

2023 Sustainability Report

— Highlights —



Letter from the Chairman and President

Since 2009, USI has integrated sustainable development into business operations and decision-making. Despite challenges in 2023 due to the global economic recession and the slowing consumer market slightly affecting our performance, the management team was unwavering in our goal of sustainable business operations, continuing to expand our market presence through steady risk management strategies, showing strong resilience.

USI has six R&D centers worldwide, which employs more than 2,800 R&D personnel. We are committed to cultivating R&D eco-design competency, endorsing low-carbon product design, improving energy efficiency, and promoting smart manufacturing to optimize our competitiveness with an innovative approach, ultimately achieving a sustainable value chain. On the environmental front, USI supports the Paris Agreement goals and sets long-term goals of using 100% renewable energy in operations by 2035 and Net-Zero Carbon Emissions by 2040. In light of the significant impact extreme weather from climate change has on biodiversity, USI introduced biodiversity risk assessment processes to mitigate impact and achieve a balanced coexistence, reaching our ultimate long-term goal of 2050 Net Positive Impact (NPI). On the social front, USI actively fulfills various social responsibilities. We support and respect the Universal Declaration of Human Rights and the United Nations Global Covenant and build a diverse and inclusive workplace environment.

In a rapidly changing world, unexpected events have increased uncertainty and unpredictability in people's lives. As USI expands its global operations, we must demonstrate our capability to address all sustainable issues. USI aims to enhance ESG resilience over the next 15 years to create a sustainable and balanced environment and society for future generations.



Chairman Jeffrey Chen



President C.Y. Wei



Top 1%
in the EEIC industry



Prime
in ISS ESG Corporate Rating



Bronze
in EcoVadis Sustainability Rating

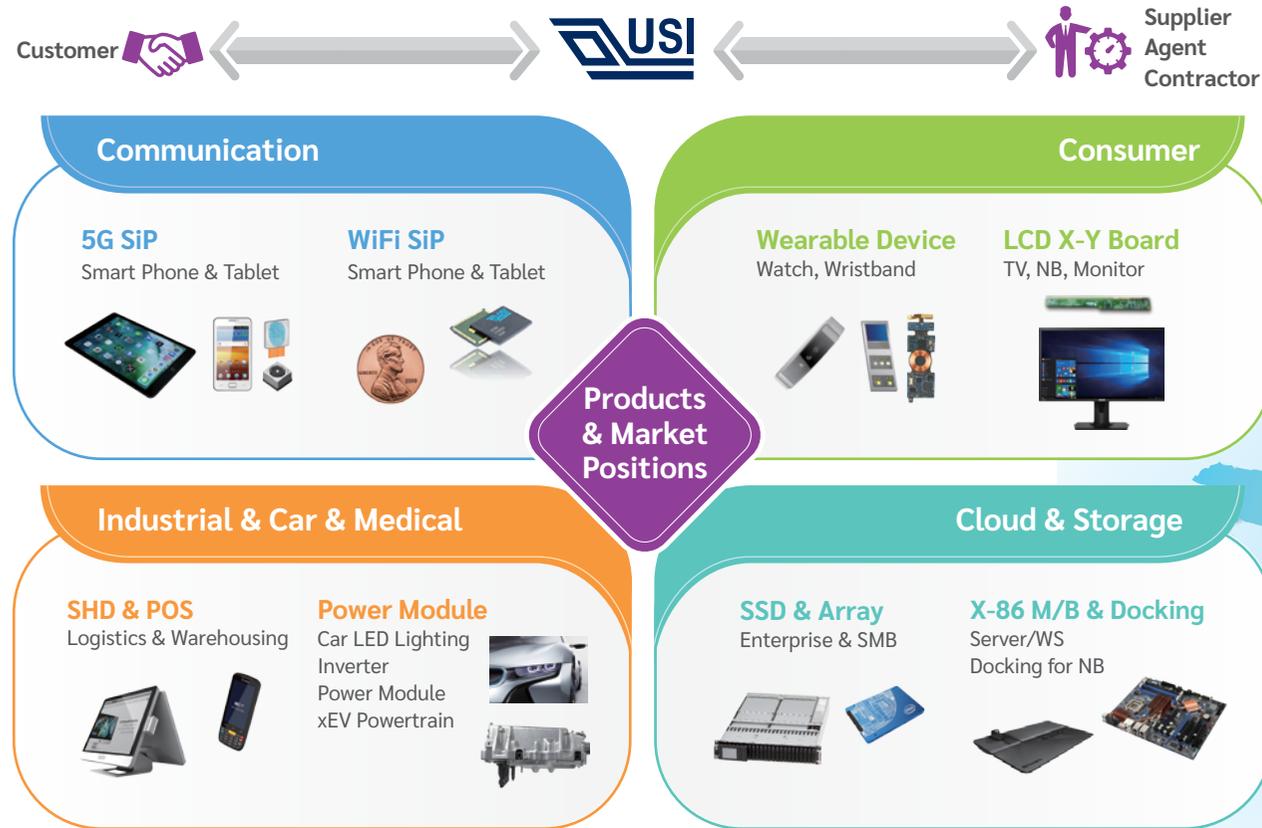


RBA FOC
4 Facilities received One-Star Award

USI Values Field

USI (SSE: 601231) provides Design, Manufacturing, Miniaturization, industrial software and hardware Solutions, material procurement, logistics and maintenance Services to well-known domestic and foreign electronic manufacturers and a one-stop service for our customers. We acquired Hirschmann Car Communication in October 2023. This acquisition further solidifies USI's standing as a global leader in electronic solutions.

Product Value Chain



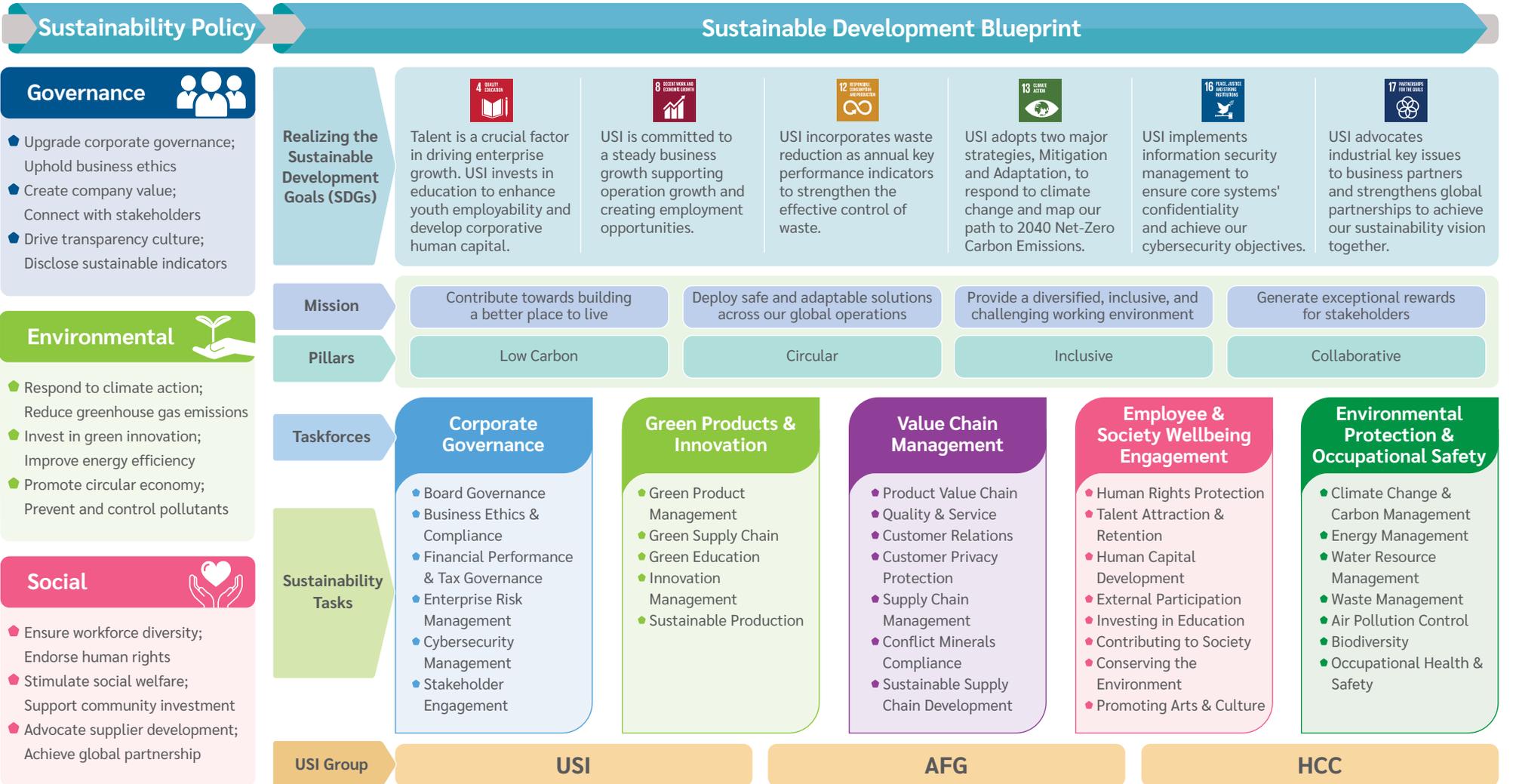
Global Operations

- Supply chain with a global mindset coupled with **volume purchasing capabilities**
- Operations span across **Asia, Europe, America, and Africa**, providing a complete range of services
- 6** R&D centers, **30** manufacturing locations, and more than **220** SMT lines globally
- Global total of **23,009** employees (as of 12/31/2023)



Sustainable Blueprint

USI follows four sustainability strategies, Low Carbon, Circular, Collaborative, and Inclusive, to prioritize response SDGs based on the Company's core values. The sustainable tasks are carried out through the 5 committee taskforce teams: Corporate Governance, Green Product & Innovation, Value Chain Management, Employee & Society Well-being Engagement, and Environmental Protection & Occupational Safety. We tracked the target achievements, published sustainable issues and performances in the Sustainability Committee Annual Meeting, seeking corporate sustainable development.



Governance

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

Environmental

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

Social

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



Sustainable KPIs and Targets

Taskforce	Key Issue	KPI	2028 Target
Corporate Governance	Cybersecurity management	▶ Zero major cybersecurity incidents	▶ 0 major cybersecurity incidents
	Business continuity	▶ Follow ISO 31000 management principles and guidelines	▶ Introduce ISO 31000 to North America Facilities
Value Chain Management	Customer relations	▶ Customer satisfaction score	▶ At least 84
		▶ Zero product recalls	▶ 0 product recalls
	Sustainable supply chain	▶ Support local suppliers and procurement	▶ At least 50% are local procurement
		▶ Percentage of target suppliers completing the conflict-free minerals survey	▶ 100% target suppliers use conflict-free minerals
	▶ Percentage of Tier-1 suppliers complete the Supplier Sustainability Assessment Questionnaire (SSAQ)	▶ At least 75%	

Taskforce	Key Issue	KPI	2028 Target	
Environmental Protection & Occupational Safety	Climate strategy	▶ Obtain ISO 14064-1 certification	▶ Obtain ISO 14064-1 certification for all major facilities	
		▶ Electricity intensity	▶ 13% decrease from 2015	
	Waste management	▶ Hazardous waste generation intensity	▶ 1% decrease from previous year	
		▶ Non-hazardous waste recycling rate	▶ At least 90%	
	Occupational health and safety	▶ Obtain/maintain ISO 45001 certification	▶ Obtain/maintain ISO 45001 certification in all major facilities	
		▶ Zero major occupational diseases	▶ 0 major occupational diseases	
		▶ Zero major occupational injuries	▶ 0 major occupational injuries	
		▶ Zero major infectious diseases	▶ 0 major infectious diseases	
	Green Products & Innovation	Green products & innovation management	▶ Meet international safety, environmental, energy saving standards	▶ 100% shipped products meet standards
			▶ Sustainable mechanical design	▶ Over 80% of mechanical components use recyclable and reusable raw materials
▶ Product carbon footprint inventory			▶ Inventory 3 series of product carbon footprint	
▶ Cumulative number of patents			▶ Over 1,740 patents	

Taskforce	Key Issue	KPI	2028 Target
Green Products & Innovation	Sustainable production	▶ Smart manufacturing	▶ Meet average 4.28-Star Lights-Out Factory which implemented 14.0
		▶ Cost saved from Continuous Improvement Program (CIP)	▶ Cost saved 0.21% of revenue

Taskforce	Key Issue	KPI	2028 Target
Employee & Society Well-being Engagement	Talent attraction & retention	▶ Turnover rate	▶ Direct employee: less than 30%
			▶ Indirect employee: less than 10%
	Human capital development	▶ Key talent retention rate	▶ Over 97%
		▶ Employee career plan	▶ Over 50 subsidizing employees to obtain degrees
	Human rights/ diversity & inclusion	▶ Improve employees' competency	▶ Over 1,300 internal instructors
		▶ Ratio of females in top management positions	▶ Over 25%
	Investing in education	▶ Number of disabled employees	▶ Over 160 disabled employees
		▶ Number of the rural area reading activities	▶ 6 reading activities in rural areas
		▶ Number of industrial-academic partnerships	▶ 2 research industrial-academic partnerships
		▶ Number of interns	▶ 200 interns
	Contributing to society	▶ Number of USIU classes shared	▶ 40 USIU classes
		▶ Number of people benefiting from rural revitalization programs	▶ 2,000 rural students
Promoting arts & culture	▶ Number of volunteers	▶ 2,000 volunteers	
	▶ Number of art groups supported	▶ 3 art groups	
Conserving the environment	▶ Number of trees planted	▶ 14,000 trees in the Corporate Forest	
	▶ Amount of trash picked or reduced	▶ 1,000 kg of trash	
	▶ Number of environmental seminars held	▶ 5 environmental seminars	



ESG Key Performance Summary

Key Performance		Unit	2020	2021	2022	2023
Financial Performance	Operating revenue	M CNY	47,696.23	55,299.65	68,516.08	60,791.91
	Total profit	M CNY	1,973.56	2,138.86	3,477.20	2,189.69
	Earnings per share	CNY	0.80	0.85	1.40	0.89
	Taxes	M CNY	397.58	618.99	897.55	963.30
Research and Patents	R&D investment	M CNY	1,576.36	1,641.36	2,034.46	1,807.20
	Accumulated number of patents	-	660	696	740	801
Sustainable Production	Number of new improvement proposals	-	319	340	360	458
	Cost saving	M CNY	219.34	287.00	414.69	408.45
Customer Relations	Customer satisfaction score	-	84.1	84.1	84.2	84.5
Local Procurement	Global local procurement rate	%	37	39	43	40
Supplier Sustainability Evaluation	Percentage of suppliers that completed SSAQ	%	70	73	73	76
	Number of suppliers on-site audited with sustainability metrics	-	40	47	46	65
Supplier Communication	Number of suppliers attending the Sustainable Supply Chain Webinar	-	120	276	342	507
Conflict Minerals	Percentage of target suppliers completing the conflict-free minerals	%	100	100	100	100
Renewable Energy Use	USI group	%	79.6	80.3	81.6	81.7
Greenhouse Gas Emissions	Scope 1	tonne CO ₂ e	6,802.39	4,592.71	5,385.74	5,265.23
	Scope 2	tonne CO ₂ e	184,225.84	201,538.85	215,510.73	202,570.24
	Scope 3	M tonne CO ₂ e	16.72	12.98	10.47	7.88
Environmental Expenditures	Total energy consumption	GJ	948,926.31	986,633.19	1,095,673.28	1,076,169.18
Water Resource Management	Water withdrawal	ML	803.690	861.887	1,068.173	1,028.620
	Recycled water	ML	179.145	236.972	307.539	232.938
	Recovery rate	%	22.3	27.5	28.8	22.6

Note:
 1. LTIFR = (Number of recordable occupational injuries ÷ total working hours) × 1,000,000
 2. LDR = (Lost days due to work injury ÷ total working hours) × 1,000,000

Key Performance		Unit	2020	2021	2022	2023	
Environmental	Waste Management	Hazardous waste generated	tonne	783.065	967.233	1,006.243	790.359
		Recycled	tonne	247.233	202.786	232.133	205.742
		Non-hazardous waste generated	tonne	7,805.962	8,766.093	9,835.675	11,586.338
		Recycled	tonne	7,079.345	8,115.463	9,097.263	10,599.595
Materials Recycled and Reused	Total financial benefits	M CNY	3,050.16	2,387.93	8,248.87	6,445.37	
Air Pollution Control	Volatile Organic Compounds (VOCs)	tonne	47.056	55.238	60.064	51.491	
Social	Talent Attraction & Retention	Percentage of females in top management position	%	12.9	17.6	19.2	20.1
		Employee turnover rate	%	33.7	38.7	28.8	29.7
		Retention rate of employees that took parental leave	%	100	79	47	87
	Talent Development	Total cost of employee training	M CNY	4.21	28.94	17.06	10.41
		Average training per employee	hour	31.0	30.7	28.8	24.5
	Human Rights	Number of employee symposiums	-	216	116	140	167
		Percentage of total workforce in trade unions	%	33.7	35.1	35.4	40.4
	Occupational Health and Safety	Work-related fatalities - employees	-	0	0	0	0
		Work-related fatalities - contractors	-	0	0	0	0
		Lost-Time Injury Frequency Rate (LTIFR) ⁽¹⁾	-	0.29	0.31	0.23	0.37
Lost Day Rate (LDR) ⁽²⁾		-	2.95	10.33	6.54	11.74	
Social Involvement	Amount invested in safety production	M CNY	166.10	159.47	184.49	197.18	
		Total amount of social involvement	M CNY	5.97	3.83	5.28	9.25
	Number of employees engaged in social activities	-	1,412	314	701	535	
		Number of hours volunteered	hour	1,674	1,717	2,047	3,645

Contributions to the SDGs



- CNY **60.8** billion revenue in 2023.
- Customer satisfaction score reached **84.5**.
- Provided **18,016** job opportunities worldwide with **95%** local hires.



- No corruption, major fines, or violations related to antitrust and privacy violations were found.
- Obtained **ISO 27001** strengthen cybersecurity protection capabilities and no significant violations.
- **100%** target suppliers met Conflict-Free minerals requirements.



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



- Implemented enterprise risk management assessment and applied relevant countermeasures.
- Cooperated with suppliers to recycle pallets and packaging materials, reducing **986** tonnes of waste, and saved CNY **48.84** million.



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



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



- Held **40** health activities, such as blood donation, weight-loss competition, and bone density testing with **10,705** participants.



- Built 2 computer classrooms through the Rural Digital Education Program, benefiting **3,472** students.
- Trained cumulative total of **1,129** USIU internal lecturers.



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



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





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



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



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



- Constantly monitor our emissions to lessen our negative environmental impact, there were **0** significant air pollution incidents.
- Recycled **91%** of non-hazardous waste through qualified disposal/recyclers.



- Assisted to obtain the certification of **EPEAT Silver**.
- Used **90%** of the recyclable or reusable materials in designing mechanical products, which reached **999.6** tonnes.



- Promoted green product design, saving **7.1** TWh of electricity in 2023, equivalent to reducing **0.16** million tonnes of CO₂.
- **0** days of production interruptions due to climate-related disasters.
- USI announce to use **100%** renewable energy in our operations by 2035 and achieve **Net-Zero Carbon Emissions** by 2040.



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



- Planted a total of **151,482** trees continuously 11 years covering **97.91** hectares.

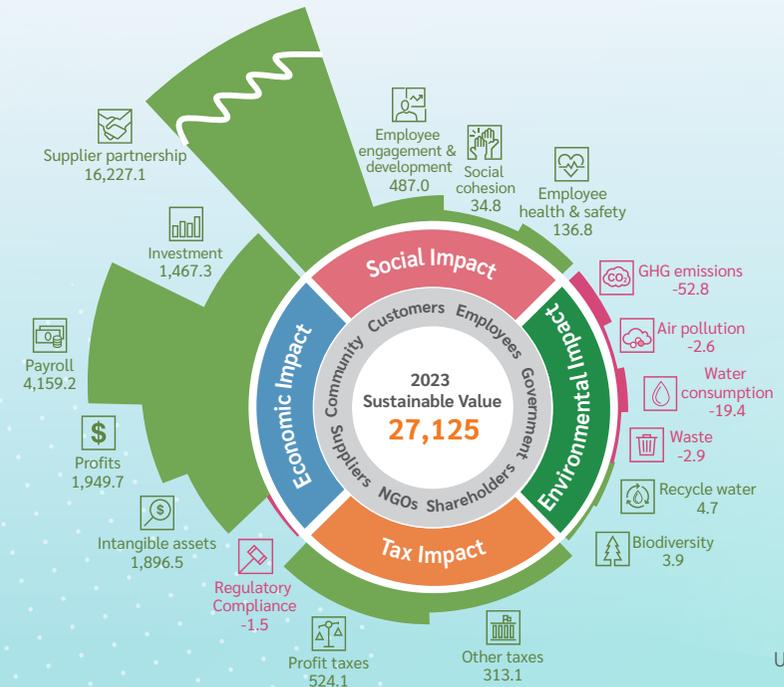
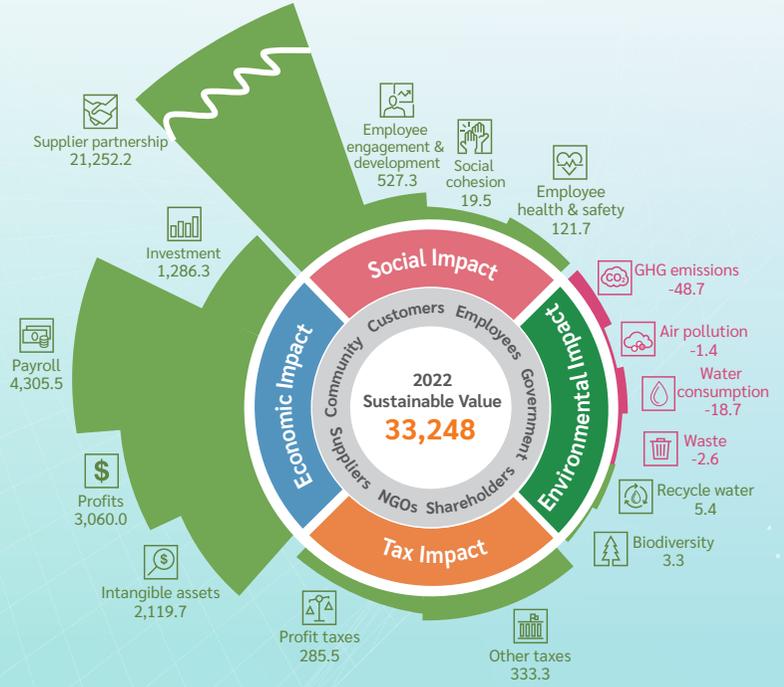
Sustainable Impact Assessment

To implement sustainability strategies and monitor our progress toward goals, USI introduced Total Impact Measurement and Management (TIMM) evaluation to inventory the impacts and contributions to stakeholders, to revise key management indicators and improve overall operating performance. Through the TIMM evaluation, USI generated CNY 27,125 million worth of sustainability value for stakeholders in 2023. Compared with 2022, positive contributions decreased by 18%.

Though the overall environmental performance improved in 2023, the negative value still increased 10% due to adjusting for inflation and exchange rates. Enforcing our GHG reduction policy, our renewable energy rate was 82%. To use every drop of water, USI improves equipment and technology to improve the recycling and utilization of water resources. The recycled water rate was 23%. USI will continue to promote green promises and environmental protection measures for a friendly environment.

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

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



Unit: CNY million

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.



100%

Board Meeting Attendance



105 Hrs.

Continuous Education for Board Members



A-level

Rating of Information Disclosure in the SSE for

6 Consecutive Years



0

Significant Violations



Enhance the Connection Between the Board and Sustainability Strategies

To strengthen the effectiveness of sustainable development decision and improve the corporate governance structure, USI expanded the functions of the Board Strategy Committee, to be **Strategy and Sustainability Committee**, which are all board directors and are responsible for supervising the company's sustainable development goal-setting and making recommendations to strengthen the connection between the Board of Directors and the company's sustainable development.

In 2023, the Board reviewed the sustainability report and material issues and also passed the Biodiversity Conservation and No Deforestation Commitment and EHS & Energy Policy to lay good standards for the Company's sustainable development.

Value Chain Management

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

 **85**
Customer Satisfaction Score

 **507** Supplier Partners
Participated in the Sustainable Value Chain Webinar

 **95** % New Suppliers
Passed Sustainability Assessment

 **986** Tonnes
Waste Reduced in Collaboration with Suppliers



Supplier Carbon Mentoring Program

In response to the risks and impacts of global climate change, USI promotes GHG reduction policies and encourages suppliers to adopt energy-saving and carbon-reducing measures. In 2023, USI launched **2** Supplier Carbon Mentoring Programs to train and assist suppliers in establishing **GHG inventory (ISO 14064-1)** and **product carbon footprints (ISO 14067)** management systems. The 2 suppliers obtained certification for their GHG inventory or product footprint.

Supplier Product Technology Improvement Project

USI innovates with suppliers to improve their sustainable manufacturing capabilities. In 2023, we collaborated with **2** suppliers to **reduce product failure rate** and **introduced power-saving mode** to save energy consumption, improving competitiveness to respond to the changing market demands.

Green Products and Innovation

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



100%

Meet International Green Standards



CNY **409** Million

Saved from CIP and Smart Manufacturing Projects



2,877 Tonnes

Carbon Reduced from CIP Key Projects



1,589

Cumulative Number of Patents



7.1 TWh

Product Energy Efficiency



EPEAT Eco Labels

In 2023, the Company assisted our customers obtain EPEAT **Silver** certification for industrial tablet products, recognizing that the product is good for the environment and easy to recycle, such that provides customers with more opportunities of product purchase agreements in the global market, which is an example of USI commits to develop with green design with our customers and suppliers.

CIP Excellent Contribution Award

In response to climate change, USI has included energy saving and carbon reduction as key project categories, set a corresponding scoring mechanism, and increased the quota of key project awards to promote relevant compelling green proposals. In 2023, a total of **8** award-winning projects, among which there were 4 energy-saving and carbon reduction projects receiving awards. The total carbon reduction amount increased by 1,561 tonnes an increase of **119%**. We will continue to exert effort in the GHG emission reduction due to climate change!

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 in Mainland China, Mexico, and Vietnam Facilities



91%

Non-hazardous Waste Recycling Rate



3,305 MWh

Renewable Energy Produced through Solar Panels



0 Cases

Contractor Occupational Injuries



10,705 Participants

Attended Health Promotion Activities



Climate Strategy and Nature Risk Management

In 2024, USI publicly disclosed our climate and nature risks and opportunities in the [Climate and Nature Risk Management Report](#) and proposed corresponding strategies and measures for the first time. We plan to achieve the target of Science-Based Targets Initiatives (SBTi) by 2030 and reach Net-Zero Carbon Emissions by **2040**. And reducing the potential loss rate of biodiversity through the four stages of prevention, mitigation, restoration, and offset to realize NPI and No-Deforestation by **2050**.

Occupational Safety and Health

USI invested CNY **197** million in safety production and chemical safety management in 2023, including employee insurance, physicals, 40 health promotion activities, 14,000 health consultations, 510 safety trainings, 647 safety measures improvements, workplace environment monitoring, and ISO 45001 certification fee to protect workers' safety and health.

Inclusive Workplace

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

 **17,031** Employees
Total Headcount

 **95%**
Local Hire Rate

 **71%**
Facilities with Trade Unions

 **20%**
Females in Top Management

 **312** Employees
Sponsored to Obtain Degrees
in Total



Create a Work Environment with Diversity, Equity and Inclusion

As of the end of 2023, female employees accounted for **46.4%** of total employees, and there were **20%** females in top management positions. The proportion of females in top management positions has increased yearly since 2018. We shall cultivate more female employees who can serve in top management positions. We are working towards having 25% females in top management by 2028, allowing more females to participate in decision-making.

Strengthen Sustainable Employability & Lifelong Learning Program

USI has continuously enhanced employees' sustainable employability, assisted employees in acquiring competency management and lifetime learning programs. Starting from 2018, Zhangjiang, Kunshan, and Mexico Facilities have invited local colleges or universities to cooperate and hold 14 in-house academic degree courses in the facility, so that employees can avoid the commuting trouble to get a higher diplomas/degrees. As of the end of 2023, a total of **312** employees have been supported to obtain academic degrees.

Social Involvement

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

 **CNY 9.25 Million**
Invested in Social Involvement

 **151,482 Trees**
Planted in the Million Tree Project

 **679 Students**
Participated in Industrial-Academic Partnerships

 **3,645 Volunteer Hrs.**
Contributed to Local Communities

 **2,732 Students**
Reached through 6 Rural Revitalization Programs



Cultivate Reading Interest in Rural Areas

To broaden children's horizons and cultivate their reading interest, USI sponsored Philanthropic Libraries to develop the reading ability of students in rural and remote areas. Since 2005, we have purchased new books and held reading activities every year. To date, we have donated **807** boxes of books. Using Social Return on Investment (SROI) to analyze and quantify the impact through the Philanthropic Libraries program and activities, every \$1 invested in the Philanthropic Libraries can generate **\$5.87** of social value.

Respond to Climate Action through Environmental Conservation

USI has long participated in the Million Tree Project to plant trees in Inner Mongolia and Ningxia to reverse land desertification and gradually restore local biodiversity. By the end of 2023, we had planted 151,482 trees covering 97.91 hectares and cumulatively captured **729.44** tonnes of CO₂e using IPCC Guidelines and approximately **134,332.52** tonnes using the water balance method to conserve water.

Sustainable 15^{Years} Envisaging the Future

In the intersection of point, line, and plane,
USI connects with partners in the value chain.

Innovate technologies with collaboration,
build a sustainable ecosystem,

and create more efficient and sustainable solutions.

Envisaging a Collaborative future for the next 15 years.



Scan Me !



For more information, please refer to USI's [Sustainability Website](#) and the 2023 Sustainability Report

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