USI Corporation
台灣聚合化學品股份有限公司

2020 企業社會責任報告書
Corporate Social Responsibility Report

USI Corporate Social Responsibility Report

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0.1 Message from the Chairman

GRI 102-14, 102-26

Message from the Chairman and CEO

COVID-19 changed the human lifestyle in 2020, and resilience has become the key to sustainable development of enterprises. In 2019, USI Group (USIG), set "create and cohere sustainable value for a sustainable society" as our sustainable development vision to promote overall social sustainable development through environmental protection, social development, and corporate governance (ESG) in the process of production, operations, and value creation. In addition, we also set "R&D and Innovation," "Steady Operations," and "Social Inclusion" as our three major development strategies to stabilize self-development and make society better.

Abundant Innovation Energy

COVID-19 has changed the global lifestyle, accelerated offsite office (or work from home), and videoconferencing. We constantly invest in the innovation and R&D of CBC process optimization; the diversification of EVA application in ink, shoe styrene, and electrical wires/cables, the new application of PVC products and development of eco-PVC; the development of eco-low VOCs EPS; and the development of the SiC market application. All these efforts aim to make life more convenient for people and the reduce the environmental load.

Steady Operations and Production

The deteriorating climate change has increased the risk of operational interruption. For example, the Texas severe winter storm has messed up the global petrochemical supply chain. As climate change brings ongoing threat to business continuity, we have formed the Task Force on Climate-related Financial Disclosures (TCFD) to assess climate risks and opportunities in business operations, set the annual carbon reduction targets, and implemented programs to enhance production efficiency and energy efficiency.

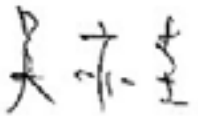
In addition, we value the safety of employees in the workplace environment, therefore, we have promoted the goal of five zeros: zero pollution, zero emissions, zero accidents, zero occupational hazards, and zero failures. We have also implemented the process safety management (PSM) system in the high-risk sites to minimize the possibility of accidents through qualitative analysis and onsite management.

Social Participation for the Common Good

During the outbreak of COVID-19, we integrated USI's R&D capacity and products to provide disinfectants for units in need when epidemic control materials were in short for the earliest recovery of Taiwan's social operations. Through the long-term support for The Alliance Cultural Foundation and Taitung Junyi Experimental High School, we devote to the sustainable development of rural education and Hualien and Taitung, hoping to maintain educational equity for rural children.

In a time of rapid changes, there are more challenges challenging business operations. To USI, we take them as opportunities. After all, make society better is the mission of business operations. There is never overnight success for ESG operations. With the participation of independent directors and the opinions of the CSR Committee, we steadily establish and develop a culture of sustainable development to demonstrate core value together.

Chairman & CEO: Quintin Wu



Message from the President

Fulfilling Corporate Social Responsibility

Plastic is a material indispensable to the modern life. While the manufacture and sales of plastic resin pellets are USI's the major scope business, how to reduce the environmental impact of plastic has been the common understanding of USI and the global plastic industry. As a traditional plastics manufacturer, it is the responsibility and obligation for USI to play its role well as a corporate citizen. In the last year, we implemented the measures to prevent plastic resin pellets from leaking into the ocean. We also endeavored to reduce the environmental impact of our production activities through constantly promoting local purchase, energy conservation, carbon reduction, and resource recycling. In 2020, we also invested about NT$420 million in local investments. Besides continuously developing Taiwan, we also made the following achievements, including reducing electricity consumption by 1.67%, conserving energy by 1.28%, reducing carbon by 1.49%, and reducing water consumption by 3.62%.

Adhering to the belief in "one for all and all for one," we fulfill CSR and have become a trusted and socially identified corporate citizen with high contribution. We believe that enforcing CSR, including and resolving topics that concern/interest stakeholders in management programs, including governance, industry safety management, environmental protection, and social relations, will be the only way to achieve sustainable development and fulfill world citizen responsibility.

Brilliance CSR Performance in 2020

In 2020, we did a great job in ESG performance:

In operations, our 2020 EPS was NT$2.25, a new high over the last seven years. Under the influence of COVID-19 and the recovery of solar energy demand, a rally came after the fall. EVA/PE sales increased by 6% over last year to 270,920MT, also a new high in history.

In technology R&D, besides continuously developing high value-added and differentiated products, our new medical material ViviOn ™ (CBC) even won the 17th National Innovation Award. We also constantly implemented green design concepts to new product R&D, such as green fire-retardant materials, eco-friendly sunshield coatings, and recycling waste oyster shells.

In investment, the Fujian Gulei Refining & Petrochemical Project and Kaohsiung Intercontinental Container Terminal Project will help resolve the insufficiency of ethene supply and ethene storage

capacity. The construction of the High-Value R&D Center started in Kaohsiung in December 2020, and the project is expected to be completed in 2021Q4 to develop process and product optimization and technology upgrading.

In industrial safety and environmental protection, we implemented the comprehensive industrial safety check, hired consulting companies to help review in-house problems, promoted the PSM, and won the model of outstanding underground pipeline management for five consecutive years. In management systems, we successfully implemented the ISO 50001 energy management system (EnMS) in 2019, continued to implement GHG inventory in 2020 according to ISO 14064 and version change into the ISO 45001 occupational health and safety management system (OH&SMS). We also applied to the Industrial Development Bureau (IDB) for smart chemical plant guidance and engaged in the R&D of various AI technologies to enhance energy management, industrial safety, and preventive maintenance to optimize industrial safety and environmental protection.

In social relations, we expanded the care for employee health, established the real-time encouragement scheme, and planned to improve the overall salary framework, resulting in the reduction of employee turnover (including retirees) by 12 persons in 2019 to only 20 persons in 2020. In charitable activities, we engaged in community epidemic control, enhanced contributions for local communities, cultivated education in the rural, practiced environmental protection, and constantly cared for the vulnerable and ecological education.

Enhancing Employee Value with Smart Tools

To enhance the creativity and value of employees, we have engaged in smart tool development to accelerate information transmission between people and data and machine-assisted decision-making. While data volume in factory management has been increasing, nonstop accumulation of big data and experience is the key. Besides making the best use of past operating and management know-hows, we also upgrade the experience accumulated to management assistance. By implementing systems including the water information assisted system, data visualization optimization, energy management assisted system, we make more time for decision-making and understanding past operational trends and models to effectively set management targets and value in the future.

CSR: Planning and Implementation

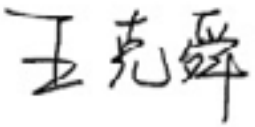
To fulfill CSR, we made reference to the UN Sustainable Development Goals (SDGs) to identify 9 SDGs according to the characteristics and regulatory requirements of the industry and drawn up short-, medium-, and long-term plans for corporate governance, industrial safety, environmental protection, and social relations. Apart from implementing them progressively in the next five years, we will extend them to all department goal management and gradually to the KPI establishment for personal performance.

Every year, we consolidate annual goals and achievements with the CSR report. With the recommendations for improvement made by the CSR Committee, we report the results to the BOD. Through the concerted effort of all employees, we achieved the goals and made achievements.

Challenges and Opportunities in 2021

Although the macro environment of 2021 will be comparatively great to USI, as sufficient ethylene supply will gradually recover, the price drop is both an advantage and a hidden risk. That is, it is foreseeable that midstream and downstream ethylene products will increase significantly, particularly the low-price, downstream ethylene products made in North America dumping into the Asian market. Facing the challenges and opportunities in 2021, we need to grasp the timing to replace old equipment with new one, build the strategic production system, and differentiate pay/bonuses for employees to strengthen the entire corporate competitiveness for the future market stress.

President Ko-shun Wang



Preface

0.2 About this report

Reference Guidelines GRI 102-54

For all stakeholders to understand our performance in relation to corporate social responsibility, we, USI Corporation (USI), have prepared this report in accordance with the Core disclosure principle in the GRI Sustainability Reporting Standards (GRI Standards) published by the Global Reporting Initiative (GRI), disclosed the contents of the related sustainable issues with respect to the Sustainability Accounting Standards-Chemicals published by the Sustainability Accounting Standards Board (SASB), and the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies." We also take reference from the United Nations Global Compact (UNGC) and ISO 26000 Guidance on Social Responsibility as reporting frameworks.

Scope and Boundaries of the Report GRI 102-45, 102-50

This report covers USI, including the Taipei Office, Guishan R&D Division, Tainan Office, Kaohsiung Plant, and USI Education Foundation. Other subsidiaries presented in the consolidated financial statements are not covered in this report. Environmental performance is based on the data of Kaohsiung Plant, while other related information is disclosed separately in the report. The reporting period is January 1 to December 31, 2020. The report contents demonstrate USI's environmental, social, and governance (ESG) management and performance, and the financial information is consistent with the financial data certified by accountants. Some statistics are extracted from the USI annual report, government department, and the open information of related websites.

External Assurance GRI 102-56

Report compliance with the Core disclosure principle in the GRI Standards has been verified and assured by BSI Taiwan with reference to the requirements for Core disclosure principle of the GRI Standards and the Moderate Assurance in Type 1, AccountAbility 1000 Assurance Standard V3.

Editing process

Discussion of report contents in the kickoff meeting

▼

Preparation by three working teams

▼

Review by the head of the data responsible departments

▼

Consolidation by team leaders/ windows

▼

Discussions and reviews of team members

▼

Proofreading and revision

▼

Internal Data Evaluation

▼

External assurance

▼

Approval by members of the CSR Committee

▼

Approval for publication by the chairman

History and Time of Publication GRI 102-51, 102-52

2014 / 12

First release:
CSR Report

2015 / 06

Second release:
CSR Report

2016 / 06

First third-party verification
(BSI AA1000)

2017 / 06

CPA Firm Limited Assurance
(Deloitte Taiwan AS No. 1)

2018 / 06

CPA Firm Limited Assurance
(Deloitte Taiwan AS No. 1)

2019 / 06

CPA Firm Limited Assurance
(Deloitte Taiwan AS No. 1)

GRI 102-51

2020 / 06

Third-Party Verification
(SGS AA1000)

2021 / 06

Third-Party Verification
(BSI AA1000 AS v.3)

2021
Coming Soon

2022 / 06

Next issue GRI 102-52

Contact GRI 102-53

You can download report-related information from the "Corporate Social Responsibility" section of our corporate website at https://www.usife.com/CSR/en-us/CSR72.aspx. Should you have any comment or suggestion for our report, please feel free to contact us.

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Preface

0.3 2020 Sustainability Performance

Business performance

- Net income: NT$**2.4978 billion**, increased by 188% from 2019.
- Earnings per share (EPS): NT$**2.25**, increased by 189% from 2019, the highest in the last 7 years.
- HDPE sales at **120,379 MT**, increased by 25% from 2019, a new high in USI history.
- Total EVA/PE sales totaled **270,920 MT**, increased by 6% from 2019, a new high in USI history.
- Ranked the top **5%** listed companies in the Corporate Governance Evaluation 2020.
- Innovation and R&D accumulated **138** patents.
- Development of the anti-corrosion sunshield coating through technology collaboration with the ITRI.
- Completion of the high value-added new production line.

- **100%** of permanent employee ratio.
- Employee turnover rate: **7.91%**, reduced by **2.64%** from 2019.
- **72%** of local employee ratio.
- Total employee education/training length: **11,564** hours, averaging **24.71**/person.

- Green purchase expenditure: NT$**5.48 million**.
- **No** transportation-related accident was reported.
- Formation of the Task Force on Climate-related Financial Disclosures (TCFD) to support climate-rated financial disclosures.
- 2020 environmental expenditure was about NT$**116.16 million**, increased by 26.2% from 2019.
- USI Kaohsiung Plant earned the "**Factory Smart Energy Management Demonstration Guidance Program**."
- Implemented training on process safety management (PSM) for 806 person-times and **3,826** hours.
- Construction the thermal oxidizer (TO) system pollution control to effectively reduce the intensity of VOCs emissions by over **99%**.

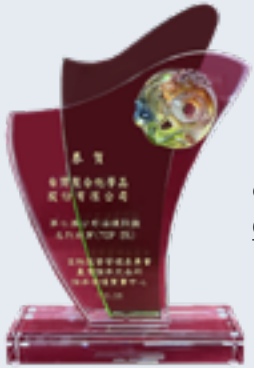
- Promotion of the plastic resin pellet leakage prevention and management program.
- Completed ISO 14064-1:2018 GHG inventory.
- Annual reduction: Electricity by **1.67%**, energy by **1.28%**, water by **3.62%**, and carbon by **1.49%**.
- 2020 local purchase increased by **42%** over 2019.
- In 2020 the recovery rate increased from 11.2% of 2019 to **12.2%**.

Certification and Awards

Won the "**Top 50 Corporate Sustainability Report Awards**"and "**Platinum Corporate Sustainability Report Award**" at the 2020 Taiwan Corporate Sustainability Awards (TCSA).

For five consecutive years, the pipeline 6 unit of the Kaohsiung Plant underground pipeline joint defense organization was rated as an excellent pipeline defense unit and awarded the model pipelines medal by the Industry Development Bureau, Ministry of Economic Affairs.

Awarded the 17th National Innovation Award with the novel high molecular product ViviOn ™ (CBC) .



Ranked the top 5% listed companies in the **Corporate Governance Evaluation 2020**.

Earned the"Factory Smart Energy Management Demonstration Guidance Program."

Charity Events

Employee blood donations, two time each in Taipei and Kaohsiung.

Donated NT$3 million to the USI Education Foundation.

Continued the “Kaohsiung Ren Da Petrochemical Talent Stream” Cooperation Program.

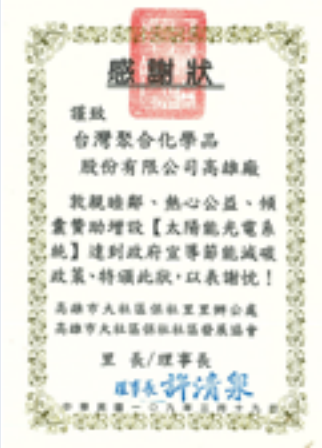
Donated bleach and sanitizers to local communities and schools.

Sponsored the ROC Charity Association in the awareness education of epidemic control and distribution of rice to vulnerable families.

Sponsored the 18th USI Cup Tennis Tournament.

Sponsored the 2020 Taiwan Chemical Industry Forum.

Sported the training costs for the Jin Tan Primary School baseball team.



Sponsored the PV system construction of Baoshe Community Development Association in Dashe District.

Supported "**Earth Hour**" by turning off lights for one hour.

Received the certificate of appreciation for active participation in the "**High-Risk Industries Public Safety Management Enhancement Program.**"

Constantly sponsored the "**Kaohsiung City Air Quality Purification Area Management Program**" in 2018-2020.

CH1

Sustainable Development

1.1 Sustainable Development

Visions and Goals for Sustainable Development GRI 102-16

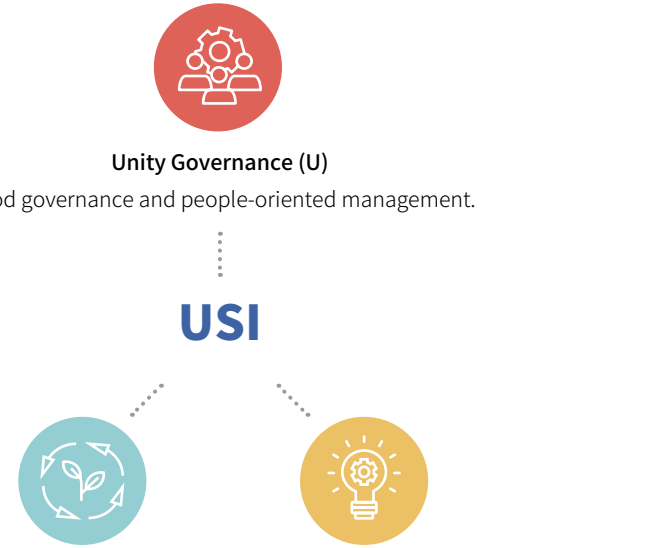
Vision

Based on the vision to “create and cohere sustainable value for a sustainable society," we hope to constantly create and cohere sustainable value to contribute to social sustainability.

Based on the sustainable vision, we have developed three core strategies: “R&D and innovation," “steady operations," and “social inclusion," hoping to create value with stakeholders together. We extend the contents of the core strategies into seven key topics as the foundation for honest and reasonable partners to build visions.

As a member of the USI Group, we develop three sustainable principles: unity governance (U), sustainable development (S), and innovative technology (I) based on the group vision. Every year, we review the results of analysis of material topics and their consistency with the company’s sustainable principles, and evaluate and discuss the achievement of the annual performance to achieve the UN Sustainable Development Goals (SDGs).

Unity Governance (U): Good governance and people-oriented management.
Sustainable Development (S): HSE excellence and CSR fulfillment.
Innovative Technology (I): High-value products and professional services.



Sustainable Development

USI has been known for ethical corporate management in business operations. We believe in the Chinese proverb, “round outside and square inside," which means “harmonious with people and proper in business dealings." We have also developed our own philosophy of “Solid Operations," “Professional Management," “Seeking Excellence," and “Serving Society," and created a corporate culture of rationality, practicality, continual improvement, sincerity, hospitality, and respect.

Legal compliance. Establish strategies and plans with respect to the SDGs and run business down to earth for steady development.

One for all and all for one, maintaining HSE wellness, and fulfilling CSR.

Organized, specialization, modern, and scientific approaches for management and focus on product innovation and differentiation.

Daring to take challenges, proactive to solve problems, following the global trend of sustainable development, seeking quality excellence and HSE performance.

SDGs

Enterprise sustainable development begins with the core value. To pursue sustainable development, we identify the relevance to SDGs in three phases and set related goals in the business plan to combine with SDGs.

Phase I

Understanding SDGs and Discussing operation development.

- Implementing SDGs education/training and discussing their impacts on business operations.
- Prioritizing SDGs

Phase II

Identifying impacts and opportunities.

- Connecting SDGs with material topics
- Identifying key opportunities and allocating resources

Phase III

Addressing SDG targets and actions

- Discussing target feasibility
- Setting short-, medium-, and long-term plans and discussing integration with the business plan.

SDGs	Goals	Achievements in 2020	Corresponding Section
	Maintain workplace environment safety and employee health	• Arranged special checkups for 269 employees, and implemented health management based on the graded health management by risk level, hoping to reduce the risk of work-related ill health through early detection of the high-risk group, in order to build a healthy and comfortable workplace environment through continual source improvement and terminal health care.	Chapter V
	Professional division of labor, Education for employment	• 2020 total employee education/training length: 11,564 hours • Implemented PSM training for 806 person-times and 3,826 hours. • 2020 ESH education for 5,100 hours. • Sponsored charitable activities and community activities: NT$3.62 million	Chapter III Chapter IV Chapter V
	Reduce water discharge by 5,280 tons Improved effluent water quality (COD<60 mg/L)	• Reclaimed water: 7,945MT • Effluent quality in the first and second halves of the year: COD 28.7 mg/L and COD 52.8 mg/L respectively.	Chapter IV
	Continue to increase the use and investments in high-performance products	• 2020 green purchase expenditure: NT$5.48million. • Promoted energy management in HQ building • Invested NT$7.25 million in energy conservation equipment to save electricity by 4,220,665 kWh and reduced carbon by about 2,148 CO_2e.	Chapter III Chapter IV
	Expand the scope of operations to constant increase revenue	• Ethylene Storage Tank Project of Kaohsiung Intercontinental Container Terminal • Approval of the infrastructure design of the Gulei Integrated Refinery Project • Constant investment in equipment improvement at Kaohsiung Plant • CBC plant operations began. • R&D Center construction began	Chapter III
	Annual R&D fund NT$100 million minimum R&D or improvement outcomes: 4 patents minimum	• R&D and Improvement: 5 patents • R&D Investment: NT$117 million	Chapter III
	Underground Pipelines: Safe Cities Industrial Pipeline Management	• Implemented the Kaohsiung City Underground Pipeline Operation Safety and Management Project to protect the public safety of nearby underground industrial pipelines, citizens, and workers. • Outsourced the daily inspection of underground pipelines and performed self-inspection and audit every two months; and arranged 12 hours of education/training for underground pipeline inspectors in 2020. • Completed the visual inspection and thickness check of the overground sections of the underground pipelines in July and repaired the found defect points. • Verified and repaired the underground pipelines between the CPC Linyuan Petrochemical Complex and the Kalhsiung Plant through excavation on March 17, 2020.	Chapter V
	Complete the execution of the CSR Undertaking by all suppliers in 5 years	• Request suppliers to sign the CSR Undertaking • Establish the green purchase mechanism and implement SCM	Chapter III
	Every year: Electricity less by 1%, Energy less by 1.2%, Carbon less by 1.5%, Water less by 1%	• Environmental Expenditure: 116.16 million • Saved electricity: 1.67% • Saved energy: 1.28% • Reduced carbon: 1.49% • Saved water: 3.62% • Organize demonstration and technology exchange activities among affiliates every year. • Enhance feedstock recovery to 12.2% to reduce resource wastage. • Plan AI installation for the high-water consumption cooling water tower and construct the testing components in 2021. • Implement the ISO 14064 GHG Inventory Management System and pass certification. • Promotion of IDB's Factory Intelligent Energy Management System Project	Chapter IV

Sustainable Development Goals

With respect to the SDGs, we establish the 5-year business plan for each department to establish own management by objectives (MBOs) and then for the HR system to set key performance indicators (KPIs) of employees for the reference of performance evaluation, promotion, and raises. Five-Year Business Plan:

	Short-term (1 year)	Medium-term (3 years)	Long-term (5 years)
Governance	• Activate the operations of the Gulei Integrated Refinery Project • Promote green power development and assess the countermeasures for carbon fees. • Assessing green energy and circulatory economic development • High-Value R&D Center • Construction of the Kaohsiung Intercontinental Container Terminal Project • Equipment safety assessment and replacement	• Planning of and investment in the downstream development projects of the Gulei Integrated Refinery Project. • Constant promotion of green power development and assessment the countermeasures for carbon fees. • Planning and implementing the circular economy. • Constant R&D of high value-added products • Completion and operation of the Kaohsiung Intercontinental Container Terminal.	• Planning of and investment in the downstream development projects of the Gulei Integrated Refinery Project. • Cultivate Taiwan, continue local investments, and implement the circular economy. • Constant R&D of green/high value-added products
Industrial safety and environmental protection	• Enforcing the "Five Zeros Goal" • Implementing the PSM system. • Implementing the underground pipeline maintenance and operation program. • Enhancing education/training and reducing disabling injuries. • Strengthening contractor management and promoting transportation safety audits. • Promoting the circular economy, water conservation, energy conservation, and carbon reduction, and implementing green procurement. • Promoting the plastic resin pellet leakage prevention and management program. • Establishing the waste audit and management systems. • Enhancing the control and reduction of three types of waste • Promoting the certification of the ISO14001, ISO14064, ISO50001, and ISO45001 management systems.	• Continuing short-term plans • Furthering energy conservation, carbon reduction, and water conservation. • Implementing VOCs reduction programs • Establishing the waste audit and management systems. • Green procurement • ISO management system certification	• Continuing the medium-term plan • Implementing smart management of operation safety. • Green procurement • Planning climate change address
Social relations	• Constant care for employee health and providing a safe workplace • Maintaining harmonious labor-management relations and protecting labor rights and interests. • Increasing channels for stakeholder communication. • Being a good neighbor to local communities and maintaining sound interaction with them.	• Continuing neighborly activities to maintain sound interaction with them • Constantly sponsoring various charitable activities to optimize the corporate image. • Enhancing industry-academia-government collaboration to cultivate excellent workforces. • Strengthen the services and effectiveness of USI Education Foundation	• Optimizing the supplier/contractor assessment systems. • Increasing the sources and energy for social participation to expand the scale of social contributions.

1.2 Sustainable Development

Company Profile

About USI

USI Corporation (TWSE: 1304) was established on May 26, 1965 and established Taiwan's first LDPE plant. We primarily develop, produce, and sell polyethylene (PE) resins at our complex in Renwu District, Kaohsiung City, Taiwan.

Basic Data GRI 102-1, 102-3, 102-4, 102-5, 102-7

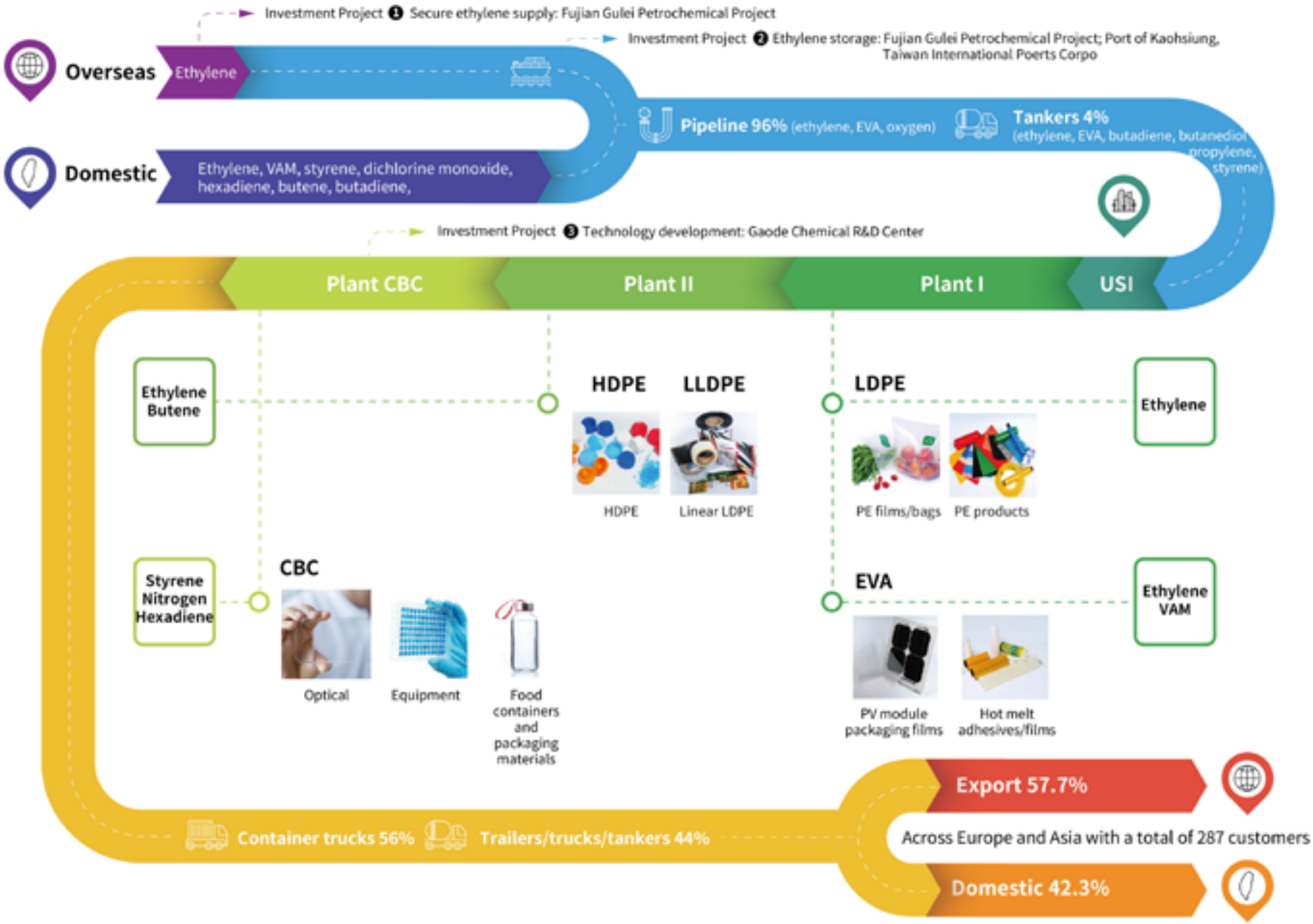
Name of Company	USI Corporation
Industry	Plastics industry
Head Office Location	No. 330, Fengren Road, Renwu District, Kaohsiung City
Taipei Office	12F, No. 37, Jihu Road, Neihu District, Taipei City
Capital	NTD11.8 billion (by December 31, 2020)
Major Products	Ethylene Vinyl Acetate Copolymer (EVA) Low Density Polyethylene (LDPE) High Density Polyethylene (HDPE) Linear Low Density Polyethylene (LLDPE) PE resins become all kinds of plastics products in daily life after processing by downstream manufacturers.
Employees	468 (by December 31, 2020)

Note: Employees include 468 persons on a non-fixed-term contract and 0 on a fixed-term contract.

Locations

Major USI locations are located in Taiwan, including Taipei Office, Guishan R&D Division, Tainan Office (note), and Kaohsiung Plant. Kaohsiung Plant comprises Plant I for producing LDPE and EVA, Plant II for producing HDPE and LLDPE, and the CBC plant for producing cyclic block copolymers.

Note: The Tainan Office was shut down on 2021.01.01, and combined its business with the Taipei Office.


Investment Project ❶ Secure ethylene supply: Fujian Gulei Petrochemical Project
Investment Project ❷ Ethylene storage: Fujian Gulei Petrochemical Project; Port of Kaohsiung, Taiwan International Poerts Corpo
Overseas
Ethylene
Domestic
Ethylene, VAM, styrene, dichlorine monoxide, hexadiene, butene, butadiene,
Pipeline 96% (ethylene, EVA, oxygen)
Tankers 4%
(ethylene, EVA, butadiene, butanediol propylene, styrene)
Investment Project ❸ Technology development: Gaode Chemical R&D Center
Plant CBC
Plant II
Plant I
USI
Ethylene Butene
HDPE
LLDPE
HDPE
Linear LDPE
LDPE
Ethylene
PE films/bags
PE products
Styrene Nitrogen Hexadiene
CBC
Optical
Equipment
Food containers and packaging materials
EVA
Ethylene VAM
PV module packaging films
Hot melt adhesives/films
Container trucks 56%
Trailers/trucks/tankers 44%
Export 57.7%
Across Europe and Asia with a total of 287 customers
Domestic 42.3%

Products GRI 102-2, 102-6

Major Products

As a key PE manufacturer in Taiwan, we make continual improvement to improve product quality, increase product quantity, and supply excellent products to numerous downstream processors to raise the standard of processed products and cultivate markets with them. Our PE range covers the following four products:

List of Major USI Products and Labels in 2020

Major Products	Major Label
Low Density Polyethylene (LDPE)	PAXOTHENE®
Ethylene Vinyl Acetate Copolymer (EVA)	EVATHENE®
High Density Polyethylene (HDPE)	UNITHENE®
Linear Low-Density Polyethylene (LLDPE)	LINATHENE®

New Products

ViviOn™ - Cyclic Block Copolymers
https://www.usife.com/en-us/dirProduct/frmProduct6.aspx

ViviOn™ is a new type of cyclic block copolymers (CBC) produced by full hydrogenation of styrene and conjugated alkene copolymer with special high-performance catalysts. This novel plastic is characterized by ultra-cleanliness, super high transparency, great thermal oxidation stability, excellent UV penetration rate and resistance, low water absorbency and low density. It is suitable for use in extrusion molding, injection molding, and blow molding. In addition, by adjusting the proportion of the soft and hard blocks in the chemical structure of the copolymer, ViviOn™ can change from a hard plastic material with a great mechanical strength into a flexible, soft plastic material. This special feature enables ViviOn™ to meet the demand of products with different natures and provide a broader space for product design.

ViviOn™ application

Ultrathin light guide plate/film

Baby milk bottles

Functional Coatings

Functional Coatings
https://www.usife.com/en-us/dirProduct/frmProduct7.aspx

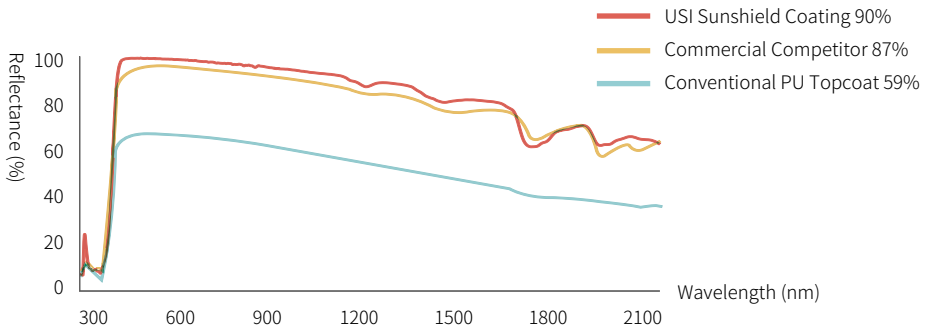
USI is committed to energy conservation and emissions reduction over the years. In practice, we use sunshield coating to lower tank temperature and thereby reduce water cooling frequency to save energy and reduce VOCs to minimize carbon footprint. This water-based eco-friendly coating delivers a high total solar reflectance (TSR) up to 90% to efficiently shield solar energy.

We also provide integrated solutions for anti-corrosion and heat insulation at the same time to provide customers with easily accessible solutions.

Sunlight reflection rate 90%
Reduce tank interior temperature
Thin coating

Low urban heat island effect
Reduce water spray frequency
Reduce VOC effusion
Save energy and carbon footprint
Eco-friendly water-based paints

Sunlight Reflectance Comparison Between USI and Other Manufacturers:



To upgrade technology and develop more applications, USI voluntarily collaborates with ITRI:

Anti-corrosion sunshield coating technology development project

I. Project Period: January 1, 2021 to November 30, 2023, 35 months total.

II. Description:

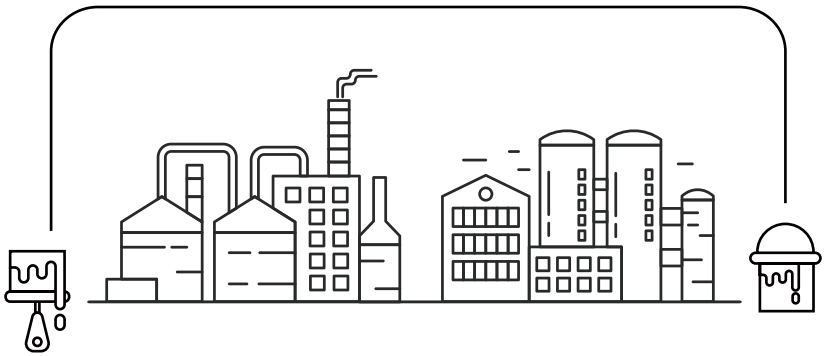
According to the US Federal Highway Administration (FHWA), materials corrosion has caused an economic loss up to US$276 billion in the USA, accounting for 3.1% of the country's GDP. NACE statistics show that global materials corrosion will cause an economic loss nearing US$2.4 trillion. Based on the same bases, it is estimated that materials corrosion will cause an economic loss of up to NT$500 billion a year. In addition to economic losses, pipeline corrosion has been associated with a number of fires and explosions to domestic petrochemical plants, bringing up corrosion's threat to industrial safety.

To prevent corrosion from threatening industrial safety, we need to maintain or redo the metal anti-corrosion coating every year. Take one of the large domestic petrochemical complexes for example, as the total length of pipelines within the complex exceeds 1,900km, it will take about NT$50 million a year to maintain. Besides consuming a large quantity of expenses, materials, and labor, we also need to face industrial safety accidents due to pipeline breakage. Hence, for the increasing awareness of the need to maintain and enhance the durability of metal surface coatings, domestic companies have been seeking more effective anti-corrosion system in recent years.

While many liquid chemicals must be stored at a fixed temperature, the temperature change in the storage tanks will increase the vapor pressure. Particularly, Taiwan is located in the subtropical area around 20-25°C, with an annual amount of insolation of up to 280,000-300,000 cal/cm^2. Due to the high amount of insolation, temperature rise is vigorous in chemical storage tanks to accelerate vapor pressure rise, increasing the risk of explosion. Therefore, a relief system is designed on most chemical storage tanks to release chemicals when tank vapor pressure is too high to prevent explosion. Preventing temperature rise of storage tanks and reducing vapor pressure in chemical storage tanks The research of the ITRI and USI showed that sunshield coatings can reduce surface temperature by 15°C, proving that coatings have a good sunshield effect. However, as traditional sunshield coatings are not designed for petrochemical pipeline systems, they cannot pass the weatherability, corrosion resistance, and adhesive strength tests as stated in the Part 9: Protective paint systems and laboratory performance test methods for offshore and related structures of ISO 12944 Paints and varnishes. Corrosion protection of steel structures by protective paint systems.

III. Projected target:

This project aimed to assist USI in developing a low-VOC sunshield and anti-corrosion coating system complying with ISO-12944-9, as well as eco-friendly, high-performance coating technologies and products. This project has enabled USI to provide high-standard, high-competitiveness products for the domestic and overseas markets and earn a place in the coating market worth US$150 billion, helping USI keep growing.



External initiatives and membership of associations GRI 102-13

We actively participate in technology exchange with professional groups to promote the professional growth of technologies and competencies in various fields through same-industry and cross-industry exchange and cooperation. Besides sponsoring associations and unions to hold professional technology seminars, publish journals, and promote sustainable development information, we also take important posts, such as the vice chairperson, director, chairperson, and others of these associations and unions to pursue the sustainable development of the industry through participating in association affairs and exerting our influence as a corporate member.

In 2020, we invested a total of NT$1,760,720 in associations and non-governmental organizations (NGOs). The major associations of which we are a member are as follows:

Industry Exchange

- Petrochemical Industry Association of Taiwan
- Chinese National Association of Industry and Commerce Taiwan
- Chinese National Federation of Industries
- Taiwan Chemical Industry Association
- Taiwan-Russia Association
- Kaohsiung County Industrial
- Cross-Strait CEO Summit
- The Third Wednesday Club

Technology R&D

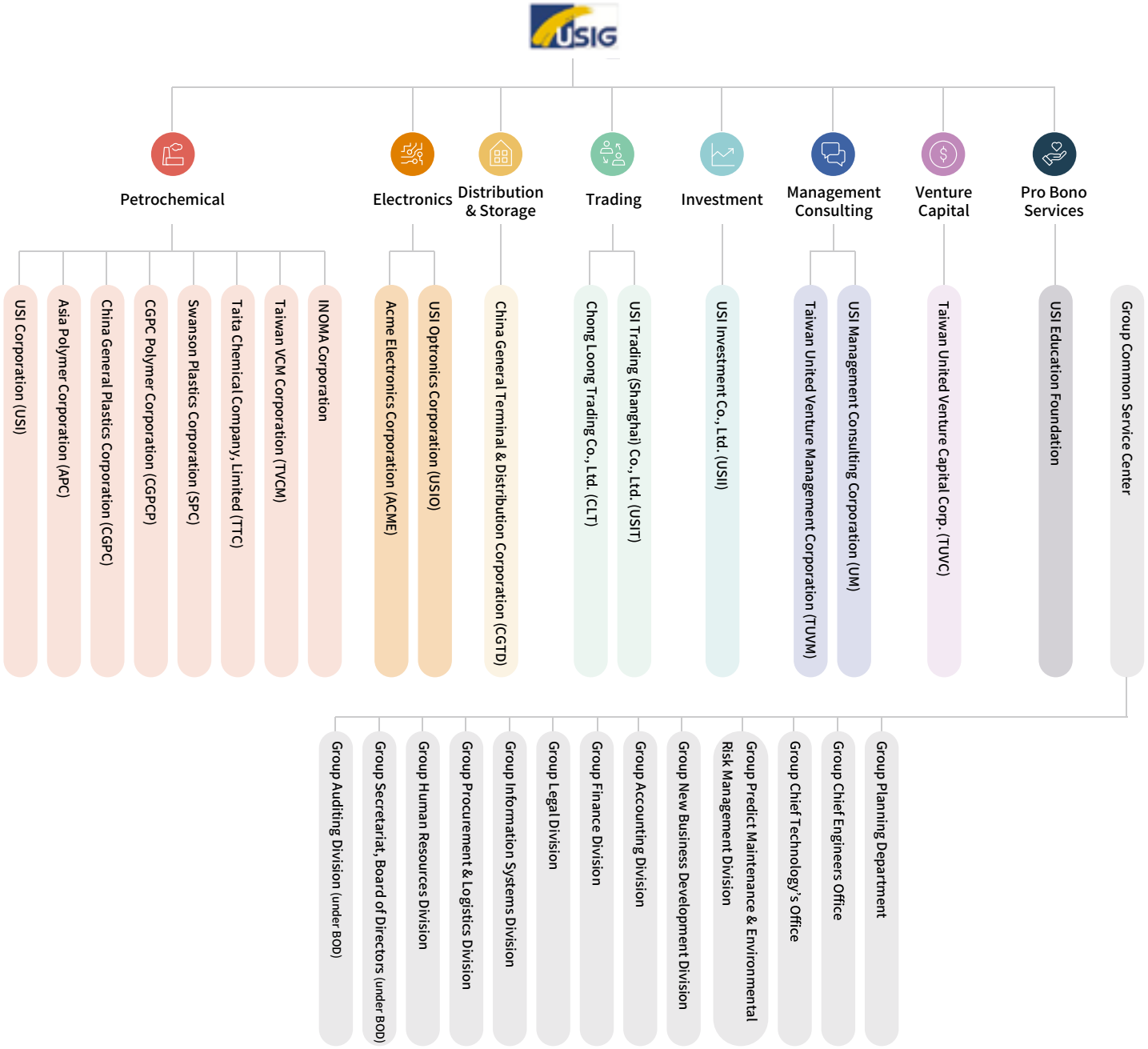
- Taiwan Synthetic Resins Manufacturers Association
- Taiwan Plastics Industry Association
- Taiwan Synthetic Resin & Adhesives Industrial Association
- Taiwan Institute of Chemical Engineers
- Taiwan Nanotechnology Industry Development Association

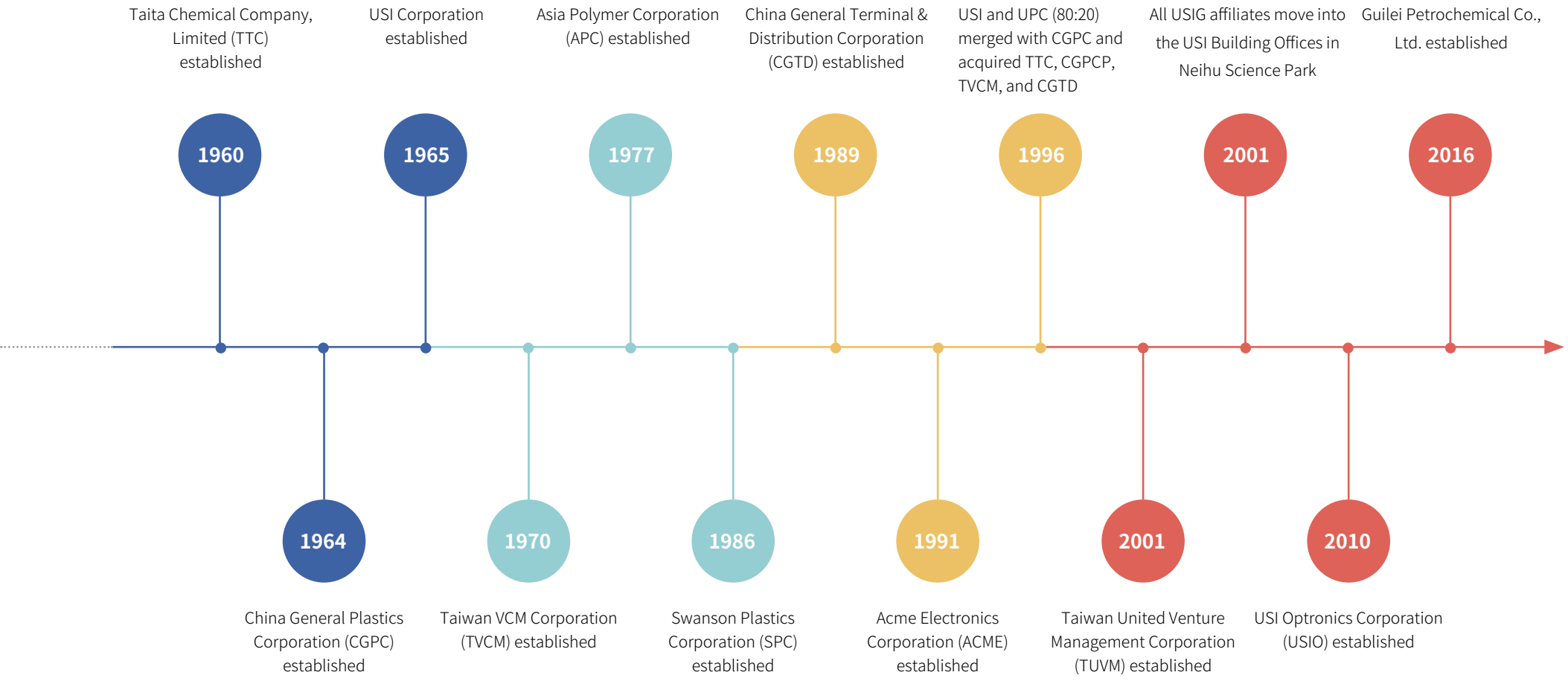
Environmental and Social Sustainability

- Taiwan Responsible Care Association
- High Tech Charity

In November 2020, we became one of the 1,846 global TCFD supporters. GRI 102-12

About USI Group





Note: 1. Please refer to the USI website for the details: https://www.usig.com

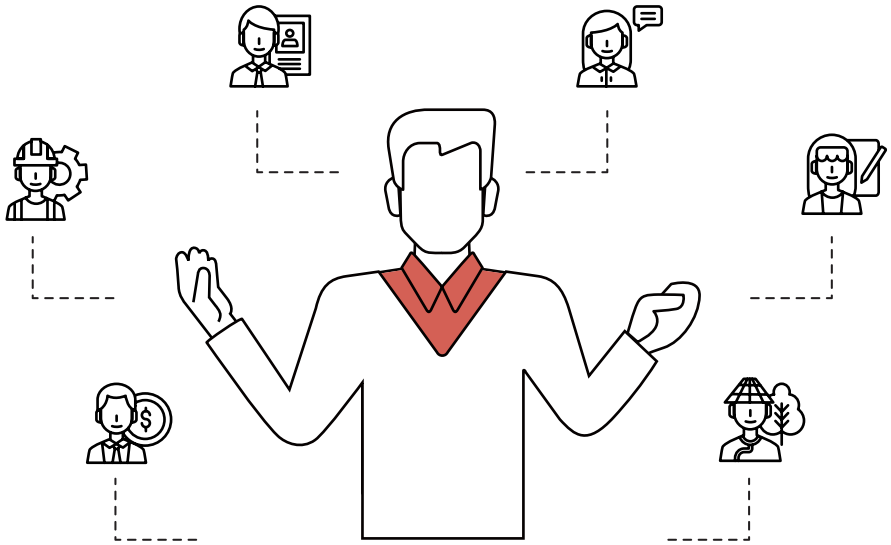
2. Four publicly offered USI subsidiaries, including Asia Polymer Corporation (APC), China General Plastics Corporation (CGPC), Taita Chemical Company Limited (TTC), Acme Electronics Corporation (ACME) published their own CSR reports in 2019.

Sustainable Development

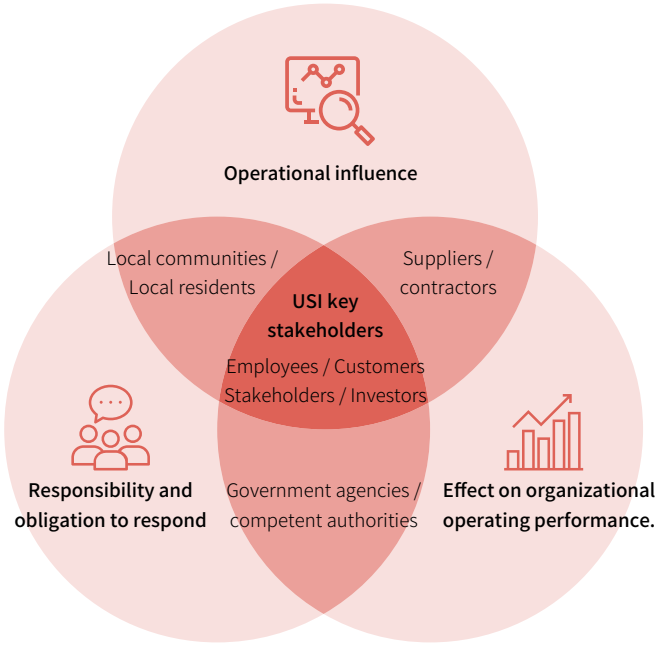
1.3 Stakeholder Engagement

GRI 102-40, 102-42

We believe that in-depth communication with stakeholders is the foundation for sustainable operations, and well-planned and effective communication enables the understanding of issues that concern stakeholders. Therefore, apart from constantly establishing communication channels, We focus on and address issues that concern stakeholders, we discuss their influence at different types of meetings and include them in the company's short-, medium-, and long-term strategies, such as the five-year plan and risk and opportunity management policies. We also adjust the directions of sustainable operations and report to the board regularly.



In this report, we continue to use the results identified in the 2019 CSR, i.e., identifying five major stakeholder groups: employees, customers, government entities/competent authorities, and suppliers/contractors, with respect to the five stakeholder group attributes as stated in AA1000 Stakeholder Engagement Standard (SES) 2015: dependency, responsibility, influence, diverse perspectives, and tension. In addition, with respect to the underground pipeline maintenance program, we added the sixth stakeholder group: community/resident for communication. Apart from gathering stakeholder opinions through various channels, we have established a CSR section on the corporate website to enhance communicability.



Stakeholder Communication Channels and Topics that Concern Them

GRI 102-43, 102-44

The identity of stakeholders, the topics that concern them and addresses are reported to the BOD every year.

Stakeholder	Materiality	Concerned Topics	Communication Channel and Frequency	Engagement Results	Summary of Address in 2020
Employees	Employees are the bedrock of corporate development and the partners of sustainable development. Therefore, we recruit outstanding employees, provide a safe and healthy work environment, develop and retain talents, provide employees with continuous care, and constantly care for their needs.	• Operating performance • Employee benefits • Occupational safety and health • Labor-management relations • Recruitment and retention	• New employee interviews (with relevant officers of all levels) • Performance interviews (regularly) • Labor-management meetings (quarterly) • Union board meetings (quarterly) • Union general meetings (annually) • Employee Welfare Committee meeting (biannually) • Occupational Safety & Health Committee meeting (quarterly) • HSE Management Committee meeting (quarterly) • Labor Pension Fund Supervisory Committee meeting (biannually) • Employee satisfaction survey (irregularly) • Internal health forums (five times a year minimum) • Education/training (as planned) • On-site tour inspections (at any time)	• Adjustment of the remuneration and reward systems. • Preferential distribution of year-end special bonuses. • Enhancement of care for employee health.	• Establishment of a real-time reward system and planning for improvement in the salary structure to boost employee morale. • Distribution of the special year-end bonuses before Spring Festival. • To screen the high-risk group for special care, we ask night-shift employees and employees working shift to answer the overwork questionnaire and Framingham Risk Score questionnaire, arrange health checkups and EKG tests for them, and review their past history. • Contact: Ms. Chen, Department of Personnel Affairs, (02) 2650-3773
Customers	Customers are the main source of USI's income. Valuing technology innovation, we are committed to providing customers with the best service to create a win-win situation for both customers and the Company.	• Technology R&D • Customer privacy • Transportation safety management • Industrial and public safety • Customer satisfaction survey	• Customer satisfaction survey (biannually) • Participation in trade fairs (once a year minimum) • Sales visits (once a year minimum) • "Contact us" on the corporate website (at any time) • Contact by phone/email (irregularly)	Communication with customers through various methods and constant provision of quality products and services for customers.	• We provided 36 times of technical service for customers and assisted in 35 outsourced test projects. • Of all 17 customer complaints, 4 cases were dropped, and the remaining 13 cases were all resolved and closed. • We conduct customer satisfaction surveys twice a year, with over 98.4% responses falling in the "satisfied" and "highly satisfied" options. • Contact: Mr. Shen, Sales Department (02)8751-6888, ext. 3213
Suppliers/ Contractors	Ethical corporate management is USI's corporate culture. We carefully select suppliers and contractors to provide customers with quality products and employees with a safe work environment.	• Operating performance • Local major investments • Market presence • Legal compliance • Procurement practices	• Purchase procedures (on-demand) • Supplier questionnaire survey (annually/new supplier) • Performance review meeting (on-demand) • Face-to-face review meeting (by product type) • Purchaser visit (irregularly) • Market survey (weekly) • Contractor consultative organization meeting (irregularly)	• Communication of the need to comply with labor human rights, OH&S, environmental protection, and code of ethics. • Supplier evaluation results: All pass.	• To enforce USI's ethical corporate management policy and discern suppliers' needs, we communicate with and address suppliers through the following methods: · Supplier evaluation results, twice a year · Topic concerned suppliers questionnaire, once a year • Purchaser visits (1-2 times/quarter) • Contact: Ms. Liu, Materials Division (02) 8751-6888 ext. 3217

Stakeholder	Materiality	Concerned Topics	Communication Channel and Frequency	Engagement Results	Summary of Address in 2020
 **Government Agencies/ Competent**	Government policies and environmental protection laws and regulations have far-reaching influences on USI operations. Therefore, we maintain practicality and stability in professional operations.	• Market presence • Legal compliance • GHG emissions • Air pollution control • Waste management • Worker safety	• Participation in law and regulation outreaches or public hearings (irregularly) • Participation in forums or seminars (irregularly) • Official documents, material information (as prescribed by law) • Market Observation Post System (as prescribed by law)	• On-site publicity and audit of the correct use of PPE by the Kaohsiung Labor Standards Inspection Office. • On-site review of the compliance with the Category C hazardous workplace by the Kaohsiung Labor Standards Inspection Office. • Dashe Industrial Park degradation • The Kaohsiung Environmental • Protection Bureau requested USI plant to perform the OP-FTIR monitoring and analysis around the boundary of Dashe Industrial Park.	• Enhancing on-site inspection and PPE education/training for employees. • After verifying the performance of all requirements for the Category C hazardous workplace, we plan to complete the Category C hazardous workplace re-evaluation for the B-Line in 2021. • To express disagreement with the demotion of land use designation and maintain the rights and interests of businesses and employees in the Dashe Industrial Park, the park business association rallied on December 26 to make their claims, and USI employees also joined them. • Setting up the FTIR surveillance station in the plant every quarter in coordination with the Kaohsiung Environmental Protection Bureau. • Contact: Mr. Lee, Industrial Safety Section (07)735-9998#2311 Mr. Shieh, Environmental Protection Section (07)735-9998#2314
 **Stakeholders/ Investors**	Each shareholder is an important corporate asset. We constantly pursue excellence to maximize profit for shareholders.	• Local major investments • Technology R&D • Operating performance • Customer privacy • Supplier management	• Annual general meeting of shareholders (annually) • Investment conference (biannually, minimum) • Market Observation Post System (as prescribed by law) • Contact information of spokespersons (at any time) • Annual report (annually) • CSR reports (annually) • Financial statements (quarterly) • “Investor Service” section on the corporate website (at any time) • “Shareholder Service” section on the corporate website (at any time) • “Audit Committee Email” on the corporate website (at any time)	• Progress of Fujian Gulei Petrochemical Project • Progress of Ethylene Storage Tank Project • Status of corporate operations	• AGM on June 12 • Investor conferences on May 25 and Nov. 23 • Contact: Spokesperson VP Wu (02)2627-4745 Ms. Hong/Ms. Wu, Stock Service, (02) 2650-3773
 **Local communities/ residents**	Local residents are the most important partners growing with USI. Social inclusion is our core strategy.	• Noise control • Air pollution control • Involvement with local communities and philanthropy • GHG emissions • Underground pipeline maintenance	• “Contact us” on the corporate website (at any time) • Visits on local groups (three times a year minimum) • Participation in community activities (irregularly) • Interview or phone contact (irregularly)	• Provision of learning sources for local schools to develop quality talents. • Enhancement of neighborly activities. • Underground pipeline verification through excavation	• Continuation of the industry-academia collaboration model with Renwu Senior High School. • Constant fund sponsoring of activities organized by local community development associations and organizations. • Constant adoption of the air quality purification zone of Renwu Special Education School • Participation in the Kaohsiung City underground industrial pipelines and industrial parks regional defense drill. • Funding local communities to build the PV systems. • Donation of epidemic control materials, such as bleach and sanitizers, to schools in the local communities and the Dashe Industrial Park to combat COVID-19 with local residents. • Contact: Mr. Chen, Office of Industrial Relations (07) 735-9998

1.4 Sustainable Development

Material Topics Management

GRI 102-46, 102-47, 102-49

Analysis and identification of material topics

Phase I

- Identify stakeholders
- Collect information topics that concern stakeholders through various channels

Phase II

- Analyze topic materiality according to the "level of stakeholder concern" and "impact on USI"

Phase III

- CSR Committee identifies material topics and defines the boundaries of material topics and corresponding GRI Standards topics

Phase IV

- Hold CSR Committee meetings and implement CSR management and execution.
- Continuous review short, medium, and long-term sustainable development programs.

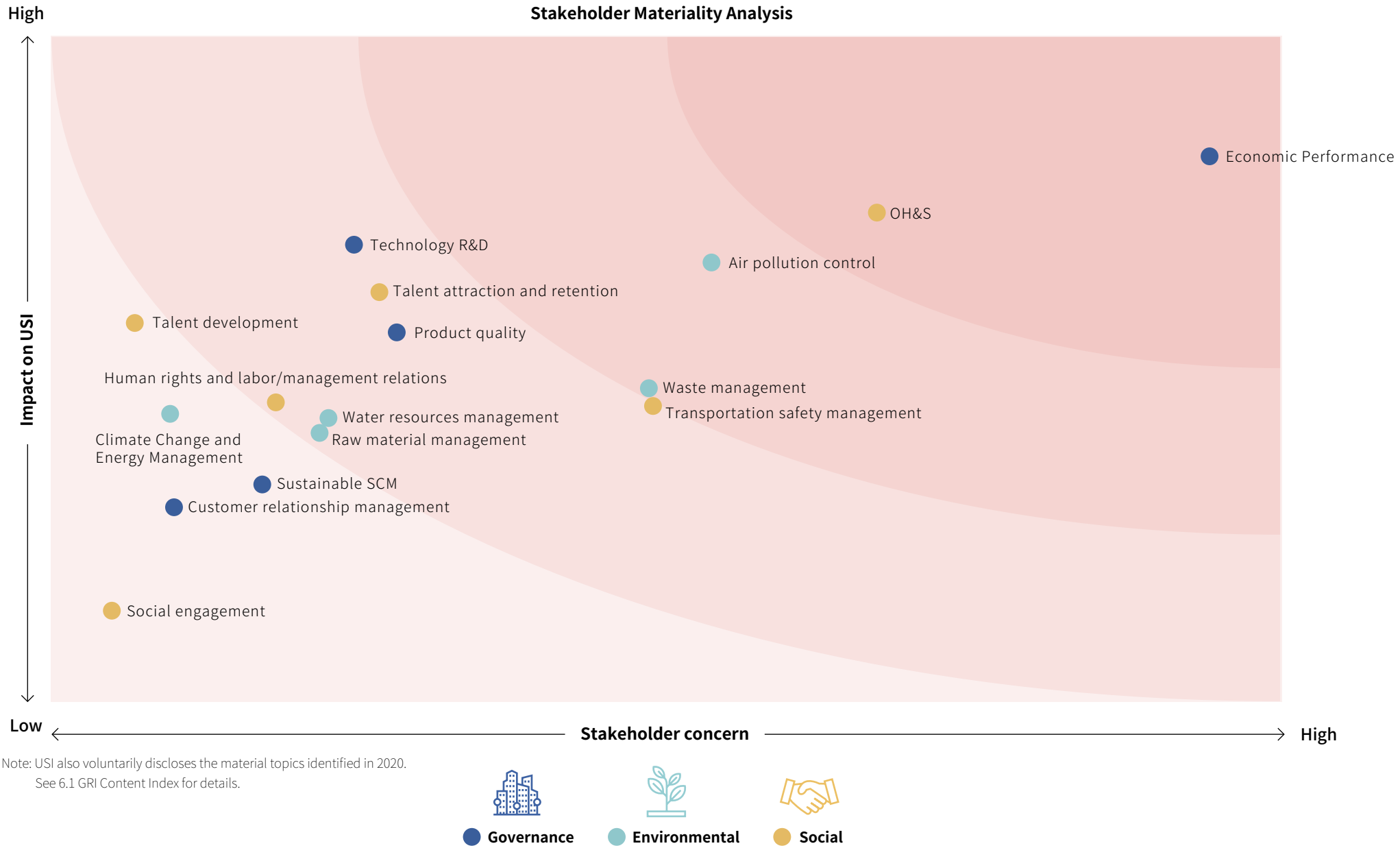
To ensure the completeness of topic inclusiveness, we gathered issues of "high stakeholder concerns" through various communication channels with reference to the GRI Standards published by the GRI, the sustainability issues and trends of the industry at home and abroad, and the SDGs. Through the "Stakeholder Questionnaire" posted on the corporate website, we verified if the information disclosed in this CSR report can effectively address the issues that concern stakeholders. In 2019, we began to identify material issues in alternative years, and 242 valid responses were collected from the 2019 survey. Through the expertise in its duties and functions of each department under the CSR Committee, we conducted an internal survey with 42 valid responses on the "impacts on USI" of governance, environmental and social issues. In 2020, therefore, we continued to use the material issues identified in 2019.

As ethical corporate management and legal compliance are our belief in sustainable development, legal compliance issues were excluded from the questionnaire. With the approval of the CSR Committee and working groups, legal compliance will become a required material issue for disclosure every year since the 2019 report.

Identification of material topics

After analyzing the "level of stakeholder concerns" and the "impacts on USI" of all above issues based on the questionnaire surveys, we held meetings for members of the CSR Committee and working groups to discuss and identify each issue to produce the map of material issues. After integrating eight materials issues of high stakeholder concern and material USI impact, we added climate change and energy management as recommended by the management and the legal compliance issues required for disclosure every year as the focus of priority disclosure and address in the 2019 and 2020 CSR reports, making up to 10 material issues in total, for the reference of stakeholders wishing to understand more about USI. In addition, we also periodically review the management approach, performance, and future planning of each material issue to ensure the key performance indicators (KPIs) are achieved.

Stakeholder Materiality Analysis



Note: USI also voluntarily discloses the material topics identified in 2020. See 6.1 GRI Content Index for details.

Progress of implementation of material topics

Aspect	Material Topics	Level of Completion in 2019	Actual Progress in 2020
Governance	Economic Performance	In 2019, EPS was NT$1.19, the highest in the last 6 years; EVA sales reached 144,783 MT, a historic high.	In 2020, EPS was NT$2.25, the highest in the last 7 years; HD sales reached 120,379 MT, a historic high. The total sales volume of EVA/PE in 2020 increased by 6% from 2019 to 270,920MT.
	Technology R&D	New product development: New product development: 5 pcs/year, achievement 125%.	New product development: New product development: 5 pcs/year, achievement 125%.
	Product quality	Targets: 1. Customer complaints: 12/year. 2. Defect rate of plants I/II: 1.9/2.5% Actual: 1. 8 confirmed customer complaints in 2019. 2. Defect rate of plants I/II: 1.58%/2.71%	Targets: 1. Customer complaints of plants I/II: <6 cases/<8 cases 2. Controllable defect rate of plants I/II: <0.45/<0.9% Actual: 1. Confirmed customer complaints of plants I/II: 5 cases /8 cases 2. Controllable defect rate of plants I/II: < 0.09%/<0.23% * *Defect Rate was expressed in Controllable Defect Rate from 2020.
	Legal compliance	Improvement was completed and re-confirmed by the competent authorities for 5 environmental protection offences and 2 industrial safety offences.	Improvement was completed and re-confirmed by the competent authorities for 5 environmental protection offences and 1 industrial safety offence.
Environmental	Air pollution control	1. VOCs equipment leakage: 0.05%. 2. Installation in position of the thermal oxidizer (TO) system for completion and piping and commissioning in 2020.	1. VOCs equipment leakage: 0.057% 2. The TO system was completed in 2020, commissioning started on 2020.08.21, high-intensity VOCs processing results: VOCs 4ppm, reduction rate >99.9%; low-intensity VOCs processing results: VOCs 6ppm, reduction rate >99.3%.
	Waste management	1. Review, improvement and legal compliance of waste management. 2. Wax reclamation at 83%, VAM processing efficiency over 90%.	1. Monthly industrial waste storage audit: Compliance with the regulations. 2. Enhancement of waste disposal flow management: Sample inspections on four contractors in 2020 showed compliance with the related laws and regulations. 3. Expansion and assessment of the waste reduction program: Treated by stirring and heating to separate VA in the wax by heating and prevent VOCs diffusion with water sealing.
	Climate Change and Energy Management	1. Product energy consumption was reduced from 4.63GJ/MT in 2018 to 4.58GJ/MT in 2019. 2. Implemented 7 energy conservation projects to save electricity up to 1.33%/year.	1. Product energy consumption reduced from 4.58 GJ/MT in 2019 to 4.28 GJ/MT in 2020. 2. Implemented 6 energy improvement projects to saved power consumption by 1.67%.
Social	OH&S	1. Frequency-Severity Indicator (FSI)=4.50. Rust removal, supplementary welding, screw replacement, and paint maintenance of equipment and pipelines. 2. Monitoring results: Excess in standard=0; reduced the working time in noise-affected areas, and provided noise protective equipment.	1. Frequency-Severity Indicator (FSI) =1.27. (1) Workers ran the operation according to the work instruction WI-KHB-713-77 for (2) dust removal, welding, screw replacement, and painting.

Aspect	Material Topics	Level of Completion in 2019	Actual Progress in 2020
 Social	OH&S	Incident Rate =2.59 1. Checked 29 steam inputs and performed RT-profile on anticorrosion points. 2. Monitored pipeline vibration for four times (once quarterly), and no anomaly was reported. 3. Established work instructions (WIs) for subsequent education/training and response drills. 4. Completed planning and personnel training, and the tour inspection, visual inspection, and thickness test of underground pipelines. 5. Established work instructions (WIs) and enhanced contractor training, physical condition check (alcohol and blood pressure), and onsite audit. 6. Implemented hot locking for 74 batches, with leakage rate of 0% of all batches. 7. Completed pipeline supports and planned pipeline vibration monitoring after system reboot.	Incident Rate=1.28 1. Checked pipeline corrosion at 57 spots. 2. Replaced 3 corroded derime pipelines. 3. Checked leakage on and locked 4 coolers and scheduled maintenance and repair. 4. Located reactor steam leakage points and scheduled maintenance and repair in 2021. 5. Purchased and connected spare M/P and scheduled installation and testing in 2021. 6. Completed the specifications for and purchased the tanker unloading jib and scheduled delivery and installation in 2021. 7. Completed the installation, testing, personnel education/training, and permit acquisition for the TO. 8. Removed the rust and replaced the anti-corrosion coating of the corroded pipelines in the Teal Pump area. 9. Completed rust removal, welding, screw replacement, and painting of the cooling tower. 10. Fortified and renewed the drain grates in the unloading area of the BD feedstock tankers. 11. Completed inspection/monitoring personnel training, and the tour inspection, visual inspection, and thickness test of underground pipelines. 12. Verified and repaired the underground pipelines between the CPC Linyuan Petrochemical Complex and the Kaohsiung Plant through excavation. 13. Improved the management of change process, updated the SOP (OP-KHT-810-01), and implemented the new-version database.
		Frequency of shutdown by key equipment=5. Machinery and instrumentation maintenance= 907 units/2053 units.	Shutdowns caused by key equipment=2. The engineering department completed 3,406 equipment maintenance missions; completed the medium-high voltage distributor replacement of the K-20 electrical room.
	Talent development	1. The annual average training length for indirect labor in 2019 was over 8 hours/person. 2. Professional training for 43 members of senior management and junior management. 3. On-site workers acquired a total of 141 required professional certificates. 4. Completed the workforce planning and talent matrix inventory for all units.	1. Average hours of employee training in 2020: 24.71 hours. 2. Training for intermediate management: 34 supervisors in three sessions. 3. Assistance in acquiring licenses/certificates: 142 pcs. 4. Completed workforce planning and talent matrix inventory for all units.
	Transportation safety management	In the evaluation based on the 2019 “Standards for the Effectiveness Evaluation of Underground Pipelines Joint Defense Organization,” Kaohsiung Plant as part of the Pipeline-6 was rated an excellent pipeline defense organization by the Industry Development Bureau, Ministry of Economic Affairs, for four consecutive years.	In the evaluation based on the 2020 “Standards for the Effectiveness Evaluation of Underground Pipelines Joint Defense Organization,” Kaohsiung Plant as part of the Pipeline-6 was rated an excellent pipeline defense organization by the Industry Development Bureau, Ministry of Economic Affairs, for five consecutive years.

Material Topics and Value Chain GRI 102-46

● Direct impact ○ Indirect impact

Aspects	Material Topics	Rationale	GRI Standards Topic	Value Chain				SDGs	Response
				SCM	Operational	Product	Social		
Governance	Economic Performance	Enterprise sustainable development, constant profit-making and care for employees, investment in talent and industrial development.	GRI 201:2016 Economic Performance	○	●	●			2.2 Economic Performance*
	Technology R&D	The R&D Division located in the USI R&D Center proactively recruits and cultivates professional talents to engage in R&D and innovation and provides quality products and services to meet customer demands.	N.A.		●	●	●		2.5 Intelligent management 3.1 Technology R&D*
	Product quality	Product quality is the foundation of enterprise sustainable development. Total participation in quality is the key to success of USI's quality culture development.	N.A.	●	●	●			3.2 Product Quality*
	Legal compliance	Legal compliance is USI's belief in sustainable development and its foundation of corporate governance.	GRI 307:2016 Environmental-compliance GRI 419:2016 Socioeconomic-compliance	●	●	●	●		2.4 Ethical Corporate Management and Legal Compliance
Environmental	Waste management	Waste recycling through reclamation, reuse, and proper processing. Continual improvement of environmental protection for "zero pollution and zero emission."	GRI 306:2016 Waste Management GRI 306:2016 Effluents and Waste	○	●	○	●		4.5 Waste Management*
	Air pollution control	Continual improvement of environmental protection for "zero pollution and zero emission."	GRI 305:2016: Emissions	○	●		●		4.4 Air Pollution Control*
	Climate Change and Energy Management	Develop related energy conservation and carbon reduction measures. Enhance climate adaptability. Reduce GHG emissions. Reduce operating costs. Enhance process efficiency. Raise corporate competitiveness.	GRI 302:2016 Energy GRI 305:2016 Emissions	○	●	●	○		4.3 Climate Change and Energy Management*
Social	Transportation safety management	Materials and products of Kaohsiung Plant are transported via underground pipelines and by qualified contractors to ensure transportation quality and safety.	N.A.		●	●	●		5.1 Transportation Safety Management*
	OH&S	Take care of employee health. Prevent industrial accidents. Enhance employee OH&S protection. Develop the emergency response capacity and self-imposed safety management of employees.	GRI 403:2018 Occupational Health and Safety	○	●	○	○		5.2 Occupational Health and Safety*
	Talent development	Talents are the company's irreplaceable core asset. Steadily and constantly growing human resources are the bedrock of steady operations to enhance overall corporate efficiency.	GRI 404:2016 Training and education		●	○	○		5.4 Talent Development*

CH2

Corporate Governance and Operational Performance

Material topics in this chapter

1 Economic performance
2 Legal compliance

Performance Highlights

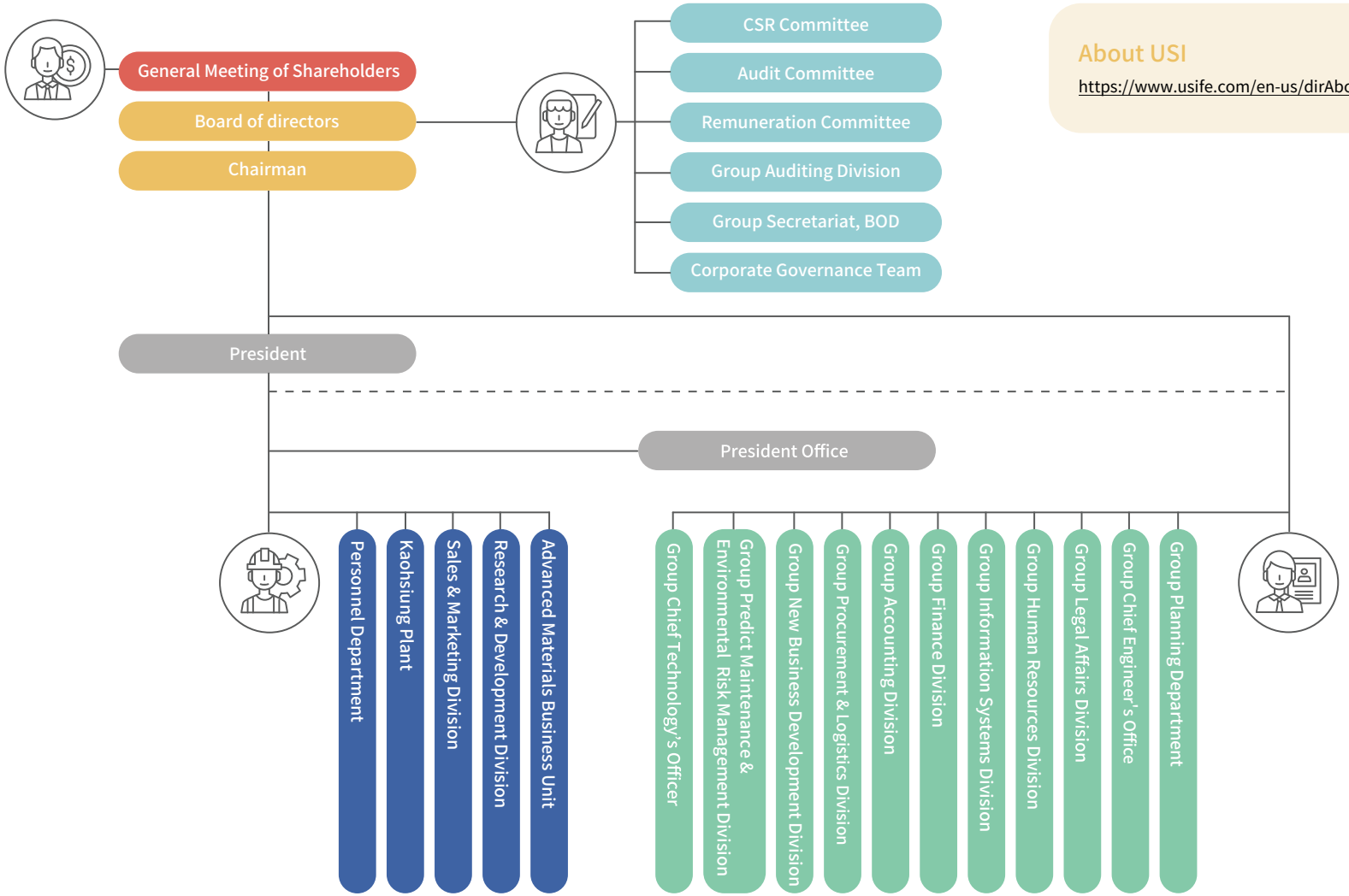
- Earnings per share (EPS): NT$2.25, the highest in the last seven years.
- Total EVA/PE sales totaled 270,920MT, a new high in USI history.
- HDPE sales at 120,379 MT, a new high in USI history.
- Top 5% at the 7th Corporate Governance Evaluation

2.1 Corporate Governance and Operational Performance

Corporate Governance

GRI 102-18, 102-19, 102-22, 102-23, 102-26

USI Management Organization Framework



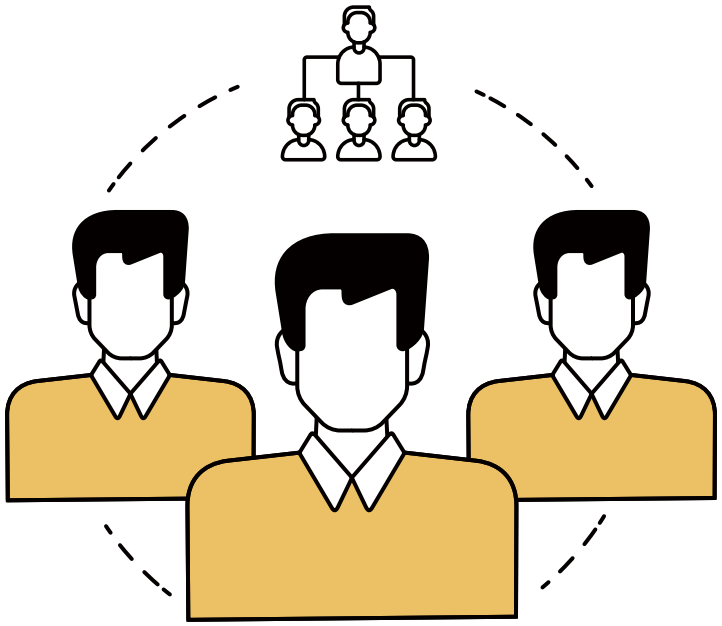
About USI

https://www.usife.com/en-us/dirAbout/frmAbout.aspx

Board of Directors

Board composition and operation

The Board of Directors (BOD) is formed by nine directors, including three independent directors, with rich experience in respective professional fields. Each director is entitled to a term of three years and a second term. Candidates of directors and independent directors are selected through nomination. A total of 7 board meetings were held in 2020. For details regarding board operation, please refer to p. 28 of the USI Annual Report 2020



2020 board performance assessment

Based on the "BOD Performance Assessment Regulations" amended in November 2019, the performance assessment of the board of directors (BOD), individual directors, the Audit Committee, and Remuneration Committee was completed in January 2021. The evaluation period was January 1-December 31, 2020. The assessment results are as follows:

1. BOD performance assessment:

   The average score of all major aspects is over 4.8 marks, suggesting the performance is good. (Score range: 0-5, 5 is the highest.)

   For directors to unfailingly assess and supervise the inherent or potential risks of USI, the BOD passed the "Risk Management Policy and SOP" in December 2020. Accordingly, the President's Office shall provide, at least once a year, the risk assessment and future risk management program for the BOD to understand USI's inherent risks and make more concrete recommendations for USI's operational strategies at appropriate times.

Objectives	Board of Directors
Self-assessment aspects	• Participation in the company's operations. • Improvement of the decision quality of the board of directors. • Composition and structure of the board of directors. • Selection and continuing education of directors. • Internal control
Assessment result	Good

2. Performance assessment of individual directors:

In the director self-assessment, the average score of all major aspects is over 4.7 marks, suggesting the overall performance is good. (Score range: 0-5, 5 is the highest.)

Objectives	Directors
Self-assessment aspects	• Corporate targets and mission control • Duty awareness of directors • Participation in the company's operations. • Internal relationship development and communication • Expertise and continuing education of directors. • Internal control
Assessment result	Good

3. Performance assessment of the Audit Committee:

In the performance assessment of the Audit Committee, the average score of all major aspects is over 4.9 marks, suggesting the performance is good. (Score range: 0-5, 5 is the highest.)

Objectives	Audit Committee
Self-assessment aspects	• Participation in the company's operations. • Duty awareness of functional committees • Improvement of the decision-making quality of functional committees. • Formation and member selection of functional committees. • Internal control
Assessment result	Good

4. Performance assessment of the Remuneration Committee:

In the performance assessment of the Remuneration Committee, the average score of the four major aspects is over 4.9 marks, suggesting the overall performance is good. (Score range: 0-5, 5 is the highest.)

Objectives	Remuneration Committee
Self-assessment aspects	• Participation in the company's operations. • Duty awareness of functional committees • Improvement of the decision-making quality of functional committees. • Formation and member selection of functional committees. • Internal control
Assessment result	Good

5. The results of the performance assessment of the BOD, individual directors, Audit Committee, and Remuneration Committee was reported to the board meeting of 2021Q1.

Director professional competence enhancement in 2020

To improve the professional competence of directors, we provide the information of related continuing education courses periodically and help directors register to these courses. We arranged internal continuing education courses for 6 hours: "Business Strategies and Corporate Governance for Addressing World Unsustainability Risk: A COVID-19's Perspective" and "Business Upgrading and Transformation Strategies and Management: M&A vs. Alliance," each three hours. In 2020, directors and independent directors also took external continuing education courses for a total of 66 hours. See p. 32 to 34 of USI Annual Report 2020 regarding the courses and length of continuing education.

Chief corporate governance officer

To protect the rights and interests of shareholders and improve the competence of the board of directors, BOD made a resolution on May 13, 2019 to assign Director of Group Legal Division Erik Chen to concurrently be the Chief Corporate Governance Officer as the top officer of USI's corporate governance. Director Chen has been the chief legal officer of a public company for more than three years, with handling the affairs of board meetings and meetings of shareholders as its main duty. Visit our corporate website https://www.usife.com.tw/CSR/en-us/CSR21.aspx or see p. 47 to 50 of the USI Annual Report 2020 for details regarding the duties and continuing education.

Functional Committees

Under the BOD, we have established three functional committees: Audit Committee, Remuneration Committee, and CSR Committee by competence to establish and review policies that relate to the responsibility and authority of each committee to strengthen corporate governance.

Name	Audit Committee	Remuneration Committee	CSR Committee
Quintin Wu			●
Ko-shun Wang			● (Deputy Committee Chief)
Chong Chen	● (Convener)	●	
Tyzz-Jiun Duh	●	●	● (Committee Chief)
Ying-Jun Hai	●	● (Convener)	●

Audit Committee

1. The term of the current committee commenced on June 12, 2020 and will end on June 11, 2023. There are three seats in the committee formed by all independent directors.
2. The Audit Committee holds at least one committee meeting every quarter and extraordinary meetings as necessary. Six committee meetings were held in 2020, and the personal attendance rate was 100%.

Remuneration Committee

1. There are three seats in the committee formed by all independent directors.
2. The Remuneration Committee holds at least two committee meetings each year. Three committee meetings were held in 2020, and the personal attendance rate was 100%. Please visit USI's corporate website, annual report, or the Market Observation Post System (MOPS) for the information regarding the operations of this committee.
3. The committee establishes and periodically reviews the policy, system, standard, and structure of the salary and remuneration of directors and officers; periodically assesses and determines their salary and remuneration. GRI 102-36

CSR Committee

1. The term of the current committee commenced on June 12, 2020 and will end on June 11, 2023, with a total of four members including the chairman, president, Independent Director Tyzz-Jiun Duh and Independent Director Ying-Jun Hai.
2. Duties of the committee include:
   - Discussion and establishment of CSR policies.
   - Discussion and establishment of CSR strategy planning, annual plans and project plans.
   - Supervision of the implementation of CSR strategy planning, annual plans and project plans, and assessment of their performance.
   - Review of CSR reports.
   - Report of the annual CSR results to BOD every year.
   - Other assignments instructed by BOD.
3. The CSR Committee holds meetings at least two times each year. Two committee meetings were held in 2020, and the personal attendance rate was 100%. Minutes of meetings over the years: https://www.usife.com.tw/CSR/zh-tw/CSR21.aspx
4. We established three working groups for corporate governance, environmental protection, and social relations as shown below:

CSR Committee

CSR Committee

Committee Chief: Independent Director Tyzz-Jiun Duh
Deputy Committee Chief: President Ko-shun Wang
Members: Chairman Quintin Wu and Independent Director Ying-Jun Hai

Project Secretary

Corporate Governance Working Team

Communicate with investors, customers, suppliers, and government agencies on topics we face for achieving sustainable operations to maintain trust between the Company and stakeholders.

Responsible unit: Human Resources Division
Support units: President's Office, Sales Division, R&D Division, Legal Division, Audit Division, Financiel Division, Accounting Division, Planning Division, Materials Division, Information Division, Secretary Office of BOD

Environmental Protection Working Team

Integrate internal resources to plan and implement measures relating to environmental protection, energy conservation, emissions reduction, and OH&S; follow up and review implementation effectiveness; and discuss topics in environmental protection that are key to meeting stakeholder expectations.

Responsible unit: HSE Office of Kaohsiung Plant
Support units: Technology Department, Plants I & II, and CBC Plant of Kaohsiung Plant.

Social Relations Working Team

Communicate with employees, community residents, and non-profit organizations on topics relating to employee care and social participation to contribute to the creation of a fair, righteous, safe, and harmonious society.

Responsible unit: Personnel Affairs Section of Kaohsiung Plant
Support units: Taipei: Personnel Affairs Department and USI Education Foundation
Kaohsiung Plant: Procurement Section and Utility Section

CSR Committee Working Teams Annual Tasks and Next-Year Annual Plan

Major CSR achievements of 2020 reported to the Board of Directors

1. Continued the Kaohsiung Plant 5-Year Plan.
2. Completed ISO 14064-1:2018 GHG inventory.
3. Completed the IDB's smart energy management system.
4. Constantly promoted energy management at USI Building.
5. Won the "Top 50 Corporate Sustainability Report Awards"and "Platinum Corporate Sustainability Report Award" at the 2020 Taiwan Corporate Sustainability Awards (TCSA).
6. Published the Chinese and English versions of the 2019 CSR Report.
7. Other sustainability-related activities, such as the 2020 USI Cup Weight Loss Competition; energy conservation, carbon reduction, and power saving plan; and community care and social welfare activities.

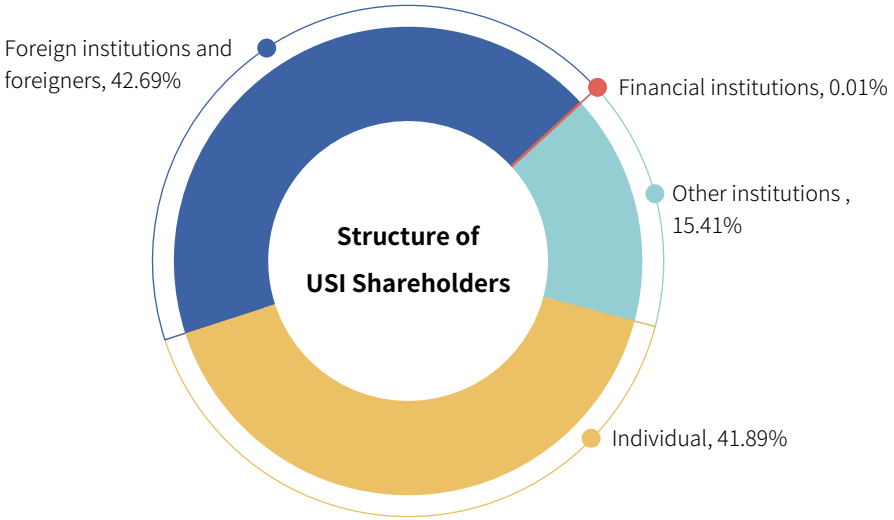
2021 CSR Work Plan

1. Continued the Kaohsiung Plant 5-Year Plan.
2. Constantly promote energy management at the USI Building.
3. Win the "Factory Smart Energy Management Demonstration Guidance Program" for the USI Kaohsiung Plant
4. Constantly promote Industry 4.0 and AI capacity enhancement.
5. Constantly promote green power development and assess the countermeasures for carbon fees.
6. Participate in the TCSA or other CSR awards.
7. Publish the Chinese and English versions of the 2020 CSR Report.
8. Constantly engage in social welfare activities.

Maintenance of shareholder rights and interests and information transparence

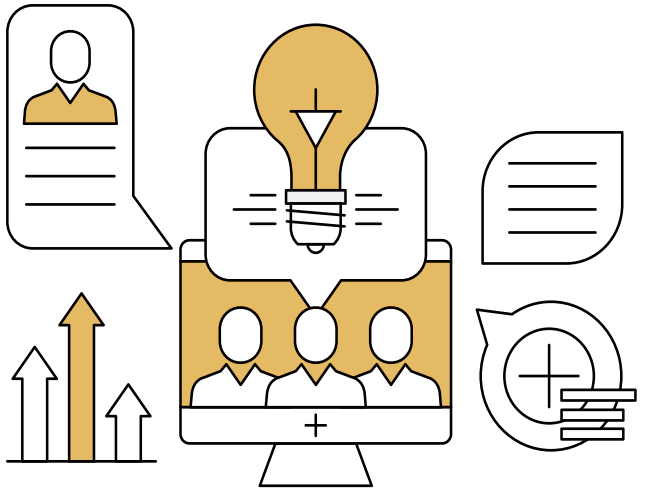
By April 13, 2021, individual and foreign institutional and individual investors are the major shareholders of USI. The name and stake of shareholders holding over 5% of USI shares and the top ten shareholders of USI are disclosed in our annual report.

Annual report：https://www.usife.com.tw/USIWebFiles/Meeting/MeetingP3_en_2021.pdf



USI is committed to providing shareholders with transparent and real-time corporate information. In 2020, besides providing shareholders with the related information through two investor conferences, the AGM, MOPS, the investor section of the corporate website, annual report, and CSR report, we also constantly gathered shareholders' opinions for the reference of decision-making by the management team.

Every year, we hold investor conferences and the AGM regularly to state the company's financial performance and business status. In addition, we post information regarding our business performance, financial information, and material information on TWSE's MOPS. We have also set up the "Investors" section on our Chinese and English websites to disclose information relating to the company's governance, business announcements, financial statements, investor conferences, and latest news. We value the rights and benefits of foreign investors and the trend of enterprise internationalization. Therefore, since 2018, we began to enhance information disclosures in English in the annual report and on the MOPS and corporate website. Furthermore, we actively develop channels for two-way communication with shareholders to maintain shareholder rights and interest and to improve the performance of corporate governance.



Risk Management Organization Framework

For effective risk management, the BOD, Audit Committee, President's Office, Audit Office, all risk management units, and all subsidiaries participate in and operate the risk management mechanism.

Audit Committee and BOD

At USI, the President's Office supervises the corporate risk management and answers to the BOD and Audit Committee. The Audit Committee audits the effectiveness of the company's internal control system to ensure internal control is effectively implemented and supervises the control of inherent or potential risks. BOD approves the overall risk management policy and important decisions.

President's Office

Implement risk management and coordinate its operation, and report the performance of risk management to the Audit Committee and BOD at least once a year.

Group Audit Division

The Audit Division audits risk management within the company, timely provides management with the information of inherent or potential risks under internal control to ensure compliance with existing regulations and control procedures.

Risk Responsible Units

All risk management units should fully acknowledge the risks in their business, analyze the related risks within the unit, and include related risk management mechanism while establishing management regulations. All risk management units should also supervise the related risks within the unit to ensure the risk management mechanisms and procedures are effectively implemented.

Subsidiary

Each USI subsidiary shall clearly identify all risks within the subsidiary and implement the required operations and risk management according to the regulations to ensure the involved risks are controlled within the risk profile.

Please refer to 2.3 Risk Management of this report for the policy, process, and performance of the risk management.

2.2 Corporate Governance and Operational Performance

Economic Performance

GRI 103-1, 103-2, 103-3 SDG 8

Sustainability Principle: Unity Governance

Significance and Strategy

Significance to USI

Sustainable corporate development, constant profit and care for employee investors, and industry development.

Strategy and Approach

Vertical integration to reduce feedstock and production costs, increase product added value, and enhance custom product development.

Commitment

Maintain the rights and interests of shareholders and create profit constantly.

Data scope: USI
Coverage rate 100%

Achievement and Goal

2020 Goals

1. Boost sales
2. Enhance the operating rate
3. Constantly pursue profit and growth
4. Develop high value-added products

2020 Projects

1. Develop new product specifications
2. Control of startup and shutdown losses across the plant.
3. VA recycling enhancement for by-product output reduction.

2020 Achievements

1. Mass-production of new production lines
2. EPS at NT$2.25, the highest in the last seven years.
3. HDPE sales at 120,379 MT, a new high in USI history.
4. Total EVA/PE sales totaled 270,920MT, a new high in USI history.

Sustainable Development Milestone

2021 Goals

1. Personnel management and differentiation assessment
2. Construct the production strategy system
3. Strengthen PSM and update equipment

3-Year Goals

1. Cut production cost and enhance materials recycling rate.
2. Mass-produce HV products.
3. Bottom-up vertical integration of supply chain.
4. Enhance Industry 4.0 and AI capacity.

5-Year Goals

1. Constantly develop HV products
2. Develop Gulei downstream products
3. Develop green energy
4. Build an integrated management center.

Management

Effectiveness Assessment

1. Annual report
2. Governance evaluation
3. CSR report

Grievance Mechanism

- Meetings of shareholders
- Investor Service" on the corporate website
- Investor conferences

Chapter Summary

1. Financial performance
2. Major investments

The 2020 EPS is NT$2.25, the highest in the last seven years. In business performance in 2020, the price of ethylene-related raw materials were influenced by the COVID-19 pandemic. In response to the escalation of face mask demand, we actively increased the HDPE output. The annual sales volume was 120,379MT, a new high in history. Although the price and demand of EVA fell to the bottom in Q2, a strong demand regained alongside the PV market recovery in Q3. At the end of 2020, the price reached a new high in recent years, increasing the difference with ethylene. The total sales volume of EVA/PE in 2020 increased by 6% from 2019 to 270,920MT. In production, through continual process improvement, old equipment replacement, production efficiency and quality improvement to reduce the production cost, and active trial of niche products, the annual output increased by 3% from last year to 244,162MT. We also actively engaged in talent cultivation, HSE improvement, energy conservation, and process safety management (PSM) implementation to pursue sustainable development. In R&D, apart from continuously optimizing the production process of the optical-grade cyclic block copolymers (CBC), we also engaged in product certification and implementation in coordination with the customers of microplate and cuvette for biomedical inspections and the spectacle frame and special packaging materials. We continued to expand production applications in ink, shoe styrene, and electrical wires/cables for high value value-added EVA products. Production of high MI HDPE materials was stabilized, and products are applied in processes including injection molding and melt impregnation.

USI Financial Performance 2018-2020 GRI 201-1

(unit: NTD thousands)

Item	Basic Element	2018		2019		2020	
Direct economic value	Revenue (Note 1)		11,763,140		10,966,471		10,172,220
Distributed economic value	Operating cost (Note 2)		11,651,003		10,263,751		9,263,780
	Employee wages and benefits (Note 3)		544,564		585,451		608,448
	Payment to investors (Note 4)	2018 cash dividend distributed in 2019	356,629	2019 cash dividend distributed in 2020	594,382	2020 cash dividend to be distributed in 2021 as approved by BOD	1,188,763
		Interest expense	60,326	Interest expense	104,366	Interest expense	105,041
	Payment to the government expense (Note 5)		76,534		21,282		133,648
	Investments in community (Note 6)		4,190		4,229		3,623
Residual economic value (Note 7)			539,935		1,281,364		2,409,778

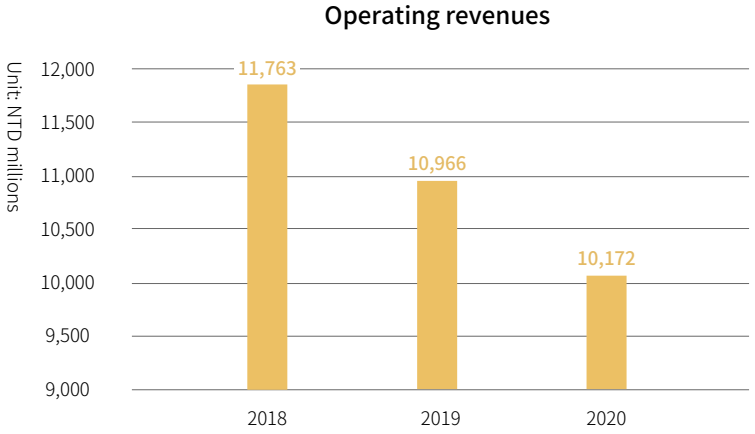
Note 1: Revenue refers to sales income.
Note 2: Operating cost refers to sales cost + operating expenses
Note 3: Employee wages and benefits are included in the said operating cost.
Note 4: Interest expense is included in the said operating cost.
Note 5: Payment to the government refers to the business income tax.
Note 6: Investments in community include contributions to local communities and donations to USI Education Foundation. Both are included in the said operating cost.
Note 7: Residual economic value refers to net income after tax.

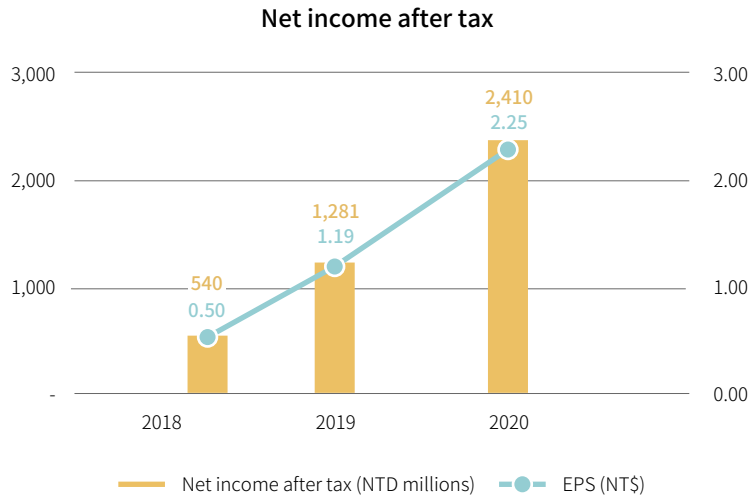
Profit distribution

In 2020, revenue was NT$10,172,220,000, income tax (excluding estimates) was NT$133,648,000, accounting for 1.3% of the individual revenue, distributable earnings were NT$2.101 billion, and estimated cash dividend was NT$1 per share. This profit distribution proposal required for approval by the AGM on June 11, 2021.

Dividend distribution over the years:
https://www.usife.com/en-us/dirInvestor/frmInvestor3.aspx

Financial statements over the years:
https://www.usife.com.tw/en-us/dirInvestor/frmInvestor2.aspx





Local Major Investments

Cyclic Block Copolymers (CBC)

This CBC project can be considered as one of the blueprint items for high-value petrochemical industry promotion and is the first “Process Scale-Up Project to Shorten Gaps in the Supply Chain for Key Chemicals” approved by the Industrial Development Bureau, Ministry of Economic Affairs. After acquiring CBC-related patented technologies in 2011, we have been implementing at full steam the CBC and other relevant projects in order to lead Taiwan’s petrochemical industry to transform toward a high-value petrochemical industry through collaboration among industry, government, academe and research.

- **Future Planning**

The construction of the High-Value R&D Center already started in December 2020, and the project is expected to be completed in 2021Q4. Besides facilitating product optimization, the center can provide customers with more comprehensive samples, enhance process efficiency, and develop own technologies. After acquiring the approval, we will start the design, assessment, and construction of the CBC Commercial Factory.

- **HV R&D Center**

In response to the CBC mass production trial, the R&D center is established for process and product optimization, materials quality improvement, testing of comprehensive samples, added value and production efficiency enhancement, and energy consumption reduction.

- **CBC Commercial Factory**

Taiwan has long been relying on importing high-end optical grade plastics. As the scale and design capacity of the present CBC factory are smaller, unable to fill the gap of key materials supply for domestic high-tech industries, and incomparable to the scale of foreign suppliers, by building a commercial factory to expand capacity, we can supply more cost-competitive raw materials to help domestic high-tech industries become competitive in key materials application.

Ethylene Storage Tank Project of Kaohsiung Intercontinental Container Terminal

To increase the import sources of ethylene feedstock to secure sufficient supply, enhance future competitiveness, and ensure sustainable development, we built a new plant for the CGTD Kaohsiung Plant at the Petrochemical Oil Product Center in Kaohsiung Intercontinental Container S14 Terminal phase II with a total investment of NT$5.221 billion.

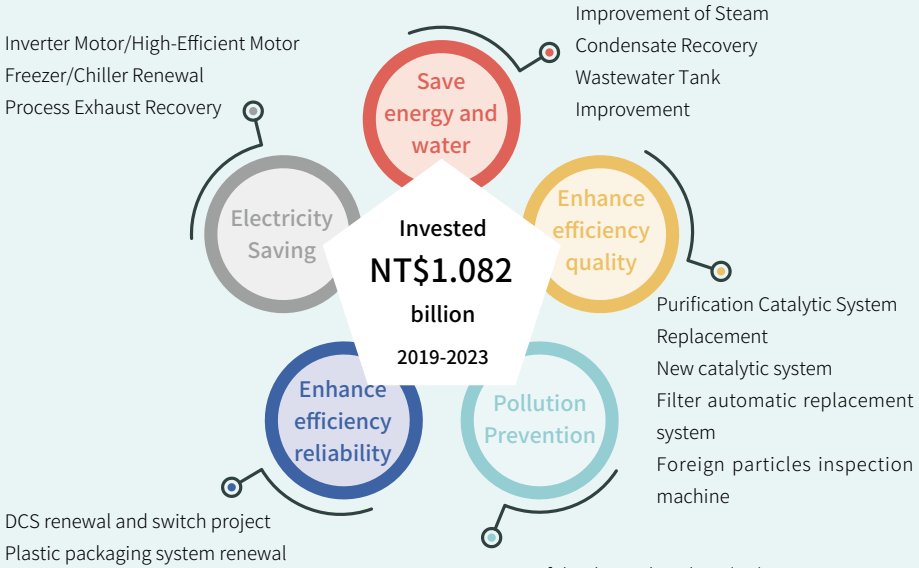
On July 31, 2019, the construction of the new plant for CGTD Kaohsiung Plant started at the Petrochemical Oil Product Center in Kaohsiung Intercontinental Container Terminal phase II. USI has invested a total of NT$906 million in the plant's 80,000M^3 ethylene storage tank and accessory systems. The construction has been running on schedule, and the storage tank's foundation construction started in June 2020. After mechanical completion in 2022Q2, feeding commissioning and functionality testing will follow suit. The commercial operation of the entire plant will start in 2022Q4.

▲ Completion of the slip form with an elevation of 28m at the exterior storage. Currently, pre-cast construction and interior storage welding are in progress.

Investment in Equipment Improvement of the Kaohsiung Plant

USI constantly improves various production processes and HSE equipment. In 2019, we invested in about NT$458 million. In 2020, we invested in about 419 million, saving electricity by 1.67%, energy by 1.28%, reducing carbon by 1.49% and saving water by 3.62%.

It is estimated that a total of NT$205 million will be invested in 2021 to constantly engage in various energy conservation, carbon reduction, and new product development projects to improve product quality and increase custom products.



Major Overseas Investments

Gulei Project

Investment objective

Many changes have emerged in the global petrochemical industry in recent years. They included the rise of the petrochemical industry in emerging regions and shale oil mining in North America, which have brought not only huge impacts to the energy structure and petrochemical material supply but also significant changes to development of the petrochemical industry across the Taiwan Strait.

To get prepared for the future trends and challenges, through investment in Dynamic Ever Investments Limited in a third region, USI and Asia Polymer Corporation (APC), HT Chemical, LCY Chemical, Sheng Tai Petroleum, Chenergy Global, Lien Hwa Industrial Holdings, CTCI, Fubon Financial Holding, and Hong Fu Investment indirectly co-established Fujian Gulei Petrochemical Co., Ltd. in Zhangzhou City, Fujian Province, mainland China, with Fujian Petrochemical Co., Ltd. As an integrated refinery project located in the Gulei Port Economic Development Zone, Gulei Petrochemical is the first petrochemical project invested by cross-strait companies to achieve vertical integration of the top-down petrochemical supply chain.

Investment Item

The Gulei Refinery & Petrochemical Project plans to produce related petrochemical products, downstream deep processing facilities, and supporting utility projects. It will specialize in the production and sales of petrochemical products including ethylene, propylene and butadiene, EVA, ethylene oxide (EO), and ethylene glycol (EG).

Investment amount and efficiency

We are committed to enhancing domestic R&D capacity, investing in and planning high value-added products, and shipping products back to Taiwan. After acquiring the approval of the related competent authorities, we will indirectly invest in the Gulei Refinery & Petrochemical Project in Zhangzhou, Fujian Province, mainland China, through a third region. Funds will be invested annually, with a total amount not exceeding NT$8 billion. It is hoped that the project can stabilize USI's upstream raw materials supply; vertically integrate steam cracking, petrochemical intermediates, and plastic products; reduce transportation costs; and enhance competitive niche to facilitate Greater China deployment and boost international sales and competitiveness.

Progress of Investment Items

- By December 31, 2020, the on-site completion rate of the Gulei Refinery & Petrochemical Project was over 90% accumulatively.
- As the first set of processing units, the intermediate delivery of the polypropylene (PP) facility was completed on time on September 28, 2020.*
- Operations of supporting projects water purification plant and air compressor station have started.

Note: Intermediate delivery refers to the delivery of a construction project in the middle of the construction period. It suggests that the contractor has completed the construction of all processing routes, including running the pressure and utilities test, while the remaining projects will not affect the trail run.

Project Milestones

Feb 2014
Board approval of the indirect investment in the Gulei Refinery & Petrochemical Project through a third region.

Jan 2016
Fujian Development and Reform Commission approved the Gulei Refinery & Petrochemical Project.

May 2016
Signed the JV agreement and articles of incorporation.

Nov 2016
Established Fujian Gulei Petrochemical Co., Ltd.

Dec 2017
Kickoff mobilization ceremony of the Gulei Refinery & Petrochemical Project in Zhangzhou, Fujian.

Aug 2019
Approval of the design of the Gulei Refinery & Petrochemical Project in Zhangzhou, Fujian.

May 2019
Approval of the land for project planning by the Gulei Committee

July 2019
Approval of the project infrastructure design

July 2020
Intermediately delivery of the air compression station.

Sep 2020
Intermediate delivery of the water purification plant and PP facility.



▲ Turnkey transportation and installation of the ethylene cracking furnace.

Corporate Governance and Operational Performance

2.3 Risk Management

GRI 102-11, 102-15

Based on ethical corporate management, we actively promote and implement the risk management mechanism to ensure steady operations and sustainable development and lower potential operational risk. In 2020, the BOD approved the establishment of the "Risk Management Policy and SOP." Accordingly, the President's Office shall supervise the operations and performance of each risk management unit, periodically assess risk every year, define different types of risk according to USI's overall business policy, establish a risk management mechanism for the early identification, accurate measurement, effective supervision, and strict control of risks to prevent potential risks within the bearable range. The President's Office should also keep track on the development of the risk management system at home and abroad to review and improve this policy and optimize the risk management method through continual adjustment, in order to enhance USI's risk management effectiveness to protect the interests of USI, employees, shareholders, and stakeholders.

The President's Office shall report the risk management performance of the year to the Audit Committee and BOD at least once a year and disclose related information in the annual report and on the corporate website.

A complete policy includes the risk management organization, risk management process, and risk management category and mechanism. Please refer to the "Risk Management Policy and SOP" for details.

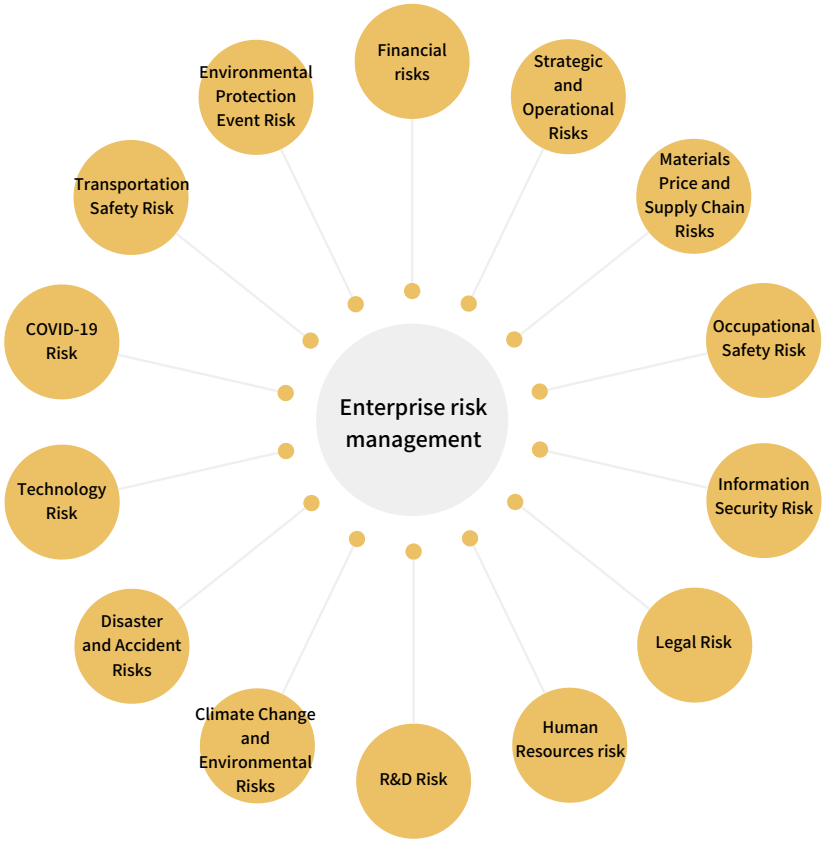
Risk Management Process

The risk management units of USI review the characteristics of their business and operations, identify the potential risk factors in business operations, develop a complete risk category framework, and establish appropriate measuring methods for the reference of risk management.

All risk management units shall constantly monitor the risks in their business and propose countermeasures, periodically report the risk status to the senior management for the reference of management, and ensure the normal operation of the management framework and risk control functions.

Scope of Risk Management

We establish the risk categories after integrating the major risk sources of business operations and considering the feasibility of mitigating controls. Every year the working group of the CSR Committee conducts the questionnaire survey to identify risks. In 2021, we identified two emerging risks: transportation safety risk and environmental protection event risk. After combining with the 12 risks found in 2020, we identified the likelihood of occurrence and degree of impact. Each risk management unit periodically adjusts the controls with respect to the changes in the internal (external) operational environment.



Operation of Risk Management

In December 2020, the President reported to the Audit Committee and board of directors the risks that USI was facing, mitigating controls, and performance of risk management.

In response to the COVID-19 risk in 2020, USI's HR division initiated epidemic control across affiliates with respect to the "Guidelines for Enterprise Planning of Business Continuity in Response to the Coronavirus Disease 2019 (COVID-19)" established by the Central Epidemic Control Center (EPCC) and made timely updates of related controls according to the EPCC notices.

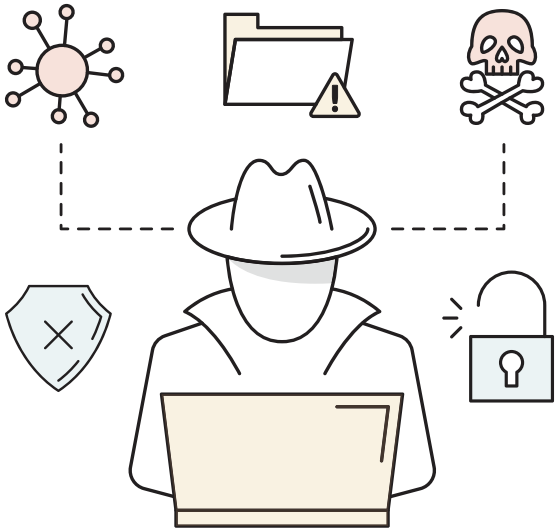
Note 1: Please refer to the Risk Management in the CSR section on USI website for details.
2: Please refer to 4.3 Climate Change and Energy Management for the opportunities and risks of financial impacts from climate change.

Information Security Enhancement: Build a Defense-in-Depth Mechanism

Background: Legacy System Enhancement

Factory operation management is the core of manufacturing industry. The production processes or operating procedures are controlled by operation technology (OT), such as Distributed Control System (DCS) and Supervisory Control and Data Acquisition (SCADA). To meet the production stability requirements, OT equipment's operating system or the program has not been upgraded and updated for years and has become legacy system. Its information security protection is obviously insufficient compared with general Information Technology systems, such as ERP, CRM, OA, etc. Therefore, a defense-in-depth mechanism is formulated to enhance the OT system.

3 elements of virus attack:
Vulnerability, Exploit, and Threat



Stage 1

Hackers exploit vulnerability to access system

Stage 2

Hackers sneak in system, gain escalated privilege, and develop data encryption program

Stage 3

Hackers send encryption program after data theft. Even if the system is recovered, the risk of data leakage remains.

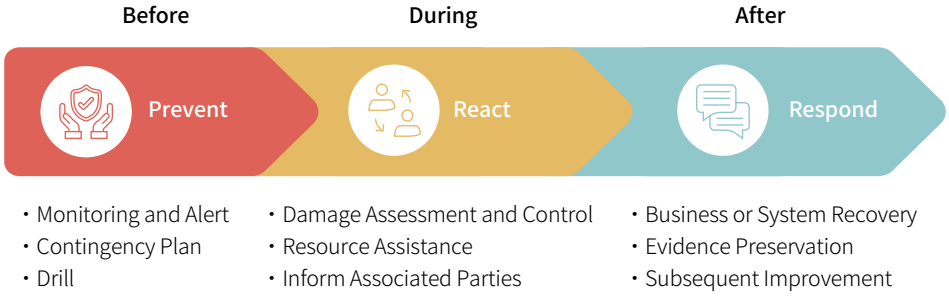
Information Security Policy and Personnel Management

1. USI holds management review meetings and hires external impartial advisory to review group's ISO 27001 information security system operation every year since the establishment of the ISO 27001:2013 information security management system in May 2015 and has been certified by the British Standards Association Taiwan branch for 6 consecutive years.
2. A 3-phase defense system is established based on 5 key attributes of Cybersecurity Framework (CSF) developed by the National Institute of Standards and Technology (NIST): Identify, Protect, Detect, Respond, Recover, to react before, during, and after attack.

   (1) Before attack: perform a comprehensive risk assessment, establish information security control based on a risk-oriented framework, and improve the safety factors. For example: formulating information security emergency response measures and drill, social engineering drills (twice a year), OT equipment management, daily information security reports, monthly information security reports, data protection and information life cycle management, information security awareness education and training, regulatory compliance, customer secured trade network, digital risk analysis (such as vulnerability scanning), etc.

   (2) During attack: through alert notifications from Computer Emergency Response Team (CERT) of the US Department of Homeland Security, Taiwan Computer Emergency Response Team (TWCERT) and anti-virus companies to receive the latest information about threats and improvement plans to strengthen threat prevention ability, shorten reaction time, and establish an early warning mechanism for external threats, log collection, and user digital footprint monitoring.

(3) After attack: implement crisis management to reduce recovery time and impact and keep monitoring operation. For example: information security contingency plan, business continuity management, digital evidence preservation mechanism.



3. To prevent ransomware attacks that have caused heavy losses in recent years, a continuous threat protection process based on the ISO 27001 information security management system and the NIST Cybersecurity Framework has been proposed to strengthen risk management and control, enhance corporate information security resilience, and have the ability to withstand, contain and recover quickly from information security incidents in order to continue to provide critical operational services.
4. Personnel Management: Define the roles and responsibility of team members and establish the security front against cyber risk.

   (1) Provide OT cybersecurity education for OT equipment users.

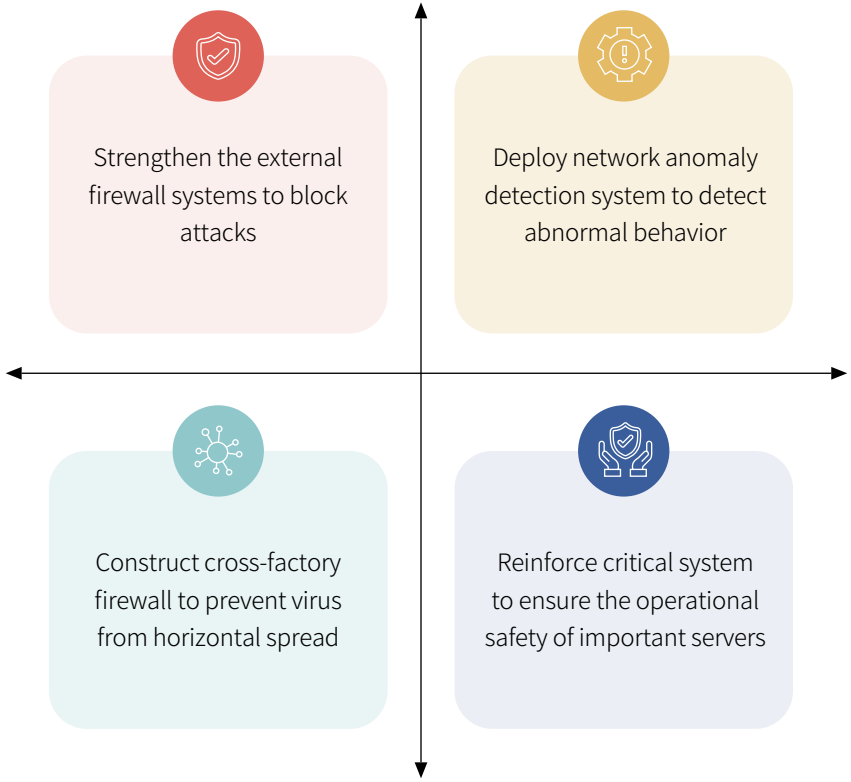
   (2) Establish the OT information security SOPs to define the security operating procedures.

   (3) Establish OT equipment management platform and assist personnel to manage.

   (4) Form OT security team and define communication channels.

Practices of Facility and Entity Management

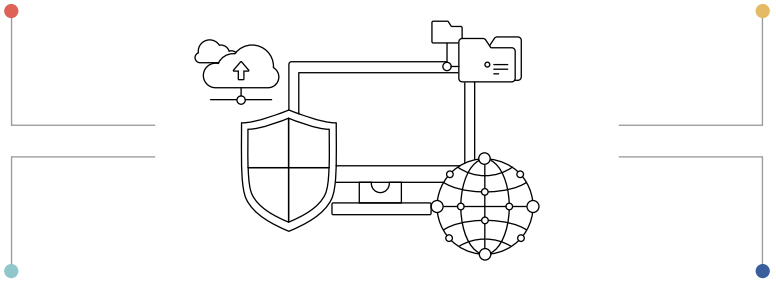
1. OT Management Implementation: implement asset management to factory OT equipment and registration of manufacturers, maintenance provider, software and hardware versions, and custodians. Currently, a total of 70 sets of equipment are managed.
2. Enhanced Inspection of System Security Parameters:
   Use the best management practices to enhance inspection of configuration of factory network and information security equipment (such as switches, load balancing equipment, firewalls).
3. Deployment of in-depth network defense:



4. Evaluation of in-depth network defense framework

Review the allocation and the adequacy of information equipment safety management policy to evaluate potential risk and take countermeasures.

Review the adequacy of measures adopted to ensure continuous operation.



Evaluation of in-depth network defense framework

Review the maximum impact and risk tolerance of single point of failure.

Review the effectiveness of framework layout and mechanism, network segmentation and logical design, and network segment isolation to evaluate possible information security risks.

5. Six Defense Practices

3 Active Defenses

1st Defense
Strengthen firewalls

2nd Defense
Detect malicious behavior

3rd Defense
Protect critical systems

3 Passive Defenses

4th Defense
Information Security Incident Management System

5th Defense
3-2-1 Backup

6th Defense
Critical Data Encryption

Continuous Management

1. Continue to implement OT security operation management in terms of physical, network, equipment, operation, and data security.
2. Progressively optimize OT security protection through three stages, including: security test before going live, security capacity deployment, and secured operation to upgrade OT system security protection from regular deployment to security technology and management enhancement to realize the integration of management, control, and protection and to achieve circular management and control of OT system security from system going live, system operations and maintenance, and system inspection.

Audit operations and reporting channels

Audit operations

An independent audit unit is established under BOD to help management inspect and review the internal control system, measure the effectiveness and efficiency of operations, and establish and implement the annual audit plan based on the identified risks. The chief auditor holds the certified internal auditor (CIA) certificate and practices based on objectivity and integrity. The chief auditor attends the Audit Committee and BOD meetings as a guest, reports material findings in the audit, and follows up the subsequent improvement. The internal audit is the unit specializing in accepting reports on illegal acts or unethical or dishonest behavior from the Audit Committee email or hotline.

In 2020, the internal audit unit implemented audits according to the annual audit program and completed 53 audit reports and 12 follow-up reports summarized as follows:

Audit Item	Recommendation	Improvement Status
Purchase and payment cycle and compliance matters	Part of the procedures were not implemented as stipulated, unfailing implementation is recommended.	Improved as recommended.
Production Cycle and Compliance Cycle	The confirmation records of some forms were incomplete, and not the latest forms were used. Unfailing supervision is recommended.	Improved as recommended, and publicity is enhanced.
OH&S	Unfailing supervision should be implementation for some permissions.	Improved as recommended, and publicity is enhanced.
Subsidiary audits	Part of the production tasks and education/training were not implemented as stipulated. Inclusion of quotation for insurance in procurement contracts or advanced confirmation in assessment reports is recommended Unfailing implementation and timely increase of audit points are recommended.	Improved as recommended.

Reporting Channels GRI 102-17

On August 10, 2017 BOD and the Audit Committee passed the proposal to establish the “Regulations for Handling Reports of Illegal and Unethical or Dishonest Behaviors” specifying the reporting and processing procedures and related protection mechanisms. Grievance channels include personal reports, telephone reports and correspondence reports. The Regulations also specify the responsible units.

1. Personal reporting: Face-to-face description.

2. Phone reporting: (02) 2650-3783.

3. Correspondence reporting: Auditing Division, 7F, No. 37, Jihu Road, Neihu District, Taipei City

We assure full protection of the confidentiality of informers, investigators and case contents to prevent them from unfair treatment or retaliation. If the informer is a USI employee, we guarantee no discrimination on him as a result of reporting a case.

No report was received so far.

Corporate Governance and Operational Performance

2.4 Ethical Corporate Management and Legal Compliance

GRI 102-16, 102-17

Ethical Corporate Management

To optimize ethical corporate management, we have established the "Codes of Ethical Conduct for Directors and Managers," "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," integrity-based policies, and a sound mechanism for governance and risk control.

Further information:
http://www.usife.com.tw/CSR/zh-tw/CSR20.aspx

Legal Compliance

GRI 103-1, 103-2, 103-3 | SDG 16

Sustainability Principle: Unity Governance

Significance and Strategy

Significance to USI

Ethical corporate management and legal compliance are USI's belief in sustainable development.

Strategy and Approach

1. Periodic legal audit.
2. Keep a constant track on legal updates and amendments.
3. Participation in association discussions on legal acts.
4. Internal awareness education, education, and training.

Commitment

Strict legal compliance

Boundary

USI, Coverage rate 100%

Achievement and Goal

2020 Goals

Zero violation of law.

2020 Projects

1. Labor Incident Act and Labor Inspection: Training for Enterprise Responses: One session
2. Participation in legal publicity activities organized by government agencies.
3. Targeted education and training activities: 9 sessions
4. Identification of HSE regulations.

2020 Achievements

1. No violation or fine relating to product labeling was reported.
2. No violation of economic laws and regulations.
3. Intellectual property management.

Management

Effectiveness Assessment

Monetary Fine and Non-Monetary Sanctions.

Grievance Mechanism

- "Contact us" on the corporate website.
- Stakeholder contact information
- List of HSE Information

Management Approach Description

In addition to practicing ethical USI management, we emphasize legal compliance in all areas. Therefore, units within the organization keep track of the trends of statutory and regulatory changes to ensure our compliance with up-to-date legal requirements and to make early planning for their impacts.

Environment

- Compliance with HSE and energy regulations.
- Management of toxic chemical substances
- Pollution control and waste management
- Safety and disaster prevention
- Certification for ISO 14001, ISO 50001, ISO 45001 and ISO 14064 systems
- Education/training and publicity of industrial safety

Corporate Governance

- Strengthening BOD functions
- Functional Committees
- Information transparency
- Risk supervision
- Internal control and audit systems
- CSR Best Practice Principles

Product

- Product labeling
- Product quality and safety
- Fair trade
- Respect for IP rights
- ISO 9001 system certification

Employees

- Respect for human rights
- Protection of freedom of association
- Compliance with labor laws and regulations
- Occupational safety and health laws and regulations

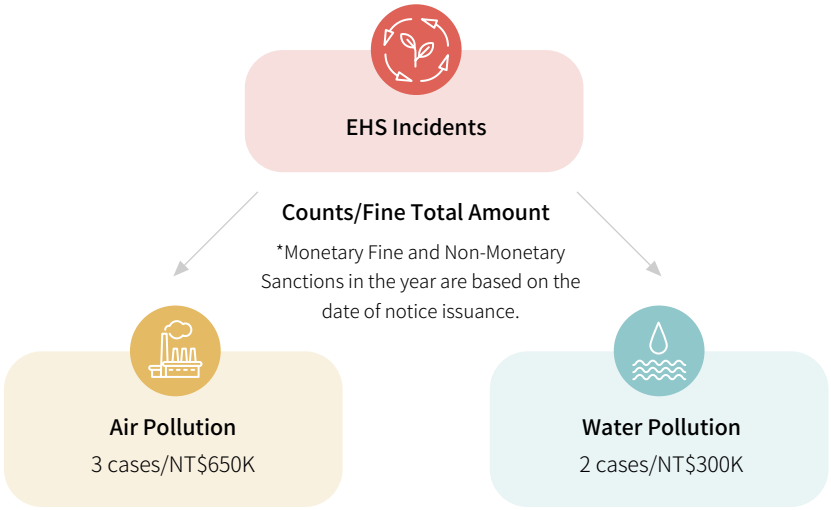
Management Approach

For employees to understand compliance-related topics, we publicize information and trends regarding the latest regulatory and statutory requirements through education/ training activities for employees and departmental routine meetings for them to acquire information regarding new laws and regulations and amendments of existing laws and regulations. The Group Legal Division also provides legal consultation and recommendations. Moreover, besides arranging internal training or external training courses, we further invite external legal experts to give talks or seminars to enrich employees' knowledge and competencies in business-related policies and regulations.

We investigate and identify non-conformities with law to find their causes and take action to control and correct them to reduce negative impacts and prevent their recurrence. In addition, to supervise legal compliance in employees, we have included HSE incidents as the evaluation item for productivity bonuses, and no bonus will be distributed for any monetary fine and non-monetary sanctions caused by HSE offences.

In 2020, no monetary fine and non-monetary sanctions for violation of laws and regulations relating to product labeling or for violation of economic laws and regulations was reported. However, we were punished five times for violation of environmental protection laws and regulations once for violation of industrial safety. After completing corresponding corrective and preventive actions, we passed the re-inspection by the competent authorities for all violations. In the future, we will continue to implement and enhance HSE management to achieve the goal of five zeros: zero pollution, zero emission, zero accident, zero occupational hazard, and zero failure. GRI 307-1, 419-1

Monetary Fine and Non-Monetary Sanctions for EHS Incidents in 2020 and Improvement



Causes for Violation and Corrective Action

Failure to operate the flare as planned.

- Installation and periodic cleaning of isolating valves to prevent equipment clogging from causing similar incidents.

Nonconformity of equipment/component leakage: 2 cases.

- Immediate leakage blockage, inspection, and improvement of leaking components and completion of re-check and report for approval.
- Enhance inspection of leakage-prone equipment and components.
- Checked all similar components and replaced with anti-leakage components

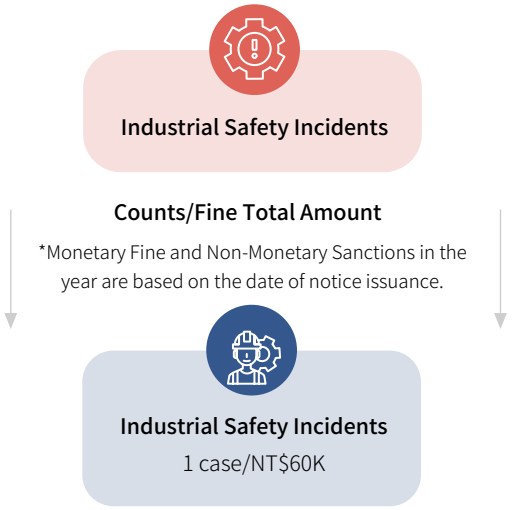
Stored water exceeded the approved volume, and incompliance with the registration.

- Adjusted the flowmeter location to the correct location for measuring stored water and acquired approval for water pollution control measure change on 2020.09.16.

Suspended solids (SS) did not meeting the effluent standards.

- Enhanced SS inspection frequency for raw water and effluents.
- Immediate response and handling of anomalies.
- Added the sludge consecration tank, strengthened the wastewater treatment facility, enhanced wastewater treatment function. The 2020 self-inspection and environmental protection audit showed that the effluent standards were met.

Monetary Fine and Non-Monetary Sanctions for Industrial Safety Incidents in 2020 and Improvement



Causes for Violation and Corrective Action

Implement mechanical operations without shutting down machine operation and feeding

- Warnings on the bulletin board to prevent recurrence.
- In-house review and assessment of similar equipment and completion of corrections.
- Intrinsic safety improvement and protective devices optimization
- Enhancement of personnel education/training.
- OH&S Promotion

[See HSE Education and Training, OH&S Management and General Check for details]

2020 Intellectual Property (IP) Management Performance

1. Patent management

1-1 Innovation patent and invention application platform:

We have established an application platform on the intranet. After registration, R&D personnel can record in detail their innovation ideas and experiment outcomes from work and store them in the encrypted folder. After data is complete and the review and approval of related supervisors, employees may apply for patents according to the procedures.

1-2 Patent:

2. Trade secret management

The R&D Division store the reports, documents, and related IPs from each R&D project individually in USI's internal encrypted web folders with access control. The system also automatically audits abnormal access and alerts the responsible supervisor to check the access to ensure the proper management of trade secrets.

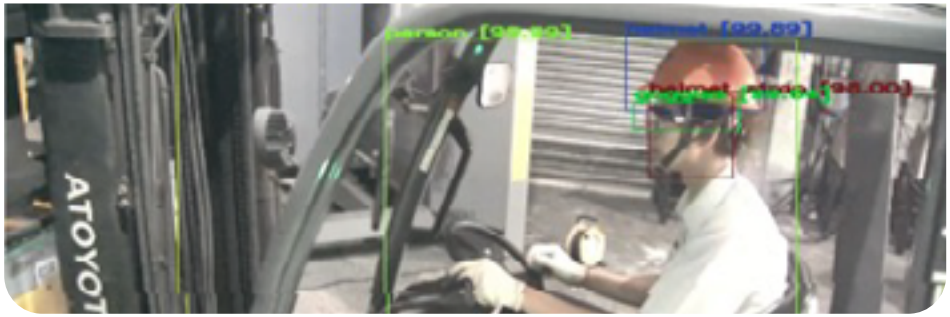
Title	Project No.	Country	Remarks
HYDROGENATED BLOCK COPLYMER AND COMPOSITION THEREOF	US 10,450,455 B2 (application no.15/914,878)	USA	Awarded the patent on 2019/10/22. (expired on 2038/03/07)
Hydrogenated block copolymer and composition thereof	I660975	Taiwan	Awarded the patent on 2019/06/01. (expired on 2038/03/05)
MULTILAYER SHEET STRUCTURE FOR DENTAL APPLIANCE	US-2020-0237478-A19383-A26025-US	USA	Submitted on 2019/04/11 (review in progress)
Fire retardant composite structure (utility model patent)	M597795	Taiwan	Awarded the patent on 2020/07/01. (expired on 2030/03/12)

2.5 Corporate Governance and Operational Performance

Intelligent management

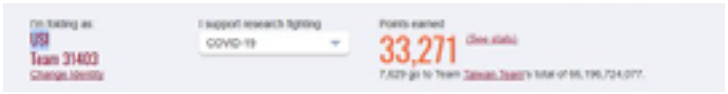
Enhancing OT protection with AI image recognition
(officially implemented in 2021)

In 2020 we co-developed the OT image recognition system with partners. The field verification of the AI image recognition technology was performed at USI Kaohsiung Plant. Through real-time identification of the surveillance screens, we can effectively detect if workers wear related PPE properly to meet the in-house PPE use regulations. The system will be implemented in 2021 to strengthen in-house industrial safety inspection, enhance contractor operation management, and reduce the risk of industrial accidents.



USI AI Team participated in the Standard Folding@home (FAH or F@h) Distributed Computing Project: Assisting COVID-19 Medication R&D

COVID-19 affected the whole world in 2020. To promote global vaccine development for the public to regain normal life as quickly as possible, the Pande Lab of Stanford University called worldwide computer users to initiate the Folding@Home Distributed Computing Project to help protein folding and computer-assisted drug design After acknowledging this project, USI's AI team immediately supported the project and joined the Taiwan team with idle computing resources to help Taiwan and the world to combat the pandemic and assist in the R&D of COVID-19 drugs, hoping to end the pandemic as early as possible. By March 8, 2021, the Taiwan team was ranked the world's 14th, and our AI team was ranked the 1061st among Taiwan teams.



Folding@home

Team 31403 stats

Mon Mar 08 03:25:17 GMT 2021

Name	Taiwan Team
Score	1340991917 85
WUs	9875303
Rank	14

Members

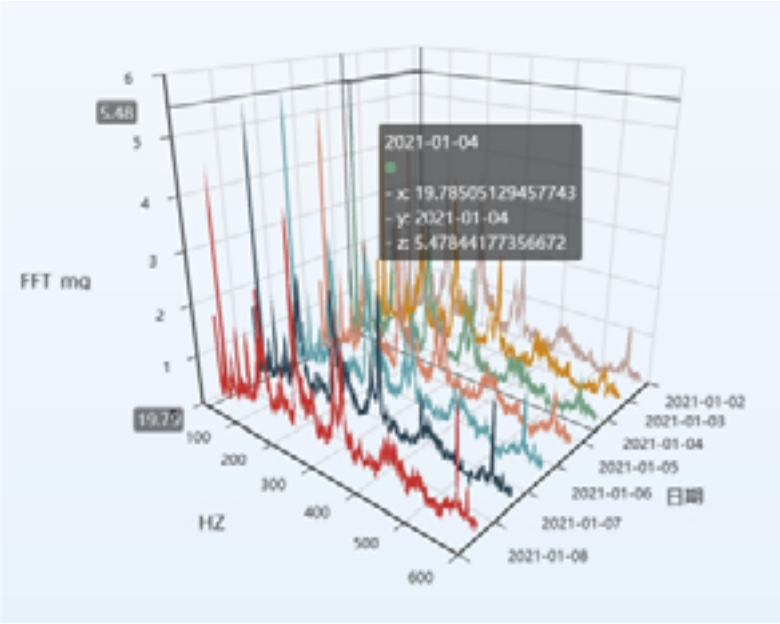
Rank	Team Rank	Name	Credit	WUs
287177	1061	usi	890645	779

Predictive maintenance of pressured reactors to enhance industrial safety

The AI team continued the "Pressured Reactor Predictive Maintenance" project launched in 2019 and made deployment on other pressured reactors in the plant after AI model optimization and verification. Besides significantly reducing the occurrence of unscheduled machine stop, the project has also reduced the number of entries into the pressured anti-explosion walls of inspection engineers and repair engineers to lower the risk of industrial safety incidents. In 2020, we optimize the system with visualized tools for workers to quickly acknowledge the health condition of reactors to establish more accurate countermeasures.

Load Date	Load Time	Score	Cluster	Score	Cluster	Score	Cluster	Score	Cluster
2021-01-08	08:10	21.2	🟡	13.2	🟢	17.6	🟢	15.3	🟢
	02:10	22.0	🟢	11.7	🟢	20.1	🟡	13.2	🟢
	00:10	21.2	🟡	14.1	🟢	16.1	🟢	12.3	🟢
2021-01-07	22:10	20.7	🟢	13.0	🟢	17.2	🟡	20.0	🟢
	20:10	21.1	🟡	12.1	🟢	16.2	🟢	35.4	🟡
	16:10	21.3	🟢	15.2	🟡	20.1	🟡	43.0	🟡
	14:10	23.9	🟡	12.8	🟢	18.8	🟡	41.5	🟡
	12:10	19.8	🟢	13.1	🟢	19.7	🟡	58.3	🟡
	10:10	29.3	🟡	11.7	🟢	21.2	🟡	48.5	🟡
	08:10	21.3	🟢	14.2	🟢	17.0	🟢	23.7	🟡
	06:10	24.4	🟡	12.9	🟢	17.1	🟡	57.3	🟡
	04:10	19.8	🟢	12.6	🟢	19.7	🟡	30.3	🟡
	02:10	21.3	🟡	13.3	🟢	17.7	🟢	21.0	🟢
	00:10	20.7	🟡	14.6	🟢	18.2	🟡	21.3	🟡
2021-01-06	22:10	21.4	🟢	11.3	🟢	20.7	🟡	42.0	🟡
	18:10	20.6	🟢	12.1	🟢	18.3	🟡	39.9	🟡

▲ Figure 1 The model calculation information is read for direct monitoring through the web-based visualized tools.



▲ Figure 2 Reactor spectrum information is ready for analysis through the web-base visualized tools.

CH3

Innovation and Supply Chain Service

Material topics in this chapter

❶ Technology R&D ❷ Product Quality

Performance Highlights

- Awarded the 17th National Innovation Award.
- Innovation and R&D accumulated 138 patents.
- New Product Development & Improvement: 5
- Innovation and R&D investments accounted for 1.1% of the revenue.
- R&D staff account for 12% of all employees.

3.1 Innovation and Supply Chain Service

Technology R&D

GRI 103-1, 103-2, 103-3 SDG 8, 9, 13

Sustainability Principle: Innovative Technology

Significance and Strategy

Significance to USI

Research and development are one of USI's core strategies for sustainable development. Through continual product improvement, customer demand research, and new product development, we achieve co-prosperity for USI and the environment and make continual profit.

Strategy and Approach

Expand the R&D scale, blend the ESG (environmental sustainability, social participation, and corporate governance) concept to product development and improvement, reduce environmental impacts, and achieve sustainable development through fulfilling environmental and social responsibilities.

Commitment

We implement the green design concept and engage in source governance to ensure the use safety, energy conservation, and eco-friendliness of products, provide quality products and services, and meet the customer requirements.

Data scope: USI coverage 100%

Achievement and Goal

2020 Goals

- New product development and improvement: 4 pcs/year
- Research of the performance of eco-friendly sunshield coatings; reduction of temperature rise caused by sun radiation; reduction of urban heat island effect and the energy loading of aircon systems; and development of products for mitigating global warming.
- Cultivation of fire-retardant plastic film market applications for use in construction and fire-retardant material markets: new options of flexible fire-retardant materials.

2020 Achievements

New product development: 5 products/ year, including FREVA ™ green fire-retardant materials:
FREVA SES60
FREVA SEG60
FREVA SEN60
Eco-friendly fire retardants-Halogen-free, high-performance fire retardants:
FA-201
FA-101

Sustainable Development Milestone

2021 Goals

- New product development and improvement: 4 pcs/year

Medium- & Long-Term Goals

- New product development and improvement: 5 pcs/year.
- Development and promotion of eco-friendly products.

Management

Effectiveness Assessment

1. Constant achievement tracing in the annual CSR report.
2. Successfully developed technology and R&D outcomes.
3. Reporting the sales of new products at the business meeting.
4. All USI products comply with the Restrictions on Hazardous Substances (RoHS) to reduce environmental impact.

Product & Service Development Mechanisms

1. Customers make demands from the sales/ R&D units by phone/email/internet; or irregular customer visits.
2. The president holds the product improvement meeting every month to analyze the markets, environment, and users of new projects. After approval, the plant makes product improvement or new product R&D and trial run.
3. Customer technical service in 2020: 71 cases

Achievements and Directions of Technology R&D

1. Advanced materials development
2. New products development
3. High-value products development
4. Investments in the R&D of energy-efficient products accounted for 6% of the consolidated revenue.
5. Investments in innovation and R&D investments accounted for 1.1% of the revenue.
6. R&D staff accounted for 12% of all employees.
7. Innovation and R&D in 2020 accumulated 138 patents.

Innovative Operations and Management

Every year we invest in a large amount of funds for R&D and actively recruit and cultivate professional talents. In 2020, we invested NT$117 million in R&D, accounting for 1.1% of the revenue, but NT$61.1 million less than that of 2019.

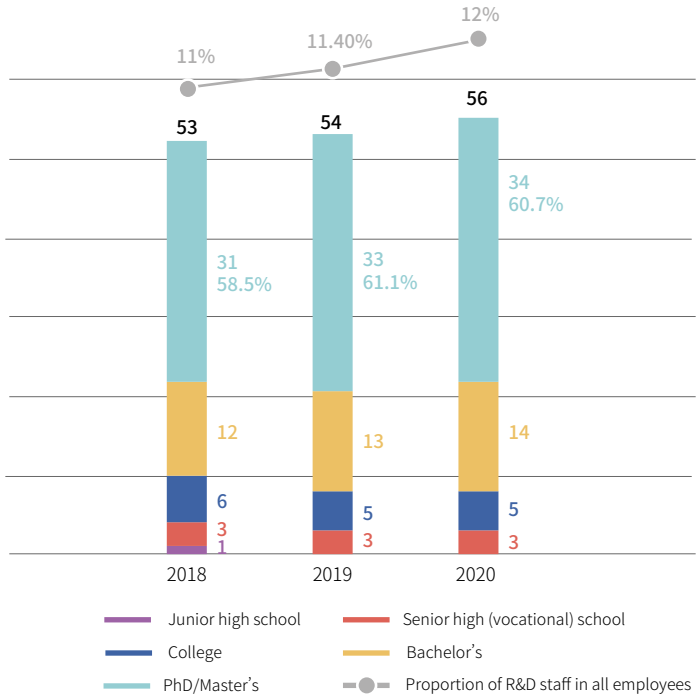
Investments in Innovation and R&D

unit: NTD

Item	2018	2019	2020
Operating revenues	11,763,140,000	10,966,471,000	10,172,220,000
R&D Funds	178,610,890	177,916,049	116,819,025
Proportion of R&D Funds in Revenue	1.5%	1.6%	1.1%
Number of employees	483	474	468
Number of R&D staff	53	54	56
Proportion of R&D staff in all employees.	11.0%	11.4%	12.0%

The number of R&D staff increased from 54 in 2019 to 56 in 2020, accounting for 12% of all employees. In education distributions, 60.7% of R&D staff hold a master's or doctoral degree, and the number of R&D staff is maintained at the specific level.

Education Distribution of R&D Personnel in 2018-2020



Innovation Value and Culture

We mainly produce ethylene, the raw material for making plastics widely used in the daily life. To balance the ecosystem, we have implemented the green design concept in new product R&D. In recent years, we have developed a range of green products, such as the raw materials for the PV module packaging, eco-friendly sunshield coating, halogen-free fire-retardant materials, ans so on to reduce energy consumption and hazardous substance emissions to lower the environmental impact.

In 2011, we acquired the novel high molecular product ViviOn ™ (CBC) production technology to become the world's first commercial CBC manufacturer. Adhering to the determination to cultivating Taiwan, we lead the transformation and upgrading of Taiwan's petrochemical industry toward a high-value industry at the HV R&D Center in Kaohsiung to persistently practice a culture of business sustainable development.

Awarded the 17th National Innovation Award

The ViviOn™(CBC) is a novel biomedical material characterized by ultra-cleanliness and super high transparency. Its excellent UV penetration rate and low auto-fluorescence are great for biomedical test and Deep Ultraviolet (UVC or DUV) sterilization to safeguard health for the public, thus awarded the 17th National Innovation Award.

Accumulated 138 patents at home and abroad in 2020

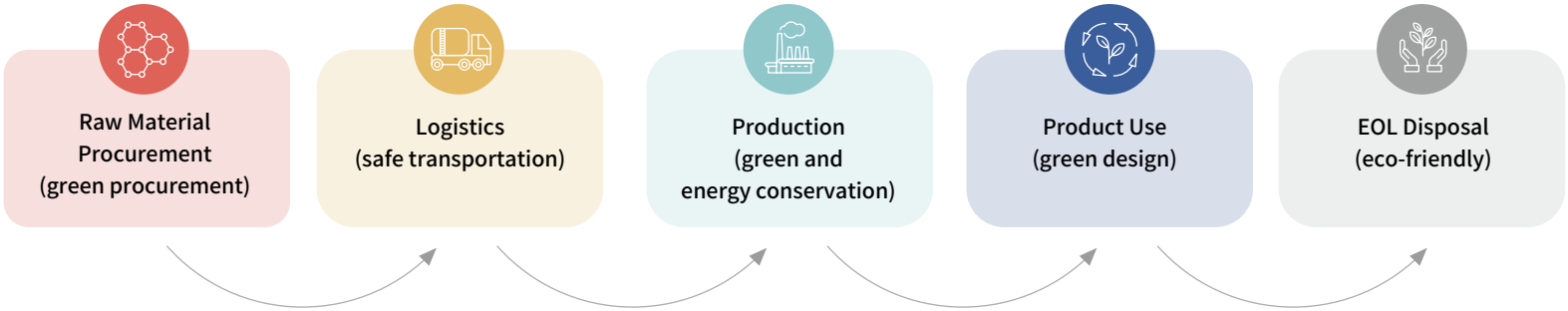
By teaming up with top experts through industry-academia-government collaboration, the R&D Division gathers R&D capacity and acquires patents for global patent deployment. In 2020, we were awarded 1 Taiwan patent, accumulating to 9 in total, and 129 overseas patents.

Industry-Academia Demonstration and Exchange

Besides actively engaging in new product R&D, we never forget to encourage diligent Taiwanese students to experience actual field operations. Therefore, we specifically arranged dynamic guided tours of our plastic processing equipment and process for over 40 seniors of the Department of Chemical Engineering, National Taiwan University of Science and Technology (Taiwan Tech) for students to match theory with practice and introduce to them the R&D and application of USI's high value-added products for students to bridge education with employment and thereby attract more young talents to join USI.

Sustainable Products

Based on the product lifecycle concept, we minimize resource and energy consumption from strict materials control at upstream to the product end-of-life (EOL) disposal at downstream through close cooperation with upstream and downstream suppliers, in order to lower the environmental and social impacts of products.



Lifecycle	Raw Material Procurement	Logistics	Production	Product Use	EOL Disposal
Environmental and Social Impacts	We emphasize labor human rights, health and safety, environmental protection, and ethics and integrity, and actively promote the Supplier Code of Conduct.	We transport up to 96% of raw materials for production via underground pipelines to significantly reduce CO_2 emissions than tanker transportation. Therefore, we have established the underground pipelines operations and maintenance plan to ensure public safety for citizens.	We promote energy conservation, water conservation, waste reduction, and workplace environment improvement to achieve the five zero's goal: zero pollution, zero emissions, zero accidents, zero occupational hazards, and zero failures.	We lower environmental impact right from product design and develop a range of green, energy-efficient products (e.g. PV module packaging, eco-friendly sunshield coating, and green fire-retardant materials.)	Through the third-party verification of RoHS conformity, we ensure products are free of hazardous heavy metals to prevent residual hazardous substances from entering the food chain through soil and thereby reduce environmental impact.
References	3.3 Supply Chain Management	5.1 Transportation Safety Management	Chapter IV Environmental Protection and Resources Management	3.1 Technology R&D	3.2 Product quality

Benefits of Product Innovation

Participation in Internationally Indicative Shows and Exhibitions

Due to the prevalence of COVID-19 in 2020, we strictly followed the government's epidemic control policy and participated in only a few internationally indicative shows and exhibitions, including the largest North America medical technology show, the Med-Tech World shows, and China International Medical Equipment Fair (CMEF), and the "Plastics Industry Innovation Forum" of the Plastics Industry Development Center at the end of the year, for the industry to understand more about the application of ViviOn ™ (CBC) in medical supply, biomedical examinations, and UVC.

Three Green Fire-Retardant Materials FREVA ™ SES60, SEG60, and SEN60 in 2020

Our green fire-retardant series FREVA ™ empowers the common EVA plastic with fire-retardant function. By combining with the eco-friendly, toxin-free, and flexible characteristics, FREVA ™ significantly enhances the added value of EVA. Derivative applications include the fire-retardant roller shades, fire-retardant wall coverings, fire-retardant synthetic leathers, and so on. In the future, we can develop novel fire-retardant products in collaboration with customers to expand the breadth and depth of product application.

Currently, roller shade made with the FREVA ™ fire-retardant materials have been widely used in the domestic and overseas markets. We have also assisted customers in passing certification of the UL and BS standards for the safety of flammability of plastic material to retard fire for up to three hours.

Features

Zero hazardous chemical and halogen is contained in the fire-retardant materials and fire retardants to minimize smoke and eliminate hydrogen halide production from burning to assure zero environmental impact.

FREVA ™

https://www.usife.com/en-us/dirProduct/frmProduct8.aspx

▲ Fire-retardant roller shade

▲ Fire-retardant wall covering

▲ Fire-retardant synthetic leather

Two Enhanced Fire Retardants FA-201 and FA-101 in 2020

Derivative applications include halogen-free flame-resistant hot melt adhesives, fire-retardant foam, electronics resin/plastics, auto and furniture leather seats, aerospace or auto seat cushions, electronic equipment/mechanism shells, and others.

▲ Halogen-free flame-resistant hot melt adhesive

▲ Fire-retardant foam

Features

The fire retardants we developed for various organic materials have excellent fire retardant performance. They are eco-friendly and tonic free and contain no halogen and heavy metals. Therefore, they are suitable for use on olefin, PU, ABS, and HIPS resins. With USI fire retardants, customers can pass the certification of various flammability safety standards for plastics.

Enhanced Fire Retardants
https://www.usife.com/en-us/dirProduct/frmProduct8.aspx

Waste Oyster Shell Recycling and Reuse

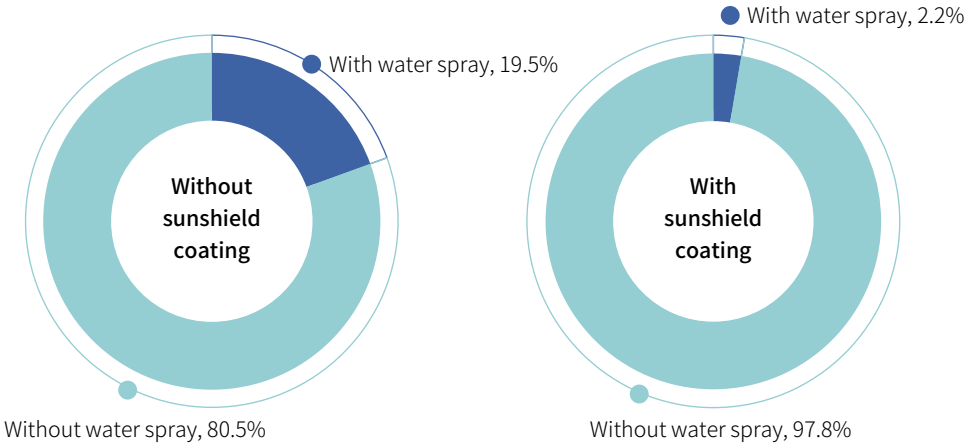
Every year, Taiwan produces about 150,000 MT of waste oyster shells mostly dumped along the coast. Besides spoiling the local image, waste oyster shells will produce odor, attract mosquitoes and flies, and breed bacteria to cause serious sanitation problems. Therefore, they are problems to local residents.

In support of the circular economy and eco-friendly materials, we are actively developing the value-added application of oyster shells. We have contacted many oyster shell recycling contractors along the western coast to experiment the processing of powdered waste oyster shells from these contractors with the technology independently development by ACME Electronics, a USI affiliate, for use in the plastic raw materials. Currently, ACME has successfully compounded the oyster shell powder with plastics to reduce the petrochemical material content in downstream products, as well as provide the antibacterial function. In the future, we will continue related research to resolve the waste oyster shell problems, promote the circular economy, and realize the recycling and value-added use of waste.

Promotion of Eco-Friendly Products

We assisted with the chemical storage sunshield coating project a petrochemical plant in Taoyuan. With the coating, the client can reduce the frequency of water spray to reduce water consumption and the vaporization of VOCs in the tank to reduce the hazards on workers and the surroundings.

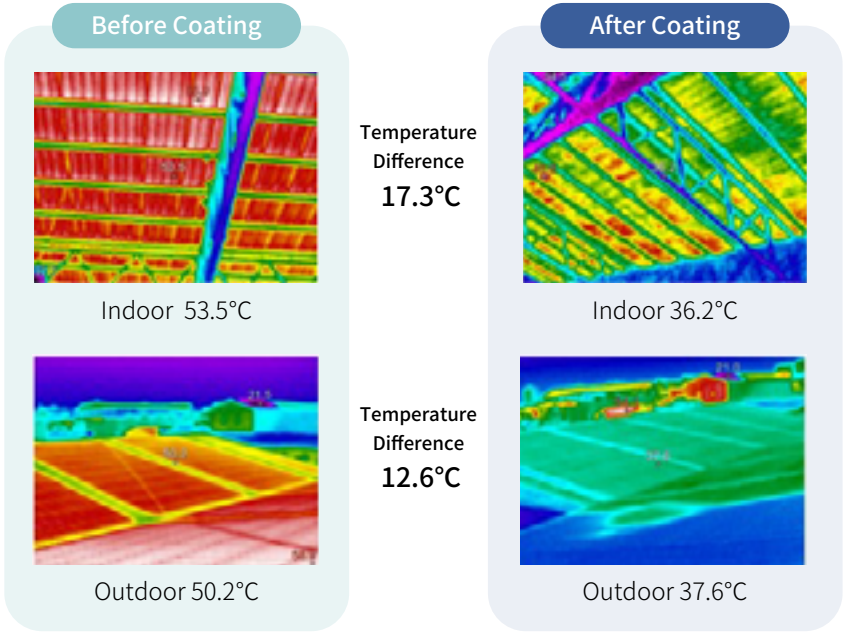
▲ Promotion of Eco-Friendly Sunshield Coatings and Energy Conservation Effects



Storage Tank Water Spray Proportion

Reduced up to 89%

A petrochemical plant in Miaoli hired us to provide the eco-friendly sunshield coating service. After project completion, the indoor temperature reduced by up to 17.3° C for workers to work in a comfortable workplace environment.



3.2 Innovation and Supply Chain Service

Product quality

GRI 103-1, 103-2, 103-3 SDG 8

Sustainability Principle: Innovative Technology

Significance and Strategy

Significance to USI

Product quality is the foundation of enterprise sustainable development. Total participation in quality is the key to success of USI's quality culture development.

Strategy and Approach

Constantly enhance product yield rate and improve service quality.

Commitment

Continual equipment improvement, quick capture of product quality, and reduction of customer complains

Boundary: USI
Coverage rate 100%

Achievement and Goal

2020 Goals

1. Customer complaints of plants I/II: <6 cases/<8 cases
2. Controllable defect rate of plants I/II: <0.45/<0.9%

2020 Projects

1. Implemented the exhaust temperature control project of the materials warehouse of Plant I to increase moisture content in product particles.
2. Use of hexene as the monomer for co-polymerization in related projects at Plant II to develop new products according to market demands.

2020 Achievements

1. Confirmed customer complaints of plants I/II: 5 cases /8 cases
2. Controllable defect rate of plants I/II: 0.1%/0.25% ('quality target' was changed into 'controllable defect rate' from the second half of 2020).

Sustainable Development Milestone

2021 Goals

1. Confirmed customer complaints: Plant I <6 and Plant II <8.
2. Controllable defect rate of plants I/II: <0.3/<0.8%

3-Year Goals

1. Establishment of the new catalyst system to improve HD product quality.
2. Establishment of the filter automatic replacement system to improve HD product quality.

5-Year Goals

1. Development and mass production of HV products.
2. Reduction of annual customer complaints.
3. Reduction of controllable defect rate.

Management

Effectiveness Assessment

1. Target trace at the monthly quality improvement meeting.
2. Review of customer complaints and quality issues at the biannual management review meeting.
3. New product sales condition.

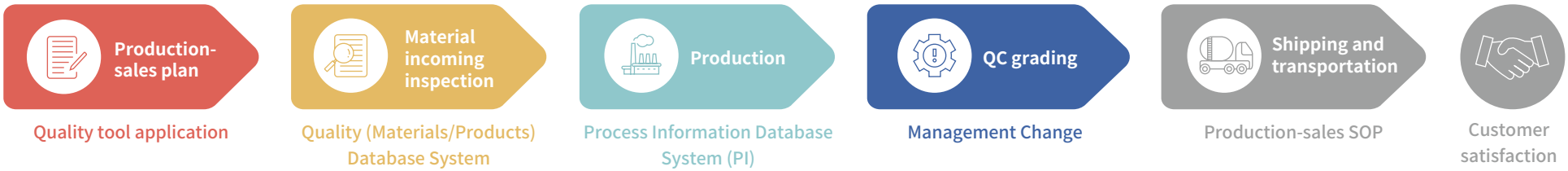
Grievance Mechanism

Customers send requests/response by telephone/mail/ internet

Product Quality System

Product quality is the foundation for USI's sustainable development. To provide customers with products and services of excellent quality, USI has established the ISO 9001 QMS. Apart from building stringent management systems in the "production-distribution plan," "materials incoming inspection," "production/manufacture," and "inspection/ judgement," we establish the quality database system and process data database PI system with the information technology. In addition to providing information of real-time monitoring and process parameters to ensure the final quality of products, these systems help produce statistics, analyze, and trace product quality, process parameters, and materials quality.

In addition, the computer change management system ensures stringent evaluation and management of process changes to ensure risk-less changes to stabilize process and product quality.



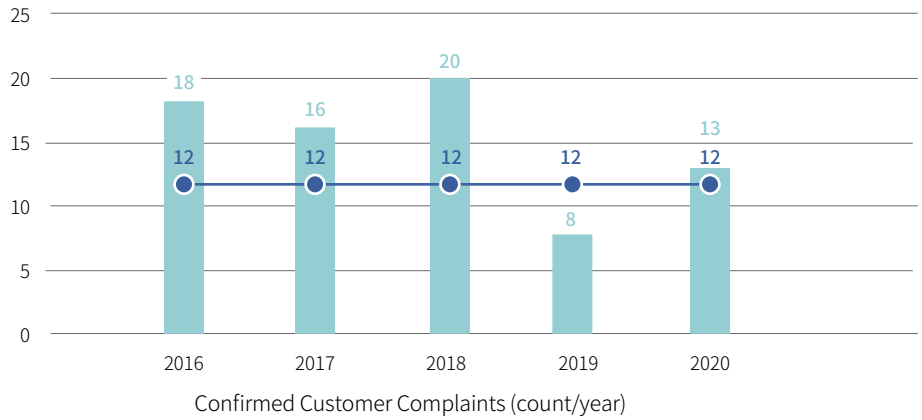
Major Quality Improvement Projects

2020	2021	Contents and Schedules for 2021
Plant II New Catalyst System	Plant II New Catalyst System (continued from 2020)	Reduce inorganic residue to enhance product quality. Projected completion in 2021.
Plant II Filter Automatic Replacement System	Plant II Filter Automatic Replacement System (continued from 2020)	Enhance filtering performance to enhance product quality. Projected completion in June 2021.
Ink-Grade Additive Improvement/Test Run (completed)	Compound Equipment Use New Product Test Run	Extend product application for customers. Complete research/test run.
Foreign Matter Screener Construction (completed)	Plant II Blending Improvement	Enhance quality consistency Projected completion in December 2021.
New Chemical Injection System (completed)	New Cake Removal Equipment	Enhance production stability/prevent emergency stop. Projected completion in December 2021.

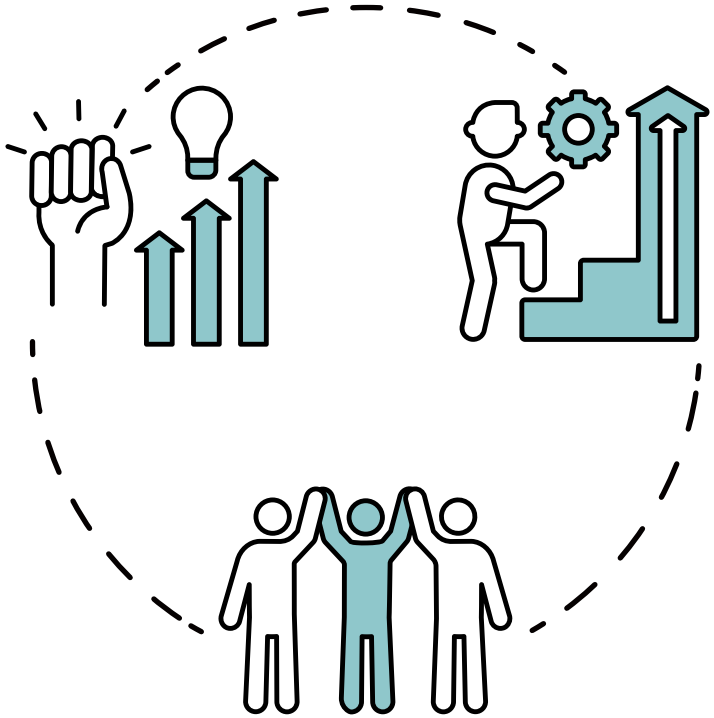
To ensure ongoing “employee quality improvement," “technology advancement," and “TQM approach optimization," we encourage employees of all levels to engage in and propose improvement. We also organize group-wide improvement case presentations to encourage employees to embark on self-growth and plants to learn from one another. In 2020, a total of five important quality-related improvement projects were implemented.

Quality is a persistent process. With continual enhancement of product yield rate and continual reduction of customer complaints as the long-term goals, we have achieved the yield rate goal in recent years. For self-optimization, we raise the yield rate target every year. Through long-term improvement, customer complaints have also reduced continuously.

USI Product Customer Complaint Targets and Achievements



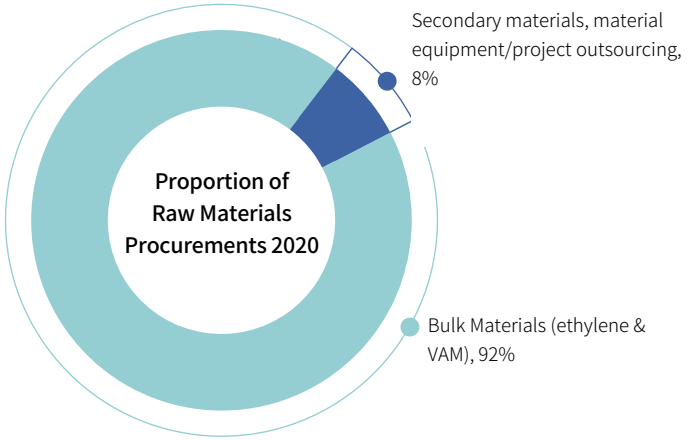
Confirmed Customer Complaints (count/year)



3.3 Innovation and Supply Chain Service

Supply Chain Management GRI 102-9

With the rise in the awareness of the issues related to sustainable development and supply chain risk management, besides proactively performing social responsibilities and contributing to society, we have gradually realized the need to understand the supplier's ESG impacts on USI's, in order to implement supplier management.



Sustainable Development

Supply Chain Sustainable Development Policy

Optimize partnership and share sustainable business opportunities

Enhance workplace safety and enforce environmental protection

Take social responsibility and enhance competitiveness

Supplier Sustainable Development Strategy and Goals

USI is an indicative enterprise in Taiwan, and it is our responsibility to call on suppliers to jointly undertake corporate social responsibility. Therefore, we have established the "Supplier CSR Commitment" to request suppliers to make commitment for compliance with human rights, ESH, and conflict minerals. The performance of future planning are as follows:

Short-Term Goals (1-Year)

- Revise SOPs to include the "Supplier CSR Commitment" as a supplier selection criterion.
- 2021 achievement rate projected at 70%, 2020 achievement rate reached 65%

Medium-Term Goals (3-Year)

- 100% execution rate of the "Supplier CSR Commitment."
- On-site supplier audits.
- Include social and environmental assessment in the supplier evaluation.
- Guidance of improvements for suppliers fails the social and environmental assessment.

Long-Term Goals (5-Year)

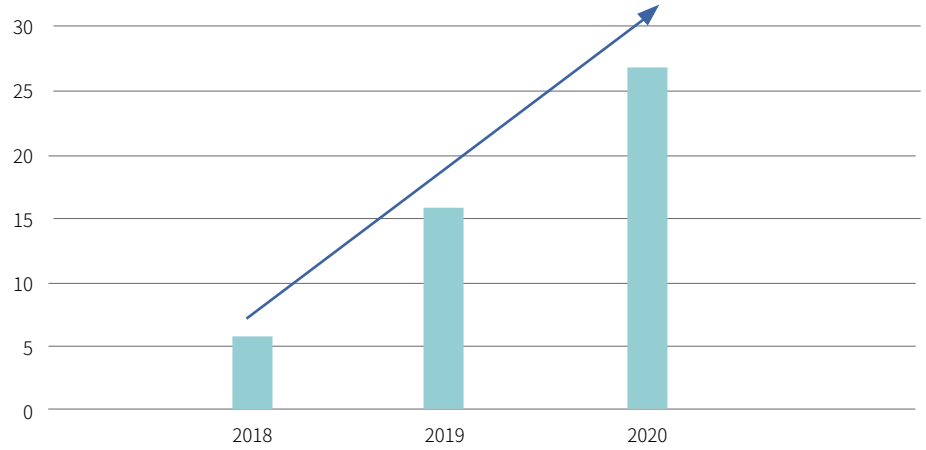
All suppliers comply with USI's social and environmental assessment criteria.

Promotion of "Supplier's Code of Conduct" (Supplier CSR Commitment)

Currently, we encourage suppliers to sign the "Supplier CSR Commitment." In 2020, a total of 11 suppliers signed the Commitment. We have started revising some internal SOPs to include the Commitment as part of a new supplier submittal. Currently, major suppliers of bulk materials and the top five materials suppliers are requested to sign the Commitment. After all suppliers sign the Commitment, unannounced onsite supplier audit for compliance with the Commitment will be implemented from time to time.

By the end of 2020, a total of 27 suppliers signed the "Supplier CSR Commitment," 11 suppliers, or 68.75%, more than in 2019.

Total Number of Suppliers Signing the Commitment



Continual improvement of the SCM mechanism

With quality, ability and environmental policy as conditions, we perform corporate social responsibility in collaboration with outperforming suppliers on a long-term basis. We also communicate with contractors and transporters our environmental policy, comply with the EU's RoHS directive, reinforce environmental education and training, and care about the safety of contractors working in our plant, in order to ensure the safety of all operations, protect the life, safety and health of personnel, and optimize risk management with contractors and transporters together.

SCM mechanism
https://www.usife.com/CSR/en-us/CSR52.aspx

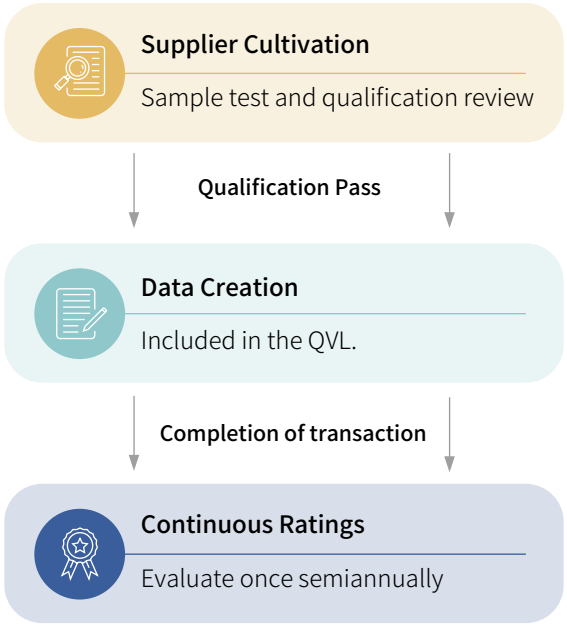
Management of raw materials suppliers:

At USI, the supplier evaluation is implemented centrally by the Procurement Section of the Kaohsiung Plant. Only suppliers passing the evaluation are included in the Quality Supplier List. The evaluation mechanism is as follows:

We select qualified suppliers of raw materials and OEM products based on one of or a combination of the following:

- Suppliers with credibility or a good reputation at home and abroad.
- Suppliers certified by international systems, such as ISO 9001.
- Suppliers designated by technology suppliers.
- Suppliers with a good quality or delivery record.
- Exclusive suppliers of materials

Establishment of a qualified supplier selection process as follows:



Rating items

Raw materials		Product transportation	
Delivery Punctuality (G)	Quality (G)	Undertaking capacity, cost, guarantee, and claim (G)	Work quality, efficiency and cooperativeness (G)
40%	60%	40%	60%

Note 1: (E), (S), (G) represent respectively environmental, social, and governance aspects.

Results of Materials Supplier Evaluation in 2018 – 2020

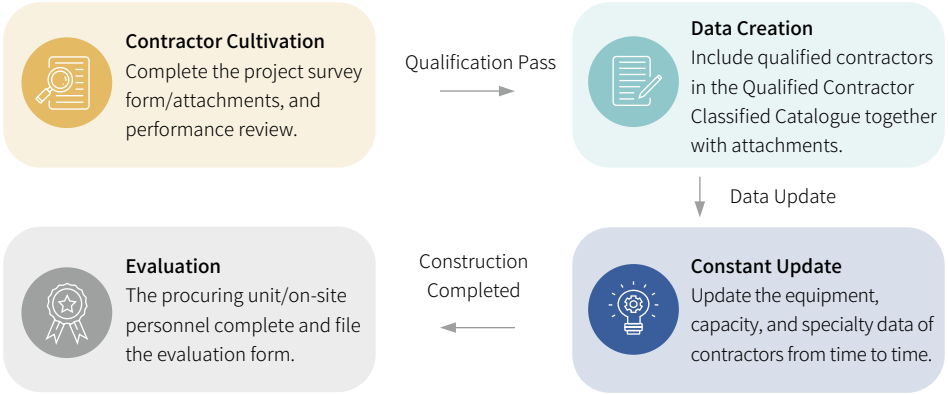
Year	2018	2019	2020
Suppliers Evaluated	71	72	76
Pass Rate (%)	99%	100%	100%

We have 76 qualified materials suppliers. In 2020, all 76 suppliers were evaluated. Besides a 100% evaluation, all suppliers passed the evaluation, with a 100% pass rate.

Management of construction contractors:

We outsource construction contracts to local contractors, and on-site personnel of the plant supervise and manage them during the construction period. In addition to construction projects, we care about HSE, occupational safety, human rights and labor practices.

Establishment of a qualified contractor selection process:



Contractor qualification items

Capital	Total Amount of Two Major Projects in the Last 2 Years	Cumulative Amount of Projects each over NT$200K in the Last Year	Factory Scale	Amount of Equipment Investments	Numbers of employees
10%	20%	10%	20%	20%	20%

Project construction evaluation: During project construction, we will evaluate a contractor according to the following ESG standards:

Construction Quality (G)	Health and Safety Measures (E)	Coordination Performance (G)	Site Manager (S)	Environment Maintenance (E)	Construction Progress (G)
40%	20%	10%	10%	10%	10%

Note 1: The pass mark is 50 points. We will stop enquiries from contractors with a score of 30-49 points for one or two years and disqualify contractors with a score below 30 points.
Note 2: (E), (S), (G) represent respectively environmental, social, and governance aspects

Results of Contractor Evaluation by Kaohsiung Plant in 2018-2020

Year	2018	2019	2020
Suppliers Evaluated	129	111	124
Pass Rate	100%	100%	100%

In 2020, there were 124 contractors undertaking projects with a value over NT$50,000, and all 124 contractors were evaluated. Besides a 100% evaluation, all contractors passed the evaluation, with a 100% pass rate.

Supply chain risk management

Supply chain risk management
https://www.usife.com/CSR/en-us/CSR51.aspx

The procurement amount of plasticizing materials (ethylene and VAM) is the highest every year. The 2020 procurement of such materials accounted for 92% of the total. Currently, ethylene and VAM are the major raw materials of USI products. In consideration of the risk of a supply shortages, we have adopted the following solutions:

Type	Potential Risk	Strategy	Practice
Materials Risk	Supply interruption	Source dispersion	Cultivate new sources across the world.
		Supply contract	Sign long-term supply contracts with important suppliers.
		Strategic procurement	Analyze market movements regularly and adjust the optimum procurement strategy.

To secure the sustainable supply of material sources and stimulate market circulation, we actively cultivate new material sources and increase bulk material suppliers to 12 companies, including 3 domestic suppliers and 9 foreign suppliers.

Locations/Materials	2020/Ethylene	2020/VAM
Taiwan	87%	72%
Foreign	13%	28%
Source	Totaling 6 suppliers	Totaling 6 suppliers

Green Purchase

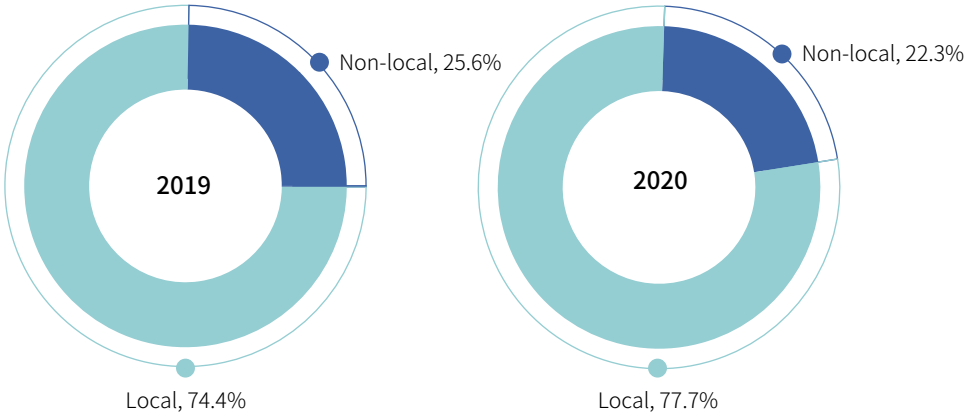
Green Purchase
https://www.usife.com/CSR/en-us/CSR54.aspx

Support for local procurement

Taiwan is our operational and production base. When the procurement conditions are similar, we prioritize procurement from local suppliers in order to achieve the following goals:

- Establish long-term, sustainable cooperation
- Promote local economic development
- Increase job opportunities
- Reduce transportation processes

In 2020, we increased the local procurement of secondary materials by about 3% YoY compared to 2019.

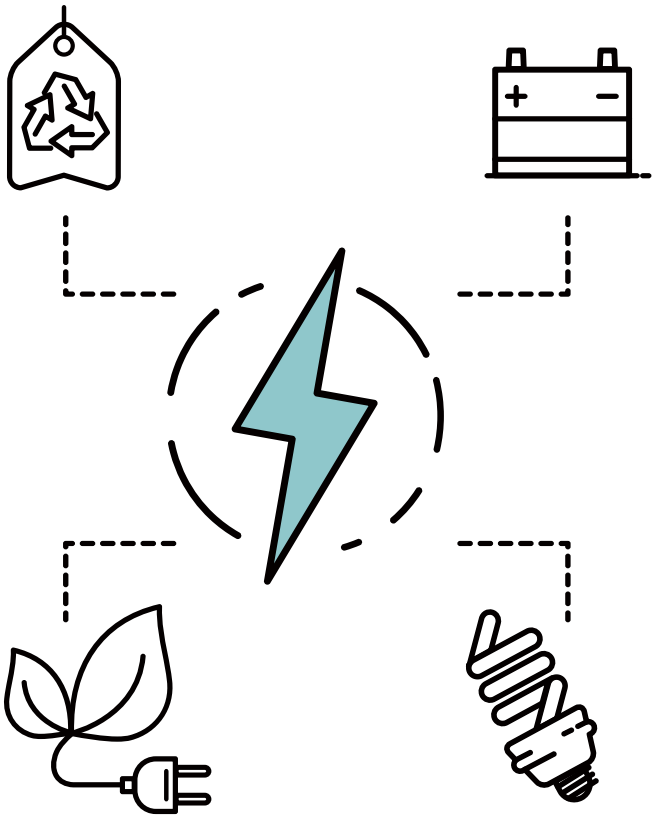


Energy-efficient and eco-friendly equipment

In addition to continuously promoting environmental protection and energy conservation policies, we have been encouraging all units to use energy-efficient and eco-friendly materials in recent years. These materials include energy-efficient devices (e.g., high-performance IE3 motors) and ecolabel products (e.g. LED tubes and energy-efficient IT equipment).

Amount of procurement of energy-efficient products in 2020 (expressed in NTD)

Equipment purpose	Total amount
Inverter drive	1,192,000
IE3 high-performance anti-explosion motor	500,000
IE3 high-performance motor	3,784,750
Grand Total	**$5,476,750**

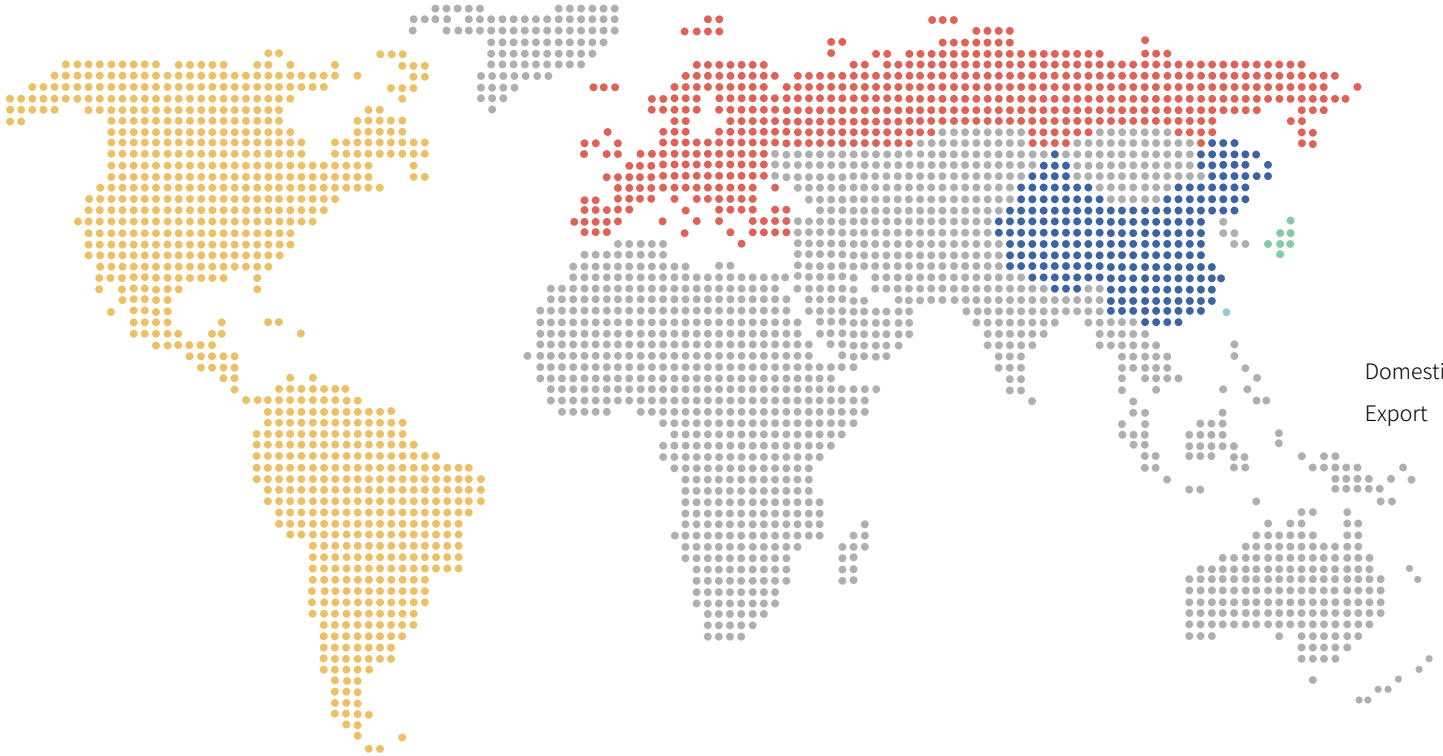


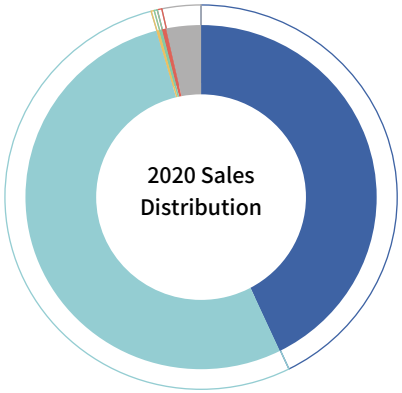
Innovation and Supply Chain Service

3.4 Sales and Customer Service

GRI 102-2, 102-6

USI products are distributed mainly to a total of 287 customers in Europe and Asia. Products exported by ranking are EVA, HDPE, LDPE and LLDPE. The chart below shows the sales distributions and market distributions of USI products in 2020. All were calculated by sales volume.





Domestic 42.3%
Export 57.7%

- Taiwan 42.3%
- China and Hong Kong 43.3%
- Other Regions 12.7%（Vietnam, Malaysia, Thailand, Indonesia, Bangladesh, Pakistan, India, etc.）
- America 1.5%（Paraguay, Mexico, USA, Brazil, Peru）
- Europe 0.1%（Turkey, Russia, Ukraine, Poland）
- Japan 0.1%

Sales Services

Technical Support

- Establishing the "Customer After Sales Technical Service Policy"
- In the "Product" section of our corporate website, we provide complete information regarding the specifications, properties, functions, application manual, and safety data sheet (SDS) of our current and new products
- Setting up an enquiry hotline
- In 2020 no nonconformity with regulations or fine in relation to product labeling was reported (GRI 419-1)
- Providing customers with a small quantity of samples for test runs and continuous technical support

Product Responsibility

- All USI products comply with the Restrictions on Hazardous Substances (RoHS)
- Provision of quality inspection reports as requested by customers

Customer Privacy

- To ensure the security and the correct use of customer information, the Group Information Systems Division has established a series of regulations regarding information security management, including the General Provisions for the Information Security Management Policy, System Development and Maintenance Management Regulations, Directions for Going Live Management of Application Systems and Programs, and Directions for Database Management to protect and control all types of information. Moreover, we have strengthened privacy protection to prevent exposure of information by reinforcing firewall management, privilege control, segregation of testing environments and operating environments, and de-identification of data containing personal information.
- In 2020 no damage or leakage of customer privacy was reported.

Customer Complaints

- Establishing the "Customer Complaint Handling Procedure" to process all customer complaints about products.
- Customer complaints processing procedures.

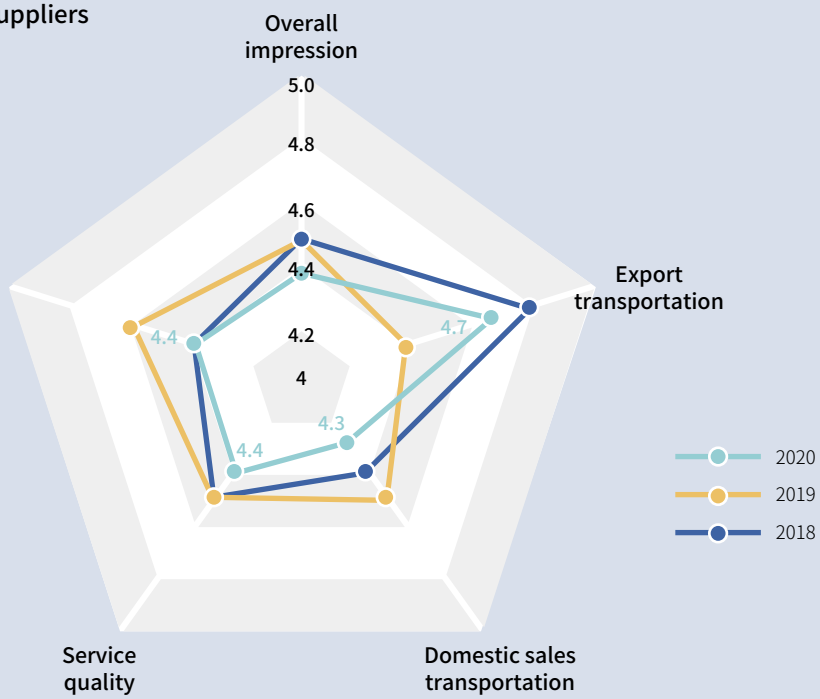
1. **Receipt of customer complaints**
   Referring complaints to the sales unit
2. **Acceptance of customer complaints by the sales unit**
   Filling in the "Customer Complaint Notice"
3. **Causes investigation of customer complaints by implementation unit.**
   Causes investigation
   Recommendation of solutions
4. **Reply to customers**
   Filling in the customer complaint closure report
5. **Effectiveness confirmation**
   Proposing corrective and preventive actions
   Confirmation and follow-up of effectiveness.
6. **Closure**
   Filling in the customer complaint handling report.

- We have adopted the following procedures to ensure that all customer complaints are addressed and resolved: computer processing and recording of customer complaints processing; discussion of each complaint at the monthly meeting; effective implementation of quality improvement activities; dedicated personnel for cause analysis, follow-up of corrective and preventive actions, and tracing the effectiveness of corrective and preventive actions.

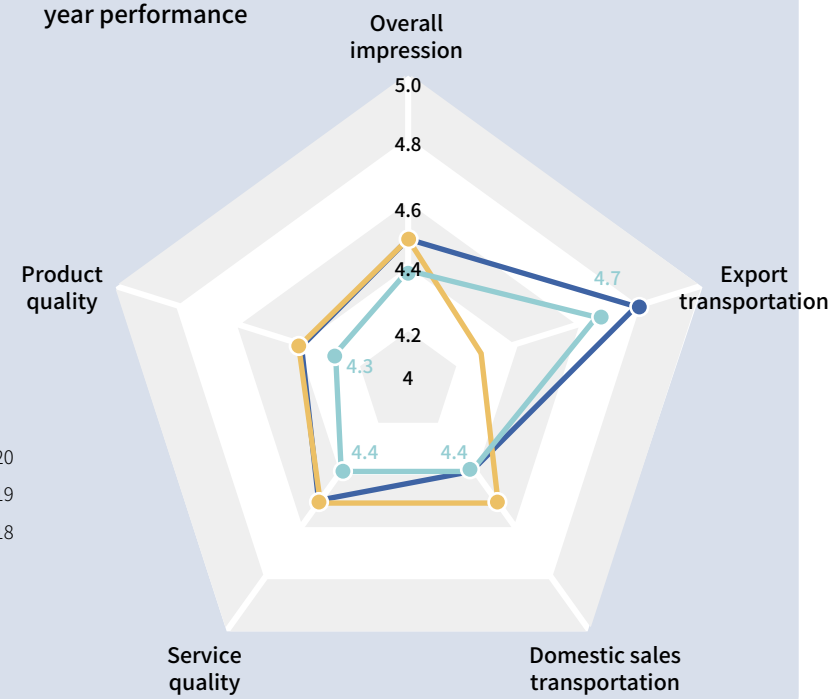
Customer Satisfaction

Survey Frequency	A customer satisfaction survey is conducted semi-annually.
Sampling Method	Fifty, including 40 domestic buyers and 10 overseas buyers, from the top one hundred buyers by purchasing quantity are surveyed during the first and second halves of the year.
Contents and Results	In 2020, all aspects were above the “satisfied” level, and up to 98.4% of investigation feedback for investigations in the year was either “highly satisfied” or “satisfied," achieving the 2020 target ≧ 94%. The charts below show the survey results in “comparison with other suppliers” and “comparison with the previous year performance” in the past three years.

Comparison with other suppliers



Comparison with last year performance



Note: “5” for highly satisfied;
“4” for satisfied;
“3” for fair;
“2” for unsatisfied;
and “1” for highly unsatisfied.

CH4

Environmental Protection and Resources Management

Material topics in this chapter

1. Air Pollution Control
2. Waste Management
3. Energy Management

Performance

- Environmental Expenditure: approx. 116.16 million.
- Electricity 1.67% less; Energy 1.28% less Carbon 1.49% less; Water 3.62% less.
- The recovery rate increased from 11.2% to 12.2%.

Environmental Protection and Resources Management

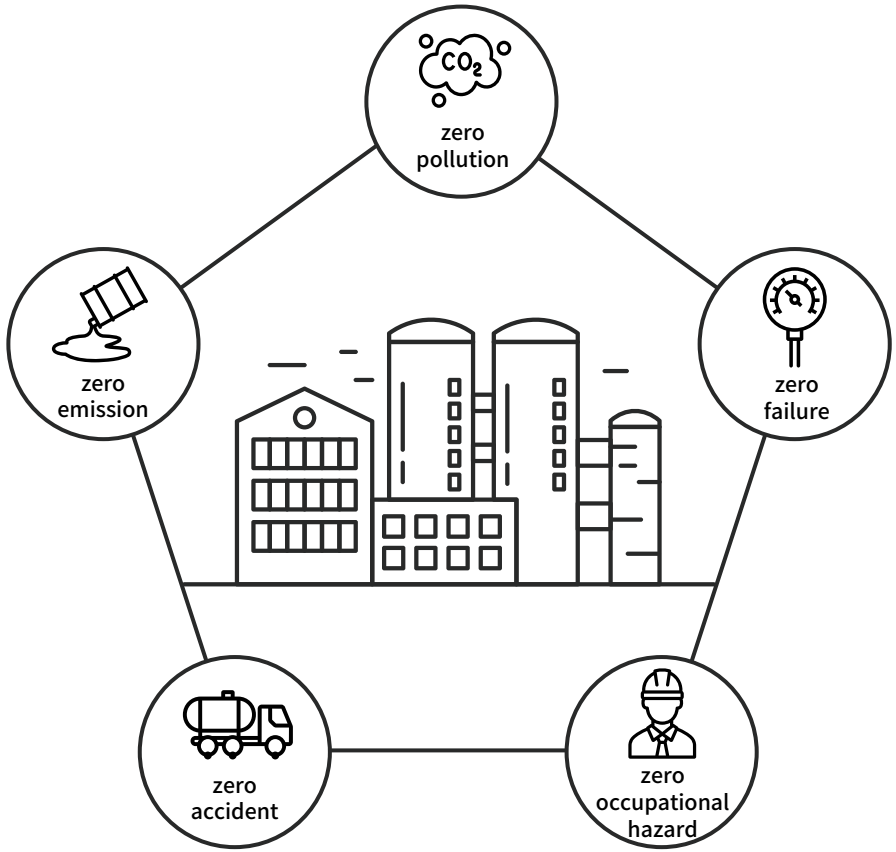
4.1 Environmental Management System

It has been over two decades since we established the ISO 14001 environmental management system (EMS) in 1998, coverage rate is 100%. EMS provides USI with a good environmental protection framework for controlling and reducing environmental impacts, preventing accidents from impacting the environment, and ensuring legal compliance. Following international trends, we have integrated the EMS and the health and safety system to draw up an HSE (health, safety, and environmental protection) policy and the “five zero goal."

USI Kaohsiung Plant EHS Policy

Ongoing environmental protection for zero pollution
Embrace the homeland to achieve zero industrial accidents.

Upholding the business philosophy of Chairman Wu, we optimize HSE to protect the health and safety of employees and maintain the environment and ecosystem. This is our wish and the responsibility of every employee. To fulfill CSR with due diligence and support clean production and environmental protection, Kaohsiung Plant will make continual improvement of the workplace environment, operation safety, process waste reduction, energy conservation, and carbon reduction, in order to achieve the “five zero goal: zero pollution, zero emission, zero accident, zero occupational hazard, and zero failure."



Environmental objectives and management programs

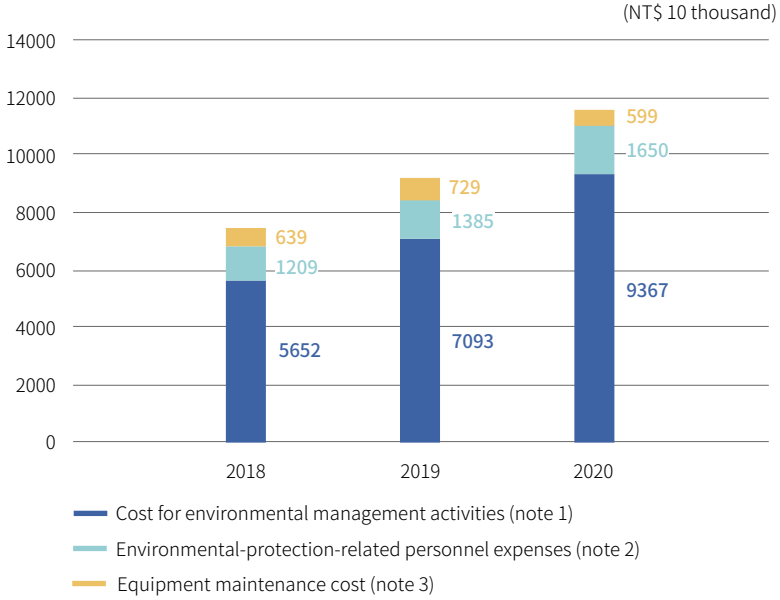
2020 Environmental Protection Targets and Management Programs

Policy	Goals	Program	Effectiveness
Zero emission	Measured leakage rate <0.6%	Equipment/ Component VOCs Effusion Reduction	• 2020 measured VOCs leakage rate 0.057% • Enhance self-management and education/ training of equipment/components; periodically check and review inspection and repair progress; and increase the test frequency of leakage-prone equipment/components.
	VOCs removal efficiency 99%	TO Construction as RTO Standby System	1. Besides acting as the standby system of the RTO, the TO is used to remove high-intensity VOCs in-house. 2. The TO system was completed in 2020, commissioning started on 2020.08.21, high-intensity VOCs processing results: VOCs 4ppm, reduction rate >99.9%; low-intensity VOCs processing results: VOCs 6ppm, reduction rate >99.3%.
	GHG reduction 2,148 tCO_2e	Plant Electricity Conservation	In 2020, a total of 4,220,665kWh (target 2,622,047kWh) were saved, reducing GHG up to 2,148 tCO_2e
	Reduce water discharge by 5,280 tons	Continuous monitoring and reclamation of effluents	In 2020, a total of 7,945 tons of water was reclaimed from the effluent reclamation system.
Zero Pollution	Improve effluent water quality to 60% effluent standard (COD<60 mg/L)	Effluent Quality Control Enhancement	In 2020, effluent COD was 28.7 mg/L in the first half of the year and 52.8 mg/L in the second half of the year.
	Completed the construction of the block control and wastewater treatment equipment to prevent wastewater anomalies from occurrence.	1. Strengthen the wastewater treatment plant. 2. Effective block and control abnormal wastewater leakage	1. Completed the new sludge concentration tank; improved the bottom sludge removal system of the sedimentary tank; and constructed the sludge rinsing system for the flotation system to enhance sludge treatment and collection efficiency. In 2020, the COD, SS, and grease in effluents complied with the discharge standards. 2. Planned the zone and added the major isolating valve and sampling port. So far, 86% of the project at Plant I was completed, and the rest will be continued in 2021.

Environmental Expenditures

Our environmental management costs include the cost for environmental management activities, environmental-protection-related personnel expenses, and equipment maintenance cost. In 2020, the total amount of environmental expenditures increased by **26.2**% from 2019 to about NT$**116.16** million.

Environmental Expenses of Kaohsiung Plant in the Past 3 Year



Note1: The cost for environmental management activities includes fees for air pollution control, water pollution prevention, waste disposal, noise pollution prevention, depreciation of fixed assets for pollution prevention and others (e.g., cleaning and mowing).

Note2: Environmental-protection-related personnel expenses include personnel expenses and environmental protection-related training fees

Note3: Equipment maintenance cost includes the fees of environmental-related equipment and the fees for equipment maintenance.

Environmental Protection and Resources Management

4.2 Resources Management

Raw material management

Major Raw Materials

Our main products are: LDPE, EVA, HDPE, and LLDPE. Major raw materials include ethylene, VAM, and butene. Major secondary materials include Iso-Paraffin Solvent, propylene, n-Hexane, and isopentane. Raw materials are only used by Kaohsiung Plant, with a coverage rate of 100%.

Plants are engaging in feedstock recovery, hoping to reduce resource consumption. The recovery methods include the new leak gas recovery system, monomer refine tower (MRT), and the improvement project of the high-pressure recovery system at Plant II. In 2020 the recovery rate increased from 11.2% of 2019 to 12.2%.

Water Resources Management and Effluent Management

Water Resources Management

The circular economy is an industrial system designed for recovery and regeneration to replace “end of life” with “recovery," in order to turn waste into resources and thereby achieve waste reduction. By constantly implementing the circular economy, we implement water conservation and drainage reduction through improvement programs to reclaim and recycle valuable water resources for reuse and set the annual water conservation target at “1%." The actual conservation is 3.62% in 2020. The boundary of water resources and effluent management is the Kaohsiung Plant, with data coverage of 100%.

Based on the data of the Southern Region Water Resources Office, WRA, MOEA, the daily industrial water demand in Kaohsiung area is about 300 Ml, daily domestic water demand is about 1,250 Ml, the daily average and annual average water withdrawal of the Gaoping River Dike is about 1,000-1,100 Ml and over 300,000 Ml. The Pingding Water Treatment Plant and Chengcing Lake Water Treatment Plant are the two main water sources of Kaohsiung Plant, and none of them are located in the“high”or“extremely high” areas with baseline water stress. The 2020 total water withdrawal was 1,029.036 Ml, accounting for 0.9% of the local industrial water supply, with a reduction of about 5.18 Ml over 2019.

2020 Water Withdrawal, Discharge, and Consumption

Total Water Withdrawal 1029.036 Ml

Non-water-pressure area

- Third-party water-fresh water (≦ 1,000mg/L TDS): 1,029.036 Ml
- No runoff, groundwater, seawater, output water.

Note: Discharge is subject to the readings on the water meter (flow meter).

Total Discharge: 284.858 Ml

Water-pressure area - NH4 total volume control

- Runoff- fresh water (≦ 1,000mg/L TDS): 284.858 Ml
- Discharge contains no groundwater, seawater, and third-party water.
- NH4 in the first half and second half years was 1.27 mg/L and 0.28mg/L, far below the effluent standard (20 mg/L).

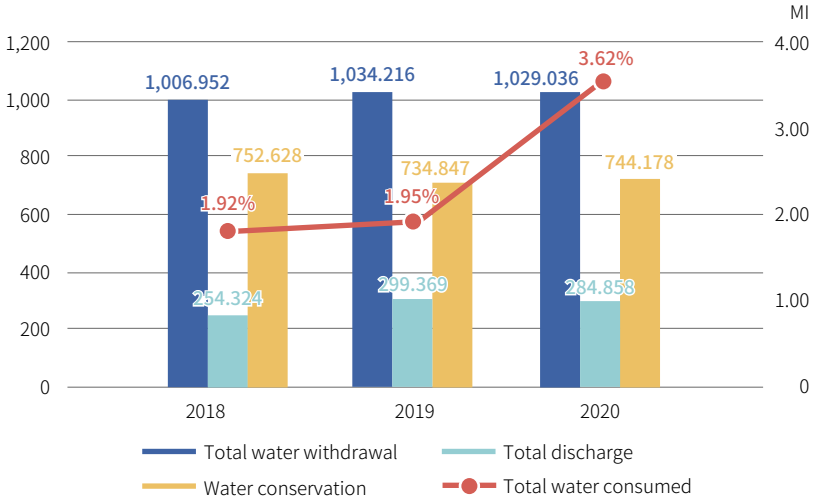
Note: Discharge is subject to the readings on the effluent meter (flow meter).

Total Consumption = Total Withdrawal – Total Discharge = 744.178 Ml.

USI withdraws water mainly from tap water for product production, equipment cooling, boiler, domestic use of employees, and other uses.

In 2021, we will implement water conservation and consumption control programs to address the drought in the Greater Kaohsiung Area. We will also stop using tap water for the fountain, irrigation, exterior wall and ditch washing to reduce unnecessary water consumption. In addition, we will reduce water supply pressure at off-peak hours and specific times for all units to support water conservation.

Water Status in the Last 3 Years



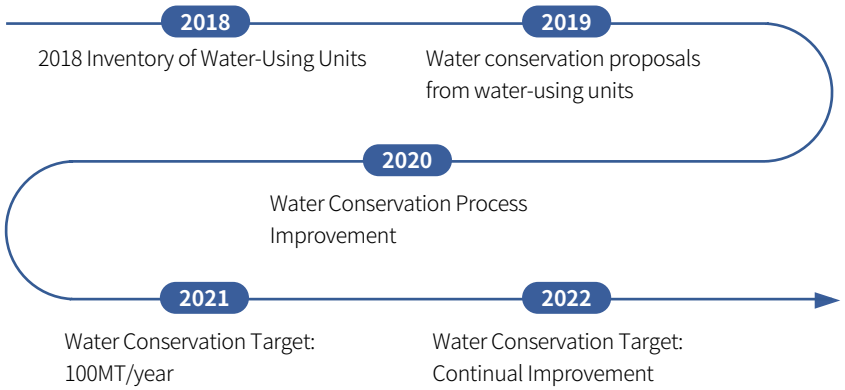
Water Reclamation

Based on the concept of circular economy, Kaohsiung Plant is focusing on water recycling though the following programs:

Program	Effectiveness
Enhancing the recycling rate of water resources	We have improved the steam condensate recovery system. After the completion and operation of the Kaohsiung Plant's new steam boiler, the condensate reclaimed from steam can be reused in the new boiler for re-use. The water reclaimed is approximately 47,520 MT/year. Calculation The project was completed in 2016. After field tests, we found that the reclamation volume is 6t/hour. Based on 330 days a year, the annual reclamation volume is 47,520 MT.
Recycling spillage water reclaimed from pellet cutting	Spillage water reclaimed from pellet cutting is first transported to the sedimentation tank. Then, it is pumped into the reclaimed water treatment plant before being further transported to the cooling tower for re-use to reduce tap water consumption and process effluents. The water reclaimed is approximately 27,720 MT/year. Calculation The project was completed in 2016. After field tests, we found that the reclamation volume of the system is 14t/ batch. Based on six batches a day and 330 days a year, the annual reclamation volume is 27,720 MT.
Continuous monitoring and reclamation of effluents	Continuous monitoring of the in-house effluent quality to enhance effluent treatment and response capacity and ensure that effluents comply with the discharge standards. After reclaiming by the system, effluents are treated before being transported to the cooling tower for re-use to reduce tap water consumption and process effluents Calculation Based on the readings of pumps on-site, the total wastewater reclamation in 2020 was 7,945MT.
Detention basin and storm water reclamation channel	Pipelines will be installed from the existing detention basin and storm water reclamation channel to the cooling tower. After filtering by the storm water separator next to the cooling tower, storm water will be re-used by the cooling tower. The water reclamation in 2020 is about 13,235 MT. Calculation The project was completed in 2017 and started operation in 2018. The plant catchment area is 3,500m^2, the tank site dike area is 3,300m^2, Kaohsiung's annual rainfall in 2020 was 2,162.5mm. Based on a reclamation rate of 90%, the estimated water reclamation is about 13,235 MT/year.
MRT Steam Condensate Recovery	Steam condensate is recovered for reuse in the boiler to reduce tap water consumption. The project annual recovery is 17,500MT. Calculation Steam condensate recovery at 2.2MT/hour. The number of workdays is 330 days/year. The annual recovery is thus 2.2×24×330 ≒ 17,500(MT/year).

Note: The estimated volume of reclaimed and recycled water in 2020 was 113,920 MT; the total water intake was 1,029,036 MT; the volume of reclaimed and recycled water was 11% of the total water intake.

We keep track of future water shortages and endeavor to reduce water consumption or enhance water reclamation efficiency in response. In 2019, we reviewed the water consumption of each water-using unit and investigated the water consumption balance across the plant. Based on the water consumption proposed by each unit, we improved and recovered steam condensate in the EVA process in 2020 up to 17,500MT/year to achieve and surpass the 2021 target of effluent discharge reduction at 100MT/year in advanced. In the future, we will continue to optimize and assess more effective water conservation programs and measures to achieve water recycling.



Effluents Management

Wastewater from the plant is the main source of effluents from USI. According to KSEPB's effluent runoff discharge permit, effluents that cannot be re-used after treatment and comply with the environmental protection laws and regulations can be discharged to the surface water body—Houjing River. The 2020 water discharge reduced by 14.511Ml over 2019 to 284.858Ml.

Wastewater discharge from the plant includes process wastewater and domestic wastewater from employees. Wastewater is transported to the water treatment plant for treatment via wastewater pipelines. The wastewater treatment system includes the pre-treatment and primary (physical) treatment. Through trash screening, oil removal, sedimentation, and chemical treatment, and the sludge treatment unit for wastewater solid-liquid separation, effluents meet the drainage quality before discharge. In addition, to reduce the environmental impacts of effluents and implement water recycling, apart from following the environmental protection laws and regulations, we purchased the dissolved air flotation system and fiber filtration system in 2018 to enhance wastewater treatment capacity, improve effluent water quality, reduce wastewater discharge, and increase water recycling volume.

Due to an in-house anomaly, the pH value and COD value of effluents exceeded the legal standard for one time in 2019. Therefore, we reviewed the emergency response to anomalies to prevent effluents from contaminating the environment. We enhance the source management of process wastewater. When an anomaly is detected, apart from blocking it from the source, we tighten effluent water quality monitoring and self-management through examinations and analyses, increase the frequency of pH and COD tests, calibrate related instruments regularly, and capture the wastewater treatment capacity in real time. In 2020, our efforts to optimize the wastewater (sewage) treatment plant included: adding the sludge concentration tank, improving the bottom sludge removal system of the sedimentary tank, and constructing the sludge rinsing system for the flotation system to enhance sludge treatment and collection efficiency. For the process source control, we blocked and controlled abnormal wastewater leakage to reduce the load of the treatment system and lower the environmental impact of effluents.

Prevention and Management of Plastic Resin Pellet Leakage

The US Plastics Industry Association and American Chemistry Council co-promote the Operation Clean Sweep (OCS) campaign dedicated to preventing plastic resin pellets, flakes, and power loss from entering the ocean to cause environmental pollution. In 2020, we participated in the "Self-Management of Water Body Pollution by Negligence or Leakage of Plastic Resin Pellets cum Water Pollution Control Technology Training" organized by the EPA. The seminar provided international practical methods to prevent leakage from the collection, handling, and transportation of plastic materials.

In 2020, we implemented the plastic resin pellet leakage prevention and management through in-house inspection and inventory of plastic resin pellet leakage management. We also arranged education/training for contractors. In 2021, we plan to implement on-site inspection to understand the methods that contractors and employees adopt to clean up and prevent the leakage of plastic resin pellets. We will also establish or revise related control documents to ensure the collection of plastic resin pellets, flakes, and powder to prevent them from polluting the environment by rainfall or sewage.




Water Quality Monitoring Management

Every half year, we hire environmental analysis organizations approved by the Environmental Analysis Laboratory (EAL) to examine water quality of effluents from our plants, including NH4 required for total volume control. Every year, effluent test items required for reporting are well-followed the effluent standard. Referring to the amended "Effluent Standards," there are 22 items, including 7 for general water quality and 15 for specific water quality. In the 2020 water quality tests and analysis of untreated wastewater and effluents, we found that the content of the following 11 items are below the method detection limit (MDL): phenols, vinyl chloride, 1,2-dichloroethane, benzene, ethyl benzene, dimethyl phthalate (DMP), diethyl phthalate (DEP), dibutyl phthalate (DBP), benzyl butyl phthalate (BBP), bis (2-ethylhexyl) phthalate (DEHP), and di-n-octyl phthalate (DNOP). We were also exempted from testing these items by the Kaohsiung Environmental Protection Bureau. In addition, after discharging effluents to the Houjing River in Kaohsiung, a NH4 total volume control area, the NH4 detection limit is below the regulatory requirements over the year. The 2020 NH4 value is far below the effluent standard, with the lowest detected at below 6.4%.

Results of Water Quality Examination 2018 - 2020

Water Quality Indicator	2018		2019		2020		Effluent Standard (Petrochemical Industry)
	First Half	Second Half	First Half	Second Half	First Half	Second Half	
SS (mg/L)	15.7	3.7	9.2	24.8	3.7	8.5	30
Grease (mg/L)	0.9	5.9	9.6	8.3	6.3	2.6	10
COD (mg/L)	70.8	21.5	27.4	45.3	28.7	52.8	100
NH_3-N (mg/L)	0.13	0.032	0.14	0.88	1.27	0.28	20

Environmental Protection and Resources Management

4.3 Climate Change and Energy Management

GRI 103-1, 103-2, 103-3 SDG 7, 13

Sustainability Principle: Sustainable Development

Significance and Strategy

Significance to USI

Drawing up of related energy conservation and emissions reduction measures, enhancing climate change responsiveness, reducing GHG emissions, lower operating cost, raise process efficiency, and enhance competitiveness.

Strategy and Approach

Reduce unit product energy consumption and GHG emissions.

Commitment

Annual electricity conservation >1%
Boundary: USI, Coverage rate 100%

Achievement and Goal

2020 Goals

1. Implement GHG inventory.
2. 1% electricity less, 1.2% energy less, and 1.5% carbon less.
3. Implement the energy management system.
4. Implement the energy conservation and carbon reduction project.

2020 Projects

Implemented 6 energy conservation projects.

2020 Achievements

Implemented 6 energy conservation projects, saved electricity by 1.67%.

Sustainable Development Milestone

2021 Goals

Implement 8 energy conservation and carbon reduction projects to reduce electricity by 0.75%.

3-Year Goals

Implement automation (Industry 4.0) and AI

5-Year Goals

Green energy development.
Annual average energy conservation of 1.2% in 2020-2025

Management

Effectiveness Assessment

1. Unit product energy consumption.
2. Energy conservation volume.
3. Energy review and identification table (monthly).
4. HSE Management Committee meeting (quarterly).
5. GHG inventory.

Grievance Mechanism

- "Contact us" on the corporate website.
- Stakeholder contact information
- Stakeholder questionnaire

Key Programs of this Chapter

1. TCFD climate change risks and opportunities.
2. Water and AI water information early warning management system.

Management Performance

Climate Change: Addressing climate change brings the opportunities for sustainable development **TCFD climate change risks and opportunities.**

Believing that the occurrence and increase in extreme weathers as a result of climate change will bring significant impacts to operations, apart from active mitigation of GHGs produced from production through proactive energy conservation and carbon reduction in recent years, we progressively engage in renewable energy development in response to the government policy. In 2016, we voluntarily set the group's energy management objectives, hoping to make contributions within the controllable range. To adapt to the impacts from climate change, we adopted in 2019 the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) to identify the risks and opportunities from climate change and assess the potential financial impacts in order to establish countermeasures based on the identification results. In November 2020, we became one of the 1,846 global TCFD supporters.

GRI 102-12

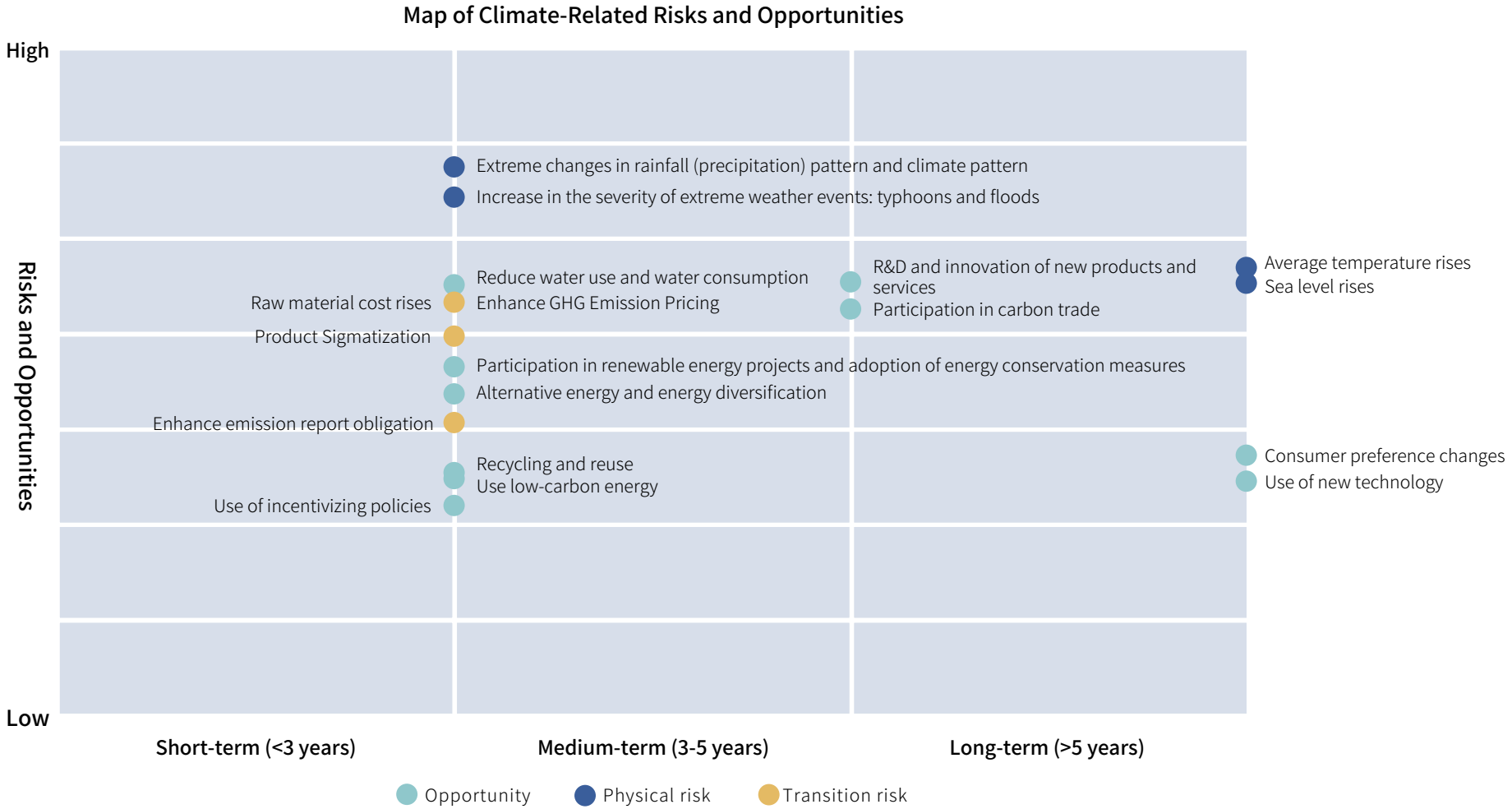
See webpage https://www.fsb-tcfd.org/supporters/ for details

USI TCFD Framework

Governance	CSR Committee	At USI, the top climate change governance body is chaired by independent directors who report the climate change implementation planning and performance at the meeting half-yearly
	Group Management Meeting	It is the top management of USI's management review chaired by the group chairperson. The management review meeting reports the progress of major policies and take orders from the chairperson
	Group Environmental Quarterly Review Meeting	It is the top management of the group's energy management and reports the planning, progress, and decisions of energy management to the group chairperson
Strategy	Identification of Risks and Opportunities	Based on the risk and opportunity items, the company identifies material items based on the likelihood and impact of each item
	Assessment of Potential Financial Impact	Assess the financial impacts of identified material risks and opportunities
Risk Management	Implementation of TCFD	Identify risks and opportunities based on the TCFD framework, communicate with all responsible units, and confirm by senior management
	Submission of Identification Results	The CSR Committee meeting is held every year to report the identified material risks and opportunities and present countermeasures
Indicators and Targets	Group Energy Management Targets	The group sets the annual average energy conservation by a minimum of 1.2% during 2020-2025. The target is reviewed every three years
	Climate-Related Response Strategy	Equipment renewal, construction of renewable energy equipment, optimization of production scheduling, planning building aircon, energy management system, extreme weather emergency response plan
	GHG Emissions Disclosure	Disclose the scopes I and II disclosures in the CSR report every year and review the causes for changes periodically

Identification of Climate-Related Risks and Opportunities

The impact of climate change on USI's operations has been increasing. To tackle the potential risks and capture the potential new business opportunities, we have spared no efforts in implementing programs to enhance energy conservation and carbon reduction, improving production efficiency, and replacing old equipment with high-efficiency equipment. We adopted the TCFD method to identify the transition risk and physical risk in business transformation and the emerging opportunities from climate change. As a result, we identified 8 major risks and 10 major opportunities. In 2020, we further differentiated them by the time of occurrence. In the future, we will review the countermeasures every year and develop a resilient climate change culture.



Potential Financial Impact of Risks and Opportunities and Countermeasures

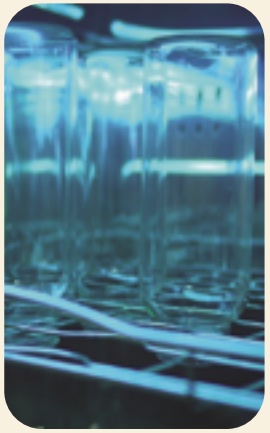
Type	Climate-Related Risk	Time Range	Risk Level	Potential Financial Risk	Countermeasures	USI Specific Description
Transition	Enhance GHG Emission Pricing	Short-Medium Term	Medium-High	Capital expenditure ↑ Operating costs ↑	1. Implement the energy management system. 2. Invest in green power, energy conservation, and carbon reduction equipment, and increase the expense of carbon fee.	Own-brand manufacture is our core business. The electricity cost accounts for 7.9% of the total production cost. The annual electricity conservation target at 1.2% can help save over NT$5 million. With reference to the example of Singapore, the carbon fee is NT$100/MT, the annual expense on carbon fee will exceed NT$15 million.
	Raw material cost rises	Short-Medium Term	Medium-High	Operating costs ↑ Capital expenditure ↑	Accelerate AI production scheduling to enhance efficiency and reduce material losses from number plate change.	Ethylene is our major material. To increase ethylene sources, we invested NT$906 million in the Ethylene Storage Tank Project of Kaohsiung Intercontinental Container Terminal Project to be completed in 2022.
	Product Stigmatization	Short-Medium Term	Medium-High	Asset value ↓ Revenue ↓	1. Accelerate transformation 2. Invest in high-efficiency equipment and use green products.	In 2020, we approved a budget of NT$110 million for building the R&D building to accelerate the pace of R&D.
	Enhance emission report obligation	Short-Medium Term	Medium-High	Operating costs ↑	1. Implement ISO14064. 2. Enhance website and media disclosures.	In 2020, we invested about NT$280,000 in implementing ISO14064 and in the IT workforce to set up a website for information disclosure.
Physical	Extreme changes in rainfall (precipitation) pattern change and climate pattern	Short-Medium Term	Medium-High	Capital expenditure ↑ Operating expense ↑	Build an AI water information system to establish countermeasures based on the precipitation in reservoirs.	In case of water shortages, we will purchase water from outside. In case of water scarcity, we will reduce production line output or shut down operations. It is estimated that water purchase will increase production costs by over NT$0.1 million/day. In case of production line shutdown, the loss will increase to about NT$2.5 million/day. In case of operation suspension, the loss will be over NT$10 million/day.
	Increase in the severity of extreme weather events: typhoons and floods	Short-Medium Term	Medium-High	Capital expenditure ↑ Operating expense ↑	Build flood control and drainage facilities.	To reduce the loss from operation suspension caused by floods, we progressively plan budgets to build flood control and drainage facilities. Otherwise, the loss from operation suspension will be about 650 MT/day.
	Sea level rises	Long-term	Medium-High	Capital expenditure ↑ Operating expense ↑	1. Raise the equipment foundation. 2. Build flood control and drainage facilities.	In response to the rainfall pattern change and extreme weather events such as typhoons and floods, equipment foundation should be raised accordingly.
	Average temperature rises	Long-term	Medium-High	Capital expenditure ↑ Operating expense ↑	1. Raise the equipment foundation. 2. Build flood control and drainage facilities.	In response to the rainfall pattern change and extreme weather events such as typhoons and floods, equipment foundation should be raised accordingly.

Type	Climate-Related Opportunity	Time Range	Opportunities Level	Potential Financial Risk	Countermeasures	USI Specific Description
Resource Efficiency	Reduce water use and water consumption	Short-Medium Term	Medium-High	Capital expenditure ↑ Operating costs ↑	1. Invest in wastewater reclamation equipment. 2. Constantly develop water conservation programs.	To enhance water recycling, we spent NT$16 million on building the sewage reclamation system in 2018 and constantly develop water conservation programs.
	Recycling and reuse	Short-Medium Term	Medium-High	Revenue ↑ Operating costs ↓	Seek appropriate solutions	Engage in wax recovery research, with equipment going live in 2021.
Energy source	Participation in carbon trade	Medium-Long Term	Medium-High	Operating costs ↑	Constantly trace related laws and regulations and seek transaction opportunities.	Constantly trace related laws and regulations and seek transaction opportunities, and participate in related seminars from time to time.
	Use low-carbon energy	Short-Medium Term	Medium-High	Asset value ↑	Engage in renewable energy programs within three years.	Constantly assess and seek appropriate programs to engage in renewable energy programs within three years.
	Use of new technology	Long-term	Medium-High	Asset value ↑ Operating costs	1. Constantly enhance process carbon efficiency. 2. Engage in high-performance investments. 3. Purchase Green Mark equipment	In 2021, we activated the smart factory system to constantly keep track on equipment energy consumption.
	Use of incentivizing policies	Short-Medium Term	Medium-High	Capital expenditure ↓	Coordinate with the Renewable Energy Incentivization Regulations	Propose corresponding actions according to the Renewable Energy Incentivization Regulations
Products and Services	R&D and innovation of new products and services	Medium-Long Term	Medium-High	Asset value ↑ Revenue ↑ Capital expenditure ↑	Cultivate new markets and engage in industry transformation	In 2020 we invested in a new R&D center to cultivate new markets and engage in industry transformation.
	Consumer preference changes	Long-term	Low-Medium	Revenue ↑	Develop CBC new materials	Develop CBC new materials in response to the pandemic.
Resilience	Participation in renewable energy projects and adoption of energy conservation measures	Medium-Long Term	Medium-High	Asset value ↑ Operating costs ↓	Constantly participate in related activities.	Constantly participate in related activities, engage in local procurement, and implement green procurement.
	Alternative energy and energy diversification	Medium-Long Term	Medium-High	Asset value ↑	Invest in green power.	Actively seek appropriate locations to engage in green power development.

Companies within the group constantly invest in innovative materials and products to reduce the impact from climate change

Cyclic Block Copolymers (CBC)

In recent years, the government has been promoting the ban of single-use plastic products. We thus actively develop reusable, sterile, and lightweight materials to reduce the environmental impacts of plastic products. The new cyclic block copolymers (CBC) is characterized by its ultra-cleanliness and ultrahigh transparency. Its excellent UVC penetration and resistance extend product life-span and make disinfection more convenient. Apart from reducing environmental impacts, CBC helps promote health.



USii Zipper Bag

According to the FAO statistics, up to 45% of fruit and vegetables are soiled or spent during their life-span. We develop a technology to keep fruit and vegetables fresh by absorbing their spoilage agents to extend their life-span and thereby reduce food wastage. In addition, the reusable PE bag can indirectly reduce resource wastage.

Water-Based Sunshield Coating

We engage in the R&D of energy conservation and carbon reduction technology. In 2019, we developed different colors of water-based sunshield coating with the industry. When using on chemical storage tanks, they can effectively block heat transmission to reduce 80% of time for water spray for cooling in summer. Besides saving water, they can help maintain the quality and stability of chemicals in the tank.

Energy Management GRI 302-3

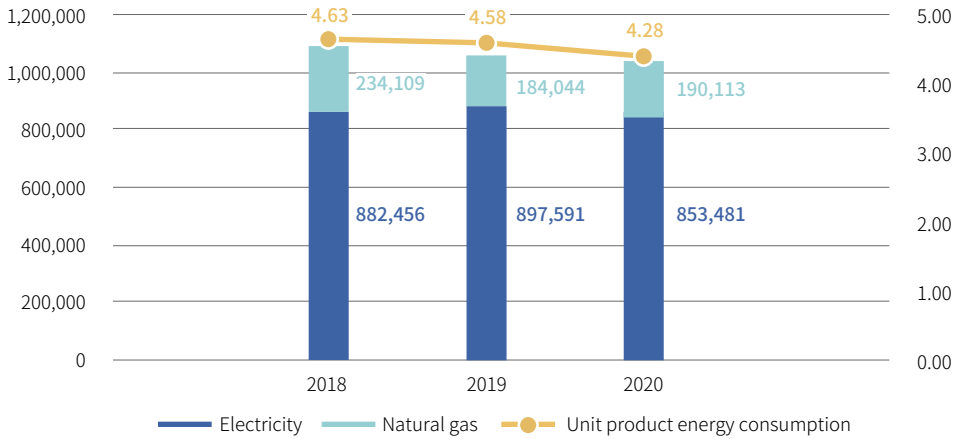
USIG Energy Management Targets

Based on Taiwan's energy development policy and the science-based target (SBT) to limit global temperature rise within 2° C, in 2019, we set the annual energy conservation target at 1.2% for 2020-2025 or 7.2% in 6 years. All companies within the group are requested to comply with this target and plan related action plans in response. To effectively manage energy performance and make continual improvement, we have implemented the ISO 50001 EnMS in USI plants. By 2020, seven plants have passed certification. In 2021, two more plants will complete system implementation. Through constant energy conservation and carbon reduction, we hope to demonstrate our influence to reduce environmental impact.

Every year USIG holds the "plant technology exchange meeting" and several and "northern/Kaohsiung plants resource integration meetings" for plants to share resources and exchange technologies to improve performance in energy conservation and carbon reduction. At the "plant technology exchange meeting" in September 2020, the group organized the case sharing in the form of competition for the first time based on the subjects of "EHS," "predictive maintenance," and "energy conservation and carbon reduction." Through case submission and documentary review, seven cases eventually entered the final for senior officers and all presenting plants to elect the top three cases. The group chairman also presented the certificate and bonus to winners, in order to encourage technology improvement within the group through competition and mutual learning. In 2020, we won second place in the technology case presentation.

In response to the government's energy conservation policy, we implement related electricity saving measures and changes the fuel of the steam boiler from fuel oil to LNG to reduce energy consumption. Product energy consumption thus reduced from 4.58 GJ/m.t. in 2019 to 4.28 GJ/m.t. in 2020.

Energy Consumption and Unit Product Energy Consumption in the Past 3 Years



Note 1: As the consumption of diesel, LPG, and natural gas is far lower than that of electricity and fuel oil, it cannot be shown in the chart. Please refer to the table below for details.

Note 2: Energy consumption unit: GJ; unit product energy consumption unit: GJ/m.t.

Note 3: Energy consumption does not include the consumption of the CBC plant (which is at the test run stage).

Note 4: See the remarks in the table below for the calculation bases.

Energy Consumption and Unit Product Energy Consumption in the Past 3 Years GRI 302-1

Energy Type	Unit	2018	2019	2020
Fuel oil	GJ	815	0	0
Electricity	GJ	882,456	897,591	853,481
Natural gas	GJ	234,109	184,044	190,113
Diesel	GJ	584	458	527
Total consumption	GJ	1,117,964	1,082,093	1,044,121
Production	MT	241,699	236,410	244,162
Unit product energy consumption	**GJ/MT**	**4.63**	**4.58**	**4.28**

Note 1: Referring to the Energy Heating Value Per Unit Product Table announced by the Bureau of Energy, Ministry of Economic Affairs, the conversion factor of energy consumption of fuel oil, electricity, LPG, LNG, and diesel is as follows: 9,600 kcal/L, 860 kcal/kWh, 9,000kcal/m3, and 8,400 kcal/L; where 1 cal = 4.187 kJ.
Note 2: Sources of LNG and electricity consumption: fuel bill statistics.
Note 3: Source of diesel consumption: Material collection forms.
Note 4: Only non-renewable energy is used.
Note 5: Energy data coverage rate: 100%.
Note 6: Energy consumption does not include the consumption of the CBC plant (which is at the test run stage).

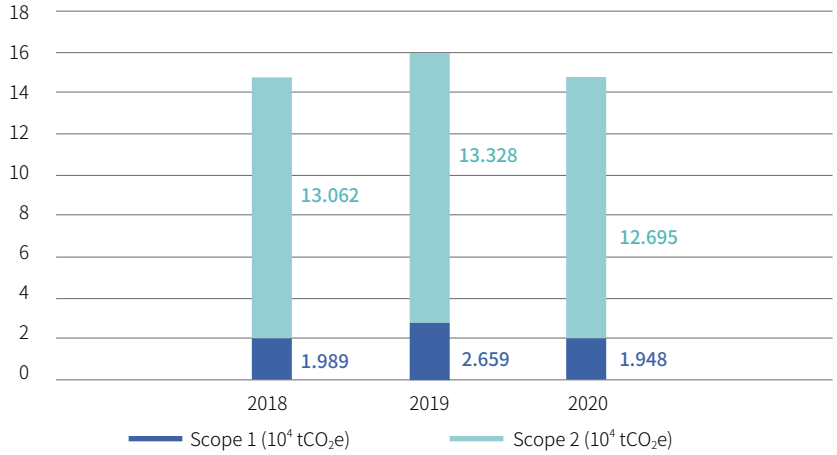
GHG Management GRI 305-1, 305-2

We set organizational boundary for GHG inventory based on the "operational control method." The organization has 100% of GHG emissions from facilities under its operational control. The emission coefficients are cited from EPA's GHG Emission Coefficient Management Table V.6.0.4, and the global warming potential (GWP) is reported based on IPCC's AR5 (2013).

In 2019, we selected "ISO14064-1:2018" as the standard for verification of GHG inventory, and gathered GHG inventory data and established the system in the assistance of external experts for more accurate quantitative data. Therefore, we set 2019 as the base year for USI's GHG inventory. In 2019, the direct emissions (scope 1) were 26,590tCO_2e, indirect emissions (scope 2) were 133,280tCO_2e, and the total GHG emissions were 159,870tCO_2e.

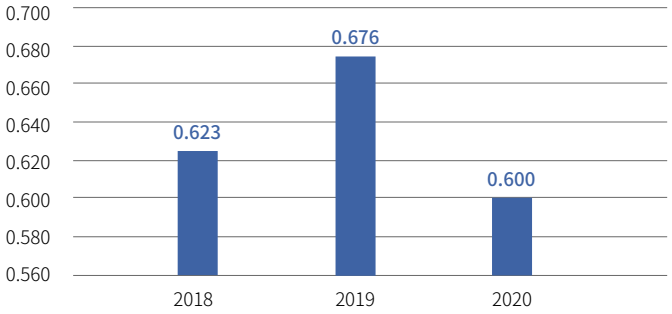
We will continue to implement energy conservation and carbon reduction. In the future, we will progressively plan the product carbon footprint and assess the scope 3 inventory to effectively review the environmental impact of CO_2, in order to achieve win-win for environmental protection and profit-making.

GHG Emissions in the Past 3 Years



Note1: Scope 1 refers to direct GHG emissions from production processes or facilities. The 2018 data presented in the above chart covers only the major emission sources such as fuel oils, natural gas, RTO, and flaring (including emissions from stationary burning of fossil fuel and flaring); in 2019-2020, the data covered major emission sources including stationary burning emissions, mobile burning emissions, process emissions, fugitive emissions, land use changes, and forests. GRI 102-48
Note2: Scope 2 refers to indirect GHG emissions from indirect sources. In 2018, it was purchased electricity. In 2019-2020, it covered the indirect emissions from input power and input energy. GRI 102-48
Note3: The electricity emission coefficient is subject to the electricity emission coefficient of the utility electricity business: 0.533 kgCO_2e/kWh for 2018 and 0.509 kgCO_2e/kWh for 2019-2020.
Note4: Data of 2018 was reviewed by Deloitte Taiwan. The data of 2019-2020 was verified according to ISO 14064-1:2018 by SGS, including the trial run emissions of the CBC plant. GRI 102-48

Unit Product Emissions: CO_2e/m.t.



Note: The trial run emissions of the CBC plant was included for 2019-2020.

GRI 102-48

Energy conservation and carbon emissions targets and performance GRI 302-4

The 2020 targets and performance for energy conservation and carbon emissions and the 2021 targets for energy conservation and carbon emissions are tabulated below:

Year / Item	2020 Targets	2020 Performance	2021 Targets
Electricity Conservation (%)	1.04	1.67	0.75
Energy Conservation (%)	0.88	1.28	0.58
Emissions Reduction (%)	0.97	1.49	0.67
Water Conservation (%)	3.68	3.62	3.63

Note 1: Energy conservation refers to electricity conservation.

Note 2: Emissions reduction covers emissions from energy consumption.

The table below shows the programs and performance of energy conservation and emissions reduction in 2020. The energy conservation volume reported to the Bureau of Energy in 2020 was 4,220,655 kWh, equivalent to 2,148 tCO_2e.

GRI 305-1, 305-2

Item	Type	Program	Energy Saved kWh/year	Carbon Reduced (tCO_2e/year)	Period (2020)
1	Electricity Saving	Conveying blower renewal	28,189	14.3	Jan-Jun
2	Electricity Saving	Improved the C/E/F FKC water pump with the high-efficiency motor.	4,638	2.4	May-Dec
3	Electricity Saving	Replacement of the inverter motor for the cooling water tower fan of plant II.	92,082	46.9	Jan-Jun
4	Electricity Saving	Replaced the 175W anti-explosion mercury lamps in the plant with 100W LED lamps.	6,570	3.3	Jan-Dec
5	Electricity Saving	CBC plant suspended, and Plant I began to supply water for the site.	4,018,560	2,045.4	Jan-Dec
6	Electricity Saving	Office building aircon replacement.	70,625	35.9	Jan-Dec
		Total	**4,220,665**	**2,148.2**	-

Note1: Electricity to emission conversion coefficient is 0.509 $kgCO_2e$/kWh.

Note2: Based on the 2020 Report on the Annual Energy Saving Audit System of Energy Users of the Bureau of Energy.

Note3: Electricity conservation of items 1, 2, 3, 4, and 6 was calculated based on the design value/measured value and operating time of equipment before and after replacement.

Note4: Electricity conservation of item 5 was calculated based on the design value and the idle period of equipment.

Note5: The converted energy conservation is 15,198 GJ, and electricity is the energy source.

The energy conservation program reported to the Bureau of Energy in 2021 included the high-efficient motor replacement for the dicing pumps and chillers; renewal of the freezers and cooling pumps; compressor backflow power conservation; steam condensate recovery and reuse; modification of the chiller pump operation mode; and process exhaust recovery and reuse. It is estimated that electricity can be saved by 0.75% or 1,879,863 kWh in 2021, with an annual carbon reduction at 957tCO_2e.

Electricity Conservation Rate in the Past 3 Years

Item	2018	2019	2020
Electricity Saved (kWh)	2,007,294	3,355,494	4,220,665
Electricity Conservation (%)	0.81	1.33	1.67

Note1: Source: Based on the 2020 Report on the Annual Energy Saving Audit System of Energy Users of the Bureau of Energy.

Note2: Subject to the energy audit equation of the Bureau of Energy: reported energy saved divided by the total electricity consumption.

Factory Smart Energy Management System

Through the IDB's guidance, we completed the ISO 50001:2018 EnMS and was selected as a demonstration plant in 2019. Then, we continued to apply to the IDB for the Factory Smart Energy Management Demonstration Guidance Program in 2020. Based on the EnMS, we established energy performance indicators and baseline requirements, equipped plant workers with the ability to data collection and analysis and control and management, and discovered the actual application and practice of smart manufacturing and management to provide a reference for top management to take corrective actions.

Through systematization, automation, and visualization, we simplified complicated data management, reduced management labor and costs, and provided a reference for discovering opportunities to improve energy conservation and supervising the improvement in energy performance. In the future, we will find space for energy conservation through data analysis to enhance energy efficiency and develop mechanisms and drives for continual improvement, in order to progressively reduce energy consumption and achieve the national policy for energy conservation and carbon reduction.

External Display Page

List of Energy/Resource Consumption, Overall Indicators, and Sustainable Performance Data of Plants

Internal Management Page

Energy Indicators Real-time Management, Waster Information, and Energy Consumption Statistics

Smart factory management covers:

(1) The VOCs detection maps: records of VOCs value around the plant, and trace of offsite VOCs movement to understand the air quality around the plant.

(2) The Water Information Dashboard: links to the reservoir water source information. Changes are visualized with the BI for predicting the remaining water content for consumption (in days) and monitoring in-house water consumption, in order to remind staff of potential water shortages and facilitate in-house water dispatch in advance. Currently, we have also planned to improve the cooling water system to progressively enhance the system's electricity efficiency rate. By integrating with the water information dashboard, we can understand the current water supply condition to reduce water consumption without affecting plant operations.

USIG Building Energy Management Program

Promotion Vision

When the challenges of global warming intensified, we implemented the energy management system in the headquarter building in November 2019 out of our high concern about energy conservation and carbon reduction, hoping to enhance building energy conservation and carbon reduction with more scientific and data-based reasonable management with the system.

Strategic Direction:

After implementing the energy management system, through figure analysis and diagnosis, we searched for every possible opportunity for energy conservation and carbon reduction and practiced building and office energy conservation and carbon reduction through four aspects: equipment improvement, operation improvement, management improvement, and awareness education.

By changing the concept and attitude of employees, we hope to develop self-awareness and habits of energy conservation and carbon reduction in them.

Promotion Track

2019

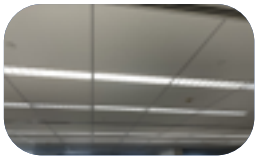
- EnMS implementation
- System surveillance and analysis

2020

- Induction lamps at the garage driveways

Induction LED lamps at the south driveway at B1

- LED lamps in the common areas
- Replacement of 100% LED lamps in the office area.



LED lamps in the office area

- Thermostat deployment
- Timer deployment for compressors

Performance

Lighting fixture improvement was the core topic of 2020. By replacing low-efficiency lamps with high-efficiency LED lamps and standardizing color temperature, we enhanced the luminance of the office area and reduced power consumption by 138,848kWh/year. Thermostats were installed for aircon temperature control and timers were used to adjust the on/off time of aircon compressors to significantly reduce power consumption in winter.

Environmental Protection and Resources Management

4.4 Air Pollution Control

GRI 103-1, 103-2, 103-3 SDG 11, 13

Sustainability Principle: Sustainable Development

Significance and Strategy

Significance to USI

Continuous environment improvement to achieve “zero pollution and zero emission."

Strategy and Approach

1. Reduce pollution and emission through process source improvement in support of end-of-the-pipe treatment.
2. Constant investment in environmental pollution control (prevention) management.
3. Compliance with the Gaoping total volume control.

Commitment

Enforce zero pollution and zero emission.
Boundary: Kaohsiung Plant

Achievement and Goal

2020 Goals

1. Equipment/component VOCs leakage <0.5%.
2. Removal of 99% of VOCs through destruction by the TO.

2020 Projects

1. Reduce equipment/ component VOCs effusion.
2. Increase TO pollution control equipment

2020 Achievements

1. VOCs equipment leakage: 0.057%
2. Completed the installation and commissioning of the TO system with the capacity to remove high-intensity VOCs by >99%.

Sustainable Development Milestone

2021 Goals

1. Equipment/component VOCs leakage <0.5%.
2. Reduce the fugitive emissions of VOCs through process improvement.

3-Year Goals

1. Implement VOCs emission reduction programs.
2. Install control equipment to effectively reduce pollutant emissions.

5-Year Goals

1. Reduction of equipment/component leakage.
2. Reduction of pollutant emissions.

Management

Effectiveness Assessment

1. VOCs test report
2. Emission data

Grievance Mechanism

- “Contact us” on the corporate website.
- Stakeholder contact information
- Stakeholder questionnaire

Chapter Summary

1. Management methods
2. Management performance

Management Approach Description

USI is located in Kaohsiung City within the Gaoping Total Volume Control Area and the level 3 control area of $PM_{10,}$ $PM_{2.5}$, and O_3. Therefore, air quality improvement has always been our prime target. To fulfill our corporate social responsibility, we spare no effort in implementing environmental improvement, hoping to achieve the "zero pollution and zero emission" goals in the five zero's policy and contribute to air quality improvement.

Management Targets

To achieve zero pollution and zero emission goals and in support of the reduction targets in phase I of the Gaoping Total Volume Control Area, we set the VOCs target to 5.525m.t. in 2017. In 2018, the KSEPB audit confirmed that we had achieved the phase I reduction target at 5% and reduced the boiler's emission intensity to NOx 150ppm, TSP to 20 mg/ NM^3, and SOx to zero. In 2019, we built a TO system. Besides acting as the standby system of the RTO, it can reduce high-intensity VOCs in-house. In 2020, we completed the installation and commissioning of the TO system with removal rate of high-intensity VOCs at >99% to effectively reduce VOCs emissions.


the thermal oxidizer (TO)

Management Approach

In addition to regularly testing and reporting air pollutants, we have planned the following reduction programs to effectively reduce air pollutants:

VOCs Reduction

Create files for each equipment component in the plant for management, replace glandless pumps, purchase low-leakage valves, simplify process pipelines, reinforce the maintenance of equipment components and seal waste water tanks with a cover.

To reduce equipment/component VOCs leakage, in 2019 we implemented the equipment/component VOCs effusion management program, enhance the self-management and education/training of equipment/components, periodic tests and review of repair progress. We also increased the test frequency of leakage-prone equipment/ components. In addition, during the repair or modification of equipment or pipelines, we removed or reduced unnecessary equipment/ components and performed VOCs tests after the repair or modification.

Effective VOCs Treatment

In 2015 we officially implemented the RTO and steam boiler processing for process exhausts to effectively process VOCs and recover heat to reduce energy consumption.

Reduction of Pollutant Emissions

Replace fuel oil with the cleaner natural gas as the fuel for the steam boiler to reduce SOx and NOx emissions. In 2019, we built a TO system. Besides acting as the standby system of the RTO, it can reduce high-intensity VOCs in-house. The TO system was completed in 2020. The commissioning showed that the reduction rate of high-intensity VOCs at 4ppm is >99.9% and the low-intensity VOCs at 6ppm is >99.3%.

Emergency Response to Air Quality

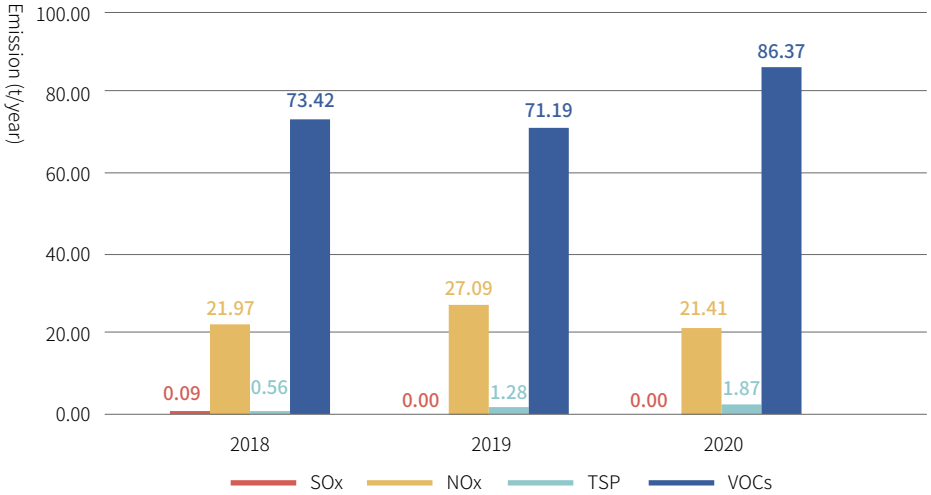
In 2019 we implemented the "Air Quality Deterioration Control Plan" to address the deterioration of air quality of all levels. We also activated the "Air Quality Deterioration Response Plan" covering enhanced equipment patrol and inspection, periodic inspection and maintenance of diesel forklifts, and process reduction for emissions reduction. In addition, we advanced the preventive countermeasures for poor air quality in response to the large events held by the Kaohsiung City Government. In 2020, we implemented the air quality deterioration response drill to enhance the response ability of employees

Management Performance GRI 305-7

Major air pollutants emitted by the USI include sulfur oxides (SOx), nitrogen oxides (NOx), total suspended particulate (TSP), and volatile organic compounds (VOCs). Fuel burning of the steam boiler is the main source of SOx, NOx and TSP detected in the plant, while RTO, flares, storage tanks, and equipment components are the main sources of VOCs emissions.

Over the years, we hired EAL-accredited environmental engineering companies to test USI pipeline emissions, and the emission test results have been consistently well below the EPA emission standards.

Air Pollutant Emissions in the Past 3 Years



Note: Air pollutant volume was reported based on the air pollution control fee. The volume of both 2019 and 2020 included the CBC plant. GRI 102-48

Testing Results of Boiler Discharge Pipes in the Last 3 Years

Pollutant	2018	2019	Standard (announced 2017)	2020	Standard (announced 2020)
SOx(ppm)	ND	ND	100	ND	50
NOx(ppm)	92	100	150	90	100

Note1: The results of VOCs emissions of Kaohsiung Plant comply with the statutory requirements over the years, with a reduction rate over 95%.
Note2: Emission intensity reduced significantly after the replacement of boiler fuel oil with natural gas in 2018.
Note3: ND means not detected.

Testing Results of the RTO Discharge Pipes in the Last 3 Years

Pollutant	2018	2019	2020	Standard
SOx(ppm)	ND	ND	ND	100
NOx(ppm)	2	2	2	150
TSP(mg/NM^3)	1	5	<1	100
VOCs(ppm)	58	53	52	Reduction rate>95% or<150ppm

Note 1: The results of VOCs emissions of Kaohsiung Plant comply with the statutory requirements over the years, with a reduction rate over 97%.

Environmental Protection and Resources Management

4.5 Waste Management

GRI 103-1, 103-2, 103-3

SDG 11, 12

Sustainability Principle: Sustainable Development

Significance and Strategy

Significance to USI

Continuous environment improvement to achieve "zero pollution and zero emission."

Strategy and Approach

1. Strengthen the waste management system.
2. R&D of waste reduction.

Commitment

Enforce zero pollution and zero emission.
Boundary: Kaohsiung Plant

Achievement and Goal

2020 Goals

1. Enhance the flow control of waste disposal.
2. Enlarge the scale of tests and assess waste reduction projects.

2020 Projects

1. Audit waste disposal contractors.
2. Waste reduction programs.

2020 Achievements

1. Unannounced inspections on four waste disposal contractors found that all comply with the related laws and regulations.
2. Enlarge the scale of tests and assess waste reduction programs.

Sustainable Development Milestone

2021 Goals

1. Enhance the flow control of waste disposal.
2. Test the waste reduction program in the process.

3-Year Goals

1. Establish a waste audit management system.
2. Implement waste recycling and reuse.

5-Year Goals

1. Implement waste reduction.
2. Green factory and clean production certification.

Management

Effectiveness Assessment

1. Waste reporting data.
2. Targeted research reports.

Grievance Mechanism

- "Contact us" on the corporate website.
- Stakeholder contact information
- Stakeholder questionnaire

Chapter Summary

1. Waste management
2. Environmental management objectives and management approach

Management Approach Description

For proper waste disposal, we hire licensed contractors to dispose of such waste according to laws and regulations related to waste disposal. Apart from reviewing the qualifications of contractors and requesting them to provide support documents for proper waste disposal on a regular basis, we perform onsite inspections on contractors to verify their waste disposal performance, in order to perform our supervision obligation.

Management Approach

We produce monthly general industrial waste and dispose of such waste by incineration, physical treatment and cleaning. In recent years, the QC lab has been constantly assessed the reviewed the methods for analyzing hazardous waste management to reduce solvent consumption and effectively reduce the output of hazardous industrial waste. In addition, after washing and processing by qualified contractors, waste plastic containers are crushed and sliced for recycling to achieve the circular economy of resources.

In waste disposal, we hire licensed waste disposal contractors to dispose of and treat such waste in accordance with the “Waste Disposal Act.” In 2020, no non-conformity of contractors was reported. In addition, we perform onsite inspection on four waste disposal contractors in accordance with the “Regulations Governing Determination of Reasonable Due Care Obligation of Enterprises Commissioning Waste Clearance” to understand the storage, removal, disposal, and recycling of waste of disposal contractors.

Waste disposal workflow

Regular report of waste output and storage.

Waste/resources output after use by USI

Onsite inspection of waste disposal contractors

Disposal/recycling of contractors.

Proper document processing

Disposal by contractors/reuse by other industries

Waste reduction programs:

Reinforcement of awareness education

Reinforce education of the need for waste categorization and labeling to increase waste recovery volume and reduce the disposal volume of general waste.

Clean production

Strengthen process management to minimize end-of-pipe treatment and reduce the output of sludge and other industrial waste.

Feasibility research of recycling and reuse

As the polymerization of some products will end early and cannot become finished products in the EVA process, we endeavor to commodify general industrial waste—wax to enhance carbon utilization rate. In 2019, we engaged in collaborative research with the team led by Professor Wen-Ji Lee of the Department of Environmental Engineering, National Cheng Kung University to find the solutions that can turn waste into products. The preliminary results can recover 83% of wax and process over 90% of residual VAM to effectively reduce waste output.

Waste Reduction Project Research

In 2020, we implemented the Waste Reduction Program and completed the scaled test and assessment of wax reduction. Through stirring and heating, we can separate VA in the wax by heating. Through the vacuum device, we can seal organic gas in water to prevent VOCs diffusion. It is expected that the field (process) test will be conducted in 2021 to progressively achieve waste reduction.

Hazardous Waste Reduction Management

1. After washing and processing by qualified contractors, waste plastic containers are crushed and sliced for recycling.
2. In analysis method improvement, the QC lab skipped the extraction process in inhibitor analysis to stop using solvents. As a result, solvent consumption reduced significantly. In addition, solvents are recovered for reuse in washing to reduce the consumption of washing solvents. In the future, we will continue to assess and review the analysis methods to effectively promote the reduction of hazardous waste.

With respect to laws and regulations relating to industrial waste disposal, we report the output, storage, removal and disposal waste over the official web site every month. In 2020 we comprehensively reviewed the regulation compliance and reported the data comparison, calibration, and inventory system every month to facilitate the control of waste information. In addition, based on the "Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste," industrial waste is sorted by the property of major composition before storing in the storage site, and the storage sites, containers, and facilities are properly labeled. We have also built covered waste storage sites equipped with blocking ditches to prevent groundwater and water from runoff contaminations. In 2020, we audited waste storage sites every month, and all sites complied with the related regulations.

Management Performance GRI 306-2, 306-3

We are also committed to waste sorting to classify, collect and manage recyclable resources. They are weighed and recorded before shipping out of the plant. We also hire licensed contractors to recycle waste metal. In 2020, we recovered 81.78MT of waste metal and hired nearby resource recycling contractors to dispose of the plant's paper waste. In 2020, a total of 3.144MT of wastepaper was recovered, accounting for 17.9% of all paper usage. The 2020 total output of all types of waste reduced by 36% from 2019 to 474MT. In 2020, no oil, fuel, waste, or chemical leakage was reported.

Waste Disposal Methods and Output in the Last 3 Years

Waste		2018	2019	2020
General Industrial Waste	Cleaning	45.75	43.97	44.87
	Incineration/Heat Treatment	114.98	245.418	231.7
	Physical	135.85	197	95.79
Toxic Industrial Waste	Cleaning	19.42	17.53	15.67
	Incineration	0.99	1.86	1.05
Recycling	Recovery/Reclamation	58.58	230.42	84.924
	Resource recycling rate (%)	15.6	31.3	17.9
Unit: MT		375.57	736.20	474.00









CH5

Health, Safety and Social Inclusion

Material topics in this chapter

1. Transportation safety management
2. Occupational health and safety
3. Talent development

Performance Highlights

- Model Pipeline Management
- 100% of permanent employee ratio
- Turnover rate: -2.64%
- Education/Training: 24.71 hours/person

Health, Safety and Social Inclusion

5.1 Transportation Safety Management

GRI 103-1, 103-2, 103-3 SDG 11

Sustainability Principle: Sustainable Development

Significance and Strategy

Significance to USI

Materials and products of Kaohsiung Plant are transported via underground pipelines and by qualified contractors to ensure transportation quality and safety.

Strategy and Approach

Establishment of OH&S and underground pipeline management regulations. In addition to conducting emergency response training and drills, the Kaohsiung Plant implements preventive maintenance, routine tour inspections, and error management of owned underground pipelines within and outside of the plant to prevent pipeline corrosion and leakage.

Commitment

Reduce environmental impacts and ensure transportation safety.
Boundary: Kaohsiung Plant, transportation contractors, and upstream/downstream supply chains

Achievement and Goal

2020 Goals

1. Outstanding underground pipeline joint defense organization in 2020.
2. Contractor evaluation based on the"Road Safety & Quality Assessment System" (RSQAS).

2020 Projects

The underground pipelines between the CPC Linyuan Petrochemical Complex and the Kaohsiung Plant were verified and repaired through excavation in coordination with the annual repair of the new third naphtha cracker of Taiwan CPC.

2020 Achievements

Based on the "Standards for the Effectiveness Evaluation of Underground Pipelines Joint Defense Organization," Kaohsiung Plant as part of the Pipeline-6 was rated an excellent pipeline defense organization by the Industry Development Bureau, Ministry of Economic Affairs, for five consecutive years.

Sustainable Development Milestone

2021 Goals

1. Outstanding underground pipeline joint defense organization in 2021.
2. Contractor evaluation based on the RSQAS.

3-Year Goals

Constant monitoring of underground pipeline safety and implementation of preventive maintenance.

5-Year Goals

Second underground pipeline IP test.

Management

Effectiveness Assessment

1. Periodic inspection of transportation vehicles.
2. PSMS and integrity management of underground industrial pipelines.
3. Kaohsiung Plant Existing Pipelines Operations Plan and Implementation Report.

Grievance Mechanism

Transportation meetings and safety meetings with transportation contractors at the Renda Industrial Park Service Center: Improvements made according to the assessment results by the competent authority of the operation and management plan of the underground industrial pipeline joint defense organization.

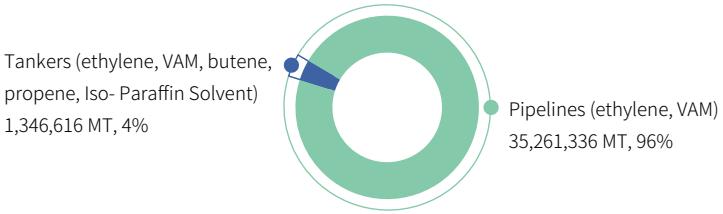
Chapter Summary

1. Feedstock transportation
2. In-house product loading safety management

Materials and Products Transportation Methods and Magagement Performance

Transportation Safety Management: https://www.usife.com/CSR/en-us/CSR46.aspx

2020 Feedstock Transportation Methods



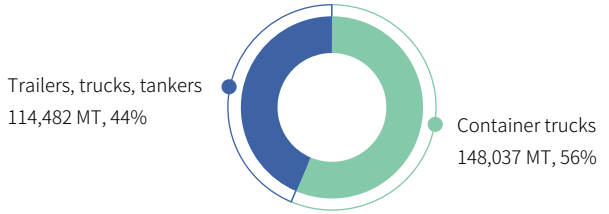
Transportation Methods

At USI, we transport 96% of feedstocks via underground pipelines and 4% by tankers. Products are transported by contractors with trailers, trucks, tankers, and containers.

Implementation Plan and Effectiveness

- No transportation-related accident was reported in the last decade.
- The maintenance, test, and integrity management of underground pipelines have passed third-party verification. The underground pipeline operations and maintenance plans are reviewed and approved by the Kaohsiung City Economic Development Bureau to confirm that pipeline operation will not be affected by corrosion, third-party damage, or human errors, in order to protect the public safety of citizens living nearby underground industrial pipelines and the operation safety of workers Double protection including corrosion zone and impressed current cathodic corrosion protection for all underground pipelines. Apart from the periodic CP test and pipeline pressure holding test, irregular pipeline pressure holding tests are implemented to ensure pipeline safety.
- Kaohsiung Plant and other plants in the same regional joint defense organization built the cloud platform of the underground pipelines information management system and commissioned a professional security company to patrol the platform every day. Implement in-process inspection through systematic, digital, and automatic computer management to enhance the management efficiency of pipeline maintenance
- In the evaluation based on the "Standards for the Effectiveness Evaluation of Underground Pipelines Joint Defense Organization" in 2020, after evaluating the baseline evaluation items, including the effectiveness of pipeline safety equipment, the emergency response of pipelines joint defense evaluation, and the effectiveness of pipelines joint defense operation and management. Pipeline 6 of the Kaohsiung Plant was rated an excellent pipeline defense organization and awarded the model pipelines trophy by the Industry Development Bureau, Ministry of Economic Affairs, for the fifth time.
- All tankers are qualified tankers for transporting chemical substances; each contractor has good emergency response ability, and well-established emergency response plans. Transportation is implemented according to the relevant control regulations and management measures.

2020 Product Transportation Methods



Transportation Methods

We transport products with trailers, trucks, tankers, and containers.

Implementation Plan and Effectiveness

- Legally registered transporters.
- Passed ISO 9001 certification with trained, qualified health and safety management personnel.
- Semi-annual evaluation of performance, efficiency, cooperation and quality and proposals for improvement programs based on customer feedback at the transportation review meeting.
- Regular vehicle examinations according to the relevant regulations. Holding safety meetings quarterly to ensure that contractors can safely transport products to the destination to minimize environmental impacts caused by transportation.
- In 2020, we began the transportation safety and quality evaluation to effectively capture and manage the transportation safety of contractors.

No transportation-related accident was reported in the last decade.

In 2020, we were rated an excellent pipeline defense organization and awarded the model pipelines trophy by the Industry Development Bureau, Ministry of Economic Affairs, for five consecutive years.

In-House Product Loading Safety Management GRI 403-7:2018

Management Approach Description

All products from Kaohsiung Plant are transported by Deyuan Transport Ltd. Apart from shipping products with trucks every day, the transporter designates resident loading personnel at Kaohsiung Plant. In addition to requiring them to comply with Kaohsiung Plant's access control and ESH regulations, we have established related controls to supervise their work alongside onsite and industrial safety personnel. We also constantly request them to enhance product loading safety to strictly control personnel operation safety.

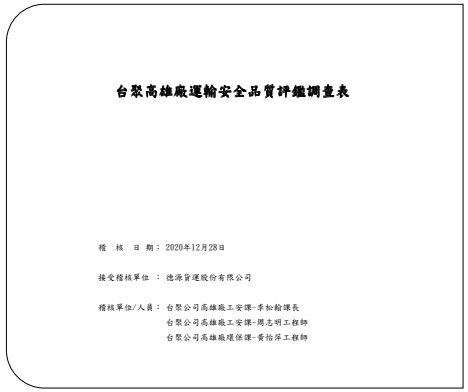
Management Approach

In addition to the year-end hazard identification of product loading and shipping, we also began to implement the safety and quality evaluation in 2020 to rate transporters in terms of the following eight items: corporate condition, driver record, safety policy and communication, SOPs and instructions, safety equipment, driver evaluation, vehicle condition control, and transportation quality. Furthermore, to enhance the control of recommended improvements after the evaluation, we determine the audit frequency based on the evaluation score and notify transporters to make early improvements of the audited problems.

Score Range	Grade	Subsequent Evaluation Frequency
Over 90	Excellent	1/annually
80-89	A	
70-79	B	2/annually
Below 69	C	Once a quarter.

Management Performance

Besides verifying the documented procedures, records, and announcements, we visited Deyuan Transport for an onsite interview with its drivers and sampling inspection of the periodic inspection data and related maintenance records of its tractors and hoppers during the annual transportation safety and quality evaluation. The integrated evaluation results showed that Deyuan Transport is a grade A contractor, and we also informed it of the related results. In the 2021 evaluation, we will also inspect the improvement of transporters.


台聚高雄廠運輸安全品質評鑑調查表

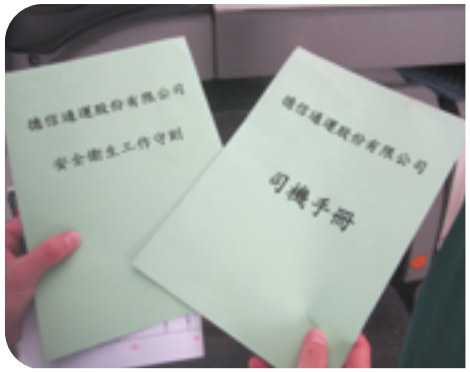
稽　核　日　期：2020年12月28日

接受稽核單位　：德源貨運股份有限公司

稽核單位/人員：台聚公司高雄廠工安課-李松翰課長
台聚公司高雄廠工安課-周志明工程師
台聚公司高雄廠環保課-黃怡萍工程師

▲ Transportation Safety and Quality Evaluation Report

▲ Documentary evaluation



▲ Truck dispatch data and driver interview

▲ Verification of trucks and procedures

Health, Safety and Social Inclusion

5.2 Occupational Health and Safety

GRI 103-1, 103-2, 103-3 SDG 8

Sustainability Principle: Sustainable Development

Significance and Strategy

Significance to USI

Take care of employee health. Prevent industrial accidents. Enhance employee OH&S protection. Develop the emergency response capacity and self-imposed safety management of employees.

Strategy and Approach

1. Enhance personnel training and occupational safety awareness.
2. Strengthen work environment safety management

Commitment

Create a safe workplace environment and reduce industrial safety accidents.
Boundary:
Kaohsiung Plant, contractors, and transportation contractors

Achievement and Goal

2020 Goals

1. Incident Rate < 2.59
2. Frequency-Severity Indicator (FSI) < 4.50
3. Monitored Nonconformities =0
4. Shutdowns caused by key equipment =0

2020 Projects

Implemented 14 projects, including 3 underground pipeline operations and maintenance projects.

2020 Achievements

1. Incident Rate =1.28: Enhanced education/ training and emergency response, and implemented OH&S management.
2. Frequency-Severity Indicator (FSI) = 1.27: Implemented equipment and pipeline rust removal, supplementary welding, screw replacement, and repainting.
3. Monitored Nonconformities=0: Reduced working hours in areas with noise threats and provide appropriate noise insulation equipment.
4. Shutdowns caused by key equipment=2, machinery maintenance by the engineering department = 3,406 units.

Sustainable Development Milestone

2021 Goals

1. Incident Rate < 1.28
2. Frequency-Severity Indicator (FSI) < 1.27
3. Monitored Nonconformities =0
4. Shutdowns caused by key equipment =0

3-Year Goals

1. Comprehensive industrial safety check.
2. Reduction of disabling injury.
3. Implementation of the PSM system
4. Underground pipeline assessment
5. Smart contractor management

5-Year Goals

1. Outstanding OH&S enterprise
2. Reduction of disabling injury.
3. PSM system
4. Underground pipeline assessment
5. Smart operation safety management

Management

Effectiveness Assessment

1. Employee health checkup
2. Reduction of injury of disability and work-related accidents
3. Contents and statistics of work-related accidents

Grievance Mechanism

- Labor-Management Meeting
- Union Board Meeting
- Occupational Safety and Health Committee

Chapter Summary

1. Occupational health and safety
2. OH&S management and general check
3. Management of work-related injuries and absenteeism

We set OH&S as part of the company's sustainable development strategy to maintain workplace environment safety and employee health. With respect to the "Occupational Safety and Health Act," we began to implement the occupational health and safety management system (OH&SMS) across all plants in 2001 and passed OHSAS 18001 certification every year. In 2019, we implemented the version change and auditor training of ISO 45001:2018 OH&SMS. On April 23-24, 2020, we completed the version change and on May 20, 2020, we acquired the certificate. GRI 403-1:2018

▲ SGS ISO 45001 Certificate

▲ USI Group Zero Accident Undertaking

During the version change, all USI employees participated in either the external or internal audit. In 2020, there were 1,846 workers covered by OH&SMS. All operations were planned and implemented according to the OH&SMS, including hazard identification, risk assessment, audit, and accident investigation.

Apart from implementing the OH&S management with respect to the Plan-Do-Check-Act (PDCA) cycle, the HSE and energy committee holds an extraordinary meeting at the beginning of each year to discuss the pilot review, baseline review, performance evaluation and assessment; review system performance in the previous year, and draw up the annual targets and expected achievements. Every quarter, the HSE management review meeting will be held to follow up and review the internal and external audit results, legal compliance, OH&S performance, system document revision, and various recommendations. Through the discussion and participation of all units, we aim to make continual improvement and enhance safety. Furthermore, the industrial safety department of the plant and construction responsible units perform industrial safety patrols and checks every day and engage in mutual supervision and experience sharing with USI affiliates to further enforce OH&S.

Workers Covered by OH&SMS in 2020 GRI 403-8:2018

Type	Numbers of person	Proportion
USI Employees	474	26%
Contractor Personnel	1,372	74%

Note: Contractor personnel include 30 contractor resident personnel (De Yuan Transport) and 1,342 personnel of qualified contractors

OH&S Goals and Management Program 2020

Policy	Goals	Program	Effectiveness
Zero accident	Incident Rate < 2.59	Prevention of pipeline corrosion hazards and steam injection point inspection	Completed inspections on 57 points.
		EF-line R/T Cooler Pipeline Anti-Corrosion Renewal	Replaced 3 corroded derime pipelines.
		Improved R/T cooler leakage.	Checked the leakage on and locked four coolers and scheduled maintenance and repair.
		Reactor Standby Program.	Located reactor steam leakage points and scheduled maintenance and repair in 2021.
		Spare M/P Construction	Purchased and connected spare M/Ps and scheduled installation and testing in 2021.
		Tanker Unloading Jibs	Completed the specifications for and purchased the tanker unloading jib and scheduled delivery and installation in 2021.
		Procurement of New TO Systems	Completed the installation, testing, personnel education/training, and permit acquisition for the TO system.
		Teal Pump Pipeline Leakage Anti-Corrosion Treatment	Completed rust removal and replaced new anti-corrosion coatings.
		Cooling Tower Pipeline Anti-Corrosion Treatment	❶ Operators implemented according to the work instruction WI-KHC-851-46. ❷ Implemented rust removal, supplementary welding, screw replacement, and re-painting.
		Fortified and renewed the drain grates in the unloading area of the BD feedstock tankers.	Completed rust removal and replaced new anti-corrosion coatings.
		Underground pipeline emergency response [Underground Pipeline Operation and Maintenance Plan]	❶ Completed visual inspection and thickness check of the over-ground pipeline sections in July. ❷ Verified and repaired the underground pipelines between the CPC Linyuan Petrochemical Complex and the Kaohsiung Plant through excavation.
		Education and training for pipeline tour inspection personnel [Underground Pipeline Operation and Maintenance Plan]	❶ Completed the education/training for underground pipeline patrol and monitoring personnel. ❷ Completed the re-certification of underground pipeline patrol and monitoring personnel in July 2020.
		Routine tour inspection of underground pipelines [Underground Pipeline Operation and Maintenance Plan]	❶ Daily inspection and records. ❷ Voluntary patrol and inspection every two months.
		Improvement of the Management of Change SOP (PSM improvement)	❶ Completed the revision of the Management of Change SOP (OP-KHT-810-01). ❷ Completed the new-version management of change (MOC) database.
Zero occupational accidents	Frequency-Severity Indicator (FSI) <4.50	Injury Risk Prevention for Reaction Area Slab Corrosion	FSI=1.27 (1) Operators implemented according to WI-KHB-713-77. (2) Implemented rust removal, supplementary welding, screw replacement, and re-painting. Completed workplace environment monitoring in the first and second halves of the year, no nonconformity is found.
	Monitored Nonconformities =0	Improvement of work environment	Completed workplace environment monitoring in the first and second halves of the year, no nonconformity is found.
Zero Failure	Shutdowns caused by key equipment =0	Shutdowns caused by key equipment = 0 (machinery and instrumentation)	Shutdowns caused by key equipment =2 ❶ Machinery maintenance by the engineering department = 3,406 units. ❷ Completed the medium and high voltage distributor replacement of the K-20 electrical room.

Note 1: Incident Rate (IR) = Number of incidents x 10^6 /total hours worked Note2: Frequency-Severity Indicator (FSI) = $\sqrt{}$ [(FR x SR)/1000]

OH&S Organization and Operation GRI 403-4:2018

USI establishes the OH&S Committee with respect to the "Regulations for Occupational Health and Safety Management" to establish OH&S policies, make recommendations for OH&S management, and review, coordinate, and advise OH&S affairs.

Members of the OH&S Committee include the committee chair (the plant general manager), executive secretary (industrial safety chief), committee members (department chiefs/unit chiefs/industrial safety staff/labor representatives). Labor representatives are elected by employees. Currently, there are 9 labor representatives (35%) and 17 management representatives, totaling 26 members. The committee holds a committee meeting every quarter. Labor representatives voice for all employees and discuss, coordinate, plan, and decide on HSE issues with the management to ensure employee participation, consultation, and communication.

2020 OH&S Committee Member Statistics

OH&S Committee	Committee Members	Committee Proportion
Labor representatives	9	35%
Management representatives	17	65%
Total	**26**	**100%**

Hazard identification and assessment of risks and opportunities

GRI 403-2:2018, 403-9:2018

To prevent operations, activities, or services from harming employee health and safety and causing financial losses to the company, early intervention is implemented. Through constant identification of hazards, risks, and opportunities relating to OH&S, we take appropriate precautionary actions, implement necessary controls, or eliminate hazards. We also find opportunities to make improvements to control risks within an acceptable range, in order to enhance OH&S performance.

Every three years, we implement hazard identification and risk assessment on current, changing (potential or transitional) and future activities within the plant, hazards outside of the plant, and underground pipelines. With the baseline review team formed by all section chiefs completed PSM training, we assess and screen risk levels using semi-quantitative descriptive statistics. Then, we establish targets and plans based on the graded control, OH&S objectives, and the Regulations for Management of Management Plans to reduce the risk to an acceptable range by prioritizing means such as elimination, replacement, engineering controls, labels/warnings/or management controls, and PPEs.

Risk Level	Risk Score	Results	Management Principles
1	<40	Acceptable/ Tolerable	No action is required. Long-term observation with existing appropriate procedures, controls, and safety protection.
2	40~59		
3	60~79	Acceptable/ Tolerable	The baseline review team should determine the need to establish objectives and plans as necessary. If no objective is set, the risk level should be reviewed once every year.
4	80~100		
5	>100	Unacceptable	Objectives and plans are required for immediate improvements. Re-assessment of the risk after control is required.

Note: The risk score is based on frequency rate (F) x severity rate (S) x controls (P) of hazards

OH&S Management GRI 403-8:2018

Management Approach Description

In consideration of the increasing industrial safety accidents in Taiwan in recent years, IDB has progressively implemented joint supervision on large petrochemical plants and found that those implementing process safety management (PSM) have significantly better performance in industrial safety. Therefore, in addition to arranging PSM education and training for employees, labor inspection units have constantly revised

OH&S laws and regulations based on PSM. They also provide guidance and advice for petrochemical plants to implement PSM to enhance the employee's awareness of process safety and thereby reduce fires, explosions, leakages, intoxication, and occupational accidents.

Management Approach

PSM is implemented in main consideration of the "Process Safety Management of Highly Hazardous Chemicals" (29CFR 1910.119) announced by the US Occupational Safety & Health Administration (OSHA), the Hazardous Work Place Review and Inspection Regulations, and the "Regulations of Implementation Regarding Regular Process Safety Evaluation." As the overall PSM covers 14 categories requiring overall planning, review, improvement, and implementation, during July 2019 to October 2020, we hired Professor Horng-Jang Liaw of the National Kaohsiung University of Science and Technology to introduce the concepts of process safety information (PSI), process hazard analysis (PHA), and management of change (MOC) and establish and revise the related SOPs. Then, through compliance audit, we identified USI's current status and PSM compliance.

In addition, from May 2020 we also hired Professor Chen-hua Wang and the Center of Technology R&D for Equipment Reliability and System Safety of the National Kaohsiung University of Science and Technology to provide guidance or the other 11 PSM items, hoping to progressively enhance USI's safety protection capacity.

Management Performance

During phase I (2019/07-2020/10) of PSM guidance, PSM concept introduction, personnel education/training, PSI, PHA, and MOC were completed through 19 training courses for 449 employees over 1,578 hours. In addition, President Wang and Vice Plant Director Chen encouraged employees to continuously enhance and implement all PSM requirements to mark out the importance of process safety in USI officers.

During phase II (2020/05-present) of PSM guidance, the baseline review of plant condition is the focus. To accelerate the promotion of various PSM items, we increased the number of guidance activities, group discussions, and half-yearly reviews. By the end of December 2020, we completed 21 training courses for 357 employees over 2,248 hours.

To enhance the workplace environment safety assessment of plants, we applied to the IDB for the "High-Risk Industries Public Safety Management Enhancement Program" in 2020 for the technology guidance of equipment safety risk management. As we completed the assessment of many SOPs, important equipment, and the overall workplace environment, we were presented a certificate of appreciation at the 2020 Industrial Safety and Health Technology Guidance Presentation, demonstrating our achievements in maintaining worker and process safety.





Process Safety Management Performance

Item	Process Safety Management Performance 2020
Total Count of Process Safety Incidents (PSIC)	1
Process Safety Total Incident Rate (PSTIR)	0.26
Process Safety Incident Severity Rate (PSISR)	0.77

Note 1: Employees are only permanent employees. The total hours worked in 2020 were 776,160 hours
Note 2: PSTIR = The cumulative (annual) count of incidents x 200,000 /total hours worked by workers
Note 3: PSISR = The total severity score of process safety incidents x 200,000 /total hours worked by workers. The 2020 PSISR was level 3.

Emergency Response Mechanism

We organize emergency response and fire safety drills and OH&S general training half-yearly and refer to the emergency response guide and manual to facilitate emergency mobilization, take corrective actions, effectively control disasters, and reduce losses in emergencies.

See webpage https://www.usife.com/CSR/en-us/CSR43.aspx for the details of emergency response procedures.

Based on in-house production activities, we have established emergency responseprocedures for raw materials (chemical) leakage, fire, explosions, and earthquakes. In addition, we have classified incidents into three levels and have planned different response stages. When the level of an incident rises, the stage of response also rises. The three stages of response are as follows: The three phases of response are as follows:

Phase I

Minor leakage or hazardous substances and a minor fire occur within the plant

- The on-duty officer will be the site commander to instruct personnel within the unit to stop the leakage or fire

Phase II

Major leakage or hazardous substances and a major fire occur within the plant: If effective control if the situation is impossible, the emergency response team of the incident occurring unit must mobilize the in-house emergency response organization to support the control and initiate the emergency response process.

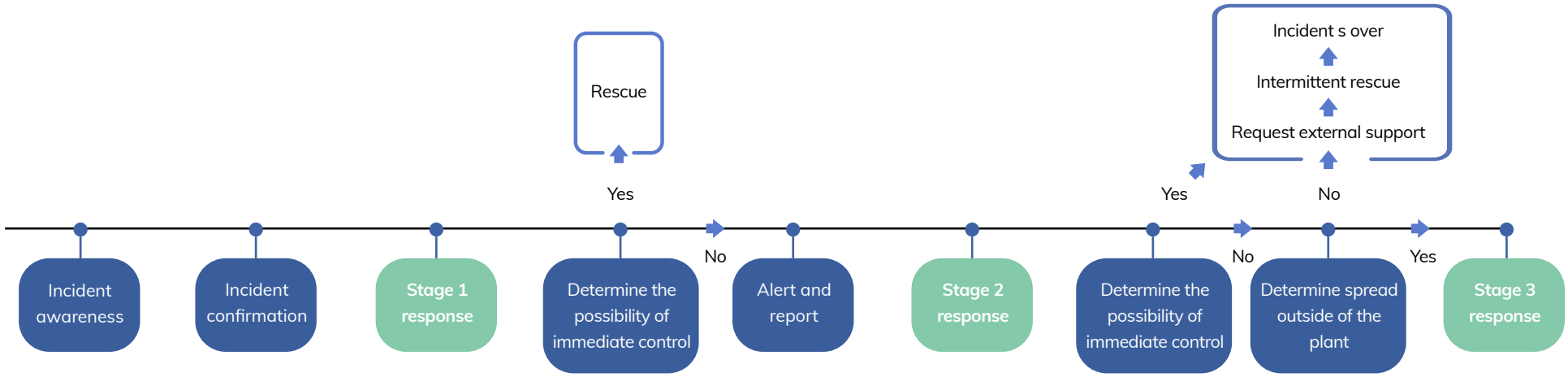
- The on-duty officer mobilizes the emergency response organization according to the alert and reporting procedure based on the request for support of the incident occurring unit.
  Based on the emergency situation, request for support outside of the plant and notify relevant agencies as necessary.
- Determine the need to immediately shut down plant operations and isolate the incident affected areas.
- The site commander can be the head of the incident occurring unit or department, until the general plant manager or his/her agent takes over the command.
- Set up a response command center to gather information regarding the latest situation for the chief commander to make decisions and notify the response organization.

Phase III

An incident may spread outside of the plant and its impact reaches outside the plant.

- The plant director or his/her agent becomes the chief commander to command the emergency plan within the plant and report the situation to the Fire Bureau and other industrial safety and environmental protection related authorities of Kaohsiung City.
- If the situation runs out of control and may threaten the life of employees, the plant is evacuated.

Emergency Response Flowchart



Management of Work-Related Injuries and Absenteeism GRI 403-9:2018

Given that "zero accident and zero injury" are the objectives of USI's management of work-related injuries, a low injury rate (IR) and low absentee rate (AR) are two key indicators for evaluating the OH&S of employees and contractors.

In 2020, only one work-related injury (lost time injury, one rolling/pinch injury) was reported. No work-related injury was reported by contractors. In commuter accidents, we do not arrange commutating services or vehicles for employees, and one work-related traffic accident of employees was reported in 2020. Between April 7, 2020 and December 31, 2020, the cumulative total working hours without disabling injury totaled 579,627 hours. In addition, no work-related injury was reported from Taipei Office, Guishan R&D Division, and Tainan Office in 2020.

2020 OH&S Management Performance

Item / Year	Employees		Contractors	
	Male	Female	Male	Female
F.R.	1.28	0	0	0
S.R.	1275	0	0	0
Frequency-Severity Indicator (F.S.I.)	1.27	0	0	0
Number and rate of recordable work-related injuries	1/1.28	0/0	0/0	0/0
Number and rate of high-consequence work-related injuries	1/1.28	0/0	0/0	0/0
Number and rate of fatalities as a result of work-related injury	0/0	0/0	0/0	0/0

Note 1: Employees are only permanent employees. The total hours worked in 2020 were 776,160 hours

Note 2: Disabling injury frequency rate (F.R) = Injury frequency × 10^6/total hours worked (rounded down to two decimals)

Note 3: Disabling injury severity rate (S.R.) = Injury days lost x 10^6 /total hours worked (rounded down to two decimals)

Note 4: Frequency severity index (F.S.I.) = $\sqrt{}$ [(F.R×S.R.)/1000] (rounded down to two digits)

Note 5: Rate of recordable work-related injuries: Number of recordable work-related injuries (including work-related fatalities) x 10^6/total hours worked (rounded down to two digits)

Note 6: Rate of high-consequence work-related injuries = Number of high-consequence work-related injuries (excluding fatalities) x 10^6/total hours worked

Note 7: Rate of fatalities as a result of work-related injury = Number of fatalities as a result of work-related injury x 10^6/total hours worked

Incident Investigation GRI 403-2:2018

We have established investigation procedures to record, investigate, analyze, and review incidents, covering disabling injuries, non-disabling injuries, and near misses, relating to plant production activities to prevent accidents or near misses from recurrence and thereby protect employee safety and health.

Scene Handling

- When an incident occurs, take immediate actions, including first aid and rescue.
- Contain the scene without changing or damaging anything.

Task Force Formation

- The head of the incident (also near miss) occurring unit designates staff with the required training or investigation-related skills to be the chief investigator.
- Form the task force with industrial engineers, onsite engineers, and labor representatives.

Incident Investigation and Review

- Investigate the cause(s) of the incident, including analyzing the direct, indirect, and root causes.
- Propose nonconformity, corrective action, or countermeasures and assess their feasibility.
- Review the OH&S hazard identification and risk assessment relating to the incident.

Improvement and Follow-Up

- Submission for approval of the incident investigation report.
- Implement improvement measures after management approval or meeting resolution.
- Follow up improvement items.
- Publish the Industrial Safety Notice on the bulletin board.

Contractor Management GRI 403-5:2018

At USI, contractor safety management or supplier safety management is equally important. Therefore, we have established the "Contractor Management Regulations" and the "Contractor Entry Management Manual." Both documents include industrial safety education and training before project construction, and only those who pass safety certification can perform contracts at USI. However, to enhance contractor entry safety management and enforce the supervision and management duty of occupational safety and health management personnel, the industrial safety section performs walk-through inspection of all in-house projects every day to confirm if preparatory inspection of machinery is completed and if there is unsafe incident in the construction. If a nonconformity is detected, industrial safety staff will immediately request contractors to stop construction and complete all improvements before carrying on construction. If a serious nonconformity is detected, re-education and re-training will be arranged for that contractor. Before implementing high-risk work, we run a risk assessment process to identify hazards, assess risk, take precautionary measures, and review the emergency response plan. We also hold communication and coordination meetings with contractors from time to time to ensure operation safety. In 2020, the accident rate per one thousand persons at the Kaohsiung Plant was zero. (Contractor accident rate per 1,000 persons = Total number of contractor accidents/ total number of contractors x 1,000)

In addition, to capture the in-house operation safety of contractors, we measure the blood pressure and run the alcohol test of workers every day before they work in-house to ensure that all workers are in the best shape. Through continual training, publicity, and demands, we urge contractors to voluntarily comply with our OH&S regulations to achieve the goal of zero accidents.

Contractor Works Distribution by Type in 2020

Type of Works	No. of Works	Proportion
1. Hot Work	547	59%
2. Confined Space Work	45	5%
3.Others	332	36%

HSE Education and Training GRI 403-5:2018

Education, training, and publicity are the fundamentals for promoting HSE awareness to employees and contractors. By establishing the "Labor Safety and Health Education and Training Regulations," we provide knowledge and skill training for different categories of employees and contractor personnel based on actual needs. In 2020, we provided a total of 5,100 hours of HSE education and training for 1,680 person-times in 128 sessions.

Statistics on EHS Education and Training 2020

Type	Hours/ person	Sessions	Person	Total hours
New employee training	6	13	20	120
On-the-job training	3	4	151	453
Contractor Personnel	3	111	1,509	4,527

With respect to legal requirements, domestic and overseas industrial safety accidents, and in-house hazard evaluation, we organize a series of training courses. In 2020, we organized 25 training activities with 888 participants, suggesting that employees care about operation safety and have a positive attitude towards learning new skills.

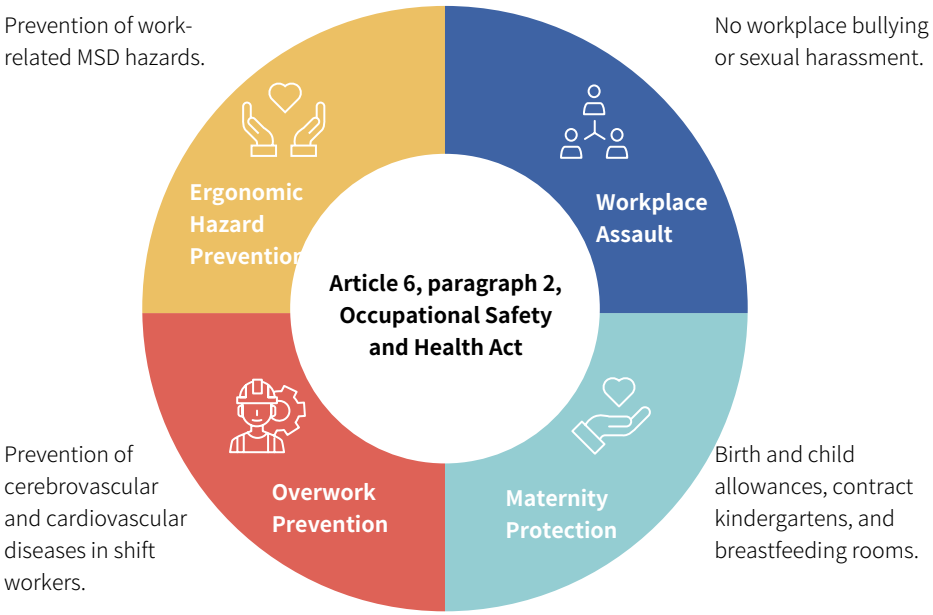
	Training Topic	Training Frequency	Training Description	Session	Trainees
Routine Training	Semi-Annual Emergency Response & Fire Drill	1/semi-annually (Renwu Fire Station/ Equipment Suppliers)	❶ Fire rescue/communication ❷ Wheeled fire extinguisher operation ❸ AED operation training ❹ Chemical protective gown wearing ❺ Posttest	2	104
Targeted Training	Contractor system optimization seminars and training	Irregularly (Industrial Safety Section)	System updating for function descriptions	1	15
	Education/training on the operation of environmental monitoring equipment	Today's Instrument	New equipment operation	1	7
	Hearing protection training	Irregularly (Industrial Safety Section)	❶ Noise hazards description. ❷ Soundproofing products uses description. ❸ Noise monitoring planning.	3	92
	Emergency response equipment training (gas detector)	Irregularly (Today's Instrument)	Principles and operation	1	22
	Emergency response equipment training (level C protective gowns)	Irregularly	Principles and operation	1	45
	Emergency response equipment training (SCBA)	Industrial Safety Section	Principles and operation	1	17
	Emergency response equipment training (level C protective gowns)	Irregularly	Principles and operation	1	6
	Emergency response equipment training (level A protective gowns)	Irregularly (Industrial Safety Section)	Principles and operation	1	14
	Emergency response equipment training (level C protective gowns + SCBA)	Irregularly (Industrial Safety Section)	Principles and operation	1	13
	Self-inspection foci education/training for small boilers, small pressure vessels, and category 2 pressure vessels.	Irregularly (Chinese Industrial Machinery Association)	Principles and operation	1	32
	Underground pipeline drill (nighttime simulation drill)	Irregularly (Industrial Safety Section)	Underground pipeline nighttime drill	1	13
Physical and Mental Training	Mental Health Promotion	Irregularly (Personnel Department)	❶ Officer communication skill training. ❷ On-site quizzes and interaction.	3	34
	Prevention of heat injury hazards	Irregularly (Infirmary)	❶ Identification and prevention of heat injury ❷ Responses to heat injury	2	79
	Health promotion: Healthy diets and prevention of hypertension, hyperglycemia, and hyperlipidemia	Irregularly (Infirmary)	❶ Understanding obesity ❷ Healthy diet concept ❸ How to reduce hypertension, hyperglycemia, and hyperlipidemia?	1	81
	Health advice for health reports	Irregularly (St. Joseph Hospital)	❶ Health advice for health reports ❷ Medical consultation	1	185
	Occupational Health Education	Irregularly (Infirmary)	Smoking cessation publicity	1	35
	Occupational Health Education	Irregularly (Infirmary)	Workplace healthcare: Self-myofascial release exercise and kinesio taping.	1	30
	Physical Fitness Assessment	1/annually (Jiannren Hospital)	❶ Explaining physical fitness assessment ❷ Explaining body composition. ❸ On-site tests and assessments	1	64
	Total			**25**	**888**

In addition to the above training, at the quarterly safety meeting, each unit will discuss unsafe acts and behavior in their operations and explore industrial safety incidents occurring at home and abroad to prevent their recurrence. Through this process, employees can better understand safety knowledge and USI's safety culture.

Care for Employee Health

Workplace Health Keeper

We value the rights and interests of every employee. Therefore, we establish a preventive program according to the "Occupational Safety and Health Act" for each USI employee to feel happiness and the sense of belonging. Apart from retaining people, this can create better work performance.



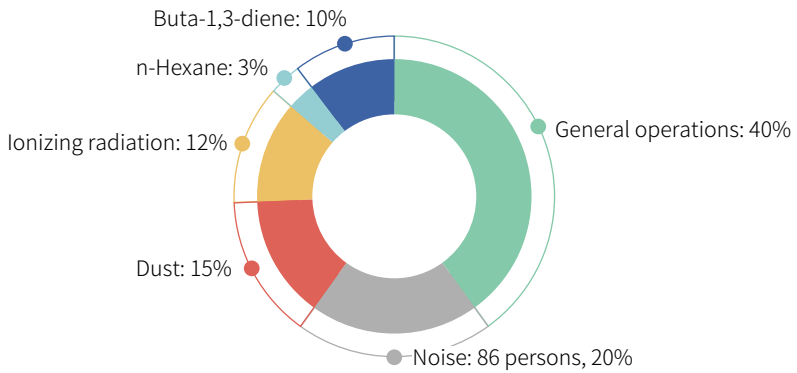
Healthcare

GRI 403-3:2018, 403-10:2018

USI cares about the physical health of employees. Therefore, we arrange complete health checkups better than the legal requirements for employees every year and follow up their health condition periodically. In addition, we combine the environmental monitoring data of statutory special operations to identify the risk of potential health hazards and arrange special health checkups for employees exposing to noise, dust, n-hexane and ionizing radiation, in order to capture the health condition of employees and provide a reference for employees to implement self-health management to achieve the aim of "prevention is better than cure" and create a safe workplace environment. In addition, every month we arrange labor health service physicians to provide in-house service, free medical consultation, and health and new healthcare knowledge promotion. We also develop the awareness and execution power of self-health management in employees through various thematic health talks.

See webpage https://www.usife.com/CSR/en-us/CSR43.aspx for details

Distribution of Employees Receiving Health Checkup by Type of Works from USI in 2020



Note 1: The number of employees qualified for the health checkup in 2020 totaled 455 persons (Taipei Office, Guishan R&D Division, and Kaohsiung Plant), with a checkup rate of 99.3%.

Note 2: All employees received the general health checkup, other items are additional special examinations.

Graded Health Management GRI 403-10:2018

In 2020, special checkups were arranged for 269 employees, and health management was implemented based on the graded health management by risk level. hoping to reduce the risk of work-related ill health through early detection of the high-risk group, in order to build a healthy and comfortable workplace environment through continual source improvement and terminal health care.

	No. of Employees	Level I Management	Level II Management	Level III Management	Level IV Management
Noise operation	90	57	33	0	0
Dust	65	64	1	0	0
Ionized radiation	54	27	27	0	0
n-Hexane	14	14	0	0	0
1,3-Butadiene	46	33	13	0	0

Graded management

Level I Management

No anomaly

Provision of health instructions

Level II Management

Partial work-related anomalies

1. Provision of health instructions
2. Indication of not suitable jobs by physicians

Level III Management

Non-work-related anomalies

1. Health follow-up and instructions by occupational specialists
2. Operation assessment by occupational specialists
3. Re-grading based on operation assessment
4. Report to competent authorities

Level IV Management

Work-related anomalies

1. Hazard control
2. Engineering improvement
3. Administrative improvement
4. Health management measures
5. Report to competent authorities

Checkup Quality and Achievements GRI 403-10:2018

It is our obligation to ensure the quality of medical institutions providing the health checkup service to ensure the checkup results are effective and valid for reference. We select only checkup institutions accredited by the Occupational Safety and Health Administration (OSHA) and medics accredited by the Kaohsiung Department of Health. After the checkup, apart from explaining the results and giving health instructions and education to employees by health professionals, we enable employees to understand more about their health condition and promote health and acquire correct health care knowledge.

Care for Contractors GRI 403-3:2018

It is our obligation to maintain the workplace safety and health. Therefore, we arrange education and training for all contractors, including the contents of operation and hazard identification. We also ensure the health condition of contractor personnel working in-house with the alcohol tests and blood pressure measurement. We also inhibit personnel with hypertension and cardiovascular disease from engaging in work at height, work at high temperature, work in confined spaces, and work requiring physical strength, in order to prevent potential work-related ill health.

Analysis of Work-Related ill Health GRI 403-7:2018, 403-10:2018

To enforce OH&S, we take precautionary actions relevant to the physical, chemical, ergonomic, and sociopsychological health hazards according to the "Occupational Safety and Health Act." For related hazard factors and potential work-related ill health, please refer to USI CSR website. No occupational disease from employees or contracts has been reported over the years.

Occupational health and safety: https://www.usife.com/CSR/en-us/CSR43.aspx

2020 Statistics of Work-Related Ill Health

Item / Year	Employees		Contractors	
	Male	Female	Male	Female
Number of cases of recordable work-related ill health	0	0	0	0
Number and rate of fatalities as a result of work-related ill health	0/0	0/0	0/0	0/0

Note: Rate of fatalities as a result of work-related ill health = Number of fatalities as a result of work-related ill health x 10^6 / hours worked

Health Control for Shift Workers (overwork prevention) GRI 403-3:2018

Apart from prohibiting shift workers from working excessive extra hours, we plan and screen checkup items for the high-risk group of cerebrovascular and cardiovascular diseases, including ECG, myocarditis diagnosis, personal fatigue index, and Framingham Risk Score. We also implement administrative and health management on the high-risk group, including limiting the night shift frequency, active follow-up of medical attention and drug use condition, and developing the habit of blood pressure measurement. We even provide health instructions for employees and arrange the CO_2 test for smoking workers. Education and training on cerebrovascular and cardiovascular diseases are arranged for employees to understand the hazards and take correct precautionary actions of these diseases. In 2020 we hired the smoking cessation team of St. Joseph Hospital to provide the "no smoking" awareness education for smokers.

Soothing neck and shoulder pain with workplace exercise GRI 403-3:2018

To prevent workplace MSDs, apart from regularly checking out if employees work in correct postures, we actively ask if they have MSDs, and lead them to exercise in the morning assembly. Apart from releasing work stress, exercise can help them relax and enhance work efficiency.

Workplace Violence-Communication Skill Training GRI 403-2:2018, 403-3:2018

We are committed to maintaining the rights and interests of employees and protecting them against workplace assaults. Therefore, we establish and implement the “Workplace Extortion Prevention Program” to implement work adaptive assessment and early identification of hazard factors and for employees to reflect workplace assaults through the grievance channels. The case acceptance unit will participate in the investigation and coordinate with the case in collaboration with labor representatives before nurses follow up the case and provide related assistance. If an employee leaves the workplace as a result of the workplace hazard factors or report to the competent authorities, we will make a written statement. The company should make efforts to protect the employee against unfair treatment or retaliation. If this happens, the company will handle the case according to the internal disciplines and regulations. Furthermore, we state in the emergency response plan that when discovering a life-threatening situation in the workplace, employees should immediately withdraw from the situation to protect employees against such threats. We arrange education and training for mental health promotion to help employees release stress and provide them with proper channels for releasing stress and speaking their mind.

Health Promotion GRI 403-6:2018

Group Tour

We arrange different employee tours. Every year, we plan at least two tours for employees. There are also various sports clubs, such as the cycling club, table-tennis club, basketball club, karaoke club, and mountaineering club. Apart from helping employees develop friendship and release stress, exercise can help promote health.

See webpage https://www.usife.com/CSR/en-us/CSR43.aspx for more details.



Medical Consultation and new health science knowledge

Every month, we arrange labor health service physicians to provide in-house service, including free medical consultation and health talks. To prevent employees from missing the opportunity for in-time medical attention due to busy work, by effectively analyzing the physical and mental health problems of employees through interviews, we provide appropriate referral service. We also develop the awareness and execution power of self-health management in employees through various thematic health talks.

Every month, nursing staff responsible for labor health service edit new health science knowledge, measure blood pressure and provide them with health instructions for employees across the plant. Apart from correcting their medical misconceptions, they enhance the employee's intention in self-health management.

Weight Loss Competition

In 2020, we organized the six-month 3rd USI Cup Weight Loss Competition. A total of 102 employees participated in the competition to lose a total of 108.7kg and 4.3% of body fat.


Organization of Health Talks

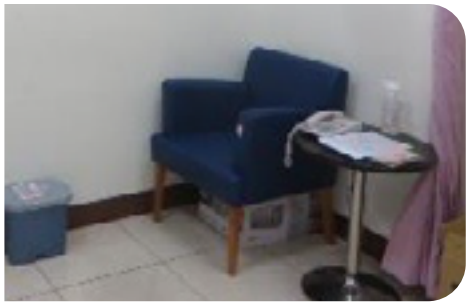
Health talks were organized in coordination with the weight loss competition. We invited community healthcare instructors to give talks on different health topics, including the development of the healthy diet concept and prevention of chronic diseases. To promote the healthy diet concept, we also ordered healthy low-fat boxed meals for participants to enjoy cooking with less oil and salt and prevent eating fried foods to gain health and joy.


Blood Donation

Apart from taking care of the employee's physical health, we encour age employees to contribute to society with fraternity. Therefore, we organize blood donations. A total of 120 employees donated a total of 179 bags of blood.


Friendly Workplace: Birth Rate Enhancement

Apart from providing birth and preschooler allowances, we sign contracts with kindergartens for employees to work without worrying about their preschool children. We also establish well-lighted, well-furnished, and clean breastfeeding rooms with refrigerators, sofa, aircon, and curtains for female employees to use without worries.



Exercise every day to keep sore muscle away

Besides work, we encourage employees to exercise regularly. Therefore, we organize the National Scientific Fitness Test, with contents including body composition analysis, muscle strength fitness test (grip strength), flexibility (sit and reach test), cardiorespiratory endurance (progressive high knees/running in place), for employees to understand their physical fitness through the test results and develop the regular exercise habit.


Muscle Relaxation Skills: Exercise Without Injury

Besides encouraging employees to develop the exercise habit, we also value the prevention of sports injury. Therefore, we invited exercise-enterprise-certified instructors to demonstrate muscle relaxation skills after exercise and Kinesio taping, particularly the correct postures for locations where sore muscle often occurs through onsite instruction for employees to exercise without musculoskeletal injury to enhance work efficiency.


Community residents

We care about the disease prevention and risk control of residents in local communities. Therefore, we have installed one new RTO and one new TO and replaced the fuel oil boiler with natural gas boiler to reduce air pollutants. In 2020, we built a new TO system to reduce VOCs emissions to maintain the air quality of local communities. In addition, we implemented in-house OP-FTIR surveillance in coordination with the Kaohsiung Environmental Protection Bureau to effectively control the air quality of local communities.

We value the health of the workplace environment. Besides drawing up the Dengue Fever Control Plan, we assign special dengue fever management personnel and request all units to implement in-house environmental check every week to eliminate stagnant water through the "check-empty-clean-brush" cycle. We also release fish in specific fountains to effectively eliminate vector mosquito breeding. We also post related publicity materials and articles on the bulletin board to raise the employee's awareness of epidemic prevention. In 2020, no dengue fever infection was reported at USI.

COVID-19 Prevention

In response to the high likelihood of droplet transmission of COVID-19, we have established an epidemic control team to provide multilevel epidemic controls to prevent COVID-19 from spreading. Employees, visitors, and contractors are all requested to measure temperature and report the contact history before plant entry. We also keep up with Taiwan CDC pandemic updates to provide rolling information for employees to feel safe and no worries in the workplace. We also donate bleach and sanitizers to local residents, fire stations, elementary schools, and Daren Management Center.

First Aid Education/Training

Emergency Medical Services

We equip four automated external defibrillators (AEDs) in-house and arrange education and training for each unit every year, hoping that all employees can get familiar with the correct first aid process to give help to others in emergencies to enhance survival and cure rate. In 2020 we purchased the savior of acid/akaline splattering: Diphoterine® solution and installed it in the control room of all units and as the PPE of employees. We also organized the education/training for the use of Diphoterine® solution. Besides educating the hazards of organic solvents, we also explained the use of Diphoterine® solution.

Emergency Response

In response to working on shift, we request all employees be equipped with emergency response capacity. All units send staff to participate in EMT-1 certification and form a first-response team of 15 persons. Every year, we arrange two times of internal training and one time of recurrent training with high-intensity education/training covering the hemostasis and dressing of ordinary wounds to large-wound open fracture, prehospital C-spinal immobilization to patient transportation to improve the response ability of first responders, hoping to minimize injury and prevent secondary injury in emergencies.


PPE Education/Training

Respirator Education/Training

We have established the respiratory protection plan, identified risks in the workplace environment, and selected the correct PPE. We also equip each worker with a 3M respirator and plan respirator education/training and tightness test for 183 persons to ensure PPE can demonstrate its protection.


Social Contribution

We have a well-established firefighting system to support fires in neighboring plants. In 2020, we provided about 84MT of water for the fire brigade from our firefighting system to smoothly extinguish fire and prevent fire from spreading to other places.



Due to our special processes, we provided a safe training site for the Kaohsiung Rope Rescue Team (KRRT) to simulate various rescue scenarios for practicing rescue and rappelling to enhance the team's rescue capacity and thereby raise the mission successful rate.

5.3 Health, Safety and Social Inclusion

Talent Attraction and Retention

Workforce Structure

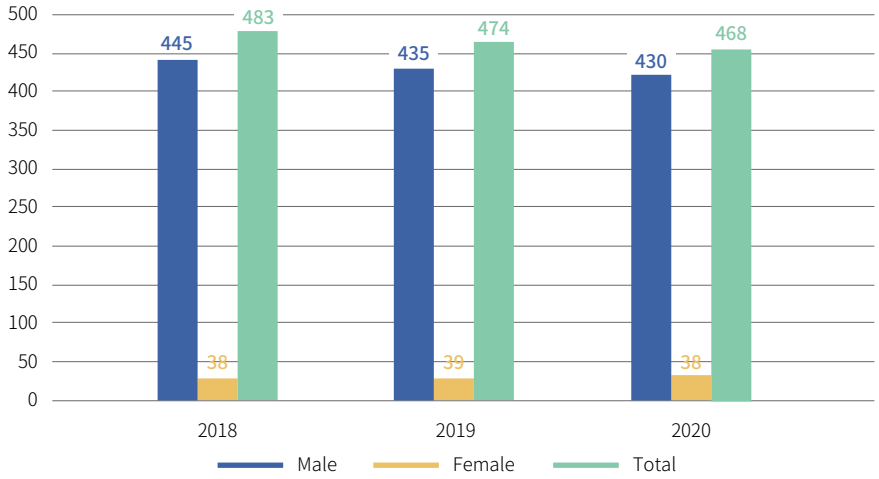
2020 USI Personnel Data GRI 102-8

Numbers of employees	468 persons; Male 430 persons (approx. 92%); Female 38 persons (approx. 8%)
Average age	42.7 years
Average service length	13.8 years
Summary	1. All USI employees are from Taiwan, mainly distributed in the Taipei and Kaohsiung areas. 2. Except for employees of different business attributes, such as advisors (consultants) and experts with whom a fixed-term employment contract is signed, we sign non-fixed-term employment contracts with all full-time employees. 3. We hired 1 person with disabilities in 2020, accounting for approximately 0.2% of total employees. 4. About 83% were college and university graduates.

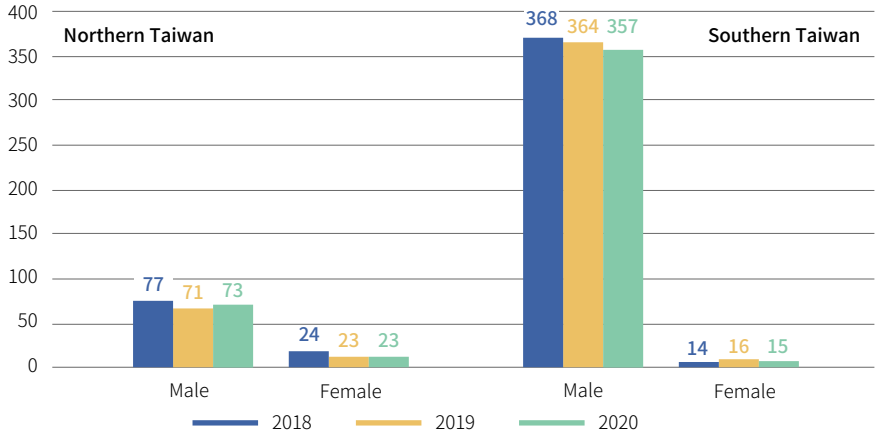
Note 1: Due to the characteristics of the petrochemical industry, male employees are more than female employees.
Note 2: Personnel data were obtained from the human resources system.
Note 3: Currently, we have not filled the quota (4) for persons with disabilities. Therefore, we pay the substitute fee according the regulations. In the future, we will fill up the quota with appropriate persons with disabilities.

	Northern Taiwan		Southern Taiwan	
	Non-fixed-term contract employees	Fixed-term contract employees	Non-fixed-term contract employees	Fixed-term contract employees
Male	73	0	357	0
Female	23	0	15	0

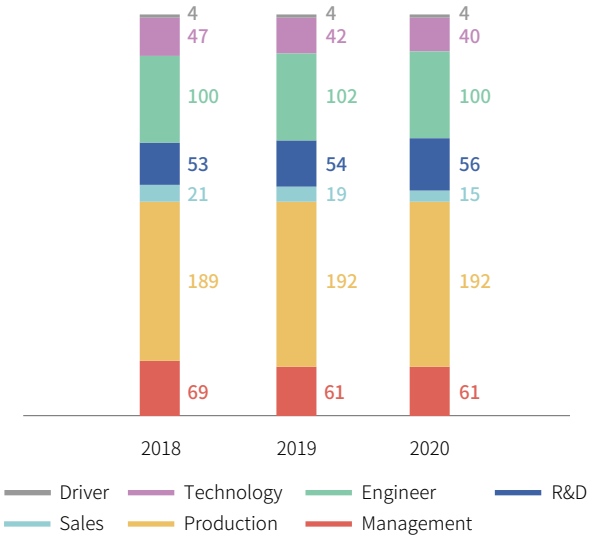
Number and Gender Distributions of Employees in 2018-2020



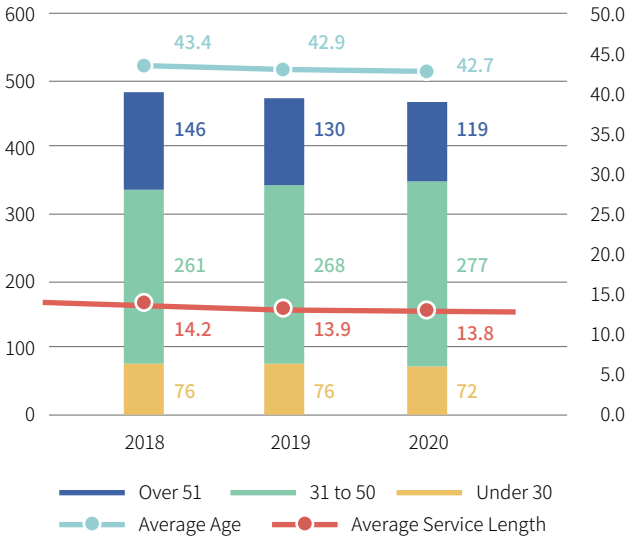
Region and Gender Distributions of Employees in 2018-2020



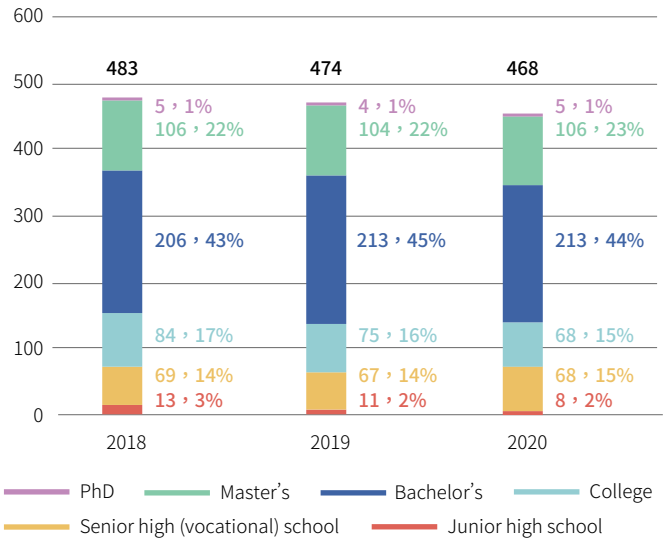
Duty Distributions of Employees in 2018-2020



Age Distributions of Employees in 2018-2020



Education Distributions of Employees in 2018-2020



Employee Turnover GRI 401-1, 404-3

Recruitment, Selection, and Evaluation

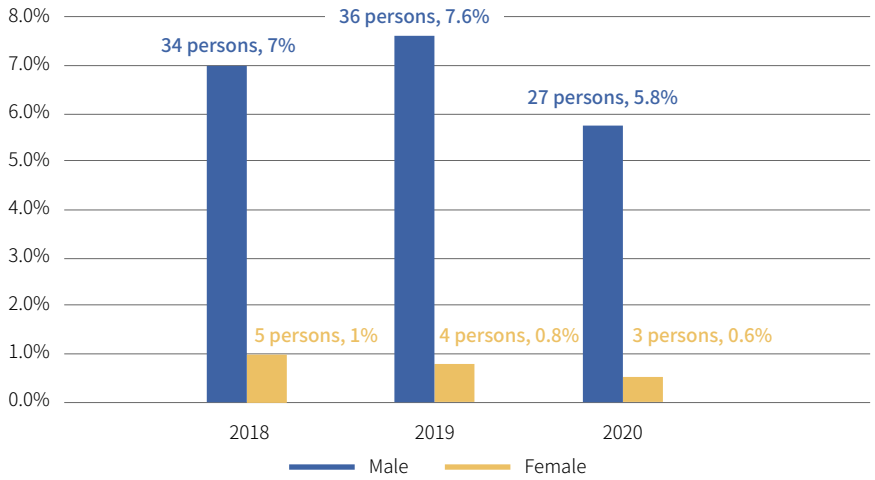
To stabilize human resources, we recruit excellent talents with a fair, open, transparent and efficient recruitment system in order to build a strong organization. In addition to maintaining diversity and equal opportunities, we do not engage in discrimination based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership or marital status in hiring. In routine operations, we maintain workforce composition control and workforce structure balance and we analyze and improve employee turnover.

When new or existing positions need to be filled or the workforce needs to be expanded due to business needs, organizational planning or employee resignations, the workforce-requesting unit must complete the "Personnel Replenishment Request Form." After the request is approved, we will first recruit personnel from within the organization or transfer eligible candidates by announcing the openings over the intranet or by email. With the approval of their current supervisors, active employees interested in such openings may voluntarily submit their resume to the human resources unit. After further screening, the human resources unit will forward the resumes of eligible candidates to the supervisor of the requesting unit to provide multiple options to the unit and a better career development mechanism for employees. We also recruit employees from outside of the organization through newspapers, human resources websites, human resources consulting agents, schools and employment service stations. For job openings at the Kaohsiung Plant, we give priority to local citizens as a way of giving back to the local communities.

Except for senior management, such as Excecutive vice presidents and senior officers, fixed-term contract employees, and employees arriving at USI in and after October every year who do not need performance evaluation, 100% of employees receive a performance evaluation at planned intervals.

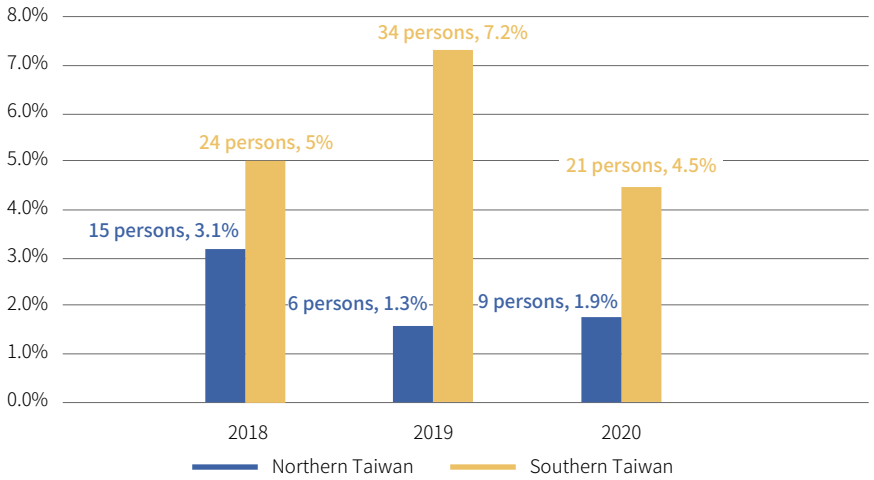
In 2020, we hired a total of 30 new employees, accounting for 6.41% of all employees. The tables below show the gender, age, and region distributions of these new employees.

Gender Distributions of New Employees in 2018-2020



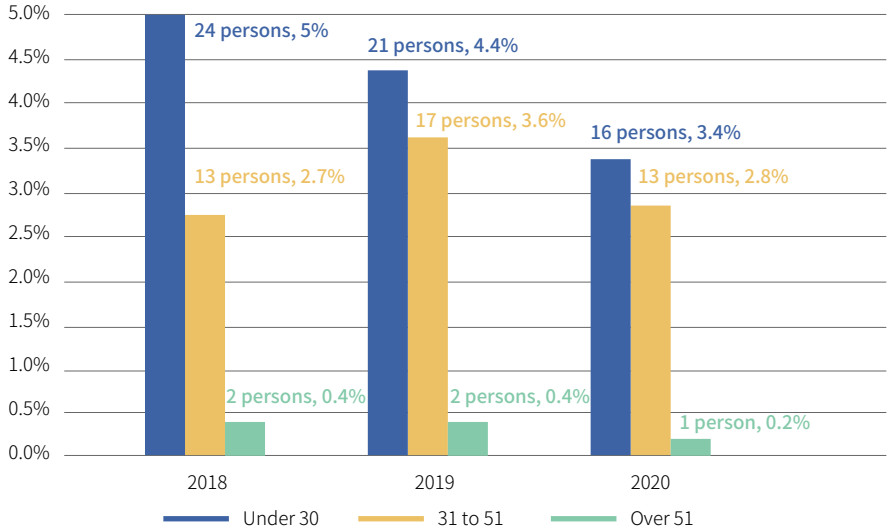
Note: New Employee Rate = Number of New Employees/End-of-Year Active Employees

Region Distributions of New Employees in 2018-2020



Note: New Employee Rate = Number of New Employees/End-of-Year Active Employees.

Age Distributions of New Employees in 2018-2020



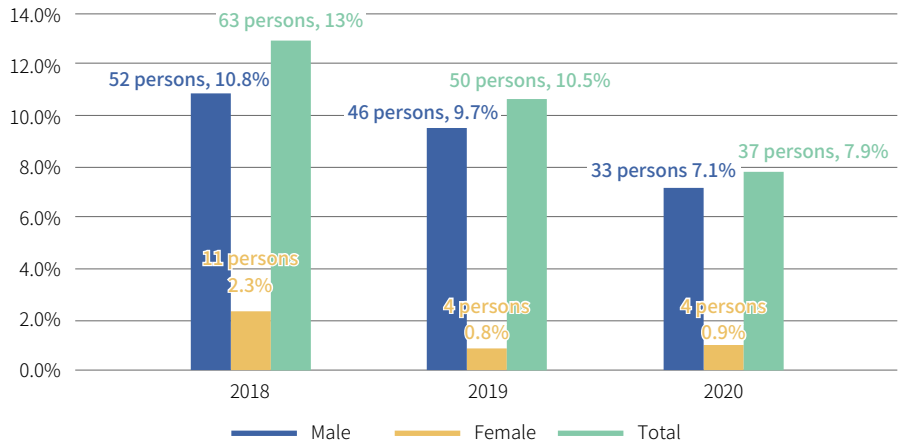
Note: New Employee Rate = Number of New Employees/End-of-Year Active Employees

Turnover Rate

All employees are free and have the right to leave work at any time or terminate their employment by law. Their labor conditions are subject to local laws and regulations, including minimum wage, working hours, overtime pay, Labor Insurance, National Health Insurance, redundancy pay and pensions. We also provide employees with group insurance and various employee benefits.

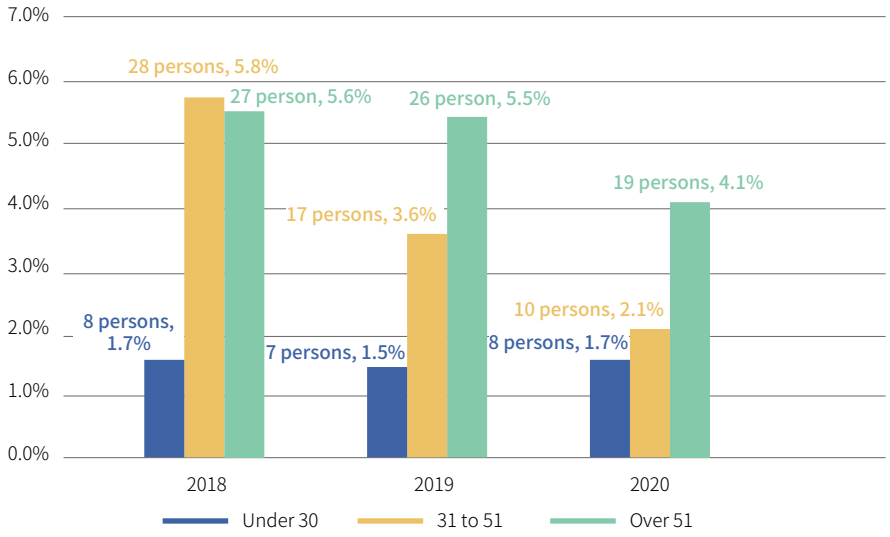
In 2020, a total of 37 employees resigned (including 17 retired), including 4 female employees. The number and rate of employee turnover in 2020 decreased from 2019.

Gender Distributions of Employee Turnover in 2018-2020



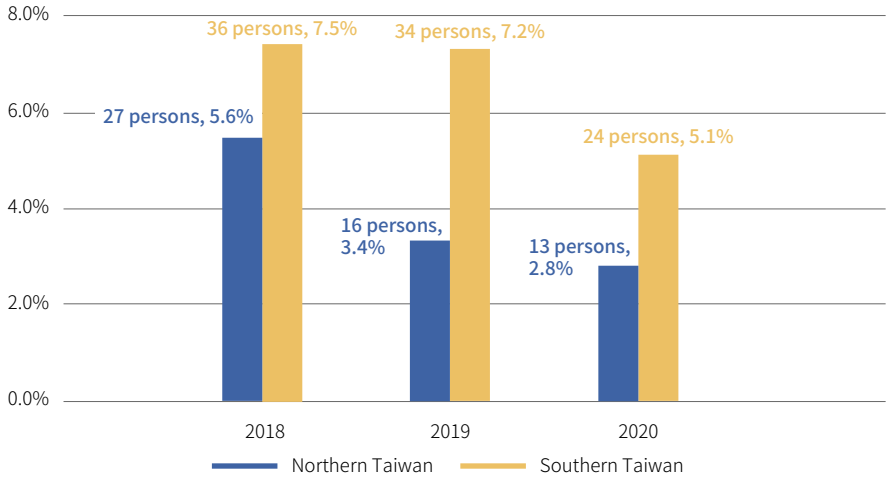
Note: Employee Turnover Rate = Number of Employee Turnover/End-of-Year Active Employees

Age Distributions of Employee Turnover in 2018-2020



Note: Employee Turnover Rate = Number of Employee Turnover/End-of-Year Active Employees

Region Distributions of Employee Turnover in 2018-2020



Note: Employee Turnover Rate = Number of Employee Turnover/End-of-Year Active Employees

Human Rights Policy and Management Programs

Human Rights Policy

To fulfill CSR and protect human rights, we establish the human rights policy applicable to USI and USIG affiliates with respect to internationally accepted human rights standards, such as the International Bill of Rights and the [Declaration on Fundamental Principles and Rights at Work], in order to eliminate behavior prejudicing and violating human rights. Apart from providing employees with a reasonable and safe workplace environment, we ensure employees to enjoy reasonable and dignified treatments at USI.

Human Rights Assessment

We undertake to provide a reasonable, safe workplace environment for employees, respecting and protecting their dignity, promoting environmental protection in business activities, and uphold business ethics and integrity. To achieve these commitments, besides assigning occupational safety and health management personnel by law, we uphold integrity and respect employees by law, and actively promote environmental protection and energy conservation. Every year we hire professional organizations to conduct in-house tests to identify risks in the operating environment.

Concerns of Human Rights and Practice

- Providing a safe and healthy workplace environment
- Eliminating discrimination for equal opportunities
- No child labor
- No forced labor
- Balancing mental and physical well-being
  - We provide venues or financial support to encourage employees to engage in healthful recreations.
  - We organize friendship-promoting activities and purchase sports and fitness equipment in-house for employees to exercise after work.
  - We encourage employees to exercise and manage health.

Training and Practice of Human Rights Protection

- New employee training
- Preventing workplace violence
- Training for occupational safety
- Publicizing integrity and ethics

In 2020 we arranged training related to human rights protection for **995** persons over a total of **3,451.5** hours.

Please visit the CSR section of our corporate website for more information regarding our concerns, practice, training, and promotion of protection for human rights https://www.usife.com/CSR/en-us/CSR45.aspx

Grievance System: See p. 55 of this report.

Employee Benefits

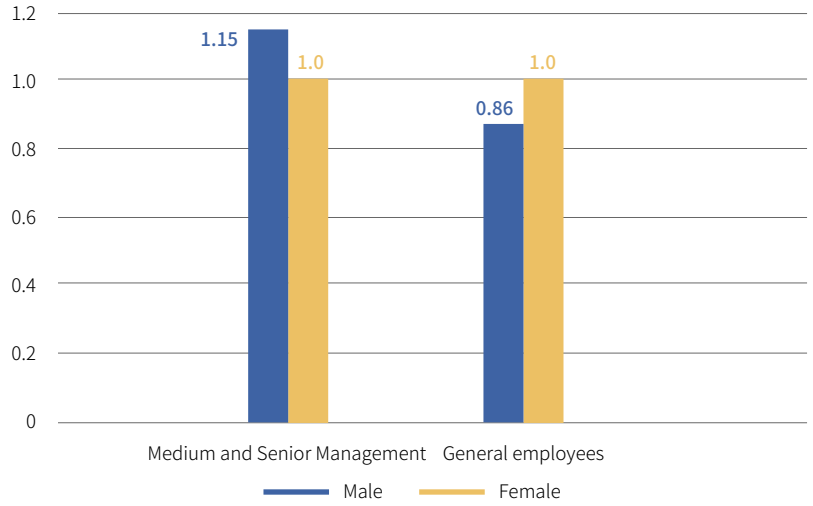
Employee benefits are our prime concern, and every USI employee is entitled to the following benefits:

Item	Contents
Bonus	Year-end bonus and performance bonus
Leave	Parental, menstrual, family care and paternal leaves.
Insurance	Labor Insurance, National Health Insurance, travel insurance for business trips, employee/dependent group insurance, pension contributions
Food	Employee canteens and meal allowances.
Transport	Employee parking spaces and travel allowances
Entertainment	Employee gym, employee tours, and regular employee gatherings.
Allowances	Subsidies for on-the-job training, domestic/overseas further education
Other benefits	Wedding/childbirth/funeral subsidies, employee tour subsidy, citation for senior employees, bonuses for three major folk festivals, children education allowance, employee savings plan, periodic health checkups and healthcare plan.

Remuneration

Upholding the belief to share profits with employees, we attract, retain, cultivate and encourage all kinds of outstanding talents and have established a comprehensive and competitive employee compensation plan. All new employees are paid better than the statutory minimum wage. Allowances vary according to the position and educational attainment of employees. The year-end bonus is distributed according to the employees' performance. Most importantly, the base salary is equal regardless of gender. Due to the characteristics of the petrochemical industry, the proportion of wage for female and male employees is slightly different. To stabilize the workforce and retain outstanding talents, apart from adjusting the pay for employees according to the consumer price index and personal performance of the employees every year, we participate in a compensation survey of the petrochemical industry to estimate pay standards in the market to make appropriate adjustments and planning. We also give a special raise to employees with outstanding performance to ensure that our pay is competitive with the market.

Women-to-Men Ratio of Salary and Remuneration in 2020 (Base Salary)



Note 1: The base for female employees is "1." Remuneration in 2020 is the base salary of male and female employees. The calculation does not include contractual employees.

Note 2: Medium and senior management are employees of grades 8 or higher, while general employees are grades 7 and below.

Women-to-Men Ratio of Salary and Remuneration in 2020 (Full Pay)

Note 1: The base for female employees is "1," including wage, bonuses and benefits. The calculation does not include contractual employees.

Note 2: Medium and senior management are employees of grades 8 or higher, while general employees are grades 7 and below.

Item	Contents	2020	Difference from the previous year	Description of Difference
1	Number of non-management full-time employees	453	6	Major factors for average wage increase: 1. Annual raise 2. The 2020 year-end bonus was more than that of 2019.
2	"Average Wage" of non-management full-time employees (NTD thousand)	1,201	76	
3	"Median Wage" of non-management full-time employees (NTD thousand)	1,090	68	

Health Care Benefits

Every year we arrange periodic health checkups for employees. Our Taipei Office is equipped with a gym and the Kaohsiung Plant has qualified nurses who offer lifestyle advice and medical assistance to the employees there. We provide menstruation leave and individual breastfeeding space for female employees and have cooperation with kindergartens and educational organizations to provide daycare services for employees. In addition, we periodically organize outdoor activities for employees to maintain a balance between work and life.

To fulfill the need for parental leave, employees with children under three years old can apply for parental leave. In 2020, no employee applied for parental leave. In 2019, one employee returned to work after parental leave until now. We have designed perfect plans for employees to return to work after parental leave. When an employee returns after the unpaid parental leave, we will arrange reinstatement education/training for the employee to protect their right to work and ensure their smooth return to work.

GRI 401-3

Item		Male	Female	Total
Year Status	Number of employees entitled to parental leave	0	0	0
	Number of employees took parental leave in the year	0	0	0
Return to work Status	A) Total number of employees due to return to work after taking parental leave	0	0	0
	B) Total number of employees that did return to work after parental leave	0	0	0
	Return to work rate=B/A	0%	0%	0%
Retention Status	C) Total number of employees returning from parental leave in the prior reporting period	0	1	1
	D) Total number of employees retained 12 months after returning to work following a period of parental leave	0	1	1
	Retention rate= D/C	0	100%	100%

Pension Contribution GRI 201-3

We have established a set of retirement regulations for all full-time employees and contribute every month the employee pension reserves to the personal pension account at the Labor Insurance Bureau for each employee in accordance with the Labor Standards Act. See the information on the retirement benefit plan disclosed in Note 21 of the 2020 individual financial statement for details.

https://www.usife.com/USIWebFiles/Meeting/Finance4M_en_2020.pdf#page=83

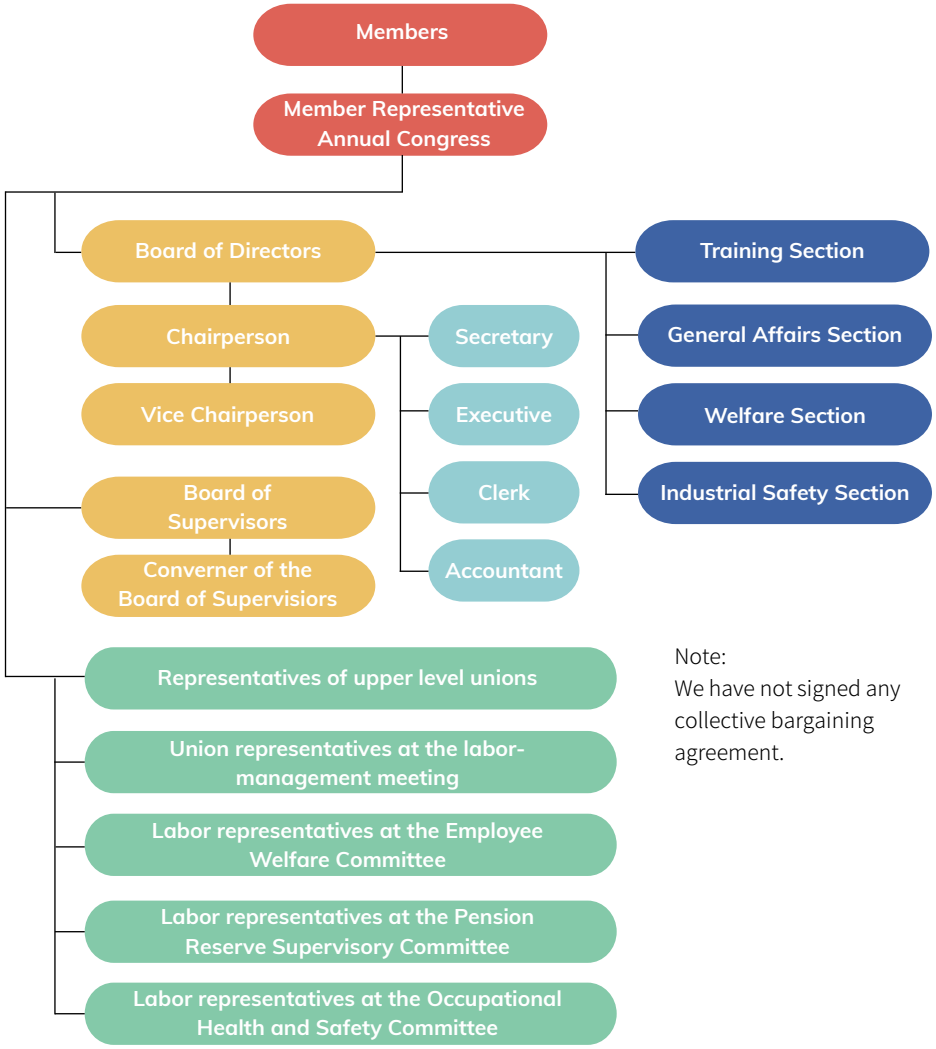
Item	Proportion of Contribution	Employee Participation in the Retirement Plan
Pension under the Labor Standards Act (old system)	Employer contribution: 12% of the employee's monthly wage.	100%
Pension under the Labor Pension Act	Employer contribution: 6% of the employee's monthly wage. Employee contribution: 0-6% of the employee's monthly wage.	100%

Labor Union GRI 102-41

We have a labor union and protect the right to collective bargaining and freedom of association of the employees. This fully demonstrates our determination to uphold labor rights and benefits. Every year, representatives elected by the employees attend the "labor-management meeting" held periodically by the management to negotiate and discuss matters relating to labor conditions and employee welfare. In addition, relevant officers from management attend the "board meeting" and the "member representatives' annual congress" held by the union to listen to the voices and appeals of employees and engage in face-to-face communication with the member representatives in order to arrive at a consensus, promote labor-management cooperation and create a win-win situation for both parties through this process.

By the end of 2020, the labor union had a total of 351 members, including 339 male and 12 female members. Except for employees of the Taipei Office who are unable to join the union for the geographic reason, and the unit chiefs and personnel staff of Kaohsiung Plant who are not allowed to join the union by law, all employees of

Kaohsiung Plant are union members, with a 100% participation rate. In addition, representatives of labor and management have formed the "Pension Reserve Supervisory Committee," the "Employee Welfare Committee," and the "Occupational Safety and Health Committee." These committees hold meetings at planned intervals to provide a channel for labor and management to communicate and thereby maintain labor rights and benefits.



Note:
We have not signed any collective bargaining agreement.

2020 Member Representatives' Annual Congress

Employee Welfare Committee

Every month we contribute 0.15% of our sales turnover to the "Employee Welfare Committee." The fund is used for funding employee tours, and the education, entertainment, and scholarships of preschoolers of employees to reward the effort and hard work of employees. In terms of employee clubs, we have 11 employee clubs so far, including a baseball club, a basketball club, a table tennis club, a tennis club and so on. The company and the Employee Welfare Committee guide and sponsor them. Employees can relieve their work stress, promote their health with club activities, and thereby improve their organizational commitment.

Please visit the Facebook fan page: https://www.facebook.com/USICSR/

Employee Engagement Survey

To enhance employee care and fulfill the employee's demands, we conduct the employee engagement surveys (EES) from time to time to gather their opinions regarding USI's policies, performance management, employee relationships, and salary and benefits for the reference of future improvement.

After measuring employee opinions with six-point items in the October 2019 EES, the management proposed improvement program accordingly to build a happy workplace environment for employees.

To enrich the work experience of employees, we constantly implement employee care, employee benefits, employee rewards, and employee communication. Improvements in 2020:

Performance evaluation

With respect to the "Employee Performance Evaluation Regulations" and "Employee Performance Supervision and Guidance Regulations," officers and employees establish the annual performance evaluation targets together for the periodic performance evaluation. We also supervise and guide employees failing to meet the company's performance requirements and maintain persistent observation to maintain organizational competitiveness.

To distinguish employees with excellent performance from those requiring guidance, we implement the "Employee Performance Supervision/Guidance" program for employees graded C and below in the annual performance evaluation. We will also terminate the employment contract with those who fail the program.

Reward for improvement proposals

We constantly combine USIG's proposal reward scheme and the real-time reward scheme to establish the "Regulations for Rewarding Outstanding Performance and Improvement Proposals."

Year-end bonus differentiation

We integrate USIG's year-end bonus distribution to combine the year-end bonus with reward and punishment to reward the merits and punish the demerits.

The year-end bonus is distributed according to the "Employee Performance Evaluation Regulations." For employees with poor performance, unwilling to take orders from their supervisors, or with other gross negligence, we will cancel or cut their year-end bonus with the president's approval.

Health, Safety and Social Inclusion

5.4 Talent Cultivation and Development

GRI 103-1, 103-2, 103-3 SDG 4, 5, 8

Sustainability Principle: Unity Governance

Significance and Strategy

Significance to USI

Talents are the company's irreplaceable core asset. Steadily and constantly growing human resources are the bedrock of steady operations to enhance overall corporate efficiency.

Strategy and Approach

1. Establish a system to strengthen talent development.
2. Provide learning resources in various fields.
3. Enforce a level-specific management competence training mechanism.

Commitment

Provide a multidimensional framework and complete resources for talent development for employees to demonstrate potential and make contributions according to their personal traits and specialties.

Boundary:
USI, coverage rate 100%

Achievement and Goal

2020 Goals

1. Annual training for indirect labor: 8+hours.
2. Plan and activate a level-specific management competence training mechanism.
3. Provide supervisors and employees with comprehensive training courses.
4. Develop a talent cultivation system.

2020 Projects

1. Level-specific management competence training mechanism
2. Talent matrix inventory

2020 Achievements

1. The average training length for employees in 2020 was 24.71 hours/person.
2. Annual training total length: 11,564 hours.
3. Professional training in three sessions for 34 members of the intermediate management.
4. Licenses/certificates: 142 pcs.
5. Workforce planning and talent matrix inventory of all units.

Sustainable Development Milestone

2020 Goals

1. Annual training for indirect labor: 8+hours.
2. Implement a level-specific management competence training mechanism.
3. Enforce annual circulating courses.
4. Continue to enhance talent inventory and the evaluation system.

3-Year Goals

1. Constantly provide complete learning resources.
2. Establish channels for equal career development.
3. Enforce a level-specific management competence training mechanism.

5-Year Goals

1. Integrate the workforce rotation and promotion mechanisms.
2. Strengthen overall performance and the talent development system.
3. Eliminate interruption in talent succession for corporate sustainable development.

Management

Effectiveness Assessment

1. Annual training for indirect labor: 8+hours.
2. Acquire various professional licenses and certificates.
3. Talent matrix inventory for all units.
4. Performance evaluation mechanism.

Grievance Mechanism

Labor union, Employee Grievance Regulations, whistleblower policy in the Ethical Corporate Management Best Practice Principles, and employee suggestion box.

Chapter Summary

1. Education and training.
2. RD personnel training plan.
3. Multidimensional and complete personnel development framework.
4. Talent cultivation.
5. Employee development.

Multidimensional and Complete Personnel Development Framework

The system for "overall performance management" builds key performance indicators and performance associations in the "company → department → position" cycle. The anticipated outcomes are:

- Establish a systematic employee development mechanism.
- Capture the performance and potential of medium- and higher-level employees to secure successor sources.
- Ensure the development of medium- and higher-level employees to extend the organizational leadership style.
- Select and appropriately and timely guide employees and give them training opportunities.
- Review individual performance and development potential to ensure the development of management personnel and smoothen the road to career development.

Establish a diversified and complete employee development framework, strengthen support for HR-related systems, and provide employees with a suitable environment for development.

- Define the difference between management and engineering jobs and implement performance assessment and development procedures.
- Provide different professional training courses for management and engineering officers.
- Ensure equality in promotion through the Employee Review Committee.

Workforce Development Framework

Unit talent matrix inventory

Discern high-performance/high-potential talents in each unit based on the distribution chart of the annual evaluation results

Talent development plan

Establish corresponding development approaches for high-performance/high-potential talents in each unit

Annual training courses

Annual courses: Marketing, business expansion, management skills, communication and negotiation, general financial training; and combined with the unit talent development plans to form the annual training courses

Workforce plan inventory

Assist all units in inventorying future workforce changes and give corresponding advice

Talent Cultivation

In “talent cultivation," we plan various complete and up-to-date education and training, and set management competencies, professional training items, and evaluation methods of all levels. Through internal and/or external training, we activate the annual circulating courses with contents covering five major courses: marketing skills, sales skills, supervisor management competencies, communication and negotiation skills, and general finance. We also follow up the actual work performance and implementation of trainees.

- **Internal training:** Courses focus on common training courses for new employee training and group keynote speeches to equip employees with fundamental and general knowledge.
- **External training:** Courses focus on the professional skills required by individual departments and the five circulating courses provided by the personnel department to enrich the work-related knowledge and skills of employees.
- Management competence of all levels

❶ TWI (Training Within Industry for Supervisors) onsite supervisor management competence training

1. Show subordinates the correct methods and steps.
2. Guide subordinates to engage in improvement and efficiency enhancement.
3. Develop and maintain sound and harmonious team relations.
4. Establish a common language and culture for onsite management.

❷ Medium-level management competence training

1. Team establishment and subordinate development
2. Work planning and target management
3. Systematic thinking (problem analysis and solving)
4. Development of strategy awareness
5. General financial training
6. Breakthrough against the time and ambition building
7. Fundamental legal knowledge for supervisors

❸ Senior management training: Develop consensus and ability to influence and transform in senior managing

1. Establish the talent development system for senior management and provide related courses.
2. Revolutionize the existing operating processes and thinking models to cultivate potential for creation and innovation.
3. Enhance existing work efficiency and performance and effectively capture challenges and opportunities.
4. Develop the capacity for assuming senior management responsibility and enhance the ability in problem-solving and decision-making.
5. Strengthen overall teamwork consensus and coherence.

Currently, training for 76 members (including TWI 37, intermediate 34, and senior 5) from all levels of management have been completed, with a 100% completion rate.

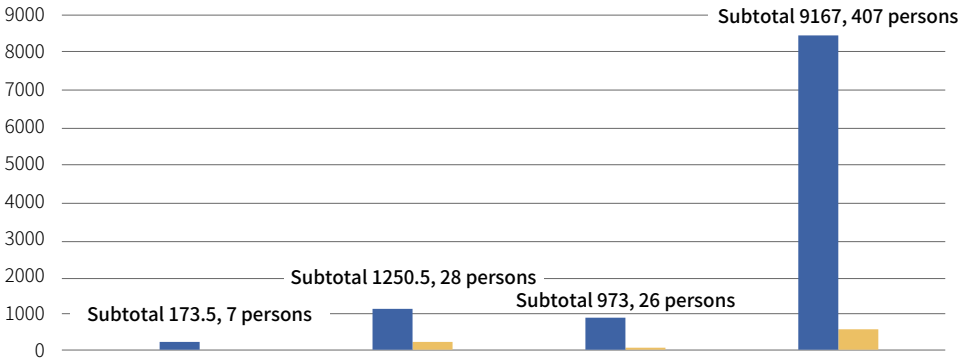
Education/Training GRI 404-1

In 2020, we provided employee training for a total of 11,564 hours (including training courses participated by employees and organized by the group). The average training length was 24.71 hours/person, with a training expense of about NT$1.424 million. We are committed to building a continuous and rich learning environment to systematically provide employees of different jobs with a series of general and special education courses and management courses. Apart from hiring external experts as instructors, we cultivate internal instructors to pass on USI's important knowledge and technology.

In addition, we provide multidimensional learning channels and resources, including on-the-job training, job guidance, mentoring, job rotation, onsite instruction, and e-learning. For employees with high learning intentions and developmental potential, we finance them to pursue continuing education in domestic universities and adjust their duties for training, in order to cultivate business successors. GRI 404-1

Total Hours of Training in 2020

(Unit: hours)

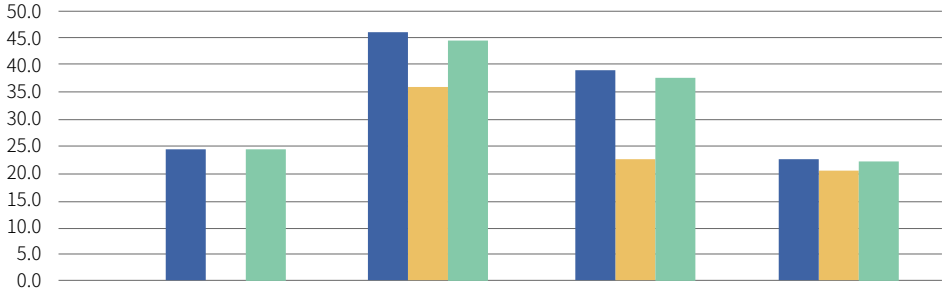


	Senior Officers	Tier-One Officers	Tier-Two Officers	General Employees
Male	173.5	1,069.5	926	8,521.5
Female	0	181	47	645.5

Note: Senior officers are employees of grades 13 and higher; tier-one officers are employees of grades 10-12; tier-two officers are employees of grades 8-9; and general employees are employees of grades 7 and below.

Average Hours of Training Per Employee in 2020

(unit: hours)



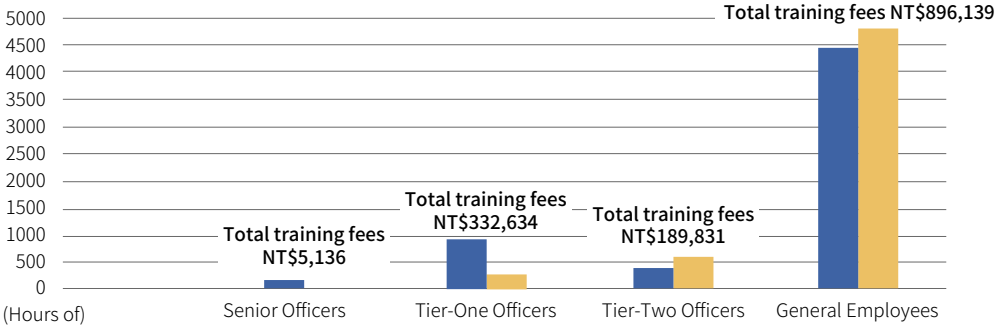
(Average hours)	Senior Officers	Tier-One Officers	Tier-Two Officers	General Employees
Male	24.8	46.5	38.6	22.7
Female	0.0	36.2	23.5	20.8
All	24.8	44.7	37.4	22.5

Note: Senior officers are employees of grades 13 and higher; tier-one officers are employees of grades 10-12; tier-two officers are employees of grades 8-9; and general employees are employees of grades 7 and below.

As shown in the distributions of internal training and external training, we offer well-planned internal and external training resources to employees. Apart from hiring external professional instructors to give classes in the facility, employees may apply for training at external professional training organizations through the online application system.

Distributions of Internal/External Training 2020

(unit: hours)



(Hours of)	Senior Officers	Tier-One Officers	Tier-Two Officers	General Employees
Internal training	173.5	972.5	385.5	4,437
External training	0	278	587.5	4,730

Note: Senior officers are employees of grades 13 and higher; tier-one officers are employees of grades 10-12; tier-two officers are employees of grades 8-9; and general employees are employees of grades 7 and below.

Health, Safety and Social Inclusion

5.5 Charity and Community Participation

We actively engage in social and educational charitable activities with our own influence. With activities including flipped education, remedial instruction for the vulnerable, and equal education for the rural, we are committed to eliminating education inequity. We also constantly engage in coastal cleanup and emphasize the education of marine ecology protection. During the pandemic, we voluntarily donated homemade disinfectants to the fire department. As a key role in the plastics industry, we constantly demonstrate our core competitiveness in the petrochemical expertise by opening the "Kaohsiung Renda Petrochemical Talent Stream" Cooperation Program to enhance the competitiveness of local schools and recruit outstanding students. We also value the support of local communities; establish long-term partnership with them; organize mountain cleanup and blood donation activities; and invest in related resources to stimulate local development and continuously demonstrate the USIG vision: Create and cohere sustainable value for a sustainable society.

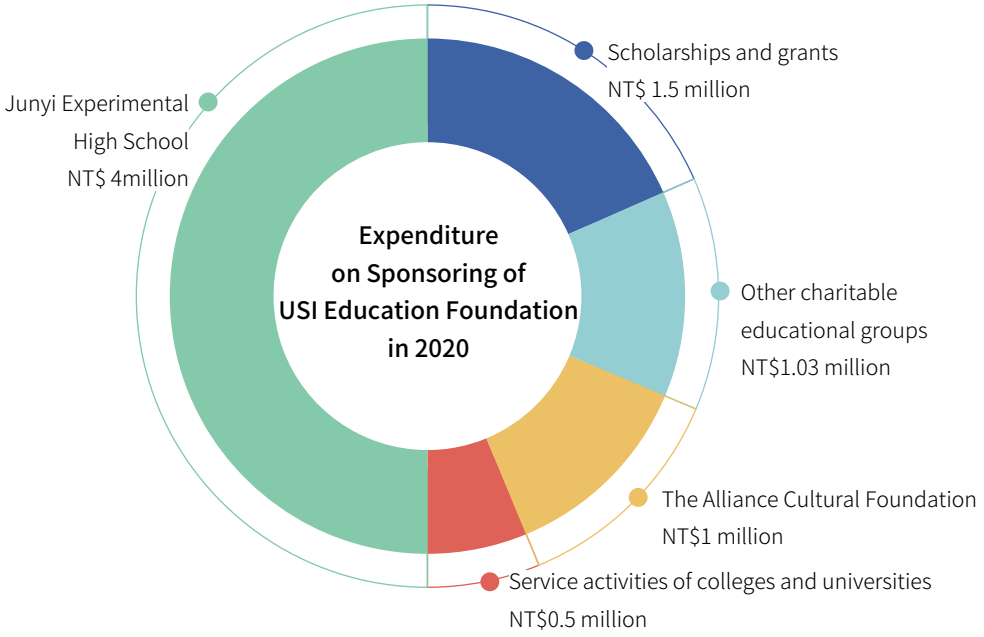
USI Education Foundation

USI Education Foundation was established on December 30, 2011 with donations from USI and APC. The foundation officially started operations in 2012 to promote educational charitable affairs, with focus on the education for the vulnerable and the rural and the care for environmental protection. The foundation advances its goals by establishing scholarships and grants, donating to charities, and sponsoring educational and charitable activities to enhance the energy and efficiency of service.

To further expand the scale of charity, CGPC and TVCM joined the foundation in 2017. In 2018, TTC also joined the foundation to enable investments of more resources in rural education and environmental sustainability in order to contribute to society.

Charitable activities

In 2020, USI Education Foundation sponsored various activities with a total amount of NT$8.03 million, including NT$1.5 million for scholarships and grants; NT$0.5million for service activities of colleges and universities; NT$1 million for the Alliance Cultural Foundation and NT$4 million for Junyi Experimental High School; NT$1.03 million for other charitable educational groups.

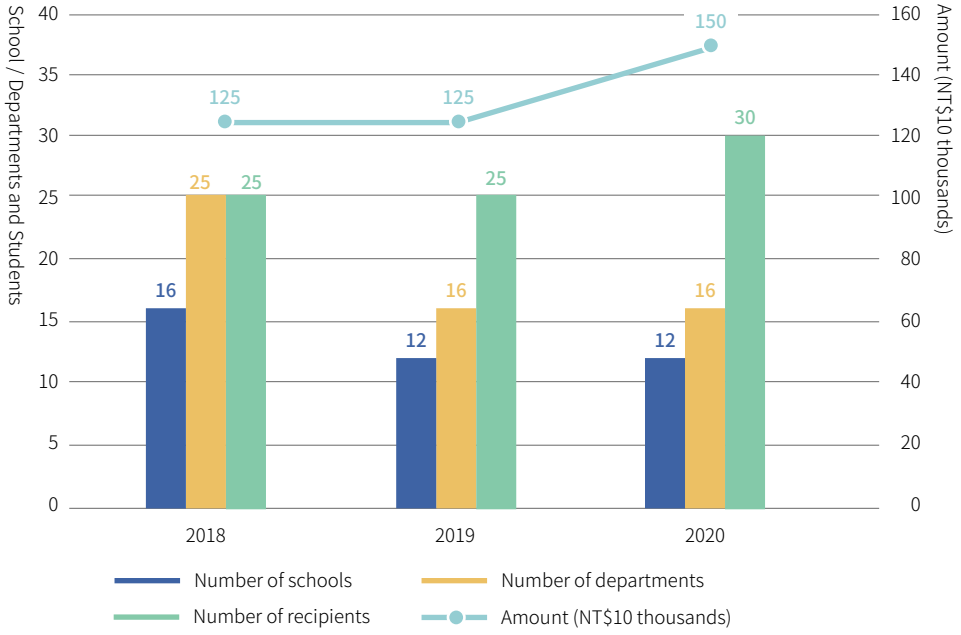


Scholarships and Grants

We offer scholarships to students from low-income families with outstanding performance and specializing in disciplines relating to chemical engineering, materials science, and applied chemistry of 13 public and private universities to promote education and talent cultivation in related fields, encourage university students of related disciplines to study hard and cultivate outstanding industrial talents for society. Over the last nine years, we have accumulatively granted scholarships amounting to NT$11.1 million to 236 students.

In 2020, we offered scholarships and grants totaling NT$1.5 million to 30 students from 16 departments of 12 public and private universities, including 3 from doctoral programs, 19 from master's programs, and 8 undergraduates, and 26 of them were from low-income families. On December 11, 2020, we held the scholarship presentation ceremony and citation lunch to encourage and develop more outstanding students from low-income families, hoping that they will demonstrate positive influence in society in the future.

Distribution of Scholarships and Grants in the Last 3 Years



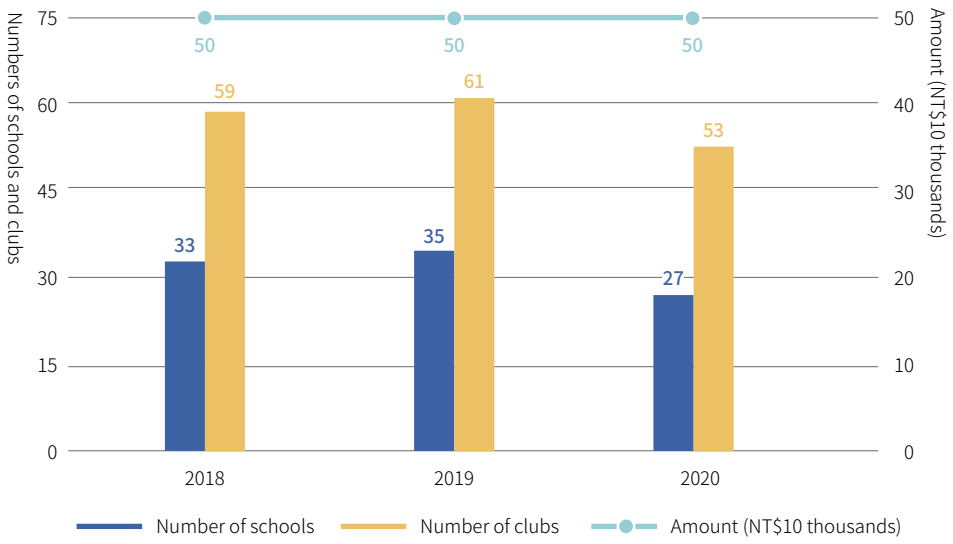
Sponsoring Service Activities of Colleges and Universities

To encourage college and university clubs to provide educational services for the disadvantaged, in remote areas, and about environmental protection, the USI Education Foundation sponsors clubs officially registered under colleges and universities.

The foundation sponsors a wide variety of educational services and activities, covering language, mathematics, naturel sciences, social studies, arts and culture, life counseling, physical exercise, character building, ICT, environmental education, and others. In doing so, we hope to provide more diversified education for the disadvantaged and those in the remote areas through high-quality club activities and human resources programs of colleges and universities.

In 2020, the foundation sponsored 53 activities from 27 schools out of 104 applications from 38 schools for a total sum of NT$500,000. Over the past nine years, the foundation has sponsored activities for a cumulative amount of NT$3.99 million, benefitting about 11,590 volunteers and 29,800 students as participants in or recipients of the club or college services. As the number of applications increases every year, sponsoring young students to engage in service-based club activities has become one long-standing goal.

Sponsorship of School Service Activities in the Last 3 Years



The Alliance Cultural Foundation and Junyi Experimental High School

Junyi—Realization of Education for the Rural

To invest more resources in rural education and the sustainability of Hualien and Taitung, the foundation sponsors the Alliance Cultural Foundation and Junyi Experimental High School on a long-term basis. Chairman Stanley Yen of the Alliance Cultural Foundation hopes to provide economically vulnerable schoolchildren with an opportunity to flip through rural education reform and innovative experimental education implementation. Therefore, he has established the "Rural Education Seeds Cultivation Program" to sponsor economically vulnerable schoolchildren of Hualien and Taitung. So far, a total of 164 schoolchildren have been benefited, and 80% of them are indigenous peoples. In 2020, the Alliance expanded the Program to Pingtung for more rural children to enjoy education equity.

In 2017, the Alliance advocated the overseas study program and established the "Innovation and Overseas Study Education Fund" to provide scholarships for highly potential students of Junyi Experimental High School to apply for overseas study at two-year community colleges or the United World College before high school graduation like taking over others on the lane. Besides providing students with a new start to connect with the world, this program enables students to develop specialties and broaden their international view, so that they can become the power to change their communities and hometowns in the future. In 2020, the unexpected pandemic dimmed the student's hope of overseas study. This year, one student from the third graduation class successfully applied for admission to the United World College. Due to the pandemic, another candidate deferred the admission to the Washington Community College to 2021. Since program establishment, 11 students have studied overseas under the program, six students from the first graduation class have successfully enrolled to their ideal universities or colleges to further their study, and two of them even earned the scholarship from US universities.

In response to its development concept, Junyi was transformed into an international experimental senior high school in 2019, and its "boarding international experimental school" education program was approved by the Ministry of Education. To provide education resources integrated with a boarding learning environment plays an important part in changing the scattered rural education resources. Either its long-standing "Life Exploration" course or pioneering experimental courses "Creativity Module" and "International Linkage" launched since 2017 were expanded into multidisciplinary courses. In 2020, the school started the "Self-Learning" course at the junior high-school department to equip students with the literacy for lifelong education and actively enforce the concept and value featuring "inspiring talent, positive innovation, local connection, and bilingual international," in order to develop core competence in "character, life, and skill" in students.

▲ The Life Exploration course of the high school department includes cycling, mountain skills, and water skills, splitting from grade 11. The photo shows the challenging course in cycling.

▼ The boarding life "accompanies" students to develop a discipline lifestyle and a self-learning living sphere. By allowing students to participate in planning the boarding life, the school guides students to be their boss.

▲ In July 2020, students of the high school department performed the English musical *Little Shop of Horrors* to present the learning achievements of the "Contemporary Arts--Drama Course" in the "Creativity Module."

▼ Every student of the high school department is required to present a keynote report in front of all teachers and students before graduation. The preparation includes three gifts for graduates from the school, including "understanding myself," "learning my responsibility," and "daring to be myself."

Sponsoring subsidiaries CGPC and TTC organize Coastal Clean-up

In support of the marine environmental protection policy of the Miaoli Environmental Protection Bureau, China General Plastics Corporation (CGPC), a USIG subsidiary, adopted 500m coast of Long Fong Fishing Port in Zhunan Town in 2017. The fourth coastal clean-up after the adoption took place on September 19, 2020. Under the leadership of CGPC VP Lin and with the support of Taita Chemical Company Limited (TTC), a total of 207 employees participated in the cleanup.

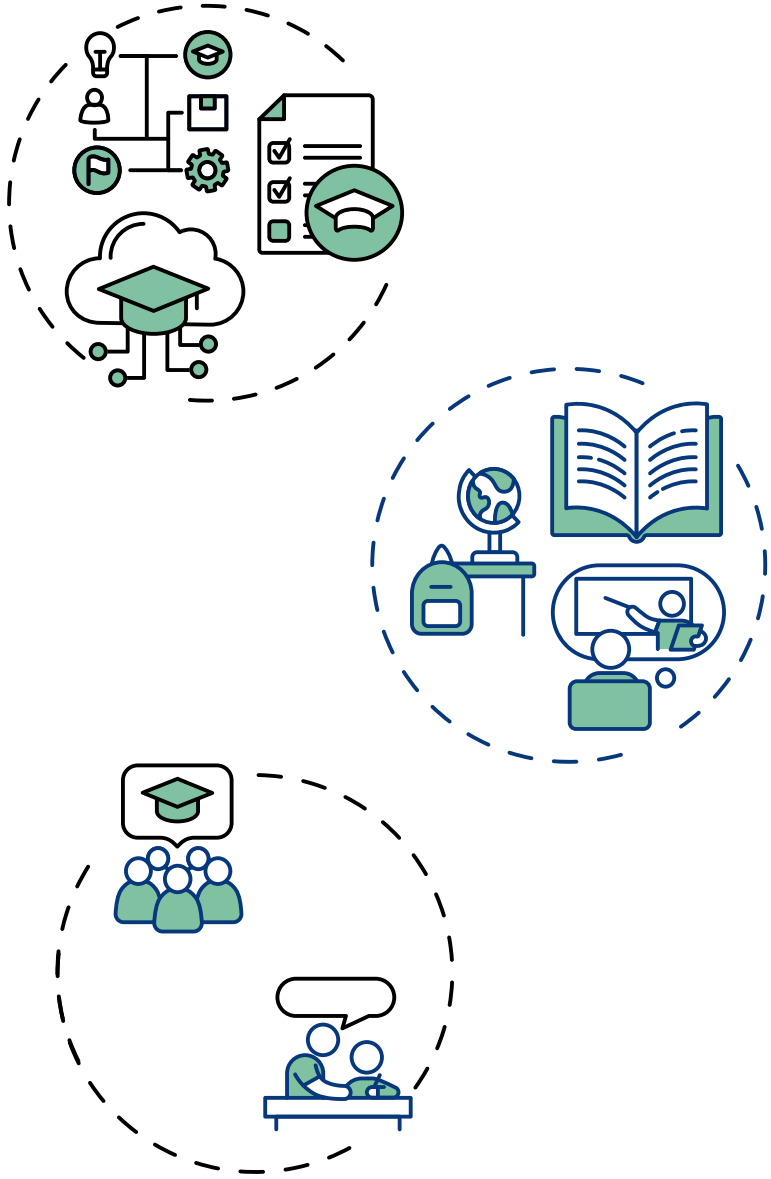
On the coastal clean-up day, it was not difficult to see large waste including fishing nets and micro waste like plastic resin pellets all over the coast. Each employee participating in the clean-up grabbed a pair of clips and a garbage bag to start cleaning up the coast. Within a short time, they gathered over 400kg of garbage through hands-on practice before handling the garbage over to the Zhunan cleaning team for disposal. Taiwan is an island state, and marine pollution is a concerned topic. Through the annual coastal clean-up, we hope to raise the awareness of marine environmental protection and environmental protection in employees to achieve the aim of a little action for a big change to make the environment better.

Sponsoring other educational and philanthropic activities

In 2020, we also sponsored other educational and philanthropic activities, including Boyo Social Welfare Foundation and Teach for Taiwan Association. To provide steady support for these units highly recognized by society and to constantly help more students, the USI Education Foundation will continue to support them.

(1) Founded in 2002, Boyo Social Welfare Foundation provides free "remedial instruction" after-school club services for junior high school and elementary school students from low-income families in the belief that "education gives hopes for children living in poverty," in order to achieve its mission "End Poverty with Education." Five days a week and 2-3 hours a day, it equips every student from vulnerable groups with basic skills to improve their social competitiveness and give them chances to beat poverty through "right education for the right person" and strict "quality control." In addition, the foundation provides "care guidance" to remedy learning instability for each child from vulnerable groups to own an appropriate education environment, in order to develop their basic capacity and social competitiveness to end poverty in the future with own ability. The program has been running for over 18 years. Every year, the foundation invests a large amount of labor and resources in curriculum design, develops remedial teaching materials, and trains parents in the community. Currently, there are 17 locations to provide after-school club service for over 2,000 students.

(2) Founded in 2013 by a group of activists caring for "education inequity", Teach for Taiwan (TFT) was inspired by the concept and model of Teach for America, hoping to create equal opportunities in education for every child. Believing that education is an everyone's matter and the process where "life influences life," TFT provides teacher training for competent youth with a sense of responsibility before sending them to teach at elementary schools in low-income rural communities for at least two years in order to demonstrate the positive influence from classrooms to outside of classrooms, from schools, families to communities. By doing so, TFT hopes to provide each child with quality education and the opportunity for self-development to end the poverty circle regardless of their backgrounds. TFT also aims to resolve the long teacher shortage and high turnover rate problems in the rural area. In 2014, it sent nine the first group of TFT teachers to eight schools in Taitung and Tainan, making this the onset of a change. To date, TFT has sent over 212 youth to the rural, including Taitung, Tainan, Pingtung, Yunlin, Hualien, and Nantou, to help over 5,000 children from vulnerable groups.



Community Participation

Community Care

In addition to caring for the education of the vulnerable, education in remote areas, and environmental education, upholding the spirit of “Giving Back," we spare no effort to express our care for the communities, local groups, and schools in the vicinity of the Kaohsiung Plant to maintain and develop positive relationships with these neighbors.

▲ Donation of disinfectants for the fire department

Therefore, we encourage USI clubs and employees to participate in social and community charitable activities, such as irregular employee donations and club cleanups. Recently, we have launched the local neighborhood cleanup and pandemic prevention activities. In addition to donating supplies for pandemic control to local residents, schools, and fire stations, we have helped local communities clean the environment and prevent the pandemic through USI volunteers, in order to demonstrate our “social inclusion” concept and fulfill our CSR for a common living circle.

Community support

Community development associations, education and culture, volunteer police and firefighters, community groups, local folkfestivities and emergency relief.

Job opportunities

Where appropriate, we hire local residents for job openings and encourage contractors to hire local residents.

Community involvement

Community activities, group representatives, environmental protection groups, religious activities.

Contributions to Communities Around Kaohsiung Plant in the Past 3 Years

(expressed in NTD)

Year	2018	2019	2020
Religion and culture	35,000	63,000	20,000
Communities and social groups	111,150	50,000	68,000
Volunteer police and volunteer firefighters	155,000	70,000	205,000
Schools and education	86,700	243,030	68,600
Community development associations	204,000	203,000	262,000
Total	**591,850**	**629,030**	**623,600**

Industry-Academia Collaboration

In response to declining student numbers in recent years as a result of the crisis from sub-replacement fertility, schools are developing more sophisticated and unique education approaches and programs to provide students with a high-quality and comprehensive learning environment. In the context of these population and education trends in the Renwu and Dashe districts, our Kaohsiung Plant and other 13 other plants (including Formosa Plastics Renwu, the Chang Chun Group, and the Dashe Industrial Park Enterprises Association) of Renda Industrial Park and the Renwu Senior High School have established an industry-academia collaboration model to cultivate a talent base for the future and for local schools to develop dynamic learning models and strengthen their ability to attract more top students through their linkages with enterprises.

This collaboration model among industry, government and academe aims to develop high-caliber students with market-relevant skills and sound employment prospects. Enterprises will have direct access and warm relationships with specifically trained talent, and they can develop positive relationships with neighboring communities in a substantial way. Moreover, the government can promote local prosperity, close the urban-rural gap, bolster regional economic development, and minimize brain drain. Thus, the project will produce a win-win-win situation for the students, schools, enterprises, communities and the local government.

"Kaohsiung Renda Petrochemical Talent Stream" Cooperation Program

Period	August 1, 2018 to July 31, 2023 (three graduation classes for five years)
Partner	Kaohsiung Municipal Renwu Senior High School
Target	Students with household registrations in Renwu, Dashe, Dashu, Niaosong, and Nanzi districts near Renda Industrial Park, 35 tenth graders a year.
Internship	1. In addition to the general tenth grade curriculum, electives relating to the petrochemical industry and professional ethics are emphasized. 2. Students on the program will visit USI during the summer break or on Saturdays to further understand the industry and job environment.
Vacancy	10 students each year, totaling 90 for three graduation classes in five years.
Scholarships and grants	Three graduation classes in five years: NT$1.08 million Subsidization for the hourly pay for professional courses in three years: NT$330,000 USI sharing for three graduation classes in five years based on the program MOU: NT$140,000.
Preferential hiring	1. USI will recommend one student from the top-ten graduating students from relevant college departments to other Ren Da Industrial Park Service Center companies that are partners of the Renda Petrochemical Talent Stream program to serve as trainees. 2. Students who choose to further their studies will be priority candidates for hiring by companies in the Ren Da Industrial Park Service Center as long as they pursue studies in relevant disciplines.
Summary	1. The first Kaohsiung Renda Petrochemical Talent Stream program ended in 2018 with brilliance performance. Of the total of 27 graduates, 26 enrolled in thein the Star Plan, and 24 of them were accepted, with an acceptance rate up to 92%, and ten of them were even accepted by national universities and medical schools 2. With eye-witnessed acclaim of the first Kaohsiung Renda Petrochemical Talent Stream program, the contract of the second program was signed on April 20, 2018 and initiated in August 3. The overseas visit was suspended in 2020 by the pandemic. All students of the first class graduated in July 2020. 4. Based on the outstanding overall performance of the first and second classes, we continue the third "Kaohsiung Renda Petrochemical Talent Stream" Cooperation Program (2021-2025), with contract execution taking place on December 10, 2020.

▲ Contract execution ceremony of the 3rd "Kaohsiung Renda Petrochemical Talent Stream" Cooperation Program.

▲ Visit on the LCY Chemical Corporation plant in 2020.

▲ Saturday Featured Course: Microbiology Application and Its Separation

▲ Seminar with the senior students of the "Kaohsiung Renda Petrochemical Talent Stream" Cooperation Program.

▲ Visit to Taiwan CPC Yongan Refinery

CH6

Appendices

Appendices

6.1 GRI Content Index GRI 102-55

GRI 102: General Disclosures 2016				
	Disclosure Item	Section	Page	Remarks
Organizational profile	102-1 Name of the organization	1.2 Company Profile	19	
	102-2 Activities, brands, products, and services	1.3 Products 3.4 Sales and Customer Service	20 78	
	102-3 Headquarters location	1.2 Company Profile	19	
	102-4 Locations	1.2 Company Profile	19	
	102-5 Ownership and legal form	1.2 Company Profile	19	
	102-6 Markets served	3.4 Sales and Customer Service	20 78	
	102-7 Scale of the organization.	1.2 Company Profile	19	
	102-8 Information on employees and other workers	5.3 Talent Attraction and Retention	128	
	102-9 Supply chain	3.3 Supply Chain Management	73	
	102-10 Significant changes to the organization and its supply chain	--		No significant change.
	102-11 Precautionary principle or approach	2.3 Risk Management	50	
	102-12 External initiatives	1.2 Company Profile	23 90	
	102-13 Membership of associations	1.2 Company Profile	23	
Strategy	102-14 Statement from senior decision-maker	Message from the Chairman	4	
	102-15 Key impacts, risks, and opportunities	2.3 Risk Management	50	

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	102-17	Mechanisms for advice and concerns about ethics	2.3 Risk Management 2.4 Ethical Corporate Management and Legal Compliance	55 56	
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	102-19	Delegating authority	2.1 Corporate Governance	35	
	102-22	Composition of the highest governance body and its committees	2.1 Corporate Governance	35	
	102-23	Chair of the highest governance body	2.1 Corporate Governance	35	
	102-26	Role of highest governance body in setting purpose, values, and strategy	Message from the Chairman 2.1 Corporate Governance	4 35	
	102-36	Process for determining remuneration	2.1 Corporate Governance	38	
Stakeholder communication	102-40	List of stakeholder groups	1.3 Stakeholder Engagement	26	
	102-41	Collective bargaining agreements	5.3 Talent Attraction and Retention	134	No significant change.
	102-42	Identifying and selecting stakeholders	1.3 Stakeholder Engagement	26	
	102-43	Approach to stakeholder engagement	1.3 Stakeholder Engagement	27	
	102-44	Key topics and concerns raised	1.3 Stakeholder Engagement	27	
Reporting practice	102-45	All entities included in the consolidated financial statement.	About this report	8	
	102-46	Entities included in the consolidated financial statements	1.4 Material Topics Management	29 33	
	102-47	List of material topics	1.4 Material Topics Management	29	

GRI 102: General Disclosures 2016					
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	102-49	Changes in reporting	1.4 Material Topics Management	29	
	102-50	Reporting period	About this report	8	
	102-51	Date of most recent report	About this report	8 9	
	102-52	Reporting cycle	About this report	8 9	
	102-53	Contact point for questions regarding the report	About this report	8	
	102-54	Claims of reporting in accordance with the GRI Standards	About this report	8	
	102-55	GRI content index	6.1 GRI Content Index	149	
	102-56	External assurance	6.3 Assurance Statement	8 157	

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		103-2	The management approach and its components	2.2 Economic Performance	43	
		103-3	Evaluation of the management approach	2.2 Economic Performance	43	
	GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed within the organization	2.2 Economic Performance	44	
		201-3	Defined benefit plan obligations and other retirement plans	5.3 Talent Attraction and Retention	134	
Technology R&D	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	1.4 Material Topics Management	63	
		103-2	The management approach and its components	2.2 Economic Performance	63	
		103-3	Evaluation of the management approach	2.2 Economic Performance	63	
	Non-GRI Standards topic, UIS specific topic USI 201			3.1 Technology R&D	64	
Product quality	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	1.4 Material Topics Management	70	
		103-2	The management approach and its components	3.2 Product quality	70	
		103-3	Evaluation of the management approach	3.2 Product quality	70	
	Non-GRI Standards topic, UIS specific topic USI 201			3.2 Product quality	71	
Legal compliance	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	1.4 Material Topics Management	56	
		103-2	The management approach and its components	2.4 Ethical Corporate Management and Legal Compliance	56	
		103-3	Evaluation of the management approach	2.4 Ethical Corporate Management and Legal Compliance	56	
	GRI 307: Environmental-compliance-2016	307-1	Non-compliance with environmental laws and regulations	2.4 Ethical Corporate Management and Legal Compliance	57	
	GRI 419: Socioeconomic-compliance-2016	419-1	Non-compliance with laws and regulations in the social and economic area	2.4 Ethical Corporate Management and Legal Compliance 3.4 Sales and Customer Service	57、79	

Category: Environmental		Topic-specific disclosures				
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		103-2	The management approach and its components	1.4 Material Topics Management	89	
		103-3	Evaluation of the management approach	1.4 Material Topics Management	89	
	GRI 302: Energy 2016	302-1	Energy consumption within the organization.	4.3 Climate Change and Energy Management	96	
		302-3	Energy intensity.	4.3 Climate Change and Energy Management	95	
		302-4	Reduction of energy consumption	4.3 Climate Change and Energy Management	97	
Air pollution control	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	1.4 Material Topics Management	100	
		103-2	The management approach and its components	4.4 Air Pollution Control	100	
		103-3	Evaluation of the management approach	4.4 Air Pollution Control	100	
	GRI 305 Emissions 2016	305-1	Direct greenhouse gas (GHG) emissions (Scope 1).	4.3 Climate Change and Energy Management	96 97	
		305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	4.3 Climate Change and Energy Management	96 97	
		305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4.4 Air Pollution Control	102	
Waste management	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	1.4 Material Topics Management	103	
		103-2	The management approach and its components	4.5 Waste Management	103	
		103-3	Evaluation of the management approach	4.5 Waste Management	103	
	GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	4.5 Waste Management	105	
		306-3	Significant spills	4.5 Waste Management	105	

Category: Social	Topic-specific disclosures				
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		103-2 The management approach and its components	5.1 Transportation Safety Management	107	
		103-3 Evaluation of the management approach	5.1 Transportation Safety Management	107	
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Occupational Health and Safety	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	1.4 Material Topics Management	110	
		103-2 The management approach and its components	5.2 Occupational health and safety	110	
		103-3 Evaluation of the management approach	5.2 Occupational health and safety	110	
	GRI 403 Occupational health and safety 2018	403-1 Occupational health and safety management system	5.2 Occupational health and safety	111	
		403-2 Hazard identification, risk assessment, and incident investigation	5.2 Occupational health and safety	113 117 123	
		403-3 Occupational health services	5.2 Occupational health and safety	120 122-123	
		403-4 Worker participation, consultation, and communication on occupational health and safety	5.2 Occupational health and safety	113	
		403-5 Worker training on occupational health and safety	5.2 Occupational health and safety	118	
		403-6 Promotion of worker health	5.2 Occupational health and safety	124	
		403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.2 Occupational health and safety	109 122	
		403-8 Workers covered by an occupational health and safety management system	5.2 Occupational health and safety	111 113	
		403-9 Work-related injuries	5.2 Occupational health and safety	113 117	
		403-10 Work-Related Illnesses	5.2 Occupational health and safety	120-122	
Talent development	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	1.4 Material Topics Management	137	
		103-2 The management approach and its components	5.4 Talent Cultivation and Development	137	
		103-3 Evaluation of the management approach	5.4 Talent Cultivation and Development	137	
	GRI 401: Labor/Management Relations 2016	401-1 New employee and Turnover employee	5.3 Talent Attraction and Retention	129	
	GRI 404 Training and Education 2016	404-1 Average hours of training per year per employee	5.4 Talent Cultivation and Development	140	
		404-3 Percentage of employees receiving regular performance and career development reviews	5.3 Talent Attraction and Retention	129	

Appendices

6.2 SASB Index

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Greenhouse Gas Emissions	RT-CH-110a.1	Gross global Scope 1 CO_2e m.t. emissions, percentage covered under emissions-limiting regulations	Quantitative	4.3 Climate Change and Energy Management	89
	RT-CH-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets and an analysis of performance against those targets			
Air Quality	RT-CH-120a.1	Air emissions of the following pollutants:	Quantitative	4.4 Air Pollution Control	100
		(1) NOx			
		(2) SOx			
		(3) volatile organic compounds (VOCs)			
		(4) hazardous air pollutants (HAPs)			
Energy management	RT-CH-130a.1	(1) Total energy consumed (GJ)	Quantitative	4.3 Climate Change and Energy Management	89
		(2) Percentage grid electricity			
		(3) Percentage renewable			
		(4) Total self-generated energy (GJ)			
Water management	RT-CH-140a.1	(1) Total water withdrawn	Quantitative	4.2 Resources Management	84
		(2) Total water consumed			
		(3) Percentage of each in regions with high or extremely high baseline water stress and the proportion of (1) and (2)			
	RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards and regulations			
	RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks			

Item	Code	Accounting Metric	Category	Corresponding Section	Page
Hazardous Waste Management	RT-CH-150a.1	Amount of hazardous waste generated, percentage recycled	Quantitative	4.5 Waste management	103
Community Relations	RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests		N/A	
Workforce Health & Safety	RT-CH-320a.1	(1) Total recordable incident rate (TRIR) (Number of Incidents x 200,000)/Total Hours Worked	Quantitative	5.2 Occupational health and safety	110
		(2) fatality rate for (a) direct employees and (b) contract employees			
	RT-CH-320a.2	Description of efforts to assess, monitor and reduce exposure of employees and contract workers to long-term (chronic) health risks			
Product Design for Use-Phase Efficiency	RT-CH-410a.1	Revenue from products designed for use-phase resource efficiency		3.1 Technology R&D	63
Safety & Environmental Stewardship of Chemicals	RT-CH-410b.1	Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances		N/A	
		Percentage of such products that have undergone a hazard assessment			
	RT-CH-410b.2	Discussion of strategy to manage chemicals of concern and develop alternatives with reduced human and/or environmental impact			
Genetically Modified Organisms	RT-CH-410c.1	Percentage of products by revenue that contain genetically modified organisms (GMOs)		N/A	
Management of the Legal & Regulatory Environment	RT-CH-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Description	2.4 Ethical Corporate Management and Legal Compliance	56
Safety, Emergency Preparedness & Response	RT-CH-540a.1	Total Count of Process Safety Incidents (PSIC)Process safety total incident rate (PSTIR) (= The cumulative (annual) count of incidents x 200,000 /total hours worked by workers)	Quantitative	5.2 Occupational health and safety	110
		Process safety incident severity rate (PSISR) (= The total severity score of process safety incidents x 200,000 /total hours worked by workers)			
	RT-CH-540a.2	Number of transport incidents			

Appendices

6.3 Independent Assurance Opinion Statement

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獨立保證意見聲明書

台灣聚合化學品股份有限公司 2020 企業社會責任報告書

重視範圍

意見聲明

重視方法

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan

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Statement No: SRA-TW-2020047

2021-04-26

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