

USI Fair Compensation and Living Wage Management Framework

Fair Compensation

USI designs our compensation adhering to the core principles of the fair compensation framework and establishing a fair and competitive compensation system. We regularly review salary levels annually to ensure that employees at all sites have a remuneration sufficiently to afford a decent standard of living. We are also committed to offering competitive compensation in the market to support the company's talent retention strategy.

Principles	Practice
A living wage	<ul style="list-style-type: none">● All employees (regardless of job type or positions) should receive a salary (including base salary, fixed allowances, and fixed cash bonuses) sufficient to afford a decent standard of living within legal working hours and compared to the living wage benchmark.● Salary settings must comply with local laws and regulations.
Market-based, competitive fixed salary	<ul style="list-style-type: none">● Fixed wages should be on the market trends, fairly reflect employees' skills, education, and experience, and be based on tripartite social dialogue and collective bargaining.● Fixed wages should be regularly reviewed and adjusted to meet or exceed the statutory minimum wage.
Non-discrimination in salary	<ul style="list-style-type: none">● Realize "Equal Pay for Equal Work" and no discrimination on race, age, position, gender, skin color, religion, nationality, sexual orientation, marital status, number of dependents, physical or mental disability, social class or political stance.
Performance-based variable salary	<ul style="list-style-type: none">● Salary adjustments are linked to company and individual performance, with rewards based on individual contributions.● Employees can participate in reward programs based on the company's incentive systems.
Transparent and communicative salary system	<ul style="list-style-type: none">● All salary items are open, fair, consistent, and explainable, and a comprehensive salary payment system is provided.● Employees are helped to understand the composition of their salary packages, expected amounts, and payment methods.● Union/employee representatives jointly review salary issues through collective bargaining.● Diverse channels for grievance resolution are provided.

Living Wage

To implement USI's commitment to providing employees with a "fixed salary that guarantees a decent living" in the compensation system, USI commissioned the Center of the Corporate Sustainability Impact Research of the Tunghai University to conduct a living wage survey of employees at its global locations. Following the four-step living wage assessment process, "defining the scope, establishing a living wage benchmark, comparing living wage benchmarks, and calculating the living wage gap", a comparison mechanism was established to systematically assess the alignment of actual wages paid at each location with the local cost of living, ensuring that grassroots employees can maintain a decent standard of living.

- 1. **Defining the scope:** The scope of this survey covers front-line employees (defined as skilled employees) at all of USI's global operating locations.
- 2. **Establishing a living wage benchmark:** This survey uniformly adjusted the data based on the following principles:
 - (1) **Time base:** It took 2024 data.
 - (2) **Household composition assumptions:** Anker's methodology emphasizes that a living wage should reflect "a basic but decent living for a family." Therefore, this survey uses Anker's "Typical Family" as a comparison benchmark.
* Typical family: A representative household composition estimated based on local average household size, labor force participation rate, and fertility rate.
 - (3) **Unified currency base:** The unified currency expression is in CNY.
 - (4) **Database:** The WageIndicator Foundation database is used as a comparison benchmark. This database has the characteristics of field surveys, regional applicability, complete cost items, transparent and open methodology, and third-party verification. It has long been committed to research on wage-related issues.
- 3. **Comparing living wage benchmark:** According to Anker's methodology, the gap analysis of living wage uses the prevailing wage received by employees as the comparison basis. This wage concept includes basic salary, assured cash allowances and bonuses, and fair and reasonable value of in-kind benefits, to reflect the total compensation real available to employees.
- 4. **Calculating the living wage gap:** According to the comparison results, the average salary of all front-line employees (identified as skilled positions) at USI is within the living wage threshold standard, which is in line with the local cost of living. Regular reviews and adjustments are conducted to ensure that salary levels are in line with the local cost of living.

Appendix: USI Living Wage Survey Locations (Front-line Employees, as Skilled Positions)

Country/Area	City
China	Shanghai, Huizhou, Kunshan, Suzhou
Taiwan	Nantou
Vietnam	Hai Phong City
Mexico	Guadalajara