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

SSE: 601231

2023

Climate and Nature Risk Management Report

Cover Story

The gentle sunlight reflecting off the water radiates warmth
while eagles soar in the sky, dolphins leaping in the sea,
and leopard cats standing amidst lush shrubs coexist harmoniously with nature.

This compelling vision underscores USI's dedication
to addressing the challenges posed by climate change and natural risks,
and its commitment to fostering a sustainable and high-quality environment.

Table of Contents

About this Report

The issues of climate crisis and biodiversity loss are pressing concerns for the global community today. According to the World Economic Forum's Global Risks Report 2024, the top four risks in the next decade include Extreme Weather Events, Critical Changes to Earth Systems, Biodiversity Loss and Ecosystem Collapse, and Natural Resource Shortages, all of which are related to the environment. Extreme Weather Events is also listed as the second biggest risk within the next two years.

Universal Scientific Industrial (Shanghai) Co., Ltd. (USI, Company, we) refers to the International Sustainability Standards Board (ISSB)'s International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures issued in June 2023. This framework, derived from the Taskforce on Climate-related Financial Disclosures (TCFD), focuses on four core areas: Governance, Strategy, Risk Management, and Metrics and Targets. Through these 11 disclosure items, we identify material risks and opportunities that could impact our operations, propose relevant strategies and targets, and expand the scope to include Taskforce on Nature-related Financial Disclosures (TNFD). At USI, we align our climate and nature goals with the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework, and through transparency, we disclose USI's integrated actions on climate and nature, showcasing our climate resilience and impact in the face of climate change challenges.

Core Areas

- Governance
- Strategy
- Risk Management
- Metrics and Targets

Report Scope

The scope is consistent with the 2023 Sustainability Report, including Zhangjiang Facility, Jinqiao Facility, Huizhou Facility, Kunshan Facility, Nantou Facility (Nantou-TT, Nantou-NK 1 & NK 2), Mexico Facility, and Vietnam Facility. ASE Technology Holding Co., Ltd. is the parent company of USI and is referred to as ASEH in this report.

Report Period

The data in this report covers the period from 01/01/2023 to 12/31/2023, and supplemented with climate and natural-related data over the years.

If you have any suggestions, please contact us at:

Address	No.1558 Zhang Dong Rd., Pudong New Area, Shanghai 201203
Tel	+86-21-5896-6996
Email	csr@usiglobal.com
Web	https://www.usiglobal.com
Address	No.141, Lane 351, Sec. 1, Taiping Road, Tsaotuen, Nantou County 542007
Tel	+886-49-235-0876

About USI

USI is a global leader in electronic design and manufacturing, leading the industry in System-in-Package (SiP) technology. There are 30 manufacturing locations around the world, with operations spanning across Asia, Europe, America, and Africa. 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's vision is to be the most reliable global partner leveraging our capabilities and technologies to benefit shareholders and investors. We also know that in addition to creating economic performance, modern enterprises should also create generational value. On the basis of complying with ethics and regulations, USI integrates the core values of four sustainability strategies, Low Carbon, Circular, Inclusive, and Collaborative, into corporate policy and operational management. Sustainable development and balance between the environment, society, and governance engender social value that fosters the common good for all.

We commit to

- Providing a diversified, inclusive, and challenging working environment for employees
- Deploying safe and adaptable solutions across our global operations
- Generating exceptional rewards for stakeholders
- Contributing towards building a better place to live

Letter from the Chairman and President

Since 2009, USI has integrated sustainable development into business operations and decision-making, driving us to achieve substantial outcomes. After years of consistent effort, USI has gained recognition from various institutes for our ESG performance. In addition to being included in the S&P Global Sustainability Yearbook for three consecutive years, we received the highest score in the Electronic Equipment, Instruments, and Components industry and performed in the Top 1% of companies worldwide in 2023. Several other institutions also recognize USI's ESG performance, such as obtaining a Bronze Sustainability Rating from EcoVadis and a Negligible Risk rating from Sustainalytics. These achievements demonstrate our significant progress and stem from the collective efforts of all employees to implement our four sustainable development strategies: Low Carbon, Circular, Collaborative, and Inclusive.

USI has been actively implementing environmental protection policies and conducting low-carbon emissions reduction measures to mitigate our environmental impact. After COP28 in December 2023, world leaders reached an agreement to reduce emissions substantially, reducing 43% of GHG emissions by 2030 from 2019 levels and limiting the increase in global average temperature to 1.5°C. USI supports the Paris Agreement goals and thus passed the Environment, Health, Safety (EHS) & Energy Policy through the Board. In addition to meeting the Science Based Targets (SBT) pledged by ASEH, we have also introduced the Taskforce on Climate-related Financial Disclosures (TCFD) and Carbon Disclosure Project (CDP) frameworks into our environmental management system and set long-term goals of using 100% renewable energy in operations by 2035 and Net-Zero Carbon Emissions by 2040.

USI highly values innovation, research, and development, as shown by our six R&D centers worldwide, which employ more than 2,800 R&D personnel. The Company is committed to cultivating R&D eco-design competency, endorsing low-carbon product design, improving energy efficiency, and promoting smart manufacturing. At the end of 2023, we upgraded the Zhangjiang Facility Lights-Off Factory, utilizing strategic integration of cutting-edge technologies to increase supply chain efficiency and offer customers the most advanced smart manufacturing services. These services include Industry 4.0 AI, situation room, Automated Guided Vehicle, Automatic Material Handling System, smart warehousing, automated dispatch, and remote data collection and control. As USI scales up, we established the Digital Transformation Center to optimize our competitiveness with an innovative approach, ultimately achieving a sustainable value chain.

We profoundly recognize the significant impact that drastic climate changes have on biodiversity. USI made a Biodiversity and No Deforestation Commitment, introduced biodiversity risk assessment processes, and mitigated impact through long-term participation in the Million Tree Project to achieve a balanced coexistence, forest conservation. Through this initiative, we respond to the Taskforce on Nature-related Financial Disclosures (TNFD), aligning with international emphasis on nature and biodiversity issues. By implementing the LEAP approach, we endeavor to introduce a biodiversity assessment mechanism to identify, evaluate, and manage the impact of our operations and value chain activities on ecosystems. Our long-term objective is to achieve a Net Positive Impact (NPI) on biodiversity by 2050. We are pleased to report that by the end of 2023, we had planted 151,482 trees, covering an area of 97.91 hectares, and observed 47 species in Inner Mongolia and 14 species in Ningxia in the annual ecological survey. These results indicate that sand stabilization achieved significant results, and the ecosystem is reaching a balance and showing signs of preliminary recovery.

With climate change exacerbating extreme weather events, numerous sudden extreme weather events have brought unpredictability to human life. We firmly believe that transparency and communication are key to effectively addressing the climate crisis. As USI expands its global manufacturing presence and operations, demonstrating our capability to adapt to and mitigate climate risks is imperative. USI has long integrated sustainability principles into the Company's strategy, and we expect all employees to embody these principles in their daily operations, thus stimulating even more sustainable impact. As USI expands its global operations, we must demonstrate our capability to address all sustainable issues. USI aims to enhance ESG resilience over the next 15 years to create a sustainable and balanced environment and society for future generations.

Chairman Jeffrey Chen

President C.Y. Wei

Chen-Yen Wei

Climate-related Performances & Recognition

Through relentless efforts, USI has earned numerous leadership accolades in sustainability assessments both domestically and internationally. These recognitions not only showcase USI's excellent performance in sustainable development but also inspire us to continue striving to promote more environmentally friendly business practices and innovative solutions. We are steadfastly committed to maintaining this excellence and making a positive contribution to achieving global sustainable development goals.

Performances

100%	GHG Inventory
-79% (Relative to 2016)	GHG Scope 1 & 2 Emissions
-53% (Relative to 2020)	GHG Scope 3 Emissions
-20.6% (Relative to 2015)	Water Intensity of Water Resources Management
151,482 Trees	Accumulated Planting
97.91 Hectares	Planted Area
82% Renewable Energy	Total Electricity Consumption Comes from Renewable Energy or Certificates
-30.8% (Relative to 2015)	Electricity Intensity of Energy Management

Million Tree Project

Recognition

2023 — S&P Global

Industry Top 1% ESG Score

Performed in the Top 1% in the EEIC industry, and thrice included in the S&P Global Sustainability Yearbook.

2022 — S&P Global

Industry Top 10% ESG Score

Included again in the S&P Global Sustainability Yearbook.

Green Factory Certification

Nantou-NK 1 Facility obtained the Green Factory Certification. We will continue to promote clean production and build green buildings to establish USI's global green factories.

China Listed Companies' TCFD Disclosures BBB Rating

The 2022 TCFD Disclosures Analysis Report is the first official assessment of TCFD in China. Among participating Chinese listed companies, USI received the highest BBB rating.

2021 — S&P Global

S&P Global Bronze Class Sustainability Award

USI participated in the S&P Global Corporate Sustainability Assessment for the first time and received a bronze award.

2020

Green Building Certification

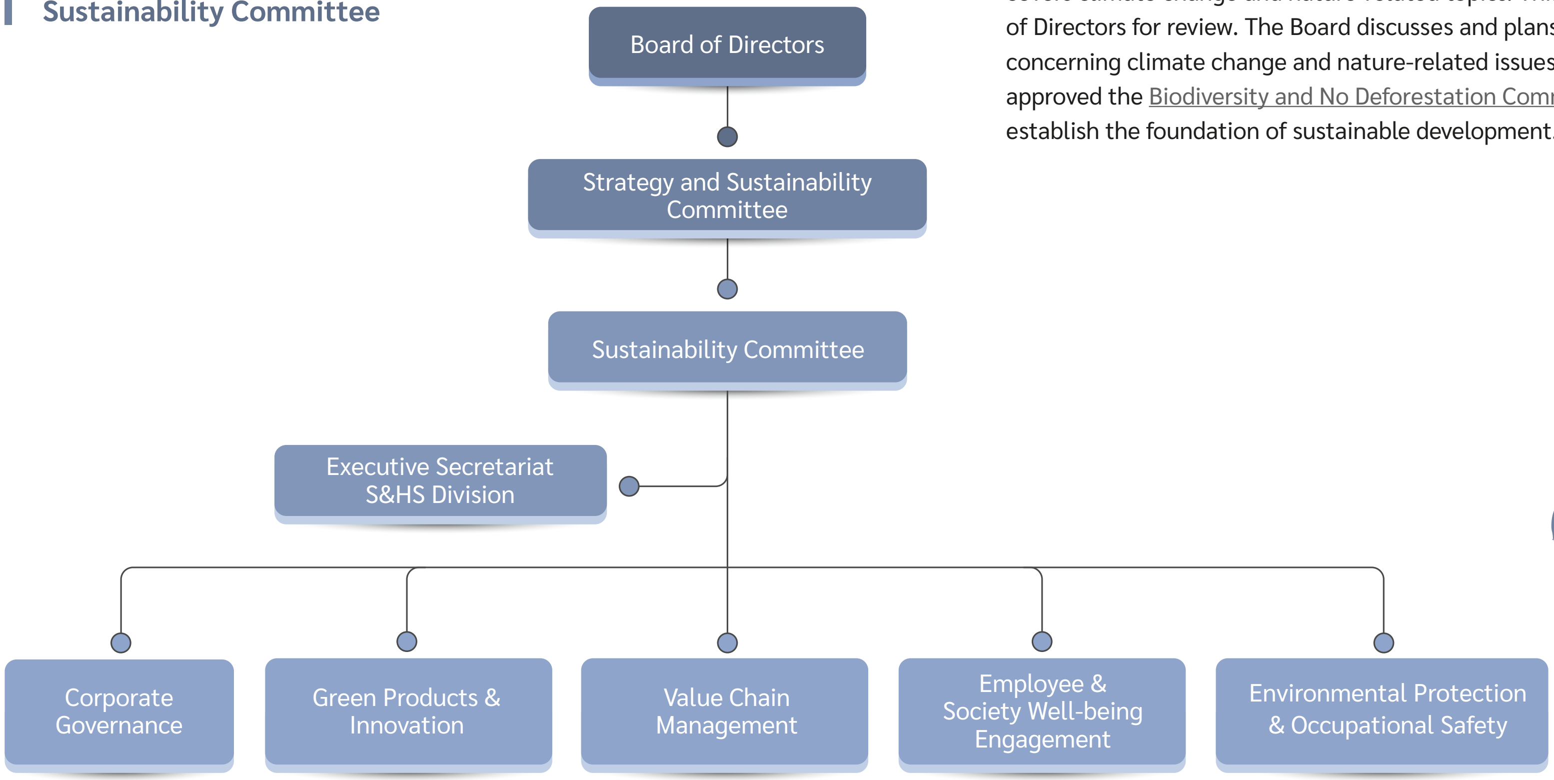
Nantou-NK 1 Facility obtained its first green building certification.

1 Sustainable Governance

1.1 Board Oversight

USI integrates the concept of environmental sustainability with the company's business decision-making and operation management. The Board of Directors and senior management assume management responsibilities and formulate corresponding management strategies with reference to the recommendations and expectations of various stakeholders. In order to enhance the company's core competitiveness, improve the decision-making efficiency of sustainable development, and improve the corporate governance structure, USI expanded the functions of the Strategy Committee in 2024 and established the Strategy and Sustainability Committee, which is the highest-level organization of corporate sustainable development management to suggest and monitor company's sustainable capability. USI supports the Paris Agreement's objectives and uses the TCFD and TNFD frameworks to disclose our strategies and measures to address the risks and opportunities brought by nature and climate change.

Sustainability Committee



1.2 Management Resposibilities

At USI, we believe that responsible management of environmental, social, and governance (ESG) issues stands at the core of corporate sustainability. To this end, we have established the Group Sustainability Committee, chaired by the President Manager. The Committee operates through five key dimensions: Corporate Governance, Green Products & Innovation, Value Chain Management, Employee & Social Well-being, and Environmental Protection & Occupational Safety. The Committee's members include administrative and business units across our global manufacturing sites, with Vice Presidents and division-level directors serving as chief conveners and executive officers, respectively. Members of the Sustainability Development Division act as executive secretaries, efficiently conveying various execution matters through the committee's operations and coordination among its members, thereby driving the company's sustainable operations. Climate change, being a critical environmental issue, is addressed annually in our sustainability report, which covers climate change and nature-related topics. This report is submitted to the Board of Directors for review. The Board discusses and plans USI's actions and performance concerning climate change and nature-related issues. In 2023, the Board of Directors approved the Biodiversity and No Deforestation Commitment and EHS & Energy Policy to establish the foundation of sustainable development.

1.3 Management Incentives

In response to the issue of climate change, USI has included energy saving and carbon reduction as key project categories of the Continuous Improvement Program (CIP), set a corresponding scoring mechanism, and increased the quota of key project awards to promote relevant compelling green proposals. In 2023, a total of 8 award-winning projects, among which there were 4 energy saving and carbon reduction projects receiving awards. In addition, the total carbon reduction amount was 2,877 metric tons, and we continue to work hard to reduce environmental impact.

Compensation Performance Indicators

Category	CEO/Senior Manager	Middle Manager/Employee
Climate	The Remuneration Committee advises compensation for senior management (including the CEO) and Board Directors, based on the achievement of annual profit operating targets and material issues linked to long-term sustainability objectives (climate change: by 2030, reduce 35% GHG emissions (base year: 2016), with an average annual reduction of 2.5%).	Bonuses are allocated based on employee contributions to projects, with individual bonuses ranging from 20% to 70% of the total project bonus, and the remaining 30% to 80% of the bonus distributed among project team members.

Excellent Contribution Award of the Year

Facility	Ranking	Project Name	Project Benefit
Kunshan	Gold	Near Zero-Carbon and Energy Saving Technology	Through the improvement of the facility system techniques and replacement of equipment with high energy efficiency, energy saving and emission reduction is achieved along with the reduction of energy consumption expense. This project received the honors of first group of Near Zero-Carbon Factory in Suzhou City and provisional award of Green Factory, saving 130,000 kWh of electricity annually and reducing carbon emissions by 103 metric tonnes, with cumulative annual savings of CNY 1.30 million.
Zhangjiang	Silver	Expansion and Energy Saving Project of Nitrogen Station	The original nitrogen production technique is improved (use of the technique of liquid nitrogen refilling and cryogenic air separation to extract nitrogen, such that the process requires shorter purification time, lower energy consumption and higher extraction rate), in order to reduce the nitrogen production cost. In addition, according to the nitrogen demand, excessive dry air is used for the Clean Dry Air (CDA) system, in order to flexibly adjust gas resource, saving 3,000,960 kWh of electricity annually and reducing carbon emissions by 2,428 metric tonnes, with cumulative annual savings of CNY 1.79 million.
Jinqiao	Bronze	Energy Saving Improvement of Process Cooling Water (PCW) System	Two independent PCW systems are integrated into one system. With the synergy effect of water supply pressure and the floor gravity water pressure, water supply pressure can be reduced effectively, and the pressure relief of the drain valve is reduced, saving 501,600 kWh of electricity annually and reducing carbon emissions by 211 metric tonnes, with cumulative annual savings of CNY 0.41 million.
Zhangjiang	Bronze	Water Clean Machine Energy and Water Saving Program	The Programmable Logic Controller (PLC) program of the water clean machine is set in such a way that if no product is received, the workstation and air cooler are stopped from running, in order to save energy and water consumptions of the water clean machine, saving 318,567 kWh of electricity annually, saving 8,768 metric tonnes of water annually and reducing carbon emissions by 135 metric tonnes, with cumulative annual savings of CNY 0.20 million.

1.4 Stakeholder Engagement

USI supports, respects, and is committed to human rights as defined in Principles 1 and 2 in the United Nations (UN) Global Compact, the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the International Labor Organization’s Declaration of Fundamental Principles and Rights at Work, the USI Code of Business Conduct and Ethics and the laws of the countries in which we operate. Being a member of the Responsible Business Alliance, we adopt its Code of Conduct in our global operations to enforce our commitment to protecting human rights.

We engage with stakeholders through surveys to identify key concerns of local community residents, establish effective communication platforms, and implement relevant response strategies to foster and strengthen mutual relationships. This ongoing process ensures the effective implementation of USI's sustainable business strategies.

Stakeholder	Communities (NGOs and the Media)	
Main Issues of Concern	* Human Rights * Talent Attraction & Retention * Social Involvement	* Climate Strategy * Risk and Crisis Management * Air Pollution Control
Communication Channel	* USI Website/Email/Direct line/Press release * Community activities	
Measure	* Draw up environmental protection, occupational safety & health (ESH) Standard Operation Procedure to reduce negative impacts on the local environment. Keep friendly relationships with community residents. * Actively participate in social activities and establish a good relationship with the local communities we operate in. Held 86 philanthropic social activities.	

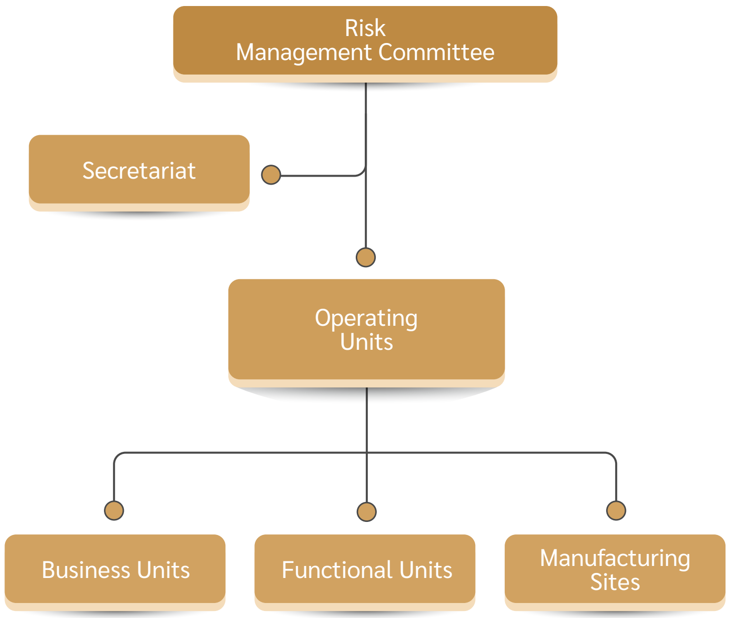
2 Climate Risks and Opportunities

2.1 Climate Risks Mangement

2.1.1 Risk Management Committee

USI has established the Risk Management Committee to oversee annual risk management activities aligned with the business operating environment, industry trends, and Company operations, ensuring the realization of sustainability goals. Chaired by the Chief Operating Officer, the Committee includes Vice Presidents, department heads from various facilities, functional units, and business units. Each unit identifies internal and external risk factors impacting sustainability goals, assesses risk levels and control activities, and implements necessary measures based on risk assessments. This ensures consistent application of risk management policies across all our operations. The Committee secretariat tracks and integrates outcomes from risk management activities across units, providing regular reports to the risk management unit. To firmly embed risk management principles, the company conducts online training courses for employees at facilities in mainland China, Nantou in Taiwan, Mexico, and Vietnam, aiming to proactively prevent and monitor risks, thereby mitigating the likelihood of crisis events.

Risk Management Committee



2.1.2 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

1 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

2 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

3 Risk Response

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

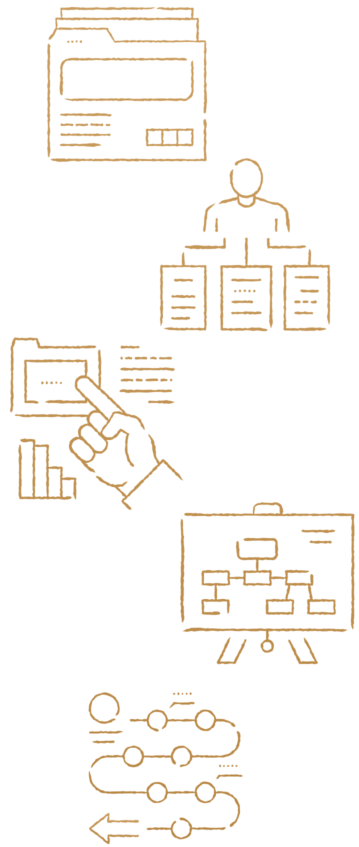
- Implementation cost and resources
- Feasibility and possible benefit
- Proposal lead time and schedule planning

2.1.3 Climate-related Risks and Opportunities Management

In recent years, anthropogenic GHG emissions have intensified global warming, posing significant economic risks and operational challenges for enterprises. Consequently, stakeholders are increasingly voicing greater concern about climate change-related risks and opportunities. USI supports the Paris Agreement goals and responds by using the TCFD and TNFD frameworks to transparently disclose strategies and measures to address climate and nature-related risks and opportunities. The Group Sustainability Committee oversees climate change management, analyzing domestic and international sustainability initiatives and related Company issues. Through continual promotion of ISO-related management systems, we strive to minimize environmental impacts from operations and openly disclose environmental information.

Climate Change Risk and Opportunity Management Process

1	Background Data Collection	Collect information on international standards, frameworks, and initiatives, and compile them related to climate change: ▪ **Transition risks:** policy and law, market, technology, reputation ▪ **Physical risks:** chronic and acute ▪ **Opportunities:** resource efficiency, products and services, energy resource, market resilience
2	Risk/Opportunity Possibility Analysis	Identification of impact strength: ▪ **Impact target:** direct operations, upstream supply chain, downstream customers ▪ **Period of occurrence:** short-term, medium-term, long-term ▪ **Possibility:** confirm, very likely, possible, a certain degree of possibility, maybe, not too possible, very unlikely, absolutely impossible
3	Impact Type and Intensity	Evaluate impact type and intensity: ▪ **Impact type:** financial, production capacity or service location, personal injury, laws and regulations, goodwill consequences ▪ **Impact intensity:** low, medium-low, medium, medium-high, high
4	Determine Material Risks/Opportunities	Determine the risks/opportunities that are material according to the likelihood and time of occurrence
5	Strategy and Management	Review the existing control mechanism and set feasible control indicators



Carbon Risk Matrix

Impact Strength \ Possibility	Low	Possibility	High
High		2. Fuel tax/Energy tax	1. Renewable energy regulations
	3. Extreme rainfall and drought 4. Emerging regulatory uncertainties		
Low		10. Voluntary agreements	5. Product efficiency regulations and standards 6. Product labeling regulations and standards 7. General environmental regulations 8. Cap-and-trade/emission trading systems 9. International conventions or agreements

Water Risk Matrix

Impact Strength \ Possibility	Low	Possibility	High
High		1. Development of low-impact technologies and products 2. Compliance with water use regulations	
		3. Mandatory water efficiency, conservation, recycling, or process standards 4. Allocation of water supply	
Low	6. Voluntary agreements 7. Drought		5. Effluent quality and discharge standards

Carbon Opportunity Matrix

Impact Strength \ Possibility	Low	Possibility	High
High		3. Adaptation and Solutions	
	6. Water resources use		1. Improvements in transportation models 2. Adoption of new technologies
Low	7. Participation in renewable energy initiatives	5. Optimization of manufacturing processes	4. Exploration of new business opportunities

Water Opportunity Matrix

Impact Strength \ Possibility	Low	Possibility	High
High		3. Customer satisfaction	1. Supply chain resilience
	5. Cost saving 6. Water use efficiency	4. Wastewater recycling initiatives	2. Green building
Low	7. Employee retention 8. Optimization of manufacturing processes		

2.2 Operational and Financial Impacts

Based on the previous carbon/water risk and opportunity matrix identification results, we manage climate risk projects of great concern from both Mitigation and Adaptation perspectives. In terms of mitigation, we are actively promoting sustainable manufacturing practices, utilizing renewable energy, and enhancing energy resource efficiency. In terms of adaptation, we are strengthening the company's climate resilience and seeking alternative energy sources. Additionally, we are analyzing climate change risks to develop effective research strategies. By providing our customers with integrated solutions, we aim to assist them in adapting to the impacts of climate change.

Climate Change Risks		Occurrence Period	Risk Description	Position in the Value Chain	Potential Financial Impact	Impact Description	Management Approach
1	Renewable energy regulations	Short-term	International and local regulations concerning renewable energy may influence the current and future availability, composition, and pricing of energy sources	* Operations * Upstream suppliers	As the proportion of renewable energy used in all manufacturing facilities gradually increases, the demand and cost for renewable energy also increase.	Investments in renewable energy projects and equipment could impact overall operational expenses.	Continuously evaluate the feasibility of installing renewable energy equipment at local facilities while promoting energy-saving and carbon reduction projects.
2	Fuel tax / Energy tax	Medium-term	International and local government regulations and tax policies on fuel/energy	* Operations * Upstream suppliers	Increased costs and total cap restrictions on fuel/energy use in all manufacturing facilities.	Local electricity prices and tax increases result in higher fuel/energy costs, increasing overall operating costs.	Continuously assess the feasibility of replacing fuel-powered equipment with electric machinery to reduce fuel costs.

Climate Change Opportunities		Occurrence Period	Opportunities Description	Position in the Value Chain	Potential Financial Impact	Impact Description	Management Approach
1	Improvements in transportation models	Short-term	Adoption of efficient transportation methods using high-performance or low-emission vehicles, optimized route design, and operations	* Operations * Upstream suppliers	Reduce shipping or purchasing costs.	Adopt low-energy-consuming transportation vehicles and optimized routes to carry materials and products at the optimal volume ratio.	Gradually use low-emission transportation equipment and replace gasoline/diesel transportation equipment.
2	Adoption of new technologies	Short-term	Adoption of new technologies for power generation and storage	* Operations	Reduce outsourced power costs and avoid revenue losses due to power outages.	Utilize renewable energy power generation and energy storage equipment to provide some operating electricity.	Assess the feasibility of increasing power generation and storage equipment and management systems.
3	Adaptation and Solutions	Long-term	Continuous innovation in products or services helps mitigate or adapt to the impacts of global climate change risks.	* Downstream customers	Drive market demand to increase customer orders.	Reduce energy consumption to produce low-carbon products to meet customers' emission-avoidance needs.	Continue to pay attention to the response of international organizations to climate change and invest in the research and development of new products.

Water Risks		Occurrence Period	Risk Description	Position in the Value Chain	Potential Financial Impact	Impact Description	Management Approach
1	Development of low-impact technologies and products	Short-term	Review of water usage factors in manufacturing processes. Investment in new technologies to develop products with lower water use intensity to reduce resource use and avoid order losses.	* Downstream customers	Manufacturing facilities need to invest in water recycling equipment for production processes.	Increased costs due to the installation of water recycling equipment to reduce water usage intensity and avoid market share/order losses.	Assess the feasibility of water recycling equipment in manufacturing processes to improve water recycling rates and reduce water usage intensity.
2	Compliance with water use regulations	Short-term	Government regulations aimed at reducing water usage, minimizing pollution, or enhancing reuse	* Operations * Upstream suppliers	Excessive water usage or pollution fines and increased costs due to regulatory requirements.	Manufacturing facilities exceeding regulatory water usage limits face increased water usage costs.	Continuously monitor water usage and effluent discharge inspections to ensure compliance with local regulations.
3	Mandatory water efficiency, conservation, recycling, or process standards	Medium-term	Mandatory standards set internationally or locally to enhance water efficiency, conservation, recycling, or processes	* Operations * Upstream suppliers	Regulatory requirements for additional water-saving/ recycling equipment increase operating costs.	Manufacturing facilities installing water-saving/ recycling equipment increase overall operating costs.	Evaluate the feasibility of increasing water-saving/ recycling equipment to improve water efficiency in facilities.

Water Opportunities		Occurrence Period	Risk Description	Position in the Value Chain	Potential Financial Impact	Impact Description	Management Approach
1	Supply chain resilience	Medium-term	Increasing supply chain resilience against climate change impacts	* Upstream suppliers	Ensure the quality and quantity of material supply and stabilize procurement costs.	Supply chains can withstand climate impacts and meet material supply needs in a timely manner.	Evaluate alternative suppliers and materials, and build suppliers' climate adaptation capabilities and emergency response strategies.
2	Green building	Short-term	Improve the water efficiency of existing buildings, set up new operation or facility, and take water-saving effects into design considerations	* Operations	Improve water use efficiency and reduce water costs.	The building has a water-saving and recycling design to reduce the demand for raw water.	New facility and existing facility must evaluate and build water-saving software/hardware based on water consumption intensity.
3	Customer satisfaction	Medium-term	Demonstrate water management performance to reduce the water impact of products or services, thereby increasing customer satisfaction	* Downstream customers	Drive market demand to increase customer orders.	Product process design to reduce water consumption and meet customer needs.	Regularly review water management goals to reduce pollutant emissions and water footprint.

Analyzing material financial impacts based on transition/physical risks and opportunities over short, medium, and long terms:

<table>
<tr><th colspan="2">Risks and Opportunities Description</th><th>Estimated Financial Impact</th><th>Estimated Costs</th><th>Impact Time</th></tr>
<tr><td rowspan="2">Transition Risk</td><td>Mainland China has committed to achieving Carbon Neutrality by 2060 and peaking GHG emissions by 2030. The market transaction electricity price fluctuates within a range of 20%.</td><td>The average electricity price at our facilities in China is CNY 0.83 per kWh. The estimated 20% increase would raise the price by CNY 0.17 per kWh. Based on the 2023 purchased electricity of 199,878 thousand kWh, the estimated additional expenditure would amount to CNY 33 million.</td><td rowspan="2">To enhance energy efficiency and reduce consumption, we estimate the investment of CNY 46 million in power engineering and system upgrades.</td><td rowspan="2">5 years</td></tr>
<tr><td>Taiwan aims for a Nuclear-free Homeland and is promoting energy transition, reducing reliance on fossil fuels, and increasing the proportion of renewable energy and natural gas power generation, which poses a 45.45% risk of electricity price increases.</td><td>The average electricity price at our Nantou facility is CNY 0.78 per kWh. The estimated 45.45% increase would raise the price by CNY 0.35 per kWh. Based on the 2023 purchased electricity of 50,376 thousand kWh, the estimated additional expenditure would be CNY 18 million.</td></tr>
<tr><td rowspan="3">Physical Risk</td><td rowspan="3">Climate change has heightened the frequency of natural disasters, such as droughts leading to delays in supplier deliveries or material shortages, potentially resulting in a 30% production loss if a production line is halted for one day.</td><td rowspan="3">Based on the 2023 total revenue of approximately CNY 60.8 billion, the estimated impact cost is approximately CNY 500 million.</td><td>Our facilities in Mainland China anticipate a 4.03% reduction in rainfall. In 2023, with a total water usage of 674 million liters, an additional 27 million liters would be required, costing approximately CNY 0.2 million for water truck services.</td><td rowspan="3">1 year</td></tr>
<tr><td>The Nantou facility anticipates a 0.72% reduction in rainfall. In 2023, with a total water usage of 206 million liters, an additional 1.5 million liters would be needed, costing approximately CNY 0.1 million for water truck services.</td></tr>
<tr><td>The Mexico facility anticipates a 4.03% reduction in rainfall. In 2023, with a total water usage of 60 million liters, an additional 2 million liters would be required, costing approximately CNY 0.08 million for water truck services.</td></tr>
<tr><td>Opportunity</td><td>Electric vehicles (EVs), featuring high efficiency, low energy consumption, and minimal GHG emissions, are gaining market traction and popularity worldwide. Governments globally are offering subsidies and promoting EV adoption, driving demand for EV-related components and energy technologies. The penetration rate of EVs and non-fuel powered vehicles is expected to reach 75% by 2035, potentially increasing revenue for companies manufacturing EV-related components.</td><td>In 2023, our automotive electronics product revenue was approximately CNY 2.464 billion, with EV-related products comprising 30%. The compound annual growth rate (CAGR) in the automotive sector is projected to rise by 20%, potentially boosting revenue by CNY 148 million (CNY 2,464 million x 30% (share of automotive products) x 20%(CAGR)).</td><td>1. R&D costs: Collaboration with R&D talent and suppliers is essential to develop products aligned with customer needs.
2. Certification costs: Post product development, various certifications for materials, finished products, and partner factories must be obtained.
3. Management and overhead costs: Additional management personnel are required for regular updates on regulations and material applications, necessitating an estimated annual investment of CNY 1 million for development costs.</td><td>5 years</td></tr>
</table>

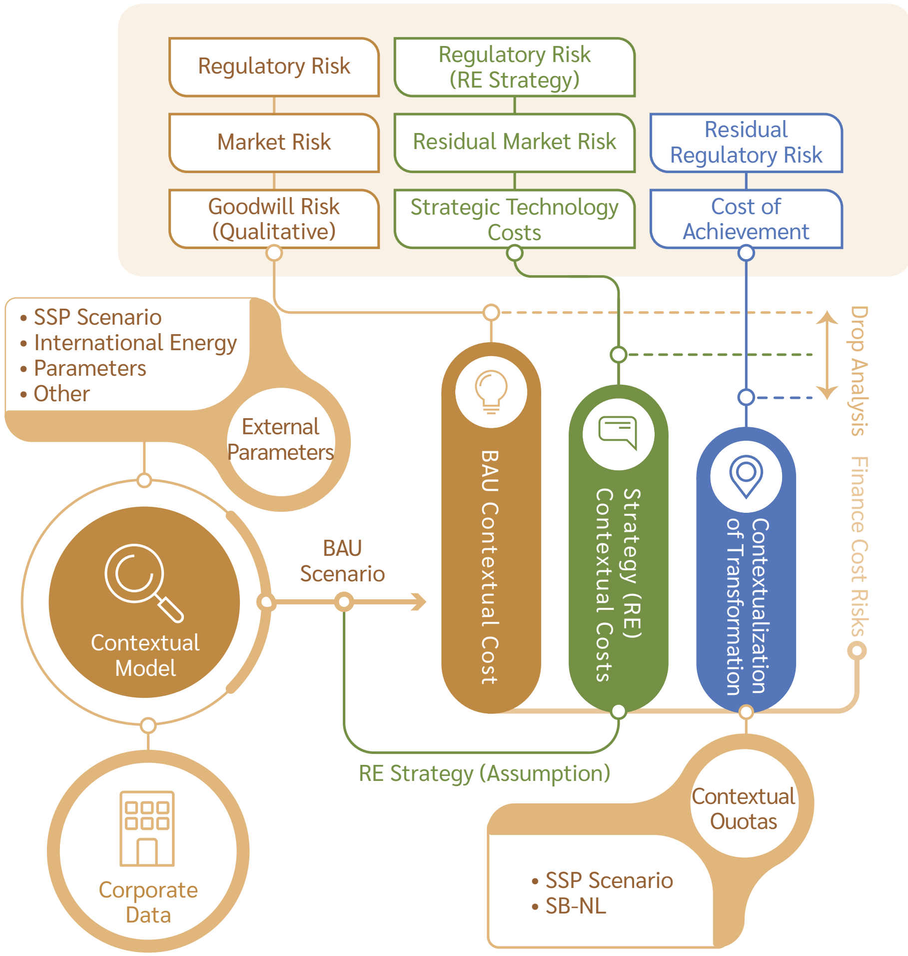
2.3 Transition Scenarios Analysis

2.3.1 Assessment Framework and Background Parameters

Using USI's existing data and considering internationally credible scenario parameters, we analyze the financial impacts under two strategies: Business As Usual (BAU) and 100% Renewable Energy (RE100). This analysis includes financial impacts and management costs for meeting external pressures and provides potential financial estimates for implemented and planned strategies, comparing the differences between them. Reference parameters include:

- IPCC AR6's SSPs scenarios [(1)]
- Reports from credible international organizations such as the International Renewable Energy Agency (IRENA) and the International Energy Agency (IEA)
- Energy parameters from Taiwan's Energy Administration, MOEA and Taiwan Power Company
- Climate policies publicly available from various local governments
- Parameters provided by the Company, including basic emission parameters and existing and long-term mitigation transition strategies

Climate Transition Risk Assessment Framework



Note:
1. The Intergovernmental Panel on Climate Change Sixth Assessment Reports (IPCC AR6) climate change scenarios are estimated climate change paths that considers both Shared Socioeconomics Pathways (SSP) and Representative Concentration Pathways (RCP).:
   - SSP1-RCP1.9: Very low GHG emissions; CO_2 emissions cut to net zero around 2050
   - SSP1-RCP2.6: Low GHG emissions; CO_2 emissions cut to net zero around 2075
   - SSP2-RCP4.5: Intermediate GHG emissions; CO_2 emissions around current levels until 2050, then falling but not reaching net zero by 2100
   - SSP3-RCP7.0: High GHG emissions; CO_2 emissions double by 2100
   - SSP5-RCP8.5: Very high GHG emissions; CO_2 emissions triple by 2075

2.3.2 Targets and Scope Definition

USI faces financial impacts and management cost assessments under climate change transition risks, with varying financial impacts depending on different risk pressures. Climate transition risks can be categorized into regulatory, market, technological, and reputational risks, each varying in severity under different external transition scenarios. Based on the transition scenario requirements in IFRS S2, we assess low-carbon transition scenarios for 2°C and even 1.5°C, complemented by assessing national climate policy transition scenarios.

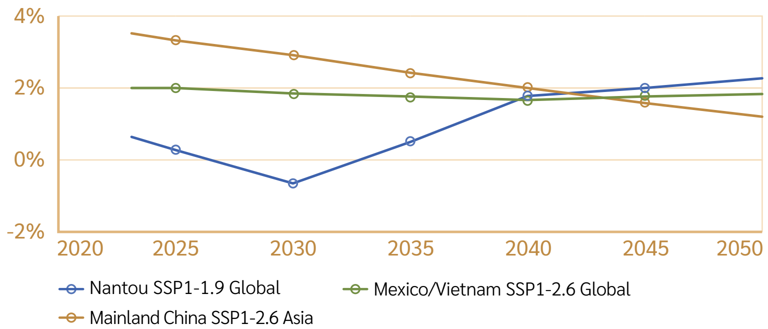
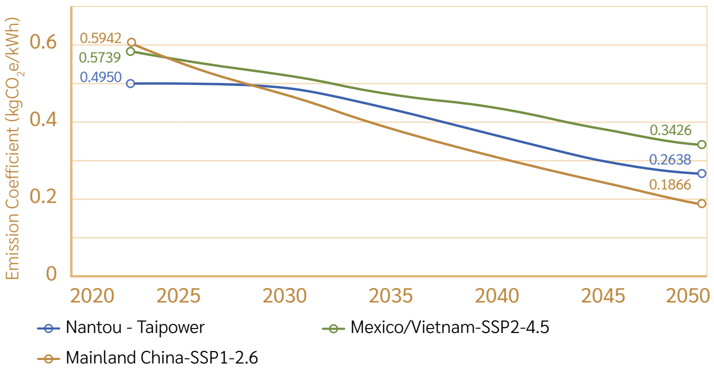
Establishing External Scenarios

- Local Government Transition Scenarios: Analyzing policies from different regions, primarily based on local policy goals, using SSP2-RCP4.5 parameters for assessment.
- SBT-NZ(Science-Based Targets Net-Zero) Scenario: Corresponding to the 1.5°C low-carbon transition scenario, considering the strictest carbon tax requirements and using the most stringent short-term carbon reduction targets from Science Based Targets initiative (SBTi) to achieve the 1.5°C pathway, with a long-term goal of 90% carbon reduction by 2050, ultimately using Beyond Value Chain Mitigation (BVCM) to achieve net-zero targets.

Scope and Boundary of Scenario Analysis Assessment

External Transition Scenarios	Description	Cost Classification	
		Financial Impact	Management Overheads
Local Government Scenarios	Mainland China Facilities: 2030 Peak Carbon, 2060 Carbon Neutrality Goal: Based on the average growth rate over the past seven years, reaching the peak in 2030 and linearly decreasing to Mainland China's carbon sink level.	Due to climate change-related regulations and market dynamics, additional losses may occur, primarily focusing on regulatory and market impacts: ▶ Regulatory Costs: Only assessing carbon tax and estimating carbon prices under different transition scenarios, with local government regulations based on local government announcements. For SBT-NZ, referencing the IPCC AR6 SSP1-RCP1.9 carbon price estimates. ▶ Market Risks: Calculated through a series of steps to assess potential climate risk losses the company may face in the market.	Management costs are the expenditures required to implement mitigation transition strategies: ▶ Renewable Energy Costs and Benefits: The total cost of purchasing renewable energy and the benefits of avoiding conventional grey electricity under strategy implementation, representing the additional (marginal) costs compared to current electricity costs, which can sometimes be negative. * Renewable Energy Procurement Costs: Costs for purchasing or installing renewable energy (estimated using renewable energy procurement costs). * Renewable Energy Benefits: Benefits of avoiding the purchase of conventional grey electricity (estimated using general electricity prices). ▶ BVCM Costs: BVCM costs refer to the expenses incurred through mitigation actions outside the value chain. These actions include supporting carbon reduction and removal technologies within the value chain or purchasing carbon offsets and related activities.
	Nantou Facility: Net-Zero Transition Goal: A 20% reduction by 2030 and a reduction to carbon sink levels by 2050.		
	Mexico/Vietnam Facilities: Reference SSP2-RCP4.5 Emissions Pathways		
SBT-NZ	Estimated using scenarios aligned with SBT to achieve net-zero emissions		

Selection of Transition Growth Parameters

Scope / Parameters	Assume Constant Annual Values
Electricity Consumption Growth Estimates	* Mainland China Facilities: Based on SSP1-RCP2.6 Asia trends * Nantou Facility: Based on SSP1-RCP1.9 Global trends * Mexico/Vietnam Facilities: Based on SSP1-RCP2.6 global parameters 
Electricity Emission Coefficient	Mainland China Facilities: Using current emission factors paired with IPCC SSP1-RCP2.6 estimates, emissions are expected to decrease from 0.5942 to 0.1866 $kgCO_2e/kWh$. Nantou Facility: Electricity emission factors are estimated based on net-zero policy energy mix projections, decreasing from 0.4950 to 0.2638 $kgCO_2e/kWh$. Mexico/Vietnam Facilities: Using current emission factors paired with IPCC SSP1-RCP4.5 estimates, emissions are expected to decrease from 0.5739 to 0.3426 $kgCO_2e/kWh$. 

Financial Considerations and Assumptions for Transition Scenario Analysis

Risks		Description
Regulations	Carbon Tax/ Carbon Fee	Depending on different scenarios, unit carbon tax or carbon fee shall be imposed. This assessment primarily considers two levels due to significant tax disparities, leading to high uncertainty: 1. Local Government Scenario: Fill in based on local regulations. If no data is available, assume a carbon tax of CNY 70 CNY/ tCO_2e. 2. SBT-NZ: SSP1-RCP1.9 carbon price (approximately 4,500 CNY/ tCO_2e by 2050).
Regulations	Renewable Energy and Electricity Procurement Costs	Renewable Energy Procurement Cost Assumptions: (see table below)
Regulations	Carbon Removal Costs	According to IEA data, Carbon Capture Utilisation and Storage (CCUS) costs vary under different circumstances. This analysis adopts direct air capture (DAC) as the ultimate means to achieve net-zero, assuming the most expensive technology with costs ranging from CNY 600 to 2,400 CNY/ tCO_2e. Therefore, the assumptions are based on three scenarios. (1) Technology immaturity: 2,380 CNY/ tCO_2e (2) Average price: 1,655 CNY/ tCO_2e (3) Technology maturityy: 916 CNY/ tCO_2e

Renewable Energy Procurement Cost Assumptions:

Order of Emissions Reduction by Facility		Renewable Energy Costs (CNY)	General Electricity Tariff (CNY)
1	**Mexico/Vietnam Facilities**	0.442785	0.10845
2	**Mainland China Facilities**	0.838034	0.831696
3	**Nantou Facility**	0.938971	0.731695

2.3.3 Assessment of Strategies and Various External Scenarios

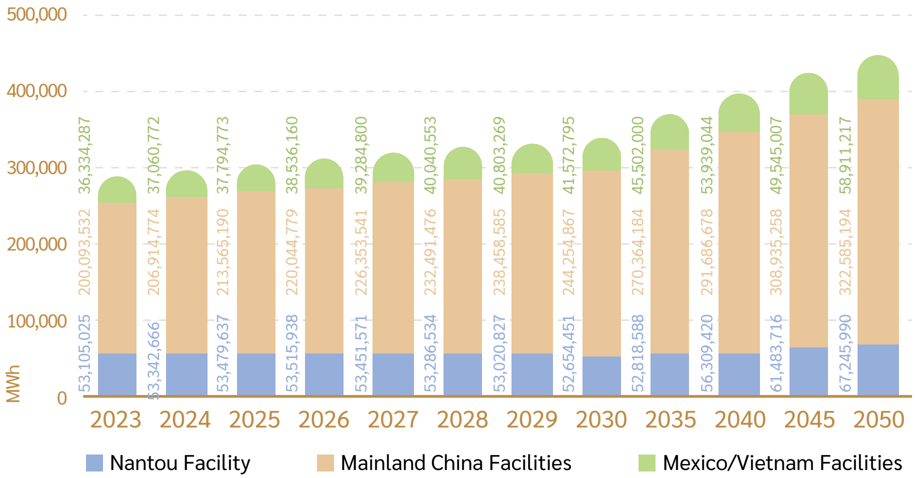
Strategy Selection

We primarily divide strategies into the existing planned BAU strategy, which does not consider long-term strategies to be implemented in the future, and the second strategy, which anticipates future achievement of renewable energy ratios (low-carbon energy ratios).

- BAU Strategy: Planned but not yet implemented strategies.
- RE Strategy: Additional associated renewable energy costs to achieve RE goals.

Electricity Usage Growth Estimation in the Base Scenario

Electricity usage growth estimation is the foundational assumption scenario for evaluating the BAU strategy and future growth conditions of the Company. Therefore, we simulate the electricity consumption data of each facility until 2050.

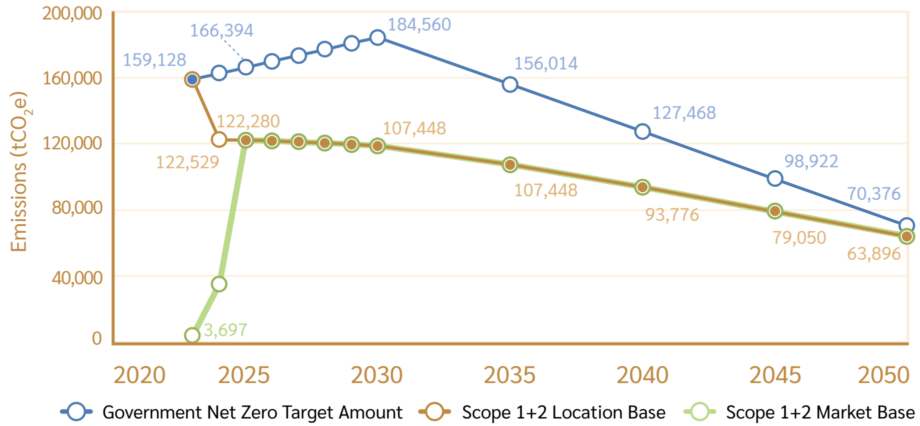


Evaluation of BAU Strategies and External Scenario

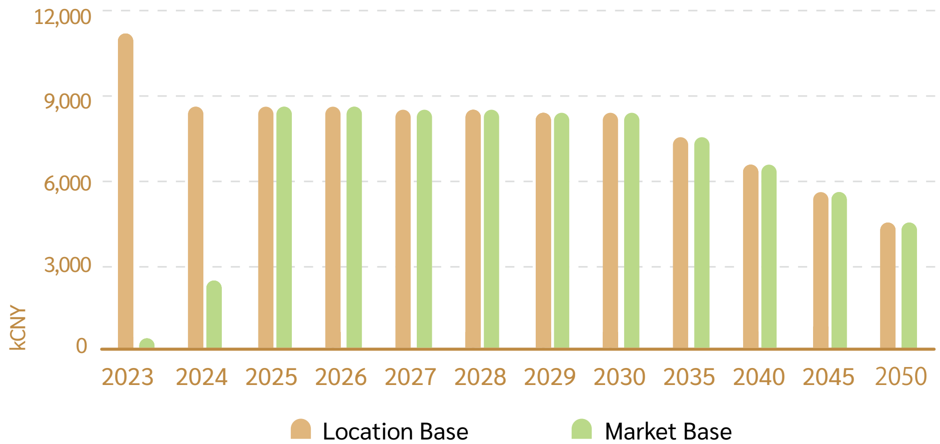
For Local Government Scenario Analysis

Mainland China Facilities and Local Government Scenario: Almost achieving RE 100 by 2023, resulting in very low carbon emissions. Due to the local climate policy allowing continuous increases until 2030, the estimated reduction in electricity emission factors generally meets the scenario emission levels set by this analysis. The financial impacts derived from local regulations, such as carbon taxes/fees(1), are estimated to be CNY 4.2-9.8 million annually due to high carbon emissions, with regional and market carbon fee costs being similar.

GHG Emission Estimates of Mainland China Facilities: BAU and Local Government Scenarios



Financial Impact Analysis under BAU Strategy for Mainland China Facilities

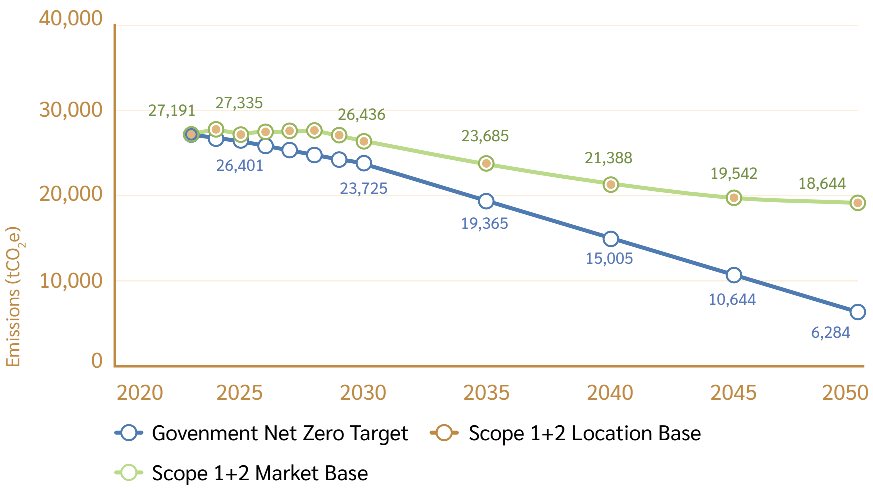


Note:
1. Given the absence of an actual carbon tax trend in China, the financial cost impact is assessed using the same carbon tax as the Nantou facility.

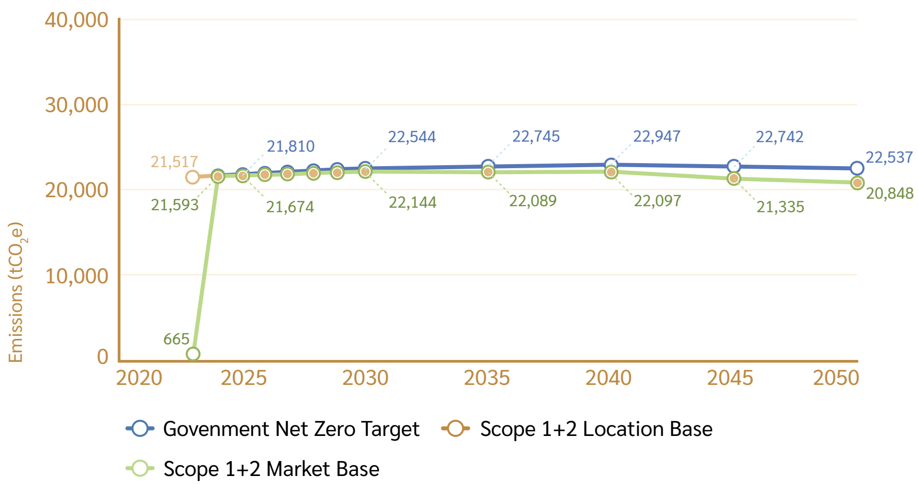
Nantou Facility and Local Government Scenario: Using 2023 as the baseline year under the SBT scenario, emissions are expected to continuously decrease with the reduction in electricity emission factors, ultimately reaching around 19,139 tonnes CO_2e by 2050. The local government scenario's transition requirement is 6,284 tonnes CO_2e. The financial impacts from local regulations, such as carbon taxes/fees. Due to the high cost of carbon fees, the carbon fees charged by regions will be slightly higher than other cost impacts in the market. The annual carbon fees approximately CNY 1.4-2.0 million.

Mexico/Vietnam Facilities and Local Government Scenario: Assuming the SSP2-RCP4.5 pathway is used for the transition limit, which maintains a relatively stable emission trend until 2050. Under the estimated reduction in electricity emission factors, the scenario emission levels set by this analysis will generally be met, only exceeding the planned carbon reduction pathway by 2050. The financial impacts from local regulations, such as carbon taxes/fees, are similar to those for the Nantou facility, with annual carbon fees approximately CNY 1.5 million.

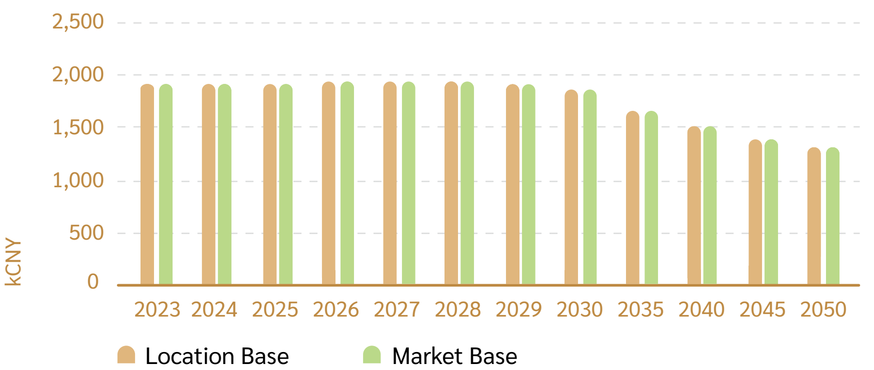
GHG Emission Estimates of Nantou Facility: BAU and Local Government Scenarios



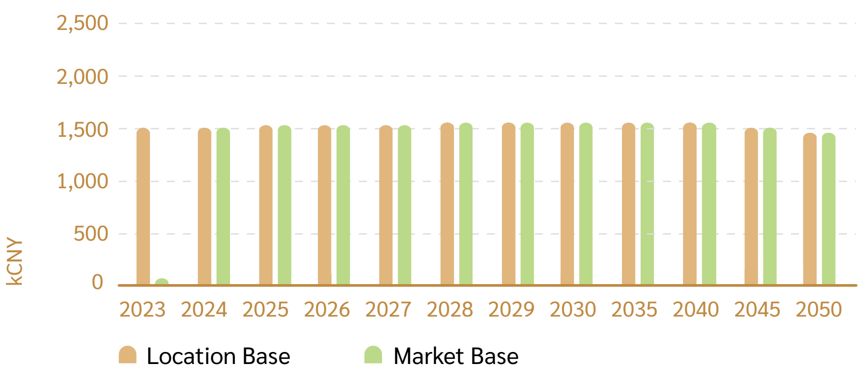
GHG Emission Estimates of Mexico/Vietnam Facilities: BAU and Local Government Scenarios



Financial Impact Analysis under BAU Strategy for Nantou Facility



Financial Impact Analysis under BAU Strategy for Mexico/Vietnam Facilities



Analysis of Renewable Energy Gap with Local Government Scenario

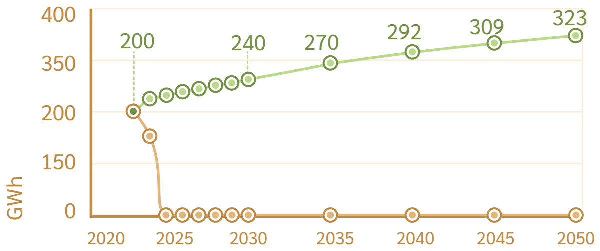
Assuming USI transitions from the existing BAU strategy to the local government scenario, the primary strategy is achieved through the procurement of renewable energy. The renewable energy required to achieve regional policy scenario targets for each facility is illustrated below. The Nantou facility faces stringent carbon reduction requirements, necessitating additional renewable energy procurement starting from 2025. By 2030 and 2050, respectively, the facility will need to acquire at least 5.59 million kWh and 46.85 million kWh of renewable energy. The quotas for the Mainland China and Mexico/Vietnam facilities are more lenient, thus they do not require additional renewable energy procurement to meet local policy targets.

Cost Analysis of Implementing Local Government Scenario

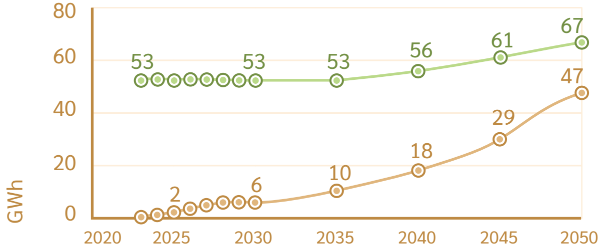
USI's cost estimates for sufficient renewable energy under the local government scenario reveal that the Nantou facilities needs additional renewable energy procurement, with an estimated cost of approximately CNY 10.5 million by 2050 (assuming no changes in electricity and renewable energy prices). The Mainland China and Mexico/Vietnam facilities have planned renewable energy procurement for 2024, so no additional purchases are needed to meet local government scenarios in the future.

Estimated Renewable Energy Demand to Achieve Local Government Scenario

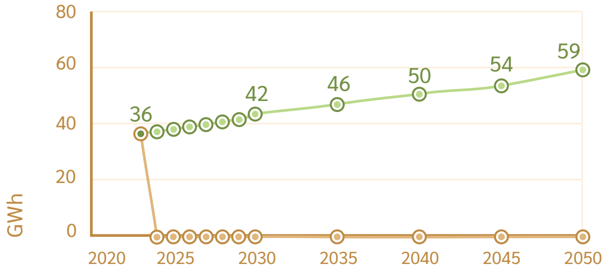
Mainland China Facilities



Nantou Facility



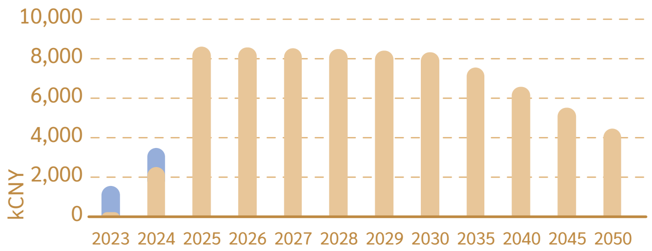
Mexico/Vietnam Facilities



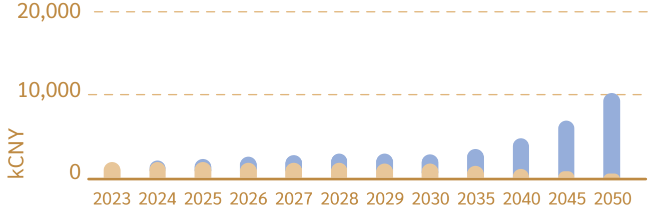
Renewable Energy Demand for Transition Scenarios
Estimated Total Energy Consumption

Total Cost Analysis to Achieve Local Government Scenario

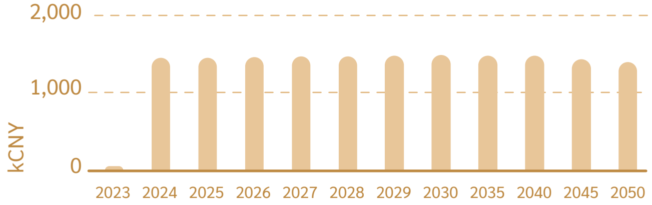
Mainland China Facilities



Nantou Facility



Mexico/Vietnam Facilities

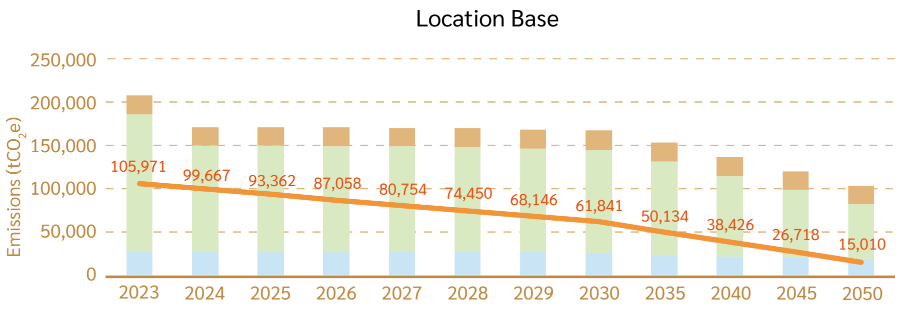


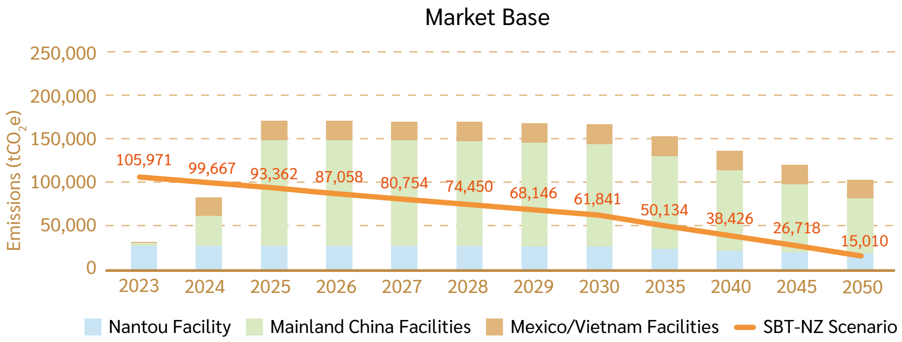
Management Costs – Renewable Energy Costs and Benefits
Management Costs - BVCM
Financial Impact – Carbon Tax – Market Base

For SBT-NZ Scenario Analysis

The SBT-NZ decarbonization scenario aligns with the strictest conditions of the 1.5°C transition scenario, necessitating the implementation of high carbon tax/fee parameters and an aggressive decarbonization pathway. Meeting SBT-NZ requirements entails reducing emissions by 90%, with any residual emissions neutralized through BVCM actions. Unlike the local government scenario, SBT-NZ only considers group-wide emissions. Currently, USI's regional emissions estimates are far higher than SBT-NZ requirements. However, if tracking by market emissions, our Mainland China facilities under RE100 in 2023 can meet SBT-NZ requirements.

Estimated Emissions under BAU Strategy for SBT-NZ Scenario





Compared to Achieving the SBT-NZ Scenario

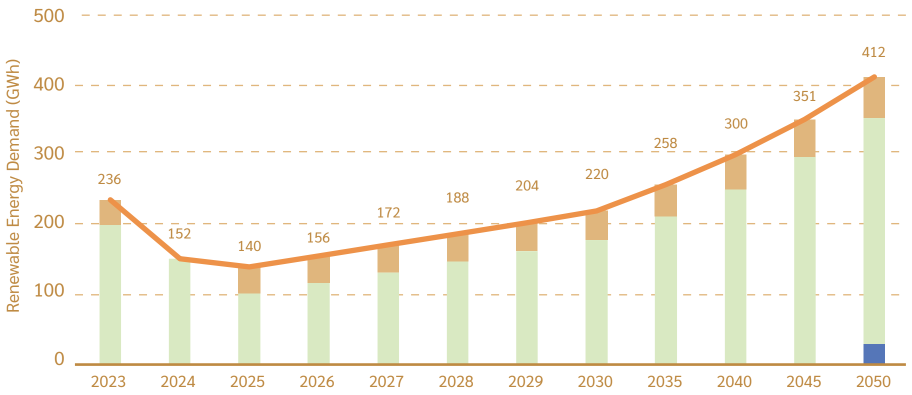
Unlike local government scenarios, achieving SBT-NZ requires the entire group to act collectively across all geographic regions. This necessitates prioritizing certain facilities for implementation. When not considering other factors. decision-making based on renewable energy procurement costs should prioritize regions with the lowest costs first. After achieving RE100 in these regions, shift to the next highest-cost region sequentially. The prioritized order of renewable energy procurement is as follows:

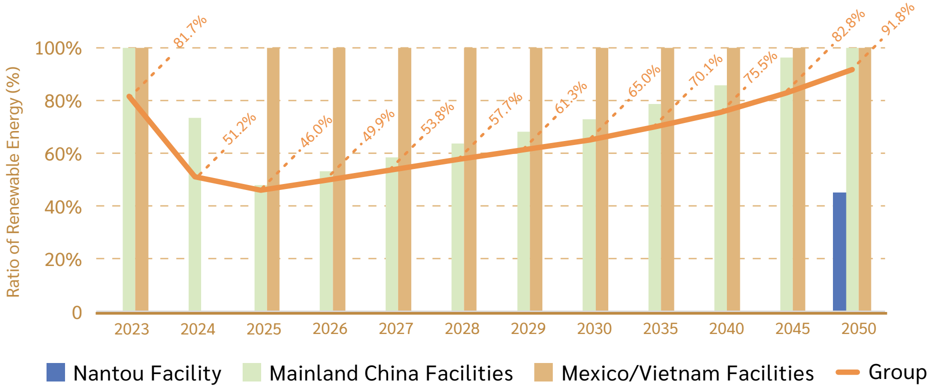
Carbon Reduction Prioritization and Renewable Energy Procurement Costs

Order of Emissions Reduction by Facility		Renewable Energy Costs (CNY)	General Electricity Tariff (CNY)
1	**Mexico/Vietnam Facilities**	0.442785	0.10845
2	**Mainland China Facilities**	0.838034	0.831696
3	**Nantou Facility**	0.938971	0.731695

The Group is expected to use 92% renewable energy in 2048, SBT-NZ requires the Group to use 90% renewable energy, through BVCM to achieve net zero emissions. So the Nantou facility is not expected to need to buy renewable energy by 2048.

Estimated Renewable Energy Demand and Ratios for SBT-NZ Scenario

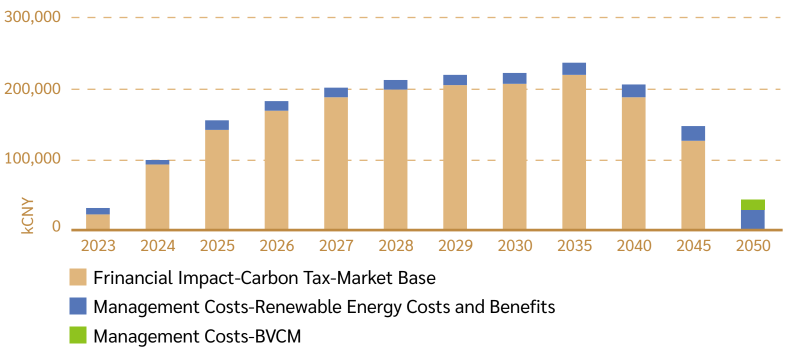




Cost Comparison for Achieving SBT-NZ Scenario

Carbon fee calculated at SSP1-RCP1.9 prices, primarily driven by carbon tax/fee management costs, can reach up to CNY 210 million. Due to the minimal difference between renewable energy and regular electricity prices at our facilities in mainland China, the additional cost increase is relatively negligible. In contrast, the gap is larger at the Nantou facility. Therefore, even though the Nantou facility may require less renewable energy procurement compared to the facilities in mainland China, the additional cost burden is higher. After USI achieves the final 10% of residual emissions, to achieve net zero as required by SBT-NZ, it is estimated that we will need to bear carbon offset costs of approximately CNY 13.7 million.

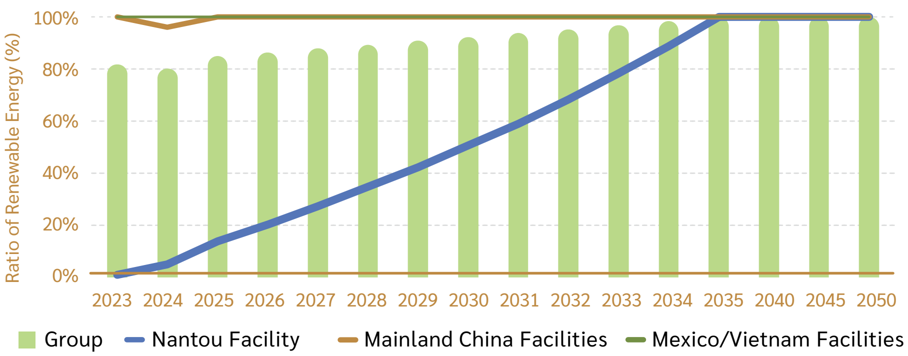
Renewable Energy Procurement Costs for Achieving SBT-NZ



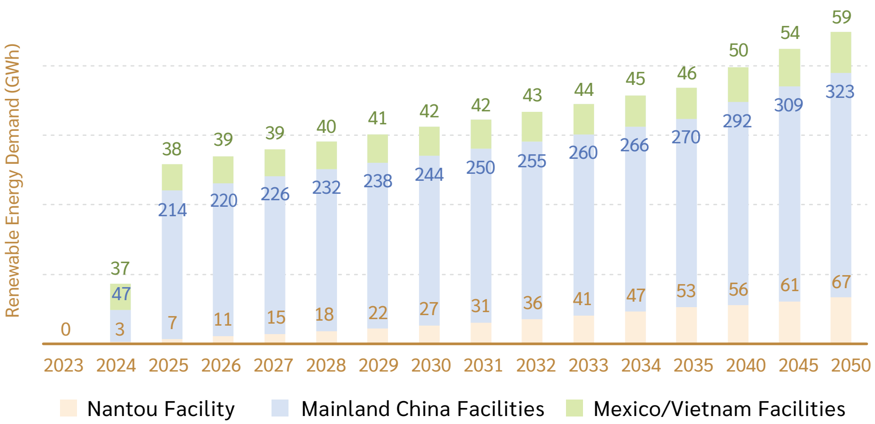
Evaluation of RE Strategies and External Scenario

USI's RE strategy aims to achieve RE85 globally by 2025 and RE100 by 2035. Therefore, each facility's renewable energy ratios and procurement volumes can be estimated as shown below. We have found that the mainland China facilities need to achieve RE100 by 2025 to meet the group's RE85 target, requiring approximately 250 million kWh of electricity that year. Subsequently, to maintain RE100 status, their demand will need to increase in line with projected electricity growth. Meanwhile, the Nantou facility must achieve RE17.6 by 2025 and then linearly increase to RE100.

Renewable Energy Ratio by Facility under RE Strategy



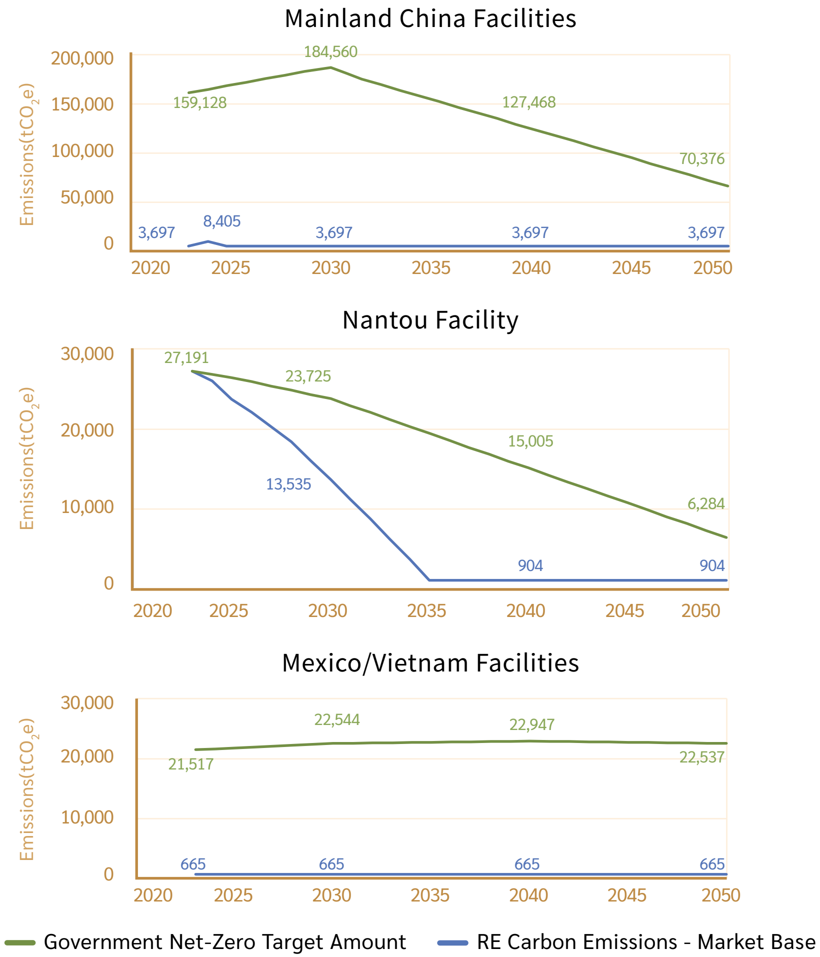
Additional Renewable Energy Procurement Required by Facility under RE Strategy



For Local Government Scenario Analysis

Following the renewable energy planning as indicated in the diagram, the emission outcomes for each facility are expected to largely meet the emissions targets set by local governments.

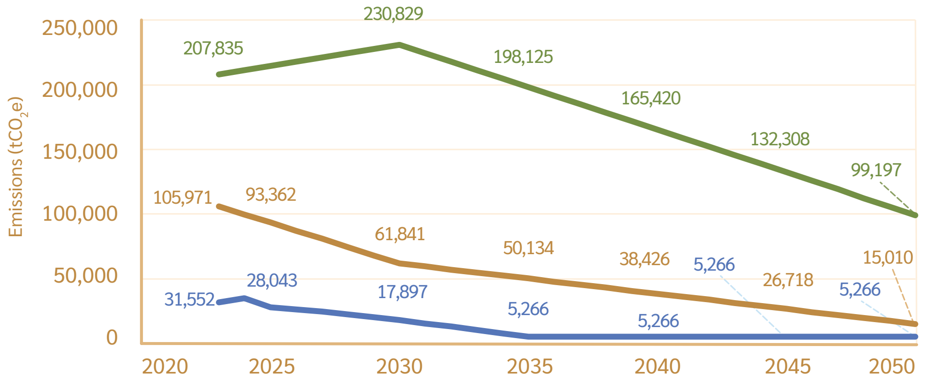
Comparison Chart of Emissions Achieving RE100 under RE Strategy by Facility



For SBT-NZ Scenario Analysis

Despite the stringent carbon reduction requirements of SBT-NZ, USI's RE100 strategy is anticipated to fulfill the carbon reduction goals, indicating that the current RE100 strategy aligns with all carbon reduction objectives.

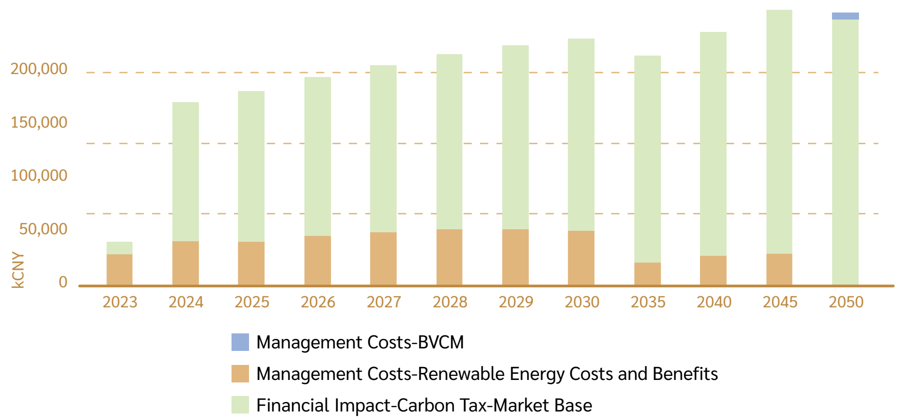
Comparison of Achieving RE100 with SBT-NZ Scenario Goals



Cost Comparison between RE Strategy and SBT-NZ

To implement the RE100 strategy, the Company shall incur overall management costs primarily associated with acquiring renewable energy. Given ongoing carbon emissions, the predominant financial impact remains attributable to carbon taxes/fees without consideration of any applicable offsets. With the need for additional renewable energy procurement at the Nantou facility, there will be increased costs due to Taiwan's higher renewable energy prices compared to standard electricity rates. The difference between achieving SBT-NZ and RE100 lies in whether BVCM actions will be necessary by 2050 to offset remaining emissions. Upon offsetting carbon emissions through BVCM actions, the financial burden shifts from carbon taxes to the costs associated with BVCM actions. This transition is reflected in the use of stringent carbon tax parameters, which are expected to peak around CNY 3,500 per ton of carbon by approximately 2050, significantly reducing BVCM costs at that time.

Cost Comparison between RE100 Strategy and Achieving SBT-NZ Scenario



Market Risk Assessment

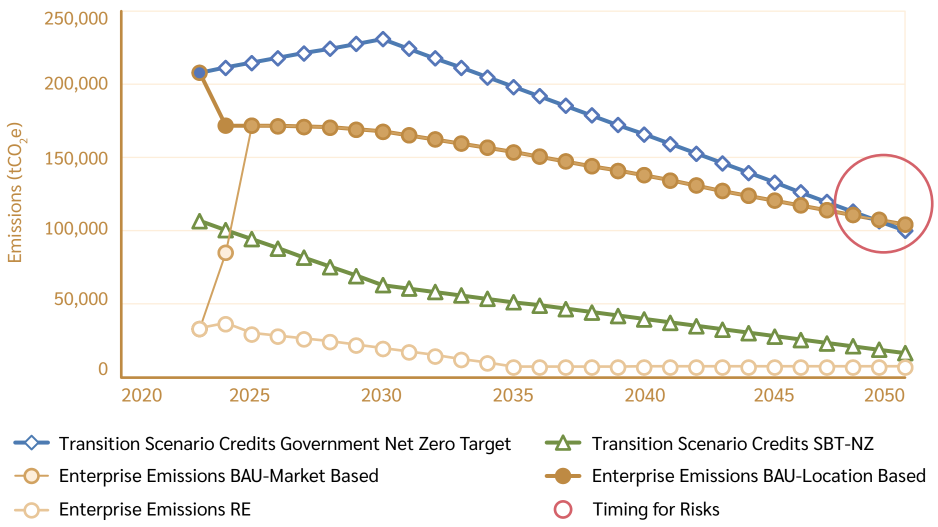
Market Risk Assessment under Net Zero Transition Assumptions:

1. Revenue estimates anticipate growth to 3.64 times current revenue by 2050, following the SSP5-RCP8.5 pathway.
2. 70% of products will be impacted by the low-carbon transition (under SBT-NZ scenario).
3. Percentage assumptions for customer demand for low-carbon products under different external transition scenarios:
   * Starting at 10% customer demand in 2023 and linearly increasing to 70% by 2050.
   * By 2050, only 70% of revenue will be affected: Under SBT-NZ, all customers will demand low-carbon products; under government net-zero, 25% of customers will demand low-carbon products.

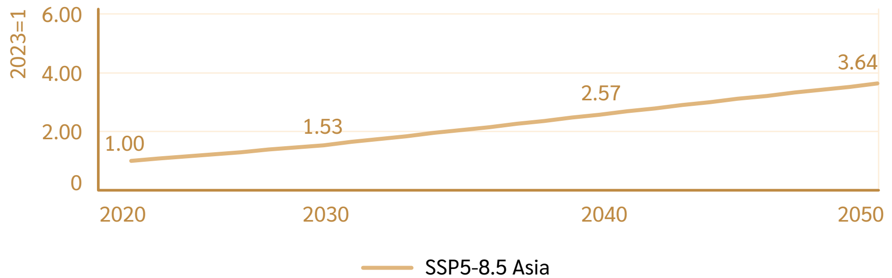
Points of occurrence for market risks:

1. BAU emissions are generally insufficient to meet SBT-NZ quotas, posing continual market risks.
2. BAU emissions are expected to exceed government net-zero pathways after 2048, starting to incur market risks.
3. BAU emissions (by market segment) will temporarily not incur market risks in 2024, because some facilities have acquired renewable energy.
4. All contextual goals under RE strategy can be achieved.

Potential Timing for Market Risks to Occur

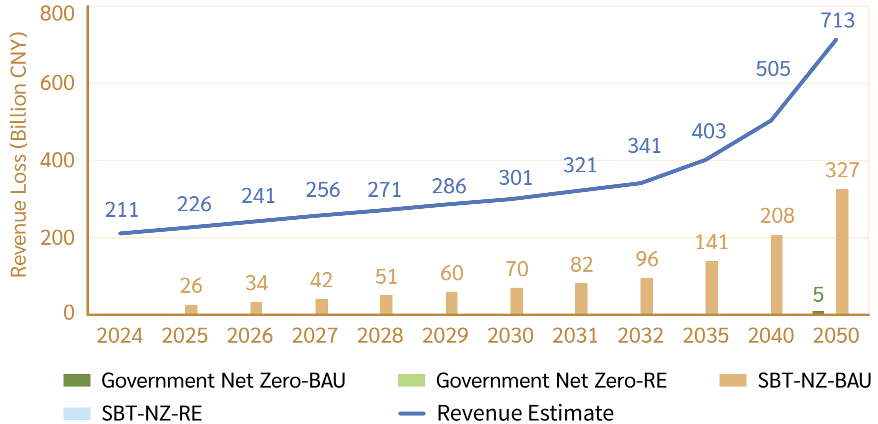


SSP5-RCP8.5 GDP Prediction Path



Results indicate that under the RE strategy, all scenario goals are achieved, thereby eliminating any market risks. The highest market risk occurs when the Company maintains its existing BAU strategy while external market environments have transitioned to low-carbon markets. Such a scenario represents the highest market risk of transition failure, as shown in the figure below:

Market Risk Analysis under Different External Scenarios and Strategies



2.4 Physical Scenario Analysis

USI is committed to meeting local customer needs through global expansion. Given the risks posed by natural disasters due to climate change affecting our manufacturing facilities and supply chain, we assess these risks using internationally published climate scenario data. We evaluate the natural disaster risks associated with our suppliers and facility locations and propose corresponding emergency response measures. Firstly, a global analysis of water resource risks at production sites and supplier locations is conducted based on the World Resources Institute (WRI) framework. Additionally, climate risk analysis is enhanced for operational sites in Taiwan and supplier locations, comprising hazard, exposure, and vulnerability components as defined by the IPCC. Hazard refers to the driving force behind climate-related events, which can lead to damage and losses to assets. Exposure identifies the positions where assets may suffer adverse impacts and the extent of potential losses. Vulnerability encompasses adaptability and sensitivity, defining the tendency or degree to which assets are susceptible to disasters. Based on the above definitions, by quantifying and classifying hazard, exposure, and vulnerability, we can estimate risk levels. This means that after classifying hazard, exposure, and vulnerability, we can calculate the risk levels and use these calculations as a crucial basis for defining adaptation priorities and measures.

Our physical disaster scenario assumptions use extreme rainfall as the hazard under climate change scenarios. The extreme rainfall leads to flooding, landslides, and debris flows, which are considered vulnerabilities. The location of our sites is considered as exposure in this climate change-induced physical risk analysis. The hazard assessment references the IPCC's Sixth Assessment Report (AR6) published in 2021. In the climate change scenario settings, we combine multiple research community findings and use various SSPs with Representative Concentration Pathway (RCP). We estimate four scenario matrix combinations (SSP1-RCP2.6, SSP2-RCP4.5, SSP3-RCP7.0, and SSP5-RCP8.5) across different time scales (short-term: 2021-2040, medium-term: 2041-2060, mid-long-term: 2061-2080, long-term: 2081-2100) for extreme rainfall hazards. Vulnerability is analyzed using disaster maps and disaster severity data announced by various administrative units in Taiwan. Exposure is based on the locations of USI's 782 sites, including self-owned and supplier locations in Taiwan. Finally, we classify the risk scores of each site's vulnerability into four risk levels: no risk, low risk, medium risk, and high risk, based on a risk classification matrix. The overall risk level for each site is represented by the highest risk value among all vulnerability scores.

2.4.1 Water Resource Risk Analysis

For water resource risk analysis, we have adopted the Aqueduct 4.0 indicators released by the WRI in 2023 as the framework. This framework transforms complex hydrological data into intuitive water-related risk indicators, enabling a comprehensive analysis of water resource risks for global production sites and supplier locations.

Global Sites Description

The analysis covers a total of 2,340 sites worldwide, including 11 self-owned sites and 2,329 supplier sites. The self-owned sites are located in Mainland China, Taiwan, Mexico, and Vietnam. The suppliers are primarily distributed across Asia (Mainland China, Taiwan, Vietnam, Singapore, South Korea, Japan, Thailand), with some located in Europe (Italy, Germany) and the Americas (United States).

Distribution of Global Self-Owned Sites and Suppliers

Baseline Water Resource Risk Analysis Results

According to WRI Aqueduct, baseline water stress describes the ratio of total water demand to renewable surface and groundwater supplies. Total water demand includes consumptive and non-consumptive water uses for domestic, industrial, irrigation, and livestock purposes. Renewable water supplies account for upstream consumptive water use and the construction of large dams that affect downstream water availability. Higher baseline water stress indicates more intense competition among water users. The spatial distribution results of baseline water stress analysis for USI's self-owned sites and supplier sites are as follows:

Spatial Distribution of Baseline Water Stress Analysis for Self-Owned Sites

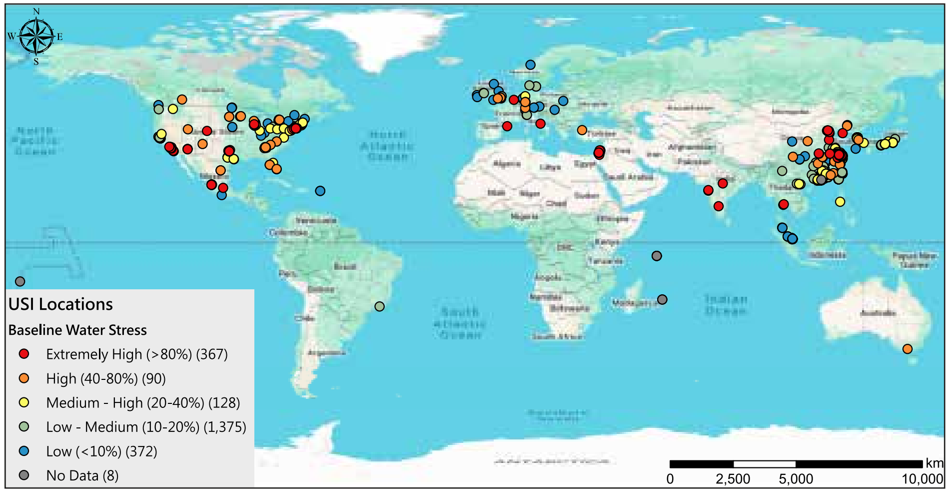
Levels	Sites	Location
Extremely high	4	Central China
High	2	Central China, Mexico
Medium-low	5	Southern China, Taiwan, Vietnam

Spatial Distribution of Baseline Water Stress Analysis for Supplier Sites

Levels	Sites[(1)]	Location
Extremely high	363	Central/Northern China, Thailand, India, Israel, Belgium, Spain, Italy, USA, Mexico
High	88	Central China, South Korea, Thailand, U.K., Germany, Canada, USA, Mexico, Australia
Medium-high	128	Southern China, Japan, South Korea, Philippines, Vietnam, Germany, USA
Medium-low	1,370	Southern China, Taiwan, Vietnam, Japan, Hong Kong, Italy, U.K., Denmark, Brazil, USA
Low	372	Mainland China, Singapore, Malaysia, Macau, Hungary, Poland, U.K., Norway, Switzerland, Germany, South Korea, USA

Note:
1. There is no information on 8 supplier locations.

Baseline Water Stress Analysis Results for Self-Owned Sites and Supplier Sites



Baseline Comprehensive Water Resource Risk is based on the 13 water risks published in the Aqueduct 4.0 version calculation documentation, including (1) baseline water stress, (2) baseline water depletion, (3) interannual variability, (4) seasonal variability, (5) groundwater table decline, (6) riverine flood risk, (7) coastal flood risk, (8) drought risk, (9) untreated wastewater, (10) coastal salinization potential, (11) lack/no access to piped water, (12) lack/no access to sanitation services, and (13) national ESG scores. These risks are aggregated into a comprehensive risk score according to categories (quantitative physical risks, qualitative physical risks, regulatory and reputational risks). Additionally, weighted scoring based on the importance of watersheds within a country provides a national-level water security score. Baseline Water Resource Risk Analysis Results:

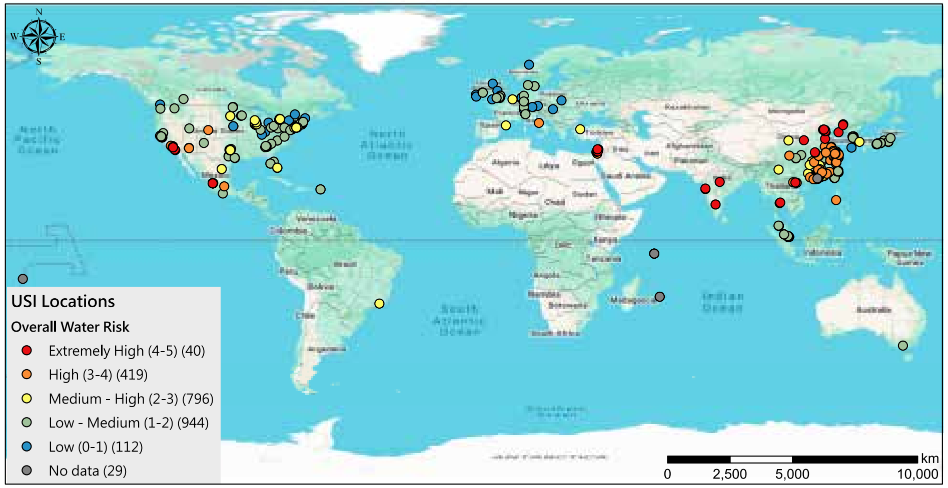
Spatial Distribution of Water Resource Risk Analysis for Self-Owned Sites

Levels	Sites	Loction
High	6	Mainland China, Vietnam
Medium-high	2	Mainland China, Mexico
Medium-low	3	Taiwan

Spatial Distribution of Water Resource Risk Analysis for Supplier Sites

Levels	Sites[1]	Loction
Extremely high	40	Central/Northern China, India, Israel, Thailand, Vietnam, Western United States, Mexico
High	413	Mainland China, Israel, Thailand, Philippines, Vietnam, Italy, Midwestern United States, Mexico
Medium-high	794	Mainland China, Turkey, South Korea, Hong Kong, Belgium, Spain, Brazil, Canada, USA, Mexico
Medium-low	941	Mainland China, Taiwan, Japan, South Korea, Malaysia, Macau, Denmark, U.K., Italy, Germany, USA, British Virgin Islands, Mexico, Australia
Low	112	South Korea, Singapore, Hungary, Poland, U.K., Norway, Ireland, Switzerland, Germany, Canada, USA, New Zealand

Baseline Comprehensive Water Resource Risk Analysis Results for Self-Owned Sites and Supplier Sites



Water Resource Risk Analysis Results Under Climate Change

By adopting the WRI Aqueduct tool, we evaluate water stress indicators across three climate change scenarios—BAU (Business As Usual), OPT (Optimistic), and PES (Pessimistic)—over short, medium, and long-term time scales, producing a total of nine water stress assessment results. Among these scenarios, BAU represents the SSP3-RCP7.0 scenario, which involves minimal climate policy intervention, indicating a medium-high forcing pathway. SSP3 combines relatively high social vulnerability and radiative forcing, characterized by significant land-use changes and high Near-Term Climate Forcer (NTCF) emissions. OPT represents the optimistic scenario SSP1-RCP2.6, indicating a low forcing pathway. Its simulation results indicate a multi-model mean value below 2°C by 2100. PES represents the pessimistic scenario SSP5-RCP8.5, which continues to rely heavily on fossil fuel development, representing a high forcing pathway. In terms of the time scale, the short term represents the assessment results for 2030, reflecting the weighted average for the period 2015-2045. The medium term represents the assessment results for 2050, reflecting the weighted average for the period 2035-2065. The long term represents the assessment results for 2080, reflecting the weighted average for the period 2065-2085. The related trend graphs are shown on the next page:

Note:
1. There is no information on 29 supplier locations.

Climate Change Water Pressure Trends(Global Distribution of Owned/Supplier Locations)

Scenario	BAU	OPT	PES
2030			
2050			
2080			

Under various climate change scenarios and time periods, the number of water stress levels for the company's self-owned sites shows that the **extremely high** water stress levels tend to decrease compared to the baseline, while the **high** water stress levels tend to increase. The number of **medium-low** water stress levels remains stable. For supplier sites under various climate change scenarios, the **extremely high** and **low** water stress levels tend to decrease compared to the baseline, while the **high** and **medium-low** water stress levels tend to increase. The number of **medium-low** water stress levels remains stable.

Water Stress Levels for Self-Owned Sites: Climate Change Scenarios and Time Periods

Scenario		Extremely high	High	Medium-high	Medium-low	Low
Baseline		4	2	0	5	0
BAU	2030	0	6	0	5	0
	2050	0	6	0	5	0
	2080	5	1	0	5	0
OPT	2030	4	2	0	5	0
	2050	0	6	0	5	0
	2080	1	5	0	5	0
PES	2030	0	6	1	4	0
	2050	0	6	0	5	0
	2080	1	5	0	5	0

Water Stress Levels for Supplier Sites: Climate Change Scenarios and Time Periods[1]

Scenario		Extremely high	High	Medium-high	Medium-low	Low
Baseline		363	88	128	1,371	373
BAU	2030	93	362	169	1,501	198
	2050	106	354	120	1,547	196
	2080	369	85	115	1,390	364
OPT	2030	369	90	176	1,491	197
	2050	120	345	137	1,356	365
	2080	129	344	85	1,406	359
PES	2030	103	357	184	1,484	195
	2050	113	356	135	1,526	193
	2080	129	353	80	1,584	177

Note:
1. There is no information on 6 supplier locations.

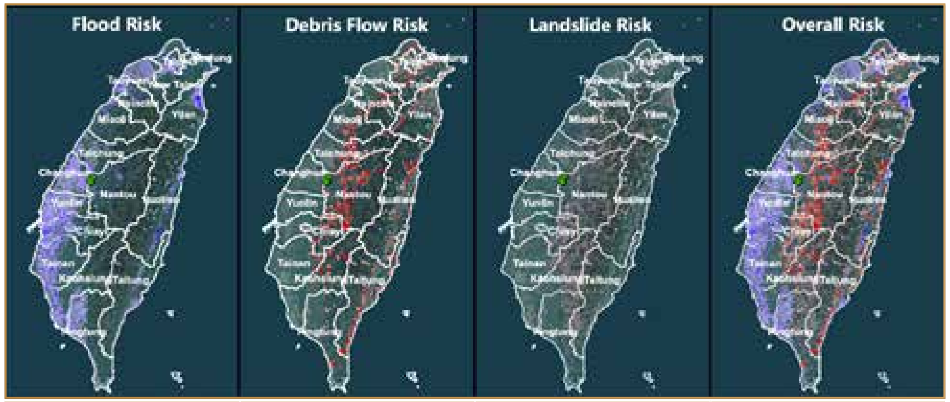
2.4.2 Physical Risk Analysis for Self-Owned Sites in Taiwan: Scenario-Based Results

The analysis results for self-owned sites in Taiwan under various climate change scenarios and time scales show that the three self-owned sites do not have potential risks for flooding, landslides, or debris flows, thus classified as no-risk. Even in a no-risk situation, we continuously monitor changes in disaster potential and regularly review the risk levels.

Risk Levels for Self-Owned Sites: Climate Change Scenarios and Time Periods

Risk level		No risk	Low-risk	Mid-risk	High-risk
SSP1-RCP2.6	Short-term	3	0	0	0
	Medium-term	3	0	0	0
	Mid- to long- term	3	0	0	0
	Long-term	3	0	0	0
SSP2-RCP4.5	Short-term	3	0	0	0
	Medium-term	3	0	0	0
	Mid- to long- term	3	0	0	0
	Long-term	3	0	0	0
SSP3-RCP7.0	Short-term	3	0	0	0
	Medium-term	3	0	0	0
	Mid- to long- term	3	0	0	0
	Long-term	3	0	0	0
SSP5-RCP8.5	Short-term	3	0	0	0
	Medium-term	3	0	0	0
	Mid- to long- term	3	0	0	0
	Long-term	3	0	0	0

Distribution of Risk Levels for Self-Owned Sites



Flooding Risk Distribution	Debris Risk Distribution	Landslide Risk Distribution	Overall Risk Distribution
No Risk(0)	No Risk(0)	No Risk(0)	No Risk
Low Risk(1-4)	Low Risk(1-3)	Low Risk(0-1)	Low Risk
Medium Risk(5-10)	Medium Risk(4-9)	Medium Risk(1-2)	Medium Risk
High Risk(11-25)	High Risk(10-20)	High Risk(2-3)	High Risk

Risk Levels and Corresponding Response Measures

Risk Levels	Corresponding Response Measures
No risk	Maintain sites, monitor changes in disaster potential and regularly review risks.
Low-risk	Maintain sites, monitor changes in disaster potential and regularly review risks.
Mid-risk	Maintain sites, enhance monitoring of disaster potential changes, and develop emergency plans and risk management measures.
High-risk	Implement emergency plans and risk management measures and conduct disaster mitigation actions.

Physical Risk Adaptation Plan for Self-Owned Sites

USI has formulated short-, medium-, and long-term physical risk adaptation strategies for self-owned sites. The short-term strategy (1-3 years) focuses on assessing existing assets' risks and establishing standard operating procedures (SOPs) for risk adaptation. The medium-term strategy (5-10 years) aims to enhance the disaster resilience of sites to improve operational sustainability, such as planning for flood control and slope stabilization measures. The long-term strategy (10 years or longer) concentrates on planning the operational sustainability of sites.

Time	Strategy
Short-term (1-3 years)	▶ Rolling Review: Conduct disaster risk assessments for all owned sites annually to achieve risk management goals. ▶ Contingency Plan: Develop emergency response procedures, including evacuation plans and material rescue plans, to ensure employee safety and property protection.
Medium-term (5-10 years)	▶ Establish Flood Control Systems: Study the geographical and hydrological conditions of the area and establish appropriate flood control systems to mitigate the impact of flooding potential. ▶ Enhance Water Resistance of Buildings: Strengthen the water resistance of office building structures to reduce damage to buildings from flooding. ▶ Strengthen Slope Stabilization Measures: Enhance safety inspections of slopes around sites and ensure smooth drainage to reduce the risk of landslides and debris flows caused by heavy rainfall.
Long-term (10 years or longer)	▶ Rebuild or Relocate Sites: Consider rebuilding or relocating sites situated in high-risk areas to avoid the risks associated with high-risk locations. ▶ Sustainable Development Plan: Develop a sustainable development plan to reduce environmental impact, such as through energy conservation, emission reduction, and recycling, to ensure long-term economic and environmental stability.

2.4.3 Analysis Results of Physical Risks for Taiwan Supplier Sites

The analysis results for supplier sites in Taiwan under various climate change scenarios and time scales indicate that out of 779 supplier sites, 556 sites (71.4%) do not have potential risks for flooding, landslides, or debris flows and are thus classified as no-risk.

The remaining 223 sites are identified as having flood risks. Across different climate change scenarios and time periods, the number of low-risk sites ranges from 128 to 201, while medium-risk sites range from 15 to 87. There is a notable increase in the number of medium-risk sites in the mid to long term under SSP3-RCP7.0 and SSP5-RCP8.5. High-risk sites, numbering between 7 and 10, are predominantly located among suppliers in Hsinchu City and Kaohsiung City. For sites identified with risk factors, our strategy includes maintaining these sites while intensifying monitoring of potential disasters. Furthermore, we will develop emergency plans and implement risk management measures. These measures include identifying alternative material suppliers and establishing safe stock levels of raw materials to mitigate potential future risks and losses.

The Number of Suppliers' Risk Levels Under Climate Change Scenarios and Periods

Risk Level		No risk	Low-risk	Mid-risk	High-risk
SSP1-RCP2.6	Short-term	556	160	56	7
	Medium-term	556	147	69	7
	Mid- to long- term	556	192	24	7
	Long-term	556	201	15	7
SSP2-RCP4.5	Short-term	556	129	87	7
	Medium-term	556	169	47	7
	Mid- to long- term	556	174	42	7
	Long-term	556	180	36	7
SSP3-RCP7.0	Short-term	556	157	59	7
	Medium-term	556	164	52	7
	Mid- to long- term	556	144	72	7
	Long-term	556	128	85	10
SSP5-RCP8.5	Short-term	556	164	52	7
	Medium-term	556	158	58	7
	Mid- to long- term	556	169	44	10
	Long-term	556	143	73	7

Risk Levels and Distribution of Self-Owned and Supplier Sites in Taiwan

Scenario	Short-term (2021-2040)	Medium-term (2041-2060)	Mid- to long-term (2061-2080)	Long-term (2081-2100)
SSP1-RCP 2.6				
SSP2-RCP 4.5				
SSP3-RCP 7.0				
SSP5-RCP 8.5				

Physical Risk Adaptation Plan for Supplier Sites

USI has formulated short-, medium-, and long-term physical risk adaptation strategies for supplier sites. The short-term strategy (1-3 years) focuses on assessing existing assets' risks and establishing standard operating procedures (SOPs) for risk adaptation. The medium-term strategy (5-10 years) aims to enhance the disaster resilience of sites to improve operational sustainability, such as planning for flood control and slope stabilization measures. The long-term strategy (10 years or longer) concentrates on planning the operational sustainability of sites.

Time	Strategy
Short-term (1-3 years)	▶ Rolling Review: Conduct annual disaster risk assessments for all of USI's supplier to effectively manage risks and ensure ongoing resilience. ▶ Contingency Plan: Develop emergency response procedures, including evacuation plans and material rescue plans, to ensure employee safety and property protection.
Medium-term (5-10 years)	▶ Establish Flood Control Systems: Require partners to provide geographical and hydrological information of the area and establish appropriate flood control systems to reduce the impact of flooding potential. ▶ Enhance Water Resistance of Buildings: Require partners to strengthen the water resistance of office building structures to reduce damage to buildings from flooding. ▶ Strengthen Slope Stabilization Measures: Require partners to enhance safety inspections of slopes around sites and ensure smooth drainage to reduce the risk of landslides and debris flows caused by heavy rainfall.
Long-term (10 years or longer)	▶ Rebuild or Relocate Sites: For high-risk suppliers, consider rebuilding or relocating sites to avoid the risks associated with dangerous locations or finding alternative partners to reduce supply chain dependency. ▶ Sustainable Development Plan: Require partners to develop sustainable development plans to reduce environmental impact, such as through energy conservation, emission reduction, and recycling, ensuring long-term economic and environmental stability.

2.4.4 Analysis Results of Water Scarcity Risk for Sites in Various Regions of Taiwan

The historical frequency of water shortages and the likelihood of water shortages under climate change scenarios for various regions show that Keelung, Taipei and New Taipei City, Hsinchu, Miaoli, Taichung, Changhua, and Yilan have historically had a lower frequency of water shortages. Taoyuan and Nantou followed, while Chiayi, Tainan, and Kaohsiung had a higher frequency of water shortages. Under climate change, the risk of water shortages over different periods shows that in the SSP1-RCP2.6 and SSP2-RCP4.5 scenarios, most regions remain stable, with no significant differences in rainfall compared to historical averages. In the SSP3-RCP7.0 and SSP5-RCP8.5 scenarios, northern and central regions show a more noticeable decrease in rainfall, especially after the mid-term (2040-2100). The southern region's rainfall change rate is also not significant, but it mostly remains stable.

Historical Water Scarcity Frequency and Rainfall Changes Due to Climate Change

Region	Historical water shortage frequency	SSP1-RCP2.6				SSP2-RCP4.5				SSP3-RCP7.0				SSP5-RCP8.5			
		Short-term	Medium-term	Mid- to long-term	Long-term	Short-term	Medium-term	Mid- to long-term	Long-term	Short-term	Medium-term	Mid- to long-term	Long-term	Short-term	Medium-term	Mid- to long-term	Long-term
Keelung	Low	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Increase	Increase	Increase	Significant Increase	Significant Increase	Significant Increase	Unchanged	Unchanged	Significant Increase	Significant Increase
Shuangbei	Low	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Increase	Increase	Increase	Significant Increase	Increase	Significant Increase	Increase	Increase	Significant Increase	Significant Increase
Taoyuan	Medium	Unchanged	Unchanged	Unchanged	Decrease	Unchanged	Unchanged	Increase	Increase	Unchanged	Significant Increase	Increase	Significant Increase	Unchanged	Unchanged	Significant Increase	Significant Increase
Hsinchu	Low	Unchanged	Increase	Unchanged	Decrease	Unchanged	Unchanged	Unchanged	Unchanged	Increase	Significant Increase	Significant Increase	Significant Increase	Increase	Unchanged	Significant Increase	Significant Increase
Miaoli	Low	Unchanged	Unchanged	Unchanged	Decrease	Unchanged	Unchanged	Increase	Increase	Unchanged	Significant Increase	Increase	Significant Increase	Unchanged	Unchanged	Increase	Significant Increase
Taichung	Low	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Significant Increase	Increase	Significant Increase	Increase	Unchanged	Increase	Significant Increase
Changhua	Low	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Significant Increase	Increase	Significant Increase	Increase	Unchanged	Increase	Significant Increase
Nantou	Medium	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Significant Increase	Increase	Significant Increase	Unchanged	Increase	Increase	Significant Increase
Chiayi	High	Unchanged	Unchanged	Decrease	Decrease	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Significant Increase	Increase	Significant Increase	Unchanged	Unchanged	Increase	Increase
Tainan	High	Unchanged	Unchanged	Decrease	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Increase	Unchanged	Increase	Unchanged	Unchanged	Unchanged	Increase
Kaohsiung	High	Unchanged	Unchanged	Decrease	Decrease	Unchanged	Decrease	Unchanged	Unchanged	Unchanged	Increase	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged
Yilan	Low	Unchanged	Unchanged	Unchanged	Increase	Unchanged	Unchanged	Increase	Increase	Unchanged	Significant Increase	Significant Increase	Significant Increase	Unchanged	Unchanged	Significant Increase	Significant Increase

Decrease · Unchanged · Increase · Significant Increase

Based on the estimated frequency of historical water shortages and the potential occurrence of water scarcity events under climate change, we use a water scarcity risk matrix to outline the measures to be taken for each region under water scarcity risks:

Matrix of Water Scarcity Risks

Rainfall / Frequency	Decrease	Unchanged	Increase	Significant Increase
Low	Maintain	Maintain	Maintain	Monitor
Medium	Maintain	Maintain	Monitor	Prioritize
High	Monitor	Monitor	Prioritize	Prioritize

Measures Taken for Each Region Under Water Scarcity Risks

Risks	Measures
Maintain	Promote Water Conservation, develop and implement emergency contingency plans for water resource shortages.
Monitor	Short-term: Establish standard operating procedures (SOPs) and water resource scheduling methods for water shortages.
Prioritize	Long-Term: Plan for the use of recycled water to reduce dependence on reservoir water supplies.

Water Shortage Risk by Region

Region	SSP1-RCP2.6				SSP2-RCP4.5				SSP3-RCP7.0				SSP5-RCP8.5			
	Short-term	Medium-term	Mid- to long-term	Long-term	Short-term	Medium-term	Mid- to long-term	Long-term	Short-term	Medium-term	Mid- to long-term	Long-term	Short-term	Medium-term	Mid- to long-term	Long-term
Keelung	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Monitor	Monitor	Maintain	Maintain	Monitor	Monitor
Shuangbei	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Monitor	Monitor	Monitor	Maintain	Maintain	Monitor	Monitor
Taoyuan	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Prioritize	Monitor	Prioritize	Maintain	Maintain	Prioritize	Prioritize
Hsinchu	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Monitor	Monitor	Monitor	Maintain	Monitor	Monitor	Monitor
Miaoli	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Monitor	Monitor	Monitor	Maintain	Maintain	Maintain	Monitor
Taichung	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Monitor	Maintain	Monitor	Maintain	Maintain	Maintain	Monitor
Changhua	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Monitor	Maintain	Monitor	Maintain	Maintain	Maintain	Monitor
Nantou	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Prioritize	Monitor	Prioritize	Maintain	Monitor	Monitor	Prioritize
Chiayi	Monitor	Monitor	Monitor	Monitor	Monitor	Monitor	Monitor	Monitor	Monitor	Prioritize	Monitor	Prioritize	Monitor	Monitor	Monitor	Prioritize
Tainan	Monitor	Monitor	Monitor	Monitor	Monitor	Monitor	Monitor	Monitor	Monitor	Prioritize	Monitor	Prioritize	Monitor	Monitor	Monitor	Prioritize
Kaohsiung	Monitor	Monitor	Monitor	Monitor	Monitor	Monitor	Monitor	Monitor	Monitor	Prioritize	Monitor	Monitor	Monitor	Monitor	Monitor	Monitor
Yilan	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Maintain	Monitor	Monitor	Monitor	Maintain	Maintain	Monitor	Monitor

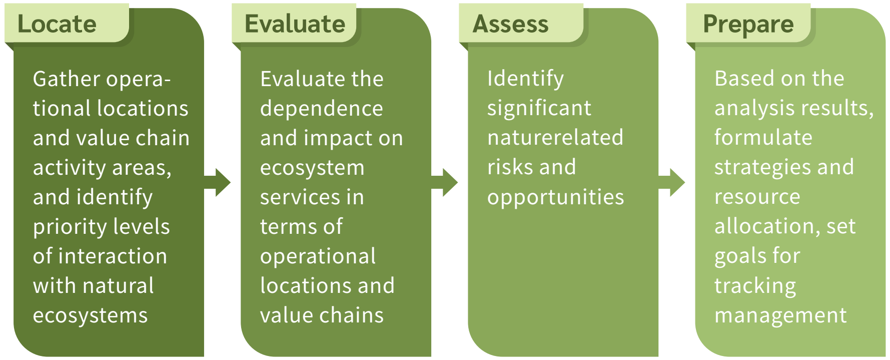
■ Maintain ■ Monitor ■ Prioritize

3 Natural-related Dependencies and Impacts

3.1 Location-specific Assessment

Human economic activities are heavily reliant on ecosystem services. According to the WEF, over 50% of global GDP depends on biodiversity. With growing awareness of environmental conservation, it's essential to evaluate the impact of operational sites on the natural environment. Following the LEAP process recommended by the TNFD, we are conducting assessments to analyze the biodiversity dependence and impact of USI's 11 self-owned sites and 2,329 supplier sites. The assessment regions are divided into global sites and Taiwan sites. The analysis method involves using a 2-kilometer radius around each operational site as the buffer area of potential impact. This area is then overlaid with local protected area maps for analysis. The findings are further summarized to evaluate the potential impact of the operational sites on biodiversity.

Biodiversity Risk Assessment Process



3.1.1 Biodiversity Analysis of Global Sites (Within Protected Areas)

International Union for Conservation of Nature and Natural Resources (IUCN) Protected Area Data Description

USI refers to the global protected area data compiled by the IUCN to analyze its self-owned sites and supplier locations. Established in 1948, IUCN is the world's largest environmental organization and conservation network. The IUCN protected area classification system is the most widely applied global protected area classification system, incorporating maps of protected areas announced by countries worldwide. These are categorized into seven classes and provided to the United Nations Environment Programme (UNEP)'s World Conservation Monitoring Centre (WCMC) to establish World Database on Protected Areas.

IUCN Protected Area Classification

Category		Name
I	a	Strict Nature Reserve
	b	Wilderness Area
II		National Park
III		Natural Monument or Feature
IV		Habitat or Species Management Area
V		Protected Landscape or Seascape
VI		Managed Resource Protected Area

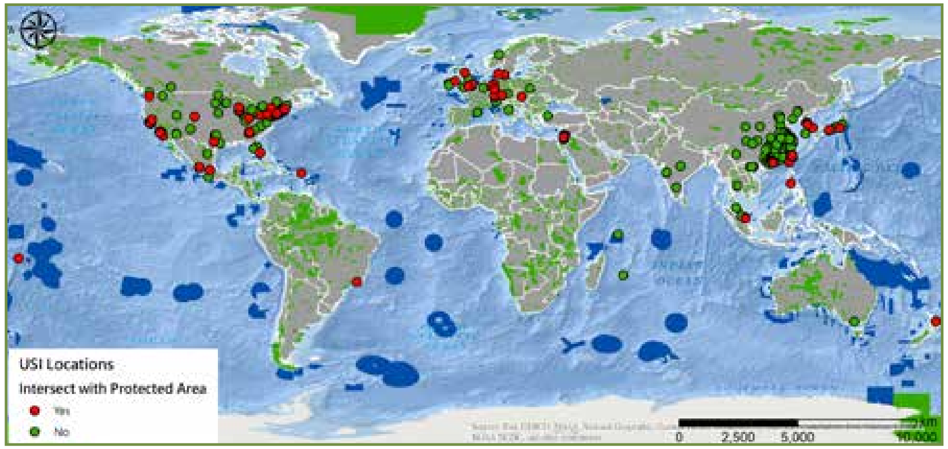
Biodiversity Impact (Protected Area) Analysis Results

The analysis results show that a total of 543 supplier sites are within IUCN protected areas, distributed as shown in the following table: Currently, USI has formulated relevant management policies and methods to ensure that it can effectively reduce the impact of suppliers' operations on ecology and biology.

Number of Supplier Sites Affecting the Scope of IUCN Protected Areas

Area	Sites
Asia	477
Europe	17
America, Australia, Oceania	49

Distribution of Global Sites and IUCN Protected Areas



3.1.2 Biodiversity Impact (Endangered Species) Analysis for Global Sites

Explanation of the IUCN Red List of Threatened Species

The IUCN Red List of Threatened Species, commonly known as the Red List, is a global tool for assessing and conserving biodiversity species, compiled and maintained by the IUCN. Since its inception in 1963 and first publication in 1964, it has been an essential reference in the field of ecological conservation. The primary purpose of the Red List is to evaluate and classify the conservation status of various biological species on Earth, including animals, facilities, fungi, and microorganisms. Based on various evaluation criteria, including population size, trends, geographic distribution, population structure, habitat requirements, and specific threats, species are classified into nine different conservation statuses: Extinct, Extinct in the Wild, Critically Endangered, Endangered, Vulnerable, Near Threatened, Least Concern, Data Deficient, and Not Evaluated. These categories reflect the levels of survival risk and threat faced by species, with the number of species classified as Critically Endangered, Endangered, and Vulnerable serving as key indicators of the species' threat levels. This Red List employs consistent and rigorous standards to assess the conservation status of thousands of wild species globally. The assessment results are periodically updated to ensure objectivity and scientific accuracy. By providing timely conservation information, the Red List fosters global cooperation, enhances awareness of ecosystem and species conservation, and encourages public participation to collectively protect the planet's endangered biodiversity.

Endangered Species Conservation Levels

Conservation Level	Description
● Extinct, EX	Species no longer exist in nature, and no individuals can be found in the wild or in captivity, indicating the species has completely disappeared.
● Extinct in the Wild, EW	Species are extinct in the wild but survive in captivity or other managed environments, indicating the natural population cannot sustain itself and requires artificial intervention for preservation.
● Critically Endangered, CR	Species face an extremely high risk of extinction, with populations drastically decreasing due to habitat loss, disease, climate change, or other threats.
● Endangered, EN	Species face a high risk of extinction, with populations significantly decreasing and likely to face extinction in the near future due to various threat factors.
● Vulnerable, VU	Species are at risk, with relatively high population numbers but still threatened. Without effective conservation measures, they may become endangered.
● Near Threatened, NT	A species that does not fall into the Critically Endangered, Endangered, or Vulnerable categories but still faces certain threats. Without attention, it may soon move into the Vulnerable or Endangered category.
● Least Concern, LC	A species considered not currently facing significant threats, with a relatively stable population.
● Data Deficient, DD	Insufficient data to conduct an assessment, making it impossible to determine its conservation status, usually due to inadequate research or incomplete data.
○ Not Evaluated, NE	A species/subspecies that has not yet been studied or assessed by the IUCN or is temporarily considered not in urgent need of attention, with resources prioritized for other species' identification and classification.

Biodiversity Impact Analysis (Endangered Species) Results for Global Sites

The biodiversity impact analysis results for global sites show that a total of 2,340 sites (11 self-owned sites and 2,329 supplier sites) intersect with the distribution of species listed in the IUCN Red List of Threatened Species, indicating potential risk impacts. The number of critically endangered, endangered, and vulnerable species affected by these sites is categorized by country in the table below, with Mainland China, Singapore, and the United States having the highest counts. For detailed distribution, please refer to Appendix - C. Statistics of the Number of Species Potentially Impacted by Conservation Status.

Statistics of the Number of Species Potentially Impacted by Conservation Status

Conservation Level	China	Singapore	USA
● EX	233	0	54
● EW	39	0	0
● CR	22,503	1,424	182
● EN	26,726	2,777	974
● VU	57,805	7,640	1,368
● NT	46,129	6,940	1,461
● LC	1,355,776	75,279	65,200
● DD	81,626	6,066	586
● CR+● EN+● VU	**107,034**	**11,841**	**2,524**

3.1.3 Analysis of Biodiversity (Protected Area Scope) in Various Locations in Taiwan

Taiwan's unique geographical location contributes to its high ecological diversity. The region has a comprehensive set of protected area maps and related regulatory measures. Therefore, the analysis of sites in Taiwan will focus on regulatory and non-regulatory protected areas to understand the impact on protected targets and to evaluate potential regulatory implications.

Explanation of Protected Area Data

We have compiled relevant ecological conservation regulations and the protected area boundaries designated by non-governmental organizations, summarizing nine types of protected areas. To align with international analysis results, we categorized these protected areas based on their establishment reasons and conservation targets, corresponding to the IUCN protected area classifications.

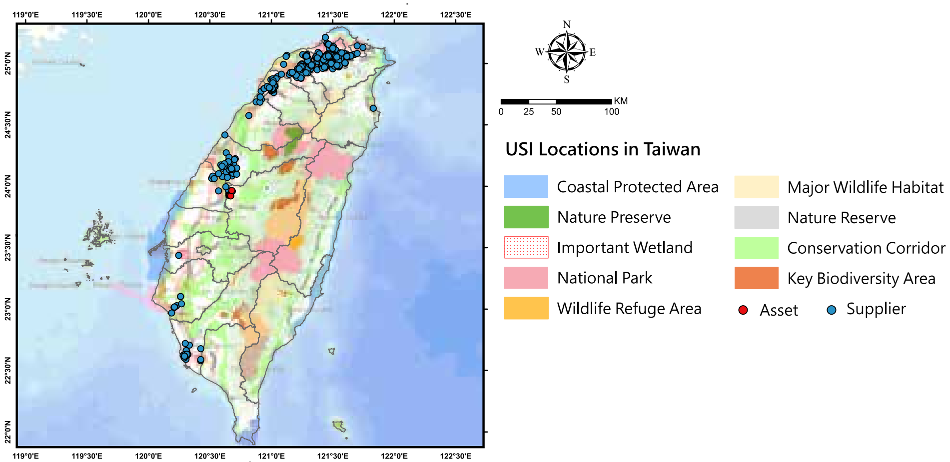
Maps of Taiwan's Protected Areas and Relevant Legal Sources

Source of Law		Protected Area	IUCN Classification
Regulatory Scope	Cultural Heritage Preservation Act	Nature Reserves	Ia
	National Park Law	National Parks	II
	The Forestry Act	Forest Reserves	III
	Wetland Conservation Act	Important Wetlands	IV
	Wildlife Conservation Act	Wildlife Refuges Major Wildlife Habitats	IV
	Coastal Zone Management Act	Coastal Protection Zones	V
Non-regulatory Scope		Key Biodiversity Areas Conservation Corridor	-

Biodiversity Impact Analysis (Within Protected Areas) Results for Taiwan Sites

The analysis results indicate that USI's owned operational sites are not located within any statutory protected areas but intersect with non-statutory conservation corridors, specifically the Wu River Basin (upper and midstream, including Maoluo River tributaries) and the Baguashan Shallow Mountain Forest Conservation Corridor. In addition, 261 supplier sites intersect with regulatory protected areas, and 237 supplier sites intersect with non-regulatory conservation corridors and Key Biodiversity Areas (KBA). The affected regions include:

Self-Owned and Supplier Sites Distribution in Juxtaposition to Taiwan's Protected Areas



Protected Scope		Area
Scope of regulations	Nature Reserves	Tamsui River Mangrove Nature Reserve, Beitou Stone Nature Reserve
	Important Wetlands	Neiliao Important Wetland, Tamsui River Basin Important Wetland, Nangang 202 Arsenal and Surrounding Important Wetland, Taoyuan Irrigation Ponds Important Wetland, Xucuogang Important Wetland, Xiangshan Important Wetland, Banping Harbor Important Wetland, Dashu Artificial Important Wetland, Wuwei Harbor Important Wetland, Lanyang River Mouth Important Wetland, and Wushierjia Important Wetland.
	Wildlife Refuges Major Wildlife Habitats	Taipei City Wild Goose Protected Area, Taoyuan Gaorong Wildlife Protected Area, Hsinchu City Coastal Wildlife Protected Area, Taipei City Zhongxing Bridge and Yongfu Bridge Important Wildlife Habitat, Taoyuan Gaorong Important Wildlife Habitat, and Keya River Mouth and Xiangshan Wetland Important Wildlife Habitat.
	Coastal Protection Zones	Tamsui River Estuary Coastal General/Natural Reserve
	Key Biodiversity Areas (KBA)	Wazihwei Nature Reserve, Yangmingshan National Park, Guandu, Taipei City Wild Goose Protected Area, Hsinchu Coastal Area, Bagua Mountain Northern Section, Sicao Wildlife Protected Area, Gaoping River, and Lizejian
Non-regulatory scope	Conservation Corridor	Taichung Coastal Wetland Conservation Corridor, Dadu Plateau Shallow Mountain Conservation Corridor, Da'an River and Dajia River Conservation Corridor, Wuxi River Basin (mid-lower reaches and Fazih River tributary section) Conservation Corridor, Wuxi River Basin (mid-upper reaches and Maoluo River tributary section) Conservation Corridor, Bagua Mountain Hillside Forest Conservation Corridor, Gaoping River Lower Basin Conservation Corridor, Taoyuan-Hsinchu-Miaoli Coastal Wetland Conservation Corridor, Fengshan River and Touqian River Basin Conservation Corridor, Taoyuan Irrigation Pond Plain Wetland Conservation Corridor, Miaoli Southern Hillside Conservation Corridor, Nanjianan Plain Grassland Conservation Corridor, Jiannan Coastal Wetland Conservation Corridor, and Lanyang Plain Wetland and River Conservation Corridor.

3.2 Dependency and Impact Assessments

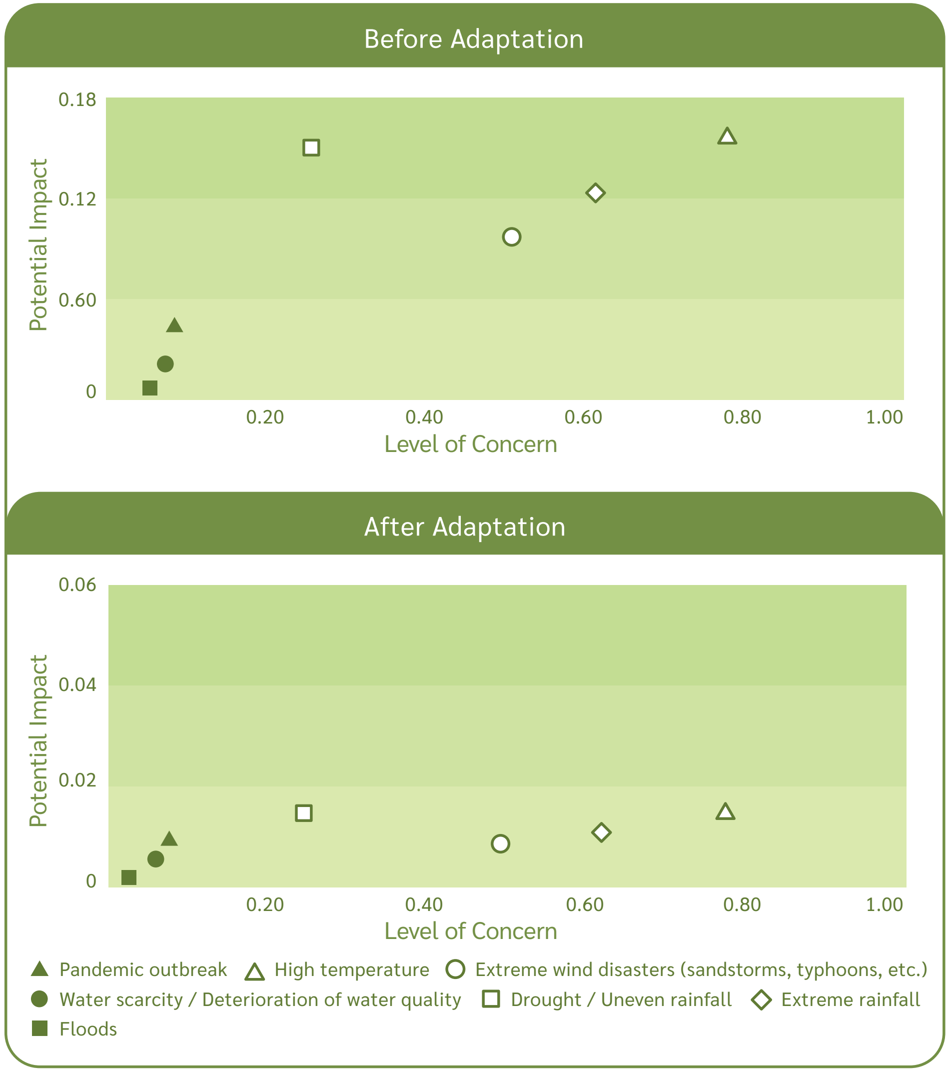
To assess the dependence on and impact on nature, it is necessary to identify significant natural issues first. This method primarily considers attention and two main factors (dependence and impact) to determine significance. For detailed calculation explanations, please refer to Appendix - D. Explanation of Dependence and Impact Risk Calculation.

- Level of Concern: The number of enterprises among the respondents (stakeholders) that face this environmental dependence or impact issue.
  * The higher the percentage of enterprises facing this issue, the higher the attention percentage.
  * This indicates the extent to which this issue is exposed among stakeholders.
- Dependence Impact Level:
  * The impact of a disaster on company operations, ranging from the most severe (factory relocation) to very minor (employee environmental impact).
  * Whether there are response measures to mitigate the disaster's impact.
- Impact Level: Impact represents activities that may cause pollution or alter local ecosystems. Therefore, assuming no management measures are in place, such activities have the highest risk. The risk can be reduced through the following measures:
  * Management Measures: Whether basic control measures are established.
  * Mitigation Targets: Whether there are set targets for reducing related activities and tracking them.

3.2.1 Analysis of Dependence and Impact on USI Facilities

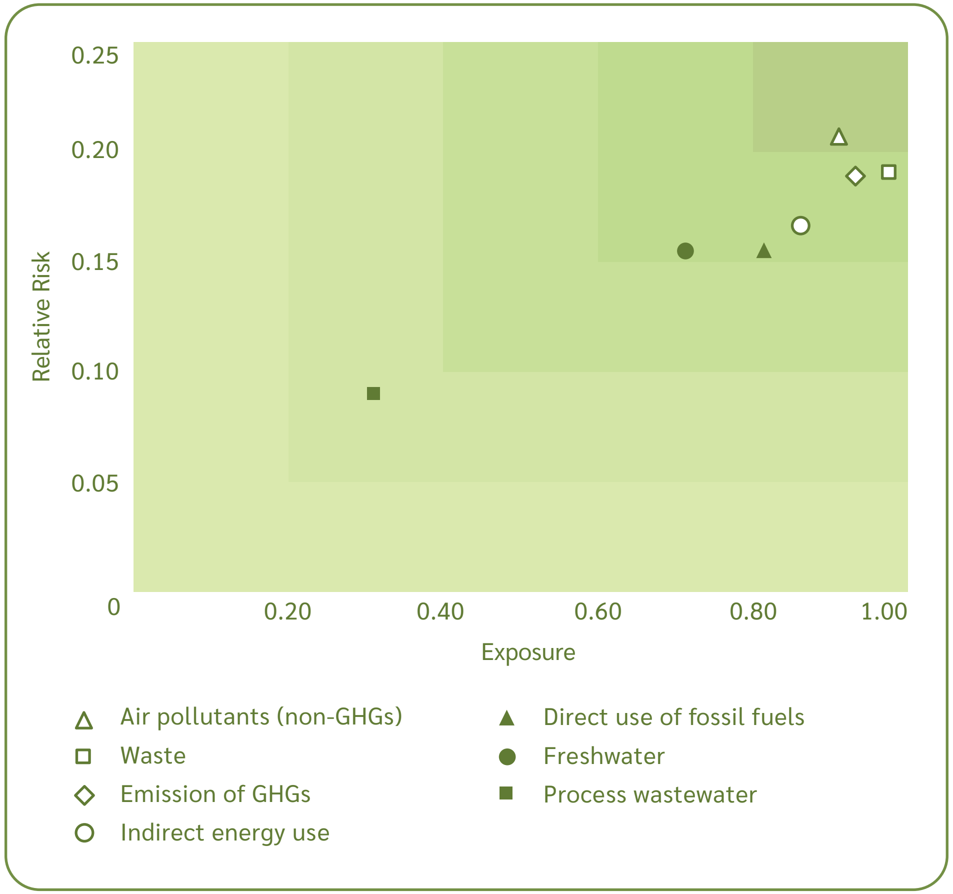
A questionnaire survey conducted across USI facilities and operations showed that 87.5% of the sites believe they have a sufficient understanding of the biological and natural risks surrounding their locations. The identification results for natural dependence categories affecting each site revealed that the most significant issue impacting most sites is extreme heat, followed by extreme rainfall and stronger typhoons. Uneven Rainfall and Drought Occurrences are also significant impacts before adaptation measures are taken. All disaster risks tend to decrease after adaptation actions are implemented at the sites.

Matrix Changes before/after Adjustment of the Significance Matrix of Natural Dependence (disaster)



The identification results for natural impact categories indicated that issues with higher impacts on nature caused by the sites include waste, GHG emissions, and air pollution emissions. Other significant issues are indirect energy use, direct fossil fuel use, and freshwater resource use.

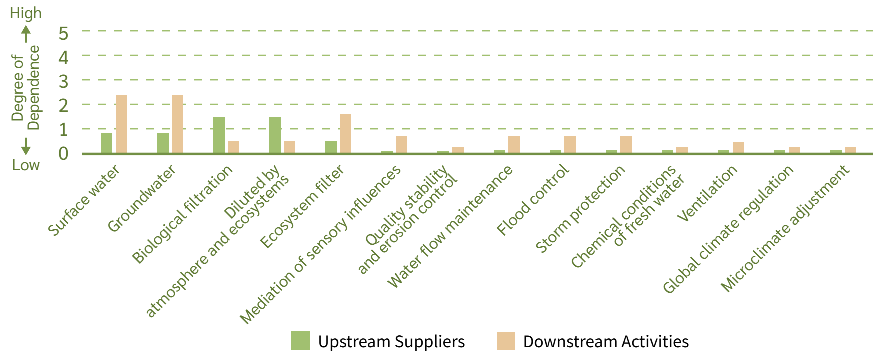
Analytical Matrix for Natural Impact Categories



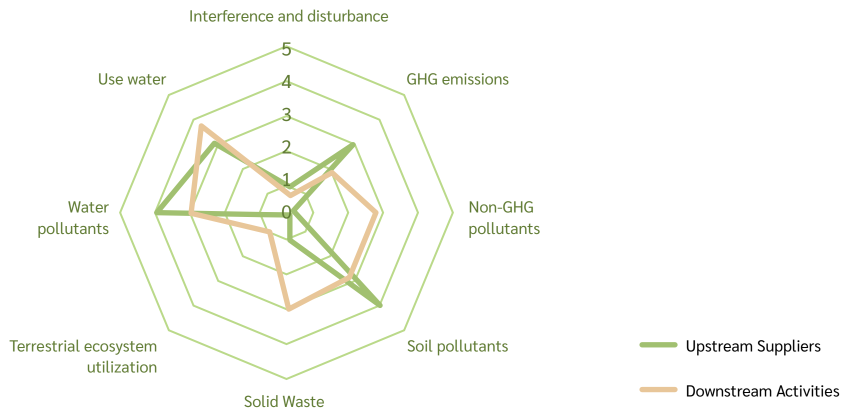
3.2.2 Analysis of Dependence and Impact on Upstream and Downstream Value Chains

USI uses the international database (Encore) to analyze the dependence and impact of various industries around the world to evaluate the interaction between upstream suppliers, downstream operations and the natural environment. Assessment results show that, apart from slightly higher negative impacts from soil, water consumption and pollution, and GHG emissions, USI's upstream suppliers and downstream activities overall ecosystem dependency is moderate.

Identification of Natural Dependencies in the Value Chain



Assessment Results of Natural Impacts to the Value Chain



3.3 Biodiversity Risk Assessment

USI has established early warning indicators and measurement units for each dependency item. The early warning indicators are derived from publicly available information provided by local governments, and the potential future risk levels are assessed based on the measurement units they provide. The most significant operational impact stems from disruptions caused by disasters, while financial impacts are directly related to revenue reduction and increased costs or capital expenditures.

Main Services	Subcategory	Dependency-Related Natural Disasters or Changes	Description	Early Warning Indicators	Unit	Categories of Physical Risks	Potential Financial Impact	Mitigation Measures
Provisioning services	Water supply	Local water resource scarcity	Insufficient water resources can affect facility operations.	Water regime/ Reservoir real-time water conditions	Reservoir water storage capacity	Long-term	Revenue/ Operating expenses	Improving water recycling efficiency
Regulating and supporting services	Rainfall pattern regulation	Extremely rainfall/ Drought/ Uneven precipitation	Heavy rainfall may lead to flooding and equipment damage, inconveniencing both employee commutes and internal operations.	Water regime/ Rainfall forecast	Total rainfall/ Rainfall per unit time	Immediate	Capital expenditures/ Operating expenses	Transporting water from water-abundant areas to support facility operations
	Storm mitigation	Intense storms	Frequent or intensified typhoons can result in equipment losses and increased risks for employees.	Typhoon forecast	Typhoon strength/ Wind speed	Immediate	Capital expenditures/ Operating expenses	Enhancing building wind resistance and implementing work suspension during windstorms to protect employee safety
	Local climate regulation	Extremely high temperatures	Extreme heat affects the efficiency and costs of HVAC systems.	Heat forecast	°C	Long-term	Capital expenditures/ Operating expenses	Optimizing facility ventilation and air conditioning, and improving chiller efficiency
	Water purification services (water quality conditioning)/ Retention and breakdown of nutrients or pollutants	Degradation of water resource quality	Water source pollution increases the cost of water purification equipment, affecting the supply of process water.	Raw water turbidity and related pollution index	Total dissolved solids, TDS	Long-term	Capital expenditures/ Operating expenses	Increasing water purification equipment to ensure process and drinking water safety
	Water flow regulation services - peak flow maintenance services	Floods	Floods can degrade water quality, disrupting processes and the transportation of materials/ products.	Water regime	Total rainfall/ Rainfall per unit time	Immediate	Capital expenditures/ Operating expenses	Stockpiling emergency supplies like flood barriers, sandbags, and drainage pipes, and establishing early warning and emergency response mechanisms, including flood emergency drills for employees
	Pest and disease contro-disease control services	Pandemic outbreak	Pandemics may lead to facility shutdowns.	Information related to epidemic infectious diseases	Number of people	Long-term	Revenue/ Operating expenses	Implementing internal pandemic control mechanisms and enhancing environmental cleanliness and disinfection

Like dependency risks, operational sites face varying impact risks on the external environment, depending on the type of activities. The risks of high impact on nature and ecology due to operational needs include water resource use, fossil energy use, indirect energy use, GHG emissions, non-GHG air pollutant emissions, water pollution/process wastewater, and solid waste.

Impact Item	Description	Categories of Transition Risks	Potential Financial Impact	Mitigation Measures	Index	Unit
Water resource utilization	Water consumption charges may lead to higher compliance costs	Regulatory	Compliance costs/ Operating expenses	Improving water recycling efficiency	Water recovery rate	%
Fossil fuel utilization	The cost of using fossil energy increases year by year	Regulatory/ Market	Compliance costs/ Procurement costs	Use electric transportation (EVs) equipment to reduce fossil energy usage.	Fossil fuel usage	MWh or GJ
Indirect energy utilization	The cost of indirect energy usage increases year by year	Regulatory/ Market/ Technology	Capital expenditures/ Operating expenses/ Procurement costs/ Compliance costs	1. Construct renewable energy generation facilities. 2. Increase the ratio of renewable energy power purchase agreements (PPAs). 3. Purchase renewable energy certificates.	Electricity usage	MWh or GJ
GHG emission	GHG emissions increase year by year	Regulatory/ Market	Compliance costs	1. Construct renewable energy generation facilities. 2. Increase the ratio of renewable energy power purchase agreements (PPAs). 3. Purchase renewable energy certificates.	GHG emissions/ Specific GHG emissions	metric tonnes CO_2e
Emissions of non-GHG air pollutants	Air pollution emissions increase, affecting air quality	Regulatory/ Reputation	Compliance costs	Enhance equipment to improve Volatile Organic Compounds (VOCs) removal efficiency and reduce emissions.	Statutory air pollutant emissions	metric tonnes
Water pollution	Discharge water pollution affects the surrounding environment and ecology	Regulatory/ Reputation	Compliance costs	Improve wastewater treatment efficiency and develop new removal technologies to reduce emissions.	Statutory water pollutant discharge amount	metric tonnes
Solid waste	The amount of waste generated increases treatment costs and affects the environment and ecology	Regulatory/ Reputation	Compliance costs	Reduce waste generation, increase recycling rates, and minimize waste production.	* Classification according to type of waste: General/hazardous industrial waste * And classified according to different processing methods: Incineration/ Landfill /Recycle/Others	metric tonnes

4 Forward-looking Strategy

4.1 Mitigating Climate Impacts

4.1.1 Carbon Management

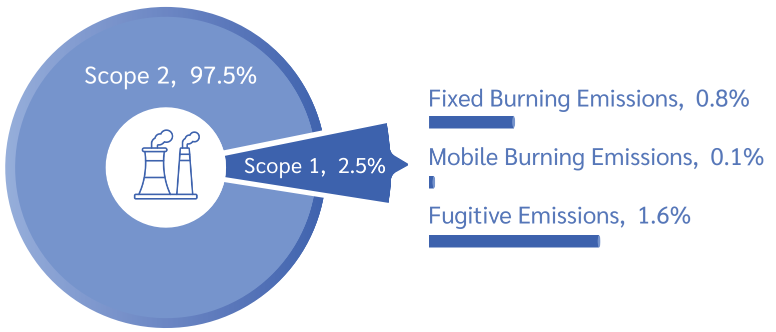
USI continues launch GHG reduction policy. The GHG emissions inventory was performed in 2007 according to ISO 14064-1. Another check was conducted in 2010 on our worldwide production bases and the results were verified by a third-party institution to establish USI inventory benchmark data. Since the 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 CDP and conducts annual inventory surveys.

Climate change has impacted USI operations. Our Mainland China, Mexico and Vietnam Facilities are using 100% renewable energy. 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.

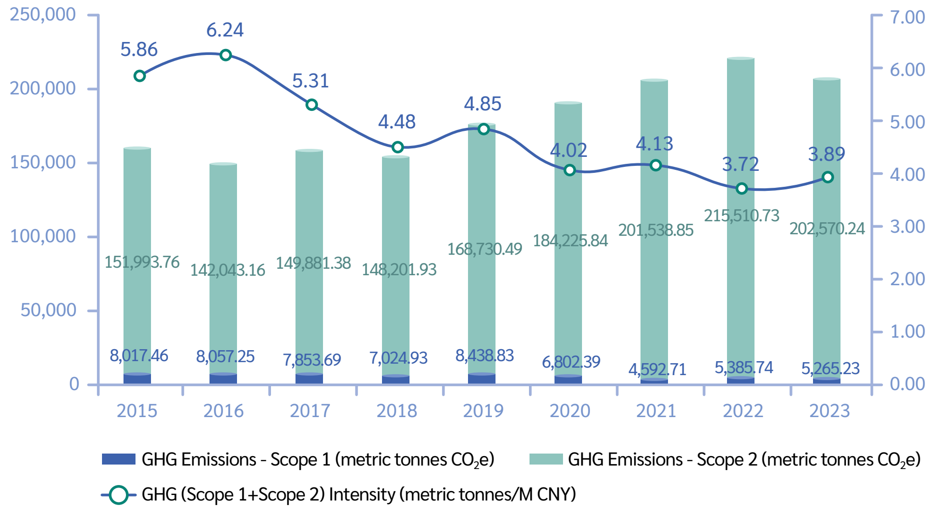
4.1.2 GHG Emissions

In 2023, USI's total GHG emissions were 207,835.48 metric tonnes of CO_2e (Scope 1 & 2), with 13,061 metric tonnes of CO_2e reduction from 2022. Scope 1 includes 5,281.02 metric tonnes of CO_2e in direct GHG emissions and 15.79 metric tonnes of CO_2e in land-use GHG removals, totaling 5,265.23 metric tonnes of Scope 1 emissions. The GHG emissions intensity was 3.89 metric tonnes of CO_2e, an increase of 0.17 metric tonnes from 2022. Despite the decrease in emissions, the Company's overall revenue was lower than the previous year, resulting in a relative increase in emissions intensity per million CNY of turnover. Efforts to improve energy efficiency and reduce costs will continue. The breakdown of GHG emissions is shown in the figure on the right:

The Ratio of Scope 1 to Scope 2 GHG Emissions[(1~5)]



GHG Emissions and Intensity



Note:
1. The data presented came from the ISO 14064-1 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 GHG 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)

USI continued to promote the GHG 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 GHG Emissions [1]

Unit: metric tonnes CO_2e

Category	Description	GHG Emissions
1	Purchased goods and services	6,838,088.66
2	Capital goods	41,538.36
3	Fuel and energy related activities	16,149.55
4	Upstream transportation and distribution	88,896.98
5	Waste generated in operations	820.60
6	Business travel	621.27
7	Employee commuting	10,128.89
8	Upstream leased assets	2,465.08
9	Downstream transportation and distribution	32,826.53
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	844,182.71
Total		**7,875,718.63**

Note:
1. The data presented came from the ISO 14064-1 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

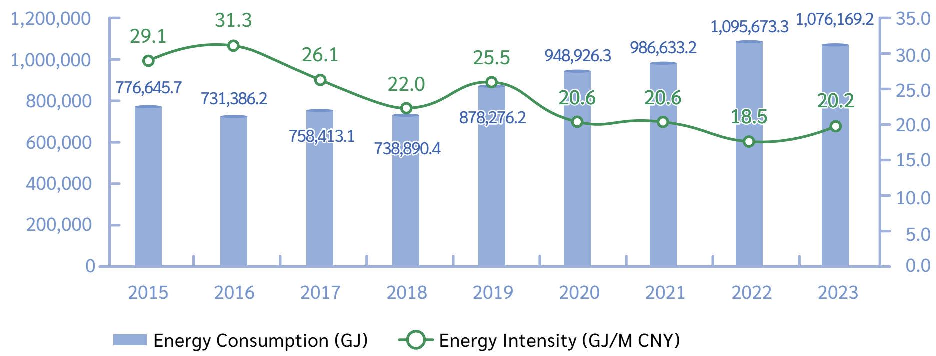
4.1.3 Energy Management

Of all USI GHG emissions, about 96.9% comes from electricity consumption. Thus, the key to reducing carbon emissions is to save power, making maximum efforts for electricity efficiency. Accordingly, the Company invests in R&D as well as energy saving and carbon reduction activities and purchases Renewable Energy Certificate (REC) to offset GHG emissions. To reduce energy consumption in operational activities and product processes and save costs, 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.

USI establishes an energy management system and procedure according to ISO 50001, relevant units of manufacturing process/factory affairs and environmental safety and health implement training and communication as well as collect energy consumption data. We conduct annual external training for energy management personnel to enhance their ability to research and utilize energy conservation knowledge. We also plan to invest internal resources to implement relevant energy conservation projects. Performances before and after energy improvement are compared, and risks and opportunities related to significant energy consumption are identified to determine major energy consumption items for energy-saving improvement. 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 energy consumption, 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 2023 was 1,076,169.2 GJ, a decrease of 19,504.1 GJ from 2022. Mainly due to the decrease in the overall revenue in 2023 as compared to the previous year and the decrease in energy consumption required for the operation and manufacturing. Based on the turnover, the electricity intensity in 2023 is 20.2 (GJ per Million CNY) an increase of 1.7 (GJ per Million CNY) compared to 2022, and a decrease of 30.8% when compared to the base year of 2015, when the electricity intensity was 29.1 (GJ per Million CNY). In terms of energy saving, there were 13 major energy saving schemes, which saved a total of 3,187 MWh of electricity and reduced CO_2 emissions by 2,360.5 metric tonnes. The total investment is CNY 1,326,652, and the annual cost saving is CNY 6,027,812. The detailed results are shown on the next page.:

Energy Consumption and Intensity



Energy Consumption [1~2]

Unit: GJ

Category / Year	Direct Energy Consumption			Indirect Energy Consumption	Total Energy Consumption
	Diesel	Gasoline	Natural Gas/Liquid Petrol Gas	Electricity	
2023	1,225.2	2,277.3	30,110.9	1,042,555.7	1,076,169.2
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

Power Saving Performances in 2023

Facility	Project	Description	Power Saved (MWh)	CO_2 Reduction [3~4] (metric tonnes CO_2e)
Zhangjiang	A building process cooling water system merger optimization	Through the installation of interconnecting pipes, optimization of sharing capability of equipment water pumps, the use efficiency of single equipment can be increased, and the electricity consumption can be saved.	81.5	63.4
	A building washing machine exhaust air renovation and installation of dry filter box project	Optimization of roof exhaust fan drying method.	79.9	62.1
	Air compressor heat recovery	Through air compressor heat cycle and exchange, the purified water supply temperature can be increased, thereby reducing the electricity consumption required for cooling the air compressor unit water temperature.	427.8	332.7
	Drainage heat recovery for washing machine	With the use of two-staged cooling method, the terminal is able to increase the purified water supply temperature in order to satisfy the (Membrane Biological Reactor (MBR) incoming water condition and to reduce the electricity consumed for the heating of the rinsing machine.	714.9	556.0

Note:

1. The data presented came from the ISO 14064-1 inventory results, rounded to the 1st decimal place
2. 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 GHG 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
3. Carbon emissions reduction = electricity saved x electricity emission coefficient
4. Electricity emission coefficient:
   - Zhangjiang, Jinqiao, and Kunshan Facilities adopt the Huadong Power Grid 0.778 metric tonnes CO_2e/MWh based on the 2021 Emission Reduction Project: China's Regional Grid Baseline Emission Factor by the Department of Climate Change
   - Nantou Facility adopts the 2022 Electricity Emission Factor announced by the Bureau of Energy, with a CO_2 emission factor of 0.495 kg CO_2e/kWh

Facility	Project	Description	Power Saved (MWh)	CO_2 Reduction (metric tonnes CO_2e)
Zhangjiang	B building 1200RT water pump of ice machine cooling adding inverter operation optimization	The cooling water system is able to operate at variable flow rate, and according to the chiller unit, condensing load, cooling tower water inlet and outlet temperature change, the system flow rate can be adjusted timely, and the water pump running frequency is regulated automatically, thereby saving the energy consumption and expense incurred by the operation the water pump.	249.2	193.8
	Nitrogen station capacity expansion energy saving project	When the nitrogen usage amount is small, excessive Clean Dry Air (CDA) is incorporated into the system pipe network, in order to increase energy use efficiency. In addition, the nitrogen generating air compressor heat is recycled and provided to the air conditioning system for use, in order to save the consumption of natural gas.	1.1	0.9
	Water washing machine energy saving and water saving program	For energy-saving rinsing equipment, the electricity and water consumptions are saved to reduce the production cost.	150.9	117.4
Jinqiao	PCW system energy saving improvement	With the interconnecting PCW system pipelines at the third and fourth floors, one single unit of variable-frequency water pump is used to supply the PCW for two floors, such that one unit of water pump is under standby state to save electricity consumption.	501.6	390.1
Kunshan	Near-zero carbon and green energy-saving technological transformation	Through the improvement of the facility system techniques and replacement of equipment with high energy efficiency, energy saving, and emission reduction can be achieved along with the reduction of energy consumption expense.	43.5	33.8
	Cooling water system energy-saving renovation	Cool-heat exchange equipment is additionally installed to perform natural cooling, such that it can replace the chiller unit operation during the transition season.	518.6	403.3
Nantou	Vacuum machine replacement energy saving improvement	A new variable-frequency vacuum machine SV-1300 (30HP) is installed to replace the output of two old units. In addition, its variable-frequency function allows adjustment of usage amount to satisfy the field use, such that energy saving and carbon reduction can be achieved.	131.4	65.0
	Air conditioning cooling tower energy saving improvement	Variable-frequency Drive (VFD) is installed on the cooling fan of the cooling tower, and water temperature change monitoring is utilized to perform unloading operation, thereby achieving the effect of energy saving and reduction of electricity expense.	256.4	126.9
	Energy saving improvement of district pump	Three-way valve is used in conjunction with VFD to control flow rate and pressure, to achieve energy saving and carbon reduction.	30.4	15.0
Total			**3,187.2**	**2,360.5**

4.2 Enhancing Adaptation Measures

4.2.1 Increase Renewable Energy Use

USI actively responds to the call for renewable energy use. We purchased 236,432 MWh International Renewable Energy Certificate (I-REC) and Green Electricity Certificate (GEC) in 2024 to offset CO_2 emitted by traditional power in 2023 (the annual electricity use for Zhangjiang, Jinqiao, Huizhou, Kunshan, Mexico, Vietnam Facilities were all offset). Low-carbon products produced in facilities using renewable energy accounts for 70.5% of USI's annual revenue. According to GHG Protocol Scope 2 Guidance, the statements are used to neutralize Scope 2 market-based emissions.

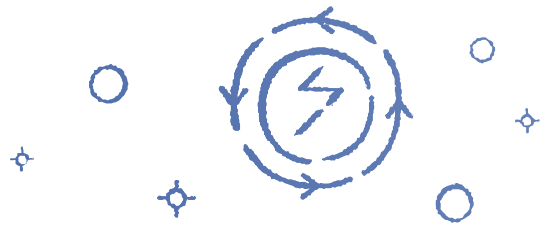
4.2.2 Low Carbon Product Development and Design

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 2023, revenue from cleaning-related technologies accounted for 41.43% of the overall revenue of the Company. Under the positive impact of the mass production of new generation of products and the low carbon trend, the overall revenue of green products was driven to increase by 16.86% from last year. In addition, in response to the promotion of miniaturization technology of green product strategy, the ratio of eco-design increased by 9%, and among the recycle of electronic wastes, the total weight of material recycled and reused also increased by 16% from 2022. In our product energy saving evaluation, USI's eco-design products saved 7.1 TWh, equivalent to reducing 0.16 million metric tonnes of CO_2 and accounting for 2.22% of USI's total revenue. In the future, we will continue to promote and invest in R&D to increase the proportion of clean technology and eco-design.

GHG Emissions Amount by Location and Market [1]

Category	Item	Scope 1	Scope 2	Total
Location based	GHG Emissions (metric tonnes CO_2e)	5,265.23	202,570.24	207,835.48
	Percentage	3%	97%	100%
Market based	GHG Emissions (metric tonnes CO_2e)	5,265.23	26,286.99	31,552.22
	Percentage	17%	83%	100%



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

The Proportion of Green Product Revenue to USI's Overall Revenue

Green Product Category	Percentage of Revenue in 2023
Communication Product	25.55%
Industrial & Automobile Electronic Product	7.82%
Consumer Electronics & Cloud and Storage Product	8.06%
Total	**41.43%**

Materials Recycled and Reused

Item	Unit	2022	2023
Pallets	pcs	39,384	45,861
Packaging Materials	pcs	6,917,126	7,546,461
Recycled and Reused Weight	metric tonnes	827.98	986.14
Total Financial Benefits	**K CNY**	**8,248,872**	**6,445,370**

Performance of Eco-designed Products

Category	2022	2023
Energy Efficiency (Product Revenue Ratio)	11.2%	2.5%
Electronic Waste Recycling (Product Revenue Ratio)	13.2%	11.9%
Light and Compact (Product Revenue Ratio)	58.0%	67.0%
The Proportion of Total Revenue	**82.4%**	**81.4%**

Product Energy Efficiency Evaluation

Product Category	Energy Saving in 2023 (kWh)
Consumer Electronics	21,843,000
Cloud and Storage	4,324,796
Industrial	716
Automobile Electronic	7,082,108,284
Total	**7,108,276,796**

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. USI green products are designed based on four eco-design aspects and four green promises. The 2023 green designs are shown on the next page.

USI's Green Design in 2023

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 456 kg in the annual shipment of miniaturized products. * In terms of optimal circuit design, Computer Aided Design (CAD) reports are used to optimize the layout of components and wiring, reducing the use of capacitive/resistive components by up to 9%. * Module size is reduced via advanced manufacturing process, and the area is reduced by approximately 13%. * Introduction of miniaturization process to increase the component mounting density, and the Printed Circuit Board (PCB) overall size is reduced by approximately 10%. ▶ To prevent the quantity adjustment of static/discharge protection components of transition design, the quantity of components used is reduced by 25% in comparison with the previous generation of products.
	Hazardous Substance Free management	▶ 100% met RoHS environmental protection requirements.
Direct operations, production & manufacturing	**Reduction energy consumption**	▶ Streamlined the product testing process and reduced testing lead time by up to 10%~28% to reduce energy consumption in the production line and energy saving 3,025 kWh. ▶ The products passed 2 phases test improvement and reduced testing lead time by up to 38%.
	Manufacture CO_2 reduction and circular	▶ Facilities promote energy saving schemes, which saved a total of 3,187 MWh of electricity and reduced CO_2 emissions by 2.4 million metric tonnes. ▶ We plan to recycle as much water as possible via improvement of equipment and technology, the process water recycling rate of 64%; Water clean machine energy and water saving program of CIP saves 8,768 metric tonnes of water annually.
Distribution, storage, and transportation	**Reduction the plastic and packaging material**	▶ Foamed PE buffering material is replaced by the corrugated board design, and approximately 2 metric tonnes of plastic material output can be saved annually. ▶ The packaging quantity of each packaging carton is increased, and the use of bubble wrap is eliminated, such that approximately 15% of packaging material consumption is saved.
	Using recyclable and reusable packaging material	▶ USI recycled and reused about 40,000 plastic pallets, 9,000 wood pallets, 7 million trays, 170,000 partitions, and 380,000 recycling bins, reducing a total of 986 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 90.5%.
	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 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 7.1 TWh.
End of life management	**Meet WEEE criteria**	▶ Collaborated with customers and 100% met WEEE criteria in mechanical parts design. ▶ 999.6 metric tonnes of recyclable and reusable materials were used in USI's annual shipments.

4.3 Create Eco-friendly and Conservation Values

USI deeply recognizes that human economic activities may affect the biotic and abiotic values in the atmospheric, terrestrial, marine, and freshwater ecosystems. USI values the provisioning, regulating, supporting, and cultural services that ecosystems provide for our business operations and strives to protect biodiversity and promote harmonious development between humans and nature.

4.3.1 Biodiversity and No Deforestation 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).

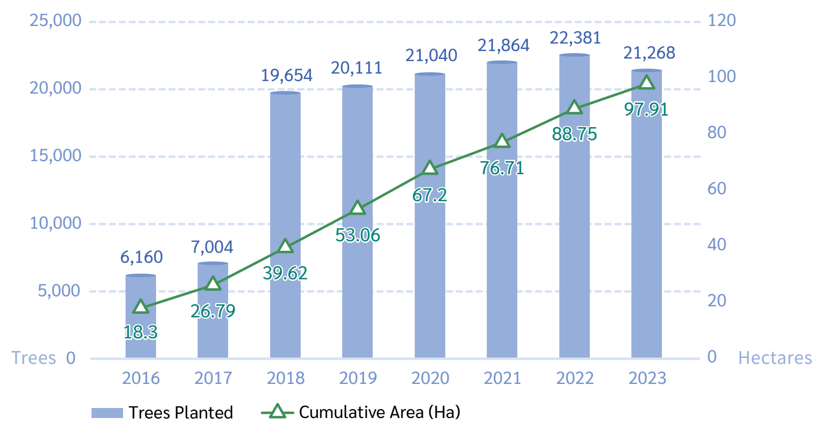
4.3.2 Conserving the Environment

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' 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, indicating the ecosystem is reaching a balance, the sand has begun stabilizing, and showing signs of preliminary recovery. By the end of 2023, USI has planted 151,482 trees covering 97.91 hectares and cumulatively captured 729.44 metric tonnes of CO_2 using IPCC Guidelines. We estimate conserving about 134,332.52 metric tonnes of water annually through water balance estimation methods.

Snapshot of Tree Planting in Inner Mongolia

USI Tree Planting Data



Campus LED Installation Project (Nantou Facility)

Since 2014, USI has assisted the ASE Environmental Protection and Sustainability Foundation in launching the Campus LED Installation Project in remote elementary and middle schools in Nantou to enhance energy conversion and lighting in remote schools. The project aims to replace old fluorescent lights with energy-saving T8-LED lights, which not only effectively reduce electricity consumption and thus achieve energy-saving and carbon reduction benefits but also protect children's eyesight and create a high-quality education and learning environment. In 2023, we assisted in the installation of 2,723 LED lamps for a total of 595 teachers and students in Nantou's Wenshan, Xiling, and Zhanghe Elementary Schools, saving 58,817 kWh of electricity and thus reducing 29,114 kg of CO_2. In total, we have installed 42,294 lamps in 46 schools, creating low-carbon and sustainable campuses.

Year	Schools	LED Lights Installed	Annually Saved Energy (kWh)
2023	3	2,723	58,817

Zero Waste Initiative (Vietnam Facility)

Waste polluting our environment is worsening. Proper waste education and recycling can reduce waste and reuse resources to minimize waste from households. The Vietnam Facility donated 18 color-coded trash cans and worked with the local environmental bureau to promote waste separation of compost, recyclables, and general waste in the Nhan Hoa community. This initiative aims to reduce 60% of waste generated in a year and work towards creating zero waste. Based on the average amount of trash a person generates daily, the 200-person community reduced 35,040 kg of waste and turned it into organic compost and recyclables. We aspire to nurture positive community waste behaviors and build a sustainable home.

Creek Cleanup (Nantou Facility)

To protect marine life, we should start from the source. The intertwining rivers and creeks connecting the city and countryside teem with waste piled up along the banks, which gets washed into the ocean during heavy rains. That's why USI took action and organized a creek cleanup along the banks of the Zhuoshui River to intercept the waste from the river's source. USI's 40 volunteers partnered with Zhushan Fuzhou Community and picked up more than 30 bags of trash in 2023. This activity not only raises awareness of not littering but also hopes that with the joint efforts of all parties, a clean and pollution-free river can be restored, creating a thriving environment for all.

Green Seminars (Nantou Facility)

With the global trend towards Net Zero, we held three Green Seminars where we invited local B Corps[1] to share their viewpoints on green sustainability from different industrial perspectives, and inspire USI employees to implement eco-friendly actions in their daily lives, contributing to sustainability.

Note:

1. B Corps: the Business Impact Association evaluates and certifies prospective companies from governance, workers, environment, community, and customers dimensions.

4.4 Partnering with the Value Chain

2023 was a challenging year with various global impacts of geopolitics, climate change, natural disasters, and inflation pressure, such that the response capability of enterprises and the resilience of global supply chain were under severe impact and challenges. While facing such a changing and unstable situation, we still exerted joint effort together with the global partners to develop stable partnership with suppliers and to continuously improve the resilience of the overall supply chain.

4.4.1 Supplier Code of Conduct

As the supply chain is the essential link of our value chain and an extension of USI's values, USI has established the Supplier Code of Conduct, and the Company also responds to the international biodiversity trend and ecological system balanced co-existence and forest conservation. In 2023, the Company included biodiversity, zero deforestation and land conservation in the code of conduct, such that the supply chain would be able to jointly reduce the impact of business operations on the ecological environment and maintain the stability and balance of the global ecosystem, thereby achieving the long-term goal of Net Positive Impact (NPI) of biodiversity. In the Code, suppliers are required to comply with the laws and regulations of the countries in which they operate, as well as the requirements for business conduct in the areas of labor, health and safety, the environment, ethics, and management systems and monitor their suppliers' compliance with the Code.

Through the Supplier Portal, we regularly promote the Code and have embedded a mechanism for suppliers to annually acknowledge their understanding and compliance with USI’s Supplier Code of Conduct. In 2023, 887 suppliers have completed the reading and 100% of suppliers with transactions were advised of the Code to ensure continual compliance with relevant domestic and international regulations and anti-corruption and anti-competitive behavior requirements.

4.4.2 Sustainable Supply Chain Development

Suppliers are USI's key partners in sustainability, and thus we attach great importance in communicating and developing suppliers' awareness and capacity in sustainability management. Through supplier training, education, and counseling, USI builds strong partnerships of mutual trust and empowers suppliers to reduce their environmental footprint, mitigate human rights risks, and lower costs, enhancing 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 2023, the Webinar for the Greater China region was held at the Nantou Facilities. 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 a Supplier ESG Program and the sharing of future goals. In addition, we further invited our supplier partner to share information on how to set up goals and to achieve implementation outcome in terms of the aspects of ESG with USI’s partners, to establish outstanding corporate role model and to learn and grow together with suppliers jointly.

To raise awareness of the global trend towards low-carbon transformation and provide actionable responses, we invited external experts to share Challenges of Supply Chain Scope 3 GHG emissions under Net Zero in the annual Sustainable Supply Chain Webinar. In the webinar, the expert shared how enterprises may advance with the times and introduce low-carbon policies into their businesses, fight against climate change, and achieve common prosperity. Of the 507 suppliers partners that attended the webinar, 338 responded that they were Very Satisfied.

Supplier Carbon Mentoring Program

In response to the risks and impacts of global climate change and USI’s Net-Zero pathway, to promote GHG reduction policies and encourage 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 April 2023, USI launched the Supplier Carbon Mentoring Program. A dedicated team was assigned to train and assist suppliers in establishing GHG inventory management systems (ISO 14064-1) and calculating product carbon footprints (ISO 14067) to meet regulatory requirements. Over the course of six months, both on-site and online training was provided to enhance the supply chain's ability to measure its carbon footprint and improve its competitiveness. With our guidance, two suppliers obtained certification for their GHG inventory and product footprint in 2023, and the program has mentored four suppliers since 2022.

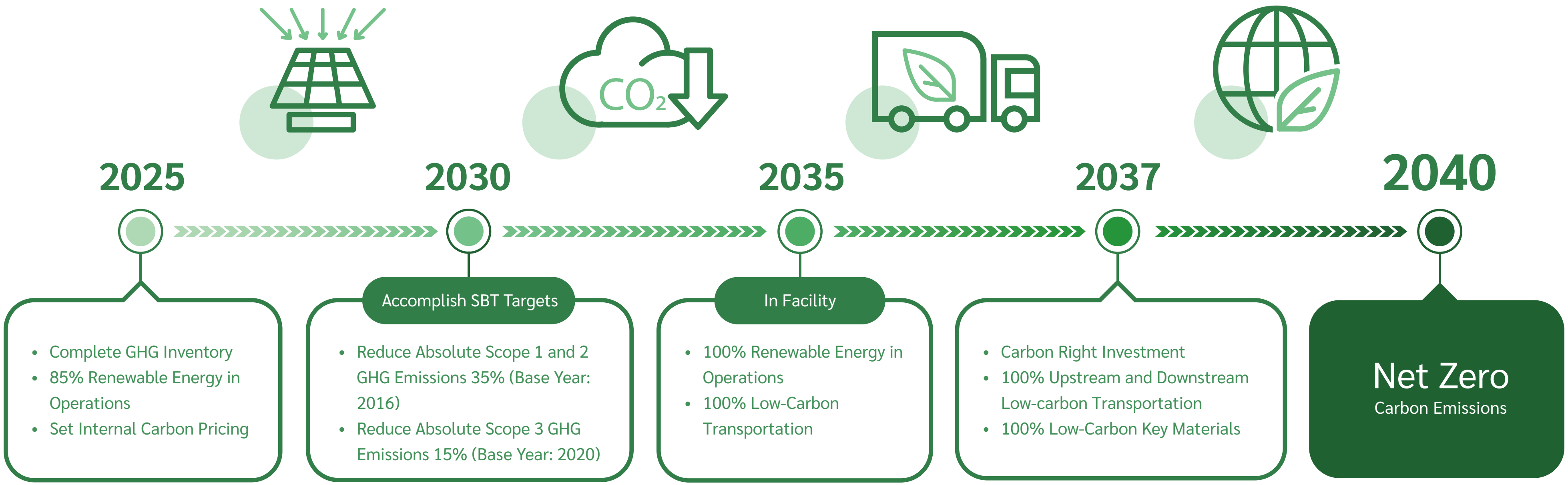
5 Action Plans

5.1 Science Based Targets and Net Zero Roadmap

USI supports the Paris Agreement and is committed to reaching Net Zero Carbon Emissions by 2040. We have mapped a roadmap to reach this goal by continuously managing our emissions, implementing energy-saving actions, and meeting ASEH's Science Based Targets (SBT). After reaching 100% renewable energy in operations, we plan involve our value chain partners in creating a low-carbon supply chain and invest in carbon credits. By regularly analyzing our transition and physical climate risks, we will adjust our mitigation and adaptation plans, enhance operational resilience, and grasp opportunities. We will continue to regularly disclose our climate-related financial impacts for all stakeholders to follow our Net Zero journey.

5.2 Ecosystem Restoration Vision

Alongside carbon reduction actions, USI is committed to controlling and mitigating its impact on natural ecosystems. In line with the goals proposed by the Kunming-Montreal Global Biodiversity Framework, we aim to reduce threats to biodiversity and carry out ecological restoration actions. USI will continue to support tree planting programs, striving to restore 30% of degraded ecosystems. Tree planting not only promotes biodiversity but also contributes to carbon sequestration. Based on the currently planted forest area, it is estimated that each hectare of forest, after 20 years, can offset approximately 10 metric tonnes CO_2e of carbon emissions annually. By 2042, this effort is expected to contribute at least 980 metric tonnes CO_2e of carbon sequestration, aiding our journey towards Net Zero Emissions.



6 Sustainable Mission

USI is dedicated to protecting the planet through proactive actions to achieve sustainable development. We are firmly committed to realizing carbon neutrality, prioritizing emission reductions, and enhancing resilience and adaptive capacity. We also recognize the crucial importance of biodiversity to the Earth's ecosystems. Therefore, we are not only focused on reducing negative impacts on biodiversity but also actively promoting activities that result in net positive biodiversity benefits. By implementing measures to protect and restore ecosystems, supporting conservation projects, and promoting sustainable land management and agricultural practices, we ensure that our operations positively impact biodiversity.

Additionally, we are committed to a no deforestation policy, ensuring that our operations do not involve deforestation, or if necessary, deforestation is appropriately compensated and protected. We ensure that our products and supply chains do not engage in activities that harm forest ecosystems and seek ways to coexist harmoniously with nature.

USI aims to contribute to the protection and sustainable development of the Earth's ecological environment by achieving carbon neutrality, net positive biodiversity impacts, and no deforestation goals. We are dedicated to creating a better world for future generations through continuous improvement and innovation in our environmental practices, setting new benchmarks for sustainability in the industry.

Appendix

A. TCFD Index

Pillars	Disclosures	Section	Page
Governance	(A) Describe the board's oversight of climate-related risks and opportunities.	1.1 Board Oversight	9
	(B) Describe management's role in assessing and managing climate-related risks and opportunities.	1.2 Management Resposibilities	9
Strategy	(A) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	2.2 Operational and Financial Impacts	16
	(B) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	2.2 Operational and Financial Impacts	16
	(C) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	2.3 Transition Scenarios Analysis	19
Risk Management	(A) Describe the organization's processes for identifying and assessing climate-related risks.	2.1.3 Climate-related Risks and Opportunities Management	14
	(B) Describe the organization's processes for managing climate-related risks.	2.2 Operational and Financial Impacts	16
	(C) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	2.1 Climate Risks Mangement	13
Metrics & Targets	(A) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	4.1 Mitigating Climate Impacts	51
	(B) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	4.1 Mitigating Climate Impacts	51
	(C) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	5.1 Science Based Targets and Net Zero Roadmap	62

B. TNFD Index

Pillars	Disclosures	Section	Page
Governance	(A) Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.	1.1 Board Oversight	9
	(B) Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.	1.2 Management Resposibilities	9
	(C) Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the rganisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	1.4 Stakeholder Engagement	11
Strategy	(A) Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.	2.2 Operational and Financial Impacts	16
	(B) Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	3.3 Biodiversity Risk Assessment	48
	(C) Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.	2.4 Physical Scenario Analysis	30
	(D) Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	3.1 Location-specific Assessment	41
Risk & Impact Management	(A) (1) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations. (2) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).	3.2 Dependency and Impact Assessments	46
	(B) Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.	4.3 Create Eco-friendly and Conservation Values	58
	(C) Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.	2.1 Climate Risks Mangement	13
Metrics & Targets	(A) Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.	3.3 Biodiversity Risk Assessment	48
	(B) Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.	3.3 Biodiversity Risk Assessment	48
	(C) Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.	5.1 Science Based Targets and Net Zero Roadmap	62

C. Statistics of the Number of Species Potentially Impacted by Conservation Status

Country	EX	EW	CR	EN	VU	NT	LC	DD	CR+EN+VU
China	233	39	22,503	26,726	57,805	46,129	1,355,776	81,626	107,034
Singapore	0	0	1,424	2,777	7,640	6,940	75,279	6,066	11,841
United States	54	0	182	974	1,368	1,461	65,200	586	2,524
Malaysia	0	0	147	281	599	583	9,654	615	1,027
Israel	0	0	56	203	340	391	8,457	218	599
Japan	0	0	22	168	225	279	9,561	471	415
South Korea	0	0	0	120	217	155	3,918	115	337
Philippines	0	0	11	32	211	191	1,683	153	254
Seychelles	8	0	60	88	97	44	380	16	245
Mexico	2	2	18	93	122	171	7,040	185	233
Vietnam	0	0	55	50	105	78	3,459	271	210
India	0	0	31	48	114	106	3,897	108	193
Germany	0	0	45	51	94	142	5,540	119	190
Thailand	2	0	37	66	64	43	1,930	145	167
British Virgin Islands	0	0	52	48	60	45	910	30	160
United Kingdom	0	7	25	22	67	144	4,818	74	114

Country	EX	EW	CR	EN	VU	NT	LC	DD	CR+EN+VU
Canada	0	0	0	47	45	64	3,281	20	92
Samoa	0	0	3	16	67	78	649	52	86
Italy	0	0	8	20	30	53	1,809	44	58
Ireland	0	0	6	12	24	59	1,854	19	42
Hungary	0	0	11	10	13	18	635	17	34
Switzerland	0	0	8	6	19	36	1,173	19	33
Denmark	0	0	3	3	23	42	1,498	36	29
Australia	0	0	2	11	14	18	360	6	27
Brazil	0	1	6	7	12	22	765	24	25
Mauritius	12	0	0	16	8	8	186	6	24
Spain	0	0	2	6	15	22	524	6	23
Norway	0	0	2	5	15	13	382	3	22
New Zealand	3	0	2	6	10	9	127	4	18
Türkiye	0	0	3	5	7	17	359	10	15
Belgium	0	0	4	1	10	17	580	12	15
Poland	0	0	2	1	9	19	611	7	12

D. Dependency and Impact Risk Calculation Description

Aspects	Description	Formula
Level of Concern	The number of enterprises among the respondents (stakeholders) that face this environmental dependence or impact issue.	Facility (Dependency/Impact) Exposure $= \sum \left(\frac{\text{Number of Disasters (Dependency/Impact) Selected by Sites}}{\text{Number of Replys}} \times \text{Facility Weighting} \right)$
Risk Level	Impact Degree on Operations from Environmental Issues that Sites are Concerned with * Dependency Impact Degree * Impact Level	--
Risk Level Calculation for Dependency Categories	Impact Level (Scoring) Facility Closure or Relocation (5) Impact on Orders or Customer Trust (4) Impact on Supply Chain Stability (3) Impact on Capital or Expense Expenditures (2) Impact on Employee Working Environment (1)	Pre-Adaptation Risk Level $= \frac{\sum(\text{Scoring of Facility Impact Degree} \times \text{Number of Replys})}{\text{Number of Replys} \times 5}$ Risk Level for Facilities $= \sum$ (Pre-Adaptation Impact Degree×Facility Weighting)
	Management Approach (Scoring) Existing Mitigation Plans or Management Measures for Potential Natural Changes (2) Developing Relevant Mitigation Plans or Management Measures (1) Relevant Mitigation Plans or Management Measures Not Yet Established (0)	Mitigation Degree (Maximum of 90%) $= \frac{\sum(\text{Scoring of Management Approach} \times \text{Number of Replys})}{\text{Number of Replys} \times 2}$ Post-Adaptation Risk Level for Facilities= (Original Risk Level×(1-Mitigation Degree)) Post-Adaptation Risk Level for Facilities = $\sum$ (Post-Adaptation Risk Level for Facility×Facility Weighting)
Mitigation Degree of Management Measures	Mitigation Degree of Management Measures (Scoring) Comprehensive Monitoring and Management Measures (2) Compliance with Regulatory Measures (1) Monitoring and Management Measures Not Yet Established (0)	Mitigation Degree of Management Measures $= \frac{\sum(\text{Impact Level} \times \text{Number of Replys})}{\text{Number of Replys} \times 2}$
	Mitigation Degree for Target Setting (Scoring) Targets Established and Progress Continuously Tracked (2) Targets Established but Not Yet Tracked (1) Targets Not Yet Established (0)	Mitigation Degree for Target Setting $= \frac{\sum(\text{Scoring of Management Approach} \times \text{Number of Replys})}{\text{Number of Replys} \times 2}$