Material Issues Risk Management

Risk Type: Strategic ❖ Operational ★ Hazards ⚠

Material Issue	Risk Factor	Risk Type	Risk Impact Evaluation	Likelihood [1]	Severity	Mitigation/ Management Approach
Sustainable Supply Chain	Supplier non-compliance with USI or regulatory requirements	★	Supply chain activities may create economic, environmental, and human rights impacts. We conduct supplier sustainability assessments and audits to mitigate supply disruptions, component shortages, conflict minerals risks, and adverse human rights impacts, while collaborating with suppliers to support environmental protection, labor rights, and social well-being to maintain our commitments.	3	3	Value Chain Management
Energy Management	Excessive energy consumption in operations	★ ⚠	Power shortages and disruptions may cause operational losses and delivery delays, affecting customer confidence and USI's reputation. To reduce the actual and potential impact on the economy and the environment, we improve energy efficiency and replace aging equipment to reduce GHG emissions and operational risks.	3	4	Environmental Protection & Occupational Safety
Occupational Health & Safety	Natural or man-made disasters	⚠	Natural disasters and workplace incidents may impact people, the environment, and business continuity. Through robust safety management and contractor engagement, we strengthen safety culture, prevent incidents, and enhance operational resilience.	3	2	Environmental Protection & Occupational Safety
Waste Management	Improper waste disposal and pollution	⚠	Improper waste handling may cause environmental pollution and reputational damage. We work with qualified treatment providers and promote resource reuse and recycling to reduce waste generation and environmental impacts.	3	2	Environmental Protection & Occupational Safety
Data Privacy	Improper handling of personal or sensitive data	★	Improper collection or processing of personal data may result in legal, financial, and reputational risks, potentially causing significant negative economic, and people impact. Our Privacy Policy and data protection controls safeguard individual privacy rights and support compliance management.	2	5	Operations & Governance
Green Products	Failure to meet demand for green products	❖ ★	Increasingly stringent environmental regulations and customer expectations may affect market competitiveness. We develop low-carbon products, improve energy efficiency, and strengthen eco-design capabilities to create sustainable business opportunities.	3	4	Green Products & Innovation

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

Risk Type: Strategic ⁘ Operational ★ Hazards ⚠

Material Issue	Risk Factor	Risk Type	Risk Impact Evaluation	Likelihood	Severity	Mitigation/ Management Approach
Customer Relations	Failure to meet customer needs	★	Failure to meet evolving customer needs may result in lost business opportunities. We focus on delivering quality products and professional services to enhance customer satisfaction, loyalty, and long-term value creation.	1	3	Value Chain Management
Sustainable Production	Failure to adapt to industry trends	⁘ ★	Advanced manufacturing technologies require significant investment and technical capability and potentially creating a negative economic impact. We continue to invest in automation and smart manufacturing while fostering continuous improvement to strengthen competitiveness.	2	3	Green Products & Innovation
Talent Attraction & Retention	Inability to attract and retain diverse talent	★	Inadequate compensation and benefits may hinder our ability to attract and retain talent. 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	Inclusive Workplace
Risk & Crisis Management	Ineffective risk identification and control	⁘ ★	Ineffective risk control will cause failure to recognize and respond to risks, potentially causing multiple negative economic, environmental, and people impacts. 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	Operations & Governance
Human Capital Development	Insufficient workforce capability development	★	Skills gaps may affect long-term growth and competitiveness 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	Inclusive Workplace
Information Security Management	Cyberattacks and security breaches	★	Weak cybersecurity awareness may result in data breaches and financial losses. Implementing training and a holistic information security system can lower risks, increase customer confidence, and generate positive economic benefits.	3	5	Operations & Governance
Air Pollution Control	Air pollution incidents and regulatory sanctions	⚠	Excessive emissions or chemical leaks may result in regulatory penalties, reputational damage, and health impacts. We continuously monitor regulatory requirements and conduct regular third-party testing and reporting to mitigate risks.	3	4	Environmental Protection & Occupational Safety
Climate Strategy	Climate-related operational disruption; GHG regulatory compliance risks	⁘ ★ ⚠	Rising stakeholders' expectations for renewable energy adoption may increase operating costs, while failure to meet these expectations could affect business opportunities. We continue expanding renewable energy use to reduce environmental impacts and support stakeholder expectations.	3	4	Environmental Protection & Occupational Safety