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

SSE:601231

2022 ESG Report

Sustainability Award
Bronze Class 2022

S&P Global

Cover Story

Inclusive Society for a Better Tomorrow

Dots connect to form lines and then planes like a circuit,
Intuiting threads of technology and society intertwined.
With technology's infusion, we can work to realize a better future together.
As a leading global company of electronic design and manufacturing services,
USI turns innovative technologies into value for our customers and continues to
leverage corporate influence to promote public welfare and sustainable
development for the betterment of society.

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About this Report

Universal Scientific Industrial (Shanghai) Co., Ltd. (USI, Company, We) publishes an ESG Report in Traditional/Simplified Chinese and English every year. This report is the 11th ESG Report published by USI and its subsidiaries. (From 2010 to 2012, USI's indirect controlling shareholder Universal Scientific Industrial Co., Ltd. published 3 ESG Reports). Through this report, stakeholders could learn about USI's sustainability performances and the progress of our ESG efforts.

Principles for Report Compilation

This report has been prepared with reference to the GRI Standards 2021 and the SASB Electronic Manufacturing Services & Original Design Manufacturing Standards. We also use the SSE Listed Companies Self-Regulatory Guidelines No.1-Regulations (Chapter 8 Social Responsibility) framework and provide ESG data consistent with the 2022 Annual Report. Please refer to the Materiality Analysis section for material issues and report boundaries.

Report Scope and Boundaries

The data collection period of this report was from 01/01/2022 to 12/31/2022, and financial data are expressed in CNY throughout the report. Environmental, health and safety data are described using accepted international standard units and indicators. The report scope [1] includes **Zhangjiang Facility, Jinqiao Facility, Huizhou Facility [2], Kunshan Facility, Nantou Facility (Nantou-TT and Nantou-NK 1), and Mexico Facility** which covers more than 95% of our annual revenue. If data numbers have a data scope different from the defined scope above, there will be a note indicating the particular scope for that data.

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

External Assurance

The annual ESG Report has been reviewed by the Board. Every year, we conduct a third-party verification for this report to improve information transparency and accountability. SGS Taiwan Ltd. provided third-party assurance for this report following AA1000 AS v3 (2020) Type 2 Moderate Level with GRI 48 disclosures verified with High Level. We also verified SASB Electronic Manufacturing Services & Original Design Manufacturing disclosure topics. For details, please refer to the Third-Party Assurance Statement.

Report Publication

Since 2013, USI has published an ESG Report annually and is accessible on the USI Sustainability Web.

If you have any suggestions, please contact us at:

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- Tel: +886-49-235-0876

Note:
1. Please refer to the Sustainability Data - Governance B. Scope Comparison Table of the 2022 Annual Report and ESG Report
2. Shenzhen Facility relocated to Huizhou in 2022. Thus, the data scope of the Huizhou Facility disclosed in this report includes data from Shenzhen Facility

About USI

Headquarters

Pudong New Area, Shanghai

Area of Manufacturing Facilities[1]

472,582 Square meters (5,086,830 Square feet)

Global Total of Employees (as of 12/31/2022)

23,774

2022 Revenue (CNY)

68.5 Billion

Chairman and Chief Executive Officer

Jeffrey Chen

President and Chief Operation Officer

C.Y. Wei

Registered Capital (CNY)

2,201,284,633

Stock Number/Name

601231/ USI Shanghai in SSE

Date of Stock Issue

February 20, 2012

Main Products and Services

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

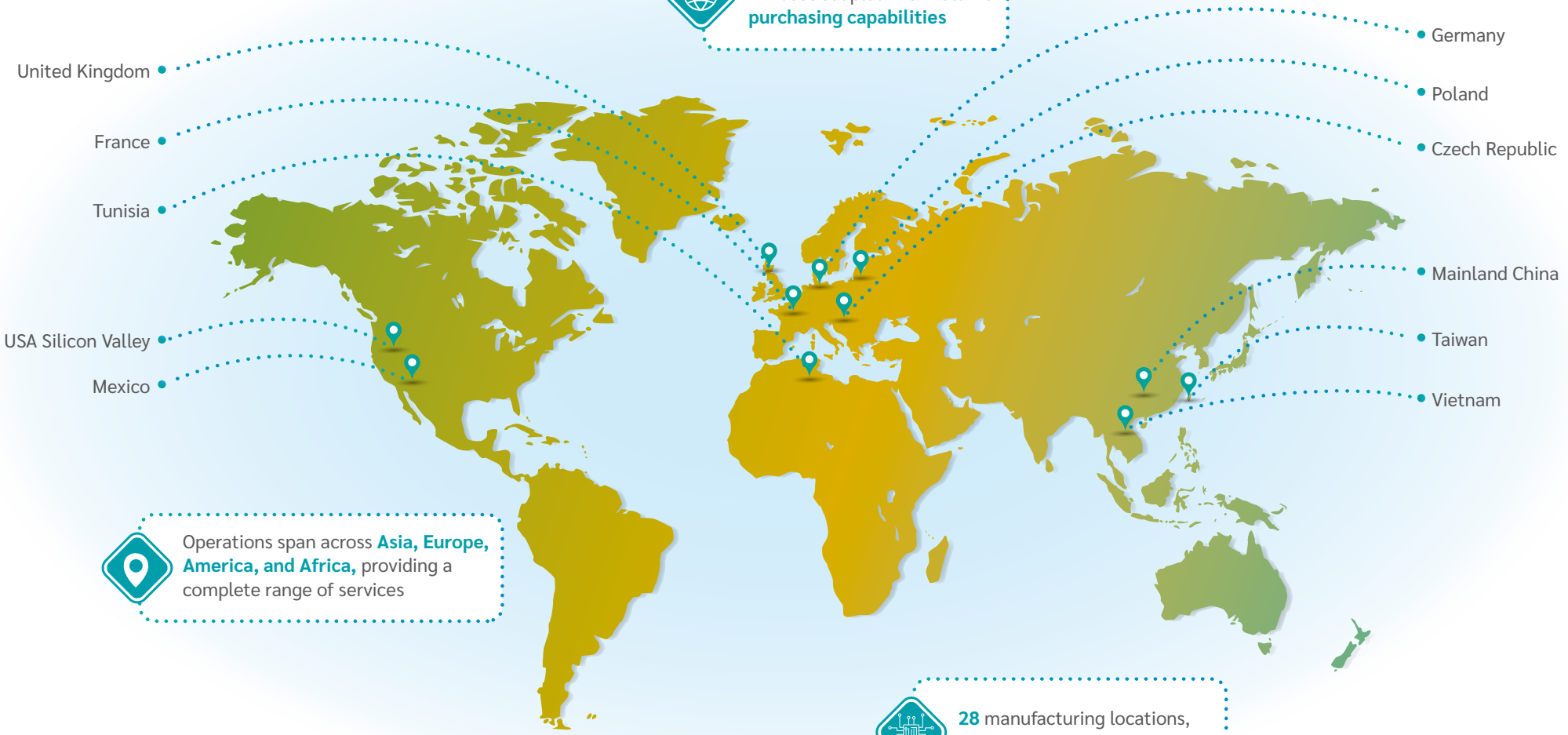
USI is a member of ASEH (TWSE: 3711, NYSE: ASX) and an industry leader in miniaturized module and System-in-Package (SiP) products manufacturing. We provide D(MS)[2] product services: Design, Manufacturing, Miniaturization, industrial software and hardware Solutions, material procurement, logistics and maintenance Services for brand owners. USI Shenzhen Facility relocated to Huizhou in 2022 to meet growing market demand in South China and build a foundation for upgraded intelligent operations. Also, Nantou Facility set up Nantou-NK 2 to expand our product assembly capacities, strengthen R&D capabilities to develop high-end products, and actively expand USI's global presence to enhance competitiveness. Please refer to the USI website for more information.

Note:
1. The area of manufacturing facilities only includes facilities in the scope of this report, excluding the Shenzhen Facility. For more details, please refer to Global Locations

Global Operations

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

United Kingdom
France
Tunisia
USA Silicon Valley
Mexico
Germany
Poland
Czech Republic
Mainland China
Taiwan
Vietnam



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

28 manufacturing locations, with more than **220** SMT Lines

USI Manufacturing Locations

Letter from the Chairman

For years with sustainable operations as our utmost goal, USI continually enhanced our corporate governance and investor relations to establish a good corporate image in the capital market, increasing our corporate social value. Our strategy of stable operations and effective risk control resulted in a consolidated revenue of CNY 68.5 billion in 2022, achieving record revenue growth of 24%. This achievement brought excellent financial value to our investors and made positive contributions to society.

In 2022, USI received several honors through our efforts. In the corporate governance dimension, coinciding with the 10th anniversary of our IPO, we established the Board of Directors Diversity Policy to optimize the Board organization management structure and strengthen corporate governance. Based on our market position and industry characteristics, we constantly monitor industry developments and relevant regional policies and gain insight into the glocalization of the supply chain. We actively deployed glocalization strategies such as consolidating regional production bases, allocating a global pool of localized talents, cultivating competitive differential capabilities, establishing an international digital production and sales information network, and promoting a new business model of global platforms and localized services. In recognition of USI's effective management, quality development, and a sign of trust and expectations for the future, the China Listed Companies Association awarded USI the 2022 Board Office Best Practices Award.

On the environmental front, USI has been actively implementing various environmental protection policies and taking low-carbon and emission reduction measures. In the first authoritative assessment of China Listed Companies TCFD Disclosures, we received the 2022 highest rating of BBB.

At the social dimension, USI respects and protects the rights of our employees, creating a safe and friendly work environment and building sustainable relationships with all stakeholders. We attach great importance to the relationship with our upstream and downstream industry partners and investors and work to promote value chain growth through cooperation and innovation, contributing to society's development. We continuously optimize communication with investors and openly disclose our business strategies and development status to the market, thus maintaining five years of Information Disclosure A Rating on the SSE and being included in the SSE Corporate Governance Index.

International ESG evaluations have recognized USI's commitment to sustainable growth. We were again recognized by S&P Global, ranking in the top 10% of the Electronic Equipment, Instruments & Components industry group, and included in the S&P Global Sustainability Yearbook for two consecutive years. USI was awarded the ESG Pioneer Award at the 3rd ESG Corporate Summit for outstanding performance in green development, social responsibility, and governance effectiveness.

These honors recognize our past year's efforts and encourage us to keep moving forward on our ESG journey. USI will continue to follow our Low Carbon, Circular, Collaborative, and Inclusive Sustainability Strategy, uphold our corporate philosophy of sustainable operations, and practice the motto "think responsibly, learn deeply, and work productively" to work together for the long-term coexistence and prosperity of Earth and society.

Chairman Jeffrey Chen

Letter from the President

Looking back at 2022, the world faced many challenges such as the ongoing war between Russia and Ukraine, energy and price spikes that led to inflation, extreme climate disasters, and geopolitical issues that affected supply chains. To tackle these issues, we are committed to improving our environmental protection (E), social responsibility (S), and corporate governance (G) practices.

We believe that everyone has a role to play in ESG compliance. To raise awareness and encourage action, USI provides education and training to enhance employees' understanding of global sustainability trends and corporate sustainability actions.

USI is taking practical steps to implement ESG strategies and programs in all areas. Environmentally, we have developed a net-zero carbon emission strategy, with science-based targets as our action plan to reduce the environmental impact of climate change by raising energy efficiency and reducing GHG emissions. On the social front, we continue to care for our employees and promote social engagement activities to maximize our corporate influence, realizing global partnerships and achieving a social contribution value [1] of CNY 3.77 per share. We prioritize sound corporate governance by safeguarding shareholders' rights and interests, strengthening operational risk management, and implementing information security controls.

Excessive carbon emissions are accelerating global warming, leading to extreme weather and ecological changes that jeopardize the survival of humanity. We are committed to implementing our Low Carbon Sustainability Strategy, reflected in our Mainland China Facilities completing GHG inventory certification and reducing 1,316 metric tonnes of carbon through key projects. For ten years, we have invested in Shanghai Roots & Shoots' Million Tree Project, which reduces desertification and soil erosion while restoring biodiversity. We are pleased to report that the number of species observed in Inner Mongolia and Ningxia has been increasing yearly, with 47 species in Inner Mongolia and 14 in Ningxia.

Furthermore, we are dedicated to improving our work environment and promoting diversity and inclusion. We provide opportunities for people with physical and mental disabilities and strive to ensure that women have equal opportunities for leadership positions.

By aligning our business strategy and operational management with sustainable development goals, we aim to contribute to public welfare and benefit society and nature. We will continue communicating with our employees and partners to achieve our ESG commitments.

Chen-Yen Wei

President C.Y. Wei

Note:
1. Social contribution value per share = (earnings per share + tax payments + employee salaries + interest expenses + total social input) ÷ total number of shares issued in the year

Realizing the Sustainable Development Goals (SDGs)

According to the identified material issues and annual sustainable goals, USI focused on 6 SDGs to be key indicators of sustainable development in 2022.

Talent is an important growth driver for enterprises, USI invests in education to encourage students in literary pursuits. USI has several industrial-academic partnership and internship projects to enhance youth employability, and develop the next generation of technology talents and future human capital

4 QUALITY EDUCATION

Facing global economic changes, USI creates business growth by steady operation strategies to support production activities and employment opportunities, and reach sustainable operations

8 DECENT WORK AND ECONOMIC GROWTH

USI actively creates sustainable communities, prevents environmental impacts by monitoring air quality and effluents quality to meet local safety standards.
USI considers "Waste Minimization and Reuse" as corporate policy. The principle of "Pollution Prevention & Circular Reuse" has been treated as annual performance indicator and carried out thoroughly in all the facilities

11 SUSTAINABLE CITIES AND COMMUNITIES

SUSTAINABLE DEVELOPMENT GOALS

13 CLIMATE ACTION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

USI uses mitigation and adaptation methods to respond to climate change. Following our Low Carbon strategy, we adapted the TCFD framework and managed product life cycle emissions from the supply chain, design, and production processes to achieve the 2050 Net Zero target

USI promotes the rule of law and builds a responsible system for sustainability development. We establish Code of Business Conduct and Privacy Policy with reporting mechanisms to ensure compliance with business integrity

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

Sustainable Performance Highlights

Governance

- Record high sales revenue of CNY **68.5** billion
- Sustainalytics **Negligible Risk** ESG risk rating
- Global local procurement rate **43%**
- Customer satisfaction score **84.2**

Maintained **Five Years Information Disclosure A Rating on the SSE 2018-2022**

Included in the S&P Global Sustainability Yearbook
Top 10% S&P Global ESG Score 2022
Top 1% S&P Global ESG Score (China) 2022

Social

- Provided **18,267** opportunities across six major manufacturing facilities. Our employees hail from **10** countries, with **19%** of females in top management, and tailored jobs for **83** employees with disabilities
- Supported **157** employees to take advanced studies in top-tier schools worldwide
- Invested CNY **818** thousand in 5 rural revitalization programs, benefiting **1,838** students

Awarded 2022 AUO Supplier
Intelligent Supply Chain Contribution Award

Nantou-NK 1 Received
Green Factory Certification

Environmental

- Maintained **100%** renewable energy use in Mainland China Facilities, achieving **82%** renewable energy use globally
- Generated **2,142** MWh of renewable energy through solar panels at Nantou-NK 1 Facility
- Reduced **1,316** metric tonnes of carbon through CIP key projects
- Planted **130,214** trees covering **86.36** hectares

Received 2022
EcoVadis Silver Sustainability Rating

Received
BBB Rating
2022 China Listed Companies TCFD Disclosures

Sustainability Management

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

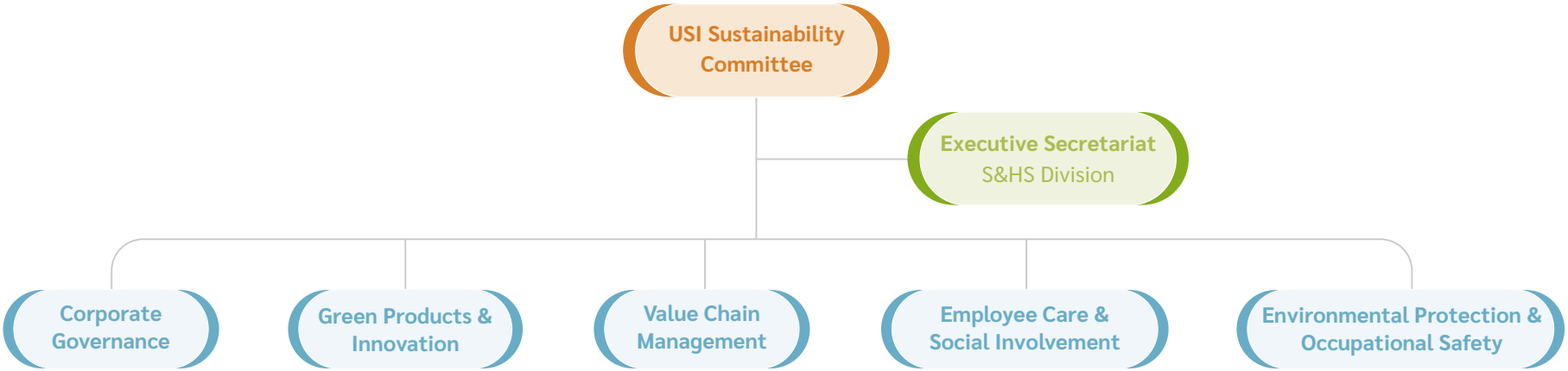
We commit to

- Provide a diversified, fulfilling, and challenging working environment
- Generate exceptional rewards for stakeholders
- Contribute towards building a better place to live

Sustainability Committee

USI Sustainability Committee is the highest-level organization of corporate sustainable development management, and the committee covers all manufacturing facilities. The committee's mission has been divided into five taskforces, Corporate Governance, Green Product & Innovation, Value Chain Management, Employee Care & Social Involvement, and Environmental Protection & Occupational Safety. Committee members are representatives chosen from each department and the President acts as the Chair, senior managers act as Leaders and Coordinators.

The committee coordinators will hold quarterly meetings; leaders and task force members will decide and track the sustainable targets in the meetings. The sustainable achievements will be presented to committee Chair and members in the annual Sustainability Committee meeting. A Sustainability Committee Annual Meeting & Forum was held on December 14, 2022. Sustainability consultants were invited to share and suggest directions for USI sustainable performance.



We strive to
Think Responsibly
Learn Deeply
Work Productively
with sustainable development in mind

Jeffrey Chen, CEO

Only when the global ecosystem is thriving can there be sustained human life where legal entities can grow and prosper

C.Y. Wei, President
Sustainability Committee Chair

Internalize ESG core values
Protect the environment
Fulfill social responsibility
Develop good governance
Thrive as a sustainable company

Gilbert Wei, SVP
Sustainability Committee Vice Chair

Realize USI's spirit
Ensure Accountability & Take Action
to steer ESG
sustainable development

JP Shi, SVP
Sustainability Committee Leader

Implement a legal and compliant system
Reinforce a people-oriented management
Deepen sustainable development
Create corporate competitiveness

Brian Shih, Supervisory Board Chair
Sustainability Committee Leader

Go green &
Enhance ecological product design
Pursue Low Carbon products

John Fang, SVP
Sustainability Committee Leader

With sustainability and accountability in our genes, we commit to sustainable governance, coexist with the environment & cultivate relationships with local communities

Clement Chen, SVP
Sustainability Committee Leader

Building a greener environment
is a responsibility that we must face.
More corporate effort and care
Creates a more sustainable planet

Alex Lee, SVP
Sustainability Committee Leader

To promote ESG sustainability activities, we need to
Think Ahead
Start Early
Set a Solid Foundation
there is no best, only better

Otto Yu, VP
Sustainability Committee Leader

• Sustainable Promotion •

In 2022, USI launched sustainable promotion events to enhance employees' sustainability capabilities:

- Developed ESG e-learning materials to impart sustainability concepts for worldwide indirect employees
- Broadcasted sustainability topics on TV monitors at worldwide facilities, so employees have opportunities to understand the basics of sustainability
- Published sustainability trends in the USI Newsletter, please refer to the ESG 360 column in Corporate Publications for related articles
- Held 2 seminars where external sustainability consultants shared global sustainability trends including Net Zero Emissions and ESG case studies

Sustainability Policy

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

Environmental

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

Social

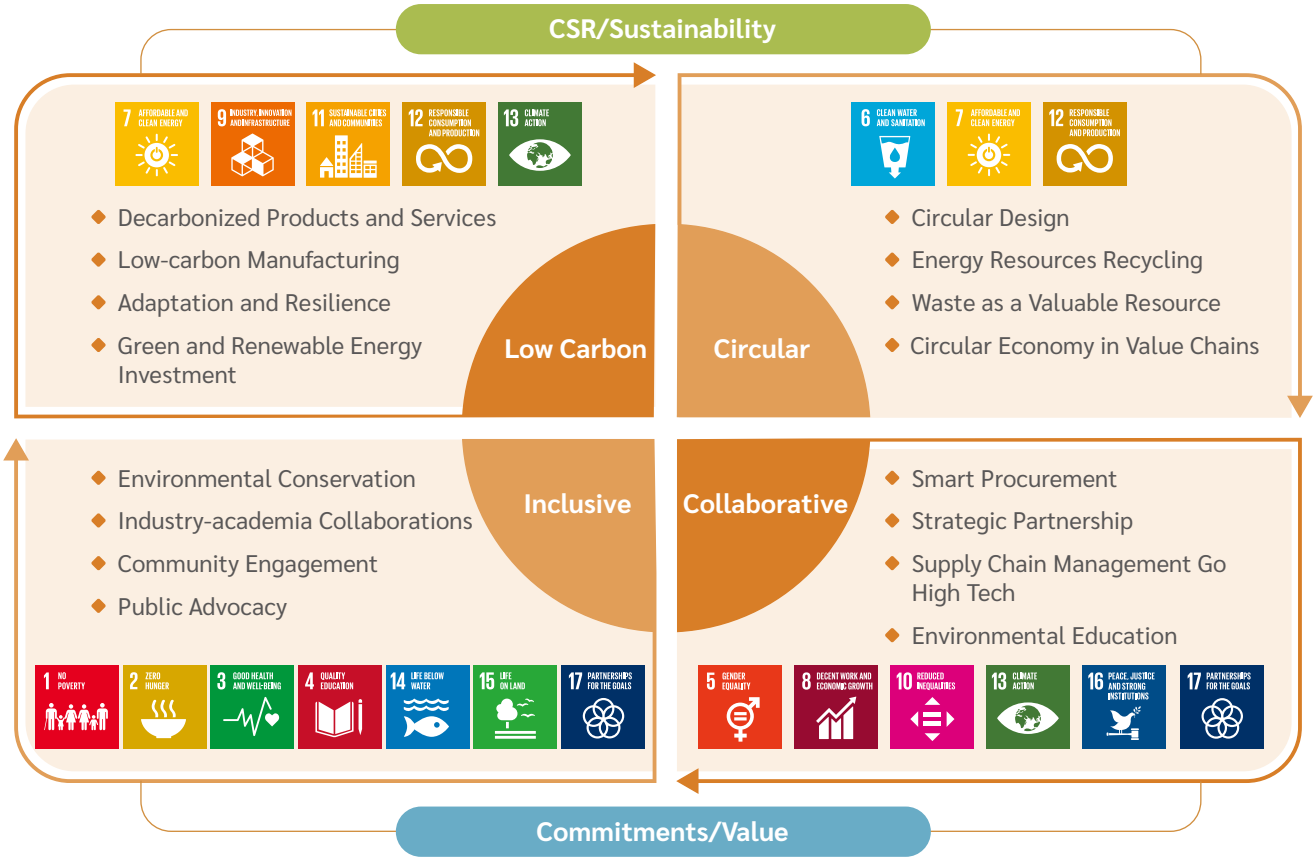
- Ensure workforce diversity; Endorse human rights
- Stimulate social welfare; Support community investment
- Advocate supplier development; Achieve global partnership

Governance

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

Sustainability Strategy

To reach the SDGs and pursue corporate sustainability, USI follows four sustainability strategies, Low Carbon, Circular, Collaborative, and Inclusive, to prioritize response SDGs based on the Company's core values. This enables the Company to take comprehensive actions concerning corporate sustainability. In 2022, we generated strategic approaches and 2027 targets according to key sustainable issues, focused on the corresponding SDGs, tracked the target achievements and published the sustainable missions and performances in the annual Sustainability Committee meeting. For strategic approaches and targets of key sustainable issues, please refer to the respective chapter and section for more information.

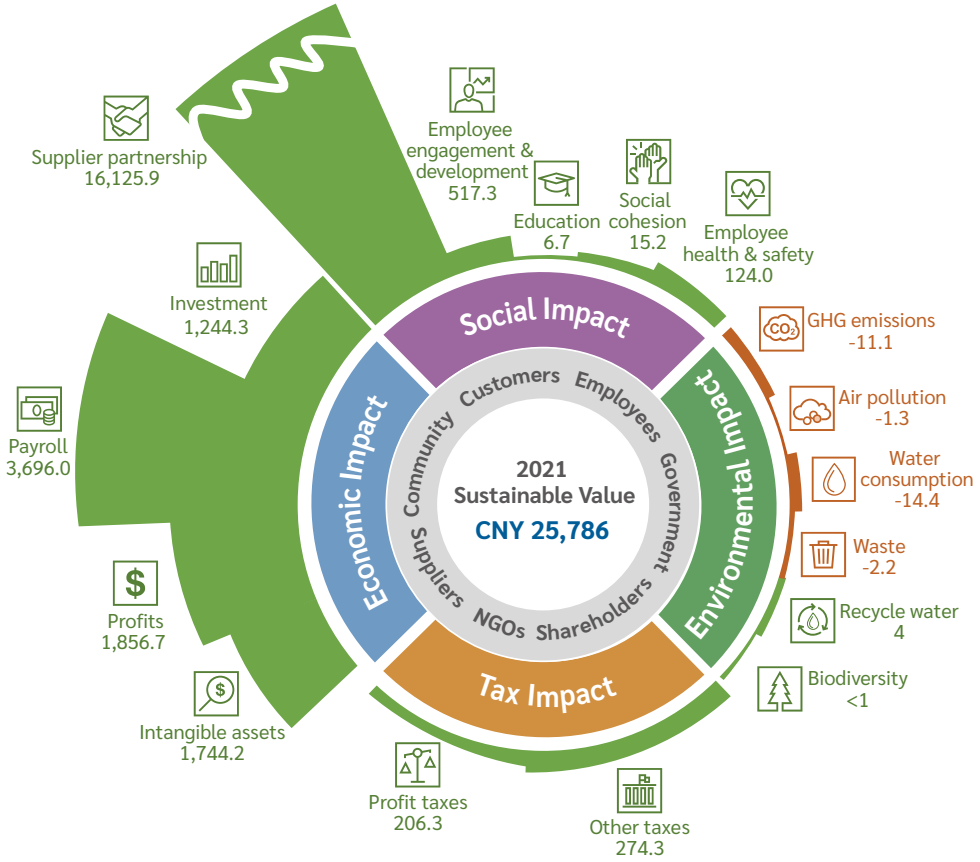


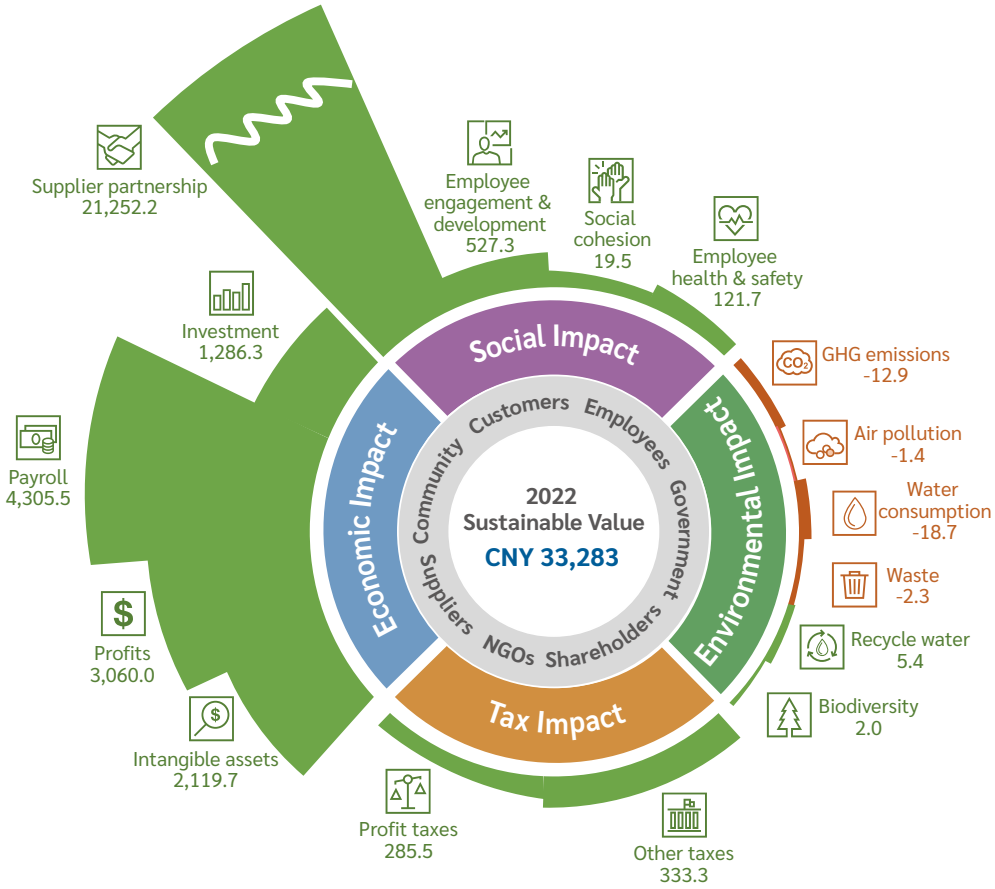
Sustainable Impact Assessment

To monitor the progress of our sustainability strategies and goals, USI introduced the Total Impact Measurement and Management (TIMM) methodology starting in 2021 to inventory the impacts and contributions to stakeholders from Company's operations in the Economic, Social, Environmental, and Taxes dimensions. In 2022, USI's record-high business performance reflected the growth in economic and tax dimensions and invested in environmental and social activities to bring contributions for stakeholders.

Sustainability Value and Impacts

Through the TIMM assessment [1], USI generated CNY 33,283 million worth of sustainability value for stakeholders in 2022. Compared with 2021, we increased CNY 7,497 million or 29% in positive sustainability value, creating positive contributions to the society.





Note:
1. The impact driver Education was merged with Social Cohesion in 2022

Unit: CNY million

Economic and Tax dimensions

USI created 26% higher of positive value than in 2021. Though the electronics production chain was impacted by geopolitics and COVID-19, USI applied glocalization strategy to make countermeasures and reduce the impacts of production capacity. On the other hand, USI grasps business opportunities to develop new energy vehicle power systems and power modules through providing a complete supply chain technology and continuously improving core competitiveness based on years of automotive electronics experiences. In 2022, USI increased 65% of annual net profit which created substantial benefits for shareholders, suppliers, employees, and the government.

Environmental dimension

To compare with 2021, USI increased 12% of negative value due to expansion of production capacity. The major impacts were water consumption and GHG emissions. To make sure the use out of every drop of water, USI has been planning to recycle as much water as possible via improvement of equipment and technology. Through process water recycling system, the positive benefit of recycled water has been increasing every year. The recycled water rate was 29% in 2022. And USI launches GHG reduction policy to inventory GHG emissions and product carbon footprint, purchase certified renewable energy to offset carbon dioxide emissions generated by traditional electricity used. The renewable energy rate was 82% in 2022. USI will continue to keep a track on the use of water resources and conserve water, promote green promises and environmental protection measurements for a friendly environment, and lower environmental impact.

Social dimension

USI increased 31% higher of positive value than in 2021. The primary performances were good relationships with suppliers and human capital cultivation. USI holds a Sustainable Value Chain Webinar every year to promote company ESG policy. We support local suppliers, which facilitates the growth of the local economy and increases local employment rates. In 2022, the average local purchasing rate was 43% which increased by 4% compared with 2021. Human capital development 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 sustainable development and contributes to society through various charitable activities.

Environmental Profit and Loss

To further create useful products and services by natural capital and reduce the direct or indirect impact on the environment, USI introduced TIMM methodology to help the company to make effective decisions by weighing different issues through monetization management. We focus on major environmental issues related to operations, including greenhouse gas emissions, air pollution emissions, waste generation, water resources use, and biodiversity. We map out the impact event chain of environmental pollution emissions and resource consumption and calculate the environmental cost of human health damage, environmental resource reduction and ecosystem impact caused by these behaviors.

The environmental impact of USI production operations in 2022, after value conversion, was CNY 27.8 million, of which the main source of environmental impact is water consumption accounting for 48%. The major reasons of water consumption increased in 2022 were business expansion and facility relocation from Shenzhen to Huizhou. Followed by GHG emissions (the impact of GHG emissions is the result of offsetting the positive benefits of carbon sinks from biodiversity) Scopes 1 and 2 accounting for 39%. In 2022, our revenue grew by 24% compared to 2021. Despite our significant increase in revenue, our external environmental costs remained relatively low, only increasing by 12% in the same period, showing our dedication and results in reducing environmental impact. USI's environmentally friendly measures, such as recycled water and biodiversity, respectively generated a positive value of CNY 5.4 million and CNY 2.0 million in 2022, signifying that USI's efforts in environmental protection were able to mitigate negative impacts.

Social Impact

During the business operating, USI has not only directly financial impacts on stakeholders, but also positive and negative social impacts including supplier partnership, employee engagement & development, employee health & safety, and social cohesion. In 2022, the total value of social impact was CNY 21,920.4 million which mainly contributed by supplier partnership. The impact value of social dimension from direct operations [(1)] was CNY 21,909.4 million, CNY 5,136.2 million higher than in 2021.

Impact Driver		Activity/Output	Outcome/Impact
Direct Operations	Supplier partnerships	▸ Conducted document and on-site audits of 46 material suppliers, and on-site audits of 35 on-site service contractors, audit results are 100% low-risk ▸ Held Sustainable Supply Chain Webinar for the Greater China region at the Nantou Facility. 342 supplier partners attended this webinar, and 256 feedback surveys conveyed they were "very satisfied" ▸ Global local procurement rate reached 43% in 2022	▸ The impact value is CNY 21,252.2 million ▸ Please refer to the Supply Chain Management section for further details
	Employee engagement & development	▸ An employee engagement survey is conducted every two years, the last survey activity was held in 2021. The effective response rate of the questionnaire was 89%, and the overall employee engagement score was 84%	▸ The impact value is CNY 527.3 million ▸ Please refer to the Employee Engagement Survey section for further details
	Employee health & safety	▸ There were 11 occupational injuries and 5 near miss incidents ▸ USI conducts physicals every year, also, specialized health exams are provided for employees in high-risk working environments	▸ The impact value is CNY 121.7 million ▸ Please refer to the Occupational Health and Safety section for further details
	Social cohesion	▸ 660 students benefited from industrial-academic partnerships programs and participated 54,616 hours	▸ The impact value is CNY 8.4 million ▸ Please refer to the Investing in Education section for further details
Indirect Operations	Social cohesion	▸ Engaged 701 employees to volunteer 2,047 hours of service in 2022	▸ The impact value is CNY 11.0 million ▸ Please refer to the Social Involvement chapter for further details

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

Materiality Analysis

USI uses the AA1000 Stakeholder Engagement Standards and the AA1000 Accountability Principles of Inclusivity, Materiality, Responsiveness, and Impact as our framework to identify material issues for ESG disclosure. We referenced GRI 3: Material Topics 2021 and integrated the Value Balancing Alliance methodology, Harvard Business School Impact-Weighted Accounts methodology, London Benchmarking Group (LBG) framework, and the TIMM Impact Evaluation framework to assess the significance of economic, environment, and people/human rights impacts mapped to sustainable issues. The results are then prioritized according to their significance, presented to the Sustainability Committee, and incorporated into our enterprise risk management process to serve as a reference for setting our long-term sustainability goals and strategies. For more details, please refer to the Enterprise Risk Management section.

Analyzing the differences between material issues in 2022 and the previous year, companies are paying more attention to environmental issues due to climate change, net-zero initiatives, and social inclusion impacted by COVID-19, so Energy Management and Social Involvement are added as material issues based on expert opinions and recommendations from the Sustainability Committee.

Studying global sustainability trends and reexamining our sustainable issues, we added Biodiversity as a new issue to report on. Although Regulatory Compliance and Data Privacy are not material issues, they are still part of USI's long-term sustainability management, and their performance results are also disclosed in this report.

Process to Determine Material Issues

Phase I. Inclusivity

Based on our previously identified stakeholders, we assessed our business relationships and identified banks as increasingly important to USI due to facility expansions, mergers and acquisitions, and green finance trends. After USI Sustainability Committee review, we followed ASEH's requirement and added banks in the same stakeholder category as shareholders/investors. We defined our 7 major stakeholders as: shareholders/investors/banks, employees, customers, suppliers/contractors, governments, industry unions/associations, and communities (including NGOs and the media).

We integrated the SDGs, GRI Standards, SASB Standards, Task Force on Climate-related Financial Disclosures (TCFD), Responsible Business Alliance (RBA) Code of Conduct, S&P Global Corporate Sustainability Assessment (CSA), and Morgan Stanley Capital International (MSCI) ESG Rating with our industry specific characteristics and ASEH's requirements and compiled them into 8 governance issues, 6 environmental issues, and 7 social issues, 21 sustainable issues in total.

Phase II. Materiality

In 2022, we collected 1,089 Stakeholder Concern Surveys from external and internal stakeholders. Respondents include shareholders/investors/banks (10), customers (20), employees (548), suppliers/contractors (427), government (18), industry unions/associations (14), and communities (52). We analyzed the surveys and identified issues of high stakeholder concern.

Considering the EU concept of double materiality, we conducted an Operational Impact Survey to reflect **Financial Materiality** and measured the impact of each sustainable issue on the Company's revenue, risks, customer satisfaction, and employee engagement. 89 senior executives and Sustainability Committee members filled out this survey as representatives of USI's operations. For **Significance Materiality**, apart from incorporating TIMM impact evaluation results, 10 managers and colleagues conducted an External Sustainability Impact Survey that includes 9 positive impacts and 6 negative impacts on the economy, environment, people/human rights and assesses the severity [1] and likelihood [2] of actual and potential impacts. The survey results identify 6 significant impacts, including 3 positive economic impacts, 1 positive, and 2 negative environmental impacts.

We ranked the top 5 sustainability issues of stakeholder concern, significant operational impact, and significant external sustainability impact, and then tallied the number of occurrences. The preliminary material issues are the intersection results of the three surveys.

Step 1 Identify Stakeholders
- 7 Stakeholders

Step 2 Design Sustainability Survey
- 21 issues summarized

Step 3 Investigate Stakeholder Concerns
- 1,089 feedback surveys

Step 4 Double Materiality Impact Analysis
- 89 senior executives and Sustainability Committee members participated in the Operational Impact Survey
- 10 managers and colleagues participated in the External Sustainability Impact Survey

Note:

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

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

Phase III. Responsiveness

We assessed the significance of the issues by cross analyzing the Stakeholder Concern Survey, Operational Impact Survey, and External Sustainability Impact Survey, then mapped it to previous material issues and consulted external experts and the Sustainability Committee to determine 13 material issues. The materiality assessment results were then reviewed and approved by the Board of Directors. We mapped 19 GRI topic standards and 5 USI specific topics [1] that respond to the material issues identified. Non-material issues such as Diversity & Inclusion are also disclosed in this report as they are essential in USI's sustainable development.

Scope and Structure of the Report: Following the principle of comparability, our 2022 ESG Report covers the material issues of the previous year. The structure of this report is based on collecting internal data and management approaches, following indicator reporting requirements, and fully disclosing USI's current policies and plans for fulfilling ESG sustainability development.

Phase IV. Impact

USI's five Sustainability Taskforces have disclosed management approaches, short- and long-term goals, and strategies for each material issue according to their requirements, formulating 38 long-term goals.

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

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

Step 6 Define Topic Disclosures and Boundaries
- **19** topic standards
- **5** USI specific topics
- **6** manufacturing facilities

Step 7 Formulate Long-term Goals
- **38** long-term goals

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

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

Impact Evaluation - Monetization Model (TIMM)

Dimension	Impact Driver	Type of Impact	Cause of Impact	Stakeholder/ Impact Area	Output Metric	Impact Valuation	Monetization (M CNY)	Impacted Sustainable Issue
Economic	Investments	Positive	Operations	Shareholders/ investors/banks	Capital expenditure	Asset depreciation costs, repair expenses	1,286.3	Innovation Management & Sustainable Production
	Payroll	Positive	Operations	Employees	Payroll and benefits given	Employee salary expenses, social insurance, pension funds	4,305.5	Talent Attraction and Retention
	Profits	Positive	Products/ Services	Shareholders/ investors/banks	Profit distribution	Net profit reported	3,060.0	Financial Performance
	Intangible assets	Positive	Operations	Shareholders/ investors/banks	R&D investment and intellectual property acquisition	Amortization of intangible assets, R&D expenses	2,119.7	Innovation Management & Sustainable Production
Environmental	Greenhouse gases	Negative	Operations	Environment	GHG emissions	Social cost of carbon	-12.9	Climate Change/Energy Management
	Other emissions	Negative	Operations	Environment	Pollutant emissions	Natural capital cost	-1.4	Air Pollution Control
	Water use	Negative	Operations	Environment	Water consumption	Natural capital cost	-18.7	Water Resource Management
	Waste	Negative	Operations	Environment	Hazardous and non-hazardous waste	Natural capital cost	-2.3	Waste Management
	Recycled water	Positive	Operations	Environment	Reduced water consumption	Natural capital cost	5.4	Water Resource Management
	Biodiversity	Positive	Operations	Environment	Water conservation Reduced soil erosion Carbon sequestration and air purification	Ecological benefits of vegetation restoration	2.0	Biodiversity/ Climate Change
Social	Supplier partnerships	Positive	Supply chain business activity	Suppliers/ contractors	Supplier RBA audit Supplier training Local procurement	Market price valuation: Property losses or external training fees Perceived value according to supplier survey Local procurement value	21,252.2	Sustainable Supply Chain
	Employee engagement & development	Positive	Operations	Employees	Employee career development Work environment Employee care	Market price valuation: Mental wellbeing courses Company benefits and subsidies Training and development expenses Team building motivational course fees	527.3	Talent Attraction & Retention/Human Capital Development
	Social cohesion	Positive	Operations	Society Environment	Occupational training Arts & culture sponsorship Disadvantaged groups support	Value transfer valuation [1]	19.5	Social Involvement
	Employee health & safety	Positive	Operations	Employees Suppliers/ contractors	Number of occupational injuries Employee physicals Health insurance expenses	Health and safety expenses	121.7	Occupational Health & Safety
Tax	Profit taxes	Positive	Operations	Governments	Taxes paid	Income tax	285.5	Tax Governance
	Other taxes	Positive	Operations	Governments	Taxes paid	Real estate taxes, other taxes, and fees	333.3	Tax Governance

Note:

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

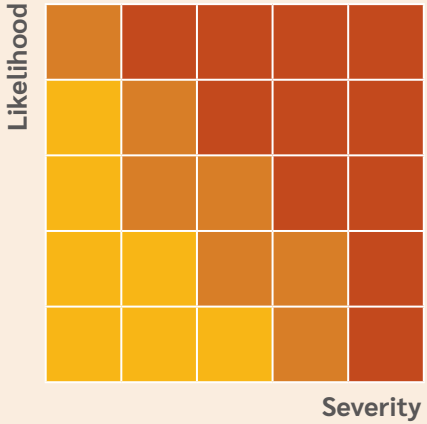
Impact Evaluation - Prioritizing Significant Impacts/Quanititve Data Model

Identifying Actual & Potential Impacts

15 Impacts

Impact	Positive	Negative
Economy	4	0
Environment	1	3
People/ Human Rights	4	3

Impact Significance Assessment



Severity = (1) + (2) + (3)
(1) Scale
(2) Scope
(3) Irremediable

6 Significant Impacts

- \+ Innovating products that advance industrial development
- \+ Creating upstream or industrial value
- \+ Paying taxes & fees to support infrastructure and social welfare
- \+ Producing products with environmental benefits (energy-saving/carbon-reducing/ water-saving/low-polluting/recyclable)
- − Resource consumption
- − Pollutant emissions affecting human health

Economic Impact | Environmental Impact | + Positive | − Negative

Material Issues Prioritized by Significant Impacts

Rank	Material Issues	Impact Degree
1	Innovation Mgmt. & Sustainable Production	Very High
2	Climate Change	
3	Energy Mgmt.	High
4	Business Ethics	
5	Customer Relationship Mgmt.	
6	Sustainable Supply Chain	
7	Air Pollution Control	Significant
8	Talent Attraction & Retention	
9	Human Rights	
10	Social Involvement	
11	Cybersecurity Mgmt.	
12	Occupational Health & Safety	
13	Human Capital Development	

Double Materiality Assessment Results

Dimension	Material Issue	Operational Significance (Financial Materiality)				External Sustainability Impact (Significance Materiality)					
		Revenue	Risks	Customer Satisfaction	Employee Engagement	Innovating Products that Advance Industrial Development (+ Positive)	Creating Upstream or Industrial Value (+ Positive)	Paying Taxes & Fees to Support Infrastructure and Social Welfare (+ Positive)	Producing Products with Environmental Benefits (+ Positive)	Resource Consumption (− Negative)	Pollutant Emissions Affecting Human Health (− Negative)
Governance/ Economic	Business Ethics		✓	✓			✓	✓			
	Customer Relationship Management	✓		✓		✓	✓				
	Sustainable Supply Chain	✓		✓		✓	✓				
	Innovation Management & Sustainable Production	✓				✓	✓	✓	✓	✓	
	Cybersecurity Management		✓	✓							
Environmental	Climate Change					✓			✓	✓	✓
	Energy Management					✓			✓	✓	
	Air Pollution Control										✓
Social	Occupational Health & Safety		✓								
	Talent Attraction & Retention				✓		✓				
	Human Capital Development				✓						
	Human Rights				✓					✓	
	Social Involvement							✓			

Material Issues Risk Impact Management

Material Issue Impact Boundaries

Impact: Causes ◆ Contributes to ◇ Directly Linked ◈

	Material Issue	GRI	SASB	Influence Boundaries (1)			
				Suppliers	USI (2)	Customers	Society
1	Innovation Management & Sustainable Production	302 Energy 416 Customer Health and Safety USI Specific Topic	-	◇	◆	◇	
2	Climate Change	305 Emissions	-	◇	◆		
3	Energy Management	302 Energy	-	◇	◆		
4	Business Ethics	205 Anticorruption 206 Anticompetitive Behavior	-		◆		
5	Customer Relationship Management	USI Specific Topic	-	◇	◆	◇	
6	Sustainable Supply Chain	204 Procurement Practices 308 Supplier Environmental Assessment 414 Supplier Social Assessment USI Specific Topic	TC-ES-440a.1 Materials Sourcing TC-ES-320a.2 Labor Conditions TC-ES-320a.3 Labor Conditions	◇	◆	◇	
7	Air Pollution Control	305 Emissions	-		◆		◇
8	Talent Attraction & Retention	202 Market Presence 401 Employment 402 Labor/Management Relations 405 Diversity and Equal Opportunity	TC-ES-000.C Activity Metrics		◆		◇
9	Human Rights	406 Non-Discrimination 407 Freedom of Association and Collective Bargaining 408 Child Labor 409 Forced or Compulsory Labor 411 Rights of Indigenous Peoples	TC-ES-310a.1 Labor Practices TC-ES-320a.2 Labor Conditions TC-ES-320a.3 Labor Conditions		◆		◇
10	Social Involvement	USI Specific Topic	-		◆		◈
11	Cybersecurity Management	USI Specific Topic	-		◆		
12	Occupational Health & Safety	403 Occupational Health and Safety	TC-ES-320a.1 Labor Conditions		◆		
13	Human Capital Development	404 Training and Education	-		◆		

Note:

1. Stakeholders can report grievances and provide feedback through the grievance mechanism detailed in the Business Ethics section
2. USI's boundaries covers Zhangjiang Facility, Jinqiao Facility, Huizhou Facility, Kunshan Facility (the above are Mainland China Facilities), Nantou Facility, and Mexico Facility. The disclosure boundaries of emissions will be explained in the Environmental Protection and Occupational Safety chapter

Material Issues Risk Management

Risk Type: Strategic ❖ Operational ★ Hazards ⚠

Material Issues	Risk Factor	Risk Type	Risk Impact Evaluation	Likelihood [1]	Severity	Mitigation/ Management Approach
Innovation Management & Sustainable Production	Failure to foresee industry trends and develop innovative technologies	❖ ★	Advanced miniaturization has become more challenging and costly. Failure to keep up with industry trends and customer needs will affect our competitiveness and market share and result in a potential negative economic impact. To mitigate this, we're developing green technologies that reduce waste and energy consumption, improving our core competencies, and expanding our business innovation model for positive results.	3	4	Green Products and Innovation
Climate Change	Operational impact due to climate disasters, increased GHG emissions, and international regulations and requirements	❖ ★ ⚠	In response to stakeholder requests, USI is increasing the use of renewable energy to reduce environmental impact, which will also result in increased costs, and failure to meet this demand may affect our orders.	3	4	Environmental Protection and Occupational Safety
Energy Management	Power shortage or outage	★ ⚠	Power shortages and disruptions can cause delays in delivery and operational losses, affecting USI's reputation and customers' confidence in placing orders. To reduce the actual and potential impact on the economy and the environment, we will continue to improve energy efficiency and replace old equipment to reduce GHG emissions and operational risks.	3	4	Environmental Protection and Occupational Safety
Business Ethics	Various forms of bribery and corruption	★	Any corrupt behavior will affect USI's reputation and, in turn, the confidence of our customers in placing orders, potentially creating economic and human rights impacts.	1	1	Operations and Governance
Customer Relationship Management	Unable to provide products or technical services that meet customer needs	★	If we cannot satisfy customers' diversified needs and provide professional services and quality products, customers will seek solutions from other companies. Building a good customer relationship will help improve customer satisfaction and loyalty, positively impacting people and the economy.	1	1	Value Chain Management
Sustainable Supply Chain	Suppliers do not meet USI or regulation requirements	★	We promote supplier sustainability performance evaluations and audits to avoid short-chain supply competition, key component shortages, and production interruption risks, avoid conflict minerals, mitigate adverse human rights impacts, and join hands with our supply chain partners to work together for environmental protection, labor, and social welfare, and maintain our operations and commitments to customers.	2	3	Value Chain Management

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

Risk Type: Strategic ❖ Operational ★ Hazards ⚠

Material Issues	Risk Factor	Risk Type	Risk Impact Evaluation	Likelihood	Severity	Mitigation/ Management Approach
Air Pollution Control	Air pollutants impact the environment	★ ⚠	If the air pollution control equipment is not operated correctly or malfunctions, it might result in excessive emissions, and USI will face government sanctions that will affect our reputation. Different equipment should be used for each type of pollutant to comply with regulatory standards and reduce negative impacts.	2	3	Environmental Protection and Occupational Safety
Talent Attraction & Retention	Failure to attract or retain enough high-quality, diverse talent	★	Failure to provide salaries and benefits that reflect the needs and standards of the local community will prevent USI from recruiting and retaining sufficient and talented personnel, which may reduce our ability to develop new markets and may affect our business.	1	1	Inclusive Workplace
Human Rights	Failure to protect USI employees' and suppliers' human rights	⚠	Failure to protect the human rights of employees or supplier employees is a potential human rights and economic impact that will affect employee engagement and motivation, diminish the attractiveness of recruiting talent, and may affect USI's reputation and the willingness of customers to do business with us.	1	1	Value Chain Management Inclusive Workplace
Social Involvement	Failure to respond adequately to community requests	⚠	Failure to respond adequately to neighboring community requests can affect USI's reputation and potentially impact the people and the environment. Through Investing in Education, Contributing to Society, Conserving the Environment, and Promoting Arts & Culture, we respond to community needs and strive to maximize our positive impact on society while minimizing our environmental impact.	1	1	Social Involvement
Cybersecurity Management	Various forms of hacking attacks	★	A lack of cybersecurity awareness can cause leaked confidential information, leading to economic losses for USI and its customers. Implementing training and a holistic cybersecurity system can lower risks, increase customer confidence, and generate positive economic benefits.	3	5	Operations and Governance
Occupational Health & Safety	Various natural or man-made disasters	⚠	Natural and occupational disasters are potential negative impacts on the economy, environment, and people. Damaged equipment, damaged or collapsed buildings, and failure to implement operational safety regulations may endanger worker safety and cause disruptions to USI's operations.	3	2	Environmental Protection and Occupational Safety
Human Capital Development	Employee capabilities failing to progress with the times	★	If employees' capabilities cannot progress in line with development demands, it will affect USI's future growth and competitive edge and has a potential human and economic impact. With suitable training courses, information sharing, and learning mechanisms, we can develop employees' abilities to help achieve business objectives.	1	1	Inclusive Workplace

Stakeholder Engagement

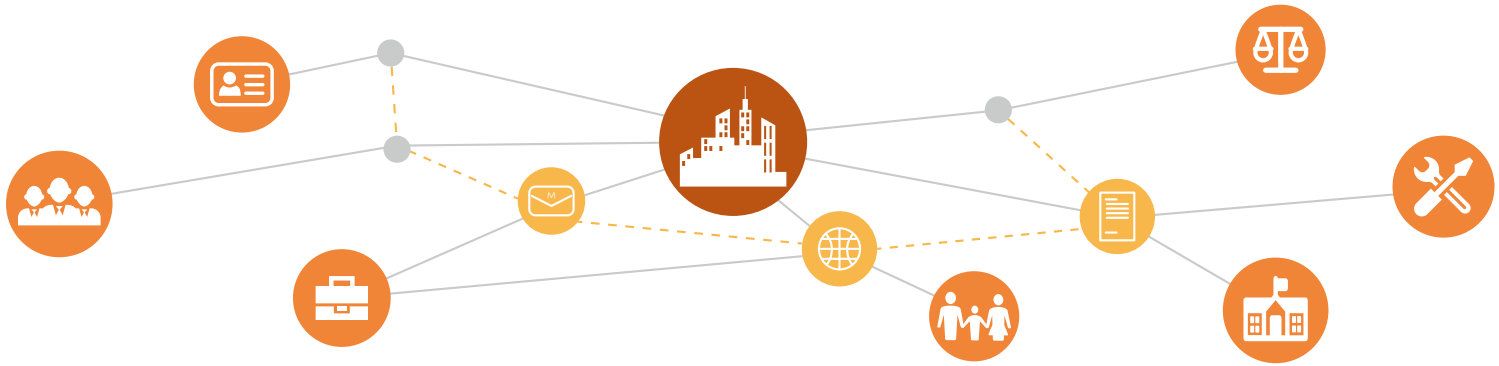
To respond to issues that highly impact corporate operations and are also of high stakeholder concern, we communicate with our stakeholders through various platforms on our sustainable development strategies and progress to maintain and strengthen our relationships. Issues identified as non-material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

Communication Channel/Frequency	2022 Performance
Shareholders/Investors/Banks	**Focus Issues:** Occupational Health & Safety, Innovation Management & Sustainable Production, Water Resource Management, Waste Management, Human Capital Development
▸ Board meetings (yearly/non-periodic) ▸ Annual general meeting (yearly/non-periodic) ▸ Quarterly/semiannual/annual report (periodic) ▸ Investor briefings (quarterly) ▸ Investor Relations on USI website (all the time) ▸ Shanghai Stock Exchange-SSE E-interaction (all the time) ▸ Receptions, visits, and roadshows [1] (non-periodic) ▸ Other interim announcements (non-periodic)	▸ 6 board meetings were held. ▸ Held 2 shareholders' meetings to explain our operating performance, investment plan, and respond to investors' concerns. ▸ USI publishes the Company's financial information on the SSE website regularly (quarterly/semi-annual/annual reports), which also analyzes USI's business situation and performance data. ▸ Held a video conference each quarter to explain USI's production and management to investors. ▸ Participate in brokers' strategy meetings and receive investors during their visits. ▸ The Chairman delivered a speech at the 2022 Yicai Annual Conference to let stakeholders understand the USI's glocalization development strategy.
Customers	**Focus Issues:** Occupational Health & Safety, Human Rights, Diversity and Inclusion, Financial Performance, Business Ethics
▸ RBA-Online (all the time) ▸ After-sales service system (e-RMA) (all the time) ▸ Customer's satisfaction questionnaire (quarterly) ▸ Mail (all the time)	▸ Report Self-Assessment Questionnaire (SAQ) assessment results through the RBA-Online platform. ▸ Constant monitoring of RMA [2] status through the system (e-RMA). ▸ Carry out satisfaction surveys each quarter through sales associates, and the customers satisfaction score is 84.2. ▸ Respond to customers' green product marketing needs with 100% compliance with international safety standards/ environmental regulations or energy-saving requirements. ▸ USI continuously implement NIST CSF [3] maturity assessment tool, and improvement cybersecurity management capabilities to enhance assurance for customer. ▸ Conduct annual General Cybersecurity Fundamentals training to boost employee cybersecurity awareness.

Note:
1. Roadshows: Roadshows are used to promote the issuance of securities, referring to securities issuers' promotion activities targeting institutional investors before the issuance of securities, and is an important promotion and publicity tool to facilitate the successful issuance of shares with full communication between investors and financiers
2. RMA, Return Merchandise Authorization
3. NIST CFS, US National Institute of Standards and Technology Cybersecurity Framework

Communication Channel/Frequency	2022 Performance
Employees	**Focus Issues:** Occupational Health & Safety, Talent Attraction & Retention, Human Rights, Financial Performance, Human Capital Development
▸ Employee Welfare Committee/staff congress (quarterly) ▸ Employee Relationship Website (all the time) ▸ President's symposium (quarterly) ▸ Industrial relations meetings (quarterly) ▸ Training programs (non-periodic) ▸ Employee engagement survey (every other year) ▸ Newsletter (quarterly) ▸ Announcement (all the time)	▸ Held a workers' conference each quarter to discuss and plan recent activities related to employees and propose employees' opinions. "Employee Relationship Website" is set up in USI's intranet. In addition to providing information regarding employees' welfare and activities, employees can share their opinions in the "suggestions box for employees" on the website. And a total of 398 employee opinions were given back. ▸ President's Symposium was held each quarter for the general manager to announce the future trend and expectations of USI to colleagues. Additionally, the president can listen to employees' opinions in the meeting. Total held 140 employee symposiums. ▸ Company has been established to irregularly provide employees with various educational training programs to perfect their professional skills. Every employee received 28.8 hours of training on average. ▸ Share the experience of high-ranking officials through the Company's quarterly journals and WeChat group and understand information such as the latest industrial developments, health education knowledge, employee activities, and so on. Held 87 employee activities and 118 employee health education trainings. ▸ In order to provide employees with more flexibility in terms of time utilization and choice of workplace during work, the Company has implemented a telecommuting (remote work) system, with a total of 1,521 applicants.
Suppliers/Contractors	**Focus Issues:** Sustainable Supply Chain, Business Ethics, Customer Relationship Management, Data Privacy, Occupational Health & Safety
▸ Quarterly business review (quarterly) ▸ Business meetings (non-periodic) ▸ Supplier evaluation (yearly) ▸ Purchase contracts/Conducts (in contract period) ▸ Training of suppliers (non-periodic) ▸ On-site audit for suppliers (non-periodic) ▸ Questionnaire investigation for suppliers (yearly) ▸ Supplier sustainability conferences (yearly)	▸ Continue to promote green supply chain, ask, and help suppliers to pass quality management system certifications. Control the usage of raw materials to ensure the products and materials correspond to the regulations of USI green products. ▸ 38 new suppliers were subject to evaluation and 100% were approved and became to USI's Approved Vendor List (AVL). ▸ In addition to the compliance with purchase contract, suppliers must sign the Supplier Code of Business Integrity and Supplier's Commitment to Corporate Social Responsibilities. ▸ A total of 409 each category contractors join our occupational safety and health education and training. ▸ Suppliers are selected each year to carry out on-site inspection for RBA. The number of suppliers were selected was 81. ▸ A supplier survey is conducted irregular to comprehend the current situations and trends of suppliers. A total of 560 suppliers were surveyed. ▸ 2 suppliers were mentored, introduced and obtained greenhouse gas and product carbon footprint certification (ISO 14064-1:2018 & ISO 14067). ▸ We held an online supplier sustainability briefing in Mainland China to promote our policies and philosophy and explained USI's ESG requirements for suppliers and shared future goals. A total of 342 supplier partners attended the online sharing session. We also held 25 Executive Business Review (EBR) meetings with material suppliers, 47 suppliers were mentored to implementation of corrective actions and 19 new product and technology presentations.

Communication Channel/Frequency	2022 Performance
Governments	**Focus Issues:** Occupational Health & Safety, Social Involvement, Talent Attraction & Retention, Business Ethics, Customer Relationship Management
▸ Official document (non-periodic) ▸ Governmental agencies briefings/public hearings/ seminars (non-periodic)	▸ Actively participate in briefings/public hearings/seminars held by competent authorities.
Industry Unions/Associations	**Focus Issues:** Energy Management, Air Pollution Control, Data Privacy, Climate Change, Waste Management
▸ Industry conferences (non-periodic) ▸ Industry Union/Associations conference forum (non-periodic) ▸ Member meeting (non-periodic)	▸ Actively participate in conferences or forums held by Industry Unions or Associations. We participated in 37 external organizations. ▸ Through the collaboration between USI University (USIU) with partner manufacturers' associations, public associations, and universities, and with the internal lecturers cultivated by the Company, we share our own experience, knowledge, or the latest technology trend of the industry to the relevant people and students, with a total of 16 sharing sessions held. ▸ Publish operating results and development direction periodically.
Communities (NGOs and the Media)	**Focus Issues:** Air Pollution Control, Waste Management, Social Involvement, Talent Attraction & Retention, Energy Management
▸ USI Website/Email/Direct line/Press release (all the time) ▸ Community activities (non-periodic)	▸ Draw up environmental protection, occupational safety & health (ESH) Standard Operation Procedure and measures of environment safety communication, consultancy, and participation. Keep friendly relationships with community residents. ▸ Actively participate in social activities and establish a good relationship with the local communities we operate in. Held 63 philanthropic social activities.



Operations and Governance

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

CNY **68.5** Billion Record High Sales Revenue

Included in **SSE Corporate Governance Index**

CNY **3.06** Billion Net Profit

A-level Rating of Information Disclosure in the SSE

Received **2022 Board Office Best Practices Award**

SDGs ▶ 8 DECENT WORK AND ECONOMIC GROWTH | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Key Stakeholders: Shareholders/Investors/Banks, Governments

Sustainable Issue Performance and Targets

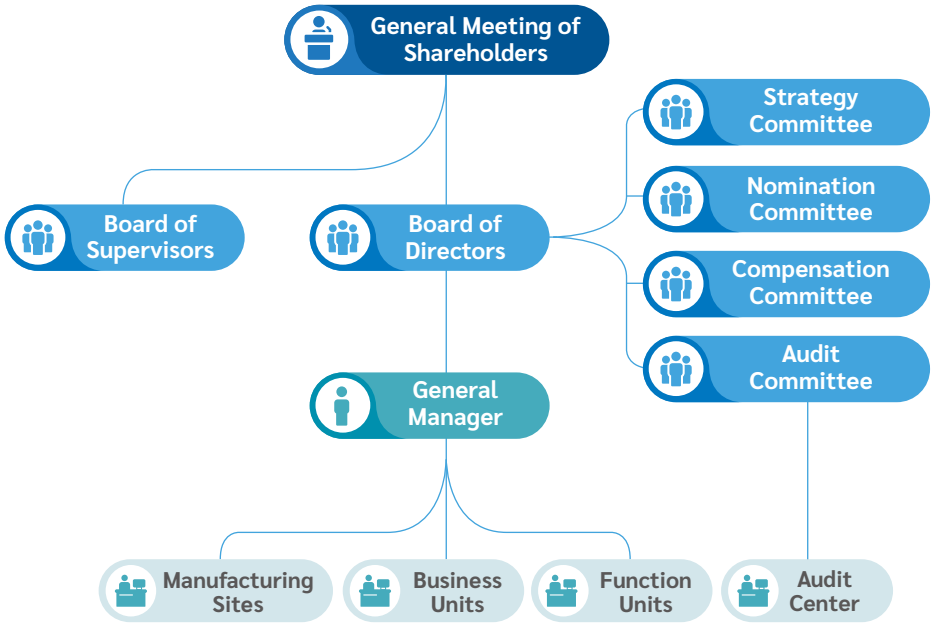
Material Issue | Achieved | Not Achieved

Management Purpose	KPI	2022 Target	2022 Performance	Status	2023 Target	2027 Target
Business Ethics	**Management Approach:** Implement the related policies and specifications of business ethics, continue to promote policies and training courses to reflect business ethics in daily operations **Evaluation Mechanism:** Arrange Sunshine Behavior Policy advocacy and Business Ethics training courses and ensure employee training completion rate					
Prevent corruption and bribery	▸ USI Employee Sunshine Behavior Policy or Code of Conduct training completion rate	▸ 100% completion rate of USI Employee Sunshine Behavior Policy or Code of Conduct training	▸ 100% completion rate of USI Employee Sunshine Behavior Policy and Code of Conduct training	✓	▸ 100% completion rate of USI Employee Sunshine Behavior Policy or Code of Conduct training	▸ 100% completion rate of USI Employee Sunshine Behavior Policy or Code of Conduct training
Cybersecurity Management	**Management Approach:** Strengthen USI employee's awareness of the Company's and customer's information asset protection responsibilities, construct a safe and convenient information network environment to protect employees from internal and external cybersecurity threats **Evaluation Mechanism:** Arrange Cybersecurity courses for employees, track and follow up the completion rate					
Establish a holistic cybersecurity system and ensure its effectiveness	▸ USI Cybersecurity training completion rate	▸ 90% completion rate of USI Cybersecurity training	▸ 100% completion rate of USI Cybersecurity training	✓	▸ 90% completion rate of USI Cybersecurity training	▸ 100% completion rate of USI Cybersecurity training
Corporate Governance						
Realize sustainability by corporate governance improvement	▸ Included in the SSE Corporate Governance Index	▸ Continue to be included in SSE Corporate Governance Index	▸ Included in SSE Corporate Governance Index	✓	▸ Continue to be included in SSE Corporate Governance Index	▸ Continue to be included in SSE Corporate Governance Index
Business Continuity/Enterprise Risk Management						
Achieve sustainable targets through risk management	▸ Obtain ISO 22301 certification	▸ Obtain ISO 22301 certification in Nantou Facility	▸ Obtained ISO 22301 certification in Nantou Facility	✓	▸ Implement ERM to Huizhou Facility	▸ Implemented BCMS to major Facilities

Board Governance

The USI's Board of Directors candidates are nominated according to Articles of Association of USI, and voted by the Shareholders' Meeting. Each Board Director's term is three years. Currently, USI's Board of Directors is composed of 9 directors, with three independent directors. Independent director candidates are required for the attitude of independence. Jeffrey Chen serves as Chairman of the Board. The responsibilities of Chairman are to supervise the execution progress of Board resolutions and exercise the authorities of legal representative. Board of Directors shall exercise its authorities according to laws, administrative regulations, department rules or articles of the company. Material events must be deliberated and voted by directors after full discussion. But if the events are out of the authorization to Board of Directors, it should be submitted to Shareholders' meeting for deliberation and approval. The Company holds at least two board meetings every year. There were 6 board meetings in 2022 with a 100% attendance rate.

Board Structure



Board Diversity

USI made Board of Directors Diversity Policy. Selection of candidates will be based on a range of diversity criteria, including but not limited to gender, age, nationality, culture background and ethnicity. The directors are assigned to different committees according to their expertise to enhance corporate core competitiveness, increase the efficiency and quality of major investment decisions, implement diversity policy, as well as perfect the corporate governance structure.

Board Committees

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

The members of special committees shall all be directors. The number of independent directors in the Audit Committee, Nominating Committee, and Compensation Committee shall be in the majority, and the independent directors shall be the conveners of those committees. The convener of the Audit Committee shall be a professional accountant. The members of the Strategy Committee shall include at least one independent director.

Audit Center

Audit Center is subordinate to the Audit Committee. The employment of the head of auditing must be approved by half of the board members. A full-time head auditor is established, and auditors are established in major facilities as well. Group Internal Audit establishes a risk-based internal audit system and performs internal audit activities in accordance with the annual audit plan approved by the board of directors.

Internal Audit Process

Audit strategy	The regular audit is practiced based on the annual audit project decided by the board of directors; a special case audit will be practiced if needed. The goal is to prevent possible shortages from the internal control system and present improving suggestions. Besides, the Audit Center urges all departments to practice self-examination and assessment to evaluate the rationality and effectiveness of the outcomes. The Audit Center will produce an auditing report after the auditing activity performed. The compiled report will be submitted to the board of directors as the realization of the Company's governance spirits.
Range of audit	All operations and management of finance and business are included. According to related regulations, there are eight divided circles plus information circle and financial reporting flow responsible for respective audit.
Object of audit	All institutes and legal branches around the world of USI.

Continuous Education for Board Members

To expand board members' competencies, USI arranges training courses that cover corporate governance and sustainability for board members in hopes that they will incorporate the spirit of sustainability in steering USI corporate policy. In 2022, board members completed 121.51 hours of training.

Course Name	Hour(s)
Online training for directors and supervisors of listed companies in Shanghai in 2021	67.65
Special training on new judicial interpretation of securities misrepresentation and legal risks of listed companies	2.83
Special training on shareholding reduction for shareholders, directors, supervisors and executives of listed companies	1.20
The third follow-up training for independent directors of listed companies in 2022	20.00
Global anti-corruption development trends & elements for USI anti-corruption compliance program	4.50
Special training on governance of listed companies	5.33
The fifth follow-up training for independent directors of companies listed on the main board in 2022	20.00

Board Participation in Sustainability Governance

Three USI Board Members, namely, USI President C.Y. Wei, USI Chairman Jeffrey Chen, and ASEH Chief Administration Officer Dtuang Wang, have roles in our sustainable governance. USI President C.Y. Wei acts as the Chair of Sustainability Committee, and the other two board members are members in the ASEH Corporate Sustainability Committee. Their participation in the Sustainability Committee can provide suggestions on ESG performance and targets, and it can also strengthen the relationship between the Board and sustainability strategies. Each year, the Sustainability Committee submits the annual ESG Report to the board of directors, and a series of discussions and plans will be carried out by the board of directors regarding our implementation of Corporate Social Responsibility activities.

Board Performance and Compensation

USI established an evaluation and incentive mechanism to measure the performance of directors and senior officers respectively. Board of Directors will submit Working Reports, and Compensation Committee will draft a compensation proposal according to achievement rate of annual profit and operating targets, and link to sustainable targets of material issues by duty requests, such as energy intensity, GHG emissions. The proposal is generated after considering about industrial salary level and company status, and interlinking the business operator's annual salary, company asset, profitability, and business goals. It is expected to enhance operator's positivity, perfect the mechanism to select the superiors and strengthen goal constraint. For further details of Compensation of Directors, Supervisors and Senior Officers, please refer to Section 4 of the 2022 USI Annual Report.

Conflict of Interests Management

According to the Company Articles, any corporations related to the matters in the resolutions made in the director meetings and board meetings shall not vote on such resolution or exercise the right to vote on behalf of other directors. In the deliberations relating to connected transaction at a general meeting of shareholders, any connected shareholder shall abstain from voting. The voting result of non-connected shareholders shall be fully disclosed in the public announcement of the resolutions of the general meeting. USI has 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 periodically updates on our Investors Relations website to maintain a long-term, stable, and harmonious relationship between the corporation and investors. USI held 2 Shareholders meetings in 2022; shareholder representatives passed resolutions of Directors and Supervisors and financial proposals in accordance with the laws. Please refer to Section 10 of the 2022 USI Annual Report for related party transactions.

Business Ethics and Compliance

Business Ethics

USI adopts a zero-tolerance attitude with the violations of fraud behaviors. To make sure employees do not have fraud or illegal profit exchanges with related institutes, USI employees must put more emphasis on incorruptible deeds. In employees' working regulations, they are required not to engage in activities for personal gain with their authority. USI has drawn up a Code of Business Conduct and Ethics and a Privacy Policy to be the business dealing standards of company employees, business partners and other stakeholders. Participating in the political process through donations is prohibited in the Code of Business Conduct and Ethics. In 2022, USI did not make any political donations.

Promotion and Training

To ensure that employees understand and comply with the USI Employee Code of Conduct, Fraud Risk Management Procedure and The Rule of Punishment for Fraud in the Sunshine Act. Except the newcomers are given related training courses, all employees need to finish the required reading and pass the quiz every year. All records are listed as tracking list to ensure the course of Employee Code of Conduct has been finished by each employee. In 2022, 100% of board members got anti-corruption compliance program. Furthermore, the Sunshine Conduct Policies have been conducted to employees regularly to remind them of relevant corporate regulations and strict observance of rules. And the Sunshine Conduct is also announced to suppliers every year. Once the violations of the Sunshine Conduct Policies have been verified to be true, the punished personnel must return unjustified enrichment to compensate company's losses, and their bonus, performance appraisal and promotion will be restricted according to the degree of negligence.

Risk Assessment

After identified and assessed by risk management process in 6 major facilities [(1)] in 2022, Fraud was identified as a low risk and controllable item, so there were no important corruption cases required for corrective actions.

Grievance Mechanism and Whistleblowing Protection

Stakeholders can feedback or appeal through meetings, e-mail or Contact USI in USI website. Company provides the fraud notice mailbox for all employees and outsiders to report any integrity-related improper or suspected illegal practices. Reporting with name or anonymous are both accepted. The Company shall follow Code of Business Conduct and Ethics to do due diligence to investigate all reported cases and keep confidential of reporters in accordance with the laws to ensure safety of reporters and no threat or damage to reporters' rights and interests.

Ethics mailbox ethics@usiglobal.com

Regulatory Compliance

USI has devoted to maintaining the corporate image for years and strictly complied with national or international laws and regulations related to corporate governance, financial management, intellectual property, green environmental protection and safety rules, labor rights, and fair market competition. We also cherish customer value, rights, and interests. 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 2022, no violations resulting in a significant penalty [(2)], antitrust or other non-economic punishment occurred. And we did not use collected personal data for any secondary purposes other than the specific purposes for which the personal data was first collected, and there were no incidents of infringement of customer privacy rights, and no incidents of customer data leakage.

Reporting areas	Number of breaches in 2022
Corruption or Bribery	0
Discrimination or Harassment	2
Customer Privacy Data	0
Conflicts of Interest	0
Money Laundering or Insider Trading	0

Note:
1. Six major facilities are the report scope of this ESG Report
2. The definition of significant penalty is sanctions over CNY 67,000 (USD 10,000)

Financial Performance and Tax Governance

Financial Performance

The global supply chain was highly impacted by COVID-19, material shortages, and supply chain transfer. However, USI achieved superior business performance for stakeholders. In 2022, USI reported consolidated sales revenue of CNY 68.53 billion with an increase of 23.93% comparing with 2021. The earnings per share were CNY 1.4 and dividend remittance was CNY 566,586,797, accounting for 0.83% of revenue. The data scope in this section includes USI global operation locations, for more details, please refer to the ESG Key Performance Data - Governance: Financial Performance, or Financial Information on the USI website.

Tax Governance

USI established tax policy to organize tax governance and follow tax laws of global operation locations, we believe that being an honest and responsible taxpayer fosters economic growth and contributes to long term business sustainability.

The Company focused on tax risk management and included Tax Report to be one of the risk assessment items. The Chief Financial Officer must approve and supervise tax policy compliance, and financial staff must take taxation training courses to prevent any risks from uncertain tax regulations. USI obtained a standard unqualified audit report in 2022, please refer to the Important Notices of the 2022 USI Annual Report for related information.

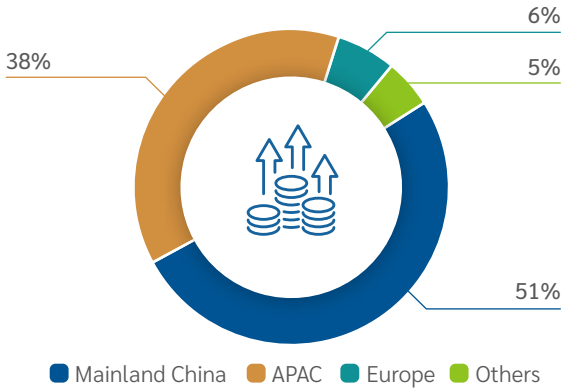
Our principal operating facilities and offices are in Mainland China and Taiwan. Therefore, a large proportion of operating revenue and profit before income tax is accounted by business activities conducted in Mainland China and Taiwan, which contributed around 90% of income tax expense and income tax paid. The statutory tax rates in Mainland China and Taiwan are 25% and 20% respectively. Mainland China Facilities qualified as high-technology enterprises, and thus were entitled to a reduced income tax rate of 15% and were eligible for weighted deduction of research and development expenses. Additionally, Nantou Facility was also qualified as industrial innovation enterprise and thus entitled to reduce research and development before income tax. The effective tax rates in Mainland China and Taiwan were 9% and 19% respectively in 2022.

Tax Policy

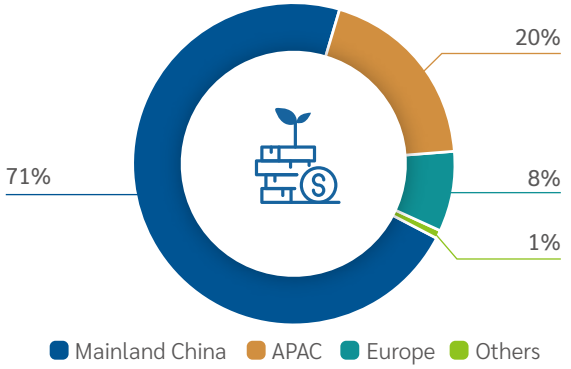
1. Comply with all applicable tax laws and regulations of all countries in which we operate and duly reporting and paying all necessary taxes in a timely manner.
2. Take both short term and long-term tax impacts into consideration when making major business decisions.
3. Be transparent and disclose tax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

Please refer to the charts below for the 2022 income tax accrued and income tax paid by operating regions [1]:

Income Tax Accrued



Income Tax Paid



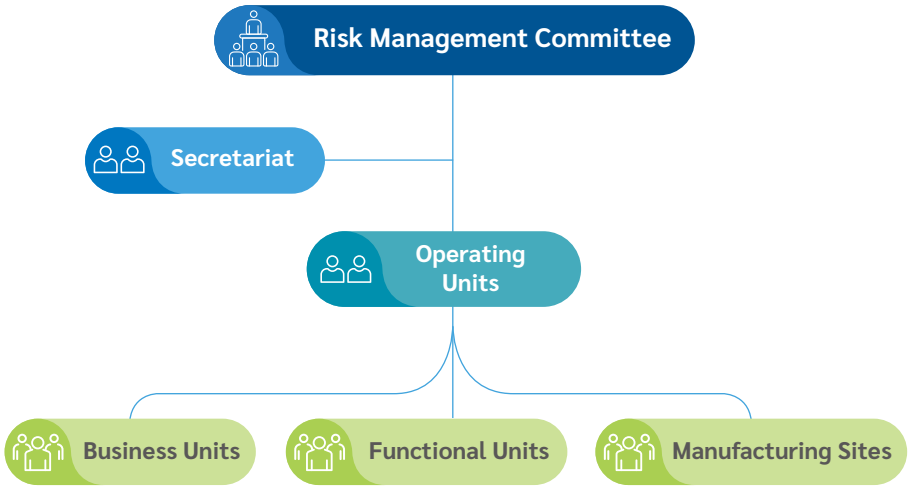
Note:
1. APAC: includes Taiwan, Hongkong, Vietnam and Japan; Europe: includes France, Germany, UK, Czech, Poland, and Tunisia; Others: includes Mexico and the U.S.A.

Enterprise Risk Management

Risk Management Committee

To ensure sustainable business achievements, USI organized a Risk Management Committee to execute annual risk management activities according to business environment, industrial trend, and company operations. The Company COO (Chief Operating Officer) acts as the Chair, committee members are representatives chosen from Vice Presidents of business units, functional units, and manufacturing sites. The operating units of Risk Management Committee should investigate the internal and external risk factors, evaluate the risk levels, and inspect the effectiveness of activities. According to evaluation of risk level, the committee takes the responsibilities to adopt countermeasures and ensure the risk management policy can be executed by each operation unit. Committee secretariat will track the targets of risk management activities from each operating unit. And the achievements will be presented to Vice President of Risk Management unit.

For the purpose of cultivating risk awareness, USI arranged training courses for board members, and held Risk Management Introduction for Mainland China and Taiwan employees by online course in 2022. It is expected to reduce crisis through risk prevention and monitoring process.



Risk Governance Policy

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

Risk Governance Process

Identification

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

1

Risk Assessment

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

2

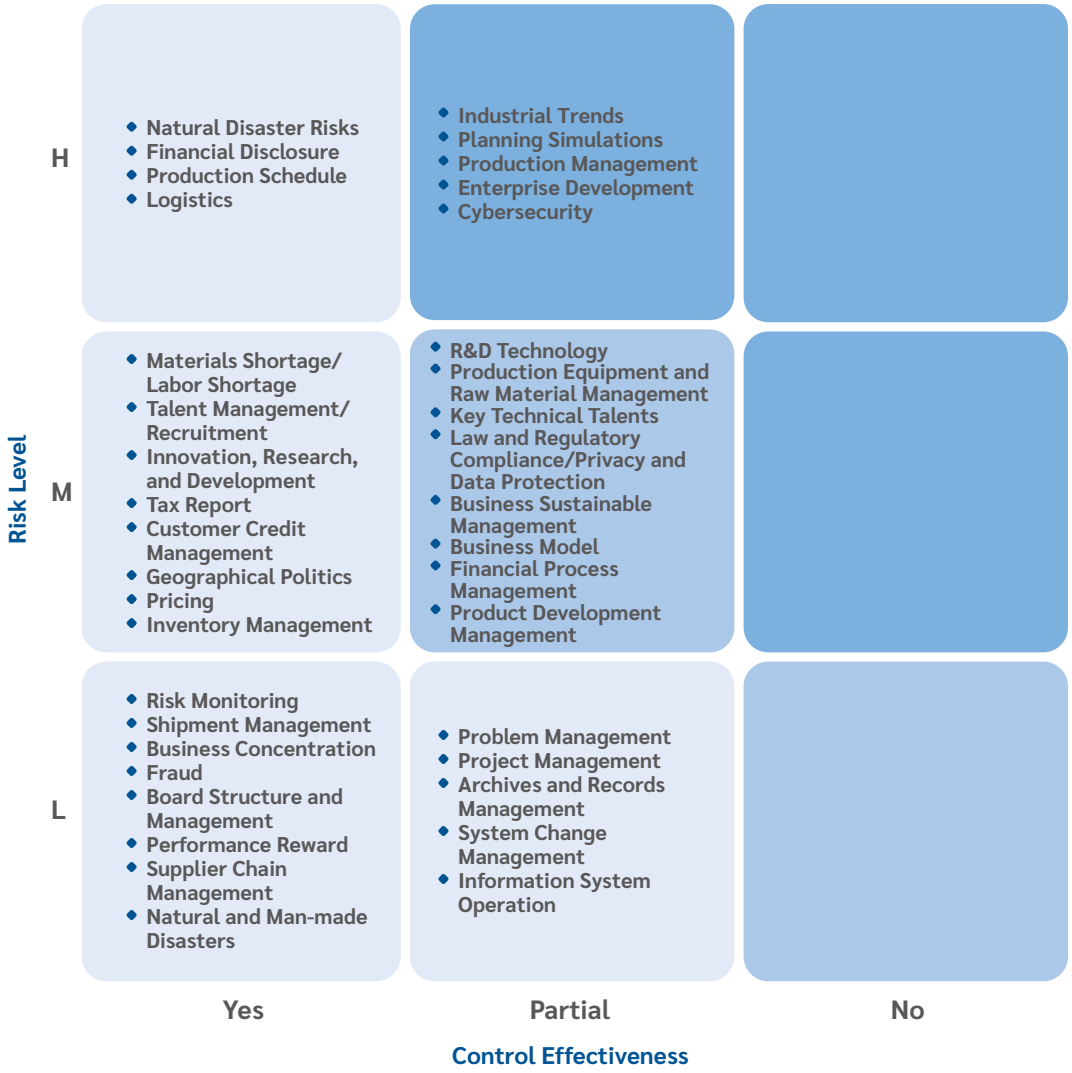
Risk Response

Find out and evaluate countermeasures and corrective actions to control risks that include:

- Implementation cost and resources
- Feasibility and possible benefit
- Proposal lead time and schedule planning

3

Risk Assessment Matrix



In the phase of risk assessment, USI will identify the risk level by frequency occurred, and evaluate the enterprise risk impact levels from the dimensions of finance, reputation and continuing operations. Comprehensive both of risk impact level and frequency of occurrence, we will refer to the control effectiveness criteria to scale our existing controls and countermeasures, and decide whether an action plan needs to be developed. If the risk level is low, we will keep tracking the control effectiveness. But if the risk level is moderate, we need improve the controls or countermeasures. Once the risk level is high, we will take an immediately action, confirm the action owner and schedule to track the improvement progress periodically.

After evaluated the risk tolerance level of information technology by risk governance process, its risk level was high. To face this high risk, USI immediately made corrective actions to concentrate resources to improve capabilities of information security team, enhance employees' safety awareness and emergency response capabilities, and cooperate with cybersecurity consultants to strengthen information security level. We followed ISO 27001 guideline to grade information security incidents which were reviewed by Information Security Steering Committee and established tolerable downtime of critical system. According to the notification standards of operational and reputational impacts to set up risk team and adopt countermeasures to prevent the expansion of damage.

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

Every year, USI performs sensitivity analysis on financial risks that include interest/exchange rates risks. And we also review company's exposure to operational risk, market risk, climate change risk, water regime risk, regulatory compliance risk and strategic risk.

2022 USI Risk Assessment Countermeasures [1]

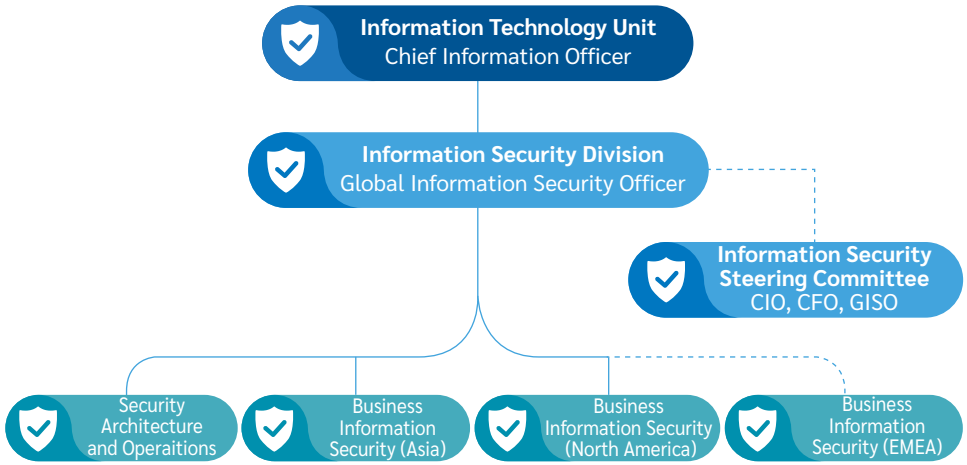
Risk Category	Risk Factor	Risk Situation	Countermeasure	Corporate Chance
Emerging Risk	Regional Politics	Regional conflicts will impact global commodities and energy prices, and drag economic recovery from global inflation to increase business and investment risks	1. Evaluate macro-economy, industry trend and emerging risk. Keep interactions with stakeholders. Adopt action plans to enhance company core competence and operation resilience 2. Adjust manufacturing sites and business allocation to reduce regional supply chain impacts from trade friction and epidemic; through business growth and merger to enhance the market placement of non-Mainland China areas 3. Continue to enhance supply chain management and risk identification; through corrective actions and progress tracking to ensure supply chain resilience and sustainability. And adjust purchasing strategies according to regionalization trend	1. Cooperate with customers to flexible adjust production facilities and improve products and services value 2. Enhance manufacturing strategy in non-Mainland China areas and convert local resources to be competitive advantages; strengthen company global manufacturing service capability 3. Aggressively develop and build local suppliers' capability to achieve a win-win situation
	Short Supply Chain Competition	Supply chain has been impacted by COVID-19 and natural disasters, the production lines are facing the risks of manpower shortage, unstable logistics and key parts shortage, that will result in production interruption and lost competitiveness	Develop local suppliers to response the trend of regional supply chain. Enhance global manufacturing layout through merger and strategic cooperations	Through external competitive analysis to understand industrial trend and company's strength and weakness. Plan operation strategies and enhance company's advantages to keep competitiveness

Note:
1. The focused items are the risk factors integrated by ASEH. Please refer to the 2022 USI Annual Report Risk Management: Section 3: (IV) Possible Risks

Risk Category		Risk Factor	Risk Situation	Countermeasure	Corporate Chance
Strategy and Planning	Corporate Social Responsibility	Climate Change	Ignore the sustainable operation threats from climate change risks	1. Incorporate climate risks into the ERM process 2. Collaborate across departments to identify climate-related risks/opportunities along the value chain, assess financial impact and develop countermeasures to manage them using Mitigation and Adaptation methods 3. Identify short, medium, and long-term climate change risks and opportunities. Assess risks and opportunities based on different climate scenarios 4. Set climate-related performance indicators and quantitative targets; regularly track progress, and disclose to the public without concealing information 5. Set a long-term goal for Net-Zero Carbon Emissions in 2050	1. Announce our goal of achieving net zero carbon emissions by 2050 and continues to implement climate change and energy management, water management, waste management and air pollution prevention to help customers produce energy-saving and carbon-reducing products 2. Present our efforts and results in response to climate change through a systematic disclosure framework, further raising awareness of climate crisis, formulating relevant mitigation plans and measures, accelerating the implementation of risk control and climate change mitigation actions, strengthening our operating sustainability management capabilities, and moving towards sustainable corporate development
Operation and Infrastructure	Information Technology	Cybersecurity	1. Lack cybersecurity awareness 2. Leak system account or password 3. System is locked by hacker or data loss 4. System is crashed by unfixed system vulnerabilities	1. Hold regular cybersecurity training courses for employees 2. Two-factor authentication 3. Regular backup & offsite backup 4. Regular vulnerability assessment and remedy system vulnerabilities	1. Enhance all employees' cybersecurity awareness 2. Upgrade system safety level and assure corporate reputation 3. Train the employees' resilience to reduce the hazard impacts
	Human Resource	Succession Plan and Recruitment	Operating risk from imperfect cultivation of the talent team and management mechanism	1. Build key successor system: (1) Regular inventory the requirements of key positions (2) Make succession development plans and provide resources (3) Systematized talent database for ongoing regular tracking 2. Build Talent development scheme: the development plans of succession talents and potential talents	1. Ensure corporate sustainable development through a successor system, and prevent business impact from unexpected changes in personnel 2. Implement talent development mechanism to ensure the successors have the capability to perform key responsibilities 3. Provide diversified development resources to potential talents, increase development opportunities, and focus on individual development requirements to improve the potential talents' retention rate

Cybersecurity Management

Effective cybersecurity management is fundamental to all operations. To ensure we have consensus of cybersecurity goals, USI set up a committee to boost cybersecurity awareness. The committee members are composed of CIO, CFO, GISO, Vice Presidents or Division heads level above, CIO shall report to Senior Vice President of Administration Group. Under the committee, there are information security representatives to assist the Information Security Committee in implementing cybersecurity affairs. Dtuang Wang, ASEH CISO (Chief of Information Security Officer), has role in USI board and Information Security Steering Committee member. He joins the strategies making together to reach cybersecurity targets. USI obtained ISO 27001:2013 Certification in 2020 and the cybersecurity management is further implemented in the USI Group.



Cybersecurity Goals

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

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

Cybersecurity Vision

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

Cybersecurity Advocacy and Training

USI has made Enterprise Network Cybersecurity Management Approach and introduced Threat Intelligence System to increase cybersecurity protection. Through regular announcement, employees are required to follow network cybersecurity regulations and use legal software. IT also irregularly practices Social Engineering (Phish Insight) to enhance employees' cybersecurity awareness. IT Department spot-checks illegal use of software, any illegal cases will be punished according to regulations. USI arranges an online training course to strengthen employees' cybersecurity thinking. All employees should take Cybersecurity courses and pass tests. Cybersecurity training completion rate was 100% in 2022.

To be a gatekeeper of company cybersecurity, IT members not only take professional training courses, but also need be certified to ensure the effectiveness of our cybersecurity organization can systematically solve cyber incidents. USI had no cybersecurity incidents in 2022.

Green Products and Innovation

With our core competitiveness as the industry leader, we grasp the smart manufacturing trend and actively enhance our eco-design capabilities, promote low-carbon product designs, improve product energy efficiency, and advance smart manufacturing projects. USI's Green Product (Clean Technology) Strategy of Modularization, Globalization, Diversification, Vertical Integration, and Smart Manufacturing responds to the SDGs and addresses climate change and energy resource reduction.

100 % Meet International Safety, Environmental Protection, Energy Saving Standards

1,501 Cumulative Number of Patents

CNY 415 Million Saved from CIP and Smart Manufacturing Projects

82 % Eco-design Product Revenue Ratio

22 GWh Product Energy Efficiency

1,316 Metric Tonnes Carbon Reduced from CIP Key Projects

SDGs ▶ 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION

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

Sustainable Issue Performance and Targets

Material Issue | Achieved | Not Achieved

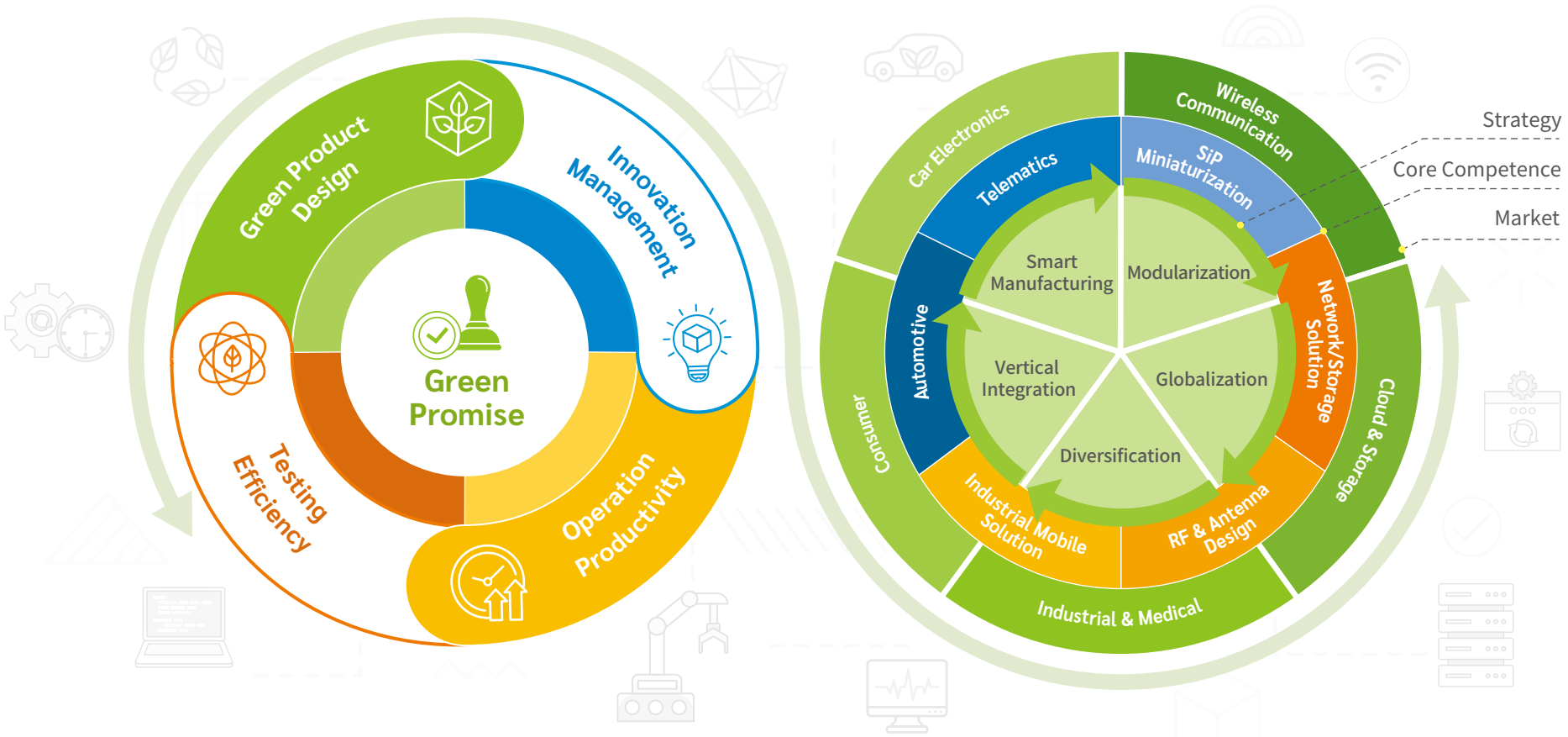
Management Purpose	KPI	2022 Target	2022 Performance	Status	2023 Target	2027 Target
Innovation Management & Sustainable Production	**Management Approach:** Launch green product specifications in compliance with the law, continue to research and develop innovations and process improvements, and focus on the deployment of patents to protect technological intellectual property rights, and set medium and long-term goals for sustainable products in response to sustainability trends **Evaluation Mechanism:** The Green Products & Innovation Taskforce coordinator will follow up on KPI targets quarterly. The Taskforce leader will conduct a semiannual performance review and report to the Chair and Vice Chair at the annual Sustainability Committee meeting					
Ensure green products manufactured and sold meet various stakeholder demands and strengthen competitiveness, increase revenue, and enhance corporate image through continuous improvement	▸ Meet international safety, environmental protection, energy saving standards	▸ 100% shipped products meet standards	▸ 100% shipped products met standards	✓	▸ 100% shipped products meet standards	▸ 100% shipped products meet standards
	▸ Sustainable design (for Mechanism)	▸ More than 80% of mechanical components use recyclable and reusable raw materials	▸ Recyclable and reusable raw materials accounted for 87% of mechanical parts	✓	▸ More than 80% of mechanical components use recyclable and reusable raw materials	▸ More than 80% of mechanical components use recyclable and reusable raw materials
	▸ Product carbon footprint inventory	▸ Promote 1 series of product carbon footprint inventory	▸ 100% completed 1 series of product carbon footprint inventory (total 28 products)	✓	▸ Keep promoting 1 series of product carbon footprint inventory	▸ Keep promoting 1 series of product carbon footprint inventory
	▸ Cumulative number of patents	▸ 1,471 patents	▸ 1,501 patents	✓	▸ 1,527 patents	▸ 1,672 patents
	▸ Smart manufacturing	▸ Reach 2.4 stars in the Industry 4.0 5-Star rating standard	▸ Introduced Industry 4.0 5-Star rating, and reached an average of 2.85 stars	✓	▸ Introduce Industry 4.0 5-Star rating, and reach an average of 3.2 stars	▸ 100% of the Industry 4.0 Facilities have become 5-Star lights-out factory
	▸ Continuous Improvement Program	▸ Cost saved accounted for 0.21% of revenue	▸ Cost saved accounted for 0.27% of revenue	✓	▸ Cost saved accounted for 0.21% of revenue	▸ Cost saved accounted for 0.21% of revenue

Green Products

Green Product Vision and Future

USI has five product categories: Wireless Communication, Cloud & Storage, Industrial & Medical, Consumer, and Car Electronics. Our vision for green products for the medium term lies in using miniaturization technology to vertically integrate SiP modules in our customers' products, promoting low-carbon design, energy efficiency, and environmental impact reduction. Additionally, we are investing in developing electronic products for electric vehicles to reduce CO_2 emissions and mitigate pollution.

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



Green Product Management

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

Following the strategies of green management and product eco-design, USI conducts annual third-party IECQ QC080000, ISO 14001, and ISO 14064-1:2018 management systems audits. Thus, USI can quickly respond to changes in international environmental protection laws. In addition, USI integrates and stipulates Standards for Green Environmental Protection Products to control hazardous substances in electronic components and products. And formulated our green product policy and four main aspects of green product eco-design.

Green Product Policy

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

Four Main Aspects of Green Product Eco-design

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

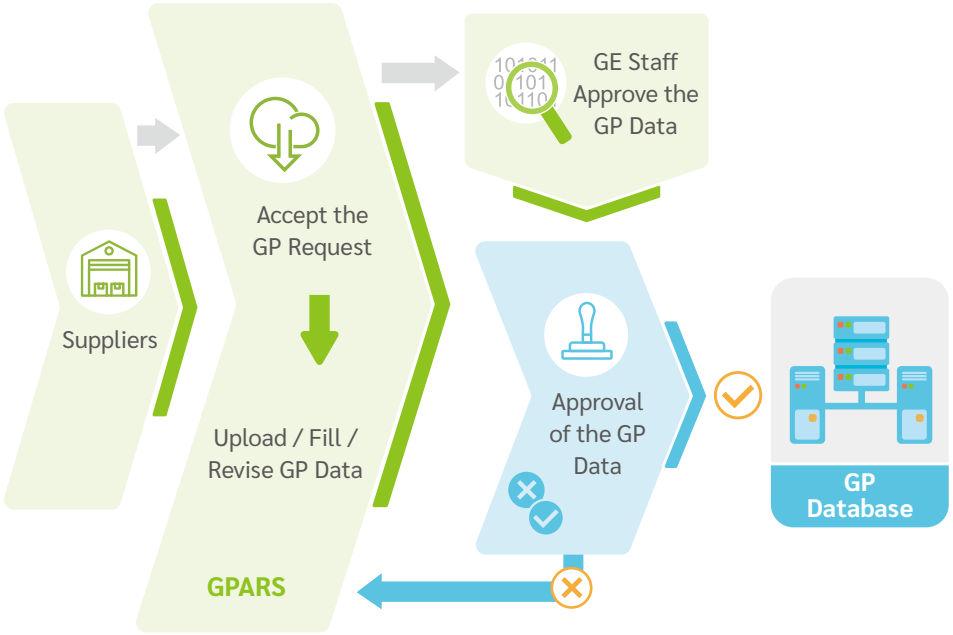
Green Supply Chain

USI designs green products that meet global regulations based on the four aspects of Green Product Eco-design, and constantly improves ecological design capabilities so products can meet current trends. As a principle, we Eco-Design products in the planning stages of product development. USI introduced a professional green value chain management platform Green Parts Aggregations & Reporting System (GPARS) and Green Parts (GP) database to manage the materials we use in our products and meet Hazardous Substance Free (HSF), RoHS [(1)], REACH [(2)], WEEE and USI Green Environmental Protection Products Requirements.

In response to the increase in global green product laws and the diversified customer requirements for green product standards, suppliers can refer to GPARS to learn about the latest green product specifications and conduct green parts certifications. Suppliers should also comply with the requirements of the Green Product Specifications set forth by USI. For substances without feasible substitutes at this stage, the Company has also formulated a Banned Substance Elimination Plan [(3~5)] and communicated this information to suppliers in the Annual Conferences, requiring suppliers to comply with the specifications and cooperate with the implementation of the Banned Substance Elimination Plan. In addition, suppliers must provide Environmental Hazard Non-Use Declaration and Safety Data Sheet (SDS) or material composition tables to ensure that the content of relevant controlled substances complies with company specifications.

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

GPARS System



Note:

1. To date, we have controlled over 300 chemical substances under the Green Product Specifications to ensure that our products are in compliance with RoHS European Union directives
2. In response to the announcement of adding the 28th batch of 9 Substances of Very High Concern (SVHC), the candidate list of REACH has been extended to 233 substances
3. Ban the use of the three substances Indium Phosphide, Nickel Sulfate, and Nickel Amino Sulfate from 01/01/2023
4. Tetrabromobisphenol-A and Medium-chain Chlorinated paraffins the threshold below 1,000 ppm after 01/01/2023, and ban their use according to the EU announcement date
5. According France's Regulatory announcement date to banning use of mineral oil in packaging items and documents
   - I. Mineral oil aromatic hydrocarbons (MOAH) (From 1 to 7 aromatic cycles)
     - The threshold below 1% after 01/01/2023
     - The threshold below 0.1% after 01/01/2025
   - II. Mineral oil aromatic hydrocarbons (MOAH) (From 3 to 7 aromatic cycles)
     - The threshold below 0.0001% after 01/01/2025
   - III. Mineral oil saturated hydrocarbons (MOSH) (From 16 to 35 carbon atoms)
     - The threshold below 0.1% after 01/01/2025

Hazardous Substance Free (HSF) Management

We follow the IECQ QC080000 Hazardous Substances Process Management System Standard and establish green parts/material management and control procedures to meet HSF standards. The main management requirements are as follows (for a partial list of banned substances and requirements, please refer to the Sustainability Data - Environmental F. Partial Selection of Restricted Environmentally Hazardous Substances Contained in Products table):

Directive	Control Requirements
EU Directive - RoHS	▸ RoHS directive was officially implemented on July 1, 2006. It mainly regulates the material and technical standards of electronic and electrical products. To protect human and environmental health, it prohibits the use of lead, mercury, cadmium, hexavalent chromium, PBB, PBDE, DEHP, BBP, DBP, and DIBP in electronic products. (RoHS Directive includes (2011/65/EU) and Amendment Directive (EU) 2015/863).
EU Directive - REACH	▸ REACH is a statutory ordinance that compulsory registration, evaluation, permitting, and monitoring of chemicals entering the EU market, which came into effect on June 1, 2007. The bill raises the quality requirements and entry barriers for products from different countries and regions to enter the EU. ▸ For SVHC in REACH, suppliers must confirm all provided components, non-BOM and packaging materials, and report back to USI via GPARS or questionnaire methods for any SVHC substances at/or above the 0.1% weight by weight (w/w) concentration. For the current SVHC candidate list, please visit ECHA. ▸ The chemical substances restricted in REACH regulations are REACH Annex XVII hazardous substances. USI requests suppliers must confirm all provided components, non-BOM and packaging materials, and ban the use of Annex XVII list of dangerous substances. For detail conditions of restriction, please refer to Annex XVII (amended directive) content. For the current Annex XVII list, please visit ECHA.
California Proposition 65	▸ California Proposition 65, officially known as the Safe Drinking Water and Toxic Enforcement Act of 1986, was enacted as a ballot initiative in November 1986. The proposition protects the state's drinking water sources from being contaminated with chemicals known to cause cancer, birth defects or other reproductive harm, and requires businesses to inform Californians about exposures to such chemicals. USI supplier must confirm all provided components, non-BOM and packaging materials, and report back to USI via GPARS or Questionnaire methods for any containing hazardous substances. For the current Proposition 65 list, please visit OEHHA.
Toxic Substances Control Act（TSCA）	▸ The Toxic Substances Control Act (TSCA) is a U.S. law that was implemented by the U.S. Environmental Protection Agency (EPA) in 1976. The law regulates the introduction of new or existing chemicals. The main goal is to evaluate and supervise new commercial chemicals before they enter the market, to regulate the chemicals that existed in 1976 and pose unreasonable risks to health or the environment and regulate the distribution and use of these chemicals. ▸ TSCA prohibits the production or import of chemicals that are not on the TSCA list or subject to exemptions. Chemicals listed in TSCA are called Existing Chemicals, while chemicals not listed are called new chemicals. Manufacturers must submit a pre-manufacturing notice to the EPA before manufacturing or importing new chemicals for commercial use. USI suppliers must confirm and reply whether the materials provided contain hazardous substances controlled by TSCA through questionnaires. For the current TSCA control list, please visit the EPA website.

Product Compliance

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

USI also developed a Chemicals Management Procedure to assess and prevent risks that may arise whenever we introduce a new chemical into our production process as detailed in the Occupational Health and Safety section.

USI Products Compliance with Directives in 2022

Green Products Directive	Percentage of USI Products within the Directive					
	Automotive Electronics and Wireless & Wearable Miniaturization Product	Intelligent Connectivity Product	Specific Application Product	Advanced Mobile and Miniaturization Product	Advanced Low-Cost Module Manufacturing Product	Visual Product
EU RoHS	100%	100%	100%	100%	100%	100%
Halogen Free (HF)	7%	11%	38%	100%	100%	97%
China RoHS	100%	100%	100%	100%	100%	100%

Our products undergo rigorous design review, such as modeling various usage scenarios in the early stages and addressing regulation deficiencies to strengthen product safety standards. With our Factory Inspection Mechanism [1], products are quarterly or annually audited by a third-party (ex. UL, TUV, CCC) to ensure user safety and compliance with relevant international and local laws and regulations. Electronic system products with safety certifications are all tagged with safety warnings and equipped with operation manuals. In 2022, we received zero complaints about products endangering human health and safety, and no product safety-related violations were found.

To meet the Americans with Disabilities Act Standards, we established designing guidelines and testing procedures for home/building security and retail IoT products. In the future, we will integrate charging/power supply safety certifications to meet the electric vehicle market and provide safe and high-quality products for our customers.

USI System Products Compliance with Safety Regulations in 2022

Percentage of USI Products within the Regulations	Safety Regulations			
	UL 60950-1 / 62368-1	EN/IEC 62368-1	CNS 14336.1	GB 4943.1
Intelligent Connectivity Solutions	81%	93%	70%	56%
Specific Application Product	-	100%	-	-

Note:

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

Promoting Green Design

Since 2016, USI has been holding Technology Forums to cultivate and improve the design capabilities of R&D personnel. The forum covers new knowledge and internal applications in miniaturization/packaging technology, Wi-Fi technology, testing technology, reliability testing, mechanism design, hardware design, and smart manufacturing. R&D personnel or employees interested in related topics can converge and exchange latest technological application insights through this platform. We have also expanded the forum from one-day to a two-day event starting in 2020 and invited Dr. Li-Chun Wang and Dr. Hong-Han Shuai from the National Yang Ming Chiao Tung University as keynote speakers to provide advice on the development of USI projects. At the same time, USI has added an Intelligence Express column to our Newsletter so that employees who are unable to attend the events can learn new technologies and applications in our regular publications or bulletins to enhance their technical knowledge.

USI R&D personnel have ecological design capabilities and continues to implement green concepts and clean technology into their projects, which allows us to sell environmental-friendly products around the world. According to the Design for Environment (DfE) operating procedures, USI not only considers potential environmental impacts in the design phase, but also confirms product specifications with Project Managers and customers to meet the requirements of Energy Star and ErP, as to meet a range of environmental factors, such as material use, energy saving and CO_2 reduction, efficient use of water resource, pollutant emission, resource wasting and recyclability, in order to minimize negative impacts to our environment during the product life cycle.

A green product with clean technology needs to comply with two or more green products ecological design standards to improve energy efficiency and reduce environmental pollution. In 2022, green products accounted for 24.6% of USI's revenue, down 8.2% from the previous year due to the discontinuation of older products and lack of mass production of new ones.

Furthermore, in response to the miniaturization technology promotion of green product strategy and evolving product characteristics, the calculation basis of eco-design was readjusted. Although the proportion of total revenue declined, the proportion of electronic waste recycling and eco-design of slim and light products increased significantly, and the total economic benefit of material recycling increased 3.45 times compared to 2021, please refer to the Sustainability Data - Environmental E. Materials Recycled and Reused table. In the future, we will continue to promote and invest in R&D to increase the proportion of clean technology and eco-design.

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

Green Product Category [1]	Percentage of Revenue in 2022
Communication Product	21.8%
Industrial & Automobile Electronic Product	0.4%
Consumer Electronics & Cloud and Storage Product	2.4%
Total	**24.6%**

Performance of Eco-designed Products

Category	2019	2020	2021	2022
Energy Star Compliance Rate	100%	100%	100%	100%
WEEE Compliance Rate	100%	100%	100%	100%
RoHS Compliance Rate	100%	100%	100%	100%
Energy Efficiency (Product Revenue Ratio)	34.4%	38.6%	45.9%	11.2%
Electronic Waste Recycling (Product Revenue Ratio)	9.2%	6.3%	5.2%	13.2%
Light and Compact (Product Revenue Ratio)	39.0%	41.6%	41.0%	58.0%
The Proportion of Total Revenue	**82.6%**	**86.5%**	**92.1%**	**82.4%**

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

In our product energy-saving evaluation, USI's eco-design products saved 22,023 MWh, equivalent to reducing 14,191 metric tonnes of CO_2 and accounting for 10.14% of USI's total revenue.

Product Energy Efficiency Evaluation

Product Category	Communication	Consumer Electronics	Cloud and Storage	Industrial	Automobile Electronic	Total
Energy Saving in 2022 (kWh)	684,542	39,420	4,324,796	13,300	16,960,801	**22,022,859**

To intensify the promotion of green products, USI established the Green Design Innovation and Invention Patent Incentive System at the end of 2017. We give weighted scores to green-related designs to encourage a green and innovative corporate culture and facilitate green design proposals. In 2022, green products were designed based on the four main aspects of green product eco-design and four directions of green promise, the results of green-related design are as follows:

USI's Green Design in 2022

Product Design Aspect	Key Features	Performances
Choice of raw materials or components that have a lower environmental footprint	▶ Miniaturization design	▶ Reduced raw material usage by a total of 5,664 kg in the annual shipment of miniaturized products • In terms of optimal circuit design, CAD reports are used to optimize the layout of components and wiring, reducing the use of capacitive/resistive components by up to 11.5% • The antenna design for wearable devices continues to replace existing parts with small, slim, and lightweight parts, and the modular design saves up to 56% of the material area for the reference circuit board area
	▶ Hazardous Substance Free management	▶ 100% met RoHS environmental protection requirements
Direct operations, production & manufacturing	▶ Reduction waste	▶ Improved shared specifications by using the same size shield, thus reducing the use of mold material by up to 75%
	▶ Product testing operating efficiently	▶ Streamlined the product testing process and reduced testing lead time by up to 11% to reduce energy consumption in the production line
	▶ Manufacture CO_2 reduction and circular	▶ Facilities promote energy-saving schemes, which saved a total of 1,563 MWh of electricity and reduced CO_2 emissions by 960 metric tonnes ▶ We plan to recycle as much water as possible via improvement of equipment and technology, the process water recycling rate of 78.1%
Distribution, storage, and transportation	▶ Using recyclable and reusable packaging material	▶ USI recycled and reused about 30,000 plastic pallets, 10,000 wood pallets, 6.43 million trays, 150,000 partitions, and 350,000 recycling bins, reducing a total of 828 metric tonnes of waste
Use phase - operation and servicing/maintenance	▶ Improve energy efficiency	▶ The DC-DC conversion efficiency of the DC power supply of the server product is more than 90.4%
	▶ Energy efficiency regulations	▶ All internal power supplies complied with 80 Plus Titanium certification ▶ 100% in compliance with the California Energy Commission Appliance Efficiency Regulations (CEC), European Commission's Eco-design Directive (EU ErP Lot 3, Lot 26) and the latest regulations of the EU Code of Conduct Tier 2 (CoC Tier-2)
	▶ Energy-saving	▶ In our product energy-saving evaluation, eco-design products saved 22,023 MWh
End of life management	▶ Meet WEEE criteria	▶ Collaborated with customers and 100% met WEEE criteria in mechanical parts design ▶ 33,362 kg of recyclable and reusable materials were used in USI's annual shipments

Product Life Cycle Assessment

Life Cycle Assessment (LCA) means systemically analyzing the environmental impacts of a product or technology throughout its Cradle-to-Grave life cycle, from the acquisition and handling of raw materials, through manufacturing, transportation, sales, use and maintenance of the product, to its final recycling or disposal. Among different methodologies, the product carbon footprint is a life cycle inventory of carbon emissions generated at each stage of a product, which is converted into the sum of CO_2 equivalents, making the Product Carbon Footprint the best example of a Simplified Life Cycle Assessment (SLCA). Due to the variety of USI products offered, we have completed carbon footprint inventories for various products in phased stages. We intend to inventory at least one product series' carbon footprint each year and establish a consistent methodology to calculate product carbon footprints to meet customer green product needs. To expand facility capabilities, we have shared relevant knowledge and experience of green product integration development low carbon materials with other facilities. In 2022, USI products that have completed LCA accounted for 25.4% of our total revenue. This percentage includes USI's LCA environmental impact assessment and our customer's LCA evaluation of their end products (with USI components).

Since 2017, USI has inventoried the carbon footprint data of one product series by using SimaPro, IPCC 2013 100a, and ReCiPe 2016 to calculate ISO 14067 product carbon footprint and ISO 14045 eco-efficiency evaluations. This is used to explore the impact and damage of products in 18 environmental aspects, analyze the environmental impact of products at various stages and seek hot spots for improvement, and calculate the product eco-efficiency in terms of the value of the product or service and its impact on carbon emissions or the environment [(1)]. For example: about 90% of the carbon emissions came from raw materials and manufacturing processes. We also found that there are opportunities to further identify action items with development potential, including optimizing the optimal input quantity and cutting ratio in the use of raw materials to reduce excess consumption; increasing the amount of raw materials purchased locally to reduce distribution consumption; replacing aging machines to continuously save electricity in the manufacturing process; and cooperate with carbon inventory in the facility to analyze greenhouse gas reduction performance in the production and manufacturing, while also promoting the use of 100% renewable energy in the manufacturing facility, please refer to the Energy Management section. This experience is further utilized to establish more product projects and a more complete carbon footprint inventory to reduce environmental impact, achieve product responsibility and consumption, and realize the concept of low carbon footprint products.

Product Carbon Footprint Inventory Performances

Product Category	Product Name	Carbon Footprint [(2)]	Eco-efficiency Assessment/ Environmental Footprint	Emissions (Kg CO_2e/pcs)
Consumer	LCD Drive X Board			4.00
Consumer	LCD Drive XC Board			9.20
Communication	4G LTE Module			6.56
Industrial, Automobile Electronic	Digital Inkjet Printhead			31.07
Cloud and Storage	XnBay Smart Server			163.60
Cloud and Storage	USB-C Dock			290.36

Note:
1. Eco Efficiency ↑ = Product or Service Value ↑ ÷ Environmental Impact ↓
2. The various product carbon footprint certificate please refer to the USI website

Green Education

Besides implementing the green management internally, USI made stakeholders further aware of the importance of environment protection and applied the correct environmental concepts to various steps in production process (i.e., the product planning, raw material control and greenhouse gas emission reduction). We keep communicating with its employees, suppliers and contractors regarding our EHS-associated principles, knowledge, and requirements. The e-learning courses of green education were added to USI's internal training that informed the employees of GP-related regulations, requirements, operating procedures, and eco-friendly materials. In 2022, the total number of all facilities' green education training hours was 7,918 hours.

To meet customer requirements, USI is not only keen to participate in international forums on carbon emission disclosure, but also carry out plans for energy conservation and carbon emission reduction. By instilling the green concepts at internal training programs while drawing from external experiences, USI conveyed its green values and fulfilled the Green Promises.

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

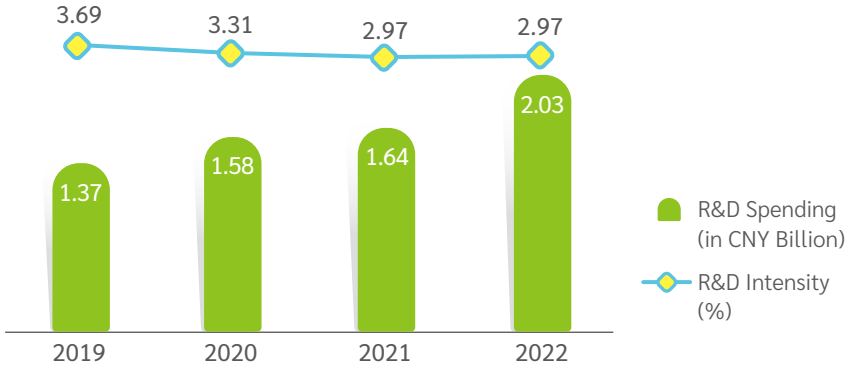
Innovation Management and Sustainable Production

Research and Patents

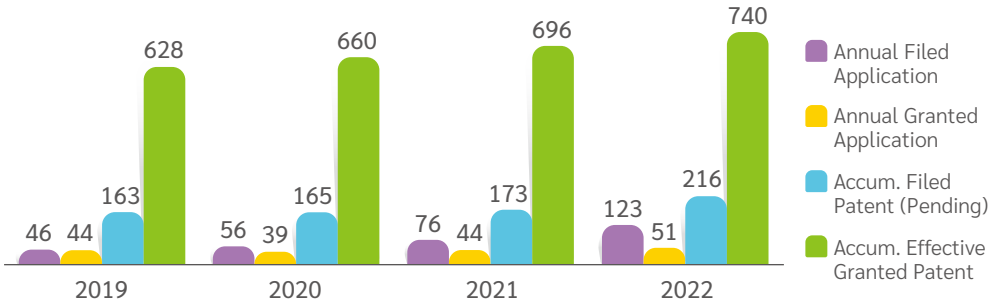
IP in USI is considered as responsibility of each employee, we not only endeavor to lower the risk of infringement but also encourage the innovation activities internally. Company provides the greatest benefit to all of our stakeholders through the most effective IP management, and devotes itself to create an encouraging environment and management system to protect our IP and the detail refer to our IP Policy. For years Company has presented research performances to the electronics industry through applying patents and international journals.

USI has 2,728 R&D employees, accounting for 11.47% of the employee population, increased by 2.05% comparing with 2021, and invested CNY 2.034 billion, accounting for 2.97% [(1)] of the revenue in 2022. The Company continues to cultivate and improve the ability of design and development personnel to maintain a stable and sustainable development in the intensity of research and development.

R&D Spending and Intensity



In terms of patents, to encourage research, development, innovation, and enhance technology and competitiveness, USI set up Patent Management and Incentive and regular R&D competitions. After the project has been verified, employees that proposed the patents will be financially rewarded and publicly recognized. According to the statistics, the number of patent proposals approved by the Patent Review Committee exceeds 100 each year. By the end of 2022, the cumulative number of effective granted patents stood at 740, an increase of 44 over 2021, and the cumulative number of approved patent applications reached 1,501, an increase of 3%. The patents obtained in the last four years are shown in the figure.



In 2022, four of the proposals involved green process designs and have passed internal patent review meetings. The green process proposal is to increase the proportion of automated and unmanned facility operations by reducing work hours, lowering labor costs, or improving efficiency to achieve energy and carbon savings in the process.

Facility	Green Proposal	Proposal Benefit
Zhangjiang	Support forks designed to accommodate separated and stacking functions	Modular design to enhance system functionality and reduce parts damage, which reduced the risk of product damage due to dropped trays
Huizhou	Improved the way of residual power surges caused by abnormal power failure of test fixtures	Reduced the complexity of test fixture cables
Kunshan	Developed methods to improve the functional testing on USB Type C production lines	New circuit architecture reduced the complexity of conventional circuits, reduced layout space and routing, reduced testing time, and increased production efficiency and yield
Nantou	Research and development of system packaging with bottom mold seal and its manufacturing method	The packaging method can save one balling and grinding process, reducing the number of workstations and process cost, while improving yield

Note:
1. Please refer to page 25 of the 2022 USI Annual Report for detailed information

Smart Manufacturing

In recent years, the market environment faced by the manufacturing industry is undergoing profound changes. The manufacturing model characterized by low cost as the main competitiveness factor can no longer meet the demand for industrial upgrading and competition, and the development of smart manufacturing and Industry 4.0 has become a key strategy for the manufacturing industry to improve quality, safety and technology. Since 2013, USI has been taking its Zhangjiang Facility as a benchmark factory to introduce smart manufacturing. The Company's smart manufacturing development team are developing integrated test and inspection systems for production equipment to increase productivity and optimize product quality through equipment IoT, automatic data collection, real-time monitoring and big data analysis, electronic reporting and parameter management, etc. The Company is using mainstream Industry 4.0 automation technology to realize the blueprint of smart manufacturing, while promoting automation projects at an annual growth rate of 20%.

USI's Smart Manufacturing Program has adopted the concept of Industrial Internet of Things (IIoT) and plans the development of the Industry 4.0 Smart Manufacturing Program in line with the electronic manufacturing industry, and this is called the 5-star Industry 4.0 Smart Manufacturing. We have also formulated the 5-star Factory Standard with reference to the industry, i.e. 100% automation of machines, more than 80% of production lines can be produced with lights off, and direct labor is less than 30%. This plan sets out a phased development over the next five to ten years to increase the level of automation in USI facilities around the world. In 2022, we successfully introduced 70 automated manufacturing projects, saving a total of CNY 295.4 million in labor costs, with an average of 2.85-star Facilities, including the highest level of automation at the 3.7-star Jinqiao Facility. By 2023, the Company plans to upgrade all of its Industry 4.0 Facilities to 3 to 4 stars, with an average of 3.2 stars, and to upgrade four of its Facilities to 5-star Lights Out Factories by 2025 to achieve fully automated production.

The Nantou Facility has also been carrying out the Company's Industry 4.0 smart manufacturing program since 2015, and has launched the Ten-Year Winning plan to spearhead the entire USI to empower customers gain competitiveness through smart automation strategies, create a globally competitive smart manufacturing environment, and create better business results for shareholders and investors.

USI's Industry 4.0 Automation Technology

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

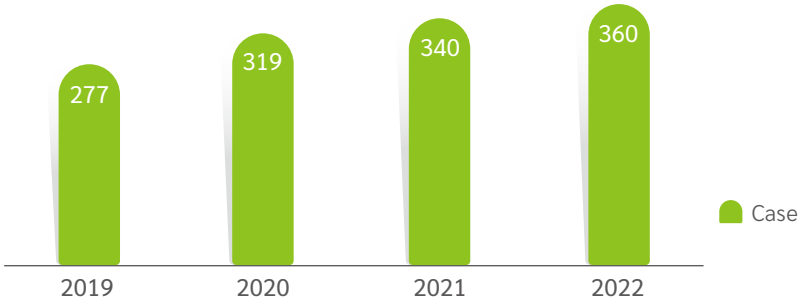
Continuous Improvement Program

Continuous Improvement Program (CIP) proposes improvement plans for the productivity, process, quality, efficiency, equipment, software, hardware, energy conservation and CO_2 emission reduction, automation, safety...etc., and have cost saving benefits.

CIP Purposes

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

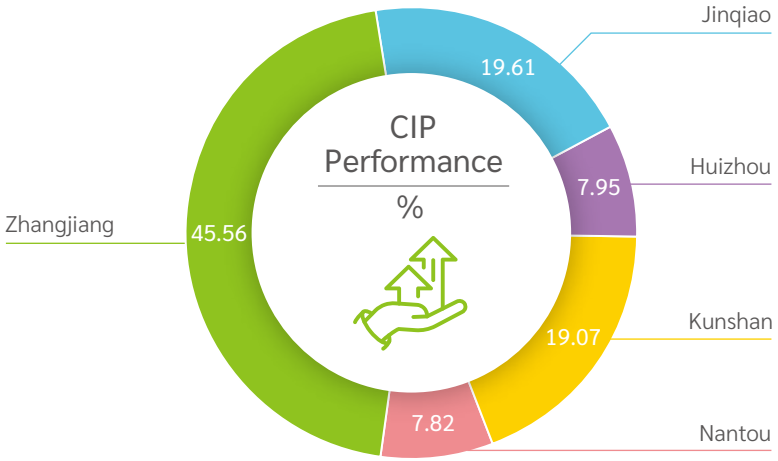
The cases proposed by each facility are reviewed by Site Review Committee (SRC) for their project results that including innovation and development capability, actual saving value attainment capability, technical application capability, standard operation capability, and reproduction operation capability. 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 270 new cases [1] are proposed each year.



Note:
1. Updated the number of new project submissions for 2019~2021 due to adjustments to remove the multiyear redundant section

After the 2022 annual performance examined and approved by CRC, the actual tangible cost saving was CNY 119.3 million and the saving cost accounted for 0.27% of revenue. Please refer to the figure for the details of each facility.

CIP Performance by Facility



The CIP annual performance bonus includes basic bonus and incentive bonus (converted from the total annual savings of the Facility), which is distributed according to the employees' respective contributions to the project, and the bonus provided to individual employees accounts for 20%~70% of the total bonus of a single project, while the other 30%~80% of the bonus is distributed to the project lead in charge of the project (including the supervisors of the project-related business departments, and the employees of the support units) after a holistic consideration by the Facility general manager. The total bonus distributed was CNY 735,000. In addition, the CIP Excellent Contribution Award is a global competition that includes a Case Category competition and a SMT Run Rate Improving Gains Award competition, in which the winning teams are awarded prizes and awarded a total of CNY 169,000 to winning employees for their efforts in continuous improvement.

CIP Excellent Contribution Award

In response to the issue of 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 2022, 7 projects achieved the targets, included two Energy Saving and Carbon Reduction projects awarded.

Facility	Ranking	Project Name	Project Benefit
Key Project			
Jinqiao		Clean Dry Air (CDA) Recycling and Energy Saving Improvement	Splitting the nitrogen production air discharge line into two lines, allowing the surplus nitrogen production CDA to be fully utilized to reduce the load on the existing production demand of the air compressor and thus saving energy, saving 1,253,977 kWh of electricity annually and reducing carbon emissions by 1,014 metric tonnes, within estimated annual savings of CNY 606,467.
Nantou-NK 1		Factory Facilities Optimization and Improvement	By optimizing measures such as integration of exhaust gas, reduction of dryer cooling, and stable air supply, we can reduce electricity expenses to achieve energy and carbon savings, saving 593,637 kWh of electricity annually and reducing carbon emissions by 302 metric tonnes, within estimated annual savings of CNY 344,039.
Other Project			
Kunshan		All-In Industrial Internet Platform Establishment	Self-developed USI All-In Industrial Internet platform to connect resources between systems, explore more resource value, and fill in system gaps to improve system limitations. In addition to enhancing the Company's I4.0 rating, the Company was also awarded the Jiangsu Province Industrial Internet Demonstration Project. It is expected to save CNY 6,564,989 annually.
Zhangjiang		SMT Vacuum Spacer Import Cost Saving	Designed the introduction of feeder vacuum gasket to generate vacuum suction during the feeding process to maintain the feeding stability and resolve the problem of high throwing rate of non-magnetic materials due to excessive packaging slope and gap. It is expected to save CNY 931,954 annually.
Jinqiao		Shield Fence Technology Development for Compartment Shielding	Developed a masking fence solution to replace the conventional resin-filled process used for compartmentalized masks. It is expected to save CNY 6,681,145 annually.
Zhangjiang		IQ5630 Internal Calibration Replaced External Calibration	Developed internal calibration platform to test, verify, and import models into the internal calibration process, and meet the demand of the production line for timely calibration. It is expected to save CNY 8,438,698 annually.
Kunshan		Whole Line Automation	Introduced automatic tray-positioning machine, automatic testing machine, and automated 6-sided product inspection and packaging integrated machine to enhance the automation of the production line, save manpower, reduce transport and idle waste, while also improving production efficiency. It is expected to save CNY 4,256,104 annually.

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.

43 % Global Local Procurement Rate

84.2 Customer Satisfaction Score

100 % Target Suppliers Use Conflict-free Minerals

0 Cases Product Recalls

100 % New Suppliers Passed Sustainability Assessment

342 Supplier Partners Participated in the Sustainable Value Chain Webinar

SDGs ▶ 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | 17 PARTNERSHIPS FOR THE GOALS

Key Stakeholders: Customers, Suppliers/Contractors

Sustainable Issue Performance and Targets

Material Issue | Achieved | Not Achieved

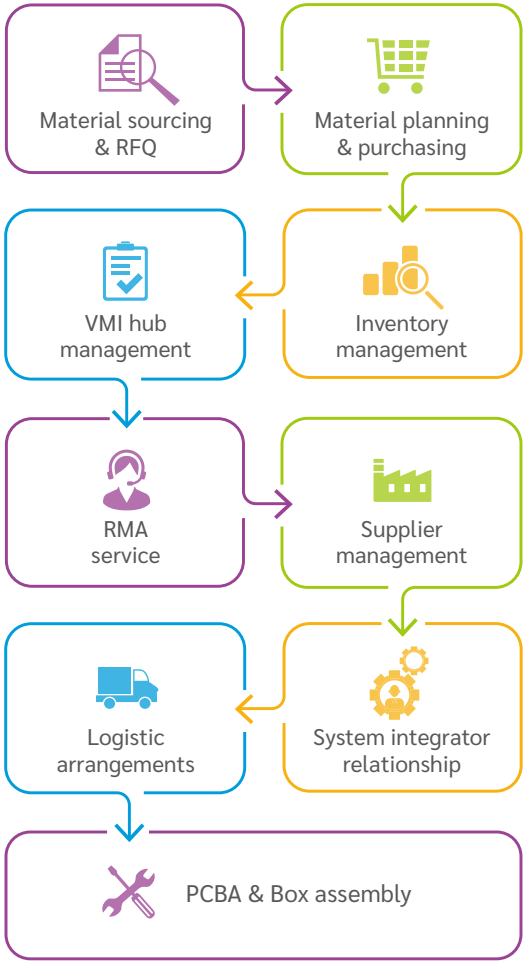
Management Purpose	KPI	2022 Target	2022 Performance	Status	2023 Target	2027 Target
Customer Relationship Management	**Management Approach:** Through customer satisfaction surveys and feedback channels, we gain insight and respond to customer expectations accurately, provide quality and diversified service solutions, and create a win-win situation with customers **Evaluation Mechanism:** We develop and implement improvement plans to enhance customer satisfaction through customer satisfaction surveys and customer feedback systems					
USI is committed to customer satisfaction as our core goal and value through providing professional services and competitive quality products to meet our customers' diverse needs	▸ Customer satisfaction score	▸ Customer satisfaction score reaches 84	▸ Customer satisfaction score reached 84.2	✓	▸ Customer satisfaction score reaches 84	▸ Customer satisfaction score reaches 84
	▸ Zero product recalls	▸ 0 product recalls	▸ 0 product recalls	✓	▸ 0 product recalls	▸ 0 product recalls
Sustainable Supply Chain	**Management Approach:** Develop sustainable procurement policies around evaluating supplier environmental/social performance, avoiding purchasing conflict minerals, and advancing with our suppliers to lower operational risks and secure overall supply chain resilience **Evaluation Mechanism:** Conduct annual statistics on the procurement amount of each region, conduct a Conflict Minerals Reporting Template (CMRT) and Supplier Sustainability Assessment Questionnaire (SSAQ) survey on suppliers, and evaluate and track deficiencies based on the survey results to confirm the achievement and completion rate of various indicators					
We work together with suppliers to create a sustainable supply chain that protects the environment, emphasizes corporate social responsibility, enforces labor rights, and ensures health and safety	▸ Support local suppliers and procurement	▸ Global local procurement rate reaches 35%	▸ Global local procurement rate reached 43%	✓	▸ Global local procurement maintain at least 40%	▸ Global local procurement maintain at least 40%
	▸ Percentage of target suppliers completing the conflict-free minerals	▸ 100% target suppliers use conflict-free minerals	▸ 100% completion of conflict-free minerals	✓	▸ 100% target suppliers use conflict-free minerals	▸ 100% target suppliers use conflict-free minerals
	▸ Percentage of Tier 1 Suppliers completing the SSAQ	▸ Tier 1 Suppliers completing the SSAQ reaches 72%	▸ SSAQ completion rate reached 73%	✓	▸ Tier 1 Suppliers completing the SSAQ reaches 75%	▸ Tier 1 Suppliers completing the SSAQ reaches 75%

Product Value Chain

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

Product Value Chain

Turnkey Service



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

Customer Relationship

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

Quality and Service

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

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

Customer Complaints and Product Recall

By following the quality policy of "All involvement, continually improve, and pursue Zero Defect" , 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 products with potential quality issues. USI's R&D and engineering units are invited to discuss the treatment plans and cause analysis and the regular study meetings to continuously track the countermeasure effectiveness as well as to prevent from the repetition of defective products. For the products with safety concerns or batch issues, USI establishes preventive measures to recall them right away. The losses can be avoided, and customer lives, and properties can be protected from damage.

Regarding customer feedback, we established a system to log and respond to quality feedback rapidly. Related personnel are immediately notified when there's feedback. They then will analyze and propose the most effective solutions to the customers and take steps to prevent similar issues from arising again. According to the Company's statistics, there were 3 customer complaints [(1)] in 2022, with a 100% resolution rate and no product recalls. Based on the analysis of customer complaints received, all of which are design problems, the Company's improvement measures, including changing the control method and automatically increasing the leakage voltage test, are defined in the management procedures and regulations to avoid recurrence of problems and to implement improvement measures.

Note:
1. Data covers Zhangjiang, Jinqiao, Huizhou, Kunshan, and Nantou Facilities

Driving up Customer Satisfaction

USI offers a full range of services tailored to customer needs, providing high quality, high efficiency, and flexible service content to meet the needs of customers. We communicate effectively with our customers worldwide, and each customer has a dedicated customer service personnel to collect valuable feedback and concerns. Through regular and ad hoc business meetings, customer scorecards and satisfaction surveys, we proactively collect customers' opinions and requests to understand customers' evaluation of our products in terms of quality, delivery, technology, green products, service and other six aspects. In response to the survey results, the relevant units within the Company hold discussion meetings and leverage customers' feedback, needs and suggestions to formulate viable response strategies. Furthermore, we communicate effectively, formulate improvement plans and action plans, continuously track and monitor the improvement status, and provide feedback to customers at any time to improve the quality of communication and customer satisfaction and strengthen the solid relationship with customers in order to obtain their affirmation and long-term support and create a win-win scenario.

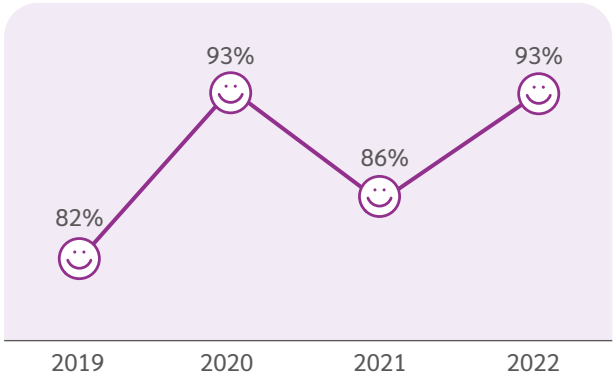
The 2022 customer satisfaction [(1)] survey covers all customers, accounting for 100% of USI's revenue. Using 80% as a threshold target for satisfaction, 93% of customers are satisfied with USI's services. In addition, the overall customer satisfaction score averages out to 84.2 (Successful) across all satisfaction dimensions. In terms of individual satisfaction dimensions, except for "Other" which did not reach 80 points, all the other dimensions reached "Successful" or above. For dimensions that do not meet the required standards, we continue to communicate with our customers to and make all necessary improvements. USI strives to improve customer satisfaction in all aspects to achieve a higher level of customer satisfaction for sustainable corporate development and to maintain an annual goal of "Successful" or higher, with the expectation of moving towards "Excellent" in customer satisfaction in the future.

Customer Privacy Protection

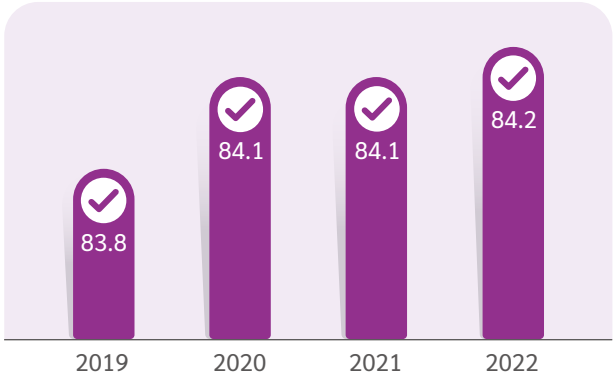
Confidential customer information and customer health and safety are always treated with the highest priority as they are crucial assets for both parties and the basis for mutual trust. USI commits to maintaining customer privacy and data confidentiality. We set systems and procedures in place to center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

Regarding customer document management, the Company stipulates that all customer documents are defined to have the highest level of confidentiality to protect product information provided by customers. Document information shall be encrypted and stored in the Company's internal network system. Information authorization management is adopted to ensure that customer privacy is tightly protected. For information security management, the Company has established information security standard management procedures and training courses to promote and implement information security policies through various management systems and management committees, strengthen the information security environment and information security incident response capabilities, and protect the Company's intellectual property and customer data from leakage or unauthorized access. For details, please refer to the Cybersecurity Management section.

Percentage of Satisfied Customers



Customer Satisfaction Score



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

Supply Chain Management

The year 2022 is a year of profound change, from epidemics, wars, and political unrest to extreme weather, the threats to the world are increasing, and companies around the world continue to face unprecedented impacts and challenges. In the face of unprecedented impacts and challenges, we have joined hands with our global partners to fight against the pandemic. To build a sustainable supply chain, we are adjusting our procurement strategy according to global industry trends and adopting various procurement strategies according to the major categories of raw materials to diversify our sources of supply to reduce risks and ensure competitive pricing, reasonable cost, accurate delivery, and sound quality. In addition, we have identified five key material categories for production: materials with unique characteristics, customized materials, or materials subject to market supply constraints. To maintain operational efficiency and avoid supply chain disruptions, we established the following strategic procedures to communicate and cooperate with our partners, driving a virtuous cycle.

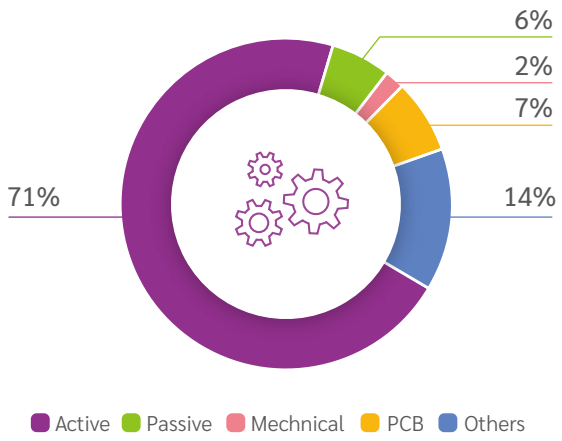
Critical Material Risk Management

Development of alternative material mechanisms	We evaluate the life cycle and supply sustainability of bill of materials during the design phase of new products and add replacement materials to ensure smooth mass production to end of product lifecycle.
Material shortage review mechanisms	Through open market information, the Company holds quarterly price negotiation meetings to keep track of market dynamics and weekly delivery status of supplier responses, identify material risks and take timely countermeasures.
Purchase mechanism from spot dealers	Establish a list of suppliers from approved off-the-shelf suppliers to meet urgent material procurement needs.
Inter-facility transfer and rebalancing mechanisms	Establish internal inventory transfer processes to meet the demand for balancing the stock of slow-moving inventory between facilities and the demand for emergency inventory transfer in case of material shortages.
Emergency response management measures	After a disaster/emergency, proactively contact suppliers to understand the impact of material supply and harness internal and external resources to minimize the impact of material outages as much as possible.

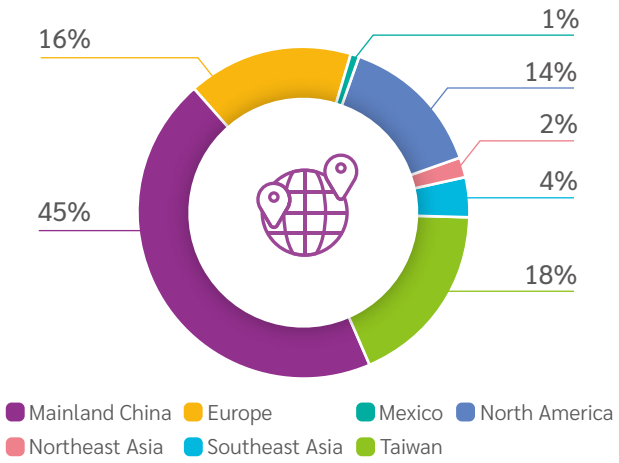
Supply Chain Overview

USI products are diverse and can be applied in many sectors. Our raw material suppliers, including original manufacturers, agents, and off-the-shelf suppliers, are spread worldwide to meet our product demand. We mainly procure active/passive components, substrates, mechanical components, and other peripherals. Of our six main manufacturing facilities, Zhangjiang Facility mainly manufactures products for the biggest OEM customer, which makes up a substantial amount of transactions but procures relatively simple materials. Nantou Facility has multiple production lines and procures a wide range of materials from numerous suppliers, accounting for the transaction amount. In 2022, we strategically centralized our procurement and traded with over 1,900 material suppliers worldwide.

Raw Material Supplier Categories



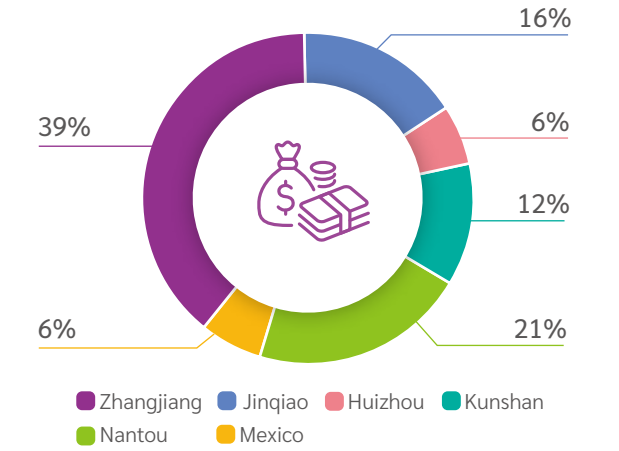
Distribution of Raw Material Suppliers (1)



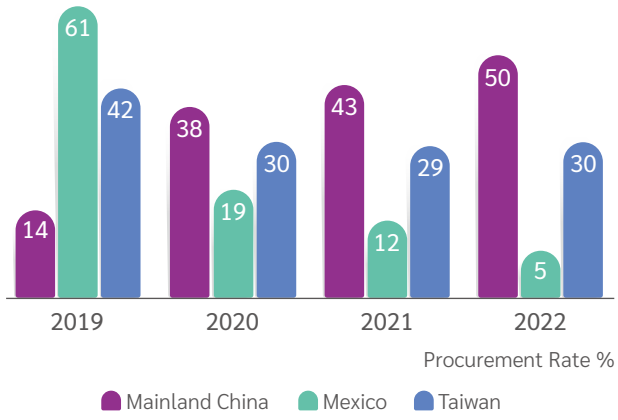
USI supports local suppliers. This strategy not only facilitates the growth of the local economy and local employment rates, but also effectively saves energy and time consumed in transportation, helping us to minimize the impact on our environment. Therefore, our raw materials are primarily purchased from local or nearby suppliers. Raw material shortages remained critical in 2022, and the Company continued to proceed with decentralized production sites and evaluate new suppliers and completed the development of diversified sourcing solutions for raw materials, increasing the proportion of local procurement in Mainland China by 7% and by 1% in Taiwan. Starting in 2021, in response to customer requests for production locations and due to geopolitical risks, many products originally produced in Mainland China were moved to Mexico. However, major suppliers were still based in Asia, resulting in a continued decline in local procurement in Mexico.

For our six major manufacturing facilities in Zhangjiang, Jinqiao, Huizhou, Kunshan, Nantou, and Mexico, we divide them into three regions: Mainland China, Taiwan, and Mexico. The local procurement rate grew to 43% in 2022, based on the ratio of local procurement to global procurement by those manufacturing facilities. Our strategic procurement department will continue to strengthen the management of target suppliers and select local suppliers with competitive advantages. We will continue to develop local suppliers with competitive advantages and aim to maintain a local procurement rate of at least 40% worldwide in 2023 to enhance the competitive advantage of the local industry and strengthen the partnership with suppliers.

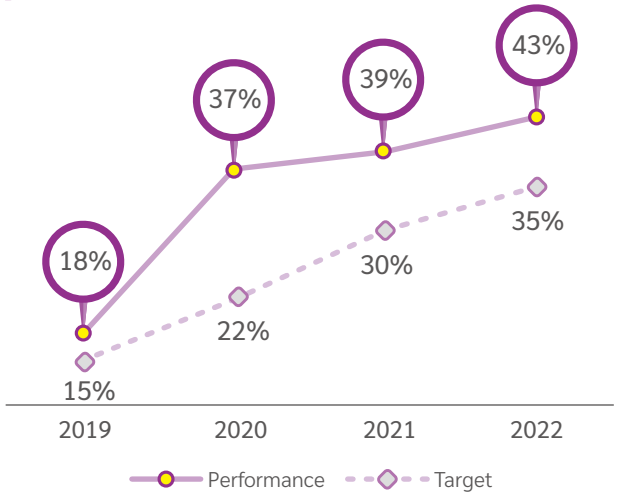
Transaction Amount at All Facilities (2)



Percentage of Procurement from Local Suppliers at All Facilities (3)



Global Local Procurement Rate



Note:
1. The percentages of the amount purchased are calculated according to the supplier distribution regions
2. The percentages of the purchase amount of each facility
3. The percentages of the amount purchased locally by facility region

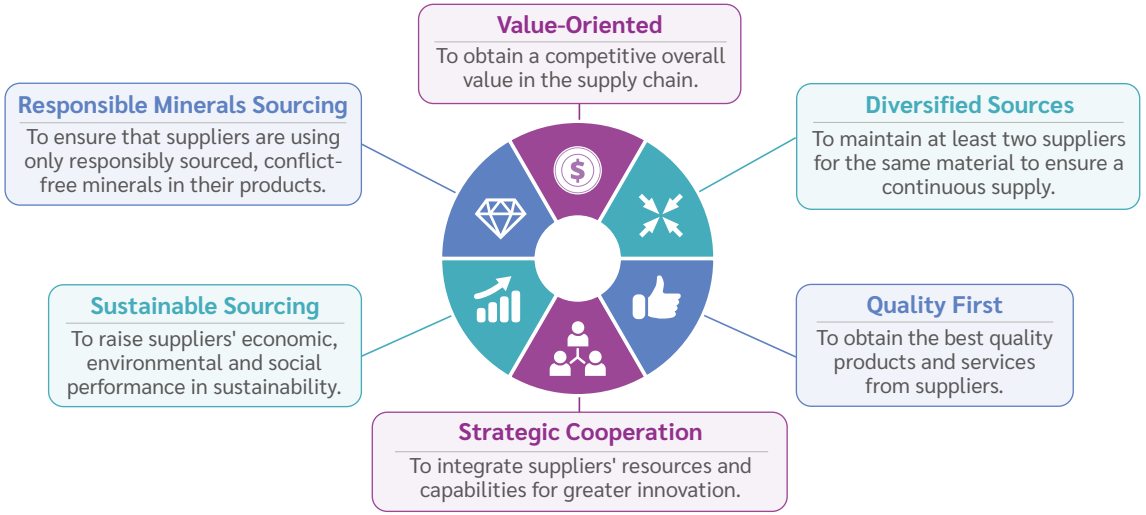
Supplier Code of Conduct

As the supply chain is the essential link of our value chain and an extension of USI's values, we require our suppliers and their suppliers to comply with the Supplier Code of Conduct. Our suppliers must follow all laws and regulations of their respective countries/regions, meet labor, health and safety standards, environment, ethics, and management standards, and monitor their suppliers' compliance with the Code. USI annually promotes the Code to ensure suppliers' acknowledgment and compliance. In 2022, 100% of our 1,900 suppliers we had transactions with acknowledged their compliance. As part of our anti-corruption governance mechanism, USI has a dedicated whistleblower mailbox where all stakeholders can report business integrity and ethics concerns (Please refer to the Business Ethics and Compliance section). There were no reports of corruption or bribery from suppliers in 2022.

Supply Chain Strategy

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

Supply Chain Management Strategy



Sustainable Supply Chain Projects

	Supplier Financial Risk Monitoring	Bringing in Second Sources	Recycling Packaging Materials	Pallet Recycling and Reuse
Highlights	To ensure the continuous operation of suppliers and prevent the risk of material shortage due to financial problems, we regularly review suppliers' financial risks and identify suppliers with potential operational risks for control.	To reduce material costs, strengthen supply resilience, foster vertical integration of procurement, and avoid serious material shortage problems, USI is establishing a substitute material supply chain to improve the flexibility of supply.	Collaborate with major processing vendors and recycle packaging materials, reducing raw material, energy, and pollutant treatment costs, and minimizing environmental impact.	Cooperate with local suppliers and reused shipping pallets, reducing pallets used and subsequent environmental damage.
Quantitative/ Qualitative Results	The Procurement Department collaborated with the Finance Department and monitored the financial risks of 37 suppliers on a semi-annual basis in 2022.	USI is actively developing competitive suppliers in the China market and recommending parts solutions to our customers. Successful projects implemented in 2022 resulted in annual cost savings of CNY 7.94 million.	Huizhou, Kunshan, and Nantou Facilities recycled 6.43 million trays, 150,000 partitions, and 350,000 recycling bins in 2022, reducing 828 metric tonnes of waste and saving approximately CNY 30.8 million.	In 2022, Huizhou, Kunshan, and Nantou Facilities recycled and reused 29,415 plastic pallets and 9,965 wood pallets and saved approximately CNY 5.85 million.

Supplier Evaluation

Following customer demands, procurement strategy, and future trends, USI has a system to evaluate potential suppliers for technical capability, quality, and productivity and select those that meet the requirements as our official suppliers. A cross-departmental evaluation team would initially survey potential new suppliers' capacity by screening their basic company information, financials, product services, and primary customers and then assess their quality, green management, and sustainability through the SSAQ (including labor rights, health and safety, environmental protection and other components). The team would rate the supplier on the survey report and present it to the Quality Review Board for final assessment and approval. All new suppliers developed by USI are required to sign the Supplier's Commitment to Corporate Social Responsibilities and Supplier Code of Business Integrity along with the Purchasing Contract to ensure they will address and manage their environmental, labor, and human rights impacts. In 2022, 38 new suppliers were evaluated, and 100% passed the screening criteria to become qualified suppliers.

Supplier ESG Program

In recent years, the United Nations and international assessment requirements for supplier management are not only about quality, delivery, cost, and service but also about environmental friendliness, social responsibility and sustainable governance. The Company therefore holistically reviews suppliers' ESG aspects and works with them to implement ESG sustainability programs.

The USI ESG Program for suppliers is implemented and monitored by the Sustainability Committee's Value Chain Management Taskforce, and the results of related plans are submitted to the Board of Directors annually for review. Each year, through Sustainability Risk assessment and conflict minerals due diligence, written assessments and on-site audits or visits, we identify suppliers, evaluate their environmental impact, social responsibility and governance practices, and plan corrective measures for sustainability to ensure that suppliers continue to comply with our "Supplier Code of Conduct".

The Company has established the "Supplier Performance Measurement Procedure", which focuses on suppliers with monthly transactions with the Company and conducts regular assessments based on the proportion of transactions. The assessment results are divided into five levels, and according to the assessment regulations, the Company will reward those who become outstanding suppliers with priority in acquiring new product contracting rights or increasing the order quantity. If the supplier does not meet the expectations, the Company will request a Vendor Corrective Action Report (VCAR) and for the supplier to provide a reply and proof of improvement within one month, and if the supplier fails to meet the improvement requirements after tracking, the supplier's qualification will be suspended. For the improvement plan proposed by the supplier, the relevant unit shall provide counseling for identified deficiencies.

Based on the quarterly supplier performance measurement results, USI invites suppliers to participate in the Company's quarterly Executive Business Review (EBR) meetings, using a scorecard to score the four major components of price, delivery and cooperation, quality and ESG by the responsible units. Through this channel of communication, USI is able to educate suppliers on the Company's sustainability policy and ESG strategy, gain insights into market supply and demand and development trends, share experiences with each other, maintain close interaction with suppliers, and find long-term suppliers. In 2022, a total of 25 EBR meetings were held.

In addition to the supplier assessment process, in 2022 we trained 100% of our internal procurement staff and other employees in sustainability knowledge and awareness, with a total of 5,821 employees participating 854 hours in the training sessions, to ensure that they understand the Company's supplier ESG program and instill ESG principles and knowledge into each employee's role and implement their daily operations. The Company follows the Supplier ESG Program to build strong relationships with suppliers and promote sustainability improvements throughout the supply chain to reduce overall supply chain risk and simultaneously build resilience and capacity to respond to global climate change.

Developing Sustainability Competency

Course	No. of Employees	Total Training Hours
SDG Sustainability Trends	4,950	495
RBA Code of Conduct	766	306
Conflict Minerals Management	62	31
Supplier RBA SAQ Introduction	43	22

Supplier Sustainability Risk Management

In order to properly grasp the sustainability risk status of suppliers and continuously comply with USI's "Supplier Code of Conduct", suppliers are required to sign a commitment to comply with the Code of Conduct and complete an annual SSAQ covering the five major components of labor rights, health and safety, environmental protection, sustainability and risk management, and supply chain management. Furthermore, we carry out supplier risk assessments to ensure that their risks can be effectively controlled and reduced and conduct on-site audits of suppliers that may have higher risks to gain a deeper understanding of the current status of supplier sustainability development, implement effective supplier management, reduce risks and improve the overall efficiency of the supply chain, and strengthen the sustainable development of the supply chain.

Sustainability Risk Assessment Process

Sustainability Requirement	Risk Assessment	Validation	Improvement
▸ Suppliers' Commitment to Corporate Social Responsibilities to follow RBA Code of Conduct ▸ Supplier Sustainability Assessment Questionnaire	▸ Active risk assessment to screen and select suppliers ▸ Supplier Sustainability Assessment Questionnaire ▸ High-risk supplier risk assessment/audit	▸ On-site/Online/Document Audit ▸ Supplier RBA Validated Audit Program (VAP) ▸ Corrective action verification	▸ Supplier trainings & support ▸ Uncompliant suppliers would have their transactions reduced or eligibility suspended

Before conducting risk assessment of suppliers, the Company must first proactively conduct supplier screening. USI selects suppliers to be included in control by annual procurement amount and identifies suppliers with potentially high risks in terms of governance, environment and social as the basis for key management. For details regarding Supplier Screening, please refer to the Sustainability Data - Social I. Coverage and Progress of our Supplier Screening Program table, and for supplier country analysis, please refer to the Sustainability Data - Social J. Supplier Selection by Country table.

Supplier Screening

Methodology for Suppliers Screening

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

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

Aspects of Suppliers Screening

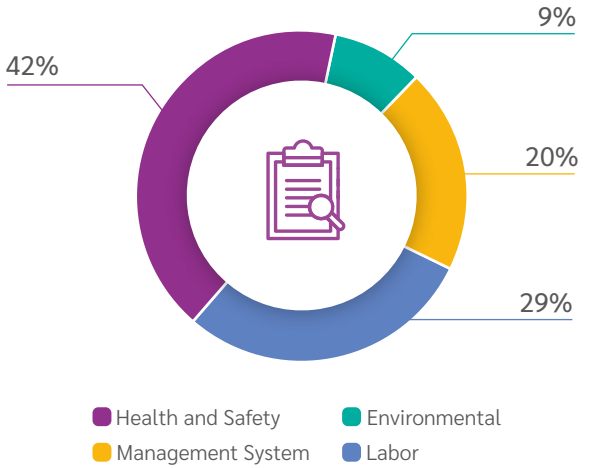
Environmental	Social	Governance	Business Relevance
▸ Any fire, explosion, industrial accident resulting in serious injury, death, toxic substance release into the environment, or property damage ▸ Any violation of applicable environmental protection laws and regulations, such as penalties or work suspensions ordered by competent authorities	▸ Any violation of labor, human rights, and labor health and safety related laws and regulations that results in penalties or work suspensions ordered by competent authorities	▸ Any violation of the Company Act, Securities and Exchange Act, information security or other network security incidents	▸ Annual procurement amount of direct, indirect, and packaging materials ▸ Technical and price advantages ▸ Productivity satisfaction and cooperation

Supplier Sustainability Risk Assessment

In order to enhance the competitiveness of the overall supply chain and to ensure that suppliers fulfill their corporate social responsibility, USI follows the RBA Code of Conduct framework, with an audit task force formed by the Human Resources and CSR departments. We conduct desk and on-site assessments on suppliers, where the assessment scope includes five dimensions: labor, occupational health and safety, environment, ethics, and management systems.
The Company conducts SSAQ surveys for Tier 1 Suppliers. In addition to asking suppliers to fill in related questionnaires, suppliers are also required to provide relevant management system certificates as supporting evidence (e.g. ISO 14001, ISO 14064-1, ISO 45001, ISO 27001 etc.), and the results of third-party risk assessments and audits by suppliers who have completed RBA VAP are also accepted. 73% of Tier 1 Suppliers completed the SSAQ survey in 2022. For details regarding Supplier Assessment data, please refer to the Sustainability Data - Social K. Coverage and Progress of our Supplier Assessment Program table.

We consolidated suppliers' response to the SSAQ and audited the suppliers with high risks. In 2022, we conducted on-site and documented audits of 46 material suppliers (including 44 non-responding SSAQ suppliers and 2 high-risk suppliers) and on-site audits of 35 service contractors, with 100% of the audits yielding a low-risk rating. For the deficiencies found in the audit, suppliers were required to propose improvement plans and were required to complete the improvement within one month, and a review conducted. The closure rate was 100% after the review. For details regarding Corrective Action Plans data, please refer to the Sustainability Data - Social L. Coverage and Progress of Suppliers with Corrective Action Plans table. In addition, for suppliers that do not respond to the questionnaire, we will conduct a sustainability risk investigation through the information publicly disclosed by the supplier. We had not terminated relationships in 2022 after assessment and analyzed the deficiency items in supplier audits and found that of the five major areas, 42% were health and safety. The detailed results are shown in the chart on the right. In 2023, we will continue to focus on health and safety improvements through counseling and advisory measures and will continue to assist suppliers with the goal of complying with the RBA Code of Conduct and contribute to the improvement and enhancement of the supply chain business environment together with suppliers.

Distribution of Supplier Sustainability Audit Findings



Supplier Audit Findings and Corrective Actions (1)

Category	RBA Classification	Major Non-conformance Findings	Corrective Actions
Labor	Young Workers	▸ Failure to establish a written policy prohibiting the use of child labor ▸ No compensation measures for hiring underage employees	▸ Establish a policy to prohibit child labor and promote it ▸ Increase the compensation measures required for hiring underage employees
	Working Hours	▸ Monthly overtime hours in excess of regulatory requirements ▸ Failure to describe how employees' work hours are monitored, managed and controlled	▸ Increase automated production and the working hours monitoring and alert systems ▸ Strengthen the supervision of the use of attendance machines and establish a sound management system
	Wages and Benefits	▸ Maternity leave and marriage leave do not comply with regulations ▸ SOPs involving deduction of employees' basic wages	▸ Update of maternity and wedding leave regulations in the latest employee handbook ▸ Revision of salary management regulations

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

Category	RBA Classification	Major Non-conformance Findings	Corrective Actions
Health and Safety	Occupational Safety	▸ Failure to provide and repair personal protective equipment ▸ No spill prevention device and no SDS posted in chemical storage area	▸ Regular issuance of protective gear, enhanced inspection of protective gear, and staff safety awareness training ▸ Immediately order leak-proof trays and post SDS to strengthen the monitoring of material storage
	Emergency Preparedness	▸ Fire-fighting equipment blocked by objects and failure to conduct checks ▸ Emergency medical facility location information not specified	▸ Immediately remove items and enhance staff training and equipment management ▸ Update emergency medical facility location information in SOPs
	Health and Safety Communication	▸ Failure to conduct occupational medical examinations for personnel involved in positions with exposure to radiation ▸ Failure to conduct occupational safety education training	▸ Immediately arrange for medical examinations of workers exposed to radiation to ensure that there are no health hazards ▸ Conduct safety education and training for employees and maintain training records
Environment	Pollution Prevention and Resource Reduction	▸ Failure to establish climate change risk management procedures ▸ Leakage of pipelines and susceptibility to operational errors	▸ Climate change risk management is established in the management process and existing controls are in place for risk opportunities ▸ Immediate shutdown for maintenance, additional pipeline valve locks, and increased staff inspections
	Hazardous Substances	▸ Hazardous waste disposal vendor does not conduct on-site assessment ▸ Expired chemical SDS data	▸ On-site assessment of hazardous waste disposal contractors ▸ Update SDS issuance and strengthen internal document control
Management System	Legal and Customer Requirements	▸ Failure to establish procedures for regulatory identification and customer requirements ▸ Inadequate identification of regulatory lists and failure to identify the latest version for compliance	▸ Develop procedures for regulation identification and customers' requirements ▸ Update the list of laws and regulations and review the latest version
	Training	▸ No mention of occupational safety training in employee handbook	▸ Revised employee handbook
	Documentation and Records	▸ Failure to establish a written policy covering ethics	▸ Establish ethical measures and policies in the Management Regulations

In addition, USI conducts supplier human rights risk assessments to understand the importance of human rights issues in the supply chain. Through supplier responses to the SSAQ and supplier sustainability reports or publicly disclosed information, etc., we achieve 92% supplier disclosure of human rights issues in 2022. The evaluation results found that "Freely Chosen Employment, Non-Discrimination/Non-Harassment, Occupational Safety, and Industrial Hygiene" were the main human rights risk issues. We identified suppliers that may face high risks and take corresponding measures to continuously track the effectiveness of their different risk conditions. We will continue to assist and counsel suppliers on human rights issues for suppliers who do not respond or disclose relevant information.

Supplier Human Rights Incident Mitigation and Compensation Measures

Category	Labor	Health and Safety
Risk Issue	▸ Freely Chosen Employment ▸ Non-Discrimination/Non-Harassment	▸ Occupational Safety ▸ Industrial Hygiene
Mitigation Measure	▸ Annual audits or RBA VAP to assess suppliers' human rights risks through each Facility to mitigate risks ▸ Requiring suppliers to adopt corrective measures for human rights risks and conduct follow-up on implementation ▸ Instilling the importance of human rights in supplier labor through education and training on sustainable supply chains to reduce risks in advance	
Compensation Measure	▸ Requiring suppliers to provide guidance or compensation, or to implement policy changes or other measures for employees whose human rights have been violated ▸ If a high-risk supplier is identified, the Company shall conduct on-site audits and provide recommendations for improvement and require the supplier to submit improvement reports on a regular basis to track the performance of continuous improvement	
External grievance mechanism & reporting mailbox: for details, please refer to the Business Ethics and Compliance section		

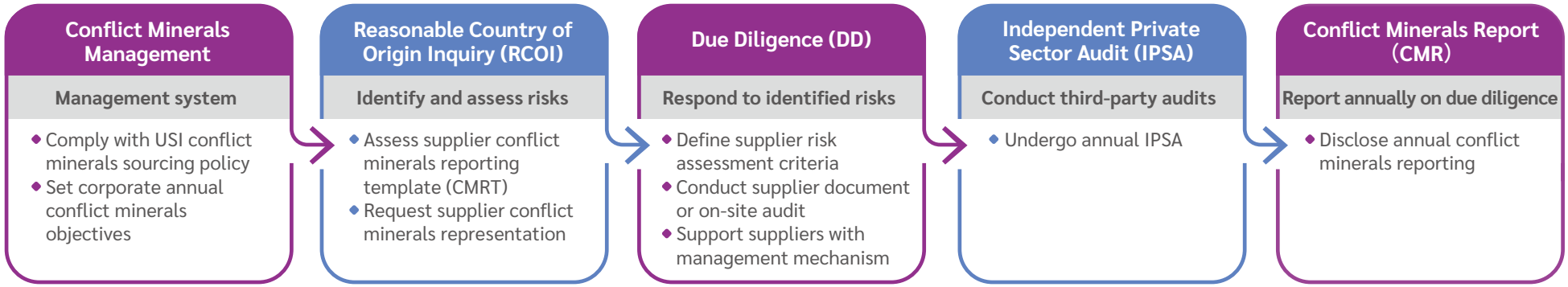
Conflict Minerals Compliance

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

Conflict Minerals Management

In order to avoid the inadvertent use of conflict minerals in the manufacturing process of our products, the Company has established a conflict minerals procurement management policy that commits to not using conflict minerals and requires suppliers to source raw materials from Qualified Smelters Disclosed by RMI and to sign and commit to comply with the conflict minerals procurement management policy of USI to achieve the Company's conflict minerals-free supply chain and customer requirements. For details, please refer to the USI website. USI follows the five major frameworks of the "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected, and High-Risk Areas" developed by the Organization for Economic Cooperation and Development (OECD) to establish a management system that includes a due diligence process to identify, assess, respond to, and mitigate supply chain risks. Furthermore, the Company has designed supplier conflict mineral audit forms, through on-site/documentation audits to guide suppliers to establish a management mechanism in line with OECD due diligence directives.

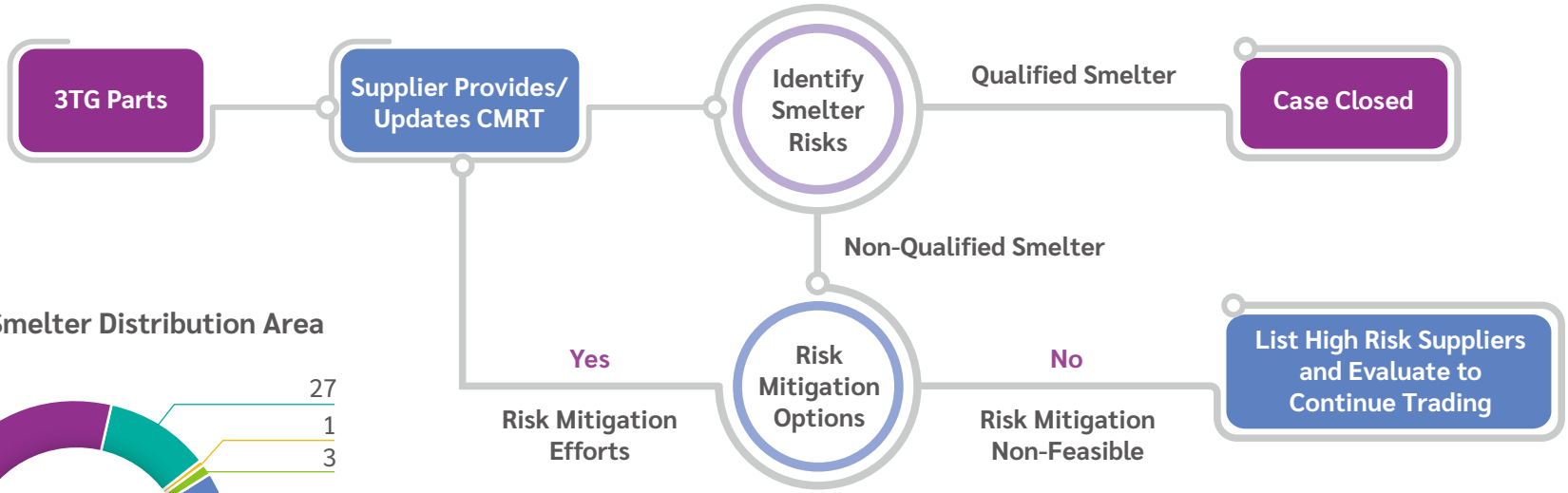
Conflict Minerals Management Process



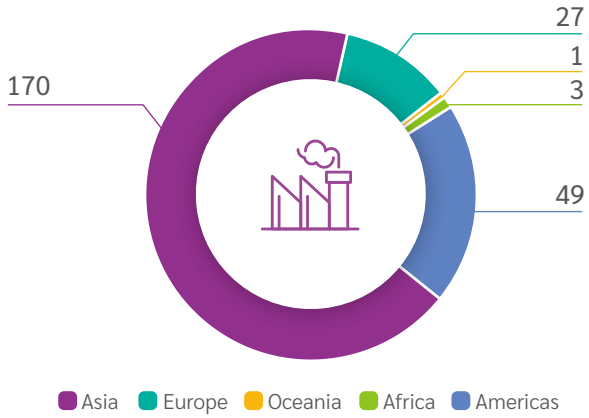
Reasonable Country of Origin Inquiry (RCOI)

The Company has established a conflict minerals management program to conduct a reasonable level of country-of-origin survey on target suppliers [1] every year to identify and confirm the source of 3TG, cobalt and mica in product bill of materials and component materials to confirm whether they are sourced from conflict mineral areas. We deploy the GPARS system to collect CMRT and EMRT (Extended Minerals Reporting Template) from our suppliers. We consolidate this data with the latest published list of smelters provided by the RMI to verify and ensure that the smelters' sources are qualified. If a supplier uses non-qualified smelters, we follow the risk identification and management process along with three mitigation options (mitigation for continued trading, temporary suspension of trading during mitigation period, and non-mitigation resulting in the cessation of trading) to address the issue. We require the supplier to immediately remove or replace such smelters from the supply chain. In 2022, all target suppliers used material from qualified smelters. The geographical distribution of the analyzed 3TG smelters is as follows: the majority of smelters are located in Asia, with a secondary concentration in the Americas.

Risk Identification Management Process



3TG Qualified Smelter Distribution Area



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

Due Diligence (DD)

USI continues to promote conflict-free mineral sourcing into the supply chain by conducting supplier due diligence and requiring the use of qualified smelters. In 2022, a total of 199 target suppliers completed due diligence with 100% compliance with the conflict-free minerals requirement; in addition to 3TG, we are progressively including more minerals from Conflict-Affected and High-Risk Areas (CAHRAs) (e.g., cobalt and mica) in the survey, with a total of 150 suppliers surveyed and disclosed for cobalt and mica. We also shared our conflict minerals policy and related requirements through our Sustainable Supply Chain Webinar sharing sessions and shared our future planning and promotion direction with our suppliers.

Independent Private Sector Audit and Annual Report

The Company is committed to complying with customer requirements regarding conflict minerals audits and management standards. Every year, USI conducts an IPSA based on the results of due diligence investigations conducted on our suppliers. Our target suppliers are verified to use qualified smelters and comply with the annual declaration of conflict-free minerals. ASEH, the parent company of USI, is required to file annually with the United States Securities and Exchange Commission (SEC) and its Annual Conflict Minerals Report, which covers USI and its subsidiaries. For details, please refer to the USI website.

100% **2019~2022 Conflict Minerals Compliant Target Supplier**

Future Plans

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

Sustainable Supply Chain Development

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

Sustainable Supply Chain Training

The Sustainable Supply Chain Webinar is an annual event held by USI for our suppliers. In 2022, the Webinar for the Greater China region was held at the Nantou Facility. Through the event, we communicated with suppliers around the world on our ESG philosophy and implementation policy, which includes the continuous implementation of a sustainable supply chain, international environmental requirements, our requirements for suppliers' ESG programs, the experience of carbon management implementation and the sharing of future goals. At the same time, Prof. Kevin Kuo from Taipei Tech's Sustainability, Innovation and Assessment Center was invited to share USI's Product Carbon Footprint & Environmental Impact Assessment, elaborating on product carbon footprint inventory based on international trends, government regulations and customer requirements. These include an end-to-end product life cycle assessment from raw material acquisition to final disposal, calculating the carbon emissions of inputs and outputs, and assessing the potential environmental impacts. In addition, USI also shared the results of USI's product carbon footprint and environmental impact implementation, so that suppliers can understand the use of high-efficiency and low-energy materials in product design, as well as packaging reduction to reduce the impact on the environment, and low-carbon control at the source, to achieve the goal of net-zero carbon emissions. A total of 342 supplier partners attended this online sharing session, and 256 feedback questionnaires were received after the session, with "Very Satisfied" rating to USI.

New Technology/Product Presentation for Suppliers

Through the Technology Forum, USI cultivates and enhances the capabilities of our R&D personnel, communicates new technology applications across departments, and holds regular courses to exchange the latest technology applications and market dynamics with suppliers, so that the entire supply chain can keep abreast of the latest market information and regulations, and establish a sustainable partnership. In 2022, we held a total of 19 sessions with material suppliers to share information on new products and technologies.

Supporting Suppliers with Improvement Actions

The improvement of suppliers' ESG performance is a pivotal factor that affects the overall development of the Company. Therefore, during the document/on-site assessments conducted on raw material suppliers and on-site service contractors, we counsel them on their deficiencies through online discussions or on-site face-to-face explanations. For example, measures such as implementing a policy prohibiting the use of child labor, increasing monitoring and warning systems for working hours, implementing attendance management systems, using leak-proof trays for chemicals, and posting SDS were recommended to address the identified deficiencies for 22 suppliers. In addition, pertaining to the written assessment of conflict minerals, written interviews and guidance were provided to 25 suppliers after reviewing the responses from suppliers, whereby incomplete questionnaire content or inadequate management processes and conflict mineral policies were identified. In total, 47 suppliers were counseled in 2022.

Supplier Capacity/Technology Development Program

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

Supplier Carbon Mentoring Program

In response to the risks and impacts of global climate change, the Company continues to promote greenhouse gas reduction policies and encourages suppliers to adopt energy-saving and carbon-reducing measures. Together, we aim to achieve set supplier carbon inventory targets and lay the foundation for future initiatives such as conducting carbon hotspot analysis and quantitative calculations for suppliers. In 2022, ASEH convened all subsidiary companies to implement a supply chain carbon counseling program, emphasizing the importance of carbon reduction efforts throughout the supply chain. In April 2022, the Company initiated the Supplier Carbon Inventory Counseling Program by conducting a kick-off meeting and providing educational training to suppliers. Dedicated resources were allocated to assist suppliers in establishing greenhouse gas inventory management systems (ISO 14064-1) and product carbon footprints (ISO 14067) that comply with regulatory requirements. The program involved a guidance and inventory process lasting for more than six months, aiming to enhance the supply chain's carbon inventory capabilities and improve their overall competitiveness. Through the team's guidance, two suppliers involved in PCB manufacturing and stamping were officially certified for greenhouse gas and product carbon footprint in March 2023.

Supply Chain Financing Program

Intended for qualified suppliers with good credit, stable quality, and no quality or financial crisis, as well as suppliers with large annual procurement amounts with proven track record of sound partnership with USI. To help them reduce their operational capital cost, USI has been providing flexible and efficient working capital solutions. Since 2015, the Company has been providing flexible and efficient working capital solutions to suppliers, allowing them to increase their high turnover ratio and stabilize their supply sources to meet sales growth and seasonal capital requirements, thereby helping them to achieve economies of scale and improve ESG performance. USI has established long-term collaboration and partnerships with key suppliers through this program. In 2022, four suppliers joined the program. Cumulatively, we continue to provide financing support for 15 suppliers.

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

92.5 % Non-hazardous Waste Recycling Rate

2,142 MWh Renewable Energy Produced through Solar Panels

0 Cases Contractor Occupational Injuries

CNY **30** Million Invested in Environmental Conservation

8,611 Employees Attended Health Promotion Activities

SDGs ▶ 3 GOOD HEALTH AND WELL-BEING | 6 CLEAN WATER AND SANITATION | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION

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

Sustainable Issue Performance and Targets

Material Issue | Achieved | Not Achieved

Management Purpose	KPI	2022 Target	2022 Performance	Status	2023 Target	2027 Target
Occupational Health & Safety	**Management Approach:** Construct ISO 45001 occupational safety and health management system to enhance safety and health awareness to have the ability to identify potential hazards, assess and dispose of risks, and implement the spirit of PDCA continuous improvement to ensure the workplace safety and health of all workers **Evaluation Mechanism:** Monthly/quarterly/yearly tracking of management indicators through the Safety and Health Production Committee					
Promote occupational safety and health culture and enhance risk management, injury prevention and emergency response capabilities to create a safe and healthy working environment for all workers	▸ Obtain/maintain ISO 45001 certification	▸ Obtain/maintain ISO 45001 certification	▸ Obtained/maintained ISO 45001 certification in all major facilities	✓	▸ Obtain/maintain ISO 45001 certification in all major facilities	▸ Obtain/maintain ISO 45001 certification in all major facilities
	▸ Major occupational disease incidences	▸ No major occupational diseases	▸ No major occupational diseases	✓	▸ No major occupational diseases	▸ No major occupational diseases
	▸ Major occupational injury incidences [1]	▸ No major occupational injuries	▸ No major occupational injuries	✓	▸ No major occupational injuries	▸ No major occupational injuries
	▸ Major infectious disease incidences	▸ No major infectious diseases	▸ No major infectious diseases	✓	▸ No major infectious diseases	▸ No major infectious diseases
Climate Change	**Management Approach:** Establishment for ISO 14064-1 management system to conduct an organizational greenhouse gas inventory to manage related emissions towards the 2050 net zero carbon emissions target **Evaluation Mechanism:** Annual review of facility GHG emissions to ensure ISO 14064-1 certification					
Regularly review and reduce GHG emissions in the face of the impact of climate change as the main axle of the Low Carbon sustainability strategy	▸ Obtain ISO 14064-1:2018 certification	▸ Obtain ISO 14064-1:2018 certification	▸ Obtained ISO 14064-1:2018 certification	✓	▸ Obtain ISO 14064-1:2018 certification for all major facilities	▸ Obtain ISO 14064-1:2018 certification for all major facilities
	▸ GHG Scope 1 & 2 absolute emissions	▸ 15% decrease from 2016	▸ 78% decrease from 2016	✓	▸ 17.5% decrease from 2016	▸ 27.5% decrease from 2016
	▸ GHG Scope 3 absolute emissions	▸ 3% decrease from 2020	▸ 37% decrease from 2020	✓	▸ 4.5% decrease from 2020	▸ 10.5% decrease from 2020

Note:
1. Number of work-related fatalities

Material Issue ✓ Achieved ⧗ Not Achieved

Management Purpose	KPI	2022 Target	2022 Performance	Status	2023 Target	2027 Target
Energy Management	**Management Approach:** Establishing ISO 50001 energy management systems to systematically improve energy efficiency and reduce the risk of changes in energy demand, supply and cost through integrated management systems to enhance business sustainability **Evaluation Mechanism:** Annual review of regulations and site energy consumption ratios to propose energy saving improvement projects and ensure energy intensity performance					
Improving energy efficiency and reducing energy costs through systematic energy management to fulfill corporate social responsibility	▶ Electricity intensity	▶ 7% decrease from 2015	▶ 36.6% decrease from 2015	✓	▶ 8% decrease from 2015	▶ 12% decrease from 2015
Air Pollution Control	**Management Approach:** Comply with local regulations on air pollution prevention and control, and continuously reduce air pollution **Evaluation Mechanism:** Quarterly review and confirmation of air pollutant emissions without violations					
Reduce air pollution emissions on site to reduce air pollution and improve air quality	▶ Air pollution violations	▶ No air pollution violations	▶ 0 air pollution violations	✓	▶ No air pollution violations	▶ No air pollution violations
Water Resource Management						
Facing the impact of water resources, efforts were made to increase process water recovery rate to reduce water demand and risk	▶ Water intensity	▶ 7% decrease from 2015	▶ 28.5% decrease from 2015	✓	▶ 8% decrease from 2015	▶ 12% decrease from 2015
Waste Management						
Responding positively towards environmental protection by reducing waste generation and reducing disposal costs through effective recycling and reuse of resources	▶ Hazardous waste generation intensity	▶ 1% decrease from the previous year [1]	▶ 8.8% decrease from the previous year	✓	▶ 1% decrease from the previous year	▶ 1% decrease from the previous year
	▶ Non-hazardous waste recycling rate	▶ Non-hazardous waste recycling rate reaches 90%	▶ Non-hazardous waste recycling rate reached 92.5%	✓	▶ Non-hazardous waste recycling rate reaches 90%	▶ Non-hazardous waste recycling rate reaches 90%

Note:
1. Revised the 2022 hazardous waste generation intensity target of 1% decrease from the previous year

Climate Change and Carbon Management

Global warming caused by greenhouse gas emissions over the years has exposed the world economy to significant risks and has threatened many businesses around the world. As a result, stakeholders are starting to focus on risks and opportunities due to climate change. USI integrates the concept of ecologically sustainable development with company's managerial decision-making and operation management. Through the continuous promotion of management systems ISO 14001, ISO 50001, and ISO 14064-1:2018 (please refer to the Management Systems Certification Table), we have improved and reduced environmental impact of our operations and hereby make a public disclosure about USI's environmental information for the implementation of corporate environmental responsibility.

Following our Regulatory Compliance & Responding to Environmental Campaigns pillar of USI's Environment, Health, Safety, and Energy Policy (EHS & Energy Policy), we continue to cooperate with local environmental protection authorities and actively participate in environmental improvement agreements to create an eco-friendly, healthy, and safe working environment. USI supports the Paris Agreement's objectives and responds by following the TCFD framework to disclose our strategies and measures to address the risks and opportunities brought by climate change. The Sustainability Committee is the dedicated unit for climate change management and reports to the Board. The Board and related executives assume management responsibility and take the opinions of stakeholders as reference to formulate the corresponding management strategy.

Stakeholders are welcome to provide feedback via telephone hotline or email. In 2022, we received no official complaints about environmental impact, notice of violations against environmental regulations, or environmental pollution incidents. There were no significant environmental or ecological related fines or penalties [(1)] within 4 years.

Task Force on Climate-related Financial Disclosures (TCFD)

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

Governance

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

Strategy

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

Metrics and Targets

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

Risk Management

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

Note:
1. The definition of significant fine or penalty is sanctions over CNY 67,000 (USD 10,000)

Climate Change Risk and Opportunity Management Process

Background Data Collection

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

Risk/Opportunity Possibility Analysis

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

Financial Impact Analysis

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

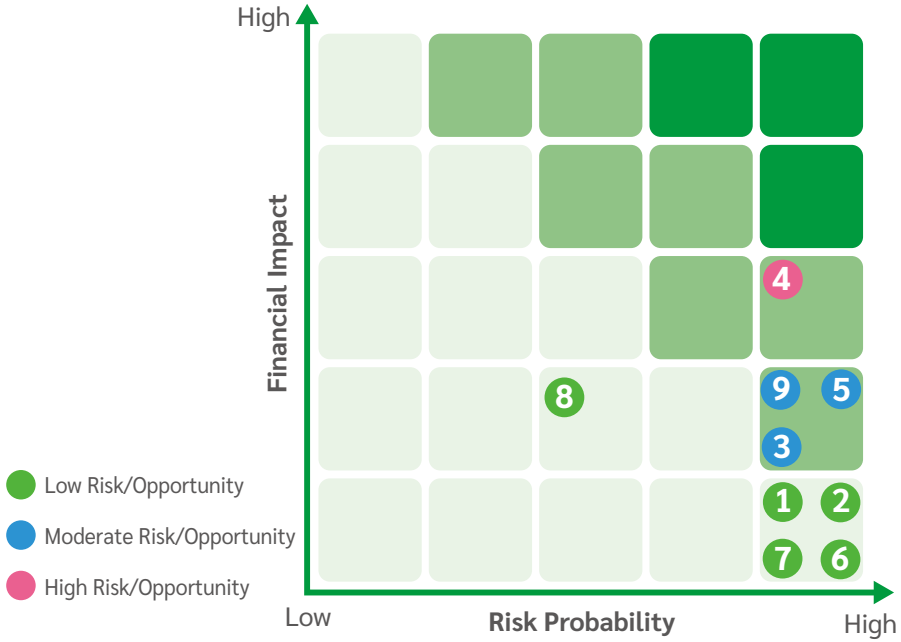
Risk Assessment

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

Control Mechanism

- Review the existing control mechanism and set feasible control indicators

Climate Change Risk and Opportunity Matrix



Physical Risk

1. Floods (Operations/Customers)
2. Drought (Operations/Customers)
3. Floods (Supply Chain)

Transition Risk

4. Customer demand for green products
5. International carbon tax and emission quota requirements
6. Energy transition

Opportunities

7. Import energy management system to improve energy efficiency
8. Develop energy saving components
9. Demand for electric cars market

Financial Impact from Risk and Opportunity

With reference to IEA's NZE 2050 and country-defined contribution scenario targets for each facility, we have conducted financial impact analysis of climate change risks and opportunities. USI's physical and transition risks and opportunities are analyzed with the relevant units in the organization, and the physical risks are identified in the form of financial and revenue losses due to the impact of natural disasters that would impact our production, operations and supply chain, and transition risks are identified in the form of customer demand for green products and future international carbon tax requirements; failure to do so will result in reduced customer orders and higher carbon tax costs. In terms of opportunities, we will continue to manage and improve energy efficiency, actively develop energy-saving components and enter the electric vehicle market, which is envisaged to save manufacturing costs and increase demand for our products. In the future, we will evaluate establishing a mechanism to estimate the financial impact of risks and opportunities. We ranked the projects with high climate risk in terms of risk score and manage them according to "mitigation" and "adaptation". In terms of mitigation, we actively promote sustainable manufacturing, the use of renewable energy and the enhancement of energy efficiency; in terms of adaptation, we strengthen USI's climate resilience and search for alternative energy sources, analyze the risk of climate change and propose research and development strategies, and provide customers with integrated solutions to help them adapt to climate change. The following are our current strategies for responding to the corresponding risks and opportunities.

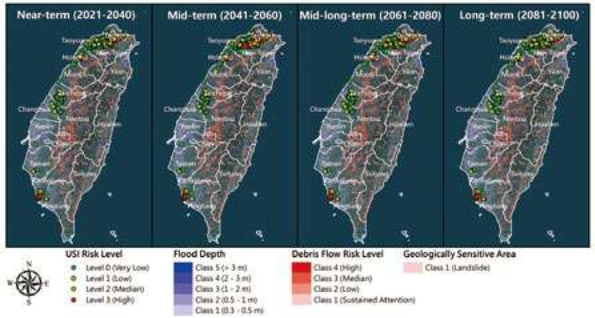
Risk and Opportunity Types	Description of Risks and Opportunities	Targets	Risk	Potential Financial Impact	Countermeasures
Physical Risks	Floods Drought	▶ Operations ▶ Downstream/ customers	Short-term risk	The production was adversely influenced, resulting in financial losses and revenue decline	▶ Simulate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

For the physical risk analysis of USI's operational sites and supplier sites in Taiwan, the World Bank's Climate Change Knowledge Portal and Taiwan Climate Change Projection Information Platform databases were used to estimate the RCP2.6, RCP4.5, RCP6.0, and RCP8.5 [1] risk levels for extreme rainfall hazards and vulnerabilities (including floods, mudslides, and landslides) between 2021 to 2100. Although analysis indicated no risk of flooding or potential landslides in USI's own operations, we have established contingency measures in place for sudden floods and drought. Supplier site vulnerability analysis has identified 484 flooding risks and 2 landslide risks, and no supplier sites have landslide risks, which we will evaluate and implement supply chain procurement mechanisms to mitigate risks.

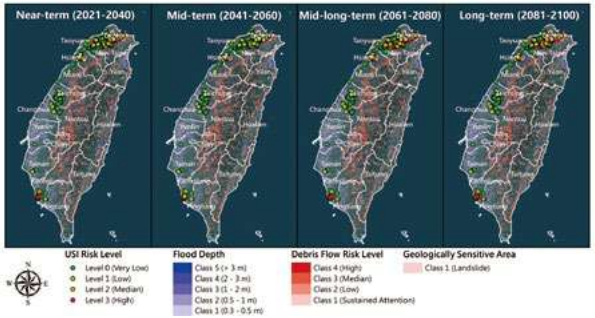
For the physical risk analysis of Mainland China and Mexico Facilities, we have referred to the World Resources Institute database and estimated the multiplier analysis of water stress from 2020 to 2040 compared to the base period for SSP2-4.5, SSP2-8.5, and SSP3-8.5 [2] scenarios. Except for Huizhou Facility, where the pressure on water resources is decreasing, the pressure on water resources in other facilities is increasing. We will continue to monitor the water consumption of each facility and evaluate the planning of the process water recycling system. The facilities have also formulated emergency preparedness response procedures and prepared sufficient emergency supplies in case of unexpected floods or droughts.

Hazard and Weakness Scenario Risk Analysis Chart

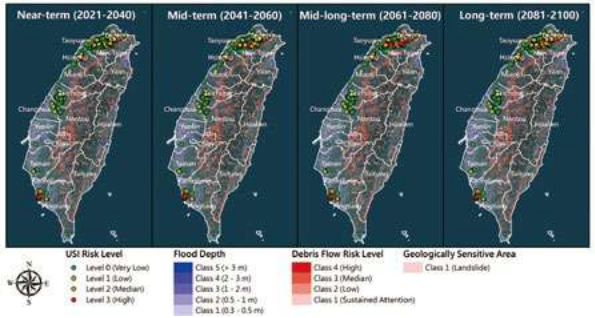
RCP 2.6



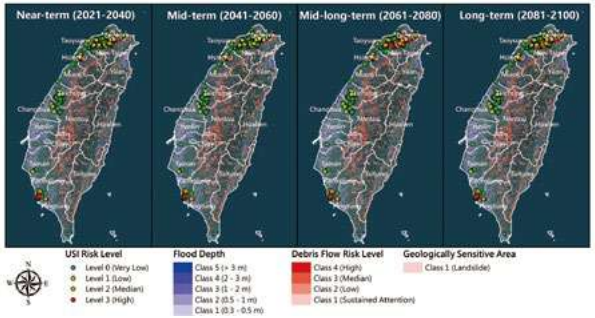
RCP 6.0



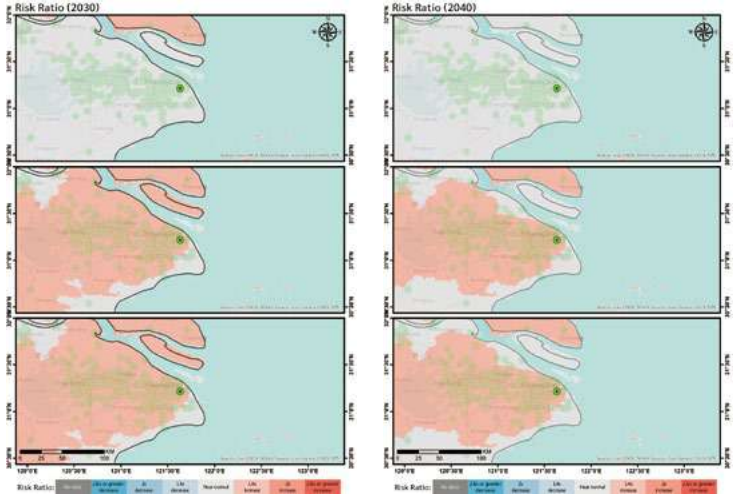
RCP 4.5



RCP 8.5



Base Period Water Stress Multiplier Analysis Chart

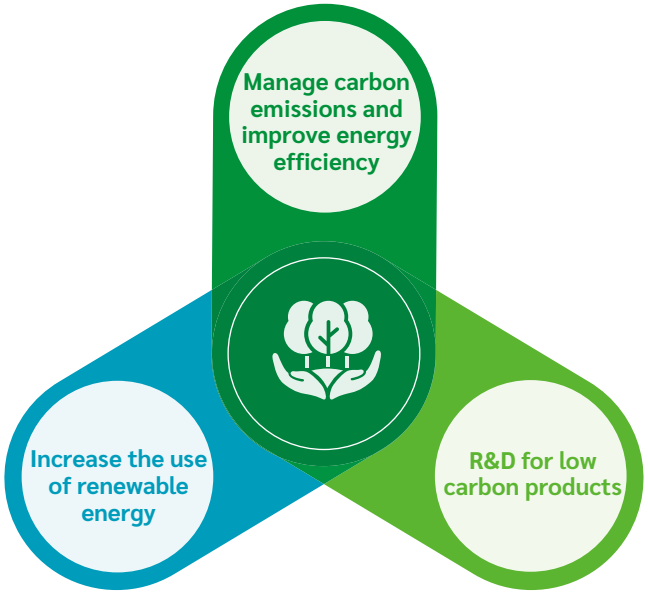


Note:
1. RCP, Representative Concentration Pathways: different possible warming scenarios based on GHG concentration trajectories
2. SSP, Shared Socioeconomic Pathways: five different scenarios models based on projected population, economic growth, energy demands, social equality, and other factors

We plan to progressively obtain high-quality carbon credits by 2045 to offset our remaining carbon emissions and achieve our goal of net zero carbon emissions by 2050. We continue to implement climate change and energy management, water management, waste management and air pollution prevention to help customers produce energy-saving and carbon-reducing products. we are presenting our efforts and results in response to climate change through a systematic disclosure framework, further raising awareness of climate crisis, formulating relevant mitigation plans and measures, accelerating the implementation of risk control and climate change mitigation actions, strengthening our operating sustainability management capabilities, and moving towards sustainable corporate development.

Metrics and Targets Related to Climate Change

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



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

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

Net Zero Carbon Emissions Target Pathway

2025
- Complete GHG inventory in all sites
- 85% renewable energy in operations

2030
- Accomplish SBT Targets
  - ✓ Reduce absolute Scope 1 & 2 GHG emissions by 35% (base year: 2016)
  - ✓ Reduce absolute Scope 3 GHG emissions by 15% (base year: 2020)
- Set internal carbon pricing
- 95% process water recycling rate

2035
- 100% renewable energy in operations

2045
- Forest carbon sink: afforestation investment

2050
- Net zero carbon emissions

Carbon Management

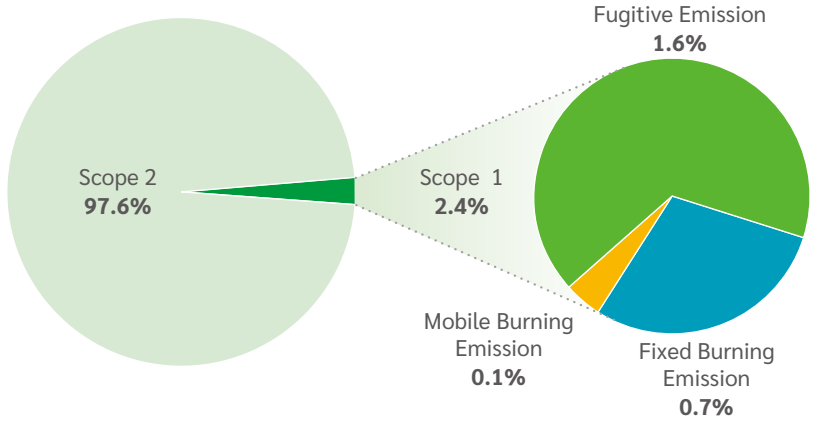
USI continues launch greenhouse gas reduction policy. The greenhouse gas (GHG) emissions inventory was performed in 2007 according to ISO 14064-1. Another check was conducted in 2010 on our worldwide production bases and the results were verified by a third-party institution to establish USI inventory benchmark data. Since the initial inventory of GHG Scope 3 emissions of Nantou Facility in 2018, we fully inventoried Mainland China Facilities the next year. In 2020, a more comprehensive and in-depth inventory was conducted. In 2017, we also started to conduct product carbon footprint inventory; and disclosed relevant information in compliance with international regulations, initiatives, and customers' requirements. USI collaborates with ASEH on the Carbon Disclosure Project (CDP) and conducts annual inventory surveys. For detailed information, please refer to the 2022 ASEH ESG Report.

Climate change has impacted USI operations. Our Mainland China Facilities are using 100% renewable energy, while the Mexico Facility used 50% of its annual electricity consumption (I-REC, please refer to the Renewable Energy section for details). In addition, Zhangjiang and Jinqiao Facility have also initiated carbon quota management in accordance with local regulations. Cap and trade system for GHG and possible energy or carbon taxes are issues USI is always paying attention to. In addition to the continuous efforts in energy efficiency improvement, the promotion of Green Promise and the environmental protection measures of will be in facilities to minimize risks from climate change.

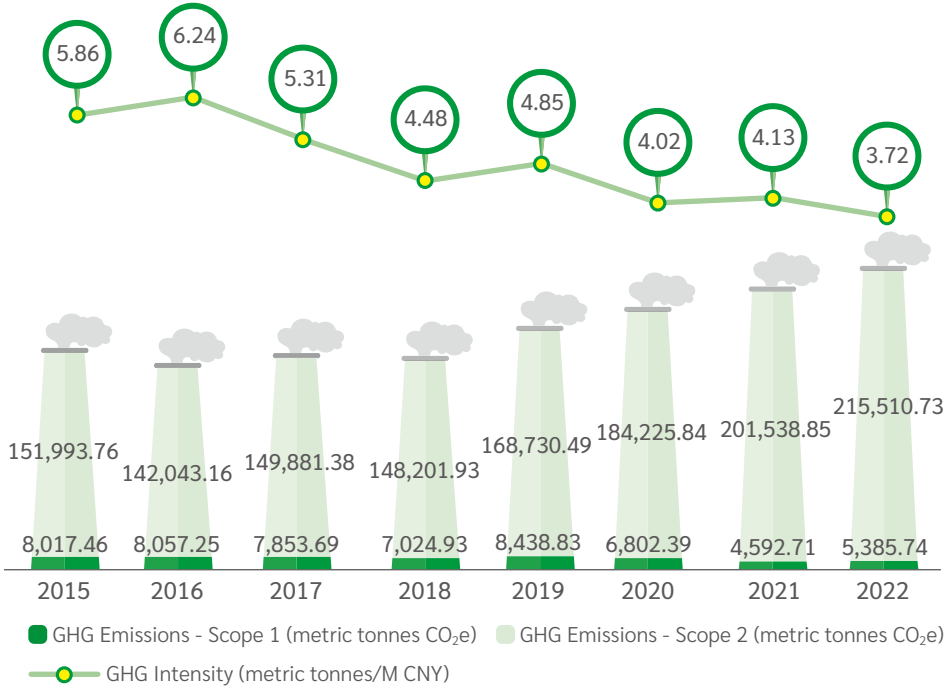
Greenhouse Gas Emissions

USI's total GHG emissions in 2022 were 220,896.47 metric tonnes of CO_2e (Scope 1 & 2), an increase of 14,764.92 metric tonnes of CO_2e from 2021, and our GHG emissions intensity was 3.72 metric tonnes of CO_2e, a decrease of 0.4 metric tonnes of CO_2e from 2021. The analysis is due to the continued growth in production capacity in 2022 resulting from the expansion of the business and the continued improvement in energy efficiency and reduction in energy costs. The analysis is shown in the following figure:

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



Greenhouse Gas Emissions and Intensity



Note:
1. The data presented came from the ISO 14064-1:2018 inventory results, rounded to the 2nd decimal place
2. The data organization boundary is summarized by the operation control method
3. The significant threshold is set at 3%, and the substantial threshold is set at 5%
4. The greenhouse gas emission includes various categories such as CO_2, CH_4, N_2O, HFCs, PFCs, NF_3, and SF_6
5. GWP value adopts the IPCC Sixth Assessment Report (2021)

Indirect Greenhouse Gas Emissions

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

Indirect Greenhouse Gas Emissions [1]

Unit: metric tonnes CO_2e

Category	Description	Greenhouse Gas Emissions
1	Purchased goods and services	8,068,349.38
2	Capital goods	126,694.20
3	Fuel and energy related activities	17,263.83
4	Upstream transportation and distribution	119,164.28
5	Waste generated in operations	1,324.25
6	Business travel	243.42
7	Employee commuting	10,515.81
8	Upstream leased assets	2,840.17
9	Downstream transportation and distribution	60,451.29
10	Processing of sold products	N/A[2]
11	Use of sold products	N/A
12	End-of-life treatment of sold products	N/A
13	Downstream leased assets	N/A
14	Franchises	N/A
15	Investments	2,067,094.67
Total		**10,473,941.30**

Note:
1. The data presented came from the ISO 14064-1:2018 inventory results, rounded to the 2nd decimal place, converted to the GHG Protocol for disclosure
2. N/A: Non-significant after assessment of the indirect emissions materiality criteria in accordance with ISO 14064-1:2018
3. The data presented came from the ISO 14064-1:2018 inventory results, rounded to the 1st decimal place

Energy Management

In the green-house gas emissions, power loss shares about 97.6% in USI. The key to reducing carbon emission is to save power, making maximum efforts for electricity efficiency. To reduce energy consumption during the operational activities and product processes and save the cost, the external power supply unit with low energy consumption will be selected in priority when the products are designed, as well as the tests will be evaluated to ensure the products can meet the requirements of environmental protection. The different energy-saving improvement plans will be executed for air conditionings, lighting equipment and heavy-energy consumption facilities in all facilities as well, continuously reducing the energy consumption and saving the electricity bill, such as variable-frequency control, seasonable adjustment of air-conditioning temperature, replacement of old equipment, monitoring and management of electricity bill.

The total energy consumption of USI in 2022 was 1,095,673.3 gigajoules, an increase of 109,040.1 gigajoules from 2021. Mainly due to increased revenue in 2022 and acquired heat value coefficient conversion data for Mexico, increasing direct and indirect energy consumption in Mexico. Based on the turnover, the energy consumption per million CNY in 2022 decreased by 2.1 gigajoules. USI's energy intensity for 2022 is 18.5 (GJ/M CNY), a decrease of 36.6% compared to 2015. In terms of energy saving, there were 5 major energy-saving schemes, which saved a total of 1,563 MWh of electricity and reduced carbon dioxide emissions by 960 metric tonnes. The total investment is CNY 1,878,052, and the annual cost saving is CNY 1,133,003. The detailed results are shown in the following chart:

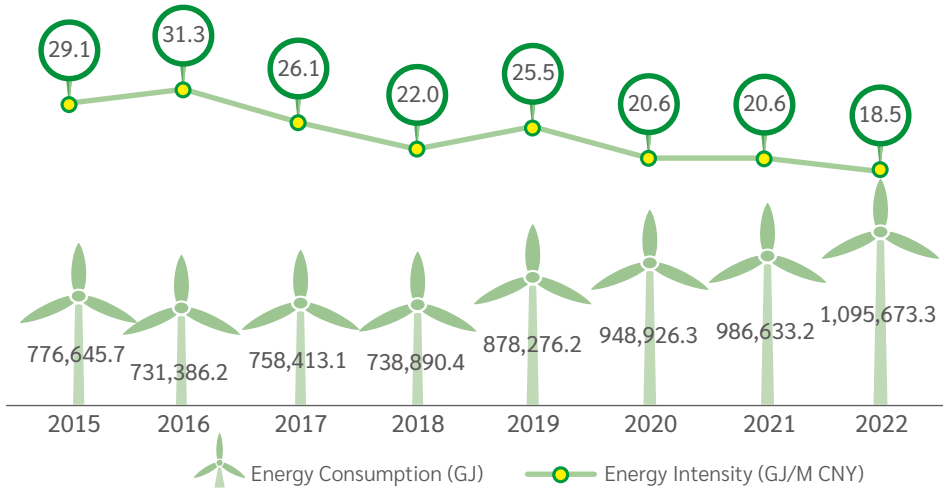
Energy Consumption [3~4]

Unit: GJ

Category	Direct Energy Consumption			Indirect Energy Consumption	Total Energy Consumption
	Diesel	Gasoline	Natural Gas/Liquid Petrol Gas	Electricity	
2022	1,266.0	2,215.4	28,307.9	1,063,884.0	1,095,673.3
2021	1,335.8	2,575.2	34,239.0	948,483.2	986,633.2
2020	1,393.6	2,523.9	74,103.6	870,905.2	948,926.3
2019	1,065.4	3,572.9	103,881.1	769,756.9	878,276.2

4. Conversion data of the heat value index:
   - Zhangjiang, Jinqiao and Kunshan Facilities have adopted Annex A (referential energy conversion standard coal factors) of General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020)
   - Huizhou Facility adopted Table E.2 (Fossil Fuel Combustion Emission Factors) of the Organizational Guidelines for Greenhouse Gas Emissions and Reporting (SZDB/Z 69-2018)
   - Nantou Facility adopted "Heat Content of Energy Products" from Taiwan Energy Statistics Handbook (2020)
   - Mexico Facility adopted "Lista de combustibles 2022"

Energy Consumption and Intensity



Renewable Energy

USI actively responds to the call for renewable energy use. We purchased 241,221 MWh International Renewable Energy Certificate (I-REC) and Green Electricity Certificate (GEC) in 2023 to offset CO_2 emitted by traditional power in 2022 (the annual electricity use for Zhangjiang, Jinqiao, Huizhou, Kunshan Facilities were all offset, and 50% of Mexico Facility's electricity was offset). Low-carbon products produced in facilities using renewable energy accounts for 67.07% of USI's annual revenue. According to GHG Protocol Scope 2 Guidance, the statements are used to neutralize Scope 2 market-based emissions. The greenhouse gas emissions amount by location and market [1] are as follows:

Category	Item	Scope 1	Scope 2	Total
Location based	GHG Emissions (Metric tonnes CO_2e)	5,385.74	215,510.73	220,896.47
	Percentage	2%	98%	100%
Market based	GHG Emissions (Metric tonnes CO_2e)	5,385.74	26,912.82	32,298.56
	Percentage	17%	83%	100%

Power Saving Performances in 2022

Facility	Project	Description	Power Saved (MWh)	CO_2 Reduction[2~3] (metric tonnes CO_2e)
Zhangjiang	Production line air conditioning improvement project	Replacement of 4 air handling units (AHU) with 1 floor-mounted high-efficiency AHU, reducing overall energy demand and air supply losses	12.7	10
Jinqiao	Excess CDA recycling energy saving project	Excess CDA derived from nitrogen generators are provided to in-facility processes to reduce the load on the ZR355 air compressor to achieve energy saving effects	566.9	449
Nantou	Cleanroom outdoor air handlers improvement project	Replaced pre-cooling and cooling coils of outdoor air handlers to improve cooling efficiency	307.5	176
	Air cooled water chiller energy saving project	Replaced 20-year-old air-cooled water chiller with a new model featuring energy-saving technology and eco-friendly refrigerant	330.0	168
	Power system optimization and energy saving project	Modified air duct and added inverters to improve the efficiency of the windmill, and added PCM [4] energy storage dryer to reduce energy loss during system operation	346.3	157
Total			**1,563.4**	**960**

Note:
1. The data presented came from the ISO 14064-1:2018 inventory results, rounded to the 2nd decimal place
2. Carbon emissions reduction = electricity saved x electricity emission coefficient
3. Electricity emission coefficient:
   - Zhangjiang, Jinqiao, and Kunshan Facilities adopt the Huadong Power Grid 0.792 metric tonnes CO_2e/MWh based on the "2019 Emission Reduction Project: China's regional grid baseline emission factor" by the Department of Climate Change
   - Nantou Facility adopts the "2021 Electricity Emission Factor" announced by the Bureau of Energy, with a CO_2 emission factor of 0.509 kg CO_2e/kWh
4. PCM, Phase Change Material

Water Resource Management

USI does not have issues on contaminating catchment areas as our facilities are not built around it. But Mainland China's regulation has become increasingly rigorous and ASEH paid close attention, the storage and distribution of water resources have also become an important topic for us. USI has been making efforts in conserving water resources and continues to manage the resources in our production and daily life. Apart from regularly tracking the water usage of USI's six major manufacturing facilities, USI also commissions a third-party to check the quality of effluents on a regularly basis to prevent water pollution from happening. Each facility conducts tests in accordance with local regulation requirements: in Zhangjiang and Jinqiao Facilities, test items include pH value, SS, BOD, COD, ammonia nitrogen, total phosphorus, petroleum, animal and vegetable oils, and total nitrogen; in Nantou Facility, test items include water temperature, pH value, SS, BOD, and COD; in Mexico Facility, test items include pH value, water temperature, BOD, SS, copper, nickel, cadmium, lead, zinc, arsenic, mercury and hexavalent chromium; in Huizhou Facility, there are no relevant test 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 Kunshan Facility only shares water-related costs. There was no violation of water discharging regulations in 2022, and USI will continue to keep a track on the use of water resource and save as much water as possible for a friendly environment and reduction of environmental impacts.

USI total water consumption in 2022 was 1,068.17 ML, an increase of 23.9% from 2021 (861.89 ML). However, our water intensity is reduced by 28.5% [(1)] compared with 2015, achieving the goal of water saving. In terms of water intake, except for the use of underground water sources in Nantou-TT Facility, all other facilities use tap water sources. The annual underground water consumption is 66.1 ML, and the water consumption of tap water is 1,002.08 ML. In terms of water discharge, 930.22 ML of wastewater was discharged into the sewage systems. Analyzing the data, operational expansion which resulted in record revenue, and the relocation of the Shenzhen Facility to the Huizhou Facility are the main reasons why the overall water intake of USI has increased compared with the previous year.

To make the use out of every drop of water, USI is planning to recycle as much water as possible via improvement of equipment and technology. In 2018, the process water recycling system was introduced to Zhangjiang Facility. This system enables USI to recycle process water produced from the cutting process; filter and sterilize the water through filtration, disc filter, ceramic ultrafiltration membrane and UV sterilization processes; and reuse the water in the production. With respect to the installation of process water zero discharge system at Jinqiao Facility, this project has adopted advanced oxidation technology. In 2022, USI recycled 307.54 ML of water, with a recycling rate of 28.8%. In addition, the process water consumption is 395.14 ML, with a recycling rate of 78.1%.

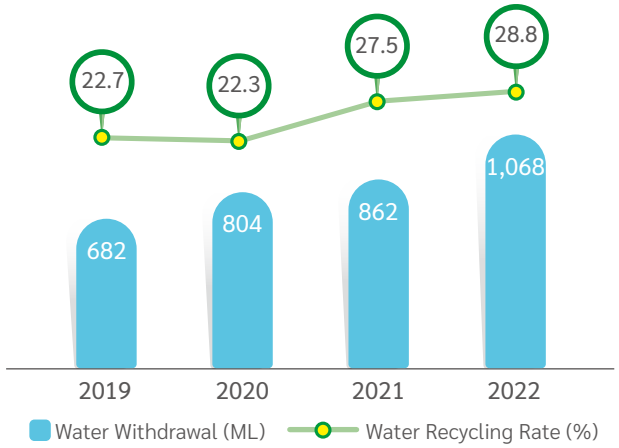
Water Withdrawal and Discharge in 2022 [(2)]

Unit: ML

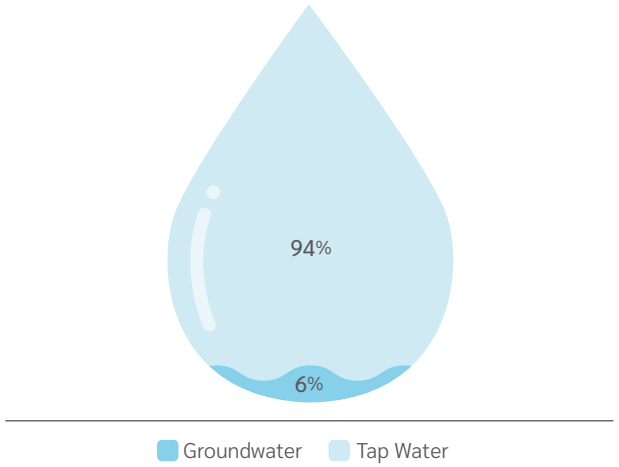
Facility	Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou			Mexico
					TT		NK 1	
Source	Tap water	Tap water	Tap water	Tap water	Tap water	Groundwater	Tap water	Tap water
Water Withdrawal	386.583	115.685	212.792	118.077	21.152	66.095	100.518	47.270
Discharge Flow	Sewage treatment facility	Sewage treatment facility	Sewage treatment facility	Sewage treatment facility	Sewage treatment facility		Sewage treatment facility	City sewage treatment facility
Water Discharge	347.925	104.117	191.513	106.269	47.388		90.466	42.543

Note:
1. Water intensity of 0.169 (m^3/KUSD) in 2015 and 0.121 (m^3/KUSD) in 2022, a decrease of 28.5% from the base year
2. Apart from the Nantou-TT Facility, USI has no discharge water flow meter in each facility. Thus, the water discharge volume is estimated based on the estimation principle of 90% of the water intake

Water Withdrawal and Recycle



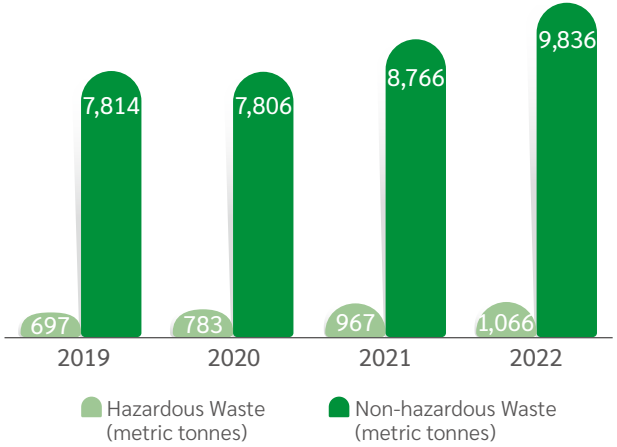
Water Usage Ratio

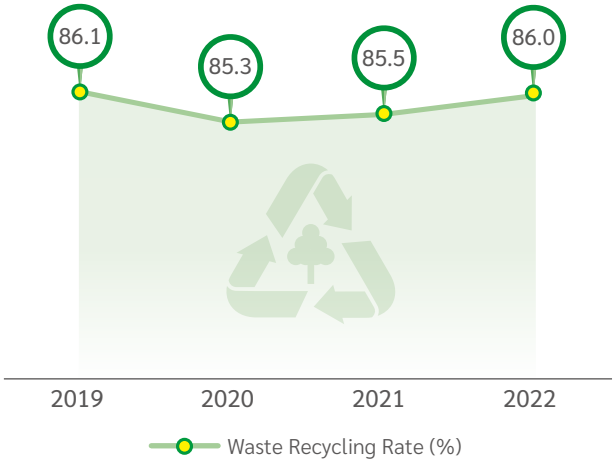


Waste Management

USI considers "Waste Minimization and Reuse" as corporate policy. The principles of "Impact Mitigation & Continuous Improvement" and "Effective Reduction & Circular Reuse" have been carried out thoroughly in all the facilities and treated as annual performance indicator. Therefore, through regular data record and tracking, the relevant units such as process unit, facility affairs unit, and EHS unit strictly monitor the usage and outputs, and strengthen the effective control of waste.

According to the data, the total amount of waste generated in 2022 was 10,842 metric tonnes, and recycled 9,329.396 metric tonnes, with a recycling rate of 86%. Although it is slightly higher than the previous year, it still meets the annual target (80%); The non-hazardous waste recycling rate of 92.5% also meets the annual target (90%), the details are shown as follows. The hazardous waste generation intensity is 0.125 (kg/KUSD) in 2021 and 0.114 (kg/KUSD) in 2022, a decrease of 8.8% from the previous year. In 2022, the production of non-recyclable hazardous waste in the manufacturing process increased due to the introduction of new manufacturing processes and chemicals in some facilities. USI continues to focus on product package outer box, partition and tray cleaning and recycling, with a total weight of 1,060.718 metric tonnes recycled and reused in 2022. In the future, USI will continue to implement the waste reduction policy, reduce volume from the source, and strive to achieve the goal of resource sustainability.





USI has developed a waste disposal program specifying that hazardous wastes must be handled by qualified suppliers with valid licenses for disposal and that non-hazardous wastes must be given to licensed recycling operators for recycling or shipped to the licensed incinerators for incineration.

Statistics of Disposal Methods for Various Wastes in 2022 (1)

Unit: metric tonnes

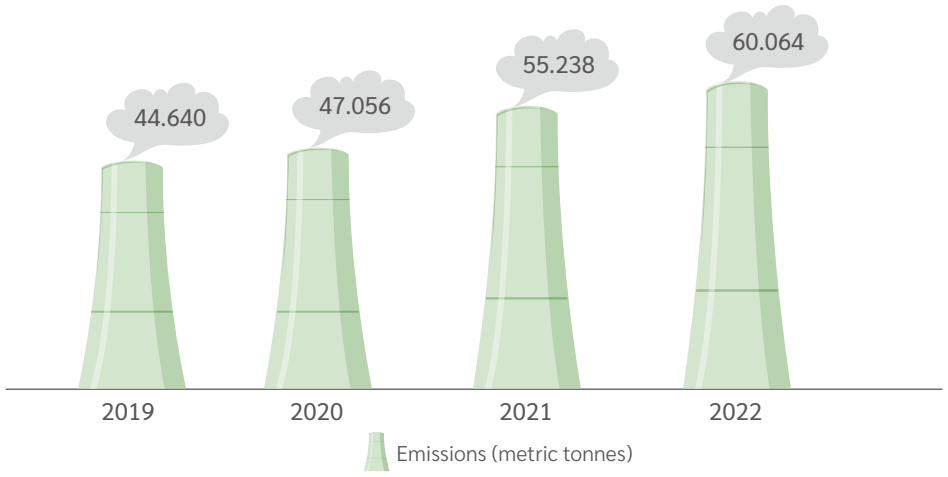
Facility \ Treatment		Reuse		Recycle		Compost		Landfill		Incineration	
		Hazardous	Nonhazardous	Hazardous	Nonhazardous	Hazardous	Nonhazardous	Hazardous	Nonhazardous	Hazardous	Nonhazardous
Zhangjiang		0.000	0.000	61.229	1,075.140	0.000	448.062	0.000	32.364	314.647	0.000
Jinqiao		0.000	0.000	0.000	581.936	0.000	292.833	0.000	15.270	90.421	0.000
Huizhou		0.000	391.489	46.975	1,326.345	0.000	78.312	0.000	108.043	70.103	0.000
Kunshan		0.000	0.000	120.000	1,733.013	0.000	165.552	0.000	44.770	61.640	0.000
Nantou	TT	0.000	510.034	0.000	254.878	0.000	67.230	0.000	0.000	123.734	129.938
	NK 1	0.000	159.195	0.000	483.919	0.000	67.230	0.000	0.000	15.844	215.224
Mexico		0.000	0.000	3.929	1,290.918	0.000	171.177	0.000	192.803	97.721	0.000
Percentage		**0.0%**	**9.8%**	**2.1%**	**62.2%**	**0.0%**	**11.9%**	**0.0%**	**3.6%**	**7.1%**	**3.2%**
Total		**1,060.718**		**6,978.282**		**1,290.396**		**393.250**		**1,119.272**	

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

Air Pollution Control

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

In terms of volatile organic compounds (VOCs), Nantou Facility was the only one required to be regularly inspected and declared. However, requested by the competent authority of Shanghai City at the end of 2017, Zhangjiang Facility and Jinqiao Facility made their first declaration. In 2018, in response to the "Environment Protection Tax" declaration requirements of the supervisory authority, the statistical methods were adjusted and declared, and activated carbon towers and water washing towers were installed. Regular monitoring and management of regulated pollutants such as volatile organic compounds, nitrogen oxides (NO_x), sulfur oxides (SO_x) and fine suspended particulates. Huizhou Facility and Kunshan Facility carry out detection and management of volatile organic compounds and suspended substances in accordance with the regulations of the local authorities, and have launched relevant preventive measures, such as UV photolysis [(1)], activated carbon treatment and zeolite rotor with catalyst thermal oxidizer, to reduce VOCs emissions. According to statistics [(2)], VOCs emissions in 2022 were 60.064 metric tonnes, an increase of 8.7% from the previous year. After analysis, the reason was that the increase in the use of organic solvents in response to the expansion of the company's operations, so the VOCs emissions have increased slightly from the previous year. Therefore, in 2023, the zeolite rotor and rotary thermal oxidizer are expected to be installed in Nantou-NK 1 Facility to reduce the emission of VOCs.



For the emissions of NO_x, SO_x, and particulate matter, in 2019, to reduce the emissions of NO_x in boiler exhaust gas, Jinqiao Facility carried out boiler exhaust gas transformation and equipped with a low-nitrogen burner. In the future, USI will let other facilities disclose relevant information, and actively promote the expansion of related improvement measures to other facilities. The air pollutant emissions data [(3~6)] for 2022 is shown in the table below:

Unit: metric tonnes

Facility / Pollutant	Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	
					TT	NK 1
Volatile Organic Compounds (VOCs)	3.340	1.692	0.567	0.057	19.601	34.807
Nitrogen Oxides (NO_x)	0.562	0.364	N/A	N/A	N/A	N/A
Sulfur Oxides (SO_x)	N.D.	N.D.	N/A	N/A	N/A	N/A
Particulate Matter (PM)	1.284	0.450	N/A	0.241	N/A	N/A

Note:
1. UV beam can break the molecular bond of industrial wastes as well as the water and oxygen in the air. Then, with the use of ozone, the oxidization reaction takes place for deodorization and sterilization
2. The data includes Zhangjiang, Jinqiao, Huizhou, Kunshan, Nantou Facilities
3. The estimated emission level and amount in the test report produced by a third-party test body are adopted for the Zhangjiang, Jinqiao, Huizhou, and Kunshan Facilities, and the data are rounded to the 3rd decimal place
4. The discharge amount of Nantou Facility are based on the declared amount of air pollution fees collected by local environmental protection organizations, which are calculated with mass balance
5. N.D.: Non-Detectable, the level is too low to be detected by the instrument
6. N/A: No applicable local regulation and no available self-testing data

Biodiversity

USI values the provisioning, regulating, supporting, and cultural services ecosystems provide for our business operations and strives to reduce our impact on the ecosystem. Mainland China, Nantou, and Mexico facilities are in high-tech industrial parks, not biodiversity-sensitive areas.

Biodiversity Commitment

To achieve a balanced coexistence and maintain the integrity of natural ecosystems and forest conservation, USI established our Biodiversity and No Deforestation Commitment and publicly disclosed our biodiversity targets:

- **Target Objective:** to work towards No Net Loss (NNL) and No Gross Deforestation across our operations and value chain, we establish a global monitoring system to track biodiversity loss and comply with statutory biodiversity and forest conservation regulations, reducing environmental impacts and dependencies in the best practicable way.
- **Risk Assessment:** USI engages with internal and external stakeholders to assess potential biodiversity and deforestation risks following international guidelines. We analyze dependencies and impacts, consider local operational and ecological characteristics, identify priority areas to work on, and manage material risks by developing action plans with clear and measurable metrics.
- **Mitigating Impact:** to balance our impact on the ecosystem, USI adopts a nature-based mitigation hierarchy approach of prevention, mitigation, restoration, and offsetting throughout the operation life cycle to investigate and monitor material risks, protect biodiversity and ecosystem services, and prevent deforestation or invasive species.
- **Scope of Coverage:** all operations, suppliers, and partners are subject to the Commitment. New Facilities and value chain operational activities are prohibited, where avoidable, to be located near sites containing globally or nationally important biodiversity, environmentally-sensitive hotspots, ecological corridors, in areas contiguous with hydrological and vegetation conditions, or the vicinity of the sites mentioned above.

With the Board of Directors' endorsement and approval, this Commitment is implemented across all operating sites, subsidiaries, suppliers, and business partners inside and outside the value chain worldwide to achieve the long-term goal of 2050 Net Positive Impact (NPI).

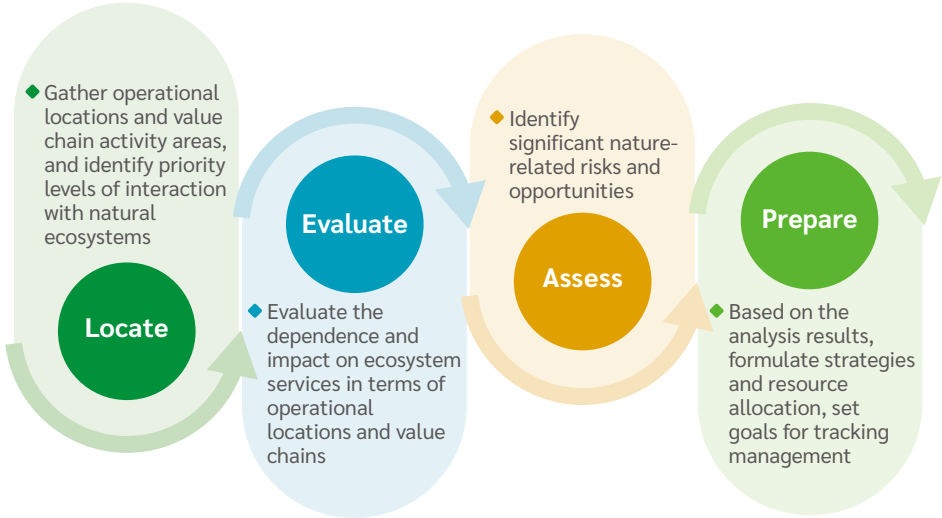
Note:
1. Dependency: It refers to the services provided by natural resources or ecosystem during the operation process; if the services provided by ecosystem are lost, it will lead to natural disaster and cause the risk of occurrence
2. Impact: It refers to the risk of regulatory or goodwill exposure due to changes in natural capital as a result of operations

As part of our restoration efforts, USI began afforestation in partnership with an organization in 2013 to increase biodiversity and soil and water conservation, as detailed in the Conserving the Environment section. In addition, to reduce the Potentially Disappeared Fraction of species and achieve No Gross Deforestation by 2050, USI continues the hierarchical mitigation approach of prevention, mitigation, restoration, and offsetting in our facilities and carry out measures such as energy saving, carbon reduction, and resource recovery to ameliorate our impact.

Biodiversity Risk Assessment

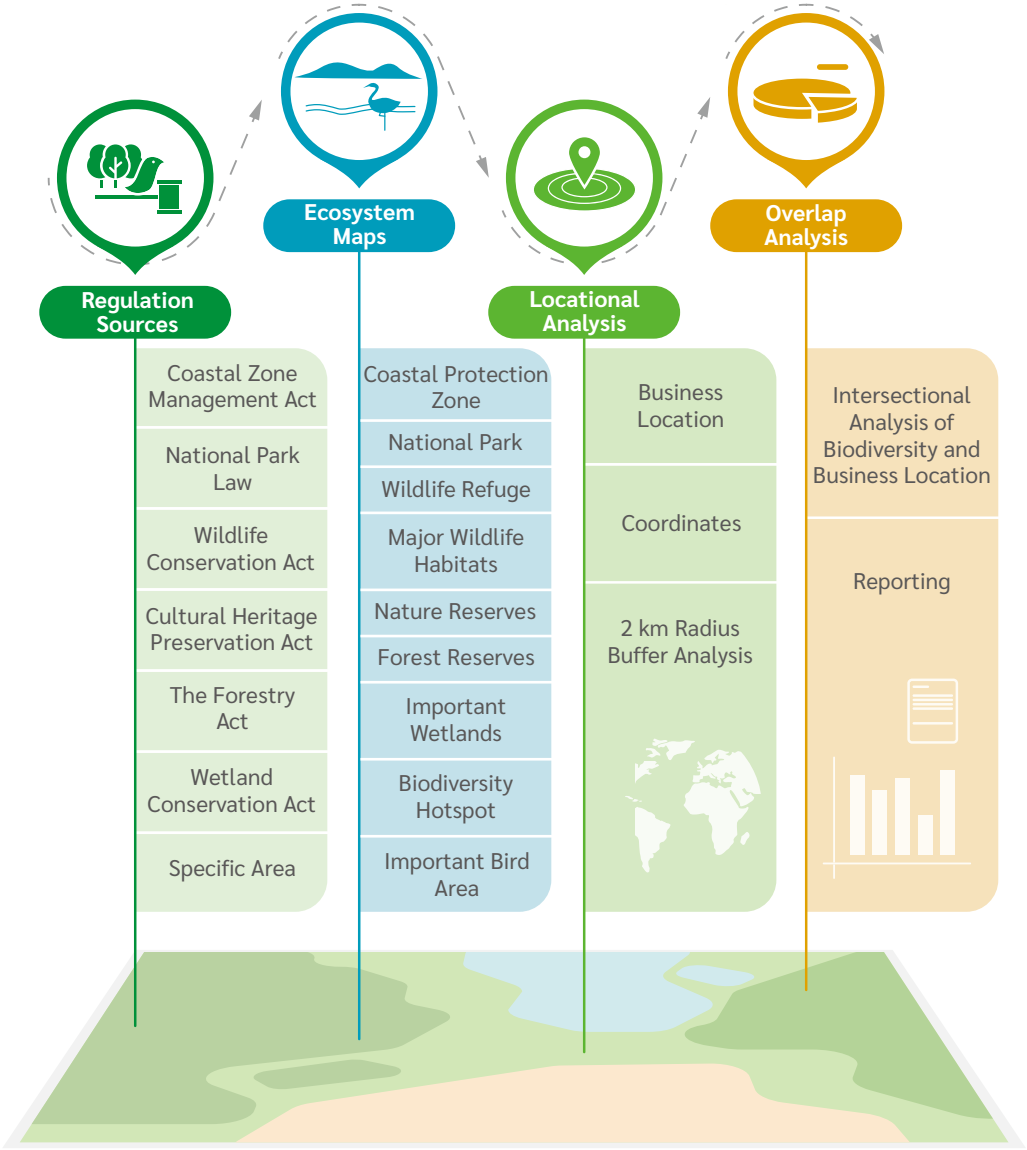
We use the LEAP process proposed by the TNFD framework to understand the interaction between the Nantou Facility and the suppliers' operations in Taiwan and the natural ecology, to assess the dependency [1] and impact [2] on nature and biodiversity, and to capture the related risks and opportunities.

Biodiversity Risk Assessment Process

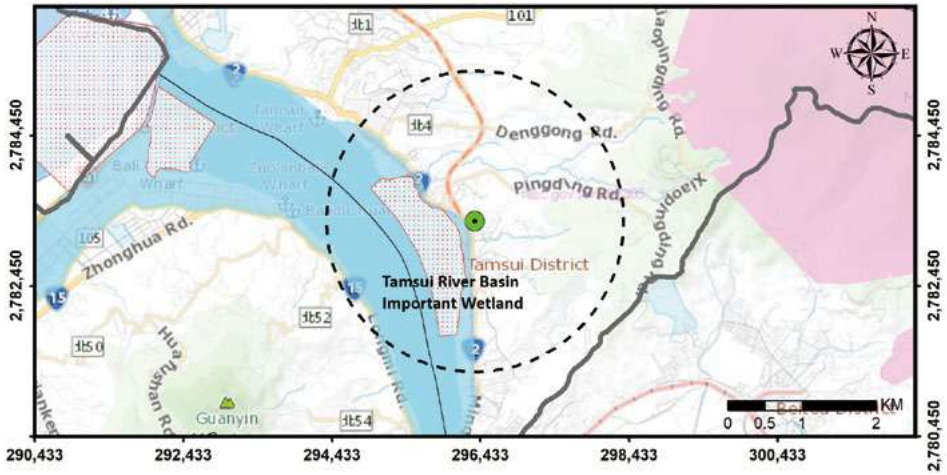


According to the specific protection zone delineated by local regulations, the biodiversity map overlap analysis was conducted in 2 km radius buffer area between the Nantou Facility and the supplier's operation sites in Taiwan. The analysis of supplier locations in Nantou and Taiwan has been completed, and some suppliers are known to have overlapping locations with the legal areas.

Operation & Supplier Location Analysis



Buffer Analysis of Supplier Locations



⊙	Location		Coastal Zone Management Act-Coastal Protection Zones		National Park Law-National Parks
▭	2 km Radius Buffer Area		The Forestry Act-Forest Reserves		Wildlife Conservation Act-Wildlife Refuges
▭	Wetland Conservation Act-Important Wetlands		Cultural Heritage Preservation Act-Nature Reserves		Wildlife Conservation Act-Major Wildlife Habitats

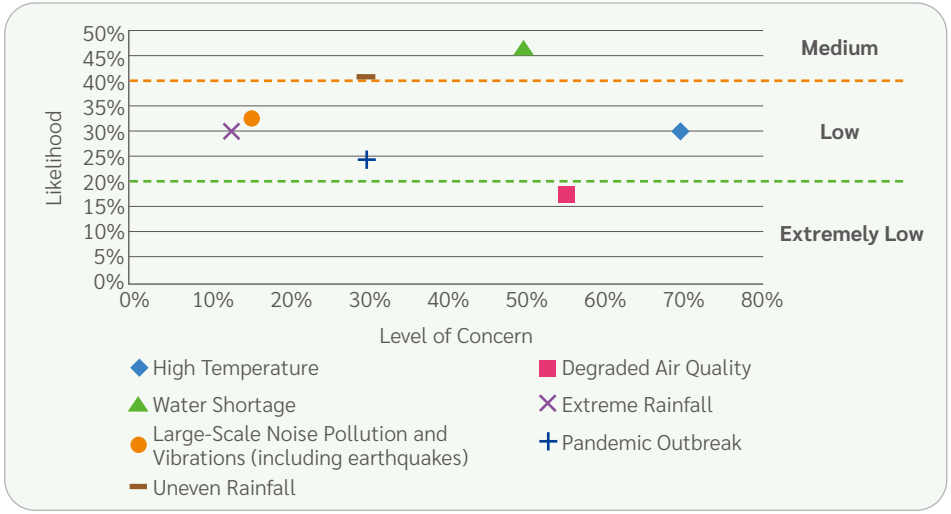
Through the Materiality Survey of Nature and Biodiversity Questionnaire, we have specified the natural resources required for operations or the services provided by ecosystems as dependency indicators, and the impact of operations on ecosystems as impact indicators. Based on the survey results, consider the degree of concern and influence, and identify the concerns and risks of dependence and impact. From the identification results, it is found that the company has a high risk of relying on climate regulation and water supply. We have proposed countermeasures for the risks. Please refer to the Climate Change and Carbon Management section.

Issues of Concern and Risk Levels of Dependence and Impact

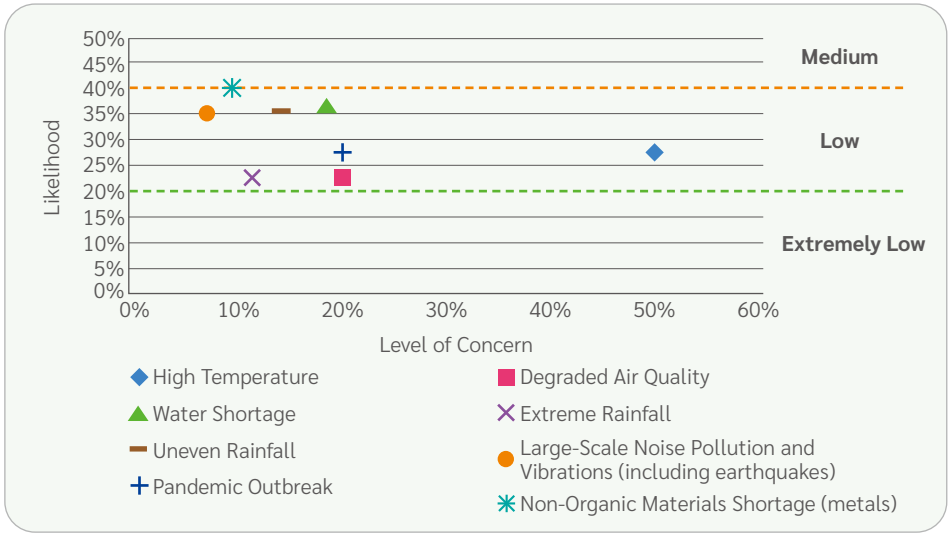
Relevance	Objective	Issues of Concern [1]	Level of Risk [2]
Dependency	Operations	Water Shortage	Medium
		Uneven Rainfall	Medium
		High Temperature	Low
		Degraded Air Quality	Extremely Low
	Supplier	High Temperature	Low
		Non-Organic Materials Shortage (metals)	Medium
Impact	Operations	Process Wastewater (containing chemicals and heavy metals)	Extremely Low
		Greenhouse Gases	Extremely Low
	Supplier	Waste	Low
		Greenhouse Gases	Low
		Minerals (e.g., metals, non-metals)	Low
		Fossil Fuel & Energy (e.g., steam, electricity, heat)	Low

Note:
1. Issues of Concern: Only issues with more than 10% of concern are selected
2. Level of Risk: The most serious financial impact may be graded, setting more than 60% as high risk, 40~60% as medium risk, 20%~40% as low risk, and 20% or less as extremely low risk

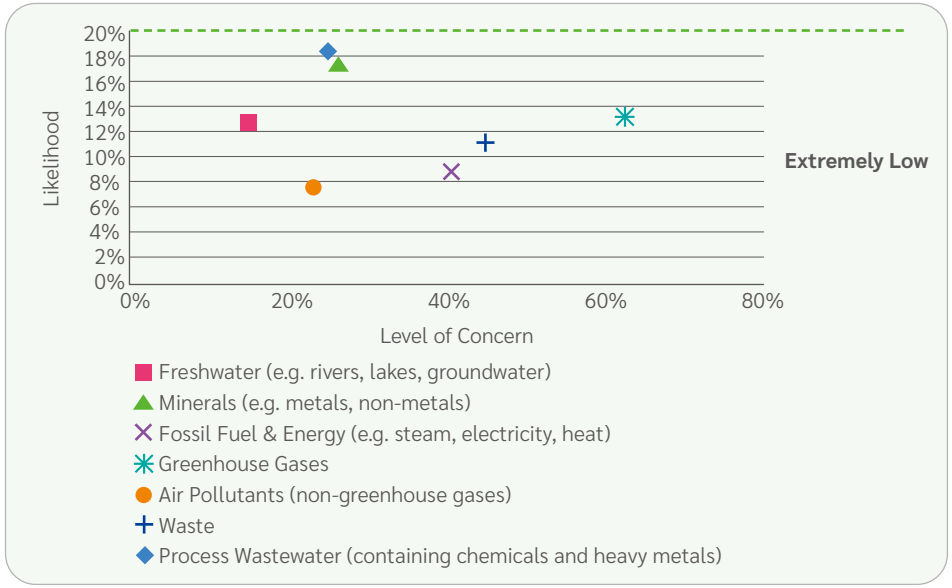
Operational Ecosystem Dependency Assessment



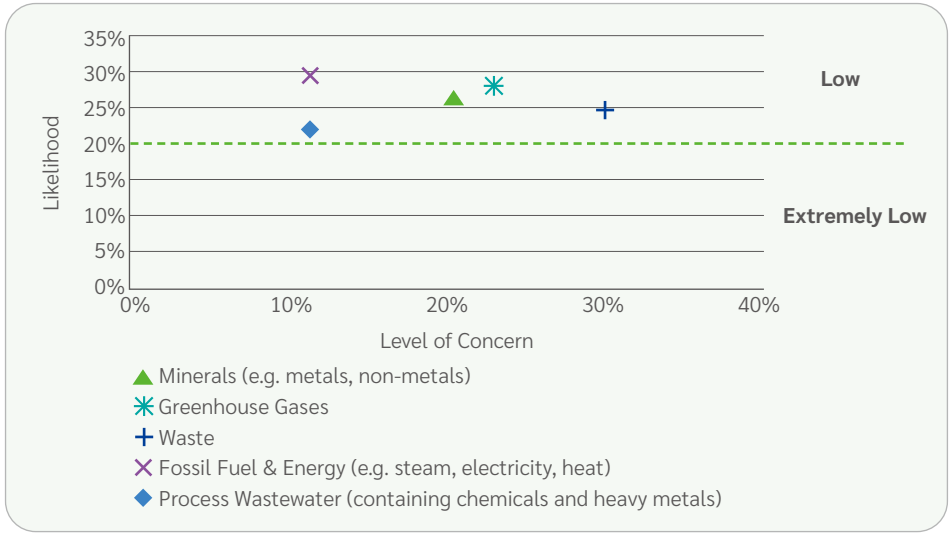
Supplier Ecosystem Dependency Assessment



Operational Nature-related Impacts Assessment

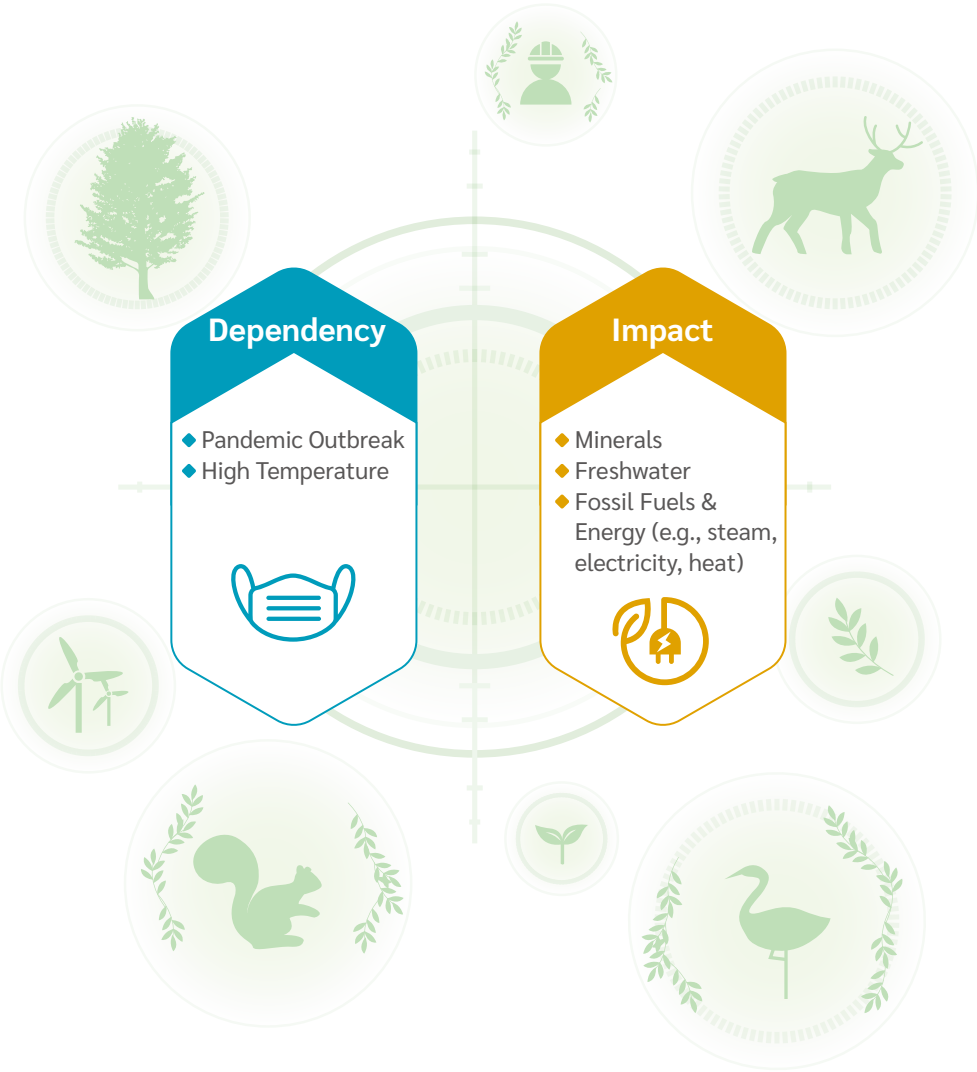


Supplier Nature-related Impacts Assessment

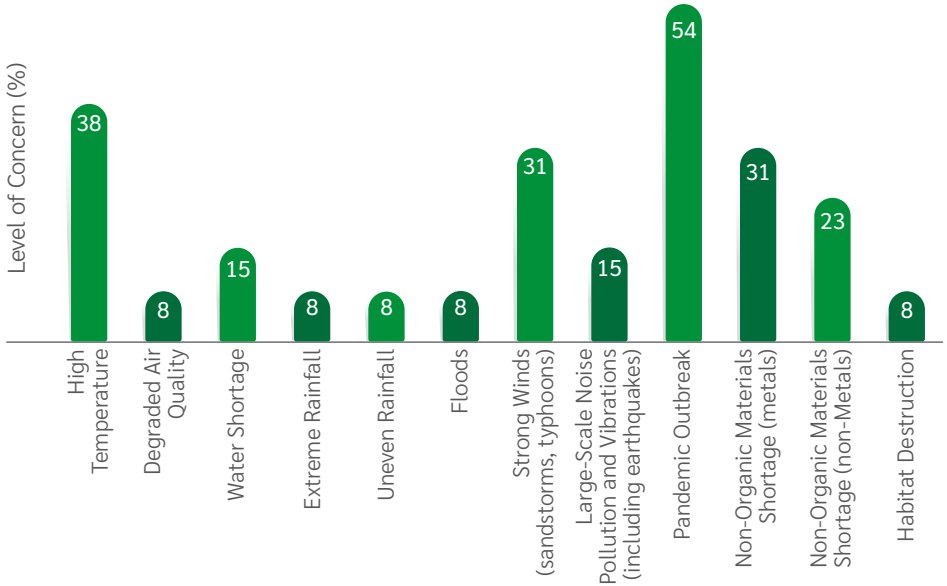


For customers, the following issues are known to be of higher concern. USI will consider the concerns of customers and further review the areas that need to be strengthened in our operations.

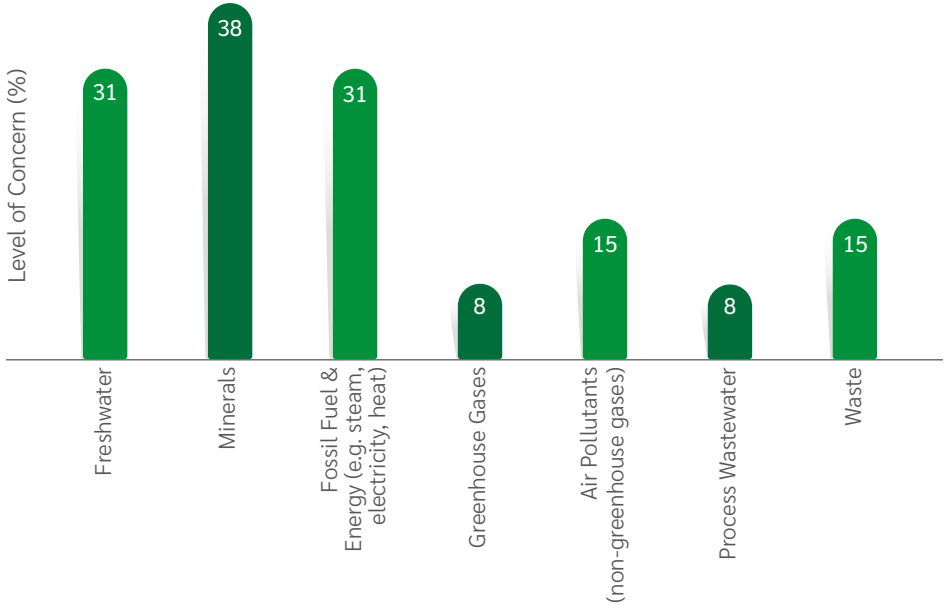
Customer Concerns



Customer Concerns about Ecosystem Dependence



Customer Concerns about the Impact of Nature



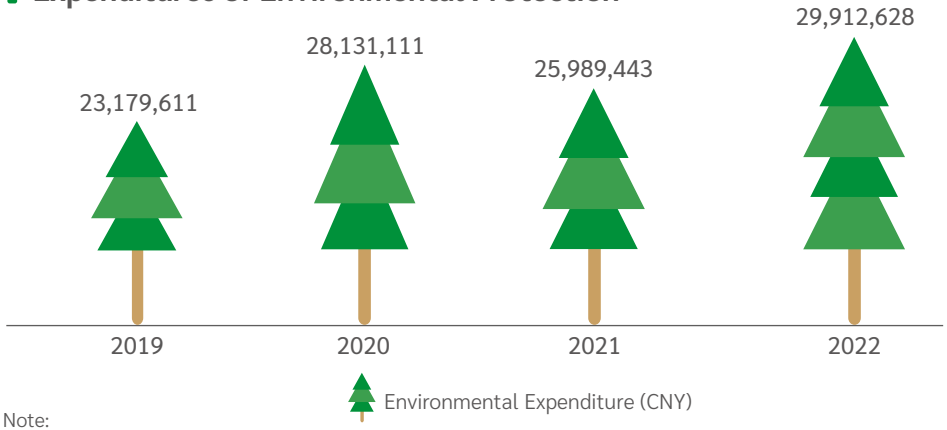
Green Manufacturing and Expenditures

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

In 2019, Nantou-NK 1 Facility started undergoing EEWH green building certification, and successfully obtained the first green building certification in 2020. In addition, we have cooperated with solar construction companies to build a solar power generation system with a total capacity of 499 kWp [(1)]. Since October 2019, it has officially put into power generation. In 2022, it produced a total of 2,142 MWh green power. In the future, we will continue to focus on clean production and green building promotion to build up a green factory of USI.

To calculate our investment in the environment, we have classified relevant costs according to the nature of ASEH's environmental expenditure (including Operating Cost, Upstream/ Downstream Cost, Management Overhead and Social Activities Cost. For expenditure details, please refer to the Sustainability Data - Environmental D. Environmental Expenditures table). In 2022, due to the increase in operating cost investment, USI's total environmental expenditure was approximately CNY 30 million, an increase of 15% from the previous year. In the meantime, we have continued to further improve our environmental management by calculating and analyzing relevant costs on a quarterly basis.

Expenditures of Environmental Protection



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

Occupational Health and Safety

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

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

Occupational Health and Safety Management

Health and Safety Management Goals and Statuses in 2022

Goals	Performance
Maintaining Zero Occupational Disease Incidences	No cases of occupational disease occurred
Maintaining Zero Work-Related Deaths	No cases of work-related deaths occurred
Zero Infections from Infectious Diseases within Facilities	Since 2016, we established a universal notification system and enhanced our emergency response capabilities. No infectious disease-related cases occurred in 2022

USI's six major manufacturing facilities have set up Safety and Health Production Committees required by local regulations. According to the regulations, labor representatives should take up at least a third of the committee. The frequency of the committee meetings varies from facility to facility, but regular meetings are held at least quarterly to coordinate and recommend occupational safety and health management matters. Besides, an internal exchange platform and paths for the sharing of the Company's information system are also established within the facility (including WeChat and irregular exchange sessions) to ensure the availability of smooth communication channels.

Safety and Health Production Committee's Responsibilities

To ensure the safety and health of workers in the facility, USI invested CNY 184 million in safety production and chemical safety management in 2022. 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:
1. Non-employee workers: workers that include temporary workers and contractors, such as construction, kitchen, security, cleaning personnel, stationed personnel, and others, with 4,838 people in total

Occupational Safety Risk Management

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

To effectively identify and assess safety and health hazards and risks and opportunities derived from the operations and work environment, we request responsible units to identify hazards based on occurrence probability, exposure frequency, and consequence severity regularly each year. Where there's change in legal regulations, production activity, or stakeholder request, the identification and assessment procedures must be applied again. USI identifies and controls priority risks and opportunities and requests relevant parties to amend plans based on the level of involved dangers and opportunities to minimize negative impacts, enhance our occupational safety and health performance, and create a sound management system. Also, to ensure quality, safety & health departments and representatives undergo regular safety training and internal auditor training within the ISO 45001 management system and acquire qualifications (Please refer to the Occupational Safety and Health Training section).

Hazards, Risks, and Opportunities Identification Procedure

Hazards, Risks, and Opportunities Identification Management Measures in 2022

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

In 2022, there were more than 40 safety and health management programs included in the tracking management, which includes strengthening the management of hazardous operations, eliminating safety hazards of machinery and equipment, reducing chemical use or using alternatives, and occupational disease prevention.

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

Safe Workplace

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

Audit Findings Results Over the Years [1]

Aspects \ Year	2019	2020	2021	2022
Safety	330	376	747	535
Health	53	108	121	59
Management System	5	11	47	13

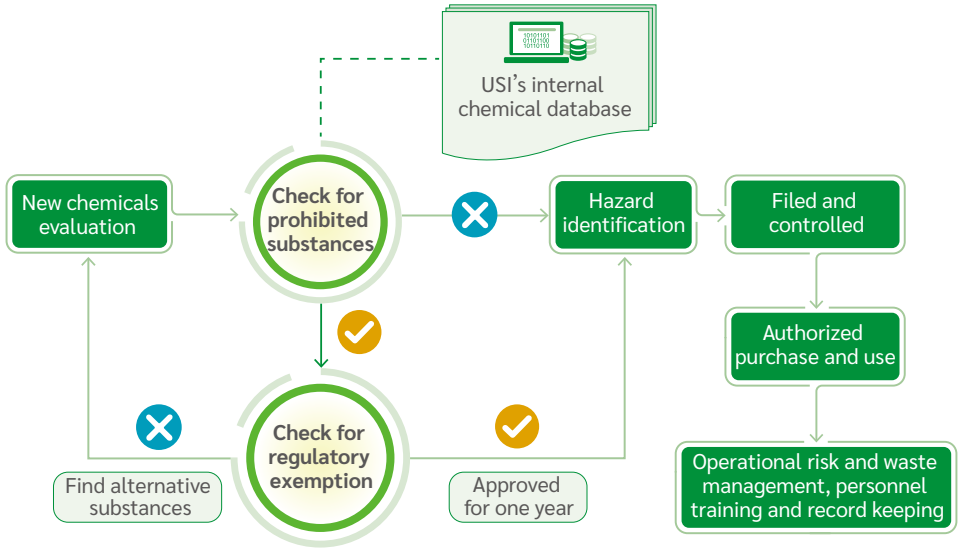
In addition, according to the actual operating hazards of each facility, qualified institutions are also commissioned to regularly implement environmental testing to control the operating environment of the hazard factors, testing items such as building security, drinking water safety, sewage testing,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

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

Chemical Safety Management

We developed our Chemical Management Procedure in line with the UN Strategic Approach to International Chemicals Management (SAICM), so chemicals are controlled and used in ways that minimize adverse impacts on the environment and human health. The key to our Procedure is a comprehensive review of substances and all applicable chemical regulations and use restrictions. We grade chemicals according to environmental and safety risks and constantly update them into our database. As part of source control, chemicals must be checked against the database, reviewed, and filed before they can be procured and subsequently introduced into our manufacturing process. All personnel involved with handling chemicals must undergo before work training and regular training to ensure that chemicals are handled safely from the moment they enter our operations until they are appropriately disposed or recycled. We keep all relative records to optimize our Procedure and prevent occupational hazards.

Chemical Safety Management Process



Occupational Incident Management

To ensure that the relevant units can respond quickly when an occupational incident occurs, each facility has established procedures for accident investigation and handling, stipulating that if a near miss, occupational injury or occupational disease occurs in the facility, procedures such as first aid, reporting, investigation, and improvement measures would be carried out, and at the same time improvement measures are proposed based on the root cause of the accident. All improvement measures would be carried out across all facilities, and relevant continuous improvement would be tracked regularly to prevent the recurrence of similar accidents. In 2022, there were 11 work-related injuries and 5 near misses, with the highest percentage being physical injuries followed by chemical injuries. In addition to improving the hardware and equipment, the company is also actively raising the safety awareness of its employees and continuing to work towards the goal of "zero accidents". There were no accidents resulting in injury or death of employees or damage to equipment resulting in production stoppage in 2022.

Occupational Injury Causes and Improvement Measures

Physical Injuries

Causes:
- Bruise
- Fall/Slip
- Crush
- Scrape/Cut

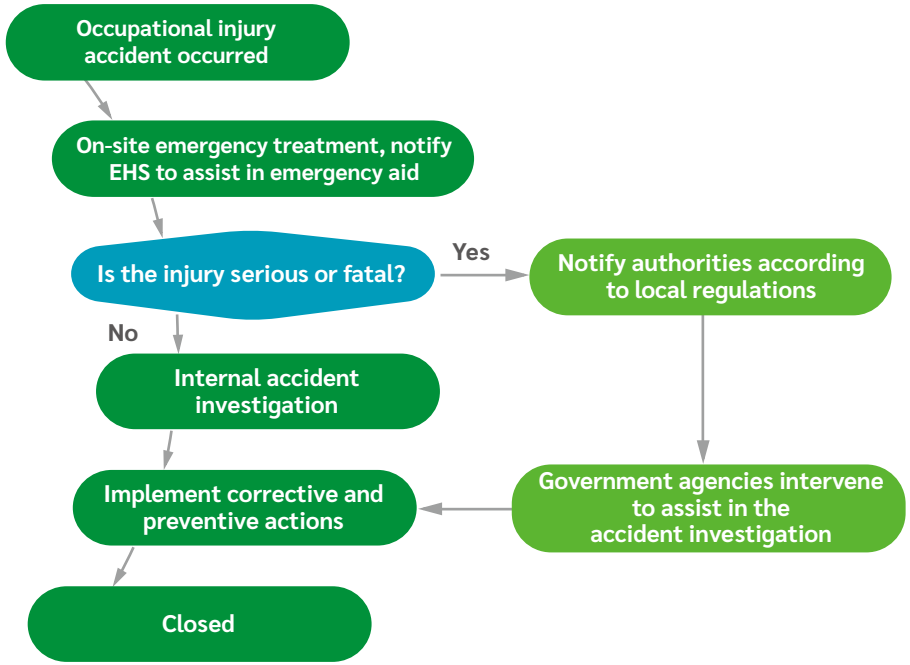
Improvement Measures:
- Strengthen communication (warning signs)
- Increase adequate machine safeguards
- Formulate SOP
- Personnel education and training
- Wearing of protective equipment

Chemical Injuries

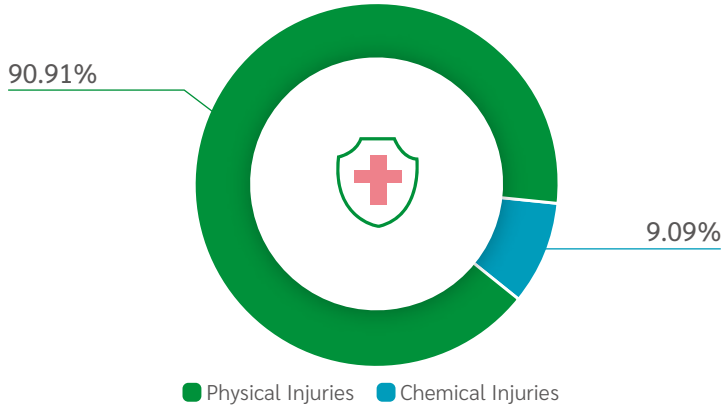
Causes:
- Spraying of chemicals

Improvement Measures:
- Formulate SOP
- Personnel education and training
- Strengthen the notice of wearing protective equipment

Occupational Injury Accident Reporting Procedures



2022 Occupational Injury Category



Occupational Injuries and Occupational Diseases in 2022 (1)

Items \ Year	2019	2020	2021	2022	Facility					
					Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico
Total hours worked	45,670,981	42,065,676	44,539,170	47,217,045	8,670,584	4,445,801	7,961,496	7,630,200	7,977,532	10,531,432
Number of lost-time injuries	14	12	14	11	0	0	0	0	5	6
Lost-Time Injury Frequency Rate (LTIFR) (2)	0.31	0.29	0.31	0.23	0	0	0	0	0.63	0.57
Number of high-consequence work-related injuries	0	0	0	1	0	0	0	0	1	0
Rate of high-consequence work-related injuries (3)	0	0	0	0.02	0	0	0	0	0.13	0
Number of near misses	0	0	2	5	0	0	0	0	5	0
Near Miss Frequency Rate (NMFR) (4)	0	0	0.05	0.11	0	0	0	0	0.63	0
Number of work-related fatalities	0	0	0	0	0	0	0	0	0	0
Rate of fatalities as a result of work-related injuries (5)	0	0	0	0	0	0	0	0	0	0
Occupational Diseases Rate (ODR) (6)	0.02	0	0	0	0	0	0	0	0	0
Number of days lost due to injuries	75	124	460	309	0	0	0	0	222	87
Lost Day Rate (LDR) (7)	1.64	2.95	10.33	6.54	0	0	0	0	27.83	8.26

Note:
1. Statistical count excludes traffic accidents during commutes. Please refer to the Contractor Management section for contractor work-related injuries data
2. Lost-time injuries frequency rate (LTIFR) = (Number of lost-time injuries ÷ Total hours worked) × 1,000,000
3. Rate of high-consequence work-related injuries = (Number of high-consequence work-related injuries ÷ Total hours worked) × 1,000,000
4. Near Miss Frequency Rate (NMFR) = (Number of Near Misses ÷ Total hours worked) × 1,000,000
5. Rate of fatalities as a result of work-related injury = (Number of fatalities as a result of work-related injuries ÷ Total hours worked) × 1,000,000
6. Occupational Diseases Rate (ODR) = (Number of occupational diseases ÷ Total hours worked) × 1,000,000. Statistics of occupational disease are in accordance with the definition of occupational diseases from relevant local laws and regulations for each facility
7. Lost Day Rate (LDR) = (Number of days lost due to injury ÷ Total hours worked) × 1,000,000. Number of days lost due to injury are based on the information collection period until 12/31/2022

Occupational Safety and Health Training

In order to enhance employees' awareness of occupational safety and health, USI has established "Environmental Safety and Health and Energy Education and Training Management Regulations" at each facility to draw up annual environmental safety and health education and training plans according to practical needs, and to conduct safety and health education and training for new recruits and in-service personnel (e.g., chemical safety operation, electrical safety, personal protective equipment use and workplace accident management training), regulatory and certification training (e.g., first-aid personnel, special machinery and equipment safety management and radiation device operation training), management system operational training, emergency response training, and contractor training (please refer to the Contractor Management section), as well as arranging drills and tests for employees to enhance their knowledge and skills and their ability to deal with emergencies. Due to pandemic prevention, only 118 training courses were held in 2022. In total, 10,967 employees logged 11,008 hours in occupational safety training.

Occupational Health and Safety Training Data

Items \ Year	2019	2020	2021	2022
Total Number of Courses	183	207	410	118
Total Number of Trainees	32,443	56,285	50,851	10,967
Total Training Hours	21,942	48,411	57,776	11,008

As a manufacturing company, USI has comprehensive Emergency Response Procedures to control and mitigate negative impacts caused by disasters. Our EHS Emergency Response Center conducts emergency response training for disasters caused by earthquakes, fires, and chemical leaks to ensure employees fully understand facility evacuation routes and how to use emergency response equipment. In 2022, 30 emergency drills were held, including first responder training and earthquake, fire, and chemical spill drills.

Contractor Management

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

Contractor and On-Site Construction Management Regulations

01 Construction Assessment
- Construction requirements
- Contractor qualification evaluation

02 Document Review
- Contractor information review
- Construction application form
- Hazardous work application form

03 Education and Training
- Construction worker training
- Construction permit application
- Sub-contractor training

04 Construction Management
- Notification of working environment hazards
- Sub-contractor meeting
- Construction supervision
- Environmental safety inspection and audit

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

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

In 2022, more than 300 occupational safety and health training sessions were held for 3,454 participants from 409 contracting companies (trainees include contractors for material contractors, factory services, construction, waste, and other services). After training and evaluation by each facility's EHS departments, 2,030 contractor employees obtained construction permits.

To ensure construction safety during work performed by contractors, we focus on dangerous operations and repeat offenders to strengthen the inspection of operational safety during construction, such as protective equipment for workers and compliance with safe conduct. If deficiencies are found and not improved immediately, penalties will be imposed in accordance with company regulations and the results will be included in the evaluation of the contractor's qualifications [1]. In 2022, no qualified contractors were disqualified due to safety and health audits.

Note:
1. Mainland China Facilities: Contractors will be disqualified if there are two abnormalities within half a year; Nantou Facility: If major violations are not improved within the time limit, they will be suspended for one year

Contractor Construction Application and Audit Findings [1]

Items \ Year	2019	2020	2021	2022
Number of construction applications	2,483	2,694	3,099	3,174
Number of applications for hazardous work [2]	564	744	997	886
Number of findings in on-site audit	67	103	34	66
Number of major findings [3]	40	47	34	28

It is our policy to monitor, report, investigate, analyze, and record all types of incidents that occur with our contractors in the USI Facilities, including occupational disasters, fires, or explosions in accordance with USI's accident investigation and improvement procedures. Since 2019, only one contractor-related [4] work injury incident occurred in 2019 and one in 2020, and the main root causes of the incidents were analyzed, and the facilities asked to strengthen the awareness and supervision. Therefore, in 2022, USI did not have any more work-related injuries or work safety accidents involving contractors.

Contractor Occupational Injuries and Occupational Diseases [5]

Items \ Year	2019	2020	2021	2022
Total hours worked	4,868,030	3,766,409	3,157,842	7,724,377
Number of lost-time injuries	1	1	0	0
Lost-Time Injury Frequency Rate (LTIFR)	0.21	0.27	0.00	0.00
Number of high-consequence work-related injuries	0	0	0	0
Rate of high-consequence work-related injuries	0.00	0.00	0.00	0.00
Number of near misses	0	0	0	0
Near Miss Frequency Rate (NMFR)	0.00	0.00	0.00	0.00
Number of work-related fatalities	0	0	0	0
Rate of fatalities as a result of work-related injuries	0.00	0.00	0.00	0.00
Occupational Diseases Rate (ODR)	0.00	0.00	0.00	0.00
Number of days lost due to injuries	8	24	0	0
Lost Day Rate (LDR)	1.64	6.37	0.00	0.00

Physical and Mental Healthcare

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

Amenities and Programs

USI provides employees with quality healthcare services. We have on-site nurses and regularly invite specialized family medicine doctors, occupational medicine doctors, psychologists, physiotherapists, and nutritionists to provide employees with psychological, work stress, career, and other consulting services. In 2022, 30,211 health consultations totaled 9,777 hours.

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

Physical Therapist Intervention

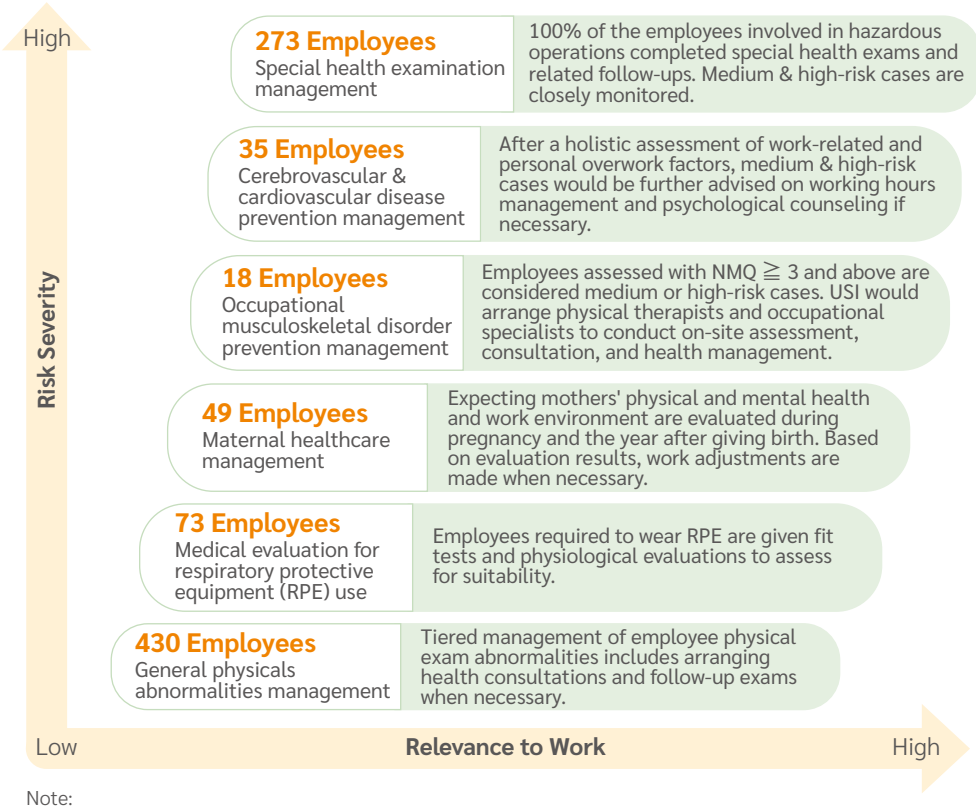
Accredited Nantou County Breastfeeding Room

Note:
1. The data includes Zhangjiang, Jinqiao, Huizhou, Kunshan, and Nantou Facilities
2. Hazardous work: including hot work, hanging work, confined space work, elevated work
3. Major findings: on-site auditing findings and issuing a ticket
4. For details, please refer to the 2019 Corporate Social Responsibility Report, page 48 and 2020 Sustainability Report, page 122
5. Please refer to the Occupational Incident Management section for the relevant ratio calculation formula

Health Risk Management

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

Occupational Health Risk [1]



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

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

Health Risk Issues and Management Metrics

Issues	Management Metrics	2022 Performance	Status
Metabolic Syndrome	Less than 22%	17.30%	✓
Cerebrovascular and Cardiovascular Disease	Risk level of 3 or more, less than 2%	0.40%	✓
Musculoskeletal Disorders	NMQ [3] of 3 or more, less than 10%	3.66%	✓

Health Promotion

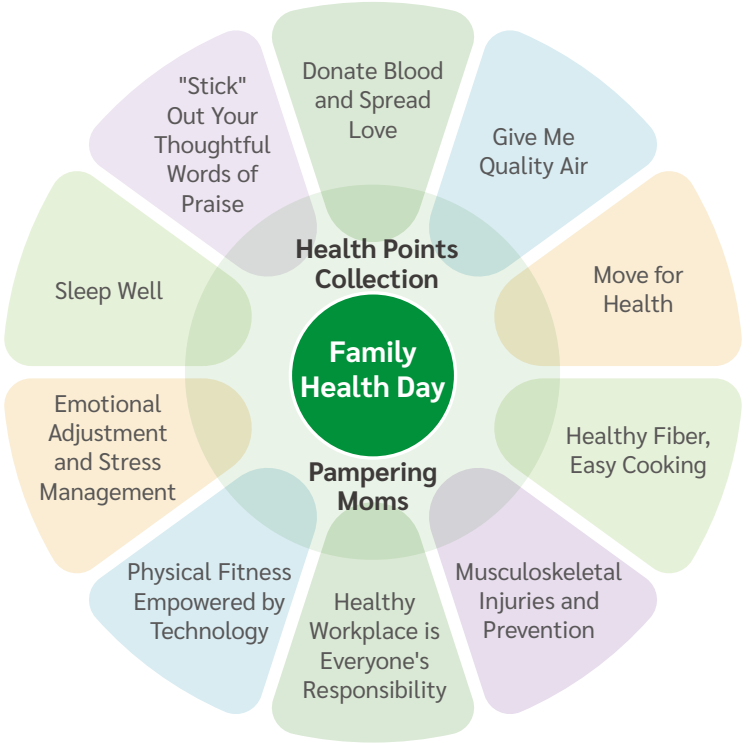
Health promotion is an integral part of preventive healthcare. Based on the results of the health examination and the willingness to participate in health promotion activities, USI holds various health seminars, trainings, and activities such as pregnancy healthcare, cancer screening services, vaccination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

In mental health, USI not only hold fellowship campaigns regularly for employees (please refer to the Employee Benefits section for details), but also has Employee Assistance Programs (EAP). It works with the human resources department to improve their performances by enhance employees' mental wellbeing. In addition to managing human resources more effectively, it can deal with crises efficiently, improve production efficiency, and make sure employees' pressure from their families, work, and life can be balanced and addressed. We have specially arranged an overall work adaptability assessment for employees with physical or mental difficulties this year to ensure that all employees have received professional assistance.

Performance of Diverse Health Promotion Activities

- A total of 51 events were held during the year, with a total of 8,611 participants
- The Nantou Facility was awarded the "Healthy Workplace Certification - Health Promotion Label" by the National Health Agency
- Nearly 4,000 employees attended health promotion activities
- Donated 546 bags of plasma in a blood donation campaign with the participation of 368 employees
- 113 employees participated in tobacco control and prevention activities

Annual Health Promotion Activities



Musculoskeletal Injuries and Prevention

Blood Donation Drives

Healthy Fiber, Easy Cooking

Goddess Festival

Tobacco Control Activities

Vaccination Services

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.

16,660 Employees Total Headcount

95% Key Talent Retention Rate

95% Local Hire Rate

140 Events Employee Communication Symposiums

19% Female Top Management Rate

157 Employees Sponsored to Obtain Degrees

SDGs ▶ 4 QUALITY EDUCATION | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH

Key Stakeholders: Employees, Governments

Sustainable Issue Performance and Targets

Material Issue | Achieved | Not Achieved [1]

Management Purpose	KPI	2022 Target	2022 Performance	Status	2023 Target	2027 Target
Human Rights/Diversity & Inclusion	**Management Approach:** No forced labor. No child labors. No discrimination. No harassment. Respect the freedom of association and privacy right. Implement working hours restrictions to protect human rights. Manage and mitigate human right risks to create a happy workplace **Evaluation Mechanism:** Conduct annual human right risk assessment and track human right hazard improvement plans every six months; track the employment status of disabled employees annually					
Construct a workplace free of human right violations, equal in gender and job opportunities, diverse and inclusive	▸ Ensure females to have participating chances in all-level decision-making leadership	▸ More than 16% females in top management positions	▸ More than 19% females in top management positions	✓	▸ More than 17% females in top management positions	▸ More than 25% females in top management positions
	▸ Employ disabled employees	▸ Employ more than 80 disabled employees	▸ Employed 83 disabled employees	✓	▸ Employ more than 90 disabled employees	▸ Employ more than 160 disabled employees
Human Capital Development	**Management Approach:** Encourage employees to continue their advanced studies. Plan training courses for employees to fit in the right position and cultivate internal instructors to inherit corporate culture and organizational capabilities **Evaluation Mechanism:** Quarterly/yearly review the internal Instructor training plan and track employee training status					
Provide employees with a lifelong learning and optimized learning environment to enhance the ability for the future career development	▸ Improve employee skills	▸ Internal instructor number adds up to over 910	▸ 1,118 internal instructors	✓	▸ Internal instructor number adds up to over 920	▸ Internal instructor number adds up to over 970
	▸ Employee career development plan	▸ Subsidize more than 50 employees to obtain degrees	▸ Subsidized 24 employees to obtain degrees	⧗	▸ Subsidize more than 40 employees to obtain degrees	▸ Subsidize more than 40 employees to obtain degrees
Talent Attraction & Retention	**Management Approach:** Provide competitive salary plans and welfare measures, build a sound welfare system and harmonious labor relations, increase employees' willingness to stay, and reduce employee turnover **Evaluation Mechanism:** Monthly/quarterly/yearly statistics on employee turnover and retention rates to ensure management performance					
Provide employees with suitable jobs and retain talents for the sustainable operation of the enterprise	▸ Employee turnover rate	▸ Direct employee (DL) turnover rate of less than 55% ▸ Indirect employee (IDL) turnover rate of less than 12%	▸ DL turnover rate of 38% ▸ IDL turnover rate of 14%	⧗	▸ DL turnover rate of less than 45% ▸ IDL turnover rate of less than 12%	▸ DL turnover rate of less than 40% ▸ IDL turnover rate of less than 12%
	▸ Key talent retention rate	▸ Key talent retention rate of more than 95%	▸ Key talent retention rate of 95%	✓	▸ Key talent retention rate of more than 95%	▸ Key talent retention rate of more than 95%

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

Human Rights Protection

USI strongly believes that corporates have the responsibility to respect human rights. We are committed to protecting and promoting human rights with our employees, joint ventures, suppliers, business partners, customers, local governments, communities, and other stakeholders. We support and respect the United Nations' Universal Declaration of Human Rights, human rights as defined in Principles 1 and 2 in the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, the International Labor Organization's Declaration of Fundamental Principles and Rights at Work, and the laws of the countries in which we operate. Being a member of the RBA, we adopt its Code of Conduct in our global operations to enforce our commitment to protecting human rights, enforcing employees' rights and interests at work, creating a diverse, inclusive, and healthy workplace, and making a commitment to a balanced life between work and family. USI Human rights management-related Policies include: Human Rights Policy, Anti-Discrimination and Anti-Harassment Policy, Sustainable Development Manual, USI Code of Business Conduct and Ethics, Supplier Code of Conduct, USI Corporate Policy for Sourcing Conflict Minerals, Environment, Health, Safety (EHS) & Energy Policy, Policy on the Protection of Privacy and Personal Data.

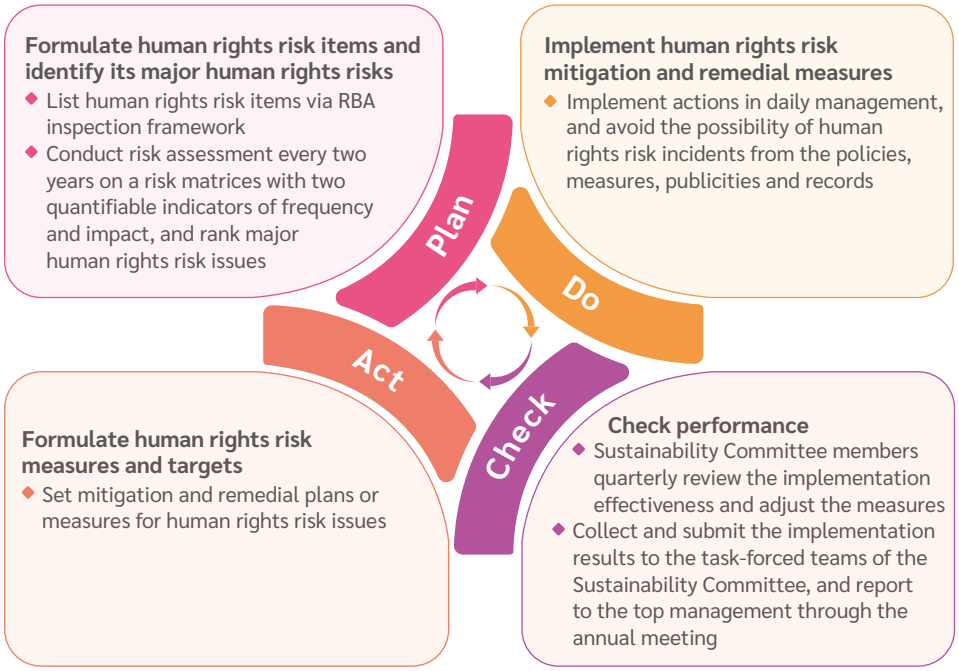
Due Diligence

USI understands and manages human right issues in a responsible manner. Adhering to the concepts of PDCA management process and continuous improvement, the taskforce teams under the Sustainability Committee will identify, evaluate, monitor, prevent and reduce human rights impacts through the due diligence process.

RBA Risk Assessment Framework

Our human rights management focuses on our employees and suppliers' that are in our operational process. Through the RBA management mechanism, we implement SAQ [1] internally every year and entrust an external third-party agency that has received special training in social and environmental audits to simultaneously provide RBA VAP [2] auditing services for all USI Facilities or new business relationship companies to do the risk management that is a two quantifiable indicators risk matrix--frequency and impact. Investigate the results of the risk assessment in the past two years, identify issues and objects that are vulnerable to human rights risks, formulate measures and plans, and continue to make improvement. The survey results are compiled and submitted to the task-forced teams of the Sustainability Committee and reported to the top management at the annual meeting. For our joint venture human rights risk assessment, it is required to conduct human rights risk identification every year. Those human rights risk issues listed in their sustainability reports, or the SAQ human rights risk identification results are necessary to formulate corresponding improvement plans and track their mitigations. For the Tier 1 suppliers' human rights risk assessment, we conduct annual human rights risk assessments and further identify their human rights risks through on-site RBA VAP audits to know which supplier might face high risks, and continuously track the effectiveness about their different risk countermeasures. For details of supplier human rights risks, please refer to the Supply Chain Management section.

Due Diligence Process



Note:
1. SAQ, Self-Assessment Questionnaire
2. VAP, Validated Audit Process, an on-site audit of suppliers, potential suppliers, and the company's own factory, which is performed by a RBA approved independent third-party audit company to provide the company with risk identification assurance, driving improvement and implement a powerful management system of labor, ethics, health, safety and environmental conditions in the supply chain

USI Role	Target	Human Rights Issues	Main Policy
Employer	▸ Employees ▸ Third-party workers	Prohibition of forced labor, working hours, wages and benefits, non-discrimination, anti-harassment, freedom of association, occupational safety, emergency preparedness, work-related injuries & diseases, data privacy & security, youth workers, workplace illegal infringement prevention, right to collective bargaining	▸ Human Rights Policy ▸ Anti-Discrimination and Anti-Harassment Policy ▸ Environment, Health, Safety (EHS) & Energy Policy
	▸ Foreign migrant employees	Working hours, equal renumeration, non-discrimination, prohibition of forced labor, prohibition of human trafficking, freely chosen employment, religious freedom, sanitation, food & housing	
	▸ Female employees	Equal renumeration, anti-harassment, gender equality	
	▸ Child labor	Prohibition of child labor, young workers	
Purchaser	▸ Suppliers/contractors	Freely chosen employment, working hours, wages and benefits, non-discrimination, anti-harassment, occupational safety, emergency preparedness, work-related injuries and occupational diseases, data privacy and security, prohibition of use of conflict minerals	▸ Supplier Code of Conduct ▸ USI Corporate Policy for Sourcing Conflict Minerals ▸ Policy on the Protection of Privacy and Personal Data
Product/Service Provider	▸ Customers	Data privacy and security	▸ Policy on the Protection of Privacy and Personal Data

RBA Human Rights Management Mechanism

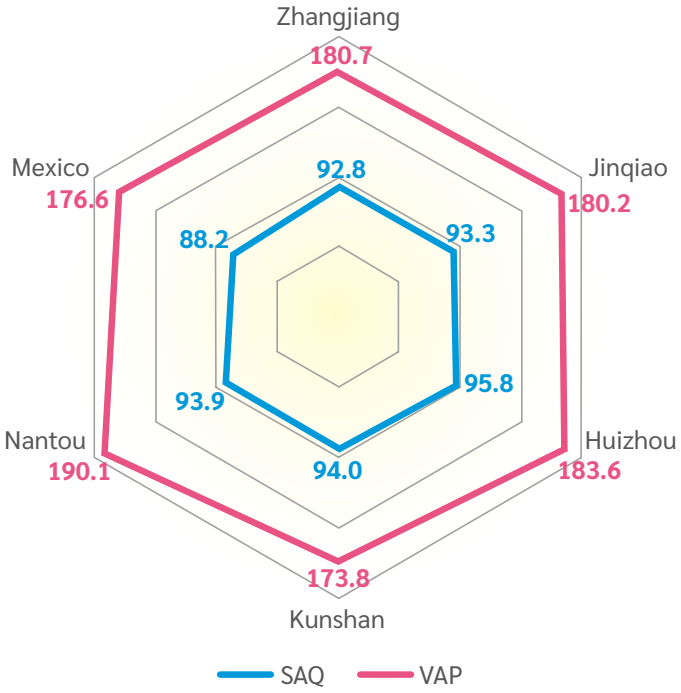
In accordance with the RBA management framework, each facility implements internal and external audits regularly. We arrange cross-site mutual audits every year to ensure full compliance with the normative standards. If there are any non-compliant item, an improvement plan needs to be proposed and got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

1. Lodge complaint
2. 1. Dept. manager or HR accept the complaint case
   2. Set investigation team to investigate
   3. Complete investigation within 30 days
3. Based on the investigation results, the review committee makes the punishment decision
4. 1. Announcement of disciplinary action
   2. Confidential filing of the complainant and investigation information (case closed)

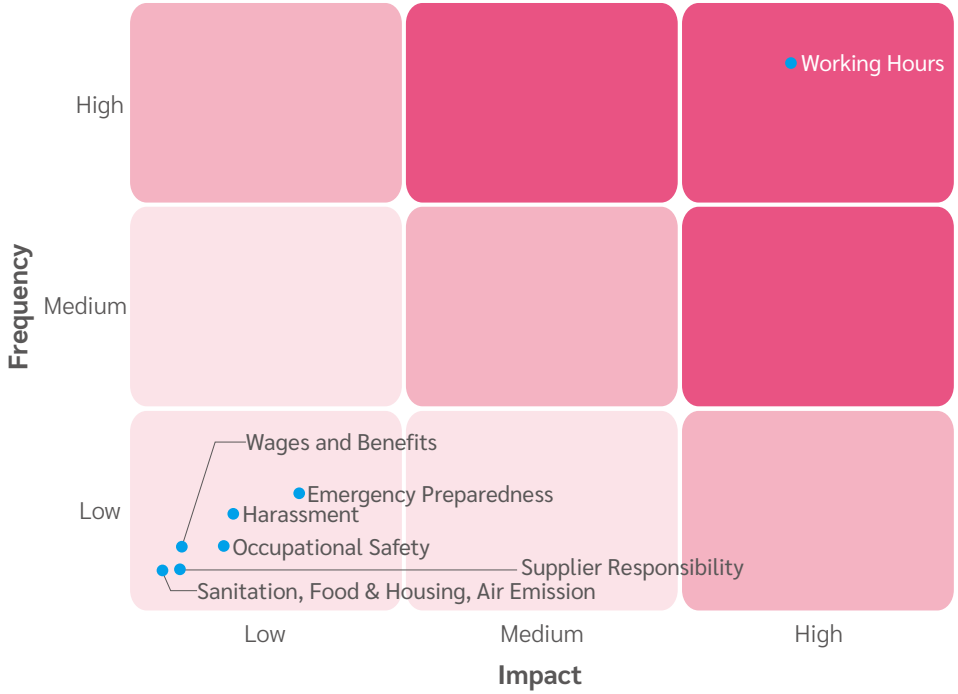
Human Rights Risks Assessment Results

In 2022, all facilities got a score above 85 on the SAQ assessment, indicating that all facilities are at low human rights risks. After arranging the results of the VAP audit and employee complaints, we have developed corresponding human rights mitigation measures and compensatory content to the findings.

Human Rights Risk Assessment Result (1)



Human Rights Risk Analysis (2)



Note:
1. The SAQ assessment score: above 85 is considered low risk; 65~85 is considered medium risk; below 65 is high risk
2. Major risks are those events with high frequency and high impact; minor risks are those events with low frequency and low impact; other events are classified as secondary risks

Human Rights Risk Mitigation & Remediation

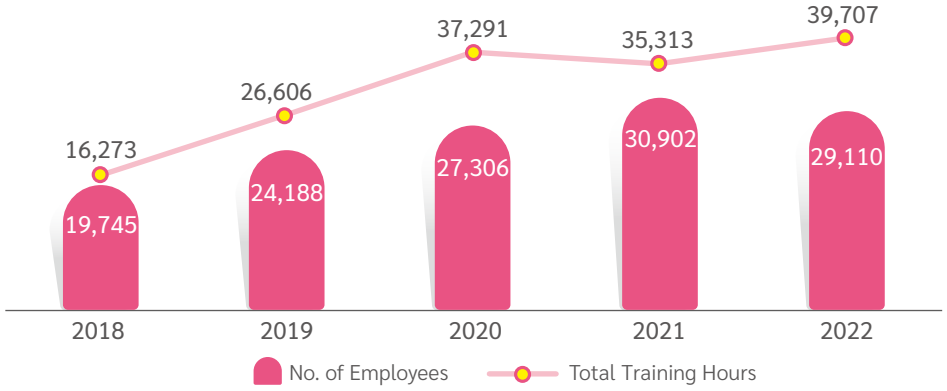
According to the results of the six Facilities' RBA SAQ and VAP human rights risk assessments and the employee complaint statistics, we proposed corresponding mitigation and remuneration measures based on the risks of each facility. In 2022, the issues that are prone to exposure risks are working hours, wages and benefits, sexual harassment, sanitation, food & housing, occupational safety, emergency preparedness. For the details of mitigation and compensation measures of "Supplier Responsibilities", please refer to the Supplier Sustainability Risk Management section.

Objectives	Employee	
Risk Issues	Labor	Health & Safety
	Working Hours, Wages and Benefits, Sexual Harassment	Sanitation, Food & Housing, Occupational Safety, Emergency Preparedness
Mitigation	**Working Hours:** ▸ Recruit sufficient staff to meet production capacity needs and avoid overtime due to an insufficient workforce ▸ Establish a working hour management mechanism system and notify the overtime employees and their direct supervisors with an early warning ▸ Enforce the "After Continuously Working 6 Days, Need to Take One Day Off" management and tracking mechanism **Wages and Benefits:** ▸ Regularly review and make sure management regulations that follow labor laws and regulations **Sexual Harassment:** ▸ Strengthen human rights (including non-discrimination, sexual harassment, privacy rights, etc., but not limited to) training and publicity, and reiterate the relevant human rights complaints and handling procedures	**Sanitation, Food & Housing:** ▸ Post proper signs for dormitory evacuation routes **Occupational Safety, Emergency Preparedness:** ▸ Strengthen document management mechanisms to ensure document integrity ▸ Clearly post the icons of on-site equipment and evacuation routes according to the management regulation ▸ Check and set the door correct opening direction for evacuation
Compensatory	**Wages and Benefits:** ▸ For the unpaid overtime fee, review the system settings and pay wages compliance with the laws and regulations **Sexual Harassment:** ▸ For human right-related issues, use the reporting mechanism to complete the investigation process, track the effective implementation of disciplinary and counseling measures, and adjust the corresponding internal management mechanism and remuneration ▸ Provide clinic physician consultation service and information to assist employees in psychological counseling and stress relief counseling	**Sanitation, Food & Housing:** ▸ Regularly check dormitory building structure, safety facilities and evacuation route signs
Grievance Mechanism	USI provides internal reporting channels: including human resources mailboxes, employee complaint lines and reporting mailboxes in all facilities	

Human Rights Training

USI continuously pays attention to human rights protection issues, promotes relevant training, and enhances human rights protection awareness to reduce the possibility of related risks. Every year employees in all Facilities around the world are requested to take "Employee Code of Conduct" and "Humane Treatment in the Workplace" courses to know the definitions and requirements of proper behavior, verifying training effectiveness through tests. To strengthen employees' understanding of human rights issues, we have created many "micro-learning" training videos for employees to learn in their independent fragmented time. In 2022, the per capita human right-related training was 1.4 hours; the total training hours was 39,707 hours; the total number of trained employees were 29,110 (including resigned employees). 100% of employees have completed human rights training as the training schedule.

Human Rights Training Participant Numbers and Training Hours



Employee Rights

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

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

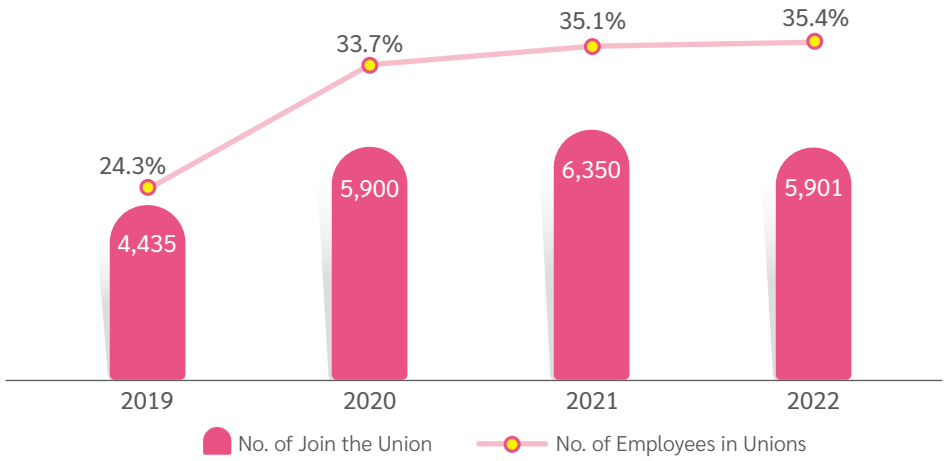
Employee Unions

USI respects employees' freedom of association. Employees who have like-minded or interested partners can independently form associations and can also freely organize and participate in trade unions to conduct collective consultations in accordance with relevant laws and regulations. USI will not interfere in any way with the establishment, operation, or management of the trade unions. The Company will maintain a smooth communication channel with the trade union, implement the employment, wage, and termination relevant matters of the group agreement and the regulations on employees' health, safety, and hygiene so that both labor and management can abide by it and develop a stable and harmonious labor relationship. Now, Zhangjiang, Kunshan, and Mexico Facilities have established their trade unions, and group agreements are signed with the trade unions. Employees participating in the trade union enjoy the protection of the group agreements. The group agreement coverage rate is around 72% [(2)]. In 2022, with the Company's initiative-taking communication with employees, there were no strikes or work stoppages that resulted from major labor disputes.

Note:

1. Notice Period: Mainland China Facilities: employees should be notified at least 30 days in advance; Nantou Facility: employees should be notified at least 10 days in advance; Mexico Facility: employees should be notified at least 7 days in advance
2. Group agreement coverage rate = number of employees participating in the labor union in the facility area ÷ number of employees in the facility area at the end of the period × 100%

The Proportion of Employees Participating in Trade Union



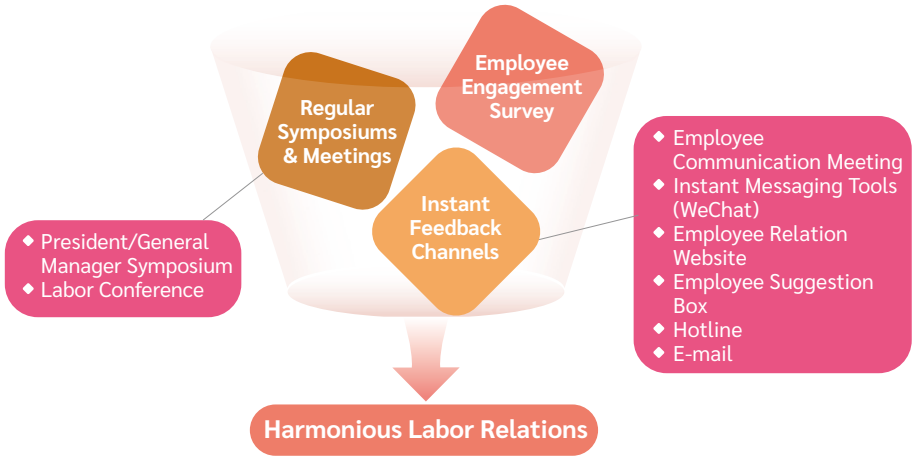
Employee Communication

We actively establish a positive employee relationship and continuously maintain an open, mutual trust, and smooth two-way communication environment, so that employees can instantly understand company trends and the workplace-related rights and obligations and protect employee rights and interests. In addition to arranging courses to introduce the channels for employees to express their opinions, the locations of Employee Suggestion Box, and how to fill in the relevant information. We listen to employees' voices by holding regular senior executive seminars, providing instant feedback meetings and channels, conducting questionnaires, and taking practical actions to promote harmony in labor-management relations. In 2022, there were 140 employee communication seminars in total (37 President/General Manager Symposiums, 21 New Employees Outreach, 12 Foreign Employees Caring Meetings, and 70 Employee Feedback Meetings) and vigorously push and disseminate communication messages through various media and strengthen the promotion of information on internal and external reporting and feedback channels when the messages are conveyed.

Whether employees submit suggestions through electronic or physical means, the corresponding responsible unit members will deal with the opinions expressed as soon as possible and provide feedback. In 2022, there were 435 employee suggestions, and 91% of the suggestions have been processed and closed by the end of 2022.

Internal Communication Channels

Internal Opinion Response Pathway	No. of Feedback	No. of Closed Case
Electronic Employee Suggestion Box	5	5
Employee Suggestion Box	263	226
HR Dedicated Suggestion Mailbox	0	0
Employee Complaint Hotline	20	20
Employee Relations Network	147	147
Total	**435**	**398**



In 2022, there were 16 employee complaints, with 13 cases confirmed through investigation, including 2 sexual harassment cases, 3 cases related to wages and working conditions, and other cases where employees violated workplace ethics. For the 3 cases related to wages and working conditions, after communicating with the employees involved, we quickly paid the shortage and resolved the cases. In the 2 sexual harassment cases, the complainants were offended by inappropriate contact against their will. Based on our Policy of Humane Treatment in the Workplace, we instigated an internal confidential investigation team to process each case and protect both parties. Both parties were separately interviewed by the investigation team. After collecting statements from both sides and confirming the accused misconduct, the Disciplinary Committee meted punishment according to the Employee Code of Conduct. To remediate the harm the employees underwent, we continue to communicate and actively take action to improve working conditions. Meanwhile, we also provide employees with mental health counseling services for psychological reconstruction, work pressure relief, career planning, and other counseling services performed by on-site physicians. To prevent employees from being ignorant of human rights-related laws and regulations and bringing a negative impact on the company's creation of gender equal and a happy workplace, we have strengthened publicity at each Facility, planned a complete complaint and handling process, and formulated a system to protect the privacy of victims. We conduct annual human right-related employee training, including RBA, humane treatment in the workplace, gender equality laws and sexual harassment act, etc.

Sexual Harassment Case Handling and Remediation Principles

Punishment

For those who constitute sexual harassment cases, the Disciplinary Committee will make a punishment decision based on the violation and the working rules

Counseling

Keep the victim's personal information and the case confidential, provide psychological medical consultation referrals, and provide HR assistance in adjusting work or units if necessary

Remediation

Review the cause and track the effectiveness of the counseling or punishment, and adjust the system to avoid the occurrence of a similar incident or retaliation

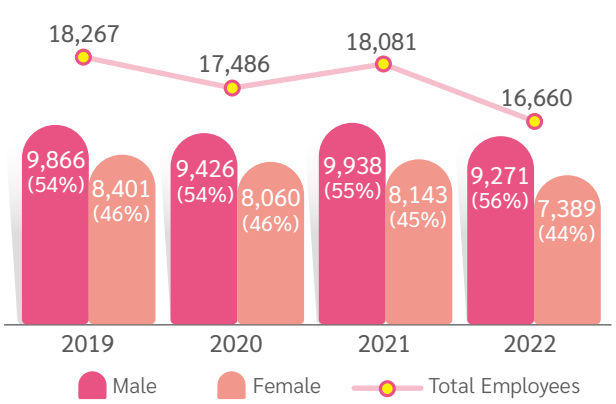
Talent Attraction and Retention

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

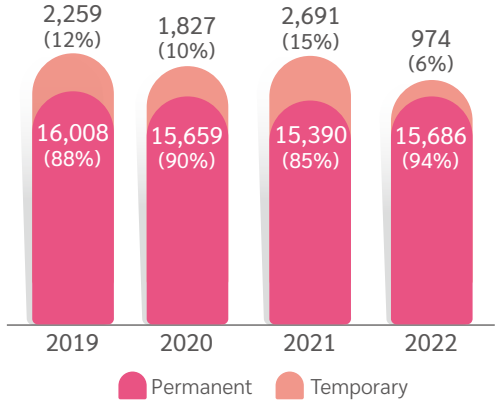
Workforce Structure

As of the end of 2022, the six major manufacturing facilities covered by this report have a total of 16,660 employees, including 15,686 permanent employees and 974 temporary employees. Divided by job categories, 1,061 employees are in management positions, 3,543 employees are in technical positions, 2,044 employees are in administrative positions, and 10,012 employees are in skilled positions. Divided by nationalities, there are 15,848 natives and 812 non-natives; divided by regions, there are 9,754 employees in Mainland China, 4,302 employees in Taiwan, and 2,604 employees in Mexico. For other detailed classification information, please refer to the Sustainability Data - Social A. Workforce Structure table.

Employee Headcount (1)

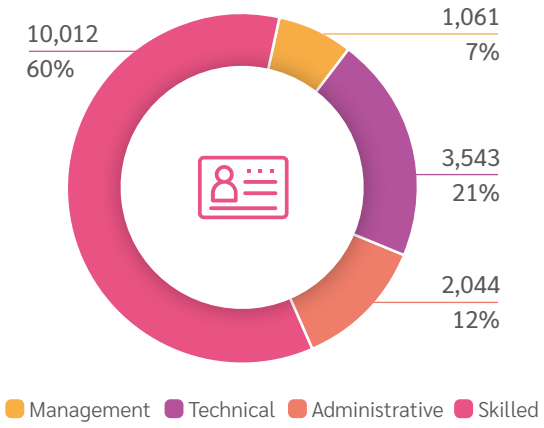


Permanent/Temporary Employees (2)

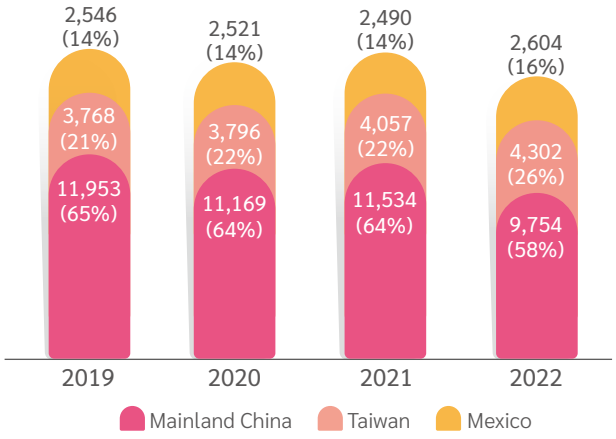


Note:
1. Dispatch workers are excluded from the headcount of contracted (temporary) employees and revise the total number of employees, gender, and number of contract employees over the years
2. Permanent (regular) employees refer to employees who have signed an indefinite labor contract with the company. Temporary employees refer to employees who sign a fixed-term labor contract with the company, and are also called contracted employees. Permanent/regular/temporary/contracted employees are full-time employees

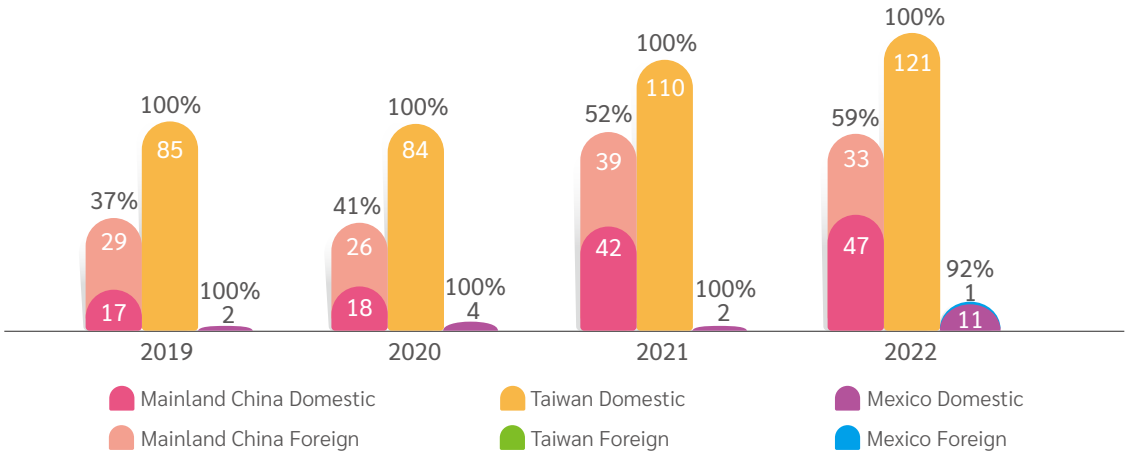
Job Category Distribution



Geographic Distribution



Distribution of Top Management Position [1]



We pay attention to the working environment for employees and commit to creating a gender-friendly workplace for female workers to fully utilize their talents in this diversified and inclusive workplace. In terms of female employment, by the end of 2022, female employees in all facilities accounted for 44.4% of total employees; the ratio of females in top management positions has increased from 17.6% in the previous year to 19.2%. We cultivate female employee management capabilities and strive to have more than 25% females in top management positions by 2026.

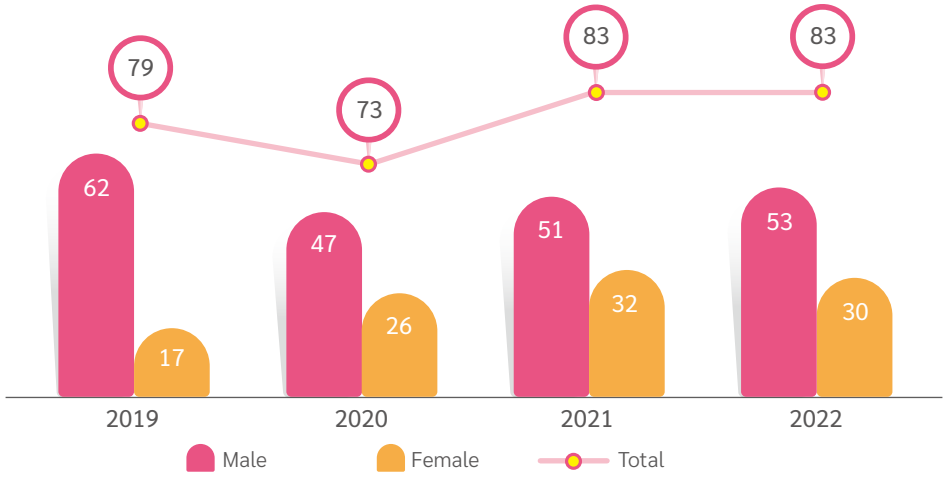
Gender Diversity Indicators

Diversity Indicator (%)	2019	2020	2021	2022
Females in total employees	46.0%	46.1%	45.0%	44.4%
Females in management positions	23.2%	23.6%	22.6%	23.1%
Female in junior management positions [2]	25.2%	26.2%	25.9%	25.6%
Females in middle management positions [3]	24.6%	23.5%	20.3%	21.8%
Females in top management positions [4]	12.8%	12.9%	17.6%	19.2%
Females in revenue-generation function management positions [5]	N/A [7]	45.5%	47.9%	50.0%
Females in STEM job positions [6]	N/A	22.3%	22.1%	21.7%

Note:
1. The proportion of domestic top management position = No. of domestic top managers in the Facility ÷ No. of all top managers in the Facility × 100%
2. The junior management positions refer to section and sub-section heads
3. The middle management positions refer to department heads
4. The top management positions refer to the division heads and above
5. Revenue-generating functions: sales function, excluding support functions such as HR, IT, and Legal
6. STEM refers to personnel with job functions related to science, technology, engineering, and mathematics fields
7. N/A: There is no relevant statistical classification for that year

We actively solve the employment problem of local citizens and people with disabilities across our facilities and adhere to the principle of giving priority to the recruitment of "Local Talents". 95% of employees are local citizens where the factories locate. Over the years, the proportion of local employees who were promoted to management positions has increased to 95%. In addition, we also strive to tailor competent job content for disabled people, so that the incumbents have more sense of job accomplishment. In 2022, 83 disabled employees were hired around the world.

Employees with Disabilities



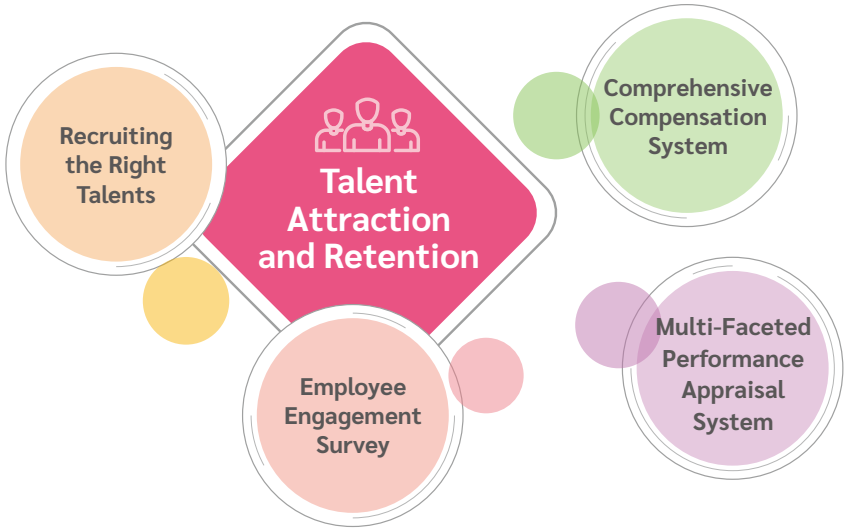
Recruiting the Right Talents

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

Starting in 2021, USI's Facilities need a large number of employees due to facility expansion and relocation. In 2022, we recruited 9,434 new hires (excluding dispatch workers). By the end of the year, USI has a total of 16,660 employees and 1,607 dispatch workers.

USI actively sets up the mentor system and promotes the "369 3-Stage Care for New Employees". We assign mentors and provide training programs to guide new employees to quickly integrate into the company. We have a complete welfare system, a comfortable and convenient working environment, and excellent communication channels. We also care about the work and life of employees and hold a celebration party to enhance employee recognition and loyalty to USI to avoid human capital loss. There are 6,583 new employees who have served for more than 90 days; this is around a 40% of newcomer retention rate, an increase of 17% compared to the previous year.

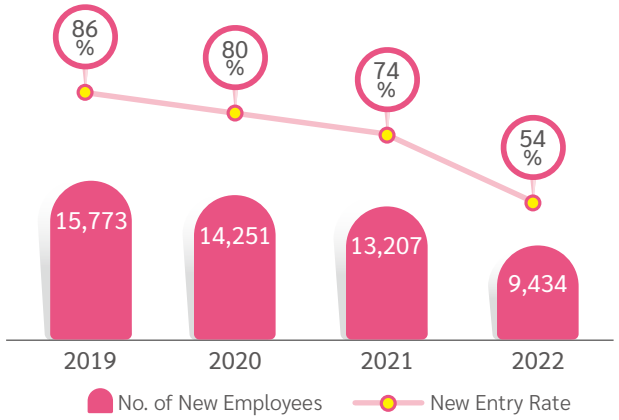
We value the opinions of employees. Over the years, we have conducted Employee Satisfaction Surveys and Employee Engagement Surveys to understand employees' expectations, listen to employees' voices, and put forward improvement plans to increase employees' willingness to stay in USI. By analyzing the termination reasons of direct employees [1] and indirect employees [2], we conduct corresponding improvement measures and propose a retention plan to reduce employee turnover.



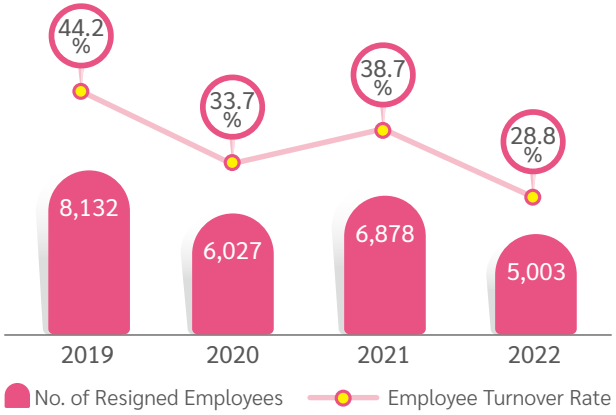
Note:
1. Direct employees (DL) refer to employees working in skilled positions
2. Indirect employees (IDL) refer to employees working in management, technical and administrative positions

In 2022, the overall turnover rate of the company is 28.8%, and the turnover rate of DL is 37.7%; the turnover rate of IDL is 14.3%. The main reason for the overall employee turnover rate decreased by 9.9% compared to the previous year was the company's regularization system, which will select dispatch/contract employees with high company recognition and work commitment to become regular employees so that the DL turnover rate decreased by 13.1% compared with the previous year. For other detailed classification information, please refer to the Sustainability Data - Social B. New Hires and Employee Turnover table.

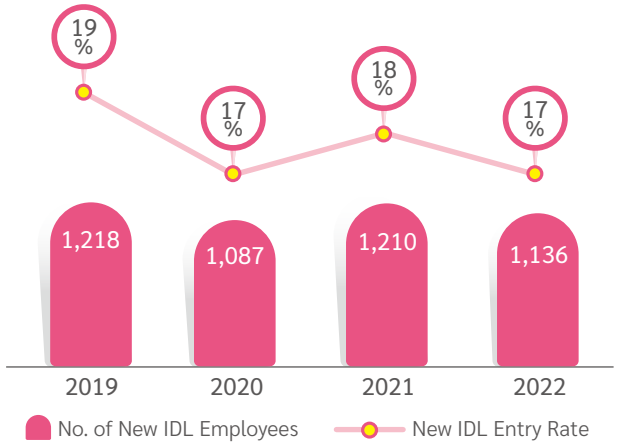
Number and Ratio of New Entry Employees



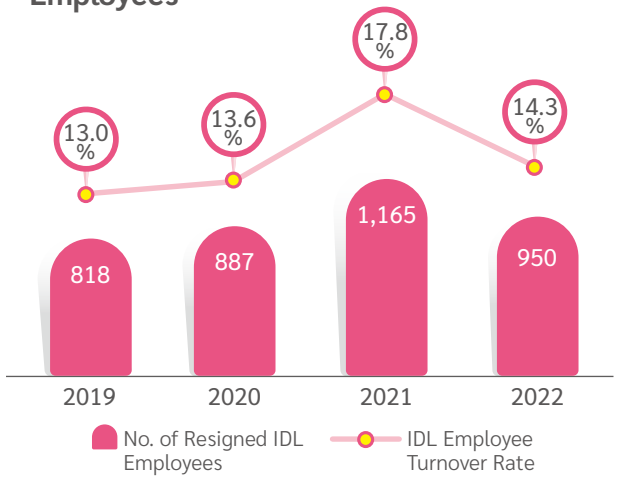
Number and Turnover Rate of Former Employees



Number and Ratio of New Entry IDL Employees



Number and Turnover Rate of IDL Former Employees



Comprehensive Compensation System

USI Compensation Philosophy

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

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

In 2022, USI adjusted the employee basic salary in each facility area to maintain the competitiveness of the talent market. Except for the DL in Kunshan Facility which follows the two-year basic salary adjustment rule, the salary adjustment range of the Mainland China Facilities is about 1% to 18%, the Nantou Facility is about 2.3% to 4.1%, and the Mexico Facility is about 4% to 15%, so as to maintain the competitiveness of the talent market. The ratio of the standard starting salary of DL to the local minimum salary is about 1.00~1.09 after calculation. The ratio of basic salary [1] and compensation [2] of females and males [3] in each facility are shown in the table:

Ratio of DL starting salaries to local minimum wages [4]		Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico
		1.00	1.00	1.00	1.05	1.09	1.00
Management Position	Ratio of the basic salary of females and males [5]	0.89	1.15	0.93	1.08	0.84	0.65
	Ratio of the compensation of females and males	1.00	1.23	0.94	1.06	0.79	0.75
Technical Position	Ratio of the basic salary of females and males	1.15	1.08	0.87	0.99	0.85	0.81
	Ratio of the compensation of females and males	1.17	1.12	0.91	0.98	0.82	0.91
Administrative Position	Ratio of the basic salary of females and males	0.84	0.93	0.87	0.92	0.87	0.87
	Ratio of the compensation of females and males	0.89	0.95	0.88	0.92	0.82	0.88
Skilled Position	Ratio of the basic salary of females and males	1.02	0.95	1.08	0.98	0.95	1.02
	Ratio of the compensation of females and males	1.02	0.94	1.10	0.98	0.92	1.15

Employee Benefits

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

"Emergency Management" is a must-have capability for the sustainable management. To reduce the company risk of being unable to operate due to factors such as natural disasters, fires, and infectious diseases, USI implements a remote work mode according to the "Global Remote Work Guidelines" and provide subsidies for the purchase of work equipment and meal allowance to the employees who apply to work from home. By the end of 2022, 1,521 employees around the world worked from home.

Simultaneously, considering the aspects of food, housing, education, entertainment, transportation, physical and mental health for global employees, USI provides employee support programs (please refer to the Sustainability Data - H. Employee Support Programs table for more details), considerate benefits, and insurance plans in line with local regulations. In our facilities, we also have rooms dedicated for physical and mental development, and various activities designed to strengthen physical and mental adjustment ability. Both the regular and irregular employees who have an employment agreement with USI can enjoy this benefit and realize a balanced life with their families after work.

Note:
1. Salary refers to the monthly remuneration paid to the employees, including the basic pay, allowance, and bonus (ex. meal allowance, shift allowance, supper allowance, overseas expatriate allowance, position allowance, monthly work bonus, and full attendance allowance)
2. Compensation is the sum of salary and bonuses. Bonuses refer to non-monthly remunerations (such as three festival bonuses, profit sharing, job performance bonuses, and special bonuses)
3. Due to regional differences, there will be big differences in Mainland China Facilities' ratios
4. Ratio of the direct employee starting salary to local minimum salary = direct employee starting salary ÷ local minimum salary
5. Ratio of female to male salary/compensation = female salary/compensation ÷ male salary/compensation

Comprehensive Welfare System

Labor Practices	Bonus	▸ Festival bonus, full attendance bonus, overtime wage and allowance, performance bonus, three festival gift certificates, birthday gift certificate, R&D incentive bonus, patent incentive reward, employee seniority bonus (Mainland China and Nantou Facilities)
	Holidays & Leaves	▸ Besides statutory holidays and two-day weekly holidays, there are more leaves such as period leave, paid sick leave, paid annual leave [(1)], welfare leave [(2)] (Mainland China and Nantou Facilities), Indigenous holiday leave (Nantou Facility) and election voting leave (Nantou Facility)
	Insurance	▸ Provide social insurance for employees, pensions and retirement pay by laws, add commercial group insurance plans such as Employee Group Insurance, domestic and overseas travel insurance (for expatriates and their families to participate during their oversea assignments), and life insurance (Mexico Facility)
	Meals	▸ Every facility has an employee cafeteria, vending machines, and meal subsidies. Additionally, we provide pregnant employees with Mom stickers, and they can get an extra portion of the meal
	Dormitory	▸ Diverse types of dormitories are equipped with household appliances, air-conditioning, hot water, wi-fi, and furniture. USI pays for all full-time employees' housing accumulation funds and provides housing subsidies (Mainland China Facilities)
	Transportation	▸ Cross-site shuttle bus, parking lots, and pregnancy priority parking
Sport and Health	Sport Activities	▸ Employee (domestic and foreign itineraries) travel, family days, parent-child activities, annual dinner party and lottery, birthday parties, sports meetings, singing competitions, and cultural and artistic activities ▸ Sponsor various club activities and hold various events and activities: Sports clubs are basketball club, softball club, badminton club, bowling club, swimming club, Iron Horse (bike) club, jogging club, billiard club, volleyball club, yoga aerobic fitness club; Learning/leisure clubs are USI Toastmasters (English speech club), fishing club, field camping club, photography club, volunteer club ▸ Leisure facilities: basketball and volleyball court, badminton court, snooker table, tennis table, treadmills
	Stress Management	▸ Conduct stress adjustment questionnaire surveys, provide psychological counseling services, lectures and activities on physical and mental health, art, culture & movie appreciation
	Health Management	▸ USI provides full-time nursing employees and professional doctors (contracted with hospitals) to provide services such as free medical consultation and emergency treatment. Our employees have one free physical check-up every year. Moreover, various hygiene training sessions and seminars are held irregularly
Family Supports	Parenting Related	▸ Paternity leave, pregnancy checkup leave for female employees (Mainland China and Nantou Facilities), maternity leave, parental leave, breastfeeding leave ▸ Each facility is equipped with a medical room and a breastfeeding room ▸ Employees can get discounts on preschool childcare tuition and fees from institutions we have preferential contracts wedding subsidies, childbirth subsidy, education subsidies and scholarships for employees and their children (Mainland China and Nantou Facilities)
	Condolences	▸ Funeral allowance for employees and dependents, hospitalization solatium/allowance for employees, hospitalization solatium for employees' families (Mexico Facility), emergency subsidy
Others		▸ Implement remote working, flexible working hours, part-time working hours system; pay residence/working permit for foreign employees; communication expenses, care for workgroup expenses; special activity facility such as: worship room, computer classroom, reading room, Muse and Creativity Center (fitness room); on-site convenience stores to provide employees payment and ticketing services (Mainland China and Nantou Facilities); provide information on restaurants, shopping stores, and language learning institutions with preferential partnerships

Note:

1. Paid annual leave is implemented according to local regulations. Mainland China Facilities: An employee who has been working for more than one year and less than ten years will have five days of annual leave; more than ten years and less than 20 years have ten days; more than 20 years have 15 days. Nantou Facility: An employee who has been working for more than six months and less than one year will have three days of annual leave; more than one year and less than two years will have seven days; more than two years and less than three years will have ten days; more than three years and less than five years will have 14 days; more than five years and less than ten years will have 15 days; more than ten years will be offered with one additional day each year. Mexico Facility: Those who have been working for one year will have six days; more than one year will have one day of annual leave each additional year (no more than 12 days in total); more than four years will be offered with two additional annual leave every five years
2. Welfare leave: It is regarded as a long-term reward in Mainland China Facilities. Employees who have served for more than two years will be provided with full-paid welfare leave ranging from 2 to 10 days according to their length of service; The time limit is to be used within one year after the entry date; after one year of employment, employees are entitled to 7 days of full-paid sick leave for the whole year, and 7 days of full-paid sick leave for less than one year will be given according to the percentage of employment, which is better than the 30-day half-paid sick leave stipulated by law

Employee Benefits and Subsidies

Benefit Item	Beneficiaries	Benefit Amount (CNY)
Three Festival Gift Certificate	32,838	6,950,699
Birthday Gift Certificate	9,794	3,278,504
Employee Continued Education Subsidy	266	368,838
Scholarships for Employees' Children	5,304	2,858,646
Retirement Gift	41	59,182
Total	**48,243**	**13,515,869**

Subsidy Item	Subsidy Recipients	Subsidy Amount (CNY)
Wedding Subsidy	234	97,265
Childbirth Subsidy	168	122,378
Travel Subsidy	6,171	2,390,520
Hospital Consolation Subsidy	163	31,146
Condolence Payment	176	59,504
Emergency Assistance	4	22,683
Total	**6,916**	**2,723,497**

In response to the government's policy of encouraging births to solve the problem of aging population, the company adjusts suitable work shifts for pregnant employees, provides convenient parking spaces, extra meal quotas, and maternity subsidies and employees who breastfeed by themselves after giving birth can take breastfeeding leave. If employees need to take care of their families for a longer period, they can also apply for family care leave or parental leave to take care of their family. Employees are clearly given the right to apply for parental leave in accordance with the local laws. They can apply for reinstatement after the need for childcare leave is disappeared. The company also proactively reminds employees of the expiration date of childcare leave. In 2022, there are 327 newborns in our global facilities, which shows that the company's childbearing benefits and measures can improve employees' willingness to have children. However, the need for family care has not slowed down, so the reinstatement rate and retention rate have not improved.

Parental Leave in Nantou Facility

Item	2019	2020	2021	2022		
				Male	Female	Total
Employees qualified to apply for parental leave that year [1]	219	298	280	127	65	192
Employees that applied for parental leave that year	16	23	34	4	30	34
Employees expected to return from leave that year	15	14	25	10	24	34
Employees that returned from leave that year	11	14	17	8	15	23
Employees that returned from leave the previous year	3	11	14	1	16	17
Employees reinstated in the previous year and continued to work for more than one year	3	11	11	0	8	8
Reinstatement rate [2] for parental leave	73%	100%	68%	80%	63%	68%
Retention rate [3] after back from parental leave	100%	100%	79%	0%	50%	47%

Note:
1. Eligibility for parental leave in the current year: those who have taken "paternity leave" or "pregnancy leave" (20 weeks or more) from 2018 to 2021 and are still working in 2022
2. Reinstatement rate: the number of people actually reinstated after parental leave in the current year ÷ the number of people who should be reinstated in the current year after parental leave × 100%
3. Retention rate: the number of people who were still employed 12 months after the childcare leaves in the previous year ÷ the number of people who were returned to work after the childcare leave in the previous year × 100%

Employee Retirement Plan

USI and its subsidiaries provide pension and elderly insurance in accordance with the retirement laws and regulations of each business location. Employees who meet the statutory retirement conditions may apply for retirement to withdraw pensions in accordance with the law. In 2022, 34 employees at the Nantou Facility applied for retirement, and 5 and 6 employees retired at the Mainland China and Mexico Facilities respectively. To sum up the contributions of all facilities [1], USI has allocated CNY 220,035,658.76. USI's relevant retirement system is shown as follows:

Nantou

Old System

Practice

In accordance with the Labor Standards Act, the retirement provision fund shall be handed over to the Labor Retirement Reserve Supervision Committee, and deposited into a special account in the Bank of Taiwan in the name of the committee; each year, the actuarial assessment shall be conducted to determine whether the balance of the special account is sufficient to pay the estimated amount payable for the year, if there is insufficient payment for possible retirement payments, the balance of the special account will be made up in the following year. The pension calculation is calculated by multiplying the average salary of the employee six months before retirement by the seniority base, and 2% of the total monthly salary of the employee is allocated to the employee retirement fund.
2022 results: Retirement reserves totaled CNY 21,761,132.44 and the ending balance was CNY 114,695,814.64.

New System

Practice

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

Mainland China

Practice

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

Mexico

Practice

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

Work-Life Balance

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

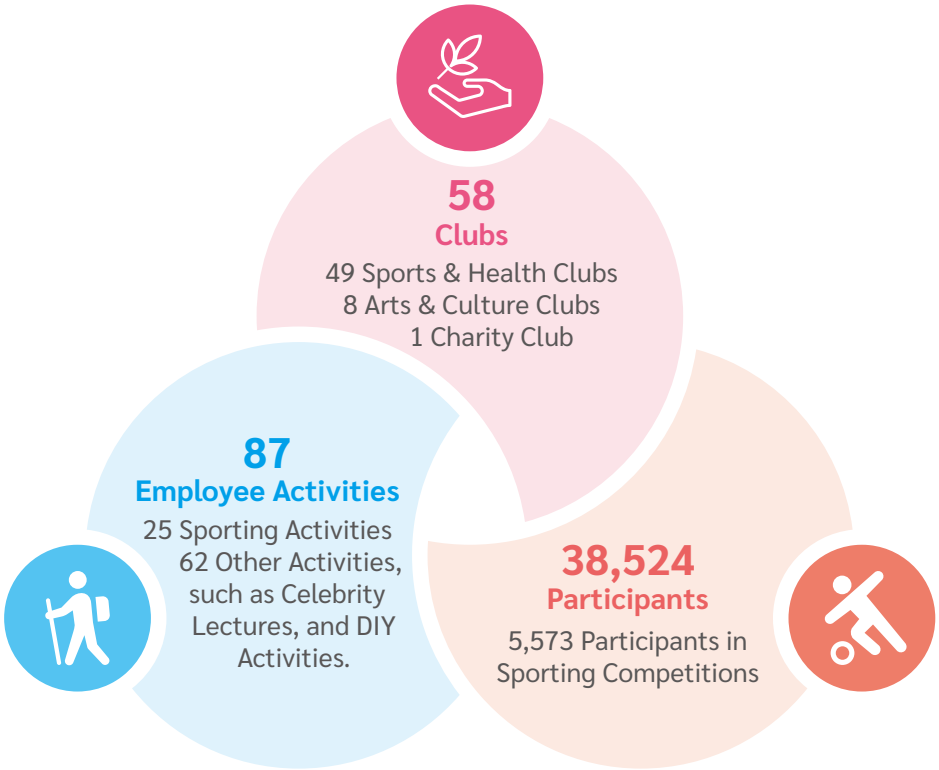
Three Main Themes of Employee Activities

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

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

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

USI attaches great importance to the employee health and actively promotes employees to have exercise habits by sponsoring the activities of 58 various clubs. We plan and improve various facilities, regularly hold various lectures, activities, and competitions. In 2022, USI supports a total of around CNY 885,000 in organizing 87 employee activities, with 38,524 participants.



Employee Activities

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

Art and LOHAS: Provide employees with various art and cultural activities to promote physical and spiritual exploration and growth

Energy Supplement: Provide employees with various lectures and appreciation, DIY activities for stress relief, and obtain knowledge in other fields when improving self-energy

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

Employee Performance Appraisal and Development

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

Employee Performance Appraisals

Types of Performance Appraisals	Objectives	Assessment Items	Frequency	Practices
Agile Conversations	IDL	Job completion	Ongoing/ anytime	Supervisors evaluate job progress/working attitude at any time, and communicate improvement plans with employees.
Management by Objectives and Ranking	All	Assessment items cover work objectives and functional performance: 1. Professional ability 2. Presentation ability 3. Competencies: (1) Core competencies: problem analysis & solving, execution, teamwork, innovation, and learning & application (2) Managerial competencies: leadership, change management, decision-making, strategic thinking & planning	Semi/annual	Employees put forward their working plans and quantifiable key performance indicators (KPI) on the performance appraisal management system at the beginning of each year. After discussing the KPI with the direct supervisor and agreeing with both parties, employees put their KPI based on this consensus. During the performance appraisal period, the supervisors provide their consultations and motivations to the employees to complete the assigned tasks. At the end of the appraisal cycle, the evaluation and forced ranking are carried out according to the achievement of each objective.
Team-based Matrix Management	IDL		Ongoing/ anytime Semi/annual	In the spirit of project management, cross-functional/departmental individual work together to complete project goals. The project leader is responsible for confirming and tracking the work executing status of each project member during the project. The project members report to the project leader and the organizationally direct supervisor simultaneously. The project leader will participate in the performance appraisal meeting of the project members to provide their observation and member's working performance.
Multidimensional	IDL		Semi/annual	It is a review committee, consisting of upper-level supervisors, supervisors of upstream and downstream business units or colleagues, customer opinions, etc., and the judges jointly evaluate the individual performance from multiple angles. Supervisors need to provide development suggestions and forced ranking results.
Multiskilled	DL	Real practice	Quarterly	The line instructors will assess every employee to see whether their competency of working in the production line, machine operation, product inspection and exception elimination are qualified or not.

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

Gender	Position	Performance Appraisal			Competency Review		
		Number of Employees	No. of Employees Taking Performance Appraisal	Percentage of Taking Performance Appraisal	Number of Employees	No. of Employees Taking Review	Percentage of Taking Review
Males	Management	804	804	100%	804	768	95.52%
	Technical	2,796	2,796	100%	2,796	2,796	100.00%
	Administrative	672	672	100%	672	672	100.00%
	Skilled	3,616	3,616	100%	3,616	3,616	100.00%
Subtotal		7,888	7,888	100%	7,888	7,852	99.54%
Females	Management	244	244	100%	244	243	99.59%
	Technical	626	626	100%	626	626	100.00%
	Administrative	1,286	1,286	100%	1,286	1,286	100.00%
	Skilled	4,450	4,450	100%	4,450	4,450	100.00%
Subtotal		6,606	6,606	100%	6,606	6,605	99.98%
Total		**14,494**	**14,494**	**100%**	**14,494**	**14,457**	**99.74%**

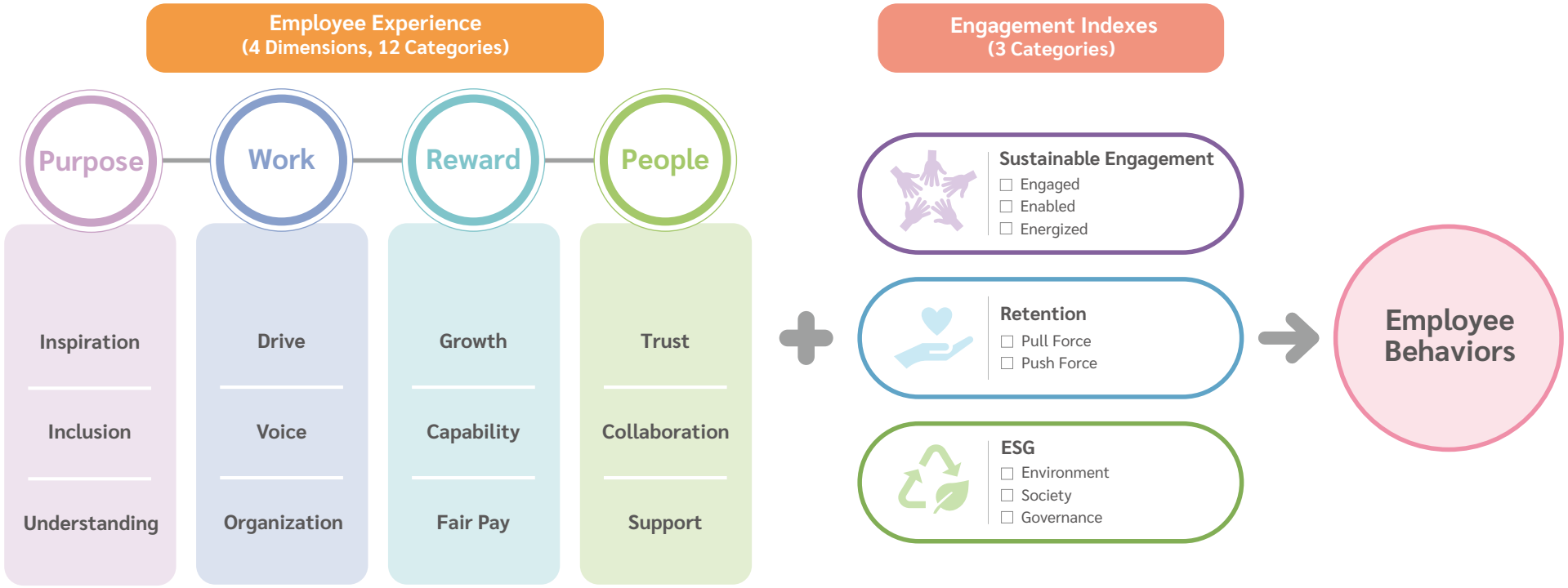
Note:
1. Qualification of Performance Appraisal and Competency Review: The employee who has assumed to pass for three months or more during the assessment period. However, those who haven't passed the probationary assessment, or those on leave without pay for over three months are not listed in the name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

Employee Engagement Survey

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

In 2021, we implemented a new survey structure and measurement benchmark, adding the Engagement Indexes (sustainable engagement, retention, and ESG 3 dimensions) in the survey to be more deeply and effectively listen to employees' voices and closer to the employees' expectations to achieve the goal of attracting and retaining talents.

According to the 2021 employee engagement survey results, "organizational efficiency, potential realization, and reasonable rewards" has a high impact on employee engagement. To raise "organizational efficiency", we implemented process simplification and established a new system to strengthen the communication channels and methods. In response to "potential realization", we established a career planning and lifelong learning mechanism for employees, revisit the training plans of all employee positions, develop differentiated training content and training materials, and encourage employees to take on-the-job training in the company's special classes to improve their academic qualifications. Regarding "reasonable reward", we redefined the key focus objects, propose an incentive bonus mechanism, promptly praise outstanding employees, and shorten the time for temporary DL to become regular employees to increase employees' willingness to stay in USI.



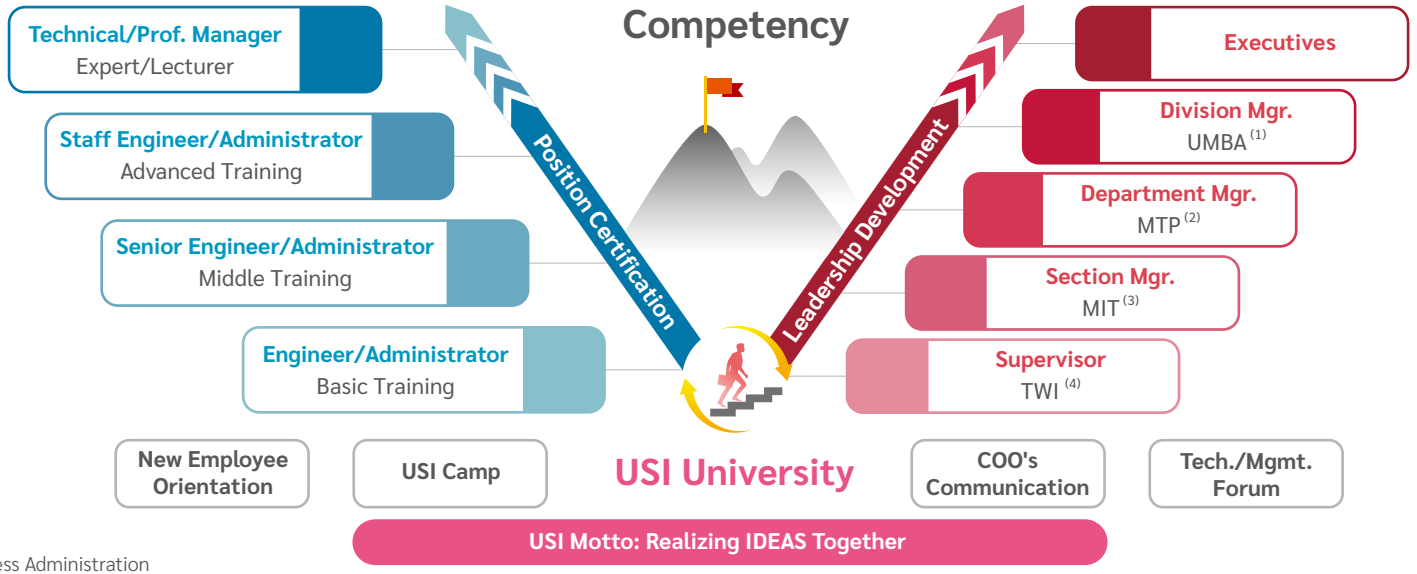
Human Capital Development

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

Dual Career Ladder

Through diversified educational training, USI helps its employees cultivate professional abilities and grow, and improve in learning effectiveness. The most important learning and development system in the USI cultivation program is USI University (USIU). USIU sets up "College of Management, College of Technology, College of Quality, College of Manufacturing, and General Knowledge Center". The USIU President is served by the president, and the deans of the colleges and General Knowledge Center are respectively served by the vice presidents with prestigious and professional knowledge in each field. USIU integrates global learning resources for employees to learn and develop.

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

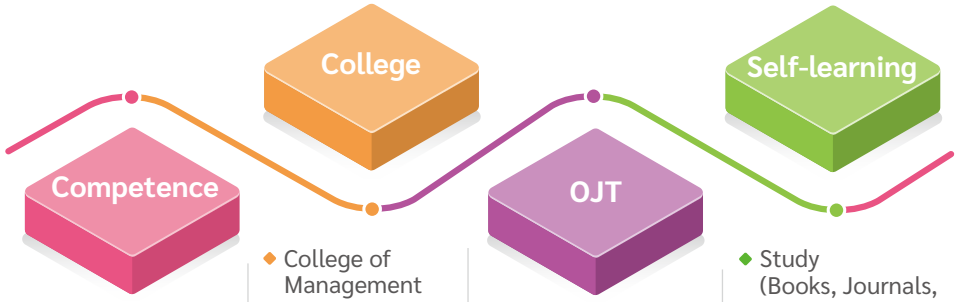


Note:
1. UMBA, USI Master of Business Administration
2. MTP, Manager Training Program
3. MIT, Manager Initial Training
4. TWI, Training Within Industry for Supervisors

Diversified Channels and Platforms of Learning

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

Diverse Learning Modes



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

USI Motto: Realizing IDEAS Together

Cultivating talents in the VUCA [1] era to cope with the changing environment in the future is an important part of the sustainable development of enterprises. It requires talents to build new capabilities by accumulating different practical experience, cross-border experience, and using "Role Swap" to allow employees to grow and move between different roles and teams according to their personal career development goals and organizational development needs. The launch of the talent training plan will lead those who are at the helm who are striving forward in the turbulent waves to tap their potential by constantly accepting challenges, try multiple cross-border development to cultivate a comprehensive perspective, and jointly create a stage full of a sense of belonging and achievement. Therefore, based on the intersection of the three cores, Individual Ability, Individual interest, and Organizational Demands, we establish an Individual Development Planning (IDP) management mechanism. This is a structured learning plan led by employees. Through the assistance of supervisors, employees and their supervisors jointly set up their individual career development plan and individual growth plan and will achieve the development goals that are consistent with USI's strategic mission and goals together.

At the same time, various forums and keynotes are held on a regular basis to improve various employees' competencies by the sharing and communication from the famous industry leaders and colleagues. In 2022, 1,929 employees participate in the Leadership and Management Forums, 160 employees participate in the Technology Forums, and 201 employees participate in the Sustainable Development Lectures to cultivate and strengthen their own capabilities. A total of 753 employees took the opportunity and challenge of new positions and their abilities were affirmed.

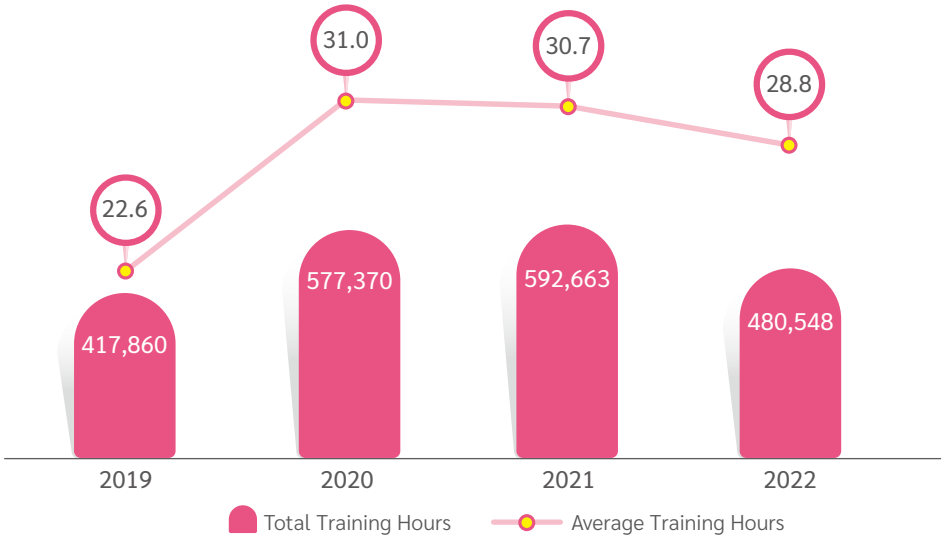
Note:
1. VUCA, Volatility, Uncertainty, Complexity, Ambiguity
2. SWOT, Strengths, Weaknesses, Opportunities, and Threats
3. SMART, Specific, Measurable, Attainable, Relevant, Time-Based
4. The 70-20-10 Rule, Learning by Doing - Learning from Others - Learning by Curriculum

In the post-epidemic era, we have optimized our training platform and course production tools and replaced some physical face-to-face courses with electronic courses. At the same time, we have made our course content more streamlined and vivid, and the choice of course location and class time is more flexible. In 2022, our total training hours reached 480,548 hours, and on average, every employee was trained 28.8 hours [(1)]. The total training cost exceeds CNY 17.1 million. For details, please refer to the Sustainability Data - Social G. Training Hours and Cost table.

Training Statistics for Each Employee Category

Category	2022	
	Total Training Hours	Average Training Hours
Male	300,950	32.5
Female	179,598	24.3
Management Position	24,463	23.1
Technical Position	157,837	44.5
Administrative Position	42,885	21.0
Skilled Position	255,363	25.5
New Employees	231,356	22.6
All Employees	480,548	28.8

Employee Training Hours



Training Statistics Breakdown by Issues

Training Topics	Environment	Health and Safety	Human Rights	Green Product	Business Ethics	Enterprise Risk	Cybersecurity
Total Training Hours	28,838	32,411	39,707	7,918	60,621	12,887	7,545
No. of Employees	21,217	24,391	29,110	13,771	27,155	9,784	7,917
Average Training Hours	1.4	1.3	1.4	0.6	2.2	1.3	1.0

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

Tailored Career Plan

In terms of management positions, to ensure that the company internal management talents meet the company development demands, we arrange management cadres to receive training for managers at all levels and make a good succession plan for the organization according to the company's policies, company core skills, management functions, human resources, financial accounting, and other concepts. We organize the Leadership Development Strategy Program (TWI/MIT/MTP) is to strengthen the management ability to improves the work efficiency of themselves and their subordinates. The estimated benefit is CNY 3.58 million.

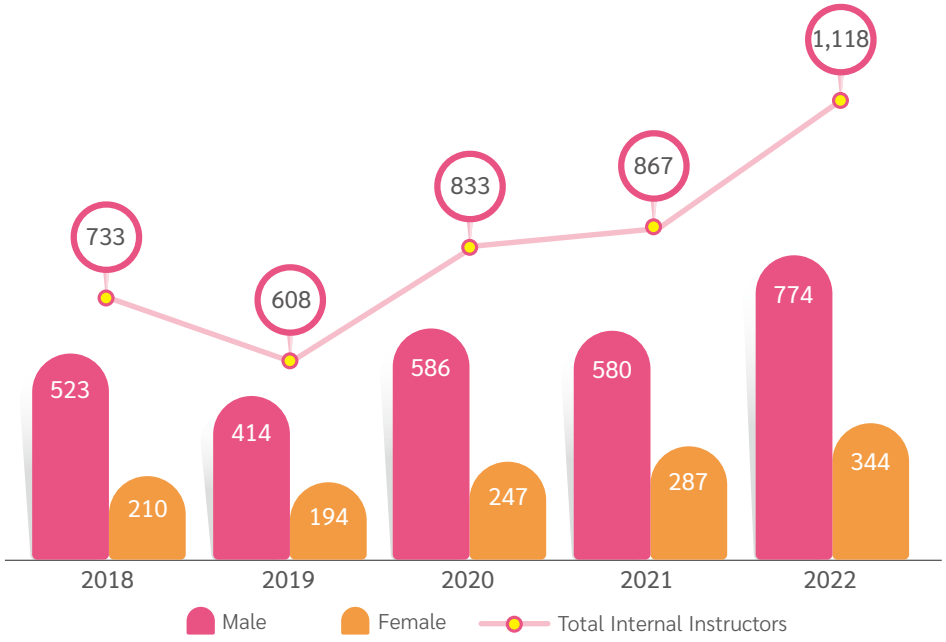
In terms of professional skills certification, USI promotes the job certification system, and establishes an inspection mechanism for the professional ability that each position should have, so that employees in the same position have a certain level of professional skills. For example, in 2019, Kunshan Facility became the first batch of high-skilled certification enterprises in Jiangsu Province. In 2021, it has already had the ability to certify three types of jobs (as special installation and adjustment electronic equipment technician, debugging broadcasting and communication equipment technician, and electronic installation in broadcasting and communication equipment technician) and four levels of qualifications for junior, middle, high, and advanced technicians. As of 2022, a total of 249 junior technicians, 550 intermediate technicians, 578 senior technicians, 157 advanced technicians. 1,534 skilled workers have been trained and certificated in total. The High Skill (Lean Production) Certification Program is to enhance employees' key competencies such as analyzing and problem-solving ability through taking the certification course, and to provide a clear technical career roadmap for employees' self-development. The estimated benefit of the course this year is CNY 78.63 million.

Strengthen Employee Sustainable Employment Ability and Lifelong Learning Program

In an era of ever-increasing demand for comprehensive talents, professionals with merely one skill are no longer enough to meet the working requests. USI has, therefore, continuously enhanced employees' sustainable employment ability, assisted employees doing acquiring skill and ability management and lifetime learning programs that are required for a job transfer in the future. Since 2018, USI has invited local colleges or universities to cooperate with Zhangjiang, Kunshan, and Mexico Facilities letting employees to take the classes inside the factory. We have set up 14 classes to save employees from the trouble of commuting, so that employees can make good use of their own time arrangements, and then obtain academic qualifications/degrees. Starting from 2018, a total of 157 employees have been supported to obtain academic qualifications/ degrees, and a total of 24 employees have been supported to obtain bachelor's degrees with majors in preschool education, human resources management, environmental design, engineering management, business administration, investing, information engineering and logistic management in 2022.

Internal Instructor Training Program

Over the years, USI has trained and certified employees through the internal instructor system to serve as lecturers, forming a good knowledge inheritance culture, and giving full play to internal human resources and influence to provide employees with high-quality and forward-looking courses to cultivate world-class talents for the Company to enhance the Company's global competitiveness. By the end of 2022, 1,118 worldwide instructors have passed internal instructor program.



Social Involvement

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

CNY **5.28** Million Invested in Social Involvement

130,214 Trees Planted in the Million Tree Project

660 Students Participated in Industrial-Academic Partnerships

2,047 Volunteer Hours Contributed to Local Communities

1,838 Students Reached through 5 Rural Revitalization Programs

200 kg Trash Picked from Creek Cleanup

SDGs ▶ 4 QUALITY EDUCATION | 11 SUSTAINABLE CITIES AND COMMUNITIES | 13 CLIMATE ACTION

Key Stakeholders: Employees, Communities, Industry Unions/Associations

Sustainable Issue Performance and Targets

Material Issue | Achieved | Not Achieved [1]

Management Purpose	KPI	2022 Target	2022 Performance	Status	2023 Target	2027 Target
Social Involvement	**Management Approach:** Focus investment in accordance with the USI Public Affairs Engagement Policy and encourage employees to volunteer in social activities through the Corporate Volunteer Regulations **Evaluation Mechanism:** Adopt the LBG framework and SROI methodology to assess social activities input, output, and outcome, and adjust investments to create more value					
Effective management of social activities investment to maximize social value for both the company and the beneficiaries	▶ Rural area reading activities	▶ Hold 6 reading activities in rural areas	▶ Held 11 rural reading activities	✓	▶ Hold 6 reading activities in rural areas	▶ Hold 6 reading activities in rural areas
	▶ Number of industrial-academic partnerships	▶ Conduct 2 research industrial-academic partnerships	▶ Conducted 2 research industrial-academic partnerships	✓	▶ Promote industrial-academic partnerships	▶ Conduct 2 research industrial-academic partnerships
	▶ Number of interns	▶ Admit 50 interns	▶ Admitted 72 interns	✓	▶ Admit 30 interns	▶ Admit 150 interns
	▶ Number of USIU classes shared	▶ Share 20 USIU classes	▶ Shared 16 classes	⧗	▶ Share 20 USIU classes	▶ Share USIU 40 classes
	▶ Number of students benefiting from rural revitalization programs	▶ Support 1,000 rural students	▶ 1,838 rural students supported through 5 programs	✓	▶ Support 1,100 rural students	▶ Support 2,000 rural students
	▶ Number of volunteers	▶ Reach 500 volunteers	▶ Reached 701 volunteers	✓	▶ Reach 500 volunteers	▶ Reach 2,000 volunteers
	▶ Number of art groups supported	▶ Support 2 art groups	▶ Supported 3 art groups and 3 artists	✓	▶ Support 3 art groups	▶ Support 3 art groups
	▶ Number of trees planted	▶ Plant 8,000 trees in the Employee Forest	▶ Planted 8,381 trees in the Employee Forest	✓	▶ Plant 14,000 trees in the Corporate Forest	▶ Plant 14,000 trees in the Corporate Forest
	▶ Amount of trash picked	▶ Pick up 200 kg of trash	▶ Picked up 200 kg of trash	✓	▶ Pick up 300 kg of trash	▶ Pick up 1,000 kg of trash
	▶ Number of environmental seminars held	▶ Hold 2 environmental seminars	▶ Held 4 environmental seminars	✓	▶ Hold 2 environmental seminars	▶ Hold 5 environmental seminars

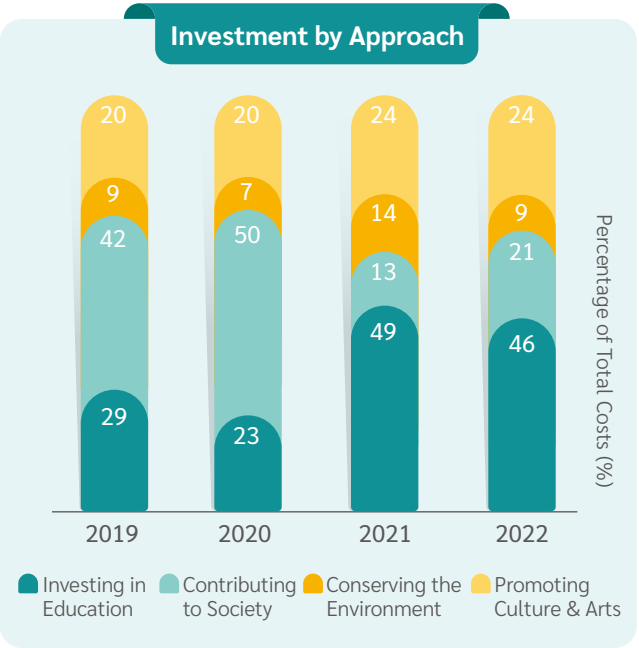
Note:
1. For not achieved targets, please refer to the corresponding sections for relevant explanations and future improvement plans

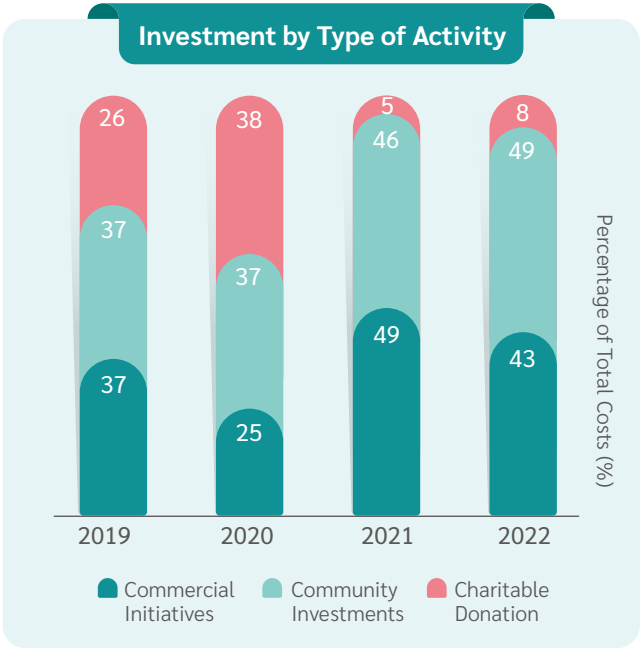
Social Activities Overview

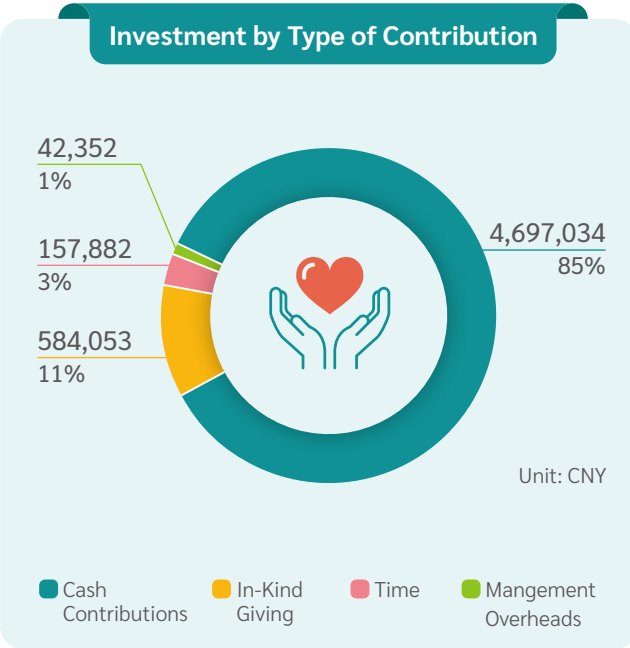
As a corporate citizen, we believe that social involvement is more than monetary investments. Our contributions should be anchored in sustainable development and contribute to community development, making a positive impact. As the top management for Social Involvement, the Sustainability Committee established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

To measure the social value of our programs, we adapted the LBG framework to make better decisions, be more accountable, and maximize the effectiveness of each program by evaluating our inputs, outputs, and impact. USI invested CNY 5.28 million in 63 social activities and 37 external organizations in 2022 and engaged 701 employees to volunteer 2,047 hours of service throughout the year.

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







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

Investing in Education

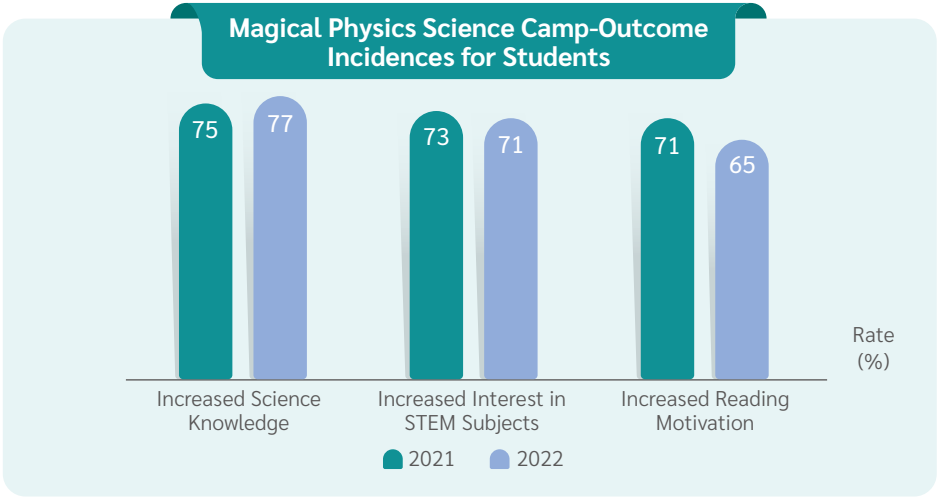
Talent is an important growth driver for enterprises. Reading is the groundwork for accumulating innovative capabilities. As part of the Investing in Education strategic pillar, USI helped establish the Taiwan Reading Culture Foundation and its Philanthropic Library. The Library is set up in each township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

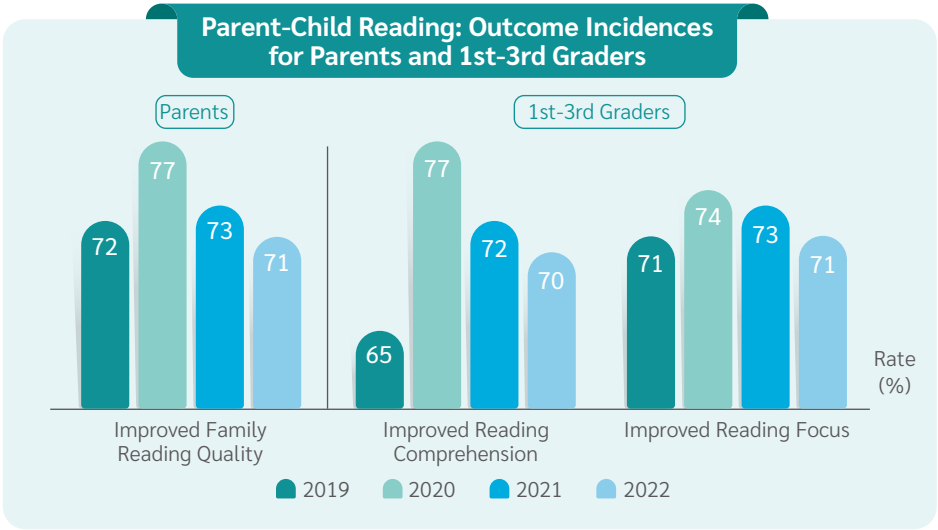
Sponsor Taiwan Reading Foundation (Nantou Facility)

"Broadening children's horizons and cultivating reading interest" cannot be done overnight. Therefore, USI has continuously sponsored the Taiwan Reading Culture Foundation to build Philanthropic Libraries since 2005 and invested CNY 110,000 every year purchasing new books for the Libraries. To date we have donated 767 boxes of books, developing the reading ability of students in rural and remote areas. We understand that only continuous investment can bring substantial impact and change to students, and not just financial and material assistance.

Understanding that different methods are needed for different age groups to guide reading, in addition to book donations, USI collaborates with the Foundation to organize Parent-Child Reading, Meet the Author, and Magical Physics Science Camp activities. We spare no effort to expand investment in local education, enhance reading habits, and promote interest in science. In 2022, we held 11 reading activities. For preschool to lower graders, families are the cradle of learning, we held 2 Parent-Child Reading activities and guide children to read picture books in a lively way to cultivate active interest in reading and learning. Additionally, for upper graders, we held 1 Magical Physics Science Camp where students can verify and explore physics through their five senses and a hands-on approach. We also held 8 Meet the Author activities where invited authors talked at schools about their works and experiences, letting students approach books from another perspective.

We continued to use the SROI methodology to analyze and quantify our impact to students and children through the Philanthropic Libraries program and activities. Through our survey, we found 77% students who participated in the Magical Physics Science Camp felt their science knowledge increased. From the parents that participated in the Parent-Child Reading activity, 71% parents believed that the event could enhance family reading quality. For detailed analysis, please refer to the charts on the next page. In total, every $1 invested in the Philanthropic Libraries can generate $4.00 of social value.





Sponsor Chinese Literary Prize for Global Youth (Nantou Facility)

The Chinese Literary Prize for Global Youth is known as the fountain of living waters for new literary talents. Many literary luminaries such as Chang Man-Chuan, Jian Zhen, and Hou Wenyong had won this prize as students. To encourage student participation and advance Chinese literary culture, USI sponsors CNY 66,000 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 2022, the 40th Global Chinese Student Literature Award received 1,141 entries, mainly from Taiwan, Mainland China, and Malaysia. There were 387 submissions from Malaysia. 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 (Global)

Over the years, USI focused on internal employee education and training. Internal lecturers from USI University cooperate with industrial guilds, associations, and universities provided several free courses to share their knowledge, experience, or the industry's latest trends to associated organizations and students. Through courses such as DISC personality analysis, school partnerships experiences, talent selection and business competitiveness, we share our experiences with industry peers and hold career planning courses to help university students grasp the job market. Due to the pandemic, we only shared 16 courses that totaled 932 hours of lessons in 2022. In the future, we will continue investing in the education of youth capacity training once the pandemic eases up.

Also, to put academic theory into practice, USI provides internship opportunities in Huizhou, Kunshan, Nantou, and Mexico Facilities with one-on-one mentor system so students can bridge the gap between school and work after graduation. In 2022, 72 students interned in our internship programs. In addition to internship opportunities, Nantou Facility partnered with National Chiao Tung University and Taipei Tech to conduct reseach projects such as the Cross-Component Short Circuit and Tin Defect Detection and Module Miniaturization Reliability Testing research. Overall, 660 students benefited from these industrial-academic partnerships and participated 54,616 hours in 2022.

USI University Courses (Global)

Facility	Course Name
Zhangjiang	◆ Career Planning (Shanghai Tech School) ◆ RBA Introduction (Suppliers)
Huizhou	◆ DISC Personality Analysis (Industry) ◆ RBA Introduction (Suppliers)
Kunshan	◆ USI Kunshan School Partnership Sharing (Kunshan Human Resources Market) ◆ Reading Enhances Life (Industry) ◆ How to Select the Right Talent (Industry)
Nantou	◆ Language, Talent, Competitiveness (Industry)

Contributing to Society

Rural Revitalization

In response to SDGs (Goal 1: No Poverty; Goal 4: Quality Education), USI sponsors several educational rural revitalization programs to help children in impoverished regions obtain resources for quality education and narrow the gap between urban and rural areas. For example, in 2022, USI invested CNY 818 thousand in the Rural Digital Education Program, Western Region Student Aid Program, Spark Philanthropic Library, Hope for Pearls Project, and the Kunshan Peace Packages Activity, assisting 1,838 students in need.

Rural Digital Education Program (Zhangjiang Facility)

USI believes in tech for good and thus focuses on bridging the computer education gap in remote areas. We launched the Rural Digital Education Program and donated computer classrooms in response to the United Nations digital literacy advocacy initiative and rural revitalization efforts. By enriching tech resources and supporting local education in remote areas, USI upholds our corporate spirit of Realizing IDEAS Together and continues to follow up on the usage of computer classrooms, adjusting our implementation according to feedback to enhance program efficiency.

Expanding on the 5 classrooms we built, we set up another 3 classrooms and upgraded their equipment. We also focused on training rural technological talents and provided customized support for the teachers in the 5 computer classrooms. To increase interest in digital knowledge, we planned a mini contest to encourage learning and knowledge retention, developing students' digital literacy. In 2022, we set up 3 computer classrooms in Henan and Gansu and donated 197 sets of computers and benefited 1,573 students, with a cumulative beneficiary of 2,444 students.

Western Region Student Aid Program (Zhangjiang Facility)

It takes ten years to grow trees, but a hundred years to nuture people. Investing in education benefits the present and future generations as education is the pathway out of poverty. Therefore, USI carried out the Western Region Student Aid Program through the Cihui Foundation in rural western regions such as Yunnan and Sichuan and invested CNY 48,000 to provide financial aid to 12 impoverished outstanding college students to ensure their opportunities for education and growth. We believe when they complete their studies, they will use the knowledge learned to help more people.

Hope for Pearls Project (Huizhou, Kunshan Facilities)

Since 2016, USI has actively participated in the Hope for Pearls Project, helping students with excellent grades but cannot afford tuition to actualize their dream of finishing high school. In 2022, we held a "Walk for Pearls", where USI employees walked 5,000 steps a day to promote the Hope for Pearls Project. We raised CNY 100,000 for Qianshan Yezhai Middle School in Anhui Province and continued to support the 2021 USI Shueijin Pearl Class with 40 students. In addition to funding, we continued to follow up on these pearl students and support them emotionally and spiritually. With our love and support, USI Shueijin Pearl Class of 2019 passed their Gaokao with flying colors. 100% pearl students got accepted to their dream universities and 94% got in tier 1 schools.

Spark Philanthropic Library
(Zhangjiang, Jinqiao Facilities)

As part of the Investing in Education and Contributing to Society strategy, USI built a Spark Philanthropic Library at Gaiguo Elementary School in Gansu.

During construction, USI held a book donation campaign: Share the Fragrance of Books, Spread the Love, to bring better educational resources to 163 students. When the Library was completed, USI and 51 employees donated 1,241 books and 20 audio players with 200 audiobooks to enrich the school's resources. We hope to provide practical help to narrow the urban-rural gap. We sincerely hope that the students will learn from books, keep up with the times, and thrive like the children in the city.

Kunshan Charity Foundation "Peace Packages" Activity
(Kunshan Facility)

Under the pandemic, vulnerable groups are often the most impacted. This year's Chinese New Year Care Packages and Children's Day Heartfelt Wishes were canceled due to the pandemic. With the spirit of "never omit to do a good deed thinking it's too trivial", USI donated CNY 5,000 worth of Peace Packages, filled with sports equipment, stationery, and personal protective supplies to send warmth and care to 50 elementary school students in economically disadvantaged areas, migrant children, and students in need.

Social Inclusion

Christmas Dreams Come True Project
(Nantou, Mexico Facilities)

Christmas is a time to spread joy and blessings. Apart from Nantou Facility that has been organizing a gift registry for the Nantou Renai Home for Children for five consecutive years, this year, Mexico Facility also arranged to hold a christmas party on site for Salvation Army children. In 2022, 96 children participated in this festive Christmas event, where USI ambassadors shared the joy of the holidays with children in an atmosphere of exciting performances, fun competitions, and Christmas dinners.

Chinese New Year's Eve Dinners
(Nantou Facility)

In the face of an ultra-aging society, the issues of elderly care and lonely elders are becoming increasingly urgent. With sincere respect for elders, USI organized a Chinese New Year's Eve dinner donation through the Huashan Foundation. 268 dinners were delivered to the seniors through the Foundation and volunteers. When visiting, we not only gave them their Chinese New Year dinner but also stayed to chat and ask about their day, advising them to keep warm and take their medications. Through this activity, we hope to draw the resonance of kind-hearted people and make the disadvantaged elderly feel that there is warmth everywhere.

Conserving the Environment

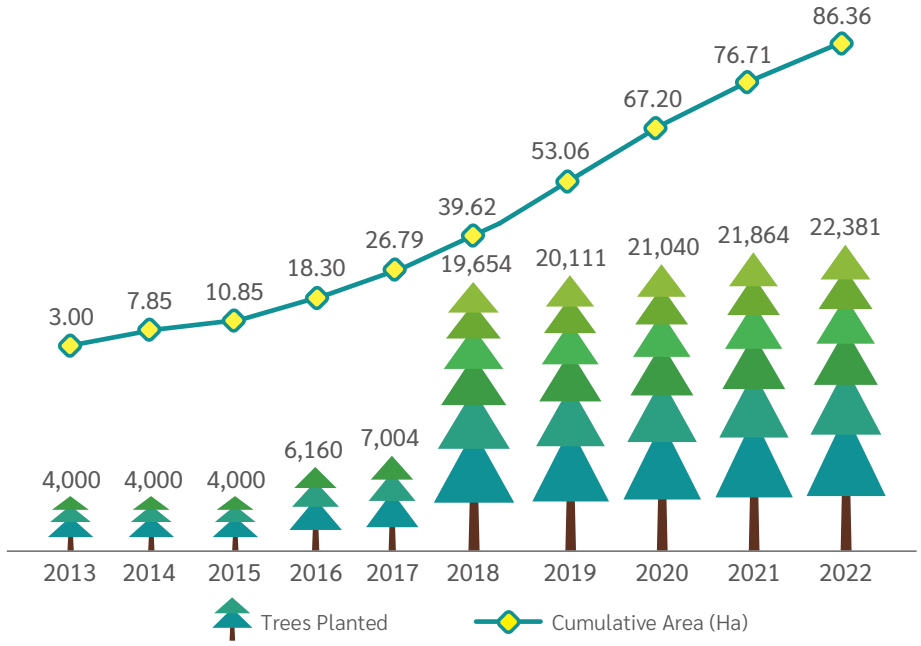
Climate change is an issue that humanity must face. Saving energy and reducing carbon emissions is the starting point for Conserving the Environment. For years, USI has been cooperating with Shanghai Roots & Shoots in the Million Tree Project to purify air quality and restore biodiversity. We also organize activities such as Environmental Seminars, Mini Farmers' Markets, and Environmental Cleanups to promote green and low-carbon lifestyles, raise environmental awareness, deepen connections with neighboring communities, mitigate negative impacts, and do our part for the global environment.

Million Tree Project (Global)

In response to SDGs (Goal 13: Climate Action; Goal 15: Life on Land), USI actively promotes environmental education, protects ecosystems, combats desertification, and reverses land degradation through collaborating with Shanghai Roots and Shoots's Million Tree Project. In addition to reversing land degradation and desertification in Inner Mongolia and Ningxia, planting trees also restores local biodiversity. A recent ecological survey reports 47 species observed in Inner Mongolia and 14 species in Ningxia, with the number of species steadily increasing. By the end of 2022, USI has planted 130,214 trees covering 86.36 hectares, which conserves about 118,485.92 metric tonnes of water in a year and captured 17,906 kg of CO_2.

The USI Employee Forest was launched in 2016 as an awareness-raising campaign. We organized employees' donations and volunteers to plant trees in Inner Mongolia and Ningxia. Unfortunately, due to the pandemic, our tree-planting ambassadors couldn't go to the planting sites. Thus, employees participated even more actively in donating saplings to contribute to environmental protection. In 2022, 22,381 trees were newly planted, of which employees donated 8,381 trees, an increase of 7% over last year.

USI Tree Planting Data



Creek Cleanup Project (Nantou Facility)

In addition to protecting the marine ecosystem, the waters around our lives are also essential. USI organized a creek clean-up activity to pick up waste near the Maoluo River and plant trees in 2022. Under the guidance of the Environmental Protection Bureau, 30 USI volunteers picked up 200 kg of trash, taking action to raise environmental protection through a hands-on approach.

Mini Farmer's Market (Nantou Facility)

The Mini Farmers' Market is formed by farmers advocating direct from farms and farmers. They insist on using organic fertilizers and natural farming methods instead of chemical pesticides to maintain sustainable operations. Not only is the market a platform for individual farmers to sell their produce, but it is also a place where consumers can buy with peace of mind. When consumers have questions about farm produce, they can directly get answers from the farmer that planted it and learn agricultural facts and knowledge as a bonus. Through the Mini Farmers' Market, USI encourages employees to support eco-friendly farming, reduce carbon footprints, and build a virtuous cycle of life and land.

Adopt-a-Road Program (Nantou Facility)

USI Nantou Facility adopted a stretch of Caoxi Road (from Zhongxing Road to Maoluoxi Bridge), the provincial highway No.14B access road to Freeway No.3 (from Maoluoxi Bridge to the intersection at Shengfu Road), and Shengfu Road intersection to the central island at Shanglin police station and maintained these roads' hedges and cleanliness. Our adoption has entered its 16th year, and we are proud to invest in our town's efforts in greening and landscaping these roads.

Promoting Arts and Culture

Sponsor Youth Go Competitions (Zhangjiang Facility)

Due to the pandemic, evenly matched Go players across the strait met online to compete in virtual matches. USI sponsored CNY 493 thousand in the 2022 Twin Cities Cup Professional Summit Tournament to enhance Go players' skills and promote cross-strait youth cultural exchange. With this platform, passionate Go players can interact and grow together through matches.

Sponsor Ming Hua Yuan Theatre Performance (Nantou Facility)

Promoting traditional arts and giving back to the community is central to USI's commitment to social activities. Although the Straw Crafts Culture Festival was canceled due to the pandemic in 2021, once the pandemic subsided in 2022, we continued our support. The Minghuayuan Theatre Group was invited to perform Shooting Star at Caotun Zhongshan Park, where over 2,000 locals came and enjoyed the traditional opera outdoors. We want to keep traditional culture alive through regular performance and broad distribution to be passed down through generations.

Sponsor Cloud Gate Dance Theatre Annual Tour (Nantou Facility)

Since 2005, USI has annually supported the Cloud Gate Culture and Art Foundation as we believe that while technology can improve our quality of life, art can improve the quality of our minds and souls. Cloud Gate productions not only show the beauty of dance, but also express the infectious joy of life and depth of culture. This year, we sponsored Send in a Cloud production and invited supplier partners to enjoy the show with our senior management.

External Participation

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

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

USI actively participated in 37 industrial organizations [1~3] and contributed CNY 448.3 thousand in 2022 [4]. Upon review, most associations we joined focus on other industry-specific issues, including workplace safety, sharing best practices, and professional development. Through networking events and serving important positions, USI keeps in touch with the industry and contributes to its progress. The following is a partial list of organizations USI joined:

Zhangjiang Facility

Shanghai Integrated Circuit Industry Association •••
Pudong Association of Foreign Investment •••

Huizhou Facility

Taiwan Merchant Association Shenzhen •

Kunshan Facility

Taiwan Compatriot Investment Enterprises Association of Kunshan ••

Nantou Facility

Taiwan Electrical and Electronic Manufacturers' Association ••
Taiwan Telematics Industry Association •••
Nankang Industrial Manufacturers Association •••
Taiwan Association of Occupational Health Nurses •••

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

Our assessment determined that all 37 industrial associations we joined are Paris-aligned. Examples of the associations actively involved in developing climate policy and advocacy are listed below:

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

Appendix

Awards and Recognitions

Governance

Zhangjiang Facility
- 2022 Forbes China Digital 100
- 2022 Top 100 Competitive Enterprises in Electronics Information
- 2021 Top 10 in 2021 Shanghai Integrated Circuit Packaging and Testing Sales
- 2021 Panorama Investor Relationship Awards - Investor Earnings Call Innovation Award
- 2022 Board Office Best Practices Award

Huizhou Facility
- 2021-2022 Shenzhen Excellent Foreign-Invested Enterprises-Double Excellence Award

Kunshan Facility
- China Export Leading Indicator Enterprise
- Jiangsu Industrial Internet Demonstration Program (Benchmark Factory)
- Jiangsu Industrial Internet Demonstration Program-Five Star Cloud Enterprise
- Cross-strait Internet Innovation Development Exemplar

Social

Zhangjiang Facility
- 12th China Charity Festival-2022 Responsible Brand Award
- Shanghai Harmonious Labor Relations Enterprise
- 2022 Pudong Safety Culture Exemplar Enterprise

Jinqiao Facility
- 2022 Pudong Safety Culture Exemplar Enterprise

Huizhou Facility
- 2022 Certificate of Honor for Supporting People with Disabilities

Nantou Facility
- 2022-2025 Accredited Nantou County Breastfeeding Room-Most Accommodating Room
- 2022-2024 Accredited Healthy Workplace-Health Promotion Badge
- 15th Arts and Business Awards-Long-term Sponsorship Award
- 15th Arts and Business Awards-Sliver Award

Environmental

Zhangjiang Facility
- Shanghai Roots & Shoots - 2022 Million Tree Project Sponsorship Award

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

Kunshan Facility
- Suzhou "Near Net-Zero" Factory

Contributions to the SDGs

SUSTAINABLE DEVELOPMENT GOALS

- Invested in **5** rural revitalization programs, benefiting **1,838** students.

1 NO POVERTY

- Held **51** health activities, such as blood donation, weight-loss competition, and bone density testing with **8,611** participants.
- Provide medical and emergency support for unexpected or sudden illnesses for employees on business trips or stationed overseas.

3 GOOD HEALTH AND WELL-BEING

- Employees have the right to equal pay for equal work regardless of gender.
- Increased percentage of females in top management positions for **5** consecutive years, an increase by **1.6%** compared with 2021.

5 GENDER EQUALITY

- Purchased certified renewable energy to offset carbon dioxide emissions generated by traditional electricity used. **100%** renewable energy use in Mainland China Facilities and **50%** in Mexico Facility.

7 AFFORDABLE AND CLEAN ENERGY

- Solar panels installed on Nantou-NK 1 Facility generated **2,142** MWh of renewable energy as of 2022.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

2 ZERO HUNGER

- Donated **268** Chinese New Year's Eve dinners to disadvantaged lonely elders to spread warmth and cheer.

4 QUALITY EDUCATION

- Donated a cumulative total of **767** boxes of books to the Philanthropic Libraries for 18 years running.
- Built 3 more computer classrooms through the Rural Digital Education Program, benefiting **2,444** students.
- Trained cumulative total of **1,118** USIU internal lecturers.
- Supported **157** employees to take advanced studies.

6 CLEAN WATER AND SANITATION

- Reduced **28.5%** water use intensity from the baseline year 2015.
- Recycled **78.1%** of process water.

8 DECENT WORK AND ECONOMIC GROWTH

- **23.93%** revenue growth in 2022 compared to 2021.
- Actively engaged in sound tax policies and honest tax contributions to support the government's efforts to promote economic growth.
- Customer satisfaction score reached **84.2**.
- Starting salaries for direct laborers at each facility are higher than local minimum wages.
- Provided **18,267** job opportunities worldwide with **95%** local hires.

- Employed **83** people with disabilities.
- Employed **703** ethnic minorities with **7** in management positions.

- Consistently monitored our compliance with legal emission regulations to lessen our negative environmental impact and contribute to building sustainable communities. There were **0** significant air pollution incidents in 2022.
- Reached **92.5%** recycling rate for non-hazardous waste through qualified disposal/recyclers.

- Implemented enterprise risk management assessment and applied relevant countermeasures.
- Established an email protection mechanism to strengthen USI email security.
- Introduced **Threat Intelligence System** to strengthen cybersecurity protection capabilities.
- Cooperated with suppliers to recycle pallets and packaging materials, reducing **828** metric tonnes of waste, and saved CNY **36.65** million.
- Banned use of **Indium Phosphide**, **Nickel Sulfate**, and **Nickel Amino Sulfate** from 01/01/2023 and restricted use of **TBBP-A** and **MCCP** according to regulations to minimize their impact on workers and the environment.
- Used **87%** recyclable or reusable materials in designing mechanical products, which reached **33,362** kg in USI's annual shipments.

- Promoted green product design, reduced energy loss, and engaged in continuous improvement to reduce CO_2 emissions, saving **22,023** MWh of electricity in 2022, equivalent to reducing **14,191** metric tonnes of CO_2.
- **0** days of production interruptions due to climate-related disasters.
- Implemented TCFD to analyze USI climate risks. USI will use **100%** renewable energy in our operations by 2035 and achieve **net-zero carbon emissions** by 2050.

- Cleaned up Maoluo River and picked **200** kg of trash.
- Held **4** environmental protection seminars.

- Supported the Million Tree Project for 10 years running, planting a total of **130,214** trees covering **86.36** hectares.

- Established Sunshine Conduct Policies and Anti-Corruption Management Measures with reporting mechanisms to ensure compliance from suppliers and employees. No corruption or bribery instances were found.
- No major fines or violations related to anti-competitive practices or antitrust laws and regulations.
- **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 **43%**.

ESG Key Performance Data

Environmental

Renewable Energy Use Percentage [1]	Unit	2019	2020	2021	2022
USI Group	%	82.7	79.6	80.3	81.6
Mainland China Facilities	%	100	100	100	100
Mexico Facility	%	10	21	31	50
Nantou Facility	%	0	0	0	0
GHG Emissions	**Unit**	**2019**	**2020**	**2021**	**2022**
Scope 1	metric tonnes CO_2e	8,438.84	6,802.39	4,592.71	5,385.74
Scope 2	metric tonnes CO_2e	168,730.49	184,225.84	201,538.85	215,510.73
Scope 3	metric tonnes CO_2e	22,623.67	16,722,053.37	12,980,878.70	10,473,941.30
Water Resource Management	**Unit**	**2019**	**2020**	**2021**	**2022**
Water withdrawal	ML	681.848	803.690	861.887	1,068.173
Recycled water	ML	155.058	179.145	236.972	307.539
Recycling rate	%	22.7	22.3	27.5	28.8
Waste Management	**Unit**	**2019**	**2020**	**2021**	**2022**
Hazardous waste generated	metric tonnes	696.641	783.065	967.233	1,006.243
Non-hazardous waste generated	metric tonnes	7,813.671	7,805.962	8,766.093	9,835.675
Non-hazardous waste recycled	metric tonnes	7,067.916	7,079.345	8,115.463	9,097.263
Non-hazardous waste recycling rate	%	90.46	90.69	92.58	92.49

Note:
1. Renewable energy use fluctuated in 2020 and 2021 because: (1) we included Nantou-TT 1 energy consumption data in 2020 and (2) expanded production lines in Nantou-NK 1 sharply increased energy consumption in 2021

Environmental Expenditures	Unit	2019	2020	2021	2022
Total	CNY	23,179,611	28,131,112	25,989,443	29,912,628
Operating cost	CNY	11,428,159	15,177,012	12,176,028	12,634,136
Upstream/downstream cost	CNY	516,463	854,709	1,058,487	862,255
Management overhead	CNY	10,806,289	11,880,177	12,464,402	16,237,399
Social activities cost	CNY	428,700	219,214	290,527	178,839

Social

Talent Attraction and Retention	Unit	2019	2020	2021	2022
Number of employees	-	18,267	17,486	18,081	16,660
Male employees	-	9,866	9,426	9,938	9,271
Female employees	-	8,401	8,060	8,143	7,389
Percentage of females in total workforce	%	46.0	46.1	45.0	44.4
Employees in senior management positions (director and above)	-	133	132	199	213
Female employees in senior management	-	17	17	35	41
Percentage of females in senior management positions	%	12.8	12.9	17.6	19.2
Employees in management positions	-	1,046	1,082	1,091	1,061
Female employees in management	-	243	255	247	245
Percentage of females in management positions	%	23.2	23.6	22.6	23.1
IDL employees promoted	-	1,086	868	920	745
Female IDL employees promoted	-	379	310	319	278
Employees with disabilities	-	79	73	83	83

Talent Attraction and Retention	Unit	2019	2020	2021	2022
Average age of employees	year	30.5	31.6	31.7	33.0
Average number of years employees worked in USI	year	4.6	4.7	4.8	5.2
Employee turnover rate	%	44.2	33.7	38.7	28.8
Ratio of DL entry level wage compared to local minimum wage	-	1.00~1.13	1.00~1.10	1.00~1.08	1.00~1.09
Employee engagement score	%	77	-	84	-
Return to work rate of employees that took parental leave	%	73	100	68	68
Retention rate of employees that took parental leave	%	100	100	79	47
Training & Talent Development	**Unit**	**2019**	**2020**	**2021**	**2022**
Employees that complete the internal lecturer training program	-	608	833	867	1,118
Female internal lecturers	-	194	247	287	344
Total cost of employee training and development	M CNY	7.3	4.2	28.9	17.1
Coverage of employee training	%	100	100	100	100
Average training per employee	hour	22.6	31.0	30.7	28.8
Employees supported to take advanced studies	-	15	43	73	24
Human Rights	**Unit**	**2019**	**2020**	**2021**	**2022**
Average human rights training per employee	hour	1.1	1.4	1.1	1.4
Labor contract signage rate	%	100	100	100	100
Number of employee symposiums	-	294	216	116	140
Employees in unions	-	4,435	5,900	6,350	5,901
Percentage of union labor in workforce	%	24.3	33.7	35.1	35.4

Occupational Health and Safety	Unit	2019	2020	2021	2022
Incidences of occupational disease	-	1	0	0	0
Work-related fatalities	-	0	0	0	0
Amount invested in safety production	M CNY	150	166	159	184
Number of emergency drills conducted	-	52	58	32	30
Number of health and well-being activities held	-	38	53	42	51
Number of participants in health and well-being activities	-	4,447	13,701	13,028	8,611
Number of doctor consultations held	session	19,169	9,692	18,519	30,211
Total hours consulted	hour	13,455	9,140	9,558	9,777
Social Involvement	**Unit**	**2019**	**2020**	**2021**	**2022**
Total amount of social involvement	CNY	6,269,375	5,970,377	3,826,752	5,281,086
Investing in Education	CNY	1,521,946	1,259,165	1,713,707	2,205,556
Contributing to Society	CNY	2,175,354	2,769,476	489,454	1,015,895
Conserving the Environment	CNY	468,147	433,558	451,281	423,275
Promoting Arts & Culture	CNY	1,053,759	1,087,534	829,772	1,188,091
External Participation	CNY	1,050,169	420,645	342,538	448,269
Number of employees engaged in social activities	-	536	1,412	314	701
Number of hours volunteered	hour	3,633	1,674	1,717	2,047
Environmental Protection	**Unit**	**2019**	**2020**	**2021**	**2022**
Annual number of trees planted	-	20,111	21,040	21,864	22,381
USI Corporate Forest	-	14,000	14,000	14,000	14,000
USI Employee Forest	-	6,111	7,040	7,864	8,381
Annual area of trees planted	Ha	13.44	14.14	9.51	9.65

Environmental Protection	Unit	2019	2020	2021	2022
Cumulative number of trees planted	-	64,929	85,969	107,833	130,214
Cumulative area of trees planted	Ha	53.06	67.20	76.71	86.36
Weight of coastal/stream trash picked	Kg	486.30	49.00	335.20	200.00
Rural Revitalization	**Unit**	**2019**	**2020**	**2021**	**2022**
Number of programs invested	-	6	6	5	5
Number of students assisted	-	964	1,001	1,050	1,838
Amount invested in targeted programs	K CNY	685	1,362	216	818
Investing in Education	**Unit**	**2019**	**2020**	**2021**	**2022**
Cumulative number of Philanthropic Library boxes donated	box	645	685	725	767
Number of people engaged in Parent-Child Reading Activity	-	136	100	119	111
Number of students benefiting from industrial-academic partnerships	-	93	754	1,415	660
Local Procurement	**Unit**	**2019**	**2020**	**2021**	**2022**
Global	%	18	37	39	43
Mexico	%	25	19	12	5
Taiwan	%	42	30	29	30
Mainland China	%	14	38	43	50
Supplier Sustainability Evaluation	**Unit**	**2019**	**2020**	**2021**	**2022**
Number of suppliers evaluated with sustainability metrics	-	515	576	419	525
Percentage of suppliers that completed Supplier Sustainability Assessment Questionnaire	%	70	70	73	73
Number of suppliers and contractors on-site audited with sustainability metrics	-	80	76	83	81
Supplier Communication	**Unit**	**2019**	**2020**	**2021**	**2022**
Number of suppliers that attended the Sustainable Supply Chain Seminar/Webinar	-	222	120	276	342

Conflict Minerals	Unit	2019	2020	2021	2022
Number of suppliers that completed due diligence (CMRT survey)	-	352	359	416	199
Percentage of target suppliers completing the conflict-free minerals	%	100	100	100	100

Governance

Financial Performance	Unit	2019	2020	2021	2022
Operating revenue	K CNY	37,204,188.4	47,696,228.2	55,299,654.8	68,516,076.0
Operating cost	K CNY	33,499,411.1	42,710,970.3	49,981,479.2	61,327,074.5
Operating profit	K CNY	1,422,151.4	1,961,650.8	2,131,813.5	3,460,804.0
Total profit	K CNY	1,432,763.0	1,973,563.1	2,138,858.9	3,477,195.2
Net profit	K CNY	1,260,107.6	1,733,565.2	1,856,693.0	3,059,989.8
Government subsidies	K CNY	52,011.8	76,779.5	50,678.1	56,144.7
Taxes	K CNY	352,271.7	397,576.8	618,989.5	897,547.9
Earnings per share	CNY	0.58	0.80	0.85	1.40
Research and Patents	**Unit**	**2019**	**2020**	**2021**	**2022**
Share of R&D personnel of total workforce	%	6.8	6.7	9.4	11.5
Amount invested in R&D	M CNY	1,373	1,576	1,641	2,034
R&D intensity	%	3.69	3.31	2.97	2.97
Share of ecological designed product of total revenue	%	82.6	86.5	92.1	82.4
Number of patents accumulated	-	628	660	696	740
Smart Manufacturing	**Unit**	**2019**	**2020**	**2021**	**2022**
Saving benefits	K CNY	91,231	142,388	208,247	295,439

Continuous Improvement	Unit	2019	2020	2021	2022
Number of improvement proposals	-	277	319	340	360
Cost saved	K CNY	92,628	76,951	78,756	119,251
Customer Relationship	**Unit**	**2019**	**2020**	**2021**	**2022**
Customer satisfaction score	-	83.8	84.1	84.1	84.2
Satisfied customers	%	82	93	86	93
Percentage of revenue covered by customer surveys	%	93	93	89	100

Board of Directors	Unit	
Number of directors on the board	-	9
Independent directors	-	3
Percentage of independent directors	%	33.3
Strategic Committee	**Unit**	
Number of committee members	-	5
Number of independent directors in the committee	-	1
Percentage of independent directors	%	20.0
Audit Committee	**Unit**	
Number of committee members	-	5
Number of independent directors in the committee	-	3
Percentage of independent directors	%	60.0

Compensation Committee	Unit	
Number of committee members	-	5
Number of independent directors in the committee	-	3
Percentage of independent directors	%	60.0
Nomination Committee	**Unit**	
Number of committee members	-	5
Number of independent directors in the committee	-	3
Percentage of independent directors	%	60.0
Board of Supervisors	**Unit**	
Number of board members	-	3
Number of employees on the board of supervisors	-	1
Percentage of employees	%	33.3

Sustainability Data

Environmental

A. Scope 2 Market-based GHG Emissions

Item	Unit	2019	2020	2021	2022
Scope 2 Market-based	metric tonnes CO_2e	22,165.63	26,056.90	26,617.41	26,912.82

B. Hazardous Waste

Item	Unit	2019	2020	2021	2022
Recycled/reused	metric tonnes	255.13	247.23	202.79	232.13
Total	metric tonnes	441.52	535.83	764.44	774.11
Landfilled	metric tonnes	14.58	29.83	0.64	0
Incinerated with energy recovery	metric tonnes	0	0	0	0
Incinerated without energy recovery	metric tonnes	426.94	506.00	763.80	774.11

C. Non-hazardous Waste

Item	Unit	2019	2020	2021	2022
Recycled/reused	metric tonnes	7,072.29	7,079.35	8,115.46	9,097.26
Total	metric tonnes	741.38	726.62	650.63	738.41
Landfilled	metric tonnes	352.32	353.46	312.78	393.25
Incinerated with energy recovery	metric tonnes	0	0	0	0
Incinerated without energy recovery	metric tonnes	389.06	373.16	337.85	345.16

D. Environmental Expenditures [1]

Unit: CNY

Category	2019		2020		2021		2022	
	Capital Investment	Operating Expenses	Capital Investment	Operating Expenses	Capital Investment	Operating Expenses	Capital Investment	Operating Expenses
Operating cost [2]	1,779,973	9,648,186	548,685	9,690,160	1,996,631	10,179,397	532,048	12,102,087
Upstream/downstream cost [3]	0	516,463	0	854,709	0	1,058,487	0	862,255
Management overhead [4]	1,731,219	9,075,070	56,792	11,823,385	168,781	12,295,620	2,416,689	13,820,710
Social activities cost [5]	0	428,700	0	219,214	70,919	219,608	0	178,839
Total	**3,511,192**	**19,668,419**	**5,543,644**	**22,587,468**	**2,236,331**	**23,753,112**	**2,948,737**	**26,963,891**

E. Materials Recycled and Reused

Item	Unit	2019	2020	2021	2022
Pallets	pcs	14,428	21,817	36,786	39,384
Packaging materials	pcs	6,119,847	7,218,172	8,701,254	6,917,126
Recycled and reused weight	metric tonnes	620.40	728.43	1,170.46	827.98
Total financial benefits	K CNY	3,452,049	3,050,159	2,387,932	8,248,872

Note:
1. The data covers Zhangjiang, Jinqiao, Huizhou, Kunshan, and Nantou Facilities
2. Operating cost: includes pollution prevention costs (air, water, noise, and hazardous substances) and resource circulation costs (efficient resource utilization, waste reduction, and recycling and disposal costs)
3. Upstream/downstream cost: includes green procurement and recycling of used products
4. Management overhead: includes workers engaged in environmental improvement activities and environmental education, acquisition of external environmental licenses/certifications, and government environmental fees
5. Social activities cost: includes donations to, and support for, environmental groups or activities

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

Requirement	Substance/Regulation Code	Requirement	Substance/Regulation Code
Banned substances and legal requirements	Cadmium (Cd) and its compounds	Banned substances and legal requirements	Commission directive 2013/2/EU
	Lead (Pb) and its compounds		Batteries directive 2013/56/EU
	Mercury (Hg) and its compounds		POPs recast regulation 2019/1021
	Hexavalent chromium (Cr^{6+}) and its compounds		REACH regulation (EC) 1907/2006
	Polybrominated Biphenyls (PBB)		California Proposition 65
	Polybrominated Diphenyl Ethers (PBDE)		Toxic Substances Control Act (TSCA)
	Diethylhexyl Phthalate (DEHP) (117-81-7)	Planned elimination	Indium Phosphide (01/01/2023)
	Butyl Benzyl Phthalate (BBP) (85-68-7)		Nickel Sulfate (01/01/2023)
	Dibutyl Phthalate (DBP) (84-74-2)		Nickel Amino Sulfonate (01/01/2023)
	Diisobutyl Phthalate (DIBP) (84-69-5)		Tetrabromobisphenol A (TBBP-A) [Prohibited/restricted according to EU announced dates]
	Bromine		Medium Chain Chlorinated Paraffin (MCCP) [Prohibited/restricted according to EU announced dates]
	Chlorine		France Mineral Oils Ban [Prohibited/restricted according to France announced dates]
	Perfluoroalkyl Substances (PFAS)		
	Perfluorooctanyl Sulphonic acid and its salts (PFOS)		
	Perfluorooctyl acid and its salts (PFOA)	Reporting substance	Global Automotive Declarable Substance List (GADSL)
	Polychlorinated Biphenyls (PCB)		Conflict Minerals

G. Low-Carbon Products

Type & Description of Products	Level of Aggregation	% of Total Revenues from Climate Change Products in FY 2022	Estimated total Total Avoided Emissions per Year (metric tonnes CO_2e)	Comment
Low carbon products Communications, Consumer Electronics, Industrial Products, Cloud and Storage, Automobile Electronics	Company-wide	67.07%	188,598	USI defines a facility that purchases more than 5% of renewable energy as a low-carbon product production facility
Avoided emissions for third-parties Communications, Cloud and Storage, Automobile Electronics	Group of products	10.14%	14,191	Energy saving benefits compared to previous generation products or market equivalent products

Social

A. Workforce Structure

Category		Zhangjiang		Jinqiao		Huizhou		Kunshan		Nantou		Mexico		Category Total & Percentage	
		HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% of Total
Position [1]	Management-Male	141	13.3%	92	8.7%	113	10.7%	113	10.7%	284	26.8%	73	6.9%	816	4.9%
	Management-Female	59	5.6%	22	2.1%	50	4.7%	23	2.2%	71	6.7%	20	1.9%	245	1.5%
	Technical-Male	561	15.8%	379	10.7%	334	9.4%	324	9.1%	1,134	32.0%	168	4.7%	2,900	17.4%
	Technical-Female	128	3.6%	81	2.3%	75	2.1%	65	1.8%	247	7.0%	47	1.3%	643	3.9%
	Administrative-Male	71	3.5%	37	1.8%	103	5.0%	117	5.7%	237	11.6%	142	6.9%	707	4.2%
	Administrative-Female	202	9.9%	75	3.7%	300	14.7%	175	8.6%	474	23.2%	111	5.4%	1,337	8.0%
	Skilled-Male	744	7.4%	389	3.9%	1,005	10.0%	1,540	15.4%	485	4.8%	685	6.8%	4,848	29.1%
	Skilled-Female	544	5.4%	360	3.6%	752	7.5%	780	7.8%	1,370	13.7%	1,358	13.6%	5,164	31.0%
Gender	Male	1,517	16.4%	897	9.7%	1,555	16.8%	2,094	22.6%	2,140	23.1%	1,068	11.5%	9,271	55.6%
	Female	933	12.6%	538	7.3%	1,177	15.9%	1,043	14.1%	2,162	29.3%	1,536	20.8%	7,389	44.4%
Employment Type	Permanent [2]	2,450	15.6%	1,435	9.1%	2,732	17.4%	2,169	13.8%	4,296	27.4%	2,604	16.6%	15,686	94.2%
	Temporary [3]	0	0.0%	0	0.0%	0	0.0%	968	99.4%	6	0.6%	0	0.0%	974	5.8%

Note:
1. The position category is divided into Management (employees with management responsibilities such as the Sub-Section manager to Vice Presidents belong to Management), Technical, Administrative, and Skilled positions
2. Permanent employees: employees who have signed an employment contract with the company and work 8 hours a day, excluding dispatch workers
3. Temporary employees: employees who have signed a fixed period employment contract with the company, excluding dispatch workers and hourly workers

Category		Zhangjiang		Jinqiao		Huizhou		Kunshan		Nantou		Mexico		Category Total & Percentage	
		HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% of Total
Nationality	Domestic-Management	180	1.1%	109	0.7%	154	1.0%	126	0.8%	354	2.2%	86	0.5%	1,009	6.1%
	Domestic-Professional	2,235	14.1%	1,315	8.3%	2,554	16.1%	2,996	18.9%	3,242	20.5%	2,497	15.8%	14,839	89.1%
	Foreign-Management	20	2.5%	5	0.6%	9	1.1%	10	1.2%	1	0.1%	7	0.9%	52	0.3%
	Foreign-Professional	15	1.8%	6	0.7%	15	1.8%	5	0.6%	705	86.8%	14	1.7%	760	4.6%
Age	< 30	804	12.0%	486	7.3%	1,053	15.7%	2,018	30.1%	1,139	17.0%	1,194	17.8%	6,694	40.2%
	30-50	1,627	17.9%	942	10.4%	1,635	18.0%	1,106	12.2%	2,649	29.2%	1,122	12.4%	9,081	54.5%
	> 50	19	2.1%	7	0.8%	44	5.0%	13	1.5%	514	58.1%	288	32.5%	885	5.3%
Education	PhD	1	8.3%	0	0.0%	0	0.0%	0	0.0%	11	91.7%	0	0.0%	12	0.1%
	Masters	89	7.3%	43	3.5%	27	2.2%	21	1.7%	1,027	84.0%	16	1.3%	1,223	7.3%
	Bachelors	1,182	18.2%	709	10.9%	818	12.6%	917	14.1%	2,265	34.9%	607	9.3%	6,498	39.0%
	High School & Under	1,178	13.2%	683	7.7%	1,887	21.1%	2,199	24.6%	999	11.2%	1,981	22.2%	8,927	53.6%
Subtotal by Facility		2,450	14.7%	1,435	8.6%	2,732	16.4%	3,137	18.8%	4,302	25.8%	2,604	15.6%	-	-
Total															**16,660**

B. New Hires and Employee Turnover [1]

New Hires		2019	2020	2021	2022						
					Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Total
Gender	Male	8,705	8,628	8,619	456	222	1,696	1,974	496	1,025	**5,869**
	New Entry Rate [2]	87%	89%	89%	29%	25%	102%	85%	23%	98%	**61%**
	Female	7,068	5,623	4,588	181	112	944	671	668	989	**3,565**
	New Entry Rate	84%	68%	57%	18%	21%	66%	54%	32%	66%	**46%**
Position	Management	58	70	77	3	1	1	0	16	50	**71**
	New Entry Rate	6%	7%	7%	1%	1%	1%	0%	5%	42%	**7%**
	Technical	723	632	660	107	46	132	50	207	94	**636**
	New Entry Rate	21%	18%	19%	15%	10%	33%	13%	15%	49%	**18%**
	Administrative	437	385	473	34	16	118	33	132	96	**429**
	New Entry Rate	24%	21%	25%	12%	13%	29%	11%	19%	45%	**21%**
	Skilled	14,555	13,164	11,997	493	271	2,389	2,562	809	1,774	**8,298**
	New Entry Rate	120%	116%	107%	35%	38%	112%	94%	46%	88%	**77%**
Age	< 30	12,462	10,973	9,967	409	210	1,630	2,482	685	1,207	**6,623**
	New Entry Rate	116%	125%	123%	33%	33%	124%	104%	63%	103%	**89%**
	30-50	3,231	3,191	3,146	228	124	1,010	163	466	700	**2,691**
	New Entry Rate	46%	38%	35%	14%	14%	58%	14%	18%	63%	**30%**
	> 50	80	87	94	0	0	0	0	13	107	**120**
	New Entry Rate	15%	14%	13%	0%	0%	0%	0%	3%	40%	**14%**

Note:

1. The calculation of the number of employees excludes dispatch workers and corrects the relevant numbers and proportions
2. New entry rate of the category = New employee headcount of the category in the current year ÷ ((employee headcount of the category at the beginning of the current year + employee headcount of the category y at the end of the current year) ÷ 2) × 100%

New Hires	2019	2020	2021	2022						
				Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Total
Total No. of New Employees	15,773	14,251	13,207	637	334	2,640	2,645	1,164	2,014	**9,434**
New Entry Rate	86%	80%	74%	25%	24%	86%	74%	28%	79%	**54%**
Total No. of New IDL Employees	1,218	1,087	1,210	144	63	251	83	355	240	**1,136**
New Entry Rate	19%	17%	18%	12%	9%	26%	10%	15%	46%	**17%**
Total No. of New DL Employees	14,555	13,164	11,997	493	271	2,389	2,562	809	1,774	**8,298**
New Entry Rate	120%	116%	107%	35%	38%	112%	94%	46%	88%	**77%**
Average Hiring Cost [1] (CNY)	910	1,016	2,114							**3,317**
Total No. of IDL Job Transfers	1,086	868	922							**753**
Inter-departmental IDL Replacement Rate [2]	47%	44%	43%							**40%**

Employee Turnover [3]		2019	2020	2021	2022						
					Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Total
Gender	Male	4,720	3,317	3,529	364	139	477	1,073	284	471	**2,808**
	Turnover Rate [4]	47%	34%	36%	23%	16%	29%	46%	13%	45%	**29%**
	Female	3,412	2,710	2,531	212	121	554	455	299	554	**2,195**
	Turnover Rate	41%	33%	31%	21%	22%	39%	37%	14%	37%	**28%**
Position	Management	53	57	93	9	5	9	5	21	23	**72**
	Turnover Rate	5%	5%	9%	4%	4%	6%	4%	6%	19%	**7%**
	Technical	509	548	704	89	60	119	52	132	66	**518**
	Turnover Rate	15%	15%	20%	13%	13%	30%	13%	10%	35%	**15%**

Note:
1. Inter-departmental IDL replacement rate = Total IDL Job Transfers ÷ (Total IDL Job Transfers + Total New IDL Employees) × 100%
2. The calculation of the number of employees excludes dispatched workers and corrects the relevant numbers and proportions
3. Turnover rate for each category = No. of people leaving of that category in that year ÷ [(No. of people of that category at the beginning of that year + No. of people of that category at that year-end) ÷ 2] × 100%
4. Number of Turnovers excludes personnel that leave within 90 days of employment

Employee Turnover		2019	2020	2021	2022						
					Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Total
Position	Administrative	256	282	367	33	26	92	45	95	69	**360**
	Turnover Rate	14%	15%	19%	12%	22%	23%	15%	14%	32%	**18%**
	Skilled	7,314	5,140	4,896	445	169	811	1,426	335	867	**4,053**
	Turnover Rate	60%	45%	44%	32%	24%	38%	53%	19%	43%	**38%**
Age	< 30	6,419	4,165	4,041	317	133	316	1,378	227	591	**2,962**
	Turnover Rate	60%	47%	50%	34%	25%	24%	58%	21%	50%	**40%**
	30-50	1,658	1,767	1,925	254	126	710	150	318	377	**1,935**
	Turnover Rate	23%	21%	22%	16%	14%	41%	13%	12%	34%	**21%**
	> 50	55	95	94	5	1	5	0	38	57	**106**
	Turnover Rate	10%	15%	13%	24%	15%	13%	0%	8%	21%	**13%**
Total No. of Resigned Employees		8,132	6,027	6,878	576	260	1,031	1,528	583	1,025	**5,003**
Total Employees Turnover Rate		44%	34%	39%	22%	18%	33%	43%	14%	40%	**29%**
Total No. of Resigned IDL		818	887	1,165	131	91	220	102	248	158	**950**
IDL Turnover Rate		13%	14%	18%	11%	13%	23%	12%	10%	30%	**14%**
Total No. of Resigned DL		7,314	5,140	5,713	445	169	811	1,426	335	867	**4,053**
DL Turnover Rate		60%	45%	51%	32%	24%	38%	53%	19%	43%	**38%**
Total No. of Voluntary Resignation [1]		7,960	5,328	6,502							**4,089**
Turnover Rate		43%	30%	37%							**24%**

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

C. Workforce Breakdown: Nationality Distribution

Nationality	Total Workforce		Management	
	Headcount	%	Headcount	%
Mainland China	9,701	58.23%	577	54.38%
Taiwan	3,668	22.02%	393	37.04%
Mexico	2,583	15.50%	86	8.11%
Philippines	511	3.07%	0	0.00%
Vietnam	190	1.14%	0	0.00%
United States	2	0.01%	2	0.19%
France	2	0.01%	0	0.00%
Singapore	1	0.01%	1	0.09%
Canada	1	0.01%	1	0.09%
United Kingdom	1	0.01%	1	0.09%
Total	**16,660**	**100%**	**1,061**	**100%**

D. Workforce Breakdown: Ethnic Minorities [1]

Ethnicity	Employees		Management	
	Headcount	%	Headcount	%
Zhuang	155	0.93%	1	0.09%
Miao	117	0.70%	1	0.09%
Yi	116	0.70%	0	0.00%
Tujia	66	0.40%	3	0.28%
Buyei	64	0.38%	0	0.00%
Yao	40	0.24%	0	0.00%
Li	26	0.16%	0	0.00%
Shui	22	0.13%	0	0.00%
Bai	18	0.11%	0	0.00%
Hui	15	0.09%	0	0.00%
Dai	12	0.07%	0	0.00%

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

Item	Unit	2019	2020	2021	2022
Human Capital Return on Investment [2] (HC ROI)	-	1.5	1.6	1.5	2.6
Average Profit per Employee [3]	CNY	77,796	110,400	120,272	200,178

Note:

1. There are 703 employees that are ethnic minorities, accounting for 4.22% of the total workforce, including 7 in management positions, accounting for 0.66% of managers. 47 employees not included above are from 18 other different ethnicities. Since there are less than 10 employees in each of these ethic categories, they were not represented in this chart
2. HC ROI = (Total operating income for the current year - (Total operating expenses for the current year - Total employee-related expenditures for the current year (salary + benefits))) ÷ Total employee-related expenditures for the current year
3. Average profit per Employee = total profit ÷ ((number of employees at the beginning of the year + number of employees at the end of the year) ÷ 2), excluding dispatched employees

F. Average Salary and Compensation Data by Employee Category

Unit: K CNY

Category	Female Average	Male Average	Ratio of Average Salary/Compensation Female to Male
Management Position Average Salary	18.3	20.9	0.88
Management Position Average Compensation [1]	34.4	39.4	0.87
Non-Management Position Average Salary	8.4	9.0	0.93
Technical Position Average Salary	11.2	12.0	0.94
Technical Position Average Compensation	15.5	16.5	0.93
Administrative Position Average Salary	9.9	11.2	0.89
Administrative Position Average Compensation	13.7	15.2	0.90
Skilled Position Average Salary	3.9	3.8	1.02
Skilled Position Average Compensation	4.3	4.2	1.03

G. Training Hours and Cost

Category	Group		Facility						Subtotal	% of Group
			Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico		
Training Hours (hours)	Gender	Male	73,799	39,823	61,768	78,088	35,199	12,274	300,950	63%
		Female	40,046	21,838	41,369	34,669	24,027	17,649	179,598	37%
	Position	Management	6,496	3,264	2,492	3,635	7,915	662	24,463	5%
		Technical	24,057	15,185	88,335	8,892	19,997	1,373	157,839	16%
		Administrative	7,879	3,409	5,857	5,519	12,042	8,180	42,885	9%
		Skilled	75,414	39,804	6,454	94,712	19,272	19,709	255,365	70%
	Types of Courses	Compulsory Courses [2]	29,787	19,927	17,744	97,861	4,157	21,999	191,475	40%
		Non-Compulsory Courses [3]	84,058	41,734	85,393	14,896	55,068	7,924	289,073	60%
	Total		**113,845**	**61,661**	**103,137**	**112,757**	**59,225**	**29,923**		**480,548**

Note:
1. Executive level compensation is calculated based on the 2022 Annual Report. The average of male executive median compensation is CNY 1,636.36 K
2. Compulsory course: basic and necessary training for employees, such as: Sunshine behavior policy advocacy, establishment of humane treatment in the workplace, and RBA
3. Non-compulsory course: training to improve the skills of employees in related fields, such as: DOE experimental design, program development and other related training courses

Category	Group		Facility						Subtotal	% of Group
			Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico		
Training Cost (CNY)	Gender	Male	275,255	171,350	2,416,631	3,243,855	4,498,449	582,834	11,188,374	66%
		Female	180,047	73,085	1,645,264	1,475,325	1,867,234	630,338	5,871,294	34%
	Age	< 30	100,086	45,021	2,221,283	2,637,334	1,081,984	600,279	6,685,988	39%
		30-50	341,615	197,321	1,752,128	2,043,270	4,061,738	504,502	8,900,574	52%
		> 50	13,601	2,093	88,484	38,576	1,221,960	108,391	1,473,106	9%
	Management	Top	41,911	18,503	83,452	52,368	677,453	128,507	1,002,194	33%
		Middle	42,212	22,362	189,965	199,070	696,854	6,444	1,156,907	39%
		Junior	39,124	27,685	47,893	144,609	513,268	66,122	838,702	28%
	Types of Courses	Compulsory Courses	48,114	48,842	3,393,985	3,782,092	221,948	912,973	8,407,955	49%
		Non-Compulsory Courses	407,188	195,592	667,910	937,088	6,143,735	300,200	8,651,713	51%
	Total		**455,302**	**244,435**	**4,061,896**	**4,719,180**	**6,365,683**	**1,213,172**	**17,059,668**	

H. Employee Support Programs

Employee Benefits	Workplace stress management	▶ Conduct stress adjustment surveys, provide psychological counseling services, lectures and activities on physical and mental health, art, culture & movie appreciation
	Sport & health initiatives	▶ Sports activities: the company subsidizes various sports associations to organize activities and activity venues ▶ Health management: annual physical examination, full-time medical staff to provide free medical consultation
Work Conditions	Flexible working hours	▶ Set multiple working periods for one shift, for example: 8:00-17:00, 8:30-17:30 and 9:00-18:00 for the day shift, to meet different job requirements. Employees who need to take care of their families or study can also apply to work in the approved time period that works for their multiple responsibilities
	Working-from-home arrangements	▶ Set Global Remote Work Guidelines that provides subsidies for work equipment purchase and meal allowance to the employees who apply to work from home
Family Benefits	Childcare facilities or contributions	▶ Tuition and miscellaneous fees discounts for preschool childcare service contractors
	Breastfeeding room and benefits	▶ There is a breastfeeding room in each Facility ▶ Breastfeeding leave: 60 minutes of breastfeeding time per day
	Maternity leave, pregnancy checkup leave	▶ Maternity leave: Nantou Facility: 56 days; Mainland China Facilities: more than 158 days; Mexico Facility: 84 days ▶ Pregnancy checkup leave: Nantou Facility: 7 days; Mainland China Facilities: 4 hours each time
	Paternity leave, parental leave	▶ Paternity leave: Nantou Facility: 7 days in total for giving birth or checkups accompany; Mainland China Facilities: 14 days for giving birth accompany; Mexico Facility: 5 days for giving birth accompany ▶ Parental leave: Nantou Facility: Maximum 6 months; Mainland China Facilities: 5 or 10 days per year

I. Coverage and Progress of our Supplier Screening Program [1~2]

Supplier Screening	Unit	2022
Total number of Tier-1 Suppliers	-	560
Total number of Significant Suppliers in Tier-1	-	297
Percentage of total spend on Significant Suppliers in Tier-1	%	93
Total number of Significant Suppliers in non-Tier-1	-	30
Total number of Significant Suppliers (Tier-1 and non-Tier-1)	-	327

J. Supplier Selection by Country

Country	Number of Suppliers	%	Country	Number of Suppliers	%
Mainland China	248	44.3%	British Virgin Islands	2	0.4%
Taiwan	201	35.9%	Malaysia	2	0.4%
United States	37	6.6%	Nederland	2	0.4%
Mexico	16	2.9%	Ireland	2	0.4%
Singapore	10	1.8%	Denmark	1	0.2%
Japan	7	1.3%	Belgium	1	0.2%
Korea	7	1.3%	Eswatini	1	0.2%
Germany	6	1.1%	American Samoa	1	0.2%
Canada	4	0.7%	Switzerland	1	0.2%
Israel	3	0.5%	Mauritius	1	0.2%
France	3	0.5%	Samoan Islands	1	0.2%
United Kingdom	3	0.5%	Total	560	100.0%

Note:
1. Definition of Tier 1 Suppliers:
   I. Material suppliers (including direct materials, indirect materials, and packaging materials) that we have traded with for two consecutive years and have an annual purchase amount exceeding USD 200,000
   II. Service contractors (data covers Zhangjiang, Jinqiao, Huizhou, Kunshan, and Nantou Facilities)
2. Definition of Significant Suppliers:
   I. Top 85% of direct material procurement amount

K. Coverage and Progress of our Supplier Assessment Program

Supplier Assessment	Unit	2022	Target for 2022
Total number of suppliers assessed via desk assessments/on-site assessments	-	419	400 suppliers
Percentage of Significant Suppliers assessed	%	75	
Number of suppliers assessed with substantial actual/potential negative impacts	-	81	
Percentage of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	%	100	
Number of suppliers with substantial actual/ potential negative impacts that were terminated	-	0	

L. Coverage and Progress of Suppliers with Corrective Action Plans

Corrective Action Plan Support	Unit	2022	Target for 2022
Total number of suppliers supported in corrective action plan implementation	-	22	100% of Significant Suppliers
Percentage of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation	%	100	

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

Capacity Building Programs	Unit	2022	Target for 2022
Total number of suppliers in capacity building programs	-	17	6 suppliers
Percentage of Significant Suppliers in capacity building programs	%	1	

II. Indirect and packaging material suppliers with a procurement amount of more than USD 1 million
III. Preferred suppliers: suppliers approved by the Business, Supplier Quality Engineering, and R&D Units
IV. High Risk Suppliers: Suppliers with priority or other non-conformances regarding labor rights, health and safety, environment, sustainability, supply chain management or production safety violations that result in fines or shutdowns
V. Service contractors

Governance

A. Business Ethics Anti-Corruption Trainings in 2022 (1)

Facility	Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Total
Employees (excluding senior managers)	3,503	1,764	9,334	5,651	4,538	2,149	**26,939**
Senior managers	36	11	18	17	122	12	**216**
Training Rate	144%	124%	342%	181%	108%	83%	**163%**

B. Scope Comparison Table of the 2022 Annual Report and ESG Report (2)

Annual Report	ESG Report Scope	Note
Universal Scientific Industrial (Shanghai) Co., Ltd.	◆	Zhangjiang Facility
Universal Global Scientific Industrial Co., Ltd.	◆	Nantou Facility
Universal Global Technology (Kunshan) Co., Ltd.	◆	Kunshan Facility
Universal Global Technology Co., Ltd.		
Universal Global Technology (Shanghai) Co., Ltd.	◆	Jinqiao Facility
Universal Global Technology (Huizhou) Co., Ltd	◆	Huizhou Facility
USI Electronics (Shenzhen) Co., Ltd.	◆	Shenzhen Facility
Universal Global Industrial Co., Ltd.		
Universal Scientific Industrial De Mexico S.A. De C.V.	◆	Mexico Facility

Annual Report	ESG Report Scope	Note
Universal Scientific Industrial Vietnam Co., Ltd.		
Universal Scientific Industrial (France)		
Universal Scientific Industrial Co., Ltd.	◆	Nantou Facility
Universal Scientific Industrial Poland Sp. z o.o.		
Asteelflash (Suzhou) Co., Ltd.		
SUMA-USI Electronics Co., Ltd.		
M-Universe Investments		

Note:
1. Data includes employees that passed the 3-month probation, dispatch workers, and resigned employees
2. Please refer to Section 3 of the 2022 Annual Report for the analysis of major holding and joint stock companies

TCFD Index

1. Governance: Disclose the organization's governance around climate-related risks and opportunities		
Disclosure	Section	Page
Describe the board's oversight of climate related risks and opportunities	Task Force on Climate-related Financial Disclosures (TCFD)	74
Describe management's role in assessing and managing climate-related risks and opportunities	Sustainability Committee	12

2. Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning		
Disclosure	Section	Page
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Financial Impact from Risk and Opportunity	76
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Financial Impact from Risk and Opportunity	76
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Financial Impact from Risk and Opportunity	76

3. Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks		
Disclosure	Section	Page
Describe the organization's processes for identifying and assessing climate-related risks	Climate Change Risk and Opportunity Management Process	75
Describe the organization's processes for managing climate-related risks	Financial Impact from Risk and Opportunity	76
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Risk Governance Policy	35

4. Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities		
Disclosure	Section	Page
Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Key Performance and Targets	72
Disclose Scope 1, Scope 2, and Scope 3 GHG emissions, and the related risks	Greenhouse Gas Emissions	79
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Metrics and Targets Related to Climate Change	78

GRI Index

Statement of use	USI has reported the information cited in this GRI index for the period 01/01/2022 to 12/31/2022 with reference to the GRI Standards
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	None

Level of External Assurance: Moderate ◇ High ◆

Disclosure		Section	Page	Additional Explanation	External Assurance
GRI 2 General Disclosures 2021					
The organization and its reporting practices					
2-1	Organizational details	About USI	5		◇
2-2	Entities included in the organization's sustainability reporting	About this Report	4		◇
2-3	Reporting period, frequency and contact point	About this Report	4		◇
2-4	Restatements of information	-	-	Explained in each chapter	◇
2-5	External assurance	Third-Party Assurance Statement	169		◇
Activities and workers					
2-6	Activities, value chain and other business relationships	About USI	5		◇
2-7	Employees	Workforce Structure	109		◇
		Sustainability Data - Social	148		
2-8	Workers who are not employees	Occupational Health and Safety Management	91		◇
Governance					
2-10	Nomination and selection of the highest governance body	Board Diversity	31		◇
2-12	Role of the highest governance body in overseeing the management of impacts	Board Participation in Sustainability Governance	32		◇
2-13	Delegation of responsibility for managing impacts	Sustainability Committee	12		◇
2-14	Role of the highest governance body in sustainability reporting	Board Participation in Sustainability Governance	32		◇
2-15	Conflicts of interest	Conflict of Interests Management	32		◇

Disclosure		Section	Page	Additional Explanation	External Assurance
2-16	Communication of critical concerns	Board Governance	31		◇
2-17	Collective knowledge of the highest governance body	Continuous Education for Board Members	32		◇
2-19	Remuneration policies	Board Performance and Compensation	32		◇
2-20	Process to determine remuneration	Board Performance and Compensation	32		◇
		Comprehensive Compensation System	112		
Strategies, policies, and practices					
2-22	Statement on sustainable development strategy	Sustainability Strategy	14		◇
2-23 2-24	Policy commitments Embedding policy commitments	Sustainability Policy	14		◇
		Business Ethics and Compliance	33		
		Supplier Code of Conduct	62		
		Conflict Minerals Compliance	67		
		Climate Change and Carbon Management	74		
		Human Rights Protection	103		
		Social Activities Overview	127		
2-25	Processes to remediate negative impacts	Material Issues Risk Impact Management	24		◇
		Stakeholder Engagement	26		
2-26	Mechanisms for seeking advice and raising concerns	Business Ethics	33		◇
2-27	Compliance with laws and regulations	Regulatory Compliance	33		◇
2-28	Membership associations	External Participation	134		◇
Stakeholder engagement					
2-29	Approach to stakeholder engagement	Stakeholder Engagement	26		◇
2-30	Collective bargaining agreements	Employee Unions	107		◇
GRI 3 Material Topics 2021					
3-1	Process to determine material topics	Materiality Analysis	18		◇
3-2	List of material topics	Material Issues Risk Impact Management	23		◇

Level of External Assurance: Moderate ◇ High ◆

GRI Standard/ Other Source	Disclosure	Section	Page	Additional Explanation	External Assurance
Material Topics					
Innovation Management & Sustainable Production					
3 Material Topics (2021)	3-3 Management of material topics	Green Products and Innovation	41		◇
302 Energy	302-5 Reductions in energy requirements of products and services	Promoting Green Design	48		◆
416 Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	Product Compliance	46		◆
USI Specific Topic	Innovation Management and Sustainable Production	Research and Patents	51		◇
		Continuous Improvement Program	53		
SSE Listed Companies Self-Regulatory Guidelines No.1 - Regulations	Compliance with product safety laws, regulations, and industry standards	Product Compliance	46		◇
Climate Change					
3 Material Topics (2021)	3-3 Management of material topics	Environmental Protection and Occupational Safety	72		◇
305 Emissions	305-1 Direct (Scope 1) GHG emissions	Carbon Management	79		◆
	305-2 Energy indirect (Scope 2) GHG emissions	Carbon Management	79		◆
	305-3 Other indirect (Scope 3) GHG emissions	Carbon Management	80		◆
	305-4 GHG emissions intensity	Carbon Management	79		◆
	305-5 Reduction of GHG emissions	Energy Management	80		◆
Energy Management					
3 Material Topics (2021)	3-3 Management of material topics	Environmental Protection and Occupational Safety	73		◇
302 Energy	302-1 Energy consumption within the organization	Energy Management	80		◆
	302-3 Energy intensity	Energy Management	81		◆
	302-4 Reduction of energy consumption	Energy Management	81		◆

GRI Standard/ Other Source	Disclosure	Section	Page	Additional Explanation	External Assurance
Business Ethics					
3 Material Topics (2021)	3-3 Management of material topics	Operations and Governance	30		◇
205 Anti-corruption	205-1 Operations assessed for risks related to corruption	Business Ethics	33		◆
	205-2 Communication and training about anti-corruption policies and procedures	Business Ethics	33		◆
		Sustainability Data - Governance	157		
		Supplier Code of Conduct	62		
	205-3 Confirmed incidents of corruption and actions taken	Business Ethics	33		◆
206 Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Regulatory Compliance	33		◆
Customer Relationship Management					
3 Material Topics (2021)	3-3 Management of material topics	Value Chain Management	56		◇
USI Specific Topic	Customer Relationship Management	Customer Relationship	58		◇
Sustainable Supply Chain					
3 Material Topics (2021)	3-3 Management of material topics	Value Chain Management	56		◇
204 Procurement Practices	204-1 Proportion of spending on local suppliers	Supply Chain Management	61		◆
308 Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	Supplier Evaluation	63		◆
	308-2 Negative environmental impacts in the supply chain and actions taken	Supplier Sustainability Risk Management	65		◆
414 Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	Supplier Evaluation	63		◆
	414-2 Negative social impacts in the supply chain and actions taken	Supplier Sustainability Risk Management	65		◆
USI Specific Topic	Sustainable Supply Chain	Conflict Minerals Compliance	67		◇

GRI Standard/ Other Source	Disclosure	Section	Page	Additional Explanation	External Assurance
Air Pollution Control					
3 Material Topics (2021)	3-3 Management of material topics	Environmental Protection and Occupational Safety	73		◇
305 Emissions	305-7 Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	Air Pollution Control	85		◆
Talent Attraction & Retention					
3 Material Topics (2021)	3-3 Management of material topics	Inclusive Workplace	102		◇
202 Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Comprehensive Compensation System	113		◆
	202-2 Proportion of senior management hired from the local community	Workforce Structure	109		◆
401 Employment	401-1 New employee hires and employee turnover	Recruiting the Right Talents	111		◆
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Benefits	113		◆
	401-3 Parental leave	Employee Benefits	115		◆
402 Labor/Management Relations	402-1 Minimum notice periods regarding operational changes	Employee Rights	107		◆
405 Diversity and Equal Opportunity	405-2 Ratio of basic salary and remuneration of women to men	Comprehensive Compensation System	113		◆
Human Rights					
3 Material Topics (2021)	3-3 Management of material topics	Inclusive Workplace	102		◇
406 Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	Human Rights Risk Mitigation & Remediation	106		◆
407 Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Due Diligence Employee Unions Supplier Sustainability Risk Management Conflict Minerals Compliance	103 107 65 67	There were no significant freedom of association and collective bargaining risks found for any of our operations or suppliers	◆
408 Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor				◆
409 Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor				◆
411 Rights of Indigenous Peoples	411-1 Incidents of violations involving rights of indigenous peoples	Due Diligence	103		◇

GRI Standard/ Other Source	Disclosure	Section	Page	Additional Explanation	External Assurance
Social Involvement					
3 Material Topics (2021)	3-3 Management of material topics	Social Involvement	126		◇
USI Specific Topic	Social Involvement	Social Activities Overview	127		◇
SSE Listed Companies Self-Regulatory Guidelines No.1 - Regulations	Social Contribution per Share	Letter from the President	8		◇
	Community Responsibility Efforts	Social Activities Overview	127		◇
	Rural Revitalization Projects	Contributing to Society	130		◇
Cybersecurity Management					
3 Material Topics (2021)	3-3 Management of material topics	Operations and Governance	30		◇
USI Specific Topic	Cybersecurity Management	Cybersecurity Management	39		◇
Occupational Health & Safety					
3 Material Topics (2021)	3-3 Management of material topics	Environmental Protection and Occupational Safety	72		◇
403 Occupational Health and Safety (2018)	403-1 Occupational health and safety management system	Occupational Health and Safety	91		◇
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety	92		◇
	403-3 Occupational health services	Physical and Mental Healthcare	98		◇
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety Management	91		◇
	403-5 Worker training on occupational health and safety	Occupational Health and Safety Management	96		◇
	403-6 Promotion of worker health	Physical and Mental Healthcare	99		◇
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety Management	91		◇
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety	91		◆
	403-9 Work-related injuries	Occupational Incident Management	94		◆
	403-10 Work-related ill health	Occupational Health and Safety Management	95		◆

GRI Standard/ Other Source	Disclosure	Section	Page	Additional Explanation	External Assurance
Human Capital Development					
3 Material Topics (2021)	3-3 Management of material topics	Inclusive Workplace	102		◇
404 Training and Education	404-1 Average hours of training per year per employee	Human Capital Development	123		◆
	404-2 Programs for upgrading employee skills and transition assistance programs	Tailored Career Plan	124		◆
	404-3 Percentage of employees receiving regular performance and career development reviews	Employee Performance Appraisal and Development	119		◆
Topic Standard Disclosures					
201 Economic Performance	201-1 Direct economic value generated and distributed	Financial Performance and Tax Governance	34		◆
		Comprehensive Compensation System	113		
	201-2 Financial implications and other risks and opportunities due to climate change	Climate Change and Carbon Management	74		◆
	201-3 Defined benefit plan obligations and other retirement plans	Employee Benefits	113		◆
	201-4 Financial assistance received from government	ESG Key Performance Data	143		◆
303 Water and Effluents (2018)	303-1 Interactions with water as a shared resource	Water Resource Management	82		◇
	303-2 Management of water discharge related impacts	Water Resource Management	82		◇
	303-3 Water withdrawal	Water Resource Management	82		◆
306 Waste (2020)	306-1 Waste generation and significant waste-related impacts	Waste Management	83		◇
	306-2 Management of significant waste-related impacts	Waste Management	83		◇
	306-3 Waste generated	Waste Management	83		◆
	306-4 Waste diverted from disposal	Waste Management	84		◆
	306-5 Waste directed to disposal	Waste Management	84		◆
416 Customer Health and Safety	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product Compliance	46	There were no violations or complaints concerning health and safety impact of products in 2022	◆

GRI Standard/ Other Source	Disclosure	Section	Page	Additional Explanation	External Assurance
417 Marketing and Labeling	417-3 Incidents of non-compliance concerning marketing communications	Regulatory Compliance	33	There were no incidents of non-compliance concerning marketing communications in 2022	◆
418 Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Business Ethics	33	There were no incidents of data breaches or customer privacy violations in 2022	◆
		Customer Privacy Protection	59	We did not receive any privacy complaints in 2022	
USI Specific Disclosures					
USI Specific Topic	Data Privacy	Regulatory Compliance	33		◇
		Customer Privacy Protection	59		
	Biodiversity	Biodiversity	86		◇
SSE Listed Companies Self-Regulatory Guidelines No.1 - Regulations	Environmental protection investment and green technology development	Green Manufacturing and Expenditures	90		◇
	Environmental pollution control equipment setup and performance	Water Resource Management	82		◇
	Voluntary agreements entered with environmental protection authorities to improve the environment	Climate Change and Carbon Management	74		◇
	Recognitions from environmental protection authorities	Awards and Recognitions	135		◇
	Establishment of a safe and reliable production environment and process	Quality and Service	58		◇
	Establishment of product quality and safety assurance measures and emergency response plans for product safety incidents	Quality and Service	58		◇

SASB Index

Topic	Code	Accounting Metric	Unit of Measure	Summary	Section	Page
Water Management	TC-ES-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	m^3, %		Water Management	82
Waste Management	TC-ES-150a.1	Amount of hazardous waste from manufacturing, percentage recycled	t, %		Waste Management	83
Labor Practices	TC-ES-310a.1	(1) Number of work stoppages and (2) total days idle	Number, days idle	There were no work stoppages due to major labor disputes or strikes in 2022	Employee Unions	107
Labor Conditions	TC-ES-320a.1	(1) Total recordable incident rate (TRIR) and (2) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	Rate		Occupational Health & Safety	95 98
	TC-ES-320a.2	Percentage of (1) entity's facilities and (2) Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	%	1.a) Percentage of Facilities that passed RBA VAP: 100% 1.b) Percentage of high-risk Facilities that passed RBA VAP: NA 2.a) Percentage of Tier 1 suppliers that passed RBA VAP: 4% 2.b) Percentage of high-risk Tier 1 suppliers that passed RBA VAP: 6%		-
	TC-ES-320a.3	(1) Non-conformance rate with the RBA VAP or equivalent and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances, broken down for (i) the entity's facilities and (ii) the entity's Tier 1 supplier facilities	Rate	1.i) Facilities' priority non-conformance rate: 0; other non-conformance rate 3.3 1.ii) Tier 1 suppliers' priority non-conformance rate: 0.04; other non-conformance rate 5.5 2.i) Facilities' priority corrective action rate: NA; other corrective action rate 100% 2.ii) Tier 1 suppliers' priority corrective action rate: 100%; other corrective action rate 66%		-
Product Lifecycle Management	TC-ES-410a.1	Weight of end-of-life products and e-waste recovered, percentage recycled	t, %	N/A	-	-
Materials Sourcing	TC-ES-440a.1	Description of the management of risks associated with the use of critical materials	N/A		Supply Chain Management Conflict Minerals Compliance Enterprise Risk Management	60 67 37
Activity Metrics	TC-ES-000.A	Number of manufacturing facilities	Number		About USI	6
	TC-ES-000.B	Area of manufacturing facilities	ft^2		About USI	5
	TC-ES-000.C	Number of employees	Number		Global Workforce Structure	109

Management Systems Certification Table

Management System[1] \ Facility	Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico
ISO 14001	✓	✓	✓	✓	✓	✓
ISO 14064-1	✓	✓	✓	✓	✓	✓
ISO 50001	✓	✓	✓	✓	✓	✓
ISO 45001	✓	✓	✓	✓	✓	✓
IECQ QC080000	✓	✓	✓	✓	✓	✓
TL 9000	✓	✓	-	✓	-	-
ISO 9001	✓	✓	✓	✓	✓	✓
IATF 16949	✓	-	-	✓	✓	✓
ANSI/ESD S20.20	✓	✓	-	✓	✓	✓
ISO 13485	-	-	-	✓	-	-
ISO 26262	✓	-	-	✓	-	-
ISO 27001	-	-	-	-	✓	-
GB/T 23001	-	-	-	✓	-	-
RBA VAP	✓	✓	-	✓	✓	✓

Note:
1. All management systems are continuously updated to the latest version as of 2022

Third-Party Assurance Statement

SGS

ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE UNIVERSAL SCIENTIFIC INDUSTRIAL(SHANGHAI) CO., LTD.'S ESG REPORT FOR 2022

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by UNIVERSAL SCIENTIFIC INDUSTRIAL(SHANGHAI) CO., LTD. (hereinafter referred to as USI) to conduct an independent assurance of the ESG Report for 2022. The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 2 Moderate level and High level to assess whether the text and data in accompanying tables contained in the report and complies with the GRI Universal Standard (2021) and AA1000 Accountability Principles (2018) during on-site verification (2023/02/14~2023/05/31). In addition, certain significant disclosures were evaluated using the AA1000 Assurance Standard v3 Type 2 at the High level. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD).

SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all USI's Stakeholders.

RESPONSIBILITIES

The information in the USI's ESG Report of 2022 and its presentation are the responsibility of the directors or governing body (as applicable) and management of USI. SGS has not been involved in the preparation of any of the material included in the ESG Report.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all USI's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2: General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3: Material Topics 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

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

Assurance Standard Options	Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B	AA1000ASv3 Type 2 Moderate Level (AA1000AP Evaluation plus evaluation of Specified Performance Information)
C	AA1000ASv3 Type 2 High Level (AA1000AP Evaluation plus evaluation of Specified Performance Information) 48 disclosures of GRI Standards (201-1、201-2、201-3、201-4、202-1、202-2、204-1、205-1、205-2、205-3、206-1、302-1、302-3、302-4、302-5、303-3、305-1、305-2、305-3、305-4、305-5、305-7、306-3、306-4、306-5、308-1、308-2、401-1、401-2、401-3、402-1、403-8、403-9、403-10、404-1、404-2、404-3、405-2、406-1、407-1、408-1、409-1、414-1、414-2、416-1、416-2、417-3、418-1) for 5 facilities - Zhangjiang, Jinqiao, Huizhou, Kunshan & Nantou

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

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

- evaluation of content veracity of the sustainability performance information in relation to the determined material topics (as listed in Appendix A of this statement) at a moderate or high level of scrutiny for USI and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018); and
- AA1000 Assurance Standard v3 Type 2 evaluation of the report content veracity at a high level of scrutiny for 48 disclosures of GRI Standards (201-1、201-2、201-3、201-4、202-1、202-2、204-1、205-1、205-2、205-3、206-1、302-1、302-3、302-4、302-5、303-3、305-1、305-2、305-3、305-4、305-5、305-7、306-3、306-4、306-5、308-1、308-2、401-1、401-2、401-3、402-1、403-8、403-9、403-10、404-1、404-2、404-3、405-2、406-1、407-1、408-1、409-1、414-1、414-2、416-1、416-2、417-3、418-1) that reveal the sustainability performance information of Zhangjiang, Jinqiao, Huizhou, Kunshan & Nantou facilities;
- evaluation of the report against the requirements of Global Reporting Initiative Universal Standards (2021) listed in the GRI content index where the organization has referenced for the preparation of the reported information.
- evaluation of the report against the SASB Disclosures and Metrics included in the ELECTRONIC MANUFACTURING SERVICES & ORIGINAL DESIGN MANUFACTURING Sustainability Accounting Standard (VERSION 2018-10) and conducted alongside an evaluation of accuracy assurance at moderate level of scrutiny.

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ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, Sustainability committee members and the senior management in Nantou; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts, Total Impact Measurement and Management, and Social Return on Investment assessments (SROI) and Task Force on Climate-related Financial Disclosures (TCFD) has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

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

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

VERIFICATION/ ASSURANCE OPINION

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

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

AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

USI has demonstrated its commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, sustainability experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, USI could plan to gather additional feedback from a diverse range of stakeholders. This data will be utilized to incorporate their perspectives into the organization's governance, strategic planning, and relevant decision-making procedures.

Materiality

USI has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders. USI is encouraged to take into account the evolving sustainability, macroeconomic, geopolitical, and regulatory contexts, as well as the maturity of topics and concerns.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. USI has developed a strategy that is founded on a comprehensive and balanced understanding and response to material sustainability topics and stakeholder concerns.

Impact

USI has demonstrated a process on identifying impacts that fairly encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Impacts related to material topics were in place at target setting with qualitative and quantitative measurements and evaluation, leading to more effective decision-making and results-based management. During impact assessment, USI should conscientiously consider the sustainable challenges that exist at local, regional, and global levels, paying specific attention to sectors and the geographic locations in which its activities and business relationships are established.

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Third-Party Assurance Statement

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, USI's ESG Report of 2022, is reporting with reference to the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1: Foundation 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to USI's contributions to sustainability development. For future reporting, USI is encouraged to prepare for the transition to reporting in accordance with the GRI Standards, with more comprehensive details of its management processes on the identified impacts on the economy, environment, and people, including impacts on their human rights. USI is expected to provide more detailed descriptions of the highest governance body's involvement with ESG management. It is strongly recommended that USI strives to offer comprehensive disclosures of remuneration information, aligning with GRI Indicator 2-21. These disclosures significantly improve transparency and accountability, enabling stakeholders to gain a thorough understanding of the organization's remuneration policies, practices, and ratios.

SASB CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

USI has referenced with SASB's Standard, ELECTRONIC MANUFACTURING SERVICES & ORIGINAL DESIGN MANUFACTURING, VERSION 2018-10 to disclose information of material topics that are vital for enterprise value creation. The reporting boundaries of the disclosed information correspond to USI's ESG Report of 2022. USI used SASB accounting and activity metrics to assess and manage the topic-related risks and opportunities, where relevant quantitative information was assessed for its accuracy and completeness to support the comparability of the data reported. Process to identify, assess, and manage topic-related risks and opportunities were integrated into USI's overall management process. USI is advised to implement a practice of consistently monitoring peer disclosures in order to gain a deeper understanding of evolving expectations from investors and other stakeholders. By keeping track of peer disclosures, USI can gain insights into industry trends, benchmarks, and evolving reporting practices. This monitoring process would facilitate the identification of areas for improvement and ensure that USI could provide comparable information in its own reporting efforts.

Signed:
For and on behalf of SGS Taiwan Ltd.

AA1000
Licensed Report
000-8/V3-PSYMK

Stephen Pao
Knowledge Deputy General Manager
Taipei, Taiwan
20 June, 2023
WWW.SGS.COM

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Appendix A
ASSURANCE OF MATERIAL TOPICS AND CORRESPONDING SUSTAINABILITY PERFORMANCE

Material Topics	Corresponding Sustainability Performance
Innovation Management and Sustainable Production	GRI 302-5 Reductions in energy requirements of products and services 2016 GRI 416-1 Assessment of the health and safety impacts of product and service categories 2016 Innovation Management and Sustainable Production Compliance with product safety laws, regulations, and industry standards
Climate Change	GRI 305-1 Direct (Scope 1) GHG emissions 2016 GRI 305-2 Energy indirect (Scope 2) GHG emissions 2016 GRI 305-3 Other indirect (Scope 3) GHG emissions 2016 GRI 305-4 GHG emissions intensity 2016 GRI 305-5 Reduction of GHG emissions 2016
Energy Management	GRI 302-1 Energy consumption within the organization 2016 GRI 302-3 Energy intensity 2016 GRI 302-4 Reduction of energy consumption 2016
Business Ethics	GRI 205: Anti-corruption 2016 GRI 206: Anti-competitive Behavior 2016
Customer Relationship Management	Customer Relationship Management
Sustainable Supply Chain	GRI 204: Procurement Practices 2016 GRI 308: Supplier Environmental Assessment 2016 GRI 414: Supplier Social Assessment 2016 Sustainable Supply Chain
Air Pollution Control	GRI 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions 2016
Talent Attraction & Retention	GRI 202: Market Presence 2016 GRI 401: Employment 2016 GRI 402: Labor/Management Relations 2016 GRI 405-2 Ratio of basic salary and remuneration of women to men 2016
Human Rights	GRI 406: Non-discrimination 2016 GRI 407: Freedom of Association and Collective Bargaining 2016 GRI 408: Child Labor 2016 GRI 409: Forced or Compulsory Labor 2016 GRI 411: Rights of Indigenous Peoples 2016
Social Involvement	Social Involvement Social Contribution per Share Community Responsibility Efforts Rural Revitalization Projects
Cybersecurity Management	Cybersecurity Management
Occupational Health & Safety	GRI 403: Occupational Health and Safety 2018
Human Capital Development	GRI 404: Training and Education 2016

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