, childbirth subsidy, education subsidies and scholarships for employees' children (in China and Taiwan area), hospitalization benefits for employees, hospitalization benefits for employees' families (in Taiwan area), hospitalization subsidy, communications expenses, care for workgroups, emergency subsidy* and application of residence permits for current employees.

Convenient stores were established to provide colleagues convenient services such as fee payment (in China and Taiwan area) and ticket purchases.



Note:

1. "Paid annual leave" is implemented according to local regulations.

- In 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.
- In Taiwan Facilities: 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.
- In Mexico Facility: Those who have been working for one year will have six days; more than one year will have one day of annual leave each additional year (no more than 12 days in total); more than four years will be offered with two additional annual leave every five years.

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

3. Employees who suffered from a difficult situation due to an emergency or major incident can apply for an emergency subsidy to the Company's welfare committee. Upon receipt of the Committee's approval, the "emergency subsidy" will be offered accordingly. In 2019, we had received three applications from our employees and had distributed CNY 16,835 to that, the additional emergency subsidy, to ease their urgency in life.

► Statistics on Parental Leave in 2019

Taiwan Facilities	2017			2018			2019		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No. of people qualified to apply for parental leave that year	166	60	226	212	80	292	220	69	289
No. of people that applied for parental leave that year	2	7	9	3	5	8	5	11	16
No. of people expected to come back from leave that year	2	7	9	1	7	8	2	13	15
No. of people that came back from leave that year	1	7	8	0	3	3	2	9	11
No. of people that came back from leave the previous year	1	4	5	1	7	8	0	3	3
No. of people reinstated in previous year and continued to work for more than one year	1	4	5	1	7	8	0	3	3
Reinstatement rate for parental leave (%)	50%	100%	89%	0%	43%	38%	100%	69%	73%
Percentage of people holding their post due to parental leave (%)	100%	100%	100%	100%	100%	100%	0%	100%	100%

Note:

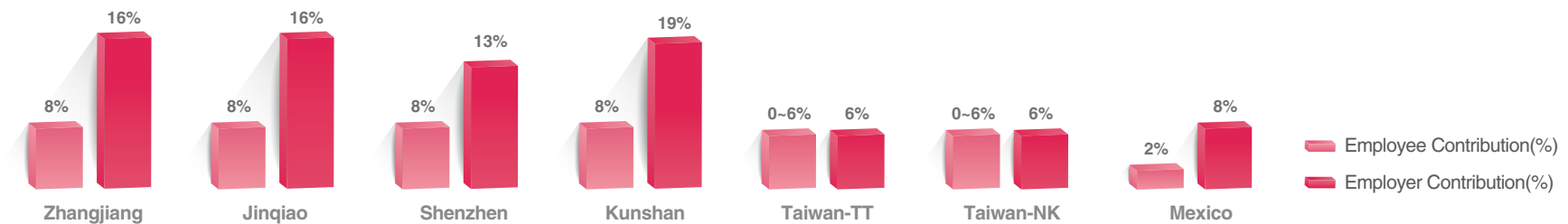
1. The data only cover Taiwan-TT Facility and Taiwan-NK Facility because other facilities do not provide parental leave.
2. Qualification for Application of Parental Leave without Pay that Year: Those who have applied for "Paternity Leave" or "Pregnancy Leave" (20 weeks or more) from 2016 to 2019 and who still hold a post in 2019.
3. Reinstatement rate for parental leave = No. of people reinstated that year ÷ No. of people expected to be reinstated that year × 100%.
4. Percentage of people holding their post due to parental leave = No. of people reinstated in the previous year and continued to work for more than one year ÷ No. of people reinstated in the previous year × 100%.



► Employee Insurance and Retirement

USI and its subsidiaries provide retirement welfare by following local laws and regulations. In China Facilities, USI provides all employees with five social insurances and one housing funds*. The Taiwan Facilities, and according to the projected welfare unit law, the pension actuarial is carried out every year, and the employer and the employee are allocated to the employee retirement funds monthly. The Company also participates in special accounts for pension insurance or retirement insurance established by government agencies following the regulations and pays monthly deposit fees per the corresponding proportion of the paid base. If the special account balance is insufficient to pay the annual funds, the special account balance will be made up the following year. In 2019, the worldwide sites* appropriated retirement insurance funds total of CNY 164,106,891.18, and the balance was CNY 15,855,657.05.

The proportion of appropriation of each facility is as follows:



Note:

1. The five social insurances and one housing fund is standardized social insurance in China. It includes retirement insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and housing provident fund.
2. The worldwide sites included Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan-TT, Taiwan-NK, Mexico and other manufacturing facilities, and sales offices.
3. Please refer to page 153 in the 2019 USI Annual Report for detailed information.

• Balancing Work and Life

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

► 3 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.

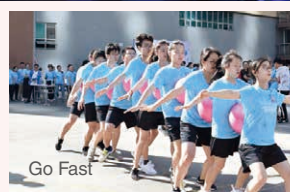
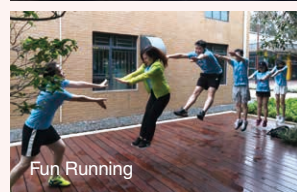
89 Employee Care & Development

To organize employees' welfare and activities, USI established the Employee Welfare Committee in Taiwan Facilities. The Committee holds public events with clubs for employees and their families to attend and achieve the objective of "cultivating useful skills in life." It has not only brought joy to employees but also cultivated teamwork, promote a harmonious work atmosphere, and enhance work efficiency.

► Zhangjiang



► Shenzhen



► Jinqiao



► Kunshan



► Taiwan-TT&NK



► Mexico

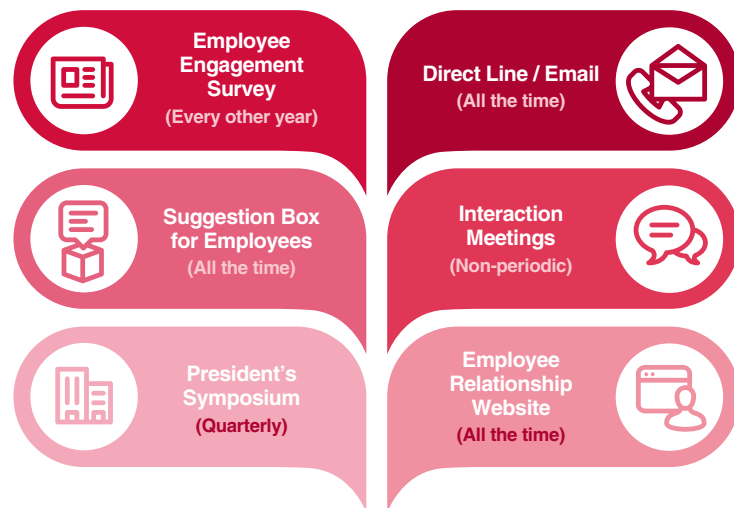


Strong Employee Engagement

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

Note: We will inform employees of Mexico Facility at least 15 days ago; the other facilities at least 30 days ago.

To provide a complete communication channel and to continuously establish an open and smooth management environment built upon mutual trust, so as to facilitate labor relations and effectively raise the coherence of all staff members, the communication channels provided are as follows:



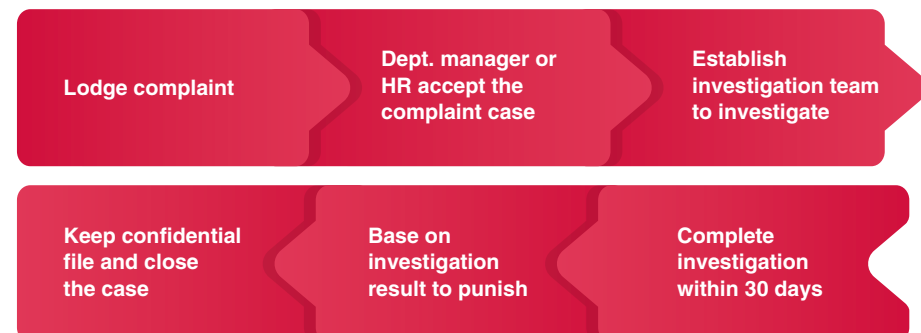
In 2019, the Company held a total of 294 employee symposiums. It was included 192 new employees, 13 foreign employees, and 89 general employees.



A	B
C	

- A. Interaction Meetings (Shenzhen)
- B. Interaction Meetings (Kunshan)
- C. President's Symposium (Taiwan)

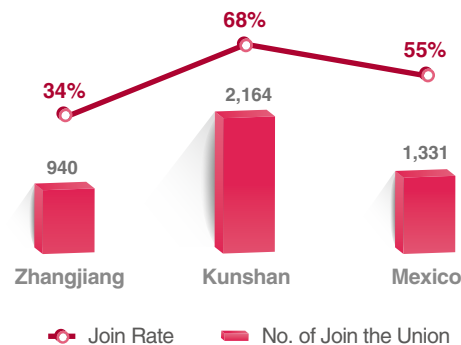
USI has a Policy of Workplace Humane Treatment Establishment which purpose is to establish a safe, dignified, non-discriminatory, respectful, inclusive, and equal workplace, and prevent all employees are from physical or mental infringement during work. In response to various formally established employee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



In 2019, USI received a total of 1 employee complaint case. The case has been made responses and improvements, and the closed rate reaches 100%. Details are shown as follows:

Appeal Cases	Response Measures	Status
An employee has constantly received unknown calls from the Company to official mobile phones or private mobile phones, causing employee work distress and mental pressure (Taiwan-TT)	After investigation and after reporting to the relevant supervisors based on collected evidence, the Company gave the harasser a warning according to the employee's work rules and announced it.	Closed

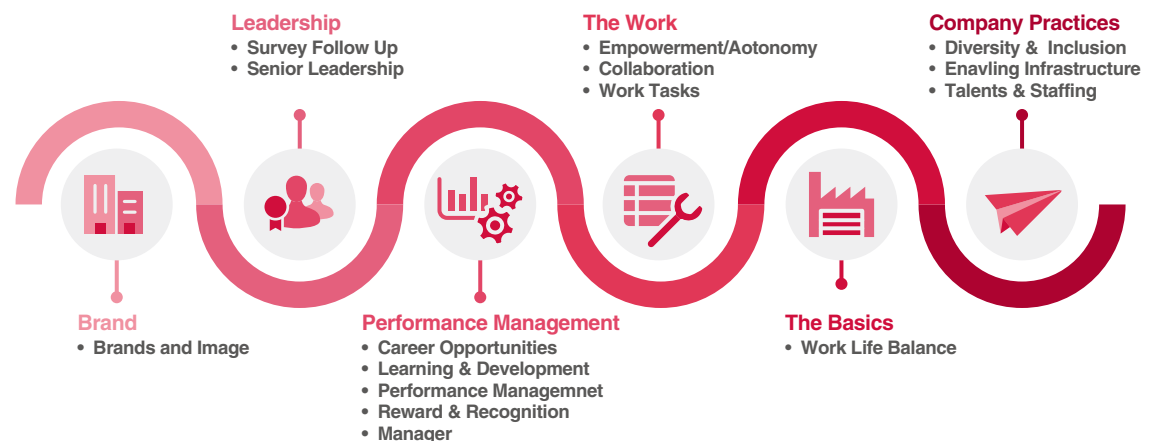
USI's employees may freely organize and participate in trade unions and conduct collective negotiation. USI will not involve the establishment, operations, or management of the trade union in any form; and will maintain a smooth communication channel with the trade union to facilitate the implementation of agreements made in collective negotiations. At the moment, Zhangjiang, Kunshan, and Mexico Facilities have all established a trade union. Among them, the trade union of Mexico Facility already signed a collective agreement with the Company to ensure that union members are protected under the contract. The proportion of employees participating in trade unions is as follows:



• Employee Engagement Survey

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

In 2019, for the second time, we surveyed employee engagement for a total of 15 driver factors of the 6 engagement behaviors. This time we conducted a 14-day online questionnaire survey of employee engagement. The survey target was the indirect employees who joined before June 30, 2019. We issued 6,050 questionnaires and collected 5,259, resulting in a feedback rate of 86.9%. Among the returned questionnaires, 4,869 were valid. The effective feedback rate was 80.5%, and the total score of engagement was 67%. Among the major questions that need to be enhanced, after being promoted by the main action plan project in 2018, the scores of each engagement driver factors have been raised.



► Employee Engagement Survey Result

Item \ Year	2017	2019		2021
	Performance	Goals	Performance	Goals
Feedback Rate (%)	82.2	85.0	86.9	≥ 85.0
Engagement Score (%)	60.0	65.0	67.0	≥ 65.0

In 2020, the President and one-down of all units have participated in the "WW Engagement Survey" to clarify and focus the survey results and the following plan. The executive vice general manager of each plant will become the chairman, and the manager of each plant's human resource department will become the executive secretary to form a project team with representatives of each unit. The team shall carry out action plans based on the survey results and expect to raise employee engagement goals again.

Excellent Working Environment

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

Note:

Other workers are mainly temporary workers in the facilities, and other contractors such as meal contractor, resident personnel, security personnel, cleaning personnel, etc. ,and statistical data of workers included the seven major manufacturing facilities there were a total of 14,837 people.

• Occupational Safety and Health Management

► Safety and Health Management Goals and Statuses in 2019

Goals	Performance
Maintaining "Zero" Occupational Disease Incidences	There is one case of tendonitis at our Mexico Facility.
Maintaining "Zero" Work-Related Deaths	There were no work-related deaths in 2019.
"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 2019.

The occupational disease case recorded in Mexico Facility was acute finger tendonitis caused by a temporary workload increase. After taking 36 days off, that employee was no longer assigned work that would trigger the disease. We continued to monitor their status, and to date, there was no recurrence. The Company will always assess employees' physical and psychological capabilities when assigning temporary workloads and make appropriate rotation arrangements to avoid similar cases from reoccurring.

To comply with local regulations, the six major manufacturing facilities of USI (Zhangjiang, Jinqiao, Shenzhen, Kunshan Taiwan-TT, and Taiwan-NK Facilities) let their employees establish the Safety and Health/ Production Committee, and let employee there among to be the Committee's representative. The proportion of labor representatives also complies with local regulations and more than 50%. Although the meeting frequency of each plant's Committee is different, each Committee holds at least one regular meeting every three months, and the Committee's responsibilities will be in the following diagram. Besides, an internal exchange platform and paths for the sharing of the Company's information system are also established within the facility (including WeChat and irregular exchange sessions) to ensure the availability of smooth communication channels.



In 2019, USI invested CNY 0.15 billion* in safety production and chemical safety management. Occupational safety and health costs include employee insurance, physical check-up, labor protection, safety measures improvements, operating environment monitoring, and ISO 45001 certification fee.

Note:

Statistical data includes the Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan-TT and Taiwan-NK Facilities.

• Occupational Safety and Health Risk Management

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

To effectively identify and assess safety and health hazards and risks and opportunities derived from the operations and work environment, we request responsible units to identify hazards based on occurrence probability, exposure frequency, and consequence severity regularly each year. Where the identification and assessment procedures must be applied again due to any change to the production or activity; opinions or requests made by the stakeholders adjustments or amendments to legal regulations, the results must be evaluated together with potential risks and opportunities, regulatory rules and the Company's policy. The Company identifies and controls priority risks and opportunities and request relevant parties to amend plans based on the level of involved dangers and opportunities. The purpose is to minimize negative impacts that come from productions, activities, or services within the facility (please refer to Table 1); and to enhance the Company's occupational safety and health performance and to create a sound management system. In the meantime, to ensure the quality of identification and assessment procedures, not only should designated safety and health units conduct relevant educational training on a regular and irregular basis (the annual performance, please refer to "Emergency Response Center"), but also the representatives of promoting health and safety measures shall take internal auditor training within the OHSAS 18001 or ISO 45001 management system and acquire qualifications. At the end of 2019, 154* USI employees received the required trainings for internal auditors.

Note:

Statistical data includes the Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan-TT and Taiwan-NK Facilities.

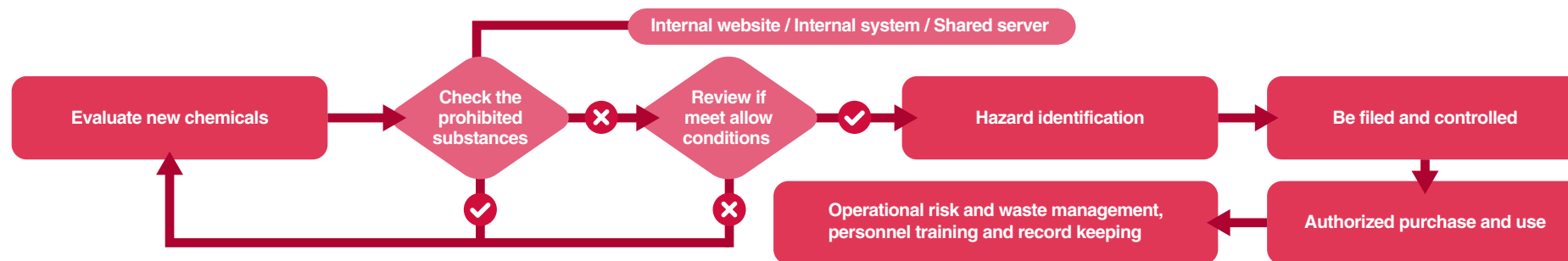
► Hazard Identification and Risk and Opportunities Procedure



• Chemical Safety Management

We developed our Chemical Management Procedure in line with the UN Strategic Approach to International Chemicals Management (SAICM), so chemicals are controlled and used in ways that minimize adverse impacts on the environment and human health. The key to our Procedure is a comprehensive review of substances and all applicable chemical regulations and use restrictions. We grade chemicals according to environmental and safety risks and collate a list of banned substances. As part of source control, chemicals must be reviewed and 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 time they enter our operations until they are appropriately disposed of or recycled. We keep all relative records to perfect our Procedure and prevent occupational hazards of employees.

► Chemical Safety Management Process



In order to enable our workers to work with peace of mind, each factory is equipped with a exclusive unit for inspection, maintenance and inspection. Company is responsible for the regular implementation of environmental testing, such as building security inspection, drinking water inspection, effluents inspection, Legionnaires' disease, emergency lighting, lightning protection detection, smoke detection equipment, and fire equipment testing on the operational environment, and monitors operational environments with high risks including noises, the concentration of carbon dioxide, organic solvents, specific chemical substances, lead in the workplace and free radiation to ensure that the threshold values of concentration of harmful substances and noises are below standards. If there are any abnormalities, it will be immediately corrected and maintained; if it is close to the abnormal state, we will provide employees with appropriate preventive training, and with a healthy and safe working environment.

► Table 1: The Negative Impacts Management for Hazard Identification and Risks and Opportunities

Risk and Opportunity Level	Correct Action	Identification Result	Hazard or Impact Above Medium Level	Impact Management
1. Serious	1. Control measures must reduce the risk to an acceptable range. 2. Review the integrity of existing protection and control measures and formulate management plans for improvement. If there is no improvement, it is necessary to formulate operation control procedures or emergency response plans.	There are no Serious or High-Level risks and opportunities in the work activities or working environment of USI facilities.		
2. High				
3. Medium-High			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	It must be reviewed whether there are still opportunities to improve the performance of occupational safety and health, such as:	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.	Hotline work operation: electric induction	Need to wear insulated personal protective equipment.
5. Low	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.		Hot work operation: fire	Must control fire sources and combustibles, wear personal protective equipment, and carry spare fire extinguishers.
6. Slight			High-risk 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, special health inspections should be carried out. The inspection items include noise, carbon dioxide concentration, organic solvents, specialized substances, dust, lead workplaces, and free radiation; they require personal protective gear during operation.

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

► Employee Occupational Health and Safety Statistics in 2019

Facility	Injury Rate (IR)		Occupational Diseases Rate (ODR)		Lost Day Rate (LDR)		Absentee Rate (AR)	
	Male	Female	Male	Female	Male	Female	Male	Female
Zhangjiang	0.00	0.00	0.00	0.00	0.00	0.00	2.07%	1.85%
Jinqiao	0.00	0.00	0.00	0.00	0.00	0.00	8.49%	6.32%
Shenzhen	0.02	0.00	0.00	0.00	0.10	0.00	1.51%	1.64%
Kunshan	0.00	0.03	0.00	0.00	0.00	0.17	2.54%	2.42%
Taiwan-TT	0.19	0.14	0.00	0.00	0.23	0.28	0.31%	0.59%
Taiwan-NK	0.00	0.29	0.00	0.00	0.00	2.59	0.43%	0.59%
Mexico	0.02	0.02	0.00	0.02	0.24	1.15	1.11%	2.42%

Note:

1. Statistics of Data do not cover the injury information of contractors.
2. Statistics of occupational disease are in accordance with the definition of occupational diseases from relevant local laws and regulations for each facility.
3. Only the Absentee Rate (AR), the statistics of data cover traffic accidents to and from work. The statistical formulas for the various data are as follows:
 - Injury Rate (IR) = (Times of injuries ÷ Total hours worked) × 200,000.
 - Occupational Diseases Rate (ODR) = (Total numbers of occupational diseases ÷ Total hours worked) × 200,000.
 - Lost Day Rate (LDR) = (Number of days lost due to injury ÷ Total hours worked) × 200,000.
 - Absence Rate (AR) = (Number of hours lost due to absence ÷ Total hours worked) × 100%. The number of hours lost due to absence covers injury and sick leaves.

A total of 14 work-related accidents occurred in 2019, including four sprains, three slips, three cuts, two bruises, one crush injury, and one incident with an object flying off, all of which were physical injuries of employees. According to the statistical results of work injury accidents in 2018 and 2019, walking injuries were the main accident factor. In addition to the improvement of lighting and floor slip prevention, the Company posted warnings and strengthened advocacy and training, incorporated its requirements into the employee work rules, and continued to work towards the goal of zero accidents. Our contractors had one injury case (please refer to the Contractor Management section). To prevent work injury accidents from happening at home and abroad, USI irregularly holds work injuries orientations and conducts educational training for employees and contractors, and follow-ups relevant data regularly to improve.

• Emergency Response Center

USI has established an emergency response center for environment and safety and made a general education proposal on hazards and emergency response procedures. Also, it conducts emergency response training for disasters caused by earthquakes, fires, hazardous substances, and infectious diseases. Moreover, it holds environmental, safety and health programs such as emergency response to organic solvents, the labeling of hazardous and harmful substances, the usage of labor protective equipment and general education training for employees to participate in drills and take examinations to enhance their safety awareness and emergency response abilities, reduce the occurrence of accidents caused by unsafe behavior and prevent possible work accidents. 183 advocacy and training courses held in 2019, with 32,443 employees trained 21,942 hours, including eight earthquake disaster prevention drills, 35 fire drills, and nine chemical disaster drills. For relevant units using hazardous substances, we additionally implemented regular inspections and random audits.



► Safety Production Knowledge Contest

In 2019, to strengthen the learning and understanding of employees' safety knowledge and skills as well as enhance employees' safety and health awareness and the importance of safety production* for enterprises, Shenzhen Facility encouraged everyone to learn relevant knowledge and held safety production knowledge contests. The competition was conducted in groups. The items are divided into paper-based must-answer questions, rush-answer questions, and risk questions. The top three teams with total scores were awarded by the Company with bonuses and pennants to encourage them.



Explain the Rules

Competition

Awards

Note:

The content of safe production includes hazardous chemicals, combustion explosion and fire protection, static electricity, industrial anti-virus technology, electrical safety technology, pressurized container safety technology, pharmaceutical unit operation safety technology, labor protection-related knowledge, ergonomics, safety analysis and evaluation, safety psychology, occupational safety, and health management, etc.

• Physical and Mental Health Care

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

► Software and Hardware Measures

Regarding the software facilities, USI wishes to provide employees a quality healthcare service. It has not only hired several nurses, specialized family medicine doctors, occupational medicine doctors, and psychologists but also invited physiotherapists and nutritionists to provide services in the facility on an irregular basis. Provide psychological, work stress, career, and other consulting services for employees. In 2019, there were 19,169 participants in physician health consultations, and the total of hours is 13,455 hours.

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



Physical Therapist Intervention



Nantou County Excellent Breastfeeding Room Certification

► Physical and Mental Health

To effectively achieve health management, USI conducts physical check-ups each year. USI tracks employees with significant abnormalities and conducts the prevention and control of contagious diseases. Also, specific physical check-ups are provided for high-risk employees in the work environment to achieve the effect of early diagnosis and early

treatment. In mental health, USI not only hold birthday parties and single parties regularly for employees (please refer to the Comprehensive Welfare and Salary System section for details), but also has Employee Assistance Programs (EAP). It works with the human resources department to make sure employees' pressure from their families, work, and life can be balanced and addressed.

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

► Health Promotion

To enhance occupational safety and health management; fortify the identification of health hazards; assist employees in preventing chronic and occupational diseases; encourage and remind employees to do regular sports, eat and drink healthily, and have good living habits, USI provides not only professional physician consultations, but also holds various health education seminars, training, and activities such as pregnancy healthcare, cancer screening services, first-

aid training, vaccination services, blood donation activities, weight-loss competitions, and smoking cessation contests. In 2019, 4,447 people participated in 38 events. Among them, 384 people participated in 5 blood donation drives and donated 612 bags of plasma in total; 697 people participated in 2 weight loss activities with a combined weight loss of 1,096.4 kg.

The Taiwan Facilities had specially held an ergonomic hazard health promotion program in 2019 to reduce the musculoskeletal health hazards of employees. After three months of various health promotion activities, the risk-free ratio of 200 employees has increased by 50%, and the overall satisfaction reached 4.47 scores. Moreover, Taiwan Facilities were awarded the Outstanding Award for Workplace Cancer Screening Incentive Program for its efforts in promoting relevant programs.



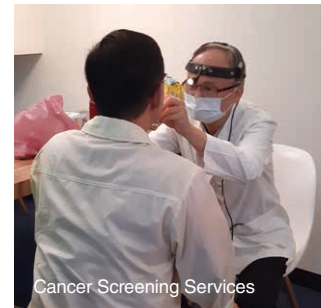
Cardiovascular Disease Lecture



Posture Improvement Lecture



Lectures on Cognition and Prevention of Cervical and Lumbar Spine Diseases



Cancer Screening Services



Weight Loss Contest



Blood Donation



Workplace Sports Stay Away from Soreness



Physical Fitness & Health Promotion



Outstanding Award for Workplace Cancer Screening Incentive Program



Social Involvement

7



SROI ratio

\$3.07

of value created for every
\$1 invested through
Philanthropic Library



CNY

6.27 million

invested in
Social Engagement



26,082 intern
hours

logged in
Industrial-Academic
Partnerships



3,633 volunteer
hours

contributed to
local communities



964 students

reached through Targeted
Poverty Alleviation programs

Social Involvement

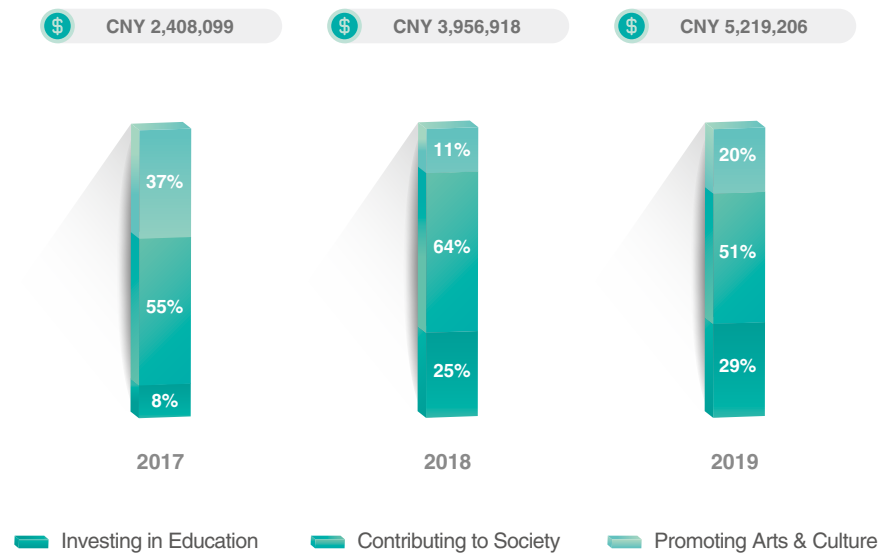
USI actively makes long-term investments in social activities that generate significant value for USI and our stakeholders. We shape our corporate culture by working with the community to promote resilience and social well-being. Together, we can create social value and build a sustainable future.

USI with Society Overview

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

In 2019, to measure the social value of our programs, we initiated adapting the Social Return on Investment (SROI) methodology to one of them. We hope to make better decisions, be more accountable, and maximize the effectiveness of each program by evaluating and optimizing them. USI invested CNY 6.27 million in 49 social activities and 52 external organizations in 2019 and engaged 536 employees to volunteer 3,633 hours of service throughout the year.

The following figure shows the ratio of CNY invested in Education, Society, and Culture for the past three years (excluding fees for external organizations).



Three Approaches	Rationale	2019 Performance
Investing in Education	Education is the bedrock of progress and development. We wish to cultivate talented and upstanding citizens through diverse educational programs.	<ul style="list-style-type: none"> • Sponsor Taiwan Reading Foundation (Taiwan Facility) • Sponsor Chinese Literary Prize for Global Youth (Taiwan Facility) • USI University Courses & industrial-academic Partnerships (Jinqiao, Shenzhen, Taiwan Facilities)
Contributing to Society	With company support, we work together to bring more positive energy to society and the environment, hoping to make an impact on society.	<p>Targeted Poverty Alleviation</p> <ul style="list-style-type: none"> • Digital Education Poverty Alleviation Program (Zhangjiang Facility) • Kunshan Fundraising Charity Concert (Kunshan Facility) • Kunshan Charity Foundation "Heartfelt Wish" Activity (Kunshan Facility) • Hope for Pearls Project (Shenzhen, Kunshan Facilities) • Guangxi Baise City Left-Behind Children Project (Shenzhen Facility) • Western Region Student Aid Program (Zhangjiang Facility) <p>Social Inclusion</p> <ul style="list-style-type: none"> • Cross-strait Student Baseball League (Zhangjiang Facility) • Meals on Wheels (Taiwan Facility) • Dreams Come True Project (Taiwan Facility) • Sending Love to Retirement Homes (Zhangjiang, Jinqiao Facilities) <p>Environmental Protection</p> <ul style="list-style-type: none"> • The Million Tree Project (Global) • "Love the Source of Life" International Coastal Clean-up (Jinqiao Facility) • Adopt-a-Road Program (Taiwan Facility) <p>External Partners</p> <ul style="list-style-type: none"> • Participate in 52 external organizations
Promoting Arts & Culture	Appreciation of art can refine our tastes, cleanse our spirits, and enhance our cultural quality of life.	<ul style="list-style-type: none"> • Title Sponsor B-League Team of Chinese Pair Go Association (Zhangjiang Facility) • Sponsor Cloud Gate Dance Theatre's Annual Autumn Tour (Taiwan Facility) • Sponsor Min Hwa Yuan Theatre Performance (Taiwan Facility)

Investing in Education

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

Sponsor Taiwan Reading Foundation (Taiwan Facility)

"Broadening children's horizons and cultivating reading interest" cannot be done overnight. Therefore, USI has continuously sponsored the Taiwan Reading Culture Foundation to build Philanthropic Libraries since 2005 and invested NTD 500,000 every year purchasing new books for the Libraries and developing the reading ability of students in rural and remote areas. We understand that only continuous investment can bring substantial impact and change to students, and not just financial and material assistance.

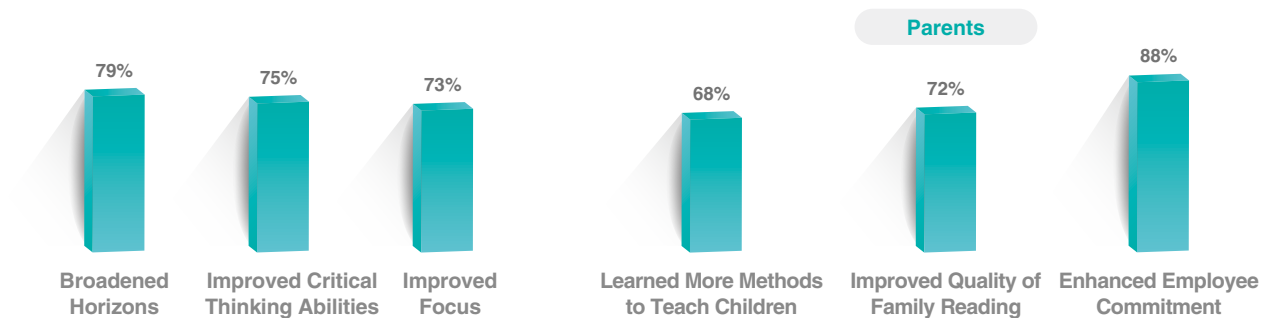
In addition to book donations, USI collaborates with the Foundation to organize Meet the Author and Parent-Child Reading activities. We spare no effort to expand investment in local education, enhance our internal reading habits, and promote reading. In 2019, we held five Meet the Author activities in Lanyu with 186 participants in total. Having an author share tips and experience in writing helps set an example for children and broaden their horizons. 136 people participated in the Parent-Child Reading Activity. We hope to instill reading habits through parents and children reading together, and enrich children's minds.

In 2019, USI introduced SROI methodology to this project. Through in-depth assessment, we understand the impact and changes the Philanthropic Libraries had on students. We found that of 4th-6th graders, 79% felt the Libraries broadened their horizons, 75% felt the Libraries improved their critical thinking abilities. From the parents that participated in the Parent-Child Reading activity, nearly 72% believed that the event could enhance family reading quality, and 68% indicated they learned more methods and knowledge for teaching children. For detailed analysis, please see the chart below. In all, every NTD 1 invested in the Philanthropic Libraries can generate a social value of NTD 3.07. The Philanthropic Social Return on Investment Evaluation Report is certified by the Social Value International (SVI) and is currently one of the few SROI reports done by electronics manufacturers certified by SVI. USI will continue to inspire the reading interest of schoolchildren in rural areas through activities such as Meet the Author.

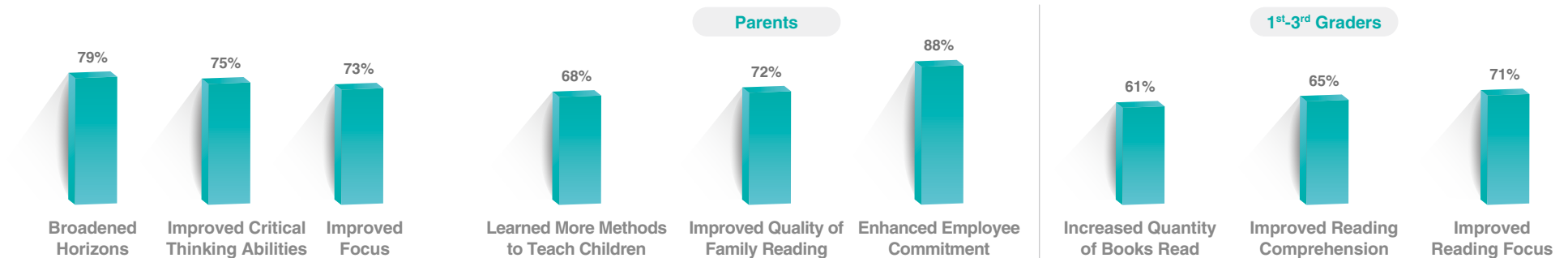


SVI Assurance and Report Link (<http://www.socialvalueuk.org/report/philanthropic-library-social-return-on-investment-report/>)

► Philanthropic Libraries:
Outcome Incidences for 4th-6th Graders



► Parent-Child Reading:
Outcomes Incidences for Parents and 1st-3rd Graders



Sponsor Chinese Literary Prize for Global Youth (Taiwan Facility)

The Chinese Literary Prize for Global Youth is known as the fountain of living waters for new literary talents. Many literary luminaries such as Chang Man-Chuan, Jian Zhen, and Hou Wenying had won this prize as students. To encourage student participation and advance Chinese literary culture, USI sponsors NTD 300,000 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 2019, the 37th Global Chinese Student Literature Award received 1,619 entries from Taiwan, China, Malaysia, Singapore, Japan, and the US. There were 867 submissions from Taiwan and 752 from overseas. Entries by Taiwanese students has increased by 1.5 times compared with last year. The number of submissions from overseas has also kept pace. 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

(Jinqiao, Shenzhen, Taiwan 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 a number of free courses to share their knowledge, experience, or the industry's latest trends to associated organizations and students.

Also, to put academic theory into practice, USI provides internship opportunities in Jinqiao, Shenzhen, and Taiwan Facilities. In 2019, 93 students interned 26,082 hours in our internship programs. We designed a one-on-one mentor system so students can bridge the gap between school and work after graduation.

In addition to internship opportunities, Taiwan Facility continued to partner with National Chiao Tung University. In 2019, we invested NTD 4.56 million to implement various research projects such as Smartphone Radio Frequency Interference, Automated Optical Inspection (AOI) Optimization Model for Machine Learning, and Non-Solder AOI Optimization Model for Machine Learning.

► USI University Courses (Taiwan Facility)

Year	Guild/Association/Institution	University
2019	Strategic Planning Workshop (Nankang Industrial Association)	IOT Platform Introduction and Application (National Chung Hsing University, National Chiao Tung University)
	HR 4.0 (Nankang Industrial Association)	
	Crisis Management and the Role of HR (SME Association)	Talent Development and Generational Succession (National Chung Hsing University)
2018	Global Talent Development Practices Seminar (CHRNA)	Seminar- Applications of AI and Industry 4.0 (National Sun Yat-sen University, National Chiao Tung University)
		Introduction & Application of RF Technology (Feng Chia University)
2017	Strategic Planning Workshop (TEEMA)	Seminar- Signal Simulations (National Sun Yat-sen University)
	Case Studies of Recruiting & Promotion based on TOEIC (ETS)	
2016	Talent Development (TEEMA)	Developing Cross-Disciplinary Skills (Tunghai University MBA)
	Precision Manufacturing (Nankang Industrial Association)	
	Negotiation Skills (Tianzhong Industrial Parks-Industrial Development Bureau, Ministry of Economics)	



Contributing to Society

• Targeted Poverty Alleviation

In response to SDGs (Goal 1: No Poverty; Goal 4: Quality Education), USI sponsors several educational poverty alleviation programs to help children in impoverished regions obtain resources for quality education and narrow the gap between urban and rural areas. In 2019, USI invested CNY 684,800 and assisted 964 students with programs such as the Digital Education Poverty Alleviation Program, Western Region Student Aid Program, Guangxi Baise City Left-behind Children Project, and Hope for Pearls Project.

Digital Education Poverty Alleviation 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 poverty alleviation and development. To implement China's 13th Five-Year Plan for poverty alleviation, USI upholds our value of Realizing IDEAS together, implements our sustainability policy of "actively participating in community activities", and focuses on the slow development of computer education of schools in remote areas. This is why we launched the Digital Education Poverty Alleviation Program. We invested CNY 200.25 million and donated computer classrooms for rural schools, improved the teaching environment, enrich teaching resources, enhance students' learning ability, and effectively make up for the shortage of teachers in schools in remote areas. Make positive contributions to poverty alleviation in China and realize the harmonious development of society.

From 2018 to 2019, three schools in Gansu and two schools in Qinghai completed their computer classroom construction, 150 sets of computers were donated and 857 students benefited in 2019 while cumulative beneficiaries reached 1,113. In June 2019, to follow up on the project, we sent CSR ambassadors to visit Changning Complete Primary School of Qinghai Province and Daliaozi Primary School and Tangwan Primary School of Gansu Province. We witnessed the students enter the Internet era and received feedback from teachers and students to help them where really needed.



Digital Education Poverty Alleviation Video
<http://www.usiglobal.com/en/video>



► Response from USI CSR Ambassador

Corporate resources come from the society and should be invested back into the society. I am honored to be able to participate in this event on behalf of the company. As the saying goes, "giving is more rewarding than receiving." In addition to computer checks, my task is to organize interactive mini-games. After consideration, the ambassadors and I designed a "Baidu search trivia," providing USI eco-bag gifts and personally adding delicious sweets. This session may be the most enjoyable moment of the trip. The students participated enthusiastically. Watching students work hard with one finger to spell the words, anxiously waiting for the network to respond, and the joy of winning when they got it right. Modern technology is changing the society at an unprecedented pace. Computers and the Internet have made the world far-reaching. Educational resources for remote primary schools are scarce. The Company's gift of school computers is a timely rain, which gives the students unlimited possibilities in life.



Kunshan Fundraising Charity Concert (Kunshan Facility)

Beautiful music not only soothes the soul but is also a way to rally people to contribute towards public welfare. In August 2019, USI donated CNY 100,000 and held "2019 Kuntai Philanthropic Choir Concert" at the Kunshan Culture and Arts Center, where music lovers from both sides of the strait share music. All proceeds went to low-income families in Kunshan so children can receive a good education. The central tenet of educational poverty alleviation "education is the way out of poverty".

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

As the saying goes, "never omit to do a good deed thinking it's too trivial." For four years running, USI continues to support 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.

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 2019, we organized a "Clean Plate Challenge" and "Walk for Pearls" to encourage direct employee participation. From the two fundraising events, we raised CNY 300,000 for Qianshan Yezhai Middle School in Anhui Province and set up the third USI Shueijin Pearl Class with 40 students.

In addition to funding, we continued to follow up on these pearl students and invited them for a factory study tour. Our mentor team introduced USI culture, shared their career stories, answered questions about growing up and the workplace, and gave suggestions for their future with humorous anecdotes. The pearl students, moved by our warm culture, expressed interest in internship opportunities. We plan to provide them with internship and employment opportunities as we believe pearl students are future stars that will shine and illuminate the community.



Guangxi Baise City Left-Behind Children Project (Shenzhen Facility)

In Guangxi, many families live below the poverty line, and their living conditions are extremely difficult. In order to give poor students more room for development and to have educational resources, USI participated in the Guangxi Affection for Old Districts Care for Students" sponsorship program, donated CNY 25,000 to support 25 primary school students for the school year. In addition, a charity sale was held, and the proceeds of the charity sale were donated to the students, so that the students could study with peace of mind, so that they could have more possibilities in the future.



Western Region Student Aid Program (Zhangjiang Facility)

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

• Social Inclusion

Cross-Strait Student Baseball League (Zhangjiang Facility)

To promote baseball for students across the straits exchange of sports technology and cooperation between the two sides, USI and its parent company ASEH have both invested CNY 515,000 in sponsorship activities. This league is a fairly all-round baseball exchange, and teams on both sides of the strait have built a bridge of friendship.

Albert Liu, Senior Vice President of Advanced Mobile and Miniaturization Business Group, pitched the opening ball for the Taichung semifinals. Teams that advanced to the finals then gathered in Shenzhen for the 2019 Cross-Strait Youth Sports Summit Forum in December, where our Chairman Jeffery Chen was the opening guest. We have sponsored this event for three consecutive years to create a platform for youths from both sides of the strait to interact through baseball.



Meals on Wheels (Taiwan Facility)

A simple boxed lunch is not just a meal but also a start for providing holistic care. Partnering with Nantou County Life Reconstruction Association, USI jointly organized Meals on Wheels to help the most vulnerable seniors that are living alone, living in poverty, or living in rural indigenous tribes. The Welfare Committee rallied 22 employees to volunteer and touch the lives of dozens of seniors. Besides providing the nutrition they need, volunteers bring social contact and supplies making elders enjoy each mealtime visit with a smile.



Dreams Come True Project (Taiwan Facility)

Every great dream begins with a dreamer. No matter where you are from, your dreams are valid. To spark the imaginations of children from disadvantaged families and inspire them to dream, USI annually invites children from Taiwan Fund for Children and Families to join outings with our employees and their families. During the baseball game, emotions run high, with fans cheering at the top of their lungs while players deploy tactics and skills to win a point for their team. Energetic children might soak in the electric atmosphere of the baseball game, and be motivated to become professional players. *Princess Saves the Knight's* mold-breaking performance brought by If Kids Theatre encourages children to think outside the box and teaches them success comes in all forms. We hope to bring the warmth and support of the USI family to the children while broadening their horizons, watching actors onstage chase their dreams and embark on a journey of self-discovery.

To bring a bit of festive joy, USI employees organized a gift registry for colleagues to buy Christmas presents for the kids in the Nantou Renai Home for Children for the past two years. The head of the Welfare Committee led 72 volunteers to the Renai Home to spread Christmas cheer. With a little bit of love, we can make wishes come true and see the joy it brings.



Sending Love to Retirement Homes (Jinqiao, Kunshan Facilities)

How to make sure seniors are well taken care of 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 2019, we donated air conditioners, fruit, rice, and other daily necessities worth about CNY 27,000 to Shanghai Tangzhen Retirement Home, Kunshan Retirement Home, and Qiandeng Retirement Home. During our visits, volunteers prepared performances to entertain the seniors, sang classic old songs together, and chatted with them. Red Sunset Senior Choir of Tangzhen Retirement Home thanked volunteers by performing their number. Both the volunteers and seniors spent a lively afternoon together, adding color to their everyday life. USI will continue to spread love with the spirit of dedication and responsibility to society.



• Environmental Protection

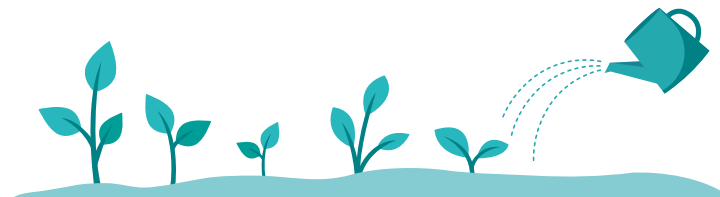
The Million Tree Project (Global)

Since 2013, USI collaborated with Shanghai Roots and Shoots Youth Activity Center and launched the Million Tree Project. So we can all participate in curbing climate change. All aspects of the project bring positive impact to the society. Local residents are hired to maintain and plant trees, we are gradually reclaiming land lost to desertification. In addition to continuing to participate in the Inner Mongolia tree planting activities, USI also joined the Ningxia tree planting project in 2018. The Ningxia tree planting volunteer team went to the Baijitan National Nature Reserve to plant sand holly and make grass squares. Environmental protection is a part of the effort. By the end of 2019, USI had planted 64,929 trees that cover an area of 53.44 hectares.

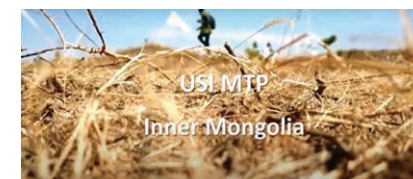
The USI Employee Forest launched in 2016 as an awareness-raising campaign. Employees are made aware that climate change has affected the ecology and survival of the region, and organized employees donations to planting trees. With the high support of the senior management, the USI Employee Forest was included in the company's five-year plan. In 2019, with the active participation of our worldwide employees, the company raised funds for 6,111 trees.

► Response from USI Tree Planting Ambassador

According to archaeological and historical records, the Horqin Left-wing Banner area originally had dense forests and abundant water sources, but after hundreds of years of human deforestation, it has become yellow sand. Without the fear of winds, sands, and the scorching sun, we were very conscientious and persistent in the activities of planting trees; perhaps wanting to redeem our sins for our predecessors, or probably wanting to bring a greener future for future generations. Looking at the Pine saplings planted into the ground, everyone silently wished them to thrive as if treating them like their own children. What makes everyone happy is that the Shanghai Roots & Shoots staff later told us that under the efforts of volunteers and the local government for decades, the local ecological environment has undergone tremendous changes, and green is slowly returning to this land. Through the experience of just two days, I have a more intuitive understanding of the concept of environmental protection. In the days to come, I will protect the earth with meager strength, and will set an example to influence more and more people to make the environment more and more beautiful!



USI Million Trees Project:
Inner Mongolia Documentary Video
<https://www.usiglobal.com/en/video>



113 Social Involvement

► Trees Planted by USI

Forest	Year	Location	Area (Hectares)	Species / Quantity
USI Corporate Forest	2019	Baiyinnur Gacha, Nugusitai, Keerqin Left Back Banner, Tongliao City, Inner Mongolia	4.85	Pine/4,000
		Bajitan Natural Reserve, Lingwu City, Ningxia Autonomous Region	3.33	Shrubs/10,000
	2018	Agula Township, Keerqin Back Banner, Tongliao City, Inner Mongolia	4.85	Pine, Maple, and Elm/4,000
		Bajitan Natural Reserve, Lingwu City, Ningxia Autonomous Region	3.33	Shrubs/10,000
	2017	Derijiritu Gacha, Agula Township, Keerqin Left Back Banner, Tongliao City, Inner Mongolia	4.85	Pine/4,000
	2016	Nugusitai, Keerqin Left Back Banner, Tongliao City, Inner Mongolia	4.85	Pine/4,000
	2015	W. Bahuta, Keerqin Left Back Banner, Tongliao City, Inner Mongolia (Zhaogensumo)	3.00	Poplar/4,000
	2014 (Re-planted in 2018*)	Agula Township, Keerqin Back Banner, Tongliao City, Inner Mongolia	4.85	Pine/4,000
USI Employee Forest	2019	S. Zhogensumo Gacha, Keerqin Left Back Banner, Tongliao City, Inner Mongolia	3.00	Poplar/4,000
		Baiyinnur Gacha, Nugusitai, Keerqin Left Back Banner, Tongliao City, Inner Mongolia	4.45	Pine/3,671
	2018	Bajitan Natural Reserve, Lingwu City, Ningxia Autonomous Region	0.81	Shrubs/2,440
		Agula Township, Keerqin Back Banner, Tongliao City, Inner Mongolia	3.82	Pine, Maple, and Elm/3,154
		Bajitan Natural Reserve, Lingwu City, Ningxia Autonomous Region	0.83	Shrubs/2,500
	2017	Derijiritu Gacha, Agula Township, Keerqin Left Back Banner, Tongliao City, Inner Mongolia	3.64	Pine/3,004
	2016	Baiyinnur Gacha, Nugusitai, Keerqin Left Back Banner, Tongliao City, Inner Mongolia	2.60	Pine/2,160



Note: We re-planted areas that had poor survival rates, thus the original 2014 USI Forest was replaced by newly planted trees in 2018.

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

To protect the oceans and coastal ecosystem and take action to restore them, we cooperated with Shanghai Rendu Marine Public Welfare Development Center to collect and document the trash littering the coastlines of Shanghai. USI has joined the international coastal cleanup event each year since 2015 and encourages employees to volunteer to raise environmental protection awareness and educate through a hands-on approach. In 2019, we selected the Shanghai Jiuduansha Wetlands as our cleanup location. The wetlands ecosystem and the water quality has degraded in recent years, in a few hours USI volunteers picked up 1,395 pieces of trash, averaging 12.2 kilograms per person. Ocean trash affects the health of marine wildlife, contaminates the environment, and ultimately impacts human health. We hope our engagement with the coastal cleanup can save the habitat of wetland birds and help the fight for trash-free seas.

Jinqiao Facility	
Event Date	October 19, 2019
Location	Shanghai Jiuduansha Wetlands Sanjia Port
No. of Volunteers	40
Kilograms of Trash Collected	486.3 Kg



Adopt-a-Road Program (Taiwan Facility)

USI Taiwan Facility's Adopt-a-Road Program entered its 13th year. Our adopted roads include a stretch of Caoxi Road (from Zhongxing Road to Maoluoqi Bridge), the provincial highway No.14B access road to Freeway No.3 (from Maoluoqi Bridge to Shengfu Road intersection), and Shengfu Road intersection to the central island at Shanglin police station. We yearly donate NTD 869,000 to maintain the hedges and cleanliness of these roads and to sponsor our town's efforts in greening and landscaping Zhongxing Road.



Promoting Arts & Culture

Title Sponsor B-League Team of Chinese Pair Go Association (Zhangjiang Facility)

China Go League is the dream stage for many professional go players today. Four young chess players from Haifeng Go entered the B-league for the first time in 2019. We decided to invest NTD 2.25 million in sponsorship to strengthen the training of B-League Team of Chinese Professional Go Association. They went to Zhejiang where masters gather to start a 12-day competition, hoping to use Go to promote youth exchanges across the strait. Jeffrey Chen, the Chairman of USI, said, "Taiwan Go Players enter the professional leagues funded by many successful entrepreneurs. Therefore, USI chose Go as an entry point for 'promoting youth exchanges across the Taiwan Straits'. We sponsored young Go players to participate in Chinese Go with our name. We hope we can attract more enterprises and social groups to support the development of young people, whether it is sports, intellectual education or talent, allowing young people on both sides of the strait to embark on a broader exchange platform, expand their horizons, and enhance their global competitiveness."



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

Since 2005, USI has donated NTD 1 million a year to support the Cloud Gate Culture and Art Foundation. In 2019, we sponsored the Cloud Gate *Dancing in Autumn*, and invited suppliers to enjoy the show with our senior management at the VIP box in Taipei National Theater. In total, we welcomed 277 partners to enjoy Taipei and Taichung's performances in hopes of enhancing and accumulating creative energy.



Sponsor Min Hwa Yuan Theatre Performance (Taiwan Facility)

Giving back to the community and promoting traditional arts and culture are central pillars of USI's commitment to social activities. Since 2002, for 18 consecutive years, Taiwan Facility supported the annual Straw Crafts Culture Festival by inviting the Minghuayuan Theatre Group to perform in Caotun Zhongshan Park.

This year, we invested NTD 980,000 and collaborated with Good York & Friends Studio to organize the RuRu Walking Market. Young people and families stroll and shop at stalls in the afternoon while glimpsing the ongoing rehearsal. The market emphasizes handmade crafts, an assortment of items from bagels, coffee, and braised snacks to wood and metal art creations, succulents, and even antiques, showcases locals' creativity. In the evening, thousands gathered to watch the traditional opera *He Xianggu Goes to Penglai*. Watching modern take on an old story invites all to reflect their views and nourish their souls.



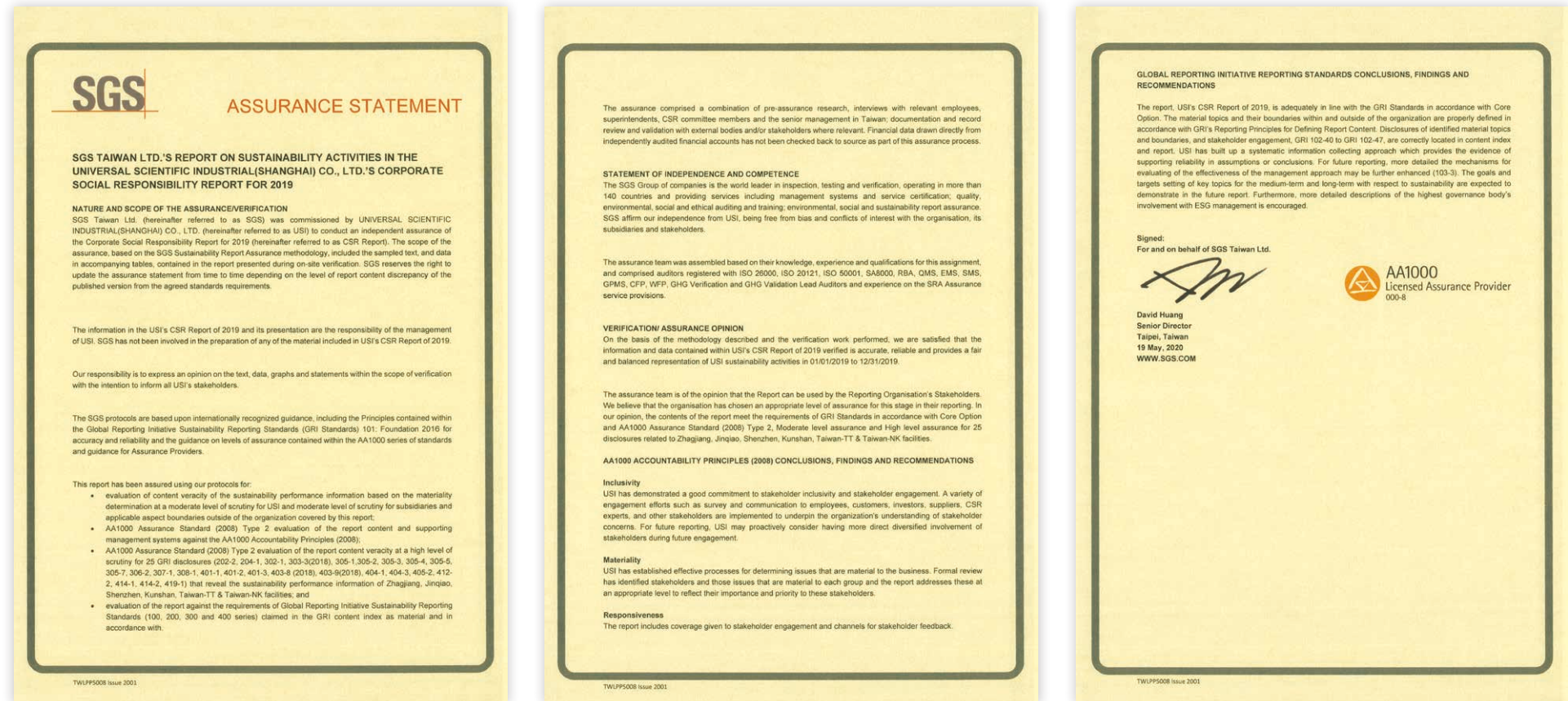
Management Systems Certification Table

Management System \ Facility	Zhangjiang	Jinqiao	Shenzhen	Kunshan	Taiwan-TT	Taiwan-NK	Mexico
ISO 14001	2004	2016	2001	2012	1998	2019	2006
ISO 14064-1	2010	2016	2010	2011	2009	-	2016
ISO 50001	2013	2017	2014	2014	2014	-	2017
ISO 45001*	2019 (2004)	2019 (2016)	2019 (2004)	(2012)	2019 (2004)	2019	(2006)
IECQ QC080000	2007	2015	2007	2012	2006	2019	2007
TL 9000	2005	2015	-	2013	-	-	-
ISO 9001	2004	2015	2001	2011	1993	2019	2005
IATF 16964*	2018 (2007)	-	-	2018 (2013)	2018 (2004)	2019	2018 (2006)
ANSI/ESD S20.20	2013	2015	2017	-	-	-	-
ISO 13485	-	-	-	2014	-	-	-
ISO 26262	2017	-	-	2017	-	-	-

Note:

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

Third-Party Assurance Statement



GRI Index

• General Disclosures

○ Moderate Level ● High Level

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102-24	Nominating and selecting the highest governance body	Corporate Governance	15		○
102-32	Highest governance body's role in sustainability reporting	Sustainability Management	23		○
102-33	Communicating critical concerns	Corporate Governance	15		○
		Sustainability Management	23		
102-36	Process for determining remuneration	Corporate Governance	15		○
		Comprehensive Welfare and Salary System	83		
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102-40	List of stakeholder groups	Stakeholder Communication	36		○

Disclosure		Section	Page	Additional Explanation	External Assurance
102-41	Collective bargaining agreements	Strong Employee Engagement	92		○
102-42	Identifying and selecting stakeholders	Identification of Stakeholders and Material Topics	32		○
102-43	Approach to stakeholder engagement	Stakeholder Communication	36		○
102-44	Key topics and concerns raised	Identification of Stakeholders and Material Topics	33		○
		Stakeholder Communication	36		
Reporting Practice					
102-45	Entities included in the consolidated financial statements	Financial Performance	10		○
102-46	Defining report content and topic boundaries	Identification of Stakeholders and Material Topics	35		○
102-47	List of material topics	Identification of Stakeholders and Material Topics	34		○
102-48	Restatements of information	Patents Research and Continuous Improvement	11	The data shown on the 2018 CSR Report was updated after publication, so the numbers are slightly different	○
		Carbon Management	56	IPCC 2013 5 th Assessment Report adopted in response to stakeholders' requirements. Corrected GWP values, and adjusted the baseline year and related data.	
102-49	Changes in reporting	Identification of Stakeholders and Material Topics	33		○
102-50	Reporting period	About this Report	-		○
102-51	Date of most recent report	About this Report	-		○
102-52	Reporting cycle	About this Report	-		○
102-53	Contact point for questions regarding the report	About this Report	-		○
102-54	Claims of reporting in accordance with the GRI Standards	About this Report	-		○
102-55	GRI Content Index	GRI Index	119		○
102-56	External assurance	About this Report	-		○
		Third-Party Assurance Statement	118		

• Topic-Specific Standards (For Material Issues)

GRI 303: Water and Effluents and GRI 403: Occupational Health and Safety follow *GRI Standards 2018*, the rest follow *GRI Standards 2016*.

○ Moderate Level ● High Level

Management Approach and Disclosure			Section	Page	Additional Explanation	External Assurance
Economic						
Economic Performance	103-1~3	Management Approach	Company Introduction	8		○
			Comprehensive Welfare and Salary System	83		
	201-1	Direct economic value generated and distributed	Financial Performance	10		○
	201-3	Defined benefit plan obligations and other retirement plans	Comprehensive Welfare and Salary System	86		○
	201-4	Financial assistance received from government	Financial Performance	10		○
Market Presence	103-1~3	Management Approach	Global Workforce	75		○
			Comprehensive Welfare and Salary System	83		
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Comprehensive Welfare and Salary System	83		○
	202-2	Proportion of senior management hired from the local community	Global Workforce	77		●
Procurement Practices	103-1~3	Management Approach	Supply Chain Management	45		○
	204-1	Proportion of spending on local suppliers	Supply Chain Management	46		●
Environmental						
Energy	103-1~3	Management Approach	USI with Environment	55		○
			Climate Change Mitigation	56		
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	302-2	Energy consumption outside of the organization	Energy Management	59		○
	302-3	Energy intensity	Energy Management	59		○

Management Approach and Disclosure			Section	Page	Additional Explanation	External Assurance
Energy	302-4	Reduction of energy consumption	Energy Management	60		○
	302-5	Reductions in energy requirements of products and services	Green Management	68		○
Water and Effluents (2018)	103-1~3	Management Approach	USI with Environment	55		○
			Water Resource Management	61		
	303-1	Interactions with water as a shared resource	Water Resource Management	61		○
	303-2	Management of water discharge-related impacts	Water Resource Management	61		○
	303-3	Water withdrawal	Water Resource Management	61		●
	303-4	Water discharge	Water Resource Management	61		○
Emissions	103-1~3	Management Approach	USI with Environment	55		○
			Climate Change Mitigation	56		
			Air Pollution Control	64		
	305-1	Direct (Scope 1) GHG emissions	Carbon Management	56		●
	305-2	Energy indirect (Scope 2) GHG emissions	Carbon Management	56		●
	305-3	Other indirect (Scope 3) GHG emissions	Carbon Management	58		●
	305-4	GHG emissions intensity	Carbon Management	58		●
	305-5	Reduction of GHG emissions	Energy Management	60		●
Effluents and Waste	305-7*	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Air Pollution Control	65		●
	103-1~3	Management Approach	USI with Environment	55		○
			Water Resource Management	61		
			Waste Management	62		
	306-2	Waste by type and disposal method	Waste Management	62		●

Management Approach and Disclosure				Section	Page	Additional Explanation	External Assurance
Effluents and Waste	306-3	Significant spills	-	-	-	There were no leakages of fuel, waste, chemicals, or other substances in 2019	○
Environmental Compliance	103-1~3	Management Approach	Business Ethics and Regulations Abidance	18	No major penalties or other non-pecuniary sanctions were imposed on USI in 2019	○	
			USI with Environment	55			
	307-1	Non-compliance with environmental laws and regulations	USI with Environment	55			
Supplier Environmental Assessment	103-1~3	Management Approach	Supply Chain Management	47		○	
	308-1	New suppliers that were screened using environmental criteria	Supply Chain Management	47		●	
	308-2	Negative environmental impacts in the supply chain and actions taken	Supply Chain Management	49		○	
Social							
Employment	103-1~3	Management Approach	Equal Employment Opportunity	78		○	
			Comprehensive Welfare and Salary System	83			
	401-1	New employee hires and employee turnover	Equal Employment Opportunity	78		●	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Comprehensive Welfare and Salary System	86		●	
	401-3	Parental leave	Comprehensive Welfare and Salary System	87		●	
Occupational Health and Safety (2018)	103-1~3	Management Approach	Excellent Working Environment	93		○	
	403-1	Occupational health and safety management system	Excellent Working Environment	93		○	
	403-2	Hazard identification, risk assessment, and incident investigation	Excellent Working Environment	94		○	
	403-3	Occupational health services	Excellent Working Environment	99		○	

Management Approach and Disclosure			Section	Page	Additional Explanation	External Assurance
Occupational Health and Safety (2018)	403-4	Worker participation, consultation, and communication on occupational health and safety	Supply Chain Management	47		○
			Excellent Working Environment	93		
	403-5	Worker training on occupational health and safety	Supply Chain Management	47		○
			Excellent Working Environment	97		
	403-6	Promotion of worker health	Excellent Working Environment	99		○
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Excellent Working Environment	94		○
	403-8	Workers covered by an occupational health and safety management system	Excellent Working Environment	93		●
	403-9	Work-related injuries	Excellent Working Environment	97		●
Training and Education	403-10	Work-related ill health	Excellent Working Environment	93		○
	103-1~3	Management Approach	Integral Training Program	79		○
	404-1	Average hours of training per year per employee	Integral Training Program	80		●
	404-2	Programs for upgrading employee skills and transition assistance programs	Integral Training Program	82		○
Diversity and Equal Opportunity	404-3	Percentage of employees receiving regular performance and career development reviews	Comprehensive Welfare and Salary System	85		●
	103-1~3	Management Approach	Comprehensive Welfare and Salary System	83		○
Human Rights Assessment	405-2	Ratio of basic salary and remuneration of women to men	Comprehensive Welfare and Salary System	84		●
	103-1~3	Management Approach	Global Workforce	75		○
Supplier Social Assessment	412-2	Employee training on human rights policies or procedures	Global Workforce	75		●
	103-1~3	Management Approach	Supply Chain Management	47		○

Management Approach and Disclosure			Section	Page	Additional Explanation	External Assurance
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Supply Chain Management	47		●
	414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Management	49		●
Customer Health and Safety	103-1~3	Management Approach	Customer Privacy & Product Safety	44		○
	416-1	Assessment of the health and safety impacts of product and service categories	Customer Privacy & Product Safety	45		○
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Privacy & Product Safety	45	There were no violations or complaints concerning health and safety impact of products in 2019.	○
Marketing and Labeling	103-1~3	Management Approach	Customer Privacy & Product Safety	45		○
	417-3	Incidents of non-compliance concerning marketing communications	Customer Privacy & Product Safety	45	There were no incidents of non-compliance concerning marketing communications in 2019.	○
Customer Privacy	103-1~3	Management Approach	Customer Privacy & Product Safety	44		○
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Privacy & Product Safety	44	We did not receive any complaints in 2019	○
Socioeconomic Compliance	103-1~3	Management Approach	Business Ethics and Regulations Abidance	17		○
	419-1	Non-compliance with laws and regulations in the social and economic area	Business Ethics and Regulations Abidance	18	USI received six health, safety, and fire protection-related notice of improvement within time limit in 2019. All have been corrected within the time limit, and there were no significant penalties.	●

Note: Although GRI 305-7 was not identified as a material topic this year, it is still one of USI high level assured index.

CASS-CSR4.0 Index

Disclosure			Section	Page	Additional Explanation
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	G1.2	Corporate social responsibility concept or slogan	Sustainability Management	23	
Strategy (G2)	G2.1	Substantive Social Responsibility Issues Identification and Management	Identification of Stakeholders and Material Issues	33	
	G2.2	Social responsibility strategy rules and annual plan	Sustainability Management	25	
			Future Goals & Performances	26	
	G2.3	Promote social responsibility into corporate development strategies and daily operations	Sustainability Management	24	
	G2.4	Model an impactful, sustainable brand	Awards and Recognition	3	
Organization (G3)	G3.1	Corporate executives support and promote social responsibility work	Sustainability Management	23	
	G3.2	Social responsibility leadership and working mechanism	Sustainability Management	23	
	G3.3	Social responsibility organization system and division of responsibilities	Sustainability Management	23	
System (G4)	G4.1	Establish social responsibility management system	Sustainability Management	23	
	G4.2	Building social responsibility index	Sustainability Management	23	
	G4.3	Rich social responsibility theory research	Sustainability Management	24	
Culture (G5)	G5.1	Develop organize social responsibility training	Sustainability Management	23	
Participation (G6)	G6.1	Identify and respond to stakeholder requirements	Stakeholder Communication	36	
	G6.2	Corporate-led social responsibility communication participation activities	About This Report	-	In addition to publishing the annual CSR report, our sustainable management strategies are available on our CSR website. (https://www.usiglobal.com/csr)
	G6.3	Externally initiated economic, environmental, social conventions, principles, or other initiatives that organization participate or support	External Participation and Initiatives	14	

Disclosure		Section	Page	Additional Explanation
Market Performance				
Shareholder Responsibility (M1)	M1.1	Regulate corporate governance	Corporate Governance	15
	M1.2	Nomination and selection process of the top governance unit and its committee	Corporate Governance	15
	M1.3	Anti-corruption	Business Ethics and Regulations Abidance	17
	M1.4	Compliance information disclosure	Business Ethics and Regulations Abidance	17
	M1.5	Protect the interests of small and medium investors	-	- Please refer to the 2019 USI Annual Report.
	M1.6	Growth	Financial Performance	10
	M1.7	Profitability	Financial Performance	10
	M1.8	Safety	Financial Performance	10
Customer Responsibility (M2)	M2.1	Improve product and service accessibility	Company Introduction	8
	M2.2	Product and service quality control system	Customer Service & Satisfaction	41
			Management Systems Certification Table	117
	M2.3	Pass rate	Customer Service & Satisfaction	41
	M2.4	Adhere to the drive of innovation	Patents Research and Continuous Improvement	11
	M2.5	Research and development investment	Patents Research and Continuous Improvement	11
	M2.6	New number of patents	Patents Research and Continuous Improvement	11
	M2.7	Industrialization of scientific and technological achievements	Customer Service & Satisfaction	12
			Patents Research and Continuous Improvement	41
	M2.10	Potential risk warning	Customer Privacy & Product Safety	45
	M2.11	Fair trade	Business Ethics and Regulations Abidance	17
	M2.12	Promote sustainability consumption	Green Management	67
			Green Supply Chain	71

Disclosure			Section	Page	Additional Explanation
Customer Responsibility (M2)	M2.13	Protect customer information	Customer Privacy & Product Safety	44	
	M2.14	Active after-sales service system	Customer Service & Satisfaction	42	
	M2.15	Actively respond to consumer complaint	Customer Service & Satisfaction	44	
	M2.16	Complaint resolution rate	Customer Service & Satisfaction	44	
	M2.17	Stop loss and compensation	Customer Service & Satisfaction	44	
	M2.18	Customer satisfaction	Customer Service & Satisfaction	42	
Partner Responsibility (M3)	M3.1	Business integrity	Business Ethics and Regulations Abidance	17	
			Sustainable Value Chain	40	
	M3.2	Economic contract compliance rate	Business Ethics and Regulations Abidance	18	
	M3.3	Fair competition	Business Ethics and Regulations Abidance	17	
	M3.4	Strategic common mechanism platform	Customer Service & Satisfaction	41	
			Green Supply Chain	71	
	M3.5	Respect and protect intellectual property right	Business Ethics and Regulations Abidance	18	
	M3.6	Helping the development of the industry	Customer Service & Satisfaction	41	
	M3.7	Fair trade	-	-	Please refer to the 2019 USI Annual Report for information on small shareholders' equity.
	M3.8	Social responsibility policy, Initiative and requirement for supplier	Sustainability Management	24	
			Supply Chain Management	49	
	M3.9	Number of potential suppliers that were rejected because of social irresponsibility	Supply Chain Management	49	
	M3.10	Supplier's social responsibility routine management mechanism	Supply Chain Management	49	
	M3.11	The process and method of supplier social responsibility audit	Supply Chain Management	49	
	M3.12	Number of suppliers audited during the reporting period	Supply Chain Management	49	

Disclosure			Section	Page	Additional Explanation
Partner Responsibility (M3)	M3.13	Number of suppliers whose cooperation was terminated due to unqualified social responsibility	Supply Chain Management	49	Please refer to the 2019 USI Annual Report for information on small shareholders' equity.
	M3.14	Supplier's social responsibility performance assessment and communication	Supply Chain Management	49	
			Supplier Communication	50	
	M3.15	Supplier's social responsibility training	Supplier Communication	50	
	M3.16	Supplier's social responsibility training performance	Supplier Communication	50	
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Government Responsibility (S1)	S1.1	Legal compliance system	Business Ethics and Regulations Abidance	17	
	S1.2	Law compliance training	Business Ethics and Regulations Abidance	17	
			Green Education	72	
	S1.3	Total tax amount	Financial Performance	10	
	S1.5	Drive employment	Global Workforce	75	
	S1.6	Number of employment was absorbed in the report period	Equal Employment Opportunity	78	
Employee Responsibility (S2)	S2.1	The composition of employee	Global Workforce	75	
	S2.2	Equal employment	Equal Employment Opportunity	78	
	S2.3	Labor contract signing rate	Strong Employee Engagement	91	
	S2.4	Democratic management	Strong Employee Engagement	91	
	S2.5	Female manager ratio	Global Workforce	76	
	S2.6	Employee privacy management	Global Workforce	75	
	S2.7	Anti-forced labor and harassment abuse	External Participation and Initiatives	14	
			Supply Chain Management	49	
	S2.8	Diversity and equal opportunity	Equal Employment Opportunity	78	

	Disclosure	Section	Page	Additional Explanation
Employee Responsibility (S2)	S2.9 Annual leave per capita	Comprehensive Welfare and Salary System	86	
	S2.10 Welfare and Salary System	Comprehensive Welfare and Salary System	83	
	S2.11 Occupational health management	Excellent Working Environment	93	
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	S2.14 Employee training system	Integral Training Program	79	
	S2.15 Annual training performance	Integral Training Program	80	
	S2.16 Career development passage	Integral Training Program	81	
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	S2.18 Difficult employee assistance	Comprehensive Welfare and Salary System	86	
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	S3.2 Safety emergency management mechanism	Excellent Working Environment	94	
	S3.3 Safety education and training	Excellent Working Environment	98	
	S3.4 Safety training performance	Supply Chain Management	48	
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	S3.6 Number of safety production accident	Excellent Working Environment	98	
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	S4.2 Staff localization policy	Global Workforce	75	

Disclosure			Section	Page	Additional Explanation
Community Responsibility (S4)	S4.3	Localization employment ratio	Global Workforce	76	
	S4.4	Localization procurement policy	Supply Chain Management	46	
	S4.6	Charitable contribution policy and its main sector	USI with Society Overview	102	
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	S4.13	Poverty Alleviation Funds	Contributing to Society	107	
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Environmental Performance					
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	E1.2	Environmental protection early warning and emergency response mechanism	Green Management	18	
			Enterprise Risk Management	67	
	E1.3	Environmental technology R&D and application	Green Management	67	
	E1.4	Methodology of statistical assessment system for environmental indicators	-	-	Please refer to the Environment & Green Innovation chapter for details.
	E1.5	Environmental training and education	Green Education	72	
	E1.6	Building green supply chain	Green Supply Chain	71	
	E1.7	Support the development of green and low-carbon industries	Green Management	67	
	E1.8	Total investment in environmental protection	Green Expenditures	73	
	E1.9	Responding to climate change	Climate Change Mitigation	56	
	E1.10	Carbon intensity	Carbon Management	56	

Disclosure			Section	Page	Additional Explanation
Green Management (E1)	E1.11	Non-fossil energy proportion	Energy Management	61	USI doesn't use renewable energy and is currently promoting green energy voucher purchases at the China and Mexico Facilities. Please refer to the Energy Management section.
	E1.12	Carbon sink	Contributing to Society	112	Please refer to the Million Tree Project
Green Production (E2)	E2.1	Green design	Green Management	67	
	E2.2	Purchasing and using environmentally friendly raw material	Green Management	67	
			Green Supply Chain	71	
	E2.3	Improve energy efficiency	Energy Management	60	
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	E2.4	Annual total energy consumption and reduction	Energy Management	59	
	E2.5	Comprehensive energy consumption per unit output value	Energy Management	59	
	E2.6	Clean energy policy and measure	Energy Management	61	USI doesn't use clean energy and is currently promoting green energy voucher purchases at the China Facilities. Please refer to "Energy Management" section.
	E2.7	Clean energy usage	Energy Management	61	USI doesn't use clean energy and is currently promoting green energy voucher purchases at the China Facilities. Please refer to "Energy Management" section.
	E2.8	Water conservation policy and measure	Water Resource Management	61	
	E2.9	Annual fresh water consumption	Water Resource Management	61	
	E2.11	Reduce exhaust emissions policy, measure, or technique	Air Pollution Control	65	
	E2.12	Exhaust emissions and emission reduction	Air Pollution Control	65	
	E2.13	Reduce wastewater discharge policy, measure, or technique	Water Resource Management	61	
	E2.14	Wastewater discharge and emission reduction	Water Resource Management	61	
	E2.15	Reduce waste emissions policy, measure, or technique	Waste Management	63	
	E2.16	Waste emissions and emission reduction	Waste Management	63	

Disclosure			Section	Page	Additional Explanation
Green Production (E2)	E2.17	Develop circular economy policy and measure	Sustainability Management	25	
	E2.19	Green Package	Green Management	71	
	E2.20	Total amount of packaging materials used in finished products (in tons) and (if applicable) per unit	-	-	USI's shipments and packaging materials are complicated by industry characteristics. Currently, the number of piece is used for management.
	E2.21	Green transportation	Green Management	71	
	E2.22	Environmental impact of product transportation or hand haulage	Green Management	71	
	E2.23	Energy conservation policy measure	USI with Environment	55	
	E2.24	Plan and action to reduce greenhouse gas emissions	Climate Change Mitigation	56	
	E2.25	Greenhouse gas emission and emission reduction	Carbon Management Energy Management	56 59	
Green Operation (E3)	E3.1	Green office measure	Green Management	70	
	E3.2	Green office performance	Green Management	70	
	E3.3	Ecological restoration and governance	Contributing to Society	112	Please refer to The Million Trees Project and "Love the Source of Life" International Coastal Cleanup
	E3.4	Protecting biodiversity	-	-	USI Facilities are not located in or adjacent to ecological protection areas, so currently there are no management policies for biological protection.
	E3.5	Zero net deforestation	Green Management	71	
	E3.6	Environmental activities	Contributing to Society	112	

USI Specific Disclosures and Additional Indicators

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Customer Relationship Management System	Parent Company (ASEH) Specified Topic	Customer Service & Satisfaction	41
	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index		
Shareholder Participation	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Please refer to the 2019 USI Annual Report	-
Social Contribution per Share	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Letter from the President	2
Ensure Reasonable Returns for Shareholders	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Please refer to the 2019 USI Annual Report	-
Measures to Support Scientific Research and Development	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Patents Research and Continuous Improvement	11
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Supplier List	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Supply Chain Management	47
Provide Special Protections for Special Populations (such as pregnant or breastfeeding employees)	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Comprehensive Welfare and Salary System	86
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Recognition from Environmental Protection Authorities	Shanghai Stock Exchange Listed Company Environmental Information Disclosure Guidelines	Awards and Recognitions	3





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From an insightful
perspective, we are
focusing on collaborative
sustainability goals.





2019

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