

Material Issues Risk Management

Risk Type: Strategic ❖ Operational ★ Hazards ⚠

Material Issue	Risk Factor	Risk Type	Risk Impact Evaluation	Likelihood ⁽¹⁾	Severity	Mitigation/ Management Approach
Customer Relations	Unable to provide products or services that meet customer needs	★	If we cannot satisfy customers' diversified needs and provide professional services and quality products, customers will seek solutions from other companies. Building a good customer relationship will help improve customer satisfaction and loyalty, positively impacting people and the economy.	1	3	4 Value Chain Management
Sustainable Productions	Failure to recognize industry trends and lose competitive edge	❖ ★	Advanced fabrication technologies are increasingly challenging and costly, affecting the Company's competitiveness and potentially creating a negative economic impact. We continue to invest in smart, automated manufacturing processes and encourage employees to continuously discern possible improvements, creating a globally competitive smart manufacturing facility with better results.	2	3	3 Green Products & Innovation
Occupational Health & Safety	Various natural or man-made disasters	⚠	Natural and occupational disasters potentially negatively impact the economy, environment, and people. Damaged equipment, damaged or collapsed buildings, and failure to implement operational safety regulations may endanger worker safety and cause disruptions to USI's operations. Implementing safety management and maintaining a safety culture with our contractors reduces risks, prevents workplace accidents, and increases efficiency.	3	2	5 Environmental Protection & Occupational Safety
Talent Attraction & Retention	Failure to attract or retain enough high-quality, diverse talent	★	Failure to provide salaries and benefits that meet the needs and standards of the local community will hinder USI from recruiting and retaining talented personnel. This may limit our capacity to develop new markets and affect our business. We strive to be an attractive employer by offering competitive salaries and benefits and maintaining positive labor relations to create positive economic benefits.	3	1	6 Inclusive Workplace
Energy Management	Excessive energy consumption in operations	★ ⚠	Power shortages and disruptions can cause delays in delivery and operational losses, affecting USI's reputation and customers' confidence in placing orders. To reduce the actual and potential impact on the economy and the environment, we will continue to improve energy efficiency and replace old equipment to reduce GHG emissions and operational risks.	3	4	5 Environmental Protection & Occupational Safety
Risk & Crisis Management	Failure to immediately recognize and effectively control risks	❖ ★	Ineffective risk control will cause failure to recognize and respond to risks, potentially causing multiple negative economic, environmental, and people impact. To mitigate this, we adopted the Three Lines of Defense model in our internal control to turn risks into opportunities and ensure sustainable operations.	2	2	2 Operations & Governance

Note:

1. On a scale of 1 to 5, higher scores indicate greater likelihood or severity, defined as follows:

- 1: minimal/insignificant impact on the environment, people/human rights, or corporate economy; occurrence is rare
- 2: minor impact on the environment, people/human rights, or corporate economy; occurrence is unlikely
- 3: moderate impact on the environment, people/human rights, or corporate economy; occurrence is occasional

- 4: major impact on the environment, people/human rights, or corporate economy; occurrence is likely
- 5: catastrophic impact on the environment, people/human rights, or corporate economy; occurrence is almost certain

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Innovation Management	Failure to adapt to industry trends and develop innovative technologies	❖ ★	Without substantial investment in new product technologies, the Company risks losing market competitiveness, resulting in negative economic impacts. To mitigate this, continuous investment in product design capabilities and patent development supports the expansion of business models through innovative technologies.	2	3	<u>3 Green Products & Innovation</u>
Information Security Management	Various forms of hacking attacks	★	A lack of information security awareness can cause confidential information leaks, leading to economic losses for USI and its customers. Implementing training and a holistic information security system can lower risks, increase customer confidence, and generate positive economic benefits.	3	5	<u>2 Operations & Governance</u>
Diversity & Inclusion	Talent attrition from underutilizing diverse skills and potential	❖ ★	An insufficiently diverse and inclusive workplace can diminish USI's competitive edge in diverse markets, potentially leading to negative economic, human rights, and people-related impacts. To address this, the Company actively fosters an inclusive culture by promoting women's participation in decision-making and providing suitable work arrangements for employees with disabilities.	2	2	<u>6 Inclusive Workplace</u>
Sustainable Supply Chain	Suppliers do not meet USI or regulation requirements	★	Supply chain procurement has potential negative economic, environmental, and human rights impacts. We promote supplier sustainability performance evaluations and audits to avoid short-chain supply competition, key component shortages, production interruption, conflict minerals, and adverse human rights impacts. We also collaborate with our supply chain partners to protect the environment, labor, and social welfare and maintain our operations and commitments to customers.	3	3	<u>4 Value Chain Management</u>
Green Products	Unable to meet green product demand	❖ ★	Green products are subject to complex international environmental regulations. Failure to meet customer demands will affect USI's market share and potentially have a negative economic impact. Therefore, we continue to design low-carbon products, improve energy efficiency, and strengthen product ecological design capabilities to expand and create green business opportunities.	3	4	<u>3 Green Products & Innovation</u>
Waste Management	Pollution due to improper waste disposal	⚠	Improper operational waste disposal might result in environmental pollution, which could affect our reputation. To reduce our actual and potential environmental impact, we partner with qualified waste treatment facilities and effectively reuse and recycle resources to reduce waste generation.	3	2	<u>5 Environmental Protection & Occupational Safety</u>
Climate Strategy	Operational impact due to climate disasters; local and international GHG emissions reduction regulations	❖ ★ ⚠	In response to stakeholder requests, USI is increasing the use of renewable energy to reduce environmental impact, which will also result in increased costs, and failure to meet this demand may affect our orders.	3	4	<u>5 Environmental Protection & Occupational Safety</u>
Human Capital Development	Employee capabilities failing to progress with the times	★	If employees' capabilities cannot progress with development demands, it will affect USI's future growth and competitive edge and has a potential human and economic impact. With suitable training, knowledge sharing, and learning mechanisms, we can develop employees' abilities to help achieve business objectives.	1	1	<u>6 Inclusive Workplace</u>
Social Involvement	Failure to respond adequately to community requests	⚠	Failure to respond adequately to neighboring community requests can affect USI's reputation and potentially impact the people and the environment. Through Investing in Education, Contributing to Society, Conserving the Environment, and Promoting Arts & Culture, we respond to community needs and strive to maximize our positive impact on society while minimizing our environmental impact.	1	1	<u>7 Social Involvement</u>