



Letter from the Chairman and President

Since 2009, USI has integrated sustainable development into business operations and decision-making. Despite challenges in 2023 due to the global economic recession and the slowing consumer market slightly affecting our performance, the management team was unwavering in our goal of sustainable business operations, continuing to expand our market presence through steady risk management strategies, showing strong resilience.

USI has six R&D centers worldwide, which employs more than 2,800 R&D personnel. We are committed to cultivating R&D eco-design competency, endorsing low-carbon product design, improving energy efficiency, and promoting smart manufacturing to optimize our competitiveness with an innovative approach, ultimately achieving a sustainable value chain. On the environmental front, USI supports the Paris Agreement goals and sets long-term goals of using 100% renewable energy in operations by 2035 and Net-Zero Carbon Emissions by 2040. In light of the significant impact extreme weather from climate change has on biodiversity, USI introduced biodiversity risk assessment processes to mitigate impact and achieve a balanced coexistence, reaching our ultimate long-term goal of 2050 Net Positive Impact (NPI). On the social front, USI actively fulfills various social responsibilities. We support and respect the Universal Declaration of Human Rights and the United Nations Global Covenant and build a diverse and inclusive workplace environment.

In a rapidly changing world, unexpected events have increased uncertainty and unpredictability in people's lives. As USI expands its global operations, we must demonstrate our capability to address all sustainable issues. USI aims to enhance ESG resilience over the next 15 years to create a sustainable and balanced environment and society for future generations.

Chairman Jeffrey Chen

President C.Y. Wei



Sustainable Blueprint

USI follows four sustainability strategies, Low Carbon, Circular, Collaborative, and Inclusive, to prioritize response SDGs based on the Company's core values. The sustainable tasks are carried out through the 5 committee taskforce teams: Corporate Governance, Green Product & Innovation, Value Chain Management, Employee & Society Well-being Engagement, and Environmental Protection & Occupational Safety. We tracked the target achievements, published sustainable issues and performances in the Sustainability Committee Annual Meeting, seeking corporate sustainable development.

Governance



- ◆ Upgrade corporate governance;
Uphold business ethics
- ◆ Create company value;
Connect with stakeholders
- ◆ Drive transparency culture;
Disclose sustainable indicators

Environmental

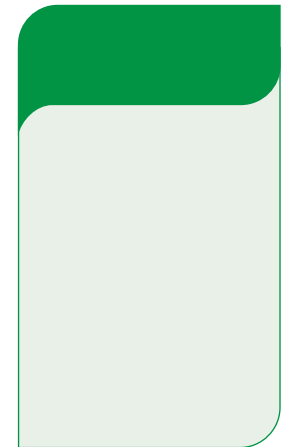
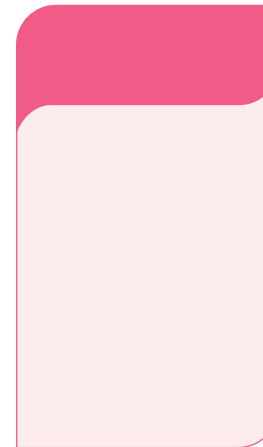
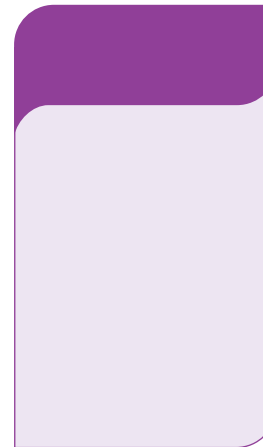
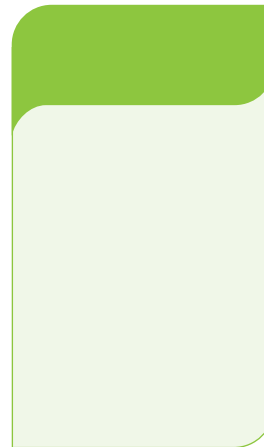
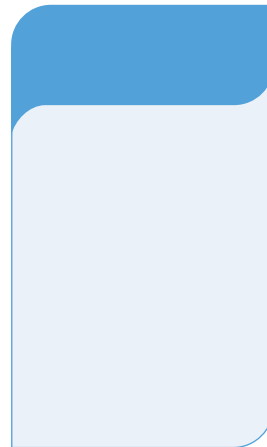


- ◆ Respond to climate action;
Reduce greenhouse gas emissions
- ◆ Invest in green innovation;
Improve energy efficiency
- ◆ Promote circular economy;
Prevent and control pollutants

Social



- ◆ Ensure workforce diversity;
Endorse human rights
- ◆ Stimulate social welfare;
Support community investment
- ◆ Advocate supplier development;
Achieve global partnership





Sustainable KPIs and Targets

Taskforce	Key Issue	KPI	2028 Target
Corporate Governance	Cybersecurity management	▶ Zero major cybersecurity incidents	▶ 0 major cybersecurity incidents
	Business continuity	▶ Follow ISO 31000 management principles and guidelines	▶ Introduce ISO 31000 to North America Facilities
Value Chain Management	Customer relations	▶ Customer satisfaction score	▶ At least 84
		▶ Zero product recalls	▶ 0 product recalls
	Sustainable supply chain	▶ Support local suppliers and procurement	▶ At least 50% are local procurement
		▶ Percentage of target suppliers completing the conflict-free minerals survey	▶ 100% target suppliers use conflict-free minerals
		▶ Percentage of Tier-1 suppliers complete the Supplier Sustainability Assessment Questionnaire (SSAQ)	▶ At least 75%

Taskforce	Key Issue	KPI	2028 Target
Environmental Protection & Occupational Safety	Climate strategy	▶ Obtain ISO 14064-1 certification	▶ Obtain ISO 14064-1 certification for all major facilities
	Energy management	▶ Electricity intensity	▶ 13% decrease from 2015
	Waste management	▶ Hazardous waste generation intensity	▶ 1% decrease from previous year
		▶ Non-hazardous waste recycling rate	▶ At least 90%
	Occupational health and safety	▶ Obtain/maintain ISO 45001 certification	▶ Obtain/maintain ISO 45001 certification in all major facilities
		▶ Zero major occupational diseases	▶ 0 major occupational diseases
		▶ Zero major occupational injuries	▶ 0 major occupational injuries
		▶ Zero major infectious diseases	▶ 0 major infectious diseases
	Green Products & Innovation	▶ Meet international safety, environmental, energy saving standards	▶ 100% shipped products meet standards
		▶ Sustainable mechanical design	▶ Over 80% of mechanical components use recyclable and reusable raw materials
		▶ Product carbon footprint inventory	▶ Inventory 3 series of product carbon footprint
		▶ Cumulative number of patents	▶ Over 1,740 patents

Taskforce	Key Issue	KPI	2028 Target
Green Products & Innovation	Sustainable production	▶ Smart manufacturing	▶ Meet average 4.28-Star Lights-Out Factory which implemented I4.0
		▶ Cost saved from Continuous Improvement Program (CIP)	▶ Cost saved 0.21% of revenue

Taskforce	Key Issue	KPI	2028 Target
Employee & Society Well-being Engagement	Talent attraction & retention	▶ Turnover rate	▶ Direct employee: less than 30%
			▶ Indirect employee: less than 10%
		▶ Key talent retention rate	▶ Over 97%
	Human capital development	▶ Employee career plan	▶ Over 50 subsidizing employees to obtain degrees
		▶ Improve employees' competency	▶ Over 1,300 internal instructors
	Human rights/ diversity & inclusion	▶ Ratio of females in top management positions	▶ Over 25%
		▶ Number of disabled employees	▶ Over 160 disabled employees
	Investing in education	▶ Number of the rural area reading activities	▶ 6 reading activities in rural areas
		▶ Number of industrial-academic partnerships	▶ 2 research industrial-academic partnerships
		▶ Number of interns	▶ 200 interns
		▶ Number of USIU classes shared	▶ 40 USIU classes
	Contributing to society	▶ Number of people benefiting from rural revitalization programs	▶ 2,000 rural students
		▶ Number of volunteers	▶ 2,000 volunteers
	Promoting arts & culture	▶ Number of art groups supported	▶ 3 art groups
	Conserving the environment	▶ Number of trees planted	▶ 14,000 trees in the Corporate Forest
		▶ Amount of trash picked or reduced	▶ 1,000 kg of trash
		▶ Number of environmental seminars held	▶ 5 environmental seminars



ESG Key Performance Summary

	Key Performance		Unit	2020	2021	2022	2023
Governance	Financial Performance	Operating revenue	M CNY	47,696.23	55,299.65	68,516.08	60,791.91
		Total profit	M CNY	1,973.56	2,138.86	3,477.20	2,189.69
		Earnings per share	CNY	0.80	0.85	1.40	0.89
		Taxes	M CNY	397.58	618.99	897.55	963.30
	Research and Patents	R&D investment	M CNY	1,576.36	1,641.36	2,034.46	1,807.20
		Accumulated number of patents	-	660	696	740	801
	Sustainable Production	Number of new improvement proposals	-	319	340	360	458
		Cost saving	M CNY	219.34	287.00	414.69	408.45
	Customer Relations	Customer satisfaction score	-	84.1	84.1	84.2	84.5
	Local Procurement	Global local procurement rate	%	37	39	43	40
	Supplier Sustainability Evaluation	Percentage of suppliers that completed SSAQ	%	70	73	73	76
		Number of suppliers on-site audited with sustainability metrics	-	40	47	46	65
Supplier Communication	Number of suppliers attending the Sustainable Supply Chain Webinar	-	120	276	342	507	
Conflict Minerals	Percentage of target suppliers completing the conflict-free minerals	%	100	100	100	100	
Environmental	Renewable Energy Use	USI group	%	79.6	80.3	81.6	81.7
	Greenhouse Gas Emissions	Scope 1	tonne CO ₂ e	6,802.39	4,592.71	5,385.74	5,265.23
		Scope 2	tonne CO ₂ e	184,225.84	201,538.85	215,510.73	202,570.24
		Scope 3	M tonne CO ₂ e	16.72	12.98	10.47	7.88
	Environmental Expenditures	Total energy consumption	GJ	948,926.31	986,633.19	1,095,673.28	1,076,169.18
	Water Resource Management	Water withdrawal	ML	803.690	861.887	1,068.173	1,028.620
		Recycled water	ML	179.145	236.972	307.539	232.938
		Recovery rate	%	22.3	27.5	28.8	22.6

Note:

1. LTIFR = (Number of recordable occupational injuries ÷ total working hours) × 1,000,000

2. LDR = (Lost days due to work injury ÷ total working hours) × 1,000,000

	Key Performance		Unit	2020	2021	2022	2023
Environmental	Waste Management	Hazardous waste generated	tonne	783.065	967.233	1,006.243	790.359
		Recycled	tonne	247.233	202.786	232.133	205.742
		Non-hazardous waste generated	tonne	7,805.962	8,766.093	9,835.675	11,586.338
		Recycled	tonne	7,079.345	8,115.463	9,097.263	10,599.595
	Materials Recycled and Reused	Total financial benefits	M CNY	3,050.16	2,387.93	8,248.87	6,445.37
Air Pollution Control	Volatile Organic Compounds (VOCs)	tonne	47.056	55.238	60.064	51.491	
Social	Talent Attraction & Retention	Percentage of females in top management position	%	12.9	17.6	19.2	20.1
		Employee turnover rate	%	33.7	38.7	28.8	29.7
		Retention rate of employees that took parental leave	%	100	79	47	87
	Talent Development	Total cost of employee training	M CNY	4.21	28.94	17.06	10.41
		Average training per employee	hour	31.0	30.7	28.8	24.5
	Human Rights	Number of employee symposiums	-	216	116	140	167
		Percentage of total workforce in trade unions	%	33.7	35.1	35.4	40.4
	Occupational Health and Safety	Work-related fatalities - employees	-	0	0	0	0
		Work-related fatalities - contractors	-	0	0	0	0
		Lost-Time Injury Frequency Rate (LTIFR) ⁽¹⁾	-	0.29	0.31	0.23	0.37
		Lost Day Rate (LDR) ⁽²⁾	-	2.95	10.33	6.54	11.74
		Amount invested in safety production	M CNY	166.10	159.47	184.49	197.18
	Social Involvement	Total amount of social involvement	M CNY	5.97	3.83	5.28	9.25
		Number of employees engaged in social activities	-	1,412	314	701	535
		Number of hours volunteered	hour	1,674	1,717	2,047	3,645

Contributions to the SDGs



- Invested in **6** rural revitalization programs, benefiting **2,732** students.

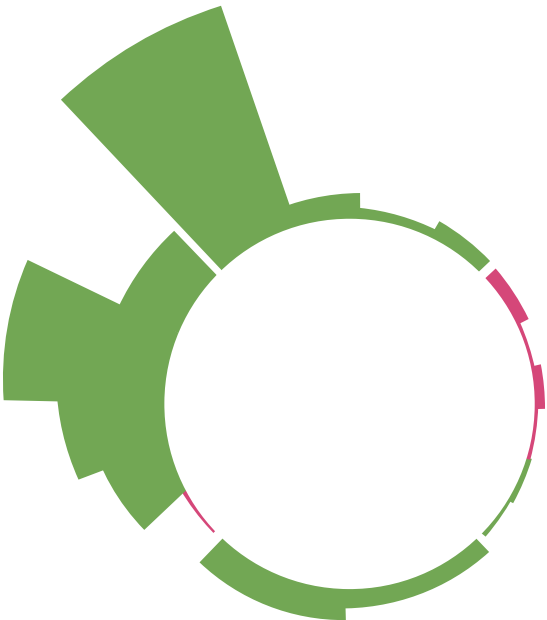
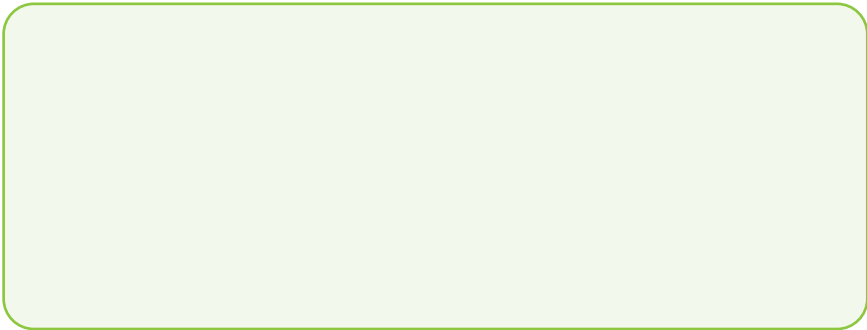
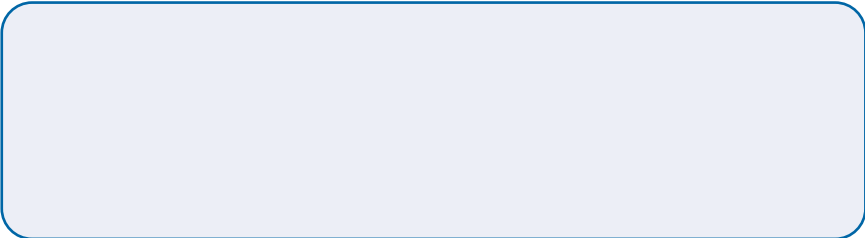


- Donated **236** Chinese New Year's Eve dinners to disadvantaged lonely elders to spread warmth and cheer.



- Held **40** health activities such as blood donation, and bone density testing with

Sustainable Impact Assessment





Environmental and Social Governance (ESG) Performance

Green Products and Innovation



100 %



CNY 409 Million



2,877 Tonnes



1,589



7.1 TWh



Silver



8

119%

17,031 Employees
Total Headcount

95 %
Local Hire Rate

71 %
Facilities with Trade Unions

20 %
Females in Top Management

312 Employees
Sponsored to Obtain Degrees
in Total



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