

2021 ESG Report Highlights

Sustainability Award
Bronze Class 2022

 S&P Global



Letter from the Chairman

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


Chairman Jeffrey Chen



Letter from the President

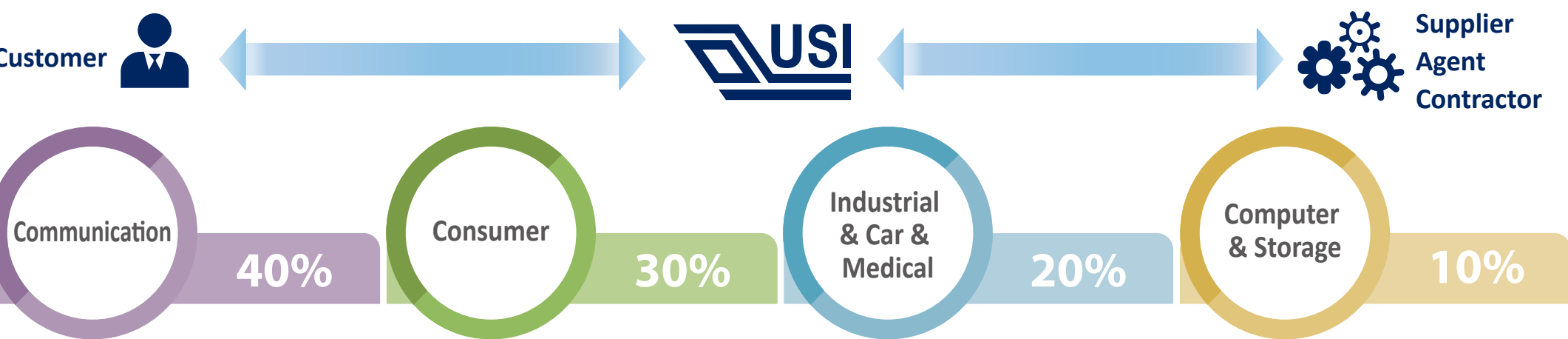
Through the Sustainability Committee's five Taskforces - Corporate Governance, Green Products & Innovation, Value Chain Management, Employee Care & Social Involvement, and Environmental Protection & Occupational Safety, USI continues to utilize corporate resources and invest in social services to contribute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

Chen-Yen Wei
President C.Y. Wei



USI Value Fields

USI (SSE: 601231) is an industry leader in SiP (System in Package) modules. We provide D(MS)² product services: Design, Manufacturing, Miniaturization, industrial software and hardware Solutions, and material procurement, logistics and maintenance Services for brand owners. To meet and exceed customer needs and expectations, we integrate 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.



Products & Market Positions

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

5G SiP
Smart Phone & Tablet

Wearable Device
WW No.1 for Watch, Wristband...

LCD X-Y Board
TV, NB, Monitor

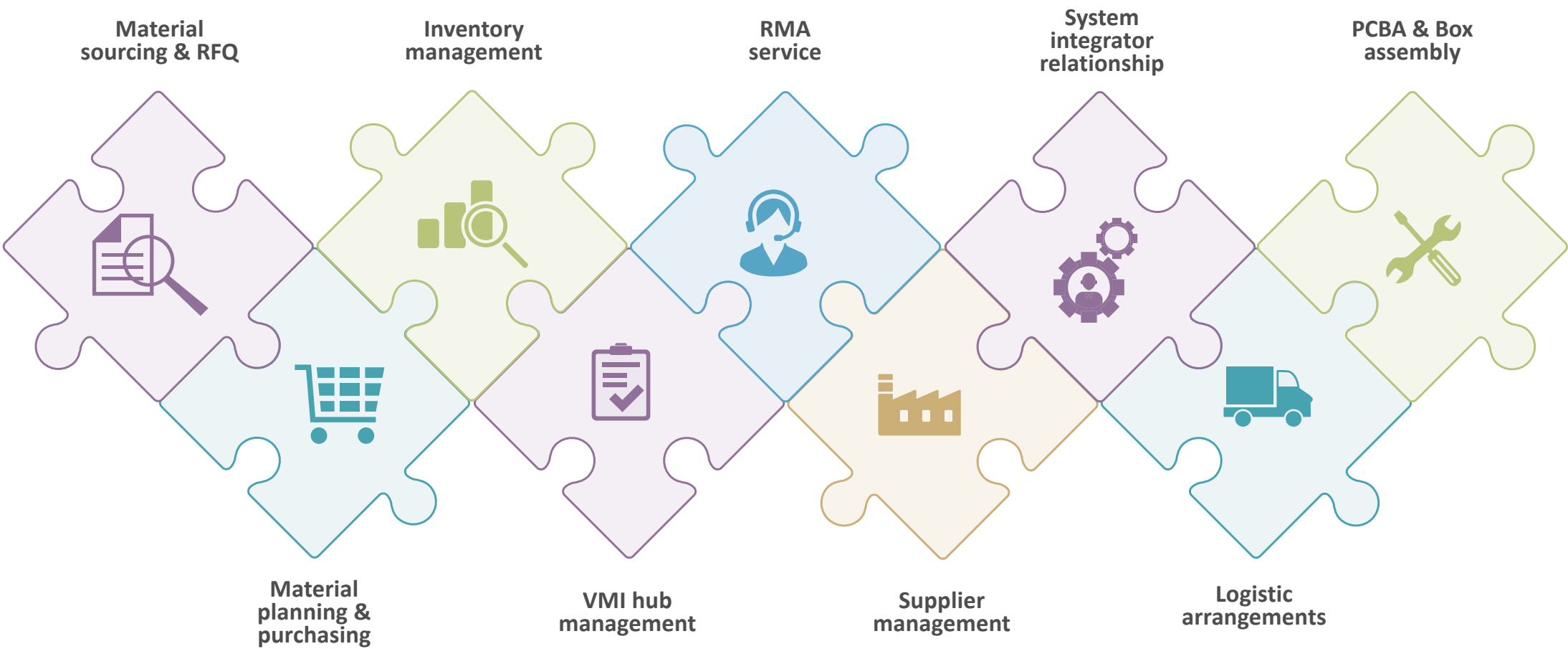
SHD & POS
WW No.2 for Logistics & Warehousing

Power Module
Car LED Lighting Inverter
Power Module
xEV Powertrain

SSD & Array
Enterprise & SMB

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

Turnkey Service



Sustainable Strategy and Framework

USI Sustainability Committee is the highest organizational unit to manage USI’s sustainable development. To effectively implement our Sustainability Policy, we set our Sustainability Strategy that includes four dimensions, Low Carbon, Circular, Collaborative, and Inclusive. In response to the United Nations SDGs, USI prioritizes the ones based on our core values and carries out comprehensive actions through the Committee Taskforces to pursue corporate sustainability.



Sustainable Promotion Issues and Targets

Taskforce	Key Issue	KPI	2026 Target
Corporate Governance	Corporate Governance	▶ Included in SSE Corporate Governance Index	▶ Continue to be included in SSE Corporate Governance Index
	Business Continuity	▶ Obtain ISO 22301 certification	▶ Implement BCMS to major facilities
	Cybersecurity Management	▶ USI Cybersecurity training completion rate	▶ 100% completion rate of USI Cybersecurity training
	Business Ethics	▶ USI Employee Code of Conduct training completion rate	▶ 100% completion rate of USI Employee Code of Conduct training

Taskforce	Key Issue	KPI	2026 Target
Green Products & Innovation	Patents and Research	▶ Apply for green product and design patents	▶ Continue the incentive system for green product design, targeting a cumulative number of patents to 1,611
	Continuous Improvement	▶ Continuously introduce proposals for improvement	▶ Continuously introduce proposals for improvement in each facility
	Green Design/ Green Product	▶ International energy conservation certification	▶ The AC-DC internal power supply conversion efficiency complies with 80 Plus Titanium certification
		▶ Miniaturized design	▶ Shrink antenna size by 25% to reduce its energy consumption and carbon footprint
Environmental Protection & Occupational Safety	Climate Change	▶ Obtain ISO 14064-1:2018 certification	▶ Obtain/ maintain ISO 14064-1:2018 certification in all major facilities
	Energy Management	▶ Electricity intensity	▶ Electricity intensity decreases by 11% from baseline year 2015
	Water Resource Management	▶ Water intensity	▶ Water use intensity decreases by 11% from baseline year 2015
	Waste and Recycling	▶ Hazardous waste generation intensity	▶ Hazardous waste generation intensity decreases by 11% from baseline year 2015
		▶ Non-hazardous waste recovery rate	▶ Non-hazardous waste recovery rate recycling rate reaches 90%
	Occupational Health & Safety	▶ Major occupational disease incidences ▶ Major occupational injury incidences ▶ Major infectious disease incidences	▶ Obtain/ maintain ISO 45001 certification ▶ No major occupational diseases ▶ No major occupational injuries ▶ No major infectious diseases

Taskforce	Key Issue	KPI	2026 Target
Value Chain Management	Customer Relationship Management	▶ Major customer satisfaction	▶ Major customer satisfaction rate reaches 84%
	Sustainable Supply Chain	▶ Local procurement rate	▶ Local procurement rate maintain at least 35%
		▶ Percentage of target suppliers completing the conflict-free minerals	▶ 100% Target suppliers use conflict-free minerals
		▶ Percentage of suppliers completing the Supplier Sustainability Assessment Questionnaire (SSAQ)	▶ SSAQ completion rate reaches 76%
Employee Care & Social Involvement	Talent Attraction and Retention	▶ Employee engagement	▶ Employee engagement rate is more than 85% ▶ Data coverage rate is more than 85%
		▶ Turnover rate	▶ DL turnover rate is less than 50% ▶ IDL turnover rate is less than 10%
		▶ Key talent retention rate	▶ Over 95% key talent retention rate
	Human Capital Development	▶ Employee career plan	▶ Subsidize more than 80 employees to obtain degrees
		▶ Internal instructor training	▶ Have over 1,000 internal instructors
	Human Rights	▶ Human rights risk assessment	▶ Implement human rights risk identification and mitigation procedure in all facilities
		▶ Equal employment opportunities	▶ Employ more than 120 disabled employees
	Investing in Education	▶ Rural area reading activities ▶ Number of industrial-academic partnerships ▶ Number of interns ▶ Number of USIU classes shared	▶ Hold 6 reading activities in rural areas ▶ Conduct 2 research industrial-academic partnerships ▶ Admit 150 interns ▶ Share 40 USIU classes
	Contributing to Society	▶ Number of people benefiting from rural revitalization programs ▶ Number of volunteers	▶ Support 1,200 rural students ▶ Reach 2,000 volunteers
	Promoting Arts & Culture	▶ Number of art groups supported	▶ Support 3 art groups
	Conserving the Environment	▶ Number of trees planted ▶ Amount of coastal trash picked ▶ Number of environmental seminars held	▶ Plant 8,250 trees in employee forest ▶ Pick 1,000 kg of trash ▶ Hold 5 environmental seminars



ESG Key Performance Summary

Governance	Key Performance		Unit	2018	2019	2020	2021
	Financial Performance	Operating revenue	K CNY	33,550,275.0	37,204,188.4	47,696,228.2	55,299,654.8
		Total profit	K CNY	1,393,319.9	1,432,763.0	1,973,563.1	2,138,858.9
		Earnings per share	CNY	0.54	0.58	0.80	0.85
		Taxes	K CNY	398,032.3	352,271.7	397,576.8	618,989.5
	Research and Patents	Amount invested in R&D	M CNY	1,312	1,373	1,576	1,641
		Number of patents accumulated	-	589	628	660	696
	Continuous Improvement	Number of improvement proposals	-	356	275	319	304
		Cost saved	K CNY	83,576	92,628	76,951	78,756
	Customer Service and Satisfaction	Customer satisfaction	%	82	83	84	84
		On-time delivery	%	98.5	99.0	99.0	99.5
	Renewable Energy Use Percentage ⁽¹⁾	USI Group	%	87.2	82.7	79.6	80.3
Environmental	Greenhouse Gas Emissions ⁽²⁾	Category 1	metric tonnes CO ₂ e	7,024.93	8,438.84	6,802.39	4,592.71
		Category 2-Location Based	metric tonnes CO ₂ e	148,201.93	168,730.49	184,225.84	201,538.85
		Category 2-Market Based	metric tonnes CO ₂ e	12,879.25	22,165.63	26,056.90	26,617.41
		Category 3~6	metric tonnes CO ₂ e	115.48	22,623.67	16,722,053.37	12,980,878.70
	Energy Consumption	Direct energy consumption-Diesel	GJ	639.08	1,065.38	1,393.59	1,335.80
		Direct energy consumption-Gasoline	GJ	4,011.47	3,572.89	2,523.89	2,575.20
		Direct energy consumption-Natural Gas	GJ	76,708.71	103,881.07	74,103.64	34,238.98
		Indirect energy consumption-Electricity	GJ	657,531.10	769,756.87	870,905.19	948,483.21
		Total energy consumption	GJ	738,890.36	878,276.21	948,926.31	986,633.19
	Water Resource Management	Water withdrawal	ML	581.537	681.848	803.690	861.887
		Recycled water	ML	142.813	155.058	179.145	236.972
		Recovery rate	%	24.6	22.7	22.3	27.5
	Waste Management	Hazardous waste generated	metric tonnes	537.915	696.641	783.065	967.233
		Recycling / Reuse	metric tonnes	210.95	255.13	247.23	202.79
		Non-hazardous waste generated	metric tonnes	7,239.187	7,813.671	7,805.962	8,766.093
		Recycling / Reuse	metric tonnes	6,729.85	7,072.29	7,079.35	8,115.46
	Materials Recycled and Reused	Total financial benefits	K CNY	3,755,216	3,452,049	3,050,159	2,387,932
	Air Pollution Control	Volatile Organic Compounds (VOCs)	metric tonnes	23.295	44.640	47.056	55.238
	Environmental Expenditures	Total	CNY	20,729,687	23,179,611	28,131,112	25,989,443

Social	Key Performance		Unit	2018	2019	2020	2021
	USI Suppliers	Global local purchasing rate	%	22	18	37	39
	Supplier Sustainability Evaluation	Percentage of suppliers that completed Supplier Sustainability Assessment Questionnaire	%	71	70	70	73
		Number of suppliers and contractors on-site audited with sustainability metrics	-	75	80	76	83
	Supplier Communication	Number of suppliers attending Sustainable Supply Chain Briefing	-	287	222	120	276
	Conflict Minerals	Number of suppliers that completed due diligence (CMRT survey)	-	379	352	359	416
		Percentage of target suppliers completing the conflict-free minerals	%	100	100	100	100
	Talent Attraction and Retention	Percentage of females in total workforce	%	45.0	45.9	45.3	43.8
		Percentage of females in senior management positions (Director or above)	%	11.2	12.8	12.9	17.6
		Percentage of females in management positions	%	23.6	23.4	23.6	22.6
		Employee turnover rate	%	48	42	34	36
		Employee engagement score	%	-	77	-	84
		Retention rate of employees that took parental leave	%	100	100	100	79
	Training & Talent Development	Total cost of employee training and development	M CNY	1.85	7.29	4.21	28.94
		Average hours of training per employee	Hour	21.9	22.6	31.0	30.7
	Human Rights	Number of employee symposiums	-	145	294	216	116
		Percentage of total workforce in a union	%	23.5	24.0	31.7	32.9
	Occupational Health and Safety	Work-related deaths-Employees	-	0	0	0	0
		Work-related deaths-Contractor	-	0	0	0	0
		Lost-time Injury Frequency Rate (LTIFR) ⁽³⁾	-	0.15	0.31	0.29	0.31
		Lost Day Rate (LDR) ⁽⁴⁾	-	2.83	1.64	2.95	10.33
		Amount invested in safety production	M CNY	120	150	166	159
	Social Involvement	Total amount of social involvement	CNY	5,403,647	6,269,375	5,970,377	3,826,752
		Number of employees engaged in social activities	-	504	536	1,412	314
		Number of hours volunteered	Hour	3,525	3,633	1,674	1,717

Note: 1. The reasons of Renewable Energy Use Percentage reduced in USI Group: (1) increased energy consumption data of Nantou-TT1 in 2020; (2) expanded production lines in Nantou-NK sharply increased energy consumption in 2021
2. USI first inventoried GHG emissions Categories 3-6 in 2018, covering only Nantou Facility. In 2019, the inventory scope expanded to Mainland China and Nantou Facilities. In 2020, our inventory scope expanded according to ISO 14064-1:2018 requirements
3. Lost-time injuries frequency rate (LTIFR) = (Number of lost-time injuries ÷ Total hours worked) × 1,000,000
4. Lost Day Rate (LDR) = (Number of days lost due to injury ÷ Total of hours worked) × 1,000,000

USI Contributions to the SDGs



- ▶ **36.4%** reduction of water use intensity from the baseline year 2015.
- ▶ **73.1%** recycling rate of process water in 2021.



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



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



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



- ▶ Co-worked with suppliers to recycle pallets and packaging materials, saving approximately CNY **12.45** million.



- ▶ Promoted green product design, reduced energy loss, and engaged in continuous improvement to reduce CO₂ emissions, saving **95,754** MWh of electricity in 2021, equivalent to reducing **46,888** metric tonnes of CO₂.
- ▶ **0** days of production interruptions due to climate-related disasters.
- ▶ Implemented TCFD to analyze USI climate risks. TCFD results include 3 opportunities, 3 transition risks, and 3 physical risks. We will use **100%** renewable energy in our operations by 2035 and achieve **net-zero carbon emissions** by 2050.
- ▶ **85** employees volunteered in environmental conservation-related activities.



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



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



- ▶ **15.94%** revenue growth in 2021 compared to 2020.
- ▶ Actively engaged in sound tax policies and honest tax contributions to support the government's efforts to promote economic growth.
- ▶ **84%** satisfaction rate from our major customers.



- ▶ Performed corporate risk management assessment and implemented relevant countermeasures.
- ▶ Established an email protection mechanism to strengthen USI email security.
- ▶ Introduced an APT system to strengthen cybersecurity protection capabilities.



- ▶ Established Sunshine Conduct Policies and Anti-Corruption Management Measures with reporting mechanisms to ensure compliance from suppliers and employees. No instances of corruption or bribery were found.
- ▶ No major fines or violations related to anti-competitive practices or antitrust laws and regulations.



- ▶ Participated in **40** industrial organizations and associations.
- ▶ Provide a wide range of electronic products and services under Global Demand, Local Service to our customers with operations covering Asia, Europe, America, and Africa.



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



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



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



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



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



- ▶ Starting salaries for direct laborers at each facility are higher than local minimum wages.
- ▶ Provided **17,923** job opportunities worldwide with **97%** local employment.



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



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

Sustainable Impact Assessment

USI implemented TIMM (Total Impact Measurement and Management) to inventory the impacts and contributions to stakeholders from company's operations in Economic, Social, Environmental and Taxes in hopes to help company to improve operation performances through key management indexes correction. Through TIMM assessment, USI generated CNY 25,786 million worth of sustainability value for stakeholders in 2021 that created positive and outstanding contributions.

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

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

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

USI Sustainable Impact Valuation Milestones





Operations and Governance

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



27 Manufacturing Facilities
across Asia, Europe, America,
and Africa



No.1
Industry Leader in
SiP Modules



CNY **55.3** Billion
Record High Sales Revenue



CNY **1.86** Billion
Net Profit



0 Cases
Major Regulatory Violations
over CNY 65,000



A-level
Rating of Information
Disclosure in the SSE



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



Included in
**MSCI Emerging
Markets Index**



Included in
**SSE Corporate
Governance Index**

Green Products and Innovation

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



819 Metric Tonnes
Carbon Reduction from
CIP Key Projects



304 Cases
CIP Proposals Passed



696 Cases
Patents Accumulated



2,332 Employees
R&D Job Function



96 GWh
Product Energy Efficiency



CNY **1.64** Billion
R&D Spending



70 %
Low-carbon Products
Share of Annual Revenue



92 %
Eco-design Product
Revenue Ratio



CNY **78.76** Million
CIP Cost Saving





Environmental Protection and Occupational Safety

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



100 %
Renewable Energy Use in
Mainland China Facilities



1,508 MWh
Renewable Energy
Produced through
Solar Panels



23 %
Decrease in Electricity Intensity
(Baseline year: 2015)



CNY 26 Million
Invested in Environmental
Conservation



93 %
Non-hazardous Waste
Recovery Rate



36 %
Decrease in Water Intensity
(Baseline year: 2015)



410
Occupational Health &
Safety Trainings



0 Cases
Contractor Occupational
Injuries



83 % Employees
Fully Vaccinated Against
COVID-19



13,098 People
Attended Health Promotion Activities



Value Chain Management

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



Inclusive Workplace

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



Social Involvement

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



Transforming the Future, Leading towards Sustainability

USI's vision is to become the most reliable Electronic Design and Manufacturing company in the world

As part of our social responsibility and obligations, we are committed to sustainable environmental, social, and governance development

The dots form a rotating spiral that symbolizes the continuous transformation of dreams into reality

Our dedication and attention to detail enable us to keep transforming and achieve sustainable development

The blue and green color scheme represents our Low Carbon and Circular Sustainability Strategy and accentuates our respect for nature and resources

We will continue our journey with a steadfast pace and realize a sustainable future

For more information, please refer to USI's [Sustainability Website](#) and the 2021 ESG Report

If you have any suggestions, you are sincerely welcome to contact us at csr@usiglobal.com

Scan me!

