USI Corporation

2023 ESG REPORT

USI
2023 ESG Report

Table of Contents

Chapter 1 Sustainable Development

Chapter 2 Corporate Governance and Operational Performance

Chapter 3 Innovation and Supply Chain Services

Chapter 4 Environmental Sustainability and Climate Change

Chapter 5 Safety, health, social inclusion

Chapter 6 Appendix

* = 2023 material topics

Message from the Chairman GRI 2-23

During this challenging period, we are proactively adjusting our strategy to effectively navigate the rapidly evolving environment. Continuously promote and implement the Environmental, Social, Governance (ESG) strategy based on the core philosophy of "create sustainable value for a sustainable society". Over the past year, significant progress have been achieved across various Sustainable Development Goals, further reinforcing our commitment to social and environmental responsibility.

Participate in the Global Enabling Sustainability Initiative

Constantly self-evaluation by following global trends in sustainable development continuously. In 2023, USI and China General Plastics Corporations participated in the CDP questionnaire for the first time. Through this engagement not only facilitated active involvement and response but also furthered connections with global initiatives. We introduced the concept of Double Materiality advocated by the European Union for conducting comprehensive sustainability analysis. In addition to enhance the governance effectiveness, the Board has included the ESG Committee in performance assessment for the first time.

Establish Carbon Reduction Goals and Green Energy Plan

We have been dedicated to the energy-saving and carbon reduction plan for several years, ultimately achieving the 27% carbon reduction target by 2030, and we have extended this goal to reach carbon neutrality by 2050 this year, aligning with the global goal of Zero emission. The accumulative grid-connected solar PV installations reached 7.2MW, with an estimated to generate over 9 million GWh of green power. We plan to complete solar PV installations with the capacity of 15MW and 20MW in 2025 and 2027, respectively. Aim to reduce the overall impact on the environment through technological innovation and enhance energy efficiency.

Fostering a Culture of Diversity and Inclusion

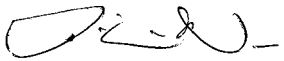
Creating a diversity, equity, and inclusion workplace environment, we actively promote diversity and inclusion through organizing employee hiking activities, collaborating with the Experimental Forest of the College of Bio-Resources and Agriculture at National Taiwan University on afforestation projects, and advocating for on-site agricultural education at Satoyama base...etc. Asia Polymer, Taita Chemical, and China General Plastics Corporations have been honored by the Occupational Safety and Health Administration as "Outstanding Enterprise in the Proactive Evaluation of Occupational Health and Safety Indicators" for their achievements in workplace safety. Through the USI Education Foundation, we provide long-term support for vulnerable groups, remote townships, and ecological care projects, laying a solid foundation on social stability and development.

ESG achievements 2023

Started the commercial operations of Gulei Project in December 2021, and the EVA production line successfully commenced trial production with material input in May 2023. It aims to maintain continuous vertical integration of the upstream, midstream, and downstream sectors. In 2023 we developed and improved four products to continuously transit towards energy conservation and high-value products. In energy conservation and carbon reduction, we saved electricity by 1.31% (achieved the conservation target by 10% during 2015-2024 in advance) and water by 5.51%, and the wastewater recycling rate was 268% of the target. We also continued to implement the Resin Pellet Recycling Project with contractors to reduce microbeads and dust from contaminating the marine environment at the source. Towards the end of 2023, in response to a customer invitation, we are collaborating with our customer's supply chain, jointly achieving the goal of reducing carbon emissions by ten thousand tons by 2025.

Lastly, we believe that these efforts will have a positive impact on the future development of the company. Through continuous innovation, collaboration, and strategy adjustments, we can achieve corporate sustainable development by coexisting and prospering with the environment. We are confident that through the joint efforts of all team members, we can overcome various challenges and achieve our common sustainable development goals.

Quintin Wu, Chairperson



About this report

Reference guidelines

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 GRI Sustainability Reporting Standards 2021 (GRI Standards:2021) 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 have also referenced the United Nations Global Compact (UNGC), ISO 26000 Guidance on Social Responsibility, and recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) to establish the reporting framework.

Scope and boundaries of report GRI 2-2, GRI 2-3

This report covers USI, including the Taipei HQ, Guishan R&D Division, 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, 2023 to December 31, 2023. The report presents the management and performance of USI in terms of governance, environment, and social aspects. The financial information and financial data certified by accountants in the financial statements are consistent. Some statistical data is sourced from the USI annual report, government agencies, and relevant websites. Unless otherwise specified, the currency used throughout the report is New Taiwan Dollar.

External assurance GRI 2-5

This report complies with the GRI Standards: 2021. It has been audited by Deloitte Taiwan, a third-party assurance provider. The review encompasses compliance with GRI guidelines for five ESG indicators, and the execution of Standard on Assurance Engagement 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” issued by the Accounting Research and Development Foundation of the Republic of China. The result of the audit has been reported, confirming the issuance of an assurance.

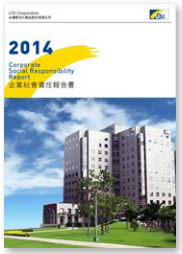
Editing process GRI 2-14

1. Discussion of report contents in the kickoff meeting
2. Preparation by three working teams
3. Review by the head of the data responsible departments
4. Consolidation by team leaders/ windows
5. Discussions and reviews of team members
6. Proofreading and revision
7. Within the Group Data Evaluation
8. External assurance
9. Approval by members of the ESG Committee
10. Approval for publication by the Board of Director

History and time of publication GRI 2-3

2014 / 12

First release Corporate Sustainability Report



2015 / 06

Second release Corporate Social Responsibility Report (CSR Report)

2016 / 06

Initial third-party notarization unit verification (BSI AA1000)

2017 / 06

Limited assurance by the accounting firm (Deloitte Taiwan ISAE 3000)

2018 / 06

Limited assurance by the accounting firm (Deloitte Taiwan ISAE 3000)

2019 / 06

Limited assurance by the accounting firm (Deloitte Taiwan Standards on Assurance Engagements(TWSAE) Bulletin 1)

2020 / 06

Third-party notarization unit verification (SGS AA1000)

2021 / 06

Third-party notarization unit verification (BSI AA1000 AS v3)

2022 / 06

Third-party notarization unit verification (BSI AA1000 AS v3)

2023 / 06

Third-party notarization unit verification (AFNOR Asia AA1000 AS v3)

2024 / 08

Limited assurance by the accounting firm (Deloitte Taiwan ISAE 3000)

2024
Coming Soon

2025 / 08

Next release version

Contact Information GRI 2-3

You can download report-related information from the “ESG” section of our corporate website at https://www.usife.com/ESG/zh-tw/ESG72.aspx. Should you have any comment or suggestion for our report, please feel free to contact us.

Address No. 330, Fengren Road, Renwu District, Kaohsiung City.
Contact Miss Tsao
Phone (07)735-9998 ext.:2258
Fax (07)371-8294
ESG email esg-usi@usig.com

2023 Sustainability Performance

Business performance

Governance

- The corporate governance evaluation for the year 2023 ranks the company among the **top 6~20%** of listed companies.
- Same rating by Taiwan Ratings at **twA/twA-1** with a "**steady**" outlook.
- Started the commercial operations of Gulei Project in December 2021, and the EVA facility **successfully commenced trial production** with material input in May 2023.
- Innovation and R&D accumulated **143** patents.
- The high-value product UE4055 annual sales accumulated **5,244MT**, the **second highest** in USI history.

Environmental

- USI was invited for the first time to participate in the '**Water Security**' evaluation and achieved an **A- leadership-level performance**.
- USI signed up for the Ministry of Economic Affairs' "Gudeng Supply Chain Low-carbon Transition Coaching Program." We are collaborating with our customer Gudeng Precision Industrial Co., LTD and its supply chain to collectively strive towards **the goal of reducing carbon emissions by ten thousand tons** by 2025.
- The accumulated on-grid capacity from solar power projects has reached **7.2** MW.
- Adopted forestation of **5 hectares** for 20 years through promotion of the Forestation Adoption Program **Phase III** in collaboration with the Experimental Forest, College of Bio-Resources and Agriculture, National Taiwan University. And we together promote the community development and agricultural sustainable development of Shuili.
- The 2023 environmental expenditure was about NT$**10.927 million** in total.
- Annual reduction: Electricity by **1.72%** (2015-2023 average **1.4%**).
- In 2023, the water-saving program saved a total of **56,485MT**, with a reduction-rate of **5.51%**.
- Continuously implemented ISO 14064-1:2018 Greenhouse Gases Inventory and Verification, including **Scopes 1, 2, and 3**.
- Implementation of **ISO 14067:2018** for Product Carbon Footprint (Validity Period 2022-2024) and **ISO 46001:2019** for Water Resource Efficiency Management System (Validity Period 2022-2025).
- Recovered **12MT** of plastics through promotion of the plastic resin pellet leakage prevention and management program in 2023.
- Increased materials recycling rate to **14.6%**.
- In 2023, the reported amount for green procurement on the Ministry of Environment's Green Lifestyle Information Platform was approximately **12 million** NTD.

Social

- 2023 employee turnover (excluding retirement) was **4.4%**, significantly lower than the **17.9%** average of traditional manufacturing industries.
- The rate of full-time employees and local employment was **99.56%** and **82.52%**, respectively.
- There were **no** incidents of violation of Occupational Safety and Health Act resulting in fines.
- Organized HSE education and training comprised a total of **658** sessions, attended by **8,529** participants. The cumulative training hours reached **28,611**, with a participation rate of **99.9**% for both employees and contracted personnel, totaling **966** individuals.
- Implemented **3,584** hours of training on process safety management (PSM) through meetings and training sessions, with a total of **1,366** participants .
- Led the pipeline maintenance and function team of the underground pipeline joint defense organization in 2023, rated excellent in pipeline joint defense operation by the Industrial Development of the MOEA.

Certification and Awards

The CDP Water Security Management evaluation received an A- rating.

iSports Sports Enterprise Certificationfrom from Sports Administration

Won the High Distinction Award in the Second Net-Zero Industry Competitiveness Competition.

Honored with the Taiwan Top 100 Sustainable Model Award and the Platinum Award in the Report Category at the 16th TCSA awards 2023. Our commitment to comprehensive ESG performance and transparent information disclosure has been acknowledged once again.

The sixth pipeline in the Kaohsiung Plant Underground Industrial Pipeline Joint Defense Organization received the Excellent Pipeline Model Award from the Industrial Development Administration, MOEA.

Awarded the Certificate of International Trade Outstanding Exporter/ Importer Certificate in 2022.

EVA, one of our major product ranges, was awarded the Carbon Footprint Verification Opinion Statement

Obtained the ISO certificate for registration or extension

Charity Events

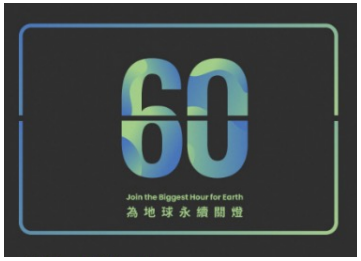
Awarded the Excellent Contribution Trophy for continuous adoption of air quality purification area

2023 Taipei Tech Cup Charity Road Run

USI planted greens, bringing back earths its original color

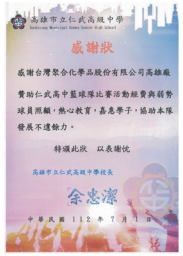
Sketch of blood donation

Adopted the air quality purification base of Kaohsiung Municipal Renwu Special Education School for the sixth year.



Let's make the world become a better place

Blood donation event



USI Cup Charity Basketball Competition 2023

Completion of the Forestation Adoption Program Phase III Donation

Awarded the Excellent Contribution Trophy for continuous adoption of air quality purification area from Environmental Protection Bureau, Kaohsiung City Government

Sponsorship of the tuition subsidy program for students in Hou'an Village, Renwu District.

Media Reports and External Recognition

▲工研院與台聚合作防蝕隔熱塗料系統，可阻擋90%的太陽熱能進入儲槽，有效降低揮發性有機物逸散空氣中達20%以上，提供產業綠色創新材料解方。（圖／工研院提供）

The Industrial Technology Research Institute (ITRI) collaborates with USI on 'cooling' coatings, which can block 90% of heat and reduce the emission of volatile organic compounds by 20%.

USI signed up for Gudeng's "Supply Chain Low-carbon Transition Coaching Program" to collectively strive towards the goal of reducing carbon emissions by ten thousand tons by 2025.

List of “Taiwan Top 2000” announced by CommonWealth magazine in 2023, USI ranked 76th in the manufacturing industry

Chapter 1

Sustainable Development

1.1 Sustainable Development Visions and Goals GRI 2-22

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 have developed 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).

United Nations Sustainable Development Goals (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.

1 Understanding SDGs and Discussion on Operational Development

- Conduct SDG education and training, discussing the impact on company operations
- Consider the prioritization of sustainable development goals

2 Identify impacts and opportunities

- Link sustainable development goals to key issues
- Identify key opportunities and allocate resources

3 Respond to SDG targets and actions

- Discuss the feasibility of setting targets
- Establish short, medium, and long-term plans, and discuss their integration into corporate operational plans

United Nations Sustainable Development Goals (SDGs)

SDG/Goals	 3.5、3.8、3.a、3.d **Maintain factory workplace environment safety and employee health** Corresponding Section: Chapter 5	 4.4、4.7 **Professional division of labor Education for employment** Corresponding Section: Chapter 3, 4, 5	 6.4、6.a **Save water by 1%" annuallyImproved effluent water quality (COD<60 mg/L)** Corresponding Section: Chapter 4
Actions in 2023	3.5 Substance abuse and alcoholism prevention: Plant access sobriety test and body temperature measurement tests for contractors and employees 3.8 Healthcare: National Health Insurance for all employees and additional employee insurance 3.a Tobacco control: No smoking or tobacco sales on the plant site. 3.d Health risk management: Arranged special checkups for 246 employees and implemented health management based on assessed risk level.	4.4 Technology and vocational skills · Process safety training for 1,366 persons with a total of 3,584 hours. · ESH education and training for 658 sessions, 8,529 persons with a total of 28,611 hours. Sustainable development of employee knowledge and skills Maintained the validity of the professional licenses and certificates of employees through in-service education and training.	6.4 Enhancement of water efficiency: Recycled 56,485MT of water, with a water conservation rate of 5.51%. 6.a Effluent quality in 2022H1 and 2022H2: COD 33.5 mg/L and COD 77.8 mg/L respectively.
SDG/Goals	 7.2、7.3、7.a **Continue to increase utilization of high-efficiency products and invest in clean energy** Corresponding Section: Chapter 3, 4	 8.3、8.5、8.7、8.8 **Expand the scope of operations to constant increase revenue / Ensure equal job opportunities / Safe work environment Harmonious labor-management relations** Corresponding Section: Chapter 2, 3, 5	 9.5、9.b **Annual R&D fund NT$100 million minimum / New product development and improvement: 4 pcs/year.** Corresponding Section: Chapter 3
Actions in 2023	7.2 Renewable energy: Investment in green power generation capacity at 7.2MW. 7.3 Enhancement of energy efficiency: · Green purchase expenditure: NT$12 million. · Saved electricity by 4,309,015 kWh and reduced carbon by about 2,133 tCO_2e Clean energy acquisition: Assessed geothermal and wind power generation projects	8.3 Business innovation: Established the high-value R&D center 8.5 Equal pay for equal work: Promoted various gender equality measures. The men-to-women pay ratio of general employees was 0.86:1 and supervisors was 1.06:1 8.7 No child labor: No child labor was hired throughout the Group 8.8 Protection of labor rights and workplace safety: · Established the labor union and held periodic labor-management meetings · Provided well-designed group insurance plans and contributed pension by law to protect the later life of employees · Implementation of PSM	9.5 Improvement of scientific research and increase in R&D expenditure for high success rate: Developed 4 new products with an R&D investment of NT$140 million. 9.b Support for customer technology innovation: Provided worldwide customers with technical services and green products

SDG/Goals	11.6、11.a **Underground Pipelines Complete urban industrial pipeline management** Corresponding Section: Chapter 4, 5	12.2、12.5、12.6 **Complete the execution of the ESG Commitment by all suppliers in 5 years** Corresponding Section: Chapter 3	13.2、13.3 **Constantly develop and promote eco-friendly products / Every year: Electricity less by 1%, USI Carbon Reduction Pathway, Water less by 1%** Corresponding Section: Chapter 2, 4
Actions in 2023	11.6 Reduction of hazardous environmental impacts: VOCs reduction and waste management 1.a Transportation safety: Implemented the Kaohsiung City Underground Pipeline Operation Safety and Management Project to protect the public safety of nearby underground industrial pipelines, citizens, and workers. · Participated in the underground pipeline joint defense organization and implemented routine pipeline tour inspections	12.2 Sustainable purchase of resources: Built the green procurement mechanisms and implemented green supply chain management. 12.5 Raw material recovery by 14.6% to reduce resource waste 12.6 Methods to encourage sustainable development: Requested suppliers to sign the ESG Commitment and collaborating with our customer and its supply chain to collectively strive towards the goal of reducing carbon emissions by ten thousand tons by 2025.	13.2 Climate change countermeasures: In 2023, electricity savings were 1.72%, greenhouse gas emissions were reduced by 2,133MT of CO_2e, and water conservation was 5.54%. Implemented ISO 14064-1, ISO 46001, and ISO 14067. 13.3 Enhancement of climate change adaptability: Environmental protection expenditure at NT$109.27 million, promotion of green heat-shielding coatings, organization of technology exchanges, observations with various affiliates and various energy-saving and carbon reduction schemes.
SDG/Goals	15.2 **Increase forestation area** Corresponding Section: Chapter 4	16.2、16.3、16.5、16.6、16.b **Legal compliance** Corresponding Section: Chapter 2, 5	17.17 **Encourage sponsorship and participation in social welfare** Corresponding Section: Chapter 5
Actions in 2023	15.2 Forest sustainable management: Sponsored 5 hectares of forestation for 20 years	16.2 No child labor 16.3 Legal compliance: No legal and regulatory non-compliance in the economic aspect 16.5 No corruption or bribery: Employee Code of Conduct and Ethical Corporate Management Best Practice Principles 16.6 Built a fair promotion and transfer system 16.b Implementation of non-discrimination policy: Promoted the human rights policy.	17.17 Encouragement of social cooperation: · Supported "Earth Hour", a global energy conservation activity. · Organized the USI Cup Charity Basketball Competition 2023 to integrate sports with charity. · Implemented community charitable activities and sponsored epidemic control equipment for hospitals and schools. · Donate NT$5 million to the USI Education Foundation annually.

Sustainable Business Objectives

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	· Mass production of the Gulei EVA Project · Investment in solar power plants and assessment of geothermal generation. · High-Value R&D Center stared operations · Completion and commencement of operations for the Kaohsiung Intercontinental Container Terminal Project · AI/Smart Management Program implementation · Assessing energy conservation and carbon reduction performance of equipment and equipment replacement.	· Planning of and investment in the downstream development projects of the Gulei Integrated Refinery Project. · CBC continues to develop high-heat-resistant specifications, establishing a production system for low-gel high-value products. · Continuous promotion of green power development and carbon reduction paths · AI/Smart Management Implementation · Planning and implementing the circular economy. · Constant R&D of high value-added products	· Planning of and investment in the downstream development projects of the Gulei Integrated Refinery Project. · Deepening Taiwan roots, continuous local investment, and promoting circular economy initiatives. · Constant R&D of green/high value-added products
Industrial safety and environmental protection	· Enforcing the "Five Zeroes Goal": Implement projects including electricity conservation, carbon reduction, watery conservation, water recycling and reuse, and others. · Soot detection system · Promoting the process safety management system. · Implementing the underground pipeline maintenance and operation program. · Promoting transportation safety audit. · Promoting the prevention and management of plastic resin pellet leakage. · Promoting the audit, control, and reduction of three types of waste · Continuously implementing various ISO systems.	· Continuing short-term plans · Furthering energy conservation, carbon reduction, and water conservation. · Completing GHG inventories for the consolidated statements · Enhancing the audit, control, and reduction three types of waste · Constantly monitoring underground pipeline safety and ensuring preventive maintenance. · Promoting the circular economy to plan resource recycling and reuse.	· Continuing the medium-term plan · Implementing smart management of operation safety. · Planning climate change address · Promoting the circular economy for green energy development. · Promoting 2030 carbon reduction target at 27% (baseline year 2017), and achieving carbon neutrality by 2050.
Social relations	· Constant care for employee health and providing a safe workplace. · Maintaining harmonious labor-management relations and protecting labor rights and interests. · Being a good neighbor to local communities and maintaining sound interaction with them. · Encouraging and sponsoring employees to engage in charitable activities. · Constantly cultivating educational and environmental protection activities in remote areas. · Implementing the supplier/contractor evaluation systems	· 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 · Encouraging and sponsoring employees to engage in public interest activities. · Continuously promoting energy efficiency and carbon reduction in the supply chain.	· Optimizing the supplier/contractor assessment systems. · Increasing the sources and energy for social participation to expand the scale of social contributions.

1.2 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.

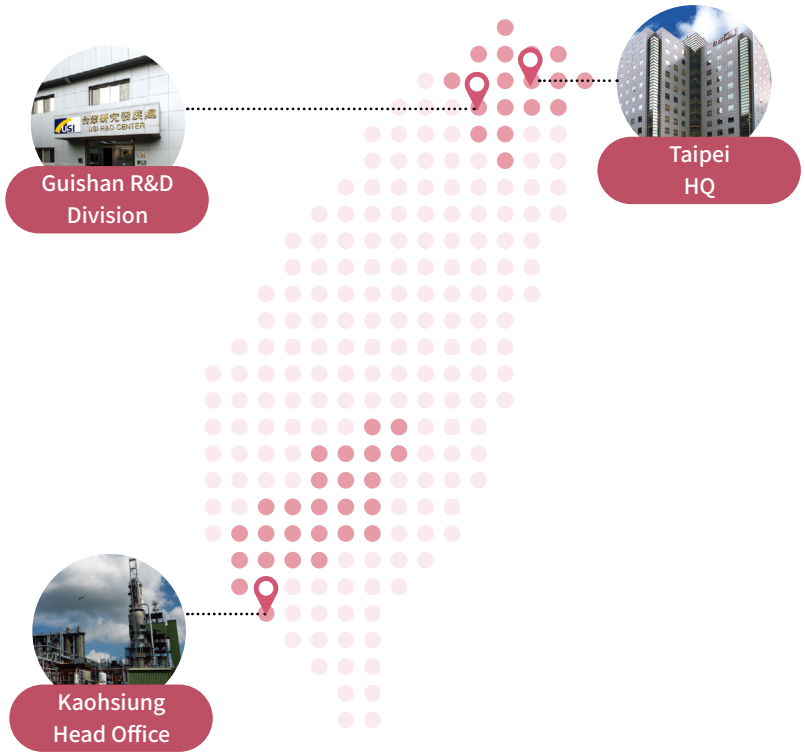
Basic data GRI 2-1, 2-6, 2-7

Name of Company	USI Corporation
Industry	Plastics industry
Head Office	No. 330, Fengren Road, Renwu District, Kaohsiung City
Taipei HQ	12F, No. 37, Jihu Road, Neihu District, Taipei City
Capital	Over NTD11.89 billion (by December 31, 2023)
Production	217,172MT (2023)
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 plastic products in daily life after processing by downstream manufacturers.
Numbers of employees	452 persons (by December 31, 2023)

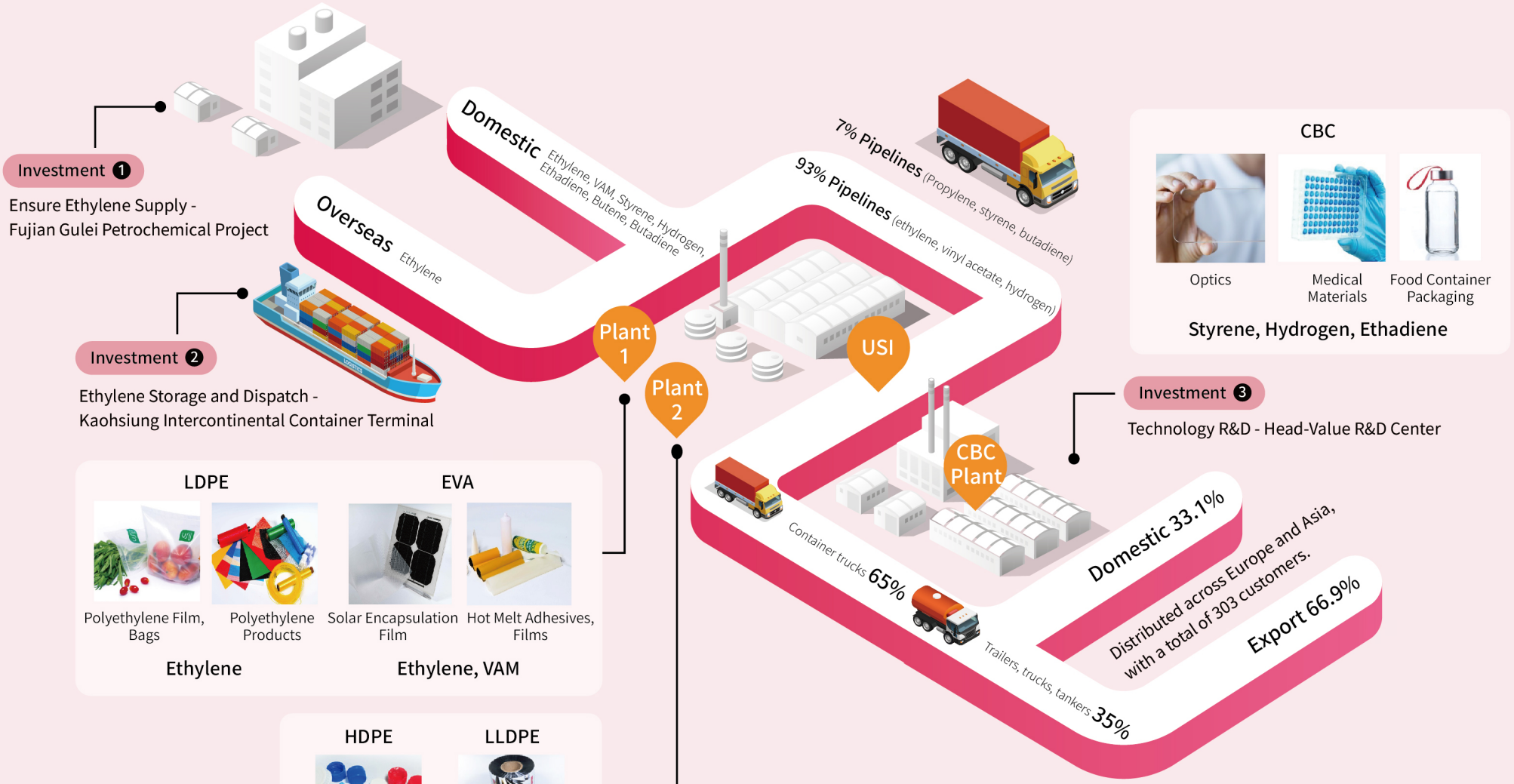
*Employees include 450 persons on a non-fixed-term contract and 2 on a fixed-term contract

Operating Locations

Major USI locations are located in Taiwan, including Taipei HQ, Guishan R&D Division, and Kaohsiung Plant. Taipei HQ takes charge of product sales; Guishan R&D Division engages in product R&D and technical service; and Kaohsiung Plant comprises Plant I for producing LDPE and EVA products, Plant II for producing HDPE and LLDPE products, and the CBC Plant for producing cyclic block copolymers.



Product Roadmap



Products GRI 2-6

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 2023

Low Density Polyethylene (LDPE)
PAXOTHENE®

High Density Polyethylene (HDPE)
UNITHENE®

Ethylene Vinyl Acetate Copolymer (EVA)
EVATHENE®

Linear Low-Density Polyethylene (LLDPE)
LINATHENE®

High-value products

ViviOn ™ - Cyclic Block Copolymer (CBC)
https://www.usife.com.tw/zh-tw/dirProduct/frmProduct7.aspx

Functional Coatings
https://www.usife.com/zh-tw/dirProduct/frmProduct8

External initiatives and membership of associations GRI 2-28

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 to achieve sustainable development for the industry together.

In 2023, we were a member of 17 associations and non-profit organizations, such as the Petrochemical Industry Association of Taiwan, Chinese National Association of Industry and Commerce Taiwan, Chinese National Federation of Industries, and Taiwan Chemical Industry Association. Please refer to: https://www.usife.com/zh-tw/dirAbout/frmAbout9

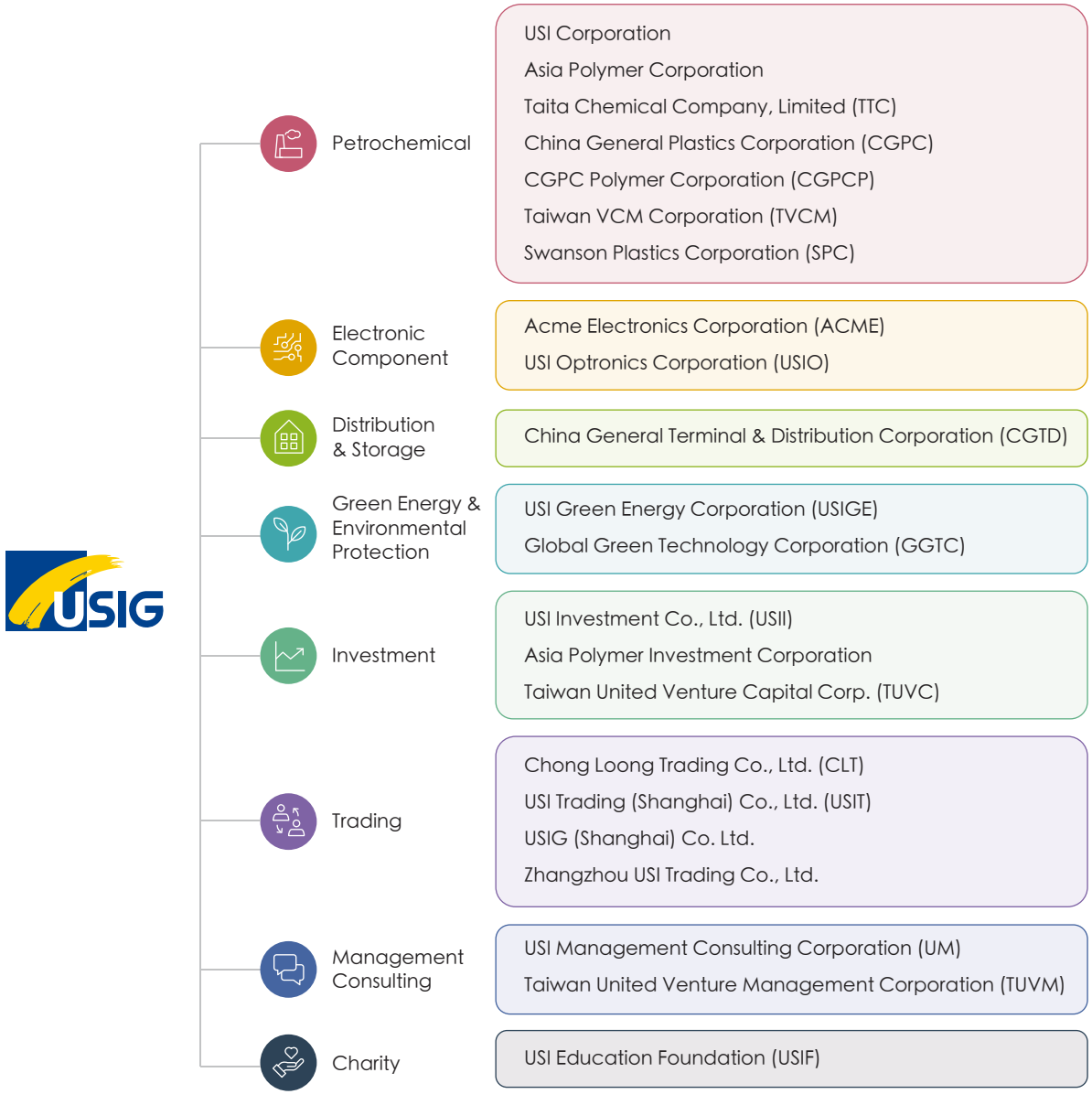
In support of external initiatives, apart from becoming one of the 1,846 businesses worldwide supporting TCFD in November 2020, we began by joining Earth Hour in 2018 and also participated in the Carbon Neutrality Alliance of the Chinese National Federation of Industries in April 2022. In August 2022 we signed the Taiwan Commercial Industry Association (TCIA) Net Zero Emissions Declaration. In 2023, the company participate in the CDP Water Security Project and was awarded an A- rating.

About USI Group

USIG's affiliated companies include multiple businesses in petrochemicals, electronics, warehousing, energy conservation, environmental protection, investment, trade, management consulting, and public welfare. For detailed information about the group, please refer to the USIG website at https://www.usig.com

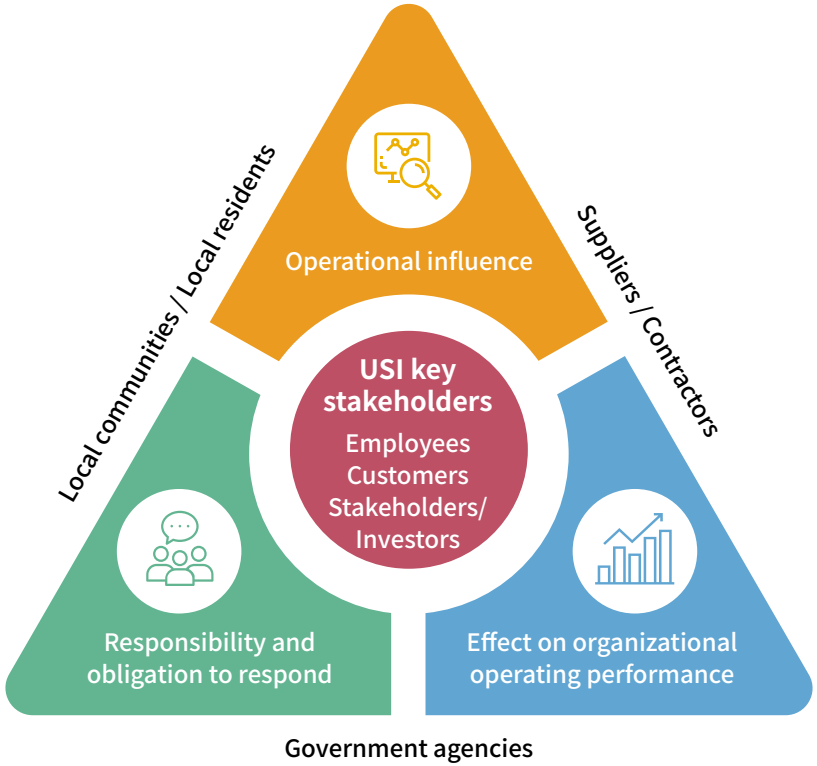
Four publicly listed USI subsidiaries, including Asia Polymer Corporation (APC), China General Plastics Corporation (CGPC), Taita Chemical Company, Limited (TTC), Acme Electronics Corporation (ACME), published their own ESG report.

Total assets	**74.1** billion (2023)
Consolidated revenue	**52.3** billion (2023)
Total number of employees	**4,499**
(as of 2023/06/30)	



1.3 Stakeholder engagement GRI 2-29

We believe that in-depth communication with stakeholders is the foundation for sustainable management, and well-planned and effective communication can understand the topics that concern stakeholders. Therefore, apart from constantly establishing communication channels, we focus on and address issues that concern stakeholders, 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. Referring to the attributes of stakeholders as specified in AA 1000 SES (2015): dependency, responsibility, influence, diverse perspectives, and tension, we identified 5 major stakeholder groups: employees, customers, government agencies, suppliers/contractors, and shareholders or investors for communication. We also added local communities/residents as the sixth stakeholder group that required communication based on the underground pipeline operation and management plan. Besides gathering stakeholder opinions from various channels, we have also set up the ESG section on the corporate website to enhance communicability.



Stakeholder Communication Channels and Topics that Concern Them

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

Stakeholder	Concerned Topic	Communication Channel and Frequency	Engagement Results	Summary of Address in 2023
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/Emergy 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 (irregularly)	• Adjustment of the remuneration and reward systems. • Preferential distribution of year-end bonuses. Enhancement of care for employee health.	• Through the annual raise and performance evaluation systems, we give employees a raise and promotion each year corresponding to their annual work performance. • The reward differentiation system was implemented to link the year-end bonus to reward and punishment. The employee year-end bonus was distributed in accordance with the Employee Performance Evaluation Regulations. • As per the nurse's plan for the plant area, all employees undergo annual health check-ups, including the completion of fatigue and stress questionnaires, along with an assessment of heart health and relevant medical history surveys. High-risk individuals are identified to establish a care list. • Contact: Mr. Chen, Personnel Section (07)735-9998 #2261
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 (once every half year) • Participation in trade fairs (once a year minimum) • Sales visits (once a year minimum) • "Contact us" on the corporate website (irregularly) • Contact by phone/email (irregularly)	Communication with customers through various methods and constant provision of quality products and services for customers.	• Provided 36 rounds of customer technical service • Commissioned projects: 21 • Resolution of all 13 customer complaints. • We conduct customer satisfaction surveys twice a year, with over 95.9% responses falling in the “satisfied” and “highly satisfied” options. • Contact: Mr. Shen, Sales Department (02)8751-6888 #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 • Supply Chain Carbon Reduction	• 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 (1) Supplier evaluation results, once a year (2) Implemented Supplier Code of Conduct and Quality Requirements Self-Assessment Form. (3) Conducted on-site audits of suppliers in conjunction with the above self-assessment form and completed audits of two suppliers this year. (4) Signed the Ministry of Economic Affairs' Supply Chain Low-carbon Transformation Coaching Program to jointly promote the goal of reducing 10,000MT of carbon emissions by 2025. • Contact: Mr. Chen, Procurement I Department (02)8751-6888 #3771 Mr. Li, Procurement I Department (02)8751-6888 #3786

Stakeholder	Concerned Topic	Communication Channel and Frequency	Engagement Results	Summary of Address in 2023
Government agencies 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 • Water management	• 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)	• The Kaohsiung Labor Standards Inspection Office conducted eight on-site inspections (1) Contractor Operations and Confined Space (2) Inspections of Hazardous Equipment (3) Routine Inspections (4) Inspection of Class C Hazardous Workplaces (5) Key Advocacy and Recommendations • On-site inspections by the Fire Department's Hazardous Materials Management Division, Fourth Battalion, and Renwu Division (5 inspections)	• Contractor operations and confined space operations inspections all comply with relevant regulations. • Periodic inspections and completion inspections of hazardous equipment all comply with relevant regulations. • Chemical evaluation and classification management, chemical SDS updates, on-site physician services, labor operating environment monitoring, on-the-job training, and special health check operations all comply with relevant regulations. • Inspections of Class C hazardous workplaces for automatic inspections, hazard notifications, emergency response drill records, and professional certifications found no deficiencies. • Labor Inspection Office key advocacy: 1. Ensuring that workers' safety harnesses are properly hooked. 2. Continuing the promotion of Process Safety Management (PSM). 3. Promoting hazard prevention for confined space and hypoxia-dangerous operations; all on-site inspection recommendations were followed. • No deficiencies were found in fire-related inspections, and all on-site inspection recommendations were followed. • Contact: Mr. Li, Industrial Safety Section (07)735-9998#2311 Mr. Hsieh, 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 (at least four times a year) • Market Observation Post System (as prescribed by law) • Contact information of spokespersons (irregularly) • Annual report (annually) • Published the ESG report (annually) • Financial statements (quarterly) • "Investor Service" section on the corporate website (irregularly) • USIG Stock Home website on the corporate website (irregularly) • "Audit Committee Email" on the corporate website (irregularly)	• Progress of Fujian Gulei Petrochemical Project • Status of corporate operations • Financial Information	• AGM on May 31 • Investor conferences on March 21, May 24, August 18, and November 23 • Contact: VP Wu, Spokesperson (02)2627-4745, Ms. Hung/Ms. Wu, Stock Service (02)2650-3773
Local communities / Local Local residents are the most important partners growing with USI. Social inclusion is our core strategy.	• Air pollution control • Involvement with local communities and philanthropy • GHG emissions • Underground pipeline maintenance	• "Contact us" on the corporate website (irregularly) • Visits on local groups (three time 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. • Implementation of the underground pipeline maintenance and operation program.	• Constant adoption of the air quality purification zone of Renwu Special Education School • Sponsored community and school music and cultural performances, donated bleaching agents and other epidemic prevention supplies to the community, joining hands with neighbors to fight against the virus. • One independent scenario planning (2023.06.06) and one drill (2023.07.06) for underground pipelines, and in coordination with an unannounced drill by the Economic Development Bureau(2023.06.08). • Contact: Mr. Hsueh, General Affairs Section (07)735-9998 #2262 Mr. Chen, Personnel Section (07)735-9998 #2261

1.4 Material topics management GRI 2-14, 3-1, 3-2

Our company follows the GRI Universal Standards 2021 version Major Materiality Identification Process, which involves constructing three major steps: identification, analysis, and confirmation. Major materiality analysis is conducted every two years, incorporating dual-major materiality thinking to analyze the impact of sustainability issues on "the company's operational impact" and "the impact on economic, environmental, and human (including human rights) factors." The major materiality identification process and results are discussed by the Group's ESG experts and reported to the ESG Committee, then presented to the Board for approval, ensuring that the direction of sustainable operation and reporting content align with the concerns and expectations of internal and external stakeholders.

Analysis and identification of material topics

Identification

Communication Target

Employees, customers, government agencies, suppliers/contractors, shareholders or investors, and community/ residents.

6 types of core Stakeholders

Reference international sustainability norms and standards along with the company's operational goals and vision, USI gathering 35 positive and negative sustainability topics.

35 sustainable topics

Analysis

External Impact Assessment

Received 92 valid responses: Employees (43), Customers (10), Government Agencies (7), Suppliers/Contractors (12), Shareholders or Investors (3).

92 valid external responses

Internal Impact Assessment

Conducted surveys with internal department heads and directors at USI, receiving 53 valid responses.

53 valid internal responses

Materiality Analysis

Based on survey results, identified 15 significant ESG topics and conducted a dual-significance analysis, converging into 11 material topics. (Major topics analysis frequency: once every 2 years)

15 Significant Topics

Confirm

Material Topics

The task force, in continuation of the material topics management tracking from 2021, has merged "Product Quality" and "Waste Management" into the material topics for 2022, totaling 11 items.

11 Material Topics

Materiality Analysis

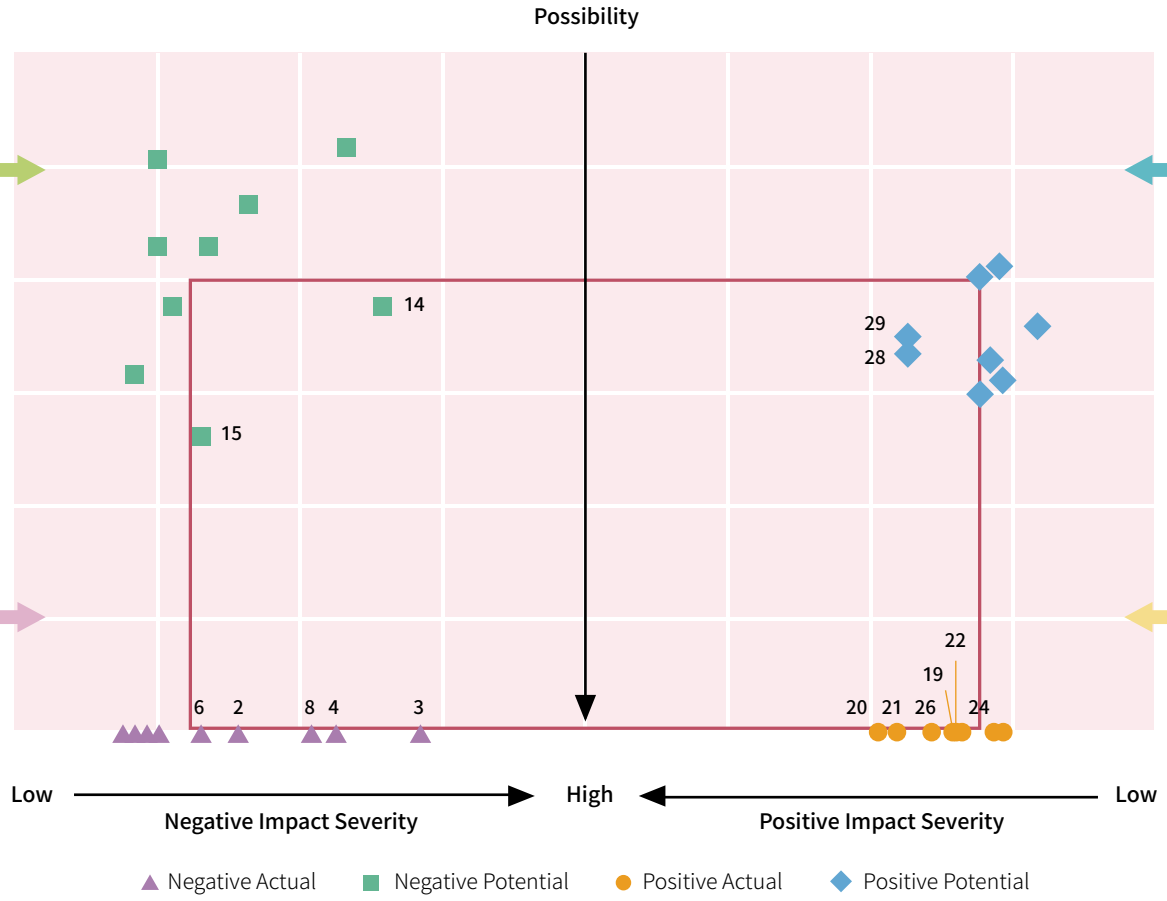
To ensure comprehensive coverage of topics, we didn't just rely on the revised GRI Universal Standards 2021, the metrics of SASB Standards-Chemicals, domestic and overseas industry sustainability trends, and the SDGs. We collected a total of 35 “stakeholder concern items”through various communication channels. A sunset diagram was plotted based on "level of impact" and "likelihood of occurrence." Significant thresholds were set (impact score above 3.42, likelihood score above 3.4) based on the opinions of the ESG working group, stakeholders, and internal and external experts, resulting in the selection of 15 ESG topics as "significant issues."

Possibility of Negative Potential Impact

14. Regulatory Restrictions on Industry Development
15. Carbon Tax Implementation

Negative Actual Impact

2. Rising Energy Costs
3. Insufficient Power Supply
4. Insufficient Reservoir Water Supply
6. Failure to Implement Air Pollution Control
8. Failure to Implement Process Safety Management



Possibility of Positive Potential Impact

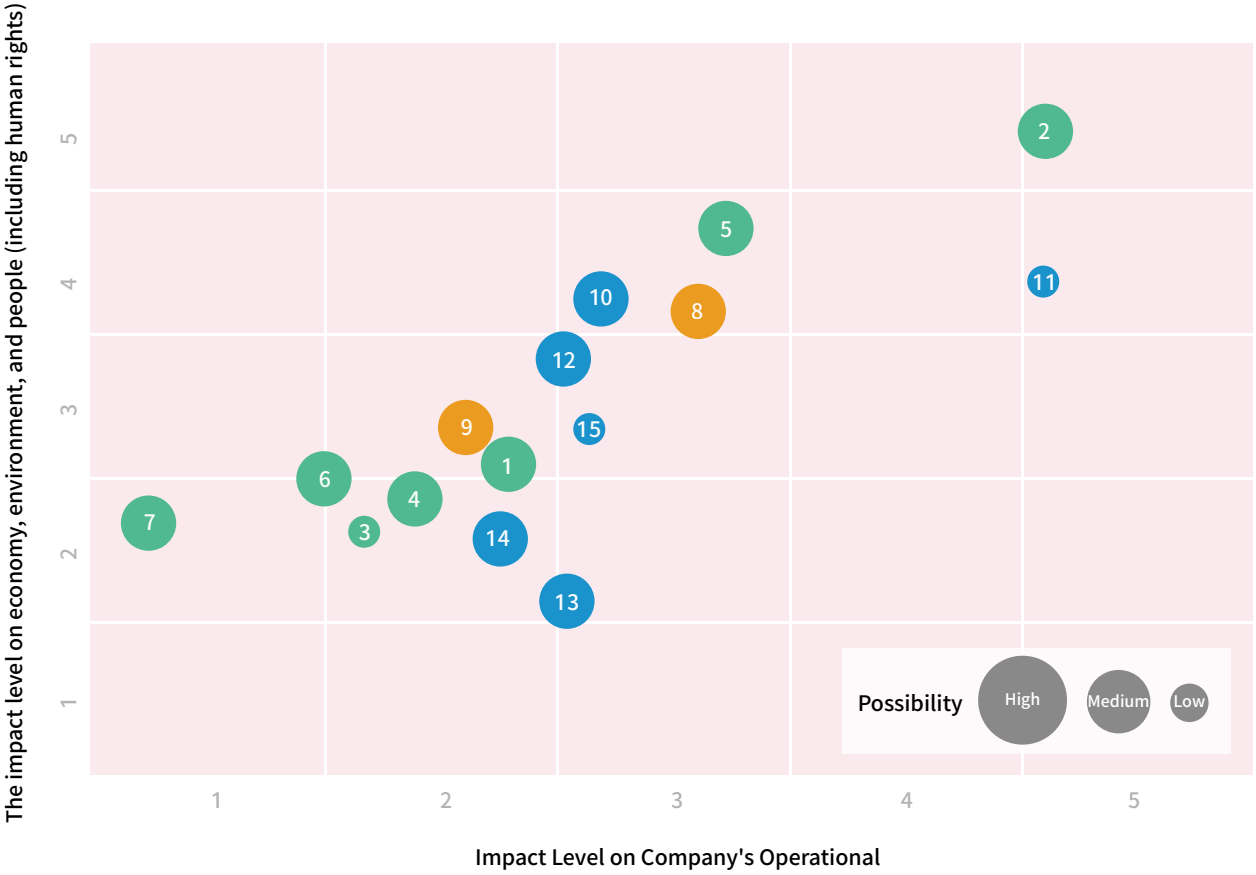
28. Manufacturing Transformation
29. Successful Development of Sustainable Materials

Possibility of Positive Potential Impact

19. Stable Growth in Financial Performance
20. New Product Development and Diversification
21. Success Supply Chain Management
22. Implementation of Automated Processes and Systems
24. Investment in Renewable Energy
26. Build A Friendly Workplace Environment

Material Topics Selection

The 15 significant topics were categorized into environmental, social, and governance aspects. They were analyzed using a double materiality approach, considering "impact on business operations" and "impact on the economy, environment, and people (including human rights)." This analysis distilled them into 11 material topics which were then presented to the ESG Committee for approval and reported to the Board.



E Environmental

1. Rising Energy Costs
2. Insufficient electricity supply
3. Carbon Fee Collection
4. Investment in Renewable Energy
5. Inadequate Reservoir Water Supply
6. Inadequate Air Pollution Control
7. Improper Waste Disposal Methods

S Social

8. Process Safety Management has not been implemented
9. Build A Friendly Workplace Environment

G Governance

10. New Product Development and Diversification
11. Regulatory Constraints on Industry Development
12. Proper Supply Chain Management
13. Stable Growth in Financial Performance
14. Implementation of Automated Processes and Systems
15. Manufacturing Transformation - Shedding Industry Burden

		15 Significant Topics		11 Material Topics
Environmental	1	(Negative Actual)	Rising Energy Costs	Climate change and energy management (GRI 302 Energy)(GRI 305 Emissions)
	2	(Negative Actual)	Insufficient Power Supply	
	3	(Negative Potential)	Carbon Tax Implementation	
	4	(Positive Actual)	Investment in Renewable Energy	
	5	(Negative Actual)	Insufficient Reservoir Water Supply	Water Resource Management (GRI 303 Water and Effluents)
	6	(Negative Actual)	Failure to Implement Air Pollution Control	Air Pollution Control (GRI 305 Emissions)
	7	(Negative Actual)	Improper Waste Management	Waste Management (GRI 306 Waste)
Social	8	(Positive Actual)	Failure to Implement Process Safety Management	Talent attraction and Retention (GRI 401 Employment, GRI 404 Training and Education)
	9	(Negative Actual)	Creating a Friendly Workplace Environment	Occupational Health and Safety (GRI 403 Occupational Health and Safety)
Governance	10	(Positive Actual)	Development of New Products and Product Diversification	Technology R&D
	11	(Negative Potential)	Regulatory Restrictions on Industry Development	
	12	(Positive Actual)	Effective Supply Chain Management	Supply chain management (GRI 308 Supplier Environmental Assessment, GRI 414 Supplier Social Assessment)
	13	(Positive Actual)	Steady Financial Performance Growth	Economic Performance (GRI 201 Economic Performance)
	14	(Positive Actual)	Implementation of Automated Processes and Systems	Smart management
	15	(Positive Potential)	Manufacturing Transformation - Shedding Industry Burdens	Product quality

Changes in material topics GRI 2-6

Compared to the previous assessment in 2021 (conducted biennially), the changes in material topics are tabulated below. The responsible units proposed implementation plans and short-, medium-, and long-term targets for each material topic and reviewed their effectiveness periodically. The value chain concept has been included in the topic boundaries to expand the scope of consideration of the impacts of each material topic.

Status	Material Topics	Description
Added	Supply chain management Smart management	NA
Supplementary	Product quality Waste management	Included in the material topics after the discussion of the ESG working group
Not included	Ethical corporate management and legal compliance	Follow-up continued in Section 2.4, Ethical corporate management and legal compliance
	Transportation safety management	Combined to "occupational safety and health"

Progress of implementation of material topics.

Aspects	Material Topics	2022	2023
Governance	Economic performance	1. Individual revenues: NT$15.6 billion, second highest in USI history. 2. UE4055 annual sales accumulated 5,894MT, the highest in USI history. 3. Annual net income at NT$3.47 billion, also the second highest in USI history. 4. The High-Value R&D Center has started operations in 2022Q3. 5. The mid-term delivery of EVA facility of the Gulei Project was completed in October 2022.	1. Individual revenues: NT$11.4 billion. 2. The high-value product UE4055 annual sales accumulated 5,244MT, the second highest in USI history. 3. The High-Value R&D Center collaborated on product development and supported the CBC plant in the introduction of new specifications, ViviOn ™ 0645 and 1608, for trial production. 4. In May 2023, Gulei Project successfully initiated the trial run of the EVA unit.
	Technology R&D	New product development: 4 pcs/year, achievement 100%.	New product development: 4 pcs/year, achievement 100%.
	Product quality	Targets 1. Customer complaints of plants I/II: <6 cases/<7 cases 2. Controllable defect rate of plants I/II: <0.3/<0.7% Actual 1. Confirmed customer complaints of plants I/II: 2 cases /5 cases 2. Controllable defect rate of plants I/II: 0.21 / 0.55%	Targets 1. Customer complaints of plants I/II/CBC: <6 cases / <5 cases 2. Overall defect rate of plants I/II/CBC: <1.8% / <5.5% / <12% Actual 1. Confirmed customer complaints of plants I/II/CBC: 5 cases /4 cases /1 case 2. Overall defect rate of plants I/II/CBC: 1.57 / 4.69 / 7.4% ＊ The product quality have been revised from the controllable defect rate to the overall defect rate. For details, see section 3.2 Product Quality.
	Supply chain management (new)	Added the Supplier ESR Commitment as a requirement for new supplier evaluation.	1. Completed on-site audits for two suppliers. 2. Towards the end of 2023, in response to a customer invitation, we signed up for the Ministry of Economic Affairs' "Gudeng Supply Chain Low-carbon Transition Coaching Program." We are collaborating with our customer and its supply chain to collectively strive towards the goal of reducing carbon emissions.
	Smart management (new)	1. Smart predictive maintenance for related equipment 2. AI quality prediction 3. Energy management system 4. AI industrial safety image recognition 5. Facial recognition for the access control of contractor personnel. 6. Virtual reality (VR)-Tank car leakage emergency response training	1. DCS + Field Data System Implementation 2. High-Pressure Reactor Vibration Monitoring 3. AI quality prediction 4. Soot detection system 5. Digital Product Data Management System

Aspects	Material Topics	2022	2023
Environmental	Water management	1. Water conservation: 5.65% 2. Reclaimed water: 32,153MT 3. Implementation of water conservation to control consumption. 4. Passed the certification of the ISO 46001 Water Efficiency Management System.	1. Water conservation: 5.51% 2. Water recycling: 56,485MT 3. Achieved A- Leadership Level in CDP Water Security 4. Set an annual target to reduce unit water consumption by 0.5%
	Air pollution control	1. VOCs equipment component leakage: 0.036% 2. Pump replacement project progress at 25% due to the pandemic. 3. The pipeline improvement plan to reduce emissions of VOCs was completed.	1. VOCs equipment component leakage: 0.038% 2. Pump replacement project progress at 100%
	Waste management	1. Monthly industrial waste storage audit: Compliance with the regulations. 2. Enhancement of the flow control of waste cleanup and disposal by performing spot checks on 9 waste cleanup contractors and 7 waste disposal contractors in 2022, and no nonconformity was found.	1. Spot checks on 8 waste cleanup contractors and 7 waste disposal contractors, and no nonconformity was found. 2. The amount of waste filling produced decreased by 15.51 MT compared to 2022.
	Climate change and energy management	1. Product energy consumption increased from 4.8 GJ/MT in 2021 to 5.5GJ/MT in 2022. (With the energy consumption of the CBC plant) 2. Implemented 6 energy improvement projects to reduce power consumption by 1.31% (average of 2015-2022 was 1.37%).	1. Annual reduction: Electricity by 1.72% (2015-2023 average 1.4%). 2. GHGs emissions amounted to 142,292 MT of CO_2e (including Scope 1, 2, and 3 emissions, totaling emissions from the Taipei, Guishan, and Kaohsiung plants, and excluding Scope 3 indirect emissions from the use of company products). 3. Implemented two energy-saving and carbon reduction projects, resulting in a total carbon reduction of 1,614 tons of CO_2e. 4. Completed ISO 14064-1:2018 greenhouse gas inventory and verification.
Social	Occupational safety and health	1. Disabling injury frequency rate (FR)=1.15, Frequency-Severity Indicator (FSI)=0.21, Number of environmental monitoring non-conformities=0. 2. Downtime caused by key equipment=4, machinery maintenance by the engineering department = 5,025 units. 3. Proposition of 65 ECs to reduce operating risks. 4. Completion of steam inlet check of 66 points and replacement of the recycle train cooler. 5. Replacement of the B-301A fume stack and addition of an operating platform at silo Y-6015 to enhance the operation safety of staff. 6. Installation of the heat insulation net in the purification zone and demolition of the EDC pipelines and foundations in the catalyst zone (enhance operation safety for employees)	1. Incident rate = 1.11, equipment improvement and renewal, inspection and maintenance enhancement, periodic walk-through inspection, education and training, and OH&S management. 2. Frequency-Severity Indicator (FSI)=062. Adding a working platform to improve the safety of personnel; Rust removal, supplementary welding, screw replacement, and paint maintenance of equipment and pipelines. 3. Monitoring indicator excess=0. Completed onsite monitoring on Type 2 organic solvents, specific chemical substances, noise, CO_2 and local exhaust equipment wind speed. No nonconformity is found. 4. Downtime caused by key equipment=4, machinery maintenance by the engineering department = 2,238 units.
	Talent attraction and retention	1. Total employee turnover 4.8% (excluding retirement) 2. Provided well-designed group insurance plans and contributed pension by law to protect the later life of employees 3. Annual employee health checkup 4. Completion of labor-management meetings.	1. Total employee turnover 4.4% (excluding retirement) 2. Provided well-designed group insurance plans and contributed pension by law to protect the later life of employees 3. Annual employee health checkup 4. Completion of labor-management meetings.

Material topics and value chain GRI 103-1, 2-6

● Direct impact ○ Indirect impact

Aspects	Material Topics	GRI Standards Topic	SASB Standards	Value Chain				SDGs	Response
				Supply chain management	Opera-tional	Product	Social		
Governance	Economic performance	GRI 201:2016 Economic Performance	N.A.	○	●	●		8	2.2 Economic Performance
	Technology R&D	N.A.	RT-CH-410a.1		●	●	●	8 9 13	3.1 Technology R&D
	Product quality	N.A.	N.A.	●	●	●		8	3.2 Product Quality
	Supply chain management	GRI 308:2016 Supplier Environmental Assessment GRI 414:2016 Supplier Social Assessment	N.A.	●	●	●	○	12	3.3 Supply chain management
	Smart management	N.A.	N.A.	○	●	●	○	7	2.5 Smart management
Environmental	Water management	GRI 303:2018 Water and Effluents	RT-CH-140a.1 RT-CH-140a.2 RT-CH-140a.3	○	●	●	●	6	4.2 Water management
	Air pollution control	GRI 305:2016: Emissions	RT-CH-110a.1 RT-CH-110a.2 RT-CH-120a.1	○	●		●	11	4.3 Air pollution control
	Waste management	GRI 306: 2020 Waste	RT-CH-150a.1	○	●	○	●	11 12	4.4 Waste management
	Climate change and energy management	GRI 302:2016 Energy GRI 305:2016: Emissions	RT-CH-110a.1 RT-CH-110a.2 RT-CH-130a.1	○	●	●	○	7 13	4.5 Climate Change and Energy Management
Social	Occupational safety and health	GRI 403:2018 Occupational Health and Safety	RT-CH-320a.1 RT-CH-320a.2 RT-CH-540a.1 RT-CH-540a.2	○	●	○	○	3 4 8	5.2 Occupational Health and Safety
	Talent attraction and retention	GRI 401:2016 Employment GRI 404:2016 Training and Education	N.A.		●	○	○	3 4 5 8	5.3 Talent attraction and retention

Chapter 2

Corporate Governance and Operational Performance

Material topics in this chapter:
Economic performance

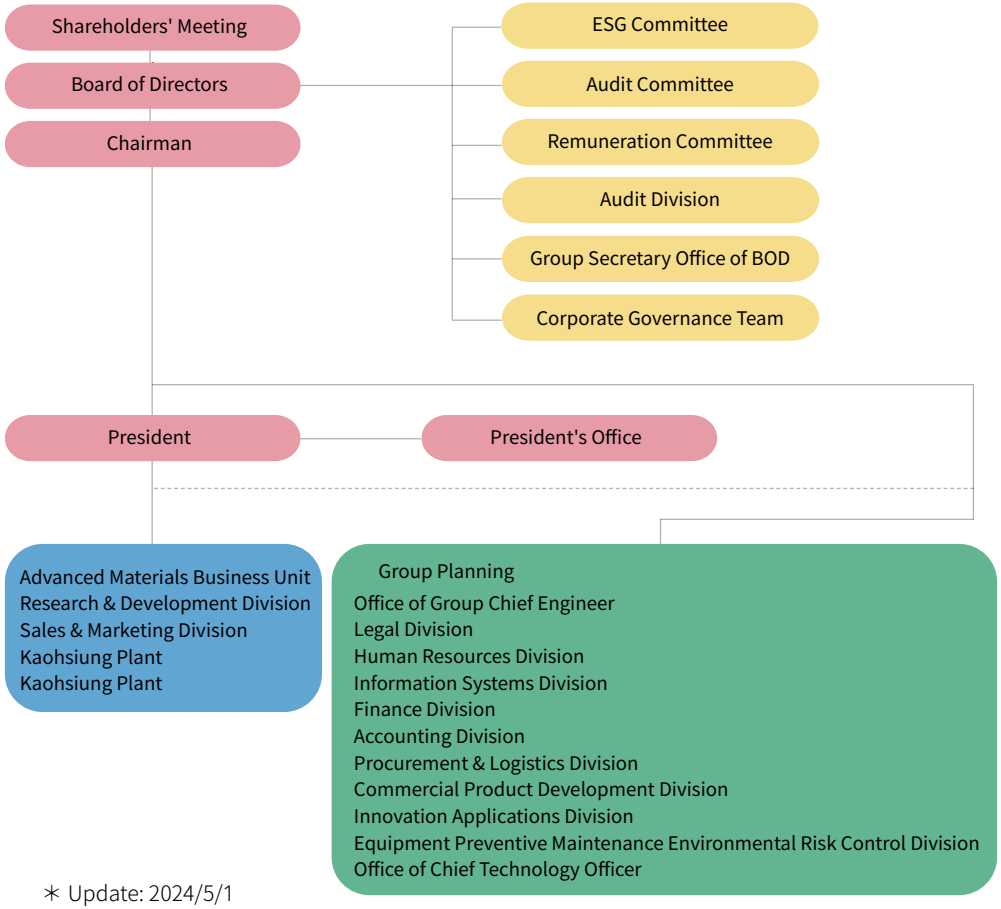
Performance Highlights

- In May 2023, Gulei Project successfully initiated the trial run of the EVA unit.
- UE4055 annual sales accumulated **5,244MT**, the second highest in USI history.
- The corporate governance evaluation for the year 2023 ranks the company among the **top 6~20%** of listed companies.
- Same rating by Taiwan Ratings at twA/twA-1 with a "**steady**" outlook.

2.1 Governance

USI management organization framework

GRI 2-9, 2-11, 2-12, 2-19, 2-23, 2-24



＊ Update: 2024/5/1

About USI
https://www.usife.com.tw/zh-tw/dirAbout/frmAbout4.aspx

Board of Directors

Selection and operation of the Board

GRI 2-9, 2-10, 2-12

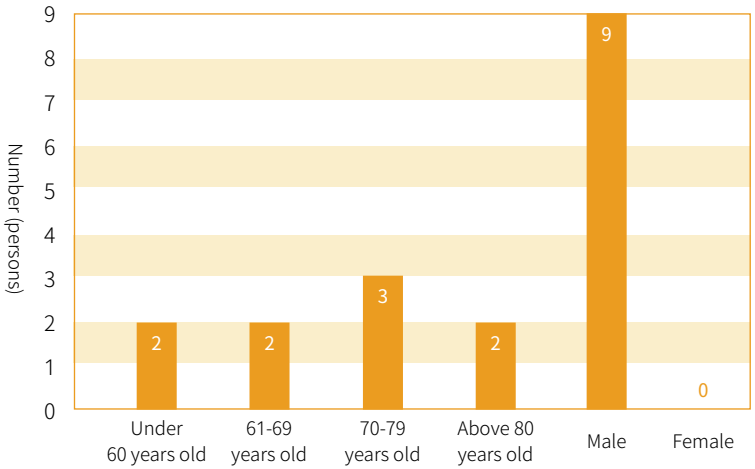
We adopt the candidate nomination system for the directorial (including independent directors) election. The Board along with shareholders holding over one percent of the total issued shares may propose the candidates to add to the List of Candidates for Directors and Independent Directors. After candidate qualification by the Board, the proposal is presented at the meetings of shareholders for shareholders to vote on from the List of Candidates for Directors and Independent Directors. The current Board of Directors was elected in 2023 and is composed of nine directors with rich experience in their respective professional fields. Among them, four positions are assigned to independent directors, who make up 44% of the Board. The term of each director is three years, and each director is entitled to a second term.

For information regarding the Board Election Regulations, please visit our corporate website at:
https://www.usife.com/zh-tw/dirInvestor/frmInvestor1

Please refer to the table below for information about the Board members.

Term of Office	May 31, 2023-May 30, 2026
Member	Directors: Quintin Wu (chairman), Jing-Sho Yu, Zhe-I Gao, Pei-Ji Wu (President), Hong-Ting Wu Independent Director: Sean Chen, Woody Duh, Yancy Hai, and Sun-Te Chen
Gender of members	All male
Age of members	Under 60 years old: 2, 60-69 years old: 2, 70-79 years old: 3, 80 years old and older: 2

Age and Gender Distributions of Board Members



Our company convened a total of 6 Board of Directors meetings in 2023, with an attendance rate of 92.59% (including independent directors) in person (100% including proxy attendance). The Board of Directors, led by the Chairman, operates in detail as described in the USI's 2023 Annual Report: Part III, Corporate Governance Report_Corporate Governance Operations.

Board proposal submission process flow:

Proposals are submitted by the responsible business units to various functional committees for reporting, discussion, and resolution, before being forwarded to the Board of Directors for reporting, discussion, and resolution. After the meetings, the functional committees and the Board of Directors' office prepare meeting minutes detailing the discussion process and resolution outcomes.

For details on the process for submitting proposals to the Board, the units responsible for Board affairs, and key resolutions of the Board of Directors in 2023, please refer to the table below.

Performance of the board member diversity policy

1 Business responsible units	2 Functional Committees	3 Board submission
Submitting proposals	Convening meetings within the scope of relevant authorities, conducting agenda reports, discussions, resolutions, and preparing meeting minutes reflecting the outcomes of the resolutions.	Conducting agenda reports, discussions, resolutions, and preparing meeting minutes reflecting the outcomes of the resolutions.

For important resolutions of the Board of Directors for the year 2023, please refer to the USI Corp. Annual Report for 2023: Section on Corporate Governance - Information on Board Operation and Resolutions of the Board of Directors available on the company's official website. Additionally, the company has established the "Board Secretary Department" as the operational unit for the Board of Directors, responsible for planning and handling board affairs to enhance the efficiency of board meetings and assist in the implementation of resolutions.

Performance of the board member diversity policy GRI 2-10

I. Performance of the board diversity policy

Referring to Article 20 of the USI Corporate Governance Best Practice Principles, the composition of the Board of Directors shall be determined by taking diversity into consideration and board members shall be equipped with the knowledge, skills, and experience required for performing their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

- **Ability to make operational judgments**
- **Ability to perform accounting and financial analysis**
- **Ability to conduct management administration**
- **Ability to conduct crisis management**
- **Industry background knowledge**
- **An international market perspective**
- **Ability to lead**
- **Ability to make policy decisions**

In addition to the above eight professional abilities required for carrying out their duties, and in response to the increasing global concerns about issues relating to corporate governance and environmental protection, three directors are also “legal” and “environmental” specialists; The current members all possess the necessary knowledge, skills, and qualities required for their roles, with expertise in accounting and finance, international markets, law, and environmental protection.

II. Targets for management of board diversity

The goal of board member diversity is to propose the addition of a female director in order to achieve gender diversity objectives. Additionally, in response to the global trend of increasing emphasis on corporate sustainability, the company plans to add directors who are familiar with and proficient in relevant fields to enhance the company's sustainable competitiveness, thus making the board more proficient in its functions.(Board member diversity policy implementation status: Refer to page 44 of the USI's 2023 Annual Report and the company's official website).

III. Performance in board diversity

Diversity of board members:

Director's name	Gender	Diversity of Core Competence									
		Operational judgments	Accounting finance	Management administration	Crisis management	Industry background knowledge	International market	Ability to lead	Ability to make policy decisions	Law	Eco-friendly
Quintin Wu	Male	✓	✓	✓	✓	✓	✓	✓	✓		
Jing-sho Yu	Male	✓	✓	✓	✓	✓		✓	✓		
Zhe-Yi Kao	Male	✓		✓	✓	✓		✓	✓		
Pei-Ji Wu	Male	✓		✓	✓	✓	✓	✓	✓		
Hong-Ting Wu	Male	✓	✓	✓	✓			✓	✓		
Sean Chen	Male	✓	✓	✓	✓			✓	✓	✓	
Woody Duh	Male	✓	✓	✓	✓	✓		✓	✓		✓
Yancy Hai	Male	✓	✓	✓	✓			✓	✓		✓
Sun-Te Chen	Male	✓	✓	✓	✓			✓	✓		

※ Currently, 22% of directors are also employees, and 44% of them are independent directors.

Avoidance of conflicts of interest of directors GRI 2-11, 2-15

The Board of Directors has established compre-hensive regulations for avoiding conflicts of interest, adopted measures of avoidance in procedures, and recorded the process in the minutes of meetings, as described below:

1. In order to strengthen corporate governance, our company has established comprehensive regulations within the board of directors to mitigate conflicts of interest among directors, thus safeguarding the rights of investors.
2. Measures for avoidance of conflicts of interest: When discussing a proposal constituting a conflict of interest for one or more directors, the meeting chair shall remind such directors to recuse themselves from the discussion. If the chair should also be recused, she/he shall assign a director having no conflict of interest with the proposal to act as the chair.
3. The secretary unit of the Board, in accordance with the Board Meeting Regulations, records the reasons for recusal and the implementation status regarding agenda items where directors have a conflict of interest in the minutes of the Board meetings.
4. In 2023, the execution of recusals for conflict of interest agenda items by the Board complied with legal regulations (please refer to the 2023 USI Annual Report - Board Operations).
5. For details on responses to conflicts of interest between Board members and stakeholders, please refer to the 2023 USI Annual Report, sections "Information on Board Members," "Top Ten Shareholders by Shareholding Percentage," and "Related Party Transactions" in the 2023 Financial Report.

Our performance in avoidance of conflicts of interest in proposals in 2023:

Director's name	Motion content	Reason for recusal	Participation in voting	Remarks
Quintin Wu Pei-Ji Wu	Proposal of abolition of non-compete restriction on directors.	Directors recusing themselves from the proposal were also the directors of the Foundation.	Abstained from voting	The 15th meeting of the 20th Board, 2023.3.7
Sean Chen Woody Duh Yancy Hai Sun-Te Chen	Appointing independent directors Sean Chen, Woody Tyzz-Jiun Duh, Yancy Hai, and Sheng-De Chen as members of the company's Compensation Committee.	A conflict of interest with directors.	Abstained from voting	The 1th meeting of the 21th term of Board, 2023.6.6
Pei-Ji Wu	Competitive behavior of executives.	A conflict of interest with directors.	Abstained from voting	The 3th meeting of the 21th term of Board, 2023.11.7

Performance Evaluation Execution of the Board of Directors and Functional Committees GRI 2-18

Set assessment methods and approaches for the performance of the Board, execute regular self-assessment of the performance of the Board as a whole, individual directors, and Functional Committees every year. The Board Secretary Office is responsible for conducting these assessments through self-evaluation, using the assessment results as a reference for the company's review and improvement.

The overall internal performance assessment results for the Board, individual directors, and Functional Committees in 2023 are as follows:

Overall board performance

Aspect of Evaluation	Score
Participation in the operation of the company	4.75
Improvement in the quality of the board's decision-making	5
Composition and structure of the board	5
Election and continuing education of directors	4.67
Internal control	5

The results of the overall Board performance evaluation show that the average score of the five major aspects is 4.6, which means "good".

Individual board members

Aspect of Evaluation	Score
Corporate targets and mission control	4.85
Duty awareness of directors	4.89
Participation in the operation of the company	4.87
Internal relationship development and communication	4.89
Professionalism and continuing education of directors	4.89
Internal control	4.89

The results of the individual board members performance evaluation show that the average score of the five major aspects is 4.8, which means "good".

Audit Committee

Aspect of Evaluation	Score
Participation in the operation of the company	5
Duty awareness of the Audit Committee	4.95
Improvement of the decision-making quality of the Audit Committee	5
Composition and member selection of the Audit Committee	5
Internal control	4.92

The results of Audit Committee self-assessment show that the average score of all five major aspects is over 4.9, which means the overall assessment result is good.

Remuneration Committee

Aspect of Evaluation	Score
Participation in the operation of the company	5
Duty awareness of the Remuneration Committee	5
Improvement of the decision-making quality of the Remuneration Committee	5
Composition and member selection of the Remuneration Committee	5

The results of director self-assessment show that the average score of all six major aspects is 5, which means “excellent”.

ESG Committee

Aspect of Evaluation	Score
Participation in the operation of the company	5
Awareness of the responsibilities of the ESG Committee.	4.85
Enhancing the decision-making quality of the ESG Committee.	5
Composition and selection of members for the ESG Committee.	5

The results of ESG Committee self-assessment show that the average score of all four major aspects is over 4.8, which means the overall assessment result is good.

Note: Scores are assessed on a scale of 0 to 5, with 5 being the highest score. The assessment period is from January 1, 2023, to December 31, 2023.
The overall performance evaluation results of the board of directors, individual board members, and functional committees are to be reported at the first quarter board meeting of 2024.

Recommendation and implementation:

In view of the increasing global attention on Environmental, Social and Governance (ESG) issues, we have substantively implemented various measures in accordance with the Corporate Governance 3.0 Sustainability Roadmap published by the competent authorities. We have also reported those measures to the ESG Committee meeting and Board meeting to explain to the directors, who have also made valuable suggestions to those measures.

Apart from continuously enhancing corporate governance, we have also planned carbon reduction targets and implemented green power development strategies to meet the international standards so as to achieve the ultimate goal of corporate sustainable development.

Enhancing the execution status of directors' professional competencies. GRI 2-17

To improve the professional competence of directors, we provided information of related further education courses for directors and assisted them with the registration. We arranged a total of six hours of internal continuing education courses, including the 3-hour “PRC Political Economy, International Situation, and Cross-Strait Relations” course given by Professor Chu-cheng Ming from the Department of Political Science at NTU on July 5, 2023, and the 3-hour “How Directors Supervise Corporate Risk Management and Crisis Handling” course given by Lin-Shun Hsu, a partner accountant from PwC Taiwan, on October 13, 2023. In 2023 we arranged 62 hours of external continuing education courses for all directors and independent directors. Following the re-election of the board in 2023, all directors met the required training hours as specified in Article 14, Paragraph 3 of the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers" and the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" Please refer to p. 34 of the USI Annual Report 2023 for the details of the courses and their lengths.

Chief corporate governance officer (CCGO)

To protect the rights and interests of shareholders and improve the competence of the board of directors, the Board made a resolution on May 9, 2019 to assign Director of Legal Division, Erik Chen to be the Chief Corporate Governance Officer (CCGO) as the top officer of the Company's corporate governance. Director Erik Chen has over 20 years of experience as a practicing attorney and nearly 10 years of experience as the head of legal affairs in listed companies. His main responsibilities include handling affairs related to the meetings of the Board and shareholders according to the law, preparing minutes for the meetings of the Board and shareholders, assisting directors in taking office and continuing education, providing information needed by directors in conducting business, assisting directors in complying with laws and regulations, reporting to the Board on the results of reviewing whether the qualifications of Independent Directors are in compliance with relevant laws and regulations during their nomination, appointment, and tenure, and handling affairs related to changes in directors.

For detailed business execution priorities and professional development in 2023, please refer to the company's official website:
https://www.usife.com.tw/zh-tw/dirInvestor/frmInvestor1.aspx

Functional Committees

Under the Board, we have established three functional committees: Audit Committee, Remuneration Committee, and ESG Committee to establish and review policies that relate to the responsibility and authority of each committee in an effort to strengthen corporate governance.

Title	Name	Audit Committee	Remuneration Committee	ESG Committee
Chairman	Quintin Wu	—	—	✓
Director	Pei-Ji Wu	—	—	Deputy Committee Chief
Independent Director	Sean Chen	Convener	✓	—
Independent Director	Woody Duh	✓	✓	Committee Chief
Independent Director	Yancy Hai	✓	Convener	✓
Independent Director	Sun-Te Chen	✓	✓	✓

Audit Committee

1 The current term is from May 31, 2023, to May 30, 2026, with 4 members appointed, all of whom are composed of the company's independent directors.

2 The Audit Committee holds at least one committee meeting each quarter and extraordinary meetings as necessary. Four committee meetings were held in 2023, and the personal attendance rate of members was 100%.

Title	Name	Actual attendance rate (%)	Remarks
Independent Director (Convener)	Sean Chen	100%	Re-election
Independent Director	Woody Duh	100%	Re-election
Independent Director	Yancy Hai	100%	Re-election
Independent Director	Sun-Te Chen	100%	Newly appointed director

Note: The actual attendance rate (%) is calculated based on the number of board meetings during their tenure and their actual attendance.

Remuneration Committee GRI 2-19, 2-20, 2-21

1 The current term is from June 6, 2023, to May 30, 2026, with a total of 4 members appointed, all of whom are composed of independent directors.

2 The Remuneration Committee holds at least two committee meetings each year. Three committee meetings were held in 2023, and the personal attendance rate of members was 100%. Please visit our corporate website, refer to our annual report, or visit the Market Observation Post System (MOPS) for the details regarding the operation of this committee.

3 Apart from periodically reviewing the (1) salary and remuneration policy, system, standard, and structure and (2) performance evaluation of directors and managerial officers, the Remuneration Committee also determines and assesses the salary and remuneration of directors and managers with reference to the median earnings in the industry; the duration of engagement, duty, and target accomplishment of each role; the salary and remuneration for the same role; achievement of the Company's short- and long-term sales targets; and the Company's financial condition; and submit the results to the Board for approval.

Salary and remuneration: The remuneration for directors covers remuneration, director profit sharing, and income for professional practice; and the compensation for managerial officers includes the monthly salary, fixed-amount bonuses, year-end bonus, employee profit sharing, annual special bonus, pension contribution and benefit payments by law. The profit sharing for directors and employees are subject to Article 34 of the articles of incorporation. (GRI 2-19) The total compensation ratio and ratio of the percentage change in total compensation in 2023 were 12.75:1 and 54.70% respectively.

Performance evaluation: The performance evaluation of directors covers the alignment with the corporate goals and missions, awareness of the directorial duties, development and communication of internal relationships, expertise and continuing professional development, and internal controls. The performance evaluation of managerial officers covers the finance (revenues, profits, and net income before tax), customers (customer satisfaction, service quality, and others), products (branding, quality innovation, and others), talents (talents development, potential development, and others), safety and profits (digital transformation, energy conservation and carbon reduction, circular economy, net zero emissions, and others). Among them, the weight of sustainability-related indicators is at least 5%. In 2023, the performance indicators for the President, including sustainability-related items, consist of 10% for new product development, 8% for carbon reduction achievement rate, 7% for achieving the "Five Zeroes" safety goals, and 7% for talent development programs.

Note:
1. Total compensation ratio: The ratio of the total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual).
2. Ratio of the percentage change in total compensation: The ratio of the percentage change in the total compensation for the organization's highest-paid individual to the median percentage increase in the total compensation for all employees (excluding the highest-paid individual).

ESG Committee

GRI 2-10, 2-14

1 This Committee is formed by the Chairman, the President and three independent directors selected by the Board. One of the independent director will be the Committee Chief, with the President being the Deputy Chief.

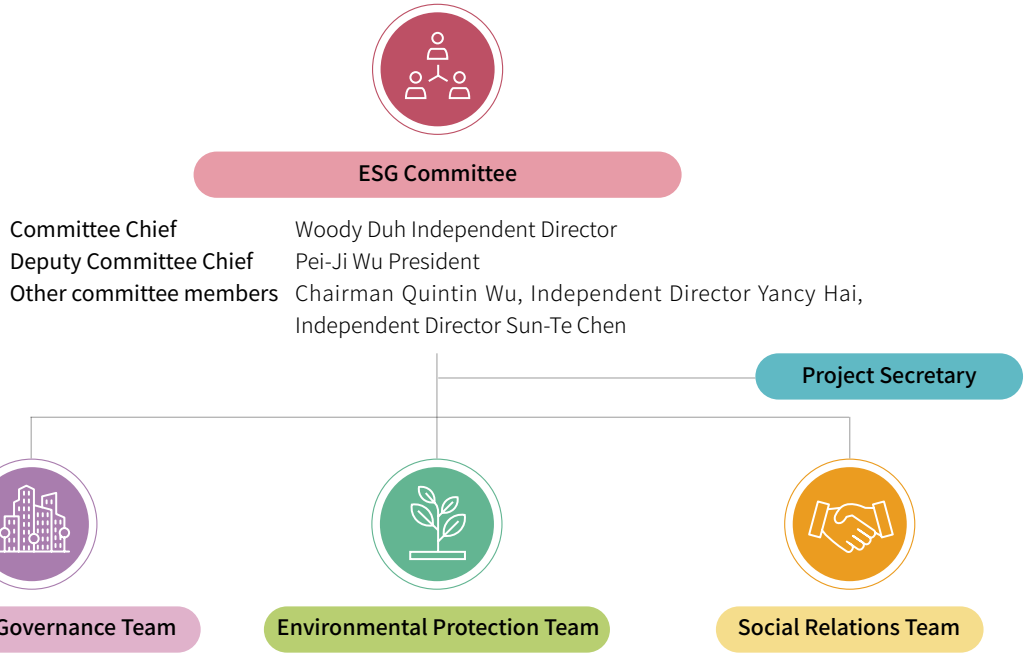
2 The term of the current committee commenced on June 6, 2020 and will end on May 30, 2026. The five members include Chairman Quintin Wu, President Pei-Ji Wu, Independent Director Woody Duh, Independent Director Yancy Hai and Independent Director Sun-Te Chen.

3 Duties of the committee include

- Agreement on the sustainability development policy.
- Agreement on the sustainability development strategy planning, annual plans, and project plans.
- Oversight of the implementation of sustainability development strategy planning, annual plans, and project plans, and evaluation of execution status.
- Approval of the ESG report.
- Annual reporting to the board of directors on the implementation results of sustainability development for the year.
- Other matters instructed by the board of directors that the committee should handle.

4 The committee shall convene at least twice a year. Two committee meetings were held in 2023, and the personal attendance rate of members was 100%. Committee meeting records over the years: https://www.usife.com/ESG/en-us/ESG21.aspx

5 The three working teams of the Committee include corporate governance, environmental protection, and social relations as shown below:



Corporate Governance Team

The company engages in discussions with stakeholders such as investors, customers, suppliers, and government agencies to address issues related to achieving sustainable operations. Through these discussions, the company aims to maintain trust relationships with relevant stakeholders.

Coordinating Unit: Kaohsiung Plant
Collaborating Units: Sales & Marketing Division, R&D Division, Legal Division, Audit Division, Finance Division, Accounting Division, Planning Department, Materials Department, Information Technology Department, Group Secretary Office of BOD

Environmental Protection Team

Integrate internal measures and planning schemes for environmental protection, energy conservation, carbon reduction, and occupational health and safety. Track and review the implementation results, discuss issues that must be considered in environmental protection, and strive to meet the expectations of stakeholders.

Energy and Environmental Protection Unit: Kaohsiung Plant Occupational Health and Environmental Protection Office.
Collaborating Units: Kaohsiung Plant Technical Department, Plant 1, Plant 2, CBC Plant

Social Relations Team

The company engages in discussions on topics related to employee care, community outreach, and social participation with stakeholders such as employees, community residents, and non-profit organizations. Through these discussions, the company aims to contribute to creating a fair, just, safe, and harmonious society.

Coordinating Unit: Kaohsiung Plant Human Resources Department
Collaborating Units:
Taipei - USI Education Foundation
Kaohsiung Plant - Office of General Affairs

ESG Committee Annual Tasks and Next-Year Annual Plan

Key Achievements in Sustainable Development Execution in 2023 Presented to the Board of Directors

1. Constantly implement the USI 5-Year Operational Plan.
2. Award:
   - In 2023, TCSA awarded the "Taiwan Top 100 Sustainable Exemplary Enterprise Award" and the "Taiwan Corporate Sustainability Report Platinum Award."
   - The CDP Water Security Management evaluation survey received an A- rating.
   - Won the High Distinction Award in the Second Net-Zero Industry Competitiveness Competition.
   - Pipeline 6 of Kaohsiung Plant was awarded the Model Pipeline. Award by the Industrial Development Administration, MOEA.
   - Awarded the Excellent Contribution Trophy for continuous adoption of air quality purification area
3. Published the Chinese and English versions of the 2022 ESG Report in June and August respectively.
4. In 2023, we signed up for the Ministry of Economic Affairs' "Gudeng Supply Chain Low-carbon Transition Coaching Program." We are collaborating with our customer and its supply chain to collectively strive towards the goal of reducing carbon emissions.
5. Organize Group Tree Planting Activities and Donate to the Third Phase of the Reforestation Adoption Plan.

2024 Work Plan

1. Constantly implement the USI 5-Year Operational Plan.
2. In response to "Gudeng Supply Chain Low-carbon Transition Coaching Program.", we are collaborating with our customer and its supply chain to collectively strive towards the goal of reducing carbon emissions by ten thousand tons by 2025.
3. Seek opportunities for cooperation with external suppliers to promote green power development and carbon neutrality response.
4. Continuously participate in sustainability-related ratings.
5. Participate in social welfare activities.
6. Publish the Chinese and English versions of the 2023 Sustainability Report in August.
7. Donation for the fourth phase of the afforestation adoption project.

Note: The board's supervision of sustainability performance-related actions: Please refer to pages 6 to 9 of the USI Annual Report for the 2023.

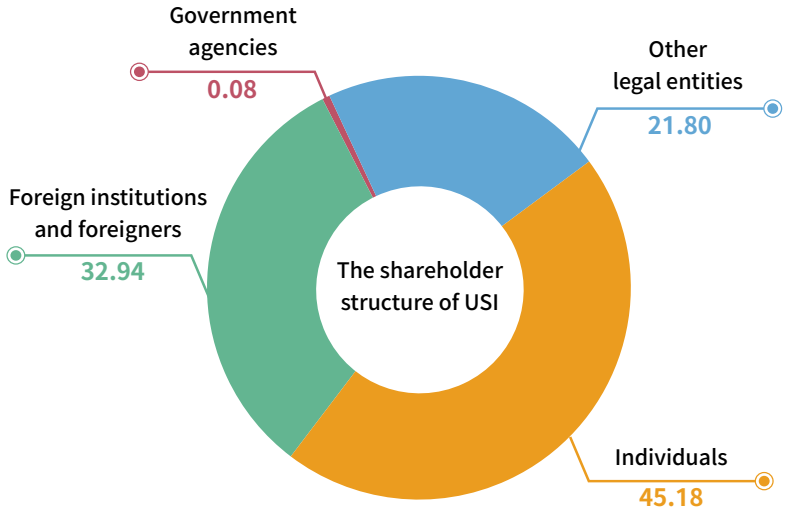
Maintenance and shareholder rights and interests and information transparence

Until the end of the shareholders' meeting in 2024, the cutoff date for the transfer of shares is April 2nd. Regarding the shareholder structure of USI, it is primarily composed of individuals and other legal entities. For shareholders with ownership stakes of 5% or more, or those among the top ten shareholders in terms of ownership percentage, please refer to page 104 of the USI's Annual Report for the 2023 for their names, holdings, and percentages. We are committed to providing shareholders with transparent and timely corporate information. Apart from providing information to shareholders through four investor conferences, the AGM, MOPS, Investor Relations section of the corporate website, annual report, and ESG report, we constantly collected opinions from shareholders and sent them to the management team for the reference in decision-making in 2023.

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 interests 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. Through various methods, we actively develop unfettered channels for two-way communication with shareholders to maintain their rights and interests.

As of the book closure date on April 2, 2024, the data is as follows:

The shareholder structure of USI	Government agencies	financial institution	Other legal entities	Individuals	Foreign institutions and foreigners
Shareholding ratio (%)	0.08	0.00	21.80	45.18	32.94



Risk Management Organization Framework

For effective risk management, the Board, Audit Committee, President's Office, Audit Office, all risk management units, and all subsidiaries participate in and operate the risk management mechanism. For detailed organizational structure, please refer to Risk Management for details.

For the policy, process, and performance of risk management, please refer to 2.3 Risk Management for details.

2.2 Economic performance

Sustainability Principle: Unity Governance

GRI 2-25, 3-3, SDG 8

Significance and Strategy

Significance to USI

Sustainable business operations, legal compliance, pursuit of profit, maintenance of stakeholder rights and interests, and development of high value-added products.

Strategy

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 100%

Impact Management

Positive/Negative Impacts

Short-term positive actual impact: Developing ESG to enhance investor willingness.
Short-term actual negative impact: Overcapacity.
Medium-term potential negative impact: Plastic reduction policies causing customer shift, regulatory restrictions on industry development.

Impact Boundary

Global customers and investors, USI employees, government agencies

Processes to remediate and prevent negative impacts

Improvement of existing products and customer development, development of green energy and environmental protection products, industrial transformation.

Achievement and Goal

2023 Goals

1. Commercial operations of the Gulei Integrated Refinery Project
2. Construction of the Kaohsiung Intercontinental Container Terminal Project
3. Value-added product and market development
4. Promotion of eco-friendly products

2023 Achievements

1. Developed new products and the low VOC-corrosive heat-shielding coating series.
2. Actively experimenting with profit-based products, the annual production volume of EVA/PE reached 217,000 MT, an increase of 5% compared to the previous year.

2024 Goals

1. The Ethylene Underground Pipelines construction of the second phase of Kaohsiung Intercontinental port area is ongoing, with a projected completion in the fourth quarter of 2024.
2. Increase production of hot melt adhesives and compounds (for cables).

Medium- & Long-Term Goals

1. Large equipment replacement
2. New product development
3. Planning of and investment in the downstream development projects of the Gulei Integrated Refinery Project.

Management

Effectiveness Assessment

1. Annual report
2. Corporate governance evaluation
3. ESG Report

Grievance Mechanism

- Shareholders' Meeting
- Company Website: "Investor Services"
- Corporate Briefing Meeting

Chapter Summary

- Financial performance
- Major investments

Note: Short-term: 1-2 years, Medium-term: 3-5 years, Long-term: 5 years or more. The following chapters have significant impact across short, medium, and long-term ranges.

Business Outlook

USI recorded a basic loss per share of NT$ 0.19 for the fiscal year 2023. The operating conditions for this year were affected by the slow recovery following the post-pandemic reopening in China during the first half of the year. Although OPEC+ implemented production cuts to boost oil prices, the ongoing sluggish economic data led to a moderation in crude oil prices. Additionally, the substantial supply of ethylene from the United States led to a decline in spot prices for ethylene. In the third quarter, oil prices experienced a short-term increase due to the conflict in Israel and Palestine. However, market concerns about the economic outlook in China led to weak expectations for oil demand, resulting in downward fluctuations. Ethylene prices also followed the fluctuation of oil prices, and oversupply in the Asian ethylene market further contributed to this trend. Downstream demand remained sluggish, leading to low operating rates for cracking plants. Regarding EVA, at the beginning of the year, EVA prices continued to rise as traders actively purchased materials and demand for photovoltaic-grade EVA improved. However, from late March onwards, downstream demand weakened, compounded by the anticipation of the upcoming production launch of EVA by Fujian Gulei Petrochemical Co., Ltd. (hereinafter referred to as Gulei Petrochemical), a company in which our company has invested. This created a cautious market sentiment, leading to sustained low prices. Gulei Petrochemical's EVA successfully commenced production in May, leading the market to believe that the EVA market had bottomed out. Consequently, there was an increased willingness to purchase materials, and prices began to rebound from the trough in late July. By late September, photovoltaic plant inventories were high, demand weakened again, and with no improvement in other application demands, prices began to decline towards the end of the year. Overall, EVA sales for the year reached 142,000 tons, an increase of 13% compared to the previous year, while prices fell by approximately 40%. HD/LLD mainly targeted the domestic market. However, due to inflationary pressures and successive maintenance overhauls at CPC Corporation's Third and Fourth Naphtha Cracker Plants, production plans were affected. Total sales amounted to 85,000 tons, an 8% decrease from the previous year, with prices dropping by approximately 10%. In terms of production, efforts were made to continuously improve production processes, upgrade equipment, enhance production efficiency and quality to reduce production costs, and actively trial production of high-value products.

The total production of EVA/PE for the year was 217,000 tons, a 5% increase from the previous year. Efforts were also made to improve occupational safety and environmental protection, including the implementation of Process Safety Management (PSM) to ensure public safety, execute energy-saving and carbon-reduction schemes, and invest in renewable energy development. By the end of 2023, the cumulative grid-connected capacity of solar energy projects reached 7.2 MW, generating approximately 9.15 GWh of green energy annually and contributing to a reduction of over 4,500 tons of carbon dioxide emissions equivalent, aligning with the company's sustainable development and carbon reduction goals. In terms of research and development, we have continued to optimize the production process of optical-grade cyclic block copolymers to improve the quality and performance of raw materials, and develop new specifications with high heat resistance to target electronic applications and other applications with high heat resistance requirements. We continued to expand production applications in ink, shoe styrene, and electrical wires/cables for high value-added EVA products. Additionally, low MI encapsulation film-grade EVA was developed to meet the needs of key encapsulation film customers. Overall, due to the greater decline in product prices than in raw material costs, operating profit decreased for the year.

USI Financial Performance 2021-2023 GRI 201-1

(Unit: NTD thousands)

Item	Basic Element	2021	2022	2023
Direct economic value	Revenue (Note 1)	16,034,251	15,632,151	11,449,372
Distributed economic value	Operating cost (Note 2)	12,512,341	12,163,445	10,420,578
	Employee wages and benefits (Note 3)	864,134	753,360	627,636
	Payment to investors (Note 4)	2021 cash dividends distributed in 2022 2,615,280	The 2022 cash dividends distributed in 2023. 832,134	The 2023 cash dividend of NT$0.35 per share, to be distributed in 2024. 416,067
		Interest expense 94,746	Interest expense 73,666	Interest expense 58,644
	Payment to the government expense (Note 5)	156,246	739,262	777,756
	Investments in community (Note 6)	Donation of NT$4,000 thousand for the foundation.	Donation of NT$5,000 thousand for the foundation.	Donation of NT$5,000 thousand for the foundation.
Residual economic value (Note 7)		5,191,394	1,555,097	(207,006)

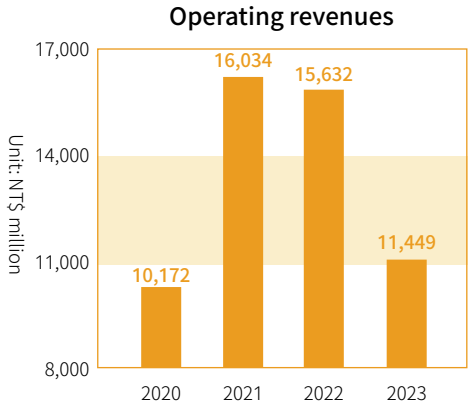
Note: 1. Operating income refers to sales revenue
2. Operating costs refer to cost of goods sold + operating expenses.
3. Employee salaries and benefits are already included in the above operating costs.
4. Interest expenses are already included in the above operating costs.
5. Government payments refer to corporate income tax expenses.
6. Community investment includes contributions to local communities and donations to the USI Education Foundation, already included in the above operating costs.
7. Retained economic value refers to net profit after tax.

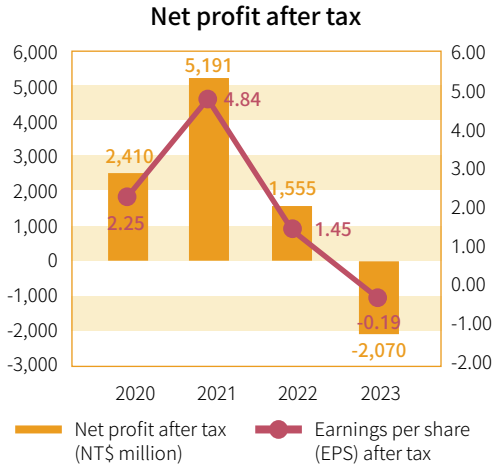
Profit distribution

In 2023, the revenue (same as below) was NT$11.4 billion, income tax (excluding estimates) was NT$780 million, accounting for 6.79% of the individual revenue and estimated cash dividend was NT$0.35 per share. This profit distribution proposal was approved by the AGM on May 31, 2024.

Dividend distribution over the years:
https://www.usife.com.tw/zh-tw/dirInvestor/frmInvestor4

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





Innovative Operations and Management

USI invests a large amount of funds in research and development every year, actively recruiting and nurturing professional talents. The R&D expenses for the fiscal years 2023 and 2022 were NT$140 million and NT$150 million, respectively.

In recent years, new R&D products accounted for 8.56% of consolidated revenue.

Major Investments

Local Major Investments


Cyclic Block Copolymer (CBC)


High-Value R&D Center


Ethylene storage zone


Kaohsiung Intercontinental Container Terminal Phase II

Cyclic Block Copolymer (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 Administration, MOEA. 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.

HV R&D Center

The high-value R&D center, with an investment of NT$170 million, officially commenced operations in the third quarter of 2022. In 2023, it supported product development and assisted the CBC plant in implementing trial production of the new ViviOn ™ 0645 and 1608 specifications. The R&D center provides process and product optimization to enhance material quality and properties, increase added value and production efficiency, and reduce energy consumption.

Ethylene Storage Tank Project of Kaohsiung Intercontinental Container Terminal

To increase the import sources of ethylene raw materials 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. The project period is 2017-2024.

Kaohsiung Intercontinental Container Terminal (ICT) Project Phase 2 commenced construction on July 31, 2019. USI invested NT$906 million in participating in the construction of 80,000 M^3 ethylene tanks and associated systems. It is expected to be completed in the fourth quarter of 2024.

Investment in Equipment Improvement of the Kaohsiung Plant

USI continues to carry out various production process, environmental protection, and occupational safety equipment improvement projects. In 2022, approximately NT$418 million was invested, and in 2023, approximately NT$252 million was invested.

The total estimated investment amount for 2024 is NT$113 million. To constantly engage in various energy conservation, carbon reduction, and new product development projects to improve product quality and increase custom products.

Investment of NT$783 million
2022-2024

Enhanced Efficiency and Quality
New catalytic systems
Automatic filter replacement systems
Foreign matter screening machines

Enhanced Efficiency and Reliability
Update of extra-high voltage cables
Maintenance/update of motors
Update of low, medium, and high-voltage distribution panels
Maintenance/update of synchronous motor coils

Electricity Saving
Update of variable frequency motors/high-efficiency motors
Update of refrigeration units/chillers
Update of nitrogen compressors
Process exhaust gas recovery
Process operation adjustments

Energy and Water Conservation
Improvement of steam condensate water recovery
Improvement of wastewater treatment facilities

Pollution Prevention and Control
Improvement of Thermal Oxidizers/Regenerative Thermal Oxidizers (TO/RTO)
Update of environmental/process monitoring systems
Update of compressor cylinders
Replacement of control valves

Major Overseas Investments

Gulei Project

Investment objective

Many changes have emerged in the global petro-chemical 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 future trends and challenges, petro-chemical companies of Taiwan and China co-established the Gulei Integrated Refinery Project to achieve the vertical integration of the mid- and down-stream products.

Investment Item

The project engages 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

- After the approval of the relevant competent authorities, re-investment in the Gulei Port Economic Development Zone Project in Zhangzhou, Fujian Province, mainland China, was made through a third region with a maximum amount of NT$8 billion.
- In the future, the project will stabilize upstream material supplies, vertically integrate steam cracking, petrochemical intermediate materials, and plastic products, reduce transportation costs, and enhance competitive niche to facilitate deployment in the Greater China market and sales competition in the international market.

Progress of Investment Items

- The steam cracker is the core processing unit, and hot commissioning was completed smoothly in August 2021.
- The first shipment of ethylene monomers from Gulei Petrochemical was already sold to Taiwan in November 2021.
- Fujian Gulei Petrochemical Co., Ltd. started commercial operations in December 2021.
- The intermediate delivery of EVA plant was completed in October 2022*
- Gulei Integrated Refinery Project has been completed and fully operational in May 2023

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 trial run.

Project Milestones

May 2023	Smooth hot commissioning of EVA plant
Oct 2022	Mid-term delivery of EVA facility
Dec 2021	Fujian Gulei Petrochemical Co., Ltd. started commercial operations.
Aug 2021	Smooth hot commissioning of steam crackers, SM, EO/EG.
Mar 2021	PP hot commissioning succeeded.
Sep 2020	Intermediate delivery of the PP processing units.
Jun 2019	Project construction started.
May 2019	Approval of the land for project planning by the Gulei Committee.
Aug 2018	Official approval was granted to the Gulei Refining & Chemical Plant Project.
Nov 2016	Established Fujian Gulei Petrochemical Co., Ltd.

Panorama of the Gulei Integrated Refinery Project

Panorama of the EVA facility

Aerial view of the steam cracking unit

2.3 Risk Management GRI 2-13

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 Board approved the establishment of the "Risk Management Policy and SOP." Accordingly, the President's Office will supervise the operation and performance of each risk management unit and periodically assess risk every year.

The complete policy includes the risk management organization, risk management process, and risk management category and mechanism. Please refer to Risk Management-USI Corporation

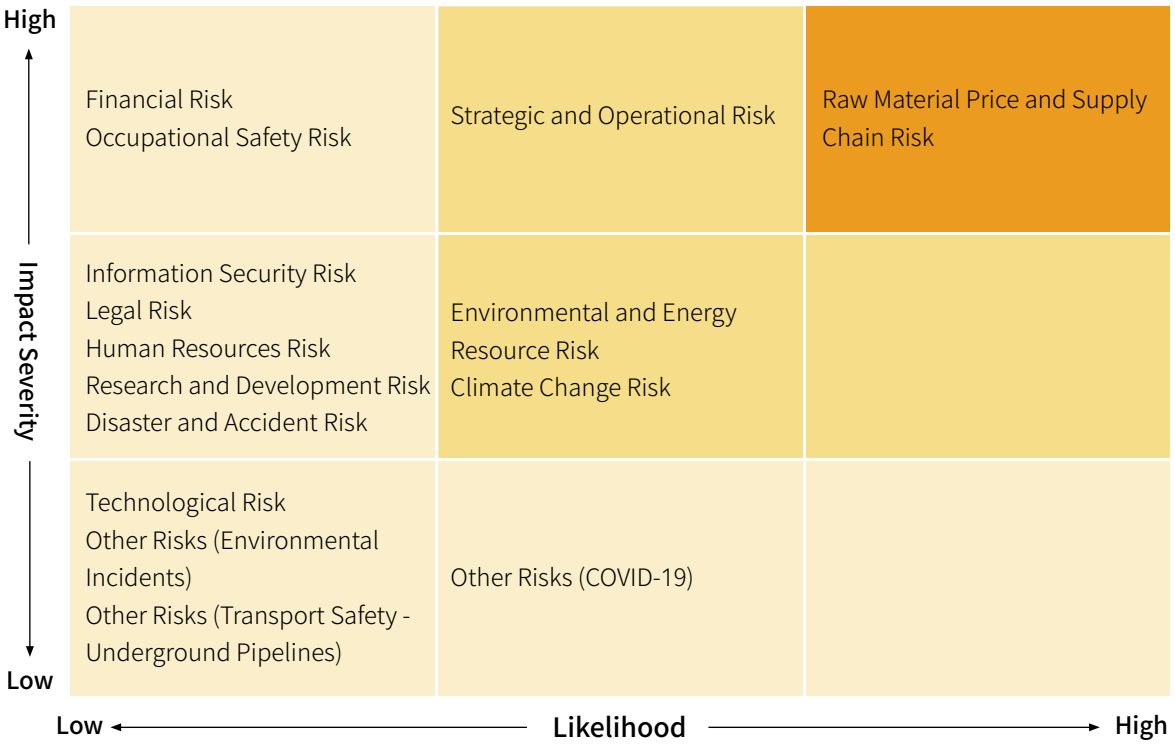
Scope of Risk Management

After integrating the major risk sources of business operations and considering the feasibility of operation, we establish the risk categories and periodically identify the likelihood of occurrence of risks and the significance of their impacts, and each risk management unit annually adjusts the controls with respect to the changes in the internal (external) operational environment.

Please refer to the Risk Management in the ESG section on the USI website for details.

Please refer to 4.5 Climate Change and Energy Management for the financial impacts of climate-related opportunities and risks.

Risk Management Matrix



Cybersecurity management

I. Strategy and framework of cybersecurity risk management

1 Framework of cybersecurity risk management

1. Organization of information security governance: Each year the information security management review meeting is held to judge the six review inputs (the status of actions from previous management reviews, changes in external and internal issues that are relevant to the information security management system, feedback on the information security performance, results of risk assessment and status of risk treatment plan, and opportunities for continual improvement) and to decide on the two major output items of the information security management system (decisions related to opportunities for continuous improvement, and any necessary changes to the information security management system)
2. Framework of the information security organization: We have established the Information Security Promotion Team in accordance with the Regulations for Establishment of the Information Security Organization, an internal SOP, to supervise the operation of the group's information security management and stipulate the roles and responsibilities of each promotion organization. The organization holds a regular meeting each year and extraordinary meetings when there are significant information security incidents. The director of the Information Division shall be the convener to convene the information security promotion team meeting and resolve and determine meeting opinions. Under the Information Division, department heads are members. The director of the Information Division shall report significant information security incidents to the president or relevant department heads.

3. Establishment of CISO and the responsible information security unit: In 2022 we established the CISO and responsible unit, supervisors, and staff for information security in accordance with the addition of Article 9-1 to the Regulations Governing Establishment of Internal Control Systems by Public Companies promulgated by the Financial Supervisory Commission.

2 Information security policy

1. ISO 27001 information security management system: We established the ISO/IEC 27001:2013 information security management system (ISMS) in 2014 and hired BSI Taiwan, an external third-party certification body, to review and audit the system. So far, the system has passed the certification by BSI Taiwan for 9 consecutive years.
2. NIST Cybersecurity Framework (CSF): We included the Cybersecurity Framework (CSF) developed by the US National Institute of Standards and Technology (NIST).
3. By integrating ISO 27001 ISMS and NIST CSF, we enhance risk control, improve information security resilience, and equip the Company with the capabilities to tolerate, stop, and quickly recover from information security incidents to maintain business continuity of the supply chain.

3 Please visit Risk Management / Information Security Risk for the details of the management programs and cybersecurity risks.

Routine Operation and Management Procedures

4 Resources for cybersecurity management

1. Dedicated Personnel: Established a dedicated corporate organization called the "Information Security Network Division," with a designated Information Security Manager and personnel responsible for information security planning, technology implementation, and related audit matters to maintain and continuously enhance information security.
2. Certification: Successfully obtained ISO 27001 information security certification for nine consecutive years, with no significant deficiencies found in related security audits.
3. Customer Satisfaction: No major security incidents and no complaints of customer data loss.
4. Education and Training: Information personnel have completed biannual information security education and training and assessments. A total of 4,070 employees across the group participated in two social engineering phishing email drills annually.
5. Investment in Information Security: Total investment in information security amounted to approximately NT$12.96 million.
6. Information Security Notices: Issued a total of nine security notices.

Audit operations and reporting channels

Audit operations and reporting channels

An independent audit unit is established under the Board 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 the Board 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 2023, 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	Some operations were not implemented. Unfailing supervision and revision were recommended.	Improved as recommended.
Production Cycle and Compliance Cycle	Some operational procedures or forms records are inconsistent or require revision. Unfailing supervision and revision were recommended.	Improved as recommended.
OH&S	Some aspects of access control, facility management, operation forms, and license management execution are not yet perfect. Unfailing supervision were recommended.	Improved as recommended.
Subsidiary audits	Enhanced implementation and supervisions were advised for the non-conforming parts of operation and the imperfect forms and records. Unfailing supervision and implementation were recommended.	Improved as recommended.

Whistleblower report channels GRI 2-25, 2-26

On August 10, 2017 the Board 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.

I. Personal reporting	II. Phone reporting	III. Correspondence reporting
Face-to-face description.	02-26503783	Audit 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.

2.4 Ethical corporate management and legal compliance GRI 2-16, 2-17, 2-27, SDG16

Ethical Corporate Management

To optimize ethical corporate management, we have established the Codes of Ethical Conduct for Directors and Managerial Officers, Ethical Corporate Management Best Practice Principles, and Procedures for Ethical Management and Guidelines for Conduct; planned integrity-based policies; and built a sound mechanism for governance and risk control. Please visit our corporate website for more about our anti-corruption policies, Codes of Ethical Conduct for Directors and Officers, and Ethical Corporate Management Best Practice Principles.

In addition to the Company's work rules and the Group's regulations, we have also included sexual harassment prevention, no discrimination, no harassment, work hours management, protection for humane treatment, health and safety workplace environment, and the integrity and probity policy in the orientation training for new employees. Additionally, we also request new employees to sign the commitment to comply with the relevant regulations.

Legal compliance SDG16

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 compliance audit.
2. Keeping up with the direction of legal/regulatory updates and amendments.
3. Participation in association discussions on legal acts.
4. Internal awareness education, education, and training.

Commitment

Strict legal compliance

Data scope

USI coverage 100%

Achievement and Goal

Sustainability Goal

No legal and/or regulatory noncompliance.

2023 Projects

1. Participation in legal outreach activities organized by government agencies.
2. Identification of HSE regulations.

2023 Achievements

1. No violation or fine relating to product labeling was reported
2. No violation of economic laws and regulations.
3. Offense of environmental regulations and/or regulations: 4 offenses
4. There were no incidents of violation of Occupational Safety and Health Act resulting in fines.

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 and concerned chemical substances
- Pollution control and waste management
- Safety and disaster prevention
- Certification of the ISO14001, ISO50001, and ISO45001 management systems.
- Verification of the ISO14064 GHG Inventory Management System.
- Implementation and certification of the ISO 46001 Water Efficiency Management System.
- Implementation of ISO 14067 Carbon Footprint of Products and verification.
- Education/training and publicity of industrial safety

Employee

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

Product

- Strengthening Board functions
- Functional Committees
- Information transparency
- Risk Management
- Internal control and audit systems
- Sustainable Development Best Practice Principles

Corporate Governance

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

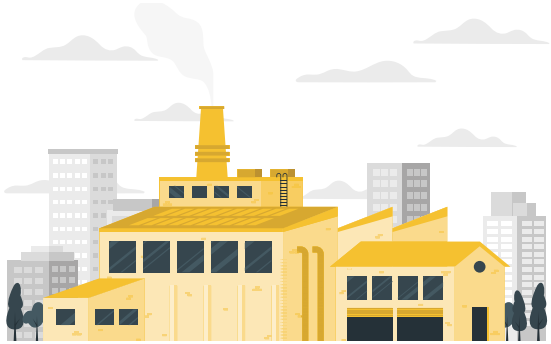
Management Approach RT-CH-140a.2, RT-CH-530a.1

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 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 legal noncompliance to find the causes and take action to control and correct it to reduce negative impacts and prevent its recurrence. Additionally, to supervise legal compliance in employees, we have included environmental protection and OH&S incidents as evaluation items for productivity bonuses, and no bonus will be distributed for any monetary fine and non-monetary sanctions caused by environmental protection and OH&S offenses.

In 2023, neither monetary fine nor non-monetary sanctions for legal noncompliance relating to product labeling or for violation of economic laws and regulations was reported. However, we were sanctioned 4 times for violation of environmental protection laws and/or regulations. No violation of the Occupational Safety and Health Act was reported. 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.

Monetary Fine and Non-Monetary Sanctions for Industrial Safety Incidents in 2023 and Improvement



Counts

＊ Monetary fine and non-monetary sanctions in the year are based on the date of notice issuance

Offense of environmental regulations and/or regulations: Air pollution
4 offence

Causes for Violation and Corrective Action

Ticketed defect

1. RTO: The combustion temperature in the furnace dropped due to the misalignment of the damper. Fine amount: NT$450,000.
2. The total net exhaust gas does not comply with Article 5 of the "Volatile Organic Compounds Air Pollution Emission Standards". Fine amount: NT$150,000.
3. The operating conditions are inconsistent with the license approval content. Fine amount: NT$300,000.
4. Flare has been used for multiple days during the repair period. Fine amount: NT$150,000.

Corrective Action

1. Inspect and correct the poppet valve positioner.
2. Add natural gas pipelines to supplement Flare exhaust gas when the calorific value is insufficient to meet regulatory requirements.
3. Submit an application for change of operating license.
4. Propose changes to the flare usage plan and modify it to meet actual operating conditions.

IP Management

1 Patent management

1. Innovation patent and invention application platform: We have established an application platform on the employee portal. 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.
2. Patent

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	USA	Awarded the patent on 2022/05/31 (expired on 2040/08/10)
Fire retardant composite structure (utility model patent)	M597795	Taiwan	Awarded the patent on 2020/07/01 (expired on 2030/03/12)
Fire retardant composite structure (utility model patent)	CN213675870-U	China	Awarded the patent on 2021/07/13 (expired on 2030/06/1)
Recyclable Crosslinked Polymer Foam Material and Its Applications	I824566	Taiwan	Awarded the patent on 2023/12/01 (expired on 2042/06/15)

2 Trade secret management

The R&D Division stores 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.

2.5 Smart management GRI 2-25, 3-3

Significance and Strategy

Significance to USI

Through smart management, we have sped up analysis, optimized decision-making, enhanced industrial safety protection, and improved operational performance towards smart petrochemical industry.

Strategy

Integrate platform resources to break through data silo, and enhance safety, quality, and efficiency with smart technology.

Commitment

Actively introduce smart management systems to improve operational performance.

Data scope: USI coverage 100%

Impact Management

Positive/Negative Impacts

Positive potential impact: Develop AI systems for use in production and industrial safety management
Positive actual impact: Enhance efficiency with automated processes
Negative potential impact: Workforce simplification affects the right to work.

Impact Boundary

USI employees and contractors

Processes to remediate and prevent negative impacts

Enhance employee education and training and assistance for internal transfer to protect the right to work

Achievement and Goal

2023 Goals

1. Develop the data integration platform
2. Enhance energy conservation and carbon reduction
3. Enhance production management efficiency

2023 Achievements

1. DCS + Field Data System Implementation
2. High-Pressure Reactor Vibration Monitoring
3. AI quality prediction
4. Soot detection system
5. Digital Product Data Management System

2024 Goals

1. Continuously develop various AI projects and optimize existing systems

Medium- & Long-Term Goals

1. Optimize various AI models to enhance prediction accuracy.
2. Enrich the data management knowledge of employees to enhance analysis efficiency and optimize strategy implementation.
3. Invest in developing smart management applications to enhance production management efficiency.

Management

Effectiveness Assessment

1. Hold meetings periodically to follow up the development progress and implementation effectiveness
2. Publish patent achievements and share technology

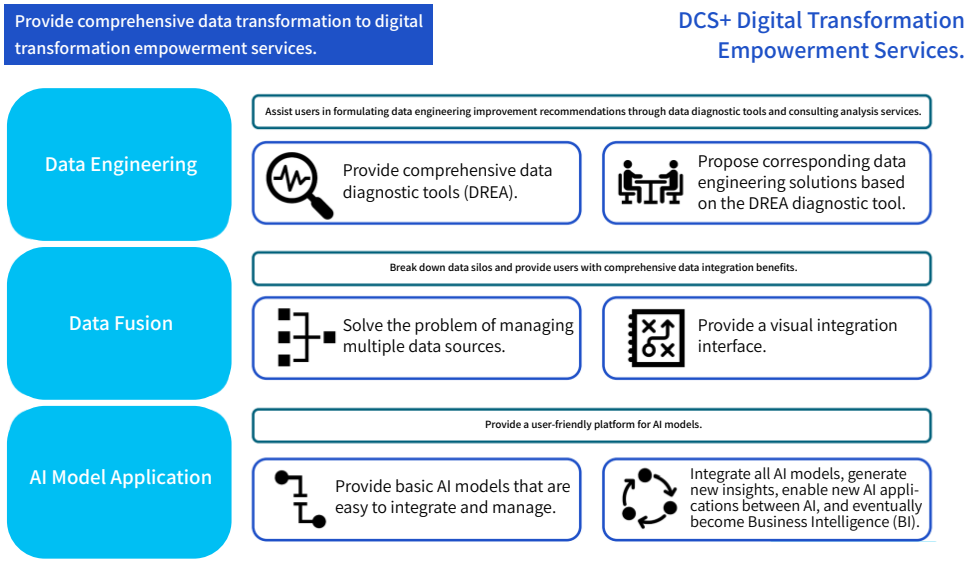
Achievements and Directions of Technology

1. Engage in interdisciplinary collaboration with external units to accelerate new technology introduction.
2. Enhance information security governance to prevent data leakage.

In recent years, we have been actively promoting the use of various smart management systems in the smart predictive maintenance of key equipment, AI industrial safety image recognition system, contractor personnel access facial recognition system, Energy Management System, VR-tanker leakage emergency response training, cooling water energy conservation system, and quality prediction.

DCS+ Field-based Data System Implementation

DCS+ breaks down data silos by integrating on-site field data through data engineering, solving the problem of multiple data sources, and providing an integrated data platform for the development of AI model applications.



The real-time monitoring of the high-pressure reactor's vibration status and the development of AI model analysis for predictive maintenance.

Implement real-time monitoring of the high-pressure reactor's vibration, integrate process operation parameters, and develop an AI model to analyze the real-time operating status of the high-pressure reactor. Utilize a visual interface system to monitor the health status of the high-pressure reactor at any time, predict the operating life, determine the shutdown timing, reduce the probability of process deviation, lower the risk of occupational incidents, and enhance operational safety.

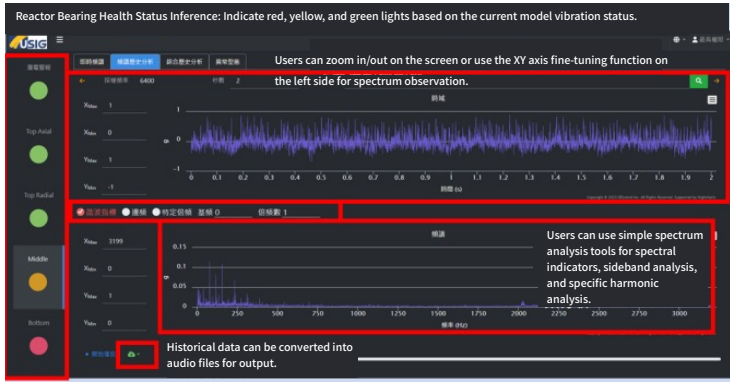


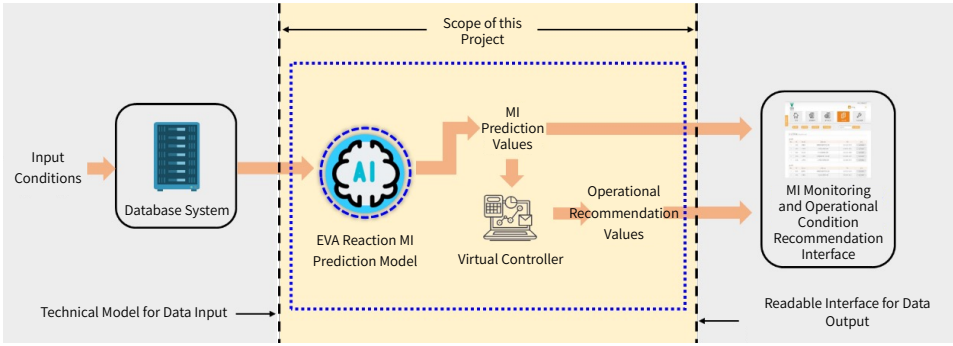
Diagram: Visualization of Operational Status System

Reduce defective outputs with AI quality prediction

Through collaboration with the National Taiwan University and National Taiwan University of Science and Technology, we implemented the cyber-physical integration technology development industry-academia collaboration project to predict quality with AI.

Prediction is run with the process quality prediction model developed with Python, DCS dynamic data, QC data, and product type operation conditions and through GRU sequence neural network model. We also developed the cyber-physical integrated control architecture to make recommendations for factory process operation.

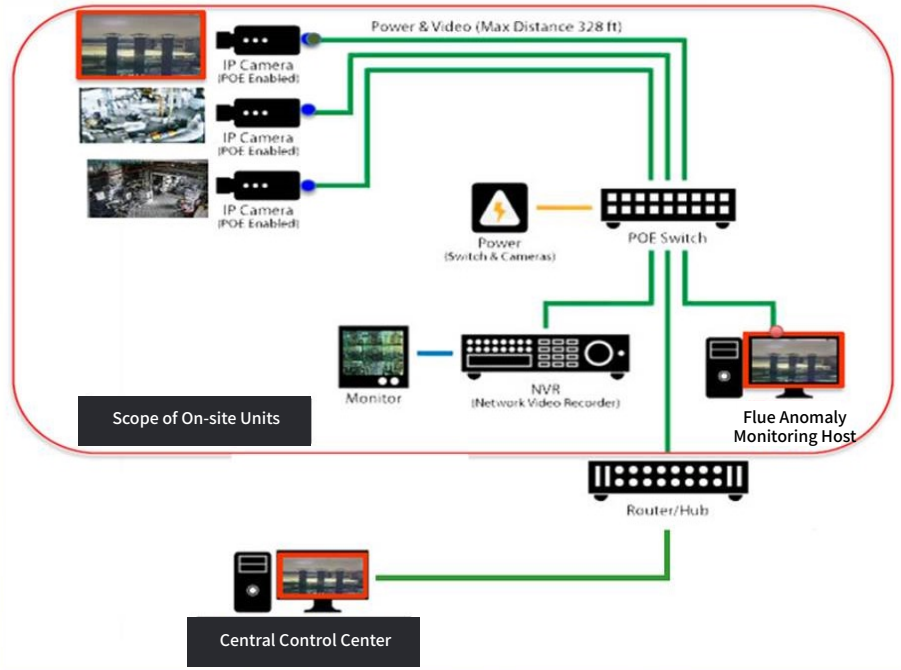
This plan is expected to be implemented in three phases. The second phase has been completed in 2023 and the third phase will continue in 2024.



Soot detection system

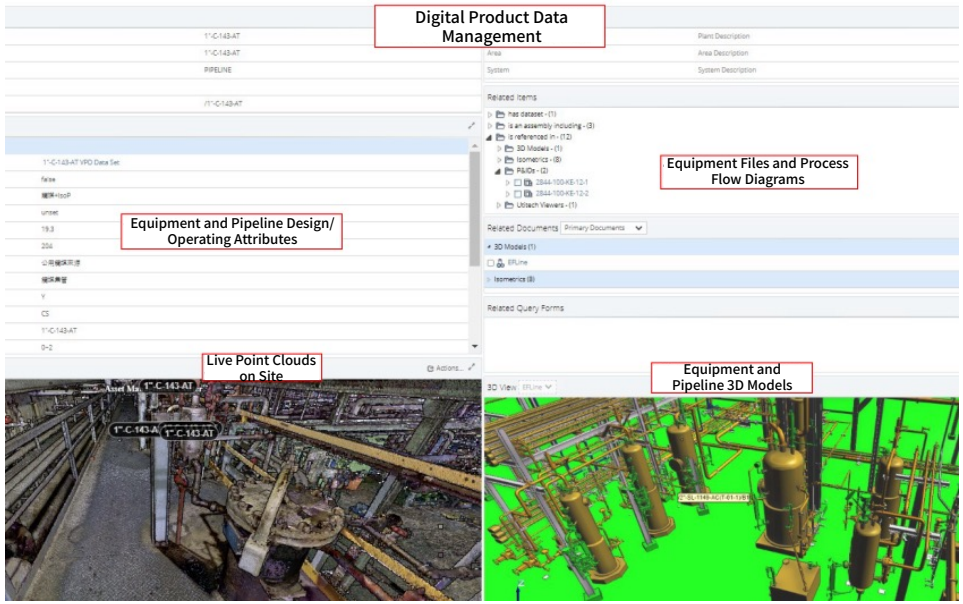
Previously, the monitoring and judgment of abnormal chimney emissions were manually performed by operators, but on-site personnel were too busy to monitor screens 24/7. By introducing a Soot detection system, the burden on manpower is reduced. When soot is emitted from the chimney, the system immediately notifies on-site personnel to make adjustments, preventing continuous occurrence of soot. After a year and a half of learning, the AI system has achieved a recognition rate of 90%, effectively controlling and avoiding soot emissions, thus reducing production losses.

Chimney Smoke Detection System



Digital Product Data Management System

In 2023, completed pipeline and equipment reverse scanned 3D models, along with corresponding files and process diagrams, will be linked to the digital graphics and text management system. This integration will enable linking and interaction between 3D models, live point clouds, related drawings, data files, design and operating attributes, process diagrams, and other data. The goal is to establish digital data management and visualization capabilities, achieving effective integration of equipment, pipeline, and process data.



Chapter 3

Innovation and Supply Chain Services

Material topics in this chapter

Technology R&D
Product quality
Supply chain management

Performance Highlights

- New product development & improvement: **4**
- Innovation and R&D accumulated **143** patents.
- Funds for R&D and innovation: NT$**140** million
- Ratio of R&D staff to all employees: **13.1**%
- Legal noncompliance of products: **0**

3.1 Technology R&D GRI 2-25, 3-3 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

Expand R&D scale to include ESG in new 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%

Impact Management

Positive/Negative Impacts

Short-term positive actual impact:
Develop new products to increase revenues
Medium-& long-term positive potential impact:
Develop towards a high-value low-pollution/energy-efficient industry
Long-term negative potential impact:
Technology innovation fails to meet the customer needs

Impact Boundary

Global customers, employees of USI, the environment at the Kaohsiung Plant, and local residents in the community.

Processes to remediate and prevent negative impacts

Negative impact remediation:
Enhance market survey

Preventive measures
Predict and analyze the trend of changes in customer demands

Achievement and Goal

2023 Goals

New product development and improvement: 4 pcs/year.

2023 Achievements

- New product development and improvement: 4 pcs/year
  1. High heat-resistance ViviOn™ 0645
  2. Fire retardant FRMB-601P
  3. Dust-proof and anti-fouling coating SS1900T
  4. Trial production of encapsulation film-grade EVA.
- In 2023 no legal noncompliance or fine in relation to product labeling was reported

2024 Goals

- New product development and improvement: 4 pcs/year.
- Legal noncompliance of products: 0
- Constantly develop and promote eco-friendly products

Medium- & Long-Term Goals

- New product development and improvement: 4 pcs/year.
- Legal noncompliance of products=0
- Constantly develop and promote eco-friendly products

Management

Effectiveness Assessment

1. Continuously follow up target achievement in the annual ESG 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 on 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. 2023 customer technical service cases: 57.

Achievements and Directions of Technology R&D

1. Advanced materials development
2. New product development
3. Developing high-value products
4. In 2023 the consolidated revenues of newly developed products accounted for 9.245%.
5. Funds for R&D and innovation in 2023: NT$140 million
6. Ratio of R&D staff to all employees: 13.1%
7. Innovation and R&D in 2023 accumulated 143 patents.

Innovative Operations and Management

Each year we invest a huge amount in R&D and actively recruit and cultivate professional talents. The R&D investments in 2023 reached NT$140 million, accounting for 1.26% of the revenues.

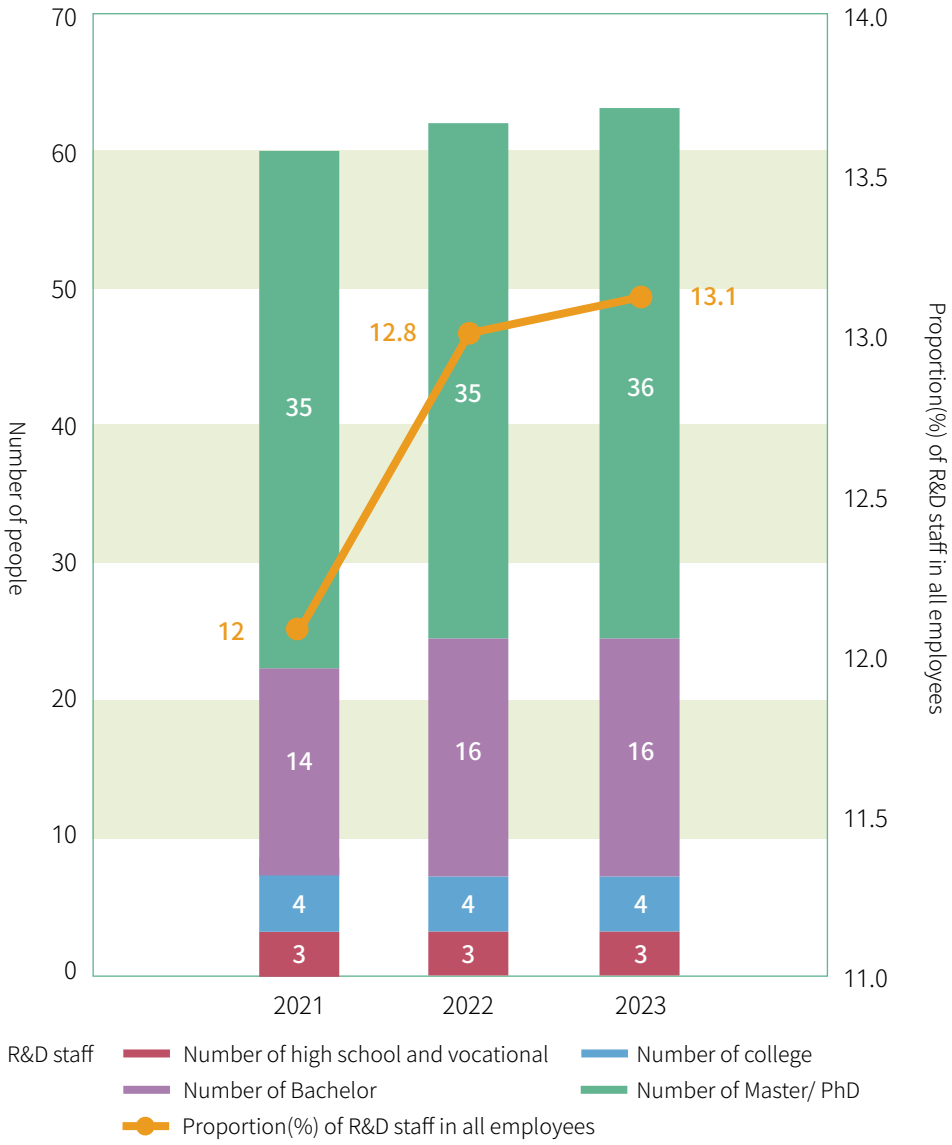
In 2023 there were 59 R&D staff, accounting for 13.1% of all employees. In terms of education distributions in 2023, 61% of R&D staff hold a master's or doctoral degree, and the number of R&D staff is maintained at the specific level.

Investments in Innovation and R&D

(unit: NTD)

Item	2021	2022	2023
Operating revenues	16,034,251,000	15,632,151,000	11,449,372,000
R&D Funds	160,687,540	150,870,000	144,359,000
Number of employees	465	453	452
Number of R&D staff	56	58	59
Proportion of R&D staff in all employees.	12.0%	12.8%	13.1%

R&D personnel distribution



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 heat-shielding coating, halogen-free fire-retardant materials, ans so on to reduce energy consumption and hazardous substance emissions to lower the environmental impact.

Apart from participating in the Key Chemical Materials Shortages Linkage Project of the Industrial Development Administration , MOEA, we were also awarded the 17th National Innovation Award with the cyclic block copolymer (CBC).

Accumulated 143 patents at home and abroad in 2023

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 2023, we have accumulated 10 Taiwan patent and 133 overseas patents.

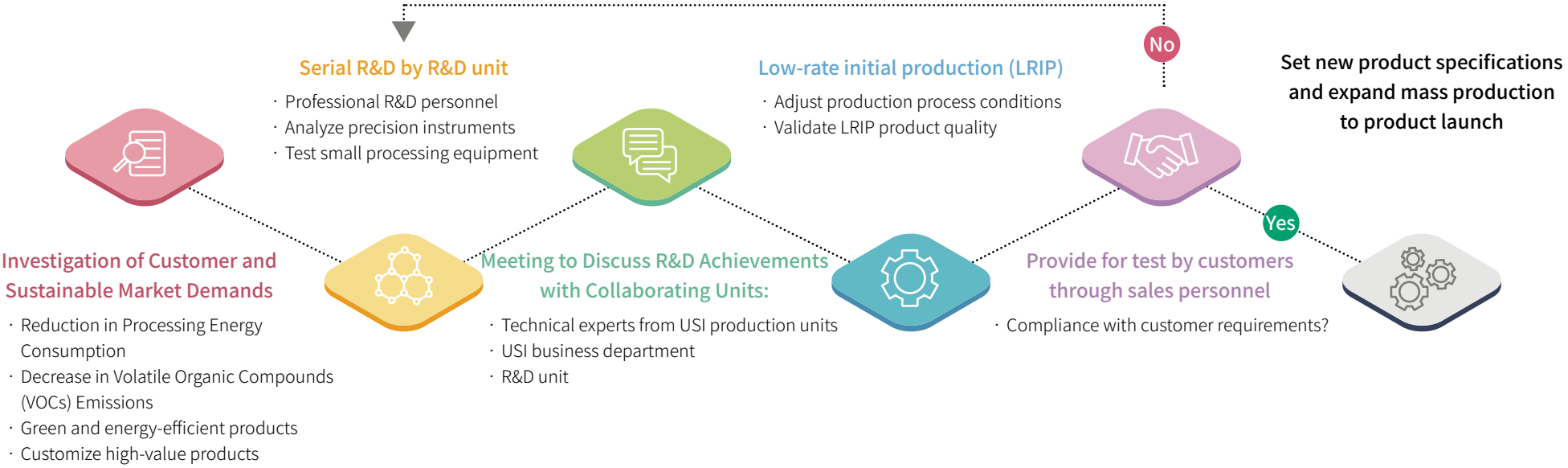
Sustainable Products

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.

Benefits of Product Innovation

R&D is one of our core strategies for sustainable development. Each year we invest over NT$100 million in R&D to purchase and maintain R&D equipment and precision analyzers and actively recruit outstanding talents from home and abroad to the R&D team so as to optimize processes and maintain sustainable product development. Additionally, we have also implemented the green design concept to constantly innovate and optimize products and make upstream and downstream deployments to create sustainable value for enterprises in collaboration with suppliers. In recent years, new high Melt Index (MI) products have been developed, characterized by better fluidity, suitable for use in thin-wall injection molding or fiberglass impregnation for thinning applications. This can reduce downstream processing energy consumption. In 2023, revenue amounted to NT$20.63 million.

For more details about product development and improvement process, please refer to:
Technology R&D of our corporate site for details



ViviOn ™ 0645, a new high-heat resistant material, effectively improves the heat resistance of PP film capacitors.

With the advancement of energy storage, there is a rising demand for high heat-resistant film capacitors to enhance their performance. In response, USI introduces a novel high heat-resistant material, ViviOn ™ 0645.

ViviOn ™ 0645 is renowned for its high purity and heat-resistant properties, which can effectively improve the heat resistance of polypropylene (PP) film capacitors.

By proper incorporation of ViviOn ™ 0645 into the traditional PP, the film capacitor can be made to meet the increasing demand for high heat-resistant capacitors. This integration effectively improves the dimensional stability of the PP film capacitor, especially under high temperatures.

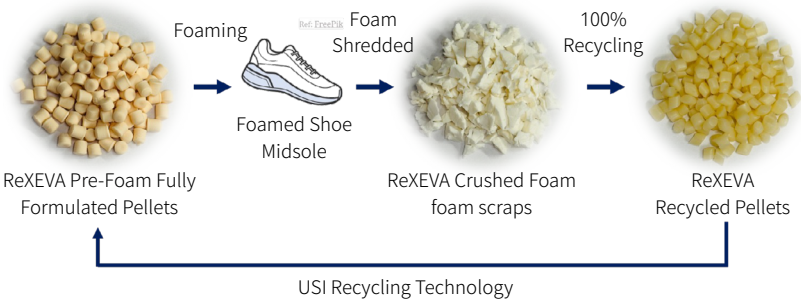
Film capacitors play a crucial role in the high-voltage drive circuit systems of electric vehicles. Currently, they are widely used in mainstream electric vehicle models, leading to an increased demand for film capacitors in the electric vehicle market.

EVA Closed-Loop Recycling Technology

Currently, the midsoles of most shoes are made using of an EVA cross-linking process, which is difficult to be recycled and can only be disposed of through incineration. Recognizing this issue, USI has invested in developing a recyclable cross-linking technology called ReXEVA, for which a patent has been granted. ReXEVA is not only suitable for traditional chemical foaming processes but also for high-pressure autoclave supercritical physical foaming processes. Using this technology, midsoles can achieve up to 100% recyclability.

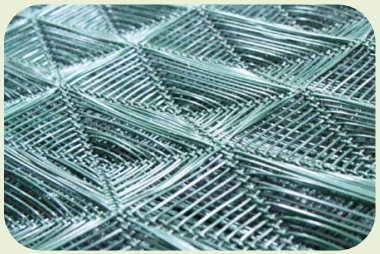
ReXEVA offers the following advantages:

- Significantly reduces the carbon footprint of footwear products, assisting companies in achieving their carbon reduction goals.
- Reduces waste generated by footwear products, promoting the development of a circular economy.
- Enhances the sustainability of footwear products, providing companies with a competitive advantage.
- Currently, collaboration and verification are underway ongoing with several international brand owners. In the future, we will continue to collaborate with more brand partners on this technology, with the hope of making a contribution to the sustainable development of the industry.



Fire Retardant PP Masterbatch Product - FRMB-601P

Plastic products have become widely used in daily life. Beyond the inherent physical properties of plastic materials, effectively enhancing their flame retardant and fire-resistant characteristics has become an increasingly important topic in recent years. In response to market demand for flame retardant products and global trends in fire resistance regulations, USI launched the halogen-free flame retardant retardant masterbatch FRMB-601P in 2023. This product features high-efficiency flame retardancy and good processability, making it suitable for applications in the PP flame retardant film and flat wire markets.



USii Liquid Thermal Insulation Film for Cooling the Planet

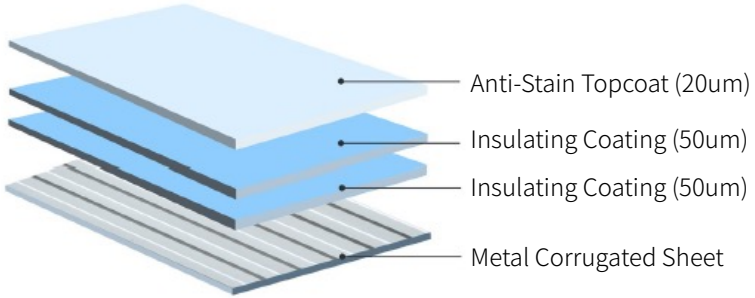
Countries around the world are increasingly affected by extreme weather, with summer days and temperatures reaching record highs. In response to the global challenges of climate change and energy consumption, the Group has introduced the USii Liquid Thermal Insulation Film as an innovative energy-saving and carbon reduction solution.

Applied to glass surfaces, the USii Liquid Thermal Insulation Film forms an effective thermal barrier. SGS testing has demonstrated that it can reduce temperatures by an average of 4 to 6° C, thereby lowering indoor temperatures, reducing the load on air conditioning systems, saving energy, and cutting electricity costs. It also helps prevent sun damage to furniture. The Group, in collaboration with consumers, is committed to cooling the planet and embracing a low-carbon future.

Dirt Repellent Coating SS1900T

In 2023, USI released an innovative product-Dirt Repellent Coating, featuring a thin layer for efficient use, transparency to highlight the base color, and protection of substrate texture and pattern integrity.

It is suitable for various materials, for example, metal, cement, stone, wood, and so on. Applying this coating could achieve a clean and dirt-repelling surface. In harsh external environment, like seaside or with heavy dust accumulation area, the application of this coating can deliver excellent protection for crucial production equipment and facilities used by industrial clients.



Best Performance

- Water-based paints & Eco-friendly
- Wide range of applications
- Thin thickness & efficient usage.
- Easy to use

Performance Test

USI selected two pipelines at the Kaohsiung Intercontinental Container Terminal for onsite testing. This area is close to the sea and has a significant amount of dust. The test started from July 2022, and checked in April 2023. USI observed the dirt circumstances on the pipeline surfaces and check the comparison after simple cleaning. The findings have verified that pipelines treated with USI dirt repellent coating have surface that is easier to clean, and has top-notch protection.

Item	Without USI SS1900T	With USI SS1900T
Before Cleaning	 Dust & stain is obvious	 Dust & stain is not obvious
After Cleaning	 Stain could not be removed.	 Dust & stain are removable.

Trial Production of EVA Encapsulation Film Grade Products

Currently, solar encapsulation films available on the market can be categorized into four main types: transparent EVA encapsulation films, white EVA encapsulation films, POE encapsulation films, and EPE encapsulation films. EVA resin serves as the core material for both EVA and EPE encapsulation films and is a mainstream product in the market. At present, the EVA encapsulation film grade produced by USI is UE2828. In response to the growing market demand, we are developing a low-MI encapsulation film grade EVA.

Participating in internationally recognized trade exhibitions

In 2023, USI participated in Chinaplas 2023 and the Kaohsiung Chemical Instrument Exhibition to promote ViviOn™ (CBC) and its applications in optics, industrial electronics, eyewear, medical devices, bio-diagnostics, UVC disinfection, and PE/PP packaging.

Exhibition at Sustainable Materials Library

ViviOn™ (CBC) was showcased at the Sustainable Materials Library of the Plastics Industry Development Center under the name "Reduced-Plastic ViviOn™ (CBC)/PE Blown Film". This ViviOn™ /PE blend reduced plastic easy-tear film is a PE thin film that mixes ViviOn™ and produced via blown film.

The addition of ViviOn™ in PE increases the stiffness and rigidity of PE film, thereby allowing it to better satisfy physical requirements such as thinner application and achieve the effect of plastic reduction as well as making the film easy to tear due to a decrease in tearing strength.

ViviOn™ is suitable as an additive to PE/PP to produce functional thin films in applications such as easy-tear film, heat shrinkable film, food packaging, and medical packaging. In terms of safety, ViviOn™ has passed food safety testing and complies with all relevant standards in multiple countries.

Additionally, ViviOn™ has excellent compatibility with polyolefin materials, allowing it to be recycled and reused in the PE or PP recycling system.

Participation in Taipei Building Show

Polyethylene (PE) extensively used in daily life is our major product. In addition to continuously developing the high-value product ViviOn ™ (honored with the 17th National Innovation Award), we never forget our love for mother Earth and have progressively developed various eco-friendly and energy-efficient products: eco-friendly heat-shielding coatings, low-solvent anti-corrosion coatings, green fire-retardant materials, PCR plastic reuse, and others. In 2022 we successfully developed the Cooltact™ cooling technology products. At the end of the year, Cooltact™ became a highlight at the 2022 Taipei Building Show.

3.2 Product quality GRI 3-2, 3-3, 2-25 SDG 8

Sustainability Principle: Innovative Technology

Significance and Strategy

Significance to USI

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

Strategy

Constantly enhance product yield rate and improve service quality.

Commitment

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

Data scope: USI coverage 100%

Impact Management

Positive/Negative Impacts

Short-term positive actual impact:
Raise yield rate and develop high-value products.
Medium-term Negative actual impact:
Quality not meeting customer requirements

Impact Boundary

Global Customers, USI Employees

Processes to remediate and prevent negative impacts

Enhance process improvement, increase inspection frequencies, and increase customer communication frequencies.

Achievement and Goal

2023 Goals

1. Confirmed customer complaints each year: Plant I <6, Plant II <6 and Plant CBC <5.
2. Overall defect rate of plants I/II/CBC: 1.8/5.5/12%.

2023 Achievements

1. Increase the proportion of new catalyst products at Plant II and promote products to customers.
2. Resolve the automation bottleneck of compounding equipment.
3. Confirmed customer complaints of plants I/II/CBC: 5 cases /4 cases /1 case
4. Overall defect rate of plants I/II/CBC: <1.57/<4.69/<7.4%

2024 Goals

1. Confirmed customer complaints each year: Plant I <5, Plant II <4 and Plant CBC <5.
2. Overall defect rate of plants I/II/CBC: 1.8/5.5/10%.

Medium- & Long-Term Goals

1. Increase the proportion of new catalyst products at Plant II, promote products to customers, and enhance customer satisfaction.
2. Promote and enhance the pass rate of compounding products.
3. Continue to reduce the rate of customer complaints and nonconformities.

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

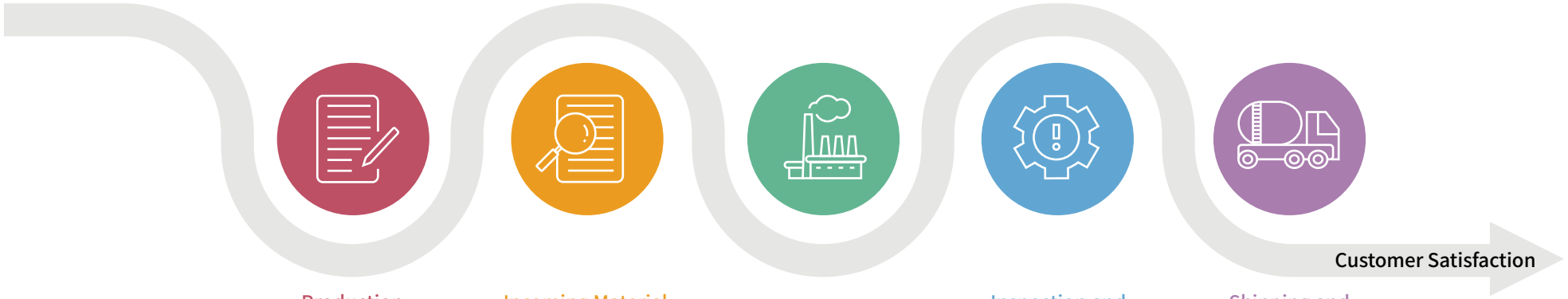
Customers send requests/response by telephone/mail/ internet

Note: 1. Marked down the target customer complaints of plant II from 7 to 6 cases in 2023.
2. Controllable defect rate: Defective products resulting from human error and improper equipment maintenance.
3. The 2023 target has been adjusted from controllable defect rate to overall defect rate. The overall defect rate includes both the controllable defect rate and the defect rate from product transitions.
4. The overall defect rate targets for 2023 are based on the performance from January to October 2022 at Plant 1/2/CBC, which were 1.5%, 4.69%, and 7.4% respectively. The targets for the full year 2023 are set at 1.8%, 5.5%, and 10% (the higher target for CBC is due to the anticipated testing and mass production of new products).

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.



Production and Sales Plan	Incoming Material Inspection	Production	Inspection and Grading	Shipping and Transportation
· Production and Sales Procedures	· Sampling Plan · Raw Material Specifications · Incoming Material Quality Control	· Manufacturing Specifications · Process Control Procedures · Process Monitoring System · Equipment Monitoring	· Sampling Plan · Finished Product Specifications · Product Quality Control	· Production and Sales Procedures
Application of Quality Tools	Quality (Raw Material/ Product) Database System	Process Database System PI	Change Management	

Major Quality Improvement Projects

2023 Items	2024	Contents and Schedules for 2024
Continuously adjust the production parameters of the new catalyst products of Plant II for quality optimization.	Continuously adjust the production parameters of the new catalyst products of Plant II for quality optimization.	· Inorganic residue reduction, high quality, customer promotion, customer satisfaction enhancement · Projected completion in December 2024
Plant I M/P renewal	Plant I M/P renewal	· Equipment reliability and quality stability enhancement · Projected completion in June 2024
Develop new products and improve product properties.	Compounding continues to develop new products that meet the physical property requirements of our customers.	Improve quality and property to raise customer satisfaction.
Plant I Catalyst Pump Renewal	Plant I Catalyst Pump Renewal	· Equipment reliability and quality stability enhancement · Projected completion in December 2024
Blower heat exchanger replacement at Plant I	Blower heat exchanger replacement at Plant I	· Avoid product contamination · Projected completion in September 2024
Cake removal equipment construction upgrade is complete.		· Enhance production stability/prevent emergency stop
Product transmission pipeline replacement at Plant II is complete.		· Reduce defective products and raise customer satisfaction.
	Implementation of a new additive system.	· Enhancing product quality, reducing material consumption, and improving customer satisfaction. · Projected completion in December 2025

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 2023, a total of 7 important quality-related improvement projects were implemented.

Confirmed customer complaints: count/year

Note: Starting from 2023, the number of customer complaints at the CBC plant will be included in the statistics.

3.3 Supply chain management

GRI 3-2, 3-3, 2-6, 2-25

Material topics: Supply chain management; Corresponding sustainability principle: Sustainable development

Significance and Strategy

Significance to USI

As an indicative business in Taiwan, apart from pursuing profit, it is also our responsibility and obligation to assume the sustainable supply chain responsibility together with suppliers.

Strategy

Establish the mechanism for supply chain sustainability risk assessment and prevention to develop a supply sustainability management culture.

Commitment

We are committed to developing communication channels with suppliers to increase the opportunities for opinion exchange so as to achieve environmental protection, industrial safety, and human rights for sustainable operations together with suppliers.

USI coverage 100%

Impact Management

Positive/Negative Impacts

Long-term negative potential impact:
Enhance supply chain management and improve raw materials quality.
Promoting carbon reduction initiatives in the supply chain
Short-term positive actual impact:
Supply delays caused by international situations, pendamic and weather.

Impact Boundary

Global raw material and engineering contractors, customers

Processes to remediate and prevent negative impacts

Advance procurement, increase safety stock, and seek alternative suppliers

Achievement and Goal

2023 Goals

1. Added the Supplier ESG Commitment as a requirement for new supplier evaluation.
2. Ensure all suppliers sign the “Supplier ESG Commitment”.

2023 Achievements

1. Proposed the "Supplier’s Code of Conduct and Quality Requirements Self-Assessment Form" to investigate the risks of environmental and social negative impacts, and completed on-site audits of two suppliers in 2023.
2. Towards the end of 2023, in response to a customer invitation, we signed up for the Ministry of Economic Affairs' "Gudeng Supply Chain Low-carbon Transition Coaching Program." We are collaborating with our customer and its supply chain to collectively strive towards the goal of reducing carbon emissions.
3. All suppliers sign the “Supplier ESG Commitment”.

2024 Goals

1. In conjunction with the Supplier Code of Conduct and Quality Requirements Self-Assessment Form, we have officially implemented the on-site audit system to investigate the risks of negative impacts on environmental and sociality, with the goal of examining two suppliers per year.
2. Implemented a guidance program for the low-carbon transformation of the supply chain.
3. Drafting an application for the Smart Supply Chain Transformation Project.

Medium- & Long-Term Goals

1. Conduct on-site audits on 4 suppliers each year.
2. Based on the on-site audit results, build an opinion exchange platform with suppliers and ask related USI professionals to make recommendations for their inadequacies and help them make corrective planning.
3. Collaborating with customers and their supply chains to collectively achieve the goal of reducing 10,000MT of carbon emissions by 2025.

Management

Effectiveness Assessment

1. Annual report
2. Corporate governance evaluation
3. Annual Report

Grievance Mechanism

The group audit division has a grievance hotline and a suggestion email on the corporate website for filing grievances.

Evaluation of the management approach

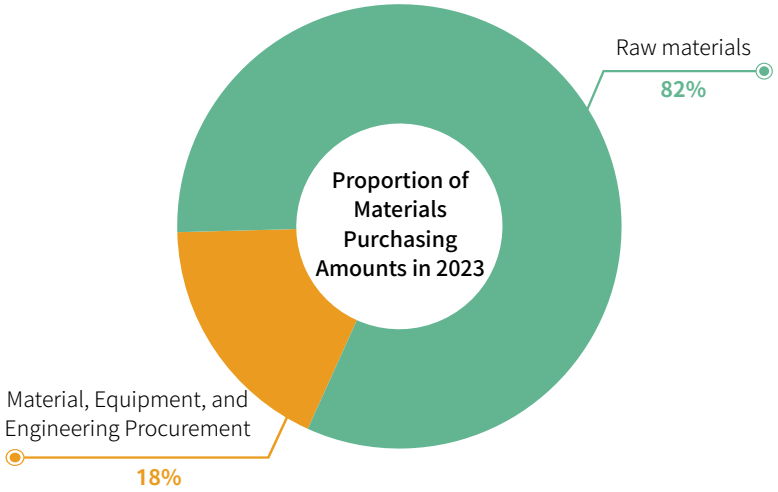
Internally, conduct supplier evaluation and project construction evaluation periodically, discuss the results, and make adjustments; externally, hold irregular supplier opinion exchange conferences to discuss and share opinions on unspecific topics.

Supplier Sustainable Development Strategy and Goals

As an indicative business in Taiwan, it is our responsibility to call on suppliers to jointly undertake corporate social responsibility. Therefore, we have established the ESG Commitment to request suppliers to make commitments for compliance with human rights, industrial safety, health, environmental protection, and conflict minerals.

With the rise in the awareness of the issues related to sustainable development and supply chain risk management, apart from proactively performing social responsibilities and contributing to society, we have realized the need to understand the ESG impacts on our suppliers so as 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

Supply Chain Risk Management

Risk Assessment and Prevention

In addition to the supply chain safety requirements, the specific criteria for identifying chemical suppliers are as follows:

1. Risk of chemical process leaks and pollution.
2. Occupational safety and environmental pollution risks in dusty, high-temperature, noisy, and humid operating premises.
3. Work at height risk.
4. Industrial safety risk of cutting or welding (S)
5. Risk of fugitive emissions of VOCs (Volatile Organic Compounds).
6. Labor-intensive industries.
7. Supply chain and project disruption/delay in delivery and completion risk.
8. Raw materials and construction quality risk.

Preventive measures include:

1. Implement the Supplier ESG Self-Assessment Form to provide information for initial risk assessment.
2. Establish long-term cooperation with suppliers; cultivate a second source or multiple sources and maintain cooperation to coordinate long-term material preparation.
3. Develop an internal safety stock mechanism and set a purchase base point according to the supply schedule to prevent the risk of supply disruption.
4. Providing sustainability education and training for procurement personnel.
5. HSE Education and Training for contractors.

Impact Response

Adjust the supply proportion of suppliers, timely supplement or dispatch from other suppliers.

For construction projects, the ESH unit immediately investigates personnel safety, equipment damage, and environmental impact. After consolidation, the ESH unit will hand over the results to related units to address and understand the situations.

Future Planning

Apart from setting chemical suppliers as the focus, a risk assessment mechanism will also be established based on the procurement amount, project outsourcing amount, or project importance, and the on-site audit results of the said sustainable development strategy.

Control and guidance will be arranged based on the above risk assessment mechanism and the assessed risk levels.

Performance of Supply Chain ESG Risk Management

Risk and Attribute	Supplier (chemicals)	Construction Contractor
	Environmental (E), social (S), and governance (G)	
Potential Risk	a. Chemicals manufacturing process (E) b. Dusty, high-temperature, noisy, and humid operating premises (E) c. Risk of fugitive emissions of VOCs (Volatile Organic Compounds) (E) d. Labor-intensive industries (S) e. Supply chain disruption/delay risk (G) f. Quality risk (G)	a. Dusty, high-temperature, noisy, and humid operating premises (E) b. Work at height risk. (E、S) c. Labor-intensive (S) d. Industrial safety risk of cutting or welding (S) e. Project disruption/delay risk (G) f. Project quality risk (G)
Number of audited and visited suppliers	In 2023, trial audits are conducted at 2 suppliers. Pass Rate: 100%	Before construction: The contractors must undergo a review to ensure they do not employ child labor and comply with relevant occupational safety and health laws. (E、S) During construction: Daily inspections and checks are conducted. (E、S) After completion: Relevant units jointly complete the evaluation of the contractors' construction work. In 2023, a total of 186 contractor evaluations were completed, all of which were deemed qualified. (G)
Audit Details	Environmental (E): Regulatory compliance of the manufacturing and storage of environmentally controlled substances. Governance (G): Management of quality, production, and orders; customer satisfaction follow-up; employee education and training; and management of outsourced processing.	

Sustainable Supply Chain Concept Promotion and Qualification Screening:

Promotion of Supplier's Code of Conduct (Supplier ESG Commitment) GRI 308-1, 414-1

In 2020, we added the Supplier ESG Commitment as an incentive. From 2022, the Supplier ESG Commitment is a prerequisite for all new suppliers to become a qualified suppliers. Since 2023, all current and new suppliers have been required to sign this commitment letter, and we have achieved a 100% signing rate.

Counteractions for the negative environmental and social impacts on the supply chain:

Supplier's Code of Conduct and Quality Requirements Self-Assessment Form GRI 308-1, 308-2, 414-2

To enhance supplier control, we have planned on-site supplier audits in 2023 and introduced the Supplier's Code of Conduct and Quality Requirements Self-Assessment Form. Major domestic suppliers will be the priority targets for the investigation of negative environmental and social impacts.

Self-Assessment Form

Currently, major key feedstock suppliers and contractors , including Taiwan CPC Corporation, Dairen Chemical Corporation, and our partner CTCI Corporation, have all obtained relevant certifications for ISO 14001 and 45001. This compliance meets our company's requirements for environmental management and occupational health and safety management from major suppliers, making them excellent partners for our company's sustainable development. We implement “proactive risk management” to investigate the potential negative impacts of suppliers. On top of irregularly retrieving the environmental offence records of manufacturers published on the government websites and online media to find if suppliers have violated the above regulations or if there is related news of them, we plan to conduct on-site audits together with the Supplier’s Code of Conduct and Quality Requirements Self-Assessment Form on two suppliers each year from 2023 to assess if they will cause negative or potential impacts on the Company (e.g., sanctions by the competent authorities and operation shutdown). We also recommend the following solutions for their excellent performance or the potential negative impacts and risks caused by legal offences or defects:

- **Offence or defect records:** We provide guidance for improvement for offences or defects. Where suppliers refuse or delay to make corrections, we will adopt risk control and response measures, such as degrading them or finding alternative suppliers.
- **Suppliers with excellent performance and without offence of defect records:** Hold opinion exchange meetings to exchange the strengths and opinions of both parties.

SCM mechanism

SCM mechanism
https://www.usife.com/ESG/en-us/ESG52.aspx

Value Chain ESG Discussions

Carbon Reduced: In 2023, USI signed up for the Ministry of Economic Affairs' "Gudeng Supply Chain Low-carbon Transition Coaching Program." We are collaborating with our customer Gudeng Precision Industrial Co., LTD and its supply chain to collectively strive towards the goal of reducing carbon emissions by ten thousand tons by 2025. This project includes expert site visits and recommendations, as well as a GHGs inventory. In 2024, USI plans to implement six energy-saving and carbon-reduction initiatives to reduce 1,629MT of CO_2e emissions. Additionally, they will evaluate new initiatives for 2025 based on expert recommendations.

Water Resource Sharing: USI has maintained a cooperative relationship with CPC Corporation for a long time. During water shortages, they obtain water from CPC's Kaohsiung plant. In 2023, the amount of water sourced from CPC was 13,725MT

Plastic Reduction: They collaborate with product transportation companies to implement a plastic pellet leak prevention management plan, reducing the dispersion of plastic pellets and dust during transportation. In 2023, they recycled 12MT of plastic.

USI has been implementing plastic reduction in packaging for many years.

And for specific customers, we use tank trucks for delivery to reduce the use of packaging bags.

Supply chain management

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, enhance environmental education and training, and care about the safety of contractors working in our plants in order to ensure the safety of all operations, protect the life, safety, and health of personnel, and optimize risk management.

Raw materials supplier management GRI 308-1

At USI, supplier evaluation is implemented centrally by the procurement department, and only suppliers passing the evaluation are included in the Quality Supplier List. Please visit our ESG website for the details of the evaluation mechanism.

Sources of Major Materials in 2023

Locations / Materials	Ethylene	VAM
Taiwan	66%	76%
Foreign	34%	24%
Source	Totaling 8 suppliers	Totaling 5 suppliers

Note: The percentage in the table represents the proportion of purchasing amounts of bulk materials.

Results of Raw Materials Supplier Evaluation 2021-2023

Year	2021	2022	2023
Suppliers Evaluated	51	83	86
Pass Rate	100%	100%	99%

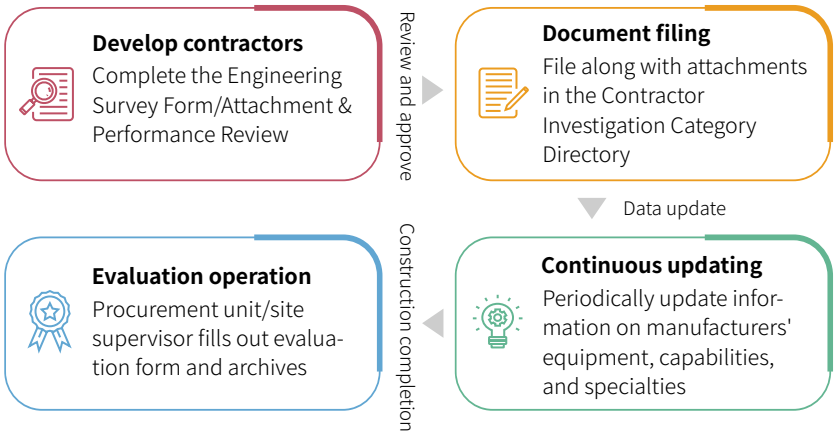
In 2023, there was one supplier who did not meet the qualification criteria. This supplier exhibited quality abnormalities, and despite discussions in meetings, they did not actively address the issues. As a result, they have been categorized as a C-grade supplier (requires improvement).

The approach to handling this situation involves suspending transactions with the supplier until they improve their quality standards and pass the required tests. Only after meeting these conditions will their products be considered for use again.

Management of construction contractors

We outsource construction contractors mainly 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)	Safety and health measures (S)	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.
2. (E), (S), (G) represent respectively environmental, social, and governance aspects.

Results of Construction Contractor Evaluation

Year	2021	2022	2023
Suppliers Evaluated	112	147	186
Pass Rate	100%	100%	100%

Product transportation management evaluation

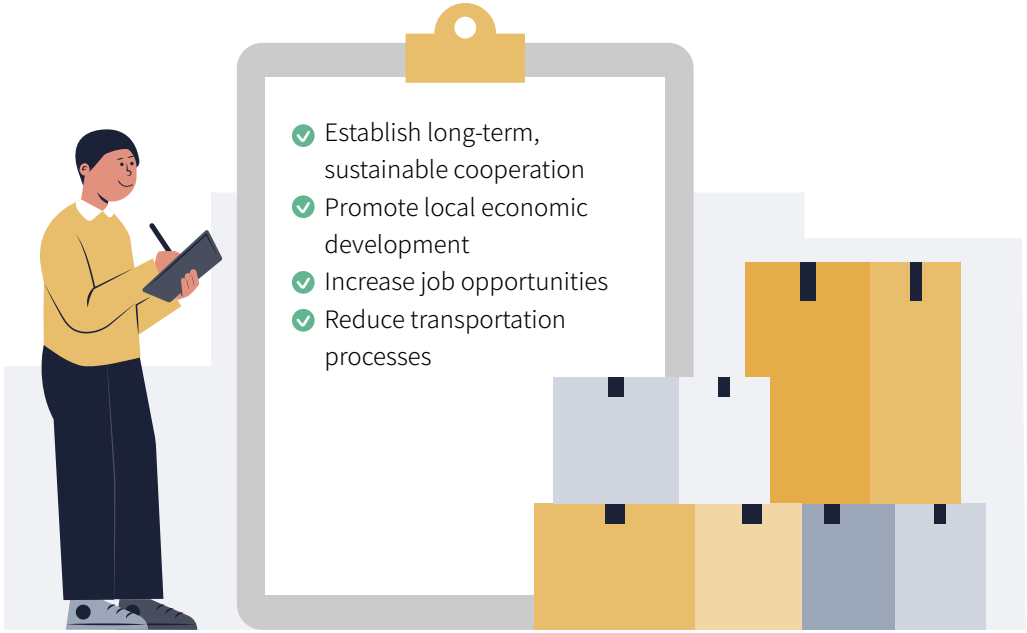
All products from Kaohsiung Plant are transported by De Yuan Transport Ltd. Apart from the hazard identification of forklift operation when product loading for shipping, we also implemented the AI industrial safety image recognition system together with partners to effectively detect if operators use personal protective equipment (PPE) properly. Additionally, we began implementing the transportation safety quality evaluation in 2020 to evaluate contractor safety management and performance. The evaluation result of 2023 was A (please refer to 5.1 In-house product loading safety management for details). We also co-implement the plastic resin pellet collection program to reduce microbeads from harming marine ecology.

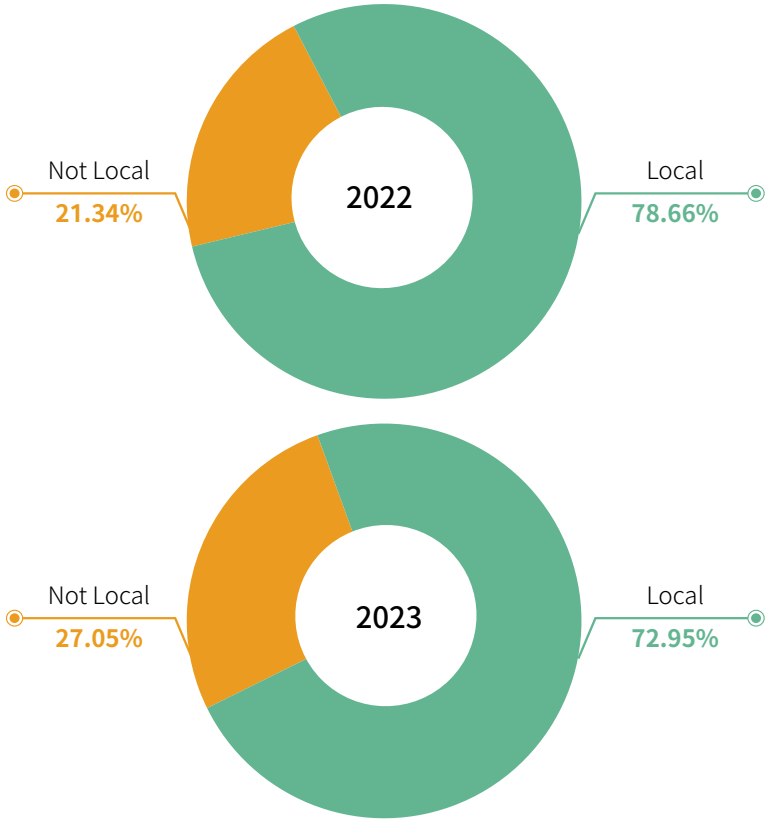
Green Procurement

Green Procurement
https://www.usife.com/ESG/en-us/ESG54.aspx

Support for procurement from local suppliers

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:



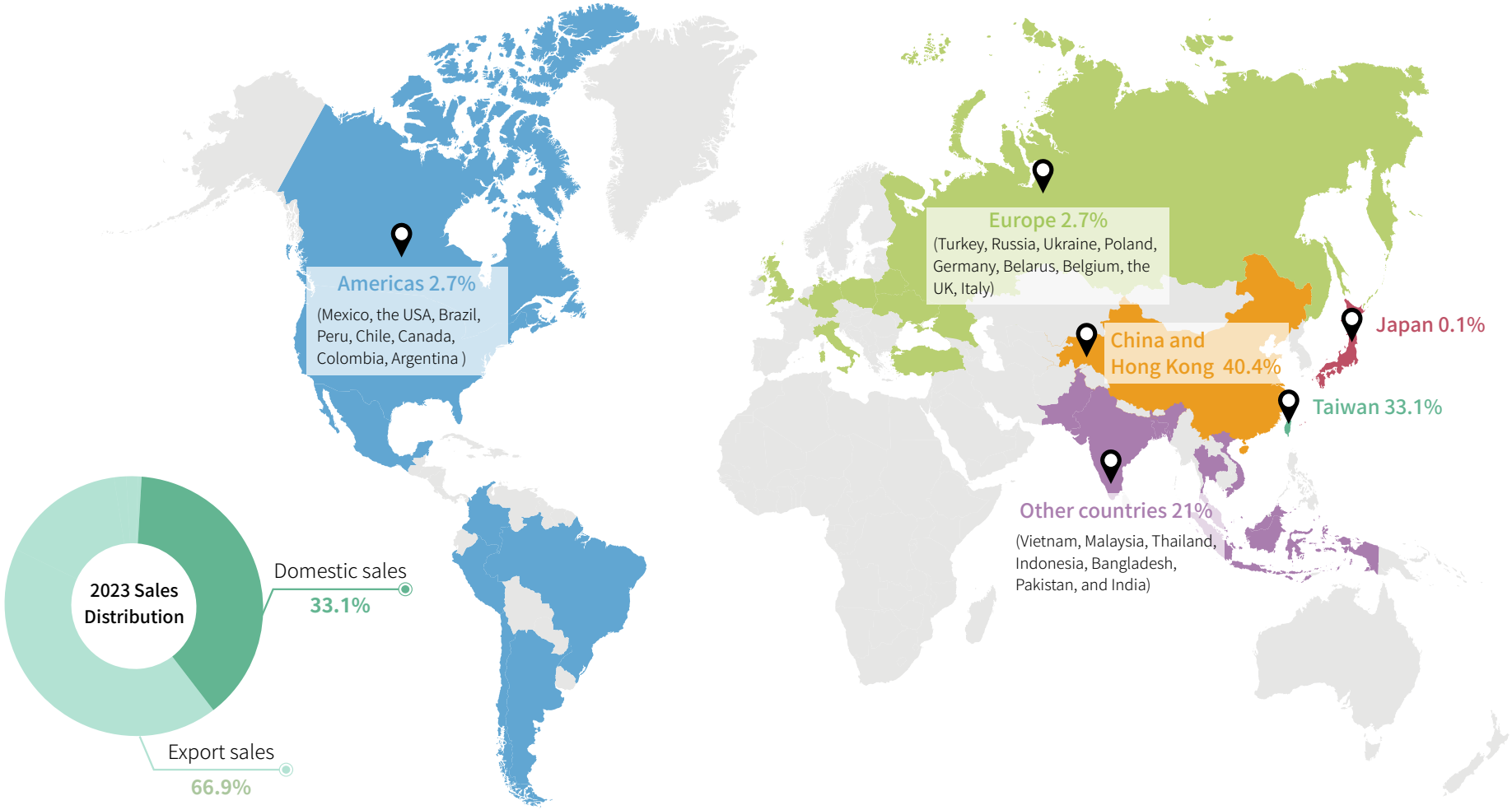


Energy-efficient and eco-friendly equipment

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., inverters, high-performance IE3 motors, anti-explosion LED lighting fixtures, aircon chillers, UPS) and ecolabel products (e.g., energy-efficient and eco-friendly IT equipment). In 2023, the reported amount for green procurement on the Ministry of Environment's Green Lifestyle Information Platform was NT$12,160,363.

3.4 Sales and customer services GRI 2-6

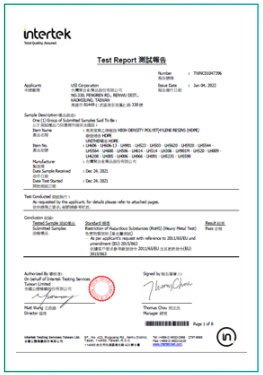
USI products are distributed mainly to a total of 303 customers in Europe and Asia. Products exported by ranking are EVA, HDPE, LDPE, and LLDPE. The chart below shows the sales distributions and market distributions of USI products in 2023. All were calculated by sales volume.



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 2023 no legal noncompliance 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


intertek
Test Report 測試報告

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 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 privacy information in terms of information security management. 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 2023 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

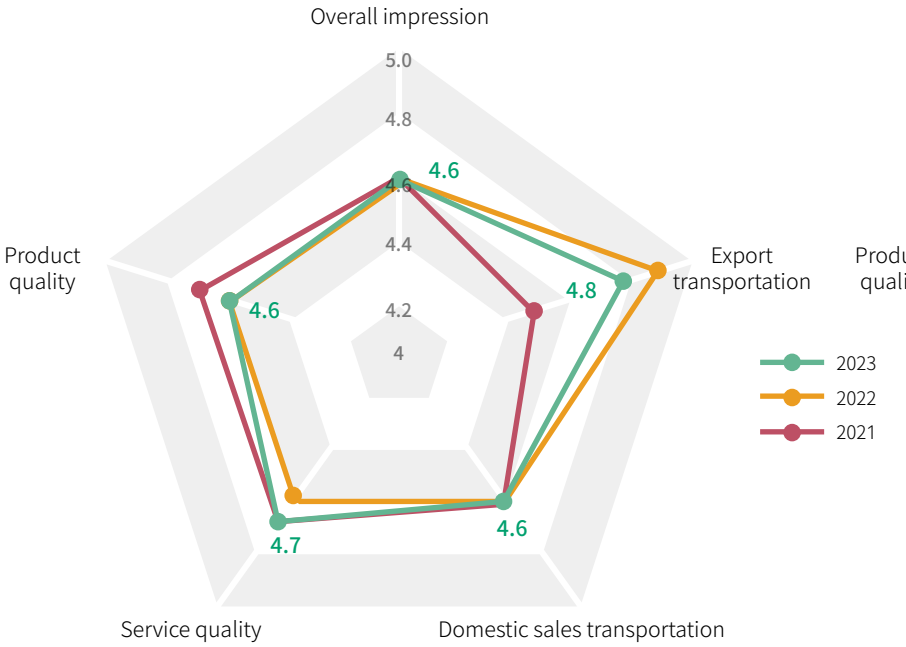
1	2	3	4	5	6
Customer submits complaint request	Sales unit accepts complaint request	Execution of complaint handling unit's root cause investigation	Reply to customer	Confirm effectiveness	Close case
Customer communicates complaint to sales unit	Fill out complaint handling notification form	Root cause investigation Suggest solutions	Fill out reply letter to customer	Report corrective and preventive measures Track effectiveness confirmation	Fill out 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 30 domestic buyers and 20 overseas buyers, from the top one hundred buyers by purchasing quantity are surveyed during the H1 and H2 of each year.
Contents and Results	In 2023, all aspects were above the “satisfied” level, and up to 95.9% of investigation feedback for investigations in the year was either “highly satisfied” or “satisfied," achieving the 2023 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

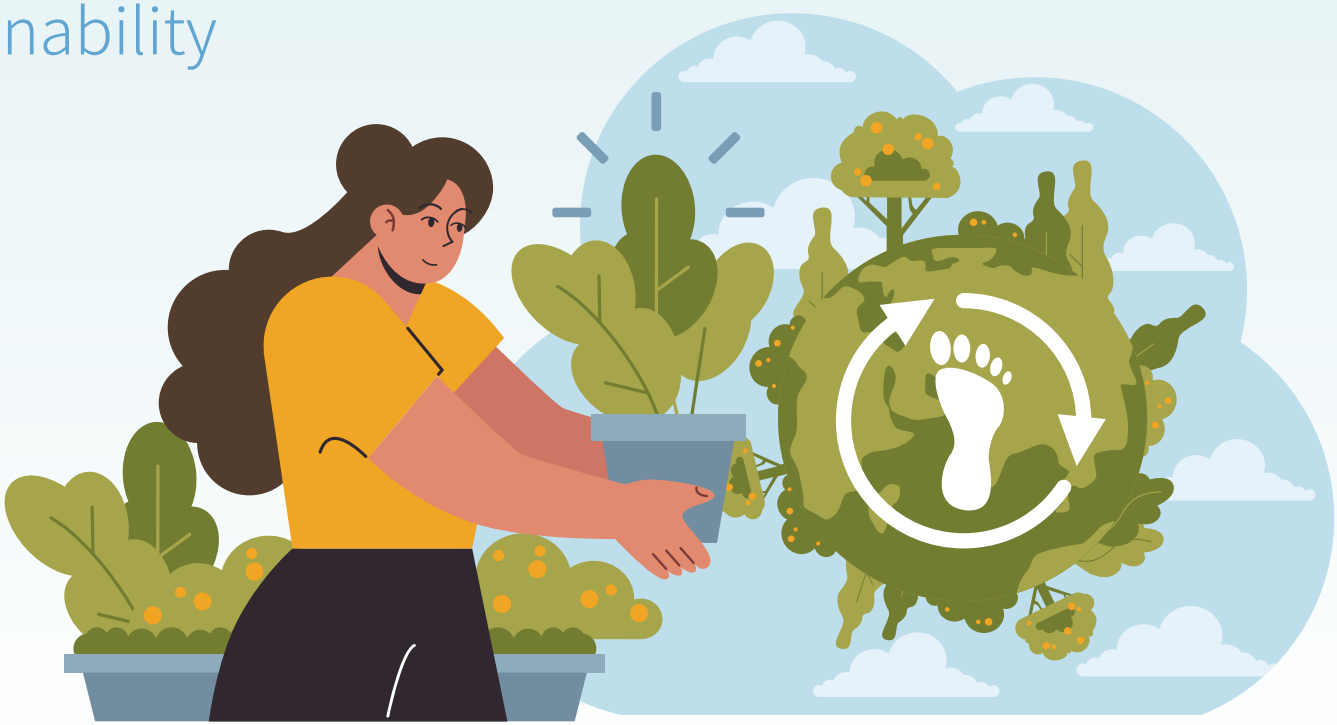


Comparison with last year performance

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

Chapter 4

Environmental Sustainability and Climate Change



Material topics in this chapter

Water management
Air pollution control
Waste management
Climate change and energy management

Performance Highlights

- Environmental Expenditure: approx. NT$ **109.27**million
- Annual reduction: Electricity by **1.72**% energy decreased by **1.35**%, carbon decreased by **1.55**%, water decreased by **5.51**%
- Increased materials recycling rate to **14.6**%
- Continuous implementation of ISO 14064-1 GHGs Inventory and Verification and Scope 3 inventory
- Receiving an **A-** rating from the CDP Water Security Management Assessment.
- Implementation of ISO 14067:2018 Carbon Footprint of Products and verification

4.1 Environmental management system

In 1998 we established the ISO 14001 environmental management system (EMS), with 100% coverage. 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".

Upholding and realizing the business philosophy of the Chairman, we optimize occupational safety and health, process safety, and environmental protection 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 promote sustainable development, fulfill ESG 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, water efficiency, 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

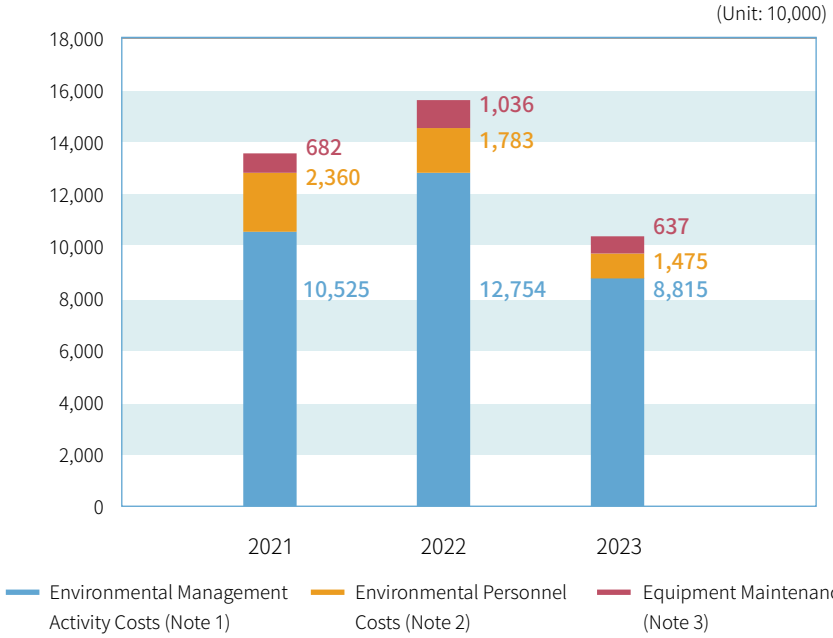
2023 Environmental Protection Targets and Management Programs

Policy	Goals	Program	Effectiveness	2024 Management Program
Zero Emission	Zero air pollution: Equipment/component VOC leakage <0.5%	1. Reduce equipment/component for emission leakage of VOCs (Plant I) 2. Reduce the annual leakage of VOCs (Plant II) 3. CBC Leaked Emissions of VOCs Reduction Plan (CBC Plant)	Reduced VOCs leakage of plants I/II/CBC to below 0.5% in 2023.	1. Monthly greenhouse gas emissions and carbon tax estimates 2. Monthly carbon reduction estimates
	Zero Wastewater Emissions: Improve wastewater recovery rate by 2% (based on 2021 baseline)	Purchase the new float oil pump	2023 wastewater reclamation volume: 30,614MT	Improve sludge treatment in wastewater pools
	Reduce GHGs Emissions by 1,560 tCO_2e	Implement 2 energy-saving projects	2023 cumulative energy savings: 3,267,614 kWh, reducing GHGs by 1,618 tCO_2e	2024 cumulative energy savings: 2,015,910 kWh; LNG savings: 306,134 tons; reduce GHGs by 1,629 t CO_2e
	Reduce water discharge by 5,280MT	Continuous monitoring and reclamation of effluents	2023 wastewater water reclamation: 30,614MT	2024 estimated wastewater water reclamation: 20,000MT
Zero Pollution	Zero air pollution: Reduce the leaked emissions of VOCs	1. Replace the VA transfer pump in Plant I 2. Replace the ethylene unloading pump in Plant I 3. Replace the EF-line xylene CIP pump	Reduced VOC leakage, enhanced transmission efficiency, and reduced energy consumption.	1. Reduce equipment/component leaked emissions of VOCs. 2. Reduce the annual leakage of VOCs. 3. CBC Leaked Emissions of VOCs Reduction Plan (CBC Plant) 4. Recover 31,500 kg/year from Plant 1 V-404 VA tank 5. Adding a new Modifier pump J-220H to the C-line reduces VOC emissions to the atmosphere by 292.76 kg. 6. Adding two new Modifier pumps J-220P and J-220Q to the EF-line reduces VOC emissions to the atmosphere by 585.52 kg.
	Prevent environmental contamination caused by plastic resin pellet leakage	Management of Plastic Resin Pellet Leakage	1. Enhanced publicity of dust zone cleaning and tanker loading area cleaning. 2. Ensured that the unloading pipe is inserted in the inlet and surroundings are covered with dust screens before unloading in the tanker loading operating process to prevent materials from splashing. 3. Inventoried the leakage prevention and management measures of plastic resin pellets in the processing area and recovered 12MT of plastic resin pellets in 2023.	Continuously implement the prevention and management of plastic resin pellet leakage.

Environmental Expenditures

Our environmental management costs include the cost for environmental management activities, environmental-protection-related personnel expenses, and equipment maintenance costs. In 2023, we actively implemented the reduction of leaked emissions of VOCs, water recycling and reuse, energy conservation and carbon reduction, and emissions reduction. The total amount of environmental expenditures in 2023 decreased by 29.8% over 2022 to about NT$109.27 million. The primary differences are due to the reduction in natural gas consumption for control equipment and decreased repair expenditures for environmental and safety equipment in 2023.

Environmental Expenditure Over the Past Three Years



Note 1: The cost for environmental management activities includes the fees for air pollution control, water pollution prevention, waste disposal, noise pollution prevention, management of toxic and concerned chemical substances, industrial safety improvement, depreciation of fixed assets and others (e.g., cleaning and mowing).

Note 2: Environmental-protection-related personnel expenses include personnel expenses and environmental protection-related training fees.

Note 3: Equipment maintenance cost includes the fees of environmental-related equipment and the fees for equipment maintenance.

4.2 Water management GRI 2-25, 3-3, SDG 6

Sustainability Principle: Sustainable Development

Significance and Strategy

Significance to USI

In response to global climate change, valuable water resources are reclaimed for reuse through water conservation and emission reduction measures.

Strategy

1. Reduce pollution and emission through process and source improvement and then end-of-the-pipe treatment promote water resource recycling and reuse.
2. Constantly invest in discharge reduction management, implement water conservation, and water resource reclamation management.
3. Implement the water efficiency management system and flood prevention measures

Commitment

Annual water conservation >1%

Data scope: USI coverage 100%

Impact Management

Short-, Medium- & Long-Term Positive/Negative Impacts

Short-term Positive actual impact: Enhance water recycling efficiency and reduce production costs.
Short-, Medium- & Long-Term
Negative actual impact: Water shortages, production disruption due to torrential rain
Short-term negative potential impact: Water Consumption Costs from November 2022 to April 2023 - Approximately NT$280,000.

Impact Boundary

USI Kaohsiung Plant and Environment, Global Customers and Government Agencies

Processes to remediate and prevent negative impacts

Enhance water recycling and reuse, improve manufacturing processes to reduce steam consumption, and buy water with water trucks.

Achievement and Goal

2023 Goals

Wastewater treatment system, Estimated water conservation with the MRT condensate recovery improvement and retention basic rainwater harvesting system: 48,500MT/year, saving water by 4.63%.

2023 Achievements

1. The CDP Water Security Project has achieved an A-rating.
2. MRT Condensate Water Recycling Improvement and Rainwater Harvesting System with Detention Ponds: 56,485MT/year, saving water by 5.51%.
3. Collected 12MT of plastic resin pellets through the Plastic Resin Pellet Collection Program.

2024 Goals

1. Estimated water conservation with the Wastewater Treatment System, MRT Condensate Water Recycling Improvement and Rainwater Harvesting System with Detention Ponds: 46,00MT/year, saving water by 4.40%.
2. In 2023, the unit water consumption is projected to decrease by 0.5% compared to the baseline year of 2022.

Medium- & Long-Term Goals

Reducing water withdrawal and consumption and improving water quality to enhance water recycling and reuse.

Management

Effectiveness Assessment

1. Water conservation volume
2. Wastewater reclamation volume

Grievance Mechanism

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

Chapter Summary

1. Water management*
2. Promote the water efficiency management system
3. Management of Plastic Resin Pellet Leakage

Water management

GRI 303-1:2018, 303-3:2018, 303-4:2018, 303-5:2018

RT-CH-140a.3

Goals and Management Units

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 continuously 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 in 2023 was 5.51%. The boundary of water resource and effluent management is the Kaohsiung Plant, with data coverage of 100%.

In 2023, to further strengthen water management, the head of the Kaohsiung plant designated the Technical Department as the responsible unit. They are tasked with reporting to the Board regularly, with the baseline year being 2022. The goal is to reduce unit water consumption by 0.5% annually.

Water resource

In terms of water stress distributions, based on the water stress by country in the ‘Aqueduct Water Risk Atlas’ published by the World Resources Institute (WRI), the water stress of Taiwan falls at the low to medium level, with water stress at 10-20%.

According to the 2021 water resources statistics published in the Water Resources Agency Register Statistical Report, MOEA, the water consumption of Kaohsiung City was 2,760,964 ML, including 328,136 ML of water for domestic use and public use, 139,220 ML of water for industrial use, 1,314,473 ML of water for agricultural use, and 253 ML of water for other uses. The 2022 total water withdrawal of Kaohsiung Plant was 925.439 ML, accounting for about 0.0335% of Kaohsiung City’s total water consumption. Kaohsiung Plant withdraws water mainly from tap water supplied by the Pingding Waterworks and Cheng Ching Lake Waterworks for product production, equipment cooling, boiler, domestic use of employees, and other uses. In 2023, due to an increase in annual production, the water withdrawal increase by about 44.1 ML to 969.538 ML compare to 2022.

2023 Water Withdrawal, Discharge, and Consumption

GRI 303-3:2018, 303-4:2018, 303-5:2018

RT-CH-140a.1

Total water withdrawal 969.538 ML

Low to medium water stress areas
Water stress: 10-20%

- Third-party water - freshwater (≤ 1,000 mg/L TDS): 947.049 ML
- Surface water - Rainwater: 8.764 ML
- Water cart capacity: 13.725 ML
- No runoff, groundwater, seawater, output water

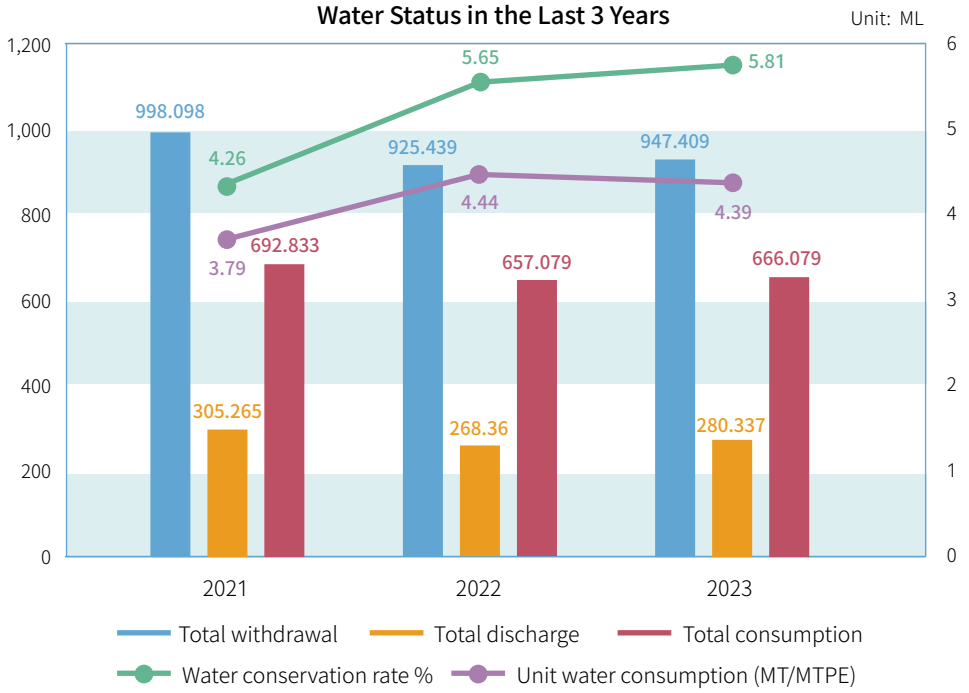
Note: The intake of third-party water is recorded based on meter readings (flow meter). The intake of rainwater is calculated according to the water resource recovery plan "Detention Ponds and Rainwater Harvesting in Tank Areas." The water cart capacity is based on data from the supplier's water withdrawal records.

Total water discharge: 280.337ML

- Runoff- fresh water (≦ 1,000mg/L TDS): 280.337ML
- Discharge contains no groundwater, seawater, and third-party water.
- NH4 in 2023H1 and 2023H2 was 0.13 mg/L and 0.06 mg/L，far below the effluent standard (20mg/L).

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

Total Consumption = Total Withdrawal – Total Discharge = 689.201ML



Note: The CBC plant is still in the trial operation stage before 2021, and unit water consumption is not included in the calculation

Water conservation and reclamation GRI 303-1:2018

Following the rising water demand, escalating climate change impact, and expanding sustainability pressure, we keep a constant track on water shortages and endeavor to reduce water consumption or enhance water reclamation in response.

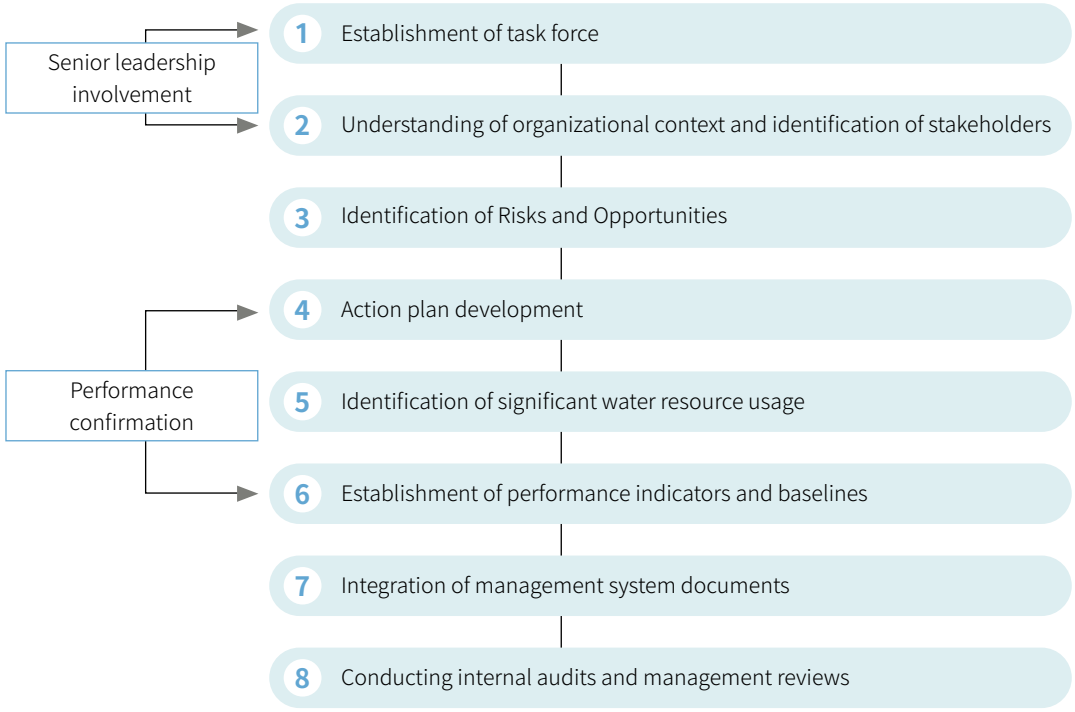
We began to build the water monitoring system in 2020 to keep constant track of the water supply. Based on the drought response measures, apart from cutting unnecessary water consumption, enhancing pipeline and switch tour inspection, and reducing cooling water discharge, we also get support for water in the fire fighting storage tanks, buying water with water trucks, following the government's 3-stage rationing measures, and actively implement various water improvement programs to reduce total water withdrawal each year.

Water reclamation program	Effectiveness
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: According to the actual pump reading on-site, the total wastewater recycled in 2023 was 30,614 MT.**
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 estimated water reclamation in 2022 was about 5,786MT. Calculation: The project was completed in 2017 and started operation in 2018. The plant rainwater collection area is 3,500m^2, the tank site dike area is 2,300m^2, Kaohsiung's annual rainfall in 2023 was 1,679cm (Note 2). Based on a reclamation rate of 90%(Note3), the estimated water reclamation is about 8,764MT/year.
MRT Steam Condensate Recovery	Steam condensate is recovered for reuse in the boiler to reduce tap water consumption. The project annual recovery is 17,107MT. Calculation: Steam condensate recovery at 2.4MT/*24hours/day. The number of workdays is 330 days/year* reclamation rate 90%. The annual recovery is thus 2.4×24×330*90%=17,107 (MT/year).

Note: 1. The estimated volume of reclaimed and recycled water in 2023 was 56,485MT; the total water withdrawal was 969.538MT; the volume of reclaimed and recycled water was 5.83% of the total water intake.
2. Annual rainfall data sourced from the "Central Weather Administration, Ministry of Transportation and Communications."
3. MRT Steam Condensate Recovery, detention basin and storm water reclamation channel - Due to possible losses from pumps, pipelines, and rainwater evaporation, the estimated recycling amount is calculated at 90% of the computed value.
4. MRT Steam Condensate Recovery - The time required for actual equipment maintenance or repair, the number of working days in the year is calculated as 90% of the 365 days in the year (based on 330 days).

Water Efficiency Management System GRI 303-1:2018

In 2021 we implemented the ISO 46001:2019 Water Efficiency Management System (Certificate valid from March 17, 2022, to May 17, 2025). By inventorying the current status and ways of water consumption across the plant, through identifying, planning, managing, and improving the risks and opportunities of water with systematic water consumption management, and thereby optimizing water demand management, we effectively achieved the goals of water conservation and discharge reduction to enhance water efficiency and reduce water costs.



In 2023, we enhanced wastewater system management and optimized operation to reduce wastewater discharge and increase wastewater reclamation. The actual reclamation was 30,614MT. Additionally, about 8,764MT of water was reclaimed within the retention basin and rainwater harvesting in the tank area.

In 2024, the estimated volume of recycled water was 46,000 MT, with an estimated wastewater recovery rate of 4.40%.

Effluents Management GRI 303-1:2018

Wastewater from the plant is the main source of effluents from USI. According to KSEPB's effluent runoff discharge permit, effluents that cannot be refused after treatment and comply with the environmental protection laws and regulations can be discharged to the surface water body -- Houjing River. The pollution of Kaohsiung Plant is below 0.00324 %.

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.

To reduce the environmental impact of discharge and promote waster recycling and reuse, besides complying with environmental protection laws and regulations, we optimized the functions of the wastewater (sewage) treatment plant in 2020, including adding the sludge concentration tank, improving the bottom sludge removal system of the sedimentary tank, and building the sludge rinsing system for the flotation system to enhance sludge treatment and collection efficiency. **The actual 2023 wastewater reclamation volume was 30,614MT, with an achievement rate of 9.85%.**

Water quality monitoring and management GRI 303-2:2018, 303-4:2018

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. According to previously amended and promulgated "Effluent Standards", the water quality control of discharge from the petrochemical industry includes 22 items, including 7 general water quality items and 15 specific water quality items. In our 2023 untreated wastewater and effluent quality tests and analysis, effluents met the effluent emission standard.

Results of Water Quality Examination in Last 3 Years

Water Quality Indicator	2021		2022		2023		Effluent Standard (Petrochemistry)
	H1	H2	H1	H2	H1	H2	
SS (mg/L)	9.0	5.7	8.0	9.7	8.6	14.2	30
Grease (mg/L)	6.6	4.5	9.5	5.7	5.3	4.3	10
COD (mg/L)	14.4	25.5	26.4	19.7	33.5	77.8	100
NH4 (mg/L)	0.78	0.48	0.2	0.63	0.13	0.06	20

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 began implementing the measures for prevention and management of plastic resin pellet leakage and awareness education for in-house plastic resin pellet leakage management. In 2023, we performed the on-site walk-through inspection of contractors and comprehensive process area inventory to understand the methods that contractors and employees adopted to clean up and prevent the leakage of plastic resin pellets. We also established new or revised 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. In 2023, we recovered a total of 12MT of plastic resin pellets across the plant.

Year	2021	2022	2023
Recovery Weight (kg)	1,2871.1	11,889.4	11,996.9

Operation management

- Site Inspection and Review
- Enhancing Employee Awareness
- Establishment of Procedure Documents
- Tracking Execution Results

Workplace

- Leveling of Site Ground
- Setting Up Barriers
- Providing Employees with Cleaning Equipment

Personnel Training

- Education/training
- Enhancing Colleague Compliance with Operating Procedures
- Workplace Advocacy

Management Measures

- Unloading Management
- Transportation Packaging Management
- Area Cleaning
- Collection Management

4.3 Air pollution control

Sustainability Principle: Sustainable Development

GRI 2-25, 3-3, SDG 11

Significance and Strategy

Significance to USI

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

Strategy

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.

Data scope: Kaohsiung Plant

Impact Management

Short-, Medium- & Long-Term Positive/Negative Impacts

Short-, Medium- & Long-Term negative actual impact: Air pollution

Impact Boundary

Community residents, environmental and ecological impacts of pollution

Processes to remediate and prevent negative impacts

Negative impact remediation: Sponsor plantation and forestation for 5 hectares and began sponsoring air quality purification area on an annual bases in 2018

Preventive measures: Improve air pollution and environmental protection equipment and increase materials recycling to reduce air pollution.

Achievement and Goal

2023 Goals

1. Zero air pollution: Equipment/component VOC leakage <0.5%
2. Zero air pollution: Reduce the leaked emissions of VOCs

2023 Achievements

1. VOCs equipment component leakage: 0.038%
2. Pump replacement project progress at 100%

2024 Goals

1. Equipment/component VOC leakage <0.5%.
2. Zero air pollution: Estimation of GHGs and reduction
3. Zero air pollution: Reduction of VA emissions to the atmosphere by 31,500MT through recovery
4. Zero air pollution: Replacement of old pumps with new ones to reduce VOC emissions to the atmosphere. Implementation of 2 schemes involving the replacement of 3 pumps, resulting in a total reduction of 878.28 kilograms of VOC emissions to the atmosphere.

Medium- & Long-Term Goals

1. Implement VOCs reduction programs
2. Reduction of equipment/component leakage.
3. 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

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

We constantly promote pollution reduction, replace fuels with clean energy, and effectively collect exhaust to control equipment for proper treatment. We also cooperate with the total volume control and reduction of the Gaoping River to achieve the goals of zero pollution and zero emissions. In 2023, pump replacement is completed, including: a. VA transfer pump upgrade in Plant 1 b. Ethylene unloading pump upgrade in Plant 1 c. EF-line Xylene wash pump upgrade. All of the mentioned pump upgrade works were completed in 2023.

Management Approach

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

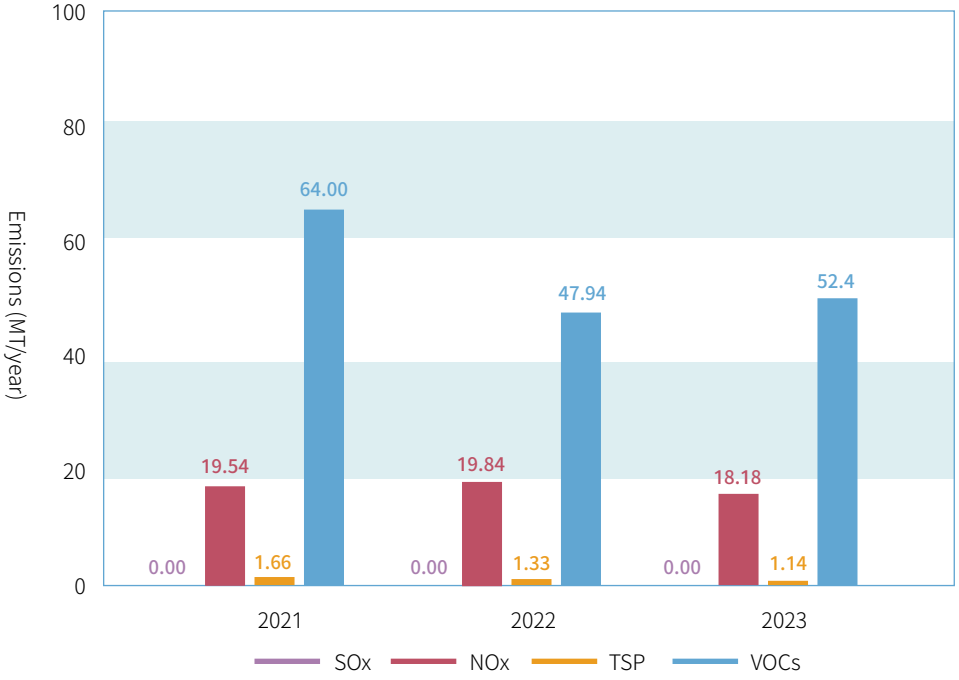
VOCs Reduction	We implemented the equipment/component management plan. Besides establishing SOPs and creating master files for equipment/component management, outsourcing quarterly external inspection, and purchasing monitoring and measuring equipment and gauges and performing periodic instrument calibration, all plants also enhance equipment/component self-management, periodically review and follow up the inspection and service progress, run equipment maintenance and repair re-inspection, identify and improve equipment/component with a high leakage rate, reduce the quantity of equipment/component or replace with equipment/component with a lower leakage rate or leakage resistance, and enhance the inspection of equipment/component with a high leakage rate and more motions. 1. In 2023, we continued to implement the management of the leaked emissions of VOCs for equipment/components. The in-house performed self-imposed equipment/component spot checks on 1,904 points and found leakage at five point. Improvement was completed immediately. 2. Programs in 2023: a. Replace the VA transfer pump in Plant I b. Replace the ethylene unloading pump in Plant I c. Replace the EF-line xylene CIP pump The pump replacement projects were all completed in 2023.
The RTO treats high-intensity VOCs in-house	The RTO treats high-intensity VOCs in-house. In 2023 we commissioned an outsourced inspection. The results showed that the content of non-methane hydrocarbons (NMHC) before and after treatment was 1,200 ppm and 55 ppm respectively, with a removal rate of 95.1%, better than the regulatory requirement of 95% or 150ppm. In 2023 we continued the equipment operation and maintenance training, management system establishment, and education and training.
Reduction of Pollutant Emissions	In 2023, it is planned to install a VA storage tank condenser and a finned condenser. By increasing the contact surface area, the condensation efficiency will be improved to increase VA recovery and reduce pollution.
Emergency Response to Air Quality Deterioration	In 2020-2023, we implemented the air quality deterioration response drill to enhance the response ability of employees and review the opportunity for improvement after the drill. We also joined the LINE group of the Environmental Protection Bureau to keep updated with the air quality condition in Kaohsiung City at any time and take counteractions immediately.
Managing hazardous air pollutants (HAPs)	In 2023 test of hazardous air pollutants (HAPs), the intensity of all other tested items was below 200ppb, except for xylene at 400ppb.

Management Performance

GRI 305-7 RT-CH-120a.1

Major air pollutants emitted by 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 announced by the Ministry of Environment.

Air Pollutant Emissions in Last 3 Years



Note: Air pollutant volume was reported based on the air pollution control fee.

Testing Results of Boiler Discharge Pipes in the Last 3 Years

Pollutant	2021	2022	2023	Emission Standard (announced 2020)
SOx(ppm)	ND	ND	ND	50
NOx(ppm)	54	88.9	92.6	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: ND means not detected.

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

Pollutant	2021	2022	2023	Emission Standard
SOx(ppm)	ND	ND	ND	100
NOx(ppm)	2	2	1.4	150
TSP (mg/NM3)	-	2	-	100
VOCs (ppm)	52	56	55	Reduction rate>95%or <150ppm

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

4.4 Waste management

GRI 2-25, 3-3, SDG 11, 12

Sustainability Principle: Sustainable Development

Significance and Strategy

Significance to USI

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

Strategy

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

Commitment

Enforce zero pollution and zero emission.

Data scope: Kaohsiung Plant

Impact Management

Short-, Medium- & Long-Term Positive/Negative Impacts

Medium-term positive actual impact: Resource recycling, waste reduction
Long-term negative actual impact: Improper waste treatment.

Impact Boundary

Community residents, environment and ecology affected by pollution

Processes to remediate and prevent negative impacts

1. Reduce at the source and source qualified waste disposal contractors
2. Establishing the waste audit and management systems.

Achievement and Goal

2023 Goals

Establishing the waste audit and management systems.

2023 Achievements

1. Spot checks on 8 waste cleanup contractors and 7 waste disposal contractors, and no nonconformity was found
2. Upgrading 4 adsorption towers resulted in a decrease of 15.51tons in the output of waste fillings compared to 2022.

2024 Goals

1. Continue to implement the waste audit and management systems
2. Implement waste recycling and reuse

Medium- & Long-Term Goals

1. Establishing the waste audit and management systems
2. Implementing waste reduction

Management

Effectiveness Assessment

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

Grievance Mechanism

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

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 mostly 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.

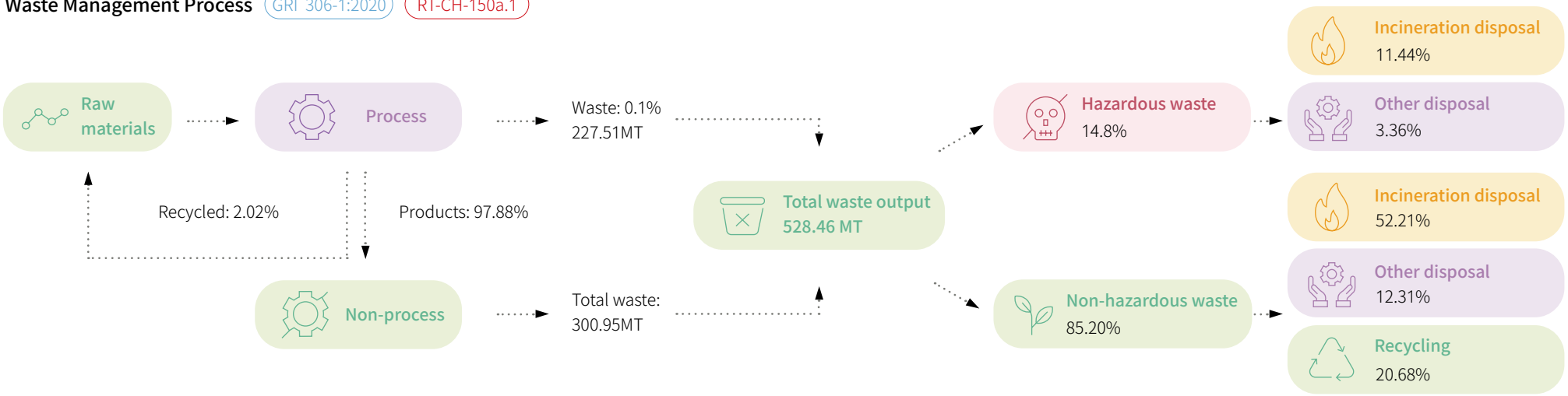
In 2023, we continued with the comprehensive review of waste legitimacy, compared and proofread the monthly report data to facilitate the accurate control of waste information. Additionally, industrial waste is sorted by the property of major composition before storing in the storage site, and the storage sites, containers, and facilities are properly labeled. We also built covered waste storage sites equipped with blocking ditches to prevent groundwater and water from runoff contaminations. In 2023, we audited waste storage sites every month, and all sites complied with the related regulations.

Management effectiveness

Waste Reduction Achievement: CBC Plant Adsorption Tower Update: In order to reduce waste generation and improve the environment, four adsorption towers were updated, replacing the existing eight towers. The weight of waste fillers produced by the new adsorption towers is significantly lower than that produced by the existing towers.

In 2023, the output of waste fillers was 5.96 tons. This marks a decrease of approximately 15.51 tons or about 72.24% compared to 2022.

Waste Management Process GRI 306-1:2020 RT-CH-150a.1



Usage of waste output/resources

- Waste collection and classification management
- Regular online reporting of waste output and storage conditions
- Monthly regular inspection of storage areas to confirm compliance with regulations
- Source management review to reduce waste generation
- Promotion of waste reduction schemes

Waste transportation management

- Online declaration of waste weight cleared from the factory
- Real-time tracking system for transportation equipment (GPS positioning)
- Commissioning of joint disposal control delivery slips for record keeping
- Management of waste disposal vendors audits

Waste disposal management/resource utilization

- Online declaration by disposal vendors of the weight of waste received
- Proper cleanup record keeping for reference
- Management of disposal vendor audits
- Compilation of records for resource utilization

Waste disposal contractors audit and management GRI 306-2:2020

We only hire licensed waste disposal contractors to clean up and dispose of waste by law. Since 2021, in accordance with the"Regulations Governing Determination of Reasonable Due Care Obligation of Enterprises Commissioning Waste Clearance" (amended on February 23, 2021), 8 waste cleanup contractors and 7 waste disposal contractors with the items listed in Annex 2 of the regulations were inspected in 2023. The inspections aimed to understand the storage, removal, disposal, and recycling of waste of disposal contractors, and no nonconformity was found.

1 **Basic document review**
- Environmental Protection Contractor Permit
- ISO management system

2 **Waste storage/disposal**
- Degree of legal compliance
- Compliance with disposal methods and contractors/receipts

3 **Waste final disposal**
- Verification of final disposal methods and flow
- Compliance with final disposal methods and contractors/receipts

Management effectiveness

GRI 306-3:2020, 306-4:2020, 306-5:2020

We are also committed to waste sorting to categorize, collect, and manage recyclable resources. Apart from weighing and recording waste before shipping out of the plant, we hire licensed contractors to recycle waste metal. In 2023, we recovered 67.9 MT of waste metal, and 1.49 MT of paper waste was disposed of by nearby resource recycling contractors. The recycling rate for non-hazardous waste reached 24.27%, an increase of 3.87% from 2022. Although the amounts of recovered waste metal and paper decreased by 25.60 MT and 3.21 MT respectively compared to 2022, the amount of plastic waste recycled increased by 39.88 MT in 2023. Additionally, in 2023, the total waste production was 528.46MT. No spill of oils, fuels, waste, or chemical substances was reported in 2023.

Waste Production, Transfer, and Disposal in the Last 3 Years

Waste		Disposal/Recycling	2021	2022	2023
Hazardous waste	Toxic Industrial Waste Direct disposal	Incineration (including nonrecyclable waste)	3.46	47.5	60.46
		Other treatment	18.77	15.85	17.76
Total weight of hazardous waste			22.23	63.35	78.22
Non-hazardous waste	General Industrial Waste Direct disposal	Incineration (including nonrecyclable waste)	269.40	248.95	275.91
		Other treatment	178.32	70.16	65.06
	Total weight of non-hazardous waste		447.72	319.11	340.97
	Recycling	Recycling for reuse	420.87	98.20	109.27
		Resource recycling rate (%)	47.2	20.40	24.27
Total weight of non-hazardous waste			868.59	417.31	450.24
Total weight of waste (MT)			890.82	480.66	528.46

Note: 1. Data regarding the production, transfer, and disposal of waste were extracted from the Waste Report and Management Information System of the Ministry of Environment. Data of recycling were extracted from in-house records and accounting documents.
2. Waste is transported by licensed cleanup contractors to the qualified disposal contractors for disposal. Waste for recycling was recycled for reuse outside of the plant. Waste for recycling was recycled for reuse outside of the plant.

Waste reduction programs

Reinforcement of awareness education

Reinforce the awareness education of the need for waste sorting 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.

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.

4.5 Climate change and energy management

GRI 2-25, 3-3, 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

Establish the energy management system, lower unit product energy consumption, reduce GHG emissions, and develop green power.

Commitment

Saved electricity: >1%

Data scope: USI

Impact Management

Short-, Medium- & Long-Term Positive/Negative Impacts

Short-term positive actual impact: Invest in green power with profit gained from EVA solar energy products.

Short-term positive potential impact: Develop AI systems to lower energy consumption

Negative actual impact:

Short-& medium-term negative actual impact:

1. Increased electricity prices estimated at NT$100 million/year
2. Disrupted production by power curtailment

Negative potential impact: The imposition of carbon taxes increases costs. Based on the 2023 carbon emissions of 142,600 MT from USI, and assuming a carbon fee would be NT$47.28 million, accounting for approximately 4.1% of the entity's revenue.

Impact Boundary

USI, global customer and green power supplyer

Processes to remediate and prevent negative impacts

1. Sponsor forestation of 5 hectares
2. Implement various energy conservation and carbon reduction programs.
3. Develop green power

Achievement and Goal

2023 Goals

1. Annual electricity savings of 1.27%.
2. GHGs emissions of 145,000 tCO_2e.
3. In 2023, implementation of three energy-saving and carbon reduction projects is planned, aiming to reduce emissions by 838 tCO_2e.
4. Implement ISO 14064-1 GHG emissions inventory and verification.

2023 Achievements

1. Annual reduction: Electricity by 1.72% (2015-2023 average 1.4%).
2. GHGs inventory new scope 3
   a. Indirect emissions from transportation: carbon emissions generated by employee commuting and business travel.
   b. Indirect emissions from the use of company products: carbon emissions generated during the production process of raw materials such as ethylene and vinyl acetate.
3. Implemented two energy-saving and carbon reduction projects, resulting in a total carbon reduction of 1,614 tons of CO_2e.
4. Completed ISO 14064-1:2018 GHGs inventory and verification.

2024 Goals

1. Saved electricity: 1.18%
2. In 2024, implementation of six energy-saving and carbon reduction projects is planned, aiming to reduce emissions by 1,629 tCO_2e.
3. GHGs emissions of (Scope 1+ Scope 2) 140,800 tCO_2e.

Medium- & Long-Term Goals

1. Build the AI intelligent management platform to advise energy conservation operations.
2. Continue to plan energy conservation to enhance energy efficiency, saving electricity by 1% /year.
3. Plan and implement green power strategies within the group: Kaohsiung Plant will use green power (solar PV) of about 3.698GWh in 2025 by law.
4. Fulfill the commitment of carbon reduction by 27% in 2030 over 2017 (baseline year).
5. Continue to increase the use of renewables.

Management

Effectiveness Assessment

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

Grievance Mechanism

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

Management Performance

Climate Change: Addressing climate change brings the opportunities for sustainable development

TCFD climate change risk management

Climate change is a common challenge around the world. To keep up with the world and match the demand for sustainable development, Taiwan announced the amendment of the "Greenhouse Gas Reduction and Management Act" to the "Climate Change Response Act" on February 15, 2023. Facing the impact of climate change, carbon reduction has become a global goal. To enhance carbon reduction, USIG set the 2030 carbon reduction target which is "carbon reduction by 27% over 2017 by 2030" in early 2022 and set "Carbon neutrality by 2050" in 2023 as the Long-term Goals of the Corporation.

In order to achieve the corporate sustainability vision, USIG has actively implemented corresponding response strategies and management mechanisms with practical actions. The group's domestic plants continue to implement ISO 14064-1 GHG Inventory and Verification, and plan and implement carbon reduction programs. The group also actively develops external renewable energy sites. By the end of 2023, the accumulative on-grid capacity of solar PV sites has reached 7.2MW.

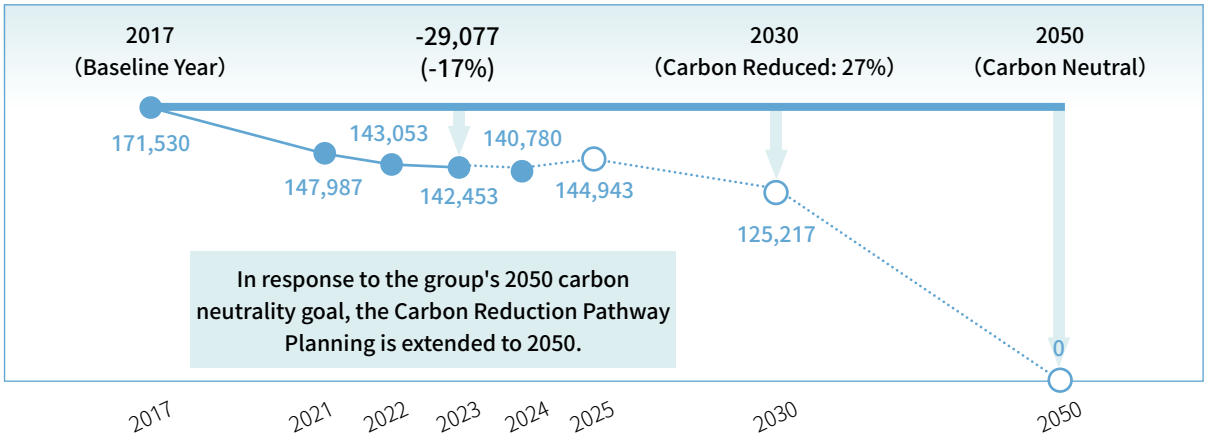
We plan our carbon reduction pathway according to the group's 2030 carbon reduction target. Our 2023 GHG reduction already reached 17% over the baseline year (2017). In the future, we will implement energy conservation and carbon reduction programs more actively. The medium-term carbon reduction strategy will proceed towards the transition to low-carbon energy, enhancement of energy efficiency, intelligent monitoring, and the setup and use of renewable energy. The long-term carbon reduction strategy will continuously focus on low-carbon fuels, carbon capture, reuse technology, and negative carbon emissions technology, to implement the carbon neutrality goals and promote sustainable development.

USI 2030 Carbon Reduction Pathway Planning

As indirect GHG emissions from purchased electricity accounts for over 80% at USI, green power deployment is an important strategy:

Solar PV	Installed capacity reached 7.2MW in 2023 and will increase to 20MW in 2027.
Geothermal	We have selected sites in Taitung, and terminal survey is in progress.
Offshore wind power	We have formed CURE (Chem Union Renewable Energy Corporation) with other petrochemical companies to discuss electricity purchase with wind power developers.

Greenhouse gas emissions ● Actual Emissions ○ Target Emissions Unit: tCO_2e



2023			2024
Target emissions (10,000T)	Actual emissions (10,000T)	Achievement Rate	Target emissions (10,000T)
14.5	14.25	102%	10.84

Note: 1. Achieved rate = 2023 target emissions/2023 actual emissions
2. The carbon reduction contribution(TPC) from purchased electricity was not included in the carbon reduction pathway planning.
3. As full plant operation started in 2017 after the completion of new production lines, we set 2017 the baseline year for energy consumption and total GHG emissions.
4. The data of TPCS is from Scope 1 and 2 of Kaohsiung Plant

Chaired by independent directors, the ESG committee reviews the Company's climate change strategies and targets every year, manages the actions and reviews the performance in climate change risks and opportunities, and reports to the Board. Based on the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD), we identify climate-related risks and opportunities, assess risks and opportunities from different departments, assess financial impacts and set responsive plans, plan overall assessment every three years, and review updates every year.

Climate change management framework

Category		Management strategy and action
Governance	ESG Committee	As the highest governance body of climate change management chaired by independent directors, it reports climate change planning, implementation and performance to the Board every year.
	Operations Management Meeting	Chaired by the Board chairman, it plans and implements material policies for energy conservation and carbon reduction and reports the results from time to time.
	Division of Equipment Preventive Maintenance and Environmental Risk Control Quarterly Meeting	As the highest governance body of the Group's energy management, it reports the planning and progress to the Group's chairman each quarter and makes decisions on energy management.
	Group Green Power Team	As the Group's responsible unit for green power promotion, it reports the status of and future plans for green power development to the chairman of the Board.
Strategy	Identification of risks and opportunities	Identify material risks and opportunities based on their likelihood and impact.
	Assessment of risks and opportunities	Assess the potential financial impacts of identified material risks and opportunities.
	Scenario analysis	Set plans to achieve net zero emissions in different scenarios.
Risk Management	Implementation of TCFD-recommended framework	Identify risks and opportunities based on the TCFD-recommended framework, communicate with all responsible units, and confirm by senior management.
	Report of identification results	Included in the annual risk assessment. Each year, personnel designated by the president reports the control measures and management performance to the Audit Committee and Board.
Indicators and Targets	Group carbon reduction target	27% less than 2017 (baseline year) by 2030 and achieve carbon neutrality by 2050.
	Climate change countermeasures	Equipment replacement, construction of renewables facilities, optimization of production scheduling, planning building aircon, energy management system, extreme weather events contingency plans
	GHG emissions disclosures	Disclose the data of Scopes 1, 2 and 3 emissions in the ESG report every year and review the causes for changes periodically.

Note: Please refer to 2.3 Risk Management for the details of the risk management process and mechanism.

Identification of Climate Risks and Opportunities

In response to the intensifying global climate change, USI continues to adopt the TCFD framework to deepen its understanding of potential risks under extreme climate conditions and to seize new business opportunities. Referencing the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) and the National Science and Technology Center for Disaster Reduction, analyze the projected changes in temperature, rainfall, flooding, and drought from 2016 to 2035 under the RCP 8.5 scenario and identify three physical risk issues. Also, identified nine transition risks and 12 opportunity issues, totaling 24 potential risk and opportunity issues, based on the group's strategy, industry characteristics, Intended Nationally Determined Contribution (INDC), and TCFD indicators.

In 2023, a survey was conducted targeting the ESG Committee and senior management to assess the relevance and potential impact timing of various risks on the company's operations, as well as the development and feasibility of various opportunities. A total of 14 questionnaires were collected. After statistical analysis by the team, 12 significant climate issues were identified (1 physical risk item, 5 transition risk items, and 6 opportunity items).

USI evaluated the potential financial impacts and formulated response strategies and management mechanisms for these 12 major risk and opportunity items. This aims to understand the possible impacts of climate change across various aspects, reduce operational disruptions caused by extreme weather events, and establish a resilient climate change culture.

Climate-related risk items are categorized by the time frame of their potential impacts into three periods: short-term (<3 years), medium-term (3-5 years), and long-term (>5 years). Climate-related opportunity items are categorized into five levels based on their impact on the company's development and technical feasibility. The relevant correspondence is shown in the table below:

Type	Item	Duration
Physical risk	Drought	Short-term (<3 years)
Transition risk	Government regulation or supervision - water consumption fees	Short-term (<3 years)
	Carbon fee	Short-term (<3 years)
	Renewable energy regulations - risk of Energy-heavy Industries Clause	Short-term (<3 years)
	Transition of low-carbon technology	Short-term (<3 years)
	Increased raw materials price	Short-term (<3 years)

Type	Item	Developmental	Duration
Opportunity	High-efficiency production	Progressive and aligned with the existing policies of the company	Expanding development
	Recycle–circular economy		Expanding development
	Reduce water usage and consumption		Matured
	Use low-carbon energy		Matured
	Development of Low Carbon Goods and Services - Entry into Renewable Energy Market		Expanding development
	R&D and innovation of new products and services - research and development of low-carbon and energy-saving products		Expanding development

Financial implications and other risks and opportunities due to climate change and countermeasures GRI 201-2

Climate Change Topic	Topic Type	Description of Risk and Opportunity Items	Potential Financial Risk	Strategy and Countermeasures
Drought	Physical risk/ Chronic	1. Taking 1986 to 2005 as the base period, it is estimated that the climate conditions of USI Kaohsiung plant in the near future (2016 to 2035) will be 58 consecutive days without rainfall each year, and water shortages or droughts may occur. 2. In response to abnormal weather conditions, water restrictions or water shortages in the factory area may occur. In severe cases, production lines may be reduced or completely shut down.	**Increase in operating costs** In case of water shortages, we need to purchase water from outside. In case of water scarcity, we need to 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. In 2023, the cost of purchasing water by a water tankers will be approximately NT$3.8 million.	USI has established an AI water monitoring system since 2020 to monitor water supply at all times. In addition to stopping non-essential water use as a drought response measure, we have strengthened inspections of pipelines and switches, reduced cooling water emissions, and implemented water storage buffers in fire tanks. We also purchase water with water trucks and actively carry out various water use improvement plans to reduce the total water intake year by year.
Government Regulation or Supervision - Water Consumption Fees	Transition risk/ Policy and Law	The Water Resources Agency of the Ministry of Economic Affairs issued the "Regulations on the Water Conservation Charge" in January 2023, which took effect on February 1, 2023. Under these measures, large water consumers using more than 9,000 cubic meters per month during the dry season (January to April and November to December) will be charged a "water consumption fee" of NT$3 per cubic meter. However, if the recycling rate meets the announced standards, the fee can be preferentially reduced to NT$2 or NT$1 per cubic meter.	**Increase in operating costs** Based on the actual water consumption of USI from February to April 2023, the water consumption fee paid in 2023 was NT$284,000, which is approximately 0.002% of individual revenue.	1. Implement the ISO 46001 Water Efficiency Management System. 2. Improve the wastewater reclamation system and enhance operational management to increase the capacity of water reclamation.
Carbon Fee	Transition risk/ Policy and Law	The "Draft of Regulations for Charging of Carbon Fees" was released by Ministry of Environment in December 2023, with the expectation to impose carbon fees on large carbon emitters whose annual emissions exceed 25,000MT in 2025.	**Upfront costs were high, while later carbon emissions were low and operating costs were reduced** Based on USI's estimated carbon emissions for 2023, assuming a carbon fee of NT$300 per ton, the estimated carbon fee would be between NT$37 million and NT$44.5 million, which is approximately 0.32% to 0.39% of individual revenue.	1. USI plans to introduce internal carbon pricing in 2024, setting it through a shadow pricing method. This will incorporate carbon costs into investment evaluations, enhancing the opportunities for implementing carbon reduction projects. 2. Establish an energy management system to analyze various metrics and identify areas for improvement. 3. Evaluate the addition of solar equipment on the roofs of new buildings.
Renewable Energy Regulations - Risk of Energy-heavy Industries Clause	Transition risk/ Policy and Law	The Ministry of Economic Affairs implemented the "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity" in 2021. This regulation requires large electricity users with a contract capacity greater than 5,000 kW to install renewable energy equipment amounting to 10% of their contract capacity by 2025.	**Increase in operating costs** USI holds 100% of the shares of USI Green Energy Corporation with a paid-in capital of NT$366 million. USI Green Energy Corporation will continue to develop solar power plants with the goal of completing the installation of 20MW capacity by 2027.	USI established USI Green Energy Corporation, actively seeking suitable sites to invest in green energy development projects. By 2023, the cumulative solar photovoltaic installation capacity reached 7.2 MW, with an annual power generation of 9.15 million kWh. It is estimated that USI will purchase 3.698 million kWh of green electricity from USI Green Energy Corporation.

Climate Change Topic	Topic Type	Description of Risk and Opportunity Items	Potential Financial Risk	Strategy and Countermeasures
Transition of low-carbon technology	Transition risk/Energy, Technology	Investing in energy transition, efficiency improvement, fuel substitution and other low-carbon technology developments for carbon reduction has led to an increase in technical costs for corporates.	**Increased capital expenditure and decreased in operating costs** Project investment amount: 16.27 million Annual savings: 1,487,878 kWh of electricity, 84T of raw material usage reduction, 757T of carbon reduction Quantified benefits: 7.85 million per year	1. Due to the electricity price hike by Taiwan Power Company in April 2024, the electricity bill for the Kaohsiung plant is estimated to increase by NT$53.78 million per year based on 2023 as the baseline. USI will actively invest in low-carbon technology transformation to mitigate the impact of the electricity price hike. 2. Improvements in the insulation of chilled water tanks and pipelines help reduce the loss of cooling energy and decrease electricity consumption. 3. Enhancements to the ethylene purification system effectively remove carbon dioxide from the system, reducing the inefficiency of compressors and thereby lowering electricity usage. 4. Equipment upgrades (such as renewing chillers), adjustments to operational methods, and identifying opportunities to shut down non-essential power consumption.
Increased raw materials price	Transition risk/ Market	Considering the potential imposition of carbon taxes in the future, the cost of raw materials is likely to increase due to the additional carbon emission costs.	**Increase in operating costs** Ethylene is our major material. To increase ethylene sources, we invested in the Gulei Project (nearly NT$8 billion) and the Ethylene Storage Tank Project of Kaohsiung Intercontinental Container Terminal Project (NT$906 million).	1. Accelerate AI production scheduling to enhance efficiency and reduce material losses from number plate change. 2. Undertaking a project to upgrade the refrigeration system and related improvements aims to enhance the recovery rate of the existing vinyl acetate ethylene condenser, thus increasing the recovery rate of raw materials. 3. 2023 materials recycling rate at 14.6%, about NT$9.6 billion.
High-efficiency production	Opportunity/ Resource Efficiency	By leveraging AI intelligent production, industrial motors, and automated packaging, overall production efficiency can be enhanced while reducing energy consumption.	**Increased capital expenditure and decreased in operating costs** Recent investments in various AI projects amount to approximately 30 million dollars.	Implementation of efficiency enhancement initiatives and AI projects include: 1. DCS + Field Data System Implementation 2. Vibration monitoring of high-pressure reactors 3. AI quality prediction 4. Soot detection system 5. Digital Product Data Management System
Recycle – circular economy	Opportunity/ Resource Efficiency	According to the three principles of the circular economy (3R): Reduce, Reuse, Recycle. This aims to decrease waste treatment costs or raw material usage.	**Increase in capital expenditure decrease in operating expenses.** The cost of wax recycling equipment is NT$776,574. The 2023 wax recycling volume was 75,320kg, with a profit of NT$150,000, saving wax disposal fee by about NT$4.09 million.	1. Wax recycling and reuse 2. Through collaboration with the National Taiwan University and National Taiwan University of Science and Technology, we implemented the cyber-physical integration technology development industry-academia collaboration project to predict quality with AI in order to reduce the generation of secondary materials and enhance the utilization rate of raw materials
Use low-carbon energy	Opportunity/ Resilience, Energy source	Promote coal gasification, enhance the proportion of renewable energy usage, reduce carbon costs, and lower the product carbon footprint.	**Increase in operating costs, reduction in carbon fees** Project Investment in Carbon Reduced, Cost, and Benefit	1. Developing a self-built solar energy field. 2. Prioritizing natural gas as the source of steam supply. 3. Focusing on and participating in the renewable energy market. 4. Equipment and project investment costs amount to NT$25 million, with energy-saving benefits of NT$4.11 million in 2023.

Climate Change Topic	Topic Type	Description of Risk and Opportunity Items	Potential Financial Risk	Strategy and Countermeasures
Reduce water usage and consumption	Opportunity/ Resource Efficiency	Water resources are irreplaceable in the manufacturing process. Reducing plant water leakage and increasing the proportion of water reclamation and reuse can save operational cost expenditures and enhance the resilience of the plant.	**↑ Increase in capital expenditure, ↓ decrease in operating expenses.** 1. Investment in continuous wastewater monitoring system is approximately 16 million dollars. 2. Investment in retention tanks and rainwater recovery systems in tank areas is approximately 1.2 million dollars. 3. Investment of 1.6 million dollars for process improvement in steam condensate water recovery, with an annual recovery amount of 17,500MT. In 2023, process operation improvements reduced steam usage, saving approximately 56,485MT of water per year, saving around NT$682,536.	1. Investment in wastewater treatment system, improvement of MRT condensate water recovery, and retention of rainwater in retention tanks. 2. Improve process equipment and operation to reduce steam use 3. Constantly develop water conservation programs. 4. In 2023, the amount of water reclaimed was 30,614 MT. Considering a water tariff of NT$12 per unit, the cost savings amounted to NT$367,368.
Development of Low Carbon Goods and Services - Entry into Renewable Energy Market	Opportunities/ Products and Services, Resilience	Investing in renewable energy development and establishing a platform for purchasing and selling electricity to reduce the barriers to accessing green energy.	**↑ Increase in capital expenditure, increase in revenue** 1. USI holds 100% of the shares of USI Green Energy Corporation, with a paid-up capital of NT$366 million. 2. USI holds 33.3% of the shares of Chem Union Renewable Energy Corporation, with a capital of NT$30 million.	1. USI established USI Green Energy Corporation and actively seek suitable sites for: a. green power development b. Solar photovoltaic: Accumulated installed capacity reached 7.2 MW in 2023, with an annual electricity generation capacity of up to 9.15 million kWh. c. Geothermal: We have selected sites in Taitung, and terminal survey is in progress. 2. USI, together with petrochemical industry peers, formed Chem Union and is negotiating with wind power developers for electricity purchase agreements.
R&D and innovation of new products and services - research and development of low-carbon and energy-saving products	Opportunity/ Product and Services	R&D low-carbon products from the perspective of a complete product and service life cycle toward developing products in circular economy, low-carbon, and energy-saving.	**↑ R&D expenses increased, revenue increased.** USI's environmentally friendly water-based heat-insulating coating can significantly reduce surface temperatures by 15-20 degrees and internal temperatures by 3-7 degrees in large storage tanks. The estimated market value for tank coatings domestically is approximately NT$3.5 billion, leading the industry towards high value-added development.	1. USI has developed an environmentally friendly water-based heat-insulating coating with a solar reflectance rate of 90%. This coating not only reduces heat absorption in factory buildings to decrease air conditioning usage but can also be applied to the surfaces of chemical storage tanks. It effectively blocks heat from sunlight, preventing VOC emission and chemical instability issues caused by temperature increase. Simultaneously, it reduces the frequency of water spraying for cooling to achieve energy-saving and carbon reduction. 2. USI has also developed low-solvent anti-corrosion paint, green fire-resistant materials, and PCR plastic recycling.

Promote group internal carbon pricing

The Climate Change Response Act was announced in February 2023, introducing a mechanism for carbon pricing. Detailed regulations, including charging methods and specific rates, will be formulated by the Ministry of Environment. The levy will be implemented gradually, starting from large emitters to smaller ones, and the rates will be periodically reviewed for progressive adjustments. In anticipation of government policies and to effectively address climate change and reduce carbon risks, the USIG will implement an internal carbon pricing system in 2024. The pricing will reference domestic carbon fees and be integrated into the company's decision-making and investment evaluation processes to assess the impact of carbon emissions on business operations and expedite carbon reduction measures. USIG will also hold two educational training sessions to help relevant unit employees understand the concept and application of internal carbon pricing, assist each plant in prompt implementation, and also plan for a general course on carbon-related topics. Invite all group employees to participate in order to enhance everyone's carbon reduction awareness and achieve our Sustainable Development Goals.

The company continues to invest in innovative materials and products to mitigate the impacts of climate change, as detailed in Section 3.1 Technology R&D.

Energy management

Group Energy Management Targets

USIG voluntarily set energy management targets in 2016 and began to make dynamic target reviews in accordance with the country's energy development policies and by keeping track on the internal trends and domestic laws and regulations. After measuring the internal and external factors, we set the 2030 carbon reduction target in early 2022. The 9 USIG core businesses began to implement the ISO 50001 energy management system and obtained the certificate on after another in 2018 to effectively manage energy performance and continuously improve energy conservation and carbon reduction, hoping to demonstrate USIG's influence and so to lower environmental impact.

USIG 2030 Carbon Reduction Goals

Carbon reduction by 27% over 2017 by 2030

Carbon inventory/ carbon footprint

- TVCM, CGPC and USI plants have implemented carbon inventories and verifications for many years. Starting from 2022, the Taiwan plants of the group's TWSE/TPEx listed companies have fully completed carbon inventories and verifications.
- Product carbon footprint in 2021 USI promotes EVA, in 2022 CGPC and CGPCP promote PVC powder, PVC cloth, PVC leather, TPE, and in 2023 TVCM promotes VCM

Energy saving and carbon reduction in the plant

- All plants in Taiwan of the group's TWSE/TPEx listed companies have passed ISO 50001 energy management system verification
- Our plants in Taiwan continue to implement energy conservation and carbon reduction, with the carbon reduction performance reaching 15,000 metric tons CO_2e from 2021 to 2022.
- Convene technical case presentation conferences in the group's factories every year to learn from each other and share resources

Pioneer renewable energy

- Establish a green power group in 2021 to carry out green power strategy planning and execution
- As of the end of 2023, the group has completed investment in 8 solar power projects with a cumulative capacity of 7.2MW, generating approximately 9.15 million GWh of electricity annually and contributing to carbon reduction of approximately 4,500 metric tons of CO_2e.
- Continue to actively develop other renewable energy sources

Every year USIG holds the "plant technology exchange meeting" and several "northern/Kaohsiung plants resource integration meetings" for plants to share resources and exchange technologies to improve performance in energy conservation and carbon reduction. In 2023 the "plant technology exchange meeting" was held in October. Case presentation with themes including "industrial safety and environmental protection", "equipment preventive maintenance", and "energy conservation and carbon reduction" were conducted through competitions. Through plan technology case submission and documentary review, a total of 7 cases entered the final. Senior USIG officers and plant representatives elected the three best cases. The USIG chairman presented the certificates and bonuses to winners. Through ratings and encouragement, sharing, and mutual learning, we aim to advance technology in the group.

In 2023, Kaohsiung Plant announced "Related updates and related improvements to the refrigeration system of the Plant 1" (Latest News) technical case and won the second place.

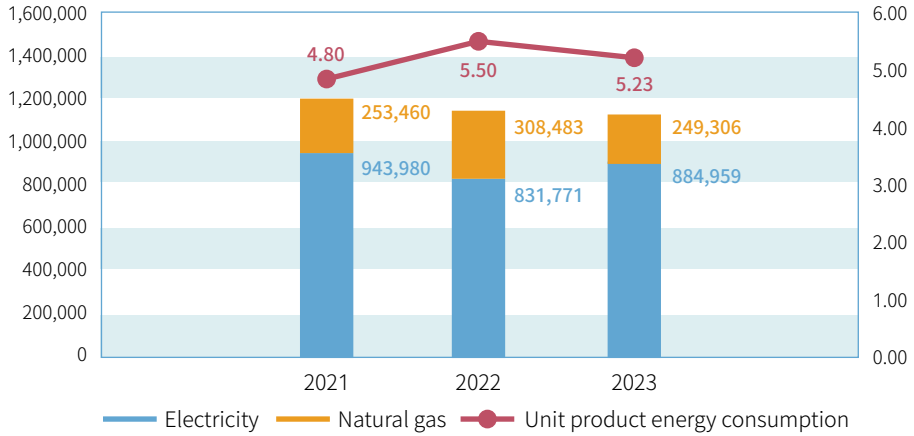
Photo of 2023 group factory technical case presentation meeting

Kaohsiung Plant won the second place in technical case presentation

Energy consumption GRI 302-3

In 2022, equipment failures led to production line shutdowns, resulting in increased natural gas consumption and higher energy intensity per unit. In 2023, electricity consumption increased due to higher production volumes. However, thanks to energy-saving and carbon reduction measures, as well as shifts in production types, total energy consumption decreased, and energy intensity per unit of production also declined.

Energy Consumption(GJ) and Unit Product Energy Consumption(GJ/MT PE) of USI Kaohsiung Plant in Last 3 Years



Note: Since the usage of diesel and gasoline is much lower than that of electricity and natural gas, their data cannot be shown in the above chart. Please refer to the table below.

Energy Consumption and Unit Product Energy Consumption in Last 3 Years

GRI 302-1 RT-CH-130a.2

Energy Type	Unit	2021	2022	2023
Electricity	GJ	943,980	831,771	884,958
Natural gas	GJ	253,460	308,483	249,306
Diesel	GJ	581	415	502
Gasoline	GJ	204	266	312
Total consumption	GJ	1,198,225	1,140,935	1,135,078
Production	MT	249,402	207,413	217,173
Unit product energy consumption	GJ/MT	4.80	5.50	5.23

Note:
1. Referring to the Energy Heating Value Per Unit Product Table announced by the Energy Administration, Ministry of Economic Affairs, the conversion factor of energy consumption of electricity, LNG, and diesel is as follows: 860 kcal/kWh, 9,000kcal/m^3, and 8,400 kcal/L; where 1 kcal = 4.187 kJ.
2. Sources of natural gas and electricity consumption: fuel bill statistics; Source of diesel consumption: Material collection forms; Source of Gasoline: Purchase invoices.
3. Only non-renewables is used.
4. Energy data coverage rate = 100%.
5. Information recoding explanation: In years 2021 and 2022, the addition of gasoline as an energy category aligns with the temperature disk. GRI 2-4

Electricity Conservation Rate in the Past 3 Years

Item	2021	2022	2023
Electricity Saved (kWh)	1,972,419	2,835,801	4,309,015
Electricity Conservation (%)	0.75	1.21	1.72

Note:
1. Based on the 2023 Report on the Annual Energy Saving Audit System of Energy Users of the Energy Administration.
2. Subject to the energy audit equation of the Energy Administration, reported energy saved divided by the total electricity consumption.

The 2023 target and performance of electricity conservation and the planned 2024 target are tabulated below:

Year	2023		2024
Item	Targets	Performance	Targets
Electricity Conservation (%)	1.27	1.72	1.18

Factory smart energy management system

After applying to the IDB for the Factory Smart Energy Management Demonstration Guidance Program in 2020, we engaged in active construction. With the assistance of IDB and Taiwan Green Productivity Foundation (TGPF), we progressively achieved the KPIs of energy management system.

1. Establish energy performance indicators and baseline requirements.
2. Develop the data collection and analysis and control and management capabilities of plant personnel.
3. Practice the application of smart production and management.
4. Provision of decision-making references of corrective action for management.
5. Reduction of management workforces and costs.
6. Discovery of room for improvement of energy conservation and references for improvement of energy performance supervision.

In March 2021, we were selected as a demonstration plant for the smart energy management system. In 2022, the Industrial Development Bureau (now restructured into the Industrial Develoment Administration) published in the media about the adoption of the ISO 50001 international standard to transform into a low-carbon smart factory. In 2023, in addition to continuing to follow up on 93 performance indicators, we will gradually propose improvement plans, seek opinions from external experts and manufacturers, revise goals and baselines, in order to optimize the system.

GHG management

GRI 302-2, 305-1, 305-2, 305-3 RT-CH-110a.1

Based on the ISO 14064-1:2018 GHG inventory standard and the GHG Emissions Inventory and Registration Guidelines of the Ministry of Environment, we performed GHG inventory, consolidation, and system establishment with the assistance of external experts. 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. GHGs under inventory include CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, and NF_3. The emission coefficients are cited from Ministry of Environment's GHG Emission Coefficient Management Table V.6.0.4, and the global warming potential (GWP) is reported based on IPCC's AR5 (2013).

The scope of the GHGs inventory in 2023 is Kaohsiung plant, Guishan R&D Division and Taipei HQ, including Scope 1 - 21,070 tCO_2e/year, Scope 2 - 121,600 tCO_2e/year, Scope 3 - 493,680 tCO_2e/year.

GHGs inventory in the past two years

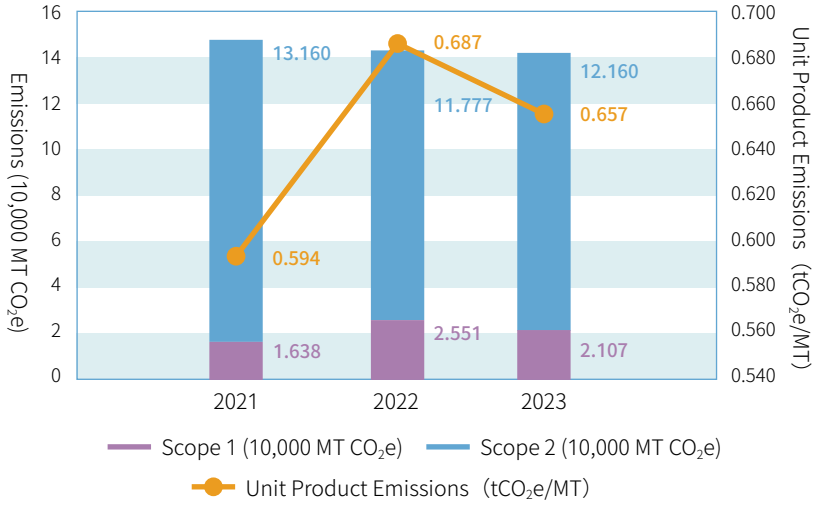
Unit: 10,000 MT CO_2e/year

Type	Kaohsiung Plant		Guishan R&D Division		Taipei HQ	
Year	2022	2023	2022	2023	2022	2023
Scope 1	2.548	2.104	0.001	0.001	0	0.002
Scope 2	11.758	12.141	0.009	0.009	0.012	0.010
Scope 3(Cat. 3) Transportation Indirect Emissions	-	0.024	-	0	-	0.001
Scope 3 (Cat. 4) Indirect emissions from products used by the company	0.013	49.338	-	0.002	-	0.003
Total	14.319	63.607	0.01	0.012	0.012	0.016

Note:
1. *Scope I refers to the direct emissions from stationary combustion sources, direction emissions from mobile combustion sources, direct process emissions from industrial manufacturing processes, and direct leaked emissions from GHGs generated by artificial systems.
   *Scope 2 refers to the indirect emissions of purchased electricity.
   *Scope 3 refers to other indirect emissions.
   a. Indirect emissions from the disposal of solid and liquid waste.
   b. Emissions from transportation: carbon emissions generated by employee commuting and business travel
   c. Carbon emissions from the production process of raw materials such as ethylene and vinyl acetate.
2. In 2023, Kaohsiung Plant increased the number of employee checks on commuting/business trips/raw material production/tap water projects (Scope 3).
3. In 2023, Taipei HQ will increase the number of checks on employee commuting/business trips/tap water items
4. The Kaohsiung Plant is a GHG emission control unit under the Ministry of Environment, with Scope 1 emissions accounting for 99.9% of USI's individual emissions.
5. All figures are aggregated from the original audit data and displayed to three decimal places.

Analyzing the intensity of GHG Emissions in the past three years, in 2022 due to equipment failure and production line shutdown, emissions per unit product increased. In 2023, emissions fell slightly compared with the previous year, but output increased by 4.1%. This was also due to the conversion of production types. Unit emissions increased compared with 2021.

GHGs emissions in the past three years



Year	2021	2022	2023
GHGs emissions of Scope 1 + Scope 2 (10,000 MT CO_2e)	14.817	14.328	14.267
Production (MT)	249,402	208,648	217,172
Emission Intensity per unit product (MT CO_2e/MT)	0.594	0.687	0.657

Note: 1. The calculation boundary includes USI's Scope 1 and Scope 2 GHG emissions.
2. The carbon emission coefficient for electricity is based on the latest data published by the Energy Administration: 0.502T CO_2e per kWh in 2021, 0.495T CO_2e per kWh in 2022, and 0.494T CO_2e per kWh in 2023.
3. In 2023, diesel without biofuels was used, resulting in zero emissions from biofuel combustion.
4. Compliance with ISO 14064-1:2018 standards is required, and SGS Group has been commissioned for verification.

Energy conservation and carbon emissions targets and performance GRI 302-4 RT-CH-110a.2

The energy conservation and carbon reduction programs in 2023 and their performance are tabulated below. A total of 2 programs with a total investment of NT$88,000 were implemented to reduce carbon by 1,614 tCO_2e.

Item	Category2	Program	Energy Saved	Carbon Reduced (metric tons CO_2e/year)
1	Electricity Saving	Reactor pressure reduction of Plant I	837,146 kWh	413.6
2	Electricity Saving	CBC plant parking, choose one of J-290D/E/F to stop operation.	2,430,468 kWh	1,200.7
Total			3,267,614 kWh	1,614

Note: 1. Carbon emission factor of electricity as 0.494 tCO_2e/MWh.
2. Based on the 2023 Report on the Annual Energy Saving Audit System of Energy Users of the Energy Administration.
3. Item 1 calculation method: Calculate energy savings based on the difference in operating current values and operating times before and after adjusting the operating pressure of the secondary compressor.
4. Item 2 calculation method: Calculate energy savings based on equipment specifications and the time the production line is idle.

The planned energy-saving measures for 2024 include the replacement of steam condensers, replacement of insulation materials for pipelines, pressure reduction operations for reactors, shutting down non-essential power sources, and the addition of modifier injection points for secondary compressor inlet engineering. A total of 2,015,910kWh of electricity is projected to conserve in 2024, resulting in a reduction in LNG consumption of 306,134M^3.

The planning and targets of energy conservation and carbon reduction programs in 2024 are tabulated below. Six programs will be implemented to reduce carbon by 1,629 tCO_2e (projected).

2024 Principal Energy Conservation and Carbon Reduction Program	2024 Target Reduction
· Steam condenser replacement · Replacement of insulation materials for pipelines · Pressure reduction operations for reactors · Shutdown of non-essential power sources · Addition of modifier injection points for secondary compressor inlet engineering	1,629 tCO_2e

Energy conservation and carbon reduction plan

Forestation Adoption Program

In response to energy conservation, carbon reduction, and environmental protection, we promoted the Forestation Adoption Program in collaboration with the Experimental Forest, College of Bio-Resources and Agriculture, National Taiwan University to grow more trees with the technical assistance of professional teams. Additionally, the program allows the public to understand the benefits of growing trees for CO_2 adsorption by soil and water and its importance to environmental protection.

In December 2021 we signed the agreement to donate NT$9 million for forestation through adopting 7,500 trees occupying an area of about 5 hectares for a term of 20 years, with a total carbon fixation capacity of 1,350tCO_2e, equivalent to the capacity of about 3.5 Daan Parks. (According to the Council of Agriculture, the per hectare carbon adsorption of forests is 15tCO_2e/year. The area of Daan Park is 25.8 hectares, i.e., its annual carbon adsorption capacity is about 387tCO_2e.)

Supported "Earth Hour", a global energy conservation activity.

We began supporting this event in 2018. During 20:30-21:30 on March 25, 2023, we joined the “Earth Hour” activity with the world by turning off the landscaping lights of the plant’s exterior walls and unnecessary lighting fixtures so as to advocate the idea that everyone, regardless of age and socioeconomic status, has the ability and responsibility to protect Earth in climate change.

We supported the government's energy conservation and carbon reduction policies and activities in real action. Besides reducing energy use and lowering the cost, we also hope to encourage the public and businesses to value energy conservation and carbon reduction by setting an example through participating in Earth Hour.

During the activity, we turned off a total of 98 skyline lamps and 1 signboard lamp to save about 1.18kWh of electricity and reduce carbon of about 0.6kgCO_2e.

Product carbon footprint

We promoted product carbon footprint verification (CFV) in 2021 and obtained the assurance certificate (valid until 2024/3/2) in March 2022. Based on the data of lifecycle assessment, the GHG emissions from direct and indirect activities or accumulated in the product is considered according to the product lifecycle from materials acquisition or natural resource production to disposal at the end of life is considered. Verification for conformity to the ISO 14067:2018 product carbon footprint standard was completed on EVA, the target product, according to ISO 14064-3:2006. The declared/functional unit is per kilogram (including package).

Lifecycle GHG Emissions

Declared Unit of Emissions of Target Verification Product ($kgCO_2e$)				Functional Unit Emissions ($kgCO_2e$)
Lifecycle Stage	Materials	Manufacturing	Total	
EVA®UE2828	2.270	0.689	2.96	2.96
EVA®UE649-04	2.128	0.689	2.82	2.82
EVA®UE659	2.223	0.689	2.91	2.91

4.6 Raw materials management

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%.

n the product manufacturing process, we are committed to enhance the recovery efficiency of raw materials, hoping to reduce raw materials consumption. Recovery methods included the improvement of the high-pressure recovery system, monomer refine tower (MRT), connection of new and existing tanks, installation of the condenser at the frontend of the ethylene purification tower (EPT), addition of the compressor leak gas recovery system, and others at Plant II. As a result, the recovery rate of raw materials in 2023 was 14.6%.

Chapter 5

Safety, Health, Social Inclusion

Material topics in this chapter

Occupational safety and health

Talent attraction and retention

Performance Highlights

- Rated Operation Excellence in the joint underground pipeline joint defense
- Annual employee health checkup: **99.7**% coverage
- A total of **3,584** hours of PSM training for **1,366** persons
- Awarded the certificate of Taiwan i-Sports by the Sports Administration
- Turnover (excluding retirement) rate: **4.4**%
- There were no incidents of violation of Occupational Safety and Health Act resulting in fines.

5.1 Transportation safety management

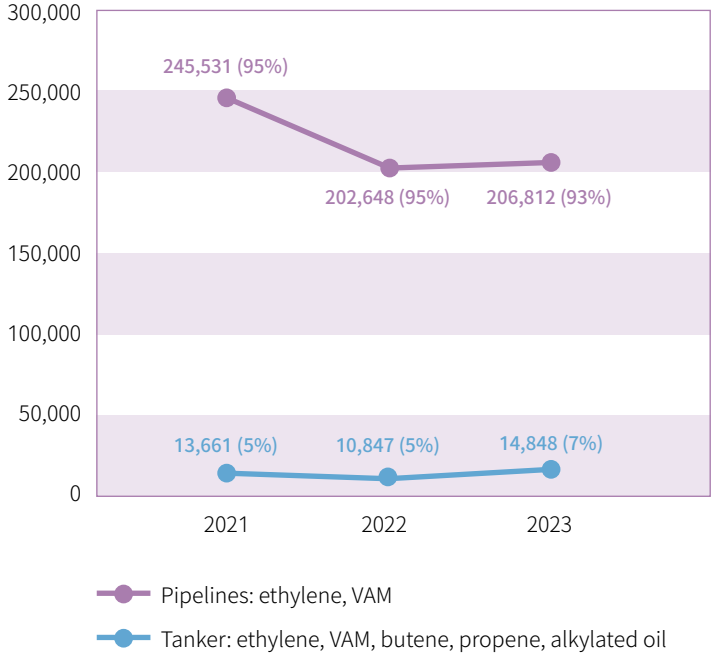
Management of raw materials and product transportation https://www.usife.com/ESG/en-us/ESG46.aspx

Feedstock Transportation

Transportation Methods

The raw materials required by the Kaohsiung Plant are transported via underground pipelines and tankers.

Raw Materials Transportation Methods



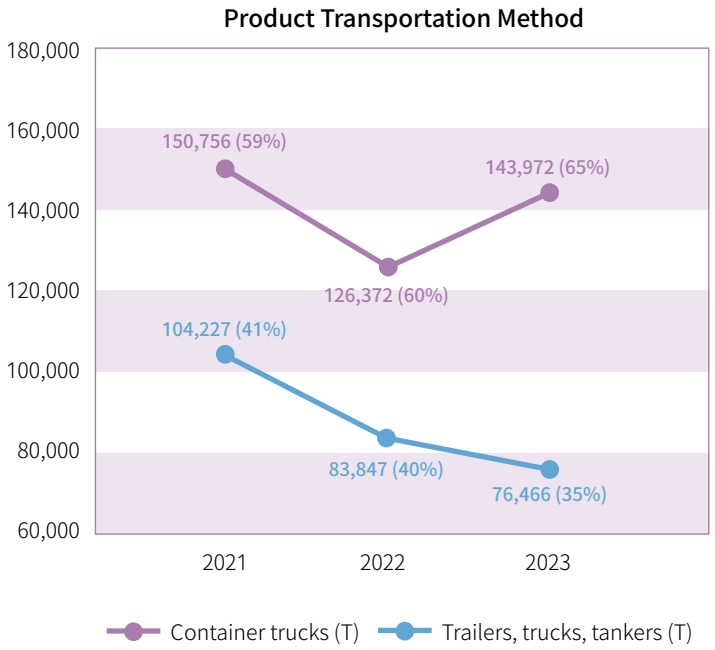
Implementation Plan and Effectiveness

- No transportation-related accident was reported
- To ensure pipeline integrity, we maintain the safety management of underground pipelines through operation, maintenance, test, inspection, and emergency response with reference to the international underground pipeline regulations and in compliance with the legal and regulatory requirements of the Kaohsiung City Economic Development Bureau. Additionally, we have passed the third-party (DNV) verification for compliance with the standard B31.8S Managing System Integrity of Gas Pipelines of the American Society of Mechanical Engineers and the review of the Kaohsiung City Economic Development Bureau.
- Double protection including corrosion zone and impressed current cathodic protection (ICCP) is implemented for all underground pipelines. In 2023 every quarter, we completed 192 cathodic corrosion tests and 36 cathodic corrosion rectifier checks to ensure the anti-corrosion system is working without worries.
- In 2023, the underground pipeline ILI inspection project and pressure test operation will be completed to confirm the pipeline integrity status and operational safety, and obtain third-party recognition from Norway's DNV Verification Company (DNV).
- To prevent pipeline damage caused by third-party excavation and construction errors, we commission CKS Guard to perform daily pipeline tour inspection. We collaborate with the Pipeline Excavation Management Center formed by the Kaohsiung City Public Works Bureau to prevent pipeline damage caused by third-party excavation. In 2023 we prevented a total 24 instances of pipeline damage caused by third-party excavation.
- In 2023, we organized one underground pipeline scenario drill with other manufacturers and the simulated accident alert drill of the Economic Development Bureau to reduce the damage caused by natural disasters or accidents through emergency response drills.
- In 2023, we were leader of the pipeline joint defense organization and rated excellence in pipeline joint defense operation by the Industrial Development Administration, MOEA.
- 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.

Product Transportation

Transportation Methods

All USI products are transported with trailers, trucks, tankers, and container trucks through contractors.



Implementation Plan and Effectiveness

- No transportation-related accident was reported
- Government-licensed transporters that have passed ISO 9001 certification and equipped 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.
- During 2020-2023, we continuously implemented transportation safety and quality evaluation. Besides reviewing the results of agreed improvements from last year, we verified the degree of legal compliance of onsite operations and equipment condition in order to capture and manage the transportation safety of contractors. The result of the 2023 transportation safety and quality evaluation of contractors was grade A.

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 HSE regulations, we have established related controls to supervise their work alongside onsite and industrial safety OH&S personnel. We also constantly request them to enhance product loading safety to strictly control personnel operation safety.

Management Approach

In response to the massive use of forklifts for loading and stacking finished products at the warehouse in routine work, we identified the forklift operation hazards during product loading during 2021-2023. We also implemented the AI industrial safety image-recognition system with partners to perform workplace verification with AI intelligent image-recognition technology and effectively detect if workers use related personal protective equipment (PPE) properly through the image captured by the real-time recognition system in order to comply with the in-house PPE regulations, enhance the strength of in-house industrial safety walk-through inspection, improve contractor operation management, and reduce the risk of industrial safety accidents.

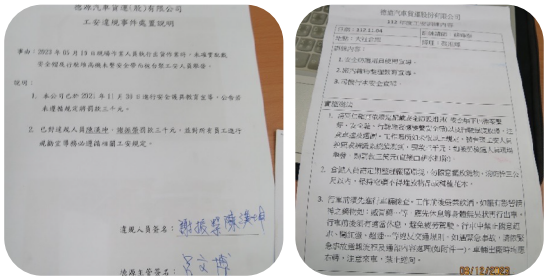
During 2021-2023, we continued to implement the transportation safety and quality evaluation of products in terms of the following eight items: corporate condition, driver record, safety policy and communication, SOPs and instructions, safety equipment, driver evaluation, vehicle condition control, and transportation quality. Additionally, 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.

Management Performance

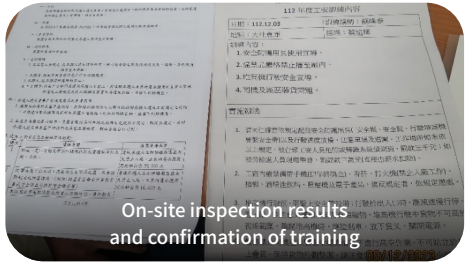
In 2023, the ongoing implementation of safety protection identification (AI system) for forklift operations in the warehouse area continued. In addition to reviewing the regulatory compliance of the system's determinations, the safety personnel also provided feedback on any abnormalities to the relevant units and their contractors.

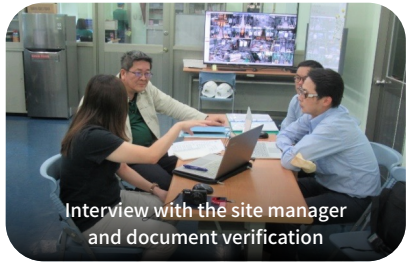
Contractor violations - failure to wear seat belts

Contractor violation penalties and enhanced training advocacy

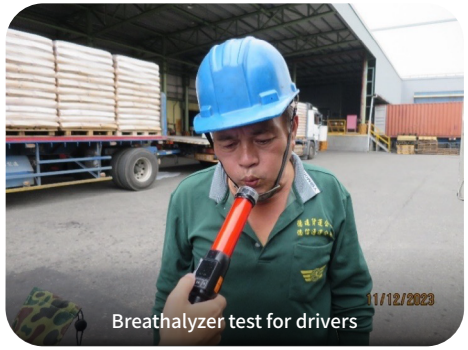


Regarding the transportation safety quality assessment in 2023, efforts were made to follow up on the previous year's recommendations for Deyuan. This year, there was a particular emphasis on confirming the loading specifications for shipped products at the site, the contingency procedures and training during transportation, and on-site alcohol testing for transportation drivers. Additionally, there was promotion of group environmental, safety, and health management principles and determination to workplace supervisors, clear definition of penalty regulations for high-risk operations, with the hope that the company will comply and reduce the likelihood of accidents. The comprehensive assessment result for the year was rated as Grade A. The assessment results will also be provided to transportation companies as a reference for subsequent safety improvements.

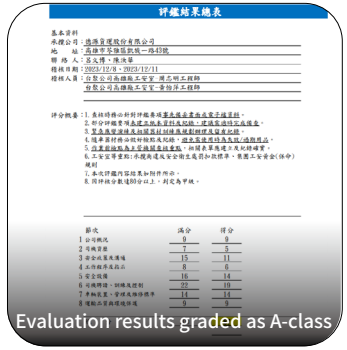

On-site inspection results and confirmation of training


Interview with the site manager and document verification

Checking the readiness of emergency equipment and supplies


Breathalyzer test for drivers


Inspection of the physical condition of work vehicles



Evaluation results graded as A-class

5.2 Occupational safety and health GRI 2-25, 3-3 SDG 3、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

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

Data scope: Kaohsiung Plant, contracts, and transportation contractors

Impact Management

Short-, Medium- & Long-Term Positive/Negative Impacts

Medium-term positive actual impact: Build a friendly workplace to lower the turnover rate and reduce occupational accidents.
Negative actual impact: Industrial safety accidents

Impact Boundary

USI employees and contractors

Processes to remediate and prevent negative impacts

Enhance industrial safety in-process inspection and environment improvement and play industrial safety films at the weekly plant affairs meeting to enhance industrial safety awareness.

Achievement and Goal

2023 Goals

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

2023 Achievements

1. Incident rate = 1.11, equipment improvement and renewal, inspection and maintenance enhancement, periodic walk-through inspection, education and training, and OH&S management.
2. Frequency-Severity Indicator (FSI)=062. Adding a working platform to improve the safety of personnel; Rust removal, supplementary welding, screw replacement, and paint maintenance of equipment and pipelines.
3. Monitoring indicator excess=0. Completed onsite monitoring on Type 2 organic solvents, specific chemical substances, noise, CO_2 and local exhaust equipment wind speed. No nonconformity is found.
4. Downtime caused by key equipment=4, machinery maintenance by the engineering department = 2,238 units.
5. Implemented 12 projects, including 3 underground pipeline operations and maintenance projects.

2024 Goals

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

Medium- & Long-Term Goals

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

In 2001 we began to constantly implement the OH&S management system across the plant and promote system certification. We also set it as part of the company's sustainable development strategy to maintain workplace environment safety and employee health. In 2020, we completed the certificate renewal certification and acquired the certificate for ISO 45001:2018. GRI 403-1:2018

In 2023, 1,048 personnel were covered by the OH&S management systems, including all USI employees and contractors. All operations were planned and implemented according to the OH&SMS, including hazard identification, risk assessment, audit, and accident investigation.

Workers covered by OH&SMS in 2023 GRI 2-8, 403-8:2018

Category2	Number of people	Ownership
USI employees	452	43%
Contractor Personnel	596	57%

Note: Contractor personnel include 596 workers of qualified contractors.

Please visit the website for the system details:
https://www.usife.com/ESG/en-us/ESG43.aspx

OH&S Goals and Management Program 2023

Policy	Goals	Program	Effectiveness
Zero accident	Incident Rate F.R.=0	Steam inlet inspection for reducing hazards from steam sleeve breakage and leakage caused by corrosion and prevent pipeline corrosion hazards.	Completed steam inlet inspection at 75 points in 2023, and no corrosion was noted. Program progress:100%.
		EF-line adds 2 plasticizer pumps: J-220P and J-220Q	a. Plasticizer pump is delivered. b. J-220Q is in use. c. J-220P has been installed and tested in 2024/02 Program progress:100%.
		Increase operational safety, W-517B molecular sieve depressurization operation	a. 2023.01 Complete the welding repair of the tank body. b. 2023.02 Complete the work inspection. c. 2023.06 Safety valve pipeline installation, safety valve reinstallation, and pipeline pressure test are completed. d. 2023.12 Molecular sieve was cleaned, resume use. Program progress:100%.
		The addition of a timer for scheduled discharge of the liquid level in water seal tank C-8133 to prevent the concentration from rising and causing hazards.	Operators follow the work instructions, and in January 2023, the addition of control valves and timers for parking completion has been completed. Program progress:100%.
		The fire-resistant door of the refrigerated warehouse was replaced, and a rain cover was added above the door to prevent rainwater from seeping into the door and causing corrosion.	The entire project has been completed in the 2023 Q1. Program progress:100%.
		Underground Pipeline Inspection and Maintenance	Visual inspection and thickness measurement of the underground pipelines' exposed sections completed in July and November 2023. Program progress:100%.
		Pipeline patrol education and training plan.	12 hours of education and training on pipeline inspection completed in 2023. Program progress:100%.
		Underground pipeline routine patrol plan.	Chung Kung Safety Guard Corporation commissioned for daily inspections, and 6 self-initiated inspections were completed. Program progress:100%.
Zero occupational accidents	Frequency-Severity Indicator (FSI)=0	Work Platform Expansion and Improvement of Personnel Safety in the Pelletizing Area	The expansion and painting of the platform were completed in the first 2023 Q1, improving the safety of workers in the pelletizing area. Program progress:100%.
		S-7230 Platform Corrosion Replacement and Operator Safety Enhancement	Rust removal and platform refurbishment with reinforcement welding were completed in the first quarter of 2023, improving operator safety. Program progress:100%.
		Addition of an Operating Platform for the Ethylene Absorber Tower	The installation of an additional operating platform was completed in February 2023. Program progress:100%.
Zero failure	Shutdowns caused by key equipment =0	Shutdowns caused by key equipment = 0 (machinery and instrumentation)	Downtime caused by key equipment=4, machinery maintenance by the engineering department = 2,238 units.

Note: 1. Incident Rate (IR) = Number of incidents x 1,000,000/total hours worked 2. 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 (deputy chief of the industrial safety office), committee members (department chiefs/unit chiefs/industrial safety staff/labor representatives). 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.

2023 OH&S Committee Statistics

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

Hazard identification and risk assessment 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 identify hazards and assess risks on current, changing (potential or transitional) and future activities within the plant, hazards outside of the plant, and underground pipelines. From time to time, The baseline review team formed by the section chiefs of all units provided professional training on hazard identification and risk assessment for the baseline review team and employees. In 2023, the baseline review team provided professional training on hazard identification and risk assessment for the baseline review team and employees. 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.

OH&S Management GRI 403-7:2018

Management Approach Description

In consideration of the increasing industrial safety accidents in Taiwan in recent years, 2022-2024 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 in order to reduce fires, explosions, leakages, intoxication, and occupational accidents.

Management Approach

PSM is implemented in main consideration of the relevant regulations at home and aboard, such as the "Process Safety Management of Highly Hazardous Chemicals" (29CFR 1910.119) announced by the US Occupational Safety & Health Administration (OSHA), the Hazardous WorkPlace Review and Inspection Regulations, and the "Regulations of Implementation Regarding Regular Process Safety Evaluation". A total of 14 categories were concluded for overall planning and review. PSM conformity was identified through compliance audit to review its ability to improve the plant's process safety and industrial safety protection.

2019 — 2020 — 2021 — 2022 — 2023 — Continuous improvement with participation of all members

2019 Introduction of PSM (Process Safety Management)

- PSM essentials training
- PSI (Pre-Startup Safety Review) program and data establishment
- Review of MOC (Management of Change) and PHA (Process Hazard Analysis) procedures
- Three major focus audits

2020 Introduction of MI (Management of Change)

- PSM baseline review
- Overview of PSM and MI education training
- Complete plant equipment inventory
- Collection of PSM-related data

2021 Program establishment

- Equipment Classification
- Corrosion loop establishment
- MI procedure manual establishment
- Critical equipment maintenance plan establishment
- Establishment of systems for confidentiality, contracting, hot work, incident investigation, SOP (Standard Operating Procedures), emergency response, and education training

2022 Fundamentals strengthening

- CMMS system specification planning
- RBI (Risk-Based Inspection) analysis and testing planning
- Worker participation and PSSR (Pre-Startup Safety Review) system establishment
- Advanced training for PSI, HAZOP
- Process operation SOP review and revision
- Old equipment management
- Optimization review of PSM procedure manuals
- Procedural HAZOP education training
- Hazop reevaluation and assessment

2023 MI evaluation analysis /CMMS establishment

- FMECA (Failure Modes, Effects, and Criticality Analysis) assessment
- Planning for critical equipment inspections
- CMMS establishment and testing
- LOPA (Layer of Protection Analysis) education training and procedure manual review and revision
- Hazop reevaluation and assessment
- Electrical and explosion-proof inspections

Note: PSI (Process Safety Information), MOC (Management of Change), PHA (Process Hazard Analysis), MI (Mechanical Integrity), CMMS (Computerized Maintenance Management System), SOP (Standard Operating Procedure), PSSR (Pre-Startup Safety Review), FMECA (Failure Modes, Effects, and Criticality Analysis), LOPA (Layer of Protection Analysis), HAZOP/Procedural HAZOP (Hazard and Operability Analysis), RBI (Risk-Based Inspection)

Key execution points

Establishment of fundamental capabilities	Establishment of systems and professional talents	Advanced strengthening and training
(PSI, PHA, MOC, contracting, hot work, and 14 other items)		(Continuous adjustment and improvement based on audit results)
Conducting internal and external training and sharing	Audit training	Internal and external audits

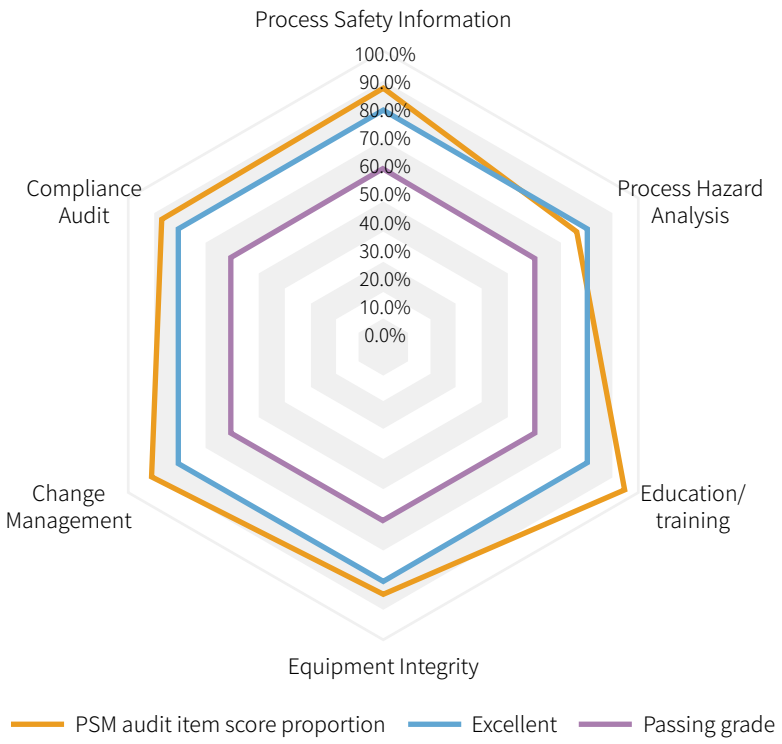
Management Performance

In 2023, besides implementing and reviewing the established Process Safety Management (PSM) system, we also strengthened the basic training for frontline personnel in accident investigation, hazard analysis, permit systems, and emergency response to enhance operational safety and response capabilities. Additionally, the group's environmental protection department invited Wu, the President of Swanson Plastics Corporation, and industry experts and scholars to conduct compliance audits and training sessions on topics such as corrosion and degradation mechanisms (API 571), BOWTIE analysis, explosion-proof electrical equipment (CNS, IEC), management of change (MOC), pre-startup safety reviews (PSSR), integrity operating windows (IOW), and chemical reactivity worksheets (CRW). These sessions provided valuable engineering practice insights and facilitated alignment with international standards.

Throughout the year, we conducted 64 meetings and 29 training sessions, attended by a total of 1,366 participants, with a cumulative training duration of 3,584 hours. These figures show an increase compared to previous years, demonstrating the commitment of all employees. For 2024, we plan to enhance the execution, tracking, and review of various PSM performance indicators. We will also implement a safety observation system for field operations and review equipment failure modes to integrate document reviews, field practices, and past experiences, thereby improving process operations and safety awareness among personnel.

Effectiveness evaluations are reported quarterly to the Occupational Safety and Health Committee, and results are shared periodically at unit safety meetings and with field personnel. This facilitates practical exchanges and adjustments to our implementation progress and strategic planning. Moreover, through our audit system, which includes internal PSM audits and cross-audits with group affiliates, we aim to share resources, review current practices, and adopt more effective implementation strategies. This approach enhances the overall robustness and execution of our PSM system.

PSM audit item score distribution



Process Safety Management Performance RT-CH-540a.1

Item	2021	2022	2023
Total Count of Process Safety Incidents (PSIC)	0	1	0
Process Safety Total Incident Rate (PSTIR)	0	0.23	0
Process Safety Incident Severity Rate (PSISR)	0	0.69	0

Note: 1. In 2022, the total working hours were 866,052 hours (including employees and contractors), and the severity level of accidents was classified as level three with 3 points.
2. PSTIR = The cumulative (annual) count of incidents x 200,000/total hours worked by workers
3. PSISR = The total severity score of process safety incidents x 200,000/total hours worked by workers

Equipment safety management

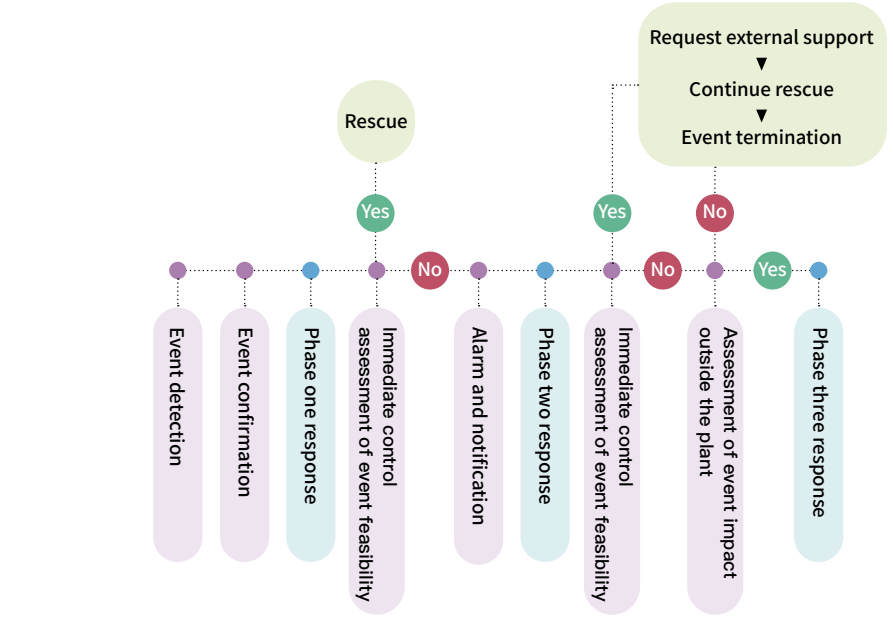
We regulate and perform periodic inspection of dangerous machinery and equipment by law to ensure equipment operation safety. In 2023 we inspected 5 dangerous machines and 231 sets of dangerous equipment, and all were qualified. Additionally, we replaced and suspended 11 sets and scrapped 26 sets of dangerous equipment to maintain operational safety and production continuity.

Emergency Response Mechanism

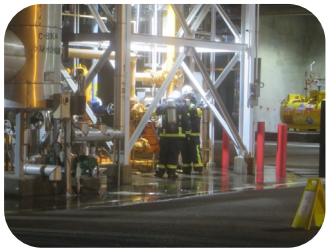
We organize emergency response and fire safety drills and OH&S general training half-yearly and refer to the emergency response guide and manual to facilitate emergency mobilization, take corrective actions, effectively control disasters, and reduce losses in emergencies. (Please visit https://www.usife.com/ESG/en-us/ESG43.aspx for the details of the response processes at different stages)

In 2023, our plant's self-defense fire brigade training focused on "fire extinguisher and foam nozzle practical training" and "self-contained breathing apparatus (SCBA) wearing training." Through hands-on practice and wearing training, we enhanced the operational knowledge and personal protection of our response personnel, establishing the first line of defense in disaster reduction and preparedness.

Emergency Response Operating Procedure



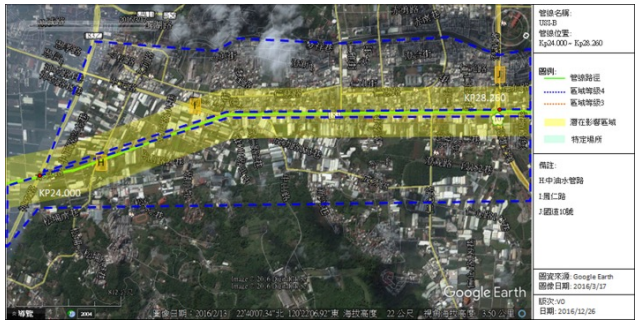


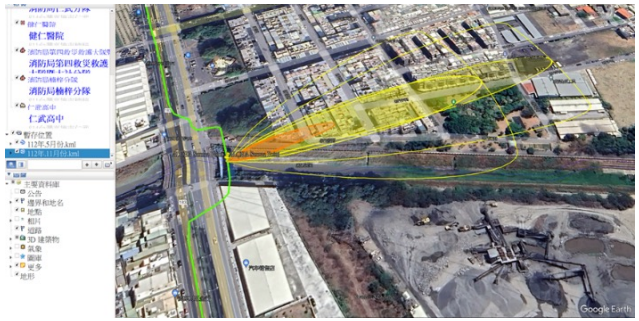



Underground pipeline emergency response

To improve emergency preparedness and response ability to underground pipeline occurrences, we perform emergency response assessments on high-consequence areas (HCAs) based on the analysis results. In 2023 we assessed the 10-inch ethylene pipelines in high-consequence areas including Fengren Road and Shuiguan Road, where there were sensitive receptors including shops, Renwu Sports Park, THSR, Renwu Elementary School, and the Renwu Industrial Park. The process covered a full-scale assessment, including the simulation of chemical spread after a pipeline leakage, people evacuation, receptor contacts, communication and coordination of external support, hoping to help improve the preparedness and efficiency of emergency response to underground pipeline accidents.

Simulation and assessment of emergency response plans





Emergency response drills on toxic and concerned chemical substances

In 2023, we held emergency response drills on toxic and concerned chemical substances, including one comprehensive response drill and two unannounced tests and drills. In addition, for the response to toxic and hazardous chemicals, we have designated specialized response personnel at various levels, including one for the expert level, two for the commander level, eight for the technologist level, and four for the operator level, to improve our independent responsiveness to toxic and concerned chemical substances.

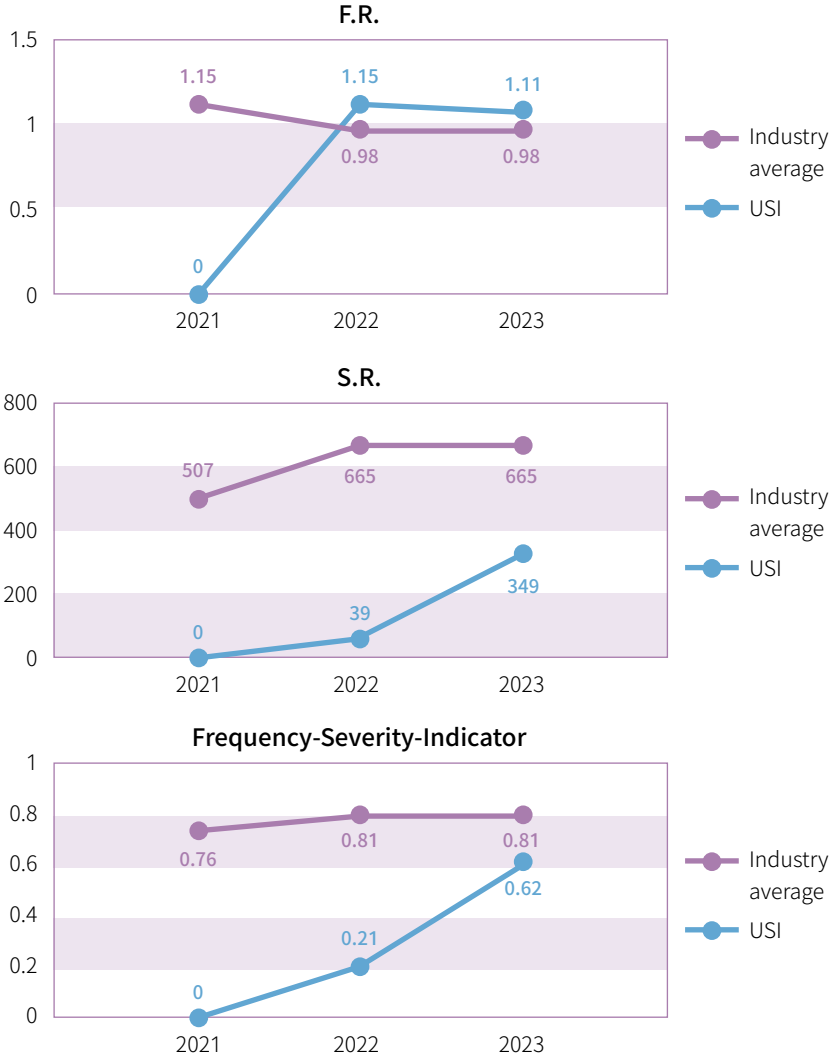



Work-related injury and absenteeism

GRI 403-9:2018 RT-CH-320a.1

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 2023, there was one occupational injury incident involving a company employee during operations, with the type of occupational hazard being falling. There were no occupational injuries reported for contractors in 2023. (please refer to the accident investigation in this section for details) Between 22 February 2023 and December 2023, the cumulative total working hours without disabling injury totaled 757,976 hours. (employees and contractors)



Note: 1. The comparison baseline is the statistical annual report of labor inspections by the Department of Occupational Safety and Health, Ministry of Labor for the years 2021 and 2022. The latest available data is for the year 2022. In 2023, the industry average is compared to the industry average data from 2022.
2. Industry: Chemical raw materials, fertilizer, nitrogen compounds, plastic and rubber raw material, and synthetic fiber manufacturing industry.

OH&S Management Performance

Item/Year	2021		2022		2023	
	Employees	Contracts	Employees	Contracts	Employees	Contracts
Disabling injury frequency rate (F.R.=LTIFR)	0	0	0	1.15	1.11	0
S.R.	0	0	0	39	349	0
Frequency-Severity Indicator (F.S.I.)	0	0	0	0.21	0.62	0
Number and rate of recordable work-related injuries	0/0	0/0	0/0	2/2.30	1/1.11	0/0
Number and rate of high-consequence work-related injuries	0/0	0/0	0/0	0/0	1/1.11	0/0
Number and rate of fatalities as a result of work-related injury	0/0	0/0	0/0	0/0	0/0	0/0
Total Recordable Incident Rate (TRIR)	0	0	0	0.46	0.22	0
Lost Time Injury Rate (LTIR)	0	0	0	0.23	0.22	0

Note: 1. The total hours worked in 2021, 2022, and 2023 were 764,444 hours(employees only), 755,626 hours(755,626 hours for employees; 110,426 hours for contractors, calculated from April onwards) and 896,252 hours(775,331 hours for employees; 120,921 hours for contractors), respectively.
2. Disabling injury frequency rate (F.R) = Injury frequency × 200,000/total hours worked (rounded down to two decimals)
3. Disabling injury severity rate (S.R.) = Injury days lost x 200,000/total hours worked (rounded down to two decimals)
4. Frequency severity index (F.S.I.) = $\sqrt{}$ [(F.R×S.R.)/1000] (rounded down to two digits)
5. Rate of recordable work-related injuries = Number of recordable work-related injuries (including fatalities) x 200,000/total hours worked (rounded down to two decimals)
6. Rate of high-consequence work-related injuries = Number of high-consequence work-related injuries (excluding fatalities) x 200,000/total hours worked
7. Rate of fatalities as a result of work-related injury = Number of fatalities as a result of work-related injury x 200,000/total hours worked
8. Total Recordable Incident Rate (TRIR) = Number of recordable work-related injuries x 200,000/total hours worked
9. Lost Time Injury Rate (LTIR) = Number of lost time injuries (LTIs) x 200,000/total hours worked

Industrial safety audit and follow-up

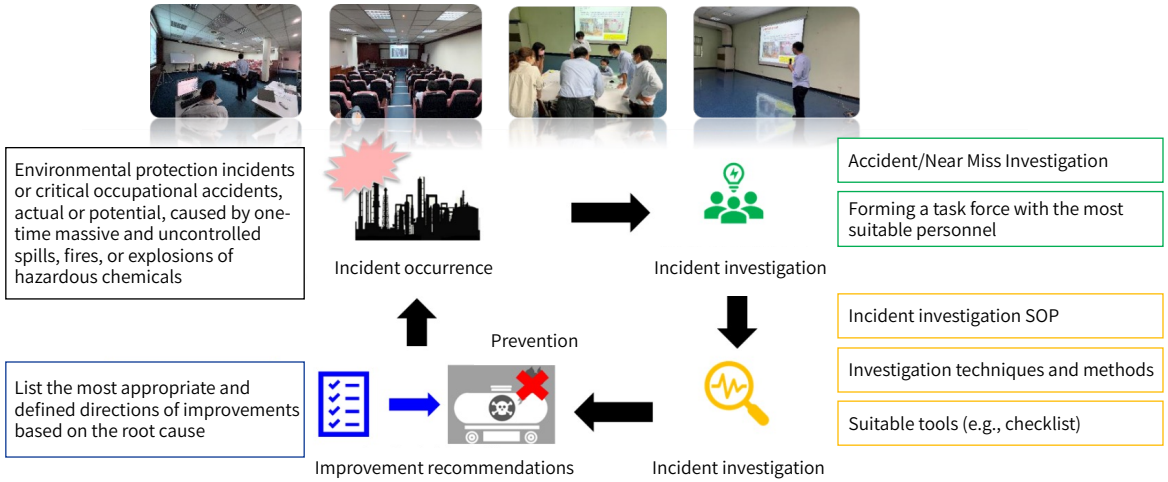
To capture the safety of contractors and their workers working in-house, we measure their blood pressure to ensure that they are physically and mentally fit before entry. In vehicle control, we timely perform spot sobriety tests to ensure they are in a safe state before entry. We also perform tour inspection of all onsite operations every day to verify contractor and worker safety to reduce unsafe behavior. The tour inspection results are recorded in the "ESH Management Platform" and reported to the Occupational Safety and Health Committee every quarter. In 2023 we audited 2,536 items, and 2,227 items passed, 308 items required observation or recommendation, and 1 items fails. The improvement of all nonconforming items was completed. Additionally, we conduct one group audit and guidance every six months and follow up all audited defects and improvement results. Through total industrial safety audit and management, we improve occupational safety and process safety.

Focus of Action	Audit unit	Frequency
Contractor entry physical and mental condition check	security guards	Irregularly
Contractor coordination organization meeting	Industrial Safety Section	Daily
Workplace inspections and records	Industrial Safety Section	Daily
Defect and improvement review and publicity	Industrial Safety Section	Quarterly (OH&S Committee)
HSE & regulatory audit	Audit Division Environmental Protection Department	Semiannually Once a year

Incident investigation GRI 403-2:2018

USI has established an accident investigation procedure document to address any process or occupational accidents or near-misses that occur during various operational activities within the plant. This includes implementing an effective accident investigation process and handling system, which incorporates techniques such as timeline analysis, fault tree analysis (FTA), or event tree analysis (ETA). We also added the evidence collection checklist to facilitate the consolidation and identification of actual or potential accident causes and established preventive measures against potential causes that can be prevented to prevent the recurrence of similar accidents.

In 2023, training sessions were conducted on accident investigation and emergency response execution processes, as well as on Bowtie analysis, to improve the professional investigation and analysis skills of relevant personnel so as to make appropriate improvements through the effective recording, investigation, and analysis of the root cause of accidents and so to prevent the recurrence of accidents and near misses to protect employee safety and health. Additionally, nine lagging indicators and one leading indicator have been established and incorporated into the KPI performance management system to effectively monitor the safety management system, identify areas for improvement or reinforcement, and prevent safety barrier failures to achieve the goal of accident prevention.



One work-related injury involving a contractor occurred in 2023. A maintenance worker fell from a scaffold ladder due to improper locking, causing the ladder to rotate and shift and resulting in the fall (direct cause). Upon investigation, it was discovered that the worker had not inspected the scaffold before use (indirect cause), and the scaffold was not properly secured (root cause). To prevent such hazards from recurring, the company immediately sought assistance from the scaffold supplier to secure the ladder, conducted a re-inspection of all scaffold components for compliance, and implemented a checklist for scaffold setup. Employees are now required to conduct self-inspections of scaffolds before use and are prohibited from arbitrarily altering scaffold structures. Additionally, safety inspections and awareness training for employees have been enhanced.

Contractor Management GRI 403-5:2018

We also value the safety management of contractors and suppliers. Contractors must go through the qualification review, receive ESH education and training, and pass the evaluation before entry. Through continuous training, publicity, and request, we urge contractors to voluntarily follow all safety and health regulations to achieve the goal of zero accidents. Additionally, we enforce the workplace environment and hazard notification and hold the work safety meetings and coordinative organization meetings for contractors. Before implementing high-risk work, we run a risk assessment 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 2023, we ensured the implementation of work permits and toolbox meetings to confirm the safety of the work environment at each job site. We provided specific instructions and guidance to workers regarding job tasks, potential hazards in the work environment, safety precautions, and regulations. Additionally, we conducted on-site inspections of construction equipment/tools and environmental monitoring operations. To strengthen safety during contractor operations and ensure effective supervision and management of occupational health and safety personnel, our safety personnel conducted on-site inspections of each project. This included pre-operation checks of machinery and equipment, identification of any unsafe conditions during operations, and monitoring of personnel for unsafe behaviors. 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. Furthermore, we established leading KPIs to periodically assess compliance with work permits and evaluate the performance of completed contractors. This measurement and tracking process allows us to monitor the safety management operations of contractors effectively.

Contractor Works Distribution by Type in 2023

Type of Works	No. of Works	Ownership
Open Fire	347	41%
Confined Space	31	4%
Others	468	55%

HSE Education and Training GRI 403-5:2018

At USI, we have established training procedures and manuals for employee training, competency assessment, and occupational health and safety education, as well as guidelines for managing contractor access to our facilities. These protocols are tailored to the specific needs of different employee categories and contractor personnel, providing them with relevant knowledge and skills training. In 2023, our Kaohsiung plant conducted a total of 658 EHS training sessions, with 8,529 participants accumulating 28,611 training hours. The training covered 966 employees and contractor personnel, achieving a training rate of 99.9%. Each EHS training session includes assessments or practical exercises, and records are maintained. Furthermore, we regularly send personnel for professional certification updates to ensure the validity of their qualifications.

Statistics on HSE Education and Training 2023

Category2	Sessions	Person	Total hours
New employee training	8	17	102
Personnel changes training	4	4	28
On-the-job training	233	3,281	11,314
Contractor Personnel	88	971	2,913

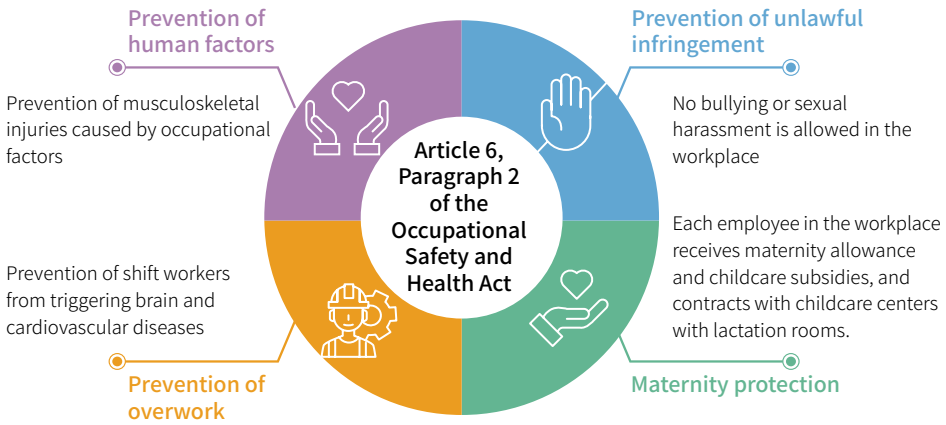
Health concerns RT-CH-320a.1

USI conducts comprehensive assessment and classification management of chemicals throughout the entire plant in compliance with regulations. For substances with health hazards (CNS15030), we evaluate their level of hazard and exposure, categorize the risk levels, and implement corresponding classification management measures. Additionally, we conduct biannual monitoring of the working environment for employees, focusing on the measurement of organic solvents, specific chemical substances, noise levels, CO_2 levels, and the airflow velocity of local exhaust ventilation systems. The results of the 2023 monitoring activities met regulatory standards, demonstrating compliance with legal requirements. Moving forward, we remain committed to protect the health of our employees and providing a safe and healthy working environment.

Health concerns

Please visit the OH&S section of our corporate site for details
https://www.usife.com/ESG/en-us/ESG43.aspx

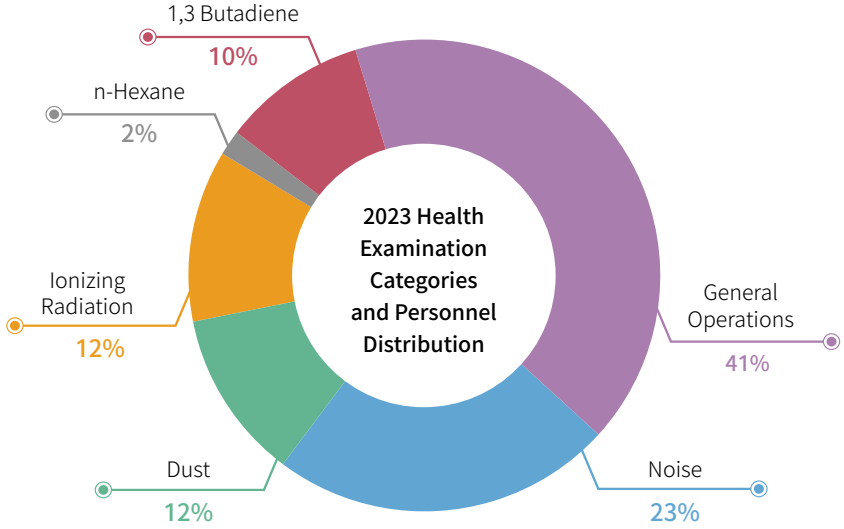
Workplace Health Keeper



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.

Health passport GRI 403-3:2018, 403-6:2018, 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. Additionally, 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, ionizing radiation, and 1,3-butadiene 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. 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.



Note: 1. In 2023 there were 428 employees in total (Taipei HQ, Guishan R&D Division, and Kaohsiung Plant) qualified for the health checkup, with a checkup rate of 99.7%.
2. All employees received the general health checkup, other items are additional special examinations.

Graded health management GRI 403-10:2018

In 2023 special checkups were arranged for 246 employees, and health management was implemented based on the graded health management by risk level, hoping to identify high-risk groups, provide individual health instructions and notification, and reduce the risk of work-related ill health through early detection of the high-risk group in order to build a healthier and more comfortable workplace environment through continual source improvement and terminal health care.

Item	Total Number of People	Level 1 Management	Level 2 Management	Level 3 Management	Level 4 Management
Noise Operation	97	69	28	0	0
Dust	57	55	2	0	0
Ionizing Radiation	57	22	30	0	0
n-Hexane	8	8	0	0	0
1,3 Butadiene	27	17	10	0	0

Grade Management

Level 1 Management	Level 2 Management	Level 3 Management	Level 4 Management
No abnormalities Provide health information	**Abnormalities related to occupation** Some abnormalities not related to occupation	**Abnormalities possibly related to occupation** 1. Occupational health follow-up and health guidance 2. Occupational health operations assessment 3. Reclassify based on operations assessment 4. Report to competent authorities	**Abnormalities related to occupation** 1. Hazard Control 2. Engineering improvements 3. Administrative management improvements 4. Implement 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 that 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, besides 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 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 sobriety tests and blood pressure measurement. We further 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.

Occupational disease analysis GRI 403-7:2018, 403-10:2018

To enforce OH&S, we take precautionary actions relevant to the physical, chemical, ergonomic, and socio-physiological health hazards according to the “Occupational Safety and Health Act". For related hazard factors, potential work-related ill health and precautionary management actions. (please visit the Health Concerns section on our corporate website for details). No occupational disease from employees or contractors has been reported over the years.

Prevention of human factors

Musculoskeletal disease assessment: 379 people
Human factors education and training: 258 people
Workplace environment review and interviews: 16 people

Maternity protection

Established breastfeeding (emergency nursing) rooms for employee use
Maternity health protection in 2023: 1 person

Health Care

Return-to-work assessment after injury or illness: 7 people
COVID-19 return-to-work care: 52 people
Personal protective equipment evaluation: 175 people

Overload Prevention

Overload assessment: 379 people
High-risk identification interviews: 10 people
Chronic disease prevention seminars: 62 people

Prevention of unlawful infringement

Issued written statement prohibiting workplace violence
Unlawful infringement education and training: 308 people

Health control for shift workers (overwork prevention) GRI 403-3:2018

Besides 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, developing the habit of daily blood pressure measurement. We also provided them with health instructions. In 2023, arrangements were made to hold health talks for prevention and management of metabolic syndrome.

Workplace Violence-Education and Training Against Workplace Bullying

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. he 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. Each year we arrange education and training for mental health promotion to help employees relieve stress and provide them with proper channels for relieving stress and speaking their mind.

Education and training for musculoskeletal injury prevention GRI 403-3:2018

To prevent workplace musculoskeletal injury, besides regularly checking out if employees work in correct postures, we actively ask if they have musculoskeletal disorder, plan education and training for musculoskeletal injury prevention, demonstrate postures that may cause musculoskeletal injury in the daily life and their corrections, including the correct postures to handling objects, neck protection for using computer, communications and consumer electronics, hoping to reduce the possibility of musculoskeletal injury and enhance work efficiency.

Health promotion GRI 403-6:2018

USI received the iSports Sports Enterprise Certification from the Sports Administration in 2022 (valid for three years) and was awarded, demonstrating the effectiveness of our long-term employee care.

In 2023, we teamed up with a catering service provider to supply healthy meals formulated by dieticians for employees at NT$40 each, while the rest was funded by the Company. Other benefits included group travel and employee club activities and monthly healthcare consultation and health talk. Friendly workplace benefits include childcare allowance, breastfeeding (lactation) room, and others. Please visit the Health Promotion section on our ESG website for details.

Community residents

To care about the disease prevention and risk control of residents in local communities, we continuously implement control over air, water, and waste pollution. We also plan and implement local environmental clean-up and epidemic control. Apart from donating epidemic control materials to local communities, schools, and fire teams, we assign employees to be volunteers to help local communities with environmental clean-up and epidemic control. During 2018-2023, we continuously sponsored the "Kaohsiung City Air Purification Zone Management Plan".

In the healthy workplace environment, aside from drawing up the Dengue Fever Prevention Plan, we assign special dengue fever management personnel and request all units to implement in-house environmental checks every week to eliminate stagnant water through the “check-empty-clean-brush” cycle. We release fish in specific fountains to effectively eliminate vector mosquito breeding. We post related publicity materials and articles on the bulletin board to raise the employee’s awareness of epidemic prevention.

First Aid Education/Training

Emergency Medical Services

We equip four automated external defibrillators (AEDs) in-house. In response to employees' rotating shifts, educational training is scheduled annually with the aim of familiarizing all staff with correct rescue procedures, enabling them to provide assistance calmly in emergencies, and improving the recovery rate of injured persons. To prevent chemical splashes, acid-alkali splash rescuers, such as "Dicutin," are installed in control rooms of each unit and provided for personal carry. Multiple training sessions on the use of Dicutin are conducted in each unit, not only to raise awareness of the hazards of organic solvents but also to explain the methods of using Dicutin.

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 tests for 163 persons to ensure PPE can demonstrate its protection.

5.3 Talent attraction and retention

GRI 2-25, 3-3 | SDG 4, 5, 8

Sustainability Principle: Unity Governance

Significance and Strategy

Significance to USI

While talents are the Company's irreplaceable core asset, and maintaining steady and continuous workforce growth is the cornerstone of sustainable operations, we encourage employees to keep making self-improvement through well-planned training courses, welfare system, and salary in order to achieve the personal career development of employees and thereby enhance overall corporate performance.

Strategy

1. Recruit eligible talents through a fair, open, transparent and efficient recruitment system.
2. Value and respect the rights, interests, and opinions of employees, and build comprehensive and unfettered publicity and communication channels.
3. Providing a safe and healthy workplace environment
4. Build a total career development platform for employees.

Commitment

1. 14 months of base salary plus allowances and bonuses, travel allowance, free meals, and employee travel.
2. Complete and solid retirement system and planning
3. Periodic healthcare and medical assistance for employees
4. Data range: USI coverage 100%

Impact Management

Short-, Medium- & Long-Term Positive/Negative Impacts

Positive potential impact: Increase employee benefits for a happy business.
Negative actual impact: Difficulty in talents recruitment.

Impact Boundary

USI employees, Community residents

Processes to remediate and prevent negative impacts

Enhance industry-academia collaboration, increase employee benefits and improve workplace environment, hire retired employees as technical advisors.

Achievement and Goal

2023 Goals

1. Turnover (excluding retirement) of all employees: <5%.
2. Continuing to employ a sufficient number of individuals with physical and mental disabilities.
3. Complete employee insurance and medical coverage
4. Competitive pay and reward policy
5. Harmonious labor-management relations

2023 Achievements

1. Total employee turnover 4.4% (excluding retirement)
2. Employment of full-quota (4) of persons with disabilities by law.
3. Provided well-designed group insurance plans and contributed pension by law to protect the later life of employees
4. Annual employee health checkup
5. Implement reward differentiation.
6. Hold labor-management meetings periodically.

2024 Goals

1. Turnover (excluding retirement) of all employees: <5%.
2. Unfailing two-way communication with employees
3. Local talent recruitment increasing local job opportunities and benefiting local communities.
4. Constant campus cultivation with opportunities for industry-academia collaboration and internships

Medium- & Long-Term Goals

1. Constantly provide complete learning resources
2. Enhancement of talent inventory and the evaluation system
3. Integration of workforce rotation and promotion mechanisms
4. Implementation of the overall performance and talent development system

Management

Effectiveness Assessment

1. Turnover (excluding retirement) of all employees: <5%.
2. Welfare policy better than the regulatory requirements
3. Employee engagement survey periodically
4. Performance evaluation mechanism

Grievance Mechanism

1. Labor union and employee welfare committee
2. Establish the Employee Grievance Regulations and the whistleblower policy in the Ethical Corporate Management Best Practice Principles
3. Employee suggestion box.

Chapter Summary

1. Pay and reward policy
2. Health care benefits
3. Employee rights and benefits
4. Harmonious labor-management relations

Workforce Structure

2023 Personnel Data GRI 2-7, 2-8

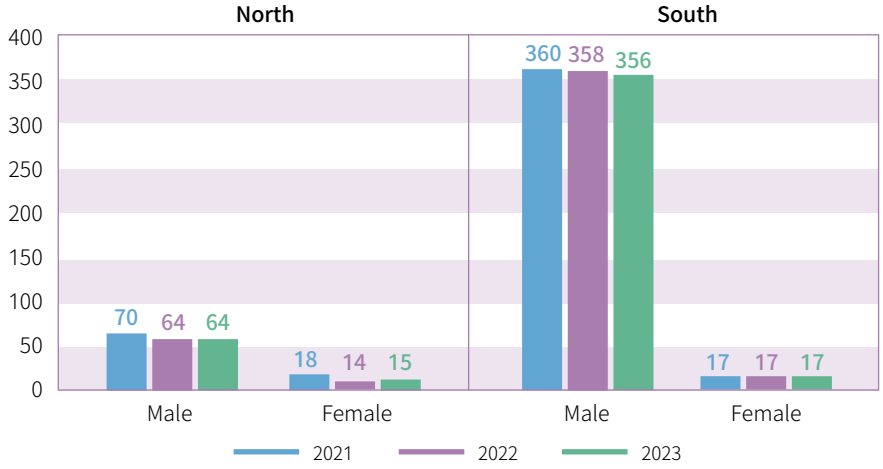
Numbers of employees	452 persons; Male 420 persons (approx. 93%); Female 32 persons (approx. 7%) The information is accurate up to December 31, 2023.
Average age	42.69 years old
Average service length	13.40 years
Summary	1. All USI employees are from Taiwan, mainly distributed in the Taipei and Kaohsiung regions. 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 contractors with all full-time employees. 3. We hired 4 persons with disabilities in 2023, accounting for approximately 0.9% of all employees. 4. About 85.6% were college and university graduates. 5. Proportion of female managers in managerial positions: 1.1%

Note: 1. Due to the characteristics of the petrochemical industry, male employees are more than female employees.
2. Personnel data were obtained from the human resources system.
3. Employees include 450 persons on a non-fixed-term contract and 2 on a fixed-term contract
4. Managerial positions defined as Level 8 or above

		Male	Female
Northern Taiwan	Non-fixed-term contract employees	64	14
	Fixed-term contract employees	0	0
	Full-time	64	14
	Part-time	0	0
Southern Taiwan	Non-fixed-term contract employees	355	16
	Fixed-term contract employees	3	1
	Full-time	358	17
	Part-time	0	0

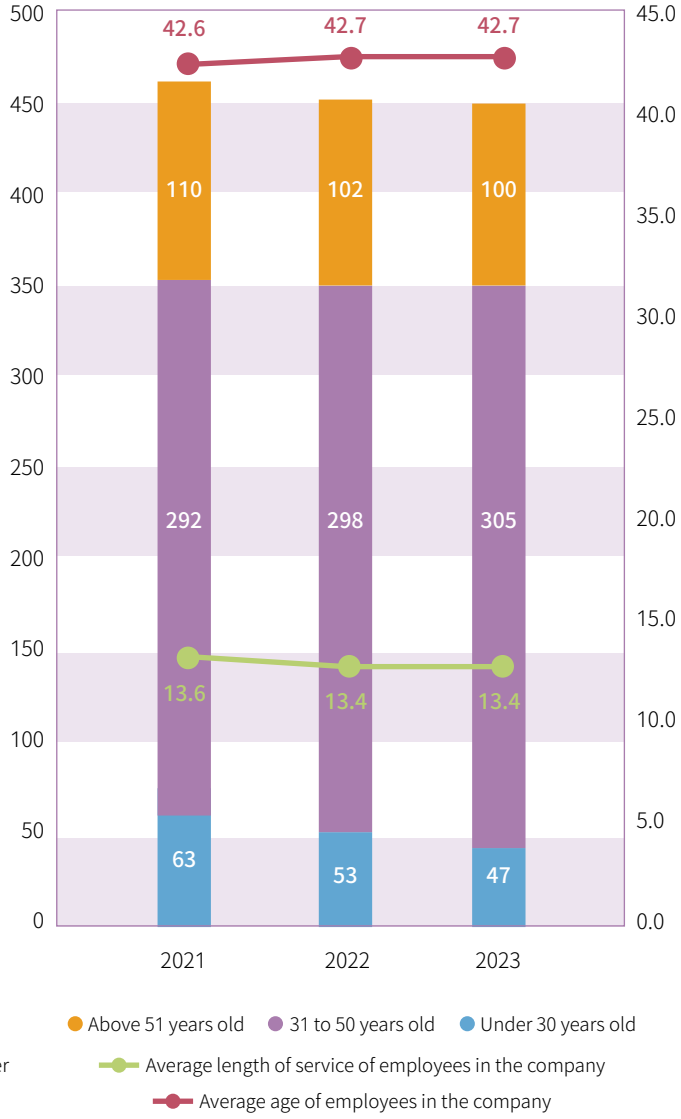
Number and Gender Distributions of Employees 2021-2023

Region and Gender Distributions of Employees 2021-2023

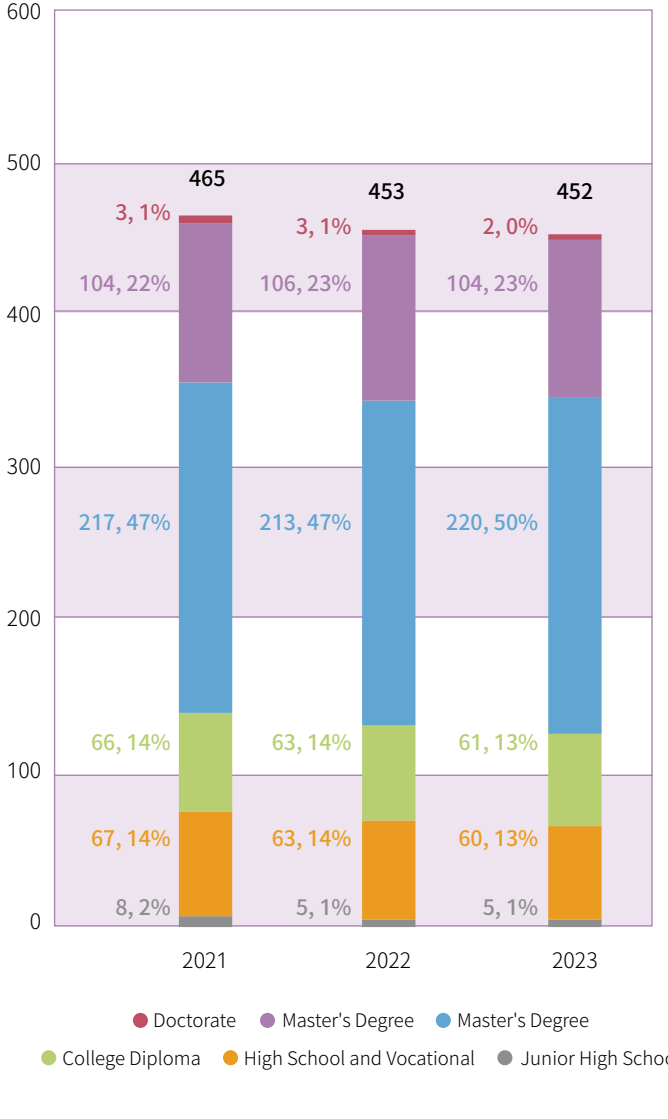


Distribution of Employee Position from 2021 to 2023

Distribution of Employee Ages from 2021 to 2023



Distribution of Employee Educational Background from 2021 to 2023



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, social status, language, thought, religion, political party, native place, place of birth, gender, sexual orientation, age, marital status, pregnancy, appearance, facial features, physical/mental disabilities, horoscope, and blood type. 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. The local employment rate in 2023 was 82.52%, with 373 employees domiciled in Kaohsiung and Taipei out of a total of 452 employees.

Except for senior management, such as 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 2023 we hired 28 new employees (including 2 contract employees), accounting for about 6.2% of all employee. With reference to the retention rates and turnover trends of new employees in the Workforce F.B.I. (Function, Budget, Indicator) Report published by 104 Corporations in 2022 (for details please visit https://reurl.cc/mryG4j), the new employee retention rate by industry type is compared as follows:

New Employee Retention Rate (traditional manufacturing industries)

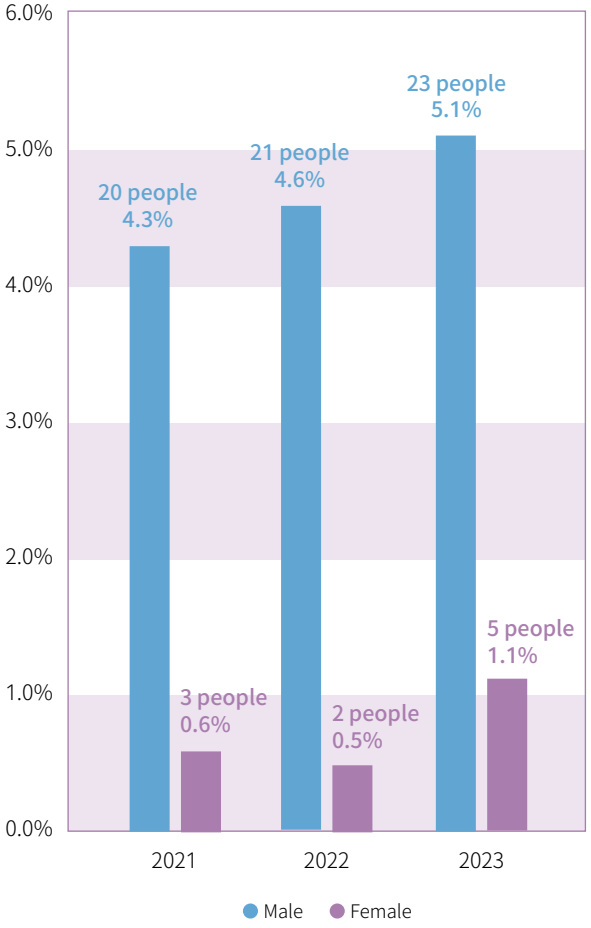
Duration	USI	USI (excluding turnover before contract expiration)	Workforce F.B.I. Report
1 month	76.19%	85.71%	78.10%
3 months	75.00%	85.00%	74.50%
6 months	66.67%	80.00%	68.50%

Note: New employee retention rate refers to the rate of new employees continuing employment 1/3/6 months after arrival.

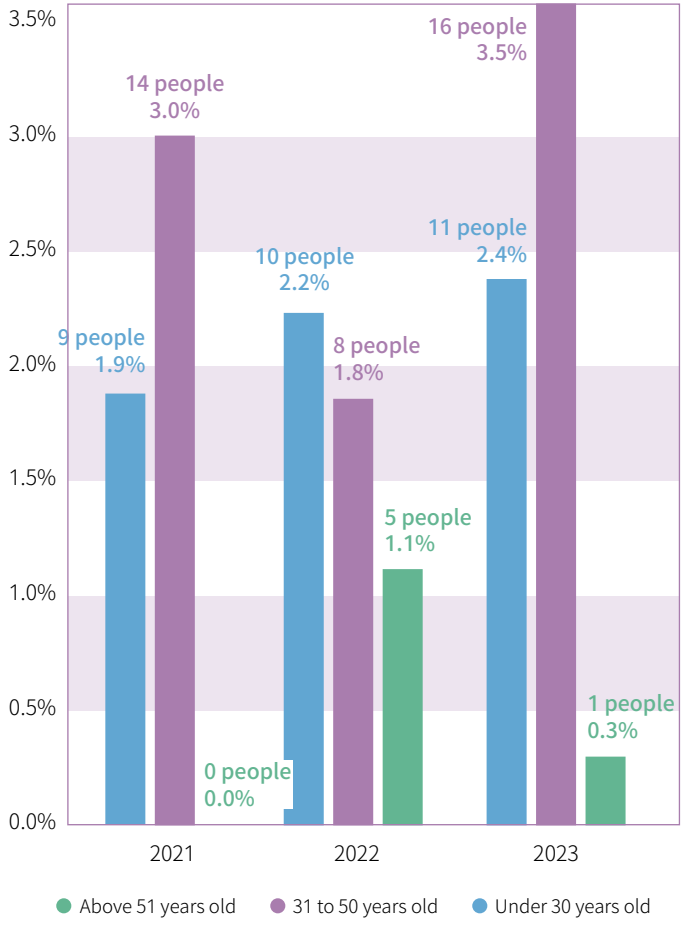
These results show that we enhance employee engagement by earning their high organizational commitment, enforcing their core value, and advancing new employee training.

The tables below show new employee hires by gender, age, and region.

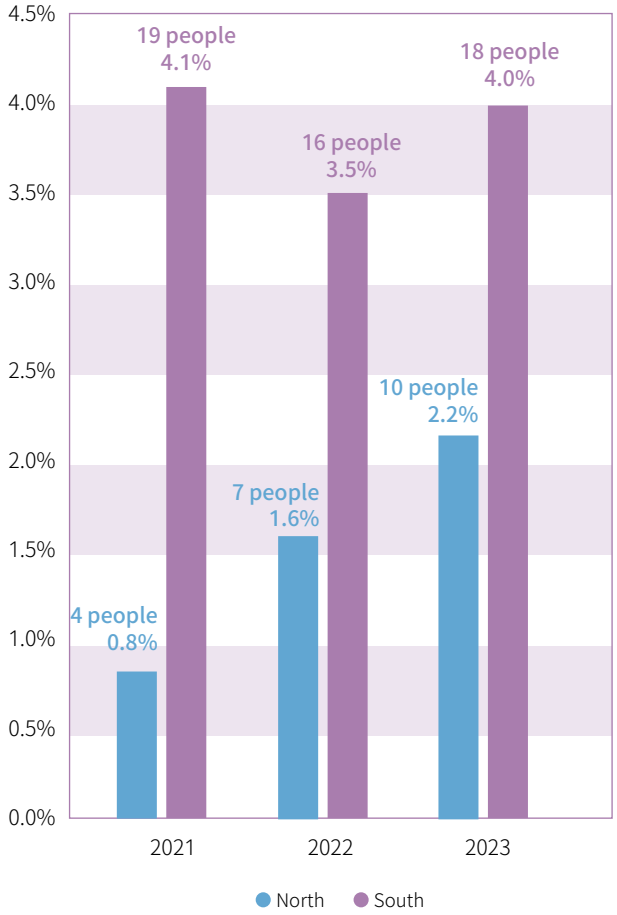
Distribution of New Hire Rates by Gender from 2021 to 2023



Distribution of New Hire Rates by Age from 2021 to 2023



Distribution of New Hire Rates by Region from 2021 to 2023



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

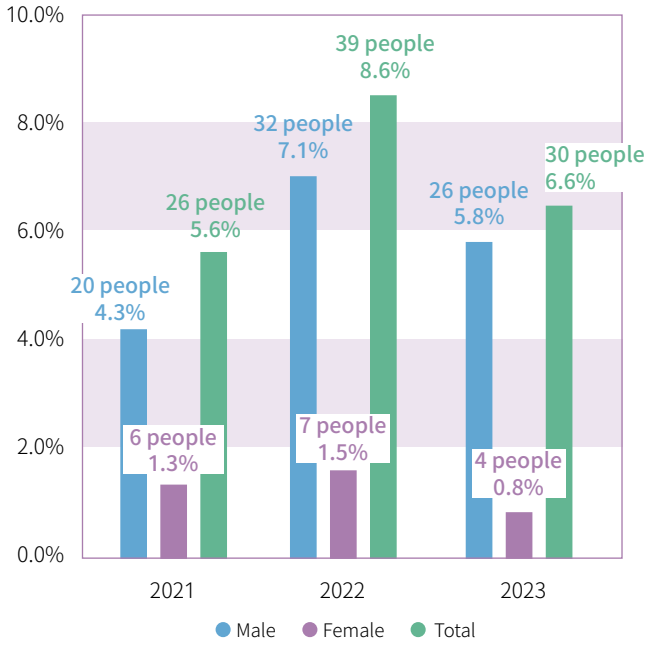
Turnover Rate

All employees are entitled to the voluntary termination of employment by law. Their labor conditions are subject to local laws and regulations, including the 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.

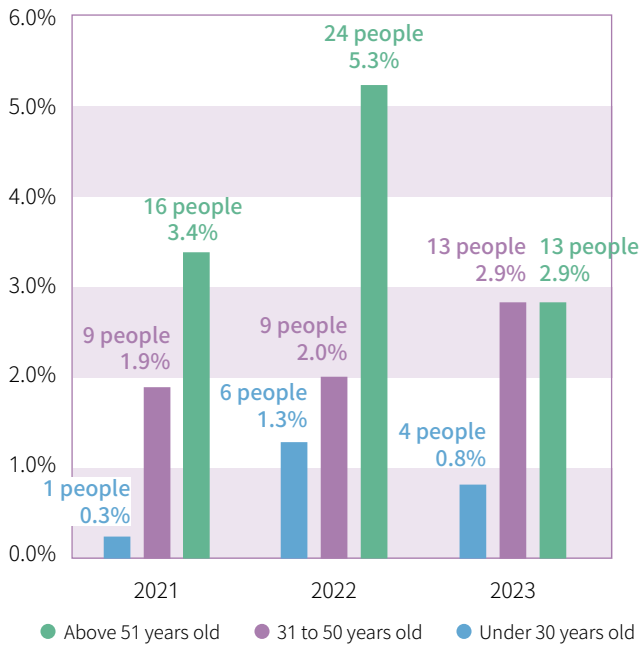
In 2023, USI had a total of 30 resignations, including 10 retirements and 4 resignations upon completion of contracts/internships. Among them, there were 4 female employees. Both the number and rate of resignations showed a decrease compared to 2022. With reference to the Workforce F.B.I. Report published by 104 Corporation in 2023. (Please visit: https://reurl.cc/mryG4j), in 2022, the employee turnover rate (excluding retirements) in the Company was 19.9%, an increase of 7.1 percentage points compared to 2021.

In terms of the traditional manufacturing industries, the rate of employee turnover (excluding retirement) was 17.9%. At USI, the rate of employee turnover was 4.4%, far lower than that of the report and slightly lower than the expected rate at 5%. This suggests that our pay, rewards, benefits, and retirement policies are competitive to attract and retain talents and encourage employees to create performance and make continuous contributions, demonstrating the effectiveness of our care and work protection for employees. To keep the employee turnover rate (excluding retirement) below 5%, we periodically review our pay and reward policies and continuously offer employee benefits better than the regulatory requirements, periodical health checkups, and medical assistance to take care of both the mental and physical health of employees.

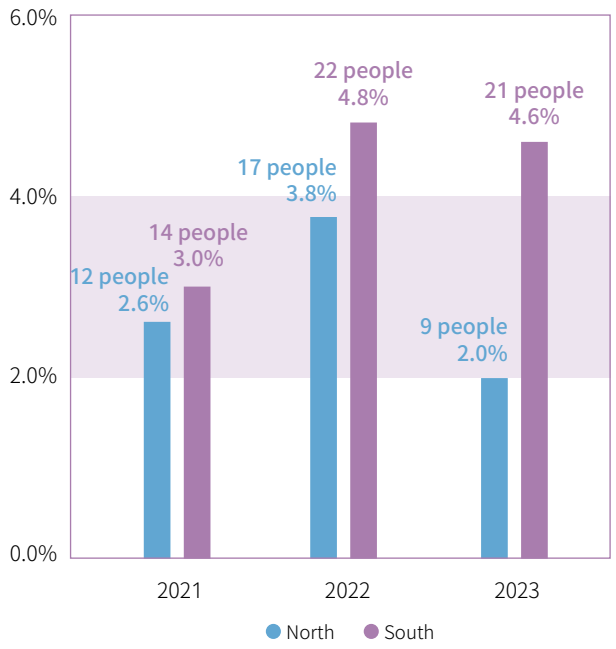
Turnover Rate by Gender from 2021 to 2023



Turnover Rate by Age from 2021 to 2023



Turnover Rate by Region from 2021 to 2023



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

Human Rights Policy and Management Programs

Human rights policy GRI 2-23

To fulfill ESG 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.

"Identification and Management of Human Rights Risks" and "Human Rights Due Diligence Process" are detailed on the ESG website under the section "Human Rights Policy and Management Plan" of USI.

Human Rights Management Achievements in 2023

GRI 2-24

Following the execution policy of our company's human rights policy, a total of 14 human rights issues were identified this year, as detailed in the 2023 Comprehensive Assessment Report. Among them, there were 8 human rights management items of significant concern. The implemented mitigation measures and impact compensation measures are as follows:

Mitigation and compensation measures of human rights management

Topic	Mitigation Measure	Compensation Measure
Occupational safety management	1. To ensure the health and safety of employees and prevent occupational accidents, we conduct regular monitoring of the workplace environment, such as implementing workplace environment monitoring tests, to ensure workplace safety. 2. We also regularly test the quality of workplace drinking water, carbon dioxide levels, lighting, fire equipment, and other factors. 3. Regular occupational health and safety education and training are provided to employees to enhance their awareness of hazard identification. 4. Additionally, we strengthen occupational safety advocacy through internal publicity. 5. Our company has obtained ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Health and Safety Management System) certifications. Furthermore, our Kaohsiung plant completed the ISO 14064 (GHGs inventory) for the year 2022 on May 6, 2023. We actively promote energy conservation, disaster prevention, pollution prevention, and other improvement activities to ensure a safe working environment.	1. Activate the occupational accident reporting and handling procedures 2. We proactively provide care and relevant insurance information to assist employees in understanding how to apply for compensation. 3. Make timely job accommodation based on the physical and mental recovery state of employees. 4. Actual impacts have been reported and handled according to the compensation measures and care and compensation have been given to employees.

There were no significant violations of the law this year. We will continue to conduct human rights-related education and training. For information on human rights training content, please refer to the company's website.

Concerns of Human Rights and Practice

We provide a safe and healthy workplace environment and eliminate discrimination to ensure equal job opportunity and ensure there is no child labor or forced labor. We also help employees maintain mental and physical health and work-life balance. Please visit the ESG section for details regarding human rights protection training

Training and Practice of Human Rights Protection

- New employee training

On their arrival, new employees are requested to receive related compliance training, with topics including sexual harassment prevention, no discrimination, no harassment, working hours management, protection of humane treatment, and healthy and safe workplace environment. We also sign the commitment and agree to keep the commitment.

- Preventing workplace violence

Through publicity and notices, we let employees understand their responsibility for assuring no workplace assaults. We also disclose grievance channels to build a friendly workplace environment.

- Training for occupational safety

Training contents include OH&S education and training, fire safety training, emergency response, and first aid training.

- Publicizing integrity and ethics

We arrange education and publicity on integrity and ethics in routine work and behavior to build a healthy and positive workplace culture.

- Human rights protection training

We continuously concern ourselves with human rights protection and implement relevant training to raise the awareness of human rights protection and lower the likelihood of the relevant risks. In 2023 we arranged a total of 5,134.5 hours of training related to human rights protection 1,566 persons.

Complaint system GRI 2-13, 2-25

We have established unfettered grievance channels for employees to report all internal problems to supervisors at all levels and the Human Resources Division. To maintain gender equality at work and provide employees and jobseekers with a work and service environment free of sexual harassment, we have established a dedicated mailbox and email for sexual harassment grievances. All information will be kept confidential during the investigation. Neither the name nor the data valid for identifying the complainant will be disclosed to ensure complainant protection. Please visit our ESG website for the details regarding grievance channels.

Employee benefits GRI 401-2

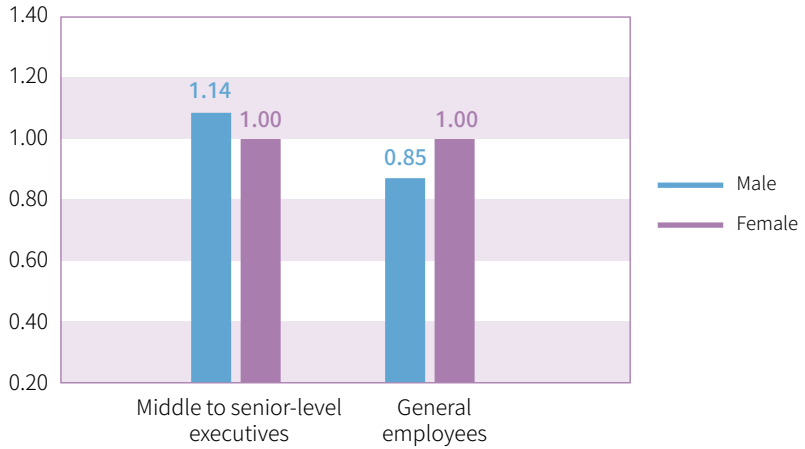
Employee benefits are our focus, and every USI employee is entitled to the following benefits:

Item	Contents
Bonus	Year-end bonus and performance bonus
Leave	Parental, menstrual, family care, pregnancy checkup, pregnancy checkup accompaniment, and paternity 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.

Equal salary and remuneration policy

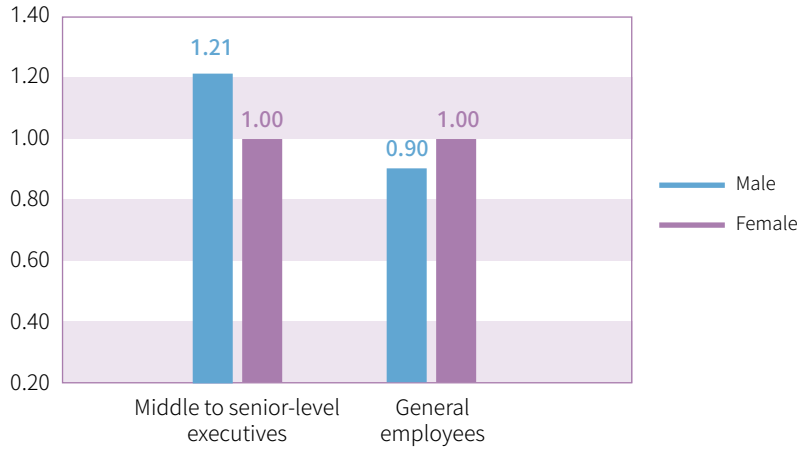
Upholding the belief to share profits with employees, we attract, retain, cultivate, and encourage all kinds of outstanding talents and have established a comprehensive and competitive employee remuneration plan. The pay for new employees is higher than the legal minimum wage. Allowances vary based on the position and academic achievements. Year-end bonuses are distributed based on the employee's annual performance. We do not engage in salary discrimination based on race, social status, language, thought, religion, political party, native place, place of birth, gender, sexual orientation, age, marital status, pregnancy, appearance, facial features, physical/mental disabilities, horoscope, and blood type. 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 2023 (Base Salary)



Note: 1. The base for female employees is "1." Remuneration in 2023 is the base salary of male and female employees. The calculation does not include contractual employees.
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 2022 (Full Pay)



Note: 1. The base for female employees is "1," compensation is calculated based on annual taxable income. The calculation does not include contractual employees.
2. Medium and senior management are employees of grades 8 or higher, while general employees are grades 7 and below.

Item	Contents	2023	Difference from the previous year
1	Number of non-management full-time employees	437	-6
2	"Average Earnings" of non-management full-time employees (NTD thousand)	1,219	-294
3	"Median Earnings" of non-management full-time employees (NTD thousand)	1,110	-266

Note: The average salary decreased due to the increase in newly hired personnel.

Health care benefits

Every year we arrange periodic health checkups for employees. Our Taipei HQ is equipped with a gym, and 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.

In 2023 a total of 7 employees applied for the childbirth funding. Employees in need of the parental leave may apply for the leave when their children are under 3 years of age. In 2023 a total of 36 employees were entitled to the leave. In 2023 one employee applied for the unpaid parental leave for six months (Aug 2023- Jan 2024). 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	Number of employees entitled to parental leave	35	1	36
	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	-	-	-
	B) Total number of employees that did return to work after parental leave	-	-	-
	Return to work rate=B/A	-	-	-
Retention status	C) Total number of employees returning from parental leave in the prior reporting period	1	-	1
	D) Total number of employees retained 12 months after returning to work following a period of parental leave	1	-	1
	Retention rate= D/C	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. Please refer to the information of benefit pension plans disclosed notes 21 of the 2023 Individual Financial Statement for details regarding contribution. (Investor Services - Financial Statements)

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

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 maintain 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. As we maintain sound communication with employees through the labor union and labor-management meeting, no collective bargaining agreement has been concluded. GRI 2-30

By the end of 2023, the labor union had a total of 358 members, including 14 female members and 344 male members. Except for employees of the Taipei HQ who are unable to join the union for the geographic reasons, 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. GRI 102-41

Please refer to Remuneration and Benefit System for the organizational structure of the labor union

Annual General Meeting of Members in 2023

Employee Welfare Committee

Each month we contribute 0.15% of the sales turnover to the fund for the Employee Welfare Committee (EWC) for employee tour subsidies, the preschool entertainment subsidy and study grants the children of employees to repay the devotion of employees. In 2023 a total of 215 employees applied for the preschool entertainment funding and study grants, and a total of 351 children received the funds, i.e., an average of 1.63 children/person, higher than the Taiwan's average at 1.09/person (according to USA CIA public information, 2022: https://reurl.cc/yQjb7q). This suggests that our employee welfare policy has brought influence to the domestic society. In terms of employee clubs, we have 11 employee clubs so far, including a badminton club, a mountain climbing club, a baseball 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.

Travel Activity


Travel Activity

Self-strengthening Activity: One-day Trip to LIHPAO Discovery Land 1

Travel Activity


Travel Activity


Self-strengthening Activity: One-day Trip to LIHPAO Discovery Land 2


Badminton Club Activity


Table-tennis Club Activity


Baseball Club Activity


Mountain Climbing Club Activity


Tennis Club Activity

Concerns for employee benefits and opinions

To strengthen employee care and meet the needs of employees, we continuously introduce various measures for employee welfare, employee reward, employee development, and employee communication:

Employee Satisfaction Survey

In August 2023, we conducted an employee opinion survey, covering eight aspects: supervisors, compensation, colleagues, job duties, development opportunities, corporate culture, sustainable operation, and organizational commitment. The response rate reached a high of 85%. Among them, satisfaction scores for the "sustainable operation," "colleagues," and "supervisors" aspects were particularly outstanding. We hope to use the feedback from the entire employee survey to identify key indicators for retention, pinpoint talent development priorities, and understand future human resources trends.

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."

5.4 Talent cultivation and development

Sustainability Principle: Sustainable Development

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

1. Establish a systematic employee development mechanism.
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.

Data range: USI coverage 100%

Impact Management

2023 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.

2023 Projects

1. Level-specific management competence training mechanism
2. The group organized training for grassroots supervisors' development.

2023 Achievements

1. Average hours of training per employee in 2023: 27.70 hours
2. Total hours of training in 2023: 12,399.5 hours, employee participation rate is 99%.
3. Average training fee per person in 2023: approx. NT$1,989
4. On-site workers acquired a total of 78 required professional certificates.

Achievement and Goal

2024 Targets

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. Assess stage results after assessing training courses and training.
2. Establish channels for equal career development.
3. Enforce a level-specific management competence training mechanism.

5-Year Goals

1. Integration of 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. Annual training fees per employee
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.

Grievance Mechanism

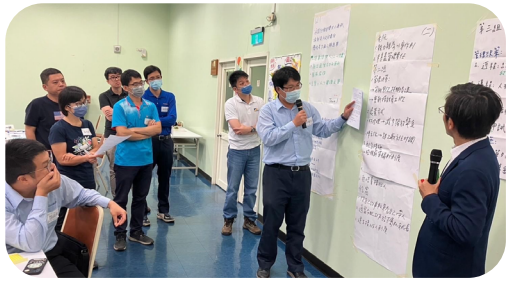
1. Education/training
2. R&D personnel training and planning
3. Diversified and complete employee development framework
4. Talent Development
5. Employee development.

Multidimensional and Complete Personnel Development Framework

Through work planning and performance management, we establish the "Overall Performance and Talent Development System" for business units to optimize their key missions to and for departments to fully demonstrate their functions so as to enforce talent cultivation and succession planning.

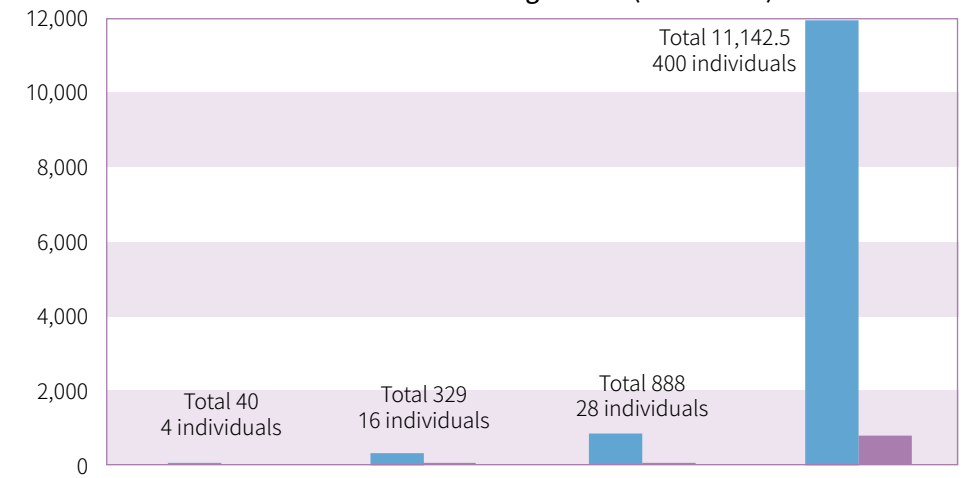
Education/training

In 2023, we provided employee training for a total of 12,399.5 hours (including training courses participated by employees and organized by the Group). The average training length was 27.7 hours/person, with a training expense of about NT$900 thousand. Approximately 99% of employees participated in the training. As most male supervisors were from production departments, they needed longer HSE license training than female supervisors. 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 also cultivate internal instructors to pass on USI's important knowledge and technology. In 2023, the Group organized training for grassroots supervisors, aiming not only to provide employees with comprehensive education and training but also to enable outstanding new managers to quickly maximize their effectiveness in their roles. Additionally, the Group tracked the actual work performance of trained colleagues to ensure the implementation of what they learned.



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

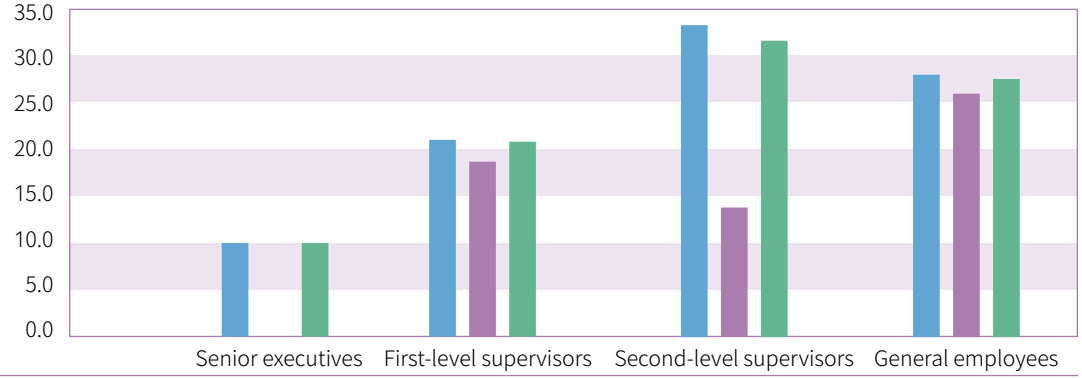
Total Hours of Training in 2023 (unit: hours)



	Senior executives	First-level supervisors	Second-level supervisors	General employees
Male	40	292.5	845.5	10394.5
Female	0	36.5	42.5	748

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.

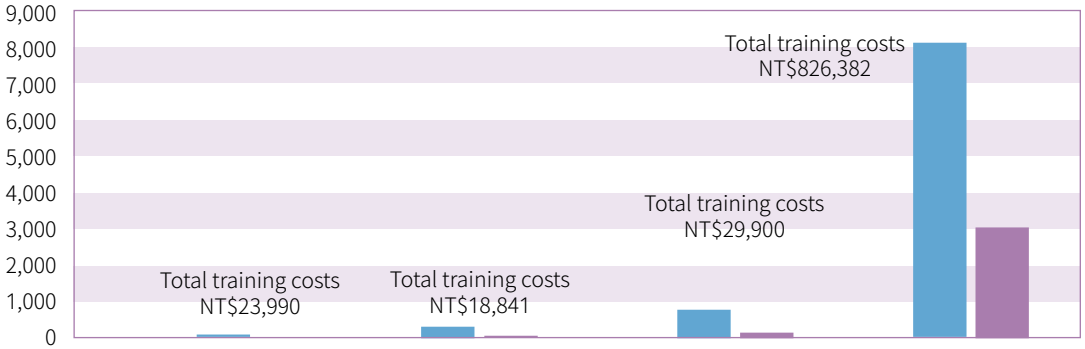
Average Hours of Training Per Employee in 2023 (unit: hours/person)



	Senior executives	First-level supervisors	Second-level supervisors	General employees
Average hours for males	10.0	20.9	33.8	28.0
Average hours for females	0.0	18.3	14.2	25.8
Overall average	10.0	20.6	31.7	27.9

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 can also apply for training at external professional training organizations through the online application system.

Distributions of Internal/External Training 2023 (unit: hours)



	Senior executives	First-level supervisors	Second-level supervisors	General employees
Internal training hours	40	309	755	8,107.5
External training hours	0	20	133	3,035

Programs for upgrading employee skills : GRI 404-2

1 Regardless of age, employees relating to production are validated in accordance with the "Employee Training and Competence" (OP-KHI-720-01) and obtain the in-house certificate of qualification. Employees are to re-validate every three years to ensure their competence meets the demand of work.

2 Regardless of age, equipment personnel are sent to training in accordance with the Occupational Safety and Health Act to obtain government licenses. Employees also receive recurrent training every three years to ensure the validity of certificates.

The above measures can ensure the professional competence for re-employment in the future.

Transition assistance programs to support employees on retirement or terminating employment

1 We arrange suitable employees for succession planning with officers or senior technicians and mechanics qualified for retirement for job training or handover to reduce the physical and mental workload of these employees and facilitate their planning for later life.

2 In compliance with the law, retirement funds are allocated and employees are encouraged to save, ensuring the livelihood of retired employees. Every year, regular retirement gatherings are held, and retired employees are invited to participate in company trips to take care of their physical and mental health.

3 In line with government initiatives, retired employees are hired on a regular contract basis, providing flexibility for both employers and employees, and establishing a retirement talent database to pass on experience and activate their human resources.

4 We also help reigning or laying off employees applying for the relevant subsidies or give them the redundancy (severance) payment for them to maintain daily living during the transition. We also refer them to the government employment or training agencies to help them return to workplace as quickly as possible.

5.5 Charity and community engagement

Community care

In addition to caring for the education of the vulnerable, education in remote townships, and environmental education through the USI Education Foundation, upholding the spirit of “giving back”,

we spare no effort in expressing 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. With the general affairs section being the contact, a team of eight employees maintain sound interaction with local communities to develop good friendship.

During the pandemic, we provided epidemic control materials to local communities, schools, and fire units from time to time. In the past three years, we have given back to local communities an amount over NT$1.7 million.

Cummunity support

Community development associations, education and culture, volunteer police and firefighters, community groups, local folk festivities, emergency relief, and air quality purification zone.

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.

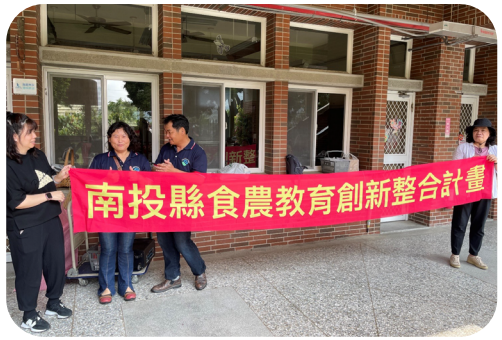
Charity ball games

USGI combines sports with charity. We organized the 2023 USI Cup Charity Basketball Competition. A total of about 150 people participated in this event. In addition to the event funds provided by USI's Kaohsiung plant, sponsorship was also provided for the competition expenses of Ren-Wu Senior High School basketball team and care for disadvantaged players, with a total of NT$92,000 allocated for related expenses, to assist in the sustainable development of Ren-Wu Senior High School basketball team.

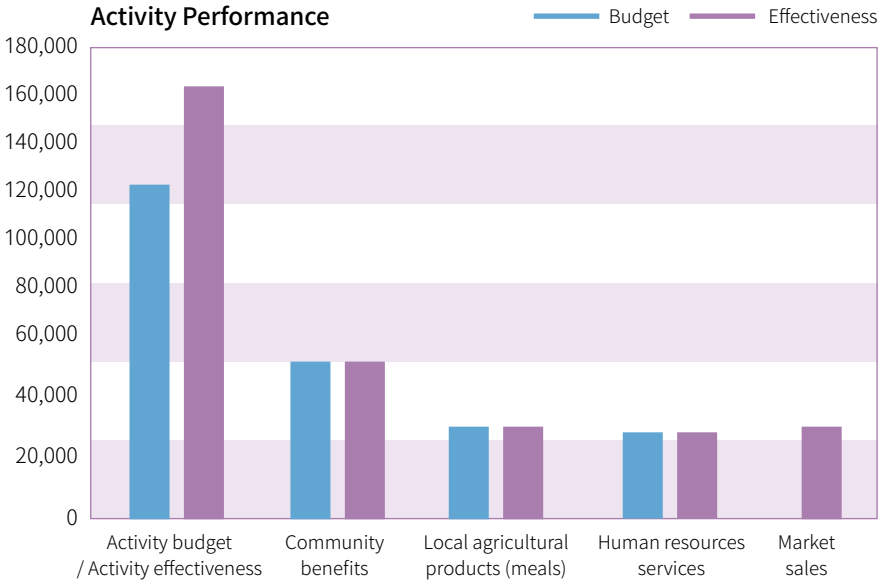
Tree Planting Activity

USIG collaborated with the The Experimental Forest, College of Bio-Resources and Agriculture, National Taiwan University. On May 20, 2023, in cooperation with the local revitalization unit in Shuili, Nantou County, they jointly organized a tree planting and afforestation project as well as a community-building promotion activity. For more details, please refer to the latest news on the USI website.

In addition to the tree planting activities, there were also activities such as agricultural education, sustainable markets, and local group performances. Furthermore, ongoing initiatives include company group purchases to assist in promoting the sale of local agricultural products, encouraging sustainable agriculture and local community development.



Local Collaborative Organizations of National Taiwan University Experimental Forest: National Taiwan University Experimental Forest Shuili Operation Area, Shuili Township Business District Revitalization Association, Mountain Village Dining Table, Ox Cart Wheel Community Development Association, Yongxing Big Tree Bakery, Shuili Township Mei Leisure Agricultural Area.



Industry-academia collaboration

In response to declining student numbers in recent years, 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 the population and education trends in Renwu and Dashe districts, 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 Renwu Senior High School have established an industry-academia collaboration model to cultivate a talent pool 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	Kaohsiung Municipal Renwu Senior High School
Target	Students with household registrations in Renwu, Dashe, Dashu, Niaosong, and Nanzi districts near Renda Industrial Park, 30 tenth graders a year.
Internship	1. In addition to the regular high school curriculum, we collaborate with universities to jointly design specialized courses, including Chemical Engineering, Electrical Engineering, Information Technology, Foreign Languages, Environmental Engineering, Biotechnology, and other professional courses. 2. Special class students utilize semester breaks or summer vacations to visit various factories in the Dashe Industrial Zone, allowing them to become familiar with the industry and employment 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$556,000 USI sharing for three graduation classes in five years based on the program MOU: NT$164,000.
Preferential hiring	1. USI will recommend one student from the top-ten graduating students studying at the relevant departments recognized by businesses at the Ren Da Industrial Park to be the trainee of an USI supplier. 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

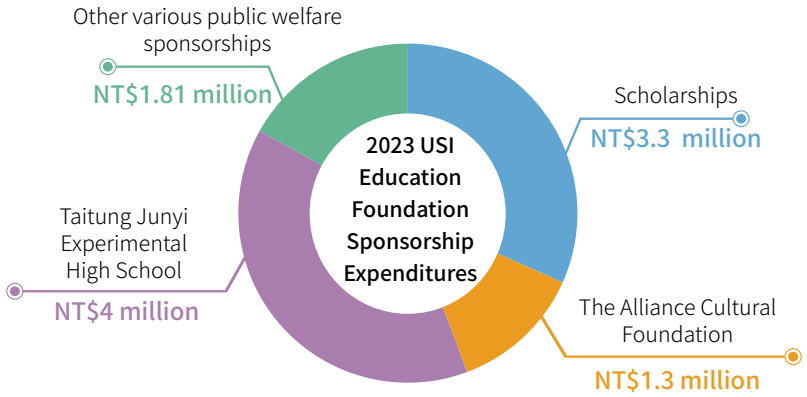
USI Education Foundation

USI Educational Foundation was funded with donations from USI and APC. The foundation officially started operations in 2012 to promote educational charitable affairs, with a focus on the care for the education of the disadvantaged, education in remote areas, and environmental protection. The foundation advances its goals by establishing scholarships and grants, donating to charities, and sponsoring educational and charitable activities.

Major sponsorships in 2023

Scholarships and grants	Donation to non-profit organizations	Sponsoring educational and philanthropic activities
· Excellence Scholarships · Artificial Intelligence Field Scholarship	· The Alliance Cultural Foundation · Taitung Junyi Experimental High School · Teach for Taiwan Foundation · BOYO Social Welfare Foundation	· Toufen Junior High School Music Program · Beach Cleanup Activity at Longfong Fishing Port · Non-Profit Events of Medical and Health Education · Epidemic Prevention equipment for medical teaching venues

In 2023, we donated NT$5 million to the USI Education Foundation to sponsor various charitable activities through the foundation for a total of NT$10.41 million. Additionally, approximately NT$5.7 million was allocated to projects related to cultural development (see details in Public Welfare Activities and Community Participation). The recipients of the donation are shown in the following figure.



Scholarships and grants

We offer scholarships to students with outstanding performance and specializing in disciplines relating to chemical engineering, materials science, chemistry, and applied chemistry of 15 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. This year marks the 12th year of establishing scholarships, with a cumulative award of NT$20 million and over 300 students being recipients.

In 2023, a total of NT$3 million was awarded, distributed among 30 students from 17 departments in 11 public and private universities. Among them, there were 9 doctoral students, 10 master's students, and 11 undergraduate students, with 23 students coming from economically disadvantaged backgrounds. To encourage the awardees, an award ceremony and recognition luncheon were held on December 8, 2023. During the event, Chairman Stanley Yen of The Alliance Cultural Foundation shared his life experiences and wisdom, inspiring the awardees to "learn to be a good person, learn to live, learn to do things" and to "be ordinary but not mediocre", emphasizing the power of enriching one's own life.

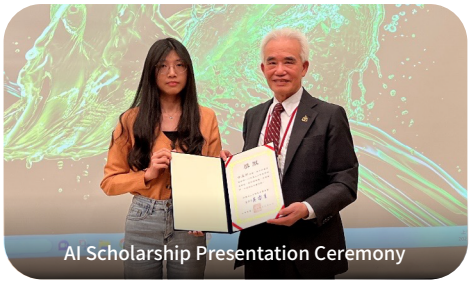

Dr. Liu, Han-Tai, Chief Technology Officer of USI, shared his career path and inspired the scholarship recipients.


Stanley Yen from The Alliance Cultural Foundation inspired the scholarship recipients.

The 2023 Scholarship Award Ceremony and Recognition Luncheon

Artificial Intelligence Field Scholarship

To encourage outstanding domestic graduate students to participate in research and development applications in the field of Artificial Intelligence (hereinafter referred to as AI), aiming to reduce the gap between academia and industry and cultivate talents in the chemical industry with expertise in the AI field. A trial program has been implemented since 2022 for a duration of five years. Each semester, a scholarship of NT$50,000 is awarded, subject to regular review, with a maximum of four consecutive semesters of sponsorship. So far, four students have received the award.


AI Scholarship Presentation Ceremony

The Alliance Cultural Foundation

To invest more resources in rural education and the sustainable development of Hualien and Taitung, the foundation sponsors the Alliance Cultural Foundation and Junyi Experimental High School on a long-term basis. After overcoming the challenges of the pandemic, the Alliance Cultural Foundation in 2023 not only gradually resumed various projects, but also actively moved towards the "Sustainable Blueprint of Hualien and Taitung" based on past achievements.

The "Sustainable Blueprint of Hualien and Taitung" is tightly connected among the Alliance Cultural Foundation, Taitung Junyi Experimental High School, and the Paul Chiang Art Center. They fully integrate talents and resources to maximize effectiveness.


Paul Chiang Art Promotion -
"Paul Chiang 2023 Solo Exhibition"


Junyi Junior High School Graduation Project - Depicting Youth


Summer Camp - 2023 Fruitful Art Camp


Junyi Exploration Course - Cycling Adventure

Taitung Junyi Experimental High School

One of the missions of the Junyi School is to become a base for experimental education in remote townships. The experimental education curriculum is designed with an overall consideration of global educational trends and the uniqueness of the local environment in Hualien and Taitung.

In 2023, there were five camps, including "Huatung Youth Choral Music Camp", "Fruit Art Creation Camp", "Huatung English Art Life Camp", "A Cappella Youth Camp", and "VAFex Vocal Art Camp". Including students, volunteers, and instructors, there were about 800 people in total.

Toufen Junior High School Music Program

By integrating with the Harvest 365 Music Program of the Harvest 365 Foundation (Harvest 365), The Alliance Cultural Foundation collaborated with Toufen Junior High School to introduce the Toufen Junior High School Music Education Program in September 2021.


Coastal clean-up activity pictures

Beach Cleanup Activity at Longfong Fishing Port

In support for 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.

CGPC, in collaboration with TTC Miaoli Plant, jointly conducted an environmental protection activity titled "Today I Protect the Earth, Starting with Beach Cleaning for Zero Pollution" on September 16, 2023, aiming to maintain cleanliness in marine environments. This year is the sixth coastal clean-up after the adoption took place. Under the leadership of CGPC Vice-Chairman and President Lin, a total of 200 employees participated in the cleanup.


Coastal clean-up activity pictures

BOYO Social Welfare Foundation

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" so as to achieve its mission “End Poverty with Education". Additionally, the foundation also provides “care guidance” to remedy learning instability for each child from vulnerable groups to receive an appropriate education environment, in order to develop their basic capacity and social competitiveness to end poverty in the future with their own ability. Since BOYO Social Welfare Foundation was established 20 years ago, each year it 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.

Teach for Taiwan(TFT)

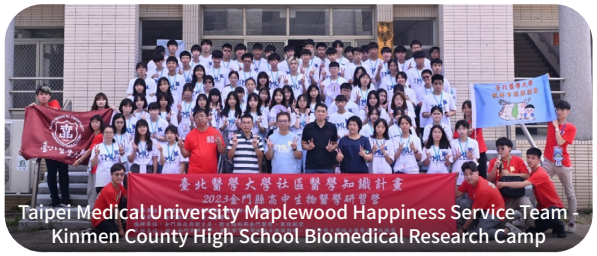
Founded in 2013, Teach for Taiwan (TFT) is a non-profit organization caring for “education inequity", hoping to create equal opportunities in education for every child. Through training competent youth with a sense of mission to teach at elementary schools in low-income rural communities for at least two years, TFT resolves the long teacher shortage and high turnover rate problems in the rural area. It has sent over 355 quality talents to the rural areas, including Taitung, Tainan, Pingtung, Yunlin, Hualien, and Nantou, to help over 6,000 children from vulnerable groups.

Non-Profit Events of Medical and Health Education

Due to the impact of the pandemic over the past two years, organizing camp activities has been extremely challenging for various university clubs. As the situation improves, club activities have started to resume. To encourage medical universities to hold camps, reaching out to remote townships with lack of medical resources, promoting medical care, health education and other charitable services, the foundation sponsored part of the activities' expenses for six medical missions to provide voluntary medical check-ups and health education services in remote townships. The participation count for the six camps has exceeded 300, serving more than 2,400 people.

School	Club	Location	Number of Participants	Number of Service
Taipei Medical University	Feng Lin Service Team	Kinmen	34	170
	Green Cross Medical Service Team	Shuilin Township, Yuanchang Township, Yunlin County	116	217
	114 Medical Service Team	Beigan Township, Nangan Township, Dongyin Township, Juguang Township	35	311
	Apricot Green Support Social Medical and Artistic Service Team	Jinfeng Township, Taitung County	41	225
	Mountain Social Medical Service Group	Ren'ai Township, Nantou County	70	1,000+
China Medical University	Medical Services Team	Fengbin Township, Hualien County	26	500+


Taipei Medical University Green Cross Medical Service Team - Clinical Team members carefully fill out patient information


Taipei Medical University Maplewood Happiness Service Team - Kinmen County High School Biomedical Research Camp


Taipei Medical University Maplewood Happiness Service Team - Kinmen County Elementary School Biomedical Experience Camp

Epidemic Prevention equipment for medical teaching venues

To enhance the prevention of epidemics and public health in medical education and learning environments, protecting doctors, nurses, medical interns, and patients from exposure to high-risk infection environments, the foundation donated "UVC Ultraviolet Central Air Conditioning Sterilizers" to Taipei Medical University. The UVC sterilizer is installed in the air conditioning ducts, eliminating bacteria from the air without irradiating the human body. Instead, it directly disinfects the air as it circulates through the air conditioning ducts, effectively killing bacteria in the air and thereby enhancing the safety of medical and educational environments.

UVC Ultraviolet Central Air Conditioning Sterilizer


Orthopedic Waiting Area of the Taipei Medical University Hospital


The UVC sterilizer is installed in the central air conditioning ducts.

Chapter 6

Appendix

6.1 GRI Content Index

USI Corporation has reported in accordance with the GRI Standards for the period from 1 January 2023 to 31 December 2023 using GRI 1 (GRI 1: Foundation 2021)

GRI 2: General Disclosures 2021					
Item			Section	Page	Remarks
The organization and its reporting practices	2-1	Organizational details	1.2 Company Profile	15	
	2-2	Entities included in the organization's sustainability reporting	0.2 About this report	4	
	2-3	Reporting period, frequency and contact point	0.2 About this report	5	
	2-4	Restatements of information	4.5 Energy Management	--	
	2-5	External assurance	0.2 About this report	4, 158	
Activities and workers	2-6	Activities, value chain and other business relationships	1.2 Company Profile / 1.4 Material topics management / 3.3 Supply Chain Management / 3.4 Sales and customer services	14-16, 27, 63, 65-71	
	2-7	Employees	1.2 Company Profile / 5.3 Talent attraction and retention	14, 122-126	
	2-8	Workers who are not employees	5.2 Occupational safety and health / 5.3 Talent attraction and retention	106, 122-126	
Governance	2-9	Governance structure and composition	2.1 Governance	29-30	
	2-10	Nomination and selection of the highest governance body	2.1 Governance	29-31, 35-36	
	2-11	Chair of the highest governance body	2.1 Governance	29-32	
	2-12	Role of the highest governance body in overseeing the management of impacts	2.1 Governance	29-30	
	2-13	Delegation of responsibility for managing impacts	Please refer to 2.3 Risk Management / 5.3 Talent attraction and retention	43-44, 128	
	2-14	Role of the highest governance body in sustainability reporting	0.2 About this report / 1.4 Material topics management / 2.1 Governance	4, 21, 35, 36	
	2-15	Conflicts of interest	2.1 Governance	31	
	2-16	Communication of critical concerns	2.1 Governance / 2.4 Ethical corporate management and legal compliance	37, 46-48	

GRI 2: General Disclosures 2021					
Item			Section	Page	Remarks
Governance	2-17	Collective knowledge of the highest governance body	2.1 Governance / 2.4 Ethical corporate management and legal compliance	33, 46	
	2-18	Evaluation of the performance of the highest governance body	2.1 Governance	32-34	
	2-19	Remuneration policies	2.1 Governance	34	
	2-20	Process of determining remuneration	2.1 Governance	34	
	2-21	Annual total compensation ratio	2.1 Governance	34	
Strategy, policies and practices	2-22	Statement on sustainable development strategy	1.1 Sustainable Development Visions and Goals	10-13	
	2-23	Policy commitments	0.1 Message from the Chairman / 2.1 Corporate Governance / 5.3 Talent Attraction and Retention	3, 29, 127	
	2-24	Embedding policy commitments	2.1 Corporate Governance / 5.3 Talent Attraction and Retention	29, 127	
	2-25	Processes to remediate negative impacts	2.2 Economic Performance / Please refer to 2.3 Risk Management / 2.5 Smart management / 3.1 Technology R&D / 3.2 Product quality / 3.3 Supply Chain Management / 4.2 Water resources management / 4.3 Air Pollution control / 4.4 Waste management / 4.5 Climate Change and Energy Management / 5.2 Occupational safety and health / 5.3 Talent Attraction and Retention	38, 45, 49 53, 60, 63 76, 81, 84, 88 105, 121, 128	
	2-26	Mechanisms for seeking advice and raising concerns	Please refer to 2.3 Risk Management.	45	
	2-27	Legal compliance	2.4 Ethical Corporate Management and Legal Compliance	46-48	
	2-28	Membership of associations	1.2 Company Profile	16	
Stakeholder engagement	2-29	Approach to stakeholder engagement	1.3 Stakeholder Engagement	18-20	
	2-30	Collective bargaining agreements	5.3 Talent Attraction and Retention	131	As we maintain sound communication with employees through the labor union and labor-management meeting, no collective bargaining agreement has been concluded.

GRI 3 Material Topics 2021						
Material Topics	Management approach and disclosures			Section	Page	Remarks
Category: Governance						
Economic performance	GRI 3 Material Topics 2021	3-1	Process of determining material topics	1.4 Material Topics	21, 22	
		3-2	List of material topics	1.4 Material Topics	23, 24	
		3-3	Management of material topics	2.2 Economic Performance	38	
	GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	2.2 Economic Performance	40	
		201-2	Financial implications and other risks and opportunities due to climate change	4.5 Climate Change and Energy Management	92-94	
		201-3	Defined benefit plan obligations and other retirement plans	5.3 Talent Attraction and Retention	130	
		201-4	Financial assistance received from government	-	-	
Smart management	Process of determining material topics	3-1	Process of determining material topics	1.4 Material Topics	21, 22	
		3-2	List of material topics	1.4 Material Topics	23, 24	
		3-3	Management of material topics	2.5 Smart management	49	
	Non-GRI Standards topic, USI specific topics USI 203					
Technology R&D	GRI 3 Material Topics 2021	3-1	Process of determining material topics	1.4 Material Topics	21, 22	
		3-2	List of material topics	1.4 Material Topics	23, 24	
		3-3	Management of material topics	3.1 Technology R&D	53-59	
	Non-GRI Standards topic, USI specific topic USI 201					
Product quality	GRI 3 Material Topics 2021	3-1	Process of determining material topics	1.4 Material Topics	21, 22	
		3-2	List of material topics	1.4 Material Topics	23, 24	
		3-3	Management of material topics	3.2 Product quality	60-62	
	Non-GRI Standards topic, USI specific topic USI 202					

GRI 3 Material Topics 2021						
Material Topics		Management approach and disclosures		Section	Page	Remarks
Category: Governance						
Supply chain management	GRI 3 Material Topics 2021	3-1	Process of determining material topics	1.4 Material Topics	21, 22	
		3-2	List of material topics	1.4 Material Topics	23, 24	
		3-3	Management of material topics	3.3 Supply Chain Management	63-67	
	GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	3.3 Supply Chain Management	65	
		308-2	Negative environmental impacts in the supply chain and actions taken	3.3 Supply Chain Management	65, 66	
	GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	3.3 Supply Chain Management	65, 66	
		414-2	Negative social impacts in the supply chain and actions taken	3.3 Supply Chain Management	65, 66	
Category: Environmental						
Water management	GRI 3 Material Topics 2021	3-1	Process of determining material topics	1.4 Material Topics	21, 22	
		3-2	List of material topics	1.4 Material Topics	23, 24	
		3-3	Management of material topics	4.2 Water resources management	76	
	GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	4.2 Water resources management	77-79	
		303-2	Management of water discharge-related impacts	4.2 Water resources management	79	
		303-3	Water withdrawal	4.2 Water resources management	77	
		303-4	Water discharge	4.2 Water resources management	77	
		303-5	Water consumption	4.2 Water resources management	77	
Air pollution control	GRI 3 Material Topics 2021	3-1	Process of determining material topics	1.4 Material Topics	21, 22	
		3-2	List of material topics	1.4 Material Topics	23, 24	
		3-3	Management of material topics	4.3 Air Pollution control	81, 82	

GRI 3 Material Topics 2021						
Material Topics		Management approach and disclosures		Section	Page	Remarks
Category: Environmental						
Air pollution control	GRI 305: Emissions 2016	305-1	Direct (Scope 1) greenhouse gas (GHG) emissions.	4.5 Climate Change and Energy Management	95-97	
		305-2	Energy indirect g(Scope 2) greenhouse gas (GHG) emissions.	4.5 Climate Change and Energy Management	95-97	
		305-3	Other indirect (Scope 3) GHG emissions	4.5 Climate Change and Energy Management	95-97	
		305-4	Greenhouse gas (GHG) emissions intensity	4.5 Climate Change and Energy Management	98	
		305-5	Reduction of GHG emissions	4.5 Climate Change and Energy Management	98	
		305-6	Emissions of ozone-depleting substances (ODS)	N/A	-	
		305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4.4 Air Pollution Control	83	
Waste management	GRI 3 Material Topics 2021	3-1	Process of determining material topics	1.4 Material Topics	21, 22	
		3-2	List of material topics	1.4 Material Topics	23, 24	
		3-3	Management of material topics	4.4 Waste management	84-86	
	GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	4.4 Waste management	86	
		306-2	Management of significant waste-related impacts	4.4 Waste management	86	
		306-3	Waste generated	4.4 Waste management	87	
		306-4	Waste diverted from disposal	4.4 Waste management	87	
		306-5	Waste directed to disposal	4.4 Waste management	87	
Climate change and energy management	GRI 3: Material Topics 2021	3-1	Process of determining material topics	1.4 Material Topics	21, 22	
		3-2	List of material topics	1.4 Material Topics	23, 24	
		3-3	Management of material topics	4.5 Climate Change and Energy Management	88-97	

GRI 3 Material Topics 2021						
Material Topics		Management approach and disclosures		Section	Page	Remarks
Category: Environmental						
Climate change and energy management	GRI 302: Energy 2016	302-1	Energy consumption within the organization	4.5 Climate Change and Energy Management	96	
		302-2	Energy consumption outside of the organization	4.5 Climate Change and Energy Management	97	
		302-3	Energy intensity	4.5 Climate Change and Energy Management	96	
		302-4	Reduction of energy consumption	4.5 Climate Change and Energy Management	98	
		302-5	Reductions in energy requirements of products and services	N/A	-	
Category: Social						
Occupational safety and health	GRI 3 Material Topics 2021	3-1	Process of determining material topics	1.4 Material Topics	21, 22	
		3-2	List of material topics	1.4 Material Topics	23, 24	
		3-3	Management of material topics	5.2 Occupational health and safety	105	
	GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	5.2 Occupational health and safety	106	
		403-2	Hazard identification, risk assessment, and incident investigation	5.2 Occupational health and safety	108, 114, 118	
		403-3	Occupational health services	5.2 Occupational health and safety	116, 118	
		403-4	Worker participation, consultation, and communication on occupational health and safety	5.2 Occupational health and safety	108	
		403-5	Worker training on occupational health and safety	5.2 Occupational health and safety	115	
		403-6	Promotion of worker health	5.2 Occupational health and safety	116, 119	
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.2 Occupational health and safety	108, 118	
		403-8	Workers covered by an occupational health and safety management system	5.2 Occupational safety and health	106	
		403-9	Work-related injuries	5.2 Occupational safety and health	108, 112	
		403-10	Work-Related Illnesses	5.2 Occupational safety and health	116, 117, 118	

GRI 3 Material Topics 2021						
Material Topics		Management approach and disclosures		Section	Page	Remarks
Category: Social						
Talent attraction and retention	GRI 3 Material Topics 2021	3-1	Process of determining material topics	1.4 Material Topics	21, 22	
		3-2	List of material topics	1.4 Material Topics	23, 24	
		3-3	Management of material topics	5.3 Talent Attraction and Retention	121	
	GRI 401: Employment 2016	401-1	New employee hires and employee turnover	5.3 Talent Attraction and Retention	124-126	
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.3 Talent Attraction and Retention	128	
		401-3	Parental leave	5.3 Talent Attraction and Retention	130	
	GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	5.4 Talent Cultivation and Development	135	
		404-2	Programs for upgrading employee skills and transition assistance programs	5.4 Talent Cultivation and Development	136	
		404-3	Percentage of employees receiving regular performance and career development reviews	5.3 Talent Attraction and Retention	124	

6.2 Chemical industry SASB index

Item	Code	Accounting Metric	Indicator description	Corresponding Section	Page
Greenhouse Gas Emissions	RT-CH-110a.1	Gross global Scope 1 emissions (21,074 tCO_2e), percentage (99.9%); covered under emissions-limiting regulations	Quantitative	4.5 Climate Change and Energy Management	98
	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 Setting a target of reducing carbon emissions by 27% by 2030 (with 2017 as the baseline year) and achieving carbon neutrality by 2050. In 2023, greenhouse gas emissions have already decreased by 17% compared to the baseline year.			
Air Quality	RT-CH-120a.1	Air emissions of the following pollutants: (1) NOx 18.18 metric tons per year (2) SOx 0 metric tons per year (3) volatile organic compounds (VOCs): 52.4 metric tons per year (4) hazardous air pollutants (HAPs)	Quantitative	4.3 Air pollution control	83
Energy management	RT-CH-130a.1	(1) Total energy consumed (GJ): 1,135,079 (2) Percentage grid electricity(%):100 (3) Percentage renewable(%): 0 (4) Total self-generated energy (GJ): 0	Quantitative	4.5 Climate Change and Energy Management	96
Water management	RT-CH-140a.1	(1) Total water withdrawn: 969.538 ML (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) 0%	Quantitative	4.2 Water resources management	77
	RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards and regulations: 0 case		2.4 Ethical Corporate Management and Legal Compliance	47
	RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks		4.2 Water resources	77
Hazardous Waste Management	RT-CH-150a.1	Amount of hazardous waste generated 78.22MT/year, percentage recycled 0%	Quantitative	4.4 Waste management	86
Community Relations	RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	Quantitative	N/A	
Workforce Health & Safety	RT-CH-320a.1	(1) Total Recordable Incident Rate (TRIR): 022 (2) Fatality rate for (a) direct employees 450 peopleand (b) contract employees 2 people	Quantitative	5.2 Occupational health and safety	112
	RT-CH-320a.2	Description of efforts to assess, monitor and reduce exposure of employees and contract employees to long-term (chronic) health risks			

Item	Code	Accounting Metric	Indicator description	Corresponding Section	Page
Product Design for Use-Phase Efficiency	RT-CH-410a.1	Revenue from products designed for use-phase resource efficiency: NT$20.63 million		3.1 Technology R&D	54
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	47
Operational Safety, Emergency Preparedness & Response	RT-CH-540a.1	Total Count of Process Safety Incidents (PSIC): 0 Process Safety Total Incident Rate (PSTIR): 0% Process Safety Incident Severity Rate (PSISR): 0%	Quantitative	5.2 Occupational health and safety	111
	RT-CH-540a.2	Number of transport incidents is 0			

6.3 Sustainability disclosure metrics — Plastics Industry

No.	Indicator description	Category	Annual Disclosure	Unit	Corresponding Section and Page
1	Total energy consumed, percentage grid electricity, percentage renewable, total self-generated energy	Quantitative	(1) 1,135,078 (2) 77.96% (3) 0% (4) 0	Gigajoules(GJ) (%) (%) Gigajoules(GJ)	4.5 Climate Change and Energy Management
2	Total water withdrawn and total water consumed	Quantitative	969.538 689.201	Thousand cubic meters	4.2 Water management
3	Amount of hazardous waste generated, percentage recycled	Quantitative	78.22 0%	MT (%)	4.4 Waste management
4	Number of employees in and rate of occupational accidents	Quantitative	1 0.22%	persons, percentage (%)	5.2 Occupational health and safety
5	Volume of major products by category	Quantitative	207,413	MT	1.2 Company Profile

6.4 Climate-related financial disclosures

<table>
<tr><th>No.</th><th>Item</th><th>Implementation Status</th></tr>
<tr><td>1</td><td>Describe the board's oversight of climate-related risks and opportunities.</td><td>The ESG Committee supervised by the Board is the highest governance body of climate change management chaired by independent directors, it reports the climate change implementation planning and performance to the Board every year. The Operations Management Meeting, chaired by the Board Chairman, is held monthly to report the planning and results of material energy conservation and carbon reduction plans.</td></tr>
<tr><td>2</td><td>Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term</td><td>In 2023, a survey was conducted targeting the ESG Committee and senior management to assess the relevance and potential impact timing of various risks on the company's operations, as well as the development and feasibility of various opportunities. Twelve significant climate issues were identified (1 physical risk item, 5 transition risk items, and 6 opportunity items).
Short-term (<3 years), medium-term (3-7 years), long-term(>7 years)
<table>
<tr><th>Type</th><th>Item</th><th>Duration</th></tr>
<tr><td>Physical risk</td><td>Drought</td><td>Short-term (<3 years)</td></tr>
<tr><td rowspan="5">Transition risk</td><td>Government Regulation or Supervision - Water Consumption Fees</td><td>Short-term (<3 years)</td></tr>
<tr><td>Carbon Fee</td><td>Short-term (<3 years)</td></tr>
<tr><td>Renewable Energy Regulations - Risk of Energy-heavy Industries Clause</td><td>Short-term (<3 years)</td></tr>
<tr><td>Transition of low-carbon technology</td><td>Short-term (<3 years)</td></tr>
<tr><td>Increased raw materials price</td><td>Short-term (<3 years)</td></tr>
</table>
<table>
<tr><th>Type</th><th>Item</th><th>Developmental</th><th>Technical Feasibility</th></tr>
<tr><td rowspan="6">Opportunity</td><td>High-efficiency production</td><td rowspan="6">Progressive and aligned with the existing policies of the company</td><td>Expanding development</td></tr>
<tr><td>Recycle–circular economy</td><td>Expanding development</td></tr>
<tr><td>Reduce water usage and consumption</td><td>Matured</td></tr>
<tr><td>Use low-carbon energy</td><td>Matured</td></tr>
<tr><td>Development of Low Carbon Goods and Services - Entry into Renewable Energy Market</td><td>Expanding development</td></tr>
<tr><td>R&D and innovation of new products and services - research and development of low-carbon and energy-saving products</td><td>Expanding development</td></tr>
</table></td></tr>
</table>

No.	Item	Implementation Status
3	Describe financial impacts of extreme weather events and transition actions	For the 12 major risk and opportunity items, evaluate the potential financial impacts and devise response strategies and management mechanisms. For details on potential financial impacts, please refer to Chapter 4.5 "Climate Change and Energy Management" in this report.
4	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Identify risks and opportunities based on the TCFD-recommended framework, communicate with all responsible units, and confirm by senior management every three years years Include them in the annual risk assessment. Personnel designated by the president reports the control measures and management performance to the Audit Committee and Board every year
5	When assessing the resilience taking into consideration different climate-related scenarios, state the input parameters, assumptions, and analytical choices for the scenarios used, and critical financial impacts.	Based on the scenario of RCP 8.5, estimate the temperature rise, rainfall, flooding, and drought situations from 2016 to 2035. List three physical risk issues, and according to the group's strategy, industry characteristics, nationally determined contributions (INDC), and TCFD indicators.
6	If transition plans are used in climate-related risk management, state the contents of such plans and the metrics and targets used to identify and manage physical risks and transition risks.	Plans include: Equipment replacement, construction of renewables facilities, optimization of production scheduling, planning building aircon, energy management systems, extreme weather events contingency plans. Please refer to 4.5 Climate change and energy management of this report for the details.
7	If internal carbon pricing is the planning tool, state the basis of the pricing system	Plan to use an internal carbon pricing assessment tool within the next 2 years.
8	If climate-related targets are set, state the activities, scopes of GHG emissions, planning period, and annual targets. If the relevant targets are achieved with the renewable energy certificates (RECs), state the sources and quantity of the carbon credit of such RECs or the quantity of RECs.	We set 2017 as the baseline year and reduction by 27% by 2050 as the carbon reduction target. Every year we disclose the data of Scopes 1, 2 and 3 GHG emissions in the ESG report and review the achievement progress periodically. No REC has been used for carbon reduction so far.
9	GHG inventory and verification	Please refer to 4.5 Climate change and energy management for the details of GHG inventory.

6.5 Third-party assurance report GRI 2-5

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
110016 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 110016, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

USI Corporation

We have undertaken a limited assurance engagement on the selected performance indicators in the Sustainability Report ("the Report") of USI Corporation ("the Company") for the year ended December 31, 2023.

Subject Matter Information and Applicable Criteria

See Appendix for the Company's selected performance indicators ("the Subject Matter Information") and applicable criteria.

Responsibilities of Management

The management of the Company is responsible for the preparation of the Subject Matter Information in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Universal Standards, Sector Standards and Topic Standards published by the Global Reporting Initiative (GRI), and the criteria specifically designed by the Company, and for such internal control as management determines is necessary to enable the preparation of the Subject Matter Information that are free from material misstatement resulted from fraud or error.

Auditors' Responsibilities

Our responsibility is to plan and conduct our limited assurance engagement in accordance with Standard on Assurance Engagement 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation of the Republic of China to issue a limited assurance report on whether the Subject Matter Information (see Appendix) is free from material misstatement. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We based on our professional judgment in the planning and conducting of our work to obtain evidence supporting the limited assurance. Because of the inherent limitations of any internal control, there is an unavoidable risk that even some material misstatements may remain undetected. The procedures we performed include, but not limited to:

- Inquiring of management and the personnel responsible for the Subject Matter Information to obtain an understanding of the policies, procedures, internal control, and information system relevant to the Subject Matter Information to identify areas where a material misstatement of the subject matter information is likely to arise.
- Selecting sample items from the Subject Matter Information and performing procedures such as inspection, re-calculation, and observation to obtain evidence supporting limited assurance.

Inherent Limitations

The Subject Matter Information involved non-financial information, which was subject to more inherent limitations than financial information. The information may involve significant judgment, assumptions and interpretations by the management, and the different stakeholders may have different interpretations of such information.

Independence and Quality Control

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Standard on Quality Management 1 "Quality Management for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information is not prepared, in all material respects, in accordance with the applicable criteria.

Other Matters

We shall not be responsible for conducting any further assurance work for any change of the Subject Matter Information or the applicable criteria after the issuance date of this report.

The engagement partner on the limited assurance report is Chuang, Pi-Yu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 8, 2024

Notice to Readers

For the convenience of readers, the independent auditors' limited assurance report and the accompanying summary of subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' limited assurance report and summary of subject matter information shall prevail.

APPENDIX

SUMMARY OF SUBJECT MATTER INFORMATION

#	Subject Matter Information	Corresponding Section	Applicable Criteria	Industry-specific Disclosures of the Sustainability Metrics Describe in the Rules Governing the Preparation and Filing of Sustainability Reports - Plastics Industry
1.	Kaohsiung Plant: In 2023, the total energy consumption was 1,135,078 GJ, percentage of purchased electricity was 77.96%, the utilization rate (renewable energy/total energy) was 0%, and total self-generated and self-use energy was 0 GJ.	6.3 Sustainability Disclosure Indicators - Plastics Industry	Total energy consumption, percentage of purchased electricity, utilization rate (renewable energy/total energy), and total self-generated and self-use energy	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 3, Appendix 1-5, No. 1
2.	Kaohsiung Plant: In 2023, total water withdrawn was 969.538 thousand M^3, and total water consumption was 689.201 thousand M^3.	6.3 Sustainability Disclosure Indicators - Plastics Industry	Total water withdrawn and total water consumption	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 3, Appendix 1-5, No. 2
3.	Kaohsiung Plant: In 2023, total general waste generated was 450.24 MT, and percentage recycled was 24.27%. Total hazardous waste generated was 78.22 MT, and percentage recycled was 0%.	4.4 Waste Management 6.3 Sustainability Disclosure Indicators - Plastics Industry	Total general and hazardous waste generated, and percentage recycled	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 3, Appendix 1-5, No. 3
4.	Kaohsiung Plant: In 2023, number of employees in occupational accidents was 1 person, and rate of occupational accidents was 0.22%.	6.3 Sustainability Disclosure Indicators - Plastics Industry	Number of employees in and rate of occupational accidents	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 3, Appendix 1-5, No. 4
5.	Kaohsiung Plant: In 2023, the total reclaimed and recycled water was 56,485 MT.	4.2 Water Management	The total reclaimed and recycled water includes wastewater reclamation, rainwater, and condensed water. Note 1: Wastewater reclamation is calculated by the actual pump reading on-site. Note 2: Rainwater is estimated by detention pond and rainwater collection area × Kaohsiung's annual rainfall in 2023 × reclaimed rate 90%. Note 3: Condensed water is estimated by MRT steam condensate recovery × working days in 2023 × reclaimed rate 90%.	Not applicable

USI Corporation

Head Office	81449 No. 330, Fengren Road, Renwu District, Kaohsiung City.
Taipei Office	11492 12F, No. 37, Jihu Road, Neihu District, Taipei City
Telephone	+886-2-8751-6888
Fax	+886-2-2659-9523
Website	www.usife.com/