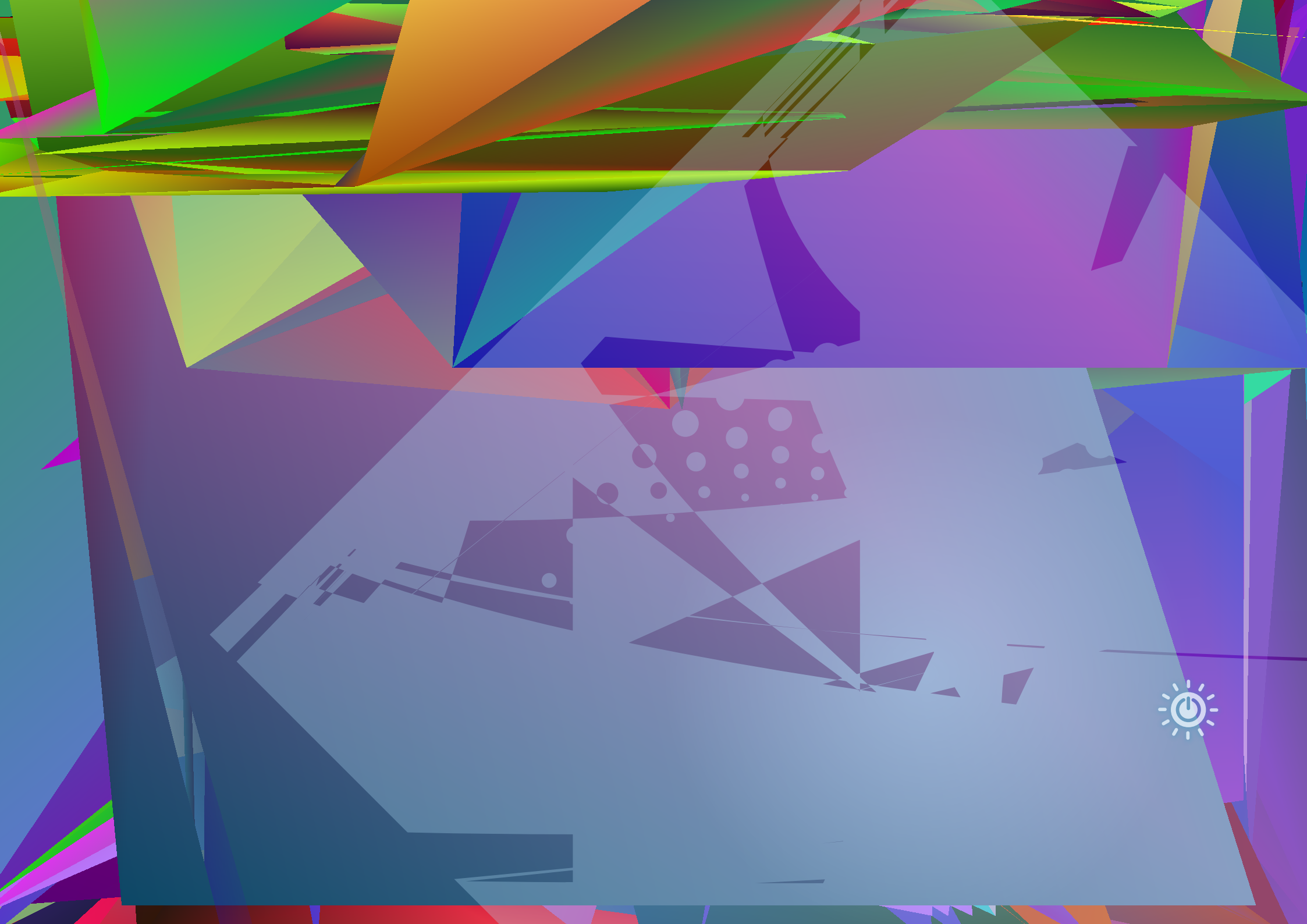
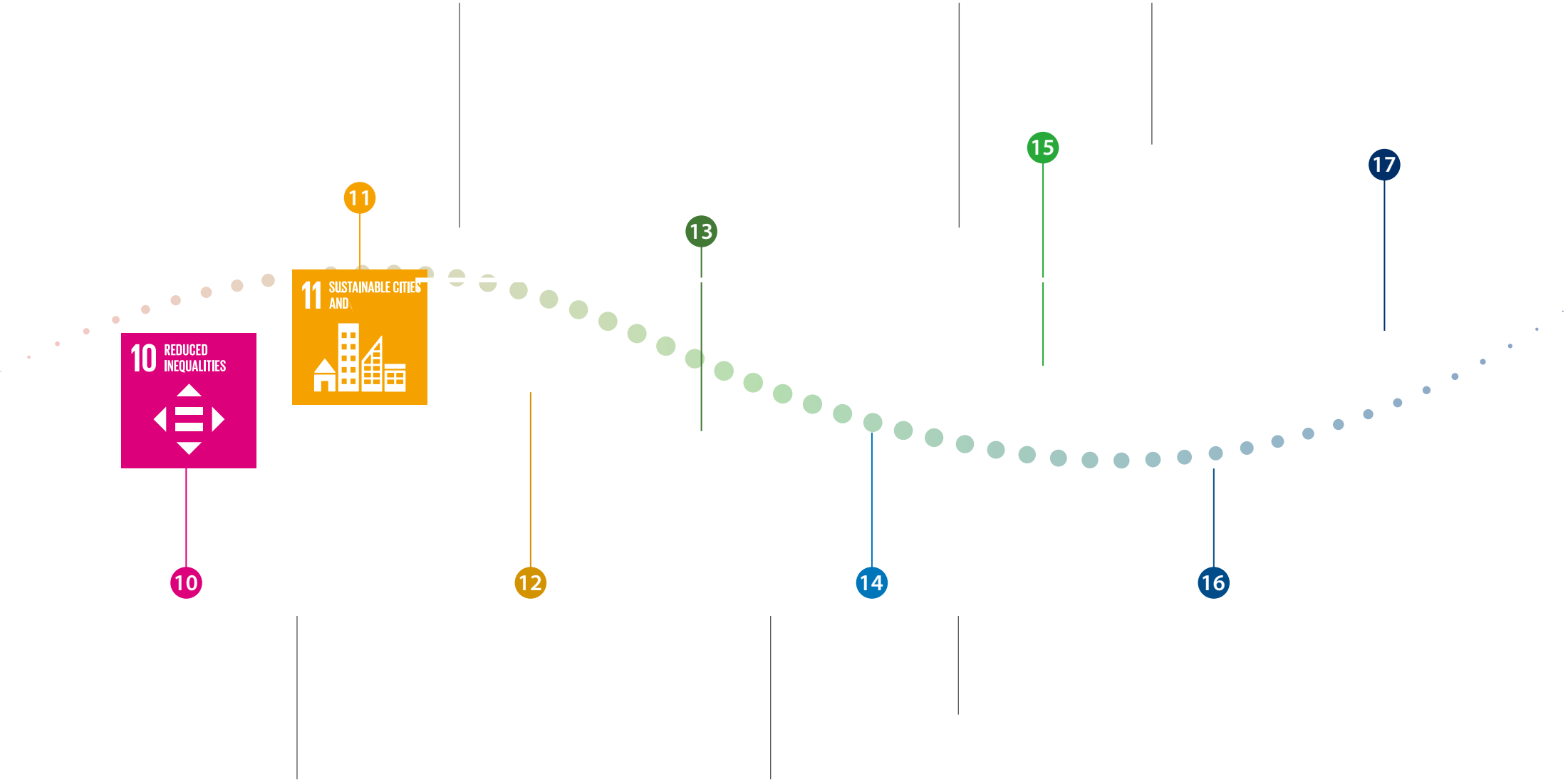


Universal Scientific Industrial (Shanghai) Co., Ltd. (USI, Company, We) issues an annual ESG Report to publicly disclose our measures, achievements, and targets for all ESG key issues. This report is the tenth ESG Report published by USI and its subsidiaries. (From 2010 to 2012, USI's indirect controlling shareholder Universal Scientific Industrial Co., Ltd. published three ESG Reports). Stakeholders could learn about our sustainability achievements through this report and join us in our ESG journey.

This report has been prepared in accordance with GRI Standards (2016) Core option and CASS-CSR 4.0 basic framework. This year, we also integrated the SASB Electronic Manufacturing Services & Original Design Manufacturing Standards into our reporting for the first time. We also use other recognized frameworks such as the Evaluation Index System of Shanghai Listed Corporate Social Responsibility Index (2017) and the Shanghai Stock Exchange Environmental and Social Responsibility Disclosure Requirements to provide ESG information. Please refer to the Stakeholder Engagement section for material topics and report boundaries.

The data collection period of this report was from 01/01/2021 to 12/31/2021, and financial data are expressed in CNY throughout the report. Environmental, health, and safety data are described using accepted international standard units and indicators. The report scope includes

Report Publication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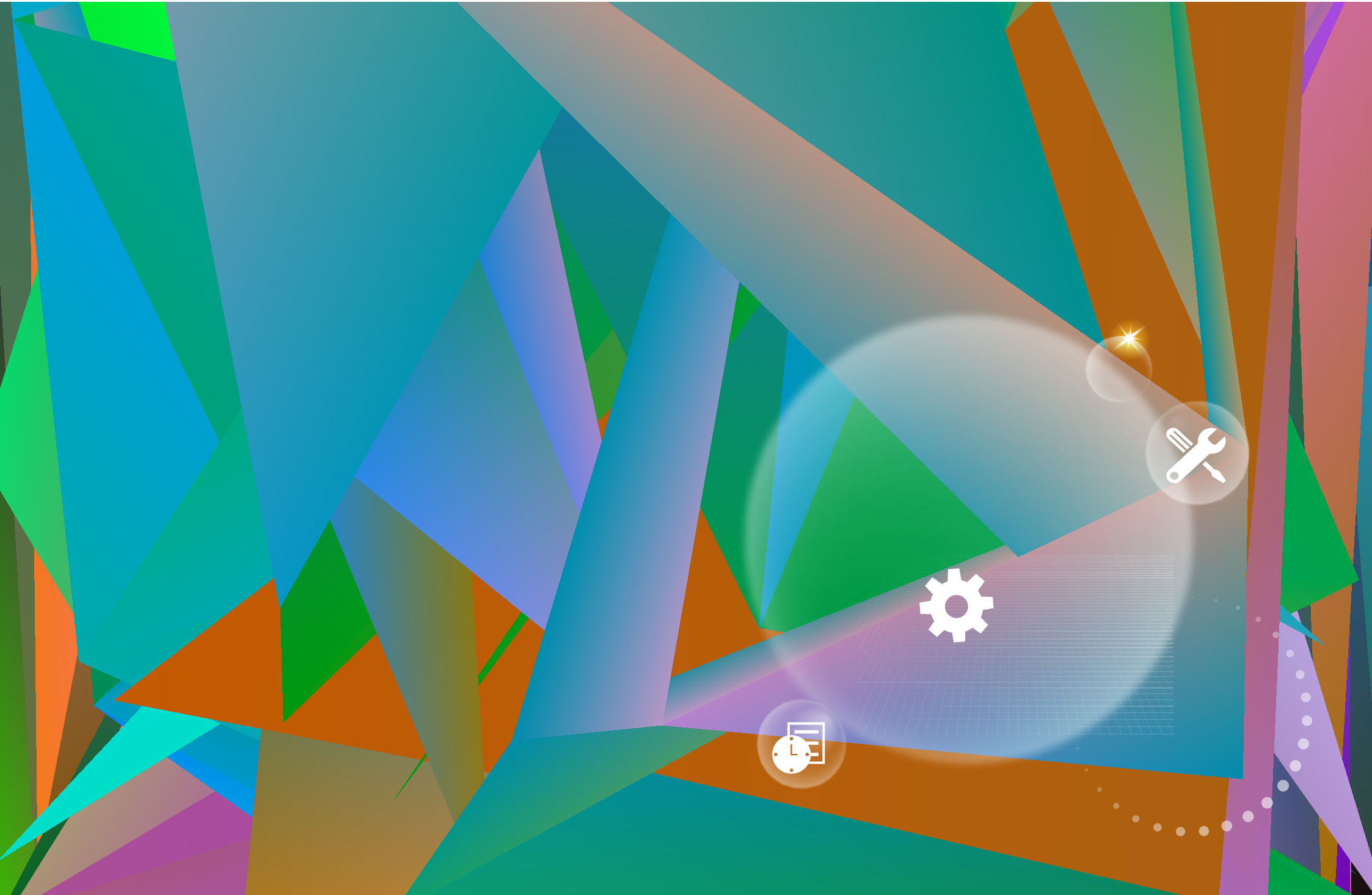


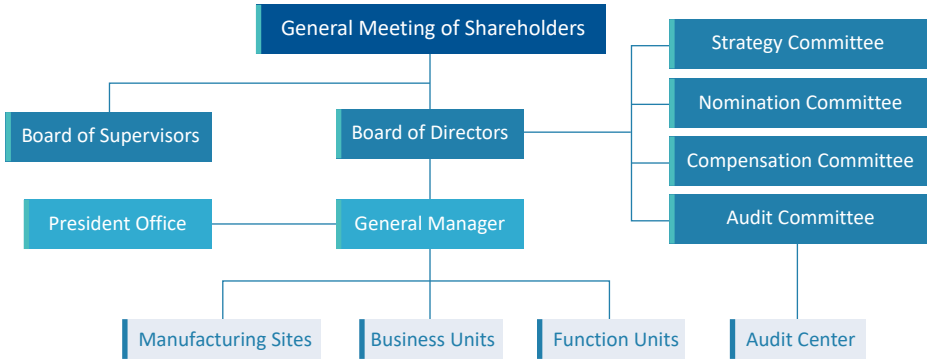
USI (SSE: 601231) is a member of ASEH (TWSE: 3711, NYSE: ASX) and an industry leader in SiP (System in Package) modules. We provide $D(MS)^2$ product services: Design, Manufacturing, Miniaturization, industrial software and hardware Solutions,

USI established tax policy to organize tax governance and follow tax laws of global operation locations, we believe that being an honest and responsible taxpayer fosters economic growth and contributes to long term business sustainability. The Chief Financial Officer supervises tax policy compliance, financial staff must take taxation training courses to prevent any risks from uncertain tax regulations.

1. Comply with all applicable tax laws and regulations of all countries in which we operate and duly reporting and paying all necessary taxes in a timely manner.
2. Take both short term and long-term tax impacts into consideration when making major business decisions.
3. Be transparent and disclose tax information in accordance with applicable regulations and reporting requirements.
4. Pay taxes on the profits earned from business activities conducted in relevant jurisdictions and ensure intra-group transactions are conducted at arm's length.
5. Don't use tax havens and tax structures that are meant for tax avoidance or aggressive tax planning.
6. Construct an appropriate mechanism to evaluate potential tax risks which are given rise to our global manufacturing and sales activities.
7. Develop mutually trustful and respectful relationships with tax authorities in the countries we operate and communicating with them on tax matters where appropriate.

Our principal operating facilities and offices are in Mainland China and Taiwan. Therefore, a large proportion of operating revenue and profit before income tax is accounted by business activities conducted in Mainland China and Taiwan, which contributed more than 70% of income tax expense and income tax paid. The statutory tax rates in Mainland China and Taiwan are 25% and 20% respectively. Mainland China Facilities qualified as high-technology enterprises, and thus were entitled to a reduced income tax rate of 15% and were eligible for weighted deduction of research and development expenses. Additionally, Nantou Facility was also qualified as industrial innovation enterprise and thus entitled to reduce research and development before income tax. The effective tax rates in Mainland China and Taiwan were 9% and 21% respectively in 2021.

Note 1. Tien-Szu Chen resigned from the 5th Board of Directors, Gilles Baruk Benhamou was approved to fill the board vacancy



The USI's Board of Directors candidates are nominated by the Nominating Committee and then approved by the Board of Directors and the Shareholders' Meeting. Currently, USI's Board of Directors is composed of 9 directors, with three independent directors. Each Board Director's term is three years. Jeffrey Chen serves as Chairman of the Board. The responsibilities of Chairman are to supervise the execution progress of Board resolutions and exercise the authorities of legal representative. Board of Directors shall exercise its authorities according to laws, administrative regulations, department rules or articles of the company. Material events must be deliberated and voted by directors after full discussion. But if the events are out of the authorization to Board of Directors, it should be submitted to Shareholders' meeting for deliberation and approval. The Company holds at least two board meetings every year. There were 7 board meetings in 2021 with a 100% attendance rate.

Shareholders can nominate directors and independent directors. The Nominating Committee will select candidates based on their professional background and working experience. Independent director candidates are required for the attitude of independence. Company held annual shareholders' meeting in April 2021. In addition to reviewing 2020 directors and supervisors' working reports and financial related issues during the meeting, a proposal of by-electing the non-executive director was approved [1]. For further details and the complete list of the Board of Directors, please refer to Section 4 of 2021 USI Annual Report.

USI considers diverse factors such as: age, professional background, industry experience and nationality for board composition. The directors are assigned to different committees according to their expertise to enhance corporate core competitiveness, increase the efficiency and quality of major investment decisions, as well as perfect the corporate governance structure. Please refer to USI Investor Relations website (https://www.usiglobal.com/en/corporate-governance/ir-board) for the Board of Directors backgrounds.

To expand board members' competencies, USI arranges training courses that cover corporate governance and sustainability for board members in hopes that they will incorporate the spirit of sustainability in steering USI corporate policy. In 2021, board members completed 19 hours of training.

2021 Training Course for Corporate Governance	17
Regulatory Working Meeting of Listed Companies	2

Three USI Board Members, namely, USI President C.Y. Wei, USI Chairman Jeffrey Chen, and ASEH Chief Administration Officer Dtuang Wang, have roles in our sustainable governance. USI President C.Y. Wei acts as the Chair of Sustainability Committee, and the other two board members are members in the ASEH Corporate Sustainability Committee. Their participation in the Sustainability Committee can strengthen the relationship between the Board and sustainability strategies. Each year, the Sustainability Committee submits the annual ESG Report to the board of directors, and a series of discussions and plans will be carried out by the board of directors regarding our implementation of Corporate Social Responsibility activities. VP Otto Yu, the Taskforce Leader of Environmental Protection and Occupational Safety, shared the global trend of carbon reduction and USI Net Zero strategies in board meeting in July 2021. That will help the environmental sustainability to be more implemented by corporate governance decisions.

USI established an evaluation and incentive mechanism to measure the performance of directors, supervisors, and senior officers respectively. Compensation Committee will draft a compensation proposal according to achievement rate of annual profit and operating targets. The proposal is generated after considering about industrial salary level and company status, and interlinking the business operator's annual salary, company asset, profitability, and business goals. It is expected to enhance operator's positivity, perfect the mechanism to select the superiors and strengthen goal constraint. For further details of Compensation of Directors, Supervisors and Senior Officers, please refer to Section 4 of 2021 USI Annual Report.

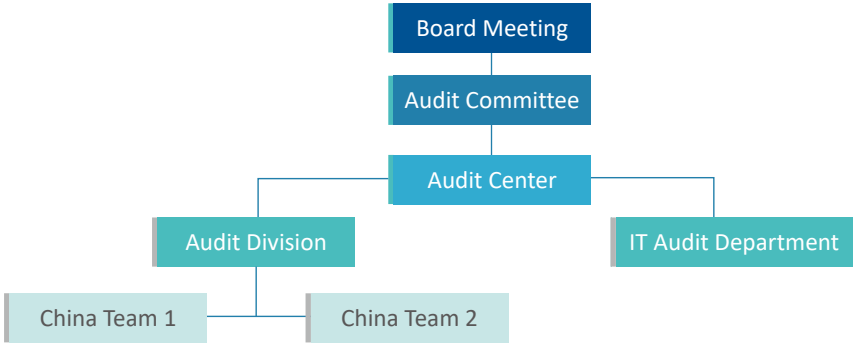
According to the Company Articles, any corporations related to the matters in the resolutions made in the director meetings and board meetings shall not vote on such resolution or exercise the right to vote on behalf of other directors. And company has Board of Supervisors which includes the representatives of the shareholders and representatives of the employees. Supervisors shall monitor the acts of the directors and senior officers, audit and approve the regular reports prepared by the Board of Directors. External auditor will issue an internal audit report annually. USI held 2 Shareholders' meetings in 2021; shareholder representatives passed resolutions of Directors and Supervisors and financial proposals in accordance with the laws. Please refer to USI Investor Relations website (https://www.usiglobal.com/en/corporate-governance/ir-board-supervisors) for the name list of Board of Supervisors.

To safeguard investor interests, USI has a dedicated unit to address investors' concerns and developed corporate Investor Relations Management Guidelines to build a good communication platform for direct engagement. USI is committed to providing transparency about the status of our business operations and monthly updates on our Investors Relations website. Also, we retain legal counsel to provide necessary services and maintain a long-term, stable, and harmonious relationship between the corporation and investors.

USI's Board of Directors has four special committees: Strategy Committee, Nominating Committee, Compensation Committee, and Audit Committee. There are rules of procedure for the committees. Each special committee reports to the Board of Directors, and the proposals of the special committees shall be examined and determined by the Board of Directors.

The members of those committees shall all be directors. The number of independent directors in the Audit Committee, Nominating Committee, and Compensation Committee shall be in the majority, and the independent directors shall be the conveners of those committees. The convener of the Audit Committee shall be a professional accountant. The members of the Strategy Committee shall include at least one independent director. Please refer to USI Investor Relations website (https://www.usiglobal.com/en/corporate-governance/ir-committees) for the composition of special committees.

Audit Center is subordinate to the audit committee under the board of directors. The employment of the head of auditing must be approved by half of the board members. A full-time head auditor is established, and auditors are established in major facilities as well.



- All operations and management of finance and business are included. According to related regulations, there are eight divided circles plus information circle and financial reporting flow responsible for respective audit.
- All institutes and legal branches around the world of USI.
- The regular audit is practiced based on the annual audit project decided by the board of directors; a special case audit will be practiced if needed. The goal is to prevent possible shortages from the internal control system and present improving suggestions. Besides, the Audit Center urges all departments to practice self-examination and assessment to evaluate the rationality and effectiveness of the outcomes. The Audit Center will produce an auditing report after the auditing activity performed. The compiled report will be submitted to the board of directors as the realization of the Company's governance spirits.

USI adopts a zero-tolerance attitude with the violations of fraud behaviors. To make sure employees do not have fraud or illegal profit exchanges with related institutes, USI employees must put more emphasis on incorruptible deeds. In employees' working regulations, they are required not to engage in activities for personal gain with their authority. USI has drawn up a Code of Business Conduct and Ethics [1] and a Privacy Policy [2] to be the business dealing standards of company employees, business partners and other stakeholders.

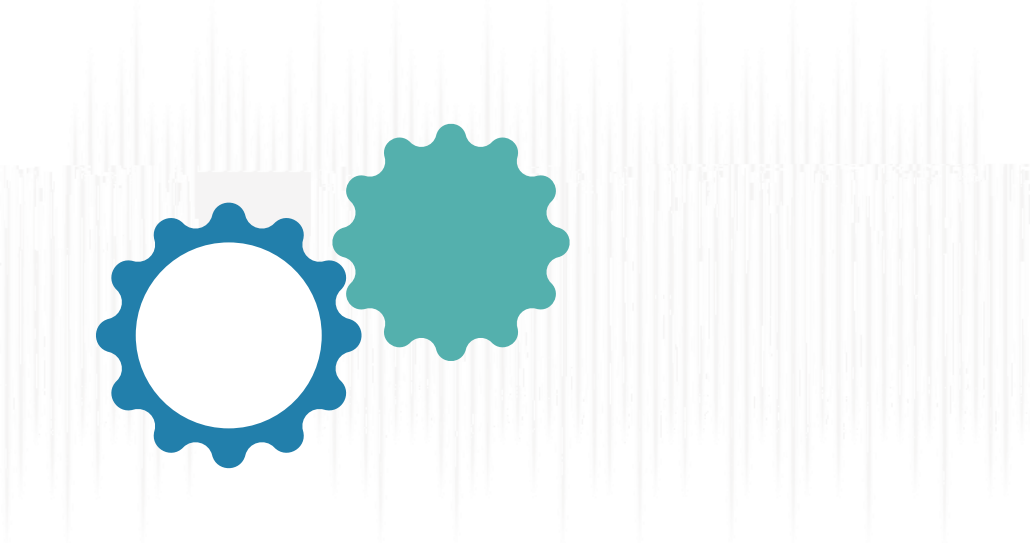
Company provides the fraud notice mailbox for all employees and outsiders to report any integrity-related improper or suspected illegal practices. Reporting with name or anonymous are both accepted. The Company shall do due diligence to investigate all reported cases and keep confidential of reporters in accordance with the laws to ensure safety of reporters and no threat or damage to reporters' rights and interests.

To ensure that employees understand and comply with the USI Employee Code of Conduct, Fraud Risk Management Procedure and The Rule of Punishment for Fraud in the Sunshine Act. When newcomers accept training, they are given related training courses. All employees need to finish the required reading and pass the quiz every year. All records are listed as tracking list to ensure the course of Employee Code of Conduct has been finished by each employee. Furthermore, the Sunshine Conduct Policies must be conducted to employees regularly to remind them of relevant corporate regulations and strict observance of rules. And the Sunshine Conduct is also announced to suppliers every year.

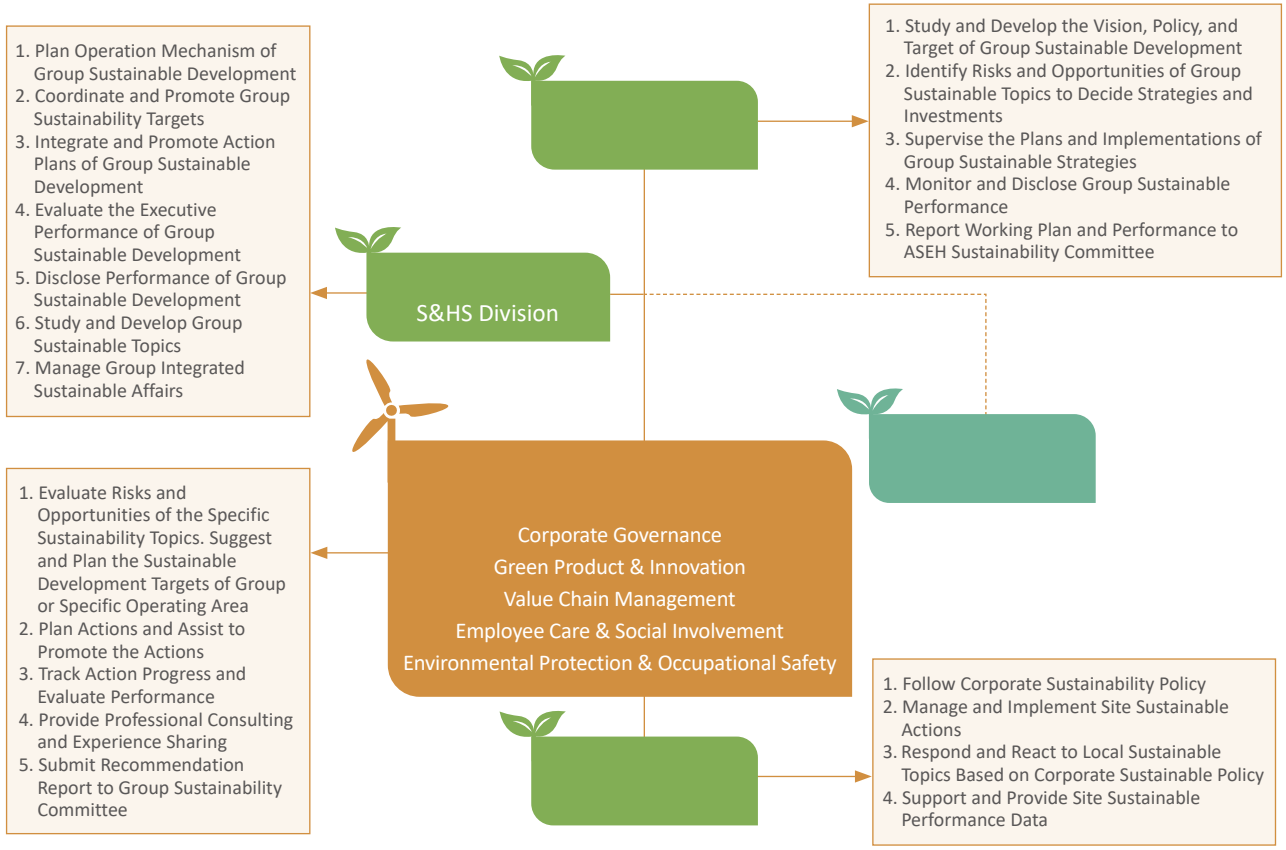
Note 1. Please refer to USI website (https://www.usiglobal.com/en/csr/Operation-Governance/24.3 445.283 349.395 Tm[(Comp' rig(ee ecn/2.8()12.8Tm

	Cybersecurity	1. Lack cybersecurity awareness, mistrust Phish or scam website 2. Leak system account or password 3. System is locked by hacker or data loss	1. Hold regular cybersecurity training courses for employees 2. Two-factor authentication 3. Regular backup & offsite backup	1. Enhance all employees' cybersecurity awareness 2. Upgrade system safety level and assure corporate reputation 3. Train the employees' resilience to reduce the hazard impacts
	Supply Chain Management	Supply chain has been impacted by COVID-19 and natural disaster, the production lines are facing the risks of manpower shortage, unstable logistics and key parts shortage	Material storage management, production schedule and logistics arrangements shall be more flexible base on the identified supply chain risks	Develop local suppliers to reduce the material risk from uncertain international transportation schedule
	Regional Politics	1. In the post-pandemic era, EMS industrial chain and corporate operations are impacted, that results in sluggish economic recovery and highly competitive in the field 2. Due to uncertainty of regional politics, the decision makers will hesitate and postpone the major investment decisions	1. Evaluate macro-economy, industry trend and emerging risk. Keep interactions with customers	

	Energy Management and Alternative Energy	Violate local laws and losing business opportunities from not following governmental environmental regulations or customer's request to plan a comprehensive energy program	1. USI has bought RECs (Renewable Energy Certificates) to offset company's carbon emission since 2018, and climate change was one of the major topics in USI sustainability committee 2. Mainland China Facilities achieved 100% of renewable energy usage through I-REC purchased. USI will continue to enhance energy management and use alternative energy according to regulatory changes, customer requirements, and sustainable goals 3. Continue manage carbon emissions to achieve 2050 Net Zero target	1. Observe, evaluate, and publish the trend of regulations and customer specifications to enhance the efficiency of energy usage and innovate low carbon products for sustainable manufacturing 2. Strengthen social involvement to in line with governmental regulations by industrial unions or other stakeholders. Review company sustainable development through international appraisals. Build corporate positive image and increase market value
	Succession Plan and Recruitment	Operating risk from imperfect cultivation of the talent team and management mechanism	1. Build key successor system: (1) Regular inventory the requirements of key positions (2) Make succession development plans and provide resources (3) Systematized talent database for ongoing regular tracking 2. Build Talent development scheme: the development plans of succession talents and potential talents	1. Ensure corporate sustainable development through a successor system, and prevent business impact from unexpected changes in personnel 2. Implement talent development mechanism to ensure the successors have the capability to perform key responsibilities 3. Provide diversified development resources to potential talents, increase development opportunities, and focus on individual development requirements to improve the potential talents' retention rate
	Disasters	A company cannot normally operate without effective prevention and crisis management for emerging infectious disease, it will result		



USI Sustainability Committee is the highest-level organization of corporate sustainable development management. The committee covers all manufacturing facilities. The committee's mission has been divided into five taskforces, Corporate Governance, Green Product & Innovation, Value Chain Management, Employee Care & Social Involvement, and Environmental Protection & Occupational Safety. Committee members are representatives chosen from each department and the President acts as the Chair, Vice Presidents and Division heads act Leaders and Coordinators respectively. Through policies and actions set by the committee and corporate-wide cooperation, we promote and implement a sustainable business model.



The committee coordinators will hold quarterly meetings; leaders and task force members will decide and track the sustainable targets in the meetings. The sustainable achievements will be presented to committee Chair and members in the annual Sustainability Committee meeting. A Sustainability Committee Annual Meeting & Forum was held on December 14, 2021. Sustainability consultants were invited to share and suggest directions for USI sustainable performance.

To raise awareness about sustainable practices, USI has a multi-stage sustainability training course in our LMS (e-learning) system. First, all new employees are preliminary trained to recognize the concept of sustainability. Committee members and representatives must undertake specialized training to enhance their capability and knowledge of sustainable standards and practices.

Sustainability Committee Annual Meeting & Forum

Through the understanding of Environmental, Social, and Governance (ESG) dimensions in sustainability, USI considers that sustainable business development is closely linked with the interests of employees, community, society, and shareholders. The scope of ESG covers the issues of labor rights, workplace safety and health, environmental protection, business ethics, and social engagement. To accomplish our ESG goals effectively and meet stakeholders' expectations, USI set the following measures to achieve sustainability goals. The complete policy can be accessed at the USI Sustainability Web (https://www.usiglobal.com/en/csr/Sustainability-Management/Policy).

In 2021, we generated strategic approaches and 2026 targets according to key sustainable issues, tracked the target achievements and published the sustainable missions and performances in the annual Sustainability Committee meeting.

	Implement laws and regulations: 1. Promote legal compliance awareness through training courses 2. Perfect legal compliance management mechanism and process	▶ Maintain 0 major regulatory violations	▶ Through monthly governance sanctions & fines data collection to control major regulatory violations of each facility, and analyze and track the progress of corrective actions	
	Implement the related policies and specifications of business ethics: Continue to promote training courses and reflect business ethics in daily operations	▶ 100% coverage of employee annual Code of Conduct training	▶ Through e-learning system to arrange Business Ethics courses for employees, track	

	Follow green product specifications; continue to develop product innovation and manufacturing process improvement	▶ Continue encouraging innovation and green product design and accumulate 1,611 patents	▶ Through USI patent review meeting to oversee patent proposals and patent rights maintenance. The review meeting annually investigates the necessity and effectiveness of patents to maintain database	
Gain satisfaction and affirmation from customers and users with after-sales service, quality, and safety of our products. On issues regarding human rights, morality, and environment, we further ask the suppliers to establish sustainable partnerships.	Through customer satisfaction survey to understand customers' expectations and needs. Precisely answer customers' questions and provide the best services to customers	▶ Score at least 84% customer satisfaction rate	▶ Quarterly track the results of QBR [1] and customer satisfaction survey to ensure the achievement rate	
	Make sustainable procurement policy to evaluate and audit suppliers' environmental and social performances, and comply with conflict-free minerals purchasing	▶ Support local suppliers and achieve 35% local supplier procurement rate ▶ 100% Key suppliers comply with Conflict-Free Policy ▶ More than 76% suppliers complete RBA [2] Supplier Sustainability Assessment Questionnaire (SSAQ)	▶ Calculate local procurement amount to confirm the achievement rate ▶ Through CMRT [3] survey to ensure the achievement rate ▶ Through Supplier Sustainability Assessment Questionnaire to calculate the achievement rate	

Note 1. QBR, Quarterly Business Review
2. RBA, Responsible Business Alliance
3. CMRT, Conflict Minerals Reporting Template

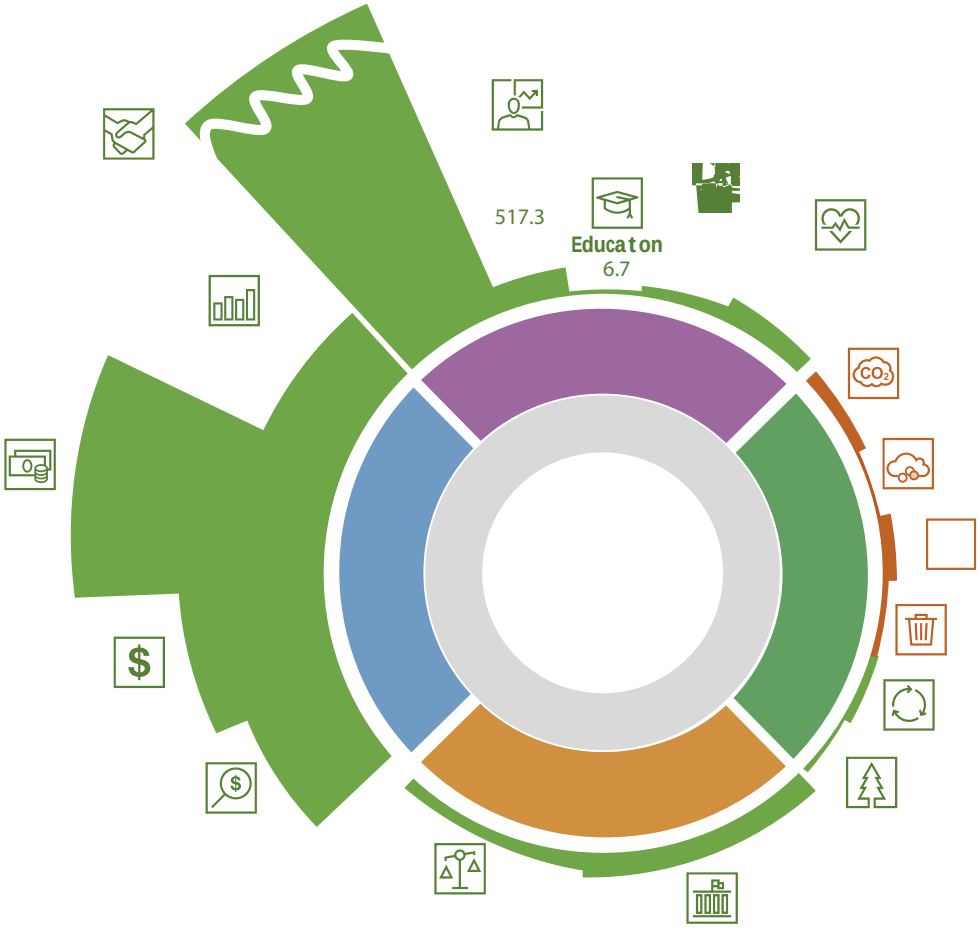
In response to climate change and global environmental issues, enhance USI's capabilities in resource utilization and pollution prevention to reduce environmental impact during operations. Promote OHS culture, enhance USI's capabilities in risk management, injure prevention, and emergency response to create a safe and healthy workplace.

	Obey local laws and regulations to manage air pollution, implement air pollution control, continue to monitor and reduce air pollution	▶ 0 air pollution violations	▶ Quarterly check and confirm facilities air pollution emissions without violations	
	1. Apply ISO 14064-1 to implement and manage greenhouse gas inventory 2. Through TCFD mechanism to understand operational risks and chances to make countermeasures	▶ Maintain ISO 14064-1: 2018 certification for all facilities	▶ Finish greenhouse gas inventory to pass annual ISO 14064-1 evaluation. ▶ Through annual TCFD evaluation to make operations strategies	
	1. Implement ISO 50001 quality management system 2. Improve renewable energy usage rate 3. Promote energy saving program in facilities 4. Promote green building project	▶ Reduce energy consumption intensity by 11% from the baseline year 2015	▶ Monthly review energy consumption, and promote energy saving projects and improve renewable energy usage to ensure the performance of energy consumption intensity	
	1. Implement ISO 45001 to ensure the management scope covers all employees and the related workers 2. Establish internal risk assessment 3. Promote EAP (Employee Assistance Program) and health promotion programs	▶ No major occupational injuries ▶ No major occupational diseases ▶ No major infectious diseases	▶ Through Safety and Health / Production Committee to track the progress of filed projects and departments' KPIs	

To build an inclusive workplace for employees, we Enforce Human Rights Policy, Enable Talent Development, Provide Comprehensive Benefits, and Cultivate Harmonious Labor Relations to create a happy workplace. And we promote and expand social engagement through Investing in Education, Contributing to Society, Promoting Arts & Culture, and External Participation to make a positive social impact on our surrounding communities.

Stakeholders can feedback or appeal through meetings, e-mail or Contact USI in USI website. Except internal meetings, the other appeal channels could be anonymous to secure whistleblowers' rights.

USI establishes value management system step-by-step and implements sustainability strategies to realize sustainability goals. We introduced SROI (Social Return of Investment) and EP&L (Environmental Profit and Loss) in 2019 and 2020 separately to manage social projects' performances and make effective decisions on environmental issues. In 2021, USI implemented TIMM (Total Impact Measurement and Management) to inventory the impacts and contributions to stakeholders from company's operations in Economic, Social, Environmental and Taxes in hopes to help company to improve operation performances through key management indexes correction.



Through TIMM assessment, USI generated CNY 25,786 million worth of sustainability value for stakeholders in 2021 that created positive and outstanding contributions.

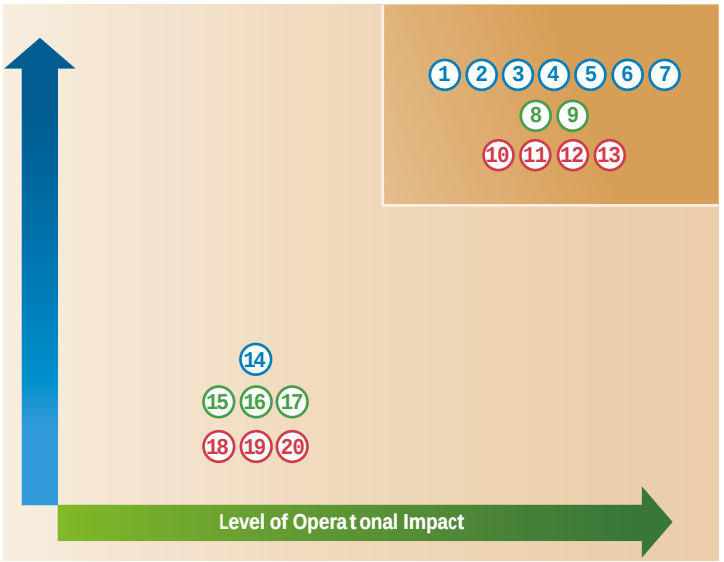
USI has been an industry leading position and continuously improving core competitiveness through steady operation strategies. In 2021, USI achieved new high business profit bringing excellent benefits to shareholders, suppliers, employees, and government. Another major value was created by payroll. Company supports a comprehensive compensation mechanism though the growing numbers of employees, that does not only attract and retain talents, enhance employees' cohesiveness and activeness, but also guarantee employees and company steady growth.

The major negative impacts were Water Consumption and Greenhouse Gas Emissions. Through process water recycling system, the positive benefit of recycled water has been increasing every year. The recycled water rate was 27.5% in 2021, and the renewable energy rate was improved to 80.3% by purchasing certified renewable energy. On the other hand, USI's long term cooperation in NPO-led tree planting project mitigates environmental impact.

The major performances were good relationships with suppliers and human capital cultivation. USI holds a Sustainable Value Chain Webinar every year to promote company ESG policy. Human capital cultivation was executed by employee engagement survey to exhibit employees' working performances and values. While creating economic performances, company also actively engages in community construction and sustainability development, and contributes to society through various charitable activities.

USI has identified major sustainability issues and established a framework for ESG disclosure in compliance with the GRI Standards, AA1000 SES (Stakeholder Engagement Standards) and AA1000 AP (Accountability Principle). The framework is established on the four major principles of Inclusivity, Materiality, Responsiveness, and Impact. Also, this framework is referenced for USI's long-term sustainability goals and strategies. As an integral basis for reviewing our sustainable development strategies, we value and solicit interaction and communication with our stakeholders by understanding their concerns through various communication channels.

Further analyzing the results, the differences between the material issues in 2021 and the previous year can be mainly attributed to the continuing influence of COVID-19, the increasing importance of climate change, privacy, human rights for all stakeholders, and USI's expansion. Work from home, worker shortages, investment in talent development, and net-zero action plans elevated Cybersecurity Management, Data and Privacy, Climate Change, Talent Development, and Human Rights to material issues.



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	Regulatory Compliance	307 Environmental Compliance 416 Customer Health and Safety 417 Marketing and Labeling 419 Socioeconomic Compliance	Ensure we comply with all applicable laws and avoid operational and financial risks from illegal activities through preventive measures.	✓	✓	✓		▲	
	Business Ethics	205 Anticorruption 206 Anticompetitive Behavior	Establishing a culture of integrity and accountability through business conduct and ethics is one of the keys to long-term operation and success.		✓			▲	
	Customer Relationship Management	ASEH Material Topics	Sound customer relationship management helps increase customer satisfaction and loyalty to effectively improves profitability and core competitiveness.		✓	✓			▲
	Sustainable Supply Chain	204 Procurement Practices 308 Supplier Environmental Assessment 414 Supplier Social Assessment Conflict Minerals Management [2]	We co-work with supply chain partners to commit to corporate sustainability, environmental protection, labor and social welfare, and promote environmental / social performance auditing assessment of suppliers to avoid purchasing conflict minerals.	✓	✓				▲
	Innovation Management and Sustainable Manufacturing	302 Energy 416 Customer Health and Safety ASEH Material Topics Continuous Improvement Program [2]	We are committed to innovative green technologies to reduce production costs, improve efficiency, and continuously reduce resource waste and energy consumption. In addition, the value chain business model strengthens our core competitiveness and expands the scope of green R&D technologies.		✓	✓		▲	
	Cybersecurity Management	ASEH Material Topics	Cybersecurity is the foundation for maintaining the safe operation of all services. We ensure cybersecurity through network security maturity assessments, operational cybersecurity health checks, and regular disaster recovery drills for information systems.		✓	✓		▲	
	Data and Privacy	418 Customer Privacy ASEH Material Topics	We maintain confidential business information responsibly and protect personal information privacy to ensure all rights are not compromised.		✓	✓		▲	

Note 1. The internal boundaries cover our six major manufacturing facilities, namely Zhangjiang Facility, Jinqiao Facility, Shenzhen Facility, Kunshan Facility (above facilities are Mainland China Facilities), Nantou Facility, and Mexico Facility. The disclosure boundaries of Energy and Emissions will be explained in the Environmental Protection and Occupational Safety chapter

2. Conflict Minerals Management and Continuous Improvement Program are USI Specific Disclosure topics

	Climate Change	305 Emissions	Climate change has become the focus of global environmental issues, and our operations are increasingly dependent on energy for growth. Hence, we are facing expectations from our customers and the government, among other stakeholders, to increase the use of renewable energy.		✓		✓	▲	
	Air Pollution Prevention	305 Emissions	Air pollution is gradually worsening and seriously affecting people's quality of life. We use different control equipment for various pollutants to treat our emissions and meet regulatory standards.		✓		✓	▲	
	Occupational Health and Safety	403 Occupational Health and Safety	We have adapted an occupational safety and health management system in all our Facilities to prevent occupational hazards and enhance emergency response. USI also works with contractors to maintain a safety culture and provide workers with a safe and comfortable working environment.	✓	✓			▲	
	Talent Attraction and Retention	202 Market Presence 401 Employment 402 Labor / Management Relations 405 Diversity and Equal Opportunity	Enhance our competitiveness and become an attractive employer by providing competitive salary and benefits, understanding employees' needs, recognizing employees' performances and efforts, and maintaining labor relations.		✓		✓	▲	
	Talent Development	404 Training and Education	Plan suitable training courses for each job, implement information sharing and learning mechanisms across Facilities, and enhance the employee career development roadmap to help achieve business objectives.		✓			▲	
	Human Rights	406 Non-discrimination 407 Freedom of Association and Collective Bargaining 408 Child Labor 409 Forced or Compulsory Labor 412 Human Rights Assessment	Safeguard human rights in accordance with international standards on privacy, personal data, child labor, foreign migrant workers, forced labor, discrimination, freedom of assembly, equality / fairness, and conduct human rights risk assessment and mitigation measures to build an inclusive and non-discriminatory workplace.	✓	✓		✓	▲	

In light of issues that highly impact the corporate operations and stakeholders are highly concerned about, to meet their expectations, we have built a good communication platform, adopt relevant corresponding strategies, and maintain and strengthen the relationship between the Company and stakeholders. Issues that they are not so concerned about also will be responded to in each chapter of the report.

	▶ Economic Performance ▶ Talent Attraction and Retention ▶ Regulatory Compliance ▶ Business Ethics	▶ Board meetings ▶ Annual general meeting ▶ Regular reports (quarterly / semi-annual / annual report) ▶ Telephone conferences ▶ Investor Relations on USI website ▶ Shanghai Stock Exchange-SSE E-interaction ▶ Receptions, visits, and roadshows [1] ▶ Other interim announcements	▶ Non-periodic ▶ Yearly / Non-periodic ▶ Periodic ▶ Quarterly ▶ All the time ▶ All the time ▶ Non-periodic ▶ Non-periodic	▶ 7 board meetings were held. ▶ Held 2 shareholders' meetings to explain our operating performance, investment plan, passed 2021Y employee stock ownership plans and respond to investors' concerns. ▶ USI discloses the Company's financial information through regular reports (quarterly / semi-annual / annual reports) published on the SSE website and analyzes the Company's business situation and data accordingly. ▶ Held a telephone conference each quarter to explain USI's production and management to investors. ▶ Participate in brokers' strategy meetings and receive investors during their visits. ▶ Participate in Yicai roadshow programs to promote and advertise to investors.	▶ Financial Performance and Tax Governance ▶ Talent Attraction and Retention ▶ Business Ethics and Compliance ▶ Board Governance
	▶ Business Ethics ▶ Occupational Health and Safety ▶ Human Rights ▶ Water Resource Management	▶ RBA-Online ▶ After-sales service system (e-RMA) ▶ Customer's satisfaction questionnaire ▶ Mail	▶ All the time ▶ All the time ▶ Quarterly ▶ All the time	▶ Report Self-Assessment Questionnaire (SAQ) assessment status and results through the RBA-Online platform. ▶ Constant monitoring of RMA [2] status through the system (e-RMA). ▶ Carry out satisfaction surveys each quarter through sales associates, and the main customers satisfaction is 84%. ▶ USI set up information security committee to implement NIST CSF [3] maturity assessment tool, and continuous improvement cybersecurity management capabilities to enhance assurance for customer. ▶ We held the Cybersecurity General Fundamentals Course to boost employee cybersecurity awareness.	▶ Business Ethics and Compliance ▶ Occupational Health and Safety ▶ Human Rights Protection ▶ Waste Management ▶ Cybersecurity Management ▶ Customer Service and Satisfaction
	▶ Occupational Health and Safety ▶ Customer Relationship Management ▶ Human Rights ▶ Sustainable Supply Chain	▶ Quarterly business review ▶ Business meetings ▶ Supplier evaluation ▶ Purchase contracts / Conducts ▶ Training of suppliers ▶ On-site audit for suppliers ▶ Questionnaire investigation for suppliers ▶ Supplier sustainability conferences	▶ Quarterly ▶ Non-periodic ▶ Yearly ▶ In contract period ▶ Non-periodic ▶ Non-periodic ▶ Yearly ▶ Yearly	▶ Continue to promote green supply chain, ask, and help suppliers to pass quality management system certifications. Control the usage of raw materials to ensure the products and materials correspond to the regulations of USI green products. ▶ 34 new suppliers were subject to evaluation and 32 of them were approved and became to USI's Approved Vendor List (AVL). ▶ In addition to the compliance with purchase contract, suppliers must sign the Supplier Code of Business Integrity and Supplier's Commitment to Corporate Social Responsibilities. ▶ A total of 475 each category contractors join our occupational safety and health education and training. ▶ Suppliers are selected each year to carry out on-site inspection for RBA. The number of suppliers were selected was 83. ▶ A supplier survey is conducted irregular to comprehend the current situations and trends of suppliers. A total of 419 suppliers were surveyed. ▶ We held an online supplier sustainability briefing in Mainland China to promote our policies and philosophy and explained USI's ESG requirements for suppliers and shared future goals. A total of 276 supplier partners attended the online sharing session. We e and ad4TJ0 issupuroal-0.6(14(ences) visi).2(aino15 TJ0 ie [issuw)8.8(er)'gram ano enha98(er -9.1)10(t c] T8.1(o n f) and trtuTJ0 Tw 3-1.5446 -089.8(trissupur)1r	

	▶ Work from Home ▶ Occupational Health and Safety ▶ Talent Attraction and Retention ▶ Talent Development	▶ Employee Welfare Committee / staff congress ▶ Employee Relationship Website ▶ President's symposium ▶ Industrial relations meetings ▶ Training programs ▶ Employee engagement survey ▶ Newsletter ▶ Announcement	▶ Quarterly ▶ All the time ▶ Quarterly ▶ Quarterly ▶ Non-periodic ▶ Every other year ▶ Quarterly ▶ All the time	▶ Held a workers' conference each quarter to discuss and plan recent activities related to employees and propose employees' opinions. ▶ "Employee Relationship Website" is set up in USI's intranet. In addition to providing information regarding employees' welfare and activities, employees can share their opinions in the "suggestions box for employees" on the website. And a total of 702 employee opinions were given back. ▶ President's Symposium was held each quarter for the general manager to announce the future trend and expectations of USI to colleagues. Additionally, the president can listen to employees' opinions in the meeting. Total held 116 employee symposiums. ▶ Company has been established to irregularly provide employees with various educational training programs to perfect their professional skills. Every employee received 30.7 hours of training on average. ▶ The Company adjusts employees' salaries based on the salary management system for six consecutive years; for outstanding employees, the Company provides a stock subscription plan to reward employees; in 2021, USI will increase salaries by 6% to 16% in Mainland China, 2% to 4% in Nantou and 5% to 13% in Mexico to maintain its competitiveness in the talent market. ▶ Share the experience of high-ranking officials through the Company's quarterly journals and WeChat group and understand information such as the latest industrial developments, health education knowledge, employee activities, and so on. Held 111 employee activities and 410 employee health education trainings. ▶ In response to COVID-19, we increased the insurance coverage for our employees, and provided them with the necessary supplies to protect themselves. To ensure employees can work remotely, in addition to adapting Microsoft 365, we conducted a telework drill with 63% participation rate in February to smooth out bugs before promoting work from home. About 60 employees applied for long-term telework afterwards.	▶ Occupational Health and Safety ▶ Talent Attraction and Retention ▶ Human Capital Development
	▶ Occupational Health and Safety ▶ Social Involvement ▶ Water Resource Management ▶ Business Ethics	▶ Official document ▶ Governmental agencies briefings / public hearings / seminars	▶ Non-periodic ▶ Non-periodic	▶ Actively participate in briefings / public hearings / seminars held by competent authorities.	▶ Occupational Health and Safety ▶ Social Involvement ▶ Water Resource Management ▶ Business Ethics and Compliance
	▶ Occupational Health and Safety ▶ Talent Attraction and Retention ▶ Waste and Circular ▶ Air Pollution Prevention	▶ Industry conferences ▶ Industry Union / Associations conference forum ▶ Member meeting	▶ Non-periodic ▶ Non-periodic ▶ Non-periodic	▶	

USI provides diversified manufacturing services for customers. The engineering team assists customers in reviewing product designs for the optimal balance between quality and cost before mass production. For the same quality, we offer suggestions to improve product design and manufacturing costs to reach a win-win strategy. For staying ahead of intelligent trends, the Nantou Facility started to promote industry 4.0 since 2015 and kicked off the Ten-Year to Win Project. We expect to develop smart manufacturing capability in USI worldwide facilities and create better operating performance for investors. For years company has presented research performances to the electronics industry through applying patents and international journals.

USI has 2,332 R&D employees, accounting for 9.42% of the employee population and invested CNY 1.641 billion, accounting for 2.97% of the revenue in 2021. The number of products shipped was 1,000,628,071 [1].

R&D Spending (in CNY billion)

R&D Intensity (%)

In terms of patents, to encourage research, development, and innovation, USI set up Patent Management and Incentive and regular R&D competitions. After the project has been verified, employees that proposed the patents will be financially rewarded and publicly recognized. By the end of 2021, an accumulative total of 696 patents had been obtained. The accumulative approved patents increased by 36 cases comparing with 2020. The patents obtained in the last four years are shown in the figure.

Four of the proposals involved green process designs and have passed internal patent review meetings. The green process proposal is to increase the proportion of automated and unmanned factory operations by reducing work hours, lowering labor costs, or improving efficiency to achieve energy and carbon savings in the process.

The device performs fully automatic scanning, loading and response testing. This saves labor, reduces working hours, and improves productivity.

The device drops the rotating head to the clamping point and uses the bearing on the rotating head to clamp onto the fixture, thus reducing the number of operators needed.

Design cart rack, apply six-axis robot to replace manual clamping of pallets on the rack, AGV [2] replaces manual transport of the rack to supply to the production line, thus reducing the number of operators, lowering labor costs and realizing the objective of an automated and unmanned factory.

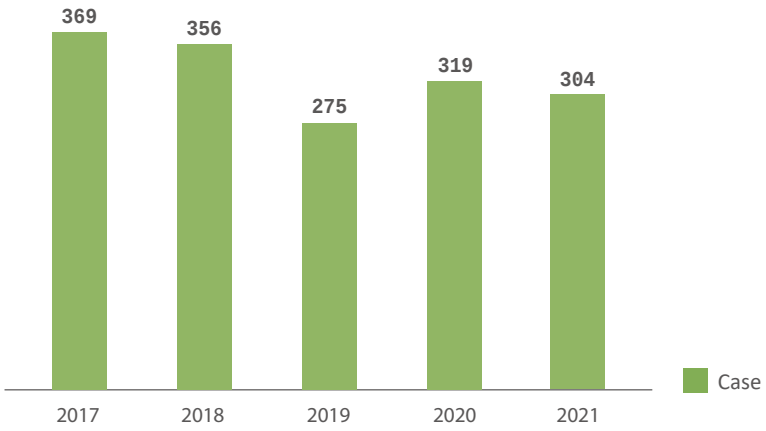
Note 1. Please refer to page 19~20 and 22 in the 2021 USI Annual Report for detailed information
2. AGV, Automated Guided Vehicle

Continuous Improvement Program (CIP) proposes improvement plans for the quality, costs, lead time, services, efficiency and safety of manufacturing related operation and procedures. Its purposes are as follows:

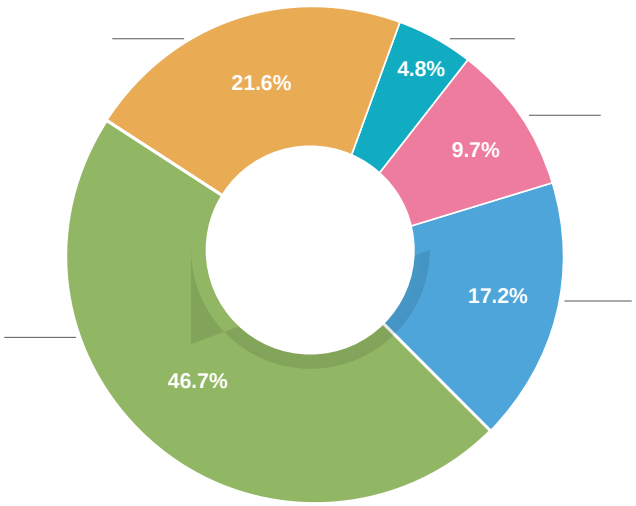
Build a platform to realize ideas and approve employees' endeavors and awards

- Encourage employees devoting to continuous improvement
- Enhance teamwork and enterprise competitiveness

The cases proposed by each facility are reviewed by Site Review Committee (SRC) for their project results that including innovation and development capability, actual saving value attainment capability, technical application capability, standard operation capability, and reproduction operation capability. After the organizer samples the cases, Corporate Review Committee (CRC) will review their saving benefits and promote cases with reproducible results to enlarge the benefits. According to the statistics in the figure below, over 250 cases on average are defined each year.



After the 2021 annual performance examined and approved by CRC, the actual tangible cost saving was CNY 78.76 million, mainly from the innovative automatic design of the Zhangjiang Facility. Please refer to the figure for the details of each facility. The saving cost accounted for 0.22% of revenue (target value: 0.22%) and a total of CNY 179 thousand has been reward employees for their commitment to continuous improvement[1].



Note 1. Due to discrepancies with quoted figures, the bonus for 2020 was revised to CNY 218 thousand

With respect to the strategies of green management and ecological design on products, and through annual third-party IECQ QC080000, ISO 14001, and ISO 14064-1:2018 management systems inspections. USI can quickly respond to changes in international environmental protection laws, directives, and clients' requests. In addition, USI integrates and stipulates Standards for Green Environmental Protection Products to control hazardous substances in electronic components and products. The design and R&D personnel of USI have ecological design capabilities for their products, and continue to introduce the concept of green products and clean technology, which allows our environmental-friendly products to be sold around the world and ensures that the green products we manufacture and sell are in compliance with environmental laws, regulations, and requirements around the world in terms of environmental protection, while satisfying customers' needs and the development trends of environmental protection, and following company's standards for internal control.

	RoHS [1] (Restriction of Hazardous Substances) REACH [2] (Registration Evaluation and Authorization of Chemicals) Halogen-free parts and process requirements Battery Directive and Packaging and Packaging Waste Directive	▶ Low polluting ▶ Non-toxic	▶ Phase out the use of BFRs ▶ Phase out the use of PVC ▶ Use non-halogen materials
	WEEE (Waste Electrical and Electronic Equipment)	▶ Recyclable ▶ Easy to take apart ▶ Easy to process	▶ Reduce the number of tools used to take machines apart ▶ Increase the percentage of recyclable module designs ▶ Introduce the labeling for recyclable plastics
	ErP (Energy-related Product) CEC (California Energy Commission)	▶ Energy saving ▶ Resource saving ▶ Reduced environmental impact	▶ Reduce the energy consumption of machinery in standby and off mode ▶ Increase the efficiency of energy conversion of EPS ▶ Keep machinery in power-saving mode
	SiP (System in Package) SOM (System on Module)	▶ Reduce volume ▶ Easy to integrate	▶ Improve the system's functions ▶ Reduce the complexity of the circuit ▶ Reduce the materials usage

Note 1. To date, we have controlled over 300 chemical substances under the Green Product Specifications to ensure that our products are in compliance with RoHS European Union directives
2. In response to the announcement of adding the 26th batch of 4 Substances of Very High Concern (SVHC), the candidate list of REACH has been extended to 223 substances
3. The current plan is to ban the use of the three substances Indium Phosphide, Nickel Sulfate, and Nickel Amino Sulfate by 2023

USI designs green products that meet global regulations based on the four aspects of Green Product Eco-design, and constantly improve ecological design capabilities so products can meet trends in green design. We design products with Eco-Design as the principle in the planning stages of product development. In 2020, USI introduce a professional green value chain management platform "Green Parts Aggregations & Reporting System (GPARS)" and database for environmental hazardous substances (EHS). The materials we use in our products meet Hazardous Substance Free (HSF), RoHS and WEEE requirements. Up to 2021, we have over 300 chemical substances controlled under Green Product Specifications to ensure that our products follow RoHS European Union directives. In response to REACH's announcement of adding the 26th batch of 4 Substances of Very High Concern (SVHC), the list of REACH substances has expanded to 223 substances. For substances that have not been replaced by technology at this stage, a Prohibited Substance Eradication Plan[3] has been drawn up. In addition, suppliers must provide Environmental Hazard Non-Use Declaration and Safety Data Sheet (SDS) or material composition tables. According to the Design for Environment (DfE) operating procedures, USI not only takes potential environmental impacts under consideration when designing a product, but also have them confirmed with the project development unit and the customer 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 product ecological design standards to improve energy efficiency and reduce environmental pollution. In 2021, green product revenue accounted for 32.8% of USI's total revenue, which decreased by 14.8% compared to the previous year, mainly due to supply shortages and the percentage of green products in each category is shown in the table below. In the future, we will continue to invest in green product research and development and increase the proportion of green products.

Communication Product	26.5
Industrial & Automobile Electronic Product	2.2
Consumer Electronics & Computer and Storage Product	4.1

Energy Efficiency	33.3	32.9	34.4	38.6	45.9
Electronic Waste Recycling (WEEE)	12.5	11.2	9.2	6.3	5.2
Light and Compact	49.2	39.6	39.0	41.6	41.0

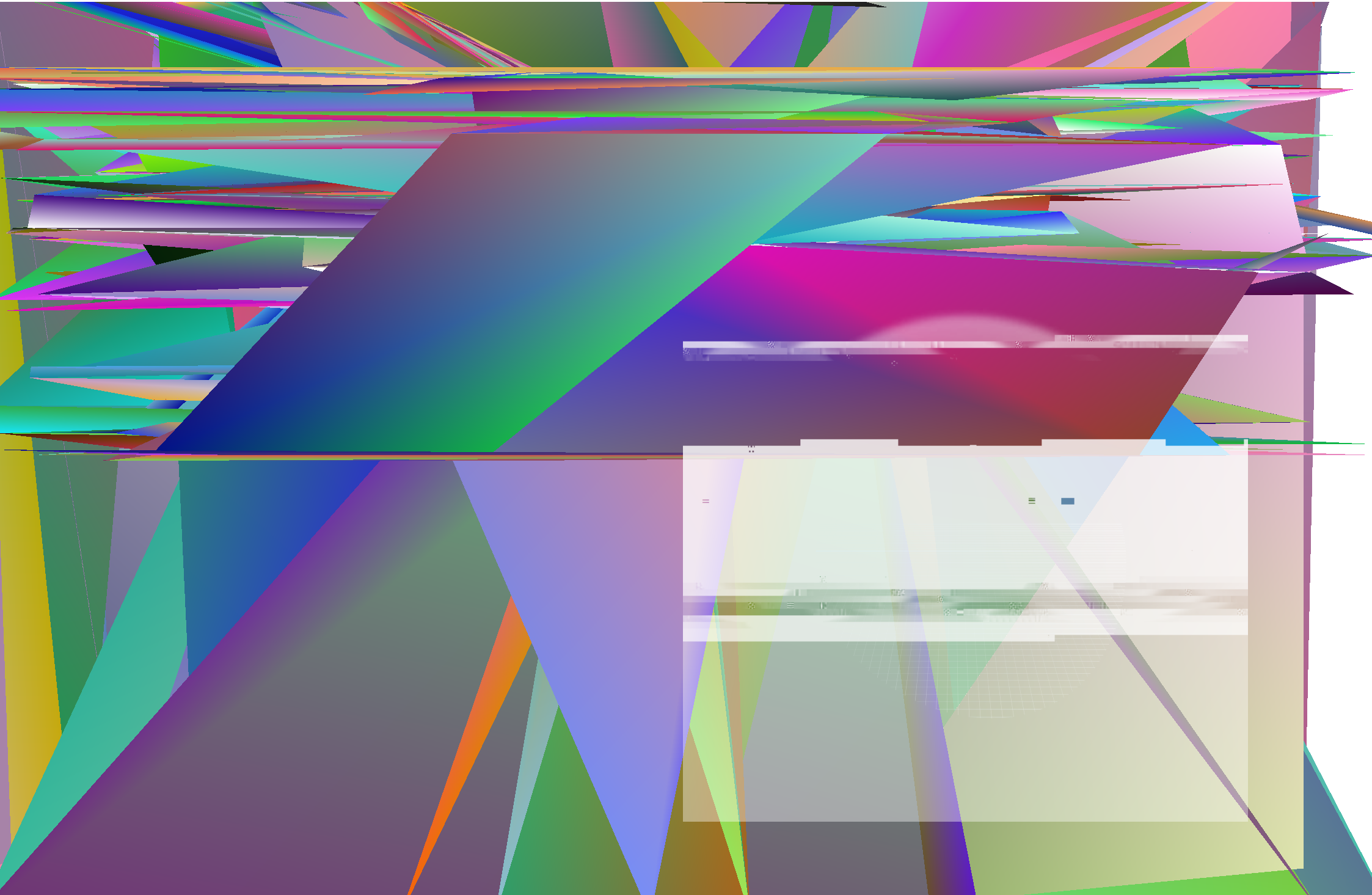
In our 2021 product energy-saving evaluation, USI's eco-design products saved 95,754 MWh, equivalent to reducing 46,888 metric tonnes of CO_2 and accounting for 37.3% of USI's total revenue.

Communication Product	1,020
Consumer Electronics Product	40,011
Computer and Storage Product	17,227,481
Industrial Product	638
Automobile Electronic Product	78,484,431

Note 1. USI's product categories fall into six categories, and this section does not cover medical categories

To intensify the promotion of green products, USI established the Green Design Innovation and Invention Patent Incentive System at the end of 2017. The objectives thereof are to give green-related designs weighted scores; build a green and innovative corporate culture; and facilitate green design proposals. The results of each product category and green related design are as follows:

	▶ Improve energy efficiency	▶ All internal power supplies complied with 80 Plus Titanium certification
	▶ Improve energy efficiency	▶ Comply with the EU Code of Conduct Tier 2 (CoC Tier 2) and the latest regulations of the US Department of Energy (DoE)
	▶ Improve energy efficiency	▶ The DC-DC conversion efficiency of the DC power supply of the server product is more than 90%
	▶ Improve energy efficiency ▶ Reduce power consumption in standby ▶ Modularization and compatibility ▶ Miniaturization	▶ True Wireless Stereo (TWS) uses low-power IC parts in its SiP design so that its standby power consumption is below 1mA
	▶ Reduce consumables	▶ Continue to use the latest radio frequency (RF) connector in handheld devices and replace existing parts with smaller, thinner, and lighter components to conserve material use
	▶ Improve energy efficiency	▶ Design products to meet ErP Lot 26 network standby requirements (standby mode < 8W)
	▶ Improve energy efficiency ▶ Miniaturization	▶ Develop hearing aid charging products to reduce the use of disposable batteries and reduce waste



USI is the world's leading company of D(MS)[2] [(1)] providing design, miniaturization, material sourcing, manufacturing, logistics, and after-sales services of electronic devices / modules for brand owners. In addition to manufacturing services, USI also provides customers with Turnkey Service [(2)]. Our Product Value Chain and Turnkey Service cover the content as shown in the figures below:

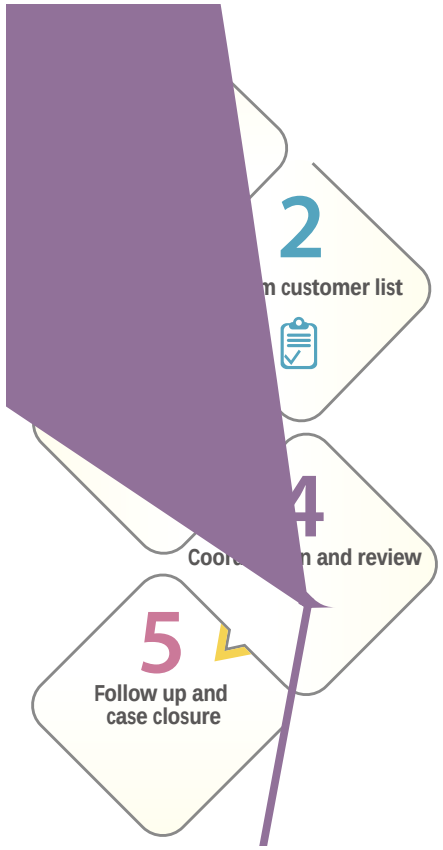
Note 1. USI provides D(MS)[2] product services: Design, Manufacturing, Miniaturization, Industrial software and hardware solutions, and material procurement, logistics, and maintenance services for brand owners
2. The essence of Turnkey Service is service integration
3. Material suppliers refers to suppliers of PCBs, substrates, active / passive components, other electromechanical components, mechanical components, packaging materials, and accessories

USI uses on-time delivery rates and maintenance turnover days as measurement metrics for our after-sales service [1]. On-time delivery rates are the percentage of batches shipped on time out of the total monthly shipments agreed with the customer. Maintenance turnover days are the interval between receiving returned products and their reshipment date. With USI's wide range of product services, different returned product quantities and properties will have different standards for maintenance turnover days. Turnover days in 2021 increased due to COVID-19, which resulted in longer waiting periods for global supply of materials and shipment lead times. After clear communication with customers, the agreed on-time delivery rate was 99.5%.

By following the quality policy of "Each member in the company shall participate and endeavor for improvement continuously to pursue the Zero Defect in each operational segment", USI adheres to "Three Non-Defective Principles": No acceptance of defective products, No fabrication of defective products, and No delivery of defective products. The company is highly concerned about the products with potential quality issues. USI's R&D and engineering units are invited to discuss the treatment plans and cause analysis and the regular study meetings to continuously track the countermeasure effectiveness as well as to prevent from repetition of defective products. For the products with safety concerns or batch issues, the company establishes preventive measures to recall them right away. The losses can be avoided, and customer lives and properties can be protected from damage.

Regarding customer feedback, we established a system to log and respond to quality feedback rapidly. Related personnel are immediately notified when there's feedback. They then will analyze and propose the most effective solutions to the customers and take steps to prevent similar issues from arising again. According to the Company's statistics, there were 3 complaints [2] from key customers in 2021, with a 100% resolution rate and no product recalls. The main attributes of customer complaints are summarized and analyzed, and they all belong to manufacturing process problems. The Company's improvement measures include designing new molds, adding alarm devices to control the adhesive dispensing parameters and updating the inspection process to avoid recurrence of problems and to resolve root cause issues.

In order to ensure effective communication with customers around the world, USI has set up dedicated personnel for all customers to handle customer service incidents, and actively collects customer opinions and demands by holding Quarterly Business Review (QBR) meetings, irregular business meetings, and questionnaire surveys in order to understand customers' evaluation of the Company's products in the aspects of quality, delivery, technology, green products, service and other, continue to improve the Company's service quality, strengthen the good cooperative relationship with customers, and work together to create the Company's greatest benefits and value. In response to the results of the questionnaire survey, relevant units within the Company hold seminars to formulate feasible response strategies, and effectively communicate with customers' feedback, needs and suggestions, formulate improvement plans and action plans, continue to track and monitor the improvement status, and send feedback of the latest progress to customers constantly, improving communication quality and customer satisfaction to obtain customer recognition and long-term support.



Note 1. For modularized products, it is not possible to be repaired. Thus, they must be replaced with new products, and they are included in the calculation.
2. Statistics cover Zhangjiang, Jinqiao, Shenzhen, Kunshan, and Nantou Facilities.

USI emphasizes customer satisfaction and safety, so all suppliers must label materials according to our Green Product Specification Procedure and we set up a mechanism that incorporates customers' demands into the product design. The company's products and operating system are also in line with international standard requirements and the safety guidelines of countries that its products are sold to. For example, it adopts stringent rules and uses only the low-pollution, non-toxic raw materials. For product planning, USI ensures products meets the specifications required by environmental regulations (EU RoHS, REACH, and related compounds etc.), and then conducts the life cycle assessment and eco-design evaluation. Meanwhile, USI generates eco-profile in response to EU's Energy-related Products (ErP) Directive (please refer to the Green Product Management section). USI also developed a Chemicals Management Procedure to assess and prevent risks that may arise whenever we introduce a new chemical into our production process as detailed in the Occupational Health and Safety section.

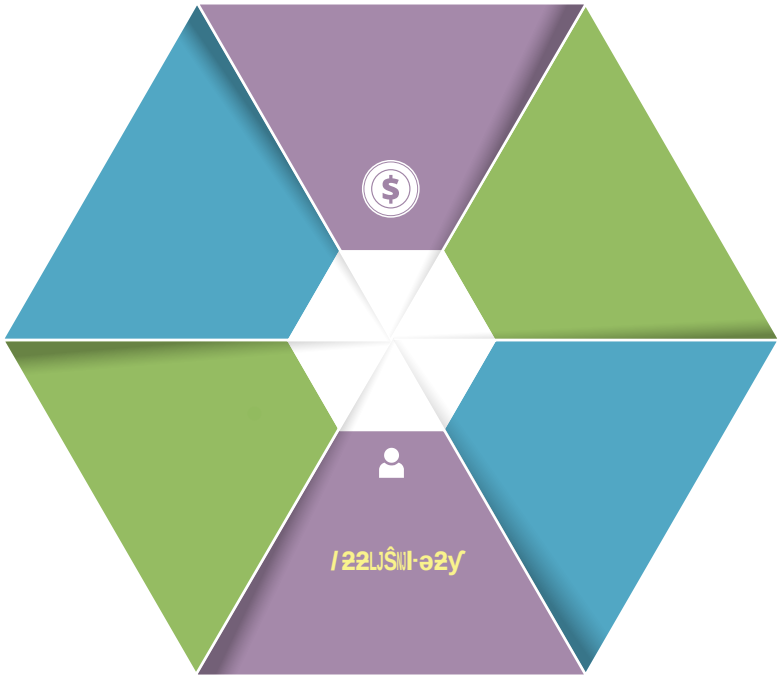
As part of product safety, we use the Factory Inspection Mechanism [1] to ensure all manufactured products comply with relevant laws, regulations, and ordinances internationally and of the sales area. For all electronic system products that have obtained safety certification, relevant safety warnings and description of correct operations are clearly stated within the user manual, and are regularly checked by a third-party (ex. UL, TUV, CCC) on a quarterly or annual basis.

For the protection of users, compliance with product safety regulations is a basic requirement for imported electronic products around the world. The system products manufactured by USI must comply with the product safety regulations of the country of sale or customers and meet one of the safety regulations in the right table. In addition, in the early stages of product design, we also consider various usage scenarios, and take imperfect laws and regulations into account, and strengthen product safety standards. The Company shall continue to expand product safety-related certifications for retail, industrial, and special field applications related to IoT to provide customers with high-quality, health and safety-compliant products. In 2021, the Company established a certification pipeline for product safety-related certifications for home security (including access control, home burglary prevention, area burglary prevention, and fire alarm notification), and conducted an online session to share knowledge and introduce the certification process at our Nantou Facility. In 2021, we did not receive any complaints about products endangering human health and safety, and no product safety-related violations were found.

Note 1. Factory inspection mechanism: A manufacturing factory that manufactures products which are labeled with safety regulations shall receive factory inspection (to be audited by an external certification unit) based on the request of a certification issuance unit to ensure that its products conform to safety regulations

In 2021, the rapid mutation of COVID-19 virus has resulted in the global pandemic continuing unabated, with extreme climate causing frequent natural disasters in various countries. In the face of unprecedented impacts and challenges, we have joined hands with our global partners to fight against the global pandemic. To avoid supply chain interruptions and maintain operational productivity, we conduct regular annual reviews and evaluations of supplier financial risks. We would adjust our procurement strategies, find alternative vendors, and prepare backup materials. In 2021, we evaluated 46 suppliers for financial risks.

To build a sustainable supply chain, USI has implemented measures to support local suppliers, implement human rights and protect labor rights, restrict the use of hazardous substances and avoid using conflict minerals, as well as adjusting our procurement strategy according to fulfillment, ur g021,o fulin,mpin TJ(em14.95annu)9g our suppliobaloructiv(trie20.5(ss)8)5.8(/)8 t(egular ar sup5(w)rcgl5( )3.8(yl0.9(a)9.2(tion.7(e)0.5(, er)] TJs,6)] Ta(eme) se 1lsoy(em1490.5(i(e)2.5(dseing)] (



USI products are diverse and can be applied in many sectors. We mainly procure active / passive components, substrates, mechanical components, and other peripherals. Our raw material suppliers, spread throughout the world, include original manufacturers, agents, and off-the-shelf suppliers. In the face of the ongoing pandemic and global shortages, in 2021, we traded with over 1,900 material suppliers, an increase of 200 suppliers compared to 2020, to meet the needs of existing and new customers.

	To reduce material costs, avert serious material shortages, and replace unsuitable suppliers to optimize product quality, we strive to establish more than two alternative materials for each material for original or collaborative design and manufacturing projects to increase flexibility in supply. In 2021, for Customer Z we have introduced the optional material mechanical components solution, with an estimated annual volume of 800,000 pieces, and the optional substrates with an estimated annual volume of 530,000 pieces. The two projects are estimated to save approximately CNY 5.12 million annually.
	In cooperation with local suppliers, the Nantou Facility recycled and reused 13,105 plastic pallets and 6,798 wood pallets in 2021, and saved approximately CNY 3.31 million.
	We collaborate with major processing vendors to recycle packaging materials and reduce environmental damage. In 2021, the Nantou Facility recycled a total of 1.13 million trays, 230,000 partitions, and 60,000 recycling bins, a total of 562.66 metric tonnes of waste were reduced and saved approximately CNY 9.14 million.

Note 1. The percentages of the amount purchased calculated according to the supplier distribution regions

The proportion of 2021 transactions with suppliers in each facility is shown in the table below. In this table, Zhangjiang and Jinqiao Facilities mainly manufacture the products for the biggest OEM customer. The type of material procurement was relatively simple, with the most substantial proportion of purchase amount. However, Shenzhen and Kunshan Facilities have multiple production lines with a wide range of material procurement, and the transactions of suppliers were relatively high.

USI supports local suppliers. This strategy not only facilitates the growth of the local economy

The progress of the suppliers' CSR will be one of the key factors behind USI's prospects. Therefore, USI establishes a standardized supplier evaluation system and Vendor Rating System to select suppliers according to the supplier evaluation criteria for protecting human rights and environment, as well as providing customers with high-quality products that meet health and safety requirements. Through continuous and close cooperative relationships with suppliers, a sustainable supply chain can be jointly established.

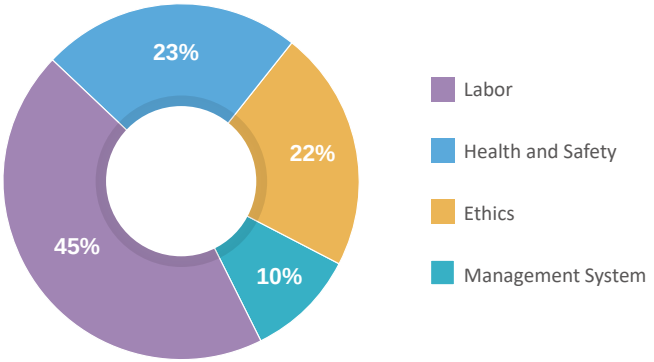
Following the company's demand trends and purchasing strategy of products of the future, USI establishes the supplier evaluation and approval process to investigate if the productivity, technical innovation ability, quality & service management of potential suppliers meet the requirements and serve as the basis of becoming an official supplier. When evaluating a new supplier, an evaluation team must be formed by purchase, quality, CSR, R&D, and engineering units to conduct a supplier capability survey for the Quality Review Board to verify the final assessment result. The supplier evaluation and approval process include basic company information, product information, major customers and financial status, the supplier's green control procedure, commitment to green products, supplier quality, and supplier sustainability assessment survey.

USI abides by and uses the RBA Code of Conduct to audit our suppliers. Our RBA audit team is formed by members from our Human Resources Department and EHS Department and assesses suppliers in five dimensions: labor, health and safety, environment, ethics, and management systems. The assessment highlights labor rights protection, workplace safety, environmental management, and anti-corruption. To ensure suppliers' compliance with corporate social responsibilities and enhance their competitiveness we request suppliers to uphold human rights, ensure the rights and benefits of their employees, and advance their companies' social performances.

To implement effective supplier management, the Company screens Tier 1 suppliers for control through annual procurement amounts and identification of Critical Tier 1 Suppliers as the basis for focused management. The Company conducts risk assessments of suppliers through the Supplier Sustainability Assessment Questionnaire (SSAQ) to ensure that risks can be effectively controlled and reduced. We also identify suppliers with potentially high governance, environmental and social risks, and conduct on-site audits of suppliers with potentially higher risks to gain an in-depth understanding of the current status of supplier sustainability.

In 2021, we conducted an SSAQ survey for 419 Tier 1 suppliers, with a response rate of 73%. According to supplier replies, we review and assess the suppliers with high risk and conduct on-site audits. Due to the COVID-19 pandemic, we imposed stringent travel restrictions to protect all employees. Therefore, in 2021, document audits and online audits of 47 material suppliers were conducted. In addition, On-site audit of 36 on-site service contractors. Audit results are 100% low-risk. For the deficiencies found in the audit, the suppliers were required to propose an improvement plan, and to complete the improvement within the deadline. The improvement plan was also revisited by us, with the supplier required to have a 100% completion rate of improvement items after

	Wages and Benefits	▶ Reduction of salary as a disciplinary action ▶ Failure to revise salary management related documents in a timely manner	▶ Revision of performance evaluation and bonus adjustment system as disciplinary action ▶ Revision of the company's salary management-related regulatory documents
	Freely Chosen Employment	▶ Enforced payment for work uniforms and other items when employees resign ▶ Failure to declare that employees are allowed to have free association and assembly	▶ The cost of work uniforms is borne by the company, and the relevant provisions were deleted ▶ Amendment of company documents
	Young Workers	▶ No management system to prohibit the use of child labor	▶ Establishing regulations prohibiting the use of child labor and remedial measures after the misuse of child labor
	Humane Treatment	▶ No in-depth understanding of the specific content of humane treatment in the RBA Code of Conduct	▶ Adding sexual harassment and sexual assault to the relevant management regulations
	Occupational Safety	▶ Occupational hazards notice signs not posted at sites with potential occupational hazards	▶ Posting occupational hazard notification cards
	Occupational Injury and Illness	▶ Failure to establish management procedures for prevention of work-related injuries and occupational diseases	▶ Develop management procedures for handling occupational accidents and preventing occupational
	Business Integrity	▶ Failure to establish an anti-corruption policy for business integrity	▶ Establish a management system for business integrity
	Protection of Identity and Non-Retaliation	▶ Failure to establish policies / procedures to protect the identity of employees and supplier whistle	▶ Develop a complaint reporting and whistleblower management system
	Privacy	▶ Failure to establish a policy or system to protect the privacy of customers and employees	▶ Establish a policy or system for protecting the privacy of customers and employees
	Legal and Customer Requirements	▶ Failure to establish regulatory identification procedures	▶ Establish regulatory identification procedures



In addition, the results of the human rights risk assessment of suppliers in 2021 found that "Wages and Benefits, Freely Chosen Employment, Occupational Safety, Occupational Injury and Illness" were the main human rights risk issues. We identify suppliers that were likely to face high risks and take corresponding measures to continuously track the effectiveness of their different risk profiles and ensuing improvement plans.

	▶ Wages and Benefits ▶ Freely Chosen Employment	▶ Occupational Safety ▶ Occupational Injury and Illness
	▶ Annual audits or RBA VAP to assess suppliers' human rights risks through each facility to mitigate risks. ▶ Requiring suppliers to adopt corrective measures for human rights risks and conduct follow-up on implementation.	
	▶ Requiring suppliers to provide guidance or compensation, or to implement policy changes or other measures for employees whose human rights have been violated. ▶ If a high-risk vendor is identified, the Company shall conduct on-site audits and provide recommendations for improvement and require the vendor to submit improvement reports on a regular basis to track the performance of continuous improvement.	
	▶ The grievance mechanism for external whistleblowing: for details please refer to the Business Ethics and Compliance section.	

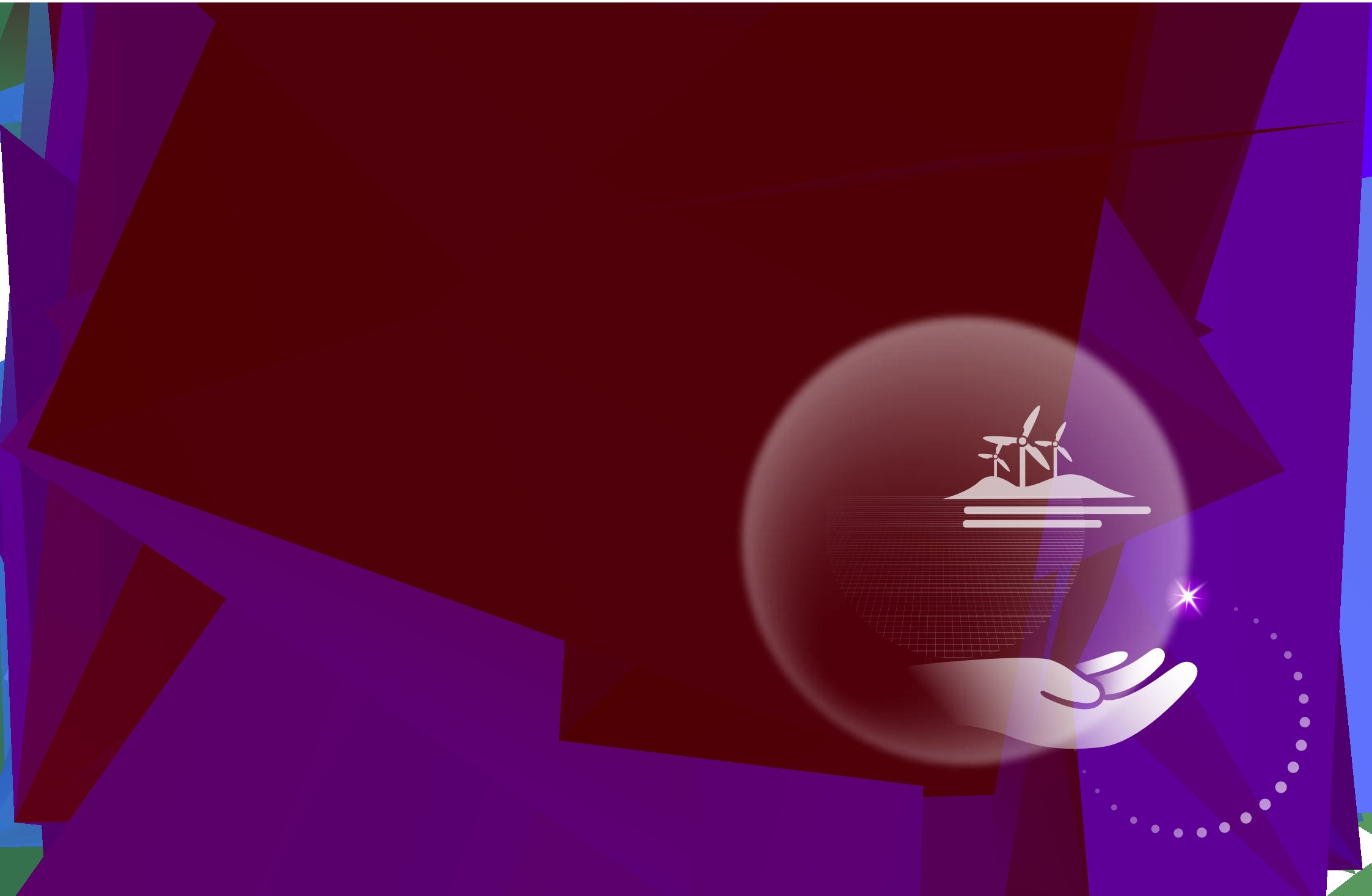
Note 1. Identify the top 3 RBA classification audit deficiencies in each category

Good communication channels and frequent interactions with our suppliers build solid relationships. For this, we established a supplier evaluation team with members from our Quality, Engineering, and Procurement units to handle supplier communication. We invite suppliers to attend USI's quarterly Executive Business Review (EBR), where we share our views on future market trends and experiences. We also take the chance to promote our environmental health and safety policies, focusing on their role in our green supply chain. We reiterate the importance of social responsibility and sustainability by updating them with the latest hazardous substance restrictions, environmental regulations, and customer product quality requirements. In 2021, USI and our material suppliers held 24 EBR meetings.

In addition to quarterly meetings, USI regularly holds courses to communicate with suppliers on market dynamics. We will host webinars for suppliers in light of new regulations to let the entire supply chain learn about the latest information and upcoming changes. Suppliers then can prepare and comply with USI's requirements regarding green procurement standards such as WEEE, RoHS, REACH, and Conflict Minerals. We expect our suppliers to value corporate ethics, enforce anti-corruption practices, and uphold our Supplier Code of Business Integrity. To mo2a-11aons,(or)14. Ine the impo(c)8.5(ompw7.1)8.9(eblebl4.9(n fur)16.r2(eilbo, RE7(x whPut schaeort)11407 1.0l) Tm016.3(vIn)7.1(t)E2.2(ain5.5(J(c)8.-0l) Tm(t)9.8ix)Ch USi6.94S0 C TJ7

Conflict minerals are metals such as tantalum, tin, tungsten, gold, and cobalt that are illegally mined and traded from the Democratic Republic of the Congo and its neighboring countries [1]. These metals were obtained by local armed militias through long-term violent coercion of labor or child labor to destroy the environment and ecology, and they are also the main source of funding for illegal armed organizations. ASEH joined RMI (Responsible Minerals Initiative) in 2015. As a member of ASEH, USI utilizes the resources and guidance provided by RMI to make wise choices in the supply chain regarding conflict minerals, achieving a conflict-free mineral supply chain.

Note 1. The neighboring countries: Central African Republic, Republic of the Congo, Angola, Zambia, Tanzania, Burundi, Rwanda, Uganda, and South Sudan
2. Target supplier, annual 92% of the total purchase amount
3. USI requests suppliers to source minerals from RMI approved qualified refining plants (https://www.responsiblemineralsinitiative.org/smelters-refiners-lists/)



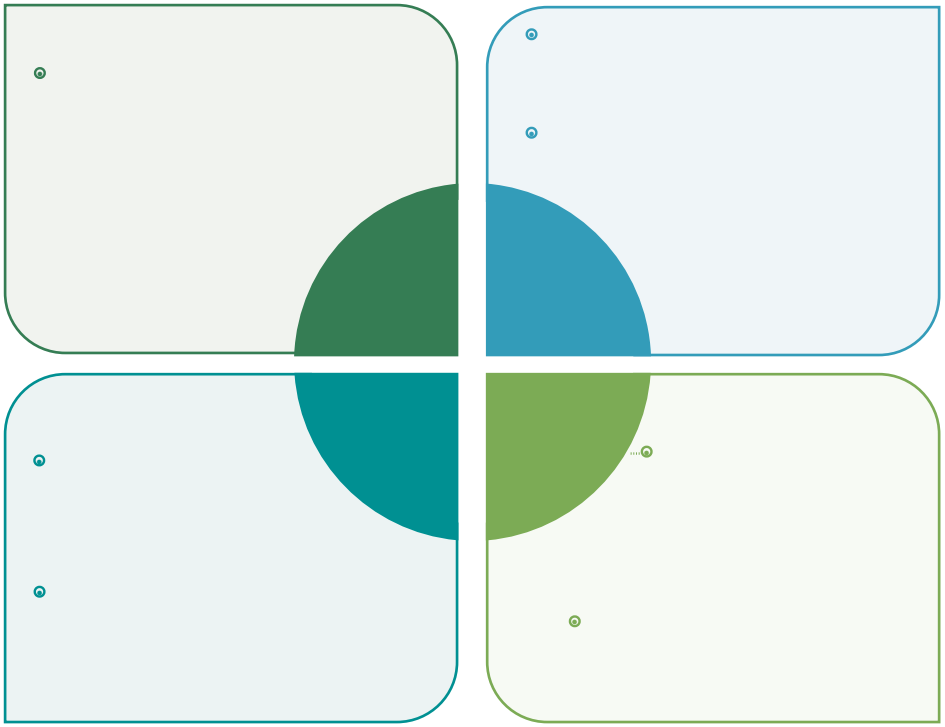
8 DECENT WORK AND ECONOMIC GROWTH	Formulate health and safety policies creating a work environment where all workers can be fulfilled while working	Occupational Health & Safety	▶ Major occupational disease incidences ▶ Major occupational injury incidences ▶ Major infectious disease incidences	▶ Maintain ISO 45001 certification ▶ No major occupational diseases ▶ No major occupational injuries ▶ No major infectious diseases	▶ Maintained ISO 45001 certification in all facilities ▶ No cases of occupational disease ▶ No major cases of occupational injuries ▶ No major cases of infectious diseases	✓	▶ Maintain ISO 45001 certification ▶ No major occupational diseases ▶ No major occupational injuries ▶ No major infectious diseases	▶ Obtain / maintain ISO 45001 certification ▶ No major occupational diseases ▶ No major occupational injuries ▶ No major infectious diseases
11								

USI integrates the concept of ecologically sustainable development with company's managerial decision-making and operation management. The board of directors and the executives assume management responsibility and take the opinions of stakeholders as reference to formulate the corresponding management strategy. Through the continuous promotion of management systems ISO 14001, ISO 50001, and ISO 14064-1:2018 (please refer to the Management Systems Certification Table), we have improved and reduced environmental impact of our operations and hereby make a public disclosure about USI's environmental information for the implementation of corporate environmental responsibility.

Our Environment, Health, Safety, and Energy Policy (EHS & Energy Policy) follows the principle of Regulatory Compliance & Responding to Environmental Campaigns to optimize resource utilization, and create an eco-friendly, healthy, and safe working environment. Please refer to USI website for the complete EHS & Energy Policy. A telephone hotline and mailbox are provided for feedback from stakeholders. In 2021, no official complaint about environmental impact was received, and no violation against environmental regulations and environmental pollution incidents. There are no significant environmental or ecological related fines or penalties [(1)] within 4 years.

The global warming caused by greenhouse gas emissions over the years has exposed the world economy to significant risks and has threatened many businesses around the world. As a result, stakeholders are starting to focus on risks and opportunities due to climate change. The Financial Stability Board (FSB) published the Task Force on Climate-related Financial Disclosures (TCFD) Framework in June 2017. The framework provides a clear picture of how to address the risks and opportunities associated with climate change and gives companies and investors a comprehensive assessment framework that can also be reflected in financial reporting.

In response to international initiatives and our Low-Carbon Strategy, USI adopted the TCFD framework and discloses the risks and opportunities brought by climate change, demonstrating corporate responsibility and strategy to allocate capital more reasonably and effectively to achieve the vision of low carbon economic transformation.

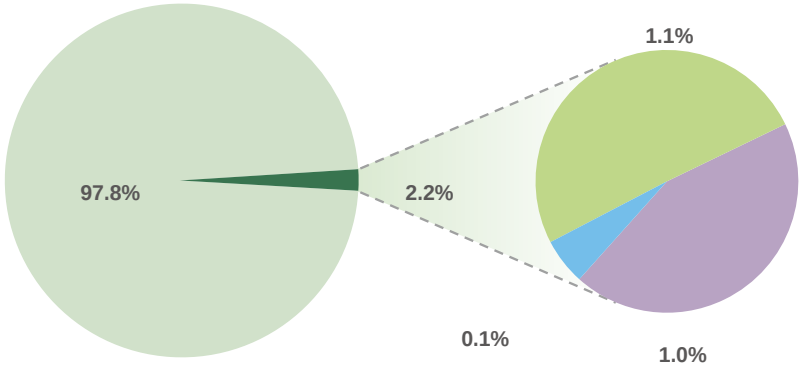


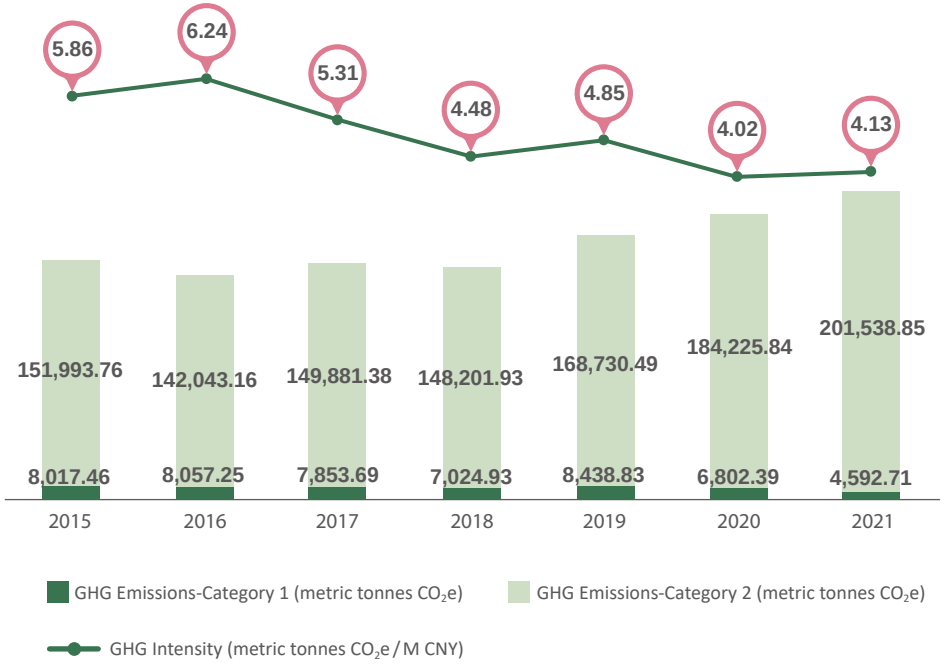
Note 1. Major fines or penalties refer to a fine of more than CNY 65,000

Background Data Collec t on

	Energy Transition	Increase in energy costs	▶ Improve equipment efficiency, upgrade the power supply and replace power systems ▶ Organize regular sessions of successful power saving case studies with related taskforces
	Customer demand for green products	Additional carbon reduction equipment installation and R&D costs	▶ We have developed biodegradable plastics (emission reduction) that fit the customers' needs based on climate change issues to facilitate the energy-saving and carbon-reducing product applications for our customers ▶ We absorb cutting-edge knowledge through papers, seminars, and exhibitions to effectively meet customers' requirements for Energy Star and CoC Tier 2
	International carbon tax and emission quota requirements	Additional operating costs	▶ We propose to introduce eco-friendly materials in the early stage of product development, which can effectively reduce carbon emission in line with customers' product development plan for carbon neutral products ▶ We have developed a carbon supply chain management plan that will allow us to understand the carbon emissions from our supply chain in the future ▶ We have adopted green power gradually to minimize the impact of carbon pricing
	Drought (Supply Chain) Floods (Supply Chain)	The production was adversely influenced, resulting in financial losses and revenue decline	▶ Establish a substitute mechanism for materials ▶ Purchase mechanism for spot dealers ▶ Implement cross-site material transfer mechanism ▶ Provide market information to prepare materials in advance (MPA) ▶ When an emergency occurs that causes a lack of material, the emergency response management procedures will be activated according to the SOP
	Drought (USI)		▶ Simulate flood and drought risks using physical scenarios of climate change and propose contingency preventive measures
	Develop energy saving components	To meet customers' energy-saving product needs; therefore, we can increase the revenues	▶ We can reduce the material and energy consumption by increasing the output per material unit through the miniaturization design; in addition, the energy consumption required for transportation is lower than that of other products ▶ We can meet the design requirements such as ERP, CEC, and DoE for different types of products to improve the overall power efficiency in the system
	Demand for electric cars market		▶ We have developed a series of flip-chip PEC [1] to meet the high current density requirements of headlights, focusing on LED chip life, reliability, and brightness for Car Lights ▶ For the Powertrain, we continue to design and promote low energy consumption and high efficiency products to our customers. We also design and develop products to meet the IATF 16949 requirements
	Introduce an energy management system to improve energy efficiency	Reduce electricity cost for operation	▶ We can identify primary energy consumption areas through our ISO 50001 energy management system, formulate energy-saving plans, and control our energy performance to effectively save energy and reduce carbon emissions through the PDCA Cycle every year

Note 1. PEC, Pad Extension Chip





USI continued to promote the greenhouse gas inspection (ISO 14064-1). Following the introduction of the Category 3 inspection at Nantou Facility in 2018, beginning in 2020, we conducted inventory and identification of Category 3 to Category 6 emissions on the value chain. In 2021, the verification results by the third-party verification unit are as follows:

Unit: metric tonnes CO_2e

	Emissions from upstream transportation and distribution of goods	48,016.13
	Emissions from downstream transportation and distribution of goods	44,545.17
	Emissions from employee commuting	10,364.53
	Emissions from business travel	214.58
	Emissions from goods purchased	12,843,600.91
	Emissions from capital goods	30,571.58
	Emissions from solid and liquid waste treatment	1,230.79
	Emissions from the use of assets	2,335.01

Note 1. The data presented came from the ISO 14064-1:2018 inventory results
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 greenhouse gas 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 Fifth Assessment Report (2013)
6. Due to the revision of the calculation formula of GHG emissions in 2020, the value of Category 1 is revised
7. The data presented came from the ISO 14064-1:2018 inventory results, rounded to the 2nd decimal place

In the green-house gas emissions, power loss shares about 97.8% in USI. The key to reducing carbon emission is to save power, making maximum efforts for electricity efficiency. To reduce energy consumption during the operational activities and product processes and save the cost, 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. The 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 the energy consumption and saving the electricity bill, 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 2021 was 986,633.2 gigajoules, an increase of 37,706.9 gigajoules from 2020. Based on the turnover, the energy consumption per million CNY in 2021 decreased by 0.002 gigajoules. In terms of energy saving, there were 10 major energy-saving schemes, which saved a total of 1,944 MWh of electricity and reduced carbon dioxide emissions by 1,175 metric tonnes. The total investment is CNY 10,299,102, and the annual cost saving is CNY 1,653,485. The detailed results are shown in the following chart:

2015 2016 2017 2018 2019 2020

	1,335.80	2,575.20	34,238.98	948,483.21	986,633.19
	1,393.59	2,523.89	74,103.64	870,905.19	948,926.31
	1,065.38	3,572.89	103,881.07	769,756.87	878,276.21
	639.08	4,011.47	76,708.71	657,531.10	738,890.36

Note 1. The data presented came from the ISO 14064-1:2018 inventory results, rounded to the 2nd decimal place
2. The data includes Zhangjiang, Jinqiao, Shenzhen, Kunshan, Nantou Facilities
3. Conversion data of the heat value index:
- Facilities in Zhangjiang, Jinqiao and Kunshan have adopted Annex A (referential energy conversion standard coal factors) of General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2008)
- The Shenzhen Facility adopted Table E.2 (Fossil Fuel Combustion Emission Factors) of the Organizational Guidelines for Greenhouse Gas Emissions and Reporting (SZDB/Z 69-2018)
- Nantou Facility have adopted "Heat Content of Energy Products" from Taiwan Energy Statistics Handbook (2020)

	Heat recovery system improvement	The high temperature generated from the operation of the air compressor is effectively converted to provide air conditioning for the facility, reducing the demand for operating the water-cooled chiller unit	45.1	35.7
	Improvement of water-cooled chiller unit	Replacement of old water pumps with energy-efficient pumps for the water-cooled chiller unit	640.1	507.1
	B1 Ice water machine replacement	Added two new Centrifugal Water Chiller Unit 500RT to replace the old six original 300RT Water Chiller Units (two retired, four for backup use)	813.7	408.5
	Exhaust fan motor replacement	1. The original 15HP old motor is replaced by IE3 / 10HP high efficiency motor 2. The original 16.5kW motor was replaced with a new 16.13kW motor to improve efficiency	34.3	17.2
	Adjustments of air compressor supply pressure	Adjusted the effective air pressure from 7kg / cm^2 to 6.5kg / cm^2	5.3	2.6
	Air compressor with variable frequency drive	Equipped with a variable frequency drive to save energy and lower the load operation and automatically load the backup unit when the air pressure is insufficient to prevent the production line from being interrupted due to loss of pressure	53.1	26.6
	Add variable frequency drive inverters to area pumps	To meet the demand of supply pressure for the operation of pumps in facilities, an inverter is added to effectively regulate the power	173.7	87.2
	Energy-saving improvement of facility lighting	Replace the original emergency lighting with LED lighting in the facility, parking lot and restaurant under the condition that the illumination level and service life are not lower than the original	23.6	11.8
	Energy-saving improvement of Air Conditioning Cooling Tower Fan	The traditional cooling tower fan blades are changed to thick airfoil energy-saving blades, and the streamlined airfoil design reduces air resistance, reduces motor load current, and thus saves energy	74.7	37.5
	Replace Constant Temperature and Humidity Chamber	Replaced the constant temperature and humidity chamber with a newer, energy saving model and reduced the annual energy consumption from 450 MWh to 312 MWh	80.5	40.4

USI actively responds to the call for renewable energy use. We purchased 222,319 MWh International REC (I-REC, the registration authority is I-REC Registry) in 2022 to offset CO_2 emitted by traditional power in 2021 (the annual electricity use for Zhangjiang, Jinqiao, Shenzhen, Kunshan Facilities were all offset, and 31% of Mexico Facility's electricity was offset). Low-carbon products produced in facilities using renewable energy accounts for 69.93% of USI's annual revenue. According to GHG Protocol Scope 2 Guidance, the statements are used to neutralize Category 2 Market-based emissions. The greenhouse gas emissions amount by location and market [3] are as follows:

	GHG Emissions (Metric tonnes CO_2e)	4,592.71	201,538.85	206,131.56
	Percentage (%)	2	98	100
	GHG Emissions (Metric tonnes CO_2e)	4,592.71	26,617.41	31,210.12
	Percentage (%)	15	85	100

Note 1. Carbon emissions reduction = Electricity saving x electricity emission coefficient
2. Electricity emission coefficient:
- Zhangjiang, Jinqiao, and Kunshan Facilities adopt the Huadong Power Grid 0.792 metric tonnes CO_2e / MWh which in "2019 Emission Reduction Project: China's regional grid baseline emission factor" by the Department of Climate Change
- Nantou Facility adopt the "2020 Electricity Emission Factor" announced by the Bureau of Energy, with a CO_2 emission factor per kWh of 0.502 kg CO_2e/kWh

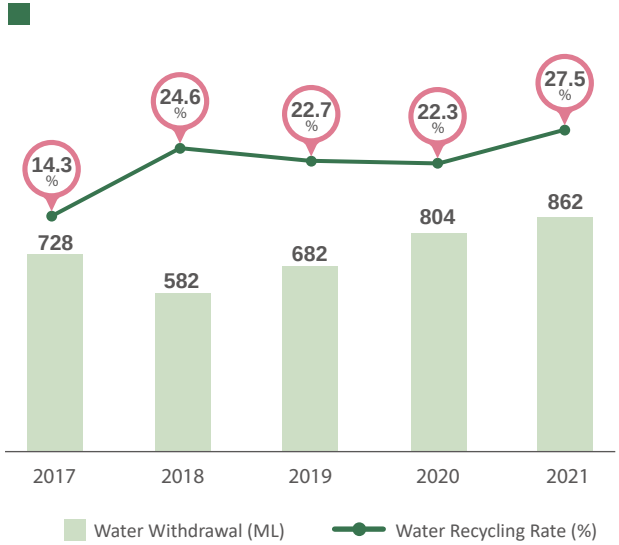
3. The data presented came from the ISO 14064-1:2018 inventory results, rounded to the 2nd decimal place

USI does not have issues on contaminating catchment areas as our facilities are not built around it. But Mainland China's regulation has become increasingly rigorous and ASEH paid close attention, the storage and distribution of water resources have also become an important topic for us. USI has been making efforts in conserving water resources and continues to manage the resources in our production and daily life. Apart from regularly tracking the water usage of USI's six major manufacturing facilities, USI also commissions a third-party to check the quality of effluents on a regularly basis to prevent water pollution from happening. Each facility tests the watch items in accordance with local laws and regulations: In Zhangjiang and Jinqiao Facilities, the watch items include pH value, SS, BOD, COD, ammonia nitrogen, total phosphorus, petroleum, animal and vegetable oils, and sulfides; in Nantou Facility, the watch items include water temperature, pH value, SS, BOD, and COD; in Mexico Facility, the watch items include BOD, TSS, copper, nickel, cadmium, lead, hexavalent chromium, zinc, arsenic, and mercury; in Shenzhen Facility, there are no relevant watch items and the discharge water management follows the national discharge water standards; Kunshan Facility leases some floors of the ASEH's factory. In the water intake and discharge, ASEH is responsible for control and the Kunshan Facility only shares water-related costs. There was no violation of water discharging regulations in 2021, and USI will continue to keep a track on the use of precious water resource and save as much water as possible for a friendly environment and reduction of environmental impacts.

USI total water consumption in 2021 was 861.89 ML, an increase of 7.2% from 2020 (803.69 ML). However, our water intensity is reduced by 36.4% compared with 2015, achieving the goal of water saving. In terms of water intake, except for the use of underground water sources in Nantou-TT Facility, all other facilities use tap water sources. The annual underground water consumption is 61.03 ML, and the water consumption of tap water is 800.86 ML. In terms of water discharge, 742.46 ML of wastewater was discharged into the sewage systems. Analyzing the data, operational expansion is the main reason why the overall water intake of USI has increased compared with the previous year.

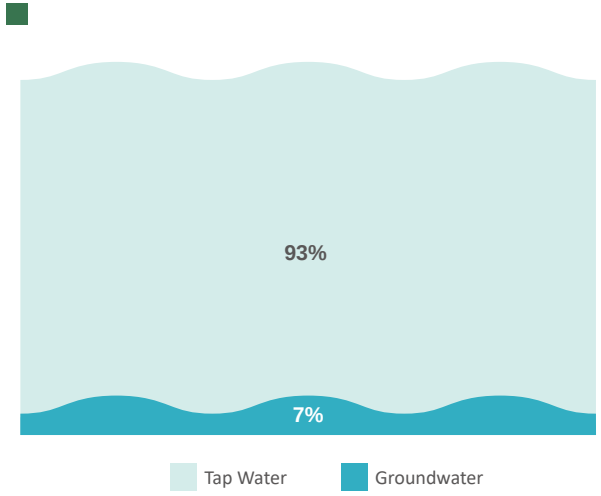
To make the use out of every drop of water, USI is planning to recycle as much water as possible via improvement of equipment and technology. In 2018, the process water recycling system was introduced to Zhangjiang Facility. This system enables USI to recycle process water produced from the cutting process; filter and sterilize the water through filtration, disc filter, ceramic ultrafiltration membrane and UV sterilization processes; and reuse the water in the production. With respect to the second-phase installation of process water zero discharge system at Jinqiao Facility, this project has adopted advanced oxidation technology. In 2021, USI recycled 236.97 ML of water, with a recycling rate of 27.5%, and estimated savings of CNY 879,187. In addition,

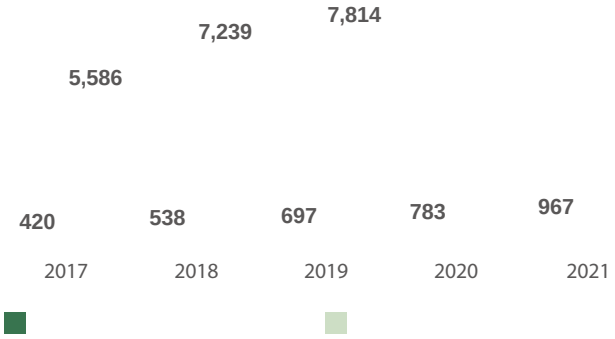
Note 1. Apart from the Nantou-TT Facility, USI has no discharge water flow meter in each facility. Thus, the water discharge volume is estimated based on the estimation principle of 90% of the water intake



USI considers "Waste Minimization and Reuse" as corporate policy. The principles of "Effective Reduction & Circular Reuse" and "Impact Mitigation & Continuous Improvement" have been carried out thoroughly in all the facilities and treated as annual performance indicator. Therefore, through regular data record and tracking, the relevant units such as process unit, facility affairs unit, and EHS unit strictly monitor the usage and outputs. USI has developed a waste disposal program specifying that hazardous wastes must be handled by qualified suppliers with valid licenses for disposal and that non-hazardous wastes must be given to licensed recycling operators for recycling or shipped to the licensed incinerators for incineration. During the waste removal process, the responsible EHS department monitors and follows vehicles from time to time and review the track records of the waste removal vehicles to confirm that the waste is handled in accordance with the regulations and contracts.

According to the statistics, the total amount of waste generated in 2021 was 9,733.33 metric tonnes, and the recovery amount was 8,318.25 metric tonnes, with a recovery rate of 85.5%. Although it is slightly higher than the previous year, it still meets the annual target (80%). The details are shown as follows. In 2021, the production of non-recyclable hazardous waste in the manufacturing process increased due to the introduction of new manufacturing processes and chemicals in some facilities. USI continues to focus on product package outer box, partition and tray cleaning and recycling, with a total weight of 1,284.79 metric tonnes recycled and reused in 2021. In the future, USI will continue to implement the waste reduction policy, reduce volume from the source, and strive to achieve the goal of resource sustainability.





	0.000	0.000	3.120	674.952	0.000	368.567	0.643	36.961	378.239	0.000
	0.000	0.000	0.132	239.302	0.000	180.000	0.000	26.125	91.109	0.000
	0.000	542.861	74.685	1,284.866	1,284.866				Recycling	

Note 1. Statistics are rounded to the 3rd decimal place
2. Electronic waste is recycled / treated by qualified local licensed operators according to law, and the operators currently cooperating with USI have not obtained third-party certification

In addition to adopting ecological design for its products, USI conforms to the principles of the cleaner production evaluation system at all its facilities in production and manufacturing, logistics and transportation, green management, and social responsibility to implement resource conservation, green manufacturing processes, pollution prevention and innovative eco-friendly design. This has not only lowered the impact of manufacturing processes upon the environment, but also reduced costs of raw materials, energy, and pollutant treatment while increasing economic and environmental protection benefits.

Since 2011, Zhangjiang, Jinqiao, Shenzhen, and Nantou-TT Facilities have successively obtained clean production certification. In 2019, Nantou-NK Facility started undergoing EEWH green building certification, and successfully obtained the first green building certification in 2020. In addition, we have cooperated with solar construction companies to build a solar power generation system with a total capacity of 499 kWp [1]. Since October 2019, it has officially put into power generation. In 2021, it produced a total of 1,508 MWh green power. In the future, we will continue to focus on clean production and green building promotion to build up a green factory of USI.

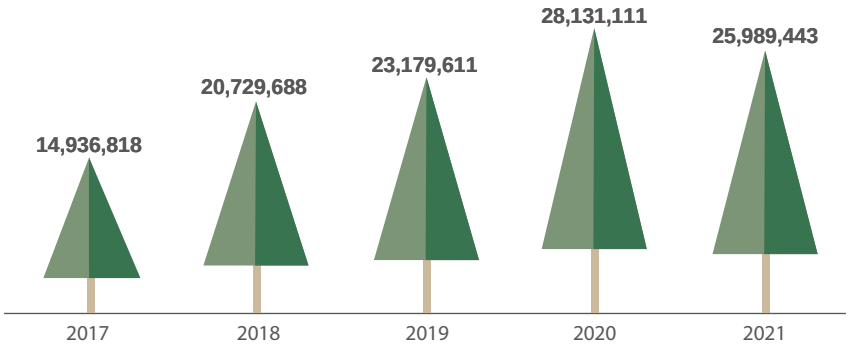
For Zero-Net Deforestation, wood materials we use are mainly pallets or crates used in product transportation. In addition to the materials designated by customers, USI follows the requirements as below:

	For all in-facility transportation and storage of products / raw material, as well as the transportation to the customers nearby	Self-recycling and reuse
	For long-distance transportation to customers	Recycle and reuse by outsourced manufacturers
	Designated by customers	Made by fast-growing trees

Note 1. kWp is the calculation unit of the solar cell's power output under standard sunshine conditions; 1 kWp = 1 kilowatt-hour (kWh)

USI continues to promote green office culture. To reduce paper use in the office, related document signing operations have been introduced successively into online e-signature system. The electronic payroll, company parking, and accommodation expenses were incorporated with e-invoicing system. The in-facility orientations were held to promote the use of e-carrier. Furthermore, in accordance with the specifications of "EHS & Energy Change Management Procedure", the purchase of products related to green labels has been given priority when the equipment change, or modification requests are made. In terms of office energy saving, all our facilities have also eliminated old air-conditioning equipment as well as traditional fluorescent lamps since 2015 and replaced with new high-performance air conditioning systems and energy efficient LED lighting fixtures.

To calculate our investment in the environment, we have classified relevant costs according to the nature of ASEH's environmental expenditure (including Operating Cost, Upstream / Downstream Cost, Management Overhead and Social Activities Cost. For detailed expenditure details, please refer to Sustainability Data - Environmental E. Environmental Expenditures). In 2021, due to the increase in operating cost investment, USI's total environmental expenditure was approximately CNY 26 million, a decrease of 8% from the previous year. In the meantime, we have continued to further improve our environmental management by calculating and analyzing relevant costs on a quarterly basis.



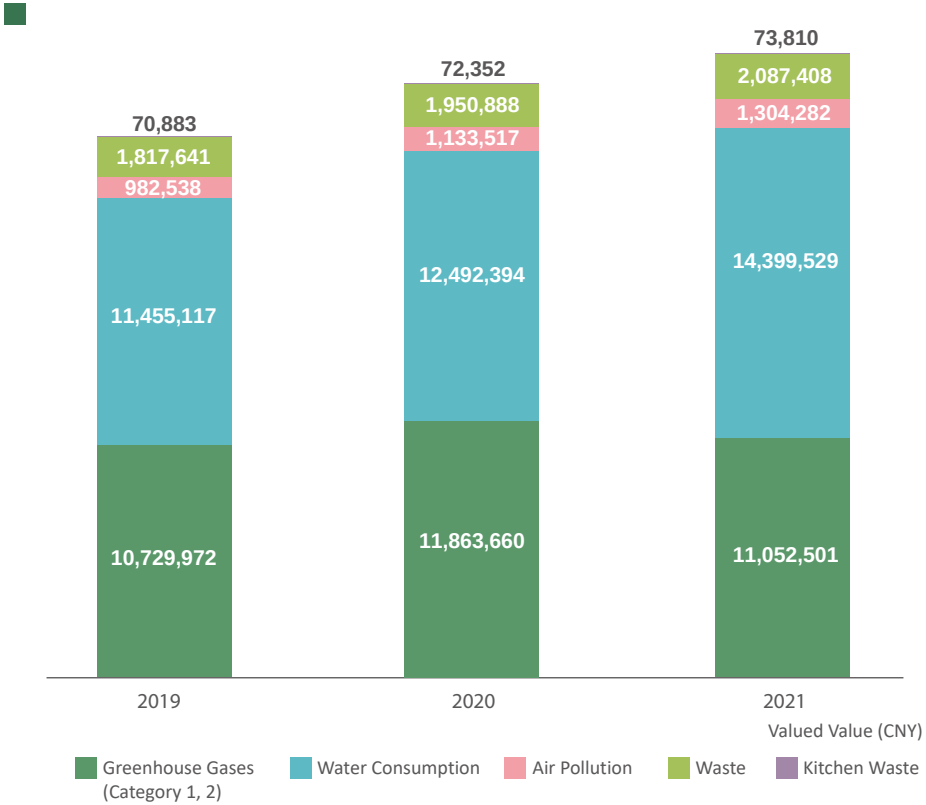
Environmental Expenditure (CNY)

USI Facilities are not located in World Heritage sites or protected areas. We are committed to biodiversity by taking the following measures:

- Confirm that new facilities are not located in legally protected areas and biodiversity sensitive areas and avoid deforestation
- Comply with local ecological protection laws and regulations and implement environmental assessment operations at facilities to confirm that there are no ecologically sensitive sites around the facilities and that there is no significant impact on the ecological environment
- Mitigate by avoidance, minimization, restoration, and offsets when operating in areas near critical biodiversity
- Work with Tier 1 and Non-tier 1 suppliers and promote biodiversity and deforestation reduction commitments
- Collaboration with external groups began in 2013 to increase habitat and soil conservation through continuous afforestation with No Net Loss (NNL) and Zero-Net Deforestation (ZND) as the goals. Future operations will move towards Net Positive Impact (NPI), please refer to the Conserving the Environment section.

USI Facilities in Mainland China, Nantou and Mexico are all located in high-tech and industrial parks. We are committed to reducing energy consumption and energy recycling in our operations and seek to stop or reduce forest destruction caused by our production and sales processes (No Gross Deforestation). By 2045, continue to reduce the impact on the biological environment caused by our operations.

To further create useful products and services using natural capital and reduce the direct or indirect impact on the environment during the process, USI introduced Environmental Profit and Loss (EP&L) methodology in 2020 to help the company to make effective decisions by weighing different issues through monetization management. We focus on major environmental issues related to operations, including greenhouse gas emissions, air pollution emissions, waste generation, water resources use, and tree planting carbon sinks. Using EP&L methodology, 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 2020, after value conversion, is CNY 24,411,787, of which the main source of environmental impact is greenhouse gas emissions (the impact of greenhouse gas emissions is the result of offsetting the positive benefits of carbon sinks from tree planting), with categories 1 and 2 accounting for 49%, followed by water consumption, accounting for 38%. In 2021, the cost of the environment outside the country is CNY 24,926,384. Greenhouse gas emissions categories 1 and 2 together account for 44%, followed by water consumption accounting for 42%. Comparing the results of the two years, the overall environmental external costs in 2021 increased by 2% compared to 2020, while the total revenue in 2021 increased by 15.94% compared to the same period in 2020, the environmental costs were able to maintain a slight increase despite the significant increase in revenue, which demonstrates our dedication and excellent results in reducing the environmental impact in 2021. USI's environmentally friendly operations, such as the use of recycled water, generated positive benefits of CNY 3,098,258 and CNY 3,985,332 in 2020 and 2021, respectively, and the carbon storage benefits from tree planting generated positive values of CNY 2,766 and CNY 5,814, respectively, in the same years. The total of the two positive benefits in 2021 increased by about 29% compared to the previous year, which signifies USI's efforts in environmental protection were able to maintain a small increase in the negative impact.



To ensure employees and other workers' physical and mental health during working hours. In addition to complying with local labor laws and safety production regulations, USI has stipulated safety and health policies, objectives, standard procedures, and held educational training and LOHAS activities. All our facilities passed the ISO 45001 Occupational Safety and Health Management System which includes our employees and other workers [1] (Coverage Rate = 100%), so we review our policy and performance yearly to satisfy the requirements of occupational health and safety laws and our policies and continuing to provide a safe and comfortable workspace.

	No cases of occupational disease occurred.

management system. In the meantime, to ensure the quality of identification and assessment procedures, not only should designated safety and health units conduct relevant educational training on a regular and irregular basis (Please refer to the Occupational Safety and Health Training section), but also the representatives of promoting health and safety measures shall take internal auditor training within the ISO 45001 management system and acquire qualifications.

	1. Control measures must reduce the risk to an acceptable range 2. Review the integrity of existing protection and control measures and formulate management plans for improvement. If there is no improvement, it is necessary to formulate operation control procedures or emergency response plans	There are no Serious or High-Level risks and opportunities in the work activities or working environment of USI facilities.		
	It must be reviewed whether there are still opportunities to improve the performance of occupational safety and health, such as: 1. Measures to further reduce personnel exposure frequency or incident rate 2. Adjust the work, work plan, and working environment suitable for workers 3. Reduce the monotonous work or working frequency 4. Strengthen existing control measures	Part of the factory operations and high-risk operations employees have Medium High or Medium Level risks and opportunities; others are Low or Slight Level risks and opportunities.	Elevated operations: drop, fall	Must wear safety belts and helmets and use compliant auxiliary equipment; set up the operation control area and have workers from the same industry to assist in the operation.
			Confined space operations: hypoxia	Wear self-contained breathing apparatus and strengthen training.
			COVID-19: infectious diseases within facilities	Carry out relevant requirements and measures for personnel access control, self-monitoring temperature, notification system, and environmental protection.
			Hot work operation: fire	Must control fire sources and combustibles, wear personal protective equipment, carry spare fire extinguishers, and strengthen training.
			Work environment (such as using organic solvents, X-Ray inspections): inhalation hazard, skin contact hazard or body pathology	In addition to regular monitoring of high-risk operating environments (including lighting), special health inspections should be carried out. The inspection items include noise, carbon dioxide concentration, organic solvents, specialized substances, dust, lead workplaces, and free radiation; they require personal protective gear during operation.

To ensure that the relevant units can respond quickly when an occupational incident occurs, each facility has established procedures for accident investigation and handling, stipulating that if a near miss, occupational injury or occupational disease occurs in the facility, procedures such as first aid, reporting, investigation, and improvement measures would be carried out, and at the same time improvement measures are proposed based on the root cause of the accident. All improvement measures would be carried out across all facilities, and relevant continuous improvement would be tracked regularly to prevent the recurrence of similar accidents.

In 2021, there were 13 physical injuries (including forklift crushing, clamping, slipping, spraining), one ergonomics injury (lifting sprain), and two near miss incidents. Our injury statistics indicated that one injury occurred in Jinqiao Facility and one in Nantou Facility at the end of 2020, which was caused by a fall on a staircase and an automatic warehouse injury caused by a person not following the SOP. The accident involving a forklift occurred at the Nantou Facility, in which the operator did not wear safety shoes during the material picking operation, resulting in a crushing injury caused by the forklift. After analyzing the root causes of the accident, we reinforced the requirement to wear steel-toed safety boots for forklift operators, extended forklift operation safety training for qualified personnel, and strengthened daily audits by supervisors to prevent recurrence. The above three incidents are the main reasons for the increase of lost day rate in 2021. Also, several "walking injury" incidents were recorded. In addition to the improvement of lighting and floor slip prevention, we posted warnings and strengthened advocacy and training, incorporated safety requirements into the employee code of conduct, and continue to work towards the goal of zero accidents. There were no accidents resulting in injury or death of employees or damage to equipment resulting in production stoppage in 2021.

Lost-time Injury Frequency Rate [2]	0.15	0.31	0.29	0.31	0	0	0.12	0	0.87	0.60
Rate of High-consequence Work-related Injuries [3]	0	0	0	0	0	0	0	0	0	0
Rate of Fatalities as A Result of Work-related Injuries [4]	0	0	0	0	0	0	0	0	0	0
Occupational Diseases Rate (ODR) [5]	0	0.02	0	0	0	0	0	0	0	0
Lost Day Rate (LDR) [7]	2.83	1.64	2.95	10.33	0.00	13.98	2.50	0	43.85	2.11

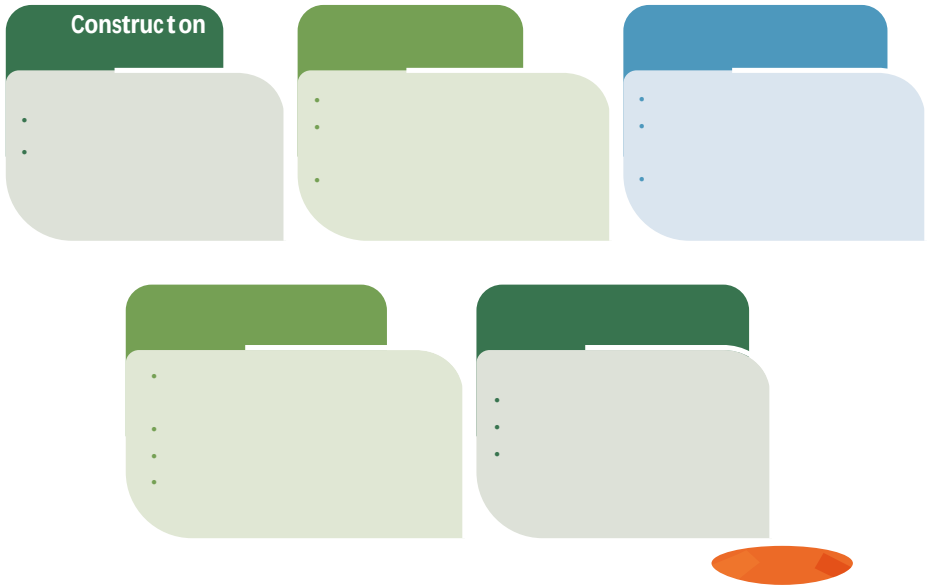
Note 1. Statistical count excludes traffic accidents during commutes. Please refer to the Contractor Management section for information on work-related injuries of contractors
2. Lost-time injuries frequency rate (LTIFR) = (Number of lost-time injuries ÷ Total hours worked) × 1,000,000
3. Rate of high-consequence work-related injuries = (Number of high-consequence work-related injuries ÷ Total hours worked) × 1,000,000
4. Rate of fatalities as a result of work-related injury = (Number of fatalities as a result of work-related injuries ÷ Total hours worked) × 1,000,000
5. Occupational Diseases Rate (ODR) = (Total numbers of occupational diseases ÷ Total of hours worked) ×1,000,000. Statistics of occupational disease are in accordance with the definition of occupational diseases from relevant local laws and regulations for each facility
6. Include work-related injuries that occurred in 2020 and count lost days in 2021
7. Lost Day Rate (LDR) = (Number of days lost due to injury ÷ Total of hours worked) × 1,000,000. Number of days lost due to injury are based on the information collection period until 12 / 31 / 2021

In order to enhance employees' awareness of occupational safety and health, USI has established "Environmental Safety and Health and Energy Education and Training Management Regulations" at each facility to draw up annual environmental safety and health education and training plans according to practical needs, and to conduct safety and health education and training for new recruits and in-service personnel (e.g., chemical safety operation, electrical safety, personal protective equipment use and workplace accident management training), regulatory and certification training (e.g., first-aid personnel, special machinery and equipment safety management and radiation device operation training), management system operational training, emergency response training, and contractor education training (please refer to the Contractor Management section), as well as arranging drills and tests for employees to enhance their knowledge and skills and their ability to deal with emergencies. 410 advocacy and training courses were held in 2021, with 50,851 employees trained 57,776 hours.

	Data not available	183	207	410
	21,687	32,443	56,285	50,851
	41,686	21,942	48,411	57,776

To ensure employees fully understand facility evacuation routes and how to use emergency response equipment, our EHS Emergency Response Center developed a hazard awareness plan, emergency response procedures, and conducted emergency response training for disasters caused by earthquakes, fires, and chemical leaks, so that employees can effectively apply their drill trainings and minimize accidental injuries and impacts when the actual emergencies occur. In 2021, 32 disaster drills were held, including 7 first responder trainings, 4 earthquake disaster prevention drills, 13 fire drills, and 8 chemical disaster drills.

Companies outsource technical and professional projects to contractors have become an inevitable trend. Besides the requisition of contract project quality and schedule, USI values contractor's safety and health management. EHS & Energy Policy clearly commits "Raise workplace environment health and safety awareness through continuous communication with all employees, suppliers, distributors, contractors, and other business partners. Conduct training and drills to prevent environmental impact, excess resource waste, and safety hazards". Our Contractor and On-Site Construction Management Regulations were formulated using the concept and principle of the PDCA cycle, and we use the Regulations as our guidance to effectively manage and improve contractor occupational safety and health.



The quality of the contractor's personnel has a significant impact on the quality, duration, and safety of the work being contracted. Therefore, USI contractors are asked to provide the necessary documentation of education and training, as well as participate in occupational safety and health education and training conducted by USI.

In 2021, 475 contracting companies, 7,363 participants undertook USI's occupational safety and health training (trainees include contractors for: material contractor, factory services, construction, waste, and other services). After training and evaluation by the EHS departments of each facility, a total of 2,627 contractor employees obtained construction permits.

To ensure construction safety during work performed by contractors, we focus on dangerous operations and repeat offenders to strengthen the inspection of operational safety during construction, such as protective equipment for workers and compliance with safe conduct. If deficiencies are found and not improved immediately, penalties will be imposed in accordance with company regulations and the results will be included in the evaluation of the contractor's qualifications [(1)]. In 2021, no qualified contractors were disqualified due to safety and health audits.

	2,571	2,483	2,694	3,099
	1,237	564	744	997
	34	67	103	34
	31	40	47	34

Note 1. Mainland China Facilities: two abnormal events occurred within half a year; Nantou Facilities: If major violations are not improved within the time limit, they will be suspended for one year
2. The data includes Zhangjiang, Jinqiao, Shenzhen, Kunshan, Nantou Facilities
3. Hazardous work: including hot work, hanging work, confined space work, elevated work
4. Major findings: on-site auditing findings and issuing a ticket

It is our policy to monitor, report, investigate, analyze, and record all types of incidents that occur with our contractors in the USI Facilities, including occupational disasters, fires, or explosions in accordance with USI's accident investigation and improvement procedures. Since 2018, only one contractor-related [1] work injury incident occurred in 2019 and one in 2020, and the main root causes of the incidents were analyzed, and the facilities asked to strengthen awareness and supervision. Therefore, in 2021, USI did not have any more work-related injuries or work safety accidents involving contractors.

USI provides several on-site health services to build a healthy workplace beyond regulation requirements. It has established complete software and hardware facilities and assigned

EAP provides welfare and supportive service for USI's employees. Different from others, it helps enhance employees' mental abilities to improve their performances. In addition to managing human resources more effectively, it can deal with crises efficiently, improve production efficiency, and create a harmonious work environment as well. We have specially arranged an overall work adaptability assessment for employees with physical or mental difficulties this year to ensure that all employees have received professional assistance.

When COVID-19 broke out at the end of 2019, USI set up an Emergency Response Command Center, co-chaired by the Chief Human Resource Officer and the Chief Quality Assurance and Corporate Social Responsibility Officer. Through the Command Center, we have rolled out relevant control measures to create a healthy and safe working environment and reduce employee exposure to the viruses. Although there were sporadic confirmed or high-risk cases in 2021, USI has strengthened production diversion management and implemented prevention measures in advance, and therefore none of the manufacturing facilities were shut down due to COVID-19. Apart from establishing preventive measures, USI also actively promotes COVID-19 screening and vaccination. In 2021, the Company provided free nucleic acid testing, rapid screening, and vaccination to employees at our facilities, and 9,176 people participated in the screening process. By the end of 2021, over 83% of employees were fully vaccinated.

Direct Employee Rapid Test

COVID-19 Vaccination

Nucleic Acid Testing

Through multiple channels and mechanisms, the Company has strengthened risk prevention and enhanced employees' awareness of pandemic prevention, and the relevant measures have been revised in a rolling manner, in line with the global pandemic status and governmental pandemic prevention. As the world enters the post-pandemic period, we will continue to pay close attention to the development of the pandemic and fully cooperate with the local government's pandemic prevention measures to provide a healthy and safe environment for our employees.

To enhance occupational safety and health management and fortify health hazard identification, we adjust the focus of the yearly health promotion activities based on the analysis of employee health examination results and activity feedback to prevent chronic and occupational diseases. USI also encourage and remind employees to exercise regularly, eat and drink healthily, and maintain good living habits.

USI provides not only professional physician consultations, but also holds various health education seminars, training, and activities such as pregnancy healthcare, cancer screening services, vaccination services, blood donation activities, weight-loss competitions, quit smoking contests, and bone density detection. In 2021, due to the pandemic, many activities could not be held, but some were conducted through email announcements and video conferencing applications.

Occupational Disease Prevention Promotion

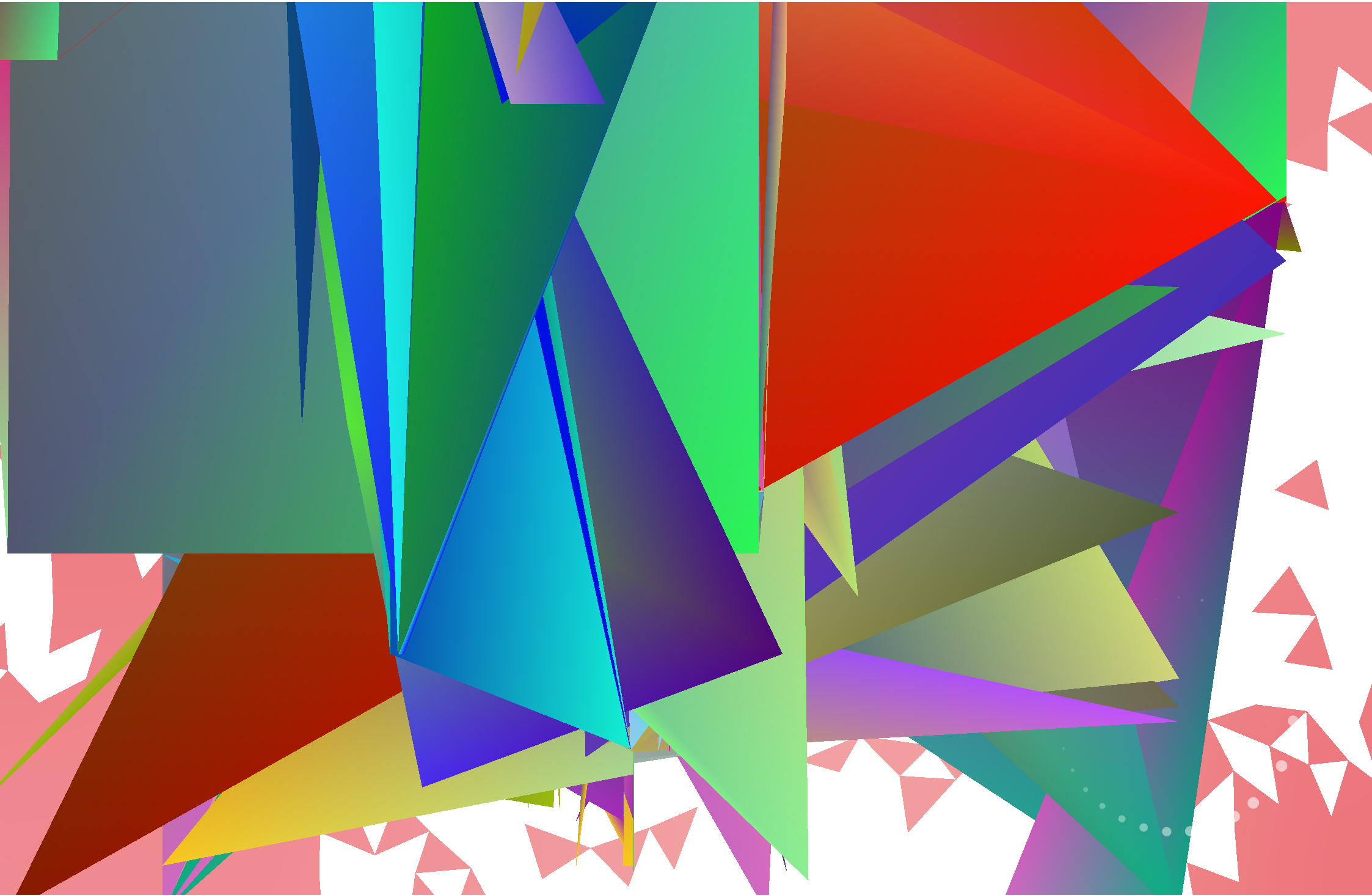
Blood Donation Drives

Weight Management Activity Program

Women's Health Lectures

Physical Fitness & Health Promotion

Bone Density Detection



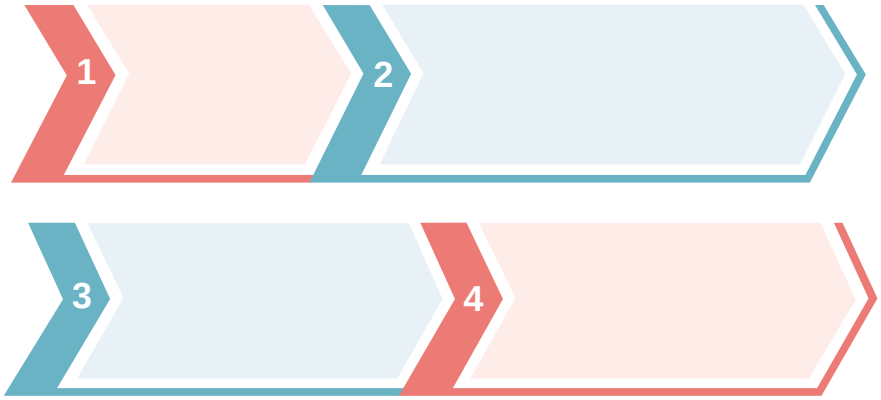
4 QUALITY EDUCATION	Ensure all employees have accesses to be trained and have lifelong learning opportunities	Talent Attraction and Retention	▶ Employee engagement [2]	▶ Employee engagement rate is more than 80% ▶ Data coverage rate is more than 80%	▶			

USI strongly believes that corporates have the responsibility to respect human rights. We are committed to protecting and promoting human rights with our employees, joint ventures, suppliers, business partners, customers, local governments, communities, and other stakeholders. We support and respect the United Nations' "The Universal Declaration of Human Rights", human rights as defined in Principles 1 and 2 in "The United Nations Global Compact", "The United Nations Guiding Principles" on Business and Human Rights, the International Labor Organization's Declaration of Fundamental Principles and Rights at Work, 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 right, enforcing employees' rights and interests at work, creating a diverse, inclusive and healthy workplace, and making a commitment to a balanced life between work and family, including safeguarding freedom of association and privacy rights, prohibiting forced labor, prohibiting child labor, prohibiting inappropriate appointments, and building a non-discriminatory work environment. For the USI Human Rights Policy, please refer to the USI website. (https://www.usiglobal.com/en/csr/Inclusive-Workplace/Human-Rights)

USI understands and manages human rights issues in a responsible manner, adheres to the PDCA process and the concept of continuous improvement, and sets up a special unit of the Sustainability Committee to identify, evaluate, prevent, and reduce human rights-related impacts through the due diligence process.

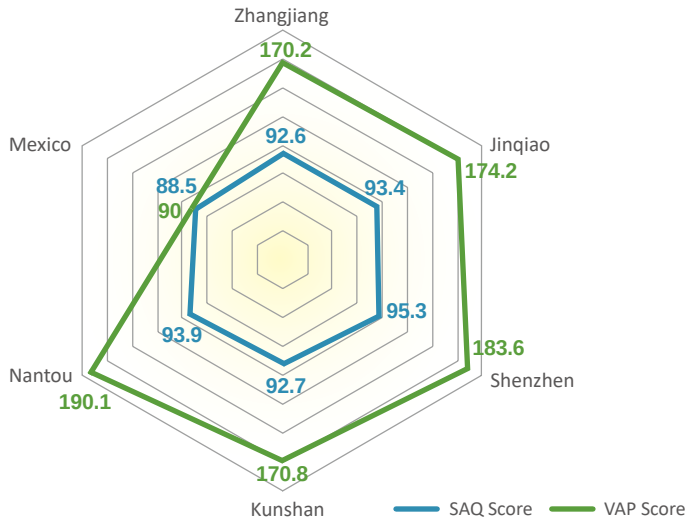
Our human rights management focuses on our employees and suppliers that are in our operations. Every year we use SAQ [1] through the RBA management mechanism and entrusts a third-party agency that has received special training in social and environmental audits

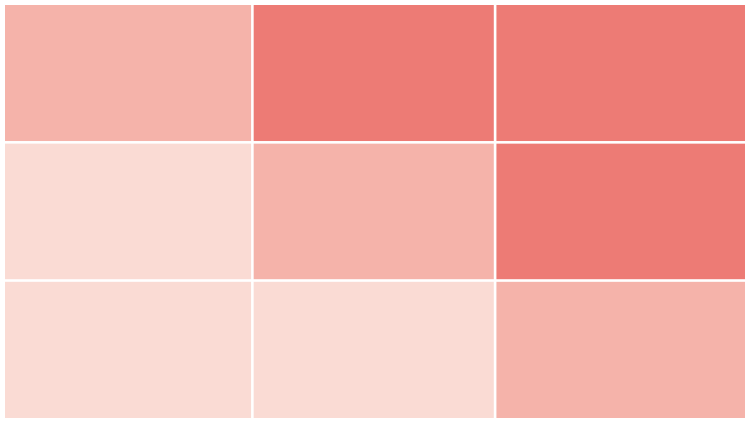
In accordance with the RBA management framework, each facility implements internal and external audits regularly, and arranges cross-site mutual audits every year to ensure full compliance with the regulations. If there are any violations, an improvement plan would be proposed and improved within a requested time period. The Sustainability Committee meets quarterly to review the achievement and improvement of various performance indicators of labor, ethics, environment, safety and health to ensure that the company fulfills various social responsibilities. The company has established investigation mechanisms and complaint channels to ensure the implementation of human rights policies and avoid incidents that endanger human rights. USI has also established employee reporting mechanisms to handle employees' complaint. The investigation procedure is shown as follows:



In 2021, all facilities got SAQ assessment scores that are higher than 85, indicating that all facilities in the assessment of human rights risks are low-risk facilities. After analyzing the VAP audit results and employee complaints, we found that Mexico Facility has relatively high risks compared with other facilities. We have developed corresponding human rights mitigation and remediation measures to the findings.

Note 1. Major risks are those events with high frequency and high impact; minor risks are those events with low frequency and low impact; other events are classified as secondary risks
2. Other Risks 1 includes industrial hygiene, safety and hygiene, hazardous substances, environmental permits and reporting work environment safety and hygiene issues
3. Other Risks 2 includes non-discrimination, free choice of employment, manual labor, health and safety communication human rights issues
4. Other Risks 3 includes risk assessment and risk management, occupational injury and disease issues

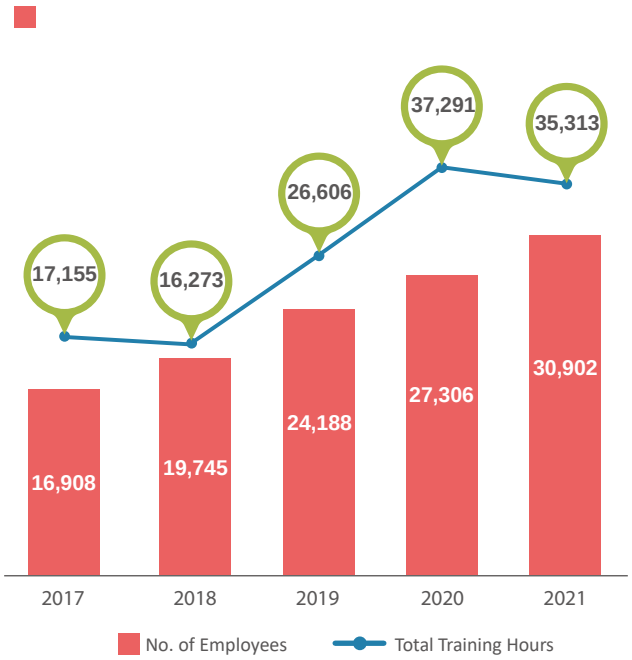




In 2021, based on the RBA VAP assessment results and employee complaint cases, we formulate annual mitigation and compensatory measures for the issues that are easily exposed to risks, such as "working hours, non-discrimination, sexual harassment, privacy rights, emergency preparedness and occupational safety" to improve them through human rights training to enhance employee's awareness of human rights, review the working hours early warning system

	Working Hours Non-Discrimination Sexual Harassment Privacy Rights	Emergency Preparedness Occupational Safety
	▶ Recruit sufficient staff to meet production capacity needs and avoid overtime due to insufficient workforce ▶ Establish a working hour management mechanism system, and notify the overtime employees and their direct supervisors with an early warning ▶ Regularly review employee discrimination risks and keep the reviewing records to eliminate discrimination violations ▶ Strengthen the training and publicity of third-party contractor agency to ensure employees' privacy rights ▶ Strengthen human rights (including, but not limited to non-discrimination, sexual harassment, and privacy) training and publicity, and reiterate relevant human rights complaints and handling procedures	▶ Disaster prevention safety education and training promotion and confirmation of evacuation signs and emergency contact information are in place. For details, please refer to the Occupational Safety and Health Training section ▶ Organize environmental safety and health education courses and arrange on-site drills and tests for employees to enhance employees' safety awareness and emergency response capabilities. For details, please refer to the Occupational Safety and Health Training section
	▶ Enforce "After Continuously Working 6 Days, Need to Take One Day Off" management and tracking mechanism ▶ Reward employee with quarterly incentive and annual bonuses, and provide additional bonus to those who create surplus and outstanding performance ▶ Provide activity space and vacation required by employees' religious customs, and revise relevant management measures ▶ About human rights related issues, use the reporting mechanism to complete the investigation process, track the effective implementation of disciplinary and counseling	

USI continuously pay attention to human rights protection issues, promote relevant trainings, and enhance human rights protection awareness to reduce the possibility of related risks. Every year employees in all facilities around the world are requested to take "Employee Code of Conduct" and "Humane Treatment in the Workplace" courses to know the definitions and requirements of employee behaviors. And to ensure employees really understand the relevant regulations, employees need to pass the online test. In 2021, the per capita human rights-related training hours is 1.1 hours; the total training hours is 35,313 hours; the total number of employees who are trained reaches 30,902 (the resigned employees are included). As a result, 100% of current employees have completed training on human rights issues.



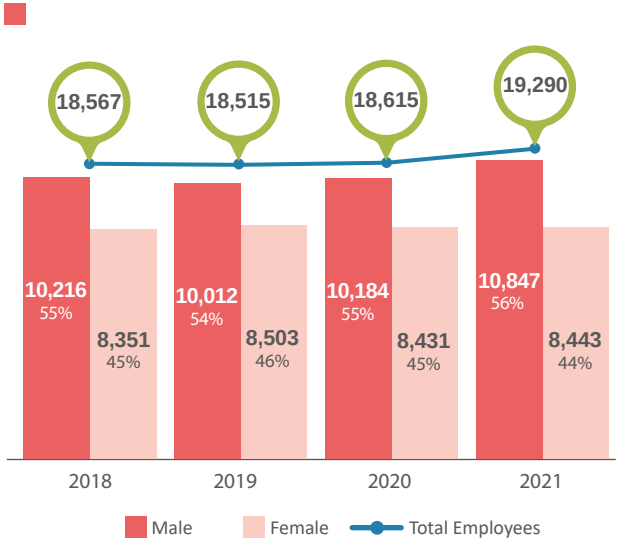
Comply with the labor regulations in the country or jurisdiction where the facility is located, and sign employment contracts with all employees in compliance with local regulations (the signing rate is 100%). When there is a major change in the company's operations and the employment relationship cannot be continued, the company shall inform in advance per local laws and regulations of notice period [1] to communicate with the affected employees and explain their due rights and interests to them. In addition, the Nantou Facility would cooperate with the Vocational Training Bureau to provide training plans, collect information on employment opportunities in the neighboring areas, and assist employees in changing jobs.

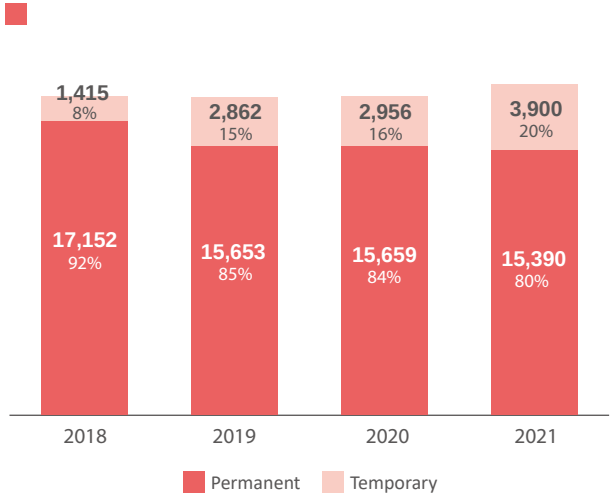
All facilities have formulated employee work rules to ensure that employees are aware of their relevant rights and obligations. For example, Nantou Facility clearly stipulates various employee rights in the Employee Handbook, including appointment, resignation, working hours, vacations, bonuses, insurance and behavioral disciplines, and other requirements and posts it on the company's internal website, bulletin board or conspicuous place in the workplace. Each facility has Recruitment Guidelines to define standardized operating procedures to select the most suitable candidates who are willing to serve in USI without discrimination and difference, to attract more diverse talents for the company. The purpose of "Measures for Humane Treatment" is to show a workplace culture of safety, dignity, non-discrimination, mutual respect and tolerance, and equal opportunities, and to protect all employees from physical or mental harm while employees conduct their jobs.

USI respects employees' freedom of association. Employees who have like-minded or interested partners can independently form associations and can also freely organize and participate in trade unions to conduct collective consultations in accordance with relevant laws and regulations. USI will not interfere in any way with the establishment, operation or management of the association. The Company will maintain a smooth communication channel with the trade union, implement the relevant matters of the group agreement and the express regulations on the health, safety and hygiene of employees, so that both labor and management can abide by it and develop a stable and harmonious labor relationship. Now, Zhangjiang Facility, Kunshan Facility and Mexico Facility have established trade unions, and a group agreement is signed with the trade union. Employees participating in the trade union enjoy the protection of the group agreement. The group agreement coverage rate is around 63% [2]. In 2021, with the Company's proactive communication with employees, there were no major labor disputes or work stoppages caused by strikes.

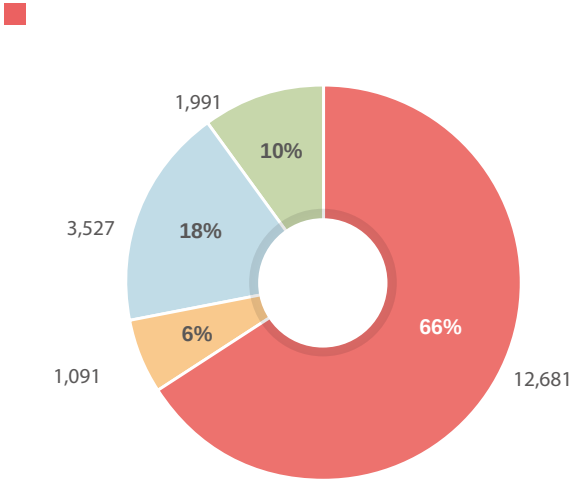
2018

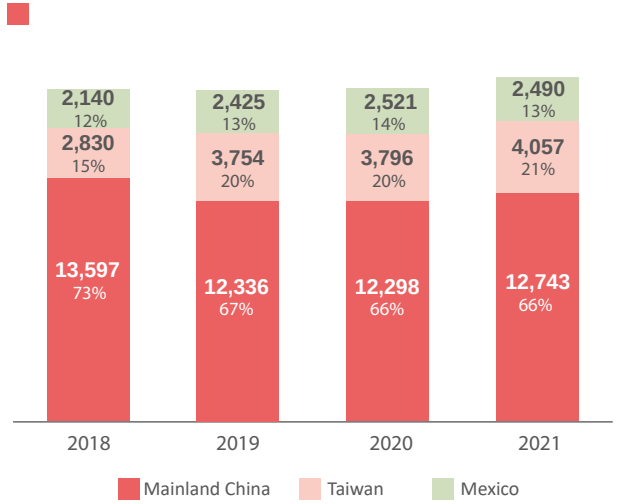
We believe that an inclusive work environment allows everyone to feel respected and supported, making it easier to find the best way to work, develop everyone's expertise area and grow together. As USI expands its business, how to create a multicultural workplace that integrates multi-national cultures, accepts individual differences of employees, and establishes a no prejudice against different ages, genders, races, religions, nationalities, political parties or physical disabilities workplace, and a diversified workplace for employees to grow together is an urgent issue for USI. Therefore, USI is investing a lot of efforts in the establishment of workplace culture, women's participation in decision-making, and the job arrangement of disabilities employees.





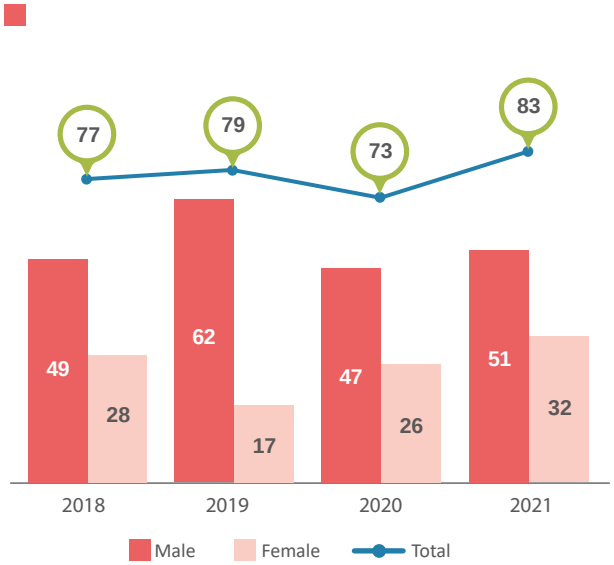
As of the end of 2021, the six major manufacturing facilities covered by this report have a total of 19,290 employees, including 15,390 permanent employees and 3,900 temporary employees. Divided by job category, including 1,091 in management positions, 1,991 in administrative positions, 3,527 in technical positions, 12,681 in skilled positions; divided by nationality, there are 18,677 natives and 613 non-natives; divided by region, there are 12,743 employees in Mainland China, 4,057 employees in Taiwan, and 2,490 employees in Mexico. For other detailed classification information, please refer to the Sustainability Data - Social A. Workforce Structure table.

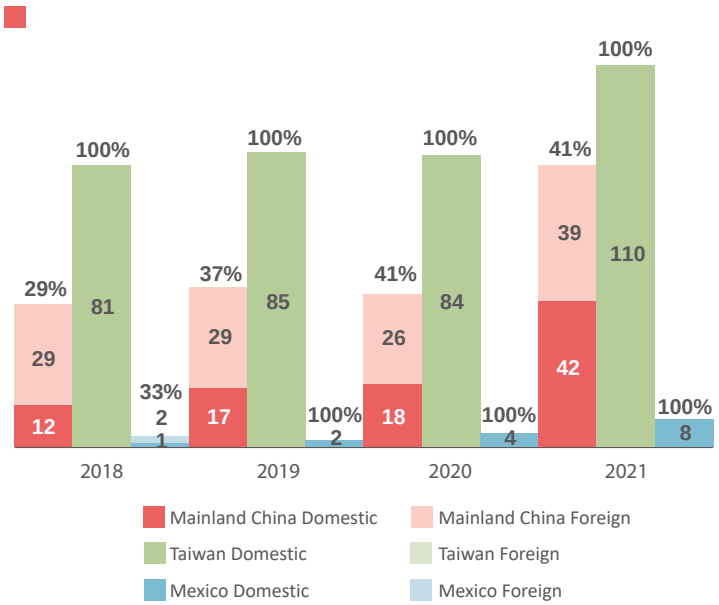




The company pays attention to the employee workplace environment and is committed to creating a gender-friendly work environment. With a diversified and inclusive workplace, so that women can give full play to their strengths in the workplace. When women's physical conditions change (such as pregnant), they are given adequate care in addition to regular follow-up visits and health consultations. In terms of female employee employment, by the end of 2021, female employees in all facilities accounted for 43.8% of the total number of employees; the number of women in senior management positions increased by 4.7% over the previous year to 17.6%. In terms of female senior management development and training, it is expected that the proportion will reach more than 20% by 2026.

We actively solve the employment problem of local citizens and people with disabilities across our facilities. USI provides 17,923 job opportunities around the world. 97% of employees are local citizens where the factories are located. Over the years, the proportion of local employees in management positions has increased to 80.4%. In addition, the Administrative Measures for the Appointment of Disabled Persons has been set up and the competent work content is tailored for persons with disabilities, so that those who work in USI have more sense of work achievement. In 2021, 83 disabled persons were hired worldwide.



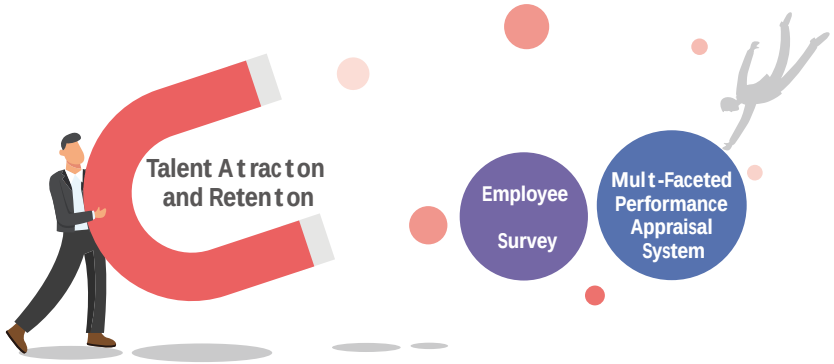


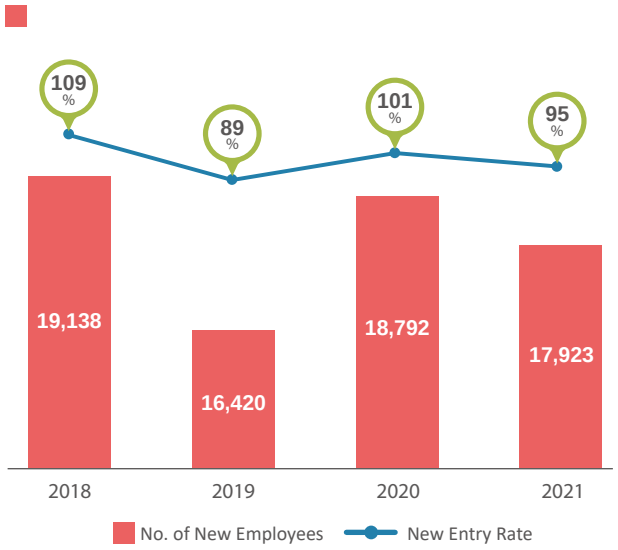
USI recruits suitable professionals based on the operation and development goals and functions. The human resources recruitment department adopts a variety of recruitment channels and employment models based on the reviewed and approved departmental manpower demands. We openly recruit talents through multiple channels, such as campus recruitment, employee recommendation programs, industry-university cooperation internship programs, corporate sharing sessions, online recruitment, and multimedia recruitment. And then, it is planned according to the manpower needs of each facility and to establish the most suitable employment relationship (such as full-time / part-time workers, regular / contracted workers, dispatch workers, or appointed professionals), and treat all applicants without prejudice or discrimination. And use objective interview testing tools to screen candidates' occupational suitability. In 2021, 17,923 people were recruited, accumulating the energy required for our continuous growth and innovative research and development, so that diversified talents from around the world can give full play to their strengths and meet different customers and diverse market needs.

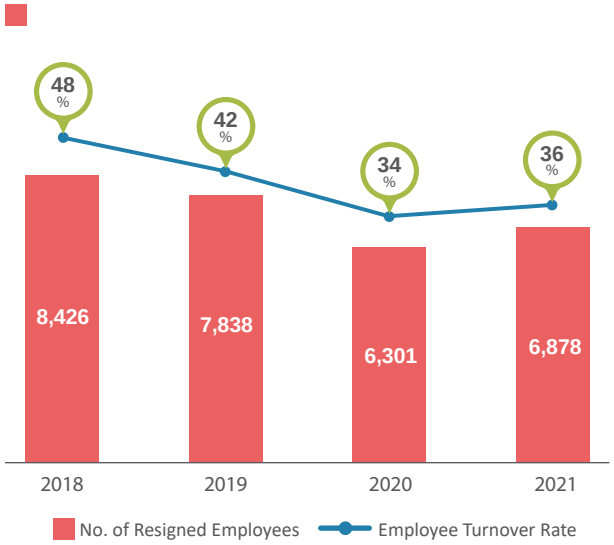
USI actively establishes and promotes the 369 3-Stage Care for New Employees and provides training programs to guide new employees to quickly integrate into the company, a complete welfare system and a comfortable and convenient working environment and establishes good communication channels to care about the work and life of employees and hold a celebration party to enhance employees' recognition of and loyalty to USI. In 2021, there are 4,040 new employees who have served for more than 90 days, and the overall retention rate of the new employees is about 23%. We attach great importance to the employees' opinions. Over the years, we have used employee satisfaction surveys and employee engagement surveys to understand employees' expectations and listen to employees' voices. Moreover, we put forward improvement plans to increase employees' willingness to stay in USI.

By analyzing the termination reasons, we plan the recruiting strategy and propose retention plans to reduce employee turnover. For example, in Nantou Facility, to retain outstanding skilled employees, those who are outstanding employees shall be selected every month and rewarded with incentive bonuses. By the end of 2021, the retention rate of outstanding employees reached more than 95%, the turnover rate of direct employees [1] decreased by 13%.

The overall turnover rate of the company is 36%, and the turnover rate of indirect employees [2] is 18%; the turnover rate of direct employees is 46% due to the unstable supply status of the supply chain and staged production needs caused by the pandemic. For other detailed classification information, please refer to Sustainability Data - Social B. New Hires and Employee Turnovers.







		1.00	1.00	1.02	1.05	1.08	1.03
	Ratio of basic salary of female and male	0.75	1.12	0.80	0.96	0.82	0.63
	Ratio of compensation of female and male [2]	0.62	1.22	0.84	0.98	0.73	0.61
	Ratio of basic salary of female and male	1.04	0.98	0.91	1.02	0.83	0.79
	Ratio of compensation of female and male	1.04	1.00	0.95	1.00	0.79	0.79
	Ratio of basic salary of female and male	0.71	1.05	0.76	0.87	0.89	0.98
	Ratio of compensation of female and male	0.67	1.13	0.77	0.83	0.87	0.98
	Ratio of basic salary of female and male	0.95	0.93	1.02	0.98	1.01	1.18
	Ratio of compensation of female and male	0.95	0.92	1.02	0.97	1.03	1.14

In conformity with our principles of respecting and protecting employees' personal information, USI has established information confidentiality management and data management systems for recruitment, performance appraisal, and salary information and has full-time personnel to manage file confidentiality to ensure that the employee information is confidential, so that the personal privacy of employees is maximized. If the employee's personal information needs to be accessed in the work process, an application must be submitted in accordance with the regulations, and the application must be processed after the approval of the reviewing supervisor. For cases of stealing, leaking or tampering with employees' personal information and privacy in violation of regulations, they will be dealt with in accordance with company regulations, and legal responsibilities will be pursued. In addition, based on the salary confidentiality regulations, the company requires all employees to "not discuss or disclose their own or others' salary" and "not inquire about or comment on the salary of others". Any violation will be dealt with in accordance with the relevant punishment regulations.

Note 1. Ratio of direct employee starting salary to local minimum salary = direct employee starting salary ÷ local minimum salary
2. Ratio of female to male salary / compensation = female salary / compensation ÷ male salary / compensation

Due to the USI's globalization, the cross-site and cross time zone communication has become more and more frequent. We set up multiple working hours for the same shift based on the principle of flexible working, to meet the needs of the working in different business hours or time zones. Due to the need of family care or taking education, the individual employee can apply for a change of working hours after obtaining the approval of the supervisor.

"Emergency Management" is a must-have capability for a company to operate sustainably. In order to reduce the risk of being unable to operate due to natural disasters, fires, certifiable diseases and other factors, USI implements a remote work mode. By the "Global Remote Work Guidance", employees can apply to work from home. USI provides subsidies for the purchase of work equipment and meals reimbursement. Taking the COVID-19 pandemic prevention as an example, the company truly let employees take responsibility for self-work management and the actual drill of the supervisor's remote management mode and deduced the Microsoft 365 software to ensure that the efficiency of working environment is the same as employees work in the office. In the remote work drill in the Nantou Facility, the employee participation rate reached 63%, and about 60 employees subsequently applied for the long-term remote work.

Simultaneously, considering the aspects of food, housing, education, entertainment, transportation, physical and mental health of employees around the world, the company adjusts measures to local conditions, provides employees with considerate welfare systems and insurance plans, provides facilities for physical and mental development, and designs various activities to strengthen physical and mental adjustment ability. Formal and informal employees of employment contracts can also achieve a balanced life with their families while working.

	Festival bonus, full attendance bonus, overtime wage and allowance, performance bonus, three festival gift certificates, birthday gift certificate, R&D incentive bonus, patent incentive reward, employee seniority bonus (Mainland China and Nantou Facilities)
	Besides national holidays, statutory leaves and the two-day weekend, there are some special leaves such as paternity leave (Mainland China and Nantou Facilities), pre-maternity leave (Mainland China and Nantou Facilities), maternity leave, parental leaves (Nantou Facility), breastfeeding leave, period leave, paid sick leave, paid annual leave [(1)], welfare leave [(2)] (Mainland China and Nantou Facilities), Indigenous holiday leave (Nantou Facility) and election voting leave
	Provide social insurance for employees in accordance with the laws, provide pensions and retirement pay, add commercial group insurance plans such as Employee Group Insurance, domestic and overseas travel insurance (for expatriates and their family members to participate during conducting the oversea assignment), and life insurance (Mexico Facility)
	All facilities have an employee cafeteria, meal subsidy, and "Mom stickers" [(3)]
	Different types of dormitories are equipped with household appliances, air-conditioning, hot water, wi-fi, and furniture. USI pays for all full-time employees' housing accumulation funds and provides housing subsidies
	Cross-site shuttle bus, parking lots, and pregnancy priority parking (Nantou Facility)

	236	95,861
	180	145,200
	7,884	3,188,638
	172	38,947
	226	62,061
	3	16,956

	28,584	9,412,301
	11,974	3,895,416
	382	444,070
	5,049	2,760,919
	22	29,092
	2,300	216,512

In response to the government's policy of encouraging childbirth, the company adjusts suitable work shifts for pregnant employees, provides convenient parking spaces, extra meal benefits, and retains positions for those who apply for maternity leave. Breastfeeding leave is given to those who are breastfeeding by themselves after giving birth. If employees need to take care of their family members for a longer period, they can also apply for family care leave or parental leave to take care of their family. Employees in Nantou Facility are clearly given the right to apply for parental leave in accordance with local laws. They can apply for reinstatement after the need for childcare leave is cancelled. The company also proactively reminds employees of the expiration date of childcare leave. In 2021, due to the COVID-19 pandemic, the need for family care has greatly increased, so the reinstatement rate and retention rate did not keep in 100%.

	77	149	219	298	197	83	280
	9	8	16	23	4	30	34
	9	8	15	14	4	21	25
	8	3	11	14	1	16	17
	5	8	3	11	5	9	14
	5	8	3	11	3	8	11
	89%	38%	73%	100%	25%	76%	68%
	100%	100%	100%	100%	60%	89%	79%

Note 1. Eligibility for parental leave in the current year: those who have taken "paternity leave" or "pregnancy leave" (20 weeks or more) from 2016 to 2021 and are still working in 2021
2. Reinstatement rate: the number of people actually reinstated after parental leave in the current year ÷ the number of people who should be reinstated in the current year after parental leave × 100%
3. Retention rate: the number of people who were still employed 12 months after the childcare leaves in the previous year ÷ the number of people who were returned to work after the childcare leave in the previous year × 100%

USI and its subsidiaries provide pension and elderly insurance in accordance with the retirement laws and regulations of each business location. Employees who meet the statutory retirement conditions may apply for retirement to withdr

: Provide employees with various lectures and appreciation. In addition to the improvement of self-energy, they can also obtain knowledge supplements in other fields

: Encourage employees to show their talents and participate in social welfare activities voluntarily, so that employees can achieve self-growth, enhance personal ability and experience, and help groups in need of assistance

: Hold birthday parties for employees every quarter or expand them in conjunction with festival parties. Send warm wishes to employees and demonstrate the company's humanistic care

: Create an atmosphere of mutual gratitude and gather each

Through a fair and sound performance management system, USI links the Company's overall strategic objectives with employees' individual work objectives and performance measurement standards. Each permanent employee must set personal performance goals after discussing with and receiving approval from the supervisor at the beginning of the year. During the work execution process, the supervisor will provide consultation, counseling, and incentives to employees to complete the assignment. At the end of the year, according to the achievement of various performance goals, in the form of an evaluation committee, the upper-level supervisor, the supervisor of the upstream and downstream units of the business colleagues and customer opinions, the judges will jointly evaluate the performance of the personnel from multiple perspectives. Development advice for employees and forced rankings are required to be provided in the Performance Review Meeting. In 2021, 6,225 employees conducted multi-faceted performance appraisal.

The evaluation items include working objectives and competency review. Competency includes professional skills, learning and application ability, soft skills, and work attitude. USI provides rewards, training, and various career development opportunities based on employees' performance appraisal result. For those with outstanding performance and development potential, USI proactively promotes and trains them through an open and transparent promotion pathway and provides them

Note 1. Qualification of Performance Appraisal and Competency Review: The employee who have assumed post for three months or more during the assessment period. However, those who haven't passed the probationary assessment, or those on leave without pay for over three months are not listed in the name list to do the performance appraisal and competency review

2. Vice president and above do not file their competency review in the system

Surveys and studies over the years have proved that highly committed employees will have an emotional connection with the organization or team. They actively participate in company activities, are willing to work and are willing to devote more effort to make suggestions for improvement, so that the work can be carried out more smoothly. At the same time, they are also willing to share their work experience with others. Therefore, employees' input has a positive impact on employee retention, productivity, sales growth, and customer satisfaction.

To understand how well the employees fit in with USI, we have initiated the first Employee Engagement Survey in partnership with expert consultants in 2017 and continue to conduct biannual surveys ever since. We hope that this can help us effectively understand and collect employees' opinions and use it as a policy tool for attracting, retaining, and cultivating talents. Thus, achieving a win-win situation between USI and employees.

In 2021, based on the results of 2019 survey feedbacks and the 2020 WW Engagement Survey Workshop conclusion, USI continually conducts follow-up action plans on senior executive management leadership, company branding and image, talent development and deployment, and sufficient and efficient work resources to improve employee engagement goals.

In 2021, the design survey is expanded from the original 15 aspects of 2 levels and 6 dimensions to a total of 18 aspects of 3 levels and 6 dimensions of employee experience to survey employees' opinions. The new survey added Sustainability index (sustainable dedication, retention, ESG) to listen to employees' voices more effectively, so that the company's processes, strategies, and measures can be closer to the employees' expectations to achieve the goal of attracting and retaining talents. This 14-day employee engagement survey was conducted on 14,998 direct / indirect employees who arrived on the job before June 30, 2021. A total of 13,350 valid questionnaires were collected. The effective response rate of the questionnaire was 89%, and the overall employee engagement score was 84%. Compared with the survey results in 2019, the IDL effective response rate increased by 1.5% compared with that in 2019. The results of the comparison of the various item scores shows that the company's actions to listen to the voices of employees are deeply recognized by employees and employees are more willing to speak up.

Employee Experience

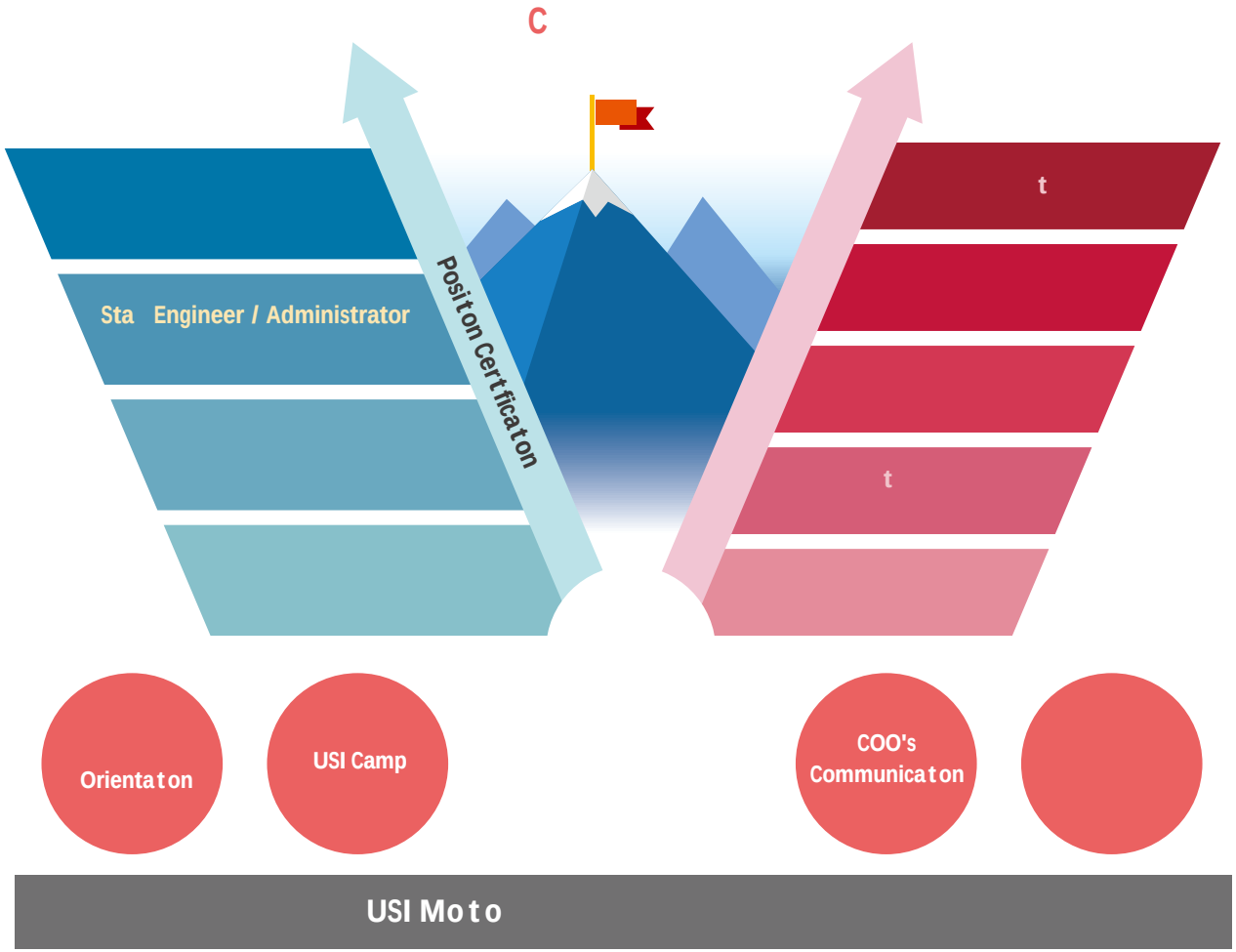
Sustainability Indexes

Engagement Behavior

Employees are important assets of USI. They are also the spirit of and motivation for the Company to progress and grow. Therefore, USI has been devoted to investing talents and created a learning organization culture to providing employees the most appropriate resources and effective learning models, helping them to enhance themselves and show their value in relevant expertise.

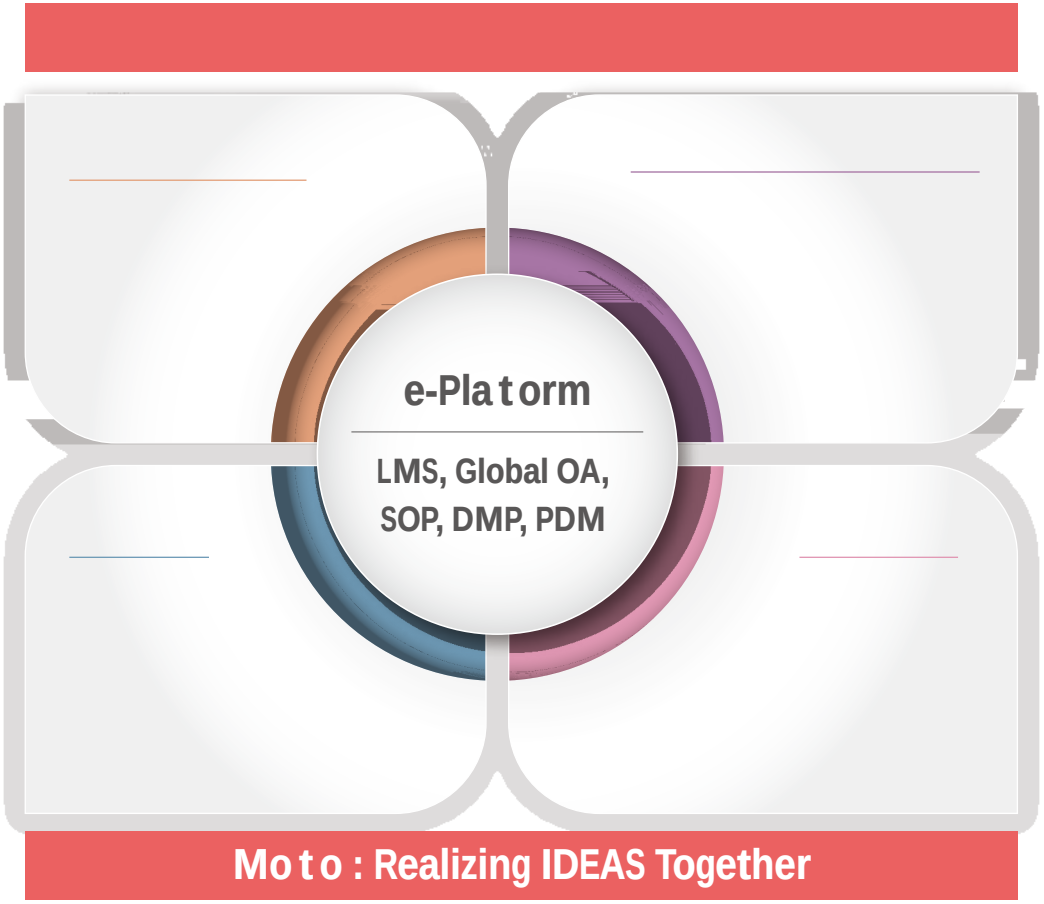
Through diversified educational training, USI helps its employees cultivate professional abilities and grow, and improve in learning effectiveness. The most important learning and development system in the USI cultivation program is USI University (USIU). USIU sets up "College of Management, College of Technology, College of Quality, College of Manufacturing, and General Knowledge Center". The USIU President is served by the president, and the deans of the colleges and General Knowledge Center are respectively served by the vice presidents with prestigious and professional knowledge in each field. USIU integrates global learning resources for employees to learn and develop.

USIU provides a holistic learning and development framework for employees to actively retain talents, by strengthening "Dual Career System" of management and professional positions. With a mission of realizing high operational performance, USI establishes an innovative learning environment and is committed to improving the employee professional quality, leadership management and innovative research and development capabilities inside the organization. It has targeted employees with different competences to plan various employee training and courses, provide them a complete learning platform, help them to solve work issues, and enhance their professional capability to reach organizational targets.



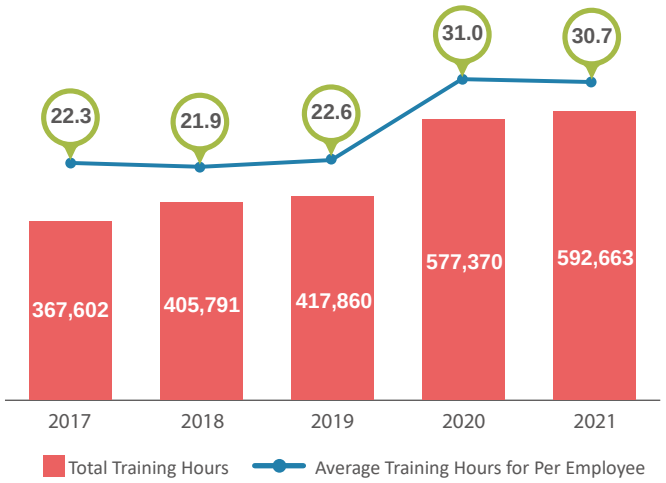
Note 1. UMBA, USI Master of Business Administration, Courses for Division heads
2. MTP, Manager Training Program, Course for Department heads
3. MIT, Manager Initial Training, Courses for Section heads
4. TWI, Training Within Industry for Supervisor, Courses for Section heads

USIU provides employees with all-round training courses that talents need to take. It offers not only diversified training content but also designed the training methods and relevant activities based on the different course category. The courses include training in the classroom, e-learning training, on-job training, and external training. These courses enable employees to learn and continuing education in a more efficient and flexible manner. Under the multiple learning models and a precise and solid training framework, we plan internal and external training and build diverse, innovative learning channels to inspire employees to grow continuously. So, more employees can show the training results through the process reengineering, research and development achievement, project execution, and innovation, and apply what they have learned to practice field of work.



In 2021, our total training hours reached 592,663 hours, and on average, every employee was trained 30.7 hours [1]. The training statistics for each employee category are as follows:

	377,789	34.8
	214,874	25.4
	28,306	25.9
	98,497	27.9
	42,023	21.1
	423,837	33.4
	288,203	16.1



Note 1. Average training hours The actual total training hours of employees of this category/gender ÷ the number of employees of this category/gender at the end of the period

The breakdown for different training topics is shown in the following chart. The total training cost exceeds CNY 28.9 million. For details, please refer to Sustainability Data - Social G. Training Hours and Training Cost.

	17,486	34,664	35,313	18,713	12,418	8,166	7,881
	23,754	19,753	30,902	17,476	22,485	9,985	8,381
	0.7	1.8	1.1	1.1	0.6	0.8	0.9

In an era of ever-increasing demand for comprehensive talents, professionals with merely one skill are no longer enough to meet the working requests. USI has, therefore, continuously enhanced employees' sustainable employment ability, assisted employees doing acquiring skill and ability management and lifetime learning programs that are required for a job transfer in the future. Starting from 2018, a total of 133 employees have been supported to obtain academic qualifications / degrees, and a total of 73 employees have been supported to obtain academic qualifications / degrees in 2021. The categories of employees' degrees and their majors are shown as follows:

In addition, since 2018, USI's Zhangjiang Facility, Kunshan Facility and Mexico Facility have invited local colleges or universities to cooperate and hold in-house academic degree courses in the Facility, so that employees can avoid the trouble of commuting and make the best use of their time to get a high school, college or university diplomas / academic degrees. As of the end of 2021, there are a total of 14 classes, and 411 employees are taking their further education as on-the-job training. For details, please refer to Sustainability Data - Social H. Degree programs Offered by Local Schools in Cooperation with USI.

In terms of professional skills certification, USI promotes the job certification system, and establishes an inspection mechanism for the professional ability that each position should have, so that employees in the same position have a certain level of professional skills. For example, in 2019, Kunshan Facility became the first batch of high-skilled certification enterprises in Jiangsu Province. In 2021, it has already had the ability to certify three types of jobs (as special installation and adjustment electronic equipment technician, debugging broadcasting and communication equipment technician, and electronic installation in broadcasting and communication equipment technician) and four levels of qualifications for junior, middle, high, and advanced technicians. As of 2021, a total of 157 junior technicians, 311 intermediate technicians, 353 senior technicians, 90 advanced technicians. 911

VUCA is currently the most discussed word in the management world, representing Volatility, Uncertainty, Complexity, and Ambiguity. Although the current world situation is changeable, uncertain, complex and ambiguous, in order to prepare for such a chaotic environment in advance, a new attitude and thinking is needed. VUCA 2.0: Vision, Understanding, Courage, and Adaptability are the new and positive attitudes to cope with future changes.

Cultivating talents in the VUCA era requires talents to build new capabilities by accumulating different practical experience, cross-border experience, and using "role swap" to allow employees to move between different roles and teams according to their personal career development goals and organizational development needs. The launch of the talent training plan will lead those who are at the helm who are striving forward in the turbulent waves to tap their potential by constantly accepting challenges, try multiple cross-border development to cultivate a comprehensive perspective, and jointly create a stage full of a sense of belonging and achievement. Therefore, based on the greatest intersection of the thre mu16.6(7.9(s□aseds thr"9(spect3c)7(

Hackathon is a compound word of "Hack" and "Marathon", which is used to refer to a "marathon-style technology creation event"; and the activities for the event are carried out by team members for the project. The essence of a hackathon is to form teams of people with different backgrounds and use creativity together to solve difficult problems in various fields. Team members do not necessarily need to have a background in programming, and the main axis of the competition also focuses on solving problems with new ideas.

The company's inaugural hackathon was "Anywhere for Everywhere," leveraging Microsoft 365 deployments to encourage employees to form cross-functional teams and participate in this fun event. Since, this is a global event, instead of a live match, the event was held virtually by using Microsoft Teams.

The competition is divided into a preliminary round and a final round. There are training courses and consulting services provided by Microsoft and Acer. Due to time constraints, 15 teams were selected in the preliminary round, and 6 teams participated in the competition in the final round. The scoring criteria are practical application (35%), creative idea (25%), technical application (25%) and presentation (15%).

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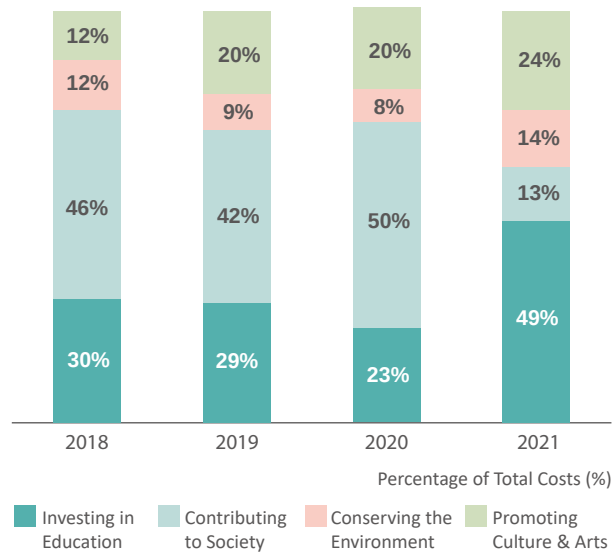
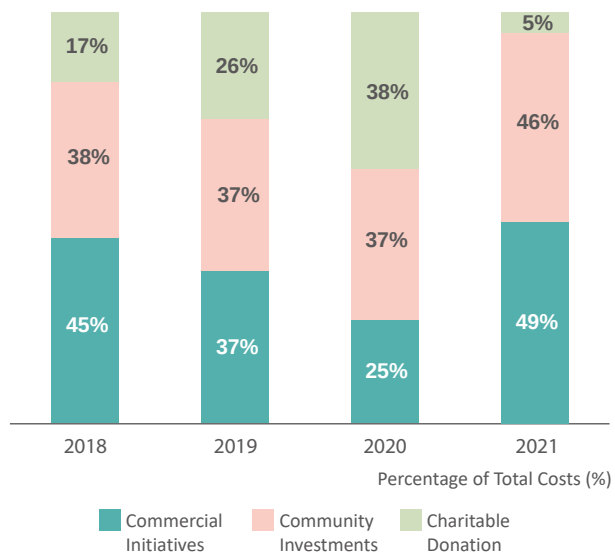
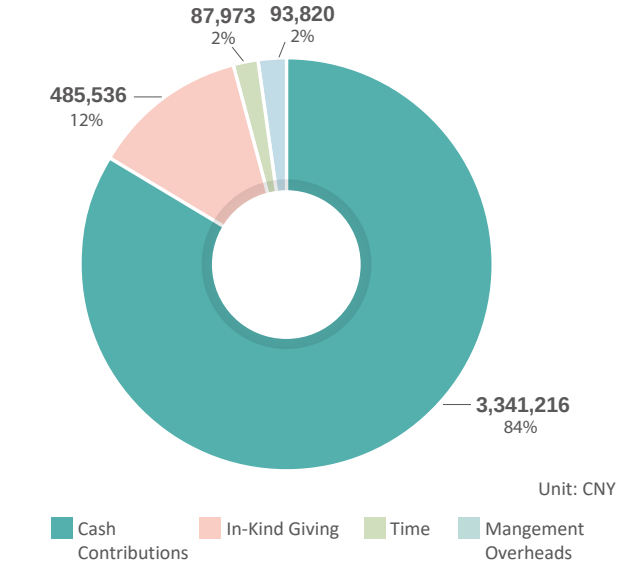
As a corporate citizen, we believe that social involvement is more than monetary investments. Our contributions should be anchored in sustainable development and contribute to community development, making a positive impact. As the top management for Social Involvement, the Sustainability Committee established our Public Affairs Engagement Policy and Corporate Volunteer Regulations to systemically manage and focus our strategic direction. We encourage employees to volunteer in social activities that align with our four approaches: Investing in Education, Contributing to Society, Conserving the Environment, and Promoting Arts and Culture. The complete Public Affairs Engagement Policy can be accessed on USI website (https://www.usiglobal.com/en/csr/Social-Involvement).

To measure the social value of our programs, we adapted the London Benchmark Group (LBG) framework and Social Return on Investment (SROI) methodology to effectively quantify our corporate citizenship and philanthropy investments. We hope to make better decisions, be more accountable, and maximize the effectiveness of each program by evaluating our inputs, outputs, and impact. USI invested CNY 3.83 million in 68 social activities and 40 external organizations in 2021 and engaged 314 employees to volunteer 1,717 hours of service throughout the year.

The following figures show the ratio of CNY invested by type of approach [1], type of activities, and type of contribution [2]:







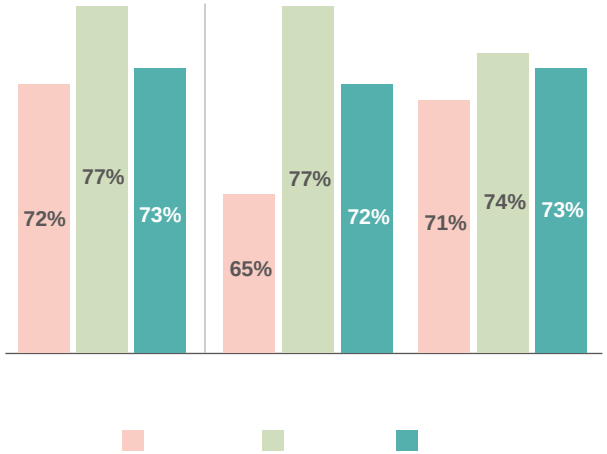
Note 1. External organizations participation costs are excluded from the social involvement four approaches
2. Total social investment costs are based on cash and in-kind giving. Volunteering time and management overhead costs are not included in the calculations

Talent is an important growth driver for enterprises. Reading is the groundwork for accumulating innovative capabilities. As part of the Investing in Education strategic pillar, USI helped establish the Taiwan Reading Culture Foundation and its Philanthropic Library. The Library is set up in each township as a resource for teachers to borrow and use in class. We co-organized the Chinese Literary Prize for Global Youth to encourage students in literary pursuits. In terms of youth training, we have several industrial-academic partnership and internship projects in multiple facilities to enhance youth employability and develop the next-generation of technology talents.

"Broadening children's horizons and cultivating reading interest" cannot be done overnight. Therefore, USI has continuously sponsored the Taiwan Reading Culture Foundation to build Philanthropic Libraries since 2005 and invested CNY 120,000 every year purchasing new books for the Libraries. To date we have donated 725 boxes of books, developing the reading ability of students in rural and remote areas. We understand that only continuous investment can bring substantial impact and change to students, and not just financial and material assistance.

In addition to book donations, USI collaborates with the Foundation to organize Parent-Child Reading and Magical Physics Science Camp activities. We spare no effort to expand investment in local education, enhance reading habits, and promote interest in science. Due to COVID-19, Meet the Author activities in Lanyu were canceled in 2021. We plan to resume them once the pandemic subsides. 119 people participated in the Parent-Child Reading Activity. We hope to instill reading habits through parents and children reading together, enriching children's minds. This year, we also initiated a Magical Physics Science Camp for upper grade elementary school students in Nantou. Through exciting experiments, the teacher introduced 32 students to Faraday and explored the wonders of physics from hands-on experiments.

We continued to use the SROI methodology to analyze and quantify our impact to students and children through the Philanthropic Libraries program and activities. Through our survey, we found 75% students who participated in the Magical Physics Science Camp felt their science knowledge increased and 73% increased their interest in STEM subjects. From the



The Chinese Literary Prize for Global Youth is known as the fountain of living waters for new literary talents. Many literary luminaries such as Chang Man-Chuan, Jian Zhen, and Hou Wenyong had won this prize as students. To encourage student participation and advance Chinese literary culture, USI sponsors CNY 70,000 every year as prize money to scout for new literary stars. The call for manuscripts has expanded to include Chinese students from all over the world. In 2021, the 39th Global Chinese Student Literature Award received 1,150 entries, mainly from Taiwan, Mainland China, and Malaysia. There were 753 submissions from Taiwan and 397 from overseas. 420 schools submitted entries into the competition. The Global Chinese Student Literature Award, co-sponsored by Mingdao Literature and Art Magazine, Mingdao Middle School, and Modern Literature Museum, is a cradle for literary talents in the Chinese region. We look forward to more award-winning students emerging in the Chinese literary world.

Over the years, USI focused on internal employee education and training. Internal lecturers from USI University cooperate with industrial guilds, associations, and universities provided several free courses to share their knowledge, experience, or the industry's latest trends to associated organizations and students. Through courses such as Highly Skilled Talent Development and Management and CIP Smart Manufacturing Application Management, we share our experiences with industry peers. Also, we share research results and knowledge in university seminars, such as 5G mobile communication and RF design and user scenario and data analysis so university students can be exposed to practical applications of theories. Due to the pandemic, we only shared 19 courses, 2,343 hours of lessons in 2021. In the future, we will continue investing in the education of youth capacity training once the pandemic eases up.

Also, to put academic theory into practice, USI provides internship opportunities in Shenzhen, Kunshan, Nantou, and Mexico Facilities. In 2021, 56 students interned in our internship programs. We designed a one-on-one mentor system so students can bridge the gap between school and work after graduation.

In addition to internship opportunities, Nantou Facility continued to partner with National Chiao Tung University. In 2021, we invested CNY 710,000 to implement various research projects such as Cross-Component Short Circuit and Tin Defect Detection, Non-Solder Automated Optical Inspection Optimization Model for

In response to SDGs (Goal 1: No Poverty; Goal 4: Quality Education), USI sponsors several educational rural revitalization programs to help children in impoverished regions obtain resources for quality education and narrow the gap between urban and rural areas. For example, in 2021, USI invested CNY 216 thousand and assisted 1,050 students by funding the Rural Digital Education Program, Western Region Student Aid Program, Hope for Pearls Project, Kunshan Care Package and Heartfelt Wish Activity, and the Huanghe Jiaotong University Aid Program.

The United Nations believes that higher digital literacy in the digital age is needed to prevent marginalization in society which is an essential task of rural revitalization. USI upholds our value of Realizing IDEAS together and implements our sustainability policy of actively participating in community activities and focuses on the computer education gap of schools in remote areas. We launched the Rural Digital Education Program and donated computer classrooms to improve their learning environment, enrich teaching resources, and enhance students' abilities. The five computer classrooms we donated are in Gansu and Qinghai. The classrooms hold 150 sets of computers and benefited 961 students in 2021, and the cumulative beneficiaries reached 1,674.

In 2021, we continued to follow up on the usage of the computer classrooms and organized a team of professional social workers, technical staff, project leaders, and local rural revitalization workers to visit the schools and interview the teachers. From our field interview insights, we will arrange computer training courses so rural teachers can conduct computer lessons more smoothly in 2022.

Education is the pathway out of poverty as it can help people gain comprehensive capabilities and utilize advanced technologies. Therefore, USI carried out the Western Region Student Aid Program through the Cihui Foundation in rural western regions such as Yunnan and Sichuan and invested CNY 48,000 to provide financial aid to 12 impoverished outstanding college students to ensure their opportunities for education and growth. We believe when they complete their studies, they will use the knowledge learned to help more people.

USI donated CNY 50,000 to supply 7 impoverished Huanghe Jiaotung University Electrical and Mechanical Engineering students with computers for their studies. Due to family finances, these students don't have personal laptops and couldn't put their studies into practice. We hope our support can serve as a starting point for these university students in the technology industry, so that they can keep up with their studies, and have more possibilities in the future.

Since 2016, USI has actively participated in the Hope for Pearls Project, helping students with excellent grades but cannot afford tuition to actualize their dream of finishing high school.

In 2021, we held a "Walk for Pearls", where 100 USI employees and their families walked to promote the Hope for Pearls Project. We raised CNY 100,000 for Qianshan Yezhai Middle School in Anhui Province and set up the fifth USI Shueijin Pearl Class with 40 students. In addition to funding, we continued to follow up on these pearl students and support them emotionally and spiritually.

With our love and support, USI Shueijin Pearl Class of 2018 in Chongqing Jianshan High School and Luoyang Third Middle School passed their Gaokao with flying colors. 100% pearl students in Jianshan High School got accepted to their dream universities. 97% pearl students in Luoyang Third Middle School got accepted, with 45% getting in tier 1 schools.

Currently, three pearl students joined our workforce, and we plan to continue providing them with internship and employment opportunities as we believe pearl students are future stars that will shine and illuminate the community.

As the saying goes, "never omit to do a good deed thinking it's too trivial." We donate Care Packages worth CNY 9,000 with rice, oil, and dried goods to 18 households in need before Chinese New Year, wishing them the best for the coming year. Also, for six years running, USI supported Kunshan Charity Foundation's "Heartfelt Wish" activity. We donate CNY 9,000 to adopt the wishes of 30 impoverished children living in the Kunshan mountains. There is nothing more powerful than seeing the results of our wish-granting efforts when the children receive a gift they wished for on Children's Day.

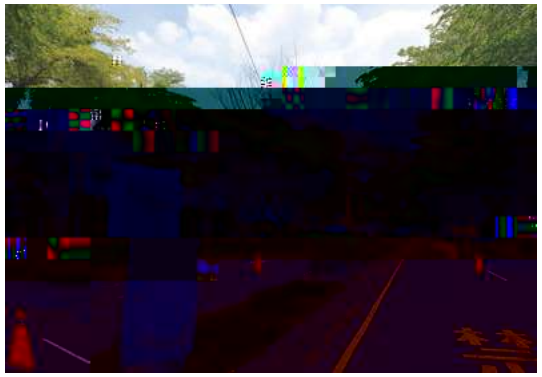
For the past four years, USI employees organized a gift registry for colleagues to buy Christmas presents for the kids in the Nantou Renai Home for Children to bring a bit of festive joy. In 2021, 70 employees participated in the gift registry. The head of the Employee Welfare Committee led 11 volunteers to the Renai Home to spread Christmas cheer. Due to the pandemic, we couldn't invite the kids to theatre or baseball outings, so in addition to the gifts, we also brought a show from Apple Theatre. With a little bit of love, we can make wishes come true and see the joy it brings.

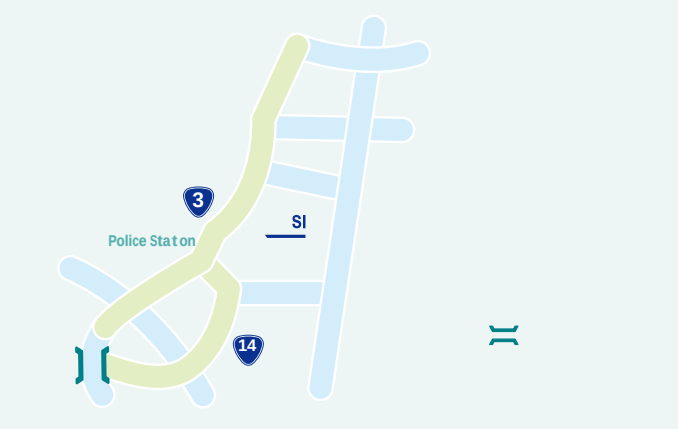
How to make sure seniors are well cared for is the issue we face in our aging society. USI annually arranges

To protect the oceans and coastal ecosystem and take action to restore them, we have joined the international coastal cleanup event each year since 2015 to collect and document the trash littering the coastlines near our facilities. USI encourages employees to volunteer in these activities to raise environmental protection awareness through a hands-on approach. We chose Shanghai Fenxian and Taichung Dajiaxishi Seawall as our cleanup locations in 2021. In a few hours, 85 volunteers picked over 2,705 pieces of trash, totaling 335.2 kg. Ocean trash is mainly non-degradable plastics, which affects marine wildlife, contaminates the environment, and ultimately impacts human health. We hope our engagement with the coastal cleanup can save wetland habitats and help the fight for trash-free seas.

Local individual farmers bring the fruits of their labor and employees bring their trust and wallets and use their actions to endorse organic environmentally friendly farming. This farmer's market not only is a platform for small farmers to directly sell their produce, it's also a place where consumers can buy with a peace of mind. Additionally, it is also a implementation of the Local Production, Local Consumption concept that reduces the carbon footprint of daily groceries. USI encourages employees to shop with local farmers, enhance their connections with the community, protect the environment, and continue this virtuous cycle.

USI Nantou Facility's Adopt-a-Road Program entered its 15th year. We yearly donate CNY 216 thousand to maintain these roads' hedges and cleanliness and sponsor our town's efforts in greening and landscaping Zhongxing Road. Our adopted streets include a stretch of Caoxi Road (from Zhongxing Road to Maoluoxi Bridge), the provincial highway No.14B access road to Freeway No.3 (from Maoluoxi Bridge to the intersection at Shengfu Road), and Shengfu Road intersection to the central island at Shanglin police station.

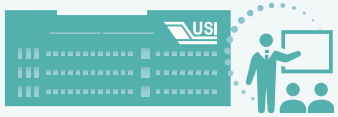




Societies globally are facing a range of complex challenges, as a global corporate citizen and leader in electronic design and manufacturing services, we recognize the need to take a more visible role in advocating key issues affecting the industry. We are building relationships with partners and like-minded stakeholders and advocating on sustainable issues such as climate change, corporate sustainability, human rights, and sustainable supply chains.

In 2021, USI actively participated in 40 industrial organizations and associations [1~3] and contributed CNY 342.5 thousand [4]. Through meetings, networking events, and serving important positions, USI keeps in close touch with the industry and contributes to the development of the electronic and engineering sectors. The following is a partial list of organizations USI joined:

- Shanghai Integrated Circuit Industry Association
- Pudong Association of Foreign Investment
- Shanghai Pudong Human Resource Association (SPHRA)
- Securities and Futures Market Work Committee
- The Listed Companies Association of Shanghai
- Shanghai Association of Foreign Investment (SAFI)
- Shanghai Accounting Association
- Jinqiao Enterprise Association
- Taiwan Merchant Association Shenzhen
- Shenzhen Enterprise Promotion Association
- Shenzhen Association of Enterprises with Foreign Investment
- Shenzhen Enterprise Confederation
- Shenzhen Customs Bureau Association
- Shenzhen City Chamber of Commerce for Import and Export
- Shenzhen Hi-tech Industry Association
- Shenzhen Quality City Promotion Association
- Taiwan Compatriot Investment Enterprises Association of Kunshan
- Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)
- Taiwan Telematics Industry Association
- Nankang Industrial Manufacturers Association
- Taiwan Association of Occupational Health Nurses
- 5G Industry Development Innovation Alliance
- Global Certification Forum
- USB Implementers Forum
- Video Electronics Standards Association (VESA)
- VCCI Council
- Asia Terahertz Industry Development Association (ATIDA)
- Taiwan Transportation Vehicle Manufacturers Association



ASEH joined the Responsible Business Alliance (RBA) and became its member in 2015. As a member of ASEH, USI actively abides by the RBA Code of Conduct and requests its facilities around the globe to implement it. The information regarding our performance in terms of workers' human rights, occupational health and safety, corporate ethics and environmental protection is disclosed on the RBA-Online platform.

USI annually conducts internal audits to ensure compliance. In 2021, the results of RBA Self-Assessment Questionnaires for Zhangjiang, Jinqiao, Shenzhen, and Kunshan, Nantou, and Mexico Facilities were all "Low Risk." 100% of worldwide manufacturing facilities have implemented RBA Validated Audit Process, please refer to the Human Rights Protection section for details. USI has not only accepted customers' audits but requested and assisted suppliers to follow the RBA Code of Conduct and join the RBA-Online platform to disclose their results. Please refer to the Supply Chain Management section for further details.

USI follows the OECD framework Due Diligence for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas to establish conflict minerals management mechanism and complies with RMI, Responsible Minerals Assurance Process (RMAP), and other sourcing initiatives allowing USI to regularly collaborate with suppliers and customers to reduce the environmental impact and contribute to sustainability goals. Please refer to the Conflict Minerals Compliance section for further details.

USI responds to the responsibility for stopping climate change with specific energy-saving actions following our Low-Carbon sustainable strategy and joins the CDP and TCFD initiatives. For related information and results, please refer to the Climate Change and Carbon Management section for details.

Note 1. Represents the position of Chairman / Vice-chairman
2. Represents the position of Executive Director
3. Represents the position of Director / Supervisor
4. USI did not make any monetary contributions to political campaigns or organizations, lobbyists, or other tax-exempt groups whose role is to influence political campaigns or legislation

	%	87.2	82.7	79.6	80.3
	%	100	100	100	100
	%	0	10	21	31
	%	10	0	0	0
	metric tonnes CO_2e	7,024.93	8,438.84	6,802.39	4,592.71
	metric tonnes CO_2e	148,201.93	168,730.49	184,225.84	201,538.85
	metric tonnes CO_2e	115.48	22,623.67	16,722,053.37	12,980,878.70
	ML	581.537	681.848	803.690	861.887
	ML	142.813	155.058	179.145	236.972
	%	24.6	22.7	22.3	27.5

Note 1. The reasons of Renewable Energy Use Percentage reduced in USI Group: (1) increased energy consumption data of Nantou-TT1 in 2020; (2) expanded production lines in Nantou-NK sharply increased energy consumption in 2021
2. USI first inventoried GHG emissions Categories 3-6 in 2018, covering only Nantou Facility. In 2019, the inventory scope expanded to Mainland China and Nantou Facilities. In 2020, our inventory scope expanded according to ISO 14064-1:2018 requirements
3. The emissions data of Category 1 and Category 3-6 were modified because of the greenhouse emissions formula revision in 2020

	metric tonnes	537.915	696.641	783.065	967.233
	metric tonnes	7,239.187	7,813.671	7,805.962	8,766.093
	metric tonnes	6,940.740	7,067.916	7,079.345	8,115.463
	%	95.88	90.46	90.69	92.58
	CNY	20,729,687	23,179,611	28,131,112	25,989,443
	CNY	12,589,868	11,428,159	15,177,012	12,176,028
	CNY	425,092	516,463	854,709	1,058,487
	CNY	7,583,392	10,806,289	11,880,177	12,464,402
	CNY	131,335	428,700	219,214	290,527

	-	18,567	18,515	18,615	19,290
	-	10,216	10,012	10,184	10,847
	-	8,351	8,503	8,431	8,443
	%	45.0	45.9	45.3	43.8

	-	125	133	132	199
	-	14	17	17	35
	%	11.2	12.8	12.9	17.6
	-	984	1,042	1,082	1,091
	-	232	244	255	247
	%	23.6	23.4	23.6	22.6
	-	767	1,086	868	922
	-	275	379	310	319
	-	77	79	73	83
	Year	29.8	30.6	32.8	31.4
	Year	3.7	4.1	5.2	4.5
	%	48	42	34	36
	-	1.00~1.18	1.00~1.13	1.00~1.10	1.00~1.08
	%	-	77	-	84
	%	38	73	100	68
	%	100	100	100	79
	-	733	608	833	867
	-	210	194	247	287
	M CNY	1.85	7.29	4.21	28.94

Note 1. The coverage scope of 2019 employee engagement score was adjusted from IDL (Indirect Labor) to all employees

	%	100	100	100	100
	Hour	21.9	22.6	31.0	30.7
	-	2	15	43	73
	Hour	0.8	1.1	1.4	1.1
	%	100	100	100	100
	-	145	294	216	116
	-	4,363	4,435	5,900	6,350
	%	23.5	24.0	31.7	32.9
	-	0	1	0	0
	-	0	0	0	0
	M CNY	120	150	166	159
	-	24	52	58	32
	-	32	38	53	42
	-	3,482	4,447	13,701	13,028
	Session	2,453	19,169	9,692	18,519
	Hour	759	13,455	9,140	9,558

	CNY	5,403,647	6,269,375	5,970,377	3,826,752
	CNY	1,171,332	1,521,946	1,259,165	1,713,707
	CNY	1,824,782	2,175,354	2,769,476	489,454
	CNY	468,224	468,147	433,558	451,281
	CNY	492,580	1,053,759	1,087,534	829,772
	CNY	1,446,729	1,050,169	420,645	342,538
	-	504	536	1,412	314
	Hour	3,525	3,633	1,674	1,717
	-	19,654	20,111	21,040	21,864
	-	14,000	14,000	14,000	14,000
	-	5,654	6,111	7,040	7,864
	Ha	12.83	13.44	14.14	9.51
	-	44,818	64,929	85,969	107,833
	Ha	39.62	53.06	67.20	76.71
	Kg	1,283.96	486.30	49.00	335.2
	-	21,462	1,395	3,653	2,705
	-	5	6	6	5
	-	791	964	1,001	1,050
	K CNY	904	685	1,362	216

	K CNY	33,550,275.0	37,204,188.4	47,696,228.2	55,299,654.8
	K CNY	398,032.3	352,271.7	397,576.8	618,989.5
	%	6.2	6.8	6.7	9.4
	M CNY	1,312	1,373	1,576	1,641
	%	3.91	3.69	3.31	2.97
	-	589	628	660	696
	-	356	275	319	304
	K CNY	83,576	92,628	76,951	78,756
	%	98.5	99.0	99.0	99.5
	%	82	83	84	84

Note 1. 2019 & 2020 data were adjusted by the accountant

	-	9
	-	3

	The USI Sustainability Committee, the highest organizational unit to manage the Group's sustainable development, annually prepares an ESG report that includes climate change-related issues for the Board of Directors' review. As climate change becomes the focal point for environmental protection issues, the Board periodically reviews the annual ESG report and discusses climate-related issues in relevant policy and planning meetings.
	Through the USI Sustainability Committee, management from the President to Vice Presidents and Division Heads all work together to manage climate-related risks and opportunities. Of the Committee's taskforces, Corporate Governance and Environment Protection & Occupational Safety taskforces are the leaders in assessing climate-related risks and opportunities.

	According to enterprise risk management (ERM), short-term is defined as within three years, medium-term is four to ten years, and long-term is 11 to 30 years. Risks: Short-term Risk: Supply chain shortages and production delays due to changes in rainfall patterns such as floods and droughts, as well as customer demand for energy efficiency and carbon reduction in products. Medium-term Risk: Energy saving and carbon reduction measures and carbon tax local policy requirements. Long-term Risk: Cooperate with governmental commitments to achieving carbon neutrality. Opportunities: Short-term Opportunity: Incorporating energy management systems to save energy and reduce carbon emissions. Energy-saving component product design and technology meet customer needs. Medium-term Opportunity: Increasing market demand for electric vehicle products.
	Climate-related risks and opportunities are assessed to incorporate dimensions including products & services, supply chain, adaptation & mitigation activities, R&D, investment, and operations and then ranked according to their probability and impact.
	Our transition risks are modeled by referencing the International Energy Agency's WEO 450 Scenario (2016) and the Nationally Determined Contribution rates for all manufacturing facilities. Our physical risks are estimated by referencing the World Bank Climate Change Knowledge Portal and the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform, to estimate the temperature increase and rainfall in 2020-2040 for RCP2.6, RCP4.5, RCP8.52, and other scenarios. Based on these climate scenario models, we would assess the risks and opportunities posed by climate change to USI.

	metric tonnes CO_2e	11,623.10	12,879.25	22,165.63	26,056.90	26,617.41

	metric tonnes	233.65	210.95	255.13	247.23	202.79
	metric tonnes	186.54	326.97	441.52	535.83	764.44
	metric tonnes	5.40	8.00	14.58	29.83	0.64
	metric tonnes	0	0	0	0	0
	metric tonnes	181.14	318.97	426.94	506.00	763.80

Unit: CNY

	1,606,221	6,535,665	0	12,589,868	1,779,973	9,648,186	548,685	9,690,160	1,996,631	10,179,397
	0	398,191	0	425,092	0	516,463	0	854,709	0	1,058,487
	349,143	5,811,481	0	7,583,392	1,731,219	9,075,070	56,792	11,823,385	168,781	12,295,620
	0	236,117	0	131,335	0	428,700	0	219,214	70,919	219,608

	pcs	10,910	14,428	21,817	36,786
	pcs	6,007,276	6,119,847	7,218,172	8,701,254
	metric tonnes	610.05	620.40	728.43	1,170.46

Note 1. The data covers Zhangjiang, Jinqiao, Shenzhen, Kunshan, and Nantou Facilities
2. Operating Cost: includes pollution prevention costs (air, water, noise, and hazardous substances) and resource circulation costs (efficient resource utilization, waste reduction, and recycling and disposal costs).
3. Upstream / Downstream Cost: includes green procurement, recycling of used products, etc.
4. Management Overhead: includes manpower engaged in environmental improvement activities and environmental education, acquisition of external environmental licenses / certifications, government environmental fees, etc.
5. Social Activities Cost: includes donations to, and support for, environmental groups or activities, etc.

		141	12.9%	93	8.5%	103	9.4%	124	11.4%	268	24.6%	115	10.5%	844	4.4%
		61	5.6%	21	1.9%	53	4.9%	22	2.0%	62	5.7%	28	2.6%	247	1.3%
		580	16.4%	396	11.2%	311	8.8%	339	9.6%	1,123	31.8%	130	3.7%	2,879	14.9%
		143	4.1%	87	2.5%	70	2.0%	64	1.8%	247	7.0%	37	1.0%	648	3.4%
		71	3.6%	45	2.3%	105	5.3%	124	6.2%	231	11.6%	87	4.4%	663	3.4%
		206	10.3%	81	4.1%	293	14.7%	192	9.6%	465	23.4%	91	4.6%	1,328	6.9%
		1,516	12.0%	585	4.6%	1,242	9.8%	1,965	15.5%	471	3.7%	682	5.4%	6,461	33.5%
		835	6.6%	472	3.7%	1,256	9.9%	1,147	9.0%	1,190	9.4%	1,320	10.4%	6,220	32.2%
		2,308	21.3%	1,119	10.3%	1,761	16.2%	2,552	23.5%	2,093	19.3%	1,014	9.3%	10,847	56.2%
		1,245	14.7%	661	7.8%	1,672	19.8%	1,425	16.9%	1,964	23.3%	1,476	17.5%	8,443	43.8%
		2,725	17.7%	1,397	9.1%	2,362	15.3%	2,361	15.3%	4,055	26.3%	2,490	16.2%	15,390	79.8%
		828	21.2%	383	9.8%	1,071	27.5%	1,616	41.4%	2	0.1%	-	0.0%	3,900	20.2%
		179	1.0%	109	0.6%	145	0.8%	132	0.7%	329	1.8%	133	0.7%	1,027	5.3%
		3,332	17.8%	1,657	8.9%	3,262	17.5%	3,826	20.5%	3,241	17.4%	2,332	12.5%	17,650	91.5%
		23	3.8%	5	0.8%	11	1.8%	14	2.3%	1	0.2%	10	1.6%	64	0.3%
		19	3.1%	9	1.5%	15	2.4%	5	0.8%	486	79.3%	15	2.4%	549	2.8%

Note 1. The position category is divided into Management (employees with management responsibilities such as the Sub-Section manager to Vice Presidents belong to Management), Technical, Administrative, and Skilled positions

2. Dispatch workers: There are 1,730 dispatch workers (1,130 Male and 600 Female) in Mainland China Facilities, accounting for 13.58% of employees in Mainland China Facilities; there are 2 male dispatch workers in the Nantou Facility, accounting for 0.05% of employees in Nantou Facility

3. Permanent employees: employees who have signed an employment contract with the company and work 8 hours a day, excluding dispatch workers

4. Temporary employees: employees who have signed a regular employment contract with the company, excluding dispatch workers and hourly workers

		1,640	18.3%	801	8.9%	1,574	17.6%	2,740	30.6%	1,049	11.7%	1,154	12.9%	8,958	46.4%
		1,890	19.8%	973	10.2%	1,826	19.1%	1,226	12.8%	2,549	26.7%	1,085	11.4%	9,549	49.5%
		23	2.9%	6	0.8%	33	4.2%	11	1.4%	459	58.6%	251	32.1%	783	4.1%
		-	0.0%	-	0.0%	-	0.0%	-	0.0%	11	100.0%	-	0.0%	11	0.1%
		88	7.2%	52	4.3%	27	2.2%	26	2.1%	1,012	83.2%	12	1.0%	1,217	6.3%
		1,335	20.2%	779	11.8%	810	12.3%	944	14.3%	2,193	33.2%	550	8.3%	6,611	34.3%
		2,130	18.6%	949	8.3%	2,596	22.7%	3,007	26.3%	841	7.3%	1,928	16.8%	11,451	59.4%
		3,553	18.4%	1,780	9.2%	3,433	17.8%	3,977	20.6%	4,057	21.0%	2,490	12.9%	-	-

		10,875	11,880	11,880	2,823	1,289	2,726	4,151	10,989	476	721	
		114%	118%	118%	123%	104%	174%	174%	147%	23%	73%	
		8,263	6,912	6,912	923	481	1,211	1,802	4,417	506	814	
		103%	82%	82%	70%	64%	77%	130%	88%	27%	54%	

Note 1. New Entry Rate of the category = New employee headcount of the category in the current year ÷ ((employee headcount of the category at the beginning of the current year + employee headcount of the category y at the end of the current year) ÷ 2) × 100%

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Note 1. There are 591 employees that are ethnic minorities, accounting for 3.1% of the total workforce, including 8 in management positions, accounting for 0.7% of managers

2. 55 employees not listed above are from 19 other different ethnicities. Since there are less than 10 employees in each of these ethnic categories, they were not represented in the chart

3. HC ROI = (Total operating income for the current year - (Total operating expenses for the current year - Total employee-related expenditures for the current year (salary + benefits))) ÷ Total employee-related expenditures for the current year

4. Average Profit per Employee = total profit ÷ ((2.4162F7> Tj(15T1 1 Tf 11.5 0 86.5 43286.578.2 Q Q1e)685FZhuang ((85 4328 185.6r11en

Note 1. Compulsory course: basic and necessary training for employees, such as: Sunshine behavior policy advocacy, establishment of humane treatment in the workplace, RBA, etc.
2. Non-compulsory course: training to improve the skills of employees in related fields, such as: DOE experimental design, program development and other related training courses
3. Training cost = (actual cost + virtual cost for students to attend class) × (training hours for this group ÷ total training hours)

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SGS

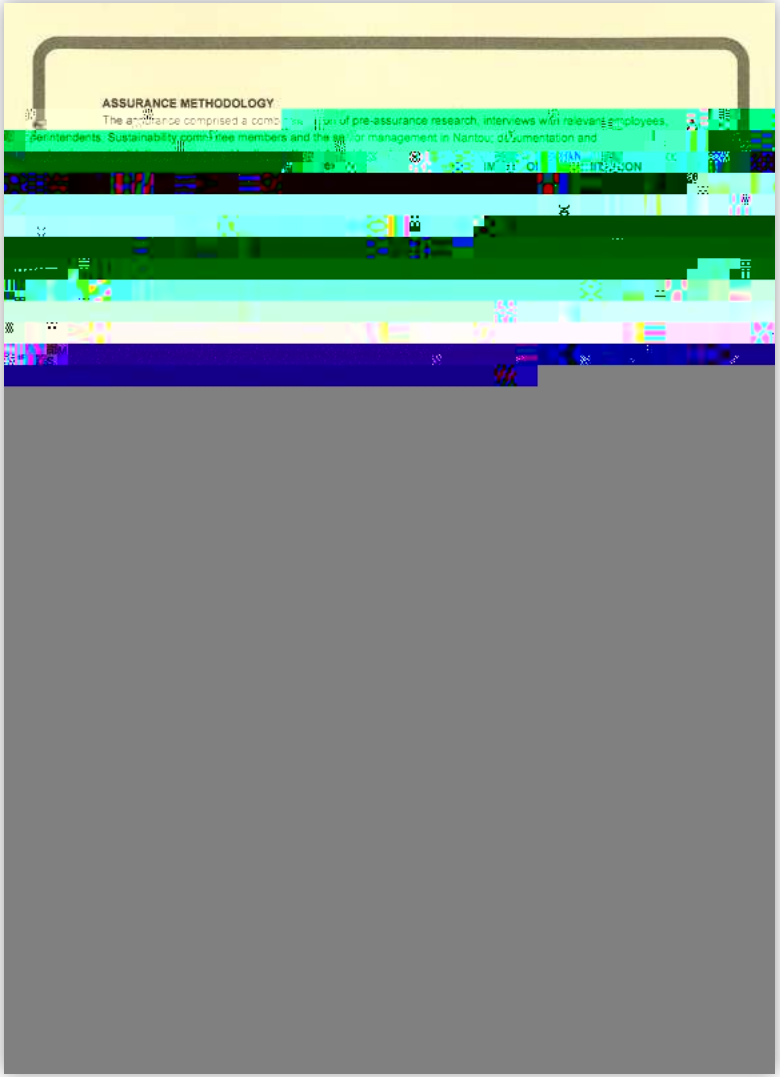
ASSURANCE STATEMENT

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options and Level of Assurance	
A.	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B.	AA1000ASv3 Type 2 Moderate Level (AA1000AP Evaluation plus evaluation of Specified Performance Information)
	AA1000ASv3 Type 2 High Level (AA1000AP Evaluation plus evaluation of Specified Performance Information)
C.	45 disclosures of GRI Standards (201-1,201-2,201-3,201-4,202-1,202-2,204-1,205-1,205-2,205-3,206-1,302-1,302-3,302-5,303-3,305-1, 305-2,305-3,305-4,305-5,305-7,306-3, 306-5, 307-1,308-1,308-2,401-1,401-2,401-3,402-1,403-8,403-9, 403-10,404-1,404-3,405-2,412-1,412-2,414-1,414-2,416-1,416-2,417-3,418-1,419-1) for 5 facilities - Zhangjiang, Jinqiao, Shenzhen, Kunshan & Nantou

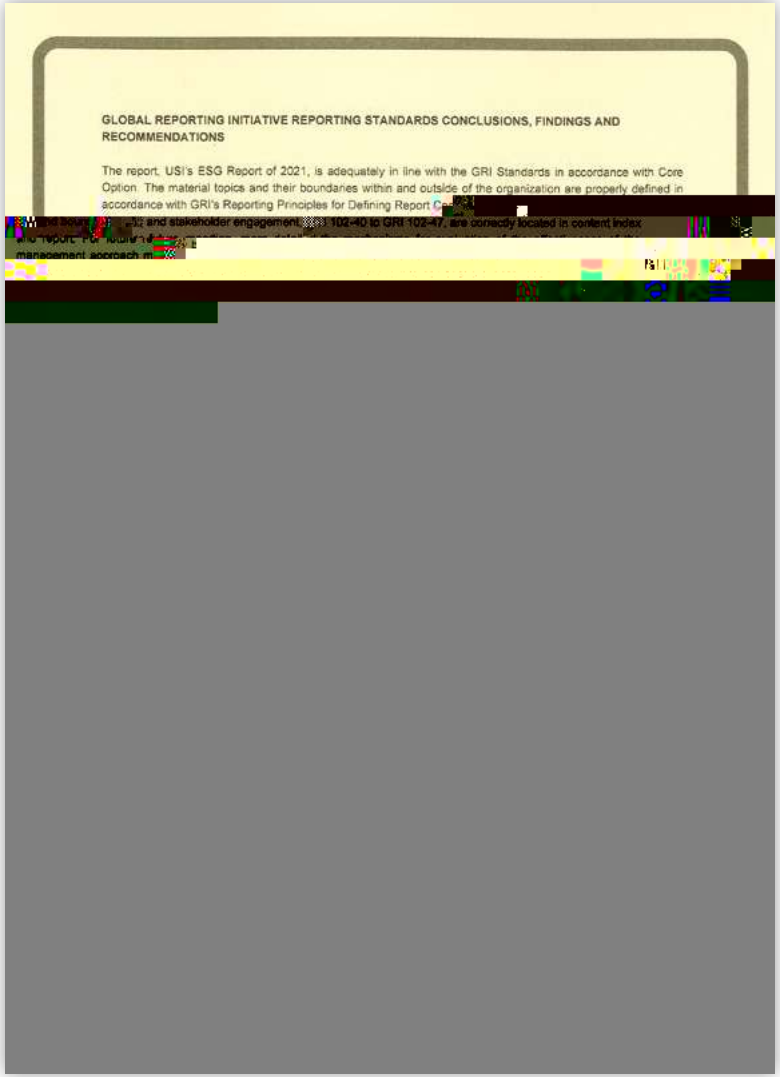
SCOPE OF ASSURANCE AND REPORTING CRITERIA

included evaluation of quality, accuracy and reliability of specified performance



ASSURANCE METHODOLOGY

The assurance comprised a comprehensive process of pre-assurance research, interviews with relevant employees, Superintendents, Sustainability committee members and the senior management in Nantou, documentation and



GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, USI's ESG Report of 2021, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. [redacted] and stakeholder engagement [redacted] 102-40 to GRI 102-47, are correctly located in content index [redacted] management approach [redacted]

			Enterprise Risk Management	19		○
			Green Product Management	43		
		G5.3 Participation of research projects and formulation of corporate social responsibility standards, initiatives, and guidelines G6.3 Joining of corporate social responsibility organizations or conventions	Supplier Sustainability Risk Assessment	57		○
			Conflict Minerals Compliance	60		
			Climate Change and Carbon Management	64		
			Carbon Management	67		
			External Participation	122		○
		P2.1 Situation analysis and strategic consideration of corporate social responsibility performance P2.2 Annual work progress in corporate social responsibility P3.1 Major corporate social responsibility events P3.2 Progress and achievement in key corporate social responsibility issues G2.2 Strategic planning and annual plans for corporate social responsibility programs G2.3 Promotion of integration of corporate social responsibility into corporate development strategy and day-to-day operation	Letter from the Chairman	5		○
			Letter from the President	6		
			Key Performance and Targets	-	Explained in each chapter	○
			Enterprise Risk Management	19		
		G1.1 Corporate mission, vision, and values M3.1 Business integrity	Business Ethics and Compliance	18		○
		S1.1 Legal compliance system S1.2 Law compliance training	Business Ethics and Compliance	18		○

		G3.1 Support for and promotion of corporate social responsibility work from the highest authority G3.2 Leading group for and working mechanism on corporate social responsibility G3.3 Organizational system and division of responsibilities of corporate social responsibility G4.1 Formulation of corporate social responsibility system G4.3 Implementation of corporate social responsibility performance appraisal or assessment G5.1 Implementation of corporate social responsibility training M1.1 Corporate governance regulation M1.2 Nomination and selection process of the highest governing group and committee E2.18 Policies for developing circular economy	Board Structure	16		○
			Board Structure	16	All board directors are male	○
			ESG Key Performance Data	131		
			Board of Directors	16		○
			Board of Directors	16		○
			Sustainability Committee	25		○
			Board of Directors	16		○
			Board Engagement with Sustainability Governance	17		
			Conflicts of Interest Management	17		
			Sustainability Committee	25		
			Stakeholder Engagement	32		○
		S2.3 Labor contract signing rate	Employee Rights	92		○
			Employee Unions	92		
			ESG Key Performance Data	127		

Identified Result: Material Issue
Level of External Assurance: Moderate ○ High ●

			M1.3 Anti-corruption M1.4 Compliance information disclosure	Material Issues Identification	34			○
				Business Ethics and Compliance	18			○
				Business Ethics and Compliance	18			○
				Business Ethics and Compliance	18			
				Business Ethics and Compliance	18			
				Sustainability Data - Governance	142			
				Supply Chain Management	53			
				Business Ethics and Compliance	18	No incidents of corruption detected in 2021		
			M2.11 Fair trade M3.2 Economic contract compliance rate M3.3 Fair competition M3.5 Respect and protect intellectual property rights	Material Issues Identification	34			○
				Business Ethics and Compliance	18			○
				Regulatory Compliance	19			○
				Regulatory Compliance	19	USI has no legal actions related to anti-competitive behavior, anti-trust, or monopoly practices in 2021		
			E2.2 Purchasing and using environmentally friendly raw material E2.3 Energy conservation policies and measures E2.4 Improve energy efficiency E2.5 Annual total energy consumption and reduction E2.6 Comprehensive energy consumption per unit output value E2.7 Clean energy policy and measure E2.8 Clean energy usage	Material Issues Identification	34			○
				Climate Change and Carbon Management	64			○
				Energy Management	69			○
				Energy Management	69			
				Energy Management	69			
				Green Product Management	44			

			E2.9 Water conservation policy and measure E2.10 Annual freshwater consumption E2.14 Reduce waste emissions policy, measure, or technique E2.15 Wastewater discharge and emission reduction	Water Management	71			
				ESG Key Performance Data	124			
			E1.9 Responding to climate change E2.12 Reduce exhaust emissions policy, measure, or technique E2.13 Exhaust emissions and emission reduction E2.24 Plan and action to reduce greenhouse gas emissions E2.25 Greenhouse gas emission and emission reduction	Material Issues Identification	34			○
				Climate Change and Carbon Management	64			○
				Carbon Management	67			○
				Carbon Management	67			
				ESG Key Performance Data	124			
				Carbon Management	67			
				ESG Key Performance Data	124			
				Carbon Management	68			
				ESG Key Performance Data	124			
				Carbon Management	67			
				Energy Management	69			
				Air Pollution Control	74			
			E2.16 Develop circular economy policy and measures E2.17 Waste emissions and emission reduction	Waste Management	72			○
				Waste Management	72			○
				Waste Management	72			
				Waste Management	73			
				Material Issues Identification	34			○
				Climate Change and Carbon Management	64			○
				Regulatory Compliance	19			
				Regulatory Compliance	19			○
				Climate Change and Carbon Management	64	No major penalties or other non-pecuniary sanctions were imposed on USI in 2021		

			M3.8 Supplier social responsibility policy, initiative, and requirement M3.9 Number of potential suppliers that were rejected because of social irresponsibility M3.10 Supplier social responsibility routine management mechanism M3.11 The process and method of supplier social responsibility audit M3.12 Number of suppliers audited during the reporting period M3.13 Number of suppliers terminated due to unqualified social responsibility M3.14 Supplier's social responsibility performance assessment and communication M3.15 Supplier's social responsibility training M3.16 Supplier's social responsibility training performance	Material Issues Identification	34			○
				Supply Chain Management	53			○
				Supplier Evaluation and Regular Assessment	56			○
				Supplier Evaluation and Regular Assessment	56			
				Supplier Sustainability Risk Assessment	57			

			S3.4 Safety training performance S3.5 Safety production investment S3.6 Number of safety production accident S3.7 Employee casualties	Physical and Mental Health Care	84			○
				Occupational Health and Safety Management	77			○
				Occupational Health and Safety Management	82			○
				Physical and Mental Health Care	84			○
				Occupational Health and Safety Management	77			○
				Occupational Health and Safety	77			
				Occupational Incident Management	80			
				Occupational Health and Safety Management	77			

			S2.2 Equal employment S2.5 Female manager ratio S2.6 Employee privacy management [illegible]					

			S2.7 Anti-forced labor and harassment abuse	Due Diligence Process	89			○
				Supplier Evaluation and Regular Assessment	56			
				Conflict Minerals Compliance	60			
				Material Issues Identification	34			○
				Human Rights Protection	89			○
				Due Diligence Process	89			○
				Due Diligence Process	90			
				Human Rights Training	92			
			M3.8 Supplier social responsibility policy, initiative, and requirement M3.9 Number of potential suppliers that were rejected because of social irresponsibility M3.10 Supplier social responsibility routine management mechanism M3.11 The process and method of supplier social responsibility audit M3.12 Number of suppliers audited during the reporting period M3.13 Number of suppliers terminated due to unqualified social responsibility M3.14 Supplier's social responsibility performance assessment and communication M3.15 Supplier's social responsibility training M3.16 Supplier's social responsibility training performance	Material Issues Identification	34			○
				Supply Chain Management	53			○
				Supplier Evaluation and Regular Assessment	56			○
				Supplier Evaluation and Regular Assessment	56			
				Supplier Sustainability Risk Assessment	57			
				ESG Key Performance Data	129			
				Conflict Minerals Commitment and Future Plans	61			

			m^3, %		Water Management	71
			t, %		Waste Management	72
			Number, days idle	There were no work stoppages due to major labor disputes or strikes in 2021	Employee Unions	92
			N / A		Supply Chain Management Conflict Minerals Compliance Enterprise Risk Management Process	53 60 21
			Number		Company Overview	13
			Square feet (ft^2)	The area of the manufacturing facilities within this report's scope boundaries is 4,866,859 ft^2 after conversion	Company Overview	13
			Number		Global Workforce Structure	94

		USI Specific Disclosure	Conflict Minerals Compliance	60
		USI Specific Disclosure	Continuous Improvement Program	41
		Parent Company (ASEH) Specified Disclosure	Research and Patents	40
	M2.3 Pass rate M3.4 Strategic common mechanism platform M3.6 Helping industry development	Parent Company (ASEH) Specified Disclosure Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Customer Service and Satisfaction	49

	M2.14 Active after-sales service system M2.15 Actively respond to consumer complaint M2.16 Complaint resolution rate M2.18 Customer satisfaction	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Customer Service and Satisfaction	49
	M2.17 Stop loss and compensation	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	All-Encompassing After-Sales Service	50
		Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Board Governance	16
		Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Letter from the President	6
	M1.5 Protect the interests of small and medium investors M3.7 Fair trade	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Inde	Conflicts of Interest Management	17
	M2.1 Improve product and service accessibility M2.4 Continuous innovation M2.5 R&D investment M2.6 New number of patents M2.7 Industrialization of scientific and technological achievements	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Research Patents and Continuous Improvement	40
		Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Management Systems Certification Table	123
		Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Supplier Evaluation c1ty 29l5 Td[(Rgular Assice)10.1(emen)	

	S4.6 Charitable contribution policy and its main sector S4.9 Building brand public welfare projects S4.10 Supporting volunteer activities policy and measures S4.11 Employee volunteer activities performance	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Social Activities Overview	113
	S4.12 Helping Targeted Poverty Alleviation S4.13 Poverty Alleviation Funds S4.14 The number of people out of poverty	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index	Contributing to Society	117
	E1.1 Environmental management system	Shanghai Stock Exchange Listed Company Environmental Information Disclosure Guidelines	Climate Change and Carbon Management	64
	M2.12 Promote sustainable consumption E1.6 Building green supply chain	Shanghai Stock Exchange Listed Company Environmental Information Disclosure Guidelines	Green Supply Chain	45
	E1.2 Environmental protection early warning and emergency response mechanism E1.3 Environmental technology R&D and application E1.4 Methodology of statistical assessment system for environmental indicators E1.5 Environmental training and education E1.7 Support the development of green and low-carbon industries E2.1 Green design	Shanghai Stock Exchange Listed Company Environmental Information Disclosure Guidelines	Green Product Management	43
	E1.8 Total investment in environmental protection E2.20 Green Package E2.22 Green transportation E2.23 Environmental impact of product transportation E3.1 Green office measure E3.2 Green office performance E3.5 Zero net deforestation	Shanghai Stock Exchange Listed Company Environmental Information Disclosure Guidelines	Green Manufacturing and Expenditures	75
	E1.10 Carbon sink E3.3 Ecological restoration and governance E3.6 Environmental activities	Shanghai Stock Exchange Listed Company Environmental Information Disclosure Guidelines	Conserving the Environment	119

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