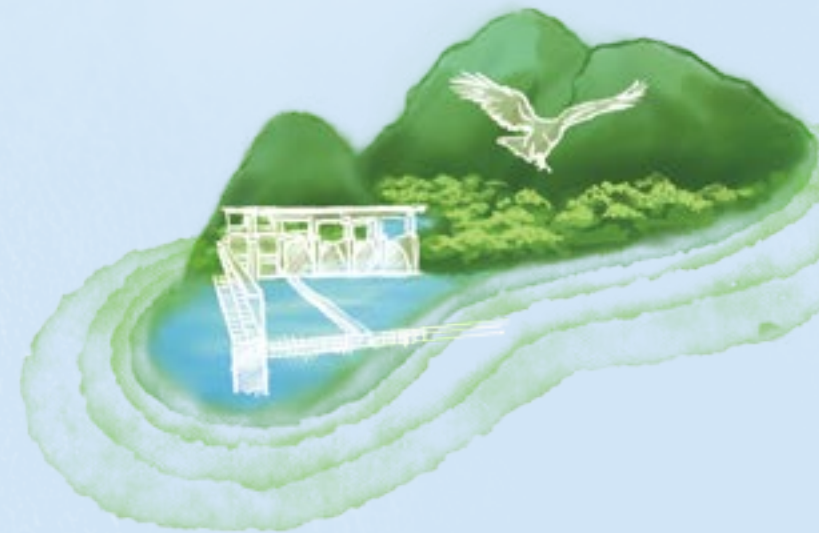


20 24 | Sustainability Report



Cover Story

Stepping into the Future, in Harmony with Green

USI strives for a sustainable future, leading the way forward with each footprint
Championing biodiversity, renewable energy, and ecological balance.
Contours of mountains meet forest green in shared vision,
Rooting corporate responsibility in every step we take together.

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About this Report

Since 2013, Universal Scientific Industrial (Shanghai) Co., Ltd. (USI, Company, We) has published annual Sustainability Reports in Traditional/Simplified Chinese and English and is accessible on the [USI Sustainability Web](#). This report is the 13th Sustainability Report published by USI and its subsidiaries (from 2010 to 2012, USI's indirect controlling shareholder Universal Scientific Industrial Co., Ltd. published 3 Sustainability Reports) released in August 2025. Stakeholders could learn about USI's sustainability practices and our environmental, social, and governance (ESG) target performances through this report.



Report Scope and Boundaries

We provide ESG data for the period from 01/01/2024 to 12/31/2024, aligned with the Annual Report reporting period. All monetary figures are presented in CNY. Environmental, health, and safety data are reported using internationally recognized units and indicators. The scope of this report ⁽¹⁾ encompasses approximately 90% of our consolidated revenue and covers the following facilities: Zhangjiang, Jinqiao, Huizhou, Kunshan, Nantou (including Nantou-TT, Nantou-NK 1, and NK 2), as well as Mexico and Vietnam. Where data falls outside this defined scope, a note is provided to indicate the specific scope applicable.

Additionally, this report separately discloses key ESG performance metrics for the Suzhou Facility of our subsidiary, Asteelflash (AFG-SUZ), in the Subsidiary Overview section.

ASE Technology Holding Co., Ltd. is the parent company of USI and is referred to as our "parent company" or "ASEH" throughout this report.



Principles for Report Compilation

This report has been prepared with reference to the GRI Standards 2021 and the SASB Electronic Manufacturing Services & Original Design Manufacturing Standards. We also refer to the SSE Listed Companies Self-Regulatory Guidelines No.14-Sustainability Report (Preliminary Version). Please refer to the [1.6 Materiality Analysis](#) section for material issues and report boundaries.



External Assurance

We annually conduct a third-party assurance for this report to ensure information transparency and accountability. Deloitte & Touche provided third-party verification in accordance with ISAE 3000 (Revised) for this report. For details, please refer to the [Third-Party Verification Statement](#).

USI manufacturing facilities have acquired and continuously updated various environmental, social, and governance management system certifications. For more information, please refer to the [Management Systems and Certifications Table](#).



Internal Review and Board Approval

We follow the USI ESG Best Practice Principles in disclosing sustainability information. The data presented in this report was provided by members of the Sustainability Committee and AFG-SUZ and reviewed by respective department managers. The Executive Secretariat compiled the report and submitted it to the Board for review and approval.



**If you have any suggestions,
please contact us at**

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- Email: csr@usiglobal.com
- Website: <https://www.usiglobal.com>

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- Tel: +886-49-235-0876

Note:

1. For details on entities included in the financial statements and an overview of major subsidiaries and joint ventures, please refer to Section 3.V(VII) "Analysis of Major Business Operations" in the [2024 Annual Report](#).



About USI

Headquarters

**Pudong New Area,
Shanghai**

Area of Manufacturing Facilities⁽¹⁾

596,815 m²

Global Total of Employees⁽²⁾
(as of 12/31/2024)

22,204

2024 Revenue (CNY)

60.7 billion

Chairman and CEO

Jeffrey Chen

President and COO

C.Y. Wei

Main Products and Services

**Wireless Communication, Computer and
Storage, Consumer, Industrial, Medical and
Automotive Electronics**

Registered Capital (CNY)

2,210,315,689

SSE Stock Number/Name

601231/USI Shanghai

Date of Stock Issue

February 20, 2012

USI is a member of ASEH (TWSE: 3711, NYSE: ASX). We provide design, miniaturization, material procurement, manufacturing, logistics, and maintenance services for electronic devices/modules for brand owners. USI leverages cutting-edge technologies and local talent across its global facilities to enhance service capabilities and better meet client needs. These efforts reflect the company's sustainable strategic vision and commitment to regional growth. In 2024, USI marked several key milestones: it opened a new facility in Tonalá, Mexico in July; constructed a new Poland facility in October; and announced a collaboration with Tech Mahindra in November to establish the first Engineering Offshore Development Center in India, aiming to leverage India's engineering talent and address the evolving needs of the global market.

Note:

1. The area of manufacturing facilities only includes facilities in the scope of this report, please refer to [Global Locations](#) for more details.
2. The global total of employees includes the total number of USI, Asteelflash (AFG) and Hirschmann Car Communication (HCC) employees.



Global Operations





Letter from the Chairman and President

The year 2024 has been marked by challenges and opportunities. In addition to the ongoing geopolitical tensions, more frequent extreme weather events such as droughts and floods across the globe occurred alongside global temperature records broken in the summer of 2024, surpassing the ones set in 2023. The United Nations COP29 held in November concluded with a global carbon trading framework agreement reinforcing the commitment to develop renewable energy and enhance energy efficiency, advancing efforts toward achieving net-zero emissions.

At the same time, rapid advancements in AI applications have driven transformative changes in the electronics market, creating new business opportunities across a range of sectors. To stay competitive, companies must demonstrate resilience and agility in adapting to this fast-evolving landscape. USI remains committed to its mission of creating value for customers through innovative technologies and manufacturing services. We actively collaborate with our customers to build long-term partnerships, increase investment, expand product offerings, and optimize both global expansion and localized operations—continuously driving high-efficiency growth. Guided by four core sustainability strategies, Low Carbon, Circular, Collaborative, and Inclusive, we are steadily expanding our positive impact on the world. In 2024, USI achieved a social contribution value of CNY 3.36 ⁽¹⁾.

Thanks to the efforts of all employees in sustainability initiatives, USI has continued to receive wide recognition in various ESG evaluations. We have been listed in the S&P Global Sustainability Yearbook for four consecutive years. In 2024, USI once again earned the highest score in the Environmental and Social categories within the Electronic Equipment, Instruments & Components industry, placing in the Top 5% globally. At the same time, USI received multiple ESG-related recognitions and honors, including a Bronze EcoVadis Sustainability Rating, a Prime rating from ISS ESG, a Negligible Risk rating from Sustainalytics, and a BBB MSCI ESG rating. Additionally, USI was recognized as a China's Industrial Carbon Peak Frontrunner and has been included in the SSE Corporate Governance Index constituents for 12 consecutive years, among numerous other ESG performance indicators and honors.

Chairman Jeffrey Chen

Promoting eco-friendly green product designs for sustainable development

The Company is committed to green product design and innovation, and is cultivating and improving the ecological design capabilities of R&D personnel, introducing the concept of clean technology, to improve energy efficiency and reduce environmental pollution. We are committed to achieving the goal of sustainable raw materials through de-contamination, decarbonization, and de-materialization. During product design, we adopt international energy consumption regulations and environmental indicators to reduce the negative environmental impacts caused throughout the product lifecycle. Revenue from clean technologies has reached approximately 59% ⁽²⁾ of USI's total revenue.

USI follows the Science Based Targets (SBT) set by ASEH, actively responding to the Paris Agreement's requirements by establishing clear long-term goals: achieving 100% renewable energy usage in manufacturing facilities by 2035 and reaching net-zero carbon emissions by 2040. Based on the Climate-related Financial Disclosures (TCFD) and Taskforce on Nature-related Financial Disclosures (TNFD) frameworks, USI published its first Climate and Nature Risk Management Report in 2024, fully disclosing its risks and opportunities related to climate change and nature. The report outlines corresponding strategies and measures, working together with business partners to achieve a Net Positive Impact for biodiversity by 2050, demonstrating a strong commitment to corporate environmental responsibility.

Developing a sustainable value chain to foster shared prosperity and mutual success

USI's partnerships with customers and suppliers are key to the Company's sustainable operations. Beyond strict requirements on products, costs, and delivery schedules, we also jointly shoulder



environmental friendliness and social responsibility. We conduct supplier risk assessments based on the RBA Code of Conduct framework and continuously monitor and improve performance according to different risk levels. Since 2022, to encourage suppliers in energy saving and carbon reduction, we launched a Supply Chain Carbon Coaching Program, dedicating resources to helping suppliers establish greenhouse gas inventories (ISO 14064-1) and product carbon footprint management systems (ISO 14067). This empowers the supply chain's carbon accounting capabilities and enhances their competitiveness.

Each year, USI hosts a Sustainable Supply Chain Webinar where we engage with suppliers through interactive online communication. The event promotes ESG concepts and implementation policies, explains the Company's requirements, experiences, and future goals for sustainable supply chain management, and invites external consultants to share international sustainability development trends, thereby strengthening the overall sustainability capabilities of the supply chain.

Building a happy workplace and amplifying corporate impact

With 30 manufacturing sites worldwide, USI engages a diverse network of employees, suppliers, and customers. As a global electronic design and manufacturing company, we support and respect the United Nations' Universal Declaration of Human Rights and Global Compact, which form the foundation of our Human Rights Policy. We are committed to fostering a diverse and inclusive workplace where every employee can thrive and contribute their expertise.



To remain competitive in the talent market, we maintain a structured performance appraisal system and ensure fair, market-aligned compensation. In 2024, USI invested CNY 7.11 million in employee training, offering a wide range of educational programs to strengthen professional capabilities, enhance team efficiency and innovation, and unlock individual potential—creating shared success for both employees and the company.

As a responsible company, USI is committed to social regeneration and sustainable development, aiming to create lasting positive impact. Since 2013, we partnered with Shanghai Roots & Shoots on the Million Tree Project, combating desertification and preserving biodiversity in Inner Mongolia and Ningxia. In 2024, we expanded our efforts by joining the reforestation project in Vietnam's Cuc Phuong National Park. By the end of 2024, USI had planted a total of 166,265 saplings, covering an area of 105.12 hectares.

That same year, USI invested CNY 9.55 million to community initiatives, 68% of which was used to support education in remote areas, youth empowerment, industry-academia collaborations, and internship programs. Through programs like the Rural Digital Education Program, Hope for Pearls Project, and Western Region Student Aid Program, we continue to uplift underprivileged students and nurture future talent, driving meaningful change across society.

Demonstrating corporate resilience and leading a sustainable future

In a world shaped by uncertainty, we expect every USI employee to embed sustainability into daily work. By building ESG resilience, driving innovation, and collaborating with supply chain partners, we stay committed to environmental responsibility and creating lasting impact, working together for a sustainable future.

Note:

1. Social contribution value per share = (earnings per share + tax payments + employee salaries + interest expenses + charitable contributions) ÷ total number of shares issued in the year
2. Clean technology revenue includes revenue generated by USI and AFG-SUZ.

President C.Y. Wei

Chen-Yen Wei





Sustainable Performance Highlights



Industry Top 5%

Included in the S&P Global Sustainability Yearbook for four consecutive years (2022-2025)



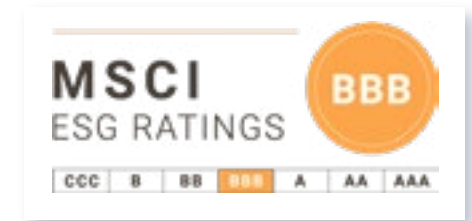
Prime Status

ISS ESG Corporate Rating



ESG Ratings BBB

MSCI ESG Ratings



Certified RBA Factory of Choice

7 Facilities received FOC One Star Award



Global Supply Chain Sustainability Assessment Recognition

EcoVadis Bronze Sustainability Rating



Carbon Peak Frontrunner

2024 China's Industrial Carbon Peak Frontrunner





ESG

- Sustainability Negligible Risk ESG risk rating
- 2024 Wind ESG China Listed Companies Best ESG Practices Award
- SynTao Green Finance 2024 ESG Rating A
- Capital Week 2024 ESG Golden Beacon Awards



Environmental

Zhangjiang Facility

- 2024 CDP Climate Change B Rating
- 2024 CDP Water Resources B Rating
- 2024 SGS ESG Awards-Sustainable Environment Award
- 2024 Shanghai Roots & Shoots 25th Anniversary Distinguished Partner Award

Huizhou Facility

- Guangdong Green Factory Certification

Vietnam Facility

- Acknowledgement for Contributions to Eco-Industrial Park Development in Vietnam



Governance

Zhangjiang Facility

- 2024 China Business Network Capital Market Value List–Most Competitive Enterprise of the Year
- 2024 Top 100 Shanghai Emerging Industries
- 2024 Top 100 Shanghai Manufacturers
- 2024 Top 100 Shanghai Enterprises
- 2023 Nissan Quality Improvement Award
- 2023 Best Practice for Shanghai Listed Companies Corporate Governance and Internal Control
- 2023 Top 10 Sales in Shanghai Integrated Circuit Packaging and Testing Industry

Huizhou Facility

- 2024 Guangdong Top 500 Manufacturers
- 2024 Greater Bay Area Strategic Emerging Industries–Leading Enterprise
- TCL CSOT 15-Year Long-Term Supplier Award

Kunshan Facility

- 2023 Kunshan Outstanding Contribution to Industrial Output

Nantou Facility

- Taiwan Intellectual Property Management Standard (TIPS)–Patent Grade A Certification

Mexico Facility

- 2018–2024 Jalisco Technology Park Program-Outstanding Collaboration Award

Vietnam Facility

- 2024 Honeywell Global Supplier Resilience Award
- 2023 Outstanding Contributions to High Export Turnover



Social

Zhangjiang Facility

- 2023 Safe Production Steady Progress Award

Kunshan Facility

- Top 10 Enterprises with Harmonious Labor Relations

Nantou Facility

- 2024 Nantou County Top Cancer Screening Workplace
- 2025-2027 Accredited Healthy Workplace-Health Promotion Badge
- 2022-2025 Accredited Nantou County Breastfeeding Room-Most Accommodating Room

Mexico Facility

- 2024 Jalisco Without Gaps Badge-Workplace Gender Equality
- 2024 Jalisco Responsible Distinction-Good Labor Practices
- ELSSA Distinction for Safe and Healthy Work Environments

Vietnam Facility

- 2024 Outstanding Enterprise for Employees
- 2024 Outstanding Contributions to Building a Strong Union and Holding Excellent Labor Activities for Employees

1

Sustainability Management

USI integrates the core values of four sustainability strategies, Low Carbon, Circular, Inclusive, and Collaborative, into corporate policy and operational management.

Sustainable development and balance between the environment, society, and governance benefit shareholders and investors and engender social value that fosters the common good for all.



We commit to



Providing a diversified, inclusive, and stimulating working environment for employees



Generating exceptional value for stakeholders



Deploying safe and adaptable solutions across our global operations



Contributing toward building a better place to live

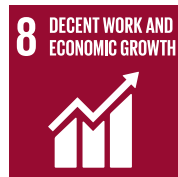


1.1 Realizing the Sustainable Development Goals (SDGs)

According to the identified material issues and annual sustainable goals, USI focused on 6 SDGs to be key indicators of sustainable development in 2024.



Talent is a crucial factor in driving enterprise growth. USI invests in education to encourage students to pursue further education and has several industrial-academic partnerships and internship opportunities to enhance youth employability and develop the next generation of technology talents and future human capital.



Facing global economic fluctuations, USI creates business growth through steady operation strategies to support production and employment opportunities. The Company provides employees with a safe working environment, protects their rights, and plans training to enhance their professional capability and achieve organizational targets.

USI incorporates waste reduction and reuse into corporate policy. To uphold policy principles of "Impact Mitigation & Continuous Improvement" and "Effective Reduction & Circular Reuse" in facilities worldwide, they have been set as annual key performance indicators to strengthen the effective control of waste.



Following our Low-Carbon strategy, USI mitigates its environmental impact and adapts low-carbon measures in response to climate change. We use the TCFD framework to manage our carbon emissions throughout our products lifecycles, from design and supply chain to manufacturing, and map our path to 2040 Net Zero Carbon Emissions.

USI effectively controls risks by identifying, assessing, and responding to them. We implement information security management by following the Information Security Policy to ensure core systems' confidentiality, integrity, availability, and compliance, achieving our cybersecurity objectives.



As a global corporate citizen, USI advocates industrial key issues to business partners through the organizations we joined, increases the influence of sustainable goals through daily operations, and strengthens global partnerships to achieve our sustainability vision.

1.2 Sustainability Committee

To strengthen USI's core competitiveness, enhance sustainable decision-making, and optimize corporate governance, the Strategy and Sustainability Committee was established under the Board of Directors, the highest authority in corporate sustainability. Chaired by Jeffrey Chen, the Board committee includes board members such as the Chairman and President and oversees strategic sustainability initiatives.

Each year, the Sustainability Committee submits the annual Sustainability Report including material issues assessment results to the Board for review, guiding discussions and implementation of corporate social responsibilities by the Board. In 2024, the Board approved the Group Tax Policy and Sustainable Raw Materials Policy, laying the foundation for long-term business strategies and sustainable sourcing.

Reporting to the Strategy and Sustainability Committee, the Sustainability Committee spans all manufacturing facilities and is chaired by USI President C.Y. Wei. Senior managers serve as Leaders and Coordinators, with departmental representatives forming five dedicated taskforces:

Corporate Governance, Green Product & Innovation, Value Chain Management, Employee & Society Well-being Engagement, and Environmental Protection & Occupational Safety.

A Chief Sustainability Officer is appointed from senior management to drive progress, while quarterly meetings track goals and performance. The 15 material issues defined in 2024, and its 2029 long-term targets are part of executive senior managers' performance scorecard, such as key talent retention and local procurement rate. GHG emissions are linked to executive senior managers' (including the CEO) compensation as part of our climate strategy to link our operational goals with sustainable goals.

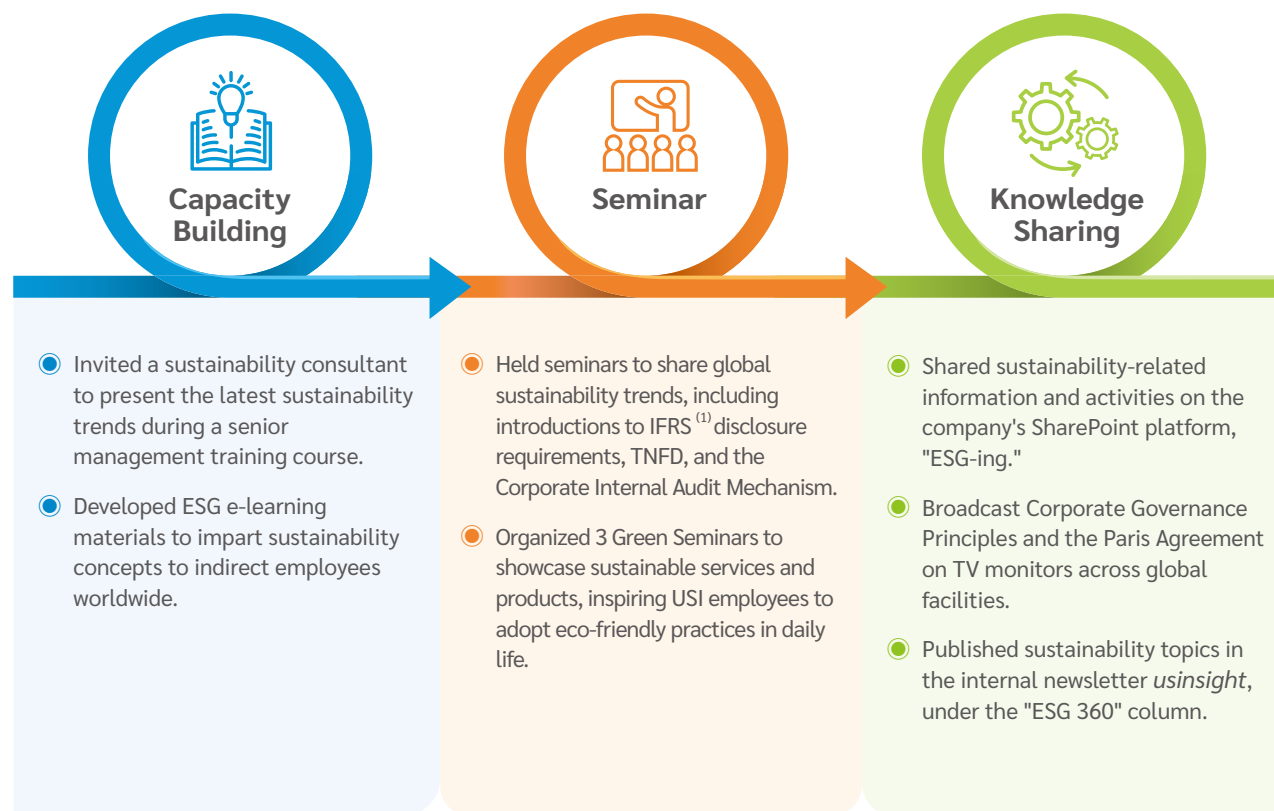
The Chairman and President attend the Sustainability Committee Annual Meeting to oversee goal setting and ESG implementation. In 2024, this meeting was held on December 19, featuring presentations of sustainability achievements and insights from invited sustainability consultants.

For detailed performance metrics and targets, please refer to the Sustainable Issue Performance and Targets section of the respective chapters.



1.2.1 Sustainable Promotion

In 2024, USI held various sustainable activities to enhance employees' sustainability capabilities.

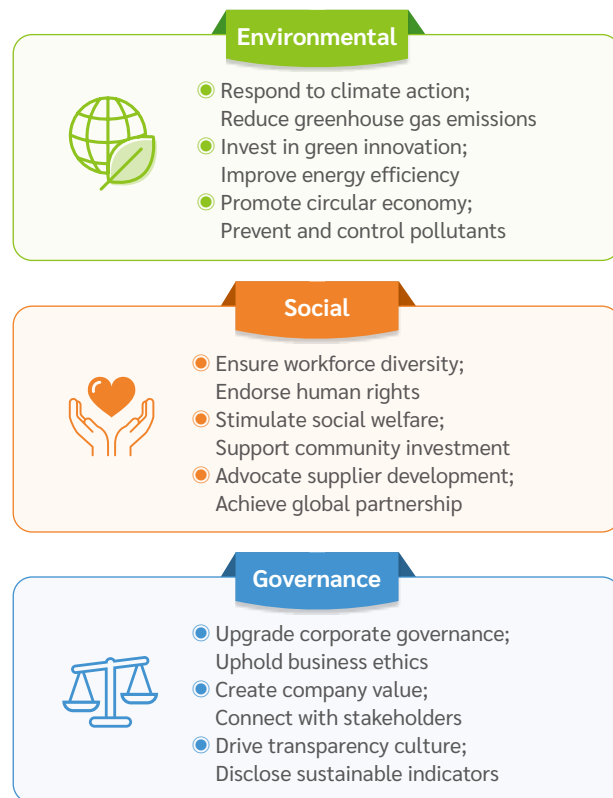


Note:

1. IFRS, International Financial Reporting Standards

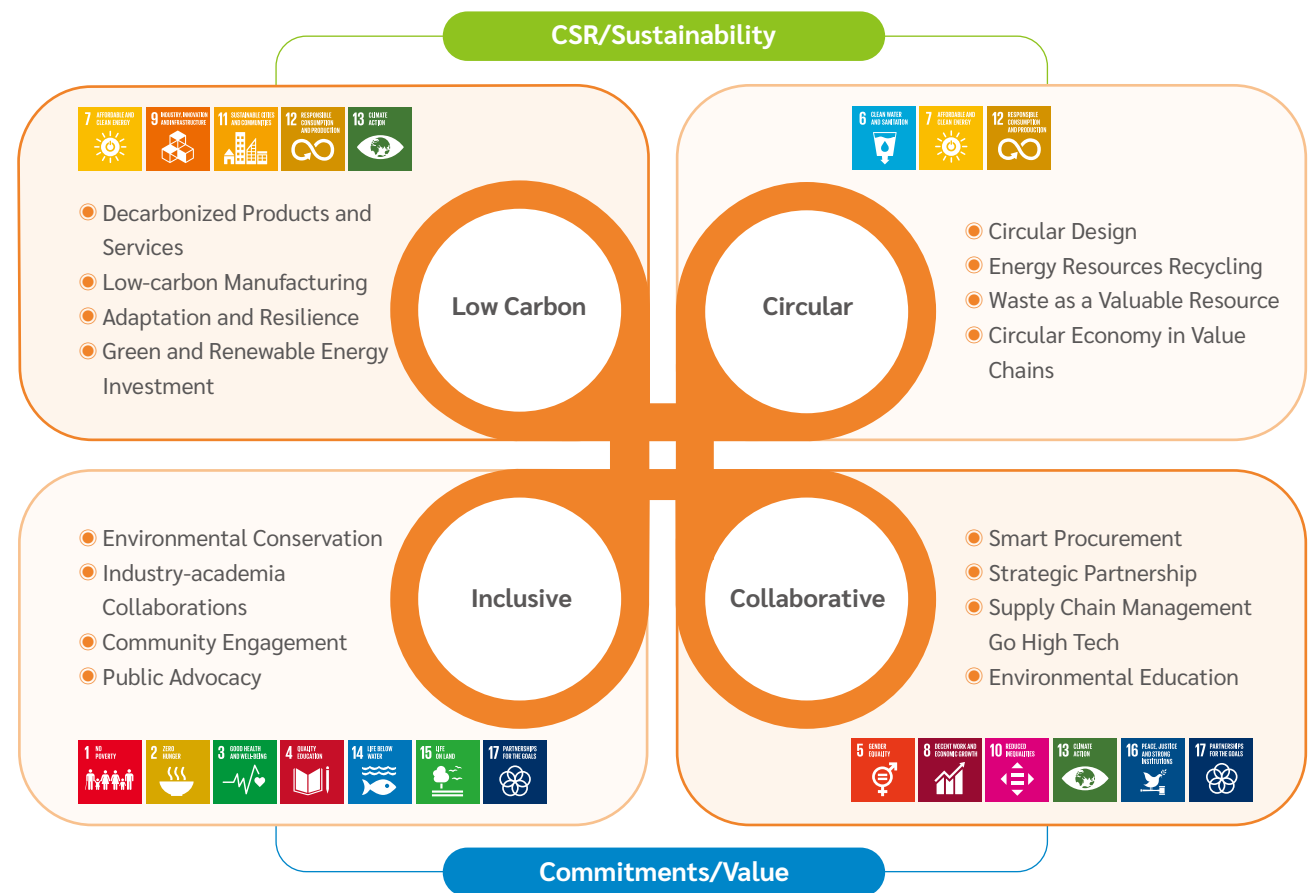
1.3 Sustainability Policy

Through the understanding of ESG dimensions in sustainability, USI considers that sustainable business development is intricately linked with the interests of employees, customers, investors, suppliers, and other stakeholders. The scope of ESG covers the issues of labor rights, workplace safety and health, environmental protection, and business ethics. To accomplish our ESG goals effectively and meet stakeholders' expectations, USI set the following policies to pursue sustainability. The complete policy can be accessed at the [USI Sustainability Web](#).



1.4 Sustainability Strategy

To reach the SDGs and pursue corporate sustainability, USI follows four sustainability strategies, Low Carbon, Circular, Collaborative, and Inclusive, to prioritize response SDGs based on the Company's core values. This enables the Company to take comprehensive actions concerning corporate sustainability. In 2024, we generated strategic approaches and long-term targets according to key sustainable issues, focused on the corresponding SDGs, tracked the target achievements, published sustainable issues and performances in the Sustainability Committee Annual Meeting. For strategic approaches and targets of key sustainable issues, please refer to the respective chapters and sections for more information.

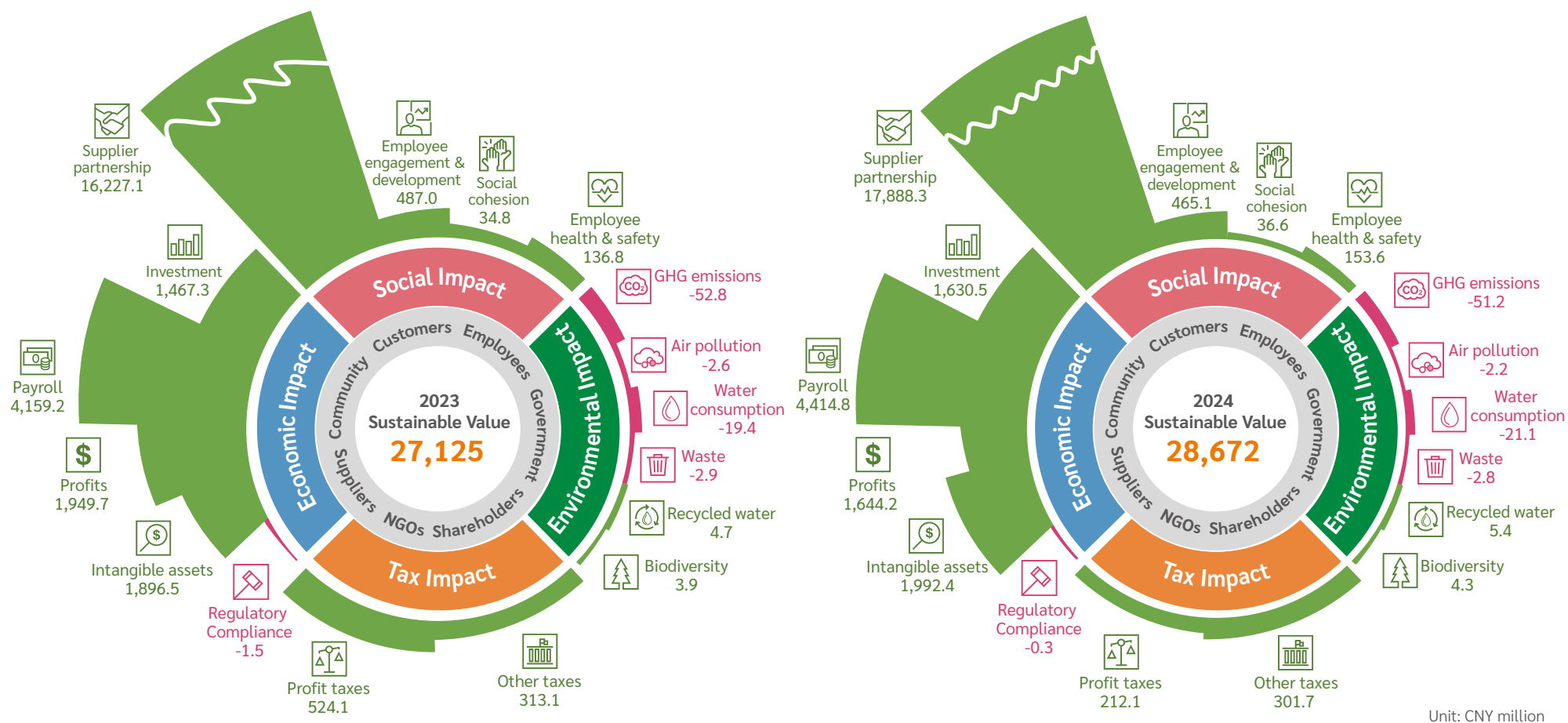


1.5 Sustainable Impact Assessment

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

1.5.1 Sustainability Value and Impacts

The scope of the 2024 TIMM assessment, along with the analyses presented in Sections 1.5.2 Environmental Profit & Loss and 1.5.3 Social Impact, includes AFG-SUZ. Based on the TIMM evaluation, USI generated CNY 28,672 million in sustainability value for stakeholders in 2024, reflecting a 6% increase in positive societal contributions compared to 2023.



Economic and Tax Dimensions



USI's economic and tax-related value declined by 1% in 2024 compared to 2023. To support global supply chain restructuring and meet customer needs for localized production, new facilities were established in Mexico and Poland. Gains were seen in payroll, investment, and intangible assets, but geopolitical tensions and supply chain shifts drove up operating costs. Looking ahead to 2025, USI will focus on optimizing supply chain and logistics, advancing intelligent manufacturing, and integrating global resources to stay competitive in a high-tariff environment.

Environmental Dimension

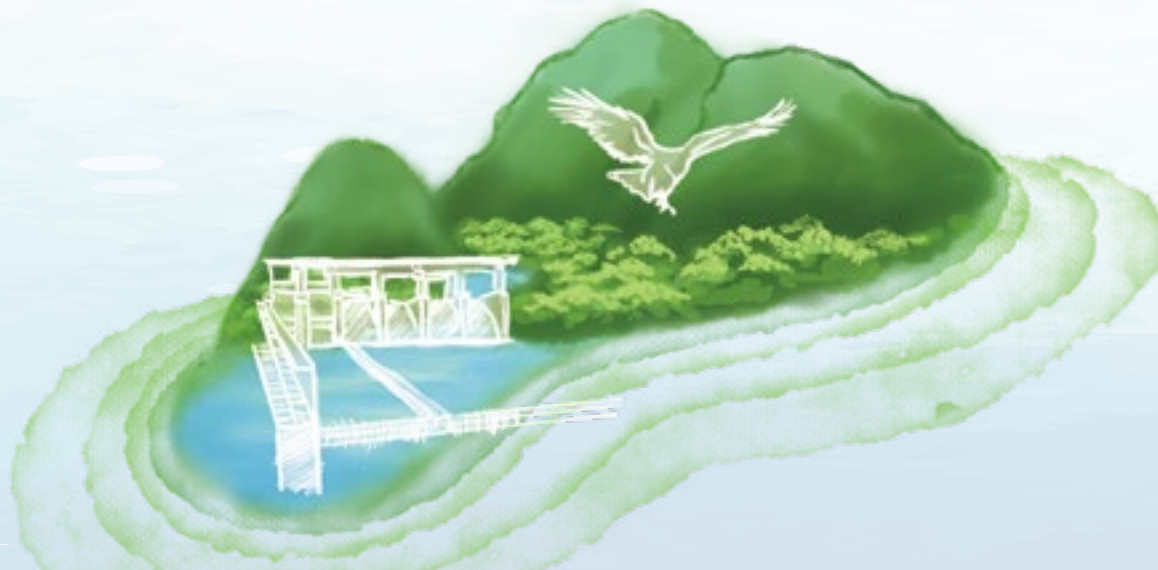


In 2024, USI reduced its environmental negative value by 2% compared to 2023, with GHG emissions and water consumption remaining the primary impact areas. To address this, USI continues to implement GHG reduction policies, including emissions inventory, product carbon footprint tracking, and the purchase of certified renewable energy. As a result, the renewable energy usage rate rose to 84% in 2024. To conserve water, we are enhancing equipment and technology to maximize recycling. The process water recycling system achieved a 23.6% recycling rate in 2024. USI remains committed to advancing green initiatives and environmental protection for a more sustainable future.

Social Dimension



USI's social positive value rose by 10% compared to 2023, driven by stronger supplier partnerships and improved employee health and safety. Supporting local suppliers helped boost employment, stimulate regional economies, and reduce transportation-related energy use. USI expanded decentralized production and onboarded new suppliers, while offering training, presentations, and technical support to strengthen their sustainability capabilities. For employees, USI provided free annual physicals and occupational exams for high-risk roles. Facilities conduct regular inspections according to local regulations and company standards, backed by clear health and safety policies, procedures, and training to ensure a safe and comfortable workplace.



1.5.2 Environmental Profit and Loss

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

The environmental impact of USI production operations in 2024, after value conversion, was CNY 67.5 million. Compared with 2023, our external environmental costs decreased CNY 1.4

million. The major reasons for GHG emissions (the impact of GHG emissions is the result of offsetting the positive benefits of carbon capture from biodiversity) Scopes 1 and 2 account for 76%; followed by water consumption accounting for 23%. Our external environmental costs slightly reduced 2% compared to 2023. In addition to the continuous efforts in energy efficiency improvement and reduction in energy costs, USI's environmentally friendly measures, such as biodiversity and recycled water, respectively generated a positive value of CNY 4.3 million and CNY 5.4 million in 2024, signifying that USI's efforts in environmental protection were able to mitigate negative impacts.

Impact Driver	2024 Activity/Output	Outcome/Impact ⁽¹⁾
GHG Emissions	<ul style="list-style-type: none"> Continue to promote GHG reduction policies to reduce energy consumption. ✦ Inventoried 169,151.22 metric tonnes of CO₂e (Scope 1 & 2) GHG emissions, a decrease of 22.9% from 2023. ✦ 100% renewable energy use in Mainland China, Mexico, and Vietnam Facilities. 	<ul style="list-style-type: none"> The impact value is CNY -51.2 million. Please refer to the Greenhouse Gas Emissions and 5.1.4 Energy Management sections for further details.
Water Resource	<ul style="list-style-type: none"> Commit to water conservation and recycling through equipment and technology improvements. ✦ Total water consumption was 1,101.74 ML, a decrease of 4.3% from 2023. ✦ Overall water recycling rate of 23.6%. 	<ul style="list-style-type: none"> The impact value is CNY -15.7 million. Please refer to the 5.2 Water Resource Management section for further details.
Air Pollution	<ul style="list-style-type: none"> Regularly monitor and manage regulated pollutants such as volatile organic compounds (VOCs), nitrogen oxides (NO_x), sulfur oxides (SO_x) and particulate matter. ✦ Measured 40.6 metric tonnes of VOCs emissions, a decrease of 21.2% from 2023. 	<ul style="list-style-type: none"> The impact value is CNY -2.2 million. Please refer to the 5.4 Air Pollution Control section for further details.
Waste	<ul style="list-style-type: none"> Strictly monitor and track waste usage and outputs through regular data recording. ✦ Overall waste recycling rate was 90.9%, an increase of 3.6% from 2023. ✦ Recycled 94.3% of non-hazardous waste, an increase of 2.8% from 2023. 	<ul style="list-style-type: none"> The impact value is CNY -2.8 million. Please refer to the 5.3 Waste Management section for further details.
Biodiversity	<ul style="list-style-type: none"> Through afforestation to increase biodiversity and soil and water conservation, achieve a balanced coexistence and maintain the integrity of natural ecosystems and forest conservation. ✦ USI has planted 166,265 trees covering 105.12 hectares. ✦ The latest ecological survey reports 45 species observed in Inner Mongolia and 19 species in Ningxia. ✦ Conserved about 144,224.64 metric tonnes of water and captured 1,069.97 metric tonnes of CO₂e that increased 46.7% compared with 2023. 	<ul style="list-style-type: none"> The impact value is CNY 4.3 million. Please refer to the 7.4 Conserving the Environment section for further details.

Note:

1. AFG-SUZ environmental outcome/impact details are in [Subsidiary Overview's Environmental Protection](#) section.

1.5.3 Social Impact

USI's business operations not only have direct financial impacts on stakeholders, but also positive and negative social impacts including supplier partnership, employee engagement & development, employee health & safety, and social cohesion. In 2024, the total value of social impact was CNY 18,543.7 million which was mainly contributed by supplier partnership. The impact value of social dimension from direct operations ⁽¹⁾ was CNY 18,530.5 million, CNY 1,668.6 million higher than in 2023.

Impact Driver		2024 Activity/Output	Outcome/Impact ⁽²⁾
Direct Operations	Supplier partnerships	<ul style="list-style-type: none"> Conducted document reviews and on-site audits of 67 material suppliers, and on-site audits of 41 on-site service contractors, audit results were 100% low-risk. Held Sustainable Supply Chain Webinar for the Greater China region at the Nantou Facility. 529 supplier partners attended this webinar, and 324 feedback surveys conveyed they were "very satisfied". Global local procurement rate reached 41% in 2024. 	<ul style="list-style-type: none"> The impact value is CNY 17,888.3 million. Please refer to the 4.3 Supply Chain Management section for further details.
	Employee engagement & development	<ul style="list-style-type: none"> USI carried out biennial employee engagement survey in 2023. The effective response rate of the questionnaire was 83%, and the overall score was 80%. 	<ul style="list-style-type: none"> The impact value is CNY 465.1 million. Please refer to the 6.2.7 Employee Engagement section for further details.
	Employee health & safety	<ul style="list-style-type: none"> There were 7 occupational injuries and 3 near-miss incidents. USI goes beyond legal requirements and provides free employee physicals every year. Also, specialized health exams are provided for employees who work in high-risk environments. 	<ul style="list-style-type: none"> The impact value is CNY 153.6 million. Please refer to the 5.6 Occupational Health and Safety section for further details.
	Social cohesion	<ul style="list-style-type: none"> 1,447 students participated 144,833 hours and built capacity in industrial-academic partnerships programs. 	<ul style="list-style-type: none"> The impact value is CNY 23.4 million. Please refer to the 7.2 Investing in Education section for further details.
Indirect Operations	Social cohesion	<ul style="list-style-type: none"> Engaged 1,005 employees to volunteer 5,028 hours of service in 2024. 	<ul style="list-style-type: none"> The impact value is CNY 13.2 million. Please refer to the 7.1 Social Activities Overview section for further details.

Note:

- The social impact value directly related to operations is calculated by excluding charitable donations and non-industrial-academic educational programs.
- AFG-SUZ social outcome/impact details are in [Subsidiary Overview's Social](#) section.

1.6 Materiality Analysis

1.6.1 Material Issues Identification

USI annually conducts a materiality analysis using the GRI Standards, AA1000 Stakeholder Engagement Standards, and the AA1000 Accountability Principles of Inclusivity, Materiality, Responsiveness, and Impact as our framework to identify material issues for ESG disclosure. The assessment is conducted based on the Double Materiality principle referenced from GRI 3: Material Topics 2021, the European Sustainability Reporting Standards (ESRS) under the EU Corporate Sustainability Reporting Directive (CSRD). To evaluate and rank the significance of sustainable issues across economic, environment, and people/human rights dimensions, we integrate the Value Balancing Alliance (VBA) methodology, Harvard Business School Impact-Weighted Accounts methodology, London Benchmarking Group (LBG) framework, and TIMM Impact Evaluation framework.

In 2024, in response to global trends and stakeholder expectations, we refined our list of sustainability issues. Green Products & Innovation Management was separated into two distinct issues: Green Products and Innovation Management. Regulatory Compliance and Business Ethics were reclassified as general outcome-oriented disclosures and excluded from the list of material issues.

By aligning our materiality assessment with external developments such as investor concerns regarding climate-related regulations and global political and economic instability, we re-evaluated our long-term internal sustainability goals. Following consultations with external experts and the Sustainability Committee, Diversity & Inclusion was elevated as a material issue while Human Rights was reclassified as non-material.

Although Data Privacy and Human Rights are not material issues, they are still part of USI's long-term sustainability management, and their performance results are also disclosed in this report. Final material issues are then prioritized and ranked according to their significance, presented to the Sustainability Committee, and incorporated into our enterprise risk management process to serve as a reference for setting our long-term sustainability goals and strategies. For more details, please refer to the [2.4 Enterprise Risk Management](#) section. Our materiality assessment process, content, and data are independently verified by a third-party assurance provider and disclosed in the [Third-Party Verification Statement](#).

Process to Determine Material Issues

Phase I. Inclusivity

The Sustainability Committee, following ASEH's guidelines, reviewed our stakeholder relationships and identified 6 most significant stakeholder groups: shareholders/investors/banks, employees, customers, suppliers/contractors, governments/industry unions/associations, and communities (including NGOs and the media).

We integrated the SDGs, GRI Standards, SASB Standards, TCFD and TNFD frameworks, Carbon Disclosure Project (CDP) disclosures, Responsible Business Alliance (RBA) Code of Conduct, S&P Global Corporate Sustainability Assessment indicators, and Morgan Stanley Capital International (MSCI) ESG Rating indicators with our industry specific characteristics and ASEH's requirements and compiled them into 9 governance issues, 7 environmental issues, and 6 social issues, 22 issues in total.

Phase II. Materiality

In 2024, we collected 1,216 Stakeholder Concern Surveys from external and internal stakeholders. Respondents include shareholders/investors/banks (12), customers (16), employees (556), suppliers/contractors (549), government/industry unions/associations (22), and communities (including NGOs and the media, 61). We analyzed the surveys and identified issues of high stakeholder concern.

Taking the EU concept of double materiality into consideration, we conducted an Operational Impact Survey to reflect Financial Materiality by measuring the impact of each sustainable issue on the Company's revenue, risks, customer satisfaction, and employee engagement. 94 senior executives and Sustainability Committee members filled out this survey as representatives of USI's operations. For Significance Materiality, apart from incorporating TIMM impact evaluation results, 56 managers and colleagues conducted an External Sustainability Impact Survey that includes 13 positive impacts and 7 negative impacts on the economy, environment, people/human rights and assesses the severity⁽¹⁾ and likelihood⁽²⁾ of actual and potential impacts. The survey results identify 10 significant impacts, including 3 positive and 1 negative economic impact, 1 positive, and 4 negative environmental impacts, and 1 negative social impact.



Note:

- Severity: an actual or potential negative impact is determined by the following characteristics:
 - Scale: how grave the impact is.
 - Scope: how widespread the impact is, for example, the number of individuals affected or the extent of environmental damage.
 - Irremediable character: how hard it is to counteract or make good the resulting harm.

- Likelihood: a potential negative impact refers to the chance/probability of the impact happening.

Phase III. Responsiveness

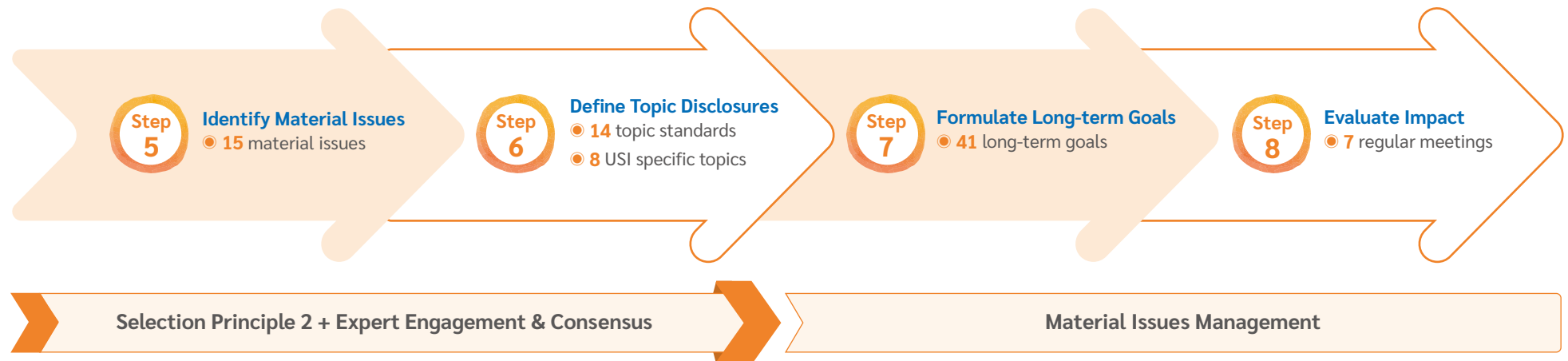
We assessed the significance of the issues by cross analyzing the Stakeholder Concern Survey, Operational Impact Survey, and External Sustainability Impact Survey, then mapped it to previous material issues and those with long-term goals and consulted external experts and the Sustainability Committee to determine 15 material issues. The materiality assessment results were then reviewed and approved by the Board of Directors. We mapped each material issue's impact boundaries in USI's value chain and aligned it with 14 GRI topic standards and 8 USI specific topics ⁽¹⁾ that respond to the material issues identified. Non-material issues are also disclosed in this report as they are essential in USI's sustainable development.

Scope and Structure of the Report: Following the principle of comparability, our 2024 Sustainability Report covers the material issues of the previous year. The structure of this report is based on collecting internal data and management approaches, following indicator reporting requirements, and fully disclosing USI's current policy and plans for fulfilling ESG sustainability development.

Phase IV. Impact

USI's five Sustainability Taskforces have disclosed management approaches, short- and long-term goals, and strategies for each material issue according to their requirements, formulating 41 long-term goals.

In addition to quarterly Executive Team meetings, the Sustainability Taskforces also meet semiannually to review the progress of each goal. At the annual Sustainability Committee meeting, we review our achievements, make rolling adjustments, track sustainability trends, and manage the impact of our sustainability goals. We publicly disclose the direction, progress, and performance of our sustainability goals in our annual Sustainability Report.



Note:

1. USI specific topics include Customer Relations, Risk & Crisis Management, Sustainable Supply Chain, Innovation Management, Sustainable Production, Information Security Management, Green Products, and Social Involvement.

Impact Evaluation - Monetization Model (TIMM)

Dimension	Impact Driver	Type of Impact	Cause of Impact	Stakeholder/ Impact Area	Output Metric	Impact Valuation	Monetization (M CNY)	Impacted Sustainable Issue
Economic	Investments	Positive	Operations	Shareholders/ investors/banks	Capital expenditure	Asset depreciation costs, repair expenses	1,630.5	Sustainable Production
	Payroll	Positive	Operations	Employees	Payroll and benefits given	Employee salary expenses, social insurance, pension funds	4,414.8	Talent Attraction & Retention
	Profits	Positive	Products/ Services	Shareholders/ investors/banks	Profit distribution	Net profit reported	1,644.2	Financial Performance; Customer Relations
	Intangible assets	Positive	Operations	Shareholders/ investors/banks	R&D investment and intellectual property acquisition	Amortization of intangible assets, R&D expenses	1,992.4	Green Products; Innovation Mgmt.
	Regulatory compliance	Negative	Operations	Shareholders/ investors/banks Governments Customers	Litigation and arbitration costs, fines	Litigation costs, legal advisor fees, fines	-0.3	Business Ethics; Customer Relations; Information Security Mgmt.; Data Privacy; Risk & Crisis Mgmt.; Talent Attraction & Retention
Environmental	Greenhouse gases	Negative	Operations	Environment	GHG emissions	Social cost of carbon	-51.2	Climate Strategy; Energy Management
	Other emissions	Negative	Operations	Environment	Pollutant emissions	Natural capital cost	-2.2	Air Pollution Control
	Water use	Negative	Operations	Environment	Water consumption	Natural capital cost	-21.1	Water Resources Management
	Waste	Negative	Operations	Environment	Hazardous and non-hazardous waste	Natural capital cost	-2.8	Waste Management
	Recycled water	Positive	Operations	Environment	Reduced water consumption	Natural capital cost	5.4	Water Resources Management
	Biodiversity	Positive	Operations	Environment	Water conservation Reduced soil erosion Carbon sequestration and air purification	Ecological benefits of vegetation restoration	4.3	Biodiversity; Climate Strategy
Social	Supplier partnerships	Positive	Supply chain Business activities	Suppliers Customers	Supplier RBA audit Supplier training Local procurement	Market price valuation: Property losses or external training fees Perceived value according to supplier survey Local procurement value	17,888.3	Sustainable Supply Chain; Customer Relations
	Employee engagement & development	Positive	Operations	Employees	Employee career development Work environment Employee care	Market price valuation: Mental wellbeing courses Company benefits and subsidies Training and development expenses Team building motivational course fees	465.1	Talent Attraction & Retention; Human Capital Development; Human Rights; Diversity & Inclusion
	Social cohesion	Positive	Operations	Society Environment	Occupational training Arts & culture sponsorship Disadvantaged groups support	Value transfer valuation ⁽¹⁾	36.6	Social Involvement
	Employee health & safety	Positive	Operations	Employees Contractors	Number of occupational injuries Employee physicals Health insurance expenses	Health and safety expenses	153.6	Occupational Health & Safety
Tax	Profit taxes	Positive	Operations	Governments	Taxes paid	Income tax	212.1	Regulatory Compliance; Business Ethics
	Other taxes	Positive	Operations	Governments	Taxes paid	Real estate taxes, other taxes, and fees	301.7	Regulatory Compliance; Business Ethics

Note:

1. Based on the value transfer model described in the Social Capital Protocol, we referenced Taiwan SROI reports certified by Social Value International on similar topics, mapped and matched impact paths with USI activities to calculate the social value.

Impact Evaluation - Prioritizing Significant Impacts/Quantitative Data Model

Identifying Actual & Potential Impacts

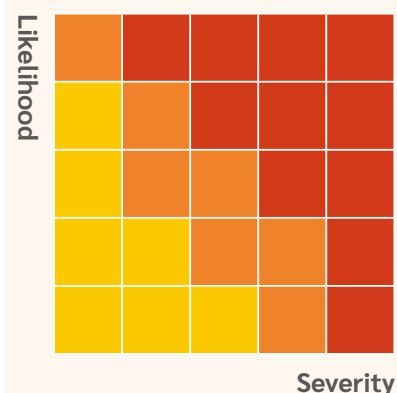
20 Impacts

Impact	Positive	Negative
Economy	4	1
Environment	2	4
People/ Human Rights	7	2

Sources:

- (1) VBA methodology
- (2) Harvard Business School
Impact-Weighted Accounts
- (3) LBG framework
- (4) USI

Defining Significance



Severity = (1) + (2) + (3)

- (1) Scale
- (2) Scope
- (3) Irremediability

Impact Significance Assessment

10 Significant Impacts

- + Innovating products that advance industrial development
 - + Supporting infrastructure and welfare through taxes
 - + Boosting financial capital through increased net profit
 - Inappropriate use or leak of information
 - + Producing products with environmental benefits
 - Resource consumption affecting humans and the ecosystem
 - Non-renewable resource consumption
 - Greenhouse emissions affecting climate change
 - Procurement demand affecting the environment
 - Occupational injuries leading to harm and resource consumption
- Economic Impact

Environmental Impact

People/Human Rights Impact




+ Positive

- Negative

Sustainable Issues Prioritized by Significance

Material Issues	Impact Degree
Sustainable Production	Primary Impact
Sustainable Supply Chain	
Waste Management	
Customer Relations	Secondary Impact
Climate Strategy	
Energy Management	
Green Products	
Talent Attraction & Retention	
Air Pollution Control	Low Impact
Risk & Crisis Management	
Water Management	
Human Capital Development	
Social Involvement	
Diversity & Inclusion	
Innovation Management	
Information Security	
Data Privacy	
Occupational Health & Safety	
Human Rights	

Double Materiality Assessment Results

Dimension	Material Issue	Operational Impact (Financial Materiality)				External Sustainability Impact (Significance Materiality)									
		Revenue	Risks	Customer Satisfaction	Employee Engagement	Innovating Industrial Development (+ Positive)	Supporting Welfare through Taxes (+ Positive)	Boosting Capital through Profits (+ Positive)	Data leaks/ misuse (- Negative)	Producing Eco-friendly Products (+ Positive)	Consumption Affecting Humans & the Ecosystem (- Negative)	Non-renewable Resource Consumption (- Negative)	Emissions Affecting Climate Change (- Negative)	Procurement Demand Affecting the Environment (- Negative)	Workplace Injuries Consume Resources (- Negative)
 Governance/ Economic	Customer Relations	✓	✓	✓		✓	✓	✓	✓						
	Risk & Crisis Mgmt.	✓	✓					✓	✓						
	Sustainable Supply Chain					✓			✓	✓		✓		✓	
	Innovation Mgmt.	✓		✓		✓									
	Sustainable Production	✓		✓		✓	✓	✓	✓	✓		✓			
	Information Security Mgmt.		✓	✓					✓						
 Environmental	Green Products					✓				✓		✓	✓		
	Climate Strategy						✓				✓		✓	✓	
	Energy Management									✓	✓	✓	✓		
	Waste Management									✓	✓	✓	✓	✓	
 Social	Occupational Health & Safety		✓		✓										✓
	Talent Attraction & Retention	✓			✓		✓	✓	✓						✓
	Human Capital Development				✓			✓							✓
	Diversity & Inclusion				✓		✓								✓
	Social Involvement						✓	✓							

1.6.2 Material Issues Risk Impact Management

Material Issues Prioritization Ranking & Impact Boundaries

Impact: Causes ● Contributes to ○ Directly Linked ⊙

Rank	Material Issue	GRI	SASB	Influence Boundaries ⁽¹⁾			
				Suppliers	USI ⁽²⁾	Customers	Society
1	Customer Relations	USI Specific Topic	-	○	●	○	
1	Sustainable Productions	USI Specific Topic	-		●	○	
3	Occupational Health & Safety	403 Occupational Health and Safety	TC-ES-320a.1 Workforce Conditions, Health & Safety	○	●		
3	Talent Attraction & Retention	201 Economic Performance 202 Market Presence 401 Employment 402 Labor/Management Relations 405 Diversity and Equal Opportunity	TC-ES-000.C Activity Metrics		●		○
5	Energy Management	302 Energy	-	○	●		
6	Risk & Crisis Management	USI Specific Topic	-	○	●	○	
6	Innovation Management	302 Energy USI Specific Topic	-	○	●	○	
8	Information Security Management	USI Specific Topic	-		●	○	
9	Diversity & Inclusion	405 Diversity and Equal Opportunity	-		●		○
10	Sustainable Supply Chain	204 Procurement Practices 308 Supplier Environmental Assessment 414 Supplier Social Assessment USI Specific Topic	TC-ES-440a.1 Materials Sourcing TC-ES-320a.2 Workforce Conditions, Health & Safety TC-ES-320a.3 Workforce Conditions, Health & Safety	○	●	○	
10	Green Products	416 Customer Health and Safety USI Specific Topic	-	○	●	○	
10	Waste Management	306 Waste	TC-ES-150a.1 Waste Management		●		○
13	Climate Strategy	201 Economic Performance 305 Emissions	-	○	●		
14	Human Capital Development	404 Training and Education	-		●		
15	Social Involvement	USI Specific Topic	-		●		⊙

Note:

1. Grievance Mechanism: stakeholders can report grievances and provide feedback through channels provided in the 2.2.1 Business Ethics section.

2. USI's seven major manufacturing boundaries cover the Zhangjiang Facility, Jinqiao Facility, Huizhou Facility, Kunshan Facility (collectively called Mainland China Facilities), Nantou Facility, Mexico Facility, Vietnam Facility and USI subsidiary AFG-SUZ.

Material Issues Risk Management

Risk Type: Strategic ❖ Operational ★ Hazards ⚠

Material Issue	Risk Factor	Risk Type	Risk Impact Evaluation	Likelihood ⁽¹⁾	Severity	Mitigation/ Management Approach
Customer Relations	Unable to provide products or services that meet customer needs	★	If we cannot satisfy customers' diversified needs and provide professional services and quality products, customers will seek solutions from other companies. Building a good customer relationship will help improve customer satisfaction and loyalty, positively impacting people and the economy.	1	3	4 Value Chain Management
Sustainable Productions	Failure to recognize industry trends and lose competitive edge	❖ ★	Advanced fabrication technologies are increasingly challenging and costly, affecting the Company's competitiveness and potentially creating a negative economic impact. We continue to invest in smart, automated manufacturing processes and encourage employees to continuously discern possible improvements, creating a globally competitive smart manufacturing facility with better results.	2	3	3 Green Products & Innovation
Occupational Health & Safety	Various natural or man-made disasters	⚠	Natural and occupational disasters potentially negatively impact the economy, environment, and people. Damaged equipment, damaged or collapsed buildings, and failure to implement operational safety regulations may endanger worker safety and cause disruptions to USI's operations. Implementing safety management and maintaining a safety culture with our contractors reduces risks, prevents workplace accidents, and increases efficiency.	3	2	5 Environmental Protection & Occupational Safety
Talent Attraction & Retention	Failure to attract or retain enough high-quality, diverse talent	★	Failure to provide salaries and benefits that meet the needs and standards of the local community will hinder USI from recruiting and retaining talented personnel. This may limit our capacity to develop new markets and affect our business. We strive to be an attractive employer by offering competitive salaries and benefits and maintaining positive labor relations to create positive economic benefits.	3	1	6 Inclusive Workplace
Energy Management	Excessive energy consumption in operations	★ ⚠	Power shortages and disruptions can cause delays in delivery and operational losses, affecting USI's reputation and customers' confidence in placing orders. To reduce the actual and potential impact on the economy and the environment, we will continue to improve energy efficiency and replace old equipment to reduce GHG emissions and operational risks.	3	4	5 Environmental Protection & Occupational Safety
Risk & Crisis Management	Failure to immediately recognize and effectively control risks	❖ ★	Ineffective risk control will cause failure to recognize and respond to risks, potentially causing multiple negative economic, environmental, and people impact. To mitigate this, we adopted the Three Lines of Defense model in our internal control to turn risks into opportunities and ensure sustainable operations.	2	2	2 Operations & Governance

Note:

1. On a scale of 1 to 5, higher scores indicate greater likelihood or severity, defined as follows:

- 1: minimal/insignificant impact on the environment, people/human rights, or corporate economy; occurrence is rare
- 2: minor impact on the environment, people/human rights, or corporate economy; occurrence is unlikely
- 3: moderate impact on the environment, people/human rights, or corporate economy; occurrence is occasional



- 4: major impact on the environment, people/human rights, or corporate economy; occurrence is likely
- 5: catastrophic impact on the environment, people/human rights, or corporate economy; occurrence is almost certain

Risk Type: Strategic ❖ Operational ★ Hazards ⚠

Material Issue	Risk Factor	Risk Type	Risk Impact Evaluation	Likelihood	Severity	Mitigation/ Management Approach
Innovation Management	Failure to adapt to industry trends and develop innovative technologies	❖ ★	Without substantial investment in new product technologies, the Company risks losing market competitiveness, resulting in negative economic impacts. To mitigate this, continuous investment in product design capabilities and patent development supports the expansion of business models through innovative technologies.	2	3	<u>3 Green Products & Innovation</u>
Information Security Management	Various forms of hacking attacks	★	A lack of information security awareness can cause confidential information leaks, leading to economic losses for USI and its customers. Implementing training and a holistic information security system can lower risks, increase customer confidence, and generate positive economic benefits.	3	5	<u>2 Operations & Governance</u>
Diversity & Inclusion	Talent attrition from underutilizing diverse skills and potential	❖ ★	An insufficiently diverse and inclusive workplace can diminish USI's competitive edge in diverse markets, potentially leading to negative economic, human rights, and people-related impacts. To address this, the Company actively fosters an inclusive culture by promoting women's participation in decision-making and providing suitable work arrangements for employees with disabilities.	2	2	<u>6 Inclusive Workplace</u>
Sustainable Supply Chain	Suppliers do not meet USI or regulation requirements	★	Supply chain procurement has potential negative economic, environmental, and human rights impacts. We promote supplier sustainability performance evaluations and audits to avoid short-chain supply competition, key component shortages, production interruption, conflict minerals, and adverse human rights impacts. We also collaborate with our supply chain partners to protect the environment, labor, and social welfare and maintain our operations and commitments to customers.	3	3	<u>4 Value Chain Management</u>
Green Products	Unable to meet green product demand	❖ ★	Green products are subject to complex international environmental regulations. Failure to meet customer demands will affect USI's market share and potentially have a negative economic impact. Therefore, we continue to design low-carbon products, improve energy efficiency, and strengthen product ecological design capabilities to expand and create green business opportunities.	3	4	<u>3 Green Products & Innovation</u>
Waste Management	Pollution due to improper waste disposal	⚠	Improper operational waste disposal might result in environmental pollution, which could affect our reputation. To reduce our actual and potential environmental impact, we partner with qualified waste treatment facilities and effectively reuse and recycle resources to reduce waste generation.	3	2	<u>5 Environmental Protection & Occupational Safety</u>
Climate Strategy	Operational impact due to climate disasters; local and international GHG emissions reduction regulations	❖ ★ ⚠	In response to stakeholder requests, USI is increasing the use of renewable energy to reduce environmental impact, which will also result in increased costs, and failure to meet this demand may affect our orders.	3	4	<u>5 Environmental Protection & Occupational Safety</u>
Human Capital Development	Employee capabilities failing to progress with the times	★	If employees' capabilities cannot progress with development demands, it will affect USI's future growth and competitive edge and has a potential human and economic impact. With suitable training, knowledge sharing, and learning mechanisms, we can develop employees' abilities to help achieve business objectives.	1	1	<u>6 Inclusive Workplace</u>
Social Involvement	Failure to respond adequately to community requests	⚠	Failure to respond adequately to neighboring community requests can affect USI's reputation and potentially impact the people and the environment. Through Investing in Education, Contributing to Society, Conserving the Environment, and Promoting Arts & Culture, we respond to community needs and strive to maximize our positive impact on society while minimizing our environmental impact.	1	1	<u>7 Social Involvement</u>

1.7 Stakeholder Engagement

To respond to issues that are high stakeholder concern, we communicate with our stakeholders through various platforms on our sustainable development strategies and progress to maintain and strengthen our relationships. Issues identified as non-material will also be disclosed in their respective chapters to maintain report continuity.

Communication Channel (Frequency)	2024 Performance
 Shareholders/Investors/Banks <ul style="list-style-type: none"> Investor briefings (quarterly) Board meetings (quarterly/non-periodic) Annual general meeting (yearly/non-periodic) Quarterly/semiannual/annual report (periodic) Investor Relations on USI website (all the time) SSE e-interaction (all the time) Receptions, visits, and roadshows ⁽¹⁾ (non-periodic) Other interim announcements (non-periodic) 	Focus Issues: Innovation Management, Risk and Crisis Management, Sustainable Production, Occupational Health and Safety, Sustainable Supply Chain, Green Products, Water Resource Management <ul style="list-style-type: none"> Quarterly investor online conferences are held to explain the USI's overall business operation status and strategies. Held 8 board meetings. Held 2 shareholders' meetings to explain our operating performance, investment plans, and respond to investors' concerns. Publish the Company's financial information on the SSE website regularly (quarterly/semi-annual/annual reports), which also analyzes USI's business performance. Participate in brokers' strategy meetings and receive investors during their visits non-periodic. The Company has signed a two-year syndicated loan with Standard Chartered Bank with an aggregate amount of over USD 320 million to promote sustainable development and achieve the goal of energy conservation and carbon reduction. USI formed strategic partnership with E-Tronic to integrate wireless, advanced SiP, and miniaturization into automotive technologies. We established the Miniaturization Competence Center and launched the SiP Dual-Engine Technology Platform for end-to-end module solutions. USI also partnered with Tech Mahindra to open our first Engineering Offshore Development Center in India-scaling capabilities, accelerating time-to-market, and driving innovation.
 Customers <ul style="list-style-type: none"> Customer satisfaction questionnaire (quarterly) RBA-Online (all the time) After-sales service system (e-RMA) (all the time) Mailbox (all the time) 	Focus Issues: Occupational Health and Safety, Data Privacy, Waste Management, Human Rights, Customer Relations, Talent Attraction and Retention, Diversity and Inclusion, Innovation Management, Green Products, Sustainable Supply Chain <ul style="list-style-type: none"> Conduct quarterly satisfaction surveys through sales associates, and the customers satisfaction score is 87.1. Report Self-Assessment Questionnaire (SAQ) assessment results through the RBA-Online platform. Constant monitoring of RMA ⁽²⁾ status through the system (e-RMA). No product recalls, and 100% customer complaints resolution rate. Respond to customers' green product marketing needs with 100% compliance with international safety standards/environmental regulations or energy-saving requirements. USI continuously implements NIST CSF ⁽³⁾ maturity assessments and strengthen cybersecurity management capabilities to enhance customer confidence. Conduct annual Cybersecurity Fundamentals training to boost employee cybersecurity awareness. Cybersecurity training completion rate was 100% in 2024.

Note:

1. Roadshows: Roadshows refer to securities issuers' promotion activities targeting institutional investors before the issuance of securities, and is an important promotion and publicity tool to facilitate the successful issuance of shares with full communication between investors and financiers.

2. RMA, Return Merchandise Authorization

3. NIST CFS, US National Institute of Standards and Technology Cybersecurity Framework

Communication Channel (Frequency)

2024 Performance



Employees

- Employee Welfare Committee/industrial relations meetings (quarterly)
- President Symposium (quarterly)
- Internal publications (quarterly)
- Staff congress (yearly)
- Employee engagement survey (every other year)
- Official social media accounts (all the time)
- Employee Relationship Website (all the time)
- Announcement (all the time)
- Training programs (non-periodic)

Focus Issues: Occupational Health and Safety, Data Privacy, Human Rights, Customer Relations, Talent Attraction and Retention

- Held a workers' conference each quarter to discuss and plan recent activities related to employees and propose employees' opinions. "Employee Relationship Website" is set up in USI's intranet. In addition to providing information regarding employees' welfare and activities, employees can share their opinions in the "suggestions box for employees" on the website. And a total of 139 employee opinions were given back.
- Held quarterly President/General Manager's Symposiums to announce USI's future plans and expectations to feedback employees' opinions. Each unit listened to employees' voices through internal communication and relevant meetings. Held 139 symposiums in total.
- Shared senior management insights and experiences, latest industry trends, health knowledge, and employee activities through the Company's *usinsight* and WeChat posts. Held 141 employee activities and 190 employee health education trainings.
- Conducted annual employee salary adjustment. For outstanding employees, the Company provides a stock subscription plan to reward employees; in 2024, USI raised salaries by 1.6% to 9.9% in Mainland China, 3.6% to 4.0% in Nantou, 5.0% to 15.0% in Mexico and 4.0% to 8.0% in Vietnam to maintain its competitiveness in the talent market.
- Provided employees with various educational training programs to build their professional skills. Employees received 26.4 hours of training on average in 2024.



Suppliers/Contractors

- Quarterly business review (quarterly)
- Supplier evaluation (yearly)
- Questionnaire investigation for suppliers (yearly)
- Supplier sustainability conferences (yearly)
- Purchase contracts/Conducts (in contract period)
- Training of suppliers (non-periodic)
- On-site audit for suppliers (non-periodic)
- Business meetings (non-periodic)

Focus Issues: Sustainable Supply Chain, Risk and Crisis Management, Customer Relations, Occupational Health and Safety, Innovation Management

- Held 25 Executive Business Reviews with material suppliers, mentored 82 suppliers to implement corrective actions, and held 13 new product and technology presentations.
- Evaluated 37 new suppliers, 100% were approved and became USI's Approved Vendors.
- Conducted a supplier survey to gauge supplier status and views. 469 suppliers responded to the survey.
- We held a Sustainable Supply Chain Webinar for the Greater China Region to promote our ESG policies requirements for suppliers and shared future goals. A total of 529 supplier partners attended the webinar.
- In addition to compliance with purchase contract, suppliers also must sign the Supplier Code of Business Integrity and Supplier's Commitment to Corporate Social Responsibilities. Through the Green Parts Aggregations & Reporting System platform to advocate for green supply chains and manage the sourcing of raw materials. Ensure products and materials comply with USI green products regulations.
- Total 1,202 contractors attended our occupational health & safety training.
- 108 suppliers were selected for document and on-site RBA audits.
- Mentored 2 suppliers to introduce and obtain certification for GHG or product carbon footprint management systems (ISO 14064-1 or ISO 14067).

Communication Channel (Frequency)

2024 Performance

Governments & Industry Unions/
Associations

- Official document (non-periodic)
- Briefings/public hearings/seminars/forum (non-periodic)
- Industry conferences/member meeting (non-periodic)

Focus Issues: Occupational Health and Safety, Energy Management, Data Privacy, Waste Management, Green Products, Information Security Management, Sustainable Production

- USI complies with local regulatory requirements and no major violations occurred. And the Company published operating results and development direction periodically.
- USI continues to invest in R&D talent to drive energy-saving innovations and carbon reduction initiatives. Through the purchase of green energy certificates, we offset greenhouse gas emissions, contributing to a global renewable energy usage rate of 83% across our operations.
- Implementing continuous environmental protection via effective reduction, reuse, and recycling has reduced our total waste volume. Our non-hazardous waste recycling rate has reached 94%.
- Actively participate in briefings/public hearings/seminars held by competent authorities and participate in conferences or forums held by Industry Unions or Associations. We participated in 48 external organizations.
- Through the collaboration between internal lecturers from USI University (USIU) and partner manufacturers' associations, public associations, and universities, we share our own experience, knowledge, or the latest industry trends to relevant people and students. Shared 25 courses in total.



Communities (NGOs and the Media)

- USI Website/Email/Direct line/Press release (all the time)
- Community activities (non-periodic)

Focus Issues: Air Pollution Prevention, Water Resource Management, Waste Management, Green Products, Energy Management

- Draw up environmental protection, occupational safety & health (ESH) Standard Operation Procedure to reduce negative impacts on the local environment. Establish communication channels and keep friendly relationships with community residents.
- We make every effort to reduce emissions. Furthermore, the Company has not been sanctioned for any significant air pollution.
- We are committed to increasing the process-water recycling rate to reduce the facility's water consumption and mitigate water resource risks. The current recycling rate has reached 65%.
- Actively participate in social activities and establish a good relationship with the local communities we operate in. Held 102 philanthropic social activities.



2 Operations and Governance

USI's vision is to be the most reliable global partner leveraging our capabilities and technologies to serve all stakeholders and the planet better. Through the collective contribution of employer and employees, we established effective governance mechanisms with respective responsibilities and accountabilities. We strive to generate exceptional rewards for stakeholders and build a better place to live.



100%

Board Meeting Attendance



135 Hrs.

Continuous Education for
Board Members



0

Major Cybersecurity
Incidents



Included in **SSE Corporate
Governance Index**
for **12** Consecutive Years



2024 **Best Practice for
Board of Directors
of Listed Companies**



Published
Group Tax Policy

Key Stakeholders:

Shareholders/Investors/Banks, Governments

SDGs



Sustainable Issue Performance and Targets



Material Issue



Achieved



Not Achieved

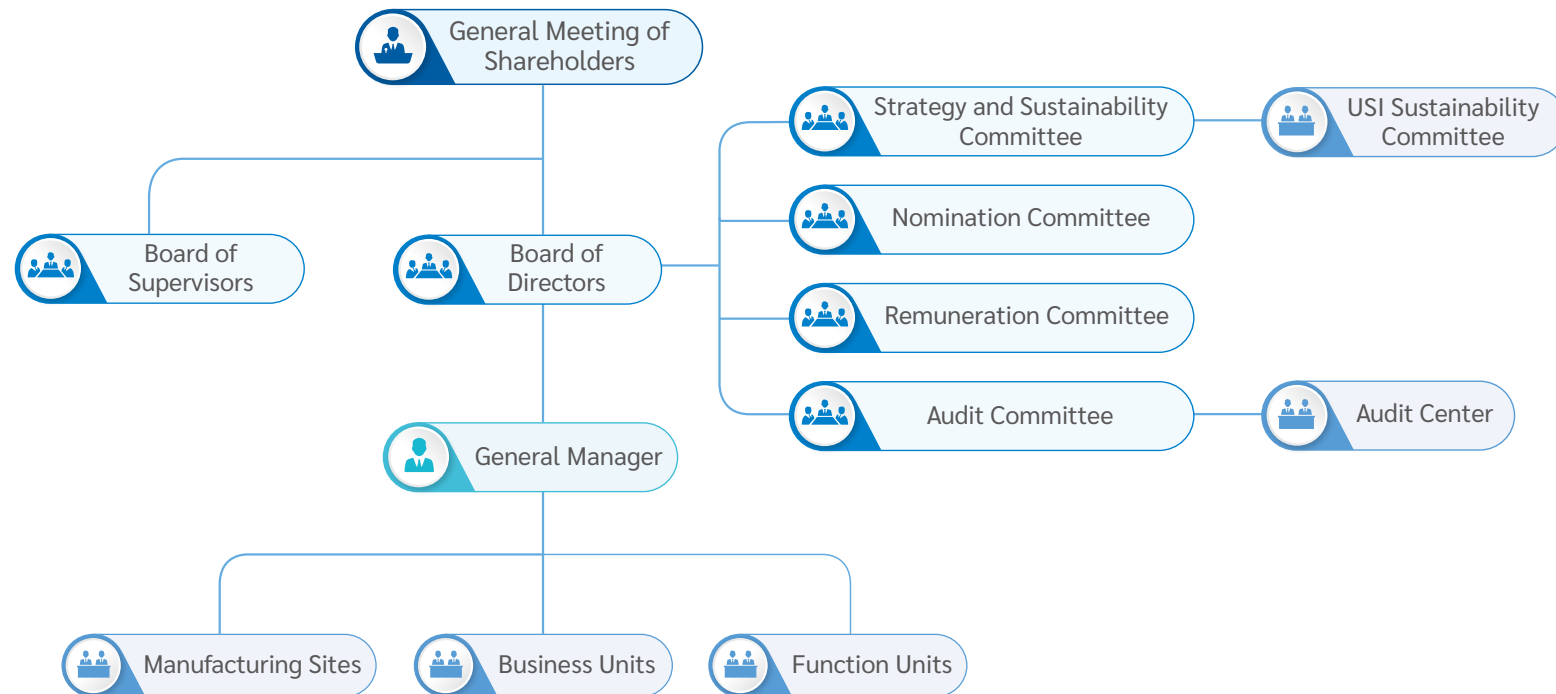
Management Purpose	KPI	2024 Target	2024 Performance	Status	2025 Target	2029 Target
Enterprise Risk Management/ Business Continuity Management Approach: Identify risk events and factors, evaluate and adopt proper countermeasures, control or reduce risks to ensure sustainable management and achieve business operational goals. Evaluation Mechanism: Ensure compliance through Risk Management Committee's annual review of USI internal control and audit system and conduct annual risk drills by business continuity management mechanism.						
Achieve sustainable business continuity through risk management	Follow ISO 31000 management principles and guidelines	Implement risk management mechanism in AFG-SUZ Facility	Implemented risk management mechanism in AFG-SUZ Facility	✓	Obtain ISO 31000 statement of conformity	Introduce a risk management mechanism to North America Facilities
	Follow ISO 22301 management principles and guidelines	Implement business continuity mechanism in Vietnam Facility	Implemented business continuity mechanism in Vietnam Facility	✓	Finish 100% of business continuity testing in Mainland China, Nantou, and Vietnam Facilities	Implement business continuity mechanism in North America Facilities
Information Security Management Management Approach: Strengthen employee awareness of the Company's and customer's information asset protection responsibilities, construct a safe and convenient information network environment to protect employees from internal and external cybersecurity threats. Evaluation Mechanism: Grade cybersecurity incidents according to tolerable downtime of critical systems through the Information Security Steering Committee and adopt countermeasures to avoid damage expansion.						
Establish a holistic cybersecurity system and ensure its effectiveness	Major cybersecurity incidents	No major cybersecurity incidents	0 major cybersecurity incidents	✓	No major cybersecurity incidents	No major cybersecurity incidents
Regulatory Compliance/Data Privacy						
Ensure compliance with applicable laws and regulations and avoid violations	USI Regulation Compliance training completion rate	90% training completion rate	98% training completion rate	✓	95% training completion rate	99% training completion rate
Business Ethics						
Prevent corruption and bribery	USI Code of Conduct or Sunshine Conduct Policy training completion rate	100% training completion rate	100% training completion rate of USI Code of Conduct	✓	100% training completion rate	100% training completion rate

2.1 Board Governance

2.1.1 Board Structure

USI's Board of Directors has four special committees that report directly to it: the Strategy and Sustainability Committee, the Nomination Committee, the Remuneration Committee, and the Audit Committee. Directors are assigned to different committees based on their expertise to enhance the Company's core competitiveness. Each committee operates under specific rules of procedure, and proposals from these committees must be reviewed and approved by the Board. All members of the special committees must be directors. Independent directors shall

comprise the majority of members on the Audit, Nomination, and Remuneration Committees and be the conveners of those committees. The convener of the Audit Committee must be a professional accountant, and the Strategy and Sustainability Committee should include at least one independent director. The Company must hold at least two Board meetings annually with an 80% attendance requirement. In 2024, 8 board meetings were held, achieving a 100% attendance rate.

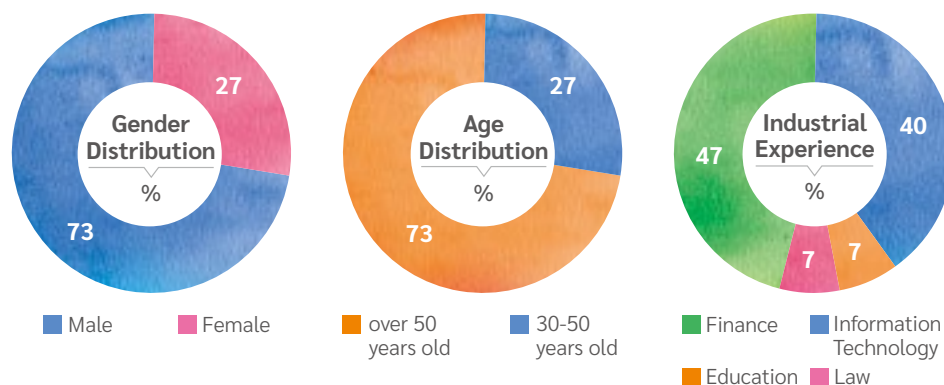


2.1.2 Board Nomination and Responsibilities

USI adheres to its [Board Diversity Policy](#), selecting director candidates based on a broad range of criteria, including gender, age, nationality, culture, ethnicity, and industry background. Nominations follow the procedures outlined in USI's Articles of Association and are approved by the Shareholders' Meeting. Each director serves a three-year term. The Board of Directors comprises 9 to 11 members, with independent directors making up no less than one-third of the total. Candidates for independent director roles must demonstrate a strong commitment to independence. Jeffrey Chen currently serves as Chairman of the Board, overseeing the implementation of Board resolutions and acting as the Company's legal representative. The Board exercises its authority in accordance with applicable laws, regulations, and the Company's Articles. Major decisions require thorough discussion and formal voting by the Board. Matters beyond the Board's authority must be submitted to the Shareholders' Meeting for approval. In 2024, USI held two Shareholders' Meetings, during which resolutions on directors, supervisors, and financial proposals were passed in compliance with legal requirements. For a [full list of Board members](#), please visit the USI website.

Per the Company's Articles, any corporation with a conflict of interest in a resolution may not vote or represent other directors in that vote. USI also maintains a Board of Supervisors, composed of shareholder and employee representatives, tasked with monitoring directors and senior management, and auditing the Board's reports. External auditors issue an annual internal audit report. For details on related party relationships and transactions, refer to Section 10 of the [2024 Annual Report](#).

Board Diversity



2.1.3 Board Performance and Remuneration

USI has established a structured evaluation and incentive mechanism. Directors conduct self-assessments and submit working reports to the Shareholders' Meeting, while the Board of Directors oversees the process. The Remuneration Committee drafts compensation proposals based on the achievement of annual profit and operational targets, as well as performance on material sustainability issues, such as energy intensity and GHG emissions, aligned with role-specific responsibilities. Compensation proposals also consider industry benchmarks, company status, and align executive pay with company assets, profitability, and strategic goals.

To improve corporate governance and ensure the reliability of the company's financial results, USI rules clawback provision in Rules of Procedures of Remuneration Committee of the Board of Directors. USI has the right to cancel or reclaim the variable remuneration previously paid to the Company's President and Chief Financial Officer to the extent permitted by applicable laws. For further details of remuneration of Directors, Supervisors and Senior Officers, please refer to Section 4 of the [2024 Annual Report](#).

2.1.4 Continuous Education for Board Members

To expand board members' competencies, USI arranges training courses that cover corporate governance and sustainability for board members in hopes that they will incorporate the spirit of sustainability in steering USI corporate policy. In 2024, board members completed 135 hours of training.

Course Name	Hours
First Follow-up Training Session of 2024 for Independent Directors of Listed Companies (including Legal Liability, Information Disclosure Regulations)	9
Second Follow-up Training Session of 2024 for Independent Directors of Listed Companies	9
Forth Follow-up Training Session of 2024 for Independent Directors of Listed Companies	9
Second Training Session of 2024 for Directors and Supervisors Training of Listed Companies in Shanghai Jurisdiction (including Violation of Laws and Regulations, Financial Fraud Cases)	32
Online Job Training Program for Independent Directors (including Securities Laws and Regulations, Related Business Rules)	68
About 2024 Regular Independent Director System Reform Program	2
Interpretation of the Independent Director System Reform of Listed Companies	2
Training Program of Key Points and Suggestions for Anti-fraud Performances of the Independent Director of Listed Companies (including Securities Laws and Regulations, Improving Anti-Fraud Performance Capabilities)	4

2.2 Business Ethics and Compliance

2.2.1 Business Ethics

USI maintains a zero-tolerance policy toward fraud. To prevent fraudulent behavior or illicit profit exchanges with affiliated entities, employees are expected to uphold the highest standards of integrity. Company regulations strictly prohibit the use of authority for personal gain. USI has established a [Code of Business Conduct and Ethics](#) to serve as the standard for ethical business practices across all employees, business partners, and stakeholders.

Promotion and Training

To ensure that employees understand and comply with the USI Employee Code of Conduct, Fraud Risk Management Procedure, Sunshine Conduct Policies, and the reporting process. Except the newcomers are given related training courses, all employees need to finish the required reading and pass the quiz every year. All records are listed as tracking lists to ensure the course on the Employee Code of Conduct has been finished by each employee. For the number of employees who accepted the Business Ethics Anti-Corruption training course, please refer to the [Sustainability Data - Governance: A. Business Ethics Anti-Corruption Trainings in 2024](#).

Furthermore, the Sunshine Conduct Policies and reporting process have been conducted to employees quarterly to remind them of relevant corporate regulations and strict observance of rules. And Sunshine Conduct is also announced to suppliers every year. Once the violations of the Sunshine Conduct Policies have been verified to be true, the punished personnel must return unjustified enrichment to compensate for the company's losses, and their bonus, performance appraisal and promotion will be restricted according to the degree of negligence. In addition, USI has established relevant regulations for the stock option incentive plan to prevent insider trading: before the company's performance or financial report is announced, the incentive targets will be notified of the closed period during which they are prohibited from exercising their options.

Risk Assessment

After identified and assessed by risk management process in the facilities of this reporting scope in 2024, Fraud was identified as a high risk but controllable item, so there were no important corruption cases required for corrective actions.

Grievance Mechanism and Whistleblowing Protection

Stakeholders can [Contact USI](#) to give feedback or appeal through various channels, such as meetings, e-mail, or phone. The Company provides a [mailbox](#) for all internal and external stakeholders to report any integrity-related improper or suspected illegal practices. Anonymous or named reporting are both accepted. All reports are handled in accordance with the Code of Business Conduct and Ethics, with due diligence applied to investigations. Reporter

confidentiality is strictly maintained in compliance with legal requirements to ensure safety and protect their rights. In 2024, three harassment cases were reported, including one external appeal that lacked concrete evidence. For more details, please refer to the [Human Rights Risk Assessment Results](#) section.

2024 Code of Business Conduct and Ethics violations:

Reporting areas	Number of breaches in 2024
Corruption or Bribery	0
Discrimination or Harassment	3
Customer Privacy Data	0
Conflicts of Interest	0
Money Laundering or Insider Trading	0

2.2.2 Regulatory Compliance

USI is committed to upholding its corporate image through strict compliance with national and international laws and regulations. This includes governance, finance, taxation, intellectual property, environmental protection, workplace safety, labor rights, and fair competition. We value and protect customer rights and interests and actively monitor legal updates across all facilities to ensure compliance. In the event of any legal violation or reputational risk, USI promptly forms a task force to implement corrective actions. By the end of 2024, there were no violations related to insider trading, corruption, bribery, antitrust or monopoly practices that resulted in a significant penalty of over USD 10,000 (CNY 71,200).

Protection of Privacy and Personal Data

We value the importance of privacy and personal data protection. USI adopts the [Policy on the Protection of Privacy and Personal Data](#) to guide and manage the compliance and protection of stakeholder personal data. If employees or external stakeholders discover any violations of privacy laws or regulations, they can provide feedback or appeal through [e-mail](#). The Legal Compliance & IP Division organizes relevant parties to investigate and respond to incidents. By the end of 2024, we did not use collected personal data for any secondary purposes other than the specific purposes for which the personal data was first collected, and there were no incidents of infringement of privacy rights, and no incidents of data leakage and losses.

2.3 Financial Performance and Tax Governance

2.3.1 Financial Performance

USI has built an effective communication platform for direct engagement and is committed to providing transparency about the status of our business operations and periodically updates on our [Investors Services](#) website to maintain a long-term, stable, and harmonious relationship between the corporation and investors. In 2024, USI reported consolidated sales revenue of CNY 60.69 billion with a slight decrease of 0.17% compared with 2023. The earnings per share were CNY 0.76 and dividend remittance was CNY 590,297,210, accounting for 0.97% of revenue. The data scope in this section includes USI global operation locations, for more details, please refer to the [ESG Key Performance Data - Governance: Financial Performance](#), or [Financial Information](#) on the USI website.

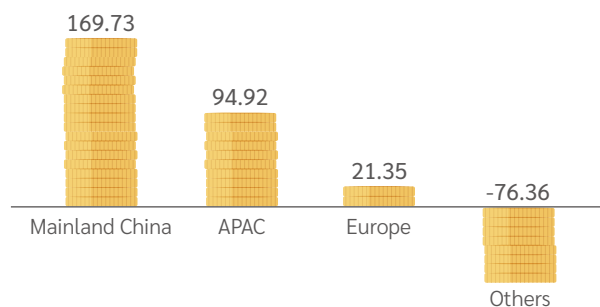
2.3.2 Tax Governance

USI's Tax Policy states our principles of tax governance and follow tax laws of global operation locations. We commit to applying compliance, transparency and effective tax mechanism, and being an honest and responsible taxpayer fosters economic growth and contributes to long term business sustainability, creating sustainable value for stakeholders. The Company focused on tax risk management and included Tax Report to be one of the risk assessment items. The Tax Policy has been approved by the Board of Directors, and the Chief Financial Officer must supervise tax policy compliance, financial staff must take taxation training courses to prevent any risks from uncertain tax regulations. USI obtained a standard unqualified audit report in 2024, please refer to the Important Notices of the [2024 Annual Report](#) for related information. Our principal operating facilities and offices are in Mainland China and Taiwan, which contributed around 80% of income tax expense and income tax paid in 2024. The statutory tax rates in Mainland China and Taiwan are 25% and 20% respectively. Mainland China Facilities qualified as high-technology enterprises, and thus

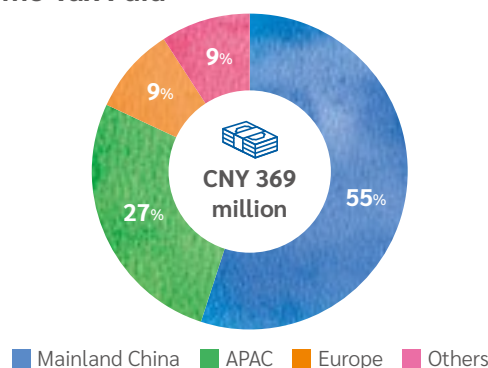
were entitled to a preferential tax rate of 15% and were eligible for weighted deduction of research and development expenses. Additionally, Nantou Facility was also qualified as an industrial innovation enterprise and thus entitled to reduce research and development expenses before income tax. The effective tax rates in Mainland China and Taiwan were 9.42% and 17.44% respectively in 2024.

Please refer to the charts below for the 2024 income tax expenses (benefits) and income tax paid by operating regions. ⁽¹⁾

Income Tax Expenses (Benefits) (CNY million)



Income Tax Paid



2.4 Enterprise Risk Management

2.4.1 Risk Management Committee

The USI Audit Committee is composed of five directors, of which more than half are independent directors. To ensure sustainable business achievements, USI follows internal audit mechanism to organize a Risk Management Committee and applies ISO 31000 Risk Management-principles and guidelines to execute annual risk management activities according to business environment, industrial trend, and company operations. The COO acts as the Chair, committee members are representatives chosen from Vice Presidents of business units, functional units, and manufacturing sites.



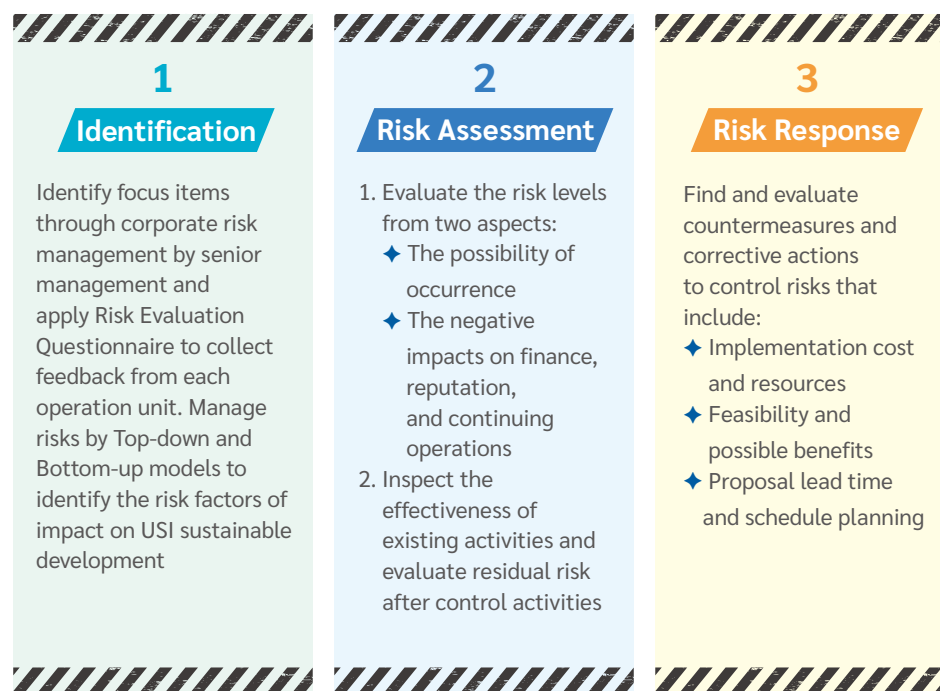
Note:

1. APAC: includes Taiwan, Hong Kong, Vietnam and Japan; Europe: includes France, Germany, UK, Czech, Poland, and Tunisia; Others: includes Mexico and the U.S.A.

2.4.2 Risk Governance Policy

Through worldwide manufacturing sites, business units and functional units, USI engages Enterprise Risk Management (ERM) to identify risk events and factors, evaluate and adopt proper countermeasures. Through monitoring progress of risk mitigation plans to ensure the risks are effectively controlled and convert the corporate risk management actions to the organization strategies enhancement to ensure sustainable management and achieve business operational goals. The Risk Management Committee will review the company's exposure twice per year. In the mid-year, the committee decides USI focused risks based on macroeconomic situation and worldwide operational risks (Top-down). In the end-year, the committee reviews internal operational risks identified by business units, manufacturing sites and functional units (Bottom-up).

Risk Governance Process



The first line of defense (operational risk ownership)

→ Manufacturing Sites, Functional Units, and Business Units

The operating units of Risk Management Committee are responsible for the first line risks management to identify the internal and external risk factors, evaluate the risk levels, and inspect the effectiveness of activities. According to evaluation of risk level, the committee takes the responsibility to adopt countermeasures and ensure the risk management policy can be executed by each operation unit.



The second line of defense (risk management and compliance oversight)

→ Risk Management Committee

The Risk Management Committee takes the second line responsibility, committee secretariat will track the targets of risk management activities from each operating unit. And the achievements will be presented to Vice President of the Risk Management unit.



The third line of defense (independent audit unit)

→ Audit Center

The Audit Center is subordinate to the Audit Committee. The employment of the head of auditing must be approved by half of the board members. A full-time head auditor is established, and auditors are established in major facilities as well. Group Internal Audit establishes a risk-based internal audit system and performs internal audit activities in accordance with the annual audit plan approved by the board of directors.

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

Build an Effective Risk Culture

To cultivate risk awareness, we arrange annual training courses for employees, hold business continuity exercises, emergency drills, and build an incentive mechanism based on risk prevention performance.

Incentives

The company sets risk control indicators according to operational risks, the business units and functional units of each manufacturing site will conduct risk control evaluation every month and provide incentives to the units with excellent performances.

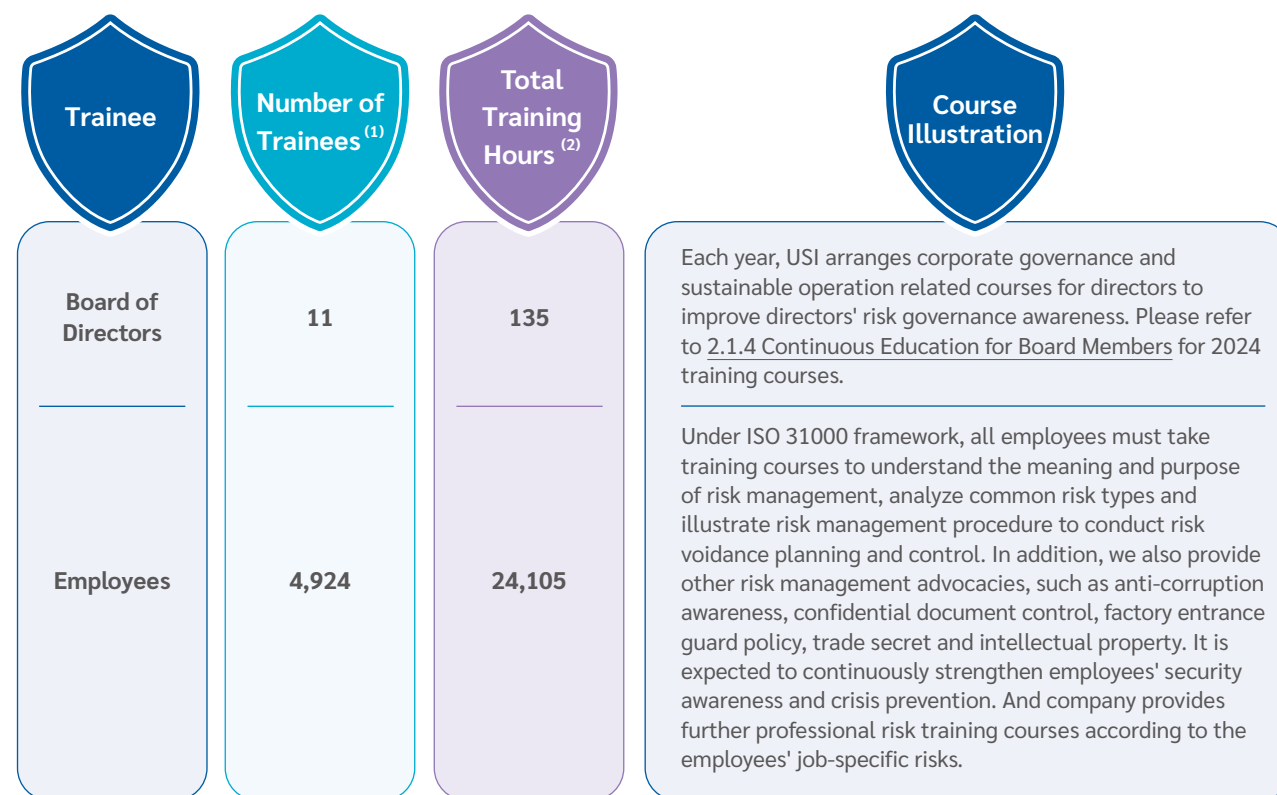
Risk Control of Product Development

We follow green management and product eco-design strategies. In the planning stages of product development, USI introduces a professional green value chain management platform, the Green Parts Aggregations & Reporting System (GPARS), to build Green Parts (GP) database. Each year, we conduct management system verification and inventory through third-party, and integrate and stipulate Standards for Green Environmental Protection Products. Please refer to [3.1.2 Green Product Management](#) for details.



Risk Management Education

Besides arranging risk-related courses for directors, USI held Risk Management Introduction for Mainland China, Taiwan, Mexico, and Vietnam employees by online course in 2024. It is expected to reduce crisis through risk prevention and monitoring process.



Note:

1. Number of Trainees: the maximum number of trainees of the listed training courses.
2. Total Training Hours=the number of trainees who passed the training courses X training hours

Risk Assessment Matrix

Risk Level	H	<ul style="list-style-type: none"> Economic Situation/Industrial Trends Fraud Financial Disclosure Asset Utilization Production Schedule Raw Material Management 	<ul style="list-style-type: none"> Information Security 	
	M	<ul style="list-style-type: none"> Innovation, Research, and Development Geopolitics Investment/Mergers/Acquisitions/Divestment Succession Plan Product Development Timing Credit Management Tax Report 	<ul style="list-style-type: none"> Technology Asset Management Archives and Records Management 	
	L	<ul style="list-style-type: none"> Natural Disaster Risks Sustainable Suppliers and Social Responsibility Purchasing Cost Management Energy Management and Alternative Energy Physical Security Facility Safety Risk Key Technical Talents Material Shortage Biodiversity 	<ul style="list-style-type: none"> Financial Plan/Budget Marketing Strategy Contract Management Business Continuity Management Regulatory Compliance Inventory Management Talent Management/Recruitment Corporate Development 	
		Yes	Partial	No
		Control Effectiveness		

In the risk assessment phase, USI requires each business unit to identify the risk level by occurrence frequency and possibility according to different business relevance and facility's geographical location, and evaluate the enterprise significant risk impact levels from the dimensions of finance, reputation, and continuing operations. Comprehensive both of risk possibility and significance of impact, we will refer to the control effectiveness criteria to scale our existing controls and countermeasures and decide whether an action plan needs to be developed.

Risk Level	Action Plan
Low	Keep tracking the control effectiveness
Moderate	Improve the controls or countermeasures
High	Take immediate action, confirm the action owner and schedule to track the improvement progress periodically

Every year, USI reviews company's exposure to climate change risk and water regime risk. We also perform sensitivity analysis on other risks that include interest/exchange rates and credit risks. Please refer to Section 10 of the [2024 Annual Report](#) for details.

Risk Tolerance Level of Information Technology

For risk tolerance assessment of information technology, in addition to the company's needs of information technology, it must also fulfill the high standards of some customers' business relevant requirements. After evaluating the risk tolerance level of information technology by risk governance process, its risk level was high. To face this high risk, USI immediately made corrective actions to concentrate resources to improve capabilities of information security team, enhance employees' safety awareness and emergency response capabilities, and cooperate with cybersecurity consultants to strengthen information security level. We followed ISO 27001 guidelines to grade information security incidents which were reviewed by Information Security Steering Committee and established tolerable downtime of critical system. According to the notification standards of operational and reputational impacts to set up risk team and adopt countermeasures to prevent the expansion of damage. In addition, it is planned to store backups of critical systems at least two facilities to prevent data lost from system outages.

Risk Tolerance Level of Human Resources

USI has built a complete human resources and development mechanism to response USI's global strategies, but considering the geographical layout to cultivate the global talents and successors, the risk tolerance level of human resources was still identified by high. We set up KPI to track achievements and perform annual human rights risk assessment to ensure a diverse and inclusive workplace. In the dimension of human capital development,

USI encourages employees to improve professional skills and take further education to obtain academic degrees and develop management competence for senior managers. In terms of talent retention, we build a key successor system to improve the potential talents' retention rate. It is expected to attract more outstanding talents and reduce operating risks through comprehensive talent development and retention plans and establish the basis for sustainable operations.

2024 USI Risk Assessment Countermeasures ⁽¹⁾

Operation and Infrastructure Risk	Risk Situation	Countermeasure
Succession Plan and Recruitment	Operating risk from imperfect cultivation of the talent team and management.	<ol style="list-style-type: none"> 1. Build key successor system: <ol style="list-style-type: none"> (1) Regular inventory the requirements of key positions (2) Make succession development plans and provide resources (3) Systematized talent database for ongoing regular tracking 2. Build a talent development scheme including the development plans of succession talents and potential talents, diversified and cross-field development resources for potential talents, and professional position certification plan for junior employees
Information Security	<ol style="list-style-type: none"> 1. Lack cybersecurity awareness 2. Leak system account or password 3. System is locked by hackers or data loss 4. System is crashed by unfixed system vulnerabilities or network attacks 	<ol style="list-style-type: none"> 1. Hold regular cybersecurity training for employees 2. Two-factor authentication 3. Regular backup & offsite backup 4. Regular vulnerability assessment and remedy system vulnerabilities 5. Make cybersecurity policies and standards, and ensure the company's cybersecurity meeting the standards through monitoring tools and monitoring software
Strategy and Planning Risk	Risk Situation	Countermeasure
Geopolitics	Regional conflicts have not slowed down the sanctions imposed by countries around the world, even impact global commodities and energy prices, and make the economic situation getting severe from global inflation to increase long-term business and investment risks.	<ol style="list-style-type: none"> 1. Evaluate industry trends and emerging risks. Keep interactions with stakeholders. Enhance company core competence and operation resilience 2. Adjust manufacturing sites and business allocation, through business growth and merger to enhance the market placement of non-Mainland China areas 3. Continue to enhance supply chain management and risk identification through corrective actions and progress tracking to ensure supply chain resilience and sustainability and adjust purchasing strategies according to regionalization trend 4. Understand customers' requests of manufacturing sites, and timely provide production proposals to meet customers' expectations
Innovation	In response to the digital age, enterprises are applying innovative technologies or business models to keep continuously growth. But if the company cannot consider both of innovation and risk management at the same time, it may lead to failure in the innovation process.	<ol style="list-style-type: none"> 1. The company must conduct SWOT analysis, Porter five forces analysis and PESTEL analysis according to internal and external situations to plan annual strategies, and list the strategies to reduce risks 2. For new business or market, the company needs combine financial assessment to perform marketing analysis and competitor analysis, periodically review progress and make dynamic adjustment

Note:

1. The focus items are risk factors integrated by ASEH. Please refer to the [2024 Annual Report](#) Risk Management: Section 3: (IV) Possible Risks.

Risk Tolerance Level of External Factors

Due to trade barriers and COVID-19 in recent years, the competitive trend is focusing on short supply chain, and manufacturing technologies have been promoted with intelligent, green, and service-oriented. Both land cost and labor cost of manufacturing sites are not the priority. Thus, the risk tolerance level of geopolitical impacts was identified as high. USI develops local suppliers to reduce transportation lead-time and cost. Automation technologies to improve production efficiency, and low-carbon products are designed to increase energy efficiency and save production cost.

Strategy and Planning Risk	Risk Situation	Countermeasure
Economic and Industrial Trends	<ol style="list-style-type: none"> 1. The global economy outlook is impacted by unstable trading, high market volatility and protectionism 2. New business models and digital applications will bring unprecedented changes 	<ol style="list-style-type: none"> 1. Understand the business impacts from global economic changes and industry trends, adopt action plans and make operating strategies according to economic trend 2. Connect and interact with customers to develop technology portfolios, review, and adjust technology strategies 3. In addition to basic manufacturing design services, company setup a software center to provide software solutions to enhance product services value and competitiveness
Investment/Mergers & Acquisitions/Divestment	Though the company has evaluated internal & external situation, finance, legal affairs, and business collaboration while the company makes a major investment project, the investment results are not as expected due to external business environment changes, internal operating conditions, or failure to achieve business targets.	<ol style="list-style-type: none"> 1. Pay attention to the possible risks while evaluating the major investment projects, and conduct risk drills and set up response proposals 2. Consider adding rights protection clauses for company during the implementation of the investment project 3. Enhance post-investment management, regular review internal & external operating conditions and implement the major issues control in operations 4. Build a professional investment team to meet the needs of corporate mergers and acquisitions development based on strategic planning
Emerging Risks	Risk Situation	Countermeasure
Regional Conflicts	Ignore the impact of regional conflicts on the economy and supply chain, that results in failure to adjust operation strategies in time and increasing the company's operating costs.	<ol style="list-style-type: none"> 1. Check if the shipping destinations have been affected by the risks of regional conflicts. The purchasing department should evaluate the risks of material shortage and lead time 2. Generate a risk reduction plan according to the impact analysis of regional conflicts 3. Include the risk of regional conflicts to business continuity exercise, prepare business continuity plan to avoid supply chain disruptions
Local Policy Changes	Changes in laws and policies of global operation locations will result in violations of regulations or unexpected increases in operating costs while providing local services in response to short supply chain and global layout.	<p>The company setup oversea operation locations to provide local services for customers and control the changes of updated local policies and laws in real time:</p> <ol style="list-style-type: none"> 1. Legal Department pays attention to the changes in local government's policies and laws, and provides suggestions to protect company's rights and reputation 2. Financial Department pays attention to local tax policy through accountant to reduce the financial risks 3. Human Resource Department understands local salary and labor policies, and provides timely response proposal to reduce operational risks
Extreme Weather	Natural disasters caused by extreme weather due to climate change, that will result in sustainable operational risks and threats.	<ol style="list-style-type: none"> 1. Incorporate climate risks into the ERM process 2. Collaborate across departments to identify climate and nature-related risks and opportunities, assess financial impacts, and develop mitigation and adaptation methods 3. Identify short, medium, and long-term risks and opportunities related to climate change. And assess risks and opportunities based on different climate scenarios 4. Set quantitative climate-related performance indicators and targets, track progress, and publicly disclose results 5. Include natural disasters in business continuity risk simulation, analyze the risk level and conduct regular drills to ensure the minimum impact from extreme weather

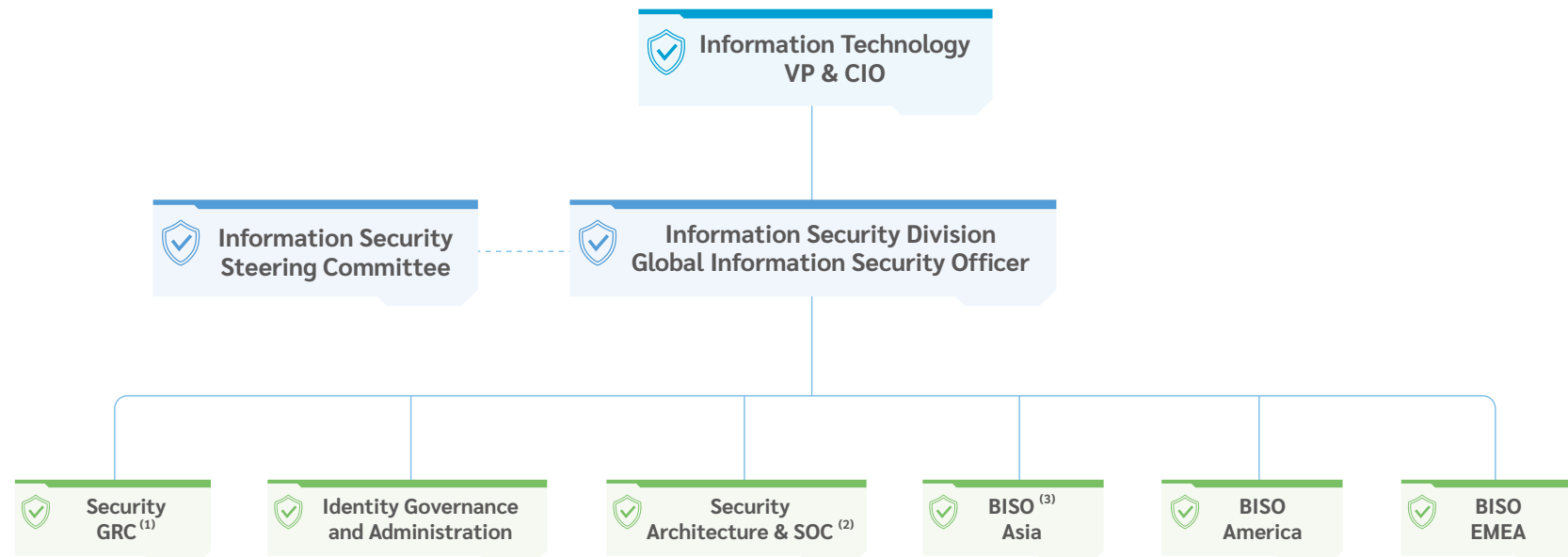
2.5 Information Security Management

USI believes effective information security management is fundamental to all operations and has been devoted to a holistic cybersecurity system enhancement through resources investment. USI's security goals are to ensure the preservation of Confidentiality, Integrity, Availability and Compliance of the core systems engaged in reliable services for customers.

2.5.1 Information Security Steering Committee

USI sets up Information Security Steering Committee to complete information security management. The committee members are composed of the CIO, CFO, GISO, Vice Presidents or Division heads level above. The CIO reports to the Senior Vice President of the Administration Group. Under the committee, there are information security representatives who implement cybersecurity affairs. Dtuang Wang, ASEH CISO (Chief of Information Security Officer), has role in the USI board and Information Security Steering Committee member. He joins strategy

meetings to achieve cybersecurity targets. The Information Security Division is responsible for the planning, construction, operation and maintenance of information security. The committee holds semi-annual meetings, information security representative reports the cybersecurity status to committee management team and provides guidance for cybersecurity strategies and implementation.



Note:

1. GRC, Governance/Risk/Compliance

2. SOC, Security Operation Center

3. BISO, Business Information Security Officer

2.5.2 Information Security Measures

USI builds a comprehensive management system to enhance employees' information security awareness and knowledge. Through internal independent audit mechanism to ensure the company's continuous and stable operation. In 2024, USI had no major cybersecurity incidents.

Category	Measures	Actions
Cybersecurity System	Management Framework	USI establishes a consistent cybersecurity management framework for worldwide facilities to clear define cybersecurity targets, principles, organization structure, responsibilities and management process to ensure the specifications can be effective developed.
	System Criteria	The criteria of cybersecurity system provide the security personnel a practical guidance which includes security principles, management system, technical specifications and operation instructions.
	International Certificate	USI obtained ISO 27001 certification in 2020, and passed TISAX ⁽¹⁾ certification in Zhangjiang Facility, Kunshan Facility and Mexico Facility, which prove USI has achieved international cybersecurity management level.
	Maturity Assessment	ASEH conducts a third-party assessment for cybersecurity maturity assessment based on NIST CSF every year to assist USI continuously monitoring and improving cybersecurity governance capabilities.
Cybersecurity Awareness Training and Promotion	New Employee Orientation	All newcomers must take Cybersecurity courses and pass tests.
	Annual Training Course	USI conducts annual on-job training which focus on cybersecurity threats including Phishing Attack, Social Engineering, Password Security, Information Security and Device Safety. All employees should take Cybersecurity courses and pass tests. Cybersecurity training completion rate was 100% in 2024.
	Phish Insight	We conduct Phishing exercises six times per year to validate employees' identification and response ability, and provide targeted training programs according to the results of Phishing exercises.
Reporting Mechanism	Multiple Reporting Channels	Employees can appeal cybersecurity issues through telephone, e-mail, or USI internal system to ensure the events can be discovered and solved in time.
	Clear Reporting Process	Define a clear cybersecurity reporting process to identify event category, reporting deadline and process to ensure the event can be effective solved in time.
	Employees' Participation	Actively encourage employees to participate the cybersecurity task, and reward the employees who discover and report cybersecurity incidents in time to achieve full participation in cybersecurity.
	Regular Emergency Drills	Exercise regular emergency drills to help worldwide manufacturing facilities and business units better understanding the cybersecurity incident reporting and handling procedures.
Business Continuity Planning	Business Continuity Plan (BCP)	Generate a business continuity plan including emergency response process, recovery strategy and resources allocation proposal for key business system and process.
	Regular Practice & Assessment	USI holds annual business continuity plan exercise with different types of disasters to examine if the employees can successfully recover business operations within the specified time frame. The 2023-2024 business continuity plan exercise had been completed and all targets had been met.
	Data Backup and Recovery	Build a completed data backup mechanism to regularly backup important data according to business conditions, and perform backup and restore testing at least once a year to ensure the data resiliency.
Vulnerability Assessment	Regular Vulnerability Assessment	Apply professional vulnerability scanner to comprehensive detect the potential safety vulnerabilities of internet, operation systems and application programs regularly.
	Penetration Testing	Invite professional third party to conduct simulated hacker attacks to deeper discover the system vulnerabilities and assess the protection in information security.
	Vulnerability Remediation and Verification	Through timely remediation and verification test to ensure the vulnerabilities have been fixed.
	Red Team Exercise	Hold annual Red Teaming by USI internal cybersecurity team (blue team) and external cybersecurity experts (red team) to test the effectiveness of USI safety defense system, perfect safety principles and measures through cyber offensive and defensive exercise.
Internal Cybersecurity Audit	Audit Plan	USI and ASEH schedule internal audits focused on information security, based on operational risk. Audit Center will assess each facility using USI's security standards, including penetration test results, red team reports, and vulnerability scans.
	Perform Auditing Work	Establish a professional taskforce to perform internal cybersecurity audit and evaluate the effectiveness of cybersecurity control based on the audit plan.
	Auditing Report & Corrective Actions	Based on audit results to issue an audit report with improvement suggestions, and track the relevant departments' improvement progress to ensure the cybersecurity management system has been continuous improved. There were no any high cybersecurity risks from 2023-2024 internal audit, and all non-high risks had been fixed.

Note:

1. TISAX, Trusted Information Security Assessment Exchange

3 Green Products and Innovation

As the industry leader, we focus on smart manufacturing and continuously improve our eco-design capabilities. We promote low-carbon product designs, enhance energy efficiency, and advance smart manufacturing projects. USI's Green Product (Clean Technology) Strategy of Modularization, Globalization, Diversification, Vertical Integration, and Smart Manufacturing aligns with the SDGs, addresses climate change, and aims to reduce energy resources.



100 %

Meet International Green
Standards



1,670

Cumulative Number
of Patents



152 gWh

Product Energy
Efficiency



Assisted Obtaining
EPEAT silver
Grade Certification



CNY 431 Million
Saved from CIP and Smart
Manufacturing Projects



2,543 Metric Tonnes
Carbon Reduced from
CIP Key Projects

Key Stakeholders:

Shareholders/Investors/Banks, Customers, Suppliers/Contractors

SDGs



Sustainable Issue Performance and Targets



Material Issue



Achieved



Not Achieved

Management Purpose	KPI	2024 Target	2024 Performance	Status	2025 Target	2029 Target
Green Products Management Approach: Introduce Eco-design concepts and comply with green product regulations. Set medium and long-term goals for sustainable products to implement sustainable management actions. Evaluation Mechanism: Sustainability technology and product plans are established, and taskforce meetings are convened periodically to review performance.						
Ensure green products sold and produced meet various international standards and stakeholder demands	Meet international safety, environmental, energy saving standards	100% shipped products meet standards	100% shipped products met standards	✓	100% shipped products meet standards	100% shipped products meet standards
	Sustainable mechanical design	More than 80% of mechanical components use recyclable and reusable raw materials	Recyclable and reusable raw materials accounted for 96% of mechanical parts, total 12 new project products	✓	More than 80% of mechanical components use recyclable and reusable raw materials	More than 80% of mechanical components use recyclable and reusable raw materials
	Product carbon footprint inventory	Inventory 3 series of product carbon footprints	Completed 5 series products inventory, total 110 products	✓	Inventory 3 series of product carbon footprints	Inventory 3 series of product carbon footprints
Innovation Management Management Approach: Engage in R&D innovation and focus on patented technologies. Set medium and long-term goals for patented technologies to strengthen corporate competitiveness. Evaluation Mechanism: Product R&D plans and goals are established t, and taskforce meetings are convened periodically to review performance.						
Continue to innovate and strengthen competitiveness, increase revenue and enhance corporate image	Cumulative number of patents	1,616 patents	1,670 patents	✓	1,730 patents	1,960 patents
	Internal proposals number of approved patents	95 proposals	140 proposals	✓	100 proposals	100 proposals
Sustainable Production Management Approach: Automated Lights-Out Factory is introduced to increase efficiency, improve quality, and satisfy customer's delivery date. Continuous improvement plans are also promoted to optimize design, manufacturing, and energy saving as well as carbon reduction. Evaluation Mechanism: Sustainable production targets are established, and taskforce meetings are convened periodically to review performance.						
Enhance corporate competitiveness through smart automation and encouraging employees to continuously improve	Smart manufacturing ⁽¹⁾	Reach 3.07-Stars in the Industry 4.0 5-Star rating standard	Introduced Industry 4.0 5-Star rating, and reached an average of 3.07-Stars	✓	Introduce Industry 4.0 5-Star rating, and reach an average of 3.41-Stars	Introduce Industry 4.0 5-Star rating, and reach an average of 4.26-Stars
	Continuous Improvement Program	Cost saved accounts for 0.21% of revenue	Cost saved accounted for 0.26% of revenue	✓	Cost saved accounts for 0.21% of revenue	Cost saved accounts for 0.21% of revenue

Note:

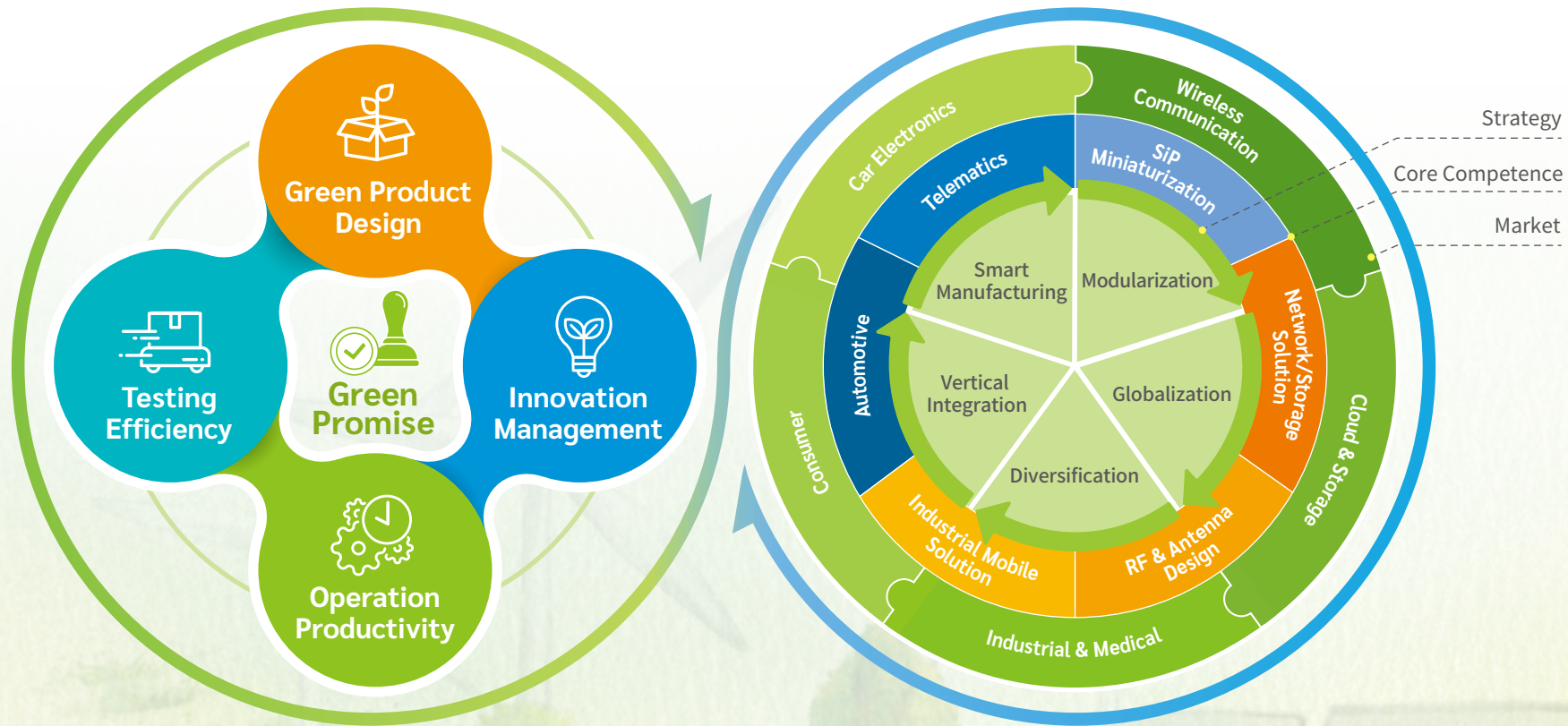
1. Given the differences in infrastructure across global manufacturing sites, softened market demand, and the revision of star rating criteria, the smart manufacturing targets have been comprehensively adjusted downward.

3.1 Green Products

3.1.1 Green Products Vision

USI has five product categories: Wireless Communication, Cloud & Storage, Industrial & Medical, Consumer, and Car Electronics. Our vision for green products for the medium term lies in using miniaturization technology to vertically integrate SiP modules in our customers' products, promoting low-carbon design, energy efficiency, and environmental impact reduction. Additionally, we are investing in developing electronic products for electric vehicles to reduce CO₂ emissions and mitigate pollution.

In the long term, we will certify our 5G testing capabilities to provide the best-miniaturized antenna design for smart mobile devices. We will apply this to computers, communication, wearable and industrial electronics, and electric vehicles. Then integrate all product technologies to form an Internet of Things network. With our green product clean technologies, we will develop market opportunities for low carbon, low consumption, and low pollution products to meet customer demands.



3.1.2 Green Products Management

USI has been devoted to green management to pursue a harmonious coexistence of our environment and society. To ensure our operations comply with international environmental protection regulations and customers' standards, we have established good communication channels with our suppliers and customers and implemented preventive measures from the procurement of raw materials to the customer-end after services. The objective is to minimize negative environmental impacts from our products and production.

Following the strategies of green management and product eco-design, USI conducts annual third-party IECQ QC080000, ISO 14001, and ISO 14064-1 management systems audits and inventory. Thus, USI can quickly respond to changes in international environmental protection laws. In addition, USI integrates and stipulates Standards for Green Environmental Protection Products to control hazardous substances in electronic components and products. And formulated our green product policy and four main aspects of green product eco-design.

Green Products Policy

- ✓ Product development and raw materials 100% meet the requirements of customers and USI green product environmental protection regulations
- ✓ Products must comply with international regulations and directives on hazardous substances
- ✓ Product introduction of ecological design concept



Four Main Aspects of Green Product Eco-design

Main Aspect	Green Products Directive	Requirement	USI Design for Environment (DfE)
Hazardous Substances Management	<ul style="list-style-type: none"> ● RoHS (Restriction of Hazardous Substances) ● REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) ● Halogen-free Parts and Process Requirements ● Battery Directive and Packaging and Packaging Waste Directive 	<ul style="list-style-type: none"> ● Low polluting ● Non-toxic 	<ul style="list-style-type: none"> ● Phase out the use of BFRs ● Phase out the use of PVC ● Use halogen free materials
Recycling Management	<ul style="list-style-type: none"> ● WEEE (Waste Electrical and Electronic Equipment) 	<ul style="list-style-type: none"> ● Recyclable ● Easy to take apart ● Easy to process 	<ul style="list-style-type: none"> ● Reduce the number of tools used to take machines apart ● Increase the percentage of recyclable module designs ● Introduce the labeling for recyclable plastics
Ecological Energy Design	<ul style="list-style-type: none"> ● ErP (Energy-related Product) ● CEC (California Energy Commission) 	<ul style="list-style-type: none"> ● Energy saving ● Resource saving ● Reduced environmental impact 	<ul style="list-style-type: none"> ● Reduce the energy consumption of machinery in standby and off mode ● Increase the efficiency of energy conversion ● Keep machinery in power-saving mode
Miniaturization Design	<ul style="list-style-type: none"> ● SiP (System in Package) ● SOM (System on Module) 	<ul style="list-style-type: none"> ● Reduced size ● Easy to integrate 	<ul style="list-style-type: none"> ● Improve the system's functions ● Reduce circuit complexity ● Reduce materials usage

Sustainable Raw Materials Management

USI recognizes that establishing transparent and responsible raw materials management in the supply chain is pivotal for avoiding operational disruptions due to critical raw material scarcity, mitigating negative impacts on the environment and society, and preserving resource sustainability.

This Sustainable Raw Materials Policy is thus ratified and endorsed by the Board of Directors. We are committed to sustainable raw materials sourcing practices through detoxification, decarbonization, and dematerialization while avoiding human rights infringements.

Raw Materials		Suppliers
Tracking and Collecting Data	<ul style="list-style-type: none"> ● Material tracking and origin tracing: By leveraging GPARS, we gather detailed information on the sources of metals from USI's global suppliers, extending our focus beyond conflict minerals to also cover cobalt and mica. Since 2024, we have been assessing and collecting sourcing information of critical raw materials (including but not limited to metals such as aluminum, copper, iron, nickel, and titanium) in accordance with RMI's official Additional Minerals methodology. 	<ul style="list-style-type: none"> ● Proactive investigation: We conduct preliminary assessments on our suppliers based on key factors like level of business relationship and procurement value. At the same time, we review the risks of potential negative impacts on the environmental, social, and governance dimensions with respect to the supplier's category type (including raw material suppliers etc.).
Risk Assessment	<ul style="list-style-type: none"> ● Reduction of negative social impacts: <ul style="list-style-type: none"> ◆ Conflict Materials: Aligning with the due diligence process established by the Organization for Economic Cooperation and Development (OECD) to regularly examine the country of origin of raw materials (including conflict minerals) to avoid using materials from conflict zones. ● Reduction of negative environmental impact: <ul style="list-style-type: none"> ◆ Non-toxicity: Enhancing product compliance with regulations and customers' sustainability requirements by establishing a hazardous substance process management system to ensure that the raw materials used for production do not contain substances harmful to humans or the environment. ◆ Recyclability: Conducting green material assessments and developing non-toxic (or low-toxicity) raw materials, as well as analyzes material and waste recycling, reduction, and reuse technologies. ◆ Eco-friendliness: Using Life Cycle Assessment (LCA) techniques to analyze the environmental impact of products and raw materials, and identifying improvement opportunities through hotspot analyses to enhance the eco-friendly content of products and raw materials. 	<ul style="list-style-type: none"> ● Reduction of negative social impacts: A Supplier Sustainability Assessment Questionnaire (SSAQ) was developed based on the RBA Code of Conduct and international standards such as the UN Universal Declaration of Human Rights (UDHR). The SSAQ for all Tier 1 raw material suppliers are conducted regularly. ● Reduction of negative environmental impacts: <ul style="list-style-type: none"> ◆ Climate risk: Utilize the World Resources Institute (WRI) database to assess supplier water stress and integrate data on extreme rainfall conditions to identify suppliers at risk of experiencing flooding and landslides. ◆ Biodiversity: We use World Database on Protected Areas (WDPA) of International Union for Conservation of Nature (IUCN) and apply the LEAP (Locate, Evaluate, Assess, Prepare) approach recommended by the TNFD framework to assess whether the production areas of our raw material suppliers are located in biodiversity-sensitive areas.
Coordinated Action	<ul style="list-style-type: none"> ● Eco-design guidelines: Eco-design guidelines have to be incorporated throughout all new product and new technology development stages, especially in the selection of sustainable raw materials (choosing materials with lower negative sustainability impacts, avoiding materials from key biodiversity areas, and prioritizing the use of recycled metals, minerals and materials with third-party certifications). And include relevant review items in the project checklist to ensure implementation in each product or technology development project. 	<ul style="list-style-type: none"> ● Supplier guidance: Conducted programs to guide raw material suppliers in managing carbon inventory, renewable energy development, and supported a total of 5 suppliers by 2024.

Sustainable Green Supply Chain

USI designs green products that meet global regulations based on the four aspects of green product eco-design and constantly improves design capabilities so that products can meet current eco-friendly trends. As a principle, we Eco-Design products in the planning stages of product development. USI introduced the [Green Parts Aggregations & Reporting System \(GPARS\)](#), a professional green value chain management platform and a Green Parts (GP) database to manage the materials we use in our products and whether they meet the latest relevant requirements that include but are not limited to Hazardous Substance Free (HSF), RoHS, REACH⁽¹⁾, USI Green Environmental Protection Products Requirements and conduct a reasonable degree of investigation on the country of origin of the minerals and assess their priority as sustainable raw materials.

In response to the increase in global green product regulations, customer expectations for green product standards reduce the impact of raw material acquisition on the environment and society. Suppliers can refer to GPARS to learn about the latest green product specifications, conduct green parts certifications, track raw materials to Tier 1 suppliers' material composition list, and comply with USI Green Product Specifications requirements. For substances without feasible substitutes at this stage, the Company has also formulated a Banned Substance Elimination Plan and communicated this information to suppliers in the Annual Conferences, requiring suppliers to comply with the specifications and cooperate with implementing the Banned Substance Elimination Plan. In addition, suppliers must provide Environmental Hazard Non-Use Declaration, material composition tables and verification reports, all raw materials are 100% in line with sustainable risk assessment results, including human rights, climate, biological and other factors to ensure that the purchased parts and materials are 100% in compliance with company specifications. Please refer to the [Hazardous Substance Management](#) section for other hazardous substance requirements.

New Control Green Environmental Protection Products Requirements in 2024

Item	Explanation
Total Controlled Substances	431
New Controlled Substances	105
Names of New Controlled Substances (illustrative examples)	Dechlorane Plus, UV absorber, Strontium chromate, Tetrachlorobenzenes, Alkylphenol ethoxylates, Molybdenum trioxide etc.

Note:

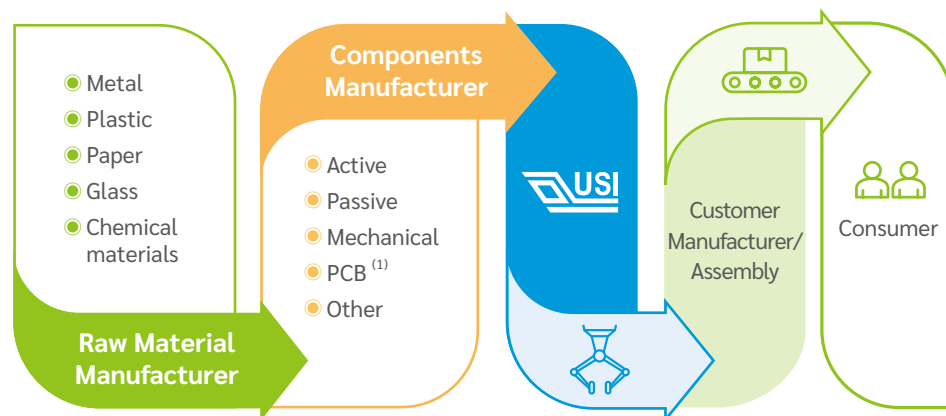
1. In response to the announcement of adding the 34th batch Substances of Very High Concern (SVHC), the REACH list has been extended to 250 substances.

There are tens of thousands of types of Per- and Polyfluoroalkyl Substances (PFAS), which are widely used in cookware, electronics, and other products due to their water- and oil-repellent properties and chemical stability. If a person accumulates excessive PFAS, it may lead to cancer, autoimmune system disorders, abnormal reproduction, and infant development problems. European Chemicals Agency (ECHA) proposed a restriction proposal in 2023 to reduce the use of PFAS. In the same year, USI also included PFAS in the Prohibited Substances Elimination Plan and implemented relevant controls according to the latest EU announcement to provide customers with the most guaranteed green products.

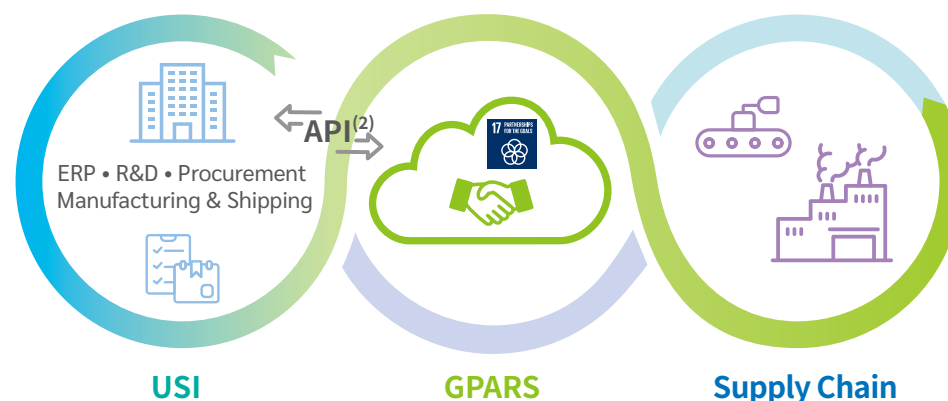
Year	PFAS Elimination Plan
2023~2024	<ul style="list-style-type: none"> Added PFSA in Banned Substance Elimination Plan list Conduct PFAS survey based on customer requirements
2025~2026	<ul style="list-style-type: none"> Building system tools and investigate whether the components contain PFAS Inventory the PFAS content in components and disclose the usage and applications of PFAS Evaluating PFAS alternative materials Follow closely PFAS regulatory updates and changes
2027~2028	<ul style="list-style-type: none"> Establish PFAS control mechanisms for components, including testing report requirements and limit values Incorporate PFAS requirements into Green Product Specifications requirements Communicate PFAS regulatory compliance and customer reporting requirements to suppliers Evaluating PFAS alternative solutions
2029	<ul style="list-style-type: none"> Work to eliminate or restrict the use of PFAS substances in components Ensure compliance of supplier components

The trend toward sustainable green products is inevitable. Industries could face upcoming challenges only by establishing a sustainable supply chain. USI integrates upstream and downstream partners to generate maximum environmental benefits from the entire production process, including product design, material procurement, manufacturing, transportation, packing, selling, and product recycling through a comprehensive and transparent management system. Our R&D, production, and quality assurance teams can also stay up to date on current standards for our products through GPARS and take necessary control measures. The systematic management of our global green product supply chain helps us improve data accuracy, strengthen cooperation with supply chain partners, and achieve a green supply chain.

Supplier Chain of USI



GPARS System



Hazardous Substance Management

To manage and minimize possible hazardous substances contained in our shipped products, we follow the IECQ QC080000 standard to establish a Hazardous Substances Process Management System to comply with relevant directives/regulations and HSF standards and ensure all substances are within specified limits. The main management requirements are listed below

(for a partial list of banned substances and requirements, please refer to the [Sustainability Data - Environmental F. Partial Selection of Restricted Environmentally Hazardous Substances Contained in Products](#) table):

Directive/Controlled Substance	Control Requirements
EU Directive - RoHS	<ul style="list-style-type: none"> RoHS directive was officially implemented on July 1, 2006. It mainly regulates the material and technical standards of electronic and electrical products. To protect human and environmental health, it prohibits the use of lead, mercury, cadmium, hexavalent chromium, PBB, PBDE, DEHP, BBP, DBP, and DIBP in electronic products. (RoHS Directive includes (2011/65/EU) and Amendment Directive (EU) 2015/863).
EU Directive - REACH	<ul style="list-style-type: none"> REACH is a statutory ordinance that compulsory registration, evaluation, permitting, and monitoring of chemicals entering the EU market, which came into effect on June 1, 2007. The bill raises the quality requirements and entry barriers for products from different countries and regions to enter the EU. For SVHC in REACH, suppliers must confirm all provided components, non-BOM and packaging materials, and report back to USI via GPARS or questionnaire methods for any SVHC substances at/or above the 0.1% weight by weight (w/w) concentration. For the current SVHC candidate list, please visit ECHA. The chemical substances restricted in REACH regulations are REACH Annex XVII hazardous substances. USI requests suppliers to confirm all provided components, non-BOM and packaging materials, and ban the use of Annex XVII list of dangerous substances. For detailed conditions of restriction, please refer to Annex XVII (amended directive) content. For the current Annex XVII list, please visit ECHA.
California Proposition 65	<ul style="list-style-type: none"> California Proposition 65, officially known as the Safe Drinking Water and Toxic Enforcement Act of 1986, was enacted as a ballot initiative in November 1986. The proposition protects the state's drinking water sources from being contaminated with chemicals known to cause cancer, birth defects or other reproductive harm, and requires businesses to inform Californians about exposure to such chemicals. USI supplier must confirm all provided components, non-BOM and packaging materials, and report back to USI via GPARS or Questionnaire methods for any containing hazardous substances. For the current Proposition 65 list, please visit OEHHA.

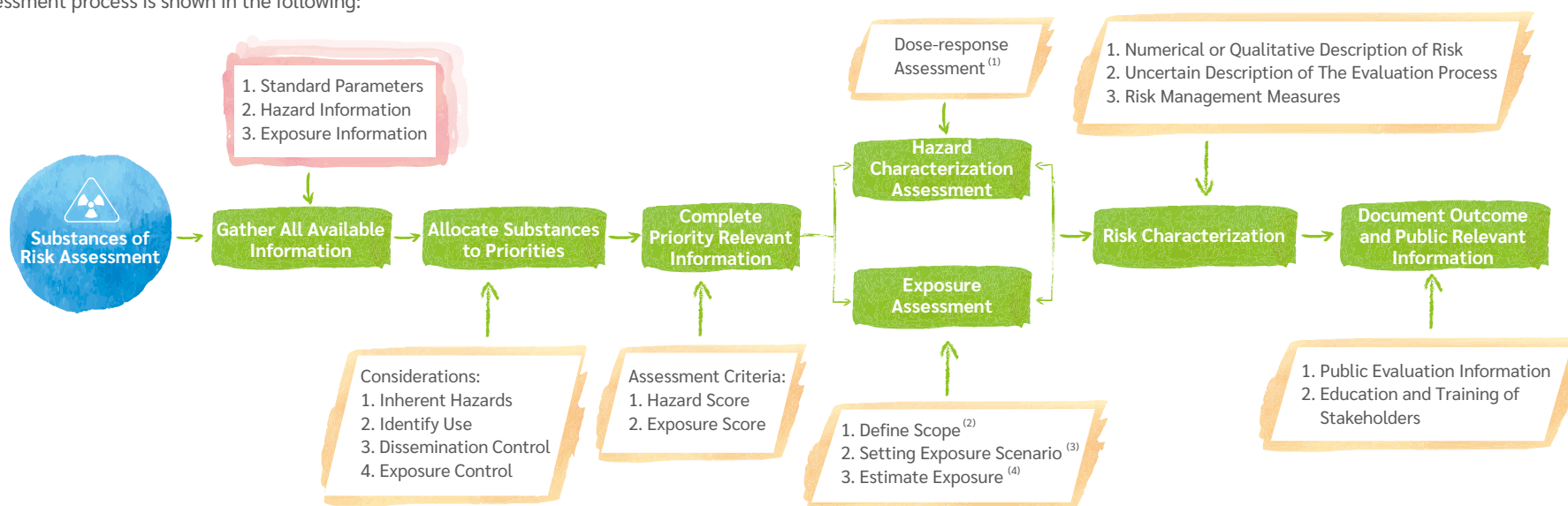
Note:

1. PCB, Printed Circuit Board

2. API, Application Program Interface

Directive/Controlled Substance	Control Requirements
Toxic Substances Control Act (TSCA)	<ul style="list-style-type: none"> The TSCA is a U.S. law that was implemented by the U.S. Environmental Protection Agency (EPA) in 1976. The law regulates the introduction of new or existing chemicals. The main goal is to evaluate and supervise new commercial chemicals before they enter the market, to regulate the chemicals that existed in 1976 and pose unreasonable risks to health or the environment and regulate the distribution and use of these chemicals. TSCA prohibits the production or import of chemicals that are not on the TSCA list or subject to exemptions. Chemicals listed in TSCA are called Existing Chemicals, while chemicals not listed are called new chemicals. Manufacturers must submit a pre-manufacturing notice to the EPA before manufacturing or importing new chemicals for commercial use. USI suppliers must confirm and reply whether the materials provided contain hazardous substances controlled by TSCA through questionnaires. For the current TSCA control list, please visit the EPA.
Per- and Polyfluoroalkyl Substances (PFAS)	<ul style="list-style-type: none"> PFAS refers to any chemical substances containing at least one perfluorinated methyl group ($-CF_3$) or a perfluorinated methylene group ($-CF_2-$), and such substances are equipped with the waterproof and oilproof characteristics while exhibiting excellent chemical resistance and thermal resistance. They are widely used in adhesives, coating materials, inks, and plastic materials. The carbon-fluorine bond is extremely strong and stable, and it cannot be disintegrated by the environment, such that it may eventually become a permanent organic pollutant. The EU has announced the PFAS restriction proposal in 2023, and it is expected to be promulgated and implemented no later than 2025-2027. USI suppliers must confirm all provided components, non-BOM and packaging materials, and report back to USI via GPARS or Questionnaire methods for any containing hazardous substances.

USI's Hazardous Substance Risk Assessment process includes the management of hazardous substances in products and chemicals used in production. We evaluate hazardous substance risks and opportunities based on frequency of occurrence, frequency of exposure, and degree/severity of impact, and the higher the risk multiplier score, the higher the risk level. The risk identification of hazardous substances used in products and production varies according to factory standards. The Company uses the risk level identification to propose countermeasures to reduce the potential impacts on human health and the environment, publicize the assessment information, and carry out education and training for stakeholders in order to prevent hazards from occurring. The main risk assessment process is shown in the following:



Note:

- Dose-response assessment include the human health hazard, physicochemical hazard, environmental hazard, persistent, bioaccumulative and toxic (PBT) and very persistent and very bioaccumulative (vPvB).
- Define scope include the material manufacturing, use and exposure information.

- Setting exposure scenario include the used scope, usage, possible exposure routes and exposure control measures.
- Estimate exposure include the worker exposure/concentration or environmental exposure concentration.

Risk Value for Hazardous Substances

Item	Hazardous Substances in Product	Chemicals in Manufacturing Production
Value at Risk Calculation	Risk = Occurrence Frequency × Severity	Possibility = Occurrence Frequency × Operational Exposure Frequency Risk = Possibility × Severity
Risk Level	3 Risk Level: High, Medium and Low	6 Risk Level: Serious, Height, Medium height, Moderate, Low and Slight

We evaluate, compile statistics, and record the quantities and lists of chemicals and restricted/prohibited substances from recent years. Based on this, we establish corresponding chemical control lists that specify banned substances. For detailed control procedures, please refer to the Chemical Safety Management section. As of the end of 2024, a total of 1,192 items have been controlled within the facility. Following the risk assessment process, we conduct risk evaluations on 100% mass-production products for their potential impacts on human health and the environment. In 2022, the number of restricted and prohibited substances increased by 179 as a result of the Taiwan Ministry of Environment's newly implemented, stricter regulations on toxic chemical substances.

In addition, starting in December 2018, USI launched an environmental improvement project to replace the use of n-propyl bromide cleaning with a water-based cleaning process, in response to customer demands and regulatory requirements. After a two-year period of systematic planning—including environmental impact assessments, selection and procurement of washing equipment, construction of a wastewater treatment plant, application for discharge permits, performance evaluation of water-based solvents, cleaning process validation, production line data collection, and reliability testing—we invested approximately USD 2 million. In 2020, we successfully introduced a new flux remover cleaning process to our production lines. This initiative reflects our commitment to reducing VOCs emissions at the source and replacing n-propyl bromide, which poses potential risks to both the environment and human health.

Chemical Assessment and Statistics of Prohibited and Restricted Substances

Item	2021	2022	2023	2024
Chemical Assessment	132	160	153	300
New Add Prohibited and Restricted Substances	31	179	5	6
New Add Prohibited and Restricted Substances Name (including but not limited to lists)	Orthoboric acid, sodium salt, 2,2-Bis(4-hydroxyphenyl)butane, Methanol, Toluene, Ethylbenzene, Xylene, Bromodichloromethane, Pentachloroethane, 1-Bromobutane, 1-Bromopropane, Dibromochloromethane	Di-n-propyl Phthalate (DPP), Cumene, Acetaldehyde, Benzyl chloride, Diphenylamine, Methyl isobutyl ketone, Tributyltin acetate, Triphenyltin chloride, Tritolyltin fluoride, Pentachloronaphthalene, Maleic acid, Melamine, Sudan II, Ammonium nitrate, Nitromethane, Sodium perchlorate, Tetrabromobisphenol A (TBBP-A), Bisphenol S, 4,4'-Dichlorodiphenyl sulfone	2,4,6-Tri-tert-butylphenol, 2-(2-Hydroxy-5-tert-octylphenyl) benzotriazole, 2-(Dimethylamino)-2-[(4-methylphenyl)methyl]-1-[4-(4-morpholinophenyl)]-1-butanone, 2-(5-Chloro-2-benzotriazolyl)-6-tert-butyl-p-cresol, Oligomerisation and alkylation reaction products of 2-phenylpropene and phenol	Dicumyl peroxide, Reaction mass of: triphenylthiophosphate and tertiary butylated phenyl derivatives, Perfluamine, Octamethyltrisiloxane, O,O,O-Triphenyl thiophosphate, 6-[(C10-C13)-alkyl-(branched, unsaturated)-2,5-dioxopyrrolidin-1-yl]hexanoic acid

Product Compliance

In the process of product design, USI is committed to meeting regulatory compliance requirements, such as complying with region-specific sales market safety and regulatory requirements to avoid the production of products that pose a health and safety hazard to customers. All suppliers are required to comply with the USI's Green Product Specification, and the Company's products and operation system shall meet relevant international standards and the safety regulations of the respective regions where they are sold. We stringently control

the use of raw materials for our products and use low-pollution and non-toxic raw materials to ensure that our products comply with the relevant regulations and directives. Furthermore, we conduct product lifecycle inventory and eco-design evaluations and publish product eco-characteristics manual to comply with the EU ErP Directives. USI also developed a Chemicals Management Procedure to assess and prevent risks that may arise whenever we introduce a new chemical into our production process as detailed in the [Chemical Safety Management](#) section.

USI Products Compliance with Human Health Directives in 2024

Green Products Directive	Percentage of USI Products within the Directive					
	Automotive & Industrial Power Electronics Products	Intelligent Connectivity Solutions Products	Advanced Low-Cost Module Manufacturing Products	Advanced Mobile & Miniaturization Solution Products	Specific Application Green Energy Products ⁽¹⁾	Visual Products ⁽²⁾
EU RoHS	100%	100%	100%	100%	100%	100%
Halogen Free (HF) ⁽³⁾	N/A	100%	100%	100%	100%	100%
China RoHS	100%	100%	100%	100%	100%	100%

Our products undergo rigorous design review, such as modeling various usage scenarios in the early stages and addressing regulation deficiencies to strengthen product safety standards. With our Factory Inspection Mechanism ⁽⁴⁾, products are regularly audited by a third-party (ex. UL, TUV, CCC) on a quarterly or annual basis to ensure product user safety and compliance with relevant laws, regulations, and ordinances internationally and where they are sold. Electronic system products with safety certifications are all tagged with safety warnings and equipped with operation manuals. In 2024, we received zero complaints about products endangering human health and safety, and no product safety-related violations were found.

In addition, in view of the global emphasis on sustainability issues and the Company's commitment to achieving net-zero emissions, coupled with the rapid development of the electric vehicle industry, we have established the testing and verification capabilities and certification channels for electric vehicle plugs, sockets and couplers, to enable the company to respond to the trend of the electric vehicle market and provide customers with high-quality products that meet the requirements for health and safety.

USI System Products Compliance with Safety Regulations in 2024

Percentage of USI Products within the Regulations	Safety Regulations			
	UL 62368-1	IEC 62368-1	CNS 14336.1	GB 4943.1
Intelligent Connectivity Solutions Products	78%	76%	46%	33%
Specific Application Green Energy Products	N/A	38%	N/A	N/A

Note:

1. This product belongs to the Global Sales & Service and Corporate Operations Development and North America Operation and Specific Application Green Energy Business Group.

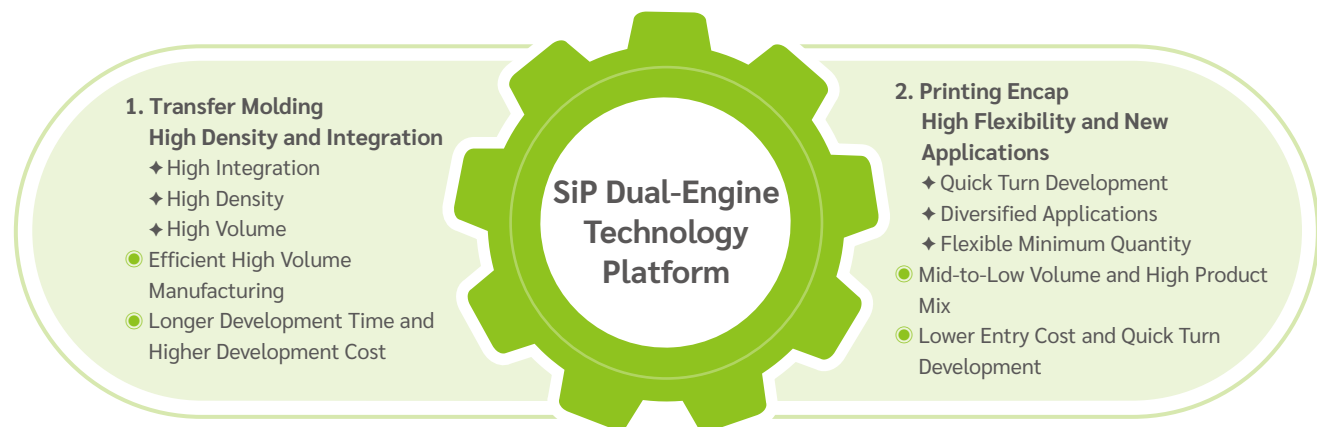
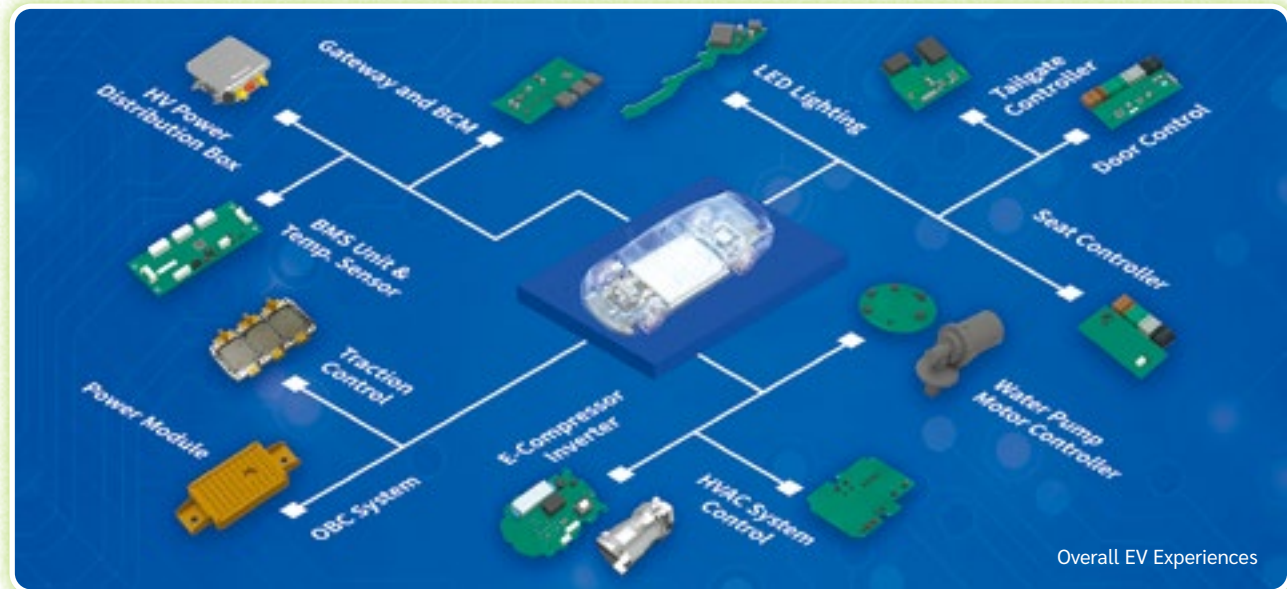
2. This product belongs to the Shenzhen/Huizhou and Kunshan Manufacturing Service and Visual Product Group.

3. Conducting a halogen free compliance survey on the product bill of materials (BOM) based on customer requirements.

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

3.1.3 Promoting Green Design

In 2024, USI entered into a strategic partnership with E-Tronic Technology to provide outstanding system and one-stop service solutions for the automotive powertrain market. This collaboration integrates wireless technologies, advanced SiP, and miniaturization processes into automotive product technologies. Centered around three strategic pillars, Electrification, Intelligentization, and Connectivity, the Company is actively expanding its presence in the electric vehicle sector. Through continuous innovation and technological advancement, it has developed a comprehensive and diverse product portfolio in automotive electronics, widely applied in electric vehicles, commercial vehicles, and passenger cars. Among them, advanced technologies such as SiC/GaN inverter modules, miniaturization, and wireless Battery Management Systems are used to provide customers with competitive solutions. The Company also established a Miniaturization Innovation R&D Center and launched a groundbreaking SiP Dual-Engine Technology Platform, providing comprehensive solutions for module manufacturing. The platform leverages mature Transfer Molding processes to meet the demands of large-scale production, high integration, and ultra-miniaturized module designs. Meanwhile, Printing Encap technology, with its high density, strong reliability, and high packaging flexibility, enables adaptable modularization and diverse market applications across various use cases. In the same November, USI announced a partnership with India's Tech Mahindra (TM) to establish its first Offshore Development Center in India. The center leverages TM's professional talent pool and advanced laboratory facilities, focusing on the development of future technologies, including connected devices, rapid prototyping, connected vehicles, as well as augmented and virtual reality. This collaboration aims to deliver scalable solutions, shorten time-to-market, and drive technological innovation.



USI R&D personnel have ecological design capabilities and continue to implement green concepts and clean technology into their projects, which allows us to sell environmentally friendly products around the world. According to the Design for Environment (DfE) operating procedures, USI not only considers potential environmental impacts in the design phase, but also confirms product specifications with Project Managers and customers to meet the requirements of Energy Star and ErP, as to meet a range of environmental factors, such as material use, energy saving and CO₂ reduction, efficient use of water resource, pollutant emission, resource wasting and recyclability, in order to minimize negative impacts to our environment during the product life cycle.

A green product with clean technology needs to comply with two or more green products ecological design standards to improve energy efficiency and reduce environmental pollution. In 2024, revenue from cleaning-related technologies accounted for 56.99% ⁽¹⁾ of the overall revenue of the Company. Under the positive impact of the low carbon trend and the added statistics System in Module Business Unit data, the overall revenue of green products was driven to increase by 15.55% from last year. In addition, in response to the promotion of miniaturization technology of green product strategy, the ratio of eco-design increased by 0.8%, and among the recycle of electronic wastes, driven by the recycling project from the Mexico Facility, the total weight of material recycled and reused also increased by 54% from 2023, please refer to the [Sustainability Data - Environmental G. Materials Recycled and Reused](#) table. In the future, we will continue to promote and invest in R&D to increase the proportion of clean technology and eco-design.

The Proportion of Green Product Revenue to USI's Overall Revenue

Green Product Category ⁽²⁾	Percentage of Revenue in 2024
Communication Product	26.77%
Industrial & Automobile Electronic Product	4.45%
Consumer Electronics & Cloud and Storage Product	25.77%
Total	56.99%

Note:

1. The clean technology revenue excluding AFG-SUZ accounted for 1.91%.

2. USI's product categories fall into five categories, and this section does not cover medical categories.

3. The energy saving benefit is calculated based on the previous generation of products or market equivalent products.

Revenue Share of Products with Ecological Design

Category	2021	2022	2023	2024
Energy Efficiency	45.9%	11.2%	2.5%	2.5%
Electronic Waste Recycling	5.2%	13.2%	11.9%	9.7%
Light and Compact	41.0%	58.0%	67.0%	67.8%
The Proportion of Total Revenue	92.1%	82.4%	81.4%	80.0%

In our product energy saving evaluation, USI's eco-design products saved 152 GWh (about 546,617 GJ), equivalent to reducing 12,840 metric tonnes of CO₂.

Product Energy Efficiency Evaluation ⁽³⁾

Product Category	Energy Saving in 2024 (MWh)
Consumer Electronics	2,141
Cloud and Storage	3,614
Industrial	84,166
Automobile Electronic	61,917
Total	151,838

USI established the Green Design Innovation and Invention Patent Incentive System at the end of 2017. We give weighted scores to green-related designs to encourage a green and innovative corporate culture. In 2024, green products were designed and intensified the promotion based on the four main aspects of green product eco-design and four directions of green promise, the results of green-related design are as follows:

USI's Green Design in 2024

Product Design Aspect	Key Features	Performances
Choice of raw materials or components that have a lower environmental footprint	<ul style="list-style-type: none"> ● Miniaturization design and reduction waste 	<ul style="list-style-type: none"> ● Reduced raw material usage by a total of 294 kg in the annual shipment of miniaturized products. <ul style="list-style-type: none"> ✦ Utilized Computer Aided Design (CAD) reports to optimize the layout of components and wiring, reducing the use of capacitive/resistive components by up to 9%. ✦ Optimized the component layout density and wiring, and the PCB area is reduced by approximately 19%. ✦ Using the size code 0201 and 01005 components to improve the layout density and reduced space about 9%. ✦ Module size is reduced via advanced manufacturing process, and the area is reduced by approximately 13%.
	<ul style="list-style-type: none"> ● Using recycled materials 	<ul style="list-style-type: none"> ● Total 22.54 metric tonnes of recycled plastic and metal in products.
	<ul style="list-style-type: none"> ● Hazardous Substance management 	<ul style="list-style-type: none"> ● 100% met RoHS environmental protection requirements.
Direct operations, production & manufacturing	<ul style="list-style-type: none"> ● Reduction energy consumption 	<ul style="list-style-type: none"> ● We have optimized the testing time of our products, shortening the testing time by 31% and reducing the testing energy consumption by about 2,592 kWh, and optimize the test time of mass production products by about 10%~15%, saving energy 232 kWh. ● The products saved 63% in operation time through automated testing, and 30% in test time by optimizing the charging test.
	<ul style="list-style-type: none"> ● Improve material usage 	<ul style="list-style-type: none"> ● Improved design extends the lifespan of the metal welding tip, increasing its usage by up to 16,200 times.
	<ul style="list-style-type: none"> ● Manufacture CO₂ reduction and circular 	<ul style="list-style-type: none"> ● Facilities promote energy saving schemes, which saved a total of 4,395 MWh of electricity and reduced CO₂ emissions by 2,333 metric tonnes. ● We plan to recycle as much water as possible via improvement of equipment and technology, the process water recycling rate of 65%.
Distribution, storage, and transportation	<ul style="list-style-type: none"> ● Using recyclable and reusable packaging material 	<ul style="list-style-type: none"> ● USI recycled and reused about 38,000 plastic pallets, 7,000 wood pallets, 6.86 million trays, 0.46 million partitions, and 0.16 million recycling bins, reducing a total of 1,515 metric tonnes of waste.
Use phase - operation and servicing/maintenance	<ul style="list-style-type: none"> ● Improve energy efficiency 	<ul style="list-style-type: none"> ● The DC-DC conversion efficiency of the DC power supply of the server product is more than 90.6%.
	<ul style="list-style-type: none"> ● Energy efficiency regulation 	<ul style="list-style-type: none"> ● All internal power supplies complied with 80 Plus Titanium certification. ● 100% in compliance with the California Energy Commission Appliance Efficiency Regulations (CEC), European Commission's Eco-design Directive (EU ErP Lot 26) and the latest regulations of the EU Code of Conduct Tier 2 (CoC Tier 2).
	<ul style="list-style-type: none"> ● Energy saving 	<ul style="list-style-type: none"> ● In our product energy saving evaluation, eco-design products saved 152 GWh.
End of life management	<ul style="list-style-type: none"> ● Meet WEEE criteria 	<ul style="list-style-type: none"> ● Collaborated with customers and 100% met WEEE criteria in mechanical parts design. ● 770.6 metric tonnes of recyclable and reusable materials were used in USI's annual shipments.

Product Life Cycle Assessment

Life Cycle Assessment means systemically analyzing the environmental impacts of a product or technology throughout its Cradle-to-Grave life cycle, from the acquisition and handling of raw materials, through manufacturing, transportation, sales, use and maintenance of the product, to its final recycling or disposal. Among different methodologies, the product carbon footprint is a life cycle inventory of carbon emissions generated at each stage of a product, which is converted into the sum of CO₂ equivalents, making the Product Carbon Footprint the best example of a Simplified Life Cycle Assessment (SLCA). Due to the variety of USI products offered, we have completed carbon footprint inventories for various products in phased stages. We intend to inventory at least three product series' carbon footprints from 2023 to meet customer green product needs. To expand facility capabilities, we have shared relevant knowledge and experience of green product integration development low carbon materials with other facilities. In 2024, we completed the inventory of 5 series of products, total of 110 products. All USI products completed environmental impact assessments, including full LCAs conducted by USI and our customers (40.38% of revenue), simplified LCAs based on ISO 14067 product carbon footprint verifications (5.94% of revenue), and other assessment methods that focuses on toxic substances such as RoHS (53.68% of revenue).

USI has inventoried the carbon footprint data of one product series by using SimaPro, IPCC 2021 GWP100a, and ReCiPe 2016 to calculate ISO 14067 product carbon footprint and ISO 14045 eco-efficiency evaluations. This is used to explore the impact and damage of products in 18 environmental aspects, analyze the environmental impact of products at various stages and seek hot spots for improvement, and calculate the product eco-efficiency in terms of the value of the product or service and its impact on carbon emissions or the environment ⁽¹⁾. For example: about 85% of the carbon emissions come from raw materials and manufacturing processes. We also found that there are opportunities to further identify action items with development potential, including optimizing the optimal input quantity and cutting ratio in the use of raw materials to reduce excess consumption; increasing the amount of raw materials purchased locally to reduce distribution consumption; replacing aging machines to continuously save electricity in the manufacturing process; and cooperate with carbon inventory in the facility to analyze GHG reduction performance in the production and manufacturing, while also promoting the use of 100% renewable energy in the manufacturing facility, please refer to the [5.1.4 Energy Management](#) section. This experience is further utilized to establish more product projects and a more complete carbon footprint inventory to reduce environmental impact, achieve product responsibility and consumption, and realize the concept of low carbon footprint products.

Product Carbon Footprint Inventory Performances

Product Category	Product Name	Carbon Footprint	Eco-efficiency Assessment/ Environmental Footprint	Emissions (kg CO ₂ e / pcs)	Certificate/Inventory Report
Consumer	Charger for Hearing Aids	✓	✓	9.00	Hearing Aids Inventory Report
Consumer	ATM Control Board	✓	✓	50.30	ATM Control Board Inventory Report
Industrial, Automobile Electronic	Car Wiper Controller	✓	✓	1.97	Car Wiper Controller Inventory Report
Cloud and Storage	Workstation Dock	✓	-	69.66	Workstation Dock Inventory Report
Cloud and Storage	Smart Dock	✓	-	89.40	Smart Dock Inventory Report
Consumer	Clickshare Button	✓	✓	1.81	Clickshare Button Inventory Report
Industrial, Automobile Electronic	Industrial Tablet	✓	✓	49.20	Industrial Tablet Inventory Report
Cloud and Storage	Add-on Card (AOC)	✓	-	16.56	AOC Inventory Report
Consumer	LCD Drive X Board	✓	✓	4.00	X Board Certificate
Consumer	LCD Drive XC Board	✓	✓	9.20	XC Board Certificate
Industrial, Automobile Electronic	Digital Inkjet Printhead	✓	✓	31.07	Printhead Certificate
Cloud and Storage	USB-C Dock	✓	✓	290.36	USB-C Dock Certificate
Cloud and Storage	XnBay Smart Server	✓	✓	163.60	XnBay Certificate
Communication	4G LTE Module	✓	✓	6.56	4G LTE Certificate

Note:

1. Eco Efficiency ↑ = Product or Service Value ↑ ÷ Environmental Impact ↓

Eco Labels

EPEAT (Electronic Product Environmental Assessment Tool)

Green Electronics Council (GEC) developed EPEAT, which is an environmental performance assessment tool published by the U.S. EPA. There are 51 stipulated standards, of which 23 are required criteria and 28 are optional criteria to assess the computer and display, imaging equipment, mobile phones, network equipment, photovoltaic modules and inverters, servers, and television products. EPEAT covers the full product life cycle from design, production, energy use and product recycling conditions.

First rule for hazardous substance: The first essential indicator to the reduction of use of environmental hazardous substance is to comply with the EU's RoHS standard. The eight performance categories also specify the requirement that batteries must not contain more than 25mg of lead, cadmium, mercury, and plastic material, and except for wires and cables, the content of polyvinyl chloride (PVC) is prohibited. Furthermore, according to the 8th rule: the first essential indicator for product packaging is to reduce and eliminate packaging materials with intentional addition of toxic substances, and the rule specifies that "Pb+Cd+Hg+Cr⁶⁺" must be less than 100 ppm.

In comparison to traditional computer equipment, all EPEAT registered computer products have lower contents of lead, cadmium and mercury based on the factor of protection of human health and environment, and such products are more energy saving and facilitated for upgrade and recycle/reuse. Accordingly, they can reduce GHG emissions due to climate change. For products registered by manufacturers in the EPEAT registry, it is necessary to provide solutions beneficial to the environment and facilitating the recycle operation. If a product is able to satisfy environmental performance related standards in each stage of its life cycle, it is able to receive the reward of bonus points.

In 2024, the Company assisted one of our customers to obtain the certification of silver medal grade for All-in-one POS products, the revenue from EPEAT-related products accounted for 1.72%, such that our customer was able to gain greater opportunities of product purchase agreements in the global market. This is an example demonstrating USI's commitment to green design and development together with customers and suppliers. Furthermore, the Company will also continue to exert effort in the GHG emission reduction due to climate change.



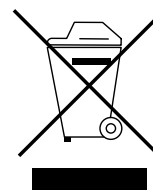
Energy Star

Energy Star is an energy efficiency and environmental protection program launched by the U.S. Department of Energy and the Environmental Protection Agency. Its goal is to help consumers, businesses, and industries save money and reduce carbon emissions by promoting energy-efficient products. The program established comprehensive energy efficiency standards for computers and IT equipment, electrical appliances, office equipment, lighting, household appliances, homes, and buildings. Products or properties that meet high performance and cost-effectiveness criteria are eligible to carry the Energy Star label. In 2024, 5 of our cloud & storage, and industrial products met the Energy Star requirements, accounting for approximately 1.84% of our total revenue.

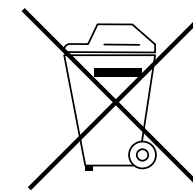


WEEE (Waste Electrical and Electronic Equipment Directive)

The WEEE Directive is an environmental directive passed by the European Union in 2003. It was established to address the disposal of waste electronic and electrical equipment by setting regulations for the collection, recycling, and recovery of such products, aiming to reduce environmental pollution caused by hazardous substances. The directive requires that all electronic and electrical products within its jurisdiction bear the Wheelie Bin symbol and be properly registered, inspected, and monitored in accordance with the specified requirements.



Recycling Symbol of System



Recycling Symbol of Lithium Battery

To meet the product requirements of customers selling to the European Union, we have established a standard operating procedure for WEEE Directive compliance. This procedure outlines the relevant management and operational processes. R&D personnel are required to provide a 3R (Recycle, Reuse, Reduce) ratio assessment and disassembly report during the product mass production phase, based on project-specific requirements, to ensure the product meets Design for Environment (DfE) standards. In 2024, we launched 12 new industrial project products, with recyclable and reusable materials accounting for 96% of their composition.

SDGs 12, Responsible Consumption and Production, calls on countries to promote a circular economy model by managing material usage and resource circulation. The goal is to drive green design across industries by creating products that are long-lasting, easy to repair, and fully recyclable. This approach aims to establish a closed-loop system within product supply chains, extend product lifespans, and reduce waste generation, ultimately advancing a green economy and ensuring sustainable consumption and production patterns. Therefore, we collected information on all new mass-produced products in 2024 that comply with the WEEE reporting requirements, and compiled data related to their use of recycled materials. The significant decline in the relative percentage was due to a slowdown in market demand for the introduced products, as well as the addition of the full-year shipment volume from our HCC subsidiary in the latest statistics.

After two years of data collection, analysis, and evaluating customer product adoption, we have reassessed the target for the use of recycled plastics in specific products. We have set a new five-year goal to increase the proportion by an average annual growth rate of 8%.

Percentage of Post-Consumer Recycled (PCR) Plastic Relative to Total Products Produced

Item	2021	2022	2023	2024
% of total products	0.11%	0.14%	4.43%	0.27%

Plastic Material Usage and Recycling Ratio in Products in 2024

Plastic Materials in Products: (thermoplastic materials only, no packaging)	Amount Used (metric tonnes)	% of Materials Recycled	% of Materials Recycled Target	Status	2030 Target
Acrylic, Acrylonitrile Butadiene Styrene (ABS), Polybutylene terephthalate, Polyamide, Polycarbonate, Polyester, Polyoxymethylene, Polystyrene, Polyurethane, Silicon Rubber	234.82	8.02%	8.00%	✓	13.20%

2024 Usage and Recycling Ratios of Metal Materials in Products ⁽¹⁾

Metal Raw Materials	Aluminum	Cobalt	Copper	Iron/Steel	Nickel	Lithium	Titanium
Amount Used (metric tonnes)	1,210.11	0.00	3.33	21.68	0.10	0.53	0.11
% of Materials that are Recycled	10.44%	0.00%	73.66%	5.52%	1.38%	0.00%	2.44%

Note:

1. The survey scope of this table covers metal mechanical components regulated under the WEEE Directive; therefore, it does not include cobalt in its metallic form, resulting in a usage amount of 0.

3.1.4 Sustainable Green Education

Besides implementing the green management internally, USI made stakeholders further aware of the importance of environment protection and applied the correct environmental concepts to various steps in production process (i.e., the product planning, raw material control and GHG emission reduction). We keep communicating with employees, suppliers and contractors regarding our EHS-associated principles, knowledge, and requirements. USI's internal e-learning courses on sustainable green production train employees in R&D, procurement, and quality control departments on GP-related regulations, requirements, procedures, and eco-friendly materials. In 2024, all facilities implemented 16,520 lessons (8,069 hours), including 3,069 lessons (1,045 hours) focused on sustainability literacy. This ensures that related personnel understand the company's policy on supplier sustainable management.

To meet customer requirements, Company is not only keen to participate in international forums on carbon emission disclosure but also carry out plans for energy conservation and carbon emission reduction. By instilling the green concepts at internal training programs while drawing from external experiences, USI conveyed its green values and fulfilled the Green Promises.



Sustainable Green Education Courses

Hazardous Substance Management System Requirements for Green Products

- Quality Policy
- Hazardous Substance Management System
- Green Product Management System
- Green Product Workflow
- RoHS (EU) 2015/863
- GP Label in Production Line
- Halogen-Free
- Green Non-BOM Materials
- Engineering Change Request Process



Green Products Regulations Introduction

- RoHS Requirement by Country
- REACH
- EU Battery Regulation (EU) 2023/1542
- Regulation (EU) 2025/40 on Packaging and Packaging Waste
- EU Directive - ELV ⁽¹⁾
- WEEE
- Halogen-Free
- CEC
- ErP
- California Proposition 65



Green Products Manufacture, Non-BOM Material and Shipping Control

- Green Manufacture Management
- RoHS (EU) 2015/863
- GP & HF Definition
- Green Non-BOM Management
- Outgoing Management

Green Part Verification and Approval

- Operating Standards and Regulations for Green Products



Green Design Controlling Process

- Green Product
- Workflow



Developing Sustainability Competency

- Sustainability Trends
- First Part: Environmental Protection
- RBA Code of Conduct
- Responsible Minerals Management
- Sustainable Supply Chain Training

Note:

1. ELV, End-of-Life Vehicle

3.2 Innovation Management

USI realizes that innovation is the key for continuous growth and considers Intellectual Property (IP) as one of our most important assets. We not only treasure our own IP but also respect all the IP around the world.

3.2.1 Research and Patents

To safeguard IP and fuel innovation, we established the IP Policy to codify how IP is obtained, protected, maintained, utilized, and managed, while also avoiding infringement. The policy affirms that IP is a shared responsibility of all employees and encourages internal innovation to benefit all stakeholders. In 2024, our Nantou Facility aligned IP rights with operational goals through a systemized approach using the PDCA management cycle and achieved TIPS A-level certification. We have presented research performances to the electronics industry through applying patents and international journals.

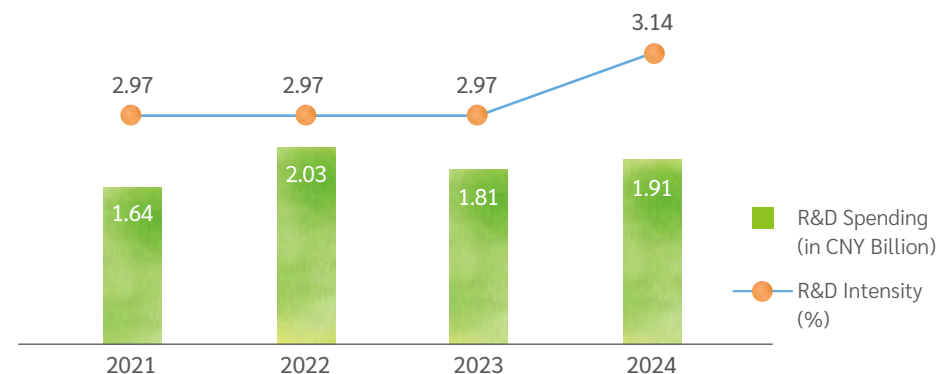
In 2024, USI has 2,930 R&D employees, accounting for 13.20% of the employee population, increased by 0.99% comparing with 2023. And invested CNY 1.908 billion, accounting for 3.14% ⁽¹⁾ of the revenue, increased investment by CNY 101 million comparing with 2023. We added an Offshore Development Center and a Miniaturization Competence Center to continue to cultivate and improve the ability of design and development personnel to maintain a stable and sustainable development in the intensity of research and development.

Note:

1. Please refer to page 32 of the [2024 Annual Report](#) for detailed information.



R&D Spending and Intensity

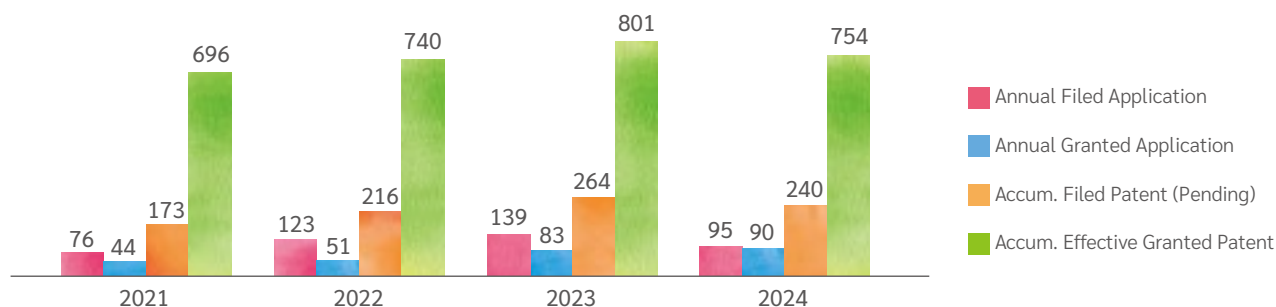


In terms of patents, to encourage research, development, innovation, and enhance technology and competitiveness, USI set up Patent Management and Incentive and regular R&D competitions. After the project has been verified, employees that proposed the patents will be financially rewarded and publicly recognized. In 2024, a total of 21 teams participated in the R&D incentive competition. Among them, 5 teams competed under the Successful Project category and 16 under Innovative Technology. After a rigorous evaluation process, 10 teams were awarded.

Rank	Project Name	Project Content
Successful Project		
Champion	WM2301	The SiP module has Wi-Fi 7 + BT 5.4 + Low power scan core + thread module with conformal shielding
2 nd Place	5G Rugged Tablet	5G rugged tablet with IP66 waterproof and dustproof rating, 1.5-meter drop and C1D2 explosion-proof test
3 rd Place	Wearable Scanner	The smallest wearable scanner on the market with embedded battery, BT connectivity, and ergonomic design for optimal comfort and user experience
Important Strategy Award	WHITEFIN-G6	The product has Wi-Fi7 + BT5.4 + Thread module using BRCM eFEM & mature double side molding technology

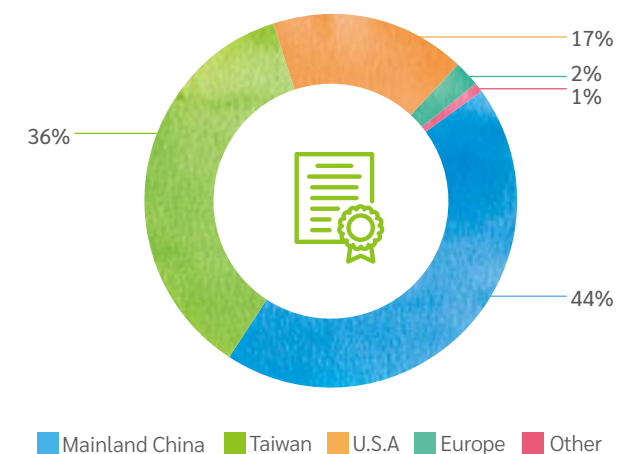
Rank	Project Name	Project Content
Innovative Technology		
Champion	SiP with Vacuum Printing Encapsulation (VPE) on HDI	The developed VPE process can be applied to a variety of substrates, providing better design flexibility for modularization and miniaturization
2 nd Place	A Novel Metal Cap Antenna Design for mmWave Application	New AoP antenna for mmWave applications achieves high antenna gain at high frequencies and reduces the number of antenna elements and substrate layers
	PCB ICT (In-Circuit Test) Design Automation	Automatically generate test point development to reduce PCB ICT design cycle time for various products
3 rd Place	SMT Automatic Stripping Reel Tape Machine	Develop and import pre-disassembly equipment, integrate Automated Guided Vehicle (AGV) material collection, material delivery, and integrated intelligent automation system for the entire line
	Antenna in Package Technology Development	Successfully developed and integrated antennas into SiP products, replacing the original solution and achieving product-changing technological innovation
	Highly Integrated Antenna Design for Rugged Smart Handheld 5G Device	USI's first 5G industrial rugged handheld device has 360° NFC tag reading and an integrated design of the main antenna and speaker to achieve the advantages of miniaturization and space saving

According to the data, the number of patent proposals approved by the Patent Review Committee exceeded 130 annually, and a total of 140 proposals were filed and approved in 2024, among which there were 8 patent proposals of key technologies. Key technologies refer to patents in relation to SiP miniaturization technology, electric vehicle technology and wireless equipment technology. In 2024, the cumulative number of effective granted patents⁽¹⁾ stood at 754, and the cumulative number of approved patent applications reached 1,670, an increase of 5%. The patents obtained in the last four years are shown in the below.



Furthermore, regarding USI's electronic manufacturing and service technologies patent portfolio, USI has been granted 334 patents in Mainland China, 275 patents in Taiwan, 125 patents in the U.S.A, 13 patents in the Europe and 7 patents in other countries.

Distributed of Accumulated Effective Patents



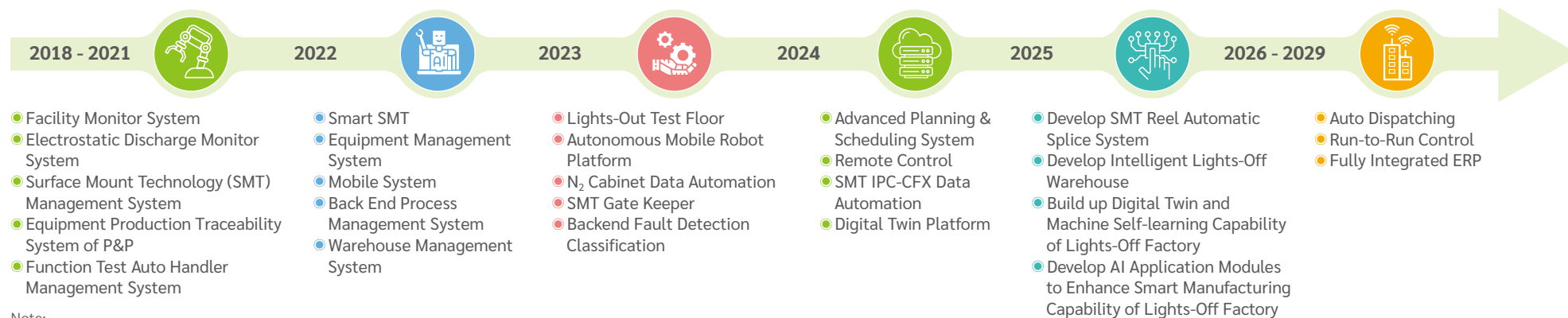
Note:

1. The scope of the patents counted includes those from USI Science and Technology (Shenzhen) Co., Ltd. and USI Electronics (Shenzhen) Co., Ltd., in addition to those covered in the Report.

In 2024, total 4 of the proposals involved green process designs and have passed internal patent review meetings. The green process proposal is to increase the proportion of automated and unmanned facility operations by reducing work hours, lowering labor costs, or improving efficiency to achieve energy and carbon savings in the process. Please refer to the following table for details:

Facility	Green Proposal	Proposal Benefit
Huizhou	Algorithm for circuit testing of PCB with marked circular test points in open areas and added straight-line paths	By implementing this new algorithm, the layout can generate more available space and additional test points. Automated testing using this approach can improve efficiency by approximately 50%.
Huizhou	Algorithm for PCB testing with marked circular test points in open areas	By implementing this new algorithm, the layout can generate more available space and additional test points. Automated testing using this approach can improve efficiency by approximately 50%.
Kunshan	Module packaging structure with molding cavities on the backside of active components and its manufacturing method	This design adopts green, halogen-free materials to enhance environmental sustainability while improving module heat dissipation, reducing power consumption, and boosting overall system performance. The manufacturing approach utilizes low-cost molds in combination with existing standard molds, eliminating the need for custom molds for different cavity designs and significantly reducing expenses associated with high-cost molds.
Kunshan	Structures of three-dimensional semiconductor power modules using lead frame packages as interfaces and their manufacturing methods	Selection of halogen-free materials and ensuring product reliability.

Lights-Out Factory Roadmap



Note:

1. The data includes Zhangjiang, Jinqiao, Huizhou, Kunshan, Nantou, Mexico, Vietnam, and AFG-SUZ Facilities.

3.3 Sustainable Production

USI actively introduces smart manufacturing through the automated Lights-Out Factory project to streamline production quality and efficiency, meet customer demand, and continue optimization of design, production, and energy efficiency through the Continuous Improvement Program.

3.3.1 Smart Manufacturing

Since 2015, USI has established Zhangjiang Facility as a model factory, and the name of Automation Development Division managed by the Zhangjiang Facility general manager has been changed to Smart Manufacturing Development Division with the introduction of smart manufacturing. In 2016, the Company further established the Information Automation Team to further improve the function and scope of the Smart Manufacturing Development Division. Moreover, in 2021, the Division was further upgraded to Smart Manufacturing Development Center, and the organization members were also expanded to support and promote the 5-Star Lights-Out Factory development for all facilities worldwide. The Smart Manufacturing Development Center completed the first WiFi SiP Module Test Lights-Out product line of Zhangjiang Facility was completed in 2021. In addition, the Company plans to upgrade four factories to Lights-Out product lines in 2025.

USI's Smart Manufacturing Program has adopted the concept of Industrial Internet of Things (IIoT) and plans the development of the Industry 4.0 Smart Manufacturing Program in line with the electronic manufacturing industry, and this is called the 5-Star Industry 4.0 Smart Manufacturing. We have also formulated the 5-Star Factory Standard with reference to the industry, i.e. more than 90% automation of machines, more than 90% of machine connection & real time monitoring, and labor is less than 10%. This plan sets out a phased development over the next five to ten years to increase the level of automation in USI facilities around the world, and continue to be at the forefront of the industry.

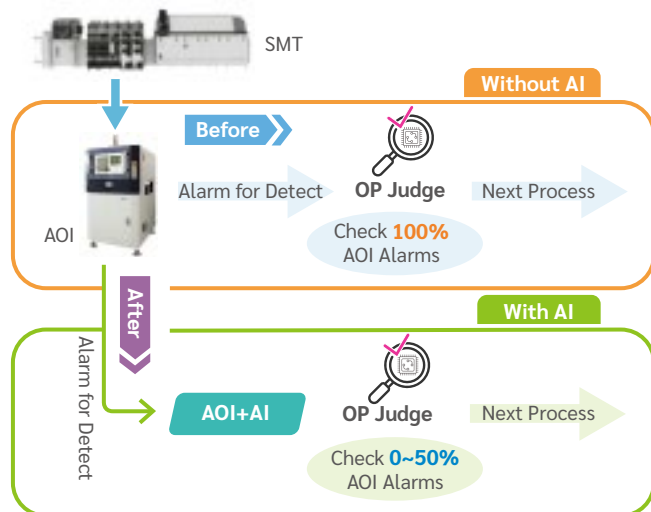
In 2024, we successfully introduced 68 automated manufacturing projects ⁽¹⁾, saving a total of CNY 310.38 million in labor costs, with an average of 3.07-Star Facilities, total 3 of Lights-Out product

line, and 6 out of 54 application modules are AI application modules. The Company plans to develop 6 common platforms in 2025, and upgrade all facilities with implementation of Industry 4.0 to 3-Star or 4-Star factories in 2029, such that the average class of facilities will reach 4.26-Star and develop 18 AI application modules. USI aims to implement Lights-Out Factory

3.3.2 AI Application on Smart Manufacturing

USI established an AI team in 2019 and began researching and developing the AOI+AI⁽¹⁾ defect inspection system independently. During this period, USI conducted a benchmark with systems of the same function in the same industry and achieved winning results. USI then actively continued to optimize and adjust the algorithms to become an AOI+AI system suitable for USI's production. In 2021, USI began to gradually introduce this system to other production lines to enhance the accuracy and production efficiency of the defect inspection. The system will be gradually introduced to other production lines in 2021 to improve the accuracy and production efficiency of defect detection. The AOI system automatically captures surface defects on products, while AI further learns and analyzes this data to identify actual defect issues and predict potential quality anomalies. This combination of technologies not only significantly reduces the manual workload but also enables timely detection of potential problems, thereby enhancing the stability of the manufacturing process and ensuring product consistency. The AOI+AI defect inspection system was implemented at the Jinqiao Facility in 2023 and at the Zhangjiang Facility in 2024. Utilizing AI deep learning models, the system can quickly identify over 85% of defect types. Compared to traditional inspection methods relying on human visual rechecks, it improves efficiency by more than 60% and significantly reduces the risk of human factors affecting product quality.

AOI+AI Flow Chart

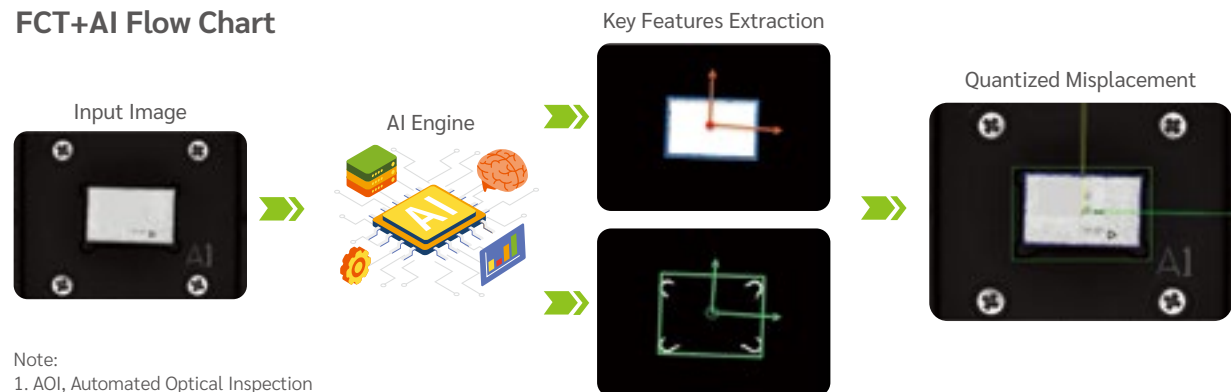


in all facilities worldwide, at least building one fully automated smart manufacturing production in each facility. This demonstrates our determination to provide advanced manufacturing solutions capable of satisfying global customer demands and creating better business results for shareholders and investors.

We have also introduced the AOI+AI system to the front-end process of the tin furnace. By accurately detecting defects and intercepting genuinely defective components, the system has delivered promising results in reducing the occurrence of defective products. This contributes to improved effectiveness in production resource management, helping reduce both resource waste and environmental burden. The systematic collection and analysis of defect data further assists the facilities in optimizing production processes, enhancing energy efficiency, and reducing the need for manual inspection. As a result, the manufacturing process becomes more intelligent and automated, achieving the dual benefits of increased production capacity and cost reduction. This technology not only plays a critical role in the manufacturing process but also directly supports the goal of sustainable production.

In addition to the AOI+AI technology, we have introduced an automated inspection station (FCT⁽²⁾ station), which is combined with AI to further enhance production efficiency technology. In the FCT station, the introduction of AI has significantly optimized the test process, reducing the original single test time by about 50%, reducing production energy consumption and false alarm problems in the laser inspection system. This optimization initiative not only improves production metrics and reduces false alarms, but also further decreases material waste and repeated inspection costs caused by testing errors. Overall, the first-pass yield has increased by more than 10%. In 2025, we will expand this technology to more facilities, further advancing intelligent inspection and manufacturing process optimization. This initiative aims to deliver more reliable, higher-quality products to our customers while contributing more significantly to our corporate sustainability goals.

FCT+AI Flow Chart



3.3.3 Continuous Improvement Program

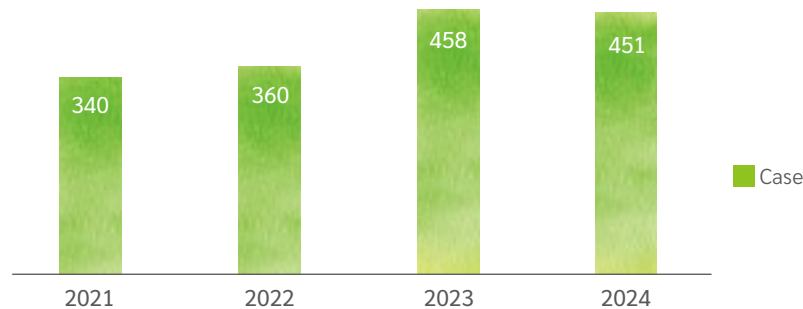
Continuous Improvement Program (CIP) proposes improvement plans for the productivity, process, quality, efficiency, equipment, software, hardware, energy conservation and CO₂ emission reduction, automation, safety, digital innovation, and have cost saving benefits.



CIP Purpose

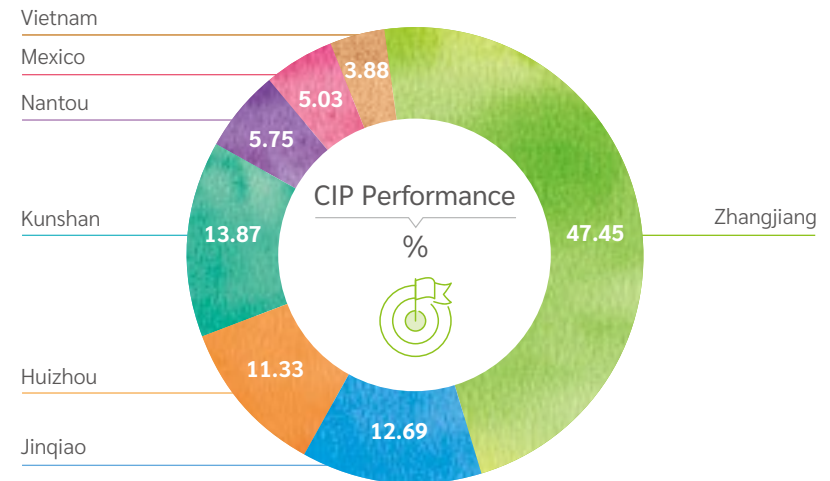
- Build a platform to realize ideas and approve employees' endeavors and awards
- Encourage employees devoting to continuous improvement
- Enhance teamwork and enterprise competitiveness

The cases proposed by each facility are reviewed by Site Review Committee (SRC) for their project results that including innovation and development capability, actual saving value attainment capability, technical application capability, standard operation capability, and reproduction operation capability. For the annual review meeting, the hosting unit (Corporate Operation Development, COD) selects cases and submits to the Corporate Review Committee (CRC) Committee to review the project content and effect of saving. In addition, facilities are encouraged to replicate cases of outstanding implementation effect, to expand the positive outcome. In the past year, 808 projects have been executed. In addition, according to the statistics shown in the graph below, on average about 400 new projects are proposed each year.



After the total performance of 2024 is calculated by COD, the actual tangible cost saving was CNY 120.26 million and the saving cost accounted for 0.26% of revenue. Please refer to the figure for the details of each facility.









CIP Performance by Facility



The CIP annual performance reward is based on performance achievement and facility profitability, comprising a base reward and a performance-based bonus. The bonus is split between individual/team contributions (20~70%) and departmental or organizational performance (30~80%), ensuring recognition reflects both personal impact and collective success. The Facility general manager makes comprehensive determination, followed by distributing bonus to project responsible persons (including employees and their department/division supervisors who are involved in project improvement activities). The total bonus distributed was CNY 784,000. In addition, the CIP Excellent Contribution Award is a global competition that in 2024 includes a Case Category competition and a SMT Run Rate Improving Gains Award competition, in which the winning teams are awarded trophy and awarded a total of CNY 291,000 to winning employees for their efforts in continuous improvement.

CIP Excellent Contribution Award

In response to climate change, USI has included energy saving and carbon reduction as key project categories, set a corresponding scoring mechanism, and increased the quota of key project awards to promote relevant compelling green proposals. In 2024, a total of 8 award-winning projects, among which there were 1 digitalization innovation project and 3 energy-saving and carbon reduction projects receiving awards, the total carbon reduction amount 2,543 metric tonnes. For the annual award-winning projects, please refer to the following table for details:

Facility	Rank	Project Name	Project Benefit
Key Project			
Kunshan		Digital Research & Development of Three Environmental Monitoring Devices (digitalization innovation)	We independently developed online monitoring systems for equipment grounding, electrostatic discharge (ESD) wrist strap monitoring, and dust particle monitoring. By integrating LORA wireless communication for digital data collection and displaying results through digital dashboards, we have reduced the need for on-site measurements and manual recording by personnel. This enhances control capabilities and improves customer satisfaction, with cumulative savings of CNY 0.80 million.
Kunshan		Chiller Smart Control System Implementation (energy-saving and carbon reduction)	We have implemented intelligent control logic for our chiller systems to replace manual fixed-state controls. The system automatically adjusts equipment parameters based on end-point cooling demand and changes in outdoor temperature and humidity, enabling a fully automated and optimized system management mode, saving 1,396 MWh of electricity annually, saving 13,563 metric tonnes of water and reducing carbon emissions by 1,093 metric tonnes, with cumulative savings of CNY 0.78 million.
Huizhou		Photovoltaic Power Generation System (energy-saving and carbon reduction)	A distributed solar power generation system, led and implemented by USI, was installed on rooftop areas and parking canopies. This setup helps reduce floor slab temperatures, thereby improving the working and production environment for offices and facilities located on the upper floors, saving 1,830 MWh of electricity annually and reducing carbon emissions by 1,413 metric tonnes, with cumulative savings of CNY 0.93 million.
Jinqiao		Air Conditioning Condensate Water from The Production Building is Recycled to The Cooling Tower (energy-saving and carbon reduction)	The condensate piping in the production building was modified so that condensate from each floor is collected into a condensate tank, then pressurized and supplied to the cooling towers in the utility building, eliminating the need for wastewater treatment, saving 89 MWh of electricity annually and reducing carbon emissions by 37 metric tonnes, with cumulative savings of CNY 0.32 million.
Other Project			
Jinqiao		Y2201 Frequency Shift Yield Improvement	We designed the experiment to adjust the laser emission frequency so that it avoids the resonance range of the Y2201 component, thereby improving yield, with cumulative annual savings of CNY 0.73 million.
Zhangjiang		Error Proofing for Gas Switching and Loading in Sputter RF Chamber	We developed an automated control and comparison system that automatically switches gases during model changes to improve machine uptime and prevent quality issues caused by human errors, with cumulative annual savings of CNY 1.80 million.
Zhangjiang		Monaco Jig Saw Blade Lifetime Improvement	We optimized the product design to address surface cracking issues, extending the Monaco Saw blade life from 300 meters to 800 meters. This reduces blade replacement frequency and operator workload while enhancing machine utilization and production line capacity, with cumulative annual savings of CNY 1.73 million.
Zhangjiang		Automatic Tray Stocker Application	USI's Smart Manufacturing Center developed a fully integrated Lot storage system that unifies AGV material retrieval, automated feeding, and manual operations into a seamless workflow. Digitized Lot process cards enable real-time logging of dynamic storage locations. With in-house innovation across hardware, control software, and Industry 4.0 cloud systems, this automated solution overcomes closed-loop challenges in lights-out manufacturing and delivers annual cost savings of CNY 0.45 million.

4

Value Chain Management

In response to rapid global development, effective supply chain management not only reduces production costs and improves product quality to enhance customer satisfaction but also strengthens business growth and social responsibility. By collaborating with partners, we can build a resilient supply chain and contribute to a more sustainable future.



87

Customer
Satisfaction Score



41 %

Global Local
Procurement Rate



0 Cases

Product Recalls



1,515

Metric Tonnes

Waste Reduced in
Collaboration with Suppliers



529

Supplier Partners

Participated in the Sustainable
Value Chain Webinar



100 %

New Suppliers

Passed Sustainability
Assessment

Key Stakeholders:

Customers, Suppliers/Contractors

SDGs



Sustainable Issue Performance and Targets



Material Issue



Achieved



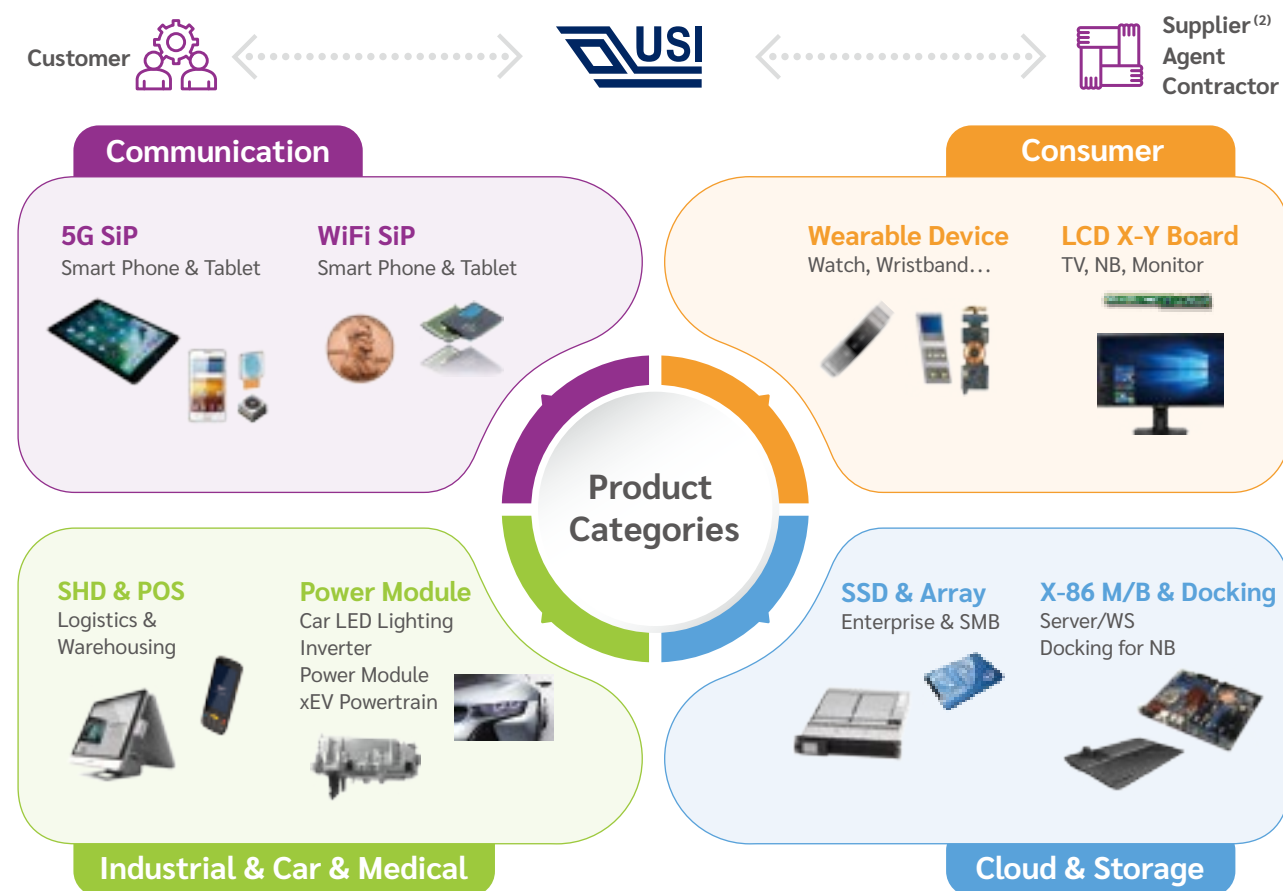
Not Achieved

Management Purpose	KPI	2024 Target	2024 Performance	Status	2025 Target	2029 Target
Customer Relations <p>Management Approach: Manage and monitor customer satisfaction through surveys and feedback channels, gain insight and respond to customer expectations accurately, provide quality and diversified service solutions, and create a win-win situation with customers.</p> <p>Evaluation Mechanism: Develop and implement improvement plans to enhance customer satisfaction through surveys and customer feedback systems.</p>						
Meet customers' diverse needs and resolve customer feedback ensuring continued business	Customer satisfaction score	Customer satisfaction score reaches 84	87.1 customer satisfaction score		Customer satisfaction score reaches 85.2	Customer satisfaction score reaches 85.8
	Zero product recalls	0 product recalls	0 product recalls		0 product recalls	0 product recalls
Sustainable Supply Chain <p>Management Approach: Develop sustainable procurement policies around evaluating supplier environmental/social performance, avoiding purchasing conflict minerals, and advancing with our suppliers to lower operational risks and secure overall supply chain resilience.</p> <p>Evaluation Mechanism: Annually survey regional procurement amount, conduct a Conflict Minerals Reporting Template (CMRT) and Supplier Sustainability Assessment Questionnaire (SSAQ) survey on suppliers, and evaluate and track deficiencies based on the survey results to confirm the achievement and completion rate of various indicators.</p>						
Work with suppliers to create a sustainable supply chain that protects the environment, emphasizes corporate social responsibility, enforces labor rights, and ensures health and safety	Support local suppliers and procurement	Global local procurement rate reaches 41%	41% global local procurement rate		Global local procurement maintains at least 42%	Global local procurement maintains at least 50%
	Percentage of target suppliers completing the conflict-free minerals survey	100% target suppliers use conflict-free minerals	100% target suppliers used conflict-free minerals		100% target suppliers use conflict-free minerals	100% target suppliers use conflict-free minerals
	Percentage of Tier 1 suppliers completing the SSAQ	Tier 1 suppliers SSAQ completion rate reaches 75%	76% SSAQ completion rate		Tier 1 suppliers SSAQ completion rate reaches 75%	Tier 1 suppliers SSAQ completion rate reaches 75%

4.1 Product Value Chain

USI is a global leader in electronic design and manufacturing, providing design, manufacturing, miniaturization, industrial software, and hardware solutions, as well as material procurement, logistics, and maintenance services for leading domestic and international brands. We integrate our products and services into a Value Chain and provide a Turnkey Service ⁽¹⁾ for our customers, as shown in the figures below:

Product Value Chain



Turnkey Service



Note:

1. Turnkey Service is service integration.
2. Material suppliers refer to suppliers of PCBs, substrates, active/passive components, other electromechanical components, mechanical components, packaging materials, and accessories.

4.2 Customer Relations

Since its inception, the Company has been providing professional services and quality products to meet the diverse needs of our customers. We possess cutting-edge product development and manufacturing capabilities to provide customers with complete services from design to distribution and services spanning across global production locations.

USI has accumulated many years of experience and technology in cooperation with customers, integrate the three core technologies: computing, communications, and multimedia processing, and provide customers with the most complete solution for wireless communication products, computer and industrial applications, storage of products and servers, automotive and video products, and miniaturized products, and devoting ourselves to customer satisfaction is a core goal and value pursued by the Company.

4.2.1 Quality Management

We have established a comprehensive quality management system and formulated our Quality Policy. All facilities have obtained ISO 9001 quality management system certification to ensure that the quality of relevant products complies with applicable laws and regulations and customer requirements. Some facilities have obtained international certifications such as ISO 26262 Road vehicles-Functional Safety Certification and ISO 13485 Medical devices-Quality management systems. For a full overview, please refer to the Management Systems and Certifications Table.



The Company's quality management system covers all relevant product and service activities, including business planning, product design and development, manufacturing process development and control, material requirements planning and control, production scheduling, production management, delivery to customers, and after-sales service. We implement the PDCA cycle to conduct quality inspections, quality audits, and other management activities, promoting process management methods, risk assessment, and control measures to eliminate potential risks and drive continuous improvement.



To ensure the compliance and effectiveness of the quality management system and the hazardous substance process management system, an audit team has been established by the quality system department and the green product & microanalysis department. This team formulates an annual internal audit plan and conducts internal audits through interviews, document reviews, and on-site observations based on assigned tasks.

For any identified non-conformities, the responsible departments are required to implement corrective actions that are appropriate, adequate, and effective. The results are reported to management to assess the effectiveness of the system's operation, ultimately driving the continuous improvement of both the quality management system and the hazardous substance process management system. The Company is committed to continuously enhancing its quality control capabilities, implementing its quality policies and objectives, and providing high quality global products and services to ensure customer satisfaction.

Customer Complaints and Product Recalls

All USI products are subject to our Quality Policy, and we pay special attention to products with potential quality issues. Regarding the handling of customer complaints, we have established a systematic procedure. Through channels such as phone calls, emails, written reports, and regular or ad-hoc meetings with customers, once a complaint relating to product defects is received, the designated responsible personnel promptly perform an initial verification and record the issue. After formulating effective improvement measures, feedback is quickly provided to the customer. Regular meetings are held to discuss and continuously monitor the effectiveness of these measures, aiming to prevent similar complaints from recurring.

For products with safety concerns or batch-related issues, USI has established preventive measures and promptly initiated recalls to ensure the safety of customers' lives and property against potential harm or damage. According to statistics, there were 12 customer complaints in 2024, with a 100% resolution rate and no product recalls. Customer complaints were classified and analyzed according to the attributes of the complaints. For issues related to the design process, improper parts or inadequate training of operators, USI has established improvement strategies, including design process changes and improvements, process and raw material quality control, and training enhancement for operators to prevent the recurrence of issues and improve issues effectively.

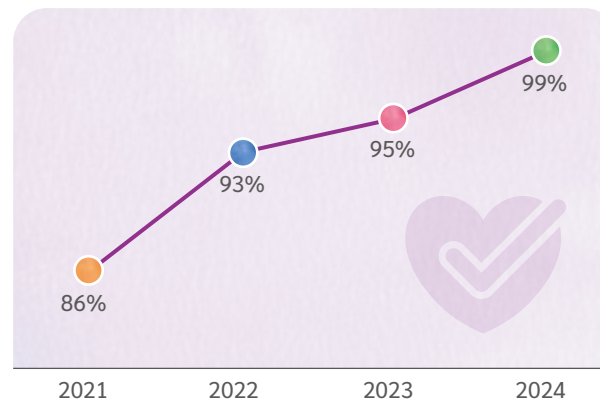


4.2.2 Driving Up Customer Satisfaction

USI offers a full range of services tailored to customer needs. We communicate effectively with our customers worldwide and proactively collect valuable feedback and concerns through regular and ad hoc business meetings, customer scorecards, and satisfaction surveys to holistically understand and respond to customers' concerns. In response to the survey results, the relevant units within the Company hold discussion meetings and leverage customers' feedback, needs and suggestions to formulate viable response strategies. Furthermore, we communicate effectively, formulate improvement plans and action plans, continuously track and monitor the improvement status, and provide feedback to customers at any time to improve the quality of communication and customer satisfaction and strengthen the solid relationship with customers in order to obtain their affirmation and long-term support and create a win-win scenario.

The 2024 Customer Satisfaction Survey ⁽¹⁾ covers all customers, accounting for 100% of USI's revenue. Using 80% as a threshold target for satisfaction, 99% of customers are satisfied with USI's services. USI achieved an average customer satisfaction score of 87.1 across all measured dimensions. Committed to continuous improvement, USI actively fosters deep communication and collaboration with customers, aiming to further elevate satisfaction and co-create greater value in the electronics design industry.

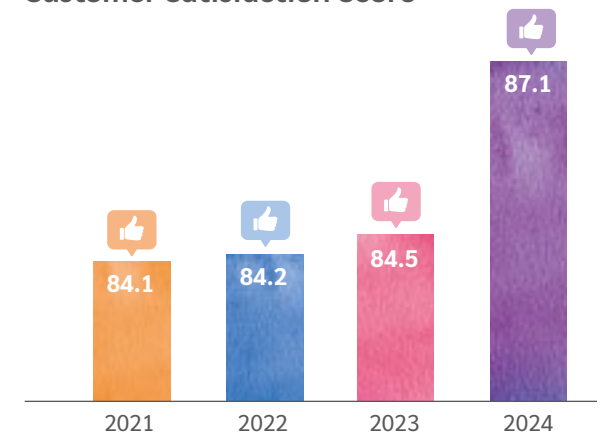
Percentage of Satisfied Customers



Note:

1. Definition of Customer Satisfaction Score: Outstanding (Satisfaction ≥ 90), Excellent (Satisfaction ≥ 85), Successful (Satisfaction ≥ 80), Satisfied (Satisfaction ≥ 70), Improvement Required (Satisfaction ≥ 60), Unacceptable (Satisfaction < 60).

Customer Satisfaction Score



4.2.3 Customer Privacy Protection

Customer confidential information is regarded as a critical asset and a cornerstone of mutual trust. Our company is deeply committed to safeguarding customer privacy and the integrity of confidential data. To ensure this, we enter into non-disclosure agreements (NDAs) with our clients, with contractual provisions explicitly outlining our responsibility to protect such information. Additionally, we have also established privacy and personal information protection policies that serve as the basis for compliance management. This includes managing the collection, processing, and use of personal information, and practicing privacy and personal information protection to ensure the rights and interests of all. Relevant details are outlined in our privacy policy. Please refer to the [2.2 Business Ethics and Compliance](#) section for our Privacy Policy.

Regarding customer document management, the Company stipulates that all customer documents are defined to have the highest level of confidentiality to protect product information provided by customers. Document information shall be encrypted and stored in the Company's internal network system. For information security management, USI's cybersecurity objectives are to ensure the preservation of Confidentiality, Integrity, Availability, and Compliance of the core systems engaged in business operations, establish information security standard management procedures and training courses to promote and implement information security policies through various management systems and management committees, strengthen information security environment and incident response capabilities, and protect the Company's intellectual property and customer data from leaking or unauthorized access. For details, please refer to the [2.5 Information Security Management](#) section.

Note:

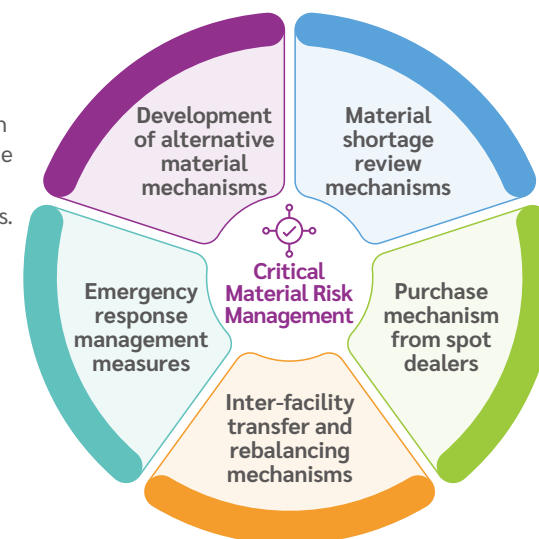
1. The percentages of the amount purchased are calculated according to the supplier distribution regions.

2. The percentages of the purchase amount of each facility.

4.3 Supply Chain Management

The global economic environment in 2024 remains full of challenges. Geopolitical tensions, natural disasters, inflation, and international instability are all testing the adaptability of businesses and the resilience of global supply chains. In the face of these changes, we continue to work closely with our global partners, striving to develop stable partnerships with suppliers and enhance the overall resilience of the supply chain. In response to the volatile international situation, a new USI factory was established in Vietnam to diversify our production bases and reduce relevant possible risks.

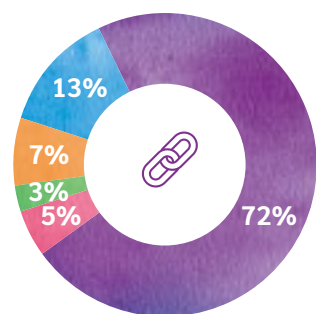
To build a sustainable supply chain, we are adjusting our procurement strategy according to global industry trends and adopting various procurement strategies according to the major categories of raw materials to diversify our sources of supply to reduce risks and ensure competitive pricing, reasonable cost, accurate delivery, and sound quality. In addition, we have identified five key material categories for production: materials with unique characteristics, customized materials, or materials subject to market supply constraints. To maintain operational efficiency and avoid supply chain disruptions, we established the following strategic procedures to communicate and cooperate with our partners, driving a virtuous cycle.



4.3.1 Supply Chain Overview

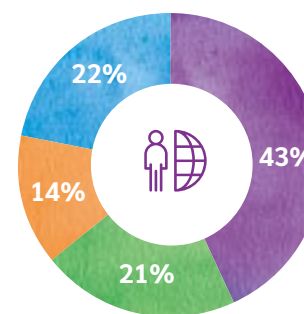
USI products are diverse and can be applied in many sectors. Our raw material suppliers, including original manufacturers, agents, and distributors, are spread worldwide to meet our product demand. In 2024, we strategically centralized our procurement and traded with 1,851 material suppliers worldwide, which is 19 fewer than in 2023.

Raw Material Supplier Categories



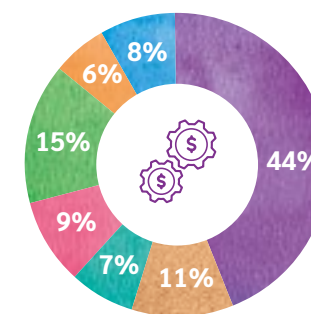
Active Passive Mechanical
PCB Others

Distribution of Raw Material Suppliers ⁽¹⁾



Mainland China Europe
America Asia

Transaction Amount at All Facilities ⁽²⁾

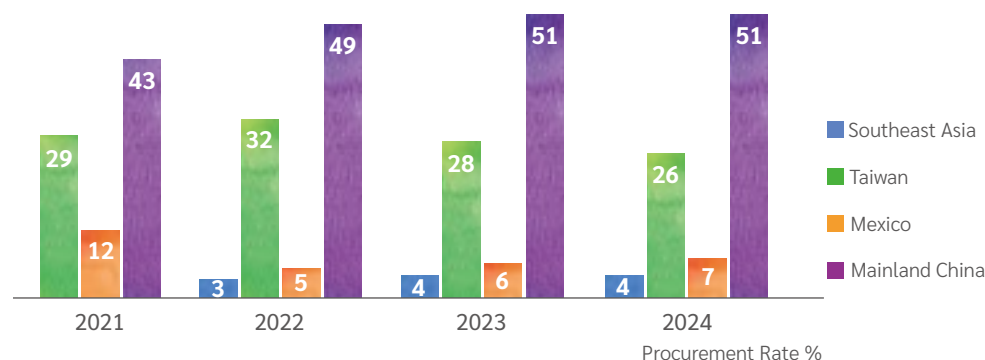


Zhangjiang Jinqiao Huizhou Kunshan
Nantou Mexico Vietnam

Local Procurement

USI supports local suppliers. This strategy not only facilitates the growth of the local economy and increases local employment rates, but also effectively saves energy and time consumed in transportation, helping us to minimize the impact on our environment. Therefore, our raw materials are primarily purchased from local or nearby suppliers. In 2024, USI advanced its decentralized production strategy and diversified raw material sourcing by evaluating new suppliers and increasing local procurement in Mexico by 1%. With the launch of a new facility in Vietnam, part of the production was shifted there. As a result, local sourcing in Taiwan decreased by 2%, reflecting the geographic distribution of key suppliers in Mainland China and Taiwan.

Percentage of Procurement from Local Suppliers at All Facilities ⁽¹⁾



Significant Suppliers ⁽²⁾

To effectively manage suppliers, USI groups suppliers by tiers and significance. Tier 1 Suppliers are selected through annual procurement amounts and long-term partnerships. Material suppliers (including direct, indirect, and packaging materials) that we have traded with for two consecutive years and have an annual purchase exceeding USD 200,000 are defined as the scope of management. According to the definition above, in 2024, there were 469 Tier 1

Note:

1. The percentages of the purchase amount of each facility.

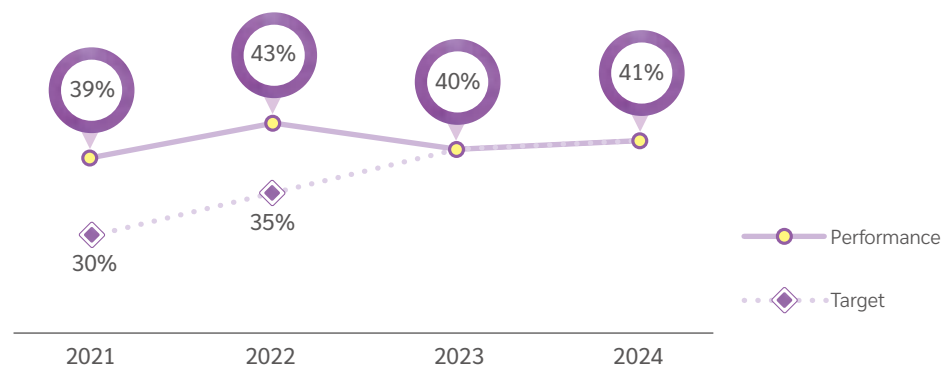
2. Definition of Significant Suppliers include:

I. Critical Tier 1 Suppliers:

- Top 85% of direct material procurement amount.
- Indirect and packaging material suppliers with a procurement amount of more than USD 1 million.
- Suppliers for key raw materials and low replaceability, such as printed circuit boards, semiconductor parts, mechanical parts, and connectors.

We divide our seven major manufacturing facilities in Zhangjiang, Jinqiao, Huizhou, Kunshan, Nantou, Mexico, and Vietnam into four regions: Mainland China, Taiwan, Mexico, and Southeast Asia. After combining the percentage of local sourcing for each facility, the overall local procurement ratio will increase from 40% to 41% in 2024. Our strategic procurement department will continue to strengthen the management of target suppliers and select local vendors with competitive advantages. We will continue to develop local vendors with competitive advantages and aim to maintain a local procurement rate of at least 42% worldwide in 2025 to enhance the competitive advantage of the local industry and strengthen the partnership with suppliers.

Global Local Procurement Rate



Suppliers. To effectively control supply chain risk and increase purchasing competitiveness, we enhanced the supervision and mentoring of Significant Suppliers. A total of 219 Significant Suppliers were identified from the Tier 1 Suppliers. For details regarding Supplier Screening, please refer to the [Sustainability Data – Social J. Coverage and Progress of our Supplier Screening Program](#) table.

- High Risk Suppliers: Suppliers with priority or other non-conformances regarding labor rights, health and safety, environment, sustainability, supply chain management, unsafe production practices that result in fines or shutdowns.
- Significant suppliers in non Tier 1: Supplier that supply critical tier 1 suppliers or suppliers that supply 2 or more tier 1 suppliers.

4.3.2 Supplier Code of Conduct

As the supply chain is the essential link of our value chain and an extension of USI's values, we require our suppliers and their suppliers to comply with the Supplier Code of Conduct. Our suppliers must follow all laws and regulations of their respective countries/regions, meet labor, health and safety standards, environment, ethics, and management standards, and monitor their suppliers' compliance with the Code. USI annually promotes the Code to ensure suppliers' acknowledgment and compliance.

In 2024, 100% of suppliers with transactions were advised of the Code to ensure continual compliance with relevant domestic and international regulations and anti-corruption and anti-competitive behavior requirements. As part of our anti-corruption governance mechanism, USI has a dedicated whistleblower mailbox where all stakeholders can report business integrity and ethics concerns (Please refer to the 2.2 Business Ethics and Compliance section). There were no reports of corruption or bribery from suppliers in 2024.

Supply Chain Management Strategy



4.3.3 Supply Chain Strategy

USI fully understands that the overall power of procurement is a unique resource. To pursue sustainable growth while meeting the needs of our customers, in the Company's daily procurement operations, in addition to cost and quality considerations, we have developed six major supply chain strategies and evaluated the sustainability value of different projects such as supply chain diversity and sustainable procurement. With the development and progress of these projects, the Company shall continue to improve overall supply chain resilience, grow together with our suppliers, and implement sustainable procurement. In all, we hope to create a mutually beneficial future for our customers, our company, and our suppliers by developing stable partnerships with them.

Sustainable Supply Chain Projects

Projects	Highlights	Quantitative/Qualitative Results
Supplier Financial Risk Monitoring	To ensure the continuous operation of suppliers and prevent the risk of material shortage due to financial problems, we regularly review suppliers' financial risks and identify suppliers with potential operational risks for control.	The Procurement Department collaborated with the Finance Department and monitored the financial risks of 49 suppliers on a semi-annual basis in 2024.
Bringing in Second Sources	To reduce material costs, strengthen supply resilience, foster vertical integration of procurement, and avoid serious material shortage problems, USI is establishing a substitute material supply chain to improve the flexibility of supply.	USI is actively developing competitive suppliers in the Mainland China market and recommending parts solutions to our customers. Successful projects implemented in 2024 resulted in annual cost savings of CNY 2.3 million.
Recycling Packaging Materials	Collaborate with major processing vendors and recycle packaging materials, reducing raw material, energy, and pollutant treatment costs, and minimizing environmental impact.	In 2024, Huizhou, Kunshan, and Nantou Facilities recycled 6.86 million trays, 160,000 partitions, and 460,000 recycling bins, reducing 1,144 metric tonnes of waste and saving approximately CNY 34 million.
Pallet Recycling and Reuse	Cooperate with local suppliers and reuse shipping pallets, reducing pallets used and subsequent environmental damage.	In 2024, Huizhou, Kunshan, and Nantou Facilities recycled and reused 37,908 plastic pallets and 7,404 wood pallets and saved approximately CNY 5 million.
Net Zero Waste	The availability and lifecycle of landfill sites are among the key issues of waste management. Improving waste classification and ensuring proper storage during disposal can effectively reduce the amount of waste sent to landfills, thereby lessening the environmental impact.	In 2024, the Mexico Facility collaborated with waste contractors to perform secondary sorting operations, recovering a total of 371 metric tonnes of general waste with potential for recycling or reuse, resulting in a total reduction of 150 metric tonnes of carbon dioxide.

4.3.4 Supplier Evaluation

Following customer demands, procurement strategy, and future trends, USI has a system to evaluate potential suppliers for technical capability, quality, and productivity and select those that meet the requirements as our official suppliers. A cross-departmental evaluation team would initially survey potential new suppliers' capacity by screening their basic company information, financials, product services, and primary customers and then assess their quality, green product management, and sustainability through the SSAQ (including labor rights, health and safety, environmental protection, and other components).

The team would rate the supplier on the survey report and present it to the Quality Review Board for final assessment and approval. All new suppliers developed by USI are required to sign the Supplier's Commitment to Corporate Social Responsibilities and Supplier Code of Business Integrity along with the Purchasing Contract to ensure they will address and manage their environmental, labor, and human rights impacts. In 2024, a total of 37 new suppliers were evaluated, and 100% passed the screening criteria to become qualified suppliers.

4.3.5 Sustainable Supply Chain

With the UN's advocacy and worldwide trend in supply chain management, suppliers are expected to meet environmental, social, and governance standards in addition to quality, delivery, and cost to create sustainable value with partners across the value chain.

USI's Supplier ESG Programs are executed and overseen by the Strategy and Sustainability Committee, led by the Chair under authorization from the Board of Directors. This structure ensures Board-level supervision, alignment of company policies and implementation, and continuous improvement to achieve long-term goals. In addition, the Sustainability Committee also track and review the performance of supply chain sustainability indicators on a semi-annual basis, including supplier rewards and exclusions, supplier risk assessment and tiered management, desk or on-site audits and corrective actions, supplier capability/technology development programs, and training initiatives.

USI regularly evaluates suppliers through its Supplier Performance Measurement Procedure, prioritizing assessments based on transaction volume. Performance is rated across five levels. Top-performing suppliers are rewarded with preferential access to new product contracts and increased order volumes. If the supplier does not meet the expectations, the Company will request a Vendor Corrective Action Report (VCAR) and require the supplier to provide a reply and proof of improvement within one month. If the response and follow-up reviews remain unsatisfactory, USI will initiate a transaction freeze in coordination with relevant departments. Frozen suppliers are excluded from placing orders in internal systems. Reinstatement requires approval from the Procurement and Product Engineering departments, followed by a compliance audit by the Quality Engineering team.

In addition, based on the quarterly supplier performance measurement results, USI invites select suppliers to participate in the Company's quarterly Executive Business Review (EBR) meetings, using a scorecard to score the four major components of price, delivery and cooperation, quality and ESG by the responsible units. Through this channel of communication, USI can educate suppliers on the Company's sustainability policy and ESG strategy, gain insights into market supply and demand and development trends, share experiences with each other, maintain close interaction with suppliers, and find long-term suppliers. In 2024, a total of 25 EBR meetings were held.

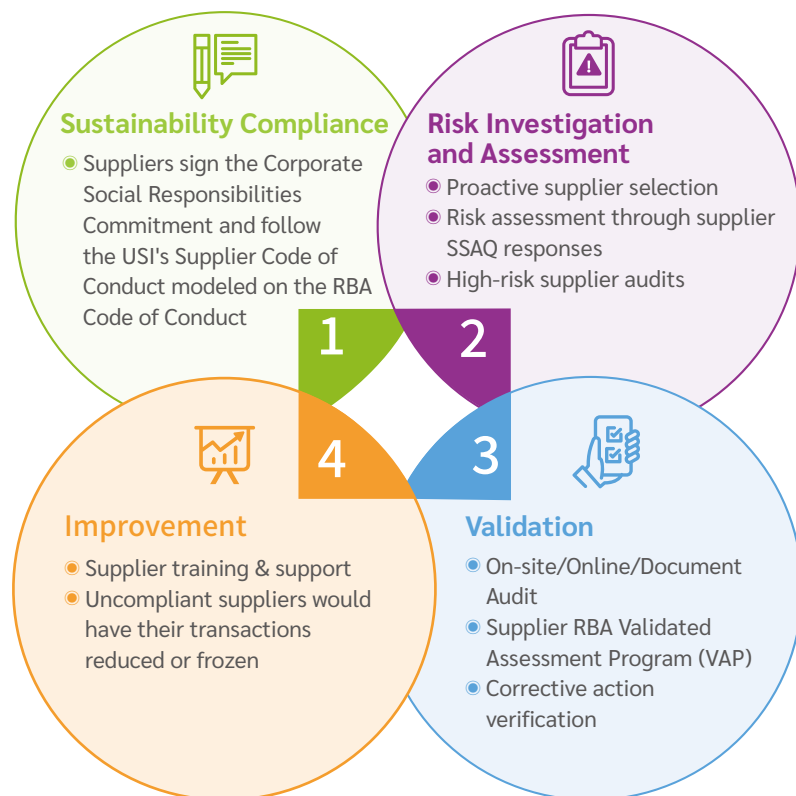
In addition to the supplier assessment process, in 2024 we trained 100% of our internal procurement staff and other employees in sustainability knowledge and awareness, with a total of 3,059 employees participating 1,045 hours in the training sessions, to ensure that they understand the Company's Supplier ESG Program and instill ESG principles and knowledge into each employee's role and implement their daily operations. The Company follows the Supplier ESG Program to build strong relationships with suppliers and promote sustainability improvements throughout the supply chain to reduce overall supply chain risk and simultaneously build resilience and capacity to respond to global climate change.



Supplier Sustainability Risk Management

To properly assess the sustainability risk of suppliers and ensure they comply with USI's Supplier Code of Conduct, USI suppliers are required to sign a commitment to follow the Code and respond to USI's sustainability risk assessment questionnaire based on the RBA Code of Conduct framework, which covers five aspects: labor rights, health and safety, environmental protection, sustainability and risk management, and supply chain management. These supplier risk assessments ensure their risks can be effectively reduced and controlled. On-site audits are conducted for suppliers that may have higher risks to gain a deeper understanding of their sustainability development status, implement effective supplier management, reduce risks, improve the overall efficiency of the supply chain, and strengthen the sustainable development of the supply chain.

Sustainability Risk Assessment Process



Before conducting a risk assessment of suppliers, the Company must first proactively conduct supplier screening. The company selects suppliers to be included in control by annual procurement amount and identifies suppliers with potentially high risks in terms of governance, environment and social as the basis for key management. For supplier country analysis, please refer to the [Sustainability Data – Social K. Supplier Selection by Country](#) table.

Supplier Screening

Methodology for Suppliers Screening

We proactively review and investigate all suppliers' countries/regions, their production processes, and their respective product categories to conduct preliminary assessments of suppliers and analyze potential risks.

- Country/location-specific risk: Depending on the supplier's location, it may be monitored as a high-risk country. Minerals from the Democratic Republic of the Congo and neighboring countries in Central Africa may lead to human rights violations and risks of environmental damage.
- Sector-specific risk: Suppliers of raw materials, labor agencies, contractors and field service providers that provide labor, energy consumption, and manufacturing processes with special risks of pollution emissions in the manufacturing industry, as well as labor agencies, contractors and field service providers who provide manpower.
- Commodity-specific risk: Parts containing metals and hazardous materials are selected according to the classification of parts.

Aspects of Suppliers Screening

Environmental	Social	Governance	Business Relevance
<ul style="list-style-type: none"> Any fire, explosion, industrial accident resulting in serious injury, death, toxic substance release into the environment, or property damage Any violation of applicable environmental protection laws and regulations, such as penalties or work suspensions ordered by competent authorities 	<ul style="list-style-type: none"> Any violation of labor, human rights, and health and safety related laws and regulations that results in penalties or work suspensions ordered by competent authorities 	<ul style="list-style-type: none"> Any violation of the Company Act, Securities and Exchange Act, information security or other network security incidents 	<ul style="list-style-type: none"> Annual procurement amount of direct, indirect, and packaging materials Technical and price advantages Productivity satisfaction and cooperation

Supplier Sustainability Risk Assessment

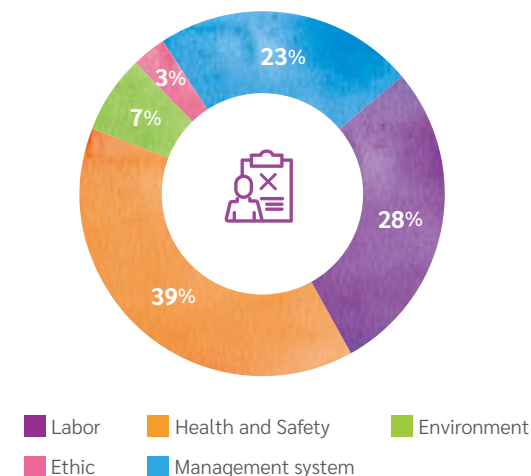
To enhance supply chain resilience and ensure suppliers meet corporate social responsibility standards, USI forms an annual audit task force led by the Human Resources and CSR departments or an independent third-party verification body. The assessment framework spans five key areas: labor practices, occupational health and safety, environmental impact, business ethics, and management systems. Evaluations are conducted through both desk assessments and on-site audits.

For Tier 1 suppliers, USI goes further by requiring completion of the SSAQ survey and submission of relevant system certifications, such as ISO 14001, ISO 14064-1, ISO 45001, and ISO 27001. In 2024, USI surveyed 469 Tier 1 suppliers, achieving a 76% response rate. For detailed results, please refer to the [Sustainability Data – Social L. Coverage and Progress of our Supplier Assessment Program](#) table.

Based on SSAQ responses, USI identified and audited suppliers with potential sustainability risks. In 2024, we conducted on-site and document audits for 67 material suppliers. During these assessments, non-conformances were addressed through online or in-person counseling sessions. Suppliers with deficiencies were required to submit corrective action plans and complete improvements within one month. A follow-up review confirmed a 100% closure rate, and all audited suppliers were reclassified as low-risk. For detailed data, refer to the [Sustainability Data – Social M. Coverage and Progress of Suppliers with Corrective Action Plans](#) table. For suppliers who did not respond to the SSAQ, USI initiated sustainability risk investigations using publicly available information to ensure continued oversight. We did not terminate relationships in 2024 after assessment.

USI extended its sustainability oversight beyond suppliers by conducting on-site audits of 41 service contractors across all facilities in 2024, ensuring alignment with USI's Code of Conduct. Further analysis of supplier audit findings revealed that 39% of deficiencies were related to health and safety. The remaining findings are shown in the chart. USI continues to support suppliers in aligning with the RBA Code of Conduct, fostering a more responsible and resilient supply chain.

Distribution of Supplier and Contractors Sustainability Audit Findings



Supplier and Contractors Audit Findings and Corrective Actions ⁽¹⁾

Category	RBA Classification	Major Non-conformance Findings	Corrective Actions
Labor	Working Hours	● Monthly overtime hours exceed local legal requirements.	● Overtime hours were continuously controlled, new hires were added, and the introduction of an overtime control system was under evaluation.
		● Attendance management lacks provisions for voluntary overtime and rest protections, such as consecutive working days, weekly working hours, and monthly overtime limits.	● The overtime management policy was revised and announced.
	Wages and Benefits	● Payroll management procedures for the calculation of payable days for monthly salaried employees do not comply with legal requirements.	● Revise the number of pay days per month.
		● Leave policies do not include regulations for annual leave, maternity leave, parental leave, and other related types of leave.	● Company policies were updated and communicated to employees.
		● In the employee resignation management system, salary is proportionally deducted if the resignation notice period is not fully served.	● Revise and improve the relevant regulations.
	Non-Discrimination/ Non-Harassment/ Humane Treatment	● The medical checkup items for female employees include a pregnancy check item.	● The onboarding notice was revised to require new hires to undergo a standard health checkup.
		● Requiring job applicants to submit documents such as proof of marital status, family planning certificates, or copies of one-child certificates during onboarding constitutes a request for non-essential documents that are not necessary for the job.	● The onboarding form and recruitment requirements on the company website were updated.

Note:

1. Identify the first three main categories of the key audit deficiencies.

Category	RBA Classification	Major Non-conformance Findings	Corrective Actions
Health and Safety	Emergency Preparedness	● Fire extinguishers, first aid kits, and emergency showers are not updated or inspected in a timely manner.	● Fire extinguishers and medical supplies were replaced, and inspection routines were strengthened.
		● Fire exits and fire hydrants are blocked by objects.	● Obstructions were removed, and restricted areas were designated.
		● No fire drills are conducted in employee dormitories.	● Relevant personnel were notified, and fire drills were immediately organized in the dormitories.
	Sanitation, Food, and Housing	● Drinking water inspection reports are not posted publicly.	● A full inventory of water dispensers was conducted during monthly vendor maintenance, and individual notices were posted.
		● Refrigerators lack temperature display screens or thermometers.	● Thermometers were purchased, and refrigerator temperature monitoring was implemented.
		● Food ingredients are not processed in separate zones.	● Revise the identity partition.
	Health and Safety Communication	● The emergency stop button does not bear the Chinese warning label.	● The purchase of "Emergency Stop" labels was standardized, and the labels were affixed to every machine to serve as visual reminders.
		● Chemical drums were not labeled with SDS or safety labels.	● Suppliers were contacted to provide the latest SDS information, which was posted on-site.
Environment	Solid Waste	● Waste disposal companies did not perform inspections on a regular basis.	● The waste management procedures were revised to include inspection records for waste disposal companies.
	Water Management	● Debris was piled up around stormwater and sewage drains, preventing them from being properly opened.	● The area was immediately cleaned up and included in the inspection checklist.
	Energy Consumption and Greenhouse Gas Emissions	● Energy consumption and greenhouse gas emissions under Scope 1, Scope 2, and Scope 3 were not tracked, recorded, or publicly reported.	● A professional team was assigned to collect and analyze relevant data.
Ethics	Protection of Identity and Non-Retaliation	● The employee suggestion box was placed in a visible location within the cafeteria, potentially discouraging employees from submitting feedback due to privacy concerns.	● The box was relocated to the stairwell along the main route to the cafeteria to enhance privacy.
	Privacy	● There are no regulations on the protection of personal data.	● Formulate relevant documents and regulations.
Management System	Legal and Customer Requirements	● Legal and regulatory identification was incomplete, and compliance assessments were lacking.	● Laws and regulations were updated, and their applicability was identified.
	Worker/Stakeholder Engagement and Access To Remedy	● The grievance policy did not specify available channels for employees to file complaints, such as mailboxes, email, or phone lines.	● Add relevant management provisions.
	Documentation and Records	● The latest updated versions of records and documents were not used, and some information was missing.	● Document templates were updated, and efforts were made to promote document completeness.

In addition, USI assesses suppliers to understand how much they prioritize human rights. Based on suppliers' SSAQ response, sustainability reports, or public information, our 2024 supplier human rights assessment identified Human Rights Policy and Commitment, Non-Discrimination/Non-Harassment/Humane Treatment, Occupational Health and Safety, and Industrial Hygiene as the main human rights risk issues. We also identified high risk suppliers and took corresponding measures to continuously track the effectiveness of their corrective actions. We will continue to assist and counsel suppliers on human rights issues for suppliers who do not respond or disclose relevant information.

Supplier Human Rights Incident Mitigation and Compensation Measures

Category	Labor	Health and Safety
Risk Issue	<ul style="list-style-type: none"> Human Rights Policy and Commitment Non-Discrimination/Non-Harassment/Humane Treatment 	<ul style="list-style-type: none"> Occupational Health and Safety Industrial Hygiene
Mitigation Measure	<ul style="list-style-type: none"> Annual audits and RBA VAP to assess suppliers' human rights risks through each facility to avoid risks. Requiring suppliers to adopt corrective measures for human rights risks and conduct follow-up on implementation. Instilling the importance of human rights in supplier labor through education and training on sustainable supply chains to reduce risks in advance. 	
Compensation Measure	<ul style="list-style-type: none"> Suppliers with public human rights commitments were given positive evaluations to enhance overall supplier performance. Those without public commitments were classified as high-risk suppliers and subject to strengthened training and audits. Requiring suppliers to provide guidance or compensation, or to implement policy changes or other measures for employees whose human rights have been violated. If a high-risk supplier is identified, the Company shall conduct on-site audits and provide recommendations for improvement and require the vendor to submit improvement reports on a regular basis to track the performance of continuous improvement. 	

External grievance mechanism & reporting mailbox: for details, please refer to the [2.2 Business Ethics and Compliance](#) section.

Sustainable Supply Chain Development

Supplier sustainability helps companies reduce their environmental footprint, risk and reputation, drive value by improving efficiency and reducing costs, and build strong partnerships of mutual trust and respect to enhance overall sustainability. USI considers suppliers as key partners and attaches great importance to communication and interaction with them. Through supplier education and training, presentations, and technical/competency counseling, USI empowers suppliers to develop an awareness of sustainability management to meet the ever-changing trends and enhance the overall sustainability of the supply chain.

Sustainable Supply Chain Training

The Sustainable Supply Chain Webinar is an annual event held by USI for our suppliers. In 2024, the Webinar for the Greater China region was held at the Nantou Facility. Through the event, we communicated with suppliers around the world on our ESG philosophy and implementation policy, which includes the continuous implementation of a sustainable supply chain, international environmental requirements, our requirements for a Supplier ESG Program and the sharing of future goals.

In addition, we further invited our supplier partner HannStar Board Technology to share information on how to set up goals and to achieve implementation outcome in terms of the aspects of ESG with USI's partners, to establish outstanding corporate role model and to learn and grow together with suppliers jointly.

Furthermore, Dr. Yao-Te Chen from the Tunghai University Corporate Sustainability Impact Center was invited to share insights on "Green Ocean Business Opportunities in the Supply Chain Market – Nature, Sustainability, Innovation," providing an environmental perspective on international customer expectations for supply chains and the sustainability traits companies must possess to develop better products through innovation. A total of 529 supplier partners attended this online sharing session, with a total of 773 training hours and 324 feedback questionnaires were received after the session, with Very Satisfied rating to USI.

New Technology/Product Presentation for Suppliers

Through the Technology Forum, USI cultivates and enhances the capabilities of our R&D personnel, communicates new technology applications across departments, and holds regular courses to exchange the latest technology applications and market dynamics with suppliers, so that the entire supply chain can keep abreast of the latest market information and regulations, and establish a sustainable partnership. In 2024, we held a total of 13 sessions with material suppliers to share information on new products and technologies.

Supplier Support on Implementation of Corrective/Improvement Actions

Enhancing suppliers' ESG performance is vital to USI's sustainable growth. To that end, we conduct document reviews and on-site audits of raw material suppliers and service contractors, offering targeted guidance on non-conformities through virtual consultations or in-person discussions. A total 67 suppliers have received tailored recommendations—ranging from implementing overtime management systems and clearly marking fire safety zones to engaging professional consultants for energy use and GHG emissions assessments.

In addition, pertaining to the written assessment of conflict minerals, written interviews and guidance were provided to 15 suppliers after reviewing the responses from suppliers, whereby incomplete questionnaire content or inadequate management processes and conflict mineral policies were identified. In total, 82 suppliers were counseled in 2024.

Supplier Capacity/Technology Development Program

Supplier competency and technology development is an integral component of supplier management. USI provides technical support and counseling to reduce operational risk and foster supplier development through various programs, allowing suppliers to understand USI's ESG-related requirements and establish sustainable partnerships. In 2024, a total of 13 suppliers were coached and supported to enhance their capabilities across various ESG dimensions.



Supplier Carbon Mentoring Program

In response to the risks and impacts of global climate change and USI's Net-Zero pathway, to promote GHG reduction policies and encourage suppliers to adopt energy-saving and carbon-reducing measures. Together, we aim to achieve set supplier carbon inventory targets and lay the foundation for future initiatives such as conducting carbon hotspot analysis and quantitative calculations for suppliers. In April 2024, USI launched the Supplier Carbon Mentoring Program. A dedicated team was assigned to train and assist suppliers in establishing GHG inventory management systems (ISO 14064-1) and calculating product carbon footprints (ISO 14067) to meet regulatory requirements. Over the course of six months, both on-site and online training was provided to enhance the supply chain's ability to measure its carbon footprint and improve its competitiveness. With our guidance, two suppliers obtained certification for their GHG inventory and product footprint in 2024, and the program has mentored six suppliers since 2022.



Innovative Application Project

USI engaged in innovative, project-based collaborations with suppliers, leveraging its system module development expertise in the automotive sector. In October 2023, we initiated a nearly six-month technical collaboration with a supplier of automotive Network Access Device (NAD) chips to modularize the core NAD system. This reduced the development timeline for end customers, minimized the number of prototypes, and shortened product validation time—ultimately lowering environmental impact and total costs. Additionally, by applying USI's high-density placement guidelines for circuit component layout, we reduced PCB area requirements by 5% without compromising performance, effectively conserving resources.



Supply Chain Financing Program

Since 2015, USI has offered flexible working or investment capital solutions for qualified suppliers with a proven track record of sound partnership and procurement amounts with USI. This solution allows them to increase their quick ratio and stabilize their supply sources to meet sales growth and seasonal capital requirements, thus achieving economies of scale and improving ESG performance. USI has established long-term, healthy partnerships with 10 suppliers through this program.



4.3.6 Responsible Minerals Commitment

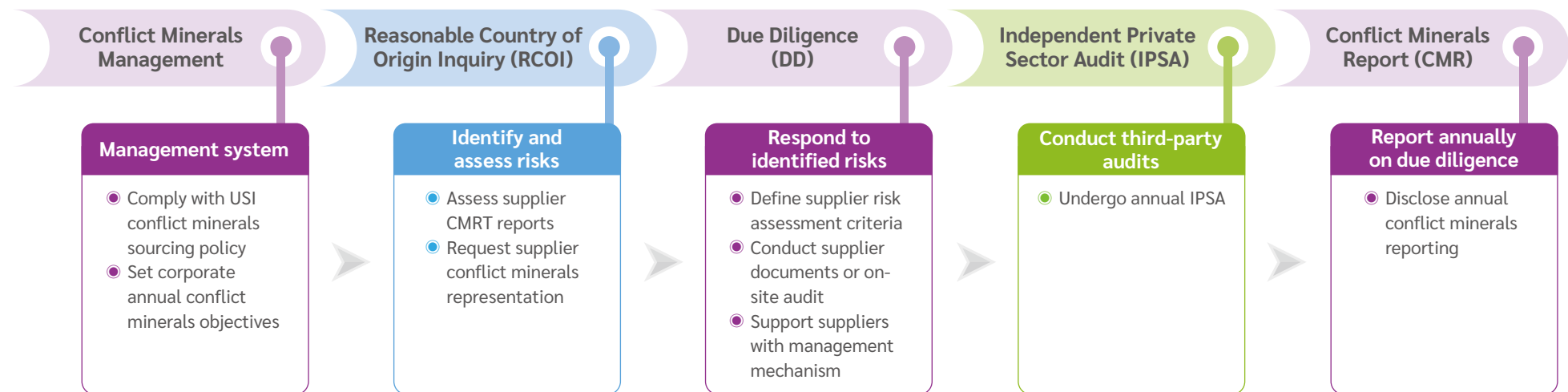
Conflict Minerals refer specifically to tantalum, tin, tungsten, gold (collectively 3TG), and cobalt mined and traded illegally by local militias in the Democratic Republic of the Congo and neighboring countries through forced labor and abusive child labor. As a member of ASEH who joined the Responsible Minerals Initiative (RMI) in 2015, USI utilizes RMI's resources and guidance to make responsible choices regarding conflict minerals, protecting human rights and the environment through sustainable procurement, and achieving a conflict-free mineral supply chain.

Responsible Minerals Management

To ensure that no conflict minerals are used during the manufacturing process of our products, USI has established the Conflict Minerals Procurement Management Policy according to the ASEH policy and requests suppliers to purchase metals from non-conflict smelters or smelting facilities approved by independent third-party review plan, to eliminate the use of any nonconforming metals from Conflict-Affected and High-Risk Areas (CAHRAs). USI follows the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected, and High-Risk Areas developed by the Organization for Economic Cooperation and Development (OECD). We have further established the USI Supply Chain Policy for Responsible Sourcing of Minerals from Conflict-Affected and High-Risk Areas.

We guarantee to not support mineral sources obtained via any conduct seriously infringing human rights and to not use conflict minerals. We also actively enhance the supply chain risk transfer plan. Furthermore, we also establish a management system according to the five main frameworks described in the guidelines. Based on the due diligence procedure in the frameworks, we identify, assess, respond, and mitigate supply chain risk, and we further design the Supplier Conflict Minerals Audit Form, such that through field/document audit, suppliers are guided to establish management mechanisms in compliance with the OECD due diligence. USI requires suppliers to source raw materials from Qualified Smelters Disclosed by RMI and to sign and commit to comply with the conflict minerals procurement management policy of USI to achieve the Company's conflict minerals-free supply chain and customer requirements.

Conflict Minerals Management Process



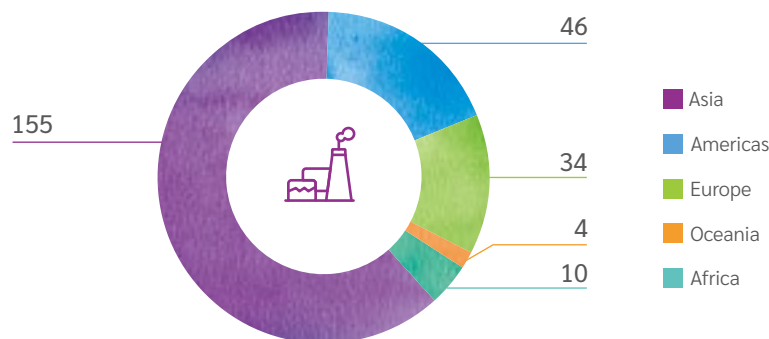
Reasonable Country of Origin Inquiry (RCOI)

The Company has established a conflict minerals management program to conduct a reasonable level of country-of-origin survey on target suppliers⁽¹⁾ every year to identify and confirm the source of 3TG, cobalt and mica in product bill of materials and component materials to confirm whether they are sourced from conflict mineral areas. We deploy the GPARS system to collect CMRT, EMRT (Extended Minerals Reporting Template) and AMRT (Additional Minerals Reporting Template) from our suppliers. We consolidate this data with the latest published list of smelters provided by the RMI to verify and ensure that the smelters' sources are qualified. If a supplier uses non-qualified smelters, we follow the risk identification and management process along with three mitigation options (mitigation for continued trading, temporary suspension of trading during mitigation period, and non-mitigation resulting in the cessation of trading) to address the issue. We require the supplier to immediately remove or replace such smelters from the supply chain. In 2024, all target suppliers used material from qualified smelters. The geographical distribution of the analyzed 3TG smelters is as follows: the majority of smelters are located in Asia, with a secondary concentration in the Americas.

Risk Identification Management Process



3TG Qualified Smelter Distribution Area



Due Diligence (DD)

USI continues to promote conflict-free mineral sourcing into the supply chain by conducting supplier due diligence and requiring the use of qualified smelters. In 2024, a total of 241 target suppliers⁽²⁾ completed due diligence with 100% compliance with the conflict-free minerals requirement; in addition to 3TG, we are progressively including more minerals from CAHRAs (e.g., cobalt and mica) in the survey, with a total of 205 suppliers surveyed and disclosed for EMRT. We also shared our conflict minerals policy and related requirements through our Sustainable Supply Chain Webinar sharing sessions and shared our future planning and promotion direction with our suppliers.

Independent Private Sector Audit and Annual Report

The Company is committed to complying with customer requirements regarding conflict minerals audits and management standards. Every year, USI conducts an IPSA based on the results of due diligence investigations conducted on our suppliers. Our target suppliers are verified to use qualified smelters and comply with the annual declaration of conflict-free minerals. ASEH, the parent company of USI, is required to file annually with the United States Securities and Exchange Commission (SEC) and its Annual Conflict Minerals Report, which covers USI and its subsidiaries. For details, please refer to the [USI Website](#).

100%



**2018~2024
Conflict Minerals
Compliant Target
Suppliers**

Future Plans

1. Conduct comprehensive supplier assessments and support the development of sustainability management systems
2. Optimize smelter data quality and traceability to meet customer reporting needs
3. Align suppliers through conferences that communicate USI's sustainability expectations and protocols
4. Expand due diligence to include metals beyond 3TG, cobalt, and mica for responsible sourcing compliance

Note:

1. Target suppliers are the top 90% of suppliers according to the annual purchase amount and the suppliers for the top customer of the year.
2. The survey scope included suppliers of USI, AFG, and HCC.

5

Environmental Protection and Occupational Safety

With an emphasis on environmental protection, USI takes aggressive measures against climate change. We look forward to considering environmental protection as well as achieving environmental sustainability while pursuing high quality products and services. In addition, we are committed to promoting a culture of occupational safety and health and providing a quality working environment for our employees.


100%

Renewable Energy Use in
Mainland China, Mexico, and
Vietnam Facilities


5,580 MWh

Renewable Energy
Produced through
Solar Panels


CNY 40 Million

Invested in
Environmental
Protection


94%

Non-hazardous Waste
Recycling Rate


0 Cases

Contractor
Occupational Injuries


6,554 Participants

Attended Health
Promotion Activities



Key Stakeholders:

Shareholders/Investors/Banks, Employees, Suppliers/
Contractors, Governments

SDGs



Sustainable Issue Performance and Targets



Material Issue



Achieved



Not Achieved








Management Purpose	KPI	2024 Target	2024 Performance	Status	2025 Target	2029 Target
Occupational Health & Safety Management Approach: Establish ISO 45001 OHS management systems, regularly inspect and review work processes, and implement the PDCA cycle to raise awareness, assess risks, and ensure the health and safety of all workers in the workplace. Evaluation Mechanism: Periodic tracking of management indicators through the Safety and Health Production Committee.						
Promote OHS culture and enhance risk management, injury prevention, and emergency response capabilities to create a safe workplace for all workers	Obtain/maintain ISO 45001 certification	Obtain/maintain ISO 45001 certification	Maintained ISO 45001 certification in all major facilities	✓	Obtain/maintain ISO 45001 certification in all major facilities	Obtain/maintain ISO 45001 certification in all major facilities
	Major occupational disease incidences	No major occupational diseases	0 major occupational diseases	✓	No major occupational diseases	No major occupational diseases
	Major occupational injury incidences ⁽¹⁾	No major occupational injuries	0 major occupational injuries	✓	No major occupational injuries	No major occupational injuries
	Major infectious disease incidences	No major infectious diseases	0 major infectious diseases	✓	No major infectious diseases	No major infectious diseases
Climate Strategy Management Approach: Introduce ISO 14064-1 to all facilities and annually conduct GHG inventory to manage related emissions and work towards reaching the 2040 Net Zero Carbon Emissions goal. Evaluation Mechanism: Annual review of facility GHG emissions to ensure ISO 14064-1 certification.						
Monitor and reduce GHG emissions as part of the Low Carbon strategy	Obtain ISO 14064-1 certification	Obtain ISO 14064-1 certification	Obtained ISO 14064-1 certification	✓	Obtain ISO 14064-1 certification for all major facilities	Obtain ISO 14064-1 certification for all major facilities
	GHG Scope 1 & 2 absolute emissions	33.6% decrease from 2016	81% decrease from 2016 (reduced 121,685 metric tonnes CO ₂ e)	✓	37.8% decrease from 2016	54.6% decrease from 2016
	GHG Scope 3 absolute emissions	10% decrease from 2020	24% decrease from 2020 (reduced 4,278,632 metric tonnes CO ₂ e)	✓	12.5% decrease from 2020	22.5% decrease from 2020

Note:

1. Number of occupational injury deaths.

Sustainable Issue Performance and Targets

 Material Issue
  Achieved
  Not Achieved ⁽¹⁾

Management Purpose	KPI	2024 Target	2024 Performance	Status	2025 Target	2029 Target
 Energy Management <p>Management Approach: Establish ISO 50001 energy management systems to improve energy efficiency and reduce the risk of changes in energy supply, cost, and demand, enhancing business sustainability.</p> <p>Evaluation Mechanism: Annual review of regulations and site energy consumption ratios to propose energy saving improvement projects and ensure energy intensity performance.</p>						
Improve energy efficiency and reduce energy costs	Electricity intensity	9% decrease from 2015	13% decrease from 2015		10% decrease from 2015	14% decrease from 2015
 Waste Management <p>Management Approach: Comply with local waste management regulations, implement waste separation and reduction, continuously review and reduce the total amount of waste.</p> <p>Evaluation Mechanism: Monthly review of waste types and total amount of waste on site and confirm no violation of regulations.</p>						
Reduce waste generation and disposal costs through effective recycling and reuse of resources	Hazardous waste generation intensity	1% decrease from the previous year	6.5% decrease from the previous year		1% decrease from the previous year	1% decrease from the previous year
	Non-hazardous waste recycling rate	Non-hazardous waste recycling rate reaches 90%	Non-hazardous waste recycling rate reached 94%		Non-hazardous waste recycling rate reaches 90%	Non-hazardous waste recycling rate reaches 90%
Air Pollution Control						
Reduce facility air pollution emissions and improve air quality	Air pollution violations	No significant air pollution violations ⁽²⁾	0 significant air pollution violations		No significant air pollution violations	No significant air pollution violations
Water Management						
Increase process water recovery rate to reduce water demand and risks	Water intensity	9% decrease from 2015	19.3% decrease from 2015		10% decrease from 2015	14% decrease from 2015

Note:

1. For not achieved targets, please refer to the corresponding sections for relevant explanations and future improvement plans.

2. The definition of a significant fine or penalty is sanctions over USD 10,000 (CNY 71,200).

5.1 Nature, Climate Change and Carbon Management

USI integrates the environment sustainable development principle with business decision-making and operation management, and the Board of Directors and senior officers take up the management responsibility and consider the recommendations and expectations of all stakeholders to establish corresponding management policies. In accordance with relevant management systems of ISO 14001, ISO 50001, and ISO 14064-1 (please refer to the [Management Systems and Certifications Table](#)), the Company's internal management procedures are established. In addition, education and training activities have been implemented for the internal employees of the Company, and the total number of hours of relevant training activities has reached approximately 30,000 hours. Internal employees' awareness of environmental protection are trained, and material environmental consideration items are identified continuously, such as air pollution, water pollution, wastes, toxic chemicals, noise pollution, soil pollution and energy resources are improved. We are committed to improving and reducing the negative impact of business operations on the environment. Furthermore, we also publicly disclose the Company's environmental information and fulfill corporate environmental responsibilities.

USI has established the [EHS & Energy Policy](#) and upholds the principle of "Legal Compliance, Response to Environmental Protection" to use the internal resources of the Company reasonably and to create an eco-friendly, healthy, and safe working environment. The Company continues to cooperate with local environmental protection departments and actively participates in environmental improvement related seminars and meetings. For recommendations or complaints filed by stakeholders, the Company has set up a telephone direct line and e-mail to receive such recommendations and complaints. In 2024, USI has not received any environment-related complaints and has not violated any environmental protection related laws and regulations, and there has been no environmental pollution incident. In addition, in the last four years, USI has not been sanctioned for major fines or penalties ⁽¹⁾ due to environmental or ecology-related violations.

5.1.1 Climate Strategy and Nature Risk Management

The global warming caused by GHG emissions over the years has exposed the world economy to significant risks and has threatened many businesses around the world. Accordingly, stakeholders have started to pay attention to climate-related risks and opportunities. The Company also supports and responds to the goal of the Paris Agreement and has explicitly disclosed the risks and opportunities faced by the Company due to climate change and related to the nature according to the TCFD and TNFD frameworks, thereby proposing corresponding strategies and measures. Please refer to the [2023 Climate and Nature Risk Management Report](#) for further information in detail. The USI Sustainability Committee is the dedicated unit for climate change related management to understand and analyze sustainable development topics related to the Company according to various domestic and foreign sustainable development and climate change related international initiative activities.

Note:

1. The definition of a significant fine or penalty is sanctions over USD 10,000 (CNY 71,200).

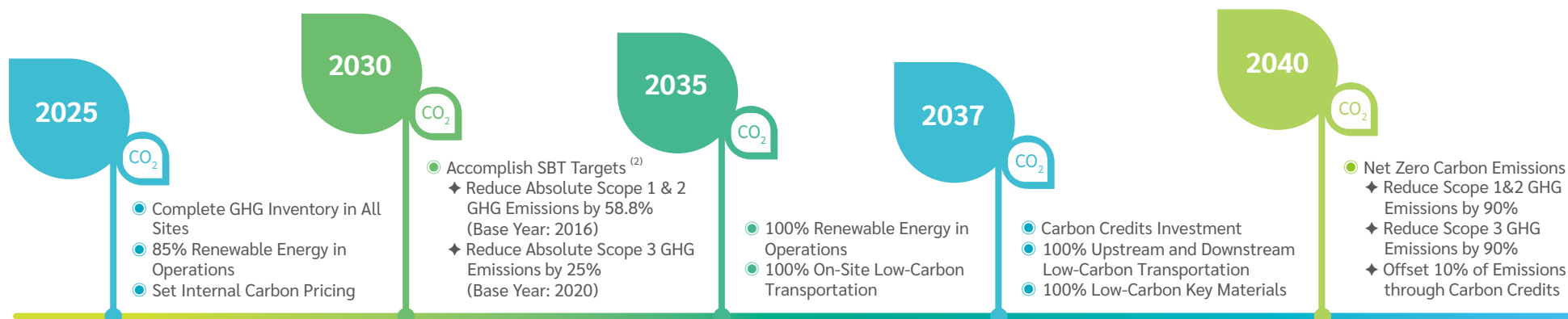


5.1.2 Net Zero Carbon Emission Targets

In 2025, ASEH updated and confirmed its Science Based Targets initiative (SBTi) targets of limiting the global temperature rise to 1.5°C and completed the setting of its greenhouse gas (GHG) reduction targets⁽¹⁾. We follow our parent company's goal of achieving net-zero carbon emissions by 2050, and in response to customer expectations, we are committed to actively planning for a 90% absolute reduction in Scope 1, 2, and 3 emissions by 2040, complemented by the use of 10% carbon credits to achieve the net-zero target. This enables us to achieve our net-zero target while continuing to provide high-quality, low-carbon products to our customers.

We continue to implement climate change and energy management, water management, waste management and air pollution prevention to help customers produce energy-saving and carbon-reducing products. We are presenting our efforts and results in response to climate change through a systematic disclosure framework, further raising awareness of climate crisis, formulating relevant mitigation plans and measures, accelerating the implementation of risk control and climate change mitigation actions, strengthening our operating sustainability management capabilities, and moving towards sustainable corporate development.

Net Zero Carbon Emissions Roadmap



Note:

1. Differing from the emissions target stated in the previous report, ASEH updated its target from 'well-below 2°C' to the more ambitious '1.5°C'.

2. Scope 1, 2, and 3 GHG base year emissions cover 100% of our manufacturing facilities, with the following emission amounts:

- Scope 1 & 2 (Base Year: 2016): 150,100 metric tonnes CO₂e
- Scope 3 (Base Year: 2020): 17,467,257 metric tonnes CO₂e

5.1.3 Carbon Management

USI continues its GHG reduction policy. We initiated our first GHG emissions inventory in 2007 according to ISO 14064-1. Then we expanded our scope in 2010 to encompass our worldwide production bases and the results were verified by a third-party institution to establish USI inventory benchmark data. In 2020, a more comprehensive and in-depth inventory was conducted. In 2017, we also started to conduct product carbon footprint inventory and disclosed relevant information in compliance with international regulations, initiatives, and customers' requirements. At the same time, we also initiated CDP participation in 2022 and, in alignment with ASEH's SBT, set carbon reduction targets and implemented related actions.

In the Company's decision-making and financial planning processes regarding climate issues, to effectively mitigate both physical and transition risks posed by climate change, we evaluate energy efficiency and cost-effectiveness to identify low-carbon opportunities, while continuously monitoring international trends and regulations. The Company's sustainability team regularly reviews and invests in energy-saving and reduction projects within the facility. Starting in 2023, an internal carbon pricing mechanism using an implicit carbon price has been implemented. Through carbon pricing and emission reduction targets, the Company aims to achieve its climate-related policies and goals. This rule covers Scope 1 & 2 greenhouse gas emissions. The geographical boundary covers all facilities and is applied to all climate-related decision-making processes. The price range is 9 - 356 CNY/tCO₂e.

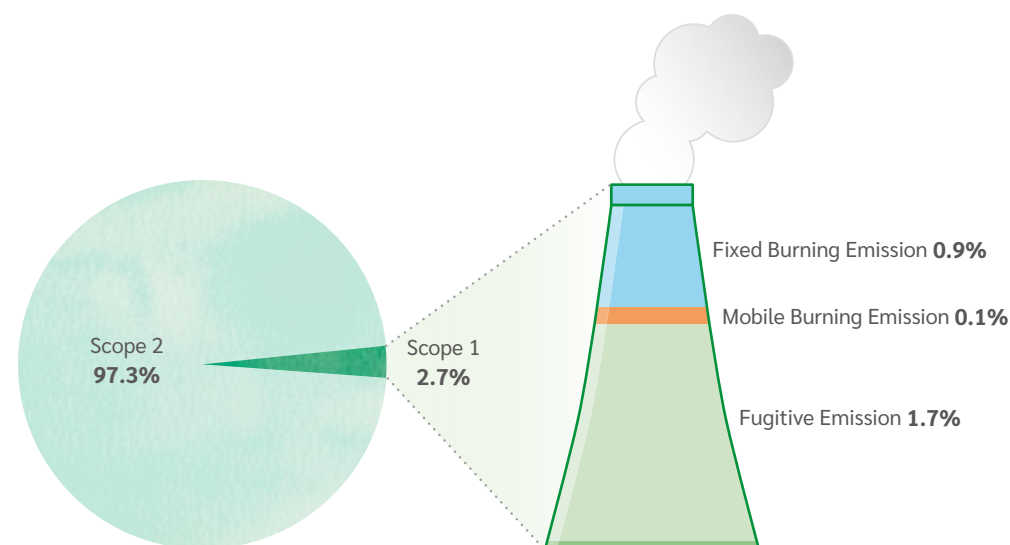
Climate change has impacted USI operations. Our Mainland China, Mexico and Vietnam Facilities are using 100% renewable energy. In 2024, the Nantou Facility also began purchasing renewable energy, further increasing the company's proportion of renewable energy usage. (I-REC, please refer to the [Renewable Energy](#) section for details). In addition, Zhangjiang and Jinqiao Facilities have also initiated carbon quota management in accordance with local regulations. Cap and trade system for GHG and possible energy or carbon taxes are issues USI is always paying attention to. In addition to the continuous efforts in energy efficiency improvement, the promotion of Green Promise and the environmental protection measures will be in facilities to minimize risks from climate change.

Greenhouse Gas Emissions

In 2024, USI's total GHG emissions were 162,973.68 metric tonnes of CO₂e (Scope 1 & 2), with 44,861.80 metric tonnes of CO₂e reduction from 2023. Of this total, Scope 1 emissions were 4,476.85 metric tonnes of CO₂e, while Scope 2 emissions were 158,496.83 metric tonnes of CO₂e. The GHG emissions intensity was 3.05 metric tonnes of CO₂e, a decrease of 0.84 metric tonnes from 2023. The main reason is the adjustment of the electricity mix, which involved

increasing the use of natural gas, reducing coal consumption, and developing renewable energy. These changes raised the proportion of low-carbon energy in power generation, gradually lowering the carbon emission factor of electricity and reducing the company's overall greenhouse gas emissions. The breakdown of GHG emissions is shown in the following figures:

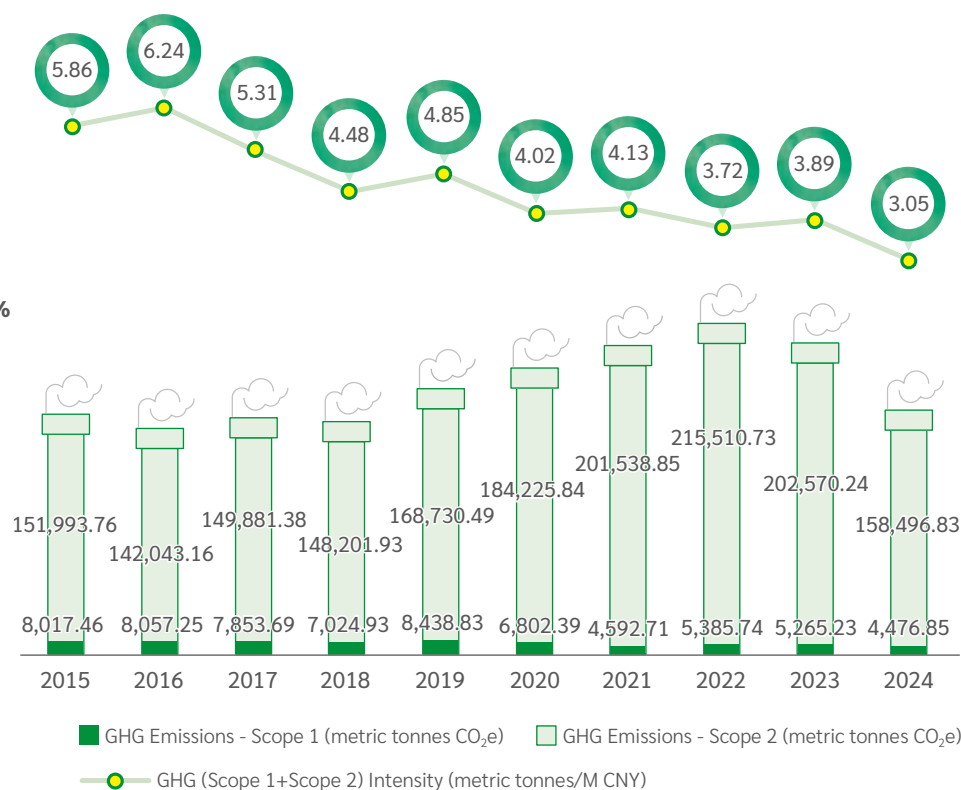
The Ratio of Scope 1 to Scope 2 Greenhouse Gas Emissions^(1~6)



Note:

1. The data presented came from the ISO 14064-1 inventory results, rounded to the 2nd decimal place.
2. The data organization boundary is summarized by the operation control method.
3. The significant threshold is set at 3%, and the substantial threshold is set at 5%.
4. The GHG emissions includes various categories such as CO₂, CH₄, N₂O, HFCs, PFCs, NF₃, and SF₆.
5. Global Warming Potential (GWP) value adopts the IPCC Sixth Assessment Report (2021).
6. Scope 1 emissions from processes and land-use change were below 0.1% of the total and thus not shown.

Greenhouse Gas Emissions and Intensity



Indirect Greenhouse Gas Emissions

USI continued to promote the GHG inventory (ISO 14064-1). In 2020 we began to conduct 15 categories of significant identification and inventory of upstream and downstream activities in Scope 3, the results of which were verified by a third-party verification unit as follows:

Indirect Greenhouse Gas Emissions⁽¹⁾

Unit: metric tonnes CO₂e

Category	Description	Greenhouse Gas Emissions
1	Purchased goods and services	11,921,464.31
2	Capital goods	37,995.78
3	Fuel and energy related activities	15,604.20
4	Upstream transportation and distribution	179,032.95
5	Waste generated in operations	560.68
6	Business travel	614.85
7	Employee commuting	9,662.48
8	Upstream leased assets	2,623.69
9	Downstream transportation and distribution	14,304.60
10	Processing of sold products	N/A ⁽²⁾
11	Use of sold products	982,336.07
12	End-of-life treatment of sold products	9,691.48
13	Downstream leased assets	N/A
14	Franchises	N/A
15	Investments	14,733.87
Total		13,188,624.96

Note:

1. The data presented came from the ISO 14064-1 inventory results, rounded to the 2nd decimal place, converted to the GHG Protocol for disclosure.

2. N/A: Non-significant after assessment of the indirect emissions materiality criteria in accordance with ISO 14064-1.

5.1.4 Energy Management

Of all USI GHG emissions, about 97.3% comes from electricity consumption. Thus, the key to reducing carbon emissions is to save power, making maximum efforts for electricity efficiency. Accordingly, the Company invests in R&D as well as energy saving and carbon reduction activities and purchases Renewable Energy Certificate (REC) to offset GHG emissions. To reduce energy consumption in operational activities and product processes and save costs, the external power supply unit with low energy consumption will be selected in priority when the products are designed, as well as the tests will be evaluated to ensure the products can meet the requirements of environmental protection. The Company has appointed energy management personnel who receive regular external training each year to enhance their knowledge and skills in energy-saving research and application. We also plan the allocation of internal resources to implement effective energy-saving projects. The facility offers employees annual training courses related to energy efficiency and carbon reduction. The total training time amounts to approximately 198.5 hours, with about 172 participants attending the courses.

We have established an energy management system based on ISO 50001, integrating process, equipment, facility, and environmental health and safety departments. Through energy audits, employee training, and communication, we collect energy usage data and identify risks and opportunities related to significant energy consumption. This allows us to prioritize key energy use areas for targeted energy-saving improvements. Different energy saving improvement plans will be executed for air conditionings, lighting equipment and heavy-energy consumption facilities in all facilities as well, continuously reducing energy consumption, such as variable-frequency control, seasonable adjustment of air-conditioning temperature, replacement of old equipment, monitoring and management of electricity bill.

The total energy consumption of USI in 2024 was 1,081,144 gigajoules, the scope of energy data collection covered both manufacturing facilities and office areas. The manufacturing facilities alone consumed 1,080,464 gigajoules, an increase of 4,295 gigajoules from 2023. The increase in indirect energy consumption was mainly due to the company's continued efforts in 2024 to reduce diesel use by replacing direct energy sources with indirect ones for its manufacturing operations. Based on the turnover, the electricity intensity in 2024 is 20.2

Energy Consumption ⁽¹⁾

Unit: GJ

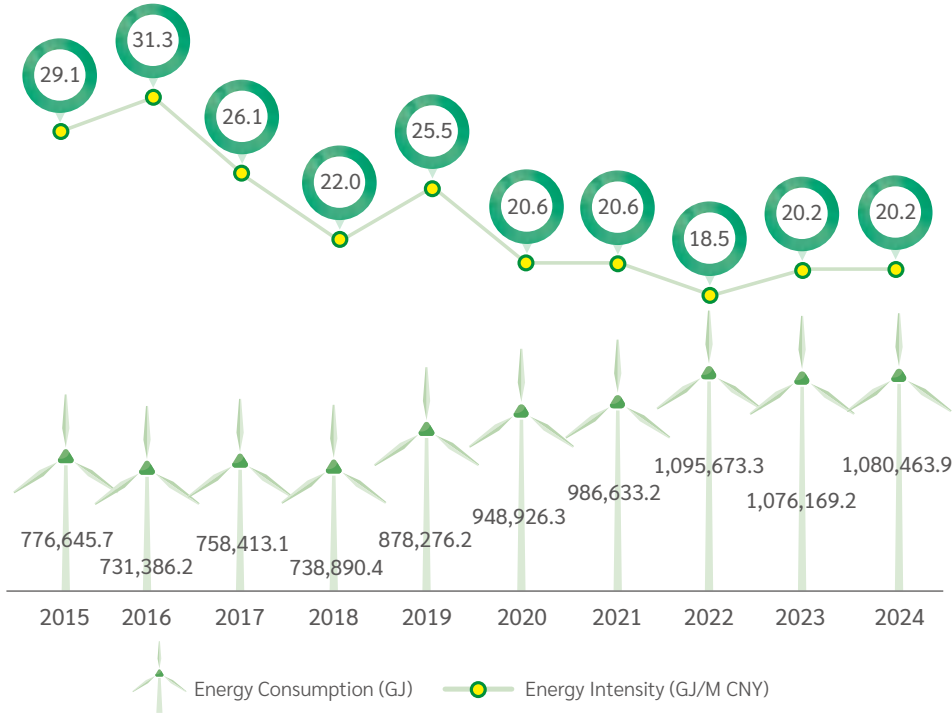
Category Year	Direct Energy Consumption			Indirect Energy Consumption	Total Energy Consumption
	Diesel	Gasoline	Natural Gas/Liquid Petrol Gas	Electricity	
2024	858.2	2,159.6	27,566.2	1,049,880.0	1,080,463.9
2023	1,225.2	2,277.3	30,110.9	1,042,555.7	1,076,169.2
2022	1,266.0	2,215.4	28,307.9	1,063,884.0	1,095,673.3
2021	1,335.8	2,575.2	34,239.0	948,483.2	986,633.2

Note:

1. Conversion data of the heat value index:

- Zhangjiang, Jinqiao, Huizhou and Kunshan Facilities have adopted Annex A (referential energy conversion standard coal factors) of General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020).
- Nantou Facility adopted "Heat Content of Energy Products" from Energy Statistics Handbook (2023).
- Mexico Facility adopted "Secretaría de Energía (SENER) - Dirección General de Planeación e Información Energéticas/Oficio GPIE.210.010.2024".
- Vietnam Facility used only conventional electricity and did not utilize any other direct combustion energy sources in 2024.

Energy Consumption and Intensity



Power Saving Performances in 2024

Facility	Project	Description	Power Saved (MWh)	Power Saved (GJ)	CO ₂ Reduction ⁽¹⁻²⁾ (metric tonnesCO ₂ e)
Zhangjiang	AB building RO water supply system integration project	A building's water supply system manifold was upgraded by adding a connecting pipe between Buildings A and B, reducing the number of water pumps in operation and achieving energy-saving benefits.	30.0	108.0	17.6
	Nitrogen station energy-saving project	We changed the existing manufacturing nitrogen gas method, shortened the time for the purification of nitrogen gas, and reduced the energy consumption of manufacturing nitrogen gas.	1,750.6	6,302.2	1,023.9
	Facility washing machine energy and water saving project	We modified the automatic cleaning program of the washing machine so that when no products are present, the pump, pure water system, and chiller automatically shut down, entering a water- and energy-saving mode.	159.3	573.5	93.2
Kunshan	Introduction of smart control system for chillers	The chiller system has been integrated with an intelligent control platform to continuously optimize its performance and achieve maximum efficiency.	601.0	2,163.6	359.3
	LED lighting project in office area	We replaced office lighting fixtures with LED energy-saving lighting.	87.0	313.2	50.9
Jinqiao	Air conditioning condensate water is recycled for use in the cooling tower	The recycling of air conditioning condensate water lowers the cooling tower water temperature, reducing chiller load and achieving energy savings.	51.7	186.1	30.2
Huizhou	Solar power generation project	Solar power generation systems have been installed within the facility, utilizing renewable energy.	1,666.7	6,000.1	733.8
Nantou	Energy-saving improvement of cooling water tower for air conditioning	The chilled water supply piping to the air handling unit utilizes a three-way valve combined with a variable frequency drive to control flow and pressure, adjusting and matching water volume to improve energy efficiency.	48.9	176.0	24.2
Total			4,395.2	15,822.7	2,333.1

Renewable Energy

USI actively responds to the call for renewable energy use. We purchased 243,111 MWh (875,200 GJ) of I-RECs and Green Electricity Certificate (GEC) in 2025 to offset CO₂ emitted by traditional power in 2024 (the annual electricity usage for Zhangjiang, Jinqiao, Huizhou, Kunshan, Mexico, and Vietnam Facilities were all offset, Nantou's NK Facility was offset 9%).

Low-carbon products produced in facilities using renewable energy account for 83% of USI's annual revenue. According to GHG Protocol Scope 2 Guidance, the statements are used to neutralize Scope 2 market-based emissions. The GHG emissions amount by location and market⁽³⁾ are as follows:

Category	Item	Scope 1	Scope 2	Total
Location based	GHG Emissions (metric tonnes CO ₂ e)	4,476.85	158,496.83	162,973.68
	Percentage	3%	97%	100%
Market based	GHG Emissions (metric tonnes CO ₂ e)	4,476.85	23,938.40	28,415.25
	Percentage	16%	84%	100%

Note:

1. Carbon emissions reduction = electricity saved x electricity emission coefficient

2. Electricity emission coefficient:

- Zhangjiang and Jinqiao Facilities adopted the 2022 Provincial Average Electricity CO₂ Emission Factors by the Ministry of Ecology and Environment, Shanghai emission factor: 0.585 kg CO₂e /kWh.
- Kunshan Facility adopted the 2022 Provincial Average Electricity CO₂ Emission Factors by the Ministry of Ecology and Environment, Jiangsu emission factor: 0.598 kg CO₂e/kWh.
- Huizhou Facility adopted the 2022 Provincial Average Electricity CO₂ Emission Factors by the Ministry of Ecology and Environment, Guangdong emission factor: 0.440 kg CO₂e/kWh.
- Nantou Facility adopted the 2023 Electricity Emission Factor announced by the Bureau of Energy, with a CO₂ emission factor of 0.494 kg CO₂e/kWh.

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

5.2 Water Resources Management

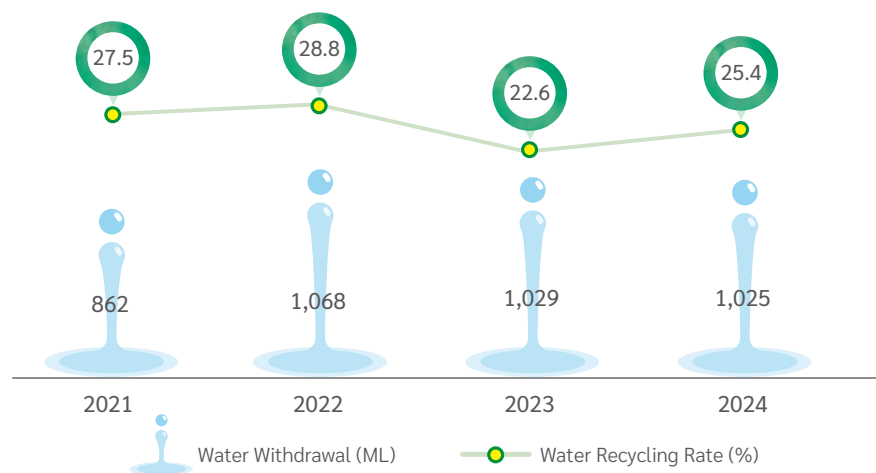
USI does not have issues with contaminating catchment areas as our facilities are not built around it. But Mainland China's regulation has become increasingly rigorous and ASEH paid close attention, the storage and distribution of water resources have also become an important topic for us. Based on the emphasis on water resources, USI remains committed to water conservation in production and daily life. The factory regularly provides employees with water reduction-related education and training. The total course training hours are about 1,548 hours, and the total number of participants was about 1,167. The courses aims to enhance the concept of reducing water consumption so that employees can discover opportunities to save water in their daily activities, and provide them with the opportunity to propose continuous improvement projects to obtain rewards. USI strives to conserve water in manufacturing and everyday life by installing water meters and monitoring monthly water usage data to manage water resources and identify opportunities for conservation.

Apart from regularly tracking the water consumption of the seven major manufacturing facilities, each facility will separate and collect process chemicals for treatment, set up discharge water treatment facilities for water quality management, and regularly outsource

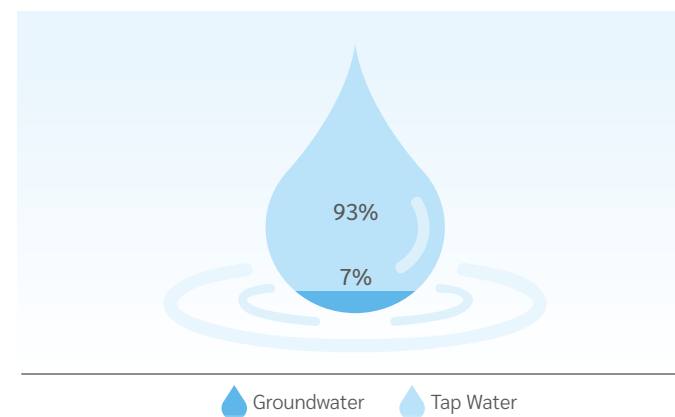
the testing of discharge water quality to prevent the occurrence of incidents of contamination of water sources. Each facility is required to conduct tests in accordance with local laws and regulations ⁽¹⁾; Kunshan Facility leases some floors of the ASEH's factory; the water intake and discharge are managed by ASEH. Kunshan Facility only shares water-related costs. There was no violation of water discharging regulations in 2024, and USI will continue to keep track on the use of water resources and save as much water as possible for a friendly environment and reduction of environmental impacts.

USI total water consumption in 2024 was 1,024.70 ML, a decrease of 0.4% from 2023 (1,028.62 ML). However, our water intensity is reduced by 19.3% ⁽²⁾ compared with 2015, achieving the goal of water saving. In terms of water intake, except for the use of underground water sources in Nantou-TT Facility, all other facilities use tap water sources. The annual underground water consumption is 70.90 ML, and the water consumption of tap water is 953.80 ML. In terms of water discharge, 872.79 ML of wastewater was discharged into the sewage systems. The analysis resulted in reduced overall water consumption due to improved water-saving efficiency in 2024.

Water Withdrawal and Recycle



Water Usage Ratio



Note:

1. Main test: pH, Suspended Solids (SS), Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD), Ammonia Nitrogen, Total Phosphorus, Total Nitrogen, Petroleum Hydrocarbons, Animal and Vegetable Oils, Copper, Nickel, Cadmium, Lead, Zinc, Arsenic, Fluoride, Hexavalent Chromium, Selenium, Silver, Total Mercury, Sulfides.
2. Water intensity of 0.169 (m³/K USD) in 2015 and 0.137 (m³/K USD) in 2024, a decrease of 19.3% from the base year.

Water Withdrawal and Discharge⁽¹⁻²⁾

Unit: ML

Facility	Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou		Mexico	Vietnam
					TT	NK		
Source	Tap water	Tap water	Tap water	Tap water	Tap water	Groundwater	Tap water	Tap water
Water Withdrawal	338.484	94.803	152.056	87.721	20.506	63.886	106.200	7.019
Discharge	304.636	85.322	136.850	78.949	35.712	101.897	55.831	73.595
Water Consumption	33.848	9.481	15.206	8.772	48.680	11.322	6.203	18.395
Fresh Water (≤ 1,000 mg/L TDS)	N/A	N/A	N/A	87.721	84.392	113.219	N/A	91.990
Discharge Flow	Sewage treatment facility	Sewage treatment facility	Sewage treatment facility	Sewage treatment facility	Sewage treatment facility	Sewage treatment facility	City sewage treatment facility	Sewage treatment facility

Regarding the water resource risk analysis, we adopt the Aqueduct Indicator established by the World Resources Institute. For the water stress, the baseline water stress is considered to measure the ratio between the total water demand and the renewable surface water and groundwater. Furthermore, the water stress risk of the location of each facility is understood; among the facilities, Zhangjiang Facility, Jinqiao Facility, Kunshan Facility, and Mexico Facility have been determined to be high-risk areas, and Huizhou Facility, Nantou Facility, and Vietnam Facility have been determined to be low-risk areas. In 2024, 56.9% of total water withdrawal and 38.4% of total water consumption occurred in high baseline water stress areas. For facilities at high-risk areas of water stress, the Company also assesses the installation of facility water consumption recycle and reuse equipment and the establishment of water resource

management goal to implement control properly. To make use of every drop of water, USI is planning to recycle as much water as possible via improvement of equipment and technology. In 2018, the process water recycling system was introduced to Zhangjiang Facility. This system enables USI to recycle process water produced from the cutting process; filter and sterilize the water through filtration, disc filter, ceramic ultrafiltration membrane and UV sterilization processes; and reuse the water in the production. With respect to the installation of process water zero discharge system at Jinqiao Facility, this project has adopted advanced oxidation technology and recovers air conditioning condensate for use in cooling tower operations. In 2024, USI recycled 260.24 ML of water, with a recycling rate of 25%. In addition, the process water consumption is 204.47 ML, with a recycling rate of 65%.

Regions with High Baseline Water Stress⁽²⁻³⁾

Unit: ML

Facility	Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou		Mexico	Vietnam
					TT	NK		
Water Stressed Areas	YES	YES	NO	YES	NO	NO	YES	NO
Water Withdrawal	338.484	94.803	N/A	87.721	N/A	N/A	62.034	N/A
Discharge	304.636	85.322	N/A	78.949	N/A	N/A	55.831	N/A
Water Consumption	33.848	9.481	N/A	8.772	N/A	N/A	6.203	N/A
Fresh Water (≤ 1,000 mg/L TDS)	N/A	N/A	N/A	87.721	N/A	N/A	N/A	N/A

Note:

1. Apart from the Nantou-TT Facility, USI has no discharge water flow meter in each facility. Vietnam Facility is estimated based on 80% of the water withdrawal, while other facilities use a 90% estimation based on water withdrawal.

2. N/A: Water at all facilities is supplied by municipal water utilities and complies with local water quality standards, but there is no Total Dissolved Solids test data.

3. N/A: Regions that are not areas with water stress.

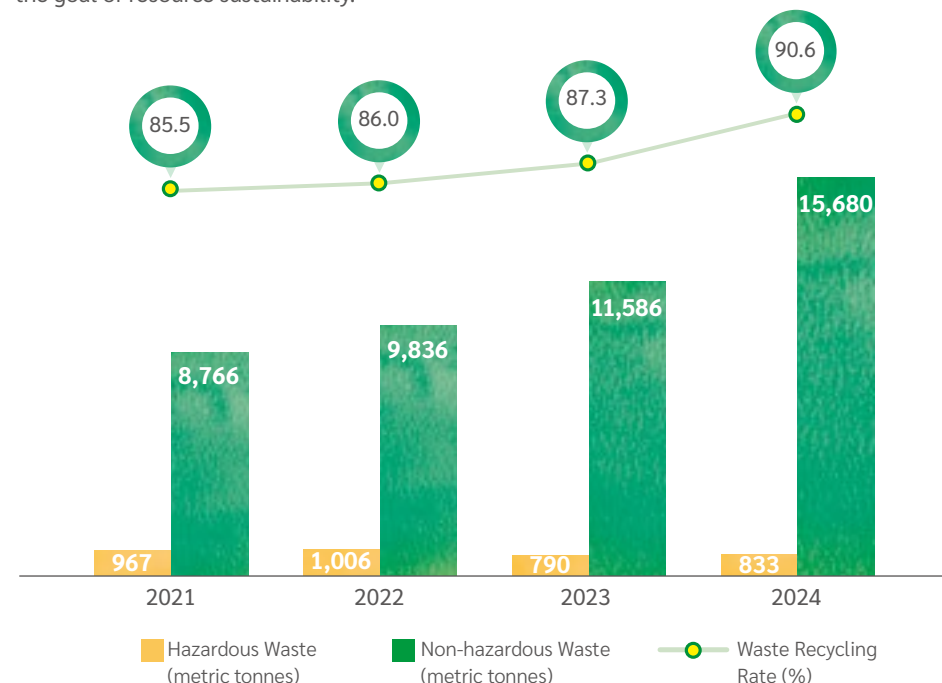
5.3 Waste Management

USI considers minimizing waste and effective reuse as corporate policy. The principles of "Impact Mitigation & Continuous Improvement" and "Effective Reduction & Circular Reuse" have been carried out thoroughly in all the facilities and treated as an annual performance indicator. Therefore, through regular data recording and tracking, the relevant units such as process unit, facility affairs unit, and EHS unit strictly monitor the usage and outputs, and strengthen the effective control of waste.

We also regularly provide employees with training courses on waste reduction management, totaling approximately 28,341 training hours and involving about 10,840 participants. The goal is to raise employee awareness of waste sorting and reduction, ensuring that waste minimization and reuse are effectively integrated into the Company's operations.

According to the data, the total amount of waste generated in 2024 was 16,513 metric tonnes, and recycled 14,964 metric tonnes, with a recycling rate of 90.6%. Although it is a slight increase from the previous year, it still meets the annual target (80%); The non-hazardous waste recycling rate of 94.1% also meets the annual target (90%), the details are shown as follows. The hazardous waste generation intensity is 0.111 (kg/K USD) in 2024 and 0.104 (kg/K USD) in 2023, an increase of 6.4% from the previous year. This was mainly due to the use of chemical solvents in certain product manufacturing processes, which increased the weight of hazardous waste. Additionally, a decrease in revenue compared to the previous year contributed to a slight rise in hazardous waste intensity. The company is currently evaluating the use of non-hazardous materials to replace hazardous ones, aiming to reduce hazardous waste generation. In 2024, the weight of electronic waste from scrapped products totaled 231.944 metric tonnes, all of which were entrusted to qualified recycling vendors for proper disposal.

USI continues to focus on product package outer box, partition and tray cleaning and recycling, with a total weight of 3,208 metric tonnes recycled and reused. In the future, USI will continue to implement the waste reduction policy, reduce volume from the source, and strive to achieve the goal of resource sustainability.



USI has developed a waste disposal program specifying that hazardous wastes must be handled by qualified suppliers with valid licenses for disposal and that non-hazardous wastes must be given to licensed recycling operators for recycling or shipped to the licensed incinerators for incineration. Within the facility, annual regular audits of disposal contractors are conducted via online, paper-based, on-site, or unannounced inspections to prevent environmental pollution incidents.

Zhangjiang Facility, Jinqiao Facility, Huizhou Facility, Kunshan Facility and Nantou-TT and Nantou-NK Facility have achieved zero burying of wastes. We will continue to review local waste

management regulations of our facilities and invest in relevant research and human resources to evaluate recycling, reuse, and minimize landfilling of waste to reduce the negative impact on the natural environment. In 2024, waste treatment was categorized into on-site and off-site processing, some parts of the wastes for incineration treatment were converted into energy recovery, such as power generation and heat transfer application to reduce external energy demand and to reduce GHG emissions at the same time. The waste of each facility is classified in the following according to the treatment method.

Statistics of Disposal Methods for Various Wastes ⁽¹⁾

Unit: metric tonnes

Treatment Facility		Reuse		Recycle		Compost		Landfill		Incinerate			
		Hazardous	Nonhazardous	Hazardous	Nonhazardous	Hazardous	Nonhazardous	Hazardous	Nonhazardous	Hazardous		Nonhazardous	
										Energy recovery	Without energy recovery	Energy recovery	Without energy recovery
Zhangjiang		0.000	1,556.184	47.092	4,729.952	0.000	339.588	0.000	0.000	407.298	0.000	51.811	0.000
Jinqiao		0.000	208.562	9.197	406.618	0.000	196.504	0.000	0.000	39.501	0.000	10.247	0.000
Huizhou		0.000	753.534	37.777	1,188.180	0.000	83.110	0.000	0.000	42.350	0.000	74.514	0.000
Kunshan		0.000	0.000	91.000	1,418.048	0.000	161.690	0.000	0.000	0.000	78.494	33.021	0.000
Nantou	TT	0.000	552.323	0.000	214.041	0.000	72.790	0.000	0.000	7.599	0.000	111.810	0.000
	NK	0.000	137.105	0.000	409.878	0.000	67.770	0.000	0.000	15.003	0.000	152.322	0.000
Mexico		0.000	0.000	1.981	1,831.827	0.000	83.438	0.000	411.530	0.000	34.914	0.000	0.000
Vietnam		0.000	0.000	18.529	330.205	0.000	17.454	0.000	18.225	2.454	0.000	57.375	0.000
On-site		0.000	1,764.746	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Off-site		0.000	1,442.962	205.576	10,528.749	0.000	1,022.343	0.000	429.755	514.206	113.408	491.100	0.000
Subtotal		0.000	3,207.708	205.576	10,528.749	0.000	1,022.343	0.000	429.755	514.206	113.408	491.100	0.000
Percentage		0.00%	19.43%	1.24%	63.76%	0.00%	6.19%	0.00%	2.60%	3.11%	0.69%	2.97%	0.00%
Total		3,207.708		10,734.325		1,022.343		429.755		627.614		491.100	

Note:

1. Statistics are rounded to the 3rd decimal place.

5.4 Air Pollution Control

Air quality has become an urgent public concern in Mainland China and Taiwan. As pollution continues to significantly impact residents' quality of life, local authorities have responded by amending relevant environmental regulations. With USI facilities located in these affected regions, we have implemented stringent controls to limit air pollutant emissions.

USI conducts regular testing and management of regulated pollutants, including volatile organic compounds (VOCs), nitrogen oxides (NO_x), sulfur oxides (SO_x), and particulate matter (PM). In Mainland China, facilities comply with local regulations by monitoring these pollutants and implementing preventive measures. Zhangjiang and Jinqiao Facilities are subject to Environmental Tax reporting requirements and are equipped with activated carbon towers, washing towers, and other treatment systems to reduce emissions. Since 2019, Jinqiao Facility has also upgraded its boiler systems with low-nitrogen burners to reduce NO_x emissions. Other facilities have adopted technologies such as UV photodegradation,⁽¹⁾ activated carbon



Note:

- UV beams can break the molecular bond of industrial waste as well as the water and oxygen in the air. Then, with the use of ozone, the oxidation reaction takes place for deodorization and sterilization.
- The estimated emission level and amount in the test report produced by a third-party test body are adopted for the Zhangjiang, Jinqiao, Huizhou, Kunshan, Mexico and Vietnam Facilities, and the data is rounded to the 3rd decimal place.

treatment, and zeolite rotor systems combined with catalytic thermal oxidizers. Nantou Facility undergoes regular inspections and reporting as mandated by local authorities, and in 2023, the Nantou-NK1 Facility installed a zeolite rotor and rotary regenerative oxidizer to further reduce VOCs. Additionally, Mexico Facility began PM testing in accordance with local regulatory requirements.

According to 2024 data, USI generated 40.501 metric tonnes of VOCs, reflecting a 21.3% reduction compared to the previous year. This improvement was influenced by changes in operational activity levels and enhanced emission control efforts at several facilities. Moving forward, USI will continue to expand transparency by disclosing air pollutant data across more facilities and actively promoting the adoption of emission reduction measures company wide. Detailed air pollutant emissions data⁽²⁻⁵⁾ for 2024 is presented in the table below:

Unit: metric tonnes

Facility \ Pollutant	Facility				Nantou		Mexico	Vietnam
	Zhangjiang	Jinqiao	Huizhou	Kunshan	TT	NK		
Volatile Organic Compounds (VOCs)	3.979	1.101	1.531	1.950	12.047	19.893	N/A	N.D.
Nitrogen Oxides (NO _x)	0.040	0.047	N.D.	N.D.	N/A	3.986	N/A	N/A
Sulfur Oxides (SO _x)	N.D.	N.D.	N.D.	N.D.	N/A	0.609	N/A	N/A
Particulate Matter (PM)	0.587	0.109	0.141	N.D.	0.002	0.841	2.140	9.985

- The discharge amount of Nantou Facility is based on the declared amount of air pollution fees collected by local environmental protection agencies, which are calculated with mass balance.
- N.D.: Non-detectable, below detection limit.
- N/A: Not applicable to local regulatory requirements.

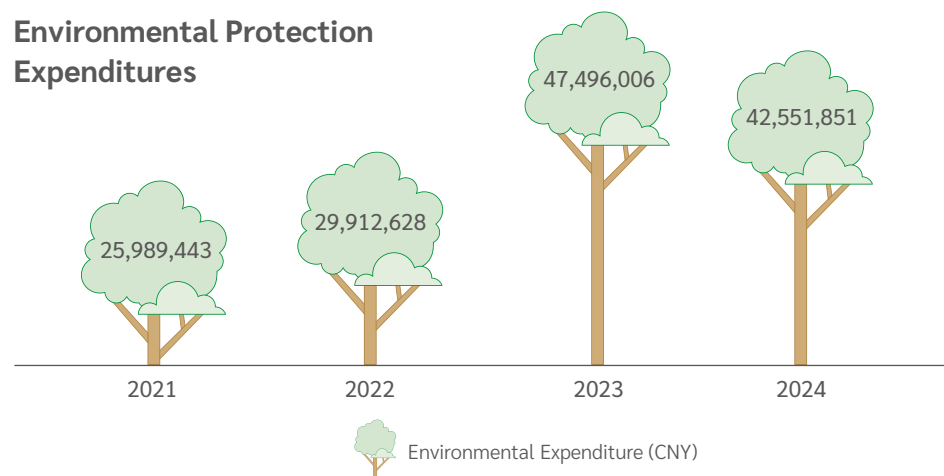
5.5 Green Manufacturing and Expenditures

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

In 2020, Nantou-NK 1 Facility started undergoing EEWH green building certification, and successfully obtained the first green building certification. In addition, we have cooperated with solar construction companies to build a solar power generation system with a total capacity of 499 kWp⁽¹⁾. Since October 2019, it has officially been put into power generation. In 2023, Huizhou Facility set up the solar power system on the roof of the facility, with a total capacity of 1,814 kWp and annual electricity generation of 551.9 MWh. By 2024, USI's cumulative total of 5,580 MWh of solar power generation. In the future, we will continue to focus on clean production and green building promotion to build up a green factory of USI.

To calculate our investment in the environment, we have classified relevant costs according to the nature of ASEH's environmental expenditure (including Operating Cost, Upstream/Downstream Cost, Management Overhead and Social Activities Cost. For expenditure details, please refer to the Sustainability Data – Environmental D. Environmental Expenditures table). In 2024, due to the decrease in operating cost investment, USI's total environmental expenditure was approximately CNY 40 million, a decrease of 10% from the previous year. In the meantime, we have continued to further improve our environmental management by calculating and analyzing relevant costs on a quarterly basis.

Environmental Protection Expenditures



5.6 Occupational Health and Safety

In addition to complying with local labor laws and safety regulations, all major facilities have established and certified ISO 45001 Occupational Safety and Health Management Systems, encompassing employees and non-employee workers⁽²⁾ (coverage rate: 100%). USI has a health and safety policy, standard operating procedures, educational training, and LOHAS activities to ensure workers' physical and mental health during working hours.

To maintain certification validity, the occupational safety and health management policy and business performance are reviewed annually to meet the requirements of occupational health and safety laws and our own guidelines to continue to provide a safe and comfortable working environment for workers.

5.6.1 Occupational Health and Safety Management

Health and Safety Management Goals and Statuses in 2024

Goals	Performance
Maintaining Zero Occupational Disease Incidences	No cases of occupational disease occurred
Maintaining Zero Work-Related Deaths	No cases of work-related deaths occurred
Zero Infections from Infectious Diseases within Facilities	Since 2016, we established a universal notification system and enhanced our emergency response capabilities. No infectious disease-related cases occurred in 2024

USI's seven major manufacturing facilities have set up Safety and Health Production Committees required by local regulations. According to the regulations, labor representatives should take up at least a third of the committee. The frequency of the committee meetings varies from facility to facility, but regular meetings are held at least quarterly to coordinate and recommend occupational safety and health management matters. Besides, an internal exchange platform and paths for the sharing of the Company's information system are also established within the facility (including WeChat and irregular exchange sessions) to ensure the availability of smooth communication channels.

Note:

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

2. Non-employee workers: workers that include temporary workers and contractors, such as construction, cafeteria, security, cleaning personnel, stationed personnel, and others, with 5,529 people in total by the end of 2024.

To ensure the safety and health of workers in the facility, USI invested CNY 217 million in safety production and chemical safety management in 2024. Occupational safety and health costs include employee insurance, physical check-up, labor protection, safety measures improvements, operating environment monitoring, and ISO 45001 certification fee.

Safety and Health Production Committee's Responsibilities



Occupational Safety Risk Management

As part of the risk-based thinking required by the ISO 45001 Occupational Safety and Health Management System, USI establishes a process to manage procurement, contracts, and changes. We implement necessary safety assessments, training, and data updates to reduce potential safety and health risks from operating conditions or the work environment. To effectively identify and assess the safety and health hazards and risks and opportunities arising from operating activities, working environments, hazardous items, and harmful items, we have formulated the Operation Procedure for Safety and Health Risk and Opportunity Assessment to require the responsible unit to conduct hazard identification and risk opportunity assessment annually based on the probability of occurrence, the frequency of work exposure, and the severity of occurrence. Where there's a change in legal regulations, production activity, or stakeholder request, the identification and assessment procedures must be applied again. USI identifies and controls priority risks and opportunities and requests relevant parties to amend plans based on the level of involved dangers and opportunities to minimize negative impacts, enhance our occupational safety and health performance, and create a sound management system. Also, to ensure quality, safety & health departments and representatives undergo regular safety training and internal auditor training within the ISO 45001 management system and acquire qualifications (Please refer to the [Occupational Safety and Health Training](#) section).

Hazards, Risks, and Opportunities Identification Procedure



Hazards, Risks, and Opportunities Identification Management Measures in 2024

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

In 2024, there were more than 30 safety and health management programs included in the tracking management, which includes strengthening the management of hazardous operations, eliminating safety hazards of machinery and equipment, reducing chemical use or using alternatives, and occupational disease prevention.

At the same time, to provide a better workplace environment, USI rewards employees for proposing any improvement measures that mitigate any occupational hazard or disease, and if employees find that there is a direct threat to personal safety and other emergency situations, they can immediately suspend their work at hand and evacuate the workplace according to the emergency response measures of each facility. USI will not punish any employees for the above actions.

Safe Workplace

To ensure the safety of workers and facilities, each facility conducts inspections in accordance with local government regulations and the Company's operating standards, and EHS personnel also conduct routine facility safety audits, with the scope encompassing Occupational Health and Safety Management Systems. In some facilities, the inspection results are included in the occupational safety and health evaluation activities, and outstanding units are publicly recognized in the regular occupational safety and health (production) meetings to encourage personnel to participate in safety and health management and improvement measures.

Audit Findings Results Over the Years ⁽¹⁾

Aspects \ Year	2021	2022	2023	2024
Safety	747	535	594	1,210
Health	121	59	33	12
Management System	47	13	0	14

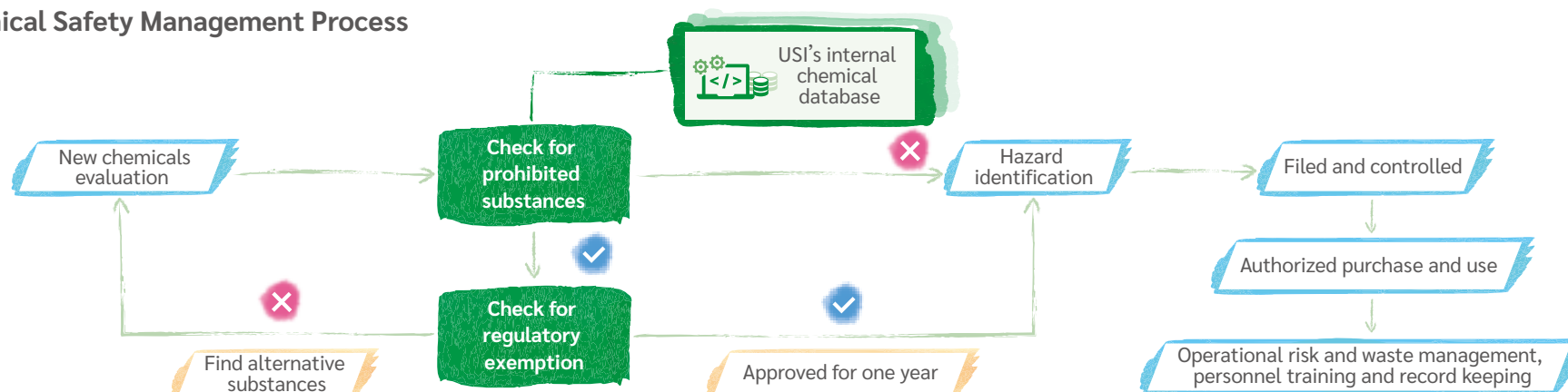
In addition, according to the actual operating hazards of each facility, qualified institutions are also commissioned to regularly implement environmental testing to control the operating environment of the hazard factors, testing items such as building security, drinking water safety, sewage testing, Legionella pneumophila bacteria, emergency lighting, lightning protection testing, smoke detection equipment and fire equipment testing. At the same time, the company also regularly monitors operational environments with high risks including noises, the concentration of carbon dioxide, organic solvents, specific chemical substances, lead in the workplace and free radiation to ensure that the threshold values of concentration of harmful substances and noises are below standards. If there are any abnormalities, it will be immediately corrected and maintained; if it is close to the abnormal state, we will provide employees with appropriate preventive training, and with a healthy and safe working environment.

Chemical Safety Management

We developed our Chemical Management Procedure in line with the UN Strategic Approach to International Chemicals Management (SAICM), so chemicals are controlled and used in ways that minimize adverse impacts on the environment and human health. The key to our Procedure is a comprehensive review of substances and all applicable chemical regulations and use restrictions.

We grade chemicals according to environmental and safety risks and constantly update them into our database. As part of source control, chemicals must be checked against the database, reviewed, and filed before they can be procured and subsequently introduced into our manufacturing process. Regarding the transportation, loading and unloading, storage, handling, labeling, use, pollutant management, and emergency measures for chemicals, all relevant personnel are required to undergo both pre-assignment and regular training. Training records must be properly maintained. We keep all relative records to optimize our Procedure and prevent occupational hazards.

Chemical Safety Management Process



Note:

1. From 2021 to 2023, the data includes Zhangjiang, Jinqiao, Huizhou, Kunshan, and Nantou Facilities. In 2024, the data for the Mexico and Vietnam Facilities have been included.

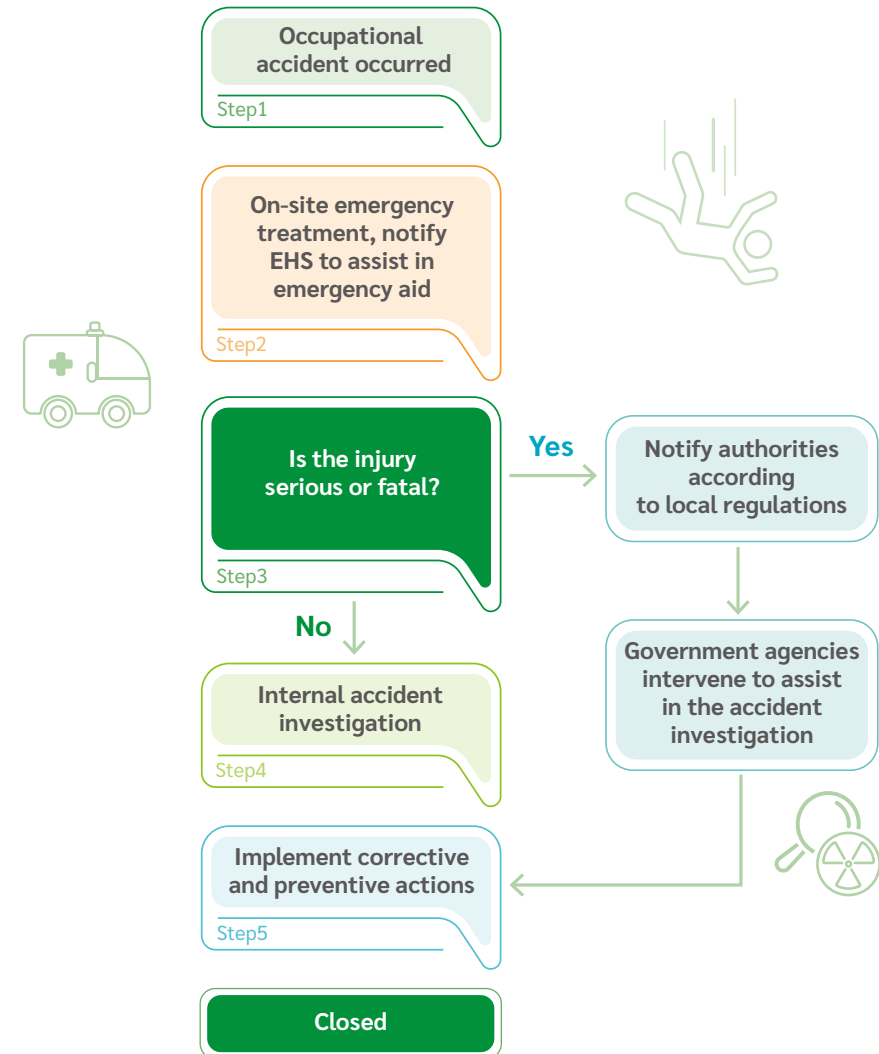
Occupational Incident Management

To ensure that the relevant units can respond quickly when an occupational incident occurs, each facility has established procedures for accident investigation and handling, stipulating that if a near miss, occupational injury or occupational disease occurs in the facility, procedures such as first aid, reporting, investigation, and improvement measures would be carried out, and at the same time improvement measures are proposed based on the root cause of the accident. All improvement measures would be carried out across all facilities, and relevant continuous improvement would be tracked regularly to prevent the recurrence of similar accidents. In 2024, there were 6 physical and 1 chemical work-related injuries. In addition to improving the hardware and equipment, the company is also actively raising the safety awareness of its employees and continuing to work towards the goal of Zero Accidents. There were no accidents resulting in injury or death of employees or damage to equipment resulting in production stoppage in 2024.

Occupational Injury Causes and Improvement Measures

Injury Type Cases			Improvement Measures
Physical	Fall/Slip	2 cases	● Re-examine the actions and procedures of the personnel operating the machine, make further modifications, add protective devices, and post warning signs to prevent recurrence.
	Clip/Roll	2 cases	
	Burn	1 case	● Enhance training and issue personal protective equipment to protect personnel safety.
	Fall	1 case	
Chemical	Chemical splash	1 case	● Increase inspections, develop strict SOPs, enhance safe operation promotion, and continuously improve operation procedures to reduce accidents.

Occupational Injury Accident Reporting Procedures



Occupational Injuries and Occupational Diseases Over the Years ⁽¹⁾

Items \ Year	2021	2022	2023	2024
Total hours worked	44,539,170	47,217,045	37,813,798	37,577,554
Number of lost-time injuries	14	11	14	7
Lost-Time Injury Frequency Rate (LTIFR) ⁽²⁾	0.31	0.23	0.37	0.19
Number of high-consequence work-related injuries	0	1	0	0
Rate of high-consequence work-related injuries ⁽³⁾	0.00	0.02	0.00	0.00
Number of near misses	2	5	0	3
Near Miss Frequency Rate (NMFR) ⁽⁴⁾	0.05	0.11	0.00	0.08
Number of work-related fatalities	0	0	0	0
Rate of fatalities as a result of work-related injuries ⁽⁵⁾	0.00	0.00	0.00	0.00
Occupational Diseases Rate (ODR) ⁽⁶⁾	0.00	0.00	0.00	0.00
Number of days lost due to injuries	460	309	444	424
Lost Day Rate (LDR) ⁽⁷⁾	10.33	6.54	11.74	11.28

Note:

1. Statistical count excludes traffic accidents during commutes. Please refer to the Sustainability Data – Social: I. Facilities Occupational Injuries and Occupational Diseases and Contractor Management section for each facility and contractor work-related injuries data.
2. Lost-time injuries frequency rate (LTIFR) = (Number of lost-time injuries ÷ Total hours worked) × 1,000,000
3. Rate of high-consequence work-related injuries = (Number of high-consequence work-related injuries ÷ Total hours worked) × 1,000,000
4. Near Miss Frequency Rate (NMFR) = (Number of Near Misses ÷ Total hours worked) × 1,000,000
5. Rate of fatalities as a result of work-related injury = (Number of fatalities as a result of work-related injuries ÷ Total hours worked) × 1,000,000
6. Occupational Diseases Rate (ODR) = (Number of occupational diseases ÷ Total hours worked) × 1,000,000. Statistics of occupational disease are in accordance with the definition of occupational diseases from relevant local laws and regulations for each facility.
7. Lost Day Rate (LDR) = (Number of days lost due to injury ÷ Total hours worked) × 1,000,000. Number of days lost due to injury are based on the information collection period until 12/31/2024.

Occupational Safety and Health Training

In order to enhance employees' awareness of occupational safety and health, USI has established "Environmental Safety and Health and Energy Education and Training Management Regulations" at each facility to draw up annual environmental safety and health education and training plans according to practical needs, and to conduct safety and health education and training for new recruits and in-service personnel (e.g., chemical safety operation, electrical safety, personal protective equipment use and workplace accident management training), regulatory and certification training (e.g., first aid personnel, special machinery and equipment safety management and radiation device operation training), management system operational training, emergency response training, and contractor training (please refer to the Contractor Management section), as well as arranging drills and tests for employees to enhance their knowledge and skills and their ability to deal with emergencies. In 2024, there were held 190 training courses and 13,101 employees logged 13,790 hours in occupational safety training.

Occupational Health and Safety Training Data

Items \ Year	2021	2022	2023	2024
Total Number of Courses	410	118	224	190
Total Number of Trainees	50,851	10,967	19,956	13,101
Total Training Hours	57,776	11,008	22,702	13,790

As a manufacturing company, USI has comprehensive Emergency Response Procedures to control and mitigate negative impacts caused by disasters. Our EHS Emergency Response Center conducts emergency response training for disasters caused by earthquakes, fires, and chemical leaks to ensure employees fully understand facility evacuation routes and how to use emergency response equipment. In 2024, over 40 emergency drills were held, including first responder training and earthquake, fire, and chemical spill drills.



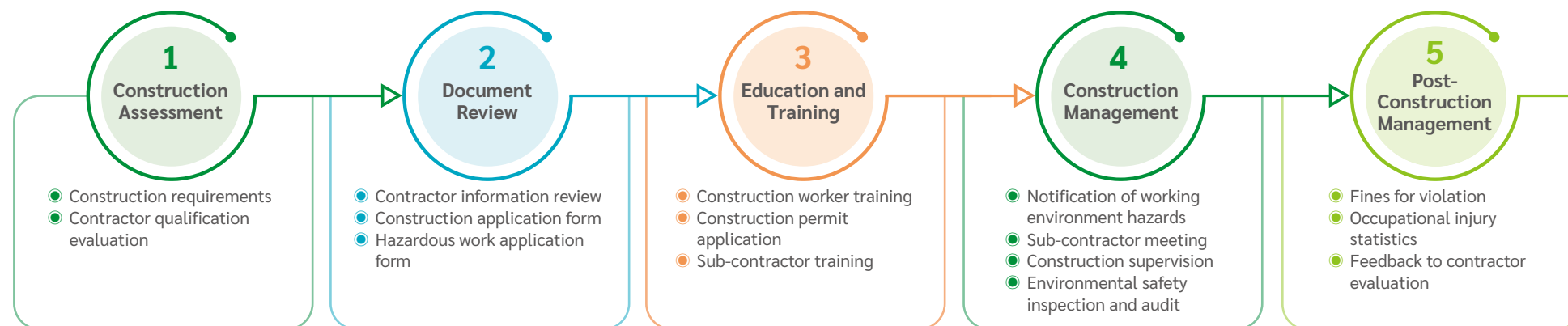
Contractor Management

Nowadays, outsourcing technical and professional projects to contractors are part of daily operations. Besides requesting contract project quality and schedule, USI values contractors' safety and health. USI's Policy clearly commits to "Awareness Training" and communication for all workers, and our Contractor and On-Site Construction Management Regulations were formulated using the concept and principle of the PDCA cycle, and we use the Regulations as our guidance to effectively manage and improve contractor occupational safety and health.

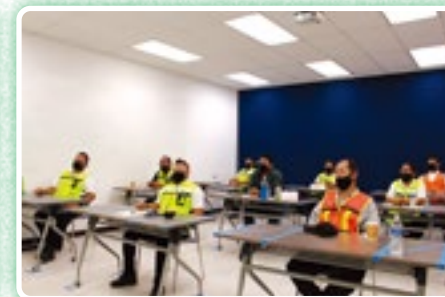
The quality of the contractor's personnel has a significant impact on the quality, duration, and safety of the work being contracted. Therefore, USI contractors are asked to provide the necessary documentation of education and training, as well as participate in occupational safety and health education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

In 2024, more than 2,067 occupational safety and health training sessions were held for 9,413 participants from 1,202 contracting companies (trainees include contractors for material contractors, factory services, construction, waste, and other services). After training and evaluation by each facility's EHS departments, 2,114 contractor employees obtained construction permits.

Contractor and On-Site Construction Management Regulations



To ensure construction safety during work performed by contractors, we focus on dangerous operations and repeat offenders to strengthen the inspection of operational safety during construction, such as protective equipment for workers and compliance with safe conduct. If deficiencies are found and not improved immediately, penalties will be imposed in accordance with company regulations and the results will be included in the evaluation of the contractor's qualifications. In 2024, no qualified contractors were disqualified due to safety and health audits.



Contractor Construction Application and Audit Findings⁽¹⁾

Items	Year	2021	2022	2023	2024
Number of construction applications		3,099	3,174	3,386	3,789
Number of applications for hazardous work ⁽²⁾		997	886	584	1,302
Number of findings in on-site audit		34	66	20	13
Number of major findings ⁽³⁾		34	28	20	4

It is our policy to monitor, report, investigate, analyze, and record all types of incidents that occur with our contractors in the USI Facilities, including occupational disasters, fires, or explosions in accordance with USI's accident investigation and improvement procedures. From 2021 to 2024, there have been no contractor-related work injury incident occurred for four consecutive years.

Contractor Occupational Injuries and Occupational Diseases⁽⁴⁾

Items	Year	2021	2022	2023	2024
Total hours worked		3,157,842	7,724,377	8,219,293	7,842,256
Number of lost-time injuries		0	0	0	0
Lost-Time Injury Frequency Rate (LTIFR)		0.00	0.00	0.00	0.00
Number of high consequence work-related injuries		0	0	0	0
Rate of high consequence work-related injuries		0.00	0.00	0.00	0.00
Number of near misses		0	0	0	0
Near Miss Frequency Rate (NMFR)		0.00	0.00	0.00	0.00
Number of work-related fatalities		0	0	0	0
Rate of fatalities as a result of work-related injuries		0.00	0.00	0.00	0.00
Occupational Diseases Rate (ODR)		0.00	0.00	0.00	0.00
Number of days lost due to injuries		0	0	0	0
Lost Day Rate (LDR)		0.00	0.00	0.00	0.00

5.6.2 Physical and Mental Healthcare

To provide employees with comprehensive health care, USI has built a healthy workplace better than what is required by law. We have amenities and programs on-site with specialized personnel to provide professional services. Programs include health knowledge bulletins, health seminars, workshops, and group activities regularly conveyed through channels such as the USI Newsletter, WeChat groups, email announcements, and bulletin boards to enhance employee health knowledge and skills and build an excellent healthy workplace.

Amenities and Programs

USI provides employees with quality healthcare services. We have on-site nurses and regularly invite specialized family medicine doctors, occupational medicine doctors, psychologists, physiotherapists, and nutritionists to provide employees with psychological, work stress, career, and other consulting services. In 2024, approximately 14,000 health consultations total 9,231 hours.

As for amenities, USI nurse stations are equipped with simple wound dressing stations, blood pressure meters, and weighing scales to provide basic healthcare for employees. Nurse stations also have a resting lounge, counseling room, and breastfeeding room for rest, consultations, and breastfeeding. Nantou Facility has received the Nantou County Excellent Breastfeeding Room certification for 11 consecutive years, providing a comfortable breastfeeding space for mothers.



Physical Therapist Intervention



Accredited Nantou County Breastfeeding Room

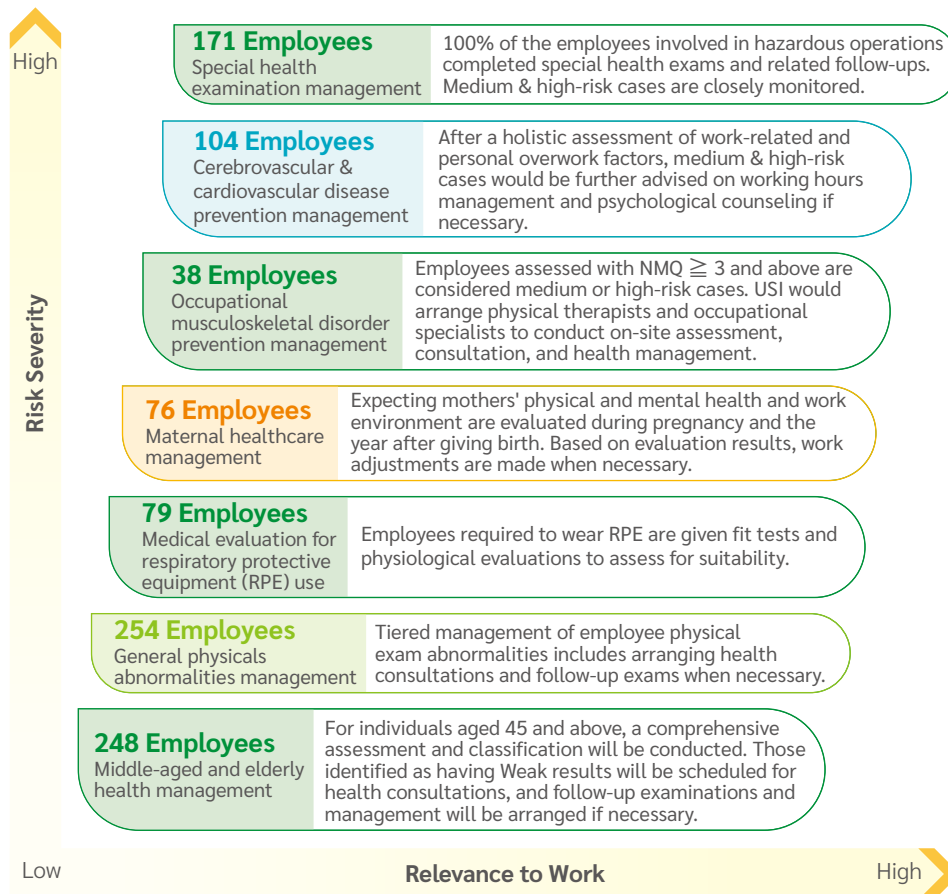
Note:

1. From 2021 to 2023, the data includes Zhangjiang, Jinqiao, Huizhou, Kunshan, and Nantou Facilities. In 2024, the data for the Mexico and Vietnam Facilities have been included.
2. Hazardous work: includes hot work, hanging work, confined space work, elevated work
3. Major findings: on-site audit findings and issuing a ticket
4. Please refer to the [Occupational Incident Management](#) section for the relevant ratio calculation formula.

Health Risk Management

A healthy workforce is an integral part of a company's competitiveness and a key driver of sustainable growth. To achieve effective health management, USI provides free annual physicals for employees and occupational medical exams for employees in high-risk operating environments, and the results are classified and managed. In addition to complying with laws, regulations, and related guidelines, employees' health risks are analyzed according to the nature of work and the health risk matrix. The top three themes are health management of special health examination management, cerebrovascular and cardiovascular disease prevention and management, and prevention and management of musculoskeletal diseases.

Occupational Health Risk ⁽¹⁾



In terms of special health examination management, we analyzed employee health examination results and found no individuals with unusual work-related conditions. Cerebrovascular and cardiovascular disease are closely related to employees' health (physiological) and workload (psychological), while musculoskeletal-related diseases are the first cause of occupational diseases (by industry). Therefore, we set management indicators for metabolic syndrome ⁽²⁾, cerebrovascular and cardiovascular disease, and musculoskeletal-related disease, as shown in the table below.

Health Risk Issues and Management Metrics

Issues	Management Metrics	2024 Performance	Status
Metabolic Syndrome	Less than 22%	16.09%	✓
Cerebrovascular and Cardiovascular Disease	Risk level of 3 or more, less than 2%	0.40%	✓
Musculoskeletal Disorders	NMQ ⁽³⁾ of 3 or more, less than 10%	2.50%	✓

Health Promotion

Health promotion is an integral part of preventive healthcare. Based on the results of the health examination and the willingness to participate in health promotion activities, USI holds various health seminars, trainings, and activities such as pregnancy healthcare, cancer screening services, vaccination services, blood donation activities, weight-loss competitions, quit smoking contests, and bone density detection to prevent chronic and occupational diseases. USI also encourages employees to exercise regularly, eat and drink healthily, and maintain good living habits.

In mental health, USI not only holds fellowship campaigns regularly for employees (please refer to the 6.2.5 Employee Benefits section for details), but also has Employee Assistance Programs. It works with the human resources department to improve their performance by enhancing employees' mental well-being. In addition to managing human resources more effectively, it can deal with crises efficiently, improve production efficiency, and make sure employees' pressure from their families, work, and life can be balanced and addressed. We have specially arranged an overall work adaptability assessment for employees with physical or mental difficulties this year to ensure that all employees have received professional assistance.

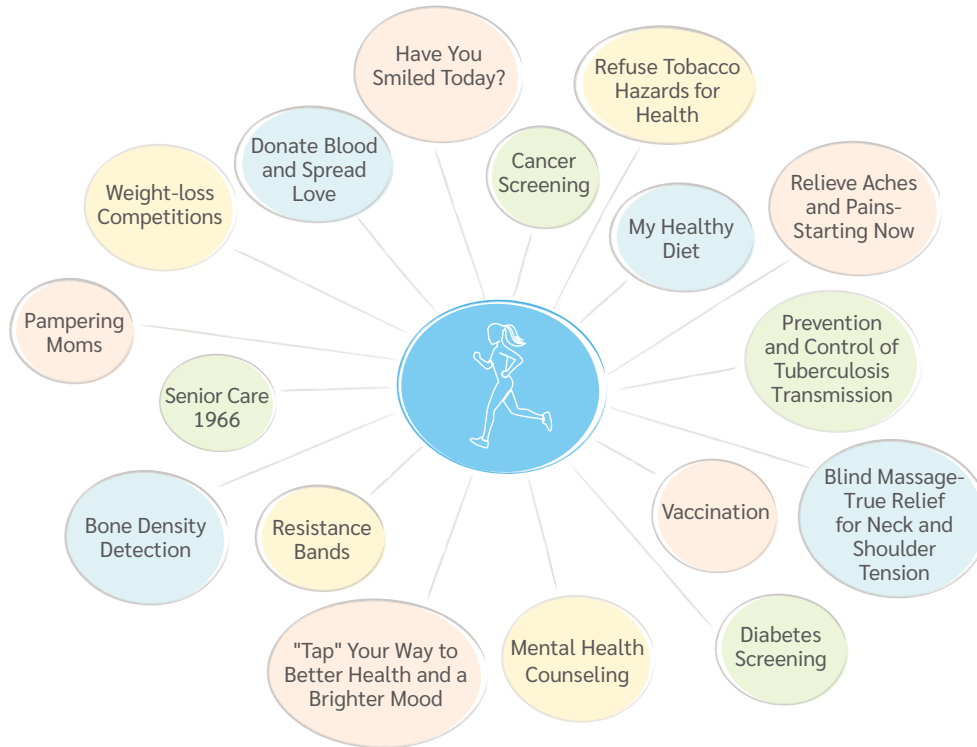
Note:

1. The data includes Nantou Facility.

2. Metabolic syndrome: when three out of five factors are met (a. abdominal obesity, b. high blood pressure, c. high blood sugar, d. high triglycerides, e. low high-density lipoprotein cholesterol).

3. NMQ, Nordic Musculoskeletal Questionnaire

Annual Health Promotion Activities



Diabetes Screening



Blood Donation Drives



Bone Density Detection

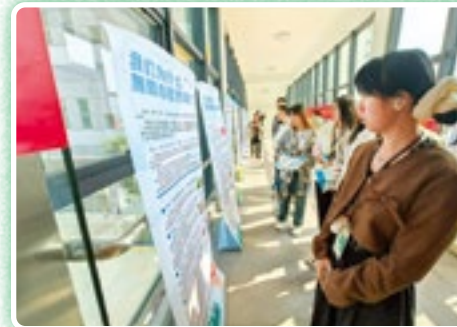


Vaccination



Diverse Health Activities Performance Highlights

- 63 health and wellness activities were organized throughout the year, with 6,554 participants and an activity satisfaction above 90%.
- Nantou Facility was awarded the Healthy Workplace Certification - Health Promotion Label by the National Health Agency.
- 180 people participated in the blood donation drives and donated over 60,000ml of blood.
- 289 employees participated in tobacco control and prevention activities.



Mental Health Advocacy



Blind Massage

6

Inclusive Workplace

Talents are the essential seeds for USI's continuous growth and need to be carefully nurtured and watered. We build an inclusive workplace for employees by Enforcing Human Rights, Implementing Talent Development, Providing Comprehensive Benefits, and Cultivating Harmonious Labor Relations.










**16,459**Job Opportunities
Provided**71%**Facilities Covered by
Collective Agreements**96%**

Local Hire Ratio

**139**Employee Communication
Symposiums**20%**Women in Top
Management**419 Employees**Sponsored to Obtain
Degrees in TotalKey Stakeholders:
Employees, Government**SDGs**

Sustainable Issue Performance and Targets

 Material Issue
  Achieved
  Not Achieved ⁽¹⁾

Management Purpose	KPI	2024 Target	2024 Performance	Status	2025 Target	2029 Target
 Human Rights/ Diversity & Inclusion <p>Management Approach: Follow the Human Rights Policy and encourage diversity and inclusion in the workplace. Ensure human rights compliance by managing and mitigating human rights risks through periodic audits and implementing measures.</p> <p>Evaluation Mechanism: Conduct annual human right risk assessment and track human right hazard improvement plans every six months; track the employment status of disabled employees annually.</p>						
Construct a diverse and inclusive workplace free of human rights violations, with equal opportunities for all genders	Ensure women have chances in all-level decision-making leadership	More than 20% women in top management positions	20% women in top management positions		More than 21% women in top management positions	More than 26% women in top management positions
	Employ disabled employees	Employ more than 101 disabled employees	116 disabled employees employed		Employ more than 100 disabled employees	Employ more than 100 disabled employees
 Human Capital Development <p>Management Approach: Encourage employees to continue their advanced studies. Plan training courses for employees to fit in the right position and cultivate internal instructors to inherit corporate culture and organizational capabilities.</p> <p>Evaluation Mechanism: Monitor employee training progress and regularly review plans for training internal instructors.</p>						
Improve employee capabilities and provide them with learning and future development opportunities	Improve employee competence	More than 1,100 Internal instructors	1,042 internal instructors		More than 1,100 internal instructors	More than 1,300 internal instructors
	Employee career development plan	Subsidize more than 50 employees to obtain degrees	107 employees subsidized for degrees		Subsidize more than 50 employees to obtain degrees	Subsidize more than 50 employees to obtain degrees
 Talent Attraction & Retention <p>Management Approach: Provide competitive salary plans and welfare measures, build a sound welfare system and harmonious labor relations, increase employees' willingness to stay, and reduce employee turnover.</p> <p>Evaluation Mechanism: Track employee turnover and retention trends periodically to proactively manage the workforce.</p>						
Provide employees with suitable jobs and retain talents for the company's sustainable operation	Employee turnover rate for Direct employees (DL) & Indirect employees (IDL)	▶ DL turnover rate is less than 45% ▶ IDL turnover rate is less than 12%	▶ DL: 30.2% ▶ IDL: 9.1%		▶ DL: less than 30% ▶ IDL: less than 8%	▶ DL: less than 25% ▶ IDL: less than 7%
	Key talent retention rate	More than 97%	96% key talent retention rate		More than 98%	More than 98%

Note:

1. For not achieved targets, please refer to the corresponding sections for relevant explanations and future improvement plans.

6.1 Human Rights Protection

USI strongly believes that corporations have the responsibility to respect human rights. We support and respect the UN Universal Declaration of Human Rights, human rights as defined in Principles 1 and 2 in the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the International Labor Organization's Declaration of Fundamental Principles and Rights at Work, and the laws of the countries in which we operate, and we are committed to protecting and promoting human rights with our employees, joint ventures, contractors, business partners (supplier, customers), local governments, communities, and other stakeholders. USI human rights management-related policies include the Human Rights Policy, Anti-Discrimination and Anti-Harassment Policy, Sustainable Development Manual, USI Code of Business Conduct and Ethics, Supplier Code of Conduct, USI Corporate Policy for Sourcing Conflict Minerals, Environment, Health, Safety (EHS) & Energy Policy, Policy on the Protection of Privacy and Personal Data.

6.1.1 Due Diligence

USI understands and manages human rights issues in a responsible manner, focusing on employees and suppliers and adhering to the concepts of the PDCA management process and continuous improvement. The corresponding taskforce teams under the Sustainability Committee identify, evaluate, monitor, prevent, and reduce human rights impacts through the due diligence process. We disclose the assessment results on the official website in the form of a Due Diligence Report. The performance indicators of the Labor, ethics, environment, safety and health are reviewed in the quarterly Sustainability Committee meetings. The execution results are summarized and submitted to the Sustainability Committee and reported to the top management team annually.

RBA Risk Assessment Mechanism

To all facilities and new business relationships, we arrange cross-site mutual audits every year to ensure full compliance with normative standards. If there are any non-compliant items, an improvement plan needs to be proposed and get improvements within the requested period. Being a member of the RBA, we adopt the RBA management framework to implement RBA SAQ⁽¹⁾ internally every year and entrust external third-party institutions with special training in social and environmental audits to provide RBA VAP⁽²⁾ audit services for the risk management every 2 years. We conduct the risk assessment with a two quantifiable indicators risk matrix--frequency and impact-- to Investigate the results of the risk assessment in the past two years, identify issues and objects that are vulnerable to human rights risks, formulate measures, and continue to make improvements to fulfill our commitment to protecting human rights, safeguarding employees' work rights and interests, creating a diverse, inclusive and healthy workplace, and persisting in a balanced work-family life.

Note:

1. SAQ, Self-Assessment Questionnaire

2. VAP, Validated Assessment Program, an on-site audit of suppliers, potential suppliers, and the company's own facility, which is performed by a RBA approved independent third-party audit company to provide the company

For our joint venture human rights risk assessment, it is required to conduct human rights risk identification every year. Those human rights risk issues listed in their sustainability reports, or the RBA SAQ human rights risk identification results are necessary to formulate corresponding improvement plans and track their mitigations.

For the supplier human rights risk assessment, it is to conduct a human rights risk assessment on the annual Tier 1 suppliers and conduct written document reviews, on-site audits, and RBA VAP to further find out which high risks that suppliers may face, and continuously track and improve the effectiveness of their countermeasures for different risks. For details, please refer to the [4.3 Supply Chain Management](#) section.

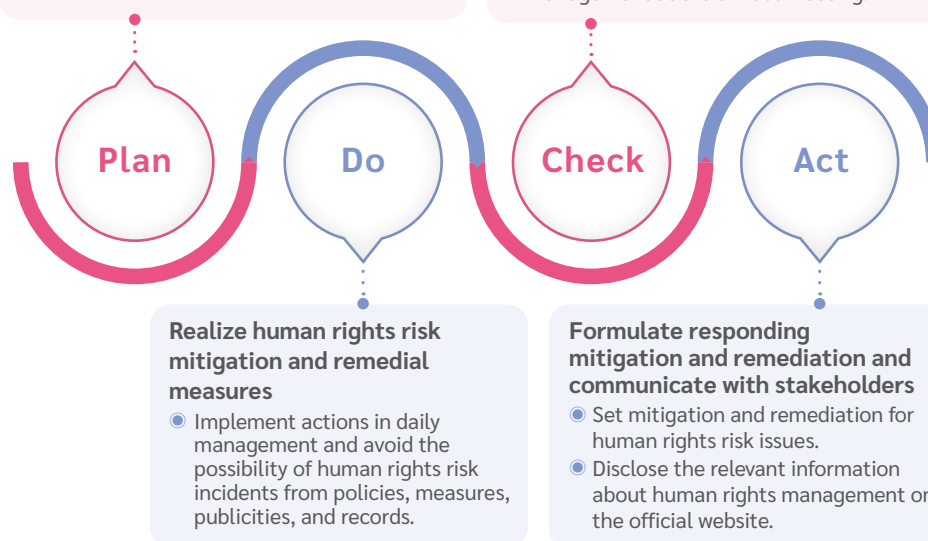
Due Diligence Process

Formulate human rights risk items and identify the material human rights risks

- List human rights risk items via the RBA inspection framework.
- Conduct risk assessment every two years on risk matrices with the two quantifiable indicators of frequency and impact, and rank major human rights risk issues.

Monitor and track implement results and make continuous improvement

- Review the goal implementation effectiveness quarterly and adjust mitigations by the Sustainability Committee task forces.
- Summarize achievement by the Sustainability Committee and report to top management at the annual meeting.



with risk identification assurance, driving improvement, and implement a powerful management system of labor, ethics, health, safety, and environmental conditions in the supply chain.

Human Rights Risk Issues and Due Diligence

USI Role	Target	Human Rights Issues	Main Policies	Due Diligence	Grievance Mechanism
Employer Value Chain Partner (Including Mergers & Acquisitions, Joint Ventures)	<ul style="list-style-type: none"> Employees Foreign migrant employees Young workers Third-party workers Female employees 	Prohibition of forced labor, working hours, wages and benefits, anti-discrimination/anti-harassment/humane treatment, wage equality, gender equality, young workers employment, freedom of assembly and collective bargaining, freedom of religion, occupational health and safety, emergency preparedness, occupational injury and illness, data privacy and security, avoid unlawful infringement, sanitation, food & housing	<ul style="list-style-type: none"> Human Rights Policy Anti-Discrimination and Anti-Harassment Policy EHS & Energy Policy Policy on the Protection of Privacy and Personal Data 	RBA SAQ, RBA VAP, internal audit	<ul style="list-style-type: none"> Internal reporting channels: all reporting channels of each Facility External reporting channels: please refer to the 2.2 Business Ethics and Compliance section for details
Purchaser	<ul style="list-style-type: none"> Suppliers Contractors 	Prohibition of forced labor, working hours, wages and benefits, anti-discrimination/anti-harassment/humane treatment, young workers employment, occupational health and safety, emergency preparedness, occupational injury and illness, data privacy and security, prohibition of use of conflict minerals	<ul style="list-style-type: none"> Supplier Code of Conduct USI Corporate Policy for Sourcing Conflict Minerals Policy on the Protection of Privacy and Personal Data 	SSAQ, on-site audit	
Product/Service Provider	<ul style="list-style-type: none"> Customers 	Data privacy and security	<ul style="list-style-type: none"> Policy on the Protection of Privacy and Personal Data 	Risk assessment, internal/external audit	

We have established investigation and employee reporting mechanisms and complaint channels to manage employees' complaints and ensure the implementation of human rights policies and avoid incidents that endanger human rights. The investigation procedure is shown as follows:



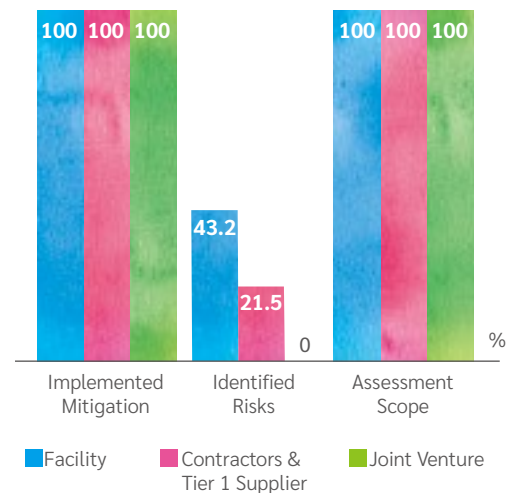
Human Rights Risks Assessment Results

We conduct RBA SAQ and VAP human rights risk assessments of the global manufacturing facilities, as well as the statistics of employee complaint cases, identify the risks of each factory and propose corresponding mitigation plans. The 2024 human rights due diligence results showed that the Company had no violations such as employing child labor, subjecting young workers to work that endangers their health or safety, forced or compulsory labor, infringing on the rights of indigenous peoples, or any form of discrimination. In addition, the RBA SAQ assessment results of each facility were classified as low/medium-risk level, and the VAP results for all Facilities were scored above 175, and no priority findings were found. Working Hours and Wages and Benefits were identified as labor-related human rights issues with high exposure risk.

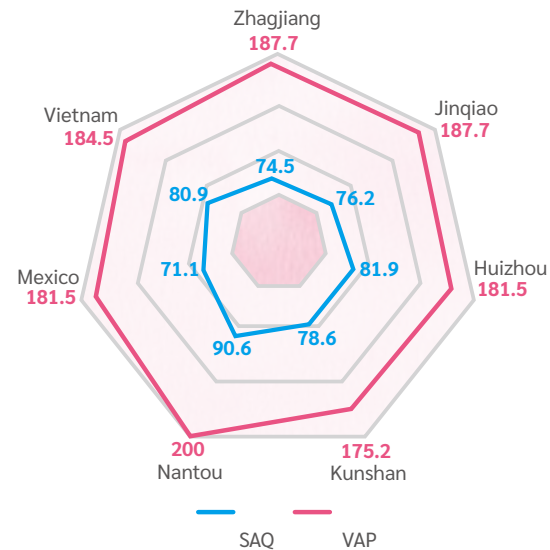
In 2024, USI received 6 employee complaints, 3 of which were formally filed following investigation. One case involved a sexual harassment complaint from an external vendor, who reported inappropriate behavior by an employee during a meeting. Despite the respondent's objections, USI took the complaint seriously and reassigned the individual. Another case concerned a supervisor whose management style encroached on a subordinate's personal boundaries. USI addressed the issue by removing the respondent from their management role. The third case involved prolonged verbal abuse by an employee toward a colleague. USI disciplined the respondent and issued a minor demerit.

For analysis and mitigation measures on workplace health and safety issues and supplier human rights related issues, please refer to the sections in [4 Value Chain Management](#) and [5 Environmental Protection and Occupational Safety](#).

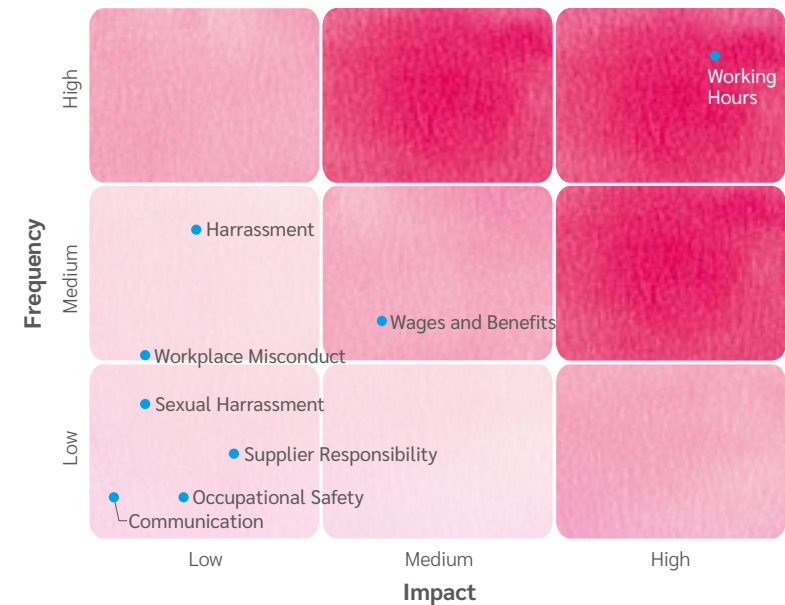
Human Rights Risk Assessment Scope ⁽¹⁾



Human Rights Risk Assessment Results ⁽²⁾



Human Rights Risk Analysis ⁽³⁾




Note:

1. The human rights risk assessment was conducted in three aspects: manufacturing facilities (based on the number of full-time employees), contractors and Tier 1 suppliers (based on the number of Tier 1 suppliers), and joint ventures (as Memtech International Ltd).
2. The SAQ assessment score: above 80 is considered low risk; 60~80 is considered medium risk; below 60 is high risk.
3. Major risks are those events with high frequency and high impact; minor risks are those events with low frequency and low impact; other events are classified as secondary risks.

6.1.2 Human Rights Risk Mitigation & Remediation

The human rights risk mitigation and remediation of Unlawful Infringements⁽¹⁾, Working Hours, and Wages and Benefits were implemented in our seven facilities, especially strengthening management in the corresponding facilities. Starting with human rights awareness trainings, recruiting sufficient manpower, and managing working hours, etc., we promoted publicity to ensure our colleagues understand the Company's management system from a legal perspective. The mitigation and remediation measures are detailed as follows:

Target	Labor	
Risk Issues	Unlawful Infringement (Harassment, Sexual Harassment, Workplace Bullying), Working Hours, Wages and Benefits	
Mitigation	<p>Unlawful Infringement</p> <ul style="list-style-type: none"> Reaffirm that unlawful infringement will not be tolerated. Employees who witness or experience such incidents should report them immediately through the grievance procedures. Upon receiving a complaint, a confidential investigation will be initiated. Verified cases will be addressed in accordance with the Work Rules. Conduct human rights and humane treatment in the workplace training and publicity annually (including but not limited to non-discrimination, sexual harassment, privacy rights) and reiterate relevant human rights complaints and handling procedures. The training courses include RBA, humane treatment in the workplace, gender equality and sexual harassment laws. Publish training content on prevention of illegal and infringing behaviors and release documents such as complaint procedures and penalty rules to facilitate smooth communication with employees; provide on-site physician consultation services to assist employees with psychological counseling and stress relief consultation to reduce their stress and frustration. Announced the "Statement of Prohibiting Unlawful Infringement in the Workplace" and the "Unlawful Infringement Prevention and Management SOP". Construct a Workplace Unlawful Infringement Prevention Special Area on SharePoint intranet (383 visitors) to share the unlawful infringement grievance channels and management procedures, and trainings and promotional materials which are related to the laws and prevention measures, and medical consulting service information. <p>Working Hours</p> <ul style="list-style-type: none"> Recruit enough employees to meet production capacity needs, shorten the review frequency of manpower deployment plans, and avoid overtime due to an insufficient workforce. Establish a working hour management mechanism to control overtime. The system automatically sends warnings of overtime quota to employees and their direct supervisors and assist supervisors in managing their subordinates' overtime. And enforce the "After Continuously Working 6 Days, Need to Take One Day Off" management and tracking mechanism to strictly implement the working time management mechanism. The 2024 working hour compliance rate⁽²⁾ reached 86%, with 1,707 more people complying with the RBA working hours regulations than 2023. <p>Wages and Benefits</p> <ul style="list-style-type: none"> Regularly review relevant laws and regulations to correctly calculate overtime pay, social insurance premiums and severance pay. Update SOPs in response to law and regulation changes in wage and social benefits and provide wage and social benefits trainings. Promote the rules of wage calculation and social insurance and fee. 	
Remediation	<p>Unlawful Infringement</p> <ul style="list-style-type: none"> Provide trainings on topics related to human rights/humane treatment, improve the leadership capabilities of supervisors, complete investigations through the grievance mechanism, track the effective implementation of disciplinary and counseling measures, and adjust the corresponding internal management mechanisms and compensation at the same time. Provide clinic physician consultation service and information to assist employees in psychological counseling and stress relief counseling. <p>Wages and Benefits</p> <ul style="list-style-type: none"> Pay the underpaid overtime pay and correct the social insurance premium. 	
Grievance Mechanism	USI provides internal reporting channels, including human resources mailboxes, employee complaint lines, and reporting mailboxes in all facilities.	

Note:

1. Unlawful infringement: refers to the physical or mental unlawful infringement of a worker by his or her employer, supervisor, co-worker or other third party in the workplace, such as workplace violence, workplace bullying, sexual harassment or employment discrimination, etc.

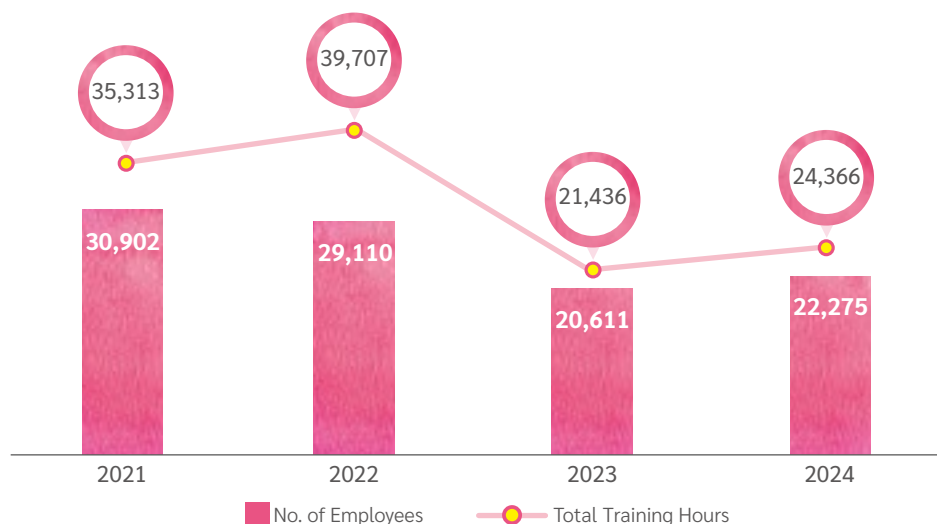
2. Working hours compliance rate = 100% - (sum of monthly headcount that employees work more than 60 hours per week ÷ sum of employees at the end of each month) × 100%.

In line with our Policy on Humane Treatment in the Workplace, USI ensures the protection of both the complainant and the respondent during investigations, which are conducted confidentially. Each party provides statements and is interviewed separately. If misconduct is confirmed, the Disciplinary Committee assigns penalties according to the Work Rules and communicates the outcome. We coordinate with all involved parties, take appropriate corrective actions, and implement improvements. Additionally, on-site doctors offer consulting services related to mental health, work stress, and career development. To prevent a lack of awareness about human rights laws and support the creation of an equal and inclusive workplace, USI actively promotes human rights education at each facility, establishes a clear complaint and resolution process, and enforces systems that protect victim privacy.

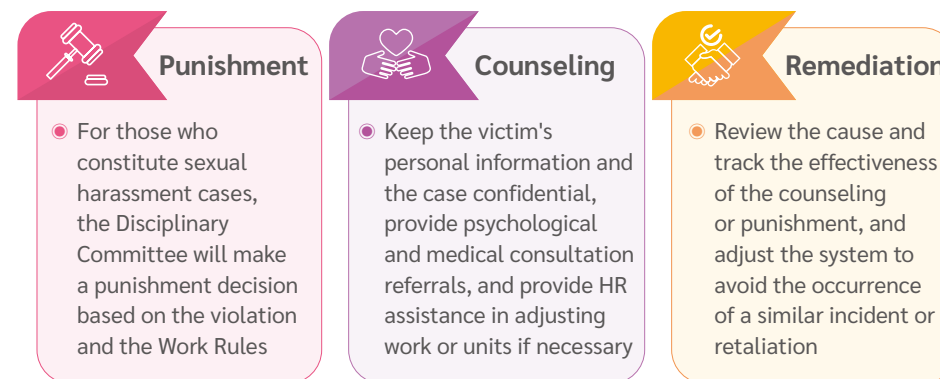
6.1.3 Human Rights Training

USI remains committed to human rights protection by promoting awareness and reducing related risks through ongoing training. Each year, employees across all global facilities are required to complete training on the Employee Code of Conduct and Humane Treatment in the Workplace, including an online test to ensure understanding of relevant regulations and expected behaviors. USI developed micro-learning videos to help employees access bite-sized learning materials flexibly. In 2024, the average duration of human rights-related training per employee was 1.1 hours, totaling 24,366 hours across 22,275 employees (including former employees). All employees completed the required human rights training, achieving a 100% completion rate.

Human Rights Training Participant Numbers and Training Hours



Sexual Harassment Case Handling and Remediation Principles



6.1.4 Employee Rights

USI complies with employee human rights and labor laws in each country or jurisdiction where its facilities are located. All employees sign an employment agreement in their native language or in a language they understand, in accordance with local regulations. The agreement, with a 100% signing rate, clearly outlines the rights and responsibilities of both the employee and the Company, ensuring mutual compliance. In the event of major operational changes that affect employment, USI follows local laws regarding notice periods⁽¹⁾ and informs impacted employees in advance, explaining their rights in full. The Company also makes every effort to support job transitions. For example, Nantou Facility collaborates with the Taichung-Changhua-Nantou Regional Branch of the Workforce Development Agency to provide affected employees with job training and employment opportunities in nearby areas.

All USI facilities have established work rules to ensure employees understand their rights and responsibilities. For example, Nantou Facility's Employee Work Rules clearly outline employee rights, including appointments, terminations, working hours, leave, bonuses, insurance, and disciplinary measures. These rules are readily accessible on the Company's intranet, bulletin boards, and other prominent workplace locations. Each facility also follows standardized Recruitment Guidelines to ensure fair, inclusive, and non-discriminatory hiring practices. Candidates are selected based on merit, helping USI attract a diverse range of talent. To promote our Policy on Humane Treatment in the Workplace, USI has created a dedicated intranet section that reflects our culture of respect, inclusion, and non-discrimination. This section also provides grievance channels to ensure all employees are protected from physical and mental harm while at work.

Note:

1. Notice Period: Mainland China Facilities: employees should be notified at least 30 days in advance; Nantou Facility: employees should be notified at least 10 days in advance, and if there is massive layoffs, the layoff plan shall be notified to the competent authority, relevant units and employees 60 days in advance and publicly disclosed; Mexico Facility and Vietnam Facility: employees should be notified at least 3 days in advance.

6.1.5 Employee Unions

USI respects employees' freedom of association. Employees who have like-minded or interested partners can independently form associations, and they are also free to organize and join trade unions and conduct collective consultations in accordance with the relevant legal provisions. USI will not interfere in any way with the establishment, operation, or management of trade unions, and USI will hold regular communication symposiums and keep smooth communication channels with the trade union, implement the conditions listed in the group agreement, such as employment, wage, and termination, etc., employee health and safety regulations, company benefits, and the other items should be abided by both labor and company to form a Stable and harmonious labor relation. Now, in addition to the Nantou Facility and the new setting Vietnam Facility, which have not established trade unions, the Zhangjiang Facility, Jinqiao Facility, Huizhou Facility, Kunshan Facility, and Mexico Facility have established their trade unions, and group agreements are signed with the trade unions. Employees participating in the trade union enjoy the protection of group agreements. The group agreement coverage rate ⁽¹⁾ is around 58%. The working conditions and employment terms of employees who are not covered by a union or collective agreement shall follow the collective agreement signed by the factory or the labor conditions stipulated by local laws and regulations where the Facility located. In 2024, with the Company's initiative-taking communication with employees, there was no strike, which resulted from major labor disputes or work stoppages.

Note:

1. Group agreement coverage rate = Number of employees covered by the group agreement in the facility area ÷ the number of total employees at the end of the period × 100%

6.2 Talent Attraction and Retention

Facing the changes of the global talent trends and population structure, USI has established the Company's sustainable human capital and employee happiness workplace from four aspects: employee rights protection, diversified and inclusive workplace, employee compensation and benefits, and talent development, to attract and retain talents.

Human Capital Policy	Practice
Employee Rights Protection	<ul style="list-style-type: none"> Regularly review the manpower deployment plan and recruit enough employees to avoid overtime due to insufficient manpower. Establish a working time management mechanism. Overtime arrangements must be agreed upon by employees, or they must apply for it on their own. We upgraded the attendance system to help supervisors and colleagues to manage their overtime, which automatically reminds colleagues and supervisors of overtime limits. Assist supervisors to know employees' working hours and strengthen overtime management. Any special need for overtime, the approval of the next level supervisor is required before overtime can be allowed. Regularly discuss with labor representatives/unions for the suggestions of improving labor conditions, systems or working environment. Comply with the local labor laws, including massive termination notice period. Formulate and publish Work Rules, Attendance and Leave Management Policy, Salary Management Procedures, Resignation Application Procedures, protecting the employee rights of leave taking, salary/reward calculation and resignation. Establish multiple communication channels. Any calculation errors in salary/overtime pay/annual leave conversion, employees can report to the responsible department through those channels.
Diversified and Inclusive Workplace	<ul style="list-style-type: none"> Organized International Women's Day activities and caring lectures to enhance colleagues' awareness of Diversity, Equity and Inclusion.
Employee Compensation and Benefits	<ul style="list-style-type: none"> Regularly monitor the gender pay gap to achieve equal pay for equal work Ensure employees have adequate wages that meet or exceed cost of living estimates or benchmarks Comply with local labor laws and regulations to ensure that employees have the right to take vacations. Employees can pre-arrange annual leave or choose to use cash to offset unused vacation days and receive corresponding labor remuneration, such as receive wage that are not less than the statutory minimum wage and overtime pay for overtime work. In addition to taking out the social insurance for employees according to the regulations, we also buy commercial group insurance, accident insurance, employer liability insurance, etc. to expand coverage. Ensure the physical and mental health of employees, we regularly organize physical check-ups, fitness tests, stress relief activities, health lectures and sports competitions, etc.
Talent Development	<ul style="list-style-type: none"> Starting from 2022, we hold an annual hackathon competition to realize the benefits of digital transformation Establish a structured learning mechanism and provide professional skills training/certification courses to enhance employees' professional skills and competitiveness in their career development Publish quarterly <i>usinsight</i>, hold sustainability lectures and provide micro-learning courses, including sustainable development trends, TNFD, carbon inventory, Paris Agreement, etc., to enhance employees' awareness of climate change Provide training on various electronic tools to promote the digital transformation

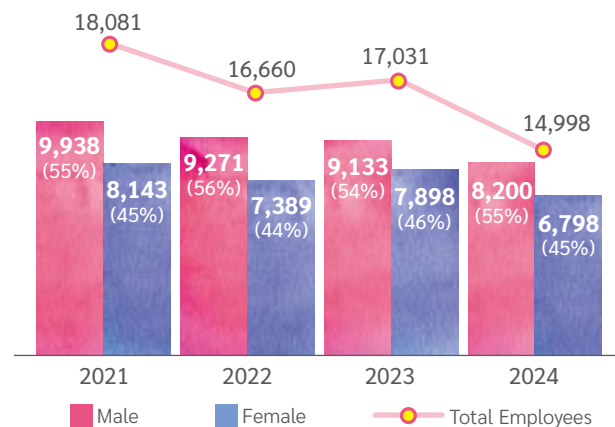
6.2.1 Workforce Structure

As of the end of 2024, the seven manufacturing facilities covered by this report have a total of 14,998 employees, of which 99.8% were permanent employees (14,968 employees) and 0.2% were temporary employees (30 employees). Divided by job categories, 1,096 employees are in management positions, 3,337 employees are in technical positions, 1,963 employees are in administrative positions, and 8,602 employees are in skilled positions. Divided by nationalities, all employees come from 11 countries, with 14,358 natives and 640 non-natives;

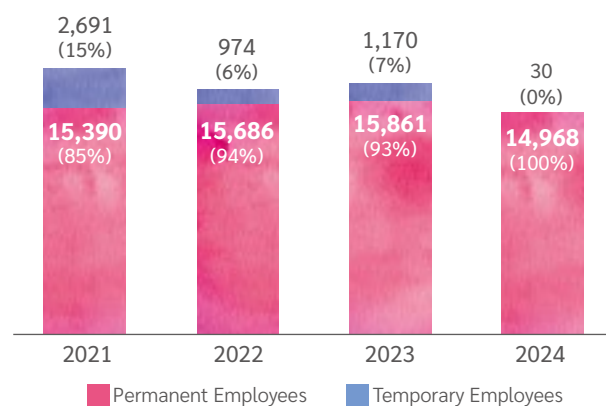
divided by regions, a total of 7,292 employees in Mainland China, 3,517 employees in Taiwan, 2,961 employees in Mexico, and 1,228 employees in Vietnam. For other detailed classification information, please refer to the [Sustainability Data - Social A. Workforce Structure](#) table.

And there are 2,490 non-employee workers who are employed by third-party contractors in production, security, cleaning, restaurants and convenience stores.

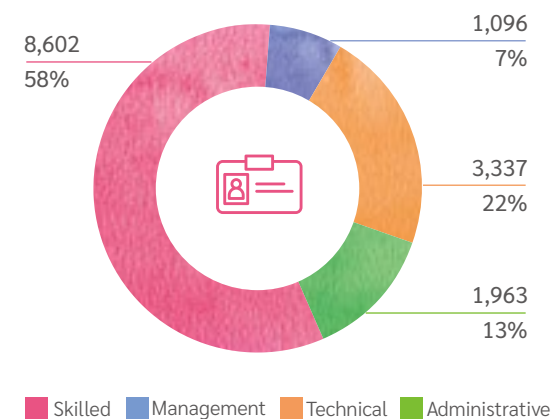
Employee Headcount



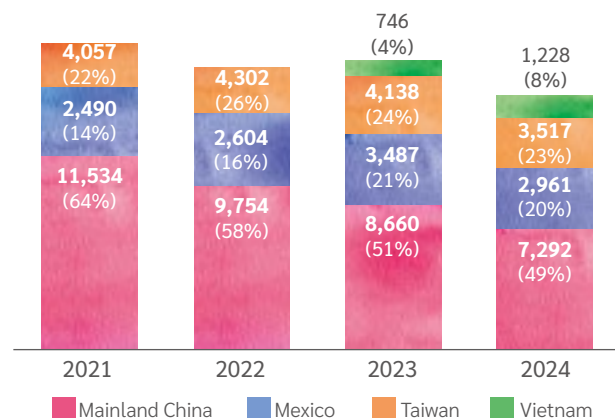
Permanent/Temporary Employees ⁽¹⁾



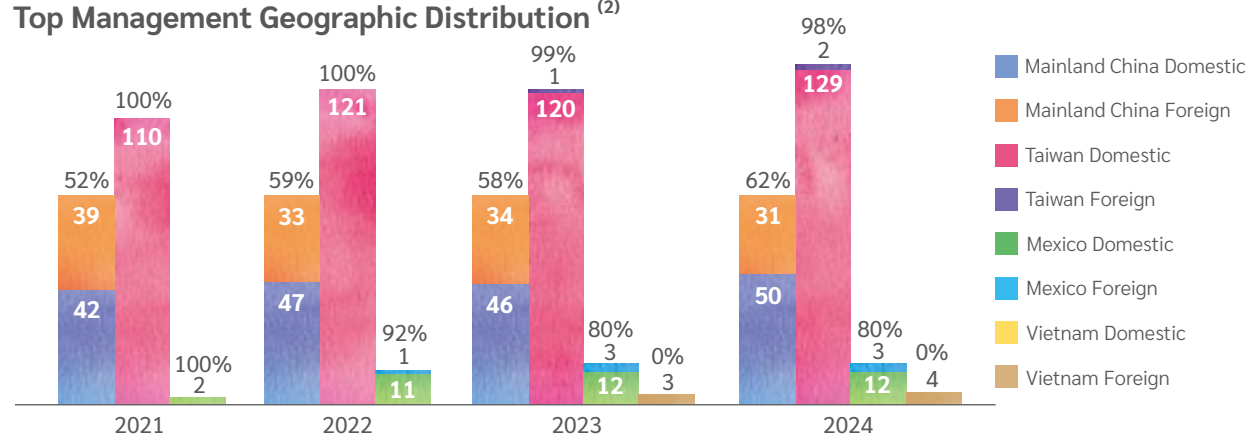
Job Category Distribution



Geographic Distribution



Top Management Geographic Distribution ⁽²⁾



Note:

1. Permanent (regular) employees refer to employees who have signed an indefinite labor contract with the company. Temporary employees refer to employees who sign a fixed-term labor contract with the company and are also called contracted employees. Permanent/regular/temporary/contracted employees are full-time employees.

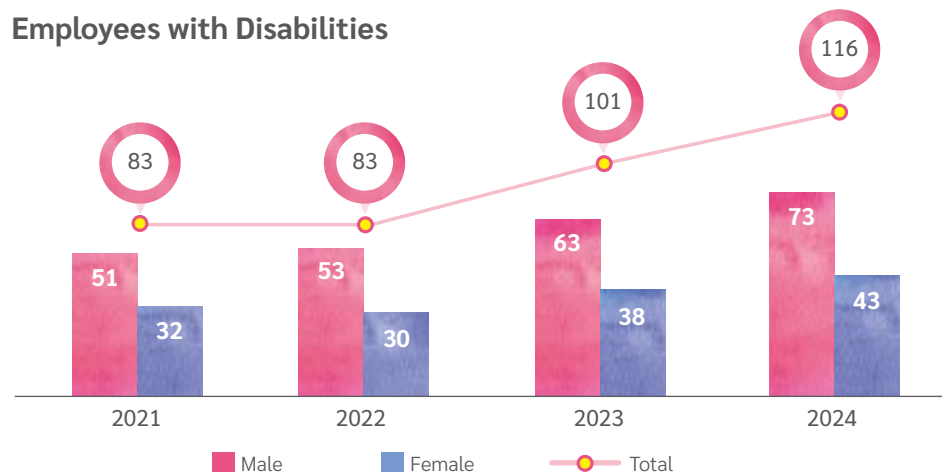
2. The proportion of domestic top management position = No. of domestic top managers in the Facility ÷ No. of all top managers in the Facility × 100%

We believe that an inclusive work environment allows everyone to feel respected and supported and makes it easier to find the best way to work, develop everyone's expertise and grow together. As USI expands its business, the primary topic is to create a diverse workplace by integrating multinational cultures, accepting individual differences in personality, having no prejudice against different ages, genders, races, religions, nationalities, political parties or physical disabilities and growing together for employees. Therefore, USI has invested lots of efforts in Shaping an Inclusive Workplace Culture, Female Decision-making Participation, and Disabilities Employees Job Arrangements.

USI is committed to creating a gender-friendly and diverse inclusive workplace where all employees can fully utilize their talents. In terms of female employees' employment, by the end of 2024, female employees accounted for 45.3% of the total employees; females accounted for 24.5% of management positions; and the proportion of females in top management positions increased with years, even reaching 20% from 2018 to date. We held an event on International Women's Day (IWD) to increase attention toward females and put greater emphasis on the development of females in top management positions. We have set an annual target of reaching 26% of the females in top management positions by 2029, with 1% increasing every year, so that more women can participate in decision-making level.

We actively solve the employment problems of residents and people with disabilities in each facility area and adhere to the principle of giving priority to hiring "local talents". As a result, 96% of our employees are residents around our factory locations. In addition, we are also committed to tailoring suitable work content for people with disabilities to give them a greater sense of achievement in their work. In 2024, USI employed 116 employees with disabilities worldwide, accounting for approximately 0.7% of the total number of employees. We would like to hire 100 or more disabled employees every year to provide them with a better workplace.

Employees with Disabilities



Note:

1. The junior management positions refer to section and sub-section heads.
2. The middle management positions refer to department heads.
3. The top management positions refer to the division heads and above.

Gender Diversity Indicators

Diversity Indicators (%)	2021	2022	2023	2024
Women in total workforce	45.0%	44.4%	46.4%	45.3%
Women in management positions	22.6%	23.1%	23.6%	24.5%
Women in junior management positions ⁽¹⁾	25.9%	25.6%	24.3%	26.4%
Women in middle management positions ⁽²⁾	20.3%	21.8%	24.8%	24.7%
Women in top management positions ⁽³⁾	17.6%	19.2%	20.1%	19.9%
Women in revenue-generation function management positions ⁽⁴⁾	47.9%	50.0%	50.6%	51.4%
Women in STEM job positions ⁽⁵⁾	22.1%	21.7%	21.8%	20.8%



4. Revenue-generating functions: sales function, excluding support functions such as HR, IT, and Legal.
5. STEM refers to personnel with job functions related to science, technology, engineering, and mathematics fields.

6.2.2 Recruiting the Right Talents

USI recruits suitable professionals based on business development goals and competencies. The human resources recruitment department analyzes the labor market situation, plans the recruitment strategies and adopts the multiple recruitment channels and employment models and openly recruits talents through multiple channels, such as campus recruitment, employee recommendation programs, industrial-academic internship programs, corporate sharing sessions, online recruitment, and multimedia recruitment. And then, according to the labor needs of each facility, we establish the most appropriate employment relationships (such as full-time/part-time workers, permanent/temporary workers, dispatch workers, or appointed professionals), treat all candidates without prejudice or discrimination, and use objective interview testing tools to screen their occupational suitability to accumulate the energy required for the company's continuous growth and innovative research and development and allow diverse talents from around the world can give full play to their expertise and better meet the needs of different customers and diverse markets.

In 2024, USI has recruited a total of 6,426 new employees, including 5,903 DL ⁽¹⁾ and 523 IDL ⁽²⁾. In order to realize the talent globalization, we meet worldwide outstanding talents through various channels and introduce SAP SuccessFactors as USI Group global human resources core cloud platform to improve talent management efficiency and deeply tap the potential global cross-regional talents and promote USI to achieve the goals of "Talent Respect, Development, and Retention". We continually hold summer internship programs that not only help students gain hands-on experience and a deeper understanding of future job roles, but also enable USI to engage early with outstanding young talents while fulfilling its social responsibility.

We have an active mentor system and a "369 Three-Period Care for New Employees Program". We assign mentors to guide new employees quickly integrating into USI and introduce a comprehensive welfare system and a comfortable and convenient working environment. We establish good communication channels to care about employees' work and life, enhance new employees' sense of recognition and belonging to USI to avoid the loss of human capital.

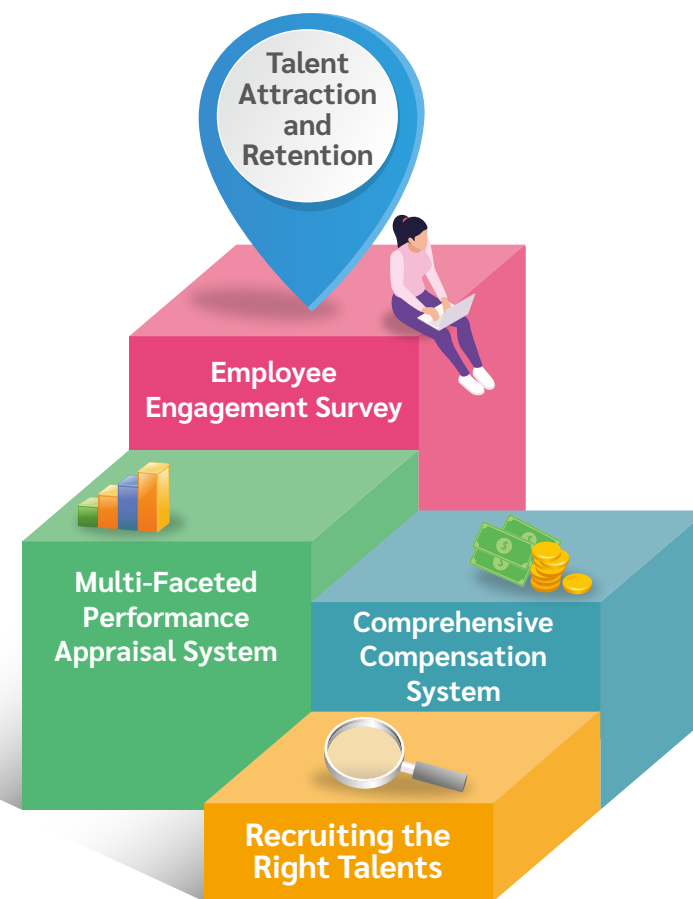
We value the opinions of our employees. Over the years, we have conducted Employee Satisfaction Surveys and Employee Engagement Surveys to understand employees' expectations, listen to employees' voices, and put forward improvement plans to increase employees' willingness to stay in USI. By analyzing the termination reasons of DL and IDL, we conduct corresponding improvement measures and propose a retention plan to reduce employee turnover.

In 2024, USI's overall turnover rate is 21.6%; the DL turnover rate is 30.2% and the IDL turnover rate is 9.1%. In terms of DL's turnover, we encourage DL to participate in skills training or change to new positions, strengthen supervisory manpower arrangement ability by training, consummate communication mechanisms, and reinforce employee relationship management. In terms of IDL turnover, in addition to strengthening employee care and communication mechanisms, we plan for our colleagues career development paths by providing them learning and experience opportunities and design a salary and benefits system that is in line with market/welfare trends. And as for the

Note:

1. DL refers to employees working in skilled positions.

2. IDL refers to employees working in management, technical and administrative positions



key talent retention, we established a mechanism that supervisors shall assist in the formulation of individual development plans, and provide a full range of training resources, including leadership and decision-making, financial management capabilities, etc. We assign challenging work tasks or projects to increase practical experience and provide equity incentive plans to increase the willingness to stay. For other detailed classification information, please refer to the [Sustainability Data - Social B. New Hires and Employee Turnover](#) table.

6.2.3 Comprehensive Compensation System

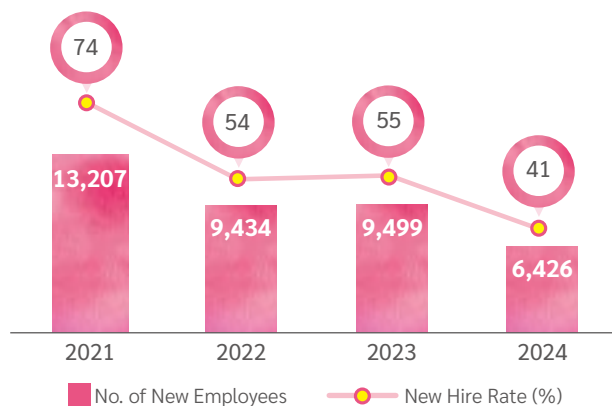


USI Compensation Philosophy

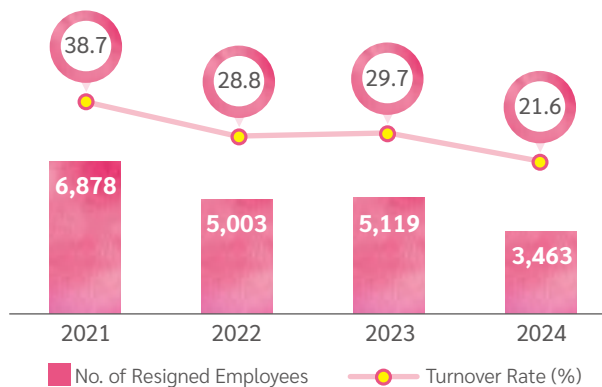
- Recognize employees' contributions to the Company, formulate the differences between each position, and maintain the balance of paying salaries
- Respond to employees' performances appropriately for encouraging employees and recruiting required talents
- Provide employees fair and reasonable treatment and adjust the salary as responsibilities are enriched
- Adjust flexibly with the human resource market and the changes in the organization

USI abides by the requirements of local labor laws; there are no different starting salaries and rewards by employees' gender, religion, politics, and marital status. We provide employees with consistent salary standards and benefits. After reviewing employees' contributions and performance through a performance appraisal system, the outstanding employees shall be given reasonable and substantial returns that are monthly job bonuses, equity incentive plans⁽¹⁾, employee stock options, and profit-sharing plans. USI participates annually in well-known public salary surveys held by local business consultants and regional salary associations to evaluate the overall economic indicators and market salary standards, external competitiveness of talents, and labor market supply and demand conditions to promptly adjust our offer to reflect market prices and enables employees to receive reasonable treatment and USI's overall compensation is competitive in the talent market. Simultaneously, to follow the world trend and support the sustainable development goal of decent work and economic growth, we will plan to pay employees sufficient wages so that they and their families can live a decent life.

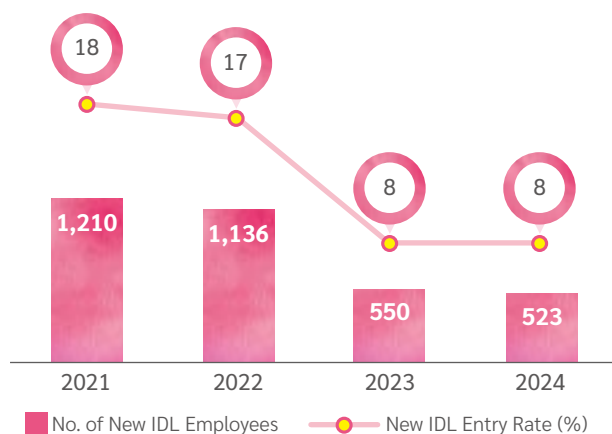
Overall New Hire Numbers and Rates



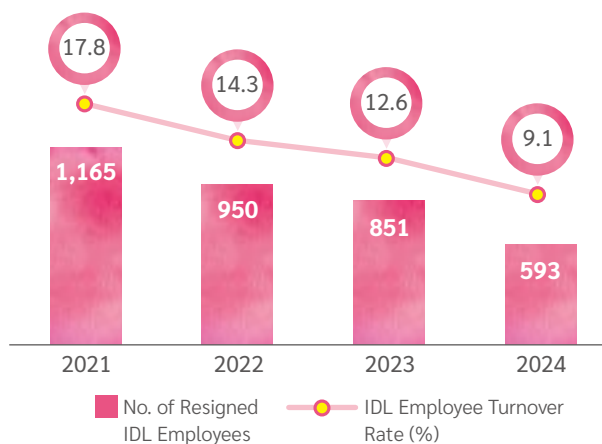
Overall Turnover Numbers and Rates



IDL New Hire Numbers and Rates



IDL Turnover Numbers and Rates



Note:

- Equity incentive plan refers to the purpose of attracting, retaining and motivating employees, while meeting both the authorized Company annual goals (of the return ratio on net assets is not less than 10% and the greenhouse gas emission reduction is not less than 3,752.5 metric tonnes) and the employee individual performance rating requirement, then under the stock exercising condition, have the right to exercise their eligible shares within the validity period to purchase Company stock at a price. In 2024, non-executive employees who are eligible to the long-term incentive program accounted for 25% of all employees.

In 2024, USI adjusted the employee basic salary in each facility area to maintain the competitiveness of the talent market. The salary adjustment range of the Mainland China facilities is about 1.6% to 9.9%, the Nantou Facility is about 3.6% to 4.0%, the Mexico Facility is about 5.0% to 15.0%, and the Vietnam Facility is about 4.0% to 8.0%. The ratio of the standard starting salary of DL to the local minimum salary is about 1.00~1.37 after calculation. The ratios of basic salary ⁽¹⁾ and compensation ⁽²⁾ of females and males ⁽³⁾ in each facility are shown in the table:

Ratio of DL standard entry level wage to local minimum wage ⁽⁴⁾		Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Vietnam
		1.00	1.00	1.37	1.02	1.04	1.02	1.25
Management	Female-to-male basic salary ratio ⁽⁵⁾	0.76	1.17	0.90	0.82	0.82	0.80	1.00
	Female-to-male compensation ratio	0.73	1.32	0.91	0.83	0.78	0.85	1.02
Technical	Female-to-male basic salary ratio	0.92	0.95	0.90	1.05	0.85	0.64	1.04
	Female-to-male compensation ratio	0.87	0.91	0.88	0.99	0.81	0.63	1.07
Administrative	Female-to-male basic salary ratio	0.61	0.76	0.92	0.91	0.87	0.84	0.98
	Female-to-male compensation ratio	0.67	0.77	0.89	0.86	0.84	0.80	0.99
Skilled	Female-to-male basic salary ratio	1.01	0.98	1.01	0.97	0.96	0.95	0.98
	Female-to-male compensation ratio	1.00	0.98	1.00	0.97	0.95	0.97	0.89

6.2.4 Multiple Employee Communication

We actively establish a positive employee relationship and continuously maintain an open, mutual trust, and smooth one/two-way communication environment so that employees can instantly understand company trends and workplace-related rights and obligations and protect employee rights and interests. In addition, we arrange courses to introduce channels for employees to express their opinions, the locations of Employee Suggestion Boxes, and how to fill in the relevant information. We listen to employees' voices by holding regular senior executive seminars, providing instant feedback meetings and channels, conducting questionnaires, and taking practical actions to promote harmony in labor-management relations.

Regularly discuss with labor representatives/unions for the suggestions of improving labor conditions, systems or working environment. The Mainland China and Vietnam Facilities hold employee meetings at least once a year, while Nantou Facility holds labor-management meetings every quarter, and Mexico Facility negotiates with the union once a year. The results of those meetings in 2024 include employee salaries, paid birthday leave, extended maternity leave/paternity leave, work rules revision and others.

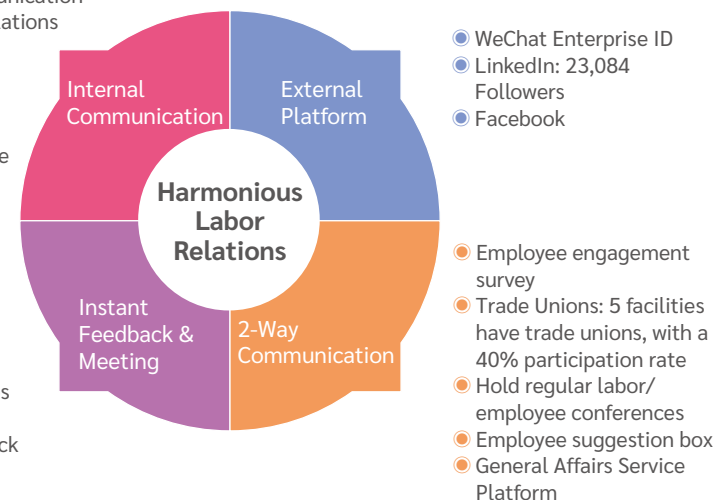
In 2024, there were 139 employee communication seminars in total (37 President/General Manager Symposiums, 17 New Employees Outreach, 16 Foreign Employees Caring Meetings, and 69 Employee Feedback Meetings) and vigorously push and disseminate communication messages through various media and strengthen the promotion of information on internal and external reporting and feedback channels when the messages are conveyed. Whether employees submit suggestions through electronic or physical employee suggestion boxes, employee complaint hotlines, employee relations networks, or other means, the corresponding responsible unit members will deal with the opinions expressed as soon as possible and provide feedback. In 2024, USI received 139 employee feedback submissions, all of which were processed and addressed.

- Departmental communication
- HR and Employee Relations staff
- Physical/electronic bulletin board
- E-mail
- Employee Self-Service Network (ESS)
- usinsight* newsletter
- Video broadcast

- 37 President/GM Symposiums
- 17 New Employees Outreach
- 16 Foreign Employees Caring Meetings
- 69 Employee Feedback Meetings

Note:

- Basic salary refers to the monthly remuneration paid to employees, including base pay, allowance, and monthly bonus (i.e., meal allowance, shift allowance, supper allowance, overseas expatriate allowance, position allowance, monthly work bonus, and full attendance allowance).
- Compensation is the sum of salary, overtime pay and bonuses (i.e., three festival bonuses, profit sharing, job performance bonuses, and special bonuses).
- Due to regional differences, there will be big differences in Mainland China Facilities' ratios.
- Ratio of DL standard entry level wage to local minimum wage = DL starting salary ÷ local minimum salary
- Female-to-male basic salary/compensation ratio = female basic salary/compensation ÷ male basic salary/compensation



6.2.5 Employee Benefits

Considering the different needs of all employees around the world in terms of food, housing, education, entertainment, transportation, and physical and mental health, etc., USI adapted to local conditions to provide employees with considerate welfare systems and insurance plans, provides facilities for physical and mental development, and designs various activities to enhance physical and mental fitness, so as to Employees who have the employment relationship with USI can also have a balanced life with their families while working. (Please refer to [Sustainability Data - Social H. Comprehensive Welfare System table](#)).

Flexible Working Hours

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

Working from Home

Emergency Management is a must-have capability for business sustainable management. To reduce the Company's risk of being unable to operate due to factors such as natural disasters, fires, and notifiable infectious diseases, USI has implemented a remote working model. Complying with the Global Remote Office Guidelines, employees can apply working from home and receive reimbursement for purchasing working equipment and meals.

Physical and Mental Health Management

USI implements an employee assistance program to help employees properly face and adjust to work stress by conducting stress adjustment questionnaires and cooperating hospitals to provide psychological counseling services. We organize physical and mental health lectures and activities, hold art appreciation events, and see movies to manage work stress through multiple channels. Simultaneously, USI encourages employees to participate and do exercise activities for good physical health by providing event venues and subsidizing various sports clubs to hold activities.

Employee Support Programs

Employee Benefits	Workplace stress management	● Conduct stress adjustment surveys, provide psychological counseling services, lectures and activities on physical and mental health, art, culture & movie appreciation
	Sport & health initiatives	● Sports activities: the Company subsidizes various sports associations to organize activities and activity venues ● Health management: annual physical examination, full-time medical staff to provide free medical consultation
Work Conditions	Flexible working hours	● Set multiple working periods for one shift, for example: 8:00-17:00, 8:30-17:30 and 9:00-18:00 for the day shift, to meet different job requirements. Employees who need to take care of their families or study can also apply to work in the approved time period that works for their multiple responsibilities
	Working-from-home arrangements	● Set Global Remote Work Guidelines that provides subsidies for work equipment purchase and meal allowance to the employees who apply to work from home
Family Benefits	Childcare facilities or contributions	● Tuition and miscellaneous fees discounts for preschool childcare service contractors
	Breastfeeding room and benefits	● There is a breastfeeding room in each Facility ● Breastfeeding leave with pay: 60 minutes per day
	Maternity leave, pregnancy checkups leave	● Maternity leave with pay: Mainland China Facilities: more than 158 days; Nantou Facility: 56 days (70 days effective from Y2025); Mexico Facility: 84 days; Vietnam Facility: 180 days ● Pregnancy checkups leave with pay: Mainland China Facilities: 4 hours per time; Nantou Facility: 7 days; Vietnam Facility: 5 days
	Paternity leave, parental leave	● Paternity leave with pay: Mainland China Facilities: 15 days for giving birth accompany; Nantou Facility: 7 days in total for giving birth or checkup accompany (10 days effective from 2025); Mexico Facility: 5 days for giving birth accompany; Vietnam Facility: 5~14 days for giving birth accompany ● Parental leave: Mainland China Facilities: 5 or 10 days per year with pay; Nantou Facility: Maximum 2 years; Vietnam Facility: 15 or 20 days per year

Employee Benefits and Subsidies

Benefit Item	Beneficiaries	Benefit Amount (CNY)
Three Festival Gift Certificate	23,596	15,840,845
Birthday Gift Certificate	11,995	3,685,724
Employee Continued Education Subsidy	475	393,804
Scholarships for Employees' Children	5,278	2,702,932
Retirement Gift	38	51,194
Total	41,382	22,674,499

Subsidy Item	Subsidy Recipients	Subsidy Amount (CNY)
Wedding Subsidy	198	76,621
Childbirth Subsidy	156	118,331
Travel Subsidy	5,406	2,390,694
Hospital Consolation Subsidy	207	46,775
Condolence Payment	312	658,358
Emergency Assistance	5	13,030
Total	6,284	3,303,809

Family Support

In response to government policy of encouraging childbirth and address the aging population, USI has adjusted appropriate work shifts, provided convenient parking spaces, extra meal and maternity subsidies for pregnant colleagues. We set up breastfeeding rooms and give maternity leave, pregnancy check-up, paternity leave, and accompanying pregnancy check-up leave. Those who breastfeed on themselves after giving birth are entitled to breastfeeding leave every day; those who need childcare service can choose a nursery with preferential special contracts by USI to take care of children during working hours. If the employees need to take care of the families for a longer period of time, they can also apply for family care leave or parental leave to fully take care of them. According to local laws and regulations, employees are entitled to apply for parental leave. Employees whose parental leave is expired or whose need for parental leave no longer exists can apply for reinstatement. USI, for sure, also proactively reminds employees of the deadline for parental leave. In 2024, the number of newborns among employees in all facilities is 421.

To increase employees' willingness to become new parents, the Nantou Facility will implement a 70-day paid maternity leave and 10-day paid paternity (check-up) leave system starting from 2025, which is superior to the law. In 2024, the number of applicants for parental leave increased by 5, and the female reinstatement rate increased to 82%, but the overall reinstatement rate and retention rate still need to be improved.

The statistics of parental leave over the years are as follows:

Item	2021	2022	2023	2024		
				Male	Female	Total
Employees qualified to apply for parental leave of the current year ⁽¹⁾	280	192	102	67	51	118
Employees that applied for parental leave of the current year	34	34	35	17	23	40
Employees expected to return from leave of the current year	25	34	42	20	22	42
Employees that returned from leave of the current year	17	23	33	11	18	29
Employees that returned from leave the previous year	14	17	23	13	20	33
Employees reinstated in the previous year and continued to work for more than one year	11	8	20	3	17	20
Reinstatement rate ⁽²⁾ for parental leave	68%	68%	79%	55%	82%	69%
Retention rate ⁽³⁾ after back from parental leave	79%	47%	87%	23%	85%	61%

Note:

1. Eligibility for parental leave in the current year: those who have taken paternity leave or pregnancy leave (20 weeks or more) from 2020 to 2024 and are still working in 2024.
2. Reinstatement rate: the number of people reinstated after parental leave in the current year ÷ the number of people who should be reinstated in the current year after parental leave × 100%
3. Retention rate: the number of people who were still employed 12 months after the parental leave in the previous year ÷ the number of people who were returned to work after the parental leave in the previous year × 100%

Employee Retirement Plan

USI and its subsidiaries provide pension insurance and elder insurance in accordance with the retirement laws and regulations of each business location. Employees who meet the statutory retirement conditions can apply for retirement to withdraw pensions or apply for elder annuities in accordance with the law. In 2024, there were 21 retired employees at the Nantou Facility,

6 at the Mainland China Facilities, and 27 at the Mexico Facility, for a total of 54 retired employees. The total amount reserved for retirement of all facilities⁽¹⁾. USI has allocated CNY 257,070,315.83. USI's relevant retirement systems are as follows:

Nantou (Old System)

Legal Compliance:

- ◆ In accordance with the the Labor Standards Act, the retirement provision fund is submitted to the Labor Retirement Reserve Supervisory Committee and deposited into a special account in the Bank of Taiwan in the name of the committee; an actuarial assessment is conducted every year to determine whether the balance of the special account is sufficient to pay the expected amount payable for the year. If there is insufficient payment for possible retirement payments, the estimated amount needs to be made up to the special account in the following year. Retirement benefits are calculated based on the employee's average salary in the six months before retirement multiplied by the seniority base.

Provision Ratio:

- ◆ 2% of the employee's total monthly salary is appropriated to the employee retirement fund by the employer.

2024 Actual Results:

- ◆ A total of CNY 17,046,170 was withdrawn from the retirement reserve fund, and the balance at the end of 2024 was CNY 146,048,400.

Mainland China, Nantou (New System), Mexico, and Vietnam

Legal Compliance:

- ◆ Mainland China and Vietnam Facilities: monthly contributions are made in accordance with local social insurance regulations, based on a designated percentage of the deposit base.
- ◆ Nantou Facility: under the Labor Pension Act, employers and employees contribute a fixed percentage of the employee's monthly salary to individual pension accounts, determined by the employee's income bracket. Withdrawals made by employees are tax-exempt.
- ◆ Mexico Facility: monthly deposits are made to employee pension savings accounts, based on a fixed percentage of the employee's salary, following local retirement benefit regulations.

Contribution Ratios:

- ◆ Mainland China Facilities: employer – 16%; employees – 8%
- ◆ Nantou Facility: employer – 6%; employees – 0~6%
- ◆ Mexico Facility: employer – 8%; employees – 2%
- ◆ Vietnam Facility: employer – 14%; employees – 8%

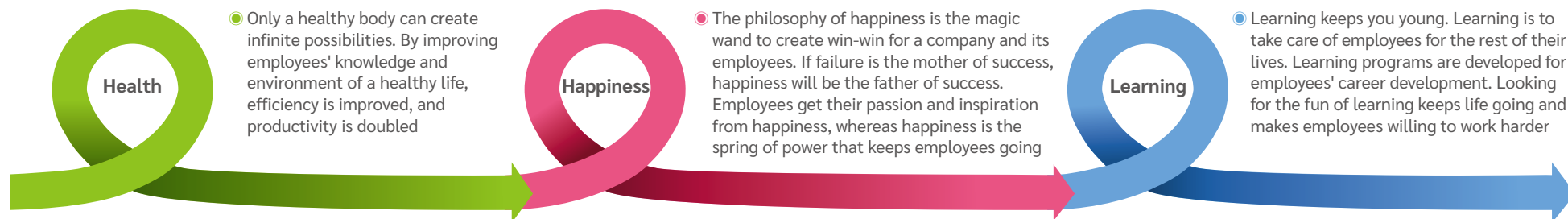
2024 Actual Results

- ◆ A total of CNY 240,024,146 was deposited to employee individual accounts

Work-Life Balance

Based on the three tenets of Health, Happiness, and Learning, USI sponsors various clubs every year to organize various activities and promote the physical and spiritual development of employees.

Three Main Themes of Employee Activities

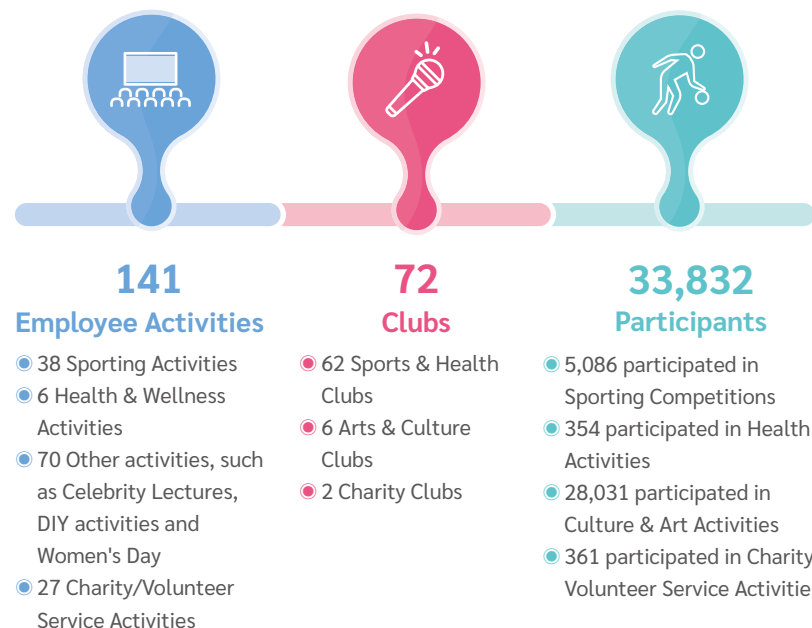


Note:

1. All Facilities include Zhangjiang, Jinqiao, Huizhou, Kunshan, Nantou, Mexico and Vietnam Facilities, other manufacturing facilities, and sales offices

To organize employees' welfare and activities and maintain harmony between labor and management, USI encourages employees to well-plan their personal time for the job and their families. We invite our employees and their families to participate in the activities, create a happy learning atmosphere, provide employees with spiritual joy, and implement the purpose of "life skills, skills life". At the same time of joining those employee activities, we cultivate team understanding, create a harmonious working atmosphere, and greatly improve work efficiency.

USI attaches great importance to employee health so to plan and improve various facilities and regularly holds various lectures, activities and competitions. To encourage employees to have exercise habits, USI sponsors 59 sports clubs and 5 healthy living clubs and holds 38 sports competitions. To care about the physical and mental health of employees, a total of 6 health activities and 70 celebrity lectures and stress relief activities were held. In 2024, the Company has provided a total of approximately CNY 3.353 million and organized a total of 141 employee activities, with 33,832 participants.



Employee Activities



Sports Competition

Employees can improve their physical fitness, skills, and enrich their cultural life through physical exercise, training, and competitive competitions



Energy Supplement

Provide employees with various lectures and appreciation, DIY activities for stress relief, and obtain knowledge in other fields when improving self-energy





Art and LOHAS

Provide employees with various art and cultural activities to promote physical and spiritual exploration and growth



Warmth and Gratitude

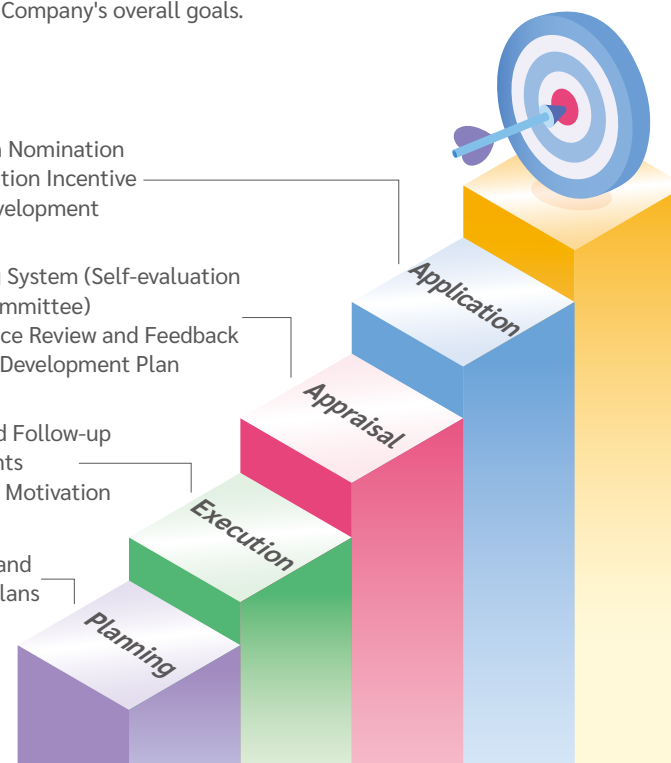
Participate in social activities, offer blessings and care to colleagues and those who need help, gather solidarity among colleagues, show humanistic care, and realize self-achievement



6.2.6 Employee Performance Appraisal and Development

Through a fair and comprehensive performance management system, USI connects the Company's overall strategic goals with employees' individual objectives and performance measurement standards, and regularly evaluates employees' work performance during the evaluation cycle according to job category. The performance appraisal (PA) process is in the form of a review committee, consisting of upper-level supervisors, supervisors of upstream and downstream business units or colleagues, customer opinions, etc., and the PA judgment jointly evaluates individual performance from multiple angles. Supervisors need to provide development suggestions and forced ranking results. According to the performance appraisal results, rewards, training plans, and various career development opportunities are provided. For those with excellent performance and potential, they are actively promoted and cultivated through an open and transparent promotion mechanism, providing higher responsibilities and compensation. Salary rewards motivate employees to achieve individual and unit objectives and move towards the Company's overall goals.

- Promotion Nomination
- Compensation Incentive
- Career Development
- Evaluating System (Self-evaluation and PA Committee)
- Performance Review and Feedback
- Individual Development Plan
- Review and Follow-up Adjustments
- Coach and Motivation
- Set Goals and Working Plans



Employee Performance Appraisal Types

Types of PA	Objectives	Frequency	Practices
Agile Conversations	IDL	Ongoing/all the time	In the performance management system (Success Factor), supervisors can review job progress and working attitude and annual KPIs with employees online by weekly or monthly regular reviews, or irregular reviews and provide employees timely guidance and feedback on a rolling basis.
Management by Objectives and Ranking	ALL	Semi/annual	Employees put forward their working plans and quantifiable key performance indicators (KPI) on the performance appraisal management system at the beginning of each year. After discussing the KPI with the direct supervisor and agreeing with both parties, employees put their KPI based on this consensus. During the performance appraisal period, the supervisors provide their consultation and motivation to the employees to complete the assigned tasks. At the end of the appraisal cycle, the evaluation and forced ranking are conducted according to the achievement of each objective.
Multidimensional	IDL	Semi/annual	It is a review committee, consisting of upper-level supervisors, supervisors of upstream and downstream business units or colleagues, customer opinions, etc., and the judges jointly evaluate the individual performance from multiple angles. Supervisors need to provide development suggestions and forced ranking results.
Team based Matrix Management	IDL	Ongoing/all the time Semi/annual	In the spirit of project management, cross-functional/departmental individuals work together to complete project goals. The project leader is responsible for confirming and tracking the work executing status of each project member during the project. The project members report to the project leader and the organizationally direct supervisor simultaneously. The project leader will participate in the performance appraisal meeting of the project members to provide their observation and member's working performance.
Multiskilled	DL	Quarterly	The line instructors will assess every employee to see whether their competency in working on the production line, machine operation, product inspection, and exception elimination is qualified or not.

Employee and Distribution of Taking Regular Performance Appraisal and Competency Review ^(1~2)

Gender	Position	Performance Appraisal			Competency Review		
		Number of Employees	No. of Employees Taking Performance Appraisal	Percentage of Taking Performance Appraisal	Number of Employees	No. of Employees Taking Review	Percentage of Taking Review
Males	Management	822	822	100.00%	781	781	100.00%
	Technical	2,686	2,686	100.00%	2,686	2,686	100.00%
	Administrative	655	655	100.00%	655	655	100.00%
	Skilled	3,856	3,856	100.00%	3,856	3,856	100.00%
Subtotal		8,019	8,019	100.00%	7,978	7,978	100.00%
Females	Management	267	267	100.00%	266	266	100.00%
	Technical	584	584	100.00%	584	584	100.00%
	Administrative	1,273	1,273	100.00%	1,273	1,273	100.00%
	Skilled	4,591	4,591	100.00%	4,591	4,591	100.00%
Subtotal		6,715	6,715	100.00%	6,714	6,714	100.00%
Total		14,734	14,734	100.00%	14,692	14,692	100.00%

Note:

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

6.2.7 Employee Engagement Survey

The higher the employee engagement, the happier the employees are at work, and the more willing they are to devote their energy to their work and to share their work experiences with others, and to put forward improvement suggestions to make the job be executed more smoothly, thereby having a positive impact on the company. Therefore, to understand the engagement between employees and the company (their jobs), we started to cooperate with the expert consultants in 2017 to conduct the first biennial Employee Engagement Survey; in 2021, we introduced a new survey framework and measurement benchmark ⁽¹⁾, adding the Sustainability Index (three categories: sustainable engagement, willingness to stay, and ESG) to the survey construct, to listen to employees' voices more deeply and effectively, and use it as a policy tool to attract, retain and cultivate talents, so that the company's processes, strategies and various measures can be more in line with employee needs, so as to achieve a win-win situation for the company and employees.

Based on the results of a 14-day employee engagement conducted in 2023, we take actions on the three dimensions that have the most significant impact on improving employee engagement: growth opportunities, organizational efficiency, and inspirational visions.

Growth Opportunities

- Build a learning organization, provide a variety of knowledge and skills courses, encourage participation in internal and external seminars, and implement a position certification system to help employees accumulate knowledge and skills for their career development.
- Completely revise the managerial training materials, train seed lectures, enhance managerial ability in strategy, leadership, communication and talent development, and promote internal knowledge inheritance to grow with supervisors.
- Reinforce performance communication processes to ensure that employees have immediate access to necessary resources and growth opportunities.

Organizational Efficiency

- Comprehensively review SOPs and policies and simplify operational processes to improve efficiency.
- Integrate regional resources, introduce new systems to optimize related functions of existing systems, improve communication channels and collaboration models, enhance information transparency and employee self-service functions, and enhance organizational operational efficiency.

Vision Value Inspiration

- Communicate through multiple channels and convey the Company's management's beliefs on strategic direction, product advantages and values to enhance employees' sense of identity and belonging.
- Communicate the Company's action plans regularly and collect employee feedback to ensure that the message is delivered.

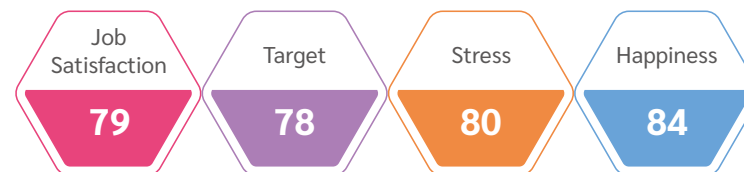
Note:

1. Measured on a 5-point scale, and the results are calculated based on the sum of two positive evaluations of Strongly Agree (5) and Agree (4).

Year Items (%)	2019		2021		2023		2025
	Target	Result	Target	Result	Target	Result	Target
Engagement	75	77	80	84	83	80	85
Data coverage	80	76	80	89	85	83	85

We also used the employee wellbeing measurement index developed by the University of Oxford's Wellbeing Research Centre to analyze our Employee Engagement Survey across 4 dimensions: job satisfaction, target, stress and happiness.

Employee Wellbeing Measurement Index Results (%)



Employee Experience (4 Dimensions, 12 Categories)

Purpose	Work	Reward	People
Inspiration	Drive	Growth	Trust
Inclusion	Voice	Capability	Collaboration
Understanding	Organization	Fair Pay	Support

Sustainability Indexes (5 Categories)

- Sustainable Engagement
Engaged, Enabled, Energized
- DEI ⁽²⁾
Belonging, Opportunity, Impartiality
- Wellbeing
Job Satisfaction, Purpose, Happiness, Stress
- Retention
Pull Force, Push Force
- ESG
Environment, Society, Governance

2. DEI, Diversity, Equity, and Inclusion.

6.3 Human Capital Development

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

6.3.1 Dual Career Ladder

The most important learning and development system in the USI talent cultivation program is USI University (USIU). USIU sets up "Management College, Research & Development College, Quality College, Manufacturing College, Sustainability College, and General Knowledge Center". The principal of USIU is served by the Company's president, and the deans of each college and General Knowledge Center are served by vice presidents with reputation and expertise in various fields. USIU integrates global learning resources for employees to learn and develop.

USIU provides a comprehensive employee learning and development framework to actively retain talents. The "dual track system" of managerial and professional positions is the basis for course design. With the mission of achieving high operational performance, the innovative learning environment is established to plan various types of training courses for employees with different functions to help employees solve their problems, improve their individual professional abilities, leadership management and innovative research and development capabilities to achieve organizational goals effectively.



Note:

1. UMBA, USI Master of Business Administration

2. MTP, Manager Training Program

3. MIT, Manager Initial Training

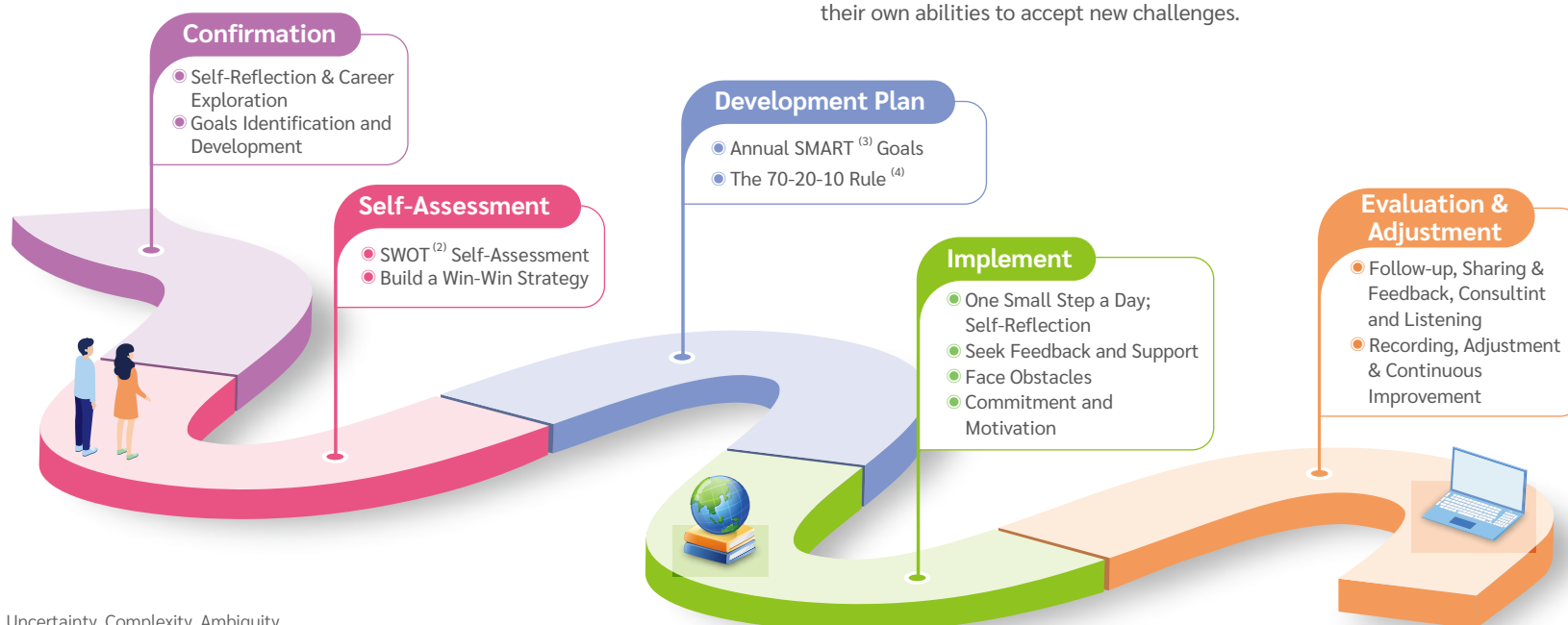
4. TWI, Training Within Industry for Supervisors

5. GPO, Global Process Owner

Diversified Channels and Platforms of Learning

USIU has established a rigorous and solid training framework and planned a variety of innovative learning channels to provide employees with a full range of talent training courses on e-platforms, including competency courses of enhancing employees' working capabilities (such as leadership development courses for managerial positions, competency training and certification courses for professional positions, and global talent development programs), cultural courses of organizational diversity and consensus integration, and the digitalization programs of increasing organizational operational efficiency and productivity. Different training methods are taken according to the attributes of course activities, including physical course training, online training, supervisor guidance, mentorship, on-the-job real practice, external training, etc., so that employees can learn and improve their skills more efficiently and flexibly, and realize what they learn in their jobs.

Cultivating talents in the VUCA⁽¹⁾ era to cope with the changing environment in the future is an important part of the sustainable development of enterprises. Based on the intersection of the three cores, "Individual Ability, Individual Interest, and Organizational Demands", we establish an Individual Development Planning management mechanism. It requires talents to accumulate different practical experience and cross-field development by "Role Swap" to cultivate a full-perspective point of view and jointly create a stage fulfilled with a sense of belonging and achievement. Employees' career development plan and the individual development plan were jointly set up with their supervisors. And through the assistance of supervisors, employees shall achieve their development goals that are consistent with USI's strategic mission and goals together. At the same time, various forums and keynotes are held on a regular basis to improve various employees' competencies by sharing and communication from famous industry leaders and colleagues. In 2024, 1,700 participants joined in the leadership and management forum, 141 participants joined in the sustainable development seminar to cultivate and strengthen their own abilities to accept new challenges.



Note:

1. VUCA, Volatility, Uncertainty, Complexity, Ambiguity

2. SWOT, Strengths, Weaknesses, Opportunities, and Threats

3. SMART, Specific, Measurable, Attainable, Relevant, Time-Based

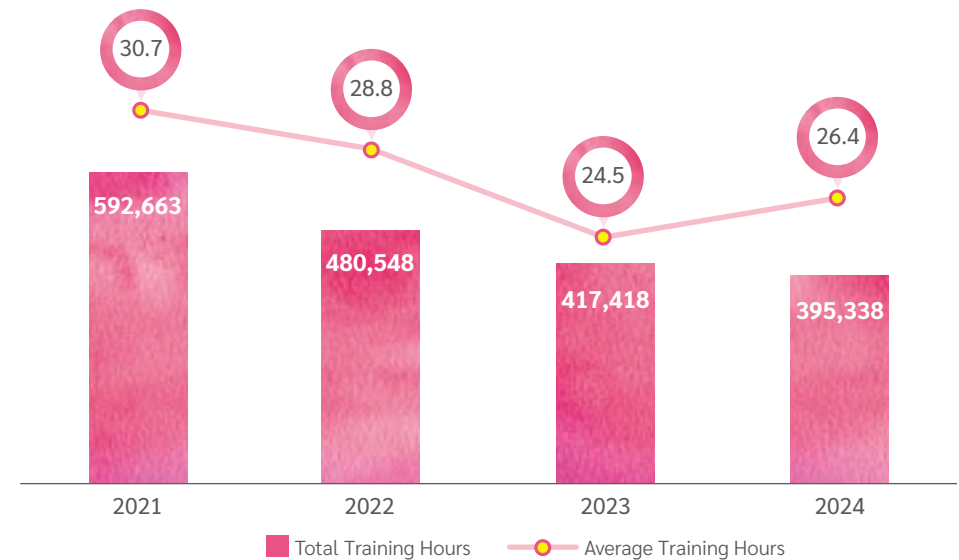
4. The 70-20-10 Rule, Learning by Doing - Learning from Others - Learning by Curriculum

In the post-pandemic era, we have optimized our training platform and course production tools and replaced some physical face-to-face courses with electronic courses. At the same time, we have made our course content more streamlined and vivid, and where and when to take the trainings are more flexible. In 2024, the total training hours were 395,338 hours, and the average per employee was trained for 26.4 hours⁽¹⁾. The total training cost exceeds CNY 7.11 million. For details, please refer to the [Sustainability Data - Social G. Training Hours and Cost](#) table.

Training Statistics by Employee Category

Category	2024	
	Total Training Hours	Average Training Hours
Male	231,115	28.2
Female	164,223	24.2
Management	31,156	28.4
Technical	71,026	21.3
Administrative	41,748	21.3
Skilled	251,408	29.2
New Employees	167,249	26.0
Total Employees	395,338	26.4

Employee Training Hours



Training Statistics Breakdown by Topics

Training Topics	Environment	Health and Safety	Human Rights	Green Product	Business Ethics	Enterprise Risk	Information Security
Total Training Hours	18,060	51,813	24,366	8,069	17,087	14,039	11,202
No. of Employees	20,832	27,186	22,275	12,530	23,282	8,927	8,725
Average Training Hours	0.9	1.9	1.1	0.6	0.7	1.6	1.3

Note:

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

6.3.2 Tailored Career Plan

USI's training courses are a dual-track development roadmap to provide ability building training courses for all managerial and professional positions. We start with the end in mind to use the Koch's four-level training evaluation model to design training materials to provide rich and diverse training courses and digital learning resources for employees in different professions. From 2020, USI has standardized learning content in response to the needs of the Company's sustainable development and produced courses in English, Chinese, Spanish, Vietnamese, and other languages, allowing our colleagues to quickly understand policies and important messages conveyed by the Company.

Strengthen Employee Sustainable Employment Capabilities

In an era where the demand for comprehensive talent is constantly increasing, having one skill is no longer enough to meet the needs of the workplace. The company continuously improves the sustainable employment capabilities of employees, assists employees in the skill management required for job transfer, systematically improves the professional capabilities of employees and organizational competitiveness, tailors training courses based on job roles, designs training courses based on different functional developments, operating trends, and operational efficiency, cultivates the professional capabilities of each employee, and improves the performance of colleagues.

In terms of professional skill certifications, Kunshan Facility became the first batch of High-skilled Certification Enterprises of Jiangsu Province in 2019. In 2021, it has already had the ability to certify three types of jobs (as special installation and adjustment electronic equipment technician, debugging broadcasting and communication equipment technician, and electronic installation in broadcasting and communication equipment technician) and four levels of qualifications for junior, middle, high, and advanced technicians. As of 2024, we have trained a total of 2,888 certified skilled technicians, including 711 junior technicians, 810 intermediate technicians, 1,002 senior technicians, and 365 advanced technicians.

Note:

1. Ratio = the number of trainees ÷ total employees at the end of the year × 100%

Course and Training Modes

Managerial Competencies

- Managerial positions
- In-person courses

Professional Competencies

- Permanent and contract employees
- In-person/online courses, supervisor guidance, mentor

Company Culture

- Permanent and contract employees
- In-person/online courses, work-life guidance of the mentorship

Digital Tools

- Indirect employees
- In-person/online courses

Course Description and Business Impact

To ensure that the internal management talents meet the Company's development demands, we arrange management cadres to train managers at all levels according to the Company policies, core skills, management functions, human resources, financial accounting, and other concepts to prepare the Company's management echelon. We hold strategic leadership development programs that incorporated leadership model training such as multinationalism and generational differences to strengthen management capabilities and their subordinates and improve teamwork efficiency, so as to plan sufficient manpower for the organization, reduce personnel costs, reorganize space layout and other benefits.

Strategic Leadership Development Programs (TWI/MIT/MTP)

Trainees: 148 (0.99%)⁽¹⁾; 148 supervisors completed certification with the benefits of improving communication skills, leadership and operational efficiency, as well as reducing to hire 2 persons, thereby reducing recruitment costs and personnel costs. Estimated business impact is CNY 394,804.

USI implements Position Certification System and establishes a professional ability verification mechanism for each position so that every employee in the same kind position has certain professional skills. The professional skills certification course aims to enhance the working ability of employees by improving their key technical abilities such as problem analysis and problem solving. We include problem-solving skill training as part of our mid-level personnel training program. The course expects that after acquiring problem-solving skill training. After having the trained, trainees are expected to use those skills and generate more solutions which lead to greater and more productive and effective outputs.

Kunshan High Skills Certification Course

Trainees: 203 (1.35%)⁽¹⁾; 203 employees are trained and certified. With a retention rate of 78%, estimated, the course benefits are reducing the recruitment and personnel costs. Estimated business impact is CNY 10,065,778.

To create a sustainable corporate culture and gender-friendly and diverse and inclusive workplace, we incorporate the Company's business philosophy, sustainable international trend initiatives and requirements, and diverse and inclusive workplace topics, etc. into the training materials to build consensus among colleagues and raise their awareness, understandings and respect for different cultural backgrounds and perspectives, reshape USI's corporate culture to increase the employees' willingness to stay.

New Employee Camp

Trainees: 6,426 (42.85%)⁽¹⁾; The course leads to the employee turnover rate decreased by 7.2%, compared with 2023. Estimated business impact is CNY 94,658,164.

To effectively manage massive data and accurately analyze it and accelerate collaboration across all teams and regions, we use many digital tools to increase business agility and save overall operating costs. In 2024, we conducted training courses on the use of digital tools such as Power BI, Power Automate, Teams, and the Sustainable Cloud System Introduction.

Power BI

Trainees: 485 (3.23%)⁽¹⁾; The course benefits are reducing total software setting costs, saving about 27% of data conversion time, and increasing the productivity (average saving of 1.75 hours per week). Estimated business impact is CNY 4,374,579.

In order to respond to the modern technology development that makes business operations more efficient, optimized and competitive, USI has implemented a transformation plan from internal organizational structure, work processes to corporate culture through digital technology. With the introduction of digital tools, we train employees to keep up with the development of emerging digital technologies. Through digital tool training, we allow employees to become familiar with and apply digital tools, thereby improving work efficiency, shortening work processes, and cultivating a good atmosphere of collaboration and team tacit understanding.

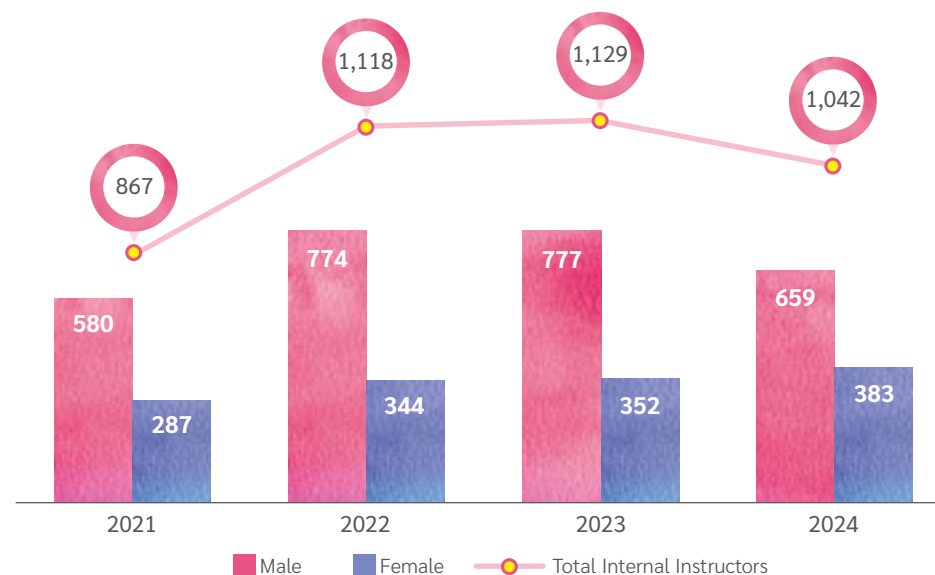
Lifelong Learning Program

Starting from 2018, Zhangjiang, Kunshan, and Mexico Facilities have invited local colleges or universities to cooperate and hold 14 in-house academic degree courses in the facility, so that employees can avoid the commuting trouble and make the best use of their time to get diplomas/degrees. In 2024, 107 employees were supported in obtaining a diploma or degree, bringing the total to 419 employees to date. The categories of employees' degrees and their majors are shown as follows:

Category	Graduate	University	College	High School
No. of Employees	4	46	39	18
Major	Organization & Talent Development, Human Resources	International Economics and Trade, Electronic Information Engineering, Business Administration, Geological Engineering, Computer Science and Technology, Human Resource Management, Visual Communication Design, Marketing, Logistics Management, Enterprise and Manufacturing	Fashion and Apparel Design, Chinese Language and Literature	None

Internal Instructor Training Program

Over the years, USI has trained and certified employees through the internal instructor system to serve as lecturers, forming a good knowledge inheritance culture, and giving full play to internal human resources and influence to provide employees with high-quality and forward-looking courses to cultivate world-class talents for the Company to enhance the Company's global competitiveness. By the end of 2024, 1,042 instructors have passed the internal instructor program.



7 Social Involvement

To manage our relationships with our surrounding communities and the environment, USI actively engages in corporate citizenship through external participation and four approaches: Investing in Education, Contributing to Society, Conserving the Environment, and Promoting Arts & Culture. Together, we can create social value and build a sustainable future.



CNY 9.55 Million

Invested in
Social Involvement



4,844
Volunteer Hours

Contributed to
Local Communities



756 kg
Coastal Waste
Cleaned



1,447 Students
Participated in
Industrial-Academic
Partnerships



2,803 Students
Reached through 6 Rural
Revitalization Programs



166,265 Trees
Planted in the
Million Tree Project



Key Stakeholders:
Employees, Communities,
Industry Unions/Associations

SDGs



Sustainable Issue Performance and Targets



Material Issue



Achieved



Not Achieved

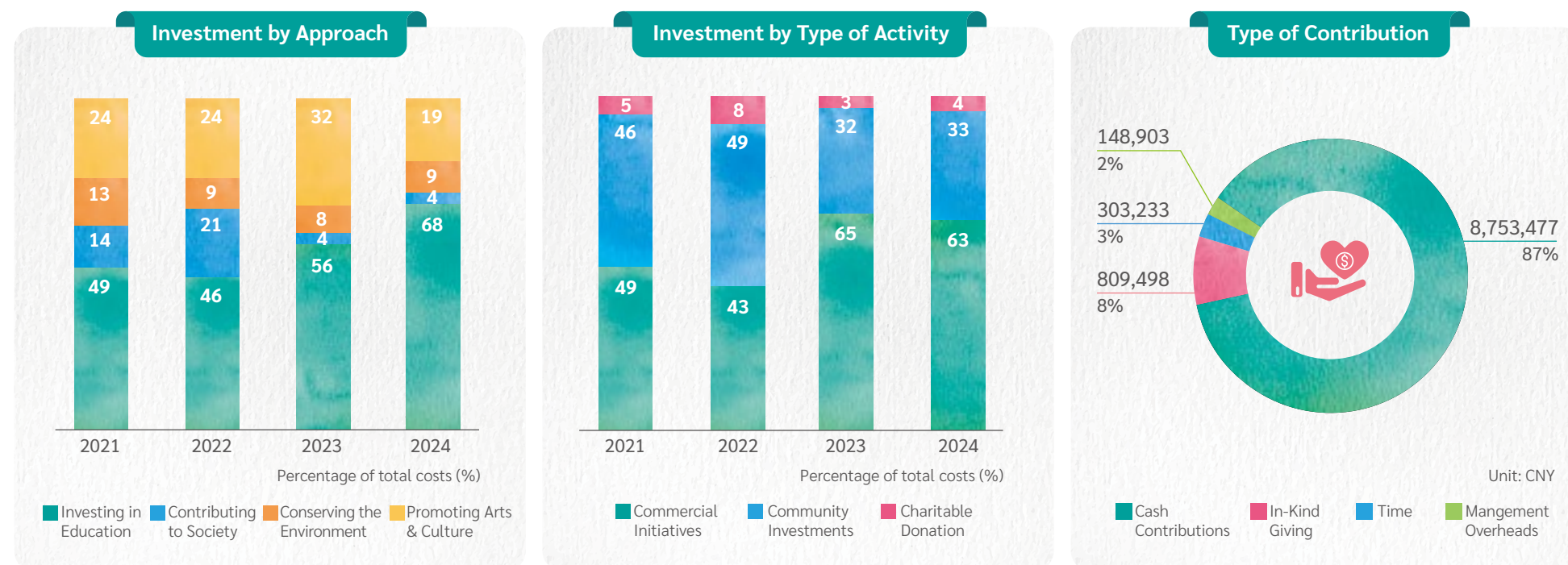
Management Purpose	KPI	2024 Target	2024 Performance	Status	2025 Target	2029 Target
Social Involvement Effective management of social activities investment to maximize social value for both the company and the beneficiaries	Management Approach: Focus investment in accordance with the USI Public Affairs Engagement Policy and encourage employees to volunteer in social activities through Corporate Volunteer Regulations. Evaluation Mechanism: Adopt the LBG framework and SROI methodology to assess social activities input, output, and outcome, and adjust investments to create more value.					
	Rural area reading activities	Hold 6 reading activities in rural areas	Held 6 rural reading activities	✓	Hold 6 reading activities in rural areas	Hold 6 reading activities in rural areas
	Number of industrial-academic partnerships	Conduct 2 industrial-academic partnerships	Conducted 4 research industrial-academic partnerships	✓	Conduct 2 industrial-academic partnerships	Conduct 2 research industrial-academic partnerships
	Number of interns	Admit 60 interns	Admitted 163 interns	✓	Admit 100 interns	Admit 100 interns
	Number of USIU classes shared	Share 25 USIU classes	Shared 25 classes	✓	Share 25 USIU classes	Share USIU 35 classes
	Number of students benefiting from rural revitalization programs	Support 1,500 rural students	2,803 rural students supported through 6 programs	✓	Support 1,800 rural students	Support 2,000 rural students
	Number of volunteers	Reach 500 volunteers	Reached 968 volunteers	✓	Reach 2,200 volunteer hours	Reach 2,670 volunteer hours
	Number of art groups supported	Support 3 art groups	Supported 4 art groups and 11 artists	✓	Support 4 art groups	Support 4 art groups
	Number of trees planted	Plant 14,000 trees in the Corporate Forest	Planted 14,783 trees	✓	Plant 15,000 trees in the Corporate Forest	Plant 15,000 trees in the Corporate Forest
	Amount of trash picked or reduced	Pick up 300 kg of trash	Picked up 865 kg of trash	✓	Pick up 300 kg of trash	Pick up 1,000 kg of trash
	Number of environmental seminars held	Hold 2 environmental seminars	Held 6 environmental seminars	✓	1,000 participants in environmental activities	2,500 participants in environmental activities

7.1 Social Activities Overview

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

To measure the social value of our programs, we adapted the LBG framework to make better decisions, be more accountable, and maximize the effectiveness of each program by evaluating our inputs, outputs, and impact. USI invested CNY 9.55 million⁽¹⁾ in 102 social activities and 48 external organizations in 2024 and engaged 968 employees to volunteer 4,844 hours of service throughout the year.

The following figures show the ratio of CNY Invested by type of approach⁽²⁾, type of activities, and type of contribution:



Note:

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

7.2 Investing in Education

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

Sponsor Taiwan Reading Foundation (Nantou Facility)

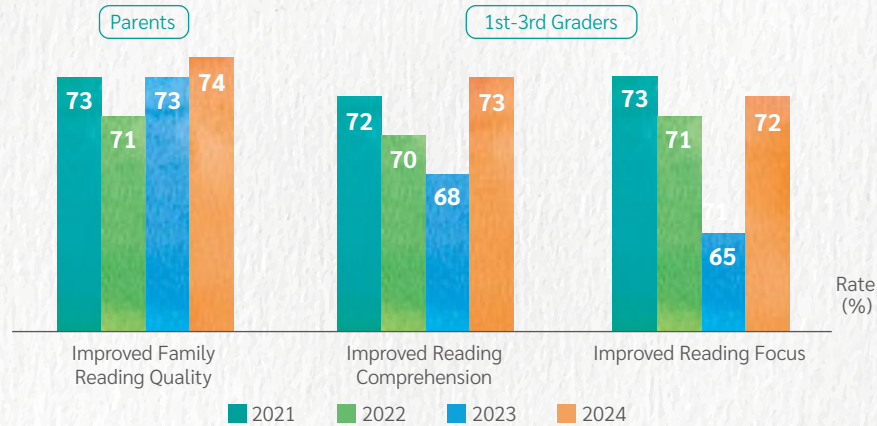
"Broadening children's horizons and cultivating reading interest" cannot be done overnight. Therefore, USI has continuously sponsored the Taiwan Reading Culture Foundation to build Philanthropic Libraries since 2005 and invested CNY 109,000 every year purchasing new books for the Libraries. To date we have donated 847 boxes of books, developing the reading ability of students in rural and remote areas. We understand that only continuous investment can bring substantial impact and change to students, and not just financial and material assistance.

Understanding that different methods are needed for different age groups to guide reading, in addition to book donations, USI collaborates with the Foundation to organize Parent-Child Reading, Meet the Author, and Magical Physics Science Camp activities. We spare no effort to expand investment in local education, enhance reading habits, and promote interest in science. In 2024, we held 6 reading activities. For preschool to lower graders, families are the cradle of learning. We held 2 Parent-Child Reading activities and guided children to read picture books in a lively way to cultivate active interest in reading and learning. Additionally, for upper graders, we held 2 Magical Physics Science Camps where students can test physics experiments with their five senses and a hands-on approach. We also held 2 Meet the Author activities where invited authors talked at schools about their works and experiences, letting students approach books from another perspective.

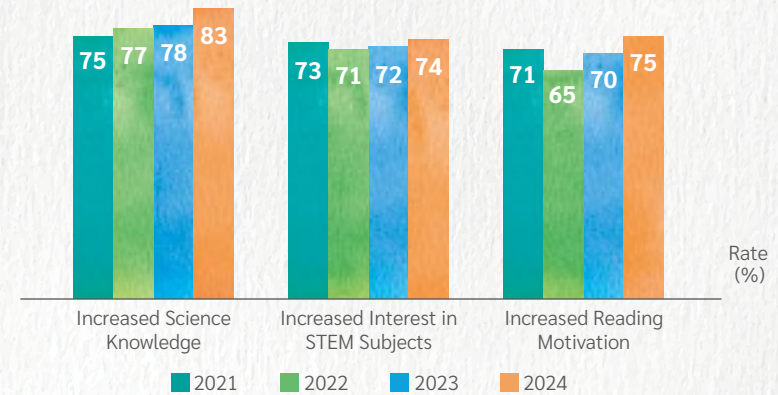
We continued to use SROI to analyze and quantify our impact on students and children through the Philanthropic Libraries program and activities. Through our survey, we found 83% of students who participated in the Magical Physics Science Camp felt their science knowledge increased. Of the parents that participated in the Parent-Child Reading activity, 74% of parents believed that the event could enhance family reading quality. For detailed analysis, please refer to the charts on the next page. In total, every \$1 invested in the Philanthropic Libraries can generate \$5.88 of social value.



Parent-Child Reading: Outcome Incidences for Parents and 1st-3rd Graders



Magical Physics Science Camp: Outcome Incidences for Students



Sponsor Chinese Literary Prize for Global Youth (Nantou Facility)

The Chinese Literary Prize for Global Youth is known as the fountain of living waters for new literary talents. Many literary luminaries such as Chang Man-Chuan, Jian Zhen, and Hou Wenyong had won this prize as students. To encourage student participation and advance Chinese literary culture, USI sponsors CNY 65,000 every year as prize money to scout for new literary stars. The call for manuscripts has expanded to include Chinese students from all over the world. In 2024, the 42nd Global Chinese Student Literature Award received 1,098 entries, with 347 entries from overseas. We look forward to more award-winning students emerging in the Chinese literary world.



USI University Courses & Industrial-Academic Partnerships (Global)

USI has always emphasized employee training and passing down knowledge. Internal lecturers from USI University cooperate with industrial guilds, associations, and universities provided several free courses to share their knowledge, experience, or the industry's latest trends to associated organizations and students. Through diverse courses like RBA Training, Introduction to the Semiconductor Industry, Career Planning, Dynamic Industry Competitive Analysis, and Talent Recruiting Interview Skills, we share our experiences with industry peers and hold career planning courses to help university students grasp the job market. We shared 25 courses that totaled 2,855 hours of lessons in 2024, contributing to enhancing youth employability.



Also, to put academic theory into practice, USI provides internship opportunities in Zhangjiang, Kunshan, Nantou, Mexico, and Vietnam Facilities with one-on-one mentor system so students can bridge the gap between school and work after graduation. In 2024, 163 students interned in our internship programs. In addition to internship opportunities, Nantou Facility partnered with National Taiwan University and Taiwan Tech to conduct research projects such as the Smart Handheld Desensitization Modeling and Electromagnetic Interference, and Electronic Component Bonding Simulation research. Overall, 1,447 students benefited from these industrial-academic partnerships and participated 144,833 hours in 2024.

USI University Courses (Global)

Facility	Course Name
Zhangjiang	<ul style="list-style-type: none"> ● Career Planning (Shanghai Tech School) ● Introduction to the Semiconductor Industry (Shanghai Tech School) ● How to Write a Report (Shanghai Tech School) ● ESD Protection Training (Suppliers)
Huizhou	<ul style="list-style-type: none"> ● Daya Graduate Dream Chasers- Career Development Sharing (Students) ● RBA Training (Suppliers)
Kunshan	<ul style="list-style-type: none"> ● Work-Life Balance – Career Planning (Suzhou University) ● Pearl Students Exploration Camp (Ning County No. 1 High School) ● Passing the Drums of Love Charity Speech (Industry)
Nantou	<ul style="list-style-type: none"> ● Talent Recruiting Interview Skills (Industry) ● Dynamic Industry Competitive Analysis (Feng Chia University)
Mexico	<ul style="list-style-type: none"> ● Talent Detection Panel (Industry) ● Challenges of Technicians in the Industry (UTEG) ● Challenges of Computer Engineers in the Industry (UAN)

7.3 Contributing to Society

7.3.1 Rural Revitalization

In response to SDGs (Goal 1: No Poverty; Goal 4: Quality Education), USI sponsors several educational rural revitalization programs to help children in impoverished regions obtain resources for quality education and narrow the gap between urban and rural areas. For example, in 2024, USI invested CNY 523.2 thousand in the Rural Digital Education Program, Hope for Pearls Project, Spark Philanthropic Library, Western Region Student Aid Program, Shanghai Tech Partnership Program, and the Kunshan Charity Foundation's Lucheng Philanthropy Activity, assisting 2,803 students in need.

Rural Digital Education Program (Zhangjiang Facility)

USI believes in tech for good and thus focuses on bridging the computer education gap by enriching tech resources and supporting local education in remote areas in response to the United Nations digital literacy advocacy initiative and rural revitalization efforts.

This program provides customized training material and tech support for 7 schools and held mini typing competitions to encourage and strengthen what they learned. In 2024, 2,173 students benefited from this program, with a cumulative beneficiary of 3,869 students.



Hope for Pearls Project (Huizhou, Kunshan Facilities)

Since 2016, USI has actively participated in the Hope for Pearls Project, helping students with excellent grades but cannot afford tuition to actualize their dream of finishing high school. In 2024, we held a "Farmers for Pearls" charity sale at USI where employees bought produce from 28 low-income farmers from Guizhou and Huizhou to raise funds for 40 students in 2024 USI Pearl Class. In addition to financial aid, we also sent learning supplies to wish them luck in their studies. With our love and support, USI Shueijin Pearl Class of 2021 passed their Gaokao with flying colors. 92% pearl students got accepted into top-tier schools.



Spark Philanthropic Library (Zhangjiang, Jinqiao Facilities)

Books are a beacon of light that guides our path forward. Reading sparks wisdom and knowledge and accumulates the foundation for innovation. To realize investing in education, and letting the light of knowledge shine in all corners, we built a Philanthropic Library at Hongdian Elementary School in Yunnan.

During the construction period, USI employees held a book donation campaign to bring better educational resources to 441 students. When the Library was completed, USI and 54 employees donated 1,693 books and 20 audio players with 400 audiobooks to enrich the school's resources. We hope to provide practical help to narrow the urban-rural gap. We sincerely hope that the students will learn from books, keep up with the times, and thrive like the children in the city.



Western Region Student Aid Program (Zhangjiang Facility)

USI believes that the merit of investing in education lies in the present, while the benefit is in the future. We provided financial aid to 12 impoverished outstanding university students from rural areas such as Yunnan and Sichuan through Cihui Foundation's Western Region Student Aid Program to ensure their opportunities for education and growth.

Shanghai Tech Partnership Program (Zhangjiang Facility)

To cultivate high tech talent, USI partnered with Shanghai Tech University where we hosted a seminar for 70 sophomores, offered 10 internships, and provided 9 scholarships. This integration of academic instruction and practical training ensures a seamless alignment between the university's talent development and the company's workforce needs, creating a mutually beneficial outcome.

Kunshan Charity Foundation "Lucheng Philanthropy" Activity (Kunshan Facility)

In unstable times, the underprivileged are often the first to be affected. With love in our hearts, we participated in the Lucheng Philanthropy activity and donated supplies for 20 profoundly disabled children, and vulnerable people in need.

7.3.2 Social Inclusion

Our mission is to give back to the community by gathering resources and encouraging employee participation in community activities. We aim to build a society where everyone has a sense of growth, purpose, and fulfillment.

Accompanying Disadvantaged Children (Nantou, Mexico, and Vietnam Facilities)

Every child has the right to education and is expected to grow up happily. USI volunteers not only lead guided tours of the Science Museum for elementary schools in remote areas and serve as after-school chaperones for underprivileged children to accompany them in their studies, but also organize baseball watching and Christmas dream-fulfillment parties to enrich the lives of children at the Nantou Home for Children, brightening up every moment of their childhoods.

Caring for the Elderly in the Community (Huizhou, Kunshan, and Nantou Facilities)

As society ages, addressing the challenges of elderly care and loneliness becomes critical. Our company organizes meal donations and visits nursing homes to engage with seniors. Through the ASE Cultural and Educational Foundation, we organize the Senior LOHAS Program, offering healthy exercises, educational games, and friendly chats to promote active aging and an age-friendly society.



Science Museum Trip



Orphanage Donation



Senior Home Visitation



Senior LOHAS Program

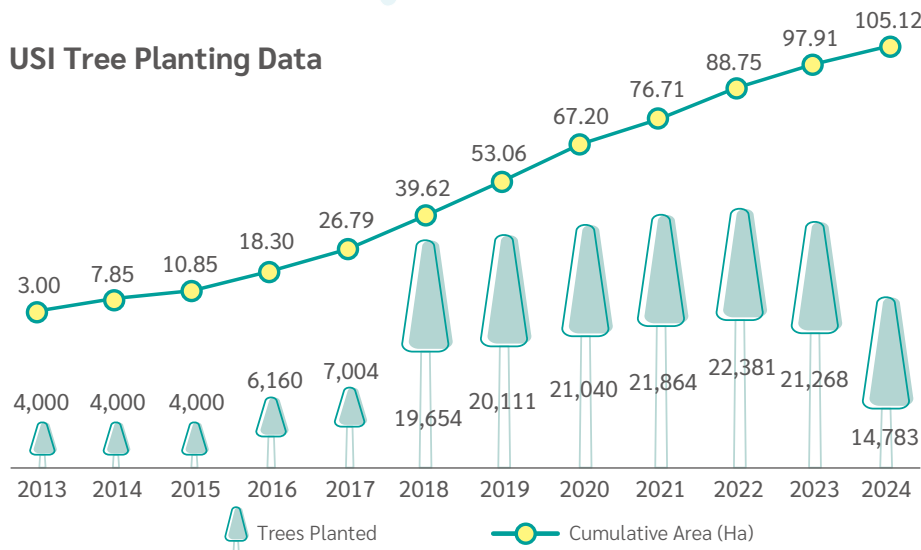
7.4 Conserving the Environment

Climate change is an issue that humanity must face. Saving energy and reducing carbon emissions are the starting points for Conserving the Environment. For years, USI has been cooperating with Shanghai Roots & Shoots in the Million Tree Project to purify air quality and restore biodiversity. We also work with the ASE Environmental Protection and Sustainability Foundation in the Campus LED Installation Project to replace LED lighting for rural schools to save energy and schoolchildren's eyesight. We host activities such as Environmental Seminars, Mini Farmers' Markets, and Environmental Cleanups to promote green and low-carbon lifestyles, raise environmental awareness, deepen connections with neighboring communities, mitigate negative impacts, and contribute to the global environment.

Activity Approaches



USI Tree Planting Data



Million Tree Project (Global)

In response to SDGs (Goal 13: Climate Action; Goal 15: Life on Land), USI actively promotes environmental education, protects ecosystems, combats desertification, and reverses land degradation through collaborating with Shanghai Roots and Shoots' Million Tree Project. To expand this project, we began reforestation in Vietnam's Cuc Phong National Park. In addition to reversing land degradation and desertification in Inner Mongolia and Ningxia, planting trees also restores local biodiversity. The latest ecological survey reports 45 species observed in Inner Mongolia and 19 species in Ningxia, indicating the sand has begun stabilizing, the ecosystem is reaching a balance, and there are early signs of recovery. By the end of 2024, USI has planted 166,265 trees covering 105.12 hectares and cumulatively captured 1,069.97 metric tonnes of CO₂e using IPCC Guidelines. The afforested land conserves about 144,224.64 metric tonnes of water annually through water balance estimation methods.

USI tree ambassadors is a global initiative to engage employees in environmental action. In 2024, 32 ambassadors went to Inner Mongolia and Vietnam to plant trees, doing our part to protect the environment. Participants deeply realized that environmental restoration is an uphill battle and were even more supportive of environmental protection activities. In 2024, 14,783 trees were newly planted, of which employees donated 282 trees.



Campus LED Installation Project (Nantou Facility)

Since 2014, USI has assisted the ASE Environmental Protection and Sustainability Foundation in launching the Campus LED Installation Project in remote elementary and middle schools in Nantou to enhance energy conversion and lighting in rural schools. The project aims to replace old fluorescent lights with energy-saving T8-LED lights, which not only effectively reduce electricity consumption and thus achieve energy-saving and carbon reduction benefits but also protect children's eyesight and create a high-quality education and learning environment. In 2024, we assisted in the installation of 2,300 LED lights for a total of 839 teachers and students in Nantou's Jiahe, Zhangxin, and Yongle Elementary Schools, saving 49,680 kWh of electricity and thus reducing 24,542 kg of CO₂. In total, we have installed 44,594 lights in 49 schools, creating low-carbon and sustainable campuses.

Year	Schools	LED Lights Installed	Annually Saved Energy (kWh)
2023	3	2,723	58,817
2024	3	2,300	49,680



Recycling Initiative (Zhangjiang, Jinqiao Facilities)

As environmental pollution continues to escalate, simple actions like waste sorting and resource recycling have become powerful tools in the fight against waste. These practices not only reduce the volume of trash but also breathe new life into valuable materials. To champion this cause, 30 passionate volunteers from USI's Zhangjiang and Jinqiao Facilities rolled up their sleeves and headed to a local waste station for hands-on environmental training. After gaining insights into the importance, standards, and processes of recyclable waste management, they put their knowledge into action—sorting cardboard, mixed plastics, milk cartons, and plastic bottles.

In just a few hours, the team successfully recycled 109 kg of waste. More than just a cleanup, the initiative sparked awareness and inspired a shared commitment to building a cleaner, more sustainable, and circular future.



Coastal Cleanup (Huizhou, Nantou Facilities)

To protect marine life, we should start from the source. Non-degradable plastic marine debris harms marine life, disrupts ecosystems, and ultimately threatens our food safety. Since 2015, USI has organized annual beach or stream clean-up events to promote environmental education through hands-on employee participation. In 2024, clean-up efforts took place at Golden Coast in Daya Bay, Huizhou, and Songbo South Dike in Taichung. In just a few hours, 126 volunteers collected a total of 756 kilograms of waste. Beyond raising awareness about littering, the initiative aims to restore nature's original beauty through collective action.



7.5 Promoting Arts and Culture

Sponsored Youth Go Competitions (Zhangjiang Facility)

USI continued to sponsor CNY 737 thousand in youth Go tournaments so evenly matched Go players across the strait could meet and compete through the Twin Cities Cup and extend their friendships and dreams through the chessboard. We hope to encourage more youths to test their skills and grow through such activities.



Sponsored Cloud Gate Dance Theatre Annual Tour (Nantou Facility)

Since 2005, USI has annually supported the Cloud Gate Culture and Art Foundation as we believe that while technology can improve our quality of life, art can improve the quality of our minds and souls. This year, we sponsored the *Lunar Halo* production and invited supplier partners to enjoy dancers expressing the joy of life and depth of culture through dance.



Sponsored Cross-Strait Student Baseball League (Zhangjiang Facility)

To promote cross-strait student baseball and foster friendships through sports, USI once again sponsored CNY 515 thousand to support the games. In the finals, 43 teams of 1,060 players met and mingled through their shared enthusiasm and common language of baseball.



Sponsored Ming Hua Yuan Theatre Performance (Nantou Facility)

Promoting traditional arts and giving back to the community is central to USI's commitment to social activities. In 2024, we continued supporting the Straw Crafts Culture Festival by inviting the Minghuayuan Theatre Group to perform *Repay with Greater Love* at Caotun Zhongshan Park, where over 1,500 locals came and enjoyed the traditional opera outdoors, keeping traditional culture alive.



7.6 External Participation

As a global corporate citizen and leader in electronic design and manufacturing services, we recognize the need to be more visible in advocating key industry issues such as climate change, corporate sustainability, human rights, and supply chain resilience.

The Sustainability Committee systemically manages and guides our company-wide associations through the [Public Affairs Engagement Policy](#). Organizations we choose to participate in are ones we share similar values with, and we regularly review our memberships for alignment on material issues, such as the Paris Agreement goals. Every year, the Senior Vice President of the Administration Group and the Employee & Social Well-being Engagement Taskforce, responsible for the stewardship of public affairs engagement, reports review results to the Sustainability Committee. Where misalignments are found, the Committee reviews and deliberates whether to continue our membership.

USI actively participated in 48 industrial organizations⁽¹⁻³⁾ and contributed CNY 637.5 thousand in 2024⁽⁴⁾. Upon review, most associations we joined focus on other industry-specific issues, including workplace safety, sharing best practices, and professional development. Through networking events and serving important positions, USI keeps in touch with the industry and contributes to its progress. The following is a partial list of organizations USI joined:

Zhangjiang Facility

Pudong Association of Foreign Investment ◆◆◆
Shanghai Integrated Circuit Industry Association ◆◆◆
Pudong New Area Association of Work Safety ◆◆◆

Huizhou Facility

Guangdong Greater Bay Area Strategic Development Association ◆◆◆
Huizhou Association of Taiwan Investment Enterprises ◆◆◆

Kunshan Facility

Kunshan Labor Relations Association ◆
Kunshan Employment Promotion Association ◆
Taiwan Compatriot Investment Enterprises Association of Kunshan ◆◆
Kunshan Workplace Health Association ◆◆

Nantou Facility

Taiwan Electrical and Electronic Manufacturers' Association ◆◆
Taiwan Telematics Industry Association ◆◆◆
Nangang Industrial Manufacturers Association ◆◆◆
Taiwan Association of Occupational Health Nurses ◆◆◆

Note:

- ◆ Represents the position of Chairman/Vice-chairman
- ◆◆ Represents the position of Executive Director
- ◆◆◆ Represents the position of Director/Supervisor
- USI's Business Code of Conduct prohibits political participation through donations to lobbyists and political groups. And USI did not make any monetary contributions to political campaigns or organizations, lobbyists, or other tax-exempt groups whose role is to influence political campaigns or legislation.

Our assessment determined that 32 industrial associations we joined are Paris-aligned. Examples of the associations actively involved in developing climate policy and advocacy are listed below:

● Responsible Business Alliance (RBA) and Responsible Minerals Initiative (RMI)

As a member of ASEH, USI joined the RBA and RMI in 2015. RBA is an industrial alliance dedicated to enhancing the global supply chain's social, environmental, and ethical responsibility. They work with all sectors and initiate activities to mitigate climate change. USI follows the RBA Code of Conduct and requests our facilities around the world to implement it through annual RBA SAQ, internal audits, and 100% completion of RBA VAP. Additionally, 7 facilities have obtained the RBA Factory of Choice certification in 2024. We disclose our performance on the RBA-Online platform. Externally, USI accepts customers' audits and requests suppliers to follow the RBA Code of Conduct and join the RBA-Online platform to disclose their results. For more information, please refer to the [4.3 Supply Chain Management](#) and [6.1 Human Rights Protection](#) sections.

● Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)

TEEMA's mission is to promote economic development and act as a bridge for cross-sector communications. In response to international trends and regulations, TEEMA actively participates in and promotes energy saving and carbon reduction. USI responded by setting and achieving energy-saving goals. In addition to meeting the SBT targets pledged by ASEH to support the Paris Agreement goals, we have also introduced the TCFD & CDP frameworks into our environmental management system. Please refer to the [5.1 Nature, Climate Change and Carbon Management](#) section for our performance and progress results.





Subsidiary Overview

Asteelflash Suzhou Facility

Asteelflash Suzhou Co., Ltd. (AFG-Suzhou, AFG-SUZ), specializes in printed circuit board surface mount technology processing and assembly, with products covering multiple sectors including: automotive electronics, networking equipment, consumer electronics and medical devices.

Company Name: Asteelflash Suzhou Co., Ltd.

Date of Establishment: 2002

Legal Representative: Andrew Wu

Company Address: No. 8 Gutang Rd., Wujiang ETDZ, Suzhou, Jiangsu, China

Reporting Period: 01/01/2024 to 12/31/2024

Governance and Economic Stakeholder Engagement

Communication Channel (Frequency)	2024 Performance
<div> <div>  Shareholders/Banks </div> <ul style="list-style-type: none"> ● Board Meeting (annual/non-periodic) ● Periodic Reports (monthly/quarterly/semiannual/annual) ● Receptions & Visits (non-periodic) </div>	<div> <div> Focus Issues: Innovation Management, Risk & Crisis Management, Sustainable Production, Occupational Health & Safety, Sustainable Supply Chain, Green Products, Water Resource Management </div> <ul style="list-style-type: none"> ● Participated in 2 AFG board meetings in 2024. ● Provided financial disclosures and performance analysis through official USI Financial Reports. </div>
<div> <div>  Customers </div> <ul style="list-style-type: none"> ● Customer Satisfaction Survey (annual) ● After-Sales Service System (all the time) ● Project Team (all the time) ● Dedicated Support Email (all the time) </div>	<div> <div> Focus Issues : Occupational Health & Safety, Data Privacy, Waste Management, Human Rights, Customer Relations, Talent Attraction & Retention, Diversity & Inclusion, Innovation Management, Green Products, Sustainable Supply Chain </div> <ul style="list-style-type: none"> ● Achieved an average customer satisfaction score of 4.7 out of 5 across quality, delivery, service, and overall satisfaction dimensions. ● Recorded zero product recalls and resolved 100% of customer complaints. ● Maintained multiple customer feedback channels with dedicated support for quality, engineering, and logistics. </div>

Communication Channel (Frequency)

2024 Performance

**Employees**

- Workers' Catering Committee (monthly)
- Workers' Congress (annual)
- GM/Employee Suggestion Box (all the time)
- Official Social Media Accounts (all the time)
- Company Announcements (all the time)
- Training Programs (non-periodic)

Focus Issues: Occupational Health & Safety, Data Privacy, Human Rights, Customer Relations, Talent Attraction & Retention

- Held catering meetings to introduce new menus and a rating system, ensuring a clean and pleasant dining experience.
- Organized the Annual Workers' Congress to share company updates and address workplace improvements with the union.
- Established an anonymous suggestion box where the GM personally responded to and 100% resolved all 33 submissions.
- Shared employee activities, training updates, and other news via WeChat. Held 17 events with 3,999 total participants.
- Announced "AFG-SUZ Stars" distinctions, disciplinary actions, and annual plans via company-wide emails. Adjusted salaries, distributed bonuses, and holiday benefits in accordance with company policy.
- Provided diverse training programs to enhance employee skills, averaging 37.6 training hours per employee.

**Suppliers/Contractors**

- Quarterly Business Review (quarterly/semi-annual)
- New Supplier Assessment (annual)
- Supplier Questionnaire (annual)
- Supplier Sustainability Conferences (annual)
- Supplier Training (annual)

Focus Issues: Sustainable Supply Chain, Risk & Crisis Management, Customer Relations, Occupational Health and Safety, Innovation Management

- Conducted 4 quarterly business reviews with key automotive material suppliers and 2 semi-annual reviews with non-automotive suppliers.
- Approved 5 new suppliers through sustainability evaluations and qualification audits. All signed the RBA commitment and achieved a 100% audit pass rate.
- Surveyed 76 suppliers through the SSAQ to assess their current sustainability status.
- Promoted corporate policies such as the Code of Conduct and Human Rights to 808 suppliers and contractors. Engaged 78 suppliers in the annual Stakeholder Concern Survey.
- Conducted labor law training for 2 HR service contractors and conflict minerals training for 49 raw material suppliers.

**Governments & Industry Unions/Associations**

- Official document, Inspections & Meetings (non-periodic)
- Association Conferences / Member Forums (non-periodic)

Focus Issues: Occupational Health and Safety, Energy Management, Data Privacy, Waste Management, Green Products, Information Security Management, Sustainable Production

- Maintained zero major violations, and successfully passed all 25 government inspections.
- Achieved 100% renewable energy consumption.
- Reached a 98% recycling rate for non-hazardous waste.
- Maintained active membership in 5 industry associations.

**Community (NGO, Media)**

- Resident representatives on-site meeting (non-periodic)

Focus Issues: Air Pollution Control, Water Resource Management, Waste Management, Green Products, Energy Management

- Developed emergency response plans for production safety and environmental incidents; engaged local community representatives and signed a Right-to-Know and Mutual Assistance Agreement.
- Maintained zero major environmental pollution violations.
- Upgraded water supply lines to surface-mounted systems, significantly reducing leakage and achieving an average 25% monthly water savings since October 2024.

Customer Satisfaction

AFG-SUZ regularly gathers customer feedback through business reviews, customer scorecards, and satisfaction surveys, assessing performance across four key dimensions: quality, delivery, service, and overall satisfaction.

In 2024, the satisfaction survey covered all mass-production customers, with a target score of 4.2 (on a 5-point scale, where 4–5 indicates "excellent"). Results showed that over 90% of customers rated AFG-Suzhou's overall satisfaction as "excellent," with an average satisfaction score of 4.7 points.

To address dissatisfied customer feedback, we regularly form dedicated task forces to implement targeted improvements, enhancing product and service quality. This ensures that customers perceive that they are attentively cared for and significantly valued.



Risk & Crisis Management

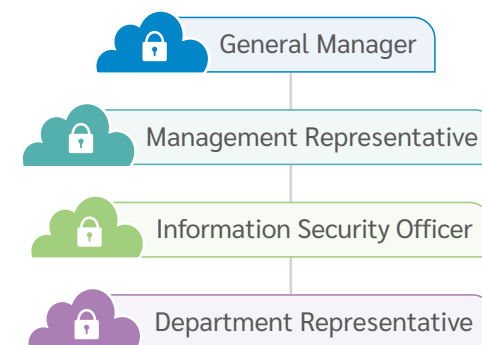
Enterprise Risk Assessment

Risk Category	Risk Scenario	Risk Response	Enterprise Opportunities
Geopolitics	Due to the impact of foreign policies, the loss of certain clients has led to a decline in market demand, consequently affecting EMS order volumes.	<ol style="list-style-type: none"> Leverage the Group's global footprint to effectively mitigate trade risks. Diversify markets to reduce geopolitical risks while tracking policy shifts for agile strategy adjustments. 	<ol style="list-style-type: none"> Strengthen regional collaboration through a group-centric approach by promoting information sharing, delivering globally standardized services, and reinforcing customer trust. Accelerate our transformation from EMS to EMS+by elevating engineering excellence, advancing Design for Excellence (DFX) and testing capabilities, and expanding into AI-powered and premium consumer markets.
Innovation	<ol style="list-style-type: none"> Failure to keep pace with technological advancements will lead to declining market share. Underperformance in R&D expenditure or project timelines could lead to cost overruns and diminished investment returns. 	<ol style="list-style-type: none"> Develop and refine a monitoring mechanism for new technology investments and proactively track technological trends and development directions. Evaluate the feasibility of new projects through multi-dimensional risk-reward analysis to maximize risk mitigation. 	Leverage USI's advanced technology investments to amplify service portfolio visibility, targeting cross-industry EMS opportunities (e.g., NEV, 5G, IoT, AI) to enhance mindshare among prospective clients.

Risk Category	Risk Scenario	Risk Response	Enterprise Opportunities
Economic and Industrial Trends	<ol style="list-style-type: none"> 1. NEV industry's global expansion slowdown restricts automotive supply chain growth. 2. Fierce price wars are squeezing margins from both sides: suppliers moving upstream and customers going downstream. 	<ol style="list-style-type: none"> 1. Enhance green and digital manufacturing with advanced technologies & equipment, and value-added design services to boost competitiveness. 2. Boost flagship products' visibility (e.g. NEV inverters & e-compressors) through targeted campaigns to attract wider clientele. 3. Boost cost efficiency via supply chain/production/process optimization, while securing core clients and expanding into emerging markets to diversify risk. 	<ol style="list-style-type: none"> 1. Leveraging USI's global resources to elevate AFG-Suzhou's market positioning in EMS industry, replicating our flagship products' success in high-value markets. 2. Achieve measurable cost savings through end-to-end supply chain enhancements and lean process implementation.
Succession Plans and Recruitment	<ol style="list-style-type: none"> 1. Management and critical talent loss may delay projects, disrupt operations, and weaken competitiveness. 2. Loss of critical personnel may result in confidential data breaches, potentially exploited by competitors. 	<ol style="list-style-type: none"> 1. Internal Talent Development Program: <ul style="list-style-type: none"> • Implement a formal deputy substitute program. • Regularly assess critical positions and develop successor roadmaps. 2. External Talent Strategy: <ul style="list-style-type: none"> • Monitor post-employment career trajectories of key former employees and implement "boomerang" rehire protocols for high-performing alumni. • Maintain dynamic candidate database with skill/role tagging. 	<ol style="list-style-type: none"> 1. Identify successor candidates through preliminary assessment and implement a deputy system to develop talent reserves. 2. Validate successor readiness through demonstrated capability assessments. 3. Provide diversified growth resources for potential talent, focusing on individual career aspirations to enhance retention rates. 4. Bring in external talent to foster innovation and diversity methodologies.
Information Security	<ol style="list-style-type: none"> 1. Weak employee security awareness, like fell for phishing emails. 2. Unauthorized disclosure of authentication credentials. 3. Cyber attackers compromised system data integrity through encryption/theft. 4. Unpatched system vulnerabilities led to cyber-attacks. 	<ol style="list-style-type: none"> 1. Regularly update cybersecurity training materials and conduct all-staff training. 2. Enable two-factor authentication. 3. Perform regular electronic data backups and implement off-site backup procedures. 4. Regularly scan for system vulnerabilities and patch them promptly. 	<ol style="list-style-type: none"> 1. Enhance employees' information security awareness through training to improve system security, protect customer data, and safeguard corporate reputation. 2. Develop employees' crisis response capabilities to minimize potential damage.

Information Security

In September 2024, AFG-Suzhou achieved TISAX certification for Information with Very High Protection and Prototype Protection. A dedicated management committee was established to oversee information security governance. Throughout the year, AFG-Suzhou trained 2,092 employees, conducted 6 phishing simulations, and published 12 security bulletins to strengthen awareness and mitigate risks.



Sustainable Production

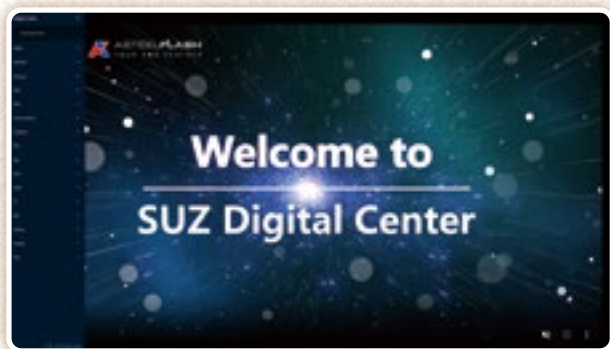
Continuous Improvement Activities

In 2024, AFG-Suzhou launched a company-wide improvement initiative featuring performance-based incentives and department-specific goals. Employees submitted proposals and outcomes through an online platform, which were reviewed monthly by a GM-led committee based on strategic alignment, feasibility, and return on investment. A total of 46 completed projects collectively generated estimated savings of approximately CNY 2.79 million.

Digitization

We implemented a Business Intelligence (BI) system featuring 49 dashboards that integrate both direct and indirect manufacturing data. The system automatically synchronizes with the Manufacturing Execution System and ERP platforms at scheduled intervals, delivering reliable insights into production, materials, and quality control trends.

Checking the BI platform has become part of employees' daily routine, with an average of over 200 visits per day. The BI system now serves as a visual, transparent, and traceable management tool, enhancing data-driven decision-making across the organization.



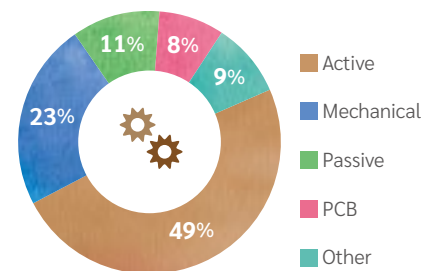
Note:

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

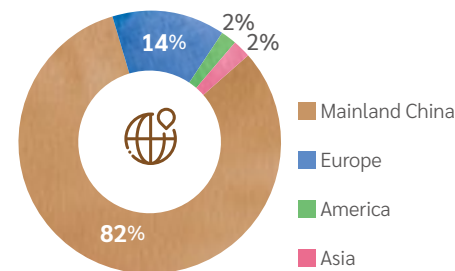
Sustainable Supply Chain

In 2024, AFG-Suzhou partnered with 568 suppliers across China, Asia, Europe, and the Americas, with 82% of materials sourced locally from Mainland China to reduce emissions and support regional supply chains.

Raw Material Category Distribution



Raw Material Supplier Regional Distribution ⁽¹⁾



Supplier Code of Conduct

We promoted and monitored compliance with the Supplier Code of Conduct via USI's official platform. All active 2024 raw material suppliers attended compliance training, which covers anti-corruption, fair competition, and other regulations.

Supplier Qualification

We require all new suppliers to sign a Procurement Contract, Supplier Social Responsibility Commitment, and Business Integrity Agreement to ensure environmental, labor, and human rights standards are met. All five new suppliers met our standards in 2024, became approved vendors.

Conflict Minerals Compliance

To ensure responsible mineral sourcing, we conducted due diligence surveys in accordance with USI's Responsible Minerals Management requirements, as outlined in the [4.3.6 Responsible Minerals Commitment](#) section.

Innovation

As of 2024, there are a total of 57 valid intellectual property rights, in which 6 patents were granted in 2024. Furthermore, 3 applications are under review, and 15 applications are in the application acceptance stage.

Status	Invention	Utility Model	Total
Granted and Valid	3	54	57
Under Review	3	-	3
Application Submitted	1	14	15
Total	7	68	75

Environmental Protection

Green Products

In accordance with customer requirements, we conducted hazardous substance compliance surveys. 2024 compliance results summary:

Green Products Directive	Industrial Products	Consumer Electronics	Automotive Products
EU RoHS	100%	100%	100%
China RoHS	100%	100%	100%

Waste Management

In 2024, the total waste generated amounted to 1,023.21 metric tonnes, with 983.51 metric tonnes recycled, achieving a recycling rate of 96.1%. The recycling rate for non-hazardous waste reached 98.1%, also meeting the annual target of 90%. At AFG-Suzhou, scrapped products and e-waste totaled 39.645 metric tonnes, all processed by licensed waste treatment providers. The facility's waste is categorized by treatment method as shown in the table below:

Unit: metric tonnes

Treatment Facility	Reuse		Recycle		Compost		Landfill		Incinerate			
	Hazardous	Nonhazardous	Hazardous	Nonhazardous	Hazardous	Nonhazardous	Hazardous	Nonhazardous	Hazardous		Nonhazardous	
									Energy recovered	No energy recovered	Energy recovered	No energy recovered
AFG-Suzhou	0.000	421.930	39.645	465.840	0.000	56.093	0.000	0.000	21.760	0.000	17.940	0.000
On-site	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Off-site	0.000	421.930	39.645	465.840	0.000	56.093	0.000	0.000	21.760	0.000	17.940	0.000
Subtotal	0.000	421.930	39.645	465.840	0.000	56.093	0.000	0.000	21.760	0.000	17.940	0.000
Percentage	0.00%	41.24%	3.87%	45.53%	0.00%	5.48%	0.00%	0.00%	2.13%	0.00%	1.75%	0.00%
Total	421.930		505.485		56.093		0.000		21.760		17.940	

Climate Strategy

To mitigate climate impact, AFG-Suzhou began quantifying and reporting its organizational carbon emissions inventory in 2023 and achieved ISO 14064-1 certification. In 2024, we continued monitoring and reducing GHG emissions, purchasing 10,299 MWh of renewable energy certificates to fully offset emissions from purchased electricity. Refer to the table on the right for Scope 1 & 2 GHG emissions.

Unit: metric tonnes CO₂e

Category	Scope 1	Scope 2	Total
Location-based Emissions	392.86	5,784.68	6,177.54
Market-based Emissions	392.86	0	392.86

We conducted 15 categories of significant identification and inventory of upstream and downstream activities in Scope 3. 2024 results verified by a third-party as follows ⁽¹⁾:

Unit: metric tonnes CO₂e

Category	Description	GHG Emissions
1	Purchased goods and services	2,569,772.17
2	Capital goods	11,290.50
3	Fuel and energy related activities	485.72
4	Upstream transportation and distribution	4,796.90
5	Waste generated in operations	101.12
6	Business travel	16.54
7	Employee commuting	226.11
8	Upstream leased assets	18.42
9	Downstream transportation and distribution	17,047.58
10	Processing of sold products	N/A ⁽²⁾
11	Use of sold products	N/A
12	End-of-life treatment of sold products	N/A
13	Downstream leased assets	N/A
14	Franchises	N/A
15	Investments	N/A
Total		2,603,755.06

Energy Management

In 2024, AFG-Suzhou achieved ISO 50001 certification, reinforcing its commitment to continual improvement in energy management.

- Deployed a smart energy monitoring system featuring 73 sets of Level 1-3 4G wireless power meters for real-time tracking, high consumption area analysis, and continuous monitoring of high power equipment.
- Recognized as Provincial Level Green Factory.

Energy Consumption

Energy Category	Unit	Consumption
Electricity	GJ	37,083
Gasoline (non-renewable)	GJ	188
Diesel (non-renewable)	GJ	11

Water Resources Management

In 2024, total water consumption at AFG-Suzhou decreased by 37% year-over-year (2023 baseline: 122.8 ML), driven by water-saving faucet installations, employee conservation campaigns, above-ground pipe conversions, and proactive leak detection and repairs. Water-saving measures are reviewed annually to further reduce usage and mitigate drought risks.

Unit: ML

Items	AFG-Suzhou
Source	Tap Water
Water Withdrawal	77.044
Discharge ⁽³⁾	69.340
Water Consumption	7.704
Freshwater ($\leq 1,000$ mg/L TDS) ⁽⁴⁾	N/A
Discharge Flow	Municipal Sewage Treatment Plant
Water-Stressed Region	Yes
Water Withdrawal	77.044
Discharge	69.340
Water Consumption	7.704
Freshwater ($\leq 1,000$ mg/L TDS)	N/A

Air Pollution Control

Per local regulations, we conducted third-party verified emissions testing for VOCs and PM in 2024, with calculated emission quantities rounded to the third decimal place. ⁽⁵⁻⁶⁾

Unit: metric tonnes

Pollutant	AFG-Suzhou
Volatile Organic Compounds (VOCs)	0.090
Nitrogen Oxides (NO _x)	N/A
Sulfur Oxides (SO _x)	N/A
Particulate Matter (PM)	N.D.

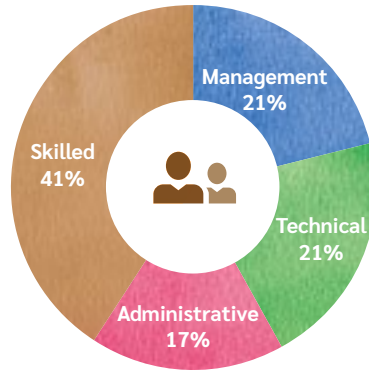
Notes:

1. The data presented came from the ISO 14064-1 inventory results, rounded to the 2nd decimal place, converted to the GHG Protocol for disclosure.
2. N/A: Non-significant after assessment of the indirect emissions materiality criteria in accordance with ISO 14064-1.
3. Uses 90% withdrawal volume estimation principle.
4. AFG-Suzhou sources water from municipal supply, meeting local water quality standards (Total Dissolved Solids data not available).
5. N.D.: Non-detectable, below detection limit.
6. N/A: Not applicable to local regulatory requirements.

Social

Inclusive Workplace

AFG-Suzhou's total workforce comprises 614 employees, with 313 males (51%) and 301 females (49%), distributed across job categories as follows:



Workforce Breakdown by Category

Diversity Indicators	Male	Female
Management Numbers & Ratio	70 (55%)	58 (45%)
Junior Management	41 (52%)	38 (48%)
Middle Management	19 (53%)	17 (47%)
Top Management	10 (77%)	3 (23%)
Operational Supervisor Numbers & Ratio	27 (69%)	12 (31%)
New Hires Numbers & Ratio	48 (15%)	12 (4%)
Resigned Employee Numbers & Ratio	110 (35%)	62 (20%)
Age Distribution	New Hires	Resignations
<30 Years Old Numbers & Ratio	22 (24%)	46 (50%)
30~50 Years Old Numbers & Ratio	38 (7%)	123 (24%)
>50 Years Old Numbers & Ratio	0 (0%)	3 (30%)

Talent Attraction and Retention

Equal and Fair Compensation & Benefits System

- Direct Labor: Attendance/performance/night shift/position allowances
- Indirect Labor: Annual/quarterly incentive bonuses
- Annually review and adjust salaries and bonuses based on individual performance, market conditions, and company revenue.

Optimize Benefits & Boost Employee Engagement

- In 2024, 3,999 employees engaged in 17 activities such as badminton competitions and skill-based contests, fostering teamwork and a vibrant workplace culture.

Diverse Learning Opportunities

- Since 2023, we have been recognized as a Skills Certification Pilot Enterprise, authorized to assess and certify basic, intermediate, and advanced levels for Electronics Equipment Assemblers and Broadcasting & Telecommunications Device Technicians. Achieved by 2024: 82 intermediate and 68 advanced certifications.
- Through an internal trainer program, certified trainers delivered training to enhance knowledge transfer. By 2024, 87 staff had qualified as internal trainers.

Annual Women's Day Celebrations



Gender Pay Ratio by Job Category

Category	Female-to-male Basic Salary Ratio	Female-to-male Compensation Ratio
Management	0.88	0.88
Technical	0.86	0.87
Administrative	1.00	1.01
Skilled	0.96	0.94

Parental Leave Summary

Category	Male	Female	Total
Employees eligible for parental leave	36	50	86
Applications received	36	50	86
Employees expected to return	36	50	86

Training Records

Category	Training Hours	Average Training Hours
Male	12,953	41.6
Female	10,153	33.5
Management	643	5.0
Technical	2,734	20.7
Administrative	779	7.5
Skilled	18,950	75.8
New Employees	4,140	69.0
Total	23,106	37.6

Multiple feedback channels enable transparent employee input and continuous improvement.



Benefits & Subsidies

Items	Beneficiaries	Subsidy Amount (CNY)
Festival Gift	1,823	267,869
Marriage Bonus	10	3,000
Maternity Allowance	9	1,800
Education Subsidy	16	30,000
Total	1,858	302,669

Occupational Safety and Health

AFG-Suzhou is ISO 45001 certified, ensuring a safe workplace for all employees. Below are its safety and health objectives and status for 2024:

KPI and Target	2024 Performance	Status
Zero Occupational Disease Incidences	0	✓
Zero Work-Related Deaths	0	✓

Occupational Health and Safety Training

Category	Performance
Training Courses Held	41
Total Participants	462
Overall Training Hours	534

Occupational Injuries and Occupational Diseases

Item	Employee	Contractor
Total hours worked	1,371,445	938,566
Number of lost-time injuries	0	0
Lost-Time Injury Frequency Rate (LTIFR)	0.00	0.00
Number of high-consequence work-related injuries	0	0
Rate of high-consequence work-related injuries	0.00	0.00
Number of near misses	0	0
Near Miss Frequency Rate (NMFR)	0.00	0.00
Number of work-related fatalities	0	0
Rate of fatalities as a result of work-related injuries	0.00	0.00
Occupational Diseases Rate (ODR)	0.00	0.00
Number of days lost due to injuries	0	0
Lost Day Rate (LDR)	0.00	0.00

Social Involvement

Walk Green, Earth Clean

Employees and their families conducted an environmental initiative at Wu Jiang Sheng di Ecological Park to promote public space conservation and waste sorting awareness. During the hiking activity, 36 volunteers collected 48 pieces of litter and organic waste, contributing to a greener community.



Mooncake Box Revival Campaign

To encourage resource reuse and promote waste sorting, we launched a special recycling drive after Mid-Autumn Festival. Employees exchanged used gift boxes for eco-friendly tote bags, transforming waste into resources while promoting circular practices. As a result, 80 staff recycled over 100 mooncake boxes (65 kg paper, 8.5 kg metal & 3 kg plastic). All materials were properly processed by certified recyclers, giving moon cake packaging a "second life".



Awards and Recognitions



- RBA Factory of Choice (FOC)
- Jiangsu Provincial Smart Manufacturing Demonstration Factory
- Jiangsu's First Batch of 'Star-rated Cloud-Integrated Enterprises
- Best partner Award for Consen Hangzhou Emerson Automation Technology Co., Ltd



- Suzhou Labor and Social Security "AA" Credit Rating Enterprise



- Jiangsu Provincial Green Factory

- Wujiang District (Suzhou) Top 100 Companies
- Danfoss Long-term Service Supplier
- Fresenius Kabi Nanchang 2024 Strategic Supplier of the Year



Appendix

Contributions to the SDGs



- Invested in **6** rural revitalization programs, benefiting **2,803** students.
- USI provides pension insurance and elder insurance in accordance with the retirement laws and regulations of each business location, USI has allocated CNY **257,070,316** in total for the retirement programs.



- Donated **240** Chinese New Year's Eve dinners to disadvantaged lonely elders to spread warmth and cheer.



- Held **63** health activities, such as blood donation, weight-loss competition, and bone density testing with **6,554** participants.
- Provide medical and emergency support for unexpected or sudden illnesses for employees stationed overseas or on business trips.



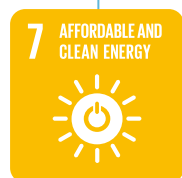
- Donated a cumulative total of **847** boxes of books to the Philanthropic Libraries for 20 years running.
- Built **7** computer classrooms through the Rural Digital Education Program, benefiting **3,869** students.
- Trained cumulative total of **1,042** USIU internal lecturers.
- Supported **419** employees to take advanced studies.



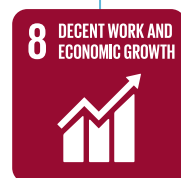
- Increased percentage of females in top management positions reaching **20%** by 2024.
- Strengthen human rights training and publicity including non-discrimination and sexual harassment. A total of **22,275** employees participated in the training, with **24,366** training hours.



- Reduced **19.3%** water use intensity from the baseline year 2015.
- Recycled **65%** of process water in 2024.



- Purchased certified renewable energy to offset carbon dioxide emissions generated by traditional electricity used. **100%** renewable energy use in Mainland China, Mexico, and Vietnam Facilities.



- CNY **60.7** billion revenue in 2024.
- Customer satisfaction score reached **87.1**.
- Starting salaries for direct laborers at each facility are higher than local minimum wages. Employees have the right to equal pay for equal work regardless of gender.
- Provided **23,665** job opportunities worldwide with **96%** local hires.



- An R&D intensity of **3.14%** and a workforce composition of **13.20%** R&D personnel in 2024 reflect USI's strong commitment to cultivating innovation in design and development.
- Solar panels installed on Nantou-NK 1 and Huizhou Facilities generated **5,580** MWh of renewable energy as of 2024.

- USI established Tax Policy to guide the principles of tax governance and follow tax laws of global operation locations.
- Employed **116** people with disabilities.
- Employed **655** ethnic minorities with **7** in management positions.



- Consistently monitored our compliance with legal emission regulations to lessen our negative environmental impact and contribute to building sustainable communities. There were **0** significant air pollution incidents in 2024.
- Recycled **94%** of non-hazardous waste through qualified disposal/recyclers.



- Cooperated with suppliers to recycle pallets and packaging materials, reducing **1,515** metric tonnes of waste, and saved CNY **34** million.
- Included **PFAS** in the Prohibited Substances Elimination Plan to minimize their impact on workers and the environment.
- Assisted customers to obtain **EPEAT Silver** certification for All-in-one POS products.
- Used **96%** recyclable or reusable materials in designing mechanical products, which reached **770.6** metric tonnes in USI's annual shipments.



- Promoted green product design, reduced energy loss, and engaged in continuous improvement to reduce CO₂ emissions, saving **152** GWh of electricity in 2024, equivalent to reducing **12,840** metric tonnes of CO₂.
- **0** days of production interruptions due to climate-related disasters.
- Implemented TCFD to analyze USI climate risks. USI will use **100%** renewable energy in our operations by 2035 and achieve **net-zero carbon emissions** by 2040.



- Promoted waste classification and recycled around **109** kg of trash a year.
- Cleaned up 2 coasts and picked up **756** kg of trash.
- Held **6** environmental seminars.



- Supported the Million Tree Project for 12 years running, planting a total of **166,265** trees covering **105.12** hectares.
- Established Biodiversity and No Deforestation Commitment. Through the hierarchical mitigation approach of prevention, mitigation, restoration, and offsetting in our facilities to reduce the Potentially Disappeared Fraction of species and achieve **Net Positive Impact** and **No Gross Deforestation** by 2050.



- Established Sunshine Conduct Policies and Anti-Corruption Management Measures with reporting mechanisms to ensure compliance from suppliers and employees. No corruption or bribery instances were found.
- No major fines or violations related to insider trading, anti-competitive practices, or antitrust laws and regulations.
- Set up the Information Security Steering Committee and obtained **ISO 27001** certification. No major cybersecurity incidents in 2024.



- Provide a wide range of electronic products and services under Global Demand, Local Service to our customers with operations covering Asia, Europe, America, and Africa.
- Global local procurement rate reached **41%**.

ESG Key Performance Data

Environmental

Renewable Energy Use Percentage	Unit	2021	2022	2023	2024
USI Group	%	80.3	81.6	81.7	83.4
Mainland China Facilities	%	100	100	100	100
Mexico Facility	%	31	50	100	100
Vietnam Facility	%	-	-	100	100
Nantou Facility	%	0	0	0	6
GHG Emissions	Unit	2021	2022	2023	2024
Scope 1	metric tonnes CO ₂ e	4,592.71	5,385.74	5,265.23	4,476.85
Scope 2	metric tonnes CO ₂ e	201,538.85	215,510.73	202,570.24	158,496.83
Scope 3 ⁽¹⁾	metric tonnes CO ₂ e	13,652,135.58	11,521,990.32	8,764,066.55	13,188,624.96
Water Resource Management	Unit	2021	2022	2023	2024
Water withdrawal	ML	861.887	1,068.173	1,028.620	1,024.702
Recycled water	ML	236.972	307.539	232.938	260.242
Recycling rate	%	27.5	28.8	22.6	25.4
Waste Management	Unit	2021	2022	2023	2024
Hazardous waste generated	metric tonnes	967.233	1,006.243	790.359	833.189
Non-hazardous waste generated	metric tonnes	8,766.093	9,835.675	11,586.338	15,679.655
Non-hazardous waste recycled	metric tonnes	8,115.463	9,097.263	10,599.595	14,758.800
Non-hazardous waste recycling rate	%	92.58	92.49	91.48	94.13

Note:

1. Scope 3 emissions for 2021 to 2023 have been restated following a recalibration of the data scope to include 'use of sold products' and 'end-of-life treatment of sold products'. The 2024 emissions figure increased, supported by the strategic procurement of inventory.

Environmental Expenditures	Unit	2021	2022	2023	2024
Total	CNY	25,989,443	29,912,628	47,496,006	42,551,852
Operating cost	CNY	12,176,028	12,634,136	27,857,337	26,403,041
Upstream/downstream cost	CNY	1,058,487	862,255	262,200	421,888
Management overhead	CNY	12,464,402	16,237,399	18,599,286	15,327,772
Social activities cost	CNY	290,527	178,839	777,183	399,151
Green Products	Unit	2021	2022	2023	2024
Annual product energy efficiency	GWh	95.75	22.02	7,108.28	152
Revenue ratio of eco-design products	%	92.1	82.4	81.4	80.0
Number of LCA products inventoried	-	1	28	33	110

Social

Talent Attraction and Retention	Unit	2021	2022	2023	2024
Number of employees	-	18,081	16,660	17,031	14,998
Male	-	9,938	9,271	9,133	8,200
Female	-	8,143	7,389	7,898	6,798
Percentage of females in total workforce	%	45.0	44.4	46.4	45.3
Employees in senior management positions (director and above)	-	199	213	219	231
Female employees in senior management	-	35	41	44	46
Percentage of females in senior management positions	%	17.6	19.2	20.1	19.9
Employees in management positions	-	1,091	1,061	1,113	1,096
Female employees in management	-	247	245	263	268
Percentage of females in management positions	%	22.6	23.1	23.6	24.5
IDL employees promoted	-	920	745	834	837
Female IDL employees promoted	-	319	278	320	315

Talent Attraction and Retention	Unit	2021	2022	2023	2024
Employees with disabilities	-	83	83	101	116
Average age of employees	year	31.7	33.0	33.8	35.5
Average number of years employees worked in USI	year	4.8	5.2	5.4	6.6
Employee turnover rate	%	38.7	28.8	29.7	21.6
Ratio of DL entry level wage compared to local minimum wage	-	1.00~1.08	1.00~1.09	1.00~2.51	1.00~1.37
Employee engagement score	%	84	-	80	-
Return to work rate of employees that took parental leave	%	68	68	79	69
Retention rate of employees that took parental leave	%	79	47	87	61
Training and Talent Development	Unit	2021	2022	2023	2024
Employees that complete the internal lecturer training program	-	867	1,118	1,129	1,042
Female internal lecturers	-	287	344	352	383
Total cost of employee training and development	M CNY	28.9	17.1	10.4	7.1
Coverage of employee training	%	100	100	100	100
Average training per employee	hour	30.7	28.8	24.5	26.4
Employees supported to take advanced studies	-	73	24	155	107
Human Rights	Unit	2021	2022	2023	2024
Average human rights training per employee	hour	1.1	1.4	1.0	1.1
Labor contract signage rate	%	100	100	100	100
Number of employee symposiums	-	116	140	167	139
Employees in unions	-	6,350	5,901	6,887	6,607
Percentage of union labor in workforce	%	35.1	35.4	40.4	44.1

Occupational Health and Safety	Unit	2021	2022	2023	2024
Incidences of occupational disease	-	0	0	0	0
Work-related fatalities	-	0	0	0	0
Amount invested in safety production	M CNY	159	184	197	217
Number of emergency drills conducted	-	32	30	36	41
Number of health and well-being activities held	-	42	51	40	63
Number of participants in health and wellbeing activities	-	13,028	8,611	10,705	6,554
Number of doctor consultations held	-	18,519	30,211	14,856	13,902
Total hours consulted	hour	9,558	9,777	9,720	9,231
Social Involvement	Unit	2021	2022	2023	2024
Total amount of social involvement	CNY	3,826,752	5,281,086	9,248,749	9,548,459
Investing in Education	CNY	1,713,707	2,205,556	4,960,776	6,061,126
Contributing to Society	CNY	489,454	1,015,895	306,252	395,842
Conserving the Environment	CNY	451,281	423,275	696,683	753,805
Promoting Arts & Culture	CNY	829,772	1,188,091	2,834,620	1,700,169
External Participation	CNY	342,538	448,269	450,417	637,517
Number of employees engaged in social activities	-	314	701	535	968
Number of hours volunteered	hour	1,717	2,047	3,645	4,844
Environmental Protection	Unit	2021	2022	2023	2024
Annual number of trees planted	-	21,864	22,381	21,268	14,783
USI Corporate Forest	-	14,000	14,000	14,000	14,501
USI Employee Forest	-	7,864	8,381	7,268	282
Annual area of trees planted	Ha	9.51	12.04	9.16	7.21



Environmental Protection	Unit	2021	2022	2023	2024
Cumulative number of trees planted	-	107,833	130,214	151,482	166,265
Cumulative area of trees planted	Ha	76.71	86.36	97.91	105.12
Weight of coastal/stream trash picked	Kg	335.20	200.00	35,040.00	865.00
Rural Revitalization	Unit	2021	2022	2023	2024
Number of programs invested	-	5	5	6	6
Number of students assisted	-	1,050	1,838	2,732	2,803
Amount invested in targeted programs	K CNY	216	818	531	523
Investing in Education	Unit	2021	2022	2023	2024
Cumulative number of Philanthropic Library boxes donated	box	725	767	807	847
Number of people engaged in Parent-Child Reading Activity	-	119	111	67	56
Number of students benefiting from industrial-academic partnerships	-	1,415	660	679	1,447
Local Procurement	Unit	2021	2022	2023	2024
Global	%	39	43	40	41
Mexico	%	12	5	6	7
Taiwan	%	29	30	28	26
Mainland China	%	43	50	51	51
Southeast Asia	%	-	3	4	4
Supplier Sustainability Evaluation	Unit	2021	2022	2023	2024
Number of suppliers evaluated with sustainability metrics	-	419	525	456	469
Percentage of suppliers that completed the SSAQ	%	73	73	76	76
Number of suppliers and contractors on-site audited with sustainability metrics	-	83	81	99	108
Supplier Communication	Unit	2021	2022	2023	2024
Number of suppliers that attended the Sustainable Supply Chain Seminar/Webinar	-	276	342	507	529

Conflict Minerals	Unit	2021	2022	2023	2024
Number of suppliers that completed due diligence (CMRT survey)	-	416	199	219	241
Percentage of target suppliers completing the conflict-free minerals	%	100	100	100	100

Governance

Financial Performance	Unit	2021	2022	2023	2024
Operating revenue	M CNY	55,299.65	68,516.08	60,791.91	60,690.65
Operating cost	M CNY	49,981.48	61,327.07	54,939.14	54,929.61
Operating profit	M CNY	2,131.81	3,460.80	2,177.68	1,872.48
Total profit	M CNY	2,138.86	3,477.20	2,189.69	1,853.82
Net profit	M CNY	1,856.69	3,059.99	1,949.71	1,644.17
Government subsidies	M CNY	50.68	56.14	89.40	59.89
Taxes	M CNY	618.99	897.55	963.30	826.56
Earnings per share	CNY	0.85	1.40	0.89	0.76
Research and Patents	Unit	2021	2022	2023	2024
Share of R&D personnel of total workforce	%	9.4	11.5	12.2	13.2
Amount invested in R&D	M CNY	1,641.36	2,034.46	1,807.20	1,907.55
R&D intensity	%	2.97	2.97	2.97	3.14
Number of patents accumulated	-	696	740	801	756
Smart Manufacturing	Unit	2021	2022	2023	2024
Number of introduced projects	-	33	70	62	68
Saving benefits	M CNY	208.25	295.44	299.71	310.38

Continuous Improvement	Unit	2021	2022	2023	2024
Amount of carbon reduced from CIP key projects	metric tonnes CO ₂ e	819	1,316	2,877	2,543
Number of improvement proposals	-	340	360	458	451
Cost saved	M CNY	78.76	119.25	108.74	120.26
Customer Relations	Unit	2021	2022	2023	2024
Customer satisfaction score	-	84.1	84.2	84.5	87.1
Satisfied customers	%	86	93	95	99
Percentage of revenue covered by customer surveys	%	89	100	100	100

Board of Directors	Unit	
Number of board directors	-	11
Independent directors ⁽¹⁾	-	4
Percentage of independent directors	%	36.4
Strategy and Sustainability Committee	Unit	
Number of committee members	-	7
Number of independent directors in the committee	-	2
Percentage of independent directors	%	28.6
Audit Committee	Unit	
Number of committee members	-	5
Number of independent directors in the committee	-	3
Percentage of independent directors	%	60.0

Note:

1. Independent directors include three female directors.

Remuneration Committee	Unit	
Number of committee members	-	5
Number of independent directors in the committee	-	4
Percentage of independent directors	%	80.0
Nomination Committee	Unit	
Number of committee members	-	5
Number of independent directors in the committee	-	3
Percentage of independent directors	%	60.0
Board of Supervisors	Unit	
Number of board members	-	3
Number of employees on the board of supervisors	-	1
Percentage of employees	%	33.3

Sustainability Data

Environmental

A. Scope 2 Market-based GHG Emissions

Item	Unit	2021	2022	2023	2024
Scope 2 Market-based	metric tonnes CO ₂ e	26,617.41	26,912.82	26,286.99	23,938.40

B. Hazardous Waste

Item	Unit	2021	2022	2023	2024
Recycled/reused	metric tonnes	202.79	232.13	205.74	205.58
Total	metric tonnes	764.44	774.11	584.62	627.61
Landfilled	metric tonnes	0.64	0	0	0
Incinerated with energy recovery	metric tonnes	N/A ⁽¹⁾	N/A	494.35	514.21
Incinerated without energy recovery	metric tonnes	763.80	774.11	90.27	113.40

C. Non-hazardous Waste

Item	Unit	2021	2022	2023	2024
Recycled/reused	metric tonnes	8,115.46	9,097.26	10,599.60	14,758.80
Total	metric tonnes	650.63	738.41	986.74	920.86
Landfilled	metric tonnes	312.78	393.25	440.43	429.76
Incinerated with energy recovery	metric tonnes	N/A	N/A	513.74	491.10
Incinerated without energy recovery	metric tonnes	337.85	345.16	32.57	0

Note:

1. N/A: No survey on the energy recovery status of hazardous and non-hazardous waste incineration facilities before 2023.

D. Environmental Expenditures ⁽¹⁾

Unit: CNY

Category	2021		2022		2023		2024	
	Capital Investment	Operating Expenses	Capital Investment	Operating Expenses	Capital Investment	Operating Expenses	Capital Investment	Operating Expenses
Operating cost ⁽²⁾	1,996,631	10,179,397	532,048	12,102,087	13,314,133	14,543,205	15,255,151	11,147,890
Upstream/downstream cost ⁽³⁾	0	1,058,487	0	862,255	0	262,200	133,064	288,824
Management overhead ⁽⁴⁾	168,781	12,295,620	2,416,689	13,820,710	317,708	18,281,577	248,203	15,079,569
Social activities cost ⁽⁵⁾	70,919	219,608	0	178,839	0	777,183	0	399,151
Total	2,236,331	23,753,112	2,948,737	26,963,891	13,631,841	33,864,165	15,636,418	26,915,433

E. Water Consumption & Discharge

Item	Unit	2021	2022	2023	2024
Discharged water	ML	742.46	930.22	892.84	872.79
Total water consumption	ML	119.43	137.95	135.78	151.91

Note:

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

F. Partial Selection of Restricted Environmentally Hazardous Substances Contained in Products

Requirement	Substance/Regulation Code	Requirement	Substance/Regulation Code
Banned substances and legal requirements	Cadmium (Cd) and its compounds	Banned substances and legal requirements	Perfluorooctyl acid and its salts (PFOA)
	Lead (Pb) and its compounds		Polychlorinated Biphenyls (PCB)
	Mercury (Hg) and its compounds		Regulation (EU) 2025/40 on Packaging and Packaging Waste
	Hexavalent chromium (Cr ⁶⁺) and its compounds		Regulation (EU) 2023/1542
	Polybrominated Biphenyls (PBB)		POPs recast regulation 2019/1021
	Polybrominated Diphenyl Ethers (PBDE)		REACH regulation (EC) 1907/2006
	Diethylhexyl Phthalate (DEHP) (117-81-7)		California Proposition 65
	Butyl Benzyl Phthalate (BBP) (85-68-7)		Toxic Substances Control Act (TSCA)
	Dibutyl Phthalate (DBP) (84-74-2)		Mineral Oil Aromatic Hydrocarbons (MOAH) (from 1 to 7 aromatic cycles)
	Diisobutyl Phthalate (DIBP) (84-69-5)		Mineral Oil Saturated Hydrocarbons (MOSH) (from 16 to 35 aromatic cycles)
	Bromine	Planned elimination	Per-and Polyfluoroalkyl Substances (PFAS)
	Chlorine		Global Automotive Declarable Substance List (GADSL)
	Per-and Polyfluoroalkyl Substances (PFAS)	Reporting substance	Responsible Minerals
	Perfluorooctanyl Sulphonic acid and its salts (PFOS)		

G. Materials Recycled and Reused

Item	Unit	2021	2022	2023	2024
Pallets	pcs	36,786	39,384	45,861	45,312
Packaging materials	pcs	8,701,254	6,917,126	7,546,461	7,474,725
Recycled and reused weight	metric tonnes	1,170.46	827.98	986.14	1,514.52
Total financial benefits	K CNY	2,387,932	8,248,872	6,445,370	5,241,159

H. Revenues from Eco-Labeled Products

Revenues from: Products and services such as design, manufacturing, miniaturization, industry hardware and software solutions, as well as material procurement, logistics and maintenance services.	Unit	2021	2022	2023	2024
Product certified with Type I eco-labels: Industrial Products compliant with ISO 14024.	M CNY	0	0	201.41	1,043.42
Products certified with single/multi attribute eco-labels: Meet ISO 14067, Energy Star, and Wireless Communication, Cloud & Storage, Medical, Consumer, Car Electronics Products and RMA services that comply with CE/RoHS.	M CNY	55,253.60	68,470.09	60,528.43	59,571.25
Other sustainable products or services: N/A	M CNY	0	0	0	0
Total revenues from sustainable products or services	M CNY	55,253.60	68,470.09	60,729.84	60,614.67
Percentage of sustainable revenues	%	99.92	99.93	99.90	99.87

Social

A. Workforce Structure

Category		Zhangjiang		Jinqiao		Huizhou		Kunshan		Nantou		Mexico		Vietnam		Category Total & Percentage	
		HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% of Total
Position ⁽¹⁾	Management-Male	129	11.8%	75	6.8%	100	9.1%	107	9.8%	287	26.2%	77	7.0%	53	4.8%	828	5.5%
	Management-Female	56	5.1%	21	1.9%	51	4.7%	21	1.9%	77	7.0%	27	2.5%	15	1.4%	268	1.8%
	Technical-Male	487	14.6%	263	7.9%	280	8.4%	290	8.7%	1,026	30.7%	197	5.9%	197	5.9%	2,740	18.3%
	Technical-Female	118	3.5%	69	2.1%	67	2.0%	65	1.9%	219	6.6%	34	1.0%	25	0.7%	597	4.0%
	Administrative-Male	76	3.9%	26	1.3%	82	4.2%	101	5.1%	205	10.4%	145	7.4%	35	1.8%	670	4.5%
	Administrative-Female	182	9.3%	54	2.8%	246	12.5%	180	9.2%	437	22.3%	114	5.8%	80	4.1%	1,293	8.6%
	Skilled-Male	735	8.5%	238	2.8%	606	7.0%	716	8.3%	321	3.7%	830	9.6%	516	6.0%	3,962	26.4%
	Skilled-Female	525	6.1%	222	2.6%	591	6.9%	513	6.0%	945	11.0%	1,537	17.9%	307	3.6%	4,640	30.9%
Gender	Male	1,427	17.4%	602	7.3%	1,068	13.0%	1,214	14.8%	1,839	22.4%	1,249	15.2%	801	5.3%	8,200	54.7%
	Female	881	13.0%	366	5.4%	955	14.0%	779	11.5%	1,678	24.7%	1,712	25.2%	427	2.8%	6,798	45.3%
Employment Type	Permanent ⁽²⁾	2,308	15.4%	968	6.5%	2,023	13.5%	1,986	13.3%	3,511	23.5%	2,948	19.7%	1,224	8.2%	14,968	99.8%
	Temporary ⁽³⁾	0	0.0%	0	0.0%	0	0.0%	7	23.3%	6	20.0%	13	43.3%	4	0.0%	30	0.2%

Note:

1. Positions are categorized into Management (employees with management responsibilities such as the Sub-Section manager to Vice Presidents), Technical, Administrative, and Skilled.

2. Permanent employees: employees who have signed an employment contract with the company and work 8 hours a day

3. Temporary employees: employees who have signed a fixed period employment contract with the company

Category		Zhangjiang		Jinqiao		Huizhou		Kunshan		Nantou		Mexico		Vietnam		Category Total & Percentage	
		HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% (Facility)	HC	% of Total
Nationality	Domestic-Management	171	1.2%	91	0.6%	143	1.0%	119	0.8%	362	2.5%	96	0.7%	39	0.3%	1,021	6.8%
	Domestic-Professional	2,112	14.7%	872	6.1%	1,861	13.0%	1,859	12.9%	2,643	18.4%	2,842	19.8%	1,148	8.0%	13,337	88.9%
	Foreign-Management	14	2.2%	5	0.8%	8	1.3%	9	1.4%	2	0.3%	8	1.3%	29	4.5%	75	0.5%
	Foreign-Professional	11	1.7%	0	0.0%	11	1.7%	6	0.9%	510	79.7%	15	2.3%	12	1.9%	565	3.8%
Age	< 30	586	12.8%	197	4.3%	501	10.9%	834	18.2%	538	11.7%	1,226	26.8%	697	15.2%	4,579	30.5%
	30-50	1,694	18.2%	763	8.2%	1,468	15.8%	1,144	12.3%	2,344	25.2%	1,349	14.5%	522	5.6%	9,284	61.9%
	> 50	28	2.5%	8	0.7%	54	4.8%	15	1.3%	635	55.9%	386	34.0%	9	0.8%	1,135	7.6%
Education	PhD	4	16.7%	0	0.0%	0	0.0%	1	4.2%	12	50.0%	7	29.2%	0	0	24	0.2%
	Masters	83	7.1%	38	3.2%	23	2.0%	22	1.9%	975	83.1%	17	1.4%	15	1.3%	1,173	7.8%
	Bachelors	1,111	18.1%	531	8.6%	703	11.4%	827	13.4%	1,877	30.5%	600	9.8%	500	8.1%	6,149	41.0%
	High School & Under	1,110	14.5%	399	5.2%	1,297	16.9%	1,143	14.9%	653	8.5%	2,337	30.5%	713	9.3%	7,652	51.0%
Subtotal by Facility		2,308	15.4%	968	6.5%	2,023	13.5%	1,993	13.3%	3,517	23.4%	2,961	19.7%	1,228	8.2%	-	-
Total		14,998															

B. New Hires and Employee Turnover

New Hires		2021	2022	2023	2024							
					Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Vietnam	Total
Gender	Male	8,619	5,869	5,602	215	37	1,183	1,147	98	464	736	3,880
	New Entry Rate ⁽¹⁾	89%	61%	59%	15%	6%	92%	79%	5%	34%	118%	45%
	Female	4,588	3,565	3,897	107	11	718	709	53	662	286	2,546
	New Entry Rate	57%	46%	50%	12%	3%	67%	76%	3%	35%	78%	35%
Position	Management	77	71	58	0	0	1	1	6	19	1	28
	New Entry Rate	7%	7%	5%	0%	0%	1%	1%	2%	18%	2%	3%
	Technical	660	636	314	8	13	5	30	74	33	157	320
	New Entry Rate	19%	18%	9%	1%	4%	1%	8%	6%	13%	85%	10%
	Administrative	473	429	178	10	6	2	19	55	27	56	175
	New Entry Rate	25%	21%	8%	4%	7%	1%	7%	8%	10%	55%	8%
	Skilled	11,997	8,298	8,949	304	29	1,893	1,806	16	1,047	808	5,903
	New Entry Rate	107%	77%	85%	25%	7%	125%	112%	1%	41%	125%	62%
Age	< 30	9,967	6,623	6,648	203	30	1,448	1,560	73	648	708	4,670
	New Entry Rate	123%	85%	98%	33%	15%	189%	128%	10%	46%	129%	85%
	30-50	3,146	2,691	2,696	119	18	453	293	70	415	314	1,682
	New Entry Rate	35%	30%	28%	7%	2%	29%	26%	3%	29%	73%	18%
	> 50	94	120	155	0	0	0	3	8	63	0	74
	New Entry Rate	13%	14%	16%	0%	0%	0%	21%	1%	16%	0%	7%

Note:

1. Category New Entry Rate = New employee headcount of the category in the current year \div [(employee headcount of the category at the beginning of the current year + employee headcount of the category at the end of the current year) \div 2] \times 100%

New Hires	2021	2022	2023	2024							
				Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Vietnam	Total
Total No. of New Employees	13,207	9,434	9,499	322	48	1,901	1,856	151	1,126	1,022	6,426
New Entry Rate	74%	54%	55%	14%	4%	80%	72%	4%	40%	166%	41%
Total No. of New IDL Employees	1,210	1,136	550	18	19	8	50	135	79	214	523
New Entry Rate	18%	17%	8%	2%	3%	1%	6%	6%	14%	104%	8%
Total No. of New DL Employees	11,997	8,298	8,949	304	29	1,893	1,806	16	1,047	808	5,903
New Entry Rate	107%	77%	85%	24%	5%	128%	102%	1%	47%	195%	63%
Average Hiring Cost (CNY)	2,114	3,317	1,723	1,811							
Total No. of IDL Job Transfers	922	753	845	856							
Inter-departmental IDL Replacement Rate ⁽¹⁾	43%	40%	61%	62%							

Employee Turnover		2021	2022	2023	2024							
					Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Vietnam	Total
Gender	Male	3,529	2,808	3,069	105	37	431	448	324	383	103	1,831
	Turnover Rate ⁽²⁻³⁾	36%	29%	33%	7%	6%	34%	31%	16%	28%	17%	21%
	Female	2,531	2,195	2,050	59	22	251	230	409	610	51	1,632
	Turnover Rate	31%	28%	26%	7%	6%	23%	25%	22%	33%	14%	22%
Position	Management	93	72	72	0	1	2	0	17	27	1	48
	Turnover Rate	9%	7%	7%	0%	1%	1%	0%	5%	25%	2%	4%
	Technical	704	518	481	22	11	22	23	167	55	25	325
	Turnover Rate	20%	15%	14%	4%	3%	6%	6%	14%	21%	14%	10%

Note:

1. Inter-departmental IDL replacement rate = Total IDL Job Transfers ÷ (Total IDL Job Transfers + Total New IDL Employees) × 100%

2. Category turnover rate = No. of people leaving of that category in that year ÷ [(No. of people of that category at the beginning of that year + No. of people of that category at that year-end) ÷ 2] × 100%

3. Turnovers exclude personnel that leave within 90 days of employment.

Employee Turnover		2021	2022	2023	2024							
					Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Vietnam	Total
Position	Administrative	367	360	298	9	4	24	16	94	57	16	220
	Turnover Rate	19%	18%	14%	3%	5%	7%	6%	13%	20%	16%	10%
	Skilled	4,896	4,053	4,268	133	43	634	639	455	854	112	2,870
	Turnover Rate	44%	38%	41%	11%	10%	42%	40%	30%	33%	17%	30%
Age	< 30	4,041	2,962	3,312	87	30	430	560	254	529	88	1,978
	Turnover Rate	50%	40%	49%	14%	15%	56%	46%	35%	38%	16%	36%
	30-50	1,925	1,935	1,700	76	28	246	116	422	380	66	1,334
	Turnover Rate	22%	21%	18%	5%	4%	16%	10%	17%	27%	15%	14%
	> 50	94	106	107	1	1	6	2	57	84	0	151
	Turnover Rate	13%	13%	11%	4%	13%	12%	14%	9%	21%	0%	14%
Total No. of Resigned Employees		6,878	5,003	5,119	164	59	682	678	733	993	154	3,463
Total Employees Turnover Rate		39%	29%	29.7%	7%	6%	29%	28%	19%	31%	16%	21.6%
Total No. of Resigned IDL		1,165	950	851	31	16	48	39	278	139	42	593
IDL Turnover Rate		18%	14%	12.6%	3%	3%	6%	5%	12%	22%	12%	9.1%
Total No. of Resigned DL		5,713	4,053	4,268	133	43	634	639	455	854	112	2,870
DL Turnover Rate		51%	38%	40.7%	11%	10%	42%	40%	30%	33%	17%	30.2%
Total No. of Voluntary Turnovers ⁽¹⁾		6,502	4,089	4,634	2,639							
Turnover Rate		37%	24%	28%	16%							

Note:

1. Voluntary turnovers: number of departures that year deducting those who did not pass the trial period and those who were dismissed

C. Workforce Breakdown: Nationality Distribution

Nationality	Total Workforce		Management	
	Headcount	%	Headcount	%
Mainland China	7,285	48.57%	549	50.09%
Taiwan	3,077	20.52%	406	37.04%
Mexico	2,938	19.59%	96	8.76%
Philippines	424	2.83%	0	0.00%
Vietnam	1,265	8.43%	39	3.56%
United States	3	0.02%	2	0.18%
Great Britain	2	0.01%	2	0.18%
France	1	0.01%	0	0.00%
Singapore	1	0.01%	1	0.09%
Canada	1	0.01%	1	0.09%
Malaysia	1	0.01%	0	0.00%
Total	14,998		1,096	

D. Workforce Breakdown: Ethnic Minorities ⁽¹⁾

Ethnicity	Employees		Management	
	Headcount	% of total workforce	Headcount	% of management
Han	4,377	86.98%	256	97.34%
Yi	170	3.38%	0	0.00%
Miao	90	1.79%	1	0.38%
Zhuang	82	1.63%	1	0.38%
Tujia	54	1.07%	3	1.14%
Tibetan	32	0.64%	0	0.00%
Hani	31	0.62%	0	0.00%
Dong	29	0.58%	0	0.00%
Bai	29	0.58%	0	0.00%
Buyei	26	0.52%	0	0.00%
Yao	25	0.50%	0	0.00%
Dai	19	0.38%	0	0.00%
Lahu	10	0.20%	0	0.00%

E. Human Capital Return on Investment & Average Profit per Employee

Item	2021	2022	2023	2024
Human Capital Return on Investment ⁽²⁾ (HC ROI)	1.53%	2.62%	2.49%	2.38%
Average Profit per Employee ⁽³⁾ (Unit: CNY)	120,272	200,178	129,987	115,759

Note:

1. There are 655 employees that are ethnic minorities, accounting for 3.98% of the total employees, including 7 employees who are in management positions, accounting for 0.64% of managerial positions. 58 employees not listed above are from other 18 different ethnicities. Since there are less than 10 employees in each of these ethnic categories, they were not represented in the table.

2. HC ROI = (Total operating income for the current year - (Total operating expenses for the current year - Total employee-related expenditures for the current year (salary + benefits))) ÷ Total employee-related expenditures for the current year × 100%

3. Average profit per employee = total profit ÷ ((number of employees at the beginning of the year + number of employees at the end of the year) ÷ 2), excluding dispatch workers

F. Average Salary and Compensation Ratio by Employee Category

Category	Ratio of average salary/compensation female to male	Category	Ratio of average salary/compensation female to male	Category	Ratio of average salary/compensation female to male
Non-Management Average Salary	0.909	Management Average Salary	0.961	Executive Average Salary	-
Non-Management Average Compensation	0.893	Management Average Compensation	0.978	Executive Average Compensation ⁽¹⁾	1.000
Technical Average Salary	0.908	Top Management Salary	1.014		
Technical Average Compensation	0.879	Top Management Compensation	1.041		
Administrative Average Salary	0.842	Middle Management Salary	0.927		
Administrative Average Compensation	0.834	Middle Management Compensation	0.974		
Skilled Average Salary	0.978	Junior Management Salary	0.942		
Skilled Average Compensation	0.966	Junior Management Compensation	0.919		

G. Training Hours and Cost

Category	Group		Facility							Subtotal	% of Group
			Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Vietnam		
Training Hours (hours)	Gender	Male	62,976	23,731	27,797	52,582	31,308	18,190	14,531	231,115	58%
		Female	41,524	16,671	20,427	31,852	19,766	27,161	6,821	164,223	42%
	Position	Management	5,848	2,162	3,864	3,751	9,312	3,691	2,528	31,156	8%
		Technical	19,481	9,895	7,410	11,001	19,167	2,380	1,691	71,026	18%
		Administrative	6,894	1,571	6,532	5,178	13,104	3,947	4,521	41,748	11%
		Skilled	72,276	26,773	30,418	64,504	9,491	35,333	12,612	251,408	64%
	Types of Courses	Compulsory Courses ⁽²⁾	34,443	3,186	6,337	76,707	5,550	28,456	12,571	167,249	42%
		Elective Courses ⁽³⁾	70,057	37,215	41,887	7,728	45,525	16,896	8,781	228,088	58%
	Total		104,500	40,401	48,224	84,435	51,075	45,351	21,352	395,338	-

Note:

- Executive level compensation is calculated based on the 2024 Annual Report. The average male executive median compensation is CNY 2,398,571.
- Compulsory course: basic and necessary training for employees, such as: Sunshine behavior policy advocacy, establishment of humane treatment in the workplace, and RBA
- Elective course: training to improve the skills of employees in related fields, such as: DOE experimental design, program development and other related training courses

Category	Group		Facility							Subtotal	% of Group
			Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Vietnam		
Training Cost (CNY)	Gender	Male	8,591	5,702	1,426,517	2,488,625	344,377	41,152	76,496	4,391,461	62%
		Female	7,424	1,449	1,018,943	1,348,649	317,886	13,681	14,179	2,722,211	38%
	Age	< 30	1,692	543	711,368	1,940,949	152,320	24,052	30,961	2,861,886	40%
		30-50	14,151	6,609	1,606,358	1,862,319	403,980	25,035	42,043	3,960,496	56%
		> 50	172	0	127,733	34,007	105,962	5,746	17,670	291,290	4%
	Types of Courses	Compulsory Courses	72	21	314,418	3,212,251	331,132	54,833	6,787	3,919,512	55%
		Elective Courses	15,944	7,131	2,131,042	625,024	331,132	0	83,888	3,194,160	45%
	Total		16,015	7,152	2,445,460	3,837,275	662,263	54,833	90,675	7,113,672	-
	Management	Top	1,225	946	162,250	173,049	66,226	2,484	25,179	431,360	34%
		Middle	1,457	158	234,685	171,875	132,453	3,975	22,629	567,232	44%
		Junior	0	0	82,486	124,799	66,226	0	11,905	285,417	22%

H. Comprehensive Welfare System

Labor Practices	Bonus	<ul style="list-style-type: none"> Festival bonus, full attendance bonus, overtime allowance, performance bonus, 3-festival gift certificates, birthday gift certificate, R&D incentive bonus, patent incentive reward, employee seniority bonus (Mainland China and Nantou Facilities)
	Holidays & Leaves	<ul style="list-style-type: none"> Besides statutory holidays and two-day weekly holidays, there are more kinds of leaves such as period leave, paid sick leave, paid birthday leave ⁽¹⁾ (Nantou Facility), paid annual leave ⁽²⁾, paid welfare leave ⁽³⁾ (Mainland China and Nantou Facilities), paid Indigenous holiday leave (Nantou Facility) and paid election voting leave (Nantou Facility) Implement remote working and flexible working hours work models
	Insurance	<ul style="list-style-type: none"> Insure social insurance and provide pensions for colleagues in accordance with the law, and add commercial group insurance plans such as Employee Group Insurance, domestic and overseas travel insurance (expatriates' families are also covered during expatriates' oversea assignments), employer Liability Insurance, and life insurance (Mexico Facility)
	Meals	<ul style="list-style-type: none"> Equipped with a spacious and sanitary employee cafeteria with a variety of dishes which are designed calorie-controlled by a nutritionist, and meal subsidies; vending machines; besides, mother stickers are provided to pregnant employees to get extra meal portions

Note:

1. Employees are entitled to 1-day paid birthday leave in their birthday month, effective from January 1, 2025.

2. Paid annual leave is implemented according to local regulations. Mainland China Facilities: Employees are entitled to 5 days of annual leave after 1 year of service, 10 days after 10 years, and 15 days upon reaching 20 years of service. Unused annual leave will be compensated at 300% of the employee's daily wage. Nantou Facility: Employees are entitled to 3 days of annual leave after 6 months of service, 7 days after 1 year, 10 days after 2 years, 14 days after 3 years, and 15 days after 5 years. One additional day is granted for each year of service beyond 10 years, up to a maximum of 30 days. Unused annual leave will be compensated at 100% of the employee's daily wage. Mexico Facility: Employees are entitled to 12 days of annual leave after 1 year of service, with 2 additional days granted each subsequent year. After the 5th year of service, 2 days are added every 5 years. Unused annual leave will be compensated at 100% of the employee's daily wage. Vietnam Facility: Employees are entitled to 12 days of annual leave after 1 year of service, with 1 additional day granted every 5 years of service. Unused annual leave will be compensated at 100% of the employee's daily wage.

3. Welfare leave: It is regarded as a long-term service reward in Mainland China Facilities. Employees who have served for more than two years will be rewarded with full-paid welfare leave ranging from 2 to 10 days according to their length of service. Nantou Facility: New hires are entitled to 4 days of special leave, which must be used within one year of their entry date.

Labor Practices	Dormitory	<ul style="list-style-type: none"> ● Provide several types of dormitories equipped with household appliances, air-conditioning, hot water, Wi-Fi, and furniture. ● Provide dormitories/housing subsidies (Mainland China Facilities and Nantou Facility); Pay housing provident fund for all full-time employees (Mainland China Facilities)
	Transportation	<ul style="list-style-type: none"> ● Provide comfortable and convenient free cross-site shuttle buses and ride-hailing services between factories; add subway commuter shuttles and subsidize fares (Huizhou Facility) ● Well-equipped parking lots and special parking spaces for pregnant women (Huizhou Facility and Nantou Facility)
Sports and Health	Sport Activities	<ul style="list-style-type: none"> ● Employee domestic and foreign itineraries travels, family days, parent-child activities, annual dinner party and raffles, birthday parties, sports days, singing competitions, and cultural and artistic activities ● Sponsor various club activities and hold various events and activities: Sports clubs are basketball club, softball club, badminton club, bowling club, swimming club, Iron Horse (bike) club, jogging club, billiard club, table tennis club, volleyball club, football club, frisbee club, dance clubs, and yoga aerobics clubs; Learning/leisure clubs are USI Toastmasters (English speech club), handicraft DIY club, USI book sharing club, fishing club, wild camping club, photography club, chess club, quality development (DOD) club; charity/service clubs include volunteer clubs and charity clubs ● Leisure facilities: basketball and volleyball courts, badminton court, snooker table, tennis table, and treadmills
	Stress Management	<ul style="list-style-type: none"> ● Implement employee assistance programs, conduct stress management survey, provide psychological counseling services, and organize lectures and activities on physical and mental health, and art & cultural/movie appreciation, etc.
	Health Management	<ul style="list-style-type: none"> ● Equipped with a medical room and with full-time nursing staffs and professional on-site doctors (contracted with the hospital) to provide free medical consultation, emergency treatment and other services. ● Our employees enjoy free healthy examination once a year and their physical conditions will be tracked regularly. Additionally, various health trainings/seminars, health promotion activities and hygiene activities are held from time to time.
Family Support	Parenting Related	<ul style="list-style-type: none"> ● Paternity leave, pregnancy checkup leave, maternity leave, parental leave (Nantou Facility), parental leave (Mainland China and Vietnam Facilities), and breastfeeding leave ● Employee wedding subsidies, maternity subsidies/congratulations, employee and their children's scholarships, and discounts on tuition and miscellaneous fees for preschool childcare services contracted vendors (Nantou Facility)
	Condolences	<ul style="list-style-type: none"> ● Funeral allowance for employees and dependents, hospitalization solatium/allowance for employees, hospitalization solatium for employees' families (Mexico Facility), emergency subsidy
Others		<ul style="list-style-type: none"> ● Pay for on-boarding health check-up for employees, assist foreign employees or expats to apply for residence permit/work permit; and team care and communication expenses (Mainland China Facilities) ● Build dedicated activity rooms, such as worship rooms, computer and network classrooms, libraries, reading room, Muse and Creativity Center (fitness room) ● On-site convenience stores to provide employees payment and ticketing services (Mainland China and Nantou Facilities) ● Provide information on restaurants, shopping stores, medical clinics and language learning institutions with preferential partnerships

I. Occupational Injuries and Occupational Diseases by Facility

Items	Facility						
	Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Vietnam
Total hours worked	6,113,583	2,387,284	5,922,660	5,502,212	8,262,693	7,089,352	2,299,770
Number of lost-time injuries	1	0	0	0	2	4	0
Lost-Time Injury Frequency Rate (LTIFR)	0.16	0.00	0.00	0.00	0.24	0.56	0.00
Number of high-consequence work-related injuries	0	0	0	0	0	0	0
Rate of high-consequence work-related injuries	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Number of near misses	0	0	0	0	3	0	0
Near Miss Frequency Rate (NMFR)	0.00	0.00	0.00	0.00	0.36	0.00	0.00
Number of work-related fatalities	0	0	0	0	0	0	0
Rate of fatalities as a result of work-related injuries	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Occupational Diseases Rate (ODR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Number of days lost due to injuries	66	0	0	0	301	57	0
Lost Day Rate (LDR)	10.80	0.00	0.00	0.00	36.43	8.04	0.00

J. Coverage and Progress of our Supplier Screening Program

Supplier Screening	Unit	2024
Total number of Tier 1 suppliers	-	469
Total number of Significant Suppliers ⁽¹⁾ in Tier 1	-	198
Percentage of total spend on Significant Suppliers in Tier 1	%	91
Total number of Significant Suppliers in non-Tier 1	-	21
Total number of Significant Suppliers (Tier 1 and non-Tier 1)	-	219

Note:

1. Definition of Significant Suppliers include:

I. Critical Tier 1 Suppliers:

- Top 85% of direct material procurement amount.
- Indirect and packaging material suppliers with a procurement amount of more than USD 1 million.
- Suppliers for key raw materials and low replaceability, such as printed circuit boards, semiconductor parts, mechanical parts, and connectors.

II. High Risk Suppliers: Suppliers with priority or other non-conformances regarding labor rights, health and safety, environment, sustainability, supply chain management, unsafe production practices that result in fines or shutdowns.

III. Significant suppliers in non Tier 1: suppliers that supply critical Tier 1 suppliers or suppliers that supply 2 or more Tier 1 suppliers.

K. Supplier Selection by Country

Country	Number of Suppliers	Percentage	Country	Number of Suppliers	Percentage
Mainland China	194	41.36%	Ireland	2	0.43%
Taiwan	175	37.31%	Mauritius	2	0.43%
United States	29	6.18%	Switzerland	2	0.43%
Mexico	16	3.41%	United Kingdom	2	0.43%
Singapore	14	2.99%	Belgium	1	0.21%
Japan	6	1.28%	Canada	1	0.21%
Korea	6	1.28%	France	1	0.21%
Germany	4	0.85%	Netherlands	1	0.21%
Israel	3	0.64%	Poland	1	0.21%
British Virgin Islands	2	0.43%	American Samoa	1	0.21%
Denmark	2	0.43%	Vietnam	1	0.21%
India	2	0.43%	Samoa Islands	1	0.21%
Total				469	100%

L. Coverage and Progress of our Supplier Assessment Program

Supplier Assessment	Unit	2024	Target for 2024
Total number of suppliers assessed via desk assessments/on-site assessments	-	178	75% of significant suppliers
Percentage of unique significant suppliers assessed	%	81	
Number of suppliers assessed with substantial actual/potential negative impacts	-	67	
Percentage of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	%	100	
Number of suppliers with substantial actual/potential negative impacts that were terminated	-	0	

M. Coverage and Progress of Suppliers with Corrective Action Plans

Corrective Action Plan Support	Unit	2024	Target for 2024
Total number of suppliers supported in corrective action plan implementation	-	67	40 suppliers
Percentage of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation	%	100	

N. Coverage and Progress of Suppliers in Capacity Building Programs

Capacity Building Programs	Unit	2024	Target for 2024
Total number of suppliers in capacity building programs	-	3	3 suppliers
Percentage of unique significant suppliers in capacity building programs	%	1.4	

Governance

A. Business Ethics Anti-Corruption Trainings in 2024

Facility	Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Vietnam	Total
Senior Managers	185	96	151	128	364	104	68	1,096
Employees (excluding senior managers)	2,255	900	3,466	3,087	3,552	8,442	484	22,186
Training Rate ⁽¹⁾	101%	103%	147%	110%	111%	289%	45%	141%

Note:

1. Training Rate = (number of trainees ÷ number of senior managers & employees at the end of 2024) × 100%

GRI Index

Statement of use	USI has reported the information cited in this GRI Index for the period of 01/01/2024 to 12/31/2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	None

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The organization and its reporting practices				
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2-15	Conflicts of interest	2.1.2 Board Nomination and Responsibilities	34	For details of directors serving other boards, please refer to the USI Website .
2-17	Collective knowledge of the highest governance body	2.1.4 Continuous Education for Board Members	34	
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405 Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	2.1.2 Board Nomination and Responsibilities	34	
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GRI Standard/Other Source	Disclosure	Section	Page	Additional Explanation
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GRI Standard/Other Source	Disclosure	Section	Page	Additional Explanation
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GRI Standard/Other Source	Disclosure	Section	Page	Additional Explanation
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	205-3 Confirmed incidents of corruption and actions taken	2.2.1 Business Ethics	35	
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303 Water and Effluents (2018)	303-1 Interactions with water as a shared resource	5.2 Water Management	92	
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305 Emissions	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	5.4 Air Pollution Control	96	
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GRI Standard/Other Source	Disclosure	Section	Page	Additional Explanation
406 Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	6.1.2 Human Rights Risk Mitigation & Remediation	112	There were no discrimination incidents in 2024
407 Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	6.1.1 Due Diligence 6.1.5 Employee Unions Supplier Sustainability Risk Management 4.3.6 Responsible Minerals Commitment	109	There were no significant freedom of association and collective bargaining risks found for any of our operations or suppliers
408 Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor		114	There were no risks of employing child or youth labor to work that endangers their health and safety
409 Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor		77	There were no significant risks for incidents of forced or compulsory labor
411 Rights of Indigenous Peoples	411-1 Incidents of violations involving rights of indigenous peoples	Due Diligence	81	There were no violations of indigenous peoples' rights
416 Customer Health and Safety	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product Compliance	111	There were no violations or complaints concerning health and safety impact of products in 2024
417 Marketing and Labeling	417-3 Incidents of non-compliance concerning marketing communications	2.2.2 Regulatory Compliance	53	There were no incidents of non-compliance concerning marketing communications in 2024
418 Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.2.2 Regulatory Compliance	35	There were no incidents of non-compliance concerning marketing communications in 2024
		4.2.3 Customer Privacy Protection	72	There were no substantiated incidents of data loss or customer privacy breaches in 2024
USI Specific Disclosures				
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		4.2.3 Customer Privacy Protection	72	
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SSE Listed Companies Self-Regulatory Guidelines No.14 - Sustainability Report (Preliminary Version)	Environmental protection investment and green technology development	5.5 Green Manufacturing and Expenditures	97	
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Topic	Code	Metric	Unit of Measure	Summary	Section	Page
Water Management	TC-ES-140a.1	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	m ³ , %		5.2 Water Management	92
Waste Management	TC-ES-150a.1	(1) Amount of hazardous waste from manufacturing, (2) percentage recycled	t, %		5.3 Waste Management	94
Labor Practices	TC-ES-310a.1	(1) Number of work stoppages and (2) total days idle	Number, days idle	There were no work stoppages due to major labor disputes or strikes in 2024	6.1.5 Employee Unions	114
Workforce Conditions, Health & Safety	TC-ES-320a.1	(1) Total recordable incident rate (TRIR) and (2) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	Rate		Occupational Incident Management Contractor Management	102 104
	TC-ES-320a.2	Percentage of (1) entity's facilities and (2) Tier 1 supplier facilities audited in the RBA VAP or equivalent, by (a) all facilities and (b) high-risk facilities	%	1.a) Percentage of Facilities that passed RBA VAP: 100% 1.b) Percentage of high-risk Facilities that passed RBA VAP: NA 2.a) Percentage of Tier 1 suppliers that passed RBA VAP: 11% 2.b) Percentage of high-risk Tier 1 suppliers that passed RBA VAP: 3%		-
	TC-ES-320a.3	(1) Non-conformance rate with the RBA VAP or equivalent and (2) associated corrective action rate for (a) priority nonconformances and (b) other nonconformances, disaggregated by (i) the entity's facilities and (ii) the entity's Tier 1 supplier facilities	Rate	1.i) Facilities' priority non-conformance rate: 0; other non-conformance rate 3.0 1.ii) Tier 1 suppliers' priority non-conformance rate: 0.04; other non-conformance rate 6.2 2.i) Facilities' priority corrective action rate: NA; other corrective action rate 100% 2.ii) Tier 1 suppliers' priority corrective action rate: 100%; other corrective action rate 73%		-
Product Lifecycle Management	TC-ES-410a.1	Weight of end-of-life products and e-waste recovered; percentage recycled	t, %	N/A, USI does not recover end-of-life products from consumers		-
Materials Sourcing	TC-ES-440a.1	Description of the management of risks associated with the use of critical materials	N/A		2.4 Enterprise Risk Management	36
					4.3 Supply Chain Management	72
					4.3.6 Responsible Minerals Commitment	81
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	TC-ES-000.C	Number of employees	Number		About USI	5

Management Systems Certification Table

Management System ⁽¹⁾	Facility	Zhangjiang	Jinqiao	Huizhou	Kunshan	Nantou	Mexico	Vietnam	AFG-Suzhou
ISO 14001		✓	✓	✓	✓	✓	✓	✓	✓
ISO 14064-1		✓	✓	✓	✓	✓	✓	✓	✓
ISO 50001		✓	✓	✓	✓	✓	✓	✓	✓
ISO 45001		✓	✓	✓	✓	✓	✓	✓	✓
IECQ QC080000		✓	✓	✓	✓	✓	✓	✓	
TL 9000		✓			✓				✓
ISO 9001		✓	✓	✓	✓	✓	✓	✓	✓
IATF 16949		✓			✓	✓	✓	✓	✓
ANSI/ESD S20.20		✓	✓	✓	✓		✓	✓	✓
ISO 13485				✓	✓	✓			✓
ISO 26262		✓			✓	✓	✓		
ISO 27001 ⁽²⁾						✓			
ISO/SAE 21434		✓							
RBA VAP		✓	✓	✓	✓	✓	✓	✓	✓
RBA FOC		✓	✓	✓	✓	✓	✓	✓	✓
ISO 22301						✓			
TISAX ⁽³⁾		✓			✓		✓		✓

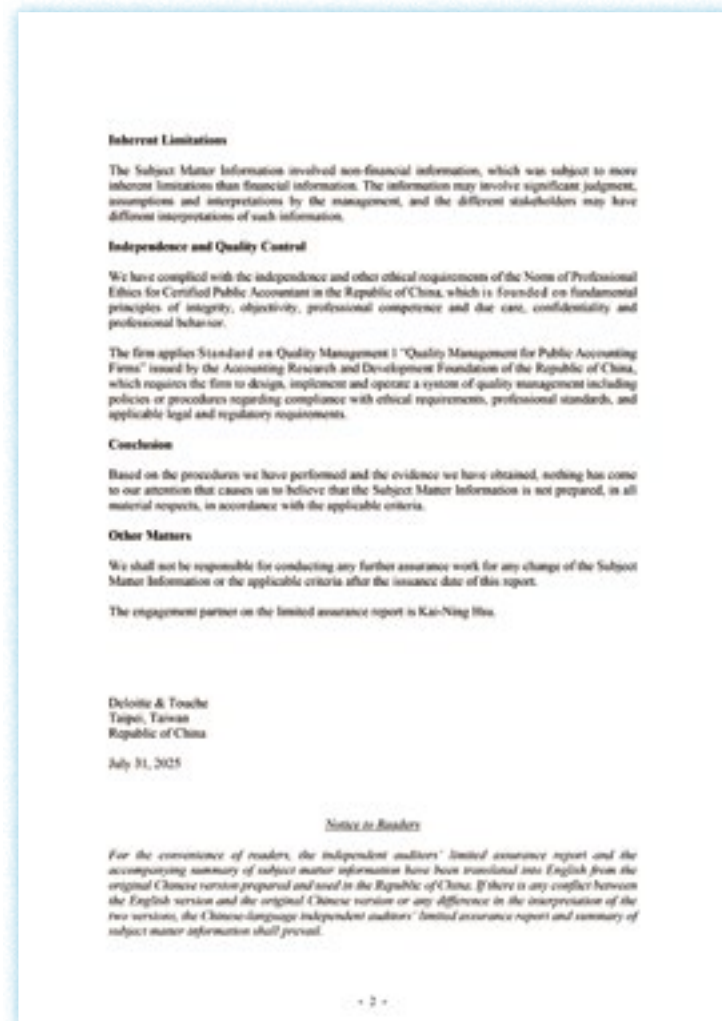
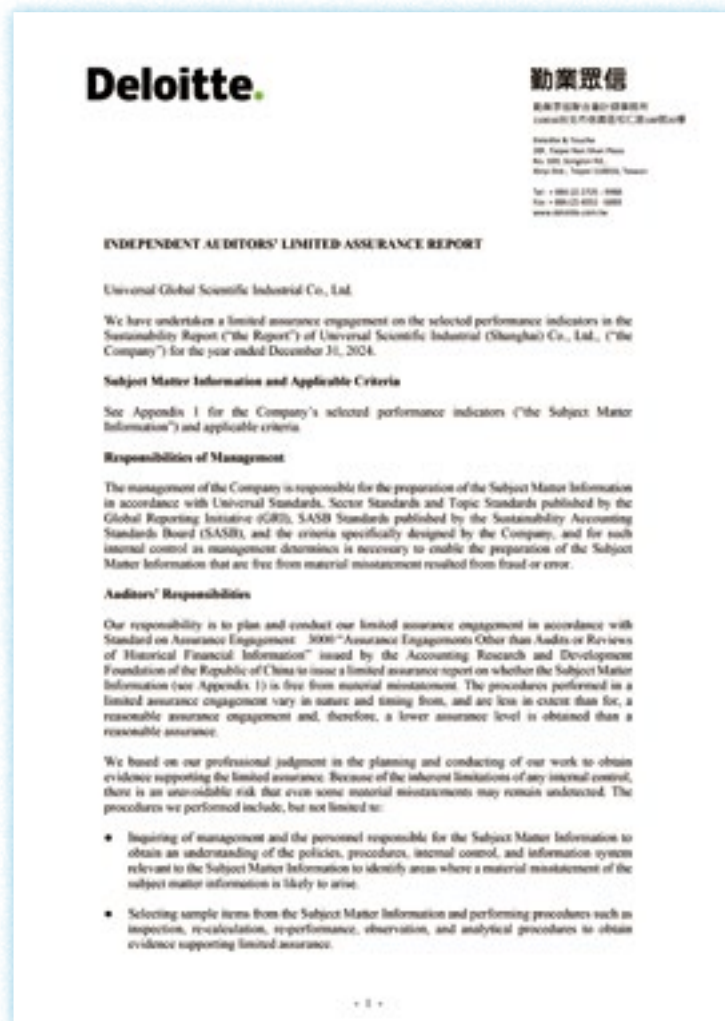
Note:

1. All management systems are continuously updated to the latest version as of 2024.

2. ISO 27001 was certified by TNV Certification Pvt. Ltd.

3. TISAX was certified by ENX Association.

Third-Party Verification Statement



For the complete and detailed verification statement, please refer to the [Limited Assurance Report](#).

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