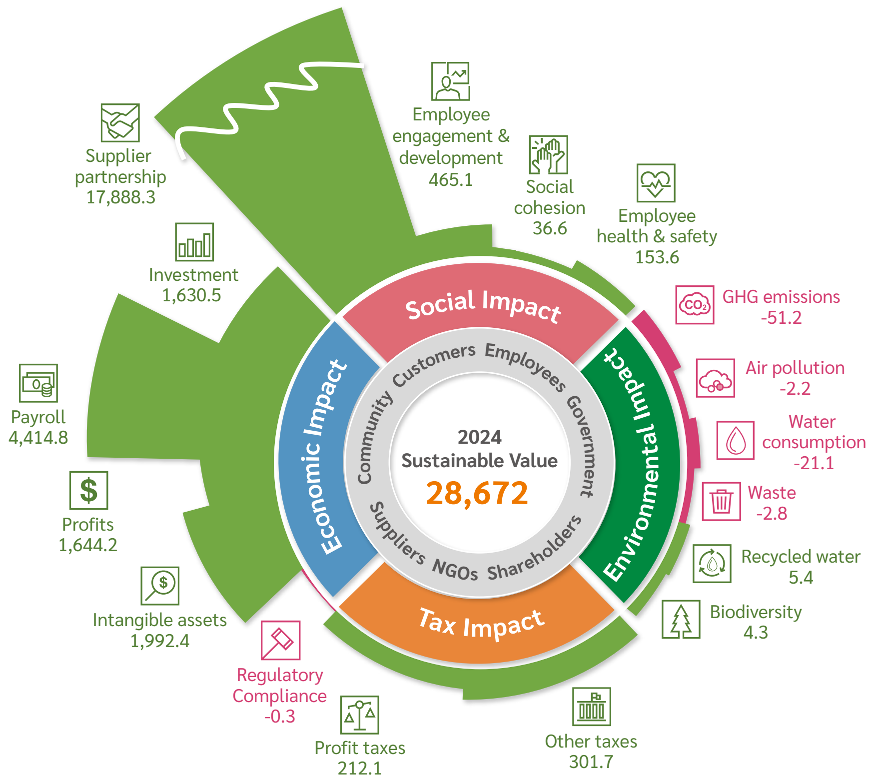
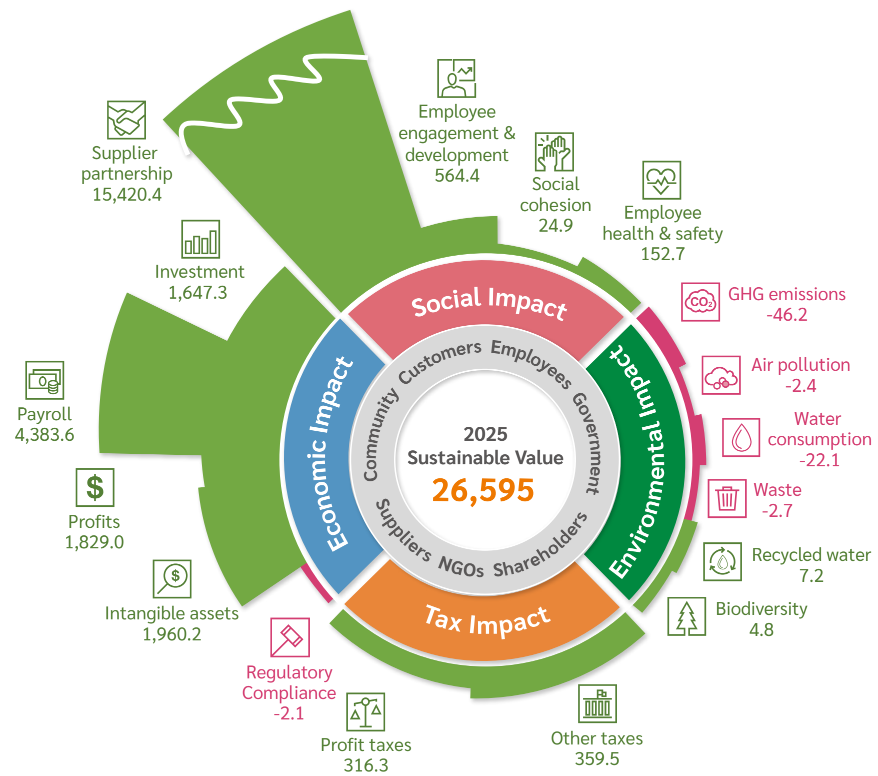
Sustainable Impact Assessment

To implement sustainability strategies and monitor our progress toward goals, USI introduced Social Return on Investment (SROI) and Environmental Profit and Loss (EP&L) in 2019 and 2020 separately to manage social projects' performances and make effective decisions on environmental issues. In 2021, USI implemented Total Impact Measurement and Management (TIMM) evaluation to assess the impacts and contributions to stakeholders from the Company's operations in Economic, Social, Environmental, and Tax dimensions. USI created positive contributions on economic and tax dimensions and invested in environmental and social activities to bring contributions to stakeholders.

Sustainability Value and Impacts

The scope of the TIMM assessment, along with the analyses presented in Sections Environmental Profit & Loss and Social Impact, includes AFG-SUZ. Based on the TIMM evaluation, USI generated CNY 26,595 million in sustainability value for stakeholders in 2025, reflecting a 7% decrease in positive societal contributions compared to 2024 due to social dimension performance.





Unit: CNY million

Economic and Tax Dimensions

USI's economic and tax-related value increased 3% in 2025 compared to 2024. The positive development of the economic dimension was mainly contributed by cost control and gains from land disposal. In addition, USI increased 32% of positive contribution in tax dimension compared to 2024, tax expenditures can help the government to promote social welfare and develop public infrastructure. But due to geopolitics and the trend of economic regionalization, and the US's imposition of tariffs on multiple regions, customers have adjusted order demands and diversified supply chains to mitigate risks, that makes the company's operating environment more challenging. Looking ahead to 2026, USI will actively introduce intelligent and automated production capabilities to reduce costs and improve production efficiency; deepen cooperation with customers and increase the added value of products to stand out in the fierce market competition.

Environmental Dimension

In 2025, USI reduced its environmental negative value by 9% compared to 2024, with greenhouse gas (GHG) emissions and water consumption remaining the primary impact areas. To address this, USI continues to implement GHG reduction policies, including emissions inventory and product carbon footprint (PCF) tracking. We set carbon reduction targets and implemented related actions to achieve our climate-related policies and goals. Our Mainland China, Mexico and Vietnam Facilities are using 100% renewable energy. As a result, the renewable energy usage rate rose to 88% from 83% in 2025. To conserve water, USI is enhancing equipment and technology to maximize recycling. The process water recycling system achieved a 29% recycling rate in 2025. USI remains committed to advancing green initiatives and environmental protection for a more sustainable future.

Social Dimension

USI's social positive value decreased by 13% in 2025 compared to 2024, it was mainly impacted by supplier partnership and social cohesion. We support local suppliers to boost employment, stimulate regional economies, and reduce transportation-related energy use. But the level of local procurement was reduced in 2025 due to customer requirements mandating the use of designated sources for specific materials and components. We will continue to expand decentralized production and onboard new suppliers, while offering training, presentations, and technical support to strengthen their sustainability capabilities. Regarding social cohesion, the reduction in industry-academia cooperation at Mexico facility resulted in a decrease in the overall contribution to social cohesion compared to 2024. Based on the operating conditions of each facility, we will continue to plan industry-academia programs to cultivate students with both practical and theoretical knowledge.

Environmental Profit and Loss

To further create useful products and services by natural capital and reduce the direct or indirect impact on the environment, we focus on major environmental issues related to operations, including GHG emissions, air pollution emissions, waste generation, water resources use, and biodiversity. We map out the impact event chain of environmental pollution emissions and resource consumption and calculate the environmental cost of human health damage, environmental resource reduction and ecosystem impact caused by these behaviors.

The environmental impact of USI production operations in 2025, after value conversion, was CNY 61.4 million. Compared with 2024, our external environmental costs reduced CNY 6.2 million, a decrease of 9%, which proves the company's implementation on its environmental policy to reduce negative impacts significantly. After our further analysis, the major reasons for GHG emissions (the impact of GHG emissions is the result of offsetting the positive benefits of carbon capture from biodiversity) Scopes 1 and 2 (market-based) account for 68%; followed by water consumption accounting for 24%. In addition to the continuous efforts in energy efficiency improvement and reduction in energy costs, USI's environmentally friendly measures, such as biodiversity and recycled water, respectively generated a positive value of CNY 4.8 million and CNY 7.2 million in 2025, signifying that USI's efforts in environmental protection were able to mitigate negative impacts.

Impact Driver	2025 Activity/Output	Outcome/Impact [1]
GHG Emissions	● Continue to promote GHG reduction policies to reduce energy consumption. ✦ Scope 1 & 2 (location-based) GHG emissions totaled 170,436.05 metric tonnes CO_2e, up 1% from 2024. ✦ 100% renewable energy use in Mainland China, Mexico, and Vietnam facilities.	● The impact value is CNY -46.2 million. ● Please refer to the Carbon Management and Energy Management sections for further details.
Water Resource	● Commit to water conservation and recycling through equipment and technology improvements. ✦ Total water consumption was 1,100.44 ML, a decrease of 4% from 2024. ✦ Overall water recycling rate was 29% that increased 6% compared with 2024.	● The impact value is CNY -14.9 million. ● Please refer to the Water Resources Management section for further details.

Note:
1. AFG-SUZ environmental outcome/impact details are in Subsidiary Overview's Environmental Protection section.

Impact Driver	2025 Activity/Output	Outcome/Impact
Air Pollution	• Regularly monitor and manage regulated pollutants such as volatile organic compounds (VOCs), nitrogen oxides (NO_X), sulfur oxides (SO_X) and fine suspended particulates. ✦ Measured 42.40 metric tonnes of VOCs emissions, an increase of 4% from 2024.	• The impact value is CNY -2.4 million. • Please refer to the Air Pollution Control section for further details.
Waste	• Strictly monitor and track waste usage and outputs through regular data recording. ✦ Overall waste recycling rate was 88%, a decrease of 3% from 2024. ✦ Recycled 92% of non-hazardous waste, a decrease of 2% from 2024.	• The impact value is CNY -2.7 million. • Please refer to the Waste Management section for further details.
Biodiversity	• Enhance biodiversity and soil and water conservation through afforestation while preserving ecosystem integrity. ✦ USI has planted 183,517 trees covering 112.85 hectares. ✦ The latest ecological survey reports 49 species observed in Inner Mongolia and 8 species in Ningxia. ✦ Conserved about 154,830.2 metric tonnes of water, a 7% increase from 2024, and captured 1,449.95 metric tonnes CO_2e, a 36% increase from 2024.	• The impact value is CNY 4.8 million. • Please refer to the Conserving the Environment section for further details.

Social Impact

USI's business operations not only have direct financial impacts on stakeholders, but also positive and negative social impacts including supplier partnership, employee engagement & development, employee health & safety, and social cohesion. In 2025, the total value of social impact was CNY 16,162.4 million which was mainly contributed by supplier partnership. The impact value of social dimension from direct operations [1] was CNY 16,143.3 million, CNY 2,387.3 million lower than in 2024.

Impact Driver		2025 Activity/Output	Outcome/Impact [2]
Direct Operations	Supplier partnerships	• USI conducted document reviews and on-site audits of 69 material suppliers, and on-site audits of 41 on-site service contractors, audit results were 100% low-risk. • USI held Sustainable Supply Chain Webinar for the Greater China region at the Nantou Facility. 388 supplier partners attended this webinar, and 254 feedback surveys conveyed they were "very satisfied". • Global local procurement reached 34%, down 8% from 2024.	• The impact value is CNY 15,420.4 million. • Please refer to the Supply Chain Management section for further details.
Direct Operations	Employee engagement & development	• Carried out biennial employee engagement survey in 2025. The overall score was 83%, a 3% increase compared to 2023.	• The impact value is CNY 564.4 million. • Please refer to the Employee Engagement Survey section for further details.
Direct Operations	Employee health & safety	• USI goes beyond legal requirements and provides free employee physicals every year. Also, specialized health exams are provided for employees who work in high-risk environments. • There were 12 occupational injuries.	• The impact value is CNY 152.7 million. • Please refer to the Occupational Health and Safety section for further details.
Direct Operations	Social cohesion	• 3,226 students participated in 76,920 hours and built capacity in industrial-academic partnerships programs.	• The impact value is CNY 5.8 million. • Please refer to the Investing in Education section for further details.
Indirect Operations	Social cohesion	• USI engaged 1,397 employees to volunteer 6,975 hours of service in 2025, totally increased 392 employee volunteers and 1,947 volunteer hours compared to 2024.	• The impact value is CNY 19.1 million. • Please refer to the Social Activities Overview section for further details.

Note:
1. The social impact value directly related to operations is calculated by excluding charitable donations and non-industrial-academic educational programs.
2. AFG-SUZ social outcome/impact details are in Subsidiary Overview's Social section.