



2017 企業社會責任報告書
Corporate Social Responsibility Report

台灣聚合化學品股份有限公司
USI Corporation



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1. About USI

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Reference guidelines

For stakeholders of USI Corporation (USI) to understand how we fulfill corporate social responsibility, we prepare this report with respect to the Core options of the Global Reporting Initiative (GRI) G4 and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies. We also take reference from The Global Compact's Ten Principles and ISO 26000 Guidance on Social Responsibility as reporting frameworks.

Scope and boundaries of the report

This report covers USI Corporation, including the Taipei Office, the Kaohsiung Plant, the Linkou R&D Division, the Tainan Office and the USI Education Foundation. Other subsidiaries presented in the consolidated financial statements are not covered in this report. Whenever information in this report touches upon these subsidiaries, ample clarification is given. Regarding the reporting period, this report provides a summary of the activities in fiscal year 2017 (January 1, 2017 to December 31, 2017). The financial, environmental and social management and performance presented in this report are consistent with the financial information and CPA-certified financial data. Some statistics are extracted from the annual report, government agencies and public information on the internet.

Editing process



The 2017CSR Report has been proofread and revised by the President's Office and the Group Planning Department of USI.

History and time of publication



2014 / 12

First release:
CSR Report



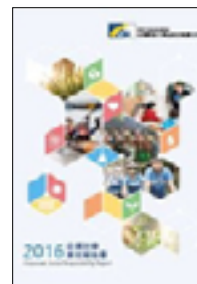
2015 / 06

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CSR Report



2016 / 06

Initial third-party assurance
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2017 / 07

CPA firm limited assurance
(Deloitte Taiwan based on AS
No. 1)



2018 / 06

CPA firm limited assurance
(Deloitte Taiwan based on
AS No. 1)

2019 / 06

Next issue

Contact

You can download the report-related information from the "Corporate Social Responsibility" section of our corporate website at <http://www.usife.com.tw/>. Should you have any comments or suggestions for our report, please feel free to contact us at:

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External assurance

This report passed Deloitte Taiwan's external assurance in May 2018 with reference to the Core "in accordance" with GRI G4 and AS No. 1 (see ISAE 3000 Revised edition). Please refer to Appendix 8.3 for the Assurance Statement. Summary of selected subject matter information is as follow:

List of Assurance Items

No.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies/GRI Indicator Number	Indicator Content	Corresponding Section	Measurement Criteria
1	Requirement 1, Article 4-1-A, Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies	The management mechanisms and performance indicators of the manufacture or transportation process of ingredients, materials, and terminal products.	Industrial and public safety management	The achievement rate of inspections of the transmission pipelines of ingredients and materials.
2	Requirement 2, Article 4-1-A, Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies	The management mechanisms and performance indicators of emergency response mechanisms of accidents inside and outside the plant.	Industrial and public safety management	The achievement rate of the periodic drilling of the emergency response mechanism and reporting mechanism.
3	GRI G4-EN3	Energy consumption with the organization	Promotion of energy conservation and emissions reduction	The consumption of electricity, natural gas, diesel, and fuel oils within the organization.
4	GRI G4-EN23	Total weight of waste by type and disposal method	Green process	The total weight of general and hazardous industrial waste classified by disposal method.
5	GRI G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Occupational safety and health	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender

1.2 Message from the Chairman



The petrochemical industry is the fundamental pillar industry of many advanced countries. It is also Taiwan's important economic pillar. While industries have been facing the structural changes in the global petrochemical industry, including the US shale gas revolution, the Chinese coal chemical industry, the rise of emerging countries, regional economic integration and so on in recent years, Taiwan's petrochemical industry also faced problems including insufficient raw materials supply at the upstream, government industrial policies, the lack of land for developing the petrochemical industry and so on. As a result, increasing and severer challenges are ahead. For example, as CPC Taiwan shut down the new third and fourth naphtha cracking plants for repair and maintenance one after another in 2017, we were forced to import a large amount of high-priced ethylene to fill the insufficiency, thus raising operating costs and lowering profits at the same time. In addition, as the new EVA capacity from China and styrene-grade and cable-grade EVA products were highly competitive, even the PV module EPA was affected. As challenges and hardships will always be there in the future, we must make aggressive efforts and enhance competitiveness in all aspects to pursue sustainable development. During the ethylene shortages, apart from making efforts to find more sources, as the Fujian Gulei Petrochemical Project was initiated at the end of last year, it is expected that will become a new ethylene source to resolve Taiwan's shortage problems. In addition, we spared no effort to develop products with higher added value and implement product differentiation to enhance business performance and market competitiveness.

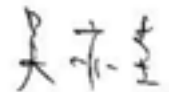
To improve governance performance, we reviewed our CSR policy regularly and addressed issues that concerned the stakeholders, including governance, occupational/industrial safety management, environmental protection, and social relations. In governance, apart from focusing on our core business and enhancing production efficiency, we strengthened vertical

integration and the R&D of chemicals with higher added value by adhering to business integrity and ethics (ethical management). In the fields of occupational/industrial safety management, we arranged occupational safety education and training activities to raise occupational safety awareness among employees and health examinations for them regularly, while establishing a long-term underground pipeline surveillance system at the same time. As a result, we have achieved no disabling injury for a total of 714,161 hours in 2017. In environmental protection, we reduced environmental impacts at full stretch through various measures, such as continuous energy conservation and emissions reduction. As a result, we made outstanding performance in industrial safety and environment protection in 2017. In addition to receiving a Certificate of Excellence in GHG Reduction Performance from the Kaohsiung Environmental Protection Bureau, the 6th Pipeline Committee of the Kaohsiung Region Industrial Pipeline Regional Joint Defense Federation also received an excellent performance citation from the Industrial Development Bureau, Ministry of Economic Affairs. In the future, the "four-zero goal": zero pollution, zero emission, zero industrial accidents and zero occupational accident is our feature vision; and "ongoing environmental protection, zero pollution, care for local communities and no occupational/industrial accident" is our environment, safety, and health (ESH) policy. With this, we aim to fulfill our corporate social responsibility. In social relations, apart from participating in charitable activities including maintaining labor-management harmony, protecting labor human rights, increasing channels for stakeholder communication, caring and re-paying local communities, developing education in the rural areas and pursuing environmental sustainability, we will continuously offer grants and scholarships to colleges and universities and subsidize group activities; sponsor charities and charitable educational activities; care for vulnerable groups, rural areas and environmental and ecological education through the USI Education Foundation upon the spirit of "one for all and all for one."

In addition, to keep organizational development in pace with the global sustainability trend, we have included the UN Sustainable Development Goals (SDGs) that are gaining increasing importance in organizational development assessment to review our business philosophy and establish strategies and implementation plans in this regard. Currently, we have adopted nine SDGs in our strategy and implementation plan. They include decent work and economic growth, sustainable cities and communications, and responsible consumption and production.

In the face of severe regulatory restrictions and increasingly keen market competitions, reformation and innovation are brooking no delays. Apart from organizational re-engineering, efficiency and discipline improvements, and talent cultivation acceleration within the organization, we need to reinforce investments and implement vertical integration and industrial innovation outside the organization. We will continue to pursue sustainable development at full strength, adhere to our business philosophy: solid management, professional management, seeking excellence, and serving society to strengthen governance, implement environmental protection and actively respond to all issues that concern the stakeholders and respect their rights and interests, hoping to create benefits for the stakeholders while contributing to the world with a macroscopic view.

Chairman, USI Corporation



Quintin Wu

1.3 2017 sustainability performance



Revenue: NT\$11,552 million

Net profit before tax: NT\$1,207 million

EPS: NT\$1.06

A component of the TWSERAFT® Taiwan High Compensation 100 Index for four consecutive years 2014-2017.

Signed the Taiwan Chemical Industry's Commitment on the Circular Economy by TCIA.

Major local investment: CBC optical materials at NT\$2.7 billion.

Major overseas investment: Fujian Gulei Petrochemical Co. Ltd.

Material Reclamation Efficiency Enhancement Project: Reduced materials consumption by 51% in 2017 compared to 2013.

2017 Energy Conservation and Emissions Reduction Action Plan: Reduced annual electricity consumption by 7,338,720kWh and annual emissions by 3,882 MT CO₂e.

Enhanced electricity conservation rate for three consecutive years to 2.78% in 2017.

Completed and started operations of the water recycling system.

Total EVA/PE sales reached 261,689 MT, a new high in USI history.

Zero transportation-related accidents in the past decade.

2017 cumulative working hours without lost time injury: 714,161.

Awarded the "Enterprise with Outstanding Performance in GHG Reduction" by the Kaohsiung City Environmental Protection Bureau.

Pipelines 6 of the Kaohsiung Factory was rated the best of the underground pipelines joint defense evaluation by the Industrial Development Bureau, Ministry of Economic Affairs.





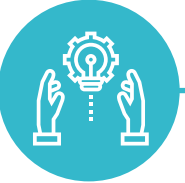
In 2017, the USI Education Foundation sponsored the Alliance Cultural Foundation with NT\$1.5 million and Junyi Experimental High School in Taitung with NT\$2 million, totaling NT\$12.9 million over the past six years.

It sponsored the China General Plastics Corporation to organize the Long Fong Fishing Port Beach Cleanup.

1.4. Company profile

About USI

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

 <p>Industry Plastics industry</p>	 <p>Head Office Location No. 330, Fongren Road, Renwu District, Kaohsiung City Taipei Office 12F, No. 37, Jihu Road, Neihu District, Taipei City</p>	 <p>Capital Over NT\$11.6 billion (by December 31, 2017)</p>								
 <p>Employees 508 persons (by December 31, 2017) <small>Note: Employees include 497 persons on a non-fixed-term contract and 11 on a fixed-term contract.</small></p>	 <p>Major products</p> <table border="0"><tr><td>Ethylene Vinyl Acetate Copolymer (EVA)</td><td>EVATHENE®</td></tr><tr><td>Low Density Polyethylene (LDPE)</td><td>PAXOTHENE®</td></tr><tr><td>High Density Polyethylene (HDPE)</td><td>UNITHENE®</td></tr><tr><td>Linear Low-Density Polyethylene (LLDPE)</td><td>LINATHENE®</td></tr></table> <p>PE resins become all kinds of plastics products in daily life after processing by downstream manufacturers.</p>		Ethylene Vinyl Acetate Copolymer (EVA)	EVATHENE®	Low Density Polyethylene (LDPE)	PAXOTHENE®	High Density Polyethylene (HDPE)	UNITHENE®	Linear Low-Density Polyethylene (LLDPE)	LINATHENE®
Ethylene Vinyl Acetate Copolymer (EVA)	EVATHENE®									
Low Density Polyethylene (LDPE)	PAXOTHENE®									
High Density Polyethylene (HDPE)	UNITHENE®									
Linear Low-Density Polyethylene (LLDPE)	LINATHENE®									

Locations

Major locations are located in Taiwan, including the Taipei Office, the Linkou R&D Division, the Tainan Office, and the Kaohsiung Plant. The Kaohsiung Plant comprises Plant I for LDPE and EVA and Plant II for HDPE and LLDPE.



Major products

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

Major products

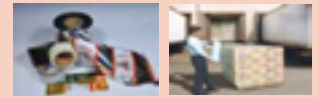
LDPE



EVA



LLDPE



HDPE



Participation in external organizations

We exchange with various professional organizations. Through external influence and the interaction and sharing of associations, we promote the professional growth of technologies and competencies in various fields. We also support associations and unions to publish journals and organize activities to promote industrial development.

In 2017 the major external organizations in which we participated included the Petrochemical Industry Association of Taiwan, Taiwan Synthetic Resins Manufacturers Association, Taiwan Plastics Industry Association, Taiwan Synthetic Resin & Adhesives Industrial Association, Taiwan Responsible Care Association (TRCA), Chinese National Association of Industry and Commerce Taiwan, Chinese National Federation of Industries, Taiwan Institute of Chemical Engineers, Taiwan Chemical Industry Association, Audit Bureau of Circulations, Taiwan Technology Industry Legal Officers Association, Chinese Society for Quality, and Kaohsiung County Industrial.

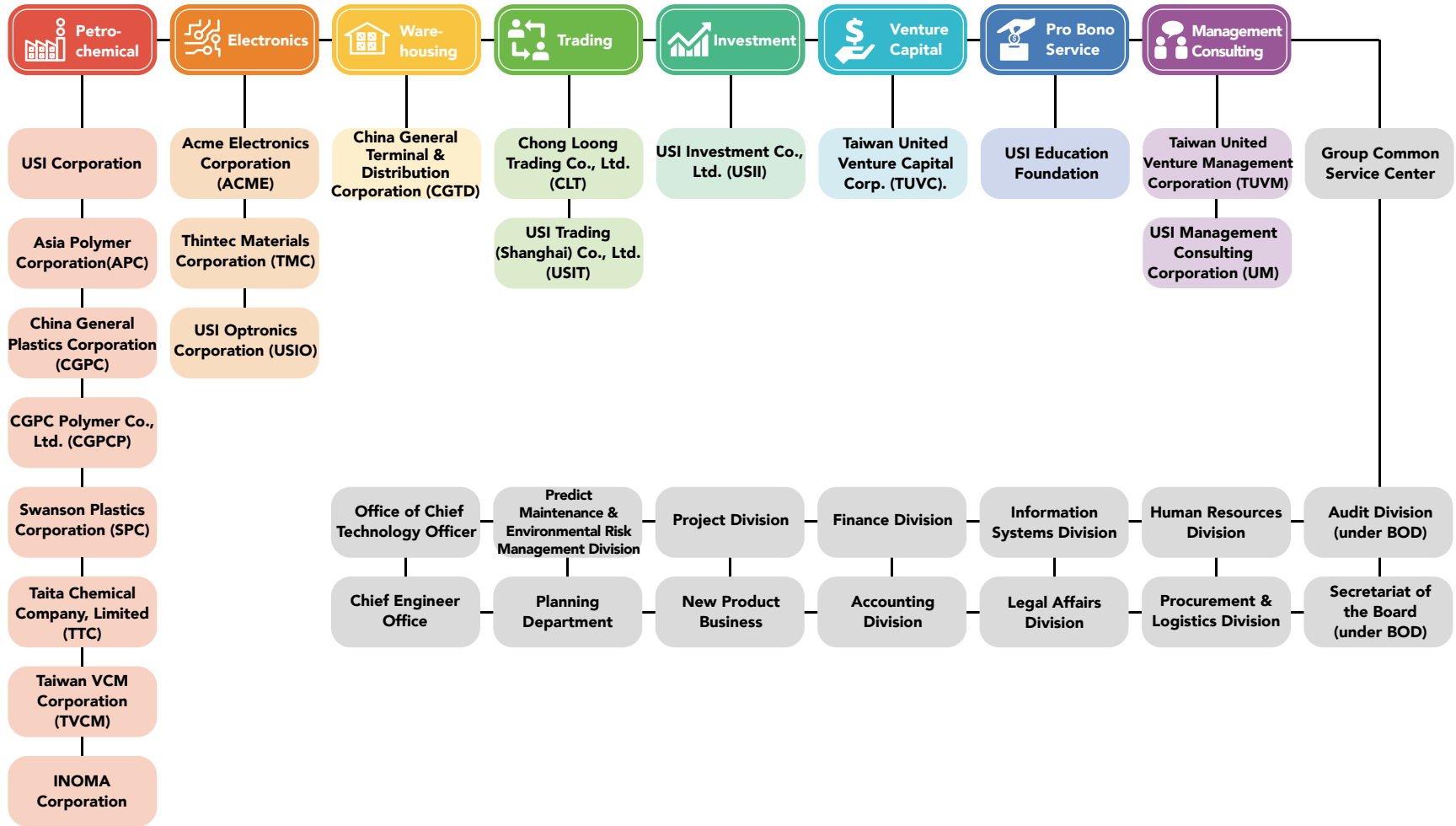
USI Corporation is one of the affiliates of the USI Group, with USI Corporation as the subject of this report. USI Corporation established in 1965 is the precursor of the USI Group. In 1997, USI Corporation and UPC Technology Corporation acquired the controlling shares of the CGPC Group (USI 80% and UPC 20%). This was the onset of our leadership in Taiwan's petrochemical and plastics industries. To improve the group's business performance, the USI Group began integration with six homogeneous affiliates, e.g. petrochemical and plastics industries, including: USI, APC, TVCM, CGPC, TTC and CGTD and promoted resources integration and planning. In March 2001, the group founded USI Management Consulting Corporation (UM). Except for the manufacture, sales and special function projects that are undertaken six petrochemical affiliates, UM takes over the general management of these six petrochemical affiliates to strengthen the integration synergy of the group's common service functions.

In 2001 Q2, the group of affiliates moved to the USI Offices Building in Neihu Science Park to cope with future development and integrate all service functions of affiliates within the group. Apart from enhancing overall competitiveness, this enabled routine staffing functions to aim at strategic goals. Through effective group resource integration and with the solid foundation accumulated from years of experience in the petrochemical and plastics industries, the group successfully expanded its scope of business to electronics, materials and VC.

Note: Four publicly offered USI subsidiaries, including Asia Polymer Corporation (APC), China General Plastics Corporation (CGPC), Taita Chemical Company Limited (TTC), Acme Electronics Corporation (ACME) published their own CSR reports in 2017.

Note: Please refer to the 2016 consolidated 2017 statement available on the "Financial Statement" sub-section of the "Investors" section on the corporate website of USI Corporation at <http://www.usife.com.tw/>.

USI Group Affiliate





2. Corporate Social Responsibility

- 2.1 Vision and Goals for sustainable development
- 2.2 CSR Committee
- 2.3 Stakeholder identification and communication
- 2.4 Analysis and identification of material topics

2.1 Goals and visions for sustainable development

After the discussion by the CSR Committee members and the approval of the president and chairman, our CSR goals and visions are as follows:



Visions for sustainable development: Fulfill corporate social responsibility, focus on products of high quality and high added value, continue innovation, and pursue sustainable development.

Goals for sustainable development

	Short-Term Goals (under 2 years)	Long-Term Goals (2 or more years)
 <p>Governance</p>	<ul style="list-style-type: none"> • Optimizing production lines and developing products of high added value. • Smooth commissioning and operation of the CBC plant in 2018. • Reinforcing vertical integration. • Enforcing ethnical management and legal compliance. • Regularly following up all risk factors and making timely adjustments of plans. • Emphasizing employee education and training and experience inheritance of senior employees. 	<ul style="list-style-type: none"> • Investing in Gulei Refining & Petrochemical Project to stabilize upstream materials supply. • Developing CBC optical materials and their applications. • Cultivating Taiwan and continuing local investments. • Establishing a system for the management of all risk factors and supervision of operations. • Continuing the development and research of high-value products.
 <p>ESH</p>	<ul style="list-style-type: none"> • Completing solar panel generation in 2018. • Continuously reinforcing ESH supervision and implementation. • VOCs reduction and improvement plans. • Promoting energy conservation and emissions reduction engineering. • Planning the water recycle system and water quality monitoring system. • Rainwater reclamation system. • Ensuring the transmission safety of underground pipelines. • Reducing pollutants emission. 	<ul style="list-style-type: none"> • Continuously promoting energy conservation and emissions reduction. • Implementing the "Four Zero Targets": Zero Pollution, Zero Emission, Zero Industrial Accident and Zero Occupational Hazard. • Enhancing raw materials recycling efficiency. • Enhancing water reclamation efficiency and reducing wastewater discharge. • Raising reclaimed water value for boiler use. • Establishing a system for long-term supervision of underground pipelines.
 <p>Social relations</p>	<ul style="list-style-type: none"> • Continuously taking care of the mental and physical health of employees. • Maintaining labor-management harmony and protecting labor rights and benefits. • Reinforcing industry-academia cooperation. • Continuously contributing to communities and offering suitable job opportunities. • Continuously sponsoring charitable activities. • Increasing channels for stakeholder communication. 	<ul style="list-style-type: none"> • Optimizing the supplier/contractor evaluation system. • Establishing scholarships and grants, donating to the Alliance Cultural Foundation, and sponsoring Junyi Experimental High School to care for vulnerable groups, the rural, and the environment and ecology.

2.2. CSR Committee

With the support of the highest governance body (top management), we officially established the CSR Committee in 2014, with members including the chairman as the committee chief, the president as the deputy committee chief, committee members appointed by the chairman, the project secretary, and the heads of the three CSR working teams: The Corporate Governance Team, the Environmental Protection Team and the Social Relations Team. The organization of the CSR Committee is shown below. Each working team is formed by the head of related departments or their representatives to plan topics, collect data, set target and assist with the production and publishing of the annual CSR report. The project secretary plans the organizational CSR policy and strategic goals and traces the progress and performance improvement of action plans.



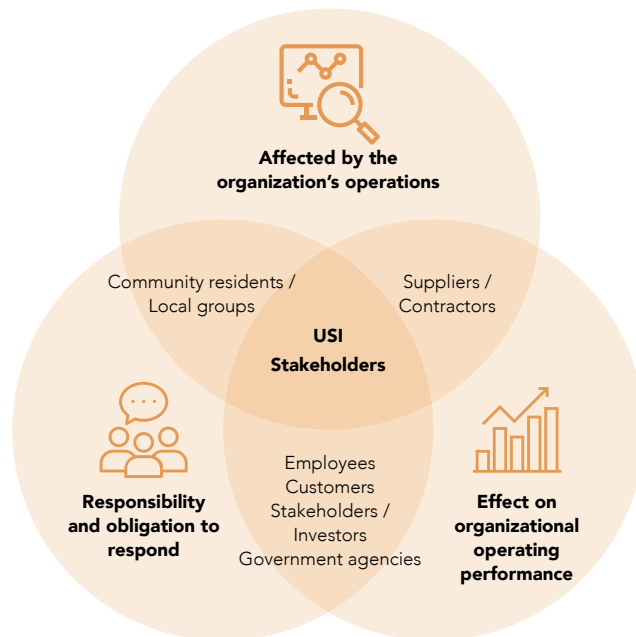
Report of CSR performance to the board of directors and the annual meeting of shareholders

Every year CSR Committee presents a report on CSR performance to the board of directors to supervise and review the processes and performance in three aspects: governance, environmental and society. CSR Committee also requests the board of directors to comment and make recommendations for the management and promotion of major CSR issues. We will also report CSR performance to the annual meeting of shareholders as of 2018.

2.3. Stakeholder identification and communication




The trust and support of the stakeholders make us push even more for sustainable development. Stakeholders are those who affect or are affected by an organization's operations or whom the company is responsible and of which it is obliged to respond. Through pro-active and extensive communication with stakeholders, we can adequately understand and respond timely to the concerns and topics raised by them. These can help us sustain our improvement and growth.




Taking into account the opinion of all units and the experience of other plastics manufacturers, we have identified the following six major stakeholder groups: employees, customers, government agencies, shareholders/investors, suppliers/contractors and community residents/local groups.



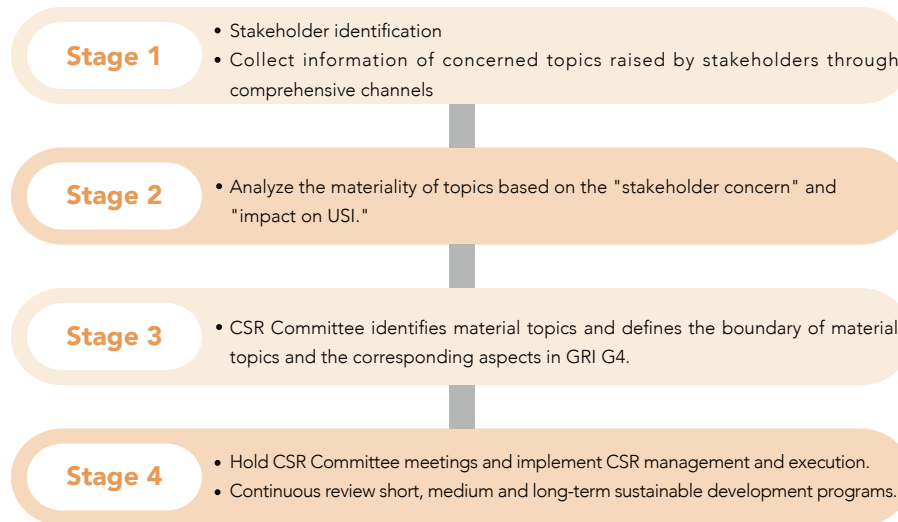
Channels of communication and concerned topics raised by stakeholders

We uncover the concerned topics raised by stakeholders through various communication channels and use these as major references for the content of our CSR reports and future CSR development. We also rely on the CSR reports to communicate with to stakeholders and promote exchange between the company and stakeholders to pursue mutual progress and growth. The following table shows the channels, frequency and concerned topics of communication between this company and major stakeholder groups in 2017:

Stakeholder	Concerned Topics	Communication Channel and Frequency	Contact Windows and Summary of Response
 <p>Employees</p>	<ul style="list-style-type: none"> • Operating performance • Employee benefits • Occupational safety and health • Labor-Management relations • R&D 	<ul style="list-style-type: none"> • New employee interviews (with relevant officers of all levels) • Performance interviews (regularly) • Labor-Management meetings (quarterly) • Union board meetings (quarterly) • Union general meetings (annually) • Employee Welfare Committee (biannually) • Occupational Safety & Health Committee (quarterly) • ESH Management Committee (quarterly) • Labor Pension Fund Supervisory Committee (biannually) • Internal health forums (five times a year minimum) • Education/training (planned) • On-site tour inspections (at any time) 	<ul style="list-style-type: none"> • Contact window: Assistant Manager of Personnel Department: Miss Chen at (02) 2650-3381 • At the union general meeting held on December 15, the labor union recommended the company to distribute the annual special bonus in the most favored term. Apart from accepting the union's recommendation, we distributed the annual special bonus before the Lunar New Year.
 <p>Customers</p>	<ul style="list-style-type: none"> • R&D • Customer privacy • Transportation safety management • Industrial and public safety • Customer satisfaction survey 	<ul style="list-style-type: none"> • Customer satisfaction survey (biannually) • Participation in trade fairs (once a year minimum) • Sales visits (once a year minimum) • "Contact us" on the corporate website (at any time) • Contact by phone/email (irregularly) 	<ul style="list-style-type: none"> • Offered 40 times of technical services. • All 16 customer complaints were answered. • Two customer satisfaction surveys were conducted, "satisfied" and "highly satisfied" responses commanded above 96.3%.
 <p>Government agencies</p>	<ul style="list-style-type: none"> • Market presence • Legal compliance • GHG emissions • Air pollution control • Waste management 	<ul style="list-style-type: none"> • Participation in law and regulation promotional activities or public hearings (irregularly) • Participation in forums or seminars (irregularly) • Official documents, material information (as prescribed by law) • Market Observation Post System (as prescribed by law) 	<ul style="list-style-type: none"> • Participated in 16 presentations held by Labor Standards Inspection Office, Labor Affairs Bureau. • Participated in the Energy Conservation and Emissions Reduction Technology & GHG Inventory Guidance and Presentation held by the Kaohsiung Environmental Protection Bureau on June 30. • Participated in the water consumption planning regulations and water recycling efficiency achievements seminar held on September 25. • Participated in the Kaohsiung City Waste Reduction Technology Seminar held on October 24-26. • Participated in the 2017 Industry GHG Reduction Achievements Presentation held by the Industrial Development Bureau, Ministry of Economic Affairs on November 21. • Participated in the Petrochemical Industry and Circular Economy Seminar on December 1.

Stakeholder	Concerned Topics	Communication Channel and Frequency	Contact Windows and Summary of Response
 <p>Stakeholders / Investors</p>	<ul style="list-style-type: none"> Local major investments R&D Operating performance Customer privacy Supplier management 	<ul style="list-style-type: none"> Annual general meeting of shareholders (annually) Market Observation Post System (as prescribed by law) Annual report (annually) Financial statements (quarterly) "Investor Service" site on the corporate website (at any time) Contact information of spokespersons (at any time) "Shareholder Service" section on the corporate website (at any time) "Audit Committee Email" on the corporate website (at any time) CSR reports (annually) Investor conference (annually minimum) 	<ul style="list-style-type: none"> Held the annual general meeting of shareholders on June 8. IR Contact Window: Spokesperson: Mark Wu at (02) 2627-4745 Deputy spokesperson: Lin Gan at (02) 8751-6888 ext. 3795 Stock Service Contact Windows Stock Affairs Section Chief: Miss Hong at (02) 2650-3773 Stock Affairs Section Chief: Miss Wu at (02) 2650-3773
 <p>Suppliers / contractors</p>	<ul style="list-style-type: none"> Operating performance Local major investments Market presence Legal compliance Procurement practices 	<ul style="list-style-type: none"> Supplier evaluation (annually) Supplier survey (annually) Participation in industry exchange and forums (annually minimum) Interviews with purchasers (irregularly) Contact by phone/email (irregularly) "Contact us" on the corporate website (at any time) 	<ul style="list-style-type: none"> To enforce our ethical management policy and understand the needs of suppliers, we communicate with and respond to suppliers as follows: <ul style="list-style-type: none"> Supplier evaluation results (annually) Survey on issues concerning suppliers (annually) Purchaser visits (1-2 times/quarter)
 <p>Community residents / Local groups</p>	<ul style="list-style-type: none"> Noise abatement Air pollution control Involvement with local communities and philanthropy GHG emissions Underground pipeline maintenance 	<ul style="list-style-type: none"> "Contact us" on the corporate website (at any time) Visits on local groups (three time a year minimum) Participation in community activities (irregularly) Interview or phone contact (irregularly) 	<ul style="list-style-type: none"> Renwu Senior High School industry-academia collaboration Sponsored local community activities.

2.4. Analysis and identification of material topics



To ensure the completeness of topic inclusiveness, we measured the effectiveness of this CSR report to respond to stakeholders through an online stakeholder survey with 200 valid responses with a questionnaire developed in terms of the 46 material aspects in the GRI Sustainability Reporting Guidelines G4, the trends in industry sustainability topics at home and abroad, the SDGs, the information regarding the topics that concern stakeholders. Through the expertise in its duties and functions of each department under the CSR Committee, we conducted an internal survey with 40 valid responses on the "impacts on USI" of governance, environmental and social issues.

Identification of material topics

After analyzing the "materiality of stakeholder concerns" and "materiality of impacts on USI" of all above topics based on the above two surveys, we held the CSR Committee meeting for committee members to discuss and identify each topic to produce the matrix of material topics in 2017. We collated and focused on 17 topics of high concern and material impact as the focus of priority disclosure and response in the 2017 CSR Report for the reference of interested stakeholders.



Governance

- Operating performance
- Legal compliance
- Local major investments
- Circular economy
- Supplier management

Environmental protection

- Underground pipeline maintenance
- Air pollution control
- Waste management
- GHG emissions
- Energy consumption and management
- Transportation safety management

Social relations

- Industrial and public safety
- Occupational safety and health
- Talent recruitment and retention
- Employee benefits
- Labor-Management relations
- Talent cultivation, education, training

Identification of material topics: Aspects and boundaries in GRI G4/SDGs

Material Topics	GRI G4 Category and Aspect	SDGs Category	Response	Boundary	
				Within Organization	Outside of Organization
Operating performance	EC: Economic Performance	SDG-8 Decent Work and Economic Growth	4.1 Financial performance	•	Stakeholders/Investors
Local major investments	EC: Indirect Economic Impacts	SDG-8 Decent Work and Economic Growth	4.2 Major investments	•	Suppliers/contractors, customers, government agencies, investors, communities
Legal compliance	EN: Compliance SO: Compliance PR: Compliance	SDG-16 Peace, Justice and Strong Institutions	3.3 Compliance	• • •	Government agencies, communities, shareholders/investors, suppliers/contractors
Supplier management	EN: Supplier environmental assessment LA: Supplier Assessment for Labor Practices SO: Supplier Assessment for Impacts on Society HR: Supplier Human Rights Assessment	SDG-8 Decent Work and Economic Growth SDG-12 Responsible Consumption and Production	4.5. Supply chain management	•	Suppliers/contractors
Air pollution control	EN: Emissions	SDG-12 Responsible Consumption and Production SDG-13 Climate Action	5.6 Pollution control	•	Government agencies, communities, NGO/environmental groups
Waste management	EN: Effluents and Waste	SDG-6 Clean Water and Sanitation SDG-11 Sustainable Cities and Communities SDG-12 Responsible Consumption and Production	5.6 Pollution control	•	Government agencies, communities, NGO/environmental groups
GHG emissions	EN: Emissions	SDG-11 Sustainable Cities and Communities SDG-13 Climate Action	5.4 Energy consumption and management	•	Government agencies, communities
Energy consumption and management	EN: Energy	SDG-7 Affordable and Clean Energy	5.4 Energy consumption and management	•	Government agencies, communities

Material Topics	GRI G4 Category and Aspect	SDGs Category	Response	Boundary	
				Within Organization	Outside of Organization
Underground pipeline maintenance	SO: Local Communities	SDG-11 Sustainable Cities and Communities	5.3 Industrial and public safety management	•	Communities, government agencies, associates in the business
Circular economy	EN: Reclaimed and recycled water EN: Materials EN: Effluents and Waste	SDG-8 Decent Work and Economic Growth SDG-12 Responsible Consumption and Production	5.5 Circular economy	•	Government agencies, communities, suppliers
Transportation safety management	SO: Local Communities	SDG-11 Sustainable Cities and Communities	5.3 Industrial and public safety management	•	Contractors, communicates
Industrial and public safety	LA: Occupational Health and Safety SO: Local Communities	SDG-11 Sustainable Cities and Communities	5.3 Industrial and public safety management	• •	Government agencies, communities
Occupational safety and health	LA: Occupational Health and Safety	SDG-3 Good Health and Well-Being	6.5 Occupational safety and health	•	Suppliers/contractors
Talent recruitment and retention	LA: Labor-Management Relations LA: Diversity and Equal Opportunity LA: Equal Remuneration for Women and Men LA: Training and Education EC: Market Presence	SDG-5 Gender Equality SDG-8 Decent Work and Economic Growth	6.1 Workforce structure 6.2. Employee turnover	• • • •	
Employee benefits	LA: Diversity and Equal Opportunity LA: Labor-Management Relations	SDG-5 Gender Equality SDG-8 Decent Work and Economic Growth	6.3. Employee rights and benefits 6.5 Occupational safety and health	•	
Labor-Management relations	LA: Labor-Management Relations	SDG-3 Good Health and Well-Being SDG-8 Decent Work and Economic Growth	6.3. Employee rights and benefits	•	
Talent cultivation, education, training	LA: Training and Education	SDG-4 Quality Education	6.4. Talent cultivation and development	•	

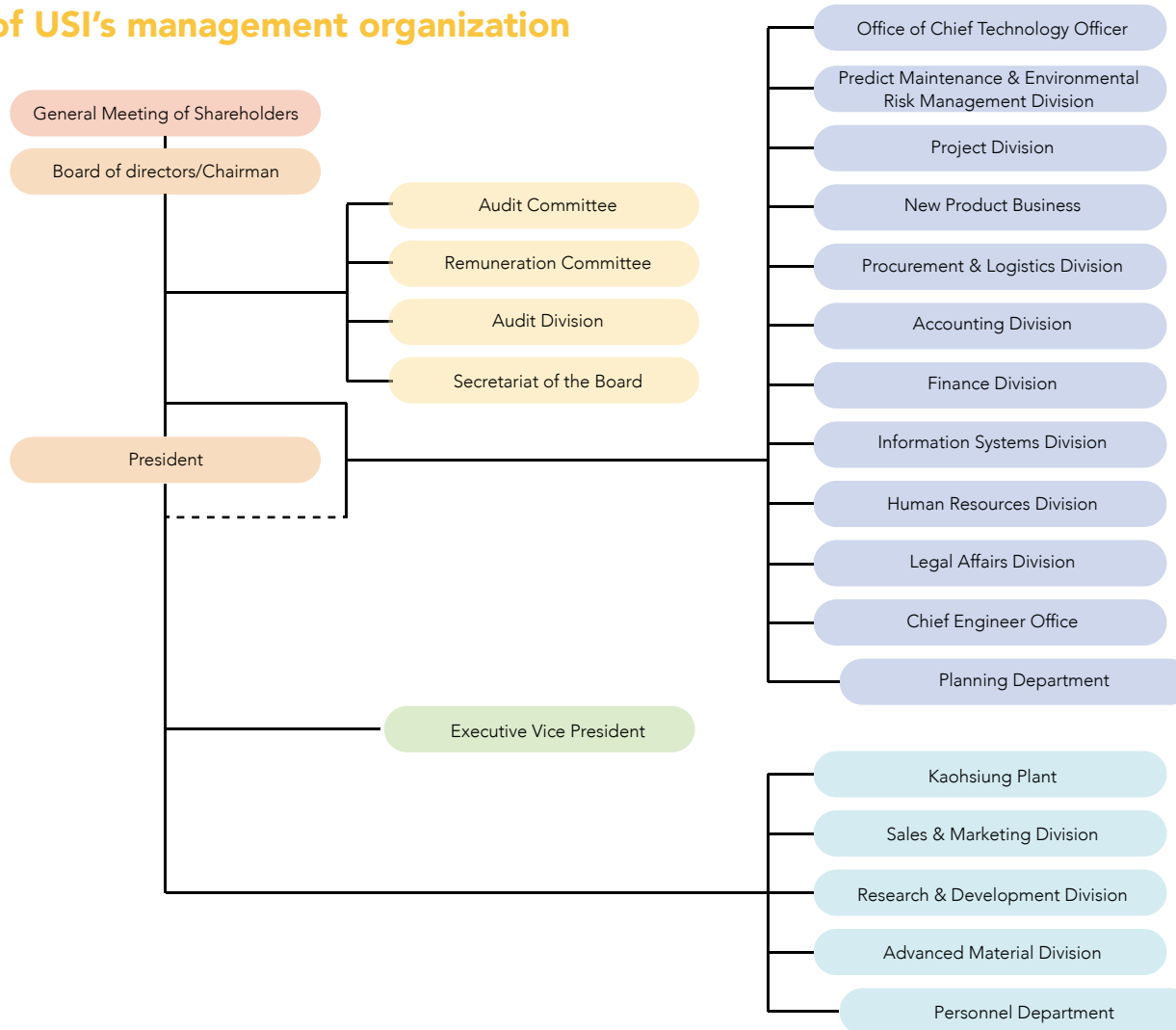
Note: The organization covers the Taipei Office, the Linkou R&D Division, the Tainan Office, and the Kaohsiung Plant.



3. Corporate Governance

- 3.1 Governance framework
- 3.2 Board of directors
- 3.3 Legal compliance
- 3.4 Risk management
- 3.5 Audit operations and communication channels

Framework of USI's management organization

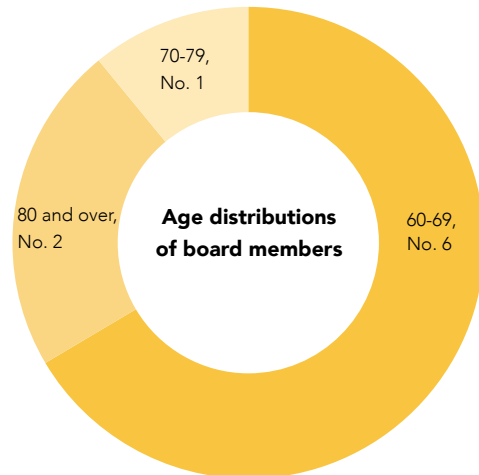


3.2. Board of directors

Composition and operation of the board of directors

Board election and operation

The board of directors is formed by nine directors with rich experience in each professional field, including three independent directors, commanding at 33% of all directors. The term of each director is three years, and each director is entitled to a second term. Candidates of directors and independent directors are nominated by shareholders holding over one percent of the totally issued shares and the board of directors. After the qualification by the board of directors, eligible candidates are elected by shareholders at the annual general meeting of shareholders. The term of the current board of directors commenced on June 8, 2017 and will end on June 7, 2020. A total of six board meetings were held in 2017, with a personal attendance rate (including independent directors) of 77.78% (98.15% including attendance by proxies).



Title	Gender	Name	Actual attendance rate (%) (Six board meetings in 2017)
Chairman	Male	Quintin Wu (Representative of Shing Lee Enterprise Limited)	100
Director	Male	Kin-Shiu Yu (Representative of Shing Lee Enterprise Limited)	100
Director	Male	Yen-shiang Shih (Representative of Shing Lee Enterprise Limited)	100
Director	Male	Che-i Kao (Representative of Shing Lee Enterprise Limited)	66.67
Director	Male	Guang-zhe Huang (Representative of Shing Lee Enterprise Limited)	83.33
Director	Male	Jerry Chang (Representative of Shing Lee Enterprise Limited)	100
Independent Director	Male	Sean Chen	83.33
Independent Director	Male	Rick Tsai	50
Independent Director	Male	Yancey Hai	66.67

Board member diversity and policy implementation

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



Besides the above eight abilities, in consideration of the increasing concern about issues relating to governance and environmental protection, we have added two professional abilities: “law” and “environmental protection” to optimize the board function. In addition to the knowledge, skills and experience required for performing their duties, current board members are equipped with expertise in accounting and finance, international market, law, and environmental protection. Please refer to the following table for the Diversity of board members:

Board member expertise

Diversity of Core Competence	Name of Directors								
	Quintin Wu	Kin-Shiu Yu	Yen-shiang Shih	Che-i Kao	Guang-zhe Huang	Jerry Chang	Sean Chen	Rick Tsai	Yancey Hai
Operational Judgments	√	√	√	√	√	√	√	√	√
Accounting and Finance	√	√					√		√
Operational Management	√	√	√	√	√	√	√	√	√
Crisis Management	√	√	√	√	√	√	√	√	√
Industry background knowledge	√	√	√	√	√	√			
International Market	√					√			
Leadership Ability	√	√	√	√	√	√	√	√	√
Decision-making Ability	√	√	√	√	√	√	√	√	√
Law							√		
Environmental Protection			√						√

Evaluating the performance of the Board of Directors (Audit Committee) in 2017

- Evaluation time: January 1, 2017-December 31, 2017
- With reference to the regulations and methods of board evaluation, the board of directors (Audit Committee) shall perform a self-evaluation every year, with contents covering involvement in organizational operations, improvement of decision-making quality, board composition and structure, director selection and continual improvement, internal control and audit committee communication. The results of the 2017 performance evaluation are shown below:

Aspect of Evaluation	Results
Involvement in organizational operations	Good
Improvement of decision-making quality	Good
Board composition and structure	Good
Director selection and continual improvement	Good
Internal control and audit committee communication	Good

- The results of the performance evaluation of the board of directors (Audit Committee) have been reported to the first board meeting in 2018.

Performance in avoidance of conflicts of interest of directors

At USI, we have established a complete system and measures for the avoidance of interest of directors, including:

1.System for avoidance of interest

(1) To ensure positive governance and for the board of directors to understand matters causing conflicts of interest with the organization in order to protect the rights and interest of investors, we have specified in Article 16 of the Rules of Procedure for Board of Directors Meetings: "If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Corporation, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item and may not exercise voting rights as proxy for another director."

(2) To reinforce disclosures of directors' involvement in proposals or situations having interests in themselves, we have also specified in paragraph 1, Article 17, the Rules of Procedure for Board of Directors Meetings: "Discussions at a board meeting shall be recorded in detail in the meeting minutes, the name of director(s) involving a conflict of interest, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to avoid the conflict of interest."

2.Measures for avoidance of conflicts of interest: When discussing a proposal constituting a conflict of interest, the board chairman (also meeting chair) shall remind related directors to avoid from the discussion. If the chairman should avoid the conflict of interest, he shall assign a director having no conflict of interest with the proposal to act as the chair.

3. The Secretariat of the Board has recorded contents involving conflicts of interest with directors in the board meeting minutes in accordance with paragraph 1, Article 17, the Rules of Procedure for Board of Directors Meetings.

Avoidance of Conflicts of Interest in Board Meetings in 2017

Date of Board Meeting	Directors Avoiding from Discussions	Proposal	Reasons for Avoidance
March 16, 2017	Quintin Wu and Jerry Chang	Donation of NT\$3,000,000 to the USI Education Foundation	Directors avoided from the discussion were also directors of the USI Education Foundation.
May 8, 2017	Quintin Wu and Jerry Chang	Investment of not more than NT\$330,000,000 in the capital increase by issuing new shares of USI Optronics Corporation (USIO).	Directors avoided from the discussion were also directors of USIO.

Improving professional competencies of directors

To improve the professional competence of directors, we provide information of related further education courses for directors and assist them with the registration. In 2017, directors attended related courses offered by Taiwan Institute of Directors, Taiwan Corporate Governance Association, Chinese National Association of Industry and Commerce Taiwan, Securities & Futures Institute, and Accounting Research and Development Foundation. In 2017 the further education length of all directors totaled 63 hours.

Audit Committee and Remuneration Committee

To enforce governance; exert BOD's professional competencies; encourage managers to exercise due management diligence; improve management performance, core competitiveness, and short-term, medium-term, and long-term profitability; and create value for shareholders, we have established the Audit Committee under the BOD. The committee supervises and assesses USI's operational risks and the Remuneration Committee to assess the salary and remuneration policies and systems of USI directors and managers based on professional and objective judgments and give suggestions for the BOD, in order to strengthen governance with the expertise of individual functional committees.

Committee	Duties and Functions	Operation
Audit Committee	<ul style="list-style-type: none"> The fair presentation of the company's financial statements. The selection (dismissal), independency, and performance of CPAs. Effective implementation of the company's internal control. Legal compliance of the company. Control of the existing and/or potential risks of the company. 	<ul style="list-style-type: none"> Formed by three independent directors. Hold at least one committee meeting a year. Five committee meetings were held in 2017. Actual attendance rate 73%
Remuneration Committee	<ul style="list-style-type: none"> Establish and review systems and standards for evaluating the performance and remunerations of directors and manager. Review the fairness of remuneration for directors and managers at planned intervals. 	<ul style="list-style-type: none"> Formed by three independent directors. Hold at least two committee meetings a year. Two committee meetings were held in 2017. Actual attendance rate 83.3% Term of the current committee: June 12, 2017- June 7, 2020

Measures and directions to improve governance performance

Aiming to continuously and diligently improve governance performance, in 2017, the board of directors approved the establishment of the following systems or regulations:

- Regulations for Handling Reports of Illegal or Unethical or Dishonest Behaviors (established on August 10, 2017)
- Regulations for Performance Evaluation of the Board of Directors (established on November 9, 2017).

After establishing the above management systems, our governance performance was improved in the 2017 evaluation.

In consideration of the rights and interests of foreign investors and the trend of enterprise internationalization, in 2018, we will provide an English version of the annual report and information disclosed on MOPS and the corporate website to improve governance performance.

Ethics and integrity in management

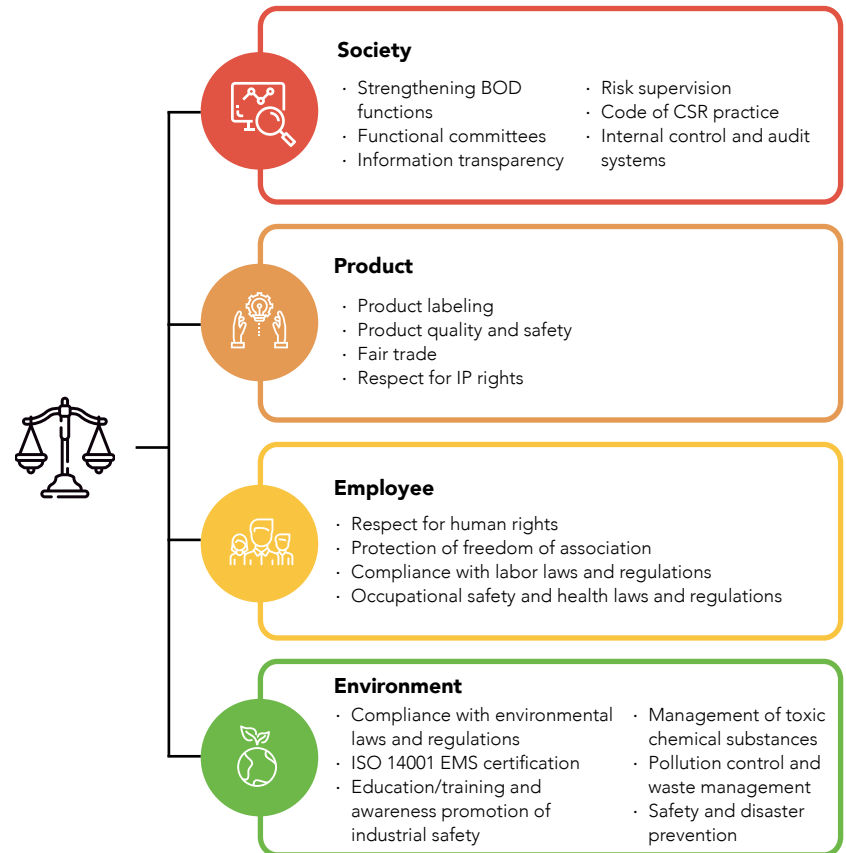
To further ethics and integrity in management, we have established the Codes of Ethical Conduct for Directors and Managers, Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, integrity-based policies, and a good mechanism for governance and risk control.

To enforce the Codes of Ethical Conduct and Ethical Corporate Management Best Practice Principles, we established on August 10, 2017 the Regulations for Handling Reports of Illegal or Unethical or Dishonest Behaviors, which was passed by the Audit Committee and the Board of Directors.

Link: <http://www.usife.com/zh-tw/dirInvestor/frmlInvestor1.aspx>

Disclosure of management approach

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



Management approach

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

We investigate and identify non-conformities with law to find their causes and take action to control and correct them to reduce negative impacts and prevent their recurrence.

Management performance

In 2017, the leakage of volatile organic compounds (VOCs) from process equipment and components in excess of the air pollution control and emission standards was the main cause of administrative fines for environmental protection. In order to minimize environmental protection and reduce the counts of fine, the Kaohsiung Plant made continuous improvements, including replacement of the glandless pump, procurement of low-leakage valves, simplification of process pipelines, enhancement of component maintenance and regular and irregular tour inspection of equipment components. In addition, the plant purchased the FLIR thermal imaging infrared cameras to monitor component leakage in key process stations to effectively reduce VOCs emissions.

Causes and Amounts of Administrative Fines for Environmental Protection in 2017


Item	Authority	Causes of Fine	Amount (NT\$10K)	Improvement
1	Kaohsiung Environmental Protection Bureau	Incompliance of the M01 process equipment components	20	Continual improvements including replacement of the glandless pump, procurement of low-leakage valves, simplification of process pipelines, enhancement of component maintenance, regular and irregular tour inspection of equipment components, and procurement of thermal imaging infrared cameras.
2	Kaohsiung Environmental Protection Bureau	Inconsistency of M02 equipment operation with the contents in the permit.	10	The plant immediately planned process equipment pipeline improvements that were then completed in November 2017.




Note: M01 refers to the manufacturing process of other fundamental chemical materials and M02 refers to the manufacturing process of LLDPE.



3.4 Risk management


We have been promoting various risk management measures to cope with short-term, medium-term, and long-term risks. Currently, all execution and responsible units assess specific items and major risks and draw up countermeasures. The Audit Division follows up on the outcomes of relevant countermeasures and reports them to the internal control self-risk inspection committee to make timely corrections and improvements in order to implement the PDCA cycle to reinforce risk management. The tables below show the challenges and countermeasures of relevant risks at the present stage.




Risk	Challenge	Cause	Effectiveness
 <p>Climate change</p>	<p>The significant and complex impacts of climate change extend to finance, supply chain, and policy aspects. Apart from promoting adaptation and mitigation in support of government policies, we voluntarily take actions for risk management to support this.</p>	<ul style="list-style-type: none"> • We formed energy conservation and emissions reduction teams at the plants of affiliates to synchronize practices through energy and resource integration and experience sharing. We promoted practical and effective energy conservation and emission reduction programs and reviewed the effectiveness of implementation every quarter. • Every year we plan a budget over NT\$100 million to make improvements for the impacts caused by climate change, such as the rainwater recycling system, heat insulation coating, effluent continuous monitoring and reclamation system, and replacement of natural gas as boiler fuel. 	<ul style="list-style-type: none"> • The Kaohsiung Plant built a rainwater interception system in 2011 and a detention basin in 2014 to reduce damage on products or equipment and minimize the risk of production line halt due to floods. Rainwater is used by the cooling tower after filtration. The estimated volume of reclaimed water is approximately 6,000 MT/year. • Steam condensate is reclaimed and transported to the boiler for reuse. The estimated volume of reclaimed water is approximately 47,520 MT/year. • Overflow from the Fly Knife Water Recirculation System is used by the cooling tower after treatment. The annual volume of reclaimed water is approximately 27,720 MT. • Run-off after reclaiming and treatment is used by the cooling tower to reduce tap water consumption. The estimated volume of reclaimed water is approximately 99,000 MT/year.

Risk	Challenge	Cause	Effectiveness
 <p>Industrial safety</p>	<p>Appropriate measures to minimize environmental pollution and the damage of property and life of people should be adopted to improve the transportation safety of underground pipelines, ensure more effective management of underground pipelines outside of the plant, and establish proper management procedures. This should prevent potential disasters caused by corrosion of pipelines within and outside of the plant or damage of pipelines due to improper excavation of non-USI units.</p>	<ul style="list-style-type: none"> • We have established the “Existing Industrial Pipeline Maintenance and Operation Program”, which includes a pipeline safety management system (PSMS); a pipeline information management system; a pipeline integrity management plan; pipeline patrol; pipeline maintenance, repair, and check; and pipeline operation and control room management. • To effectively monitor and manage the transportation safety of regional underground pipelines, the Kaohsiung Plant and relevant petrochemical companies have formed the Kaohsiung Region Industrial Pipeline Regional Joint Defense Federation to continuously maintain, monitor, and manage the transportation safety of regional underground pipelines. 	<ul style="list-style-type: none"> • Six pipeline management plans were established in 2017: Underground pipeline maintenance and inspection implementation reporting plan. Pipeline patrol education and training plan. Underground pipelines routine check and risk assessment. Pipeline anti-corrosion system inspection and maintenance plan. Emergency response exercise plan. Underground pipeline risk assessment plan. • The achievement rate of all six pipeline management plans was 100%.
 <p>Environmental pollution</p>	<p>Major air pollutants emitted by the Kaohsiung Plant include sulfur oxides (SOx), nitrogen oxides (NOx), and volatile organic compounds (VOCs). Fuel burning of the steam boiler is the main source of SOx and NOx detected in the plant, while flares, storage tanks, and equipment components are the main sources of VOCs emissions.</p>	<ul style="list-style-type: none"> • Building a steam boiler using clean, natural gas as the main fuel to reduce the consumption of heavy crude oil to minimize the emission of air pollutants. • Enhancing the processing efficiency of the regenerative thermal oxidizer (RTO) to reduce VOCs emissions with the in-house steam boiler. 	<ul style="list-style-type: none"> • Compared 2017 (LNG) to 2015 (petroleum), it is estimated that SOx emissions reduced by 37 MT/year and NOx by 11 MT/year. • High intensity VOCs were transported to the boiler to enhance VOCs processing efficiency. The estimated reduction of VOCs emissions in 2017 was approximately 22 MT.
 <p>Major material supply</p>	<p>The domestic ethylene price rose in 2017 as a result of supply reduction due to the continuous rise of international oil prices and the annual repair of naphtha cracking plants in Asia.</p>	<ul style="list-style-type: none"> • To minimize the impact of ethylene supply shortages, we have formed a task force to study and establish relevant responsive strategy and plans. • Cultivating new sources for source diversification. • We have signed long-term supply contracts with important suppliers. • Analyzing market trends regularly and adjusted the optimal procurement strategy. 	<ul style="list-style-type: none"> • New ethylene sources: 3 from Singapore, Brazil and Europe. • Long-term ethylene suppliers: 4 • USI management meetings and group management meetings: 72 times/year.

Risk	Challenge	Cause	Effectiveness
 <p>Industrial risks</p>	<p>Facing continuously soaring ethylene prices and the sustained slowdown at home and abroad, it is difficult to raise the price of general plastics.</p>	<ul style="list-style-type: none"> Investing in products of high added value in Taiwan to continuously create profitability. Mass production of the new ethylene vinyl acetate copolymer (EVA) capacity of the Kaohsiung Plant started in mid-2016. Building the world's first commercial cyclic block copolymer (CBC) plant in the Kaohsiung Plant to supply materials for touch screens, light guide plates, and optical lens, and connect the CBC plant with our optoelectronic business unit in the future. Investing in the Gulei Refining and Petrochemical Project in Zhangzhou, Fujian, in collaboration with domestic and Chinese petrochemical enterprises. 	<ul style="list-style-type: none"> The 2017 EVA output was 139,118.7 MT. Commissioning and test run were completed in 2018, with a design capacity of 5,000 MT. The Gulei Refining and Petrochemical Project in Zhangzhou, Fujian, of Fujian Gulei Petrochemical Co. Ltd. was initiated in December 2017.
 <p>Information security risks</p>	<p>Organizations across the world agree that network attacks, data breaches, and unexpected interruption of infocom services are the top three threats to information security. Particularly, network attacks are considered as the most critical security threats and risks. These attacks include, but are not limited to, business email compromise, ransomware, zero-day attacks and new types of social engineering fraud. In the absence of the effects of protection, monitoring and even real-time response, they can cause huge damages and image impacts on an organization.</p>	<ul style="list-style-type: none"> In May 2015, we acquired the certification of the new-version ISO27001:2013. We have also persistently and stringently promoted and implement the information security management system by blending ISO27001:2013 in our routine work. Apart from holding the management review meeting every year, we hire Deloitte Taiwan to arrange educational and training activities for topics relating to information security to continuously raise the information security awareness among its employees. Implemented ISO27001 reviews by certification bodies for four consecutive years. 	<ul style="list-style-type: none"> To protect information security and raise the information security awareness of employees, we conducted social engineering drills for two consecutive years since 2016. In addition to two drills, we arranged education and training activities in 2017 to enrich the knowledge and awareness of information risks among employees.

Risk	Challenge	Cause	Effectiveness
 <p>Financial risks</p>	<p>Financial risks include the influence of interest rate volatility, exchange rate volatility, property insurance, and endorsements and guarantees. To implement financial risk control and thereby reduce financial risks, we have implemented the relevant countermeasures.</p>	<ul style="list-style-type: none"> • Interest rate volatility: Spreading investments of surplus capital in bank deposits, MMF, REITs and stocks with better yield to maturity to reduce risk from interest rate volatility. For medium-term and long-term capital demands, locking on capital costs with fixed interest rate by offering corporate bonds at the rise of interest rate to prevent the risk of interest rate rise in the future. Exchange rate volatility: Hedging the net new positions of foreign currencies produced by business operations. • Besides closely observing the trend of the international forex market, timely hedging risks through sight sell-off of US Dollar over the market and undertaking forward exchange agreements. • Property insurance: Buying commercial fire insurance, business interruption insurance, cargo transport insurance, and so on based on the scale of operating assets and their replacement costs to avoid risk of damage and loss of operating assets due to acts of God or force majeure in order to appropriately transfer risks to insurance companies. • Endorsements and guarantees: Performing preparatory assessment and follow-up of endorsements and guarantees according to the Endorsement and Guarantee Procedures of the company. 	<ul style="list-style-type: none"> • For short-term TWD loans, keeping close track on the changes in interbank overnight call-loan rates and the interest rate for negotiable certificates of deposit (NDC) of different terms to appropriately adjust loaning days in order to effectively reduce cost. In response to the medium-term and long-term capital demand, we issued the 106-1 Five-Year unsecured common corporate bonds amounting to NT\$2 billion on October 27, 2017, with a fixed interest rate at 1.1% p.a., to locked on capital cost. • Aggressively reducing foreign currency positions to cope with intrushing global hot money on the domestic stock market due to the ease of global capital, in order to reduce forex risks. • We have purchased various types of property insurance to appropriately spread local risks to insurers. <p>All above items have been implemented in accordance with relevant procedures and follow-up and assessments were conducted afterwards.</p>

Risk	Challenge	Cause	Effectiveness
 <p data-bbox="156 353 291 371">Investment risks</p>	<p data-bbox="361 207 807 371">Facing the rapidly changing international situation, we continuously assess opportunities for new business investments, hoping to expand our business territory and ensure sustainable development by enhancing governance, improving employee qualities, and diversifying the scope of operations.</p>	<ul data-bbox="838 207 1327 691" style="list-style-type: none"> <li data-bbox="838 207 1327 550">• Feasibility surveys of new business investments cover industry prospect assessment, market estimation, technological advantage, plant site and production feasibility, finance and return on investment, management team, R&D durability and other required factors. We also survey all potential risks and develop countermeasures, including risks from relevant laws and regulations, supply chain change, market change and competition analysis, and the macro environment. After repeated review and confirmation, the BOD must approve an investment project before an investment begins. <li data-bbox="838 557 1327 691">• In addition, we have established the Asset Acquisition and Disposal Procedures in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies to ban engagement in high-risk, high-leverage investments. 	<ul data-bbox="1348 207 1808 488" style="list-style-type: none"> <li data-bbox="1348 207 1808 285">• Economic and technical feasibilities are the focus of investments in new business and investment risks are reduced through comprehensive risk assessments. <li data-bbox="1348 292 1808 488">• Investment projects are discussed repeatedly within the organization before submitting to the board for approval to ensure the strictest possible investment risk control. Apart from avoiding the flaws in the investment decision-making mechanism, such a practice can prevent the invested business from running down after investments.

Audit operations

Risk assessment and audit program

Apart from assisting the board and managers on inspecting and re-checking the internal control system and measuring operational effectiveness and efficiency, the Audit Office under the Board of Directors categorizes the risks regularly and plans the audit program of the next year based on the probability of occurrence and level of impacts of risks, the laws and regulations of competent authorities, and the characteristics of the industry.

In consideration of the operational and transaction cycles and the status of business management in 2017, the recommendations for internal control corresponding to the risk types are summarized as follows:

Risk	Audit Cycle	Summary of Recommendations
Operational risks	Production cycle and compliance cycle	Reinforcing industrial safety check
	Control of information system (CIS)	Strengthening information grading and control by function
	Sales and collection cycle and legal compliance	Strengthening management of customer services

In 2018 apart from planning the annual audit program in conformity with competent authorities, laws and regulations, we will have increased the frequency of audit of the sales and collection cycle and information system control.

Grievance channels

The Audit Committee Email in the Investor Service section on our corporate website accepts cases in relation to the responsibility and authority of the Audit Committee. On August 10, 2017 the Board of Directors and the Audit Committee passed the proposal to establish the Regulations for Handling Reports of Illegal or Unethical or Dishonest Behaviors specifying the reporting and processing procedures and related protection mechanisms. Grievance channels include personal reports, telephone reports and correspondence reports. The Regulations also specify the responsible units. We assure full protection of the confidentiality of informers, investigators and case contents to prevent them from unfair treatment or retaliation. If the informer is an USI employee, we guarantee no discrimination on him as a result of reporting a case.



4. Operational Performance

4.1 Financial performance

4.2 Major investments

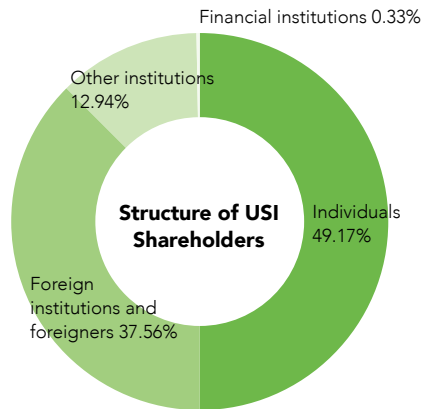
4.3 R&D

4.4 Sales and customer service

4.5 Supply chain management

4.1 Financial performance

By April 10, 2018, the stop transfer day of the 2017 annual report, individual and foreign institutional and individual investors are the major shareholders of USI. The name and stake of shareholders holding over 5% of USI shares and the top ten shareholders of USI are disclosed in our annual report.



For shareholders and investors to get more real-time and more accurate information while making investment decisions, apart from disclosing the monthly revenue and quarterly financial statements and holding the annual general meeting of shareholders, we disclose relevant information over the "Investor Relations" site on the corporate website and the Market Observation Post System (MOPS). Furthermore, shareholders and investors can make inquiries and feedback through the hotline of our spokespersons or deputy spokespersons or over the "Contact Us" site on the USI corporate website or the "Contact Us" site of the Group's stockholder service site. We will handle and address all feedback by special personnel.

The 2017 EPS of USI is NT\$1.06. As a result of the annual maintenance after the Lunar New Year of the New Naphtha Cracking Plant III and the annual maintenance due to unsmooth operations of the Naphtha Cracking Plant IV in the second half of the year of CPC Corporation, Taiwan, the contract

ethylene supply was reduced, and we needed to import physical ethylene at a higher price to fill the shortage, thus leading to a 6% rise in the raw material ethylene cost compared to last year. In addition, keen competitions arose in the market of general styrene grade and cable grade EVA products in Q3 as a result of new capacity from China, creating a burden on the price of solar grade EVA products. The total EVA/PE sale at 261,689 MT reached a new high in history, increasing by 1,614 MT when compared to last year. Although the average selling price remained the same as in 2016, profit was compressed as a result of the increase in ethylene cost. In terms of production, through ongoing upgrading and improvements of old equipment, implementation of energy efficiency enhancement and energy conservation, and process workflow improvement, the annual production was 249,086 MT. In terms of research and development, apart from increasing the added values of solar grade EVA products, we accelerated the development of the applications of optical grade cyclic block copolymer (CBC) for biomedical examinations, food containers and LCD light guide plates.

Financial Performance 2015-2017

Unit: NT\$million

Item	2015	2016	2017
Total assets	22,370	24,436	26,722
Operating revenues	10,798	11,458	11,552
Operating costs	9,402	9,879	10,351
Net profits before tax	1,012	1,283	1,207
Income tax	132	93	96
Dividend	571	800	583 (Note3)
Compensations and benefits for employees	595	632	621
Investments in communities	3.71	4.31	4.19

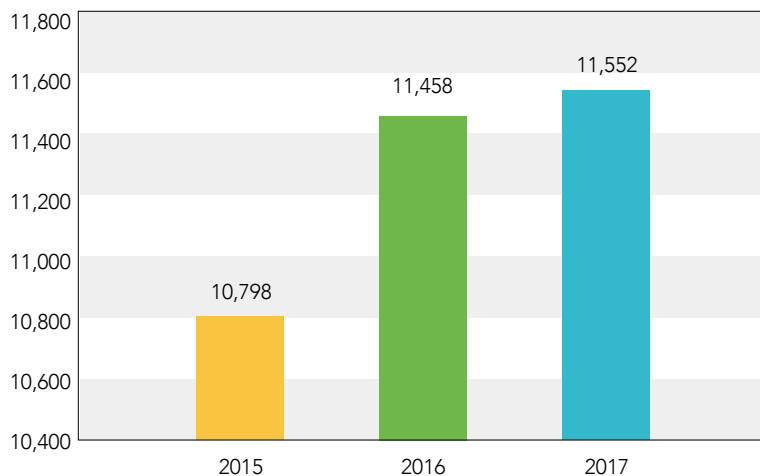
Note1: We began producing financial statements in accordance with the International Financial Reporting System (IFRS) approved by the Financial Supervisory Commission as of 2012.

Note2: Investments in communities included monetary support for local communities and donations for the USI Education Foundation.

Note3: The proposal for profit distribution resolved by the board of directors will be submitted to the annual general meeting of shareholders for adoption on June 5, 2018.

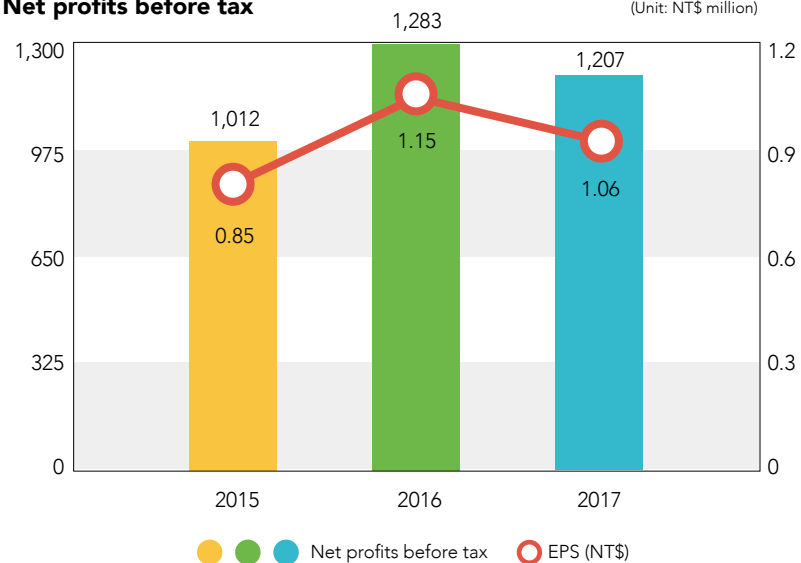
Revenue

(Unit: NT\$ million)



Net profits before tax

(Unit: NT\$ million)



Distribution of profit

Distributable earnings for 2017 amounting to NT\$1 billion will be distributed in terms of cash at NT\$0.3/share and stock at NT\$0.2/share. The tables below show the dividend distribution in the past three years.

Year	Distributable Earnings (Unit: NT\$ million)	Dividends for Holders of Common Shares	
		Stock (NT\$/share)	Cash (NT\$/share)
2015	792	-	0.5
2016	1,071	0.2	0.5
2017	1,000	0.2	0.3

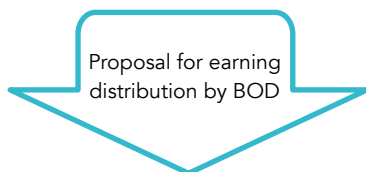
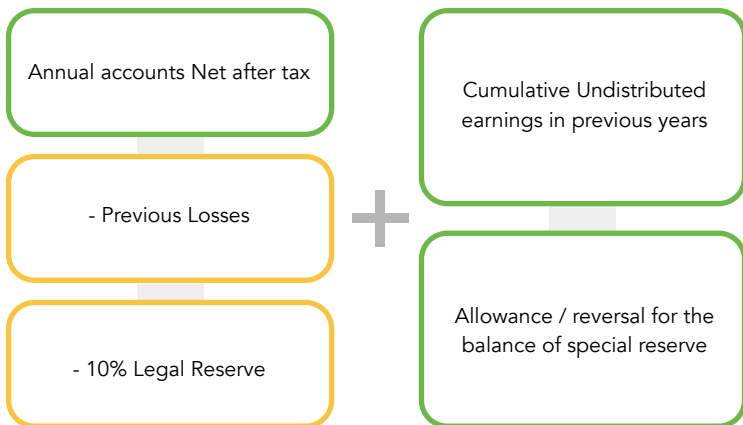
(Unit: NT\$ million)

Year	EPS (NT\$/share)	Cash Dividend (NT\$/share)	Stock Dividend (NT\$/share)	Net income	Total Dividends Distribution	Total Distribution Rate
2015	0.85	0.5	-	880	571	65%
2016	1.15	0.5	0.2	1,190	800	67%
2017	1.06	0.3	0.2	1,111	583	52%

Note: The proposal for the 2017 dividends distribution is pending for the approval by the AGM of shareholders on June 5, 2018.

Cumulative Distributable Earnings

Distributable Earnings of the Year



AGM may retain a part of or the whole of the earnings based on sales conditions.

Principles for approving earnings distribution:

USI is in a mature industry. In consideration of the need for R&D and business diversification:

1. Dividends for shareholders must not be lower than 10% of distributable earnings, including cash DPS not lower than 10% of total dividends.
2. No distribution when EPS is below NT\$0.1 per share.

Year	PER	PDR	Dividend Yield
2015	16.95	28.82	3.47%
2016	11.93	27.44	3.64%
2017	14.62	51.67	1.94%

Note: PER: Price-earnings ratio = Annual average closing price per share/equity per share
 PDR: Price-dividend ratio = Annual average closing price per share/cash dividend per share
 Dividend Yield = Cash dividend per share/annual average closing price per share

Government financial support

We actively invest in innovation and R&D activities every year, so we can off-set the R&D expenses from the profit-seeking business income tax payable in the year or apply for a project subsidy. The table below shows the relevant information.

Unit: NT\$thousand

Legal basis	Item	2013	2014	2015	2016	2017
Article 10, Statute for Industrial Innovation	Tax Credit for Investments in R&D	8,249	2,739	8,527	6,047	*9,158
Subsidy and Assistance Regulations for Promoting Industry Innovation of Ministry of Economic Affairs	Process Scale-Up Project to Shorten Gaps in the Supply Chain for Key Chemicals	-	61,027	18,030	28,650	22,293

Note: All figures are estimates and will be updated after the approval by the National Taxation Bureau.

Gulei Project

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

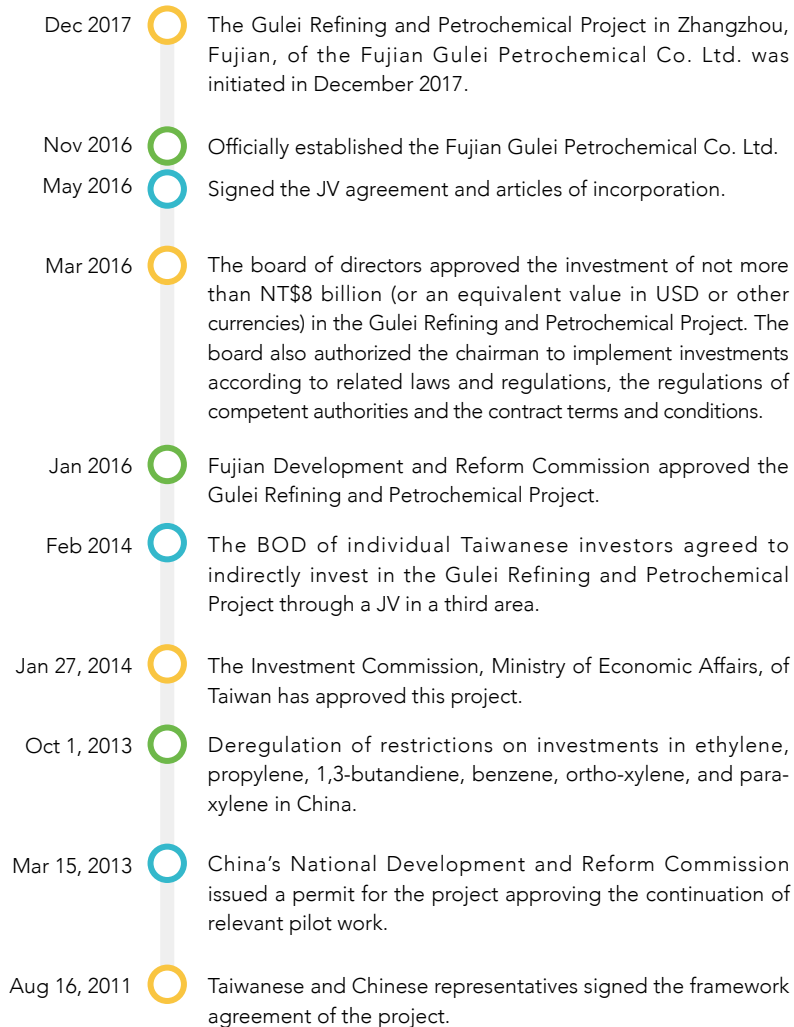
In order to be prepared for future trends and challenges, the USI Group and major Taiwanese and Chinese petrochemical companies co-established the Fujian Gulei Petrochemical Co. Ltd. in Zhangzhou City, Fujian Province. In addition to being an integrated refining and chemical plant located in the Gulei Port Economic Development Zone, the first cross-strait cooperation project vertically integrates all parts of the petrochemical industry, covering upstream materials supply and mid-stream and down-stream products.

Shareholders of Fujian Gulei Petrochemical Co., Ltd. include Fujian Petrochemical Company Limited, a joint venture formed by China Petroleum and Chemical Corporation and Fujian Petrochemical Company Limited from China and the Dynamic Ever Investments Limited, a joint venture established in a third area representing Taiwanese investors.

According to the Gulei Refining and Petrochemical Project, the complex will be built in four years, with facilities including an ethylene cracking plant and units for pyrolysis gasoline hydrotreating, aromatics extraction, butadiene extraction, ethylene vinyl acetate (EVA), ethylene oxide/ethylene glycol, styrene and polypropylene. Appropriate optimization will be implemented based on the actual situation to ensure safety and environmental protection. Currently, both parties of the project are working at full-steam to promote various pilot projects.

Though the Gulei Refining and Petrochemical Project, we will produce related petrochemical products and deepen the downstream processing facilities and support utilities. With an investment not exceeding NT\$8 billion, we hope to secure the upstream materials supply, achieve vertical integration of the refining and petrochemical processes, intermediate petrochemical products and plastic products, reduce transportation cost, enhance competitive niche to deploy the Greater China market and thereby enhance international competitiveness.





Local major investments: Cyclic Block Copolymer (CBC)

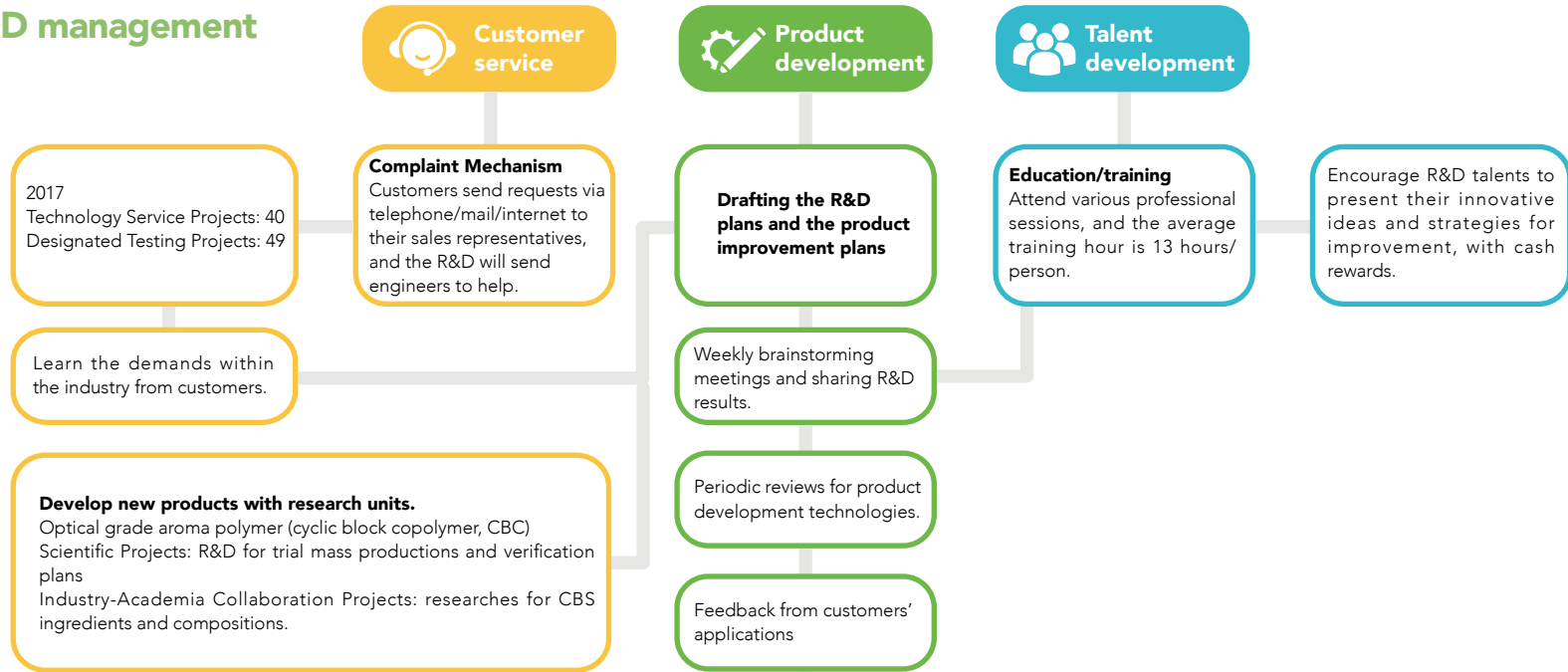
The CBC project can be considered as one of the blueprint items for high-value petrochemical industry promotion and is the first “Project to Mend Shortages of Key Chemical Materials” approved by the Industrial Development Bureau, Ministry of Economic Affairs. After acquiring CBC-related patented technologies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

Amount	<p>BOD resolutions:</p> <ol style="list-style-type: none"> 1. Mar 21, 2013: Approved the construction of the world’s first commercial CBC plant in Kaohsiung Plant at NT\$1 billion. 2. Sep 23, 2014: Increased the front-end material plant and public facility system with an additional budget of NT\$1 billion. 3. Aug 11, 2016: Adjusted the complex layout with an additional budget of NT\$700 million to increase the total investment to NT\$2.7 billion.
Progress	The CPC plant construction is projected to be completed in the second half of 2017, and commissioning and trial run will start on the first half of 2018, with a design capacity of 5,000 MT.
Features	Cyclic block copolymer (CBC) is a new type of molecular structure with excellent performance for producing new-generation optical materials. CBC features low specific gravity, zero optical retardation, high weather resistance (UV resistance), high transmission, chemical solvent resistance, low moisture absorption and easy processing. In addition, as CBC has high purity by nature and high UV penetrability, it supports gamma disinfection and high UV penetrability and passes the biocompatibility test.
Application	Touchscreens, LCD optical films, light guide plates, optical lens, food packages, biomedical examinations and medical instruments.

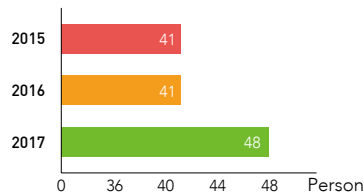
CBC development projects and overall marketing strategic planning:

Short-term goal:	Mass production of the CBC plant begins smoothly in 2018.
Medium- and long-term goals:	<ol style="list-style-type: none"> 1. Develop CBC applications in optical and medical fields. 2. Continue to reinforce the CBC process.

R&D management

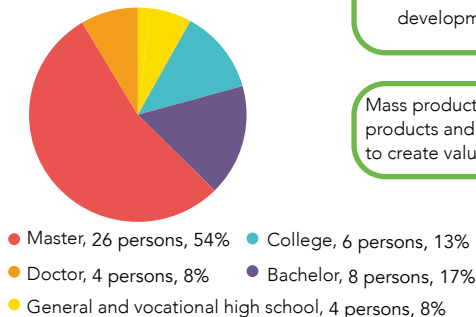


R&D management



Number of R&D staff in 2017 48, increased by 20% from 2016.

Distribution by Education



Policy

The R&D Division of USI is client-demand-oriented, provides solutions and drafts R&D plans, in order to dedicate to high valued products. Meanwhile, excellent R&D talents are recruited to be developed, in order to create a harmonious workplace with the constructive competition, enhance the soft strength of the Corporate, so that the sustainable operation is achieved.

Rationale

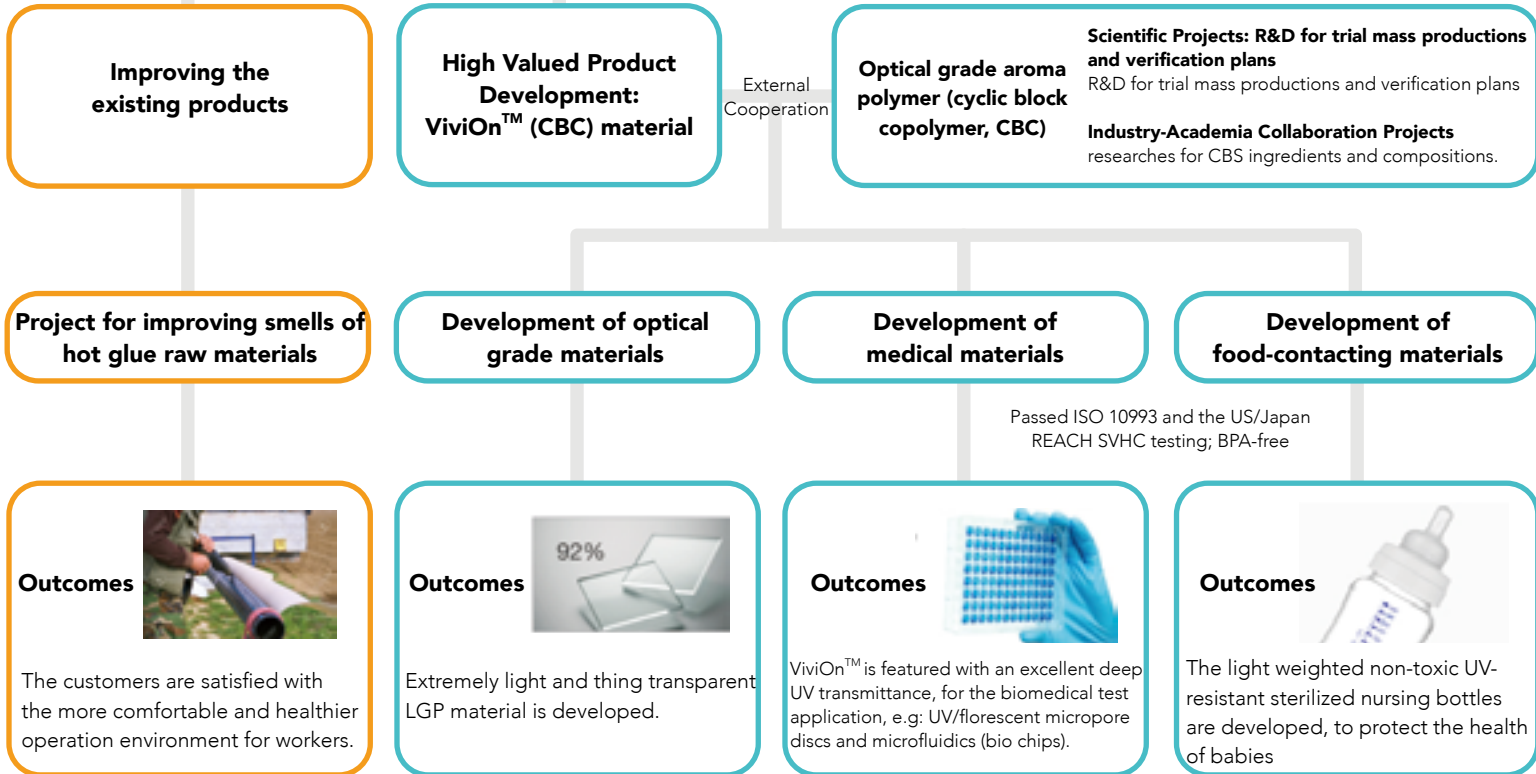
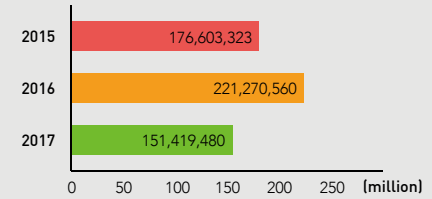
The R&D Division of USI is the R&D center of USI Group. The Division is aggressively recruiting and developing professional talents to engage R&D and innovations, providing outstanding products and services to meet the demands of customers.

2017 Technologies developed successfully and the R&D outputs

R&D Funding

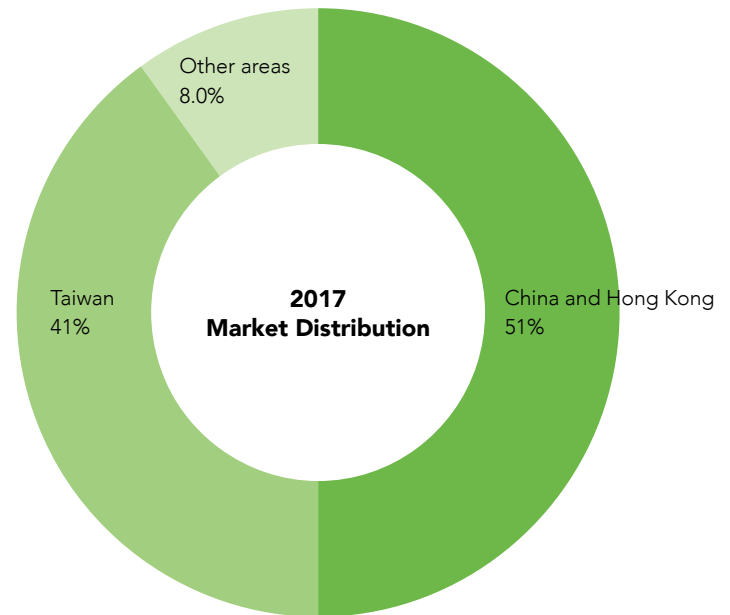
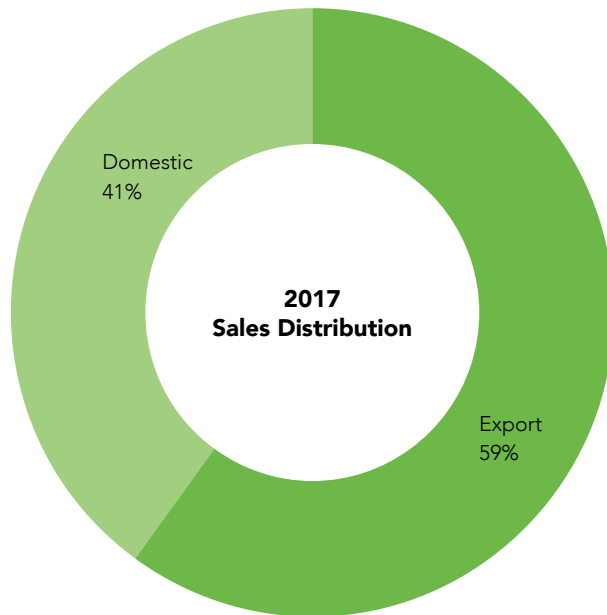
The funding for R&D of USI Corporation invested in 2017: NTD 151,419,480. As in 2016, the Corporation invested substantially in facilities to establish trial mass production plants, the R&D funding in 2017 declined by 31.57% from 2016.

About the amount of R&D funding for the past three years ▶



4.4 Sales and customer services

USI products are distributed worldwide, including United Arab Emirates, Australia, Bangladesh, Brazil, China, Ecuador, Egypt, the UK, Hong Kong, Indonesia, Israel, India, Iran, Japan, Cambodia, Sri Lanka, Myanmar, Mexico, Malaysia, Nigeria, New Zealand, Peru, the Philippines, Pakistan, Poland, Russia, Senegal, Thailand, Turkey, the USA, Venezuela, Vietnam, and South Africa. Products exported by ranking are EVA, HDPE, LDPE and LLDPE. The charts below show the sales distribution and market distribution of USI products in 2017. All sales were calculated by volume.



Sales services



Technical support

- Establishing the "Customer After Sales Technical Service Policy".
- In the "Product" section of our corporate website, we provide complete information regarding the specifications, properties, functions, application manual, and safety data sheet (SDS) of our current and new products.
- Setting up an enquiry hotline.
- No incident of or fine for non-compliance on the regulations and voluntary codes concerning product labeling was reported in 2017.
- Providing customers with a small quantity of samples for test runs and continuous technical support.



Product responsibility

- All USI products comply with the Restrictions on Hazardous Substances (RoHS).
- Provision of quality inspection reports as requested by customers.
- Third-party analysis for special quality requirements or new product development by customers.



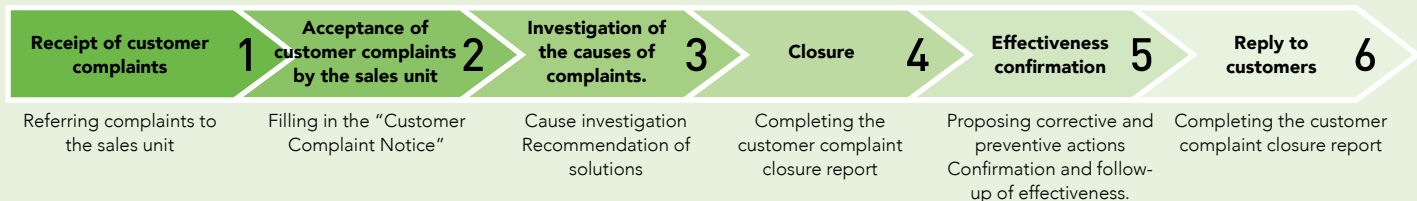
Customer privacy

- To ensure the security and the correct use of customer information, the Group Information Systems Division has established a series of regulations regarding information security management, including the General Provisions for the Information Security Management Policy, System Development and Maintenance Management Regulations, Directions for Going Live Management of Application Systems and Programs, and Directions for Database Management to protect and control all types of information. Moreover, we have strengthened privacy protection to prevent exposure of information by reinforcing firewall management, privilege control, segregation of testing environments and operating environments, and de-identification of data containing personal information.
- In 2017, no damage or breach of customer privacy data was reported.



Customer complaints

- We have established the Customer Complaints Handling Procedures to handle customer complaints regarding product quality.
- Customer complaints processing procedures



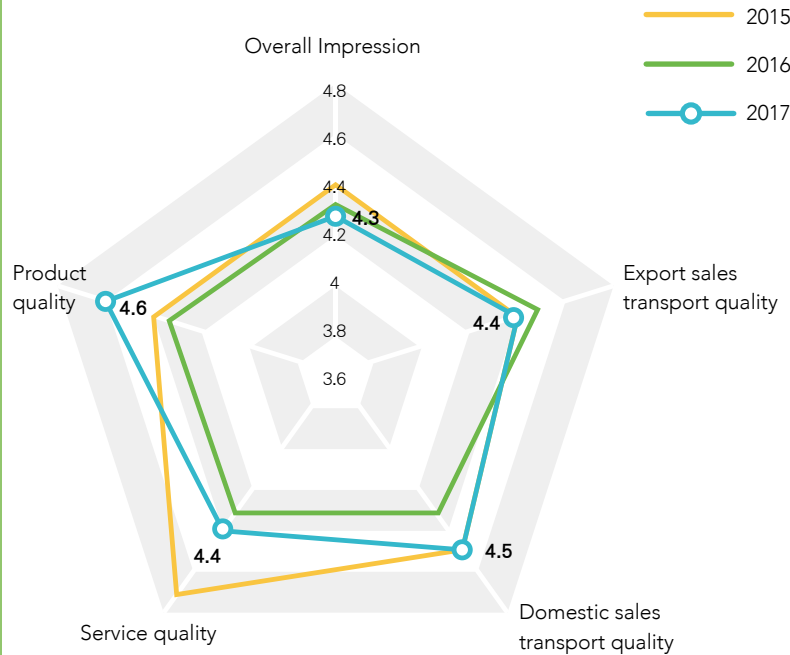
- We have adopted the following procedures to ensure that all customer complaints are addressed and resolved: computer processing and recording of customer complaints processing; discussion of each complaint at the monthly meeting; effective implementation of quality improvement activities; dedicated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

Customer satisfaction

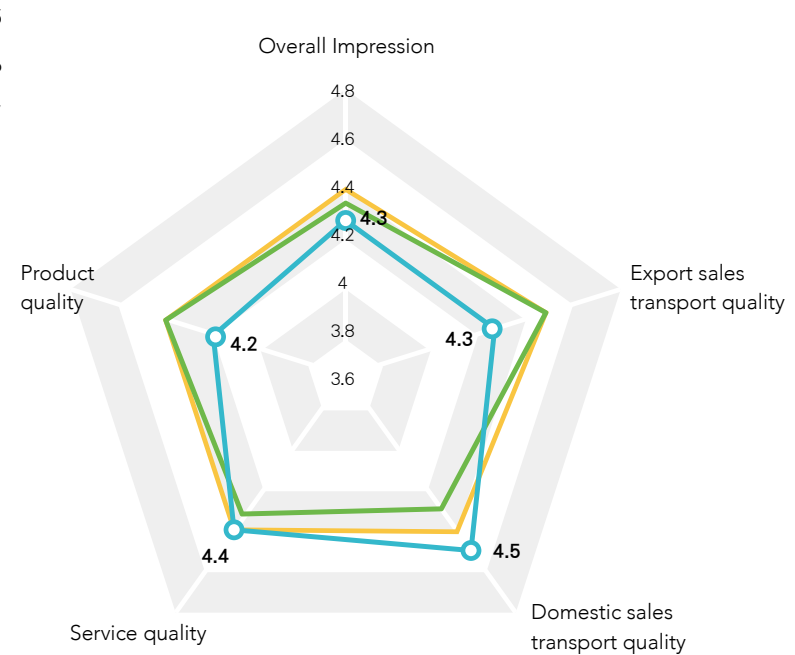
Survey frequency	A customer satisfaction survey is conducted semi-annually.
Sampling method	Fifty, including 40 domestic buyers and 10 overseas buyers, from the top one hundred buyers by purchasing quantity are surveyed during the first and second halves of the year.

In 2017, the performance in all aspects was better than "satisfactory", and responses of "highly satisfied" and "satisfied" are up to 96% amongst all the responses in the year (2017 with a target achievement of $\geq 90\%$).
The charts below show the survey results in "comparison with other suppliers" and "comparison with the previous year performance" in the past three years.

Comparison with Other Suppliers (unit: score)



Comparison to Previous Year Performance (unit: score)



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

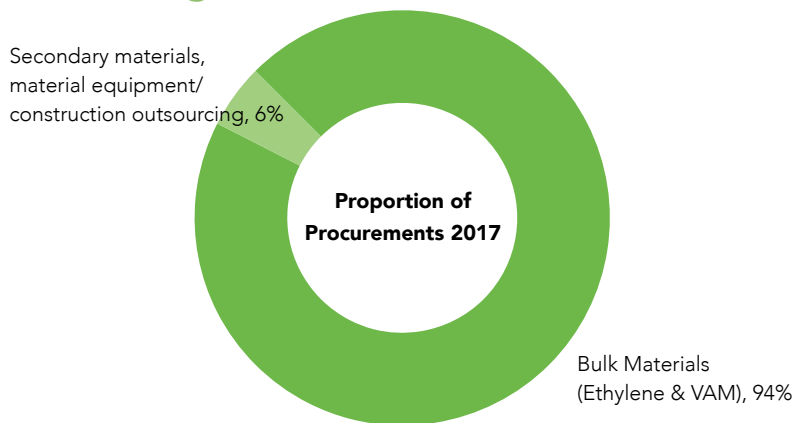
4.5 Supply chain management

With the rise in the awareness of topics related to sustainable development and supply chain risk management, apart from proactively performing social responsibilities and contributing to society, we have gradually realized the need to understand suppliers and reinforce the supply chain management in the environmental, social, and governance aspects.

As a petrochemical materials manufacturer, our major suppliers are raw materials suppliers, equipment suppliers, project suppliers, contractors, IT hardware and software suppliers, and office supplies suppliers.

We always maintain integrity when trading with suppliers and conduct procurements in accordance with the internal e-procurement system to ensure transparent and fair procurements

Risk management



The procurement of plasticizing materials (ethylene and VAM) is the highest every year. The 2017 procurement of such materials commanded at 94% of the total. Currently, ethylene and VAM are the major raw materials of USI products. In consideration of the risk of a supply shortage, we have adopted the following solutions:

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

To secure the sustainable supply of materials sources and stimulate market circulation, we aggressively cultivate new materials sources and increase bulk material suppliers to 15 companies, including 3 domestic suppliers and 12 foreign suppliers.

Locations / Materials	2017/ Ethylene	2017/ VAM
Taiwan	71%	93%
Foreign	29%	7%
Source	Totaling 9 suppliers	Totaling 6 suppliers

Note1: VAM is short for vinyl acetate monomer.

Note2: Procurements of bulk materials.

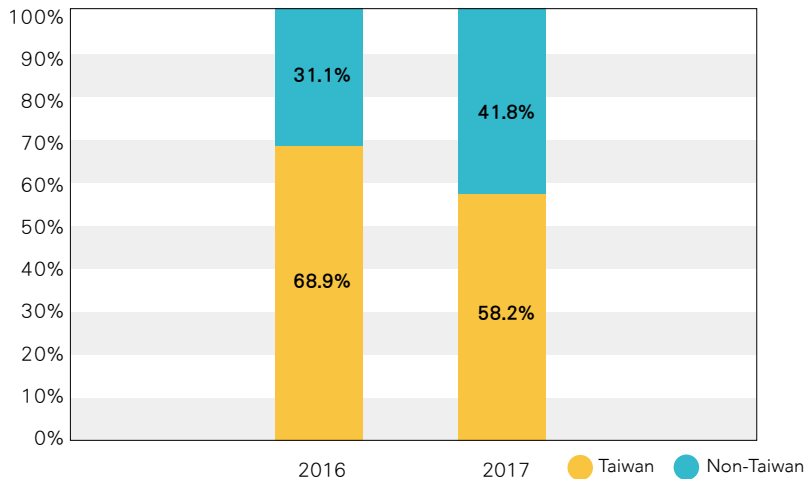
Support for local procurement

Taiwan is our operating and production base. When the procurement conditions are similar, we prioritize procurements from local suppliers in order to establish long-term, sustainable cooperation, promote local economic development and minimize the carbon footprint from transportation.

After the smooth operations of the new EVA production line in May 2016, the consumption of the major material EVA escalated. When the major supplier China Petroleum Corporation was unable to fulfill our demand as a result of capacity limitations and annual repairs, we turned to importation in order to maintain normal operations.

We also outsourced contracts mainly to local contractors. The CBC production line was completed at the end of 2017 and commissioning also started.

Procurements of secondary materials, and contracts in the past two years.



Continuous improvement of the SCM mechanism

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

Management of raw materials suppliers

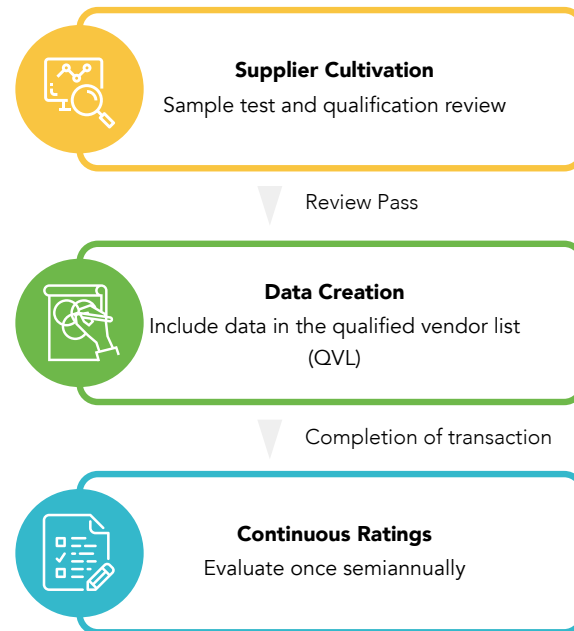
We establish long-term strategic partnership with raw materials suppliers and determine the safety stock based on materials preparation lead-time to ensure supply chain fluency. To encourage suppliers to make continuous improvement, so that we can receive quality raw materials and services at the right time, in the right quantity and at the right price, we increased the number

of suppliers to 90 in 2017 and conducted a supplier evaluation semi-annually. The Procurement Section of the Kaohsiung Plant implements the supplier evaluation according to the following mechanism:

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

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

We also establish a qualified supplier selection process as follows:



Rating items:

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

Results of raw materials supplier evaluation in 2017:

Complex	Plant I	Plant II
Suppliers evaluated	26	38
Pass rate	99.47%	99.02%

Management of construction contractors:

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

Contractor qualification items:

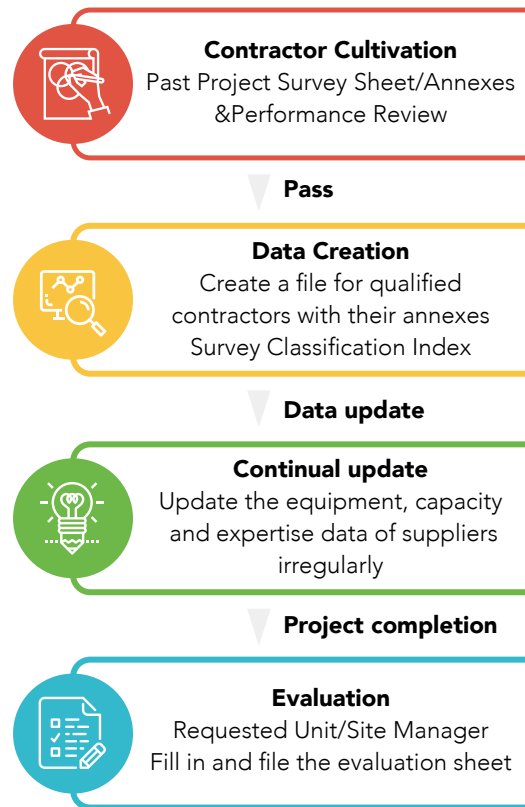
Capital	Total Amount of Two Major Projects in the Last 2 Years	Cumulative Amount of Projects each over NT\$200K in the Last year	Factory Scale	Amount of Equipment Investments	Employees
10%	20%	10%	20%	20%	20%

Project construction evaluation items:

Construction quality	Safety and health measures	Coordination performance	Site manager	Environment maintenance	Construction progress
40%	20%	10%	10%	10%	10%

Note: The passing mark is 50 points. We will stop enquiries from contractors with a score of 30-49 points for one or two years and disqualify contractors with a score below 30 points.

We also established a qualified contractor selection process, which is as follows:



Results of construction contractor evaluation in 2017:

Complex	Plant I	Plant II
Projects evaluated	114	57
Pass rate	100%	100%

Supplier CSR Commitment

Sustainable development indicators including the environment, labor practices, human rights and social impacts have become the social focus in recent years. In addition to ourselves, suppliers will be examined for compliance with the above sustainable indicators.

While we have not included the above sustainable development as part of the criteria for supplier evaluation, we are studying the inclusion of such indicators in the new supplier evaluation and annual supplier evaluation. Related regulations are expected to be released by the end of 2018. Although we have not published related regulations, some suppliers pursuing sustainable development have included such indicators in their own CSR practices, such as major materials supplier in China Petroleum Corporation, Taiwan and major partner CTCI Corporation.

Energy-efficient and eco-friendly equipment

In addition to continuously promoting environmental and energy conservation policies, we have been encouraging all units to use energy-efficient and eco-friendly materials in recent years. These materials include energy-efficient devices (e.g., high-performance IE2 motors) and ecolabel products (e.g. LED tubes and energy-efficient IT equipment).

With reference to Article 96 of the Government Procurement Act, we will specify in the tender documents the preference to use ecolabel-accredited products; products or materials that are recoverable, recyclable, re-usable, eco-friendly and energy-efficient; and other products that either increase the social benefits or reduce social costs, in order to establish the USI green procurement mechanism and increase the proportion of green procurement.

In 2017, we realized green procurement including the replacement of water-efficient toilet equipment, motion sensor faucets, and motion sensor flush. We also continuously replaced high efficiency motors and used rooftop solar panels to enhance water efficiency and energy efficiency.





5. Environmental Protection

- 5.1 Environmental management system
- 5.2 Source management
- 5.3 Industrial and public safety management
- 5.4 Energy consumption and management
- 5.5 Circular economy
- 5.6 Pollution control
- 5.7 ESH grievance channels

5.1. Environmental management system

It has been 19 years now since we established the ISO 14001 environmental management system (EMS) in 1998. EMS provides the Kaohsiung Plant with a good environmental protection framework for controlling and reducing environmental impacts, preventing accidents from impacting the environment and ensuring legal compliance. Following international trends, we have integrated the EMS and the safety and health system to draw up an environment, safety and health (ESH) policy:



Environmental objectives and management programs

Environmental Objectives and Management Programs 2017

Policy	Objective	Program	Effectiveness
Zero emission	Reduce VOCs emissions by 5,525 MT.	Increase RTO processing efficiency to reduce VOCs emissions.	1. So far RTO works properly with a breakdown rate of over 95%. 2. High intensity VOCs of Plant II to RTO were transported to the boiler to increase processing efficiency and reduce VOCs emissions. The estimated VOCs reduction capacity by the end of 2017 was about 22 MT.
	GHG emissions reduced by 3,882 MT.	Plant total energy conservation plan.	Total electricity reduction accumulated 7,338,720 kWh (target 8,028,602 kWh) to reduce GHGs by 3,882 MT.
	Reduce effluents by 19,500 MT.	Effluent reclamation	The civil foundation of the effluent reclamation system was completed at the end of December, 2017, and COD online detectors were installed in February 2018. The effluent reclamation system is expected to be completed at the end of June 2018.
Zero pollution	NOx < 150 ppm, SOx trace, Particle < 20 mg/NM3	Replaced LD boiler fuel from crude oil to natural gas.	The delivery of the Japan-made burner is scheduled on February 28, 2018. The explosion-proof blower motor was purchased and will be delivered to the plant in May 2018. The improvement works is expected to be completed in June 2018.
	Improve effluent quality to 60% of the discharge standards (COD < 60 mg/L, SS < 18 mg/L, Grease < 6 mg/L)	Raise effluent quality control	The civil foundation of the effluent reclamation system was completed at the end of December, 2017, and COD online detectors were installed in February 2018. The effluent reclamation system is expected to be completed at the end of June 2018.

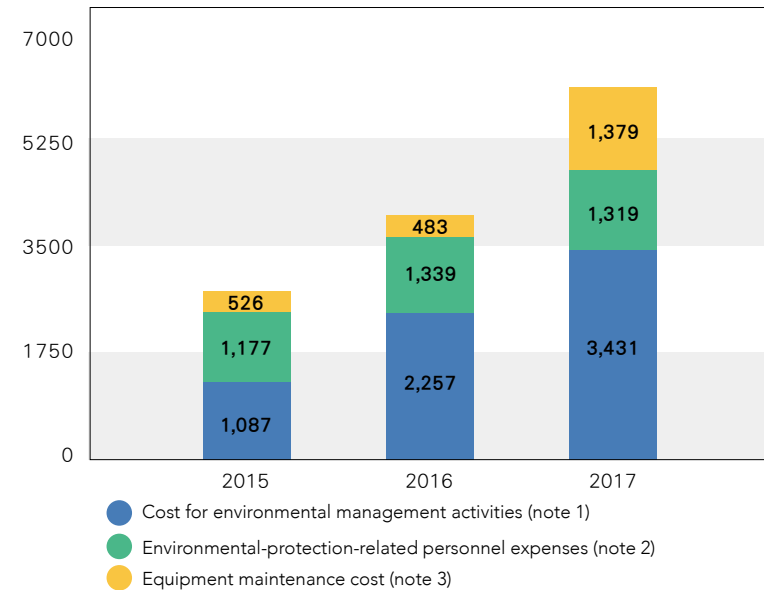
In 2017, the Kaohsiung Environmental Protection Bureau rewarded us with a certificate of outstanding performance for our support in the GHG reduction campaign promoted by the Kaohsiung Environmental Protection Bureau and assistance to the administrative department of the Kaohsiung City Government to reduce GHG.



Environmental expenditures

Our environmental management costs include the cost for environmental management activities, environmental-related personnel expenses and equipment maintenance cost. In 2017, the total amount of environmental expenditures was about NT61.29 million.

Environmental Expenses of Kaohsiung Plant in the Past 3 Years
(Unit: 10 thousand)



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

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

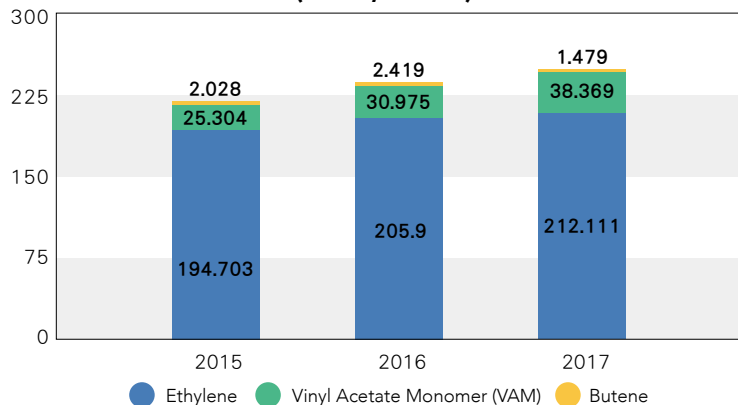
Note3: Equipment maintenance cost includes the fees of environmental-related equipment and the fees for equipment maintenance.

5.2 Source management

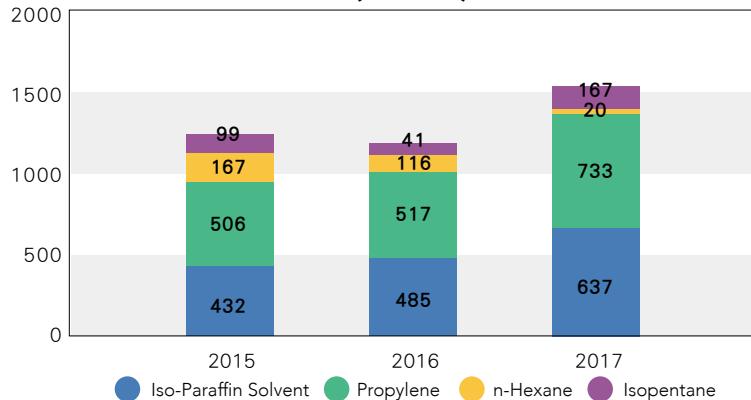
Major raw materials

Our main products are: LDPE, EVA, HDPE, and LLDPE. Our raw materials include ethylene, vinyl acetate monomer (VAM), and butene.

**Consumption of Major Raw Materials over the Past 3 Years
(Unit:1,000 MT)**



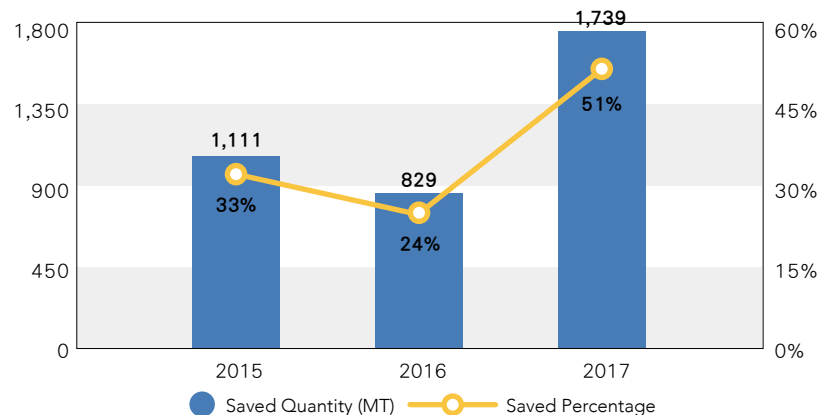
**Consumption of Bulk Secondary Materials over the Past 3 Years
(Unit: MT)**



Note: We use non-recyclable raw materials.

We are committed to enhancing the efficiency of process material reclamation to minimize VOCs emissions, reducing material consumption, and lowering manufacturing costs. At the end of 2013, we have completed the improvement of a high-pressure gas recovery system at Plant II of the Kaohsiung Plant, with significant effects in recovering butene, n-hexane, and isopentane.

**Reduction of Butene, n-Hexane and Isopentane Uses
in the Past 3 Years than in 2013 (MT)**

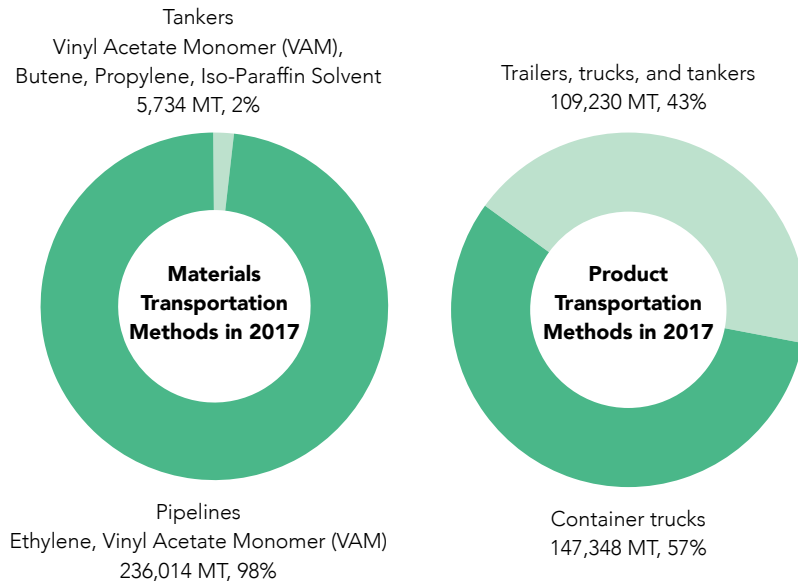


EVA containing high vinyl acetate (VA) has gradually become the major product of the Kaohsiung Plant and therefore the need for VA recovery also increases every year. In 2015, the Kaohsiung Plant thus began to plan a new modifier recovery treatment (MRT) system, which was completed in mid-2016. Currently, the new and existing towers are used together. In 2017, we added a new condenser to the front end of the ethylene purification tower (EPT). Apart from preventing EV from congealing in the heat exchanger and molecule sieve during purification, the system enables EV recovery for re-use to reduce materials consumption.

Transportation safety management

Disclosure of management approach

In consideration of the safety of pipeline transportation and vehicle transportation, the Kaohsiung Plant applied appropriate transportation for raw materials and product transportation to ensure quality integrity during transportation. The Kaohsiung Plant is also committed to extending pipeline lifespan through enhanced maintenance to prevent accidents and leakage and ensure a stable raw materials supply. No transportation-related accident was reported over the past decade.



Materials transportation

Transportation Methods	The Kaohsiung Plant transports 98% of its materials via underground pipelines and 2% with tankers.
Management Plan	To achieve "Equipment Maintenance Operations" and "Safety and Health Operations", and "Ethylene/VAM Underground Pipeline Management" under internal control. In addition to conducting emergency response training and exercise, the Kaohsiung Plant has established the "Ethylene/VAM Underground Pipelines Management Regulations" to implement preventive maintenance, routine tour inspections, and error management of owned underground pipelines within and outside the plant to prevent pipeline corrosion and leakage.
Implementation Plan and Effectiveness	<ul style="list-style-type: none"> Double protection including petrolatum tapes and impressed current cathodic protection. Outsourcing daily tour inspections. Outsourcing legally registered professional contractors to check the potential of cathode protection quarterly. To ensure pipeline safety, at least one pressure holding test or hydrostatic test is conducted every year. Establishing relevant emergency response plans and reporting mechanisms and implementing emergency response training and exercises regularly to ensure no significant on the environment and traffic. All tankers are qualified tankers for transporting chemical substances; each contractor has good emergency response ability, and well-established emergency response plans. Transportation is implemented according to the relevant control regulations and management measures.

Product transportation

Transportation Methods	The Kaohsiung Plant transports products with trailers, trucks, tankers, and containers.
Management Plan	The Kaohsiung Plant transports products through qualified contractors.
Implementation Plan and Effectiveness	<ul style="list-style-type: none"> Legally registered transporters. Passed ISO 9001 certification with trained, qualified safety and health management personnel. Semi-annual evaluation of performance, efficiency, cooperation and quality and proposals for improvement programs based on customer feedback at the transportation review meeting. Regular vehicle examinations according to the relevant regulations. Holding safety meetings quarterly to ensure that contractors can safely transport products to the destination to minimize environmental impacts caused by transportation.

Underground pipeline management

Disclosure of management approach

Appropriate measures to minimize environmental pollution and prevent property damage and personal injury should be adopted to improve the transportation safety of underground pipelines, ensure more effective management of underground pipelines outside of the plant, establish proper management procedures to prevent potential disasters caused by corrosion of pipelines within and outside of the plant or damage to pipelines due to improper excavation by non-USI units and provide a dependable reference for personnel to follow.

Management approach

Our 2017 Underground Pipeline Maintenance and Operating Plan was approved by the Kaohsiung Economic Development Bureau. Major items in the plan include support for the disaster simulation examination/audit/response test of the Kaohsiung Economic Development Bureau; construction of a tour inspection cloud platform; third-party assurance of risk assessment; third-party assurance of pipeline integrity; selection of in-line inspection (ILI) contractors; verification by excavation; environmental soil tests; identification of cathodic protection (CP) points; anti-corrosion system corrosion potential survey; cooperation with on-site inspection and cooperation with the pipeline inspection/ response drill of the Industrial Development Bureau.

Assessment of underground pipeline integrity



Management performance

With the assurance of the third-party certification body, we have completed the regional risk assessment and integrity assessment of the pipeline route. In the future, we will plan for ILI to assess the overall pipe condition to verify the pipeline conditions and ensure pipeline operating safety with integrity



assessment, protect the safety of citizens living near our underground pipelines and the work safety of employees.

The Kaohsiung Plant participated in the regional defense organization of pipelines 6 and 7 and updated the rectification stations and renovated the test stations of the cathodic protection system in collaboration with other plants of the defense organization. The plant also organized the emergency response drill for pipelines 6 and 8 and arranged for pipeline safety education and training activities. The Office of Pipeline Safety (OPS) of the Economic Development Bureau even implemented an unscheduled drill on May 15. The swift response and handling of the regional defense organization could minimize the impacts and losses to the environment, people, equipment and production activities through the fastest and most effective integration and mobilization of existing manpower, equipment and external support.

After auditing pipelines 6 and 8 in August and September and evaluating the effectiveness of prompting the Kaohsiung Region Industrial Pipeline Regional Joint Defense, the Industrial Development Bureau rated the operation of pipeline 6 as the best.



5.4 Energy consumption and management

Disclosure of management approach

The rising demand for energy as a result of social development has caused supply shortages and the challenges of global warming and climate change. Therefore, minimizing energy and resource consumption and GHG emissions to build a sustainable low-carbon society is our social responsibility. In consideration of the Greenhouse Gas Reduction and Management Act promulgated by the Environmental Protection Administration on July 1, 2015 and the Rules Governing the Establishment of Targets and Implementation Plan of Energy Saving by Energy Users approved by the Bureau of Energy of the Ministry of Economic Affairs, the Kaohsiung Plant develops measures for energy conservation and emissions reduction every year to improve its capacity to cope with climate change, enhance process efficiency, and raise organizational competitiveness.



Management targets

In response to the energy conservation policy of the Bureau of Energy, USI Group participated in the 2016 Establishing Energy Conservation Mission by Business Groups organized by the Industrial Technology Research Institute. On August 1, 2016, we attended the flag awarding ceremony organized by the Ministry of Economic Affairs and subscribed to "Energy Conservation with Faith and Action for the Future." In addition, based on the average energy conservation by energy users by 1% between 2015 and 2019 as requested in the Rules Governing the Establishment of Targets and Implementation Plan of Energy Saving by Energy Users, we set the 2016 management targets at "electricity consumption reduced by 1%, energy consumption reduced by 2%, emissions reduced by 1.5%, and water consumption reduced by 1% every year". In addition, the Energy Management Committee reviewed the status of implementation and implemented internal and external information exchange to achieve the targets and fulfill our corporate social responsibility.



Management approach

On January 17, 2016 the Environmental Protection Administration, Executive Yuan announced The First Batch of Emission Sources Required to Report Greenhouse Gas Emission Inventory and Registration. As the annual emissions of Kaohsiung Plant is below 25,000 MT CO²e according to the trial calculation of stationary burning of fossil fuel, we are not one of the stationary sources required for registration and reporting

To understand the status of GHG emissions, the Kaohsiung Plant conducts a voluntary GHG inventory every year. The organizational boundary of GHG inventory covers the entire Kaohsiung Plant. We consolidate emissions of major emission sources with operational control. We also convert the 2007 global warming potentials (GWPs) of the different types of GHGs into carbon dioxide equivalent (CDE, CO²e) as announced by the Intergovernmental Panel on Climate Change (IPCC) in 1996, 2001 and 2006.

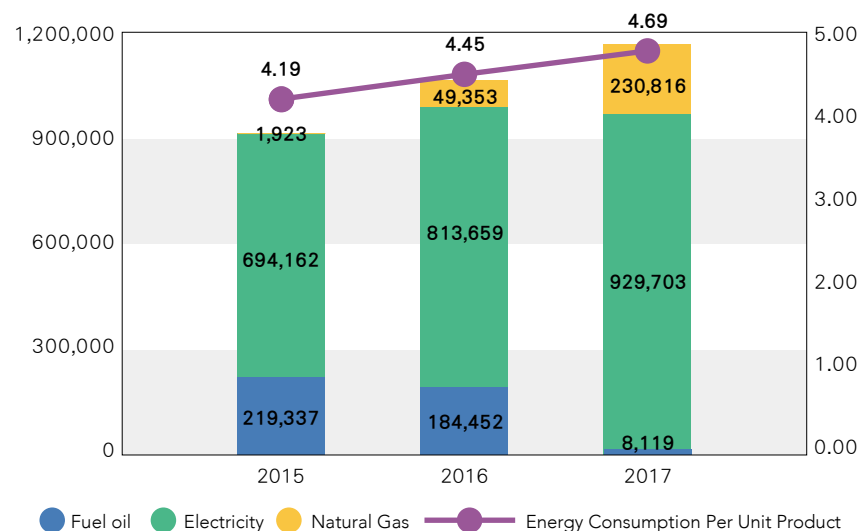
Apart from following the policies and regulations of competent authorities, the Kaohsiung Plant submits the energy conservation and emissions reduction plan of the next year to provide a reference for implementation. The Kaohsiung Plant also holds the ESH Management Committee meeting every quarter to keep track of the progress of the energy conservation and emissions reduction plan and review the effectiveness of related plans. In addition to maintaining the records of periodic assessment, the Kaohsiung Plant requests all units to promote practical and effective plans to conserve energy and reduce emissions to fulfill our responsibility for energy conservation and emissions reduction.

Management performance

Energy management

While high VA content products are the major outputs of new production lines, energy consumption of the Kaohsiung Plant increases accordingly from 4.45 GJ/MT of products in 2016 to 4.69 GJ/MT of products in 2017.

Energy Consumption and Energy Consumption Per Unit Product of Kaohsiung Plant over the Past 3 Years



Note1: As the consumption of diesel is far lower than that of electricity and fuel oil, it cannot be shown in the charts. Please refer to the table below for details.

Note2: Energy consumption unit: GJ; energy consumption per unit product unit: GJ/MT

Energy Consumption and Energy Consumption Per Unit Product of Kaohsiung Plant over the Past 3 Years

Energy Type	Unit	2015	2016	2017
Fuel oil	GJ	219,337	184,452	8,119
Electricity	GJ	694,162	813,659	929,703
LNG	GJ	1,923	49,353	230,816
Diesel	GJ	723	328	376
Total consumption	GJ	916,145	1,047,792	1,169,014
Product	MT	218,830	235,476	249,086
Energy Consumption Per Unit Product	GJ/MT	4.19	4.45	4.69

Note1: Referring to the Energy Heating Value Per Unit Product Table announced by the Bureau of Energy, Ministry of Economic Affairs, the conversion factor for energy consumption of fuel oil, electricity, LPG, natural gas and diesel is as follows: 9,600 kcal/L, 860 kcal/kWh, 8,000kcal/m³, and 8,400 kcal/L; where 1 cal = 4.187 J.

Note2: To reduce pollution, the Kaohsiung Plant has built a new natural gas boiler to replace fuel oil consumption. After the new line started production, natural gas and electricity consumption increased significantly in 2017.

Note3: The consumption of fuel oil, LNG and electricity and production outputs were calculated based on the fuel bill statistics.

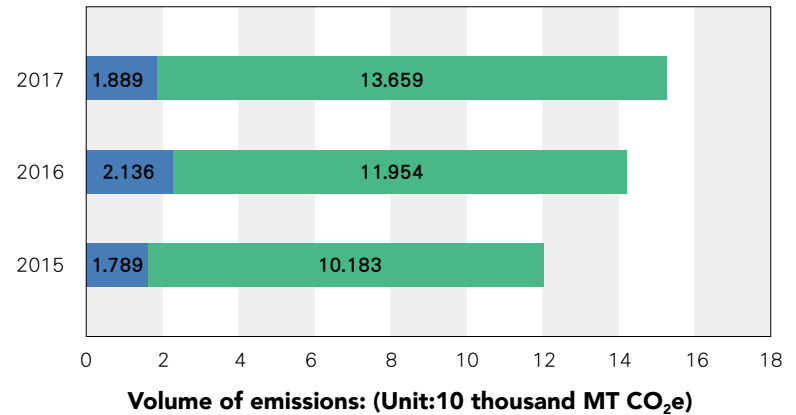
Note4: Diesel consumption was calculated based on the statistics on materials collection sheets.

Note5: Only non-renewable energy is used.

GHG management

As shown in the statistics, by promoting related energy conservation and emission reduction measures, the electricity consumption was reduced by 7,338,720 kWh accumulatively in 2017, equivalent to 3,882MT of GHGs.

GHG Emissions over the Past 3 Years (MT CO₂e)

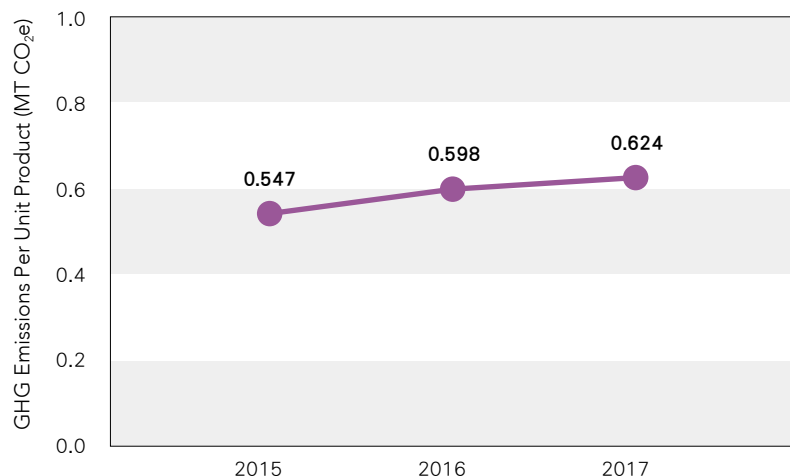


Note1: Scope 1 refers to direct GHG emissions occurring from production processes or facilities. The data presented in the above chart cover only major emission sources including fuel oils, natural gas, RTO and flare stack (including emissions from stationary burning of fossil fuel and flaring).

Note2: Scope 2 refers to indirect GHG emissions occurring from indirect sources, such as purchased electricity.

Moreover, both the GHG emissions and GHG emissions per unit product of the Kaohsiung Plant in 2017 were higher than that of 2016. This is because of the significantly higher electricity consumption for the new production line and the increase of outputs, thus raising both GHG emissions and GHG emissions per unit product.

GHG Emissions Per Unit Product in the Past 3 Years (MT CO₂e)



Energy conservation and emissions reduction

The table below shows the targets and performance of the conservation and emissions reduction plan of the Kaohsiung Plant in 2017 and the targets for 2018:

	2017		2018
	Targets	Performance	Targets
Electricity conservation (%)	2.66	2.78	1.32
Energy conservation (%)	1.93	2.21	1.02
Emissions reduction (%)	2.26	2.53	1.19
Water conservation (%)	2.20	0.00	5.81

Note1: Energy conservation refers to electricity conservation.

Note2: Emissions reduction covers emissions from energy consumption.

Note3: Electricity conservation, energy conservation and emissions reduction did not include consumption in commissioning.

Except for water conservation, all targets for 2017 were achieved. The water conservation project was delayed to Q4 of 2017 due to the clarification of the technical specifications of the related equipment. System operations started in 2018. The water conservation target for 2018 is 5.81%.

The Kaohsiung Plant held the first energy conservation and emissions reduction meeting in 2008 and established energy conservation and emissions reduction programs for each unit and the objectives for energy conservation and emissions reduction for the plant according to the government's GHG reduction policy. These programs and objectives are also key to reducing operating costs. By forming energy conservation and emissions reduction teams at the plants of the affiliates and reaching consistent practices through energy and resource integration, and experience sharing, we promote practical and effective energy conservation and emission reduction programs which are reviewed quarterly for the effectiveness of implementation.

The table below shows the programs and effectiveness of energy conservation and emissions reduction in 2017 of the Kaohsiung Plant. The energy conservation volume reported to the Bureau of Energy in 2017 was 7,338,720 kWh, equivalent to 3,882MT CO₂e.

Program	Energy Saved kWh/year	Emissions Reduced (MT CO ₂ e/year)	Calculation period (2017)
Switching cooling water sources for process air compressors of Plant II to Plant I during an outage to shut down the cooling tower pump of Plant II to save energy.	390,320	206.5	Jan-Jun
Management of the A/C system in the audiovisual classroom.	10,570	5.6	Jan-May
Installation of Optiblend daylight-redirecting glass panes and Venetian blinds in the office buildings to save energy.	2,527	1.3	Jan-Mar
VDF control for the E-280C motor of the cooling tower fan of Plant I.	46,728	24.7	Jan-Feb
Shortening the blending time of 12 Silos Conveying blower	834,750	441.6	Jan-May
ARC ceramic coating on any one of the J-290A/B /C in Plant I.	2,685,600	1,420.7	Jan-Dec
J-312B fresh water pump replacement	176,000	93.1	Jan-Dec
J-230D-1 FKC water motor replacement	9,171	4.9	May-Dec
Use of high-efficiency motors for C-202B	2,857,405	1,511.6	Jan-Dec
Replacement of high-efficiency motor for modified pump J-220I	26,400	14.0	Jan-Dec
High-efficiency motor for any one of the J-275A/B/C	82,902	43.9	Jun-Dec
Use of high-efficiency motors for J-214	13,945	7.4	Jan-Dec
Use of high-efficiency motors for J-308	105,600	55.9	Jan-Dec
Replacement of two high-efficiency motors for the conveying blower	5,901	3.1	Sep-Dec
Modification of K-6006 pulley	77,031	40.7	Jan-Dec
INOMA insulation paint	5,677	3.0	Oct-Dec
VFD control for the cooling tower fan of Plant I	8,193	4.3	Nov-Dec
Total	7,338,720	3,882	-

Note1: Electricity to emission conversion coefficient is 0.529 (kg CO₂e/kWh).

Note2: Based on the 2017 Report on the Annual Energy Saving Audit System by Energy Users of the Bureau of Energy. Report data are under review by the Bureau of Energy. Adjustments will be made subject to the review results.

Note3: Electricity conservation of items 1, 2, 3, 5, 6 and 7 was calculated based on the design value and the idle period of equipment.

Note4: Electricity conservation of items 4, 8, 10 and 13 was calculated based on the enhanced efficiency/ operating current MT/power factor and the operating time of the equipment after improvement.

Note5: Electricity conservation of items 9, 11, 12, 14, 15, 16 and 17 was calculated based on the design value/ measured value and operating time of equipment before and after replacement.

Note6: Report data are under review by the Bureau of Energy. Adjustments will be made subject to the review results.

Note7: The converted energy conservation is 26,425 GJ and electricity is the energy source.

Based on the Rules Governing the Establishment of Targets and Implementation Plan of the Energy Saving by Energy Users promulgated by the Bureau of Energy, Ministry of Economic Affairs, we submit the Report on the Annual Energy Saving Audit System by Energy Users as scheduled, establish the annual electricity conservation items and annual electricity conservation rate, plan the budget for implementing these items and follow up on the performance every quarter, hoping to achieve the annual electricity conservation rate at 1%. The 2018 energy conservation plan submitted to the Bureau of Energy include the replacement of high-efficiency motors, connection of cooling water pipelines for Plant I, reduction of the number of cooling water pumps, procurement of compressors, insulation coating, improvement of the lighting in the Compressor Area and Finishing of Plant I and VFD control for the cooling tower fan of Plant I. The estimated electricity reduction rate is 1.32%, equivalent to 1,843MT CO₂e.

Electricity Conservation Rate of USI Kaohsiung Plant over the Past 3 Years

Item	2015	2016	2017
Electricity Saved (kWh)	424,172	4,058,262	7,338,720
Electricity conservation (%)	0.22	1.79	2.78

Note1: Based on the 2017 Report on the Annual Energy Saving Audit System by Energy Users of the Bureau of Energy.

Note2: Subject to the energy audit equation of the Bureau of Energy: reported energy saved divided by the total electricity consumed (including commissioning).

Water resources

The circular economy is an industrial system designed for recovery and regeneration to replace “end of life” with “recovery” in order to turn waste into resources and thereby achieve waste reduction.

Based on this concept, the Kaohsiung Plant is focusing on water recycling through the following plans:

Program	Effectiveness
Enhancing the recycling rate of water resources	We have improved the steam condensate recovery system. After the completion and operation of the Kaohsiung Plant's new steam boiler, the condensate reclaimed from steam can be reused in the new boiler for re-use. The water reclaimed is approximately 47,520 MT/year. Calculation: The project was completed in 2016. After field tests, we found that the reclamation volume is 6 MT/hour. Based on 330 days a year, the annual reclamation volume is 47,520 MT.
Recycling spillage water reclaimed from chip cutting	Spillage water reclaimed from chip cutting is first transported to the sedimentation tank. Then, it is pumped into the reclaimed water treatment plant before being further transported to the cooling tower for re-use to reduce tap water consumption and process effluents. The water reclaimed is approximately 27,720 MT/year. Calculation: The project was completed in 2016. After field tests, we found that the reclamation volume of the system is 14 MT/batch. Based on six times a day and 330 days a year, the annual reclamation volume is 27,720MT.
Continuous monitoring and reclamation of effluents	Continuous monitoring of the in-house effluent quality to enhance effluent treatment and response capacity and ensure that effluents comply with the discharge standards. After reclaiming by the system, effluents are treated before being transporting to the cooling tower for re-use to reduce tap water consumption and process effluents. Estimated water reclaimed is approximately 99,000 MT/year. Calculation: The project will be completed in June 2018 and start operations in July 2018. The design treatment capacity of the reclaimed water system is 300 MT/day. Based on 330 days a year, the estimated water reclaimed is approximately 99,000 MT/year.
Detention basin and storm water reclamation channel	Pipelines will be installed from the existing detention basin and storm water reclamation channel to the cooling tower. After filtering by the storm water separator next to the cooling tower, storm water will be re-used by the cooling tower. Estimated water reclaimed is approximately 6,000 MT/year. Calculation: The project was completed in 2017. The total area of in-house storm water collection is 3,500m ² . Actual operations started in 2018. The annual precipitation of Kaohsiung is 1,900mm. Based on a reclamation rate of 90%, the estimated water reclaimed is approximately 6,000 MT/year.

Note1: The estimated volume of re-claimed and recycled water in 2017 was 75,240MT; the total water intake was 982,234 MT; the volume of reclaimed and recycled water was 7.66% of the total water intake.

Air pollution control

Disclosure of management approach

The Kaohsiung Plant is located in Kaohsiung City within the Gaogaoping Cap and Trade and the class 3 control regions of PM₁₀, PM_{2.5}, and O₃. Therefore, air quality improvement has always been our prime target. To fulfill our corporate social responsibility, the Kaohsiung Plant spares no effort to implement environmental improvement measures continuously, hoping to achieve the “zero pollution and zero emission” goals in the four zero’s policy and contribute to air quality improvement.

Management targets

To achieve the “zero pollution and zero emission” goals in the four zero’s policy and in support of the reduction targets in Phase I of the Gaogaoping Cap and Trade, the Kaohsiung Plant set the VOCs target to 5.525 MT and reduced boiler emission intensity to NOx 150ppm, TSP20 mg/NM³ and all SOx in 2017.



Management approach

In addition to regularly testing and reporting air pollutants, the Kaohsiung Plant has planned the following reduction programs to effectively reduce air pollutants:

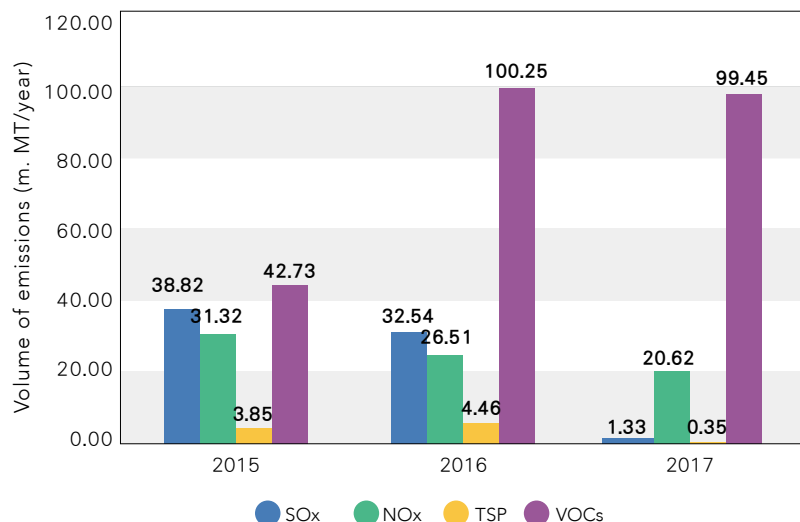
VOCs reduction	Create files for each equipment component in the plant for management, replace glandless pumps, purchase low-leakage valves, simplify process pipelines, reinforce the maintenance of equipment components and seal waste water tanks with a cover.
Effective VOCs treatment	Apart from building a regenerative thermal oxidizer (RTO), the Kaohsiung Plant effectively processes VOCs with the steam boiler and recover heat energy to reduce energy consumption. The Kaohsiung Plant officially implemented the RTO in production processes in 2015.
Reduction of pollutant emissions	Plan and build a steam boiler using clean energy natural gas as the main fuel to significantly reduce fuel oil consumption and thereby the emission of air pollutants. Compared 2017 (LNG) to 2015 (fuel oil), it is estimated that SOx emissions reduced by 37 MT/year and NOx by 11 MT/year.



Management performance

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

Emissions of air-pollutants in the past three years



Note: VOC emissions increased in 2016 after processing all process VOCs to the RTO.

Over the years, emission test results of the Kaohsiung Plant have been consistently well below the EPA emission standards. The table below shows the emission test results of the Kaohsiung Plant over the past three years.

Pollutant	2015	2016	2017	Standard
SOx (ppm)	141	165	180	300
NOx (ppm)	146	164	176	250
TSP mg/Nm ³	42	56	70	100

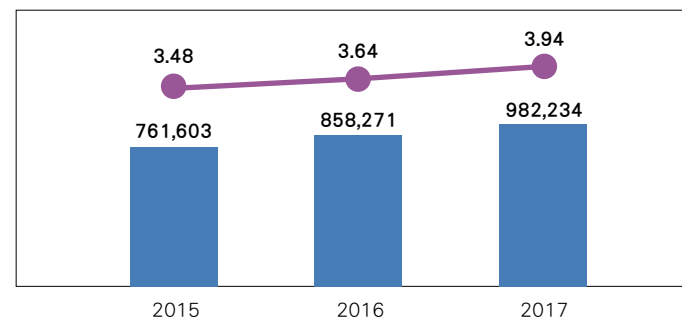
Note1: The VOC emission test results of the Kaohsiung Plant comply with the statutory requirements over the years, with a reduction rate of over 95%.

Water pollution control

The Kaohsiung Plant discharges effluents to the surface water body—Houjing River. To reduce the environmental impact of effluents, apart from following related environmental laws and regulations, we spare no effort to improve effluent quality, reduce effluent discharge, increase water recycling and reduce tap water consumption.

Tap water is our primary water source. The tap water consumption of the Kaohsiung Plant in 2017 was 982,234 m³ and the water volume per unit product is 3.94 m³/MT.

Water Consumptions and Water Volume Per Unit Product over the Past 3 years

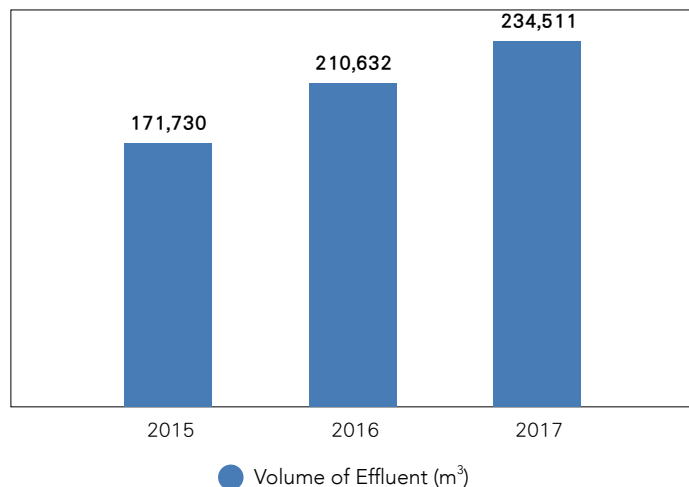


● Volume of tap water consumption (m³) ● Water Consumption Per Unit Product (m³/MT)

Note: Water consumption data were extracted from the water meter.

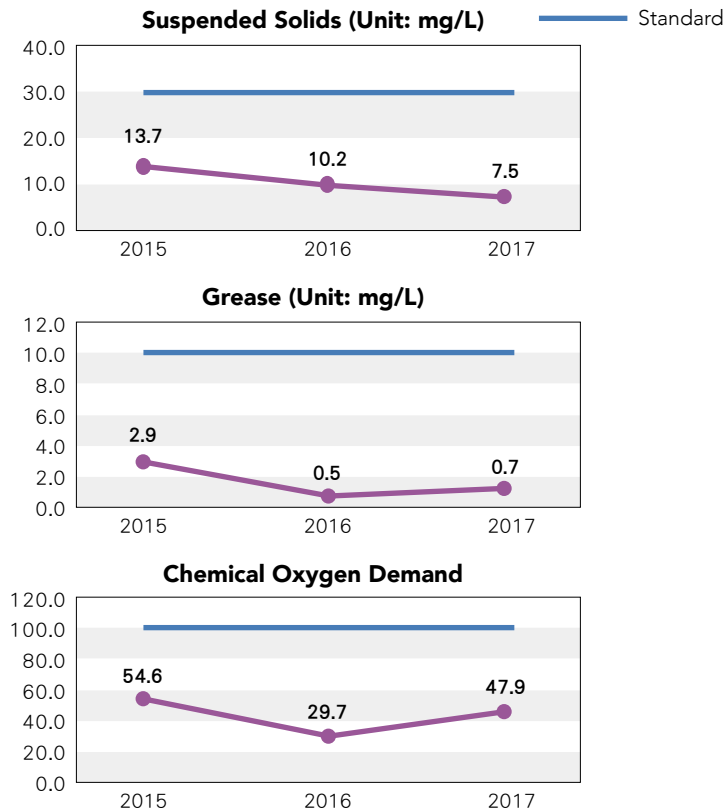
In the waste water discharge, the waste water is treated and discharged with criteria superior to the regulatory and statutory requirements. In 2017, the Kaohsiung Plant discharged 234,511 m³ of effluents into the Huojing River in Kaohsiung. Tap water consumption increased after the new production line started operation in 2016 and the expansion of new processes.

Effluent Volume in the Past 3 Years



Referring to the Effluent Standards promulgated on December 25, 2017, there are 24 items for controlling effluent quality from the petrochemical industry. Major control items of the Kaohsiung Plant include suspended solids (SS), grease and chemical oxygen demand (COD). The value of these items is far lower than the regulatory effluent standards or even lower than the method detection limit (MDL).

Chemical Oxygen Demand of the Kaohsiung Plant over the Past 3 Years



As for the original environmental management program: "Water Quality Standard Control Enhancement of Effluents", due to technical specifications clarification of the Wastewater Recycling System Project, the foundation civil works was completed at the end of December 2017. Upon completion estimated at the end of June 2018, the project will effectively enhance the water quality of effluents to reduce effluent discharge.

Waste management

Disclosure of management approach

For proper waste disposal, the Kaohsiung Plant hires a licensed contractor to dispose of such waste according to laws and regulations related to waste disposal. In the future, apart from reviewing the qualifications of contractors and requesting them to provide support documents for proper waste disposal on a regular basis, we will perform onsite inspections on the contractors to verify their waste disposal performance, in order to perform our supervision obligations.

Management approach

The Kaohsiung Plant produces both hazardous industrial waste and general industrial waste and disposes of such waste by incineration, physical treatment and cleaning. The Kaohsiung Plant also hires licensed waste disposal contractors to dispose of and treat such waste in accordance with the "Waste Disposal Act."

Waste reduction programs:

Reinforcement of awareness education	Reinforce education of the need for waste separation and labeling to increase waste recovery volume and reduce the disposal volume of general waste.
Clean production	Strengthen process management to minimize end-of-pipe treatment and reduce the output of sludge and other industrial waste.

Management performance

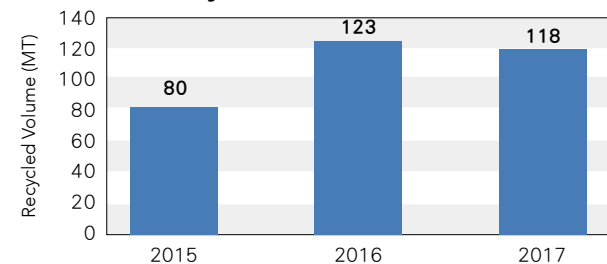
The Kaohsiung Plant is also committed to implementing resource separation and recovery and hires licensed contractors to recycle waste metal. In 2017, the Kaohsiung Plant recovered 118 MT of waste metal and hired nearby resource recycling contractors to dispose of the plant's waste paper, although no record of the recovery quantity was maintained.

In the future, we will classify and manage recyclable in-house resources, maintain records regarding the recovery quantity and disclose the performance in future CSR reports. The table below shows the disposal volume of different types of waste over the past three years.

Disposal Volume of Different Types of Waste by the Kaohsiung Plant over the Past 3 Years (Unit: MT) *Hazardous industrial waste

Waste	Treatment	2015	2016	2017
Waste plastics, mixed	Cleaning	12.71	14.56	18.85
Waste wood, mixed	Incineration	22.99	18.47	-
Organic sludge	Incineration	10.61	19.07	8.55
Waste metal	Cleaning	30.09	34.57	44.61
Waste oil, mixed	Physical	32.83	61.26	-
Household waste	Incineration	128.85	92.98	106.56
Waste wax	Physical	1.92	1.82	-
Waste wires and cables	Physical	6.46	-	-
*Other flammable objects, mixed.	Incineration	0.89	0.97	0.74
Waste metal	Recovery	79.97	123.04	118.07
Total annual volume of waste		327.32	366.74	297.38

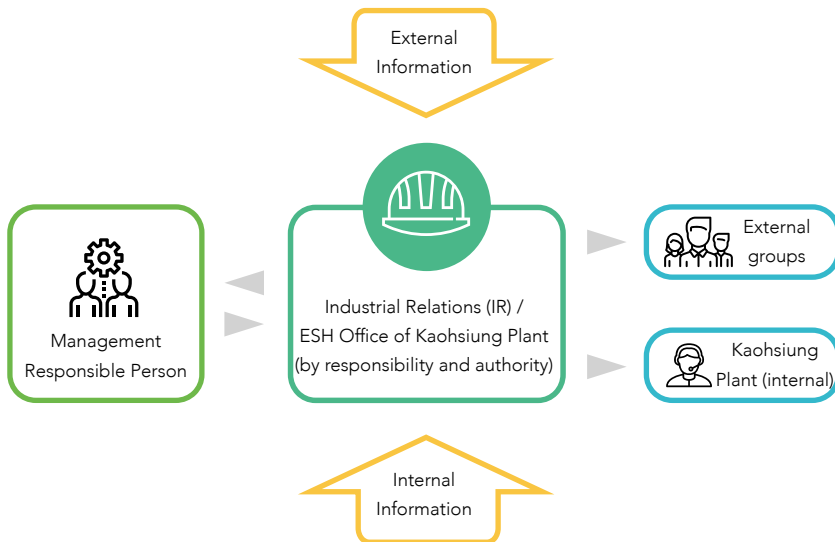
Waste Metal Recovery Volume over the Past 3 Years (Unit: MT)



5.7 ESH grievance channels

The Kaohsiung Plant has established, implemented and maintained the ESH Communication, Involvement and Consultation Management Regulations as channels and procedures for the communication, engagement and consultation of environment-related topics for internal stakeholders (employees, industry associations, employee welfare committee, labor-management meetings, occupational safety and health committee meetings) as well as external stakeholders (customers, ESH competent authorities, community residents and environmental groups).

Kaohsiung Plant ESH Information Response Flowchart



Addressing internal ESH grievances

“Labor-Management Meetings”, “Union Board Meeting”, “Safety and Health Meeting” and other meetings.

When awareness education or responses are required, responsible departments will review the case and send a written response to the IR Office. After approving the response, the ESH responsible person will announce it within the organization.

Handling external ESH grievances

After receiving an ESH grievance from outside the organization over the phone, orally or in writing, any unit of the Kaohsiung Plant will refer the case to the responsible unit to verify the contents of the grievance and register it in the “ESH Information Registration List.” After a case has been confirmed, a proper response will be made.

Data related to the ESH policy of USI is available at the IR Office of the Kaohsiung Plant for public access or retrieval. Such data is also registered on the “ESH Information Registration List” to achieve communication with stakeholders.

Statistics on External ESH Grievances at Kaohsiung Plant over the Past 3 Years

Item	2015	2016	2017
Grievance (cases)	5	3	0
Valid case (cases)	0	0	0

No ESH grievance was received in 2017. As none of the grievances received in 2015-2016 were caused by production or operational activities of the Kaohsiung Plant, no valid grievance has been reported over the years.



6. A Great Place to Work

6.1 Workforce structure

6.2 Employee turnover

6.3 Employee rights and benefits

6.4 Talent cultivation and development

6.5 Occupational Health and Safety

Rationale

To us talents are an irreplaceable core asset and steadily and continuously growing our human resources is the bedrock of our steady business operations. With a fair and open selection system, a fair and respectful management environment, and a well-established performance evaluation system, we aim to provide an ideal environment for eligible talents to demonstrate their expertise.

Impacts

As an enterprise with a history of over half a century, USI is a steady and mature enterprise featuring a longer average service length of its employees. This suggests both the organizational commitment and loyalty of employees. Therefore, it is our responsibility to offer employees a quality work environment, a stage to demonstrate their talent and opportunities for self-improvement and self-optimization of their expertise, in order to develop managerial talents for all levels and in all fields and for employees to grow and prosper with the company. Apart from being the prime goals of the Human Resources Department, they are the directions that concern employees and supervisors.

Policy

We agree that employees should enjoy both human rights and labor rights as well as the benefits described by the International Labor Organization (ILO). Thus, we treat employees with respect and without discrimination. We have also established regulations to prevent harsh and inhumane treatment, including sexual harassment, sexual abuse, physical coercion or verbal abuse of the employees. We also grant employees the right to freedom of association according to the law, conforming with various regulations regarding labor rights and human rights. We do not use child labor or forced or compulsory labor in any stage of manufacturing and maintain diversity and

equal opportunities for employees. We have a well-established performance management and promotion system and ensure equal remuneration regardless of age or gender to provide reasonable remuneration, promotion and transfer based on work performance and potential. We also offer complete internal and external training channels and resources for employees to sharpen their professional skills, as necessary.

Grievance channels

Employees can feel free to file a grievance through the labor union and labor-management meeting. We have also established the Employee Grievance Regulations and grievance measures and an employee suggestion box according to the Codes of Ethical Conduct and Ethical Corporate Management Best Practice Principles to provide proper channels for employee communication.

Assessment

- Keep track of the achievement rate of objectives through the annual CSR report.
- A component of the TWSE RAFI® Taiwan High Compensation 100 Index for four consecutive years 2014-2017.



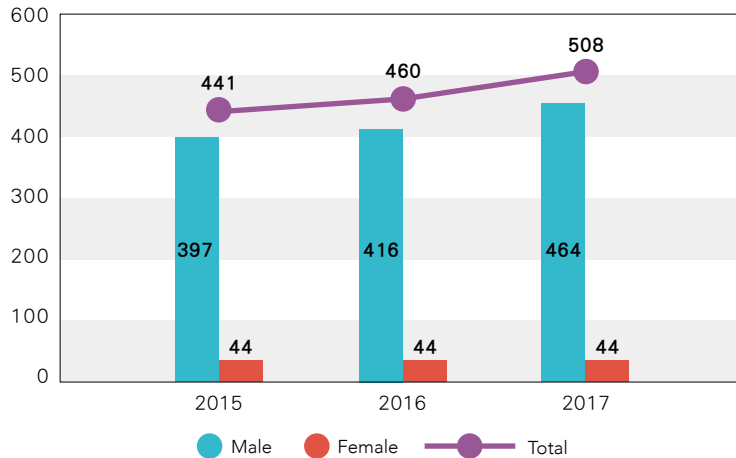
6.1 Workforce structure

2017 Personnel Data

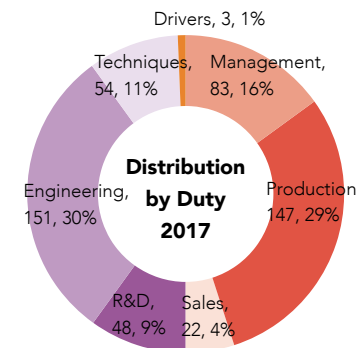
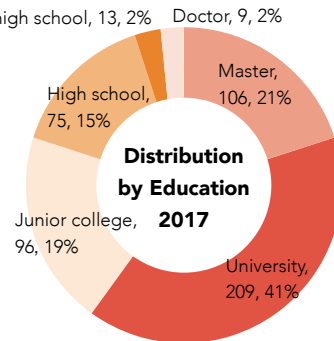
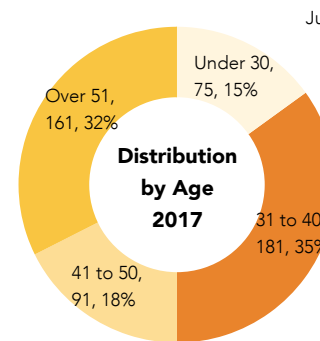
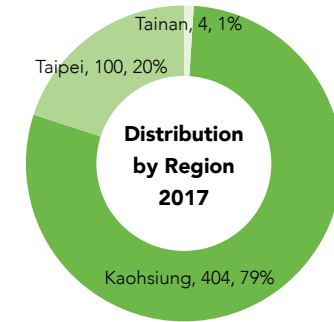
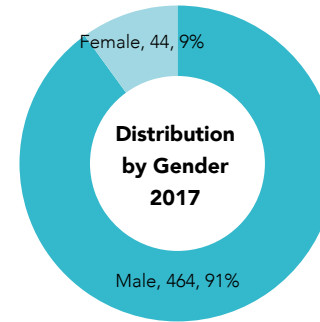
Employees	508 persons, Male 464 persons (approx. 91%), female 44 persons (approx. 9%)
Average age	43.9 years old
Average service length	14.2 years
Summary	<ol style="list-style-type: none"> 1. We hire employees from Taiwan, mainly distributed in the Taipei and Kaohsiung areas. 2. Except for employees of different business attributes, such as advisors (consultants) and experts with whom a fixed-term employment contract is signed, we sign non-fixed-term employment contracts with all full-time employees. 3. We hired three people with disabilities in 2017, constituting approximately 0.6% of the total number of employees. 4. About 83% were college and university graduates.

Note1: Due to the characteristics of the petrochemical industry where male employees are more than female employees.

Workforce and Distribution by Gender in the Past 3 Years



Note1: 464 males (non-fixed-term contract 457 + fixed-term contract 7) and 44 females (non-fixed-term contract 40 + fixed-term contract 4).



6.2. Employee turnover

Recruitment, hiring, and evaluation

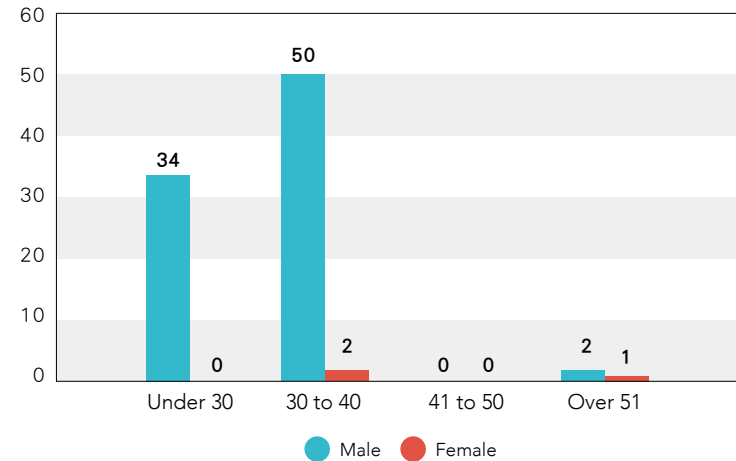
To stabilize human resources, we recruit excellent talents with a fair, open, transparent and efficient recruitment system in order to build a strong organization. In addition to maintaining diversity and equal opportunities, we do not engage in discrimination based on race, color, age, gender, sexual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

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

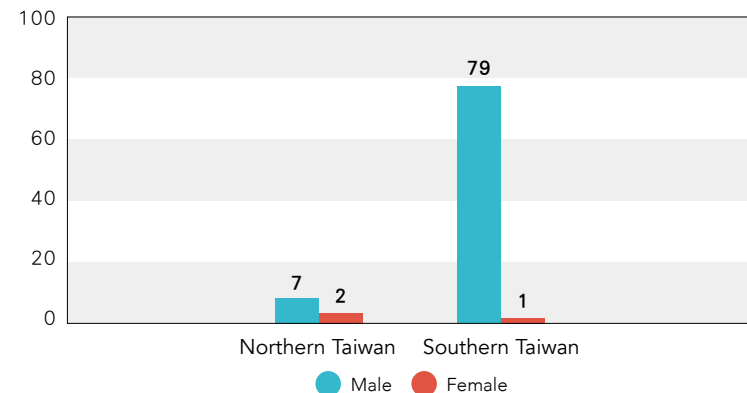
Except for higher management, such as vice presidents and higher-level officers, and fixed-term contract employees who do not need performance evaluation, all employees receive a performance evaluation at planned intervals.

In 2017, we hired a total of 89 new employees. The tables below show their distributions by gender, age and region.

Distribution by Age (unit: person)



Distribution by Region (unit: person)



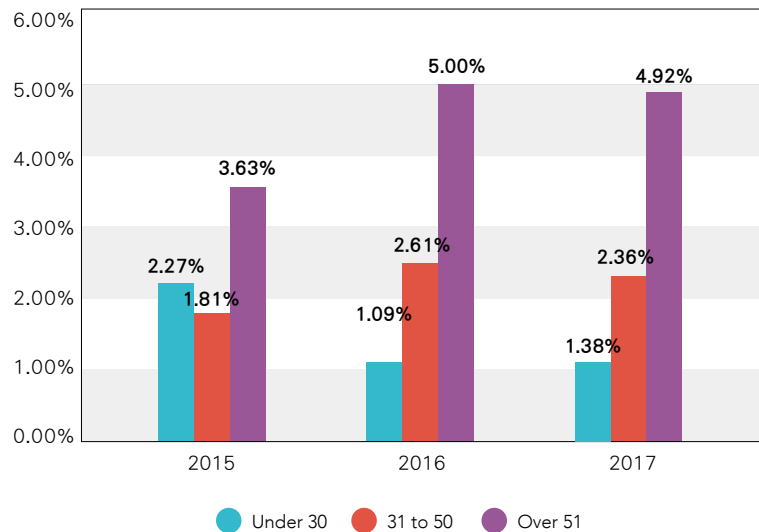
Turnover rate

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

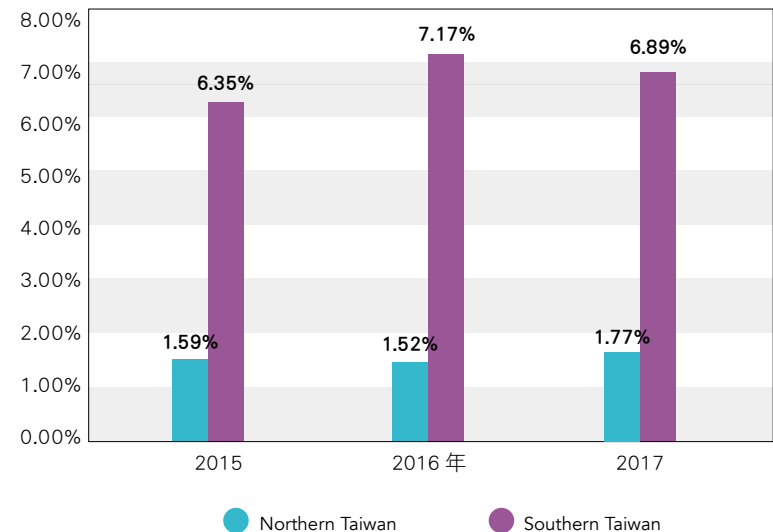
In 2017, a total of 44 employees resigned (including 24 who retired), including three female employees. The main reason is that the number of

employees of the Kaohsiung Plant meeting the retirement requirements increased in 2017, so the turnover rate of employees in southern Taiwan and of those over 51 years old rose. This also reflects one important thing: the vast majority of employees have high organizational commitment and loyalty and are willing to stay until they retire. This also shows our care for employees has yielded the appreciation of the vast majority of employees. Therefore, they love the company and are eager to work hard in their post. Together we create better operational performance and a more harmonious work environment.

Distribution of Turnover Rate by Age in the Past 3 Years



Distribution of Turnover Rate by Region in the Past 3 Years



6.3. Employee rights and benefits

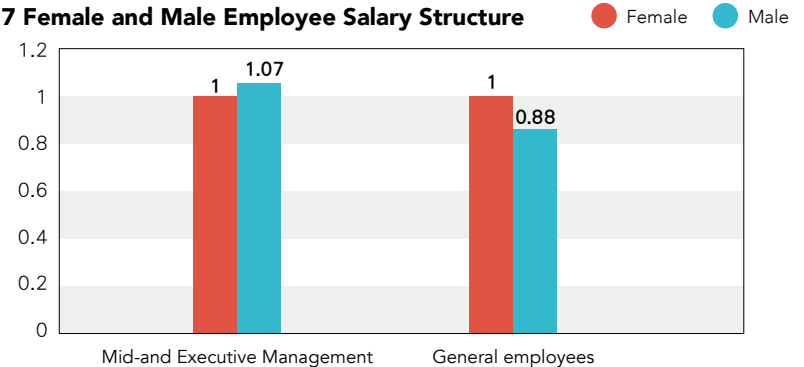
We value employee benefits, and USI employees can enjoy the following benefits:

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

Employee compensation plan

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

2017 Female and Male Employee Salary Structure



Note1: The base for female employees is "1", including wage, bonuses and benefits. The calculation does not include contractual employees.

Note2: The starting pay for inexperienced employees is 1.71 times Taiwan's 2017 minimum wage.

Health care benefits

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

To fulfill the need for parental leave, employees with children under three can apply for parental leave. In 2017, two employees applied for parental leave for a term of one year and a half year, respectively, and one of them was re-instated earlier than the end of the leave. We have made perfect re-instatement plans for employees. When an employee is re-instated after a leave of absence, we will arrange re-instatement training and education for her or him to protect their right to work and ensure that she/he can smoothly return to work.

Pension contributions

We have established a set of retirement regulations for all full-time employees and contribute every month to the employee pension reserves to the personal pension account at the Labor Insurance Bureau for each employee in accordance with the Labor Standards Act. Please refer to the information on the retirement benefit plan disclosed in Note 21 of the 2017 individual financial statement for details. (http://www.usife.com/USIWebFiles/Meeting/Finance4I_106.pdf)

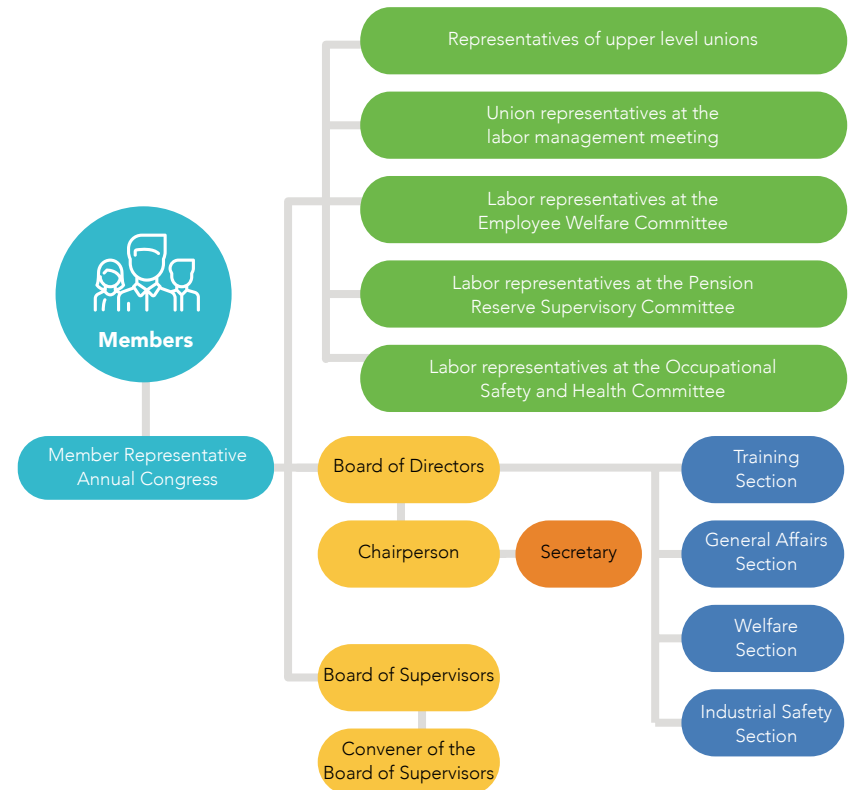
Item	Proportion of Contribution	Employee Participation in the Retirement Plan
Pension under the Labor Standards Act (old system)	Employer contribution: 12% of the employee's monthly wage.	100%
Pension under the Labor Pension Act	Employer contribution: 6% of the employee's monthly wage. Employee contribution: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

Pension contributions

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

By the end of 2017, the union had a total of 373 members, including 13 females and 360 males. Except for the unit heads and personnel affairs staff

of the Taipei Office and the Kaohsiung Plant who did not participate in the union, all employees of the Kaohsiung Plant are union members, with a 100% participation rate. In addition, representatives of labor and management have formed the "Pension Reserve Supervisory Committee", the "Employee Welfare Committee", and the "Occupational Safety and Health Committee." These committees hold meetings at planned intervals to provide a channel for labor and management to communicate and thereby maintain labor rights and benefits.





2017 Member Representatives Annual Congress



2017 Labor education and training

Employee Welfare Committee

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

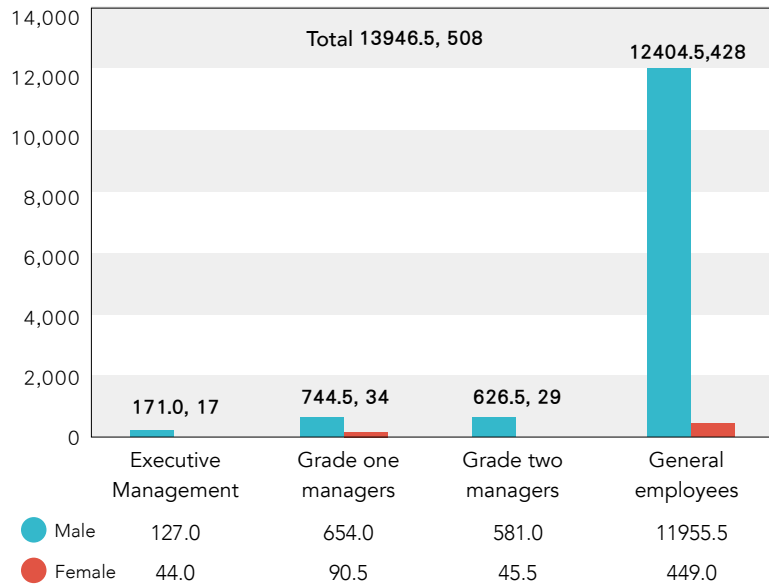


6.4. Talent cultivation and development

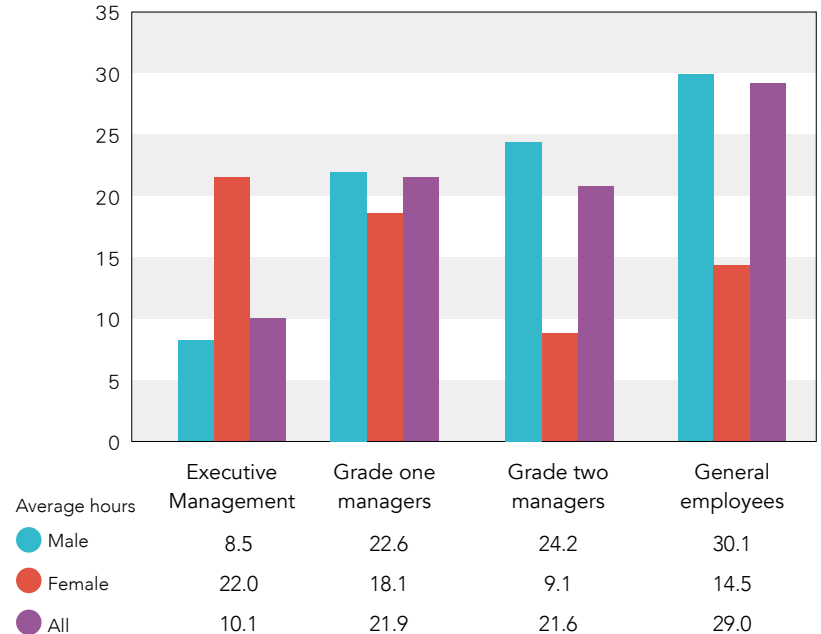
Education/training

In 2017, we offered a total of 13,946.5 hours (including training courses participated by employees and organized by the group) of training activities, with a total expense of about NT\$880,000. We sponsor employees with higher learning motivation and greater development potential to receive further education in universities at home and abroad and arrange duty adjustment to give them complete training and cultivate talents for the company.

Education and Training Hours of USI in 2017 (Unit: hours)



Education and Training Person/Hours of USI in 2017 (Unit: hour/person)

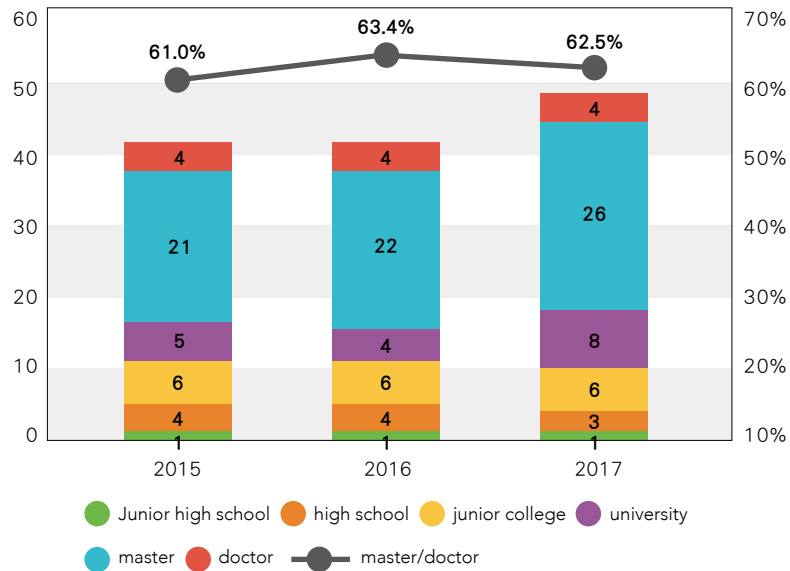


R&D personnel training and planning

To cultivate important R&D talents, we will promote R&D personnel who pass the performance evaluation and with organizational management ability to managerial posts. Those who are fond of R&D can develop specialties in their R&D work. We also have a well-established job rotation system. After R&D personnel have worked in an R&D position for some time, we will transfer them to technical support to interface with customers in order to cultivate all-round R&D talents with comprehensive knowledge and skills. For draftees

taking R&D alternative service with outstanding performance in the annual performance assessment, we will notify them of job opportunities at USI when they are released after the third year of their service. In 2017, we hired 48 R&D staff members, which together make up 9.5% of all employees, and 30 R&D personnel hold a master's degree or higher.

Distribution of Education Attainment of R&D Personnel in the Past 3 Years



In March 2001, we acquired OHSAS 18001 certification for our occupational health and safety management system. The ESH and construction departments of the plant inspect various industrial safety items every day at planned intervals. The plant also joined the Group Safety and Health Partner Area Joint Defense system recommended and instructed by the Southern Regional Labor Inspection Office, Council of Labor Affairs. Furthermore, all affiliates within the USI Group check and balance and exchange experiences with one another in order to further implement safety and health management.



Objectives, management programs and effectiveness of occupational safety in 2017

Policy	Objective	Program	Effectiveness
Zero industrial accident	Incident rate (IR) < 0.43	Prevention of pipeline corrosion hazards and steam injection point inspection.	100%
		Preparations before the re-operation, commissioning, and start of RTO.	100%
		C-202B pipeline vibration monitoring.	100%
		Emission transportation to Plant II of the new boiler.	100%
		Improvement of the corrosion of the condensate underground pipelines of the processing shop.	100%
		Underground pipeline maintenance and inspection implementation reporting plan. (Underground Pipeline Maintenance and Operation Plan)	100%
		Pipeline patrol education and training plan. (Underground Pipeline Maintenance and Operation Plan)	100%
		Underground pipeline routine patrol plan. (Underground Pipeline Maintenance and Operation Plan)	100%
		Pipeline anti-corrosion system inspection and maintenance plan. (Underground Pipeline Maintenance and Operation Plan)	100%
		Emergency response exercise plan. (Underground Pipeline Maintenance and Operation Plan)	100%
Zero occupational accidents	Frequency-Severity Indicator (FSI) < 0.05	Tank inspection	100%
		Pipeline corrosion monitoring	100%
		Reduction of stagnant water in the processing shop	100%

Note1: Incident Rate (IR) = Number of incidents x 1,000,000 hours worked/total hours worked

Note2: Frequency-Severity Indicator (FSI) = $\sqrt{[(FR \times SR)/1000]}$

OHS organization and operations

In addition to the USI Kaohsiung Plant Labor Union, the Kaohsiung Plant has an Occupational Safety and Health Committee (OSHC) established in accordance with the Regulations for Occupational Safety and Health Management, with labor representatives elected or appointed by the union and holding 35% of the seats. The committee meets with management every quarter to discuss ESH topics on behalf of the employees.

2017 OSHC Member Composition

OSHC	Members	Proportion
Labor representative	7	35%
Management representatives	13	65%
Total	20	100%

Workplace safety and health operations

We team up with the Taiwan Responsible Care Association (TRCA) and the Renda Industrial Park Safety and Health Promotion Association to promote occupational safety and health, and environmental protection together and learn from one another in order to improve the protection of employee safety and health. In addition, we organize fire drills and occupational safety education and training activities every year to develop the emergency response skills and self-safety management ability of employees.

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

Emergency Response drills and training



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

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



Major leakage or hazardous substances and a major fire occur within the plant, the emergency response team of the incident occurring unit cannot effectively control the situation, and it must mobilize the plant's emergency response organization to support the control.

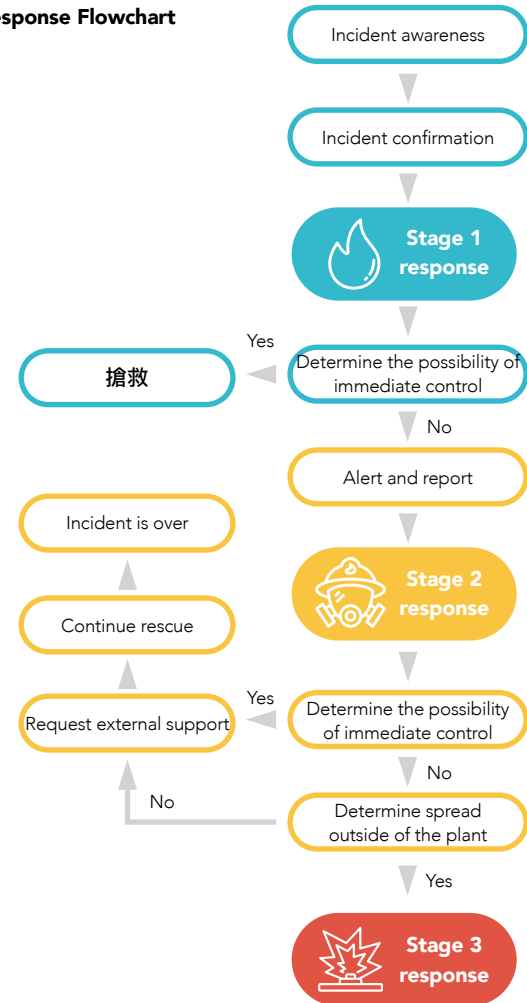
- The on-duty officer mobilizes the emergency response organization according to the alert and reporting procedure based on the request for support of the incident occurring unit.
- Based on the emergency situation, request for support outside of the plant and notify relevant agencies as necessary.
-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



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

- The general plant manager or his/her agent becomes the chief commander to command the emergency plan within the plant and report the situation to the Fire Bureau of Kaohsiung City.
- If the situation runs out of control and may threaten the life of employees, the plant is evacuated.

Emergency Response Flowchart



Disability injury and absenteeism of employees

Given that “zero industrial accident” is our objective for occupational accident management, disability injury and absenteeism are two key indicators for evaluating occupational safety and health within an organization.

In 2017, one disability injury was reported in the Kaohsiung Plant, accumulating lost time injury to 48 hours. Between January 1 and December

Table 1 OSH Management Performance Indicators 2015-2017

Item \ Year	OSH management indicators					
	2015		2016		2017	
	Male	Female	Male	Female	Male	Female
F.R.	1.51	0	0	0	1.31	0
S.R.	33	0	0	0	39	0
F.S.I.	0.221	0	0	0	0.22	0
Incident rate (IR)	0.302	0	0	0	0.262	0
Lost Day Rate (LDR)	6.6	0	0	0	7.9	0
Occupational Disease Rate (ODR)	0	0	0	0	0	0
Work-related deaths	0	0	0	0	0	0

Note:

- All employees (full-time employees only)
- Disabling injury frequency rate (F.R.) = Injury frequency x 1,000,000 hours worked /total hours worked.
- Disabling injury severity rate (S.R.) = Injury days lost x 1,000,000 hours worked /total hours worked.
- Frequency severity index (F.S.I.) = $\sqrt{[(F.R \times S.R.) / 1000]}$
- Injury Rate (IR) = Total# of injuries x 200,000 /Total hours worked
- Lost Day Rate (LDR) = Total number of lost days x 200,000/Total hours worked
- Occupational Diseases Rate (ODR) = Total number of occupational disease cases x 200,000/Total hours worked

31, 2017, the cumulative working hours without lost time injury of the Kaohsiung Plant was 714,161 hours. In addition, no occupational accident was reported in the Taipei Office, Linkou R&D Division and Tainan Office in 2017 (Table 1), nor was any injury incident from contractors was reported (Table 2).

Table 2 Contractor OSH Management Indicators 2015-2017

Item \ Year	Contractor OSH Management Indicators					
	2015		2016		2017	
	Male	Female	Male	Female	Male	Female
Injury Class						
- Temporary	0	0	0	0	0	0
- Partially Permanent	0	0	0	0	0	0
- Permanent	0	0	0	0	0	0
Injury rate	0	0	0	0	0	0
Work-related deaths	0	0	0	0	0	0

Absenteeism Rate

Year	2017	
	Male	Female
Absenteeism rate	0.072%	0.652%

Note1: Absenteeism rate (AR) = Total days lost due to absenteeism in the period/Working days available in the period x 100%

Note2: 2017 total days lost due to absenteeism - Based on the statistics on the length of sick leave and personal leave provided by the HR.

Working days available in the period: The actual number of days worked in 2017: 248 days.

Number of employees in 2017: Male 464 persons, female 44 persons, totaling 508 persons.

Care for employee health

Health examination:

We arrange one health examination for employees regardless of age every year according to Article 15, Chapter 3, Rules for Labor Health Protection. Through well-planned health examinations, we ensure that every employee can check on their health condition and make early intervention of potential illness to achieve the objective that prevention is better than cure. We also arrange one special health examination each year for employees engaged in special work exposing them to noise, dust, n-hexane and ionizing radiation. In 2017 a total of 165 employees received special health examination. Through a well-established health risk grading and management system, we ensure the early discovery of employees with a higher incidence rate. Through continuous source improvement and terminal health care, we build a healthy and comfortable work environment for employees.

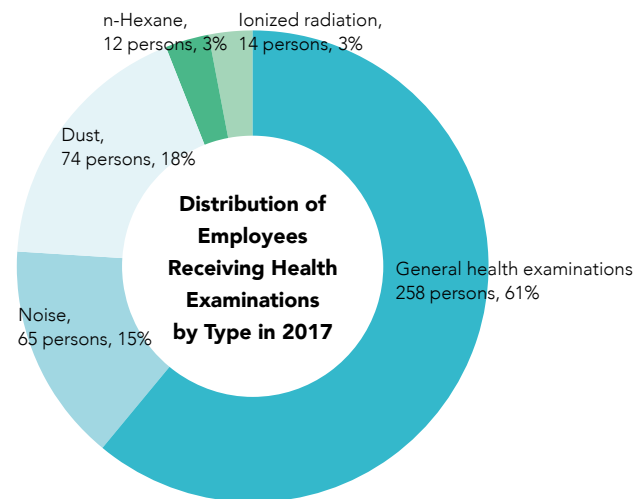
Employee family:

We offer free physical health examinations for the spouse of top executives, while other employees may arrange physical health examinations for their family members with a discount.

Community residents:

We spare no effort to implement disease prevention and risk control for residents of local communities. Therefore, we have purchased RTO and one TO to reduce VOCs emissions and replaced crude oil with natural gas as fuel for the boiler to reduce PM2.5 emissions in order to maintain air quality in local communities.

Ask art editors to make new drawings (the general health examination is arranged for all employees, and other items are additional.)



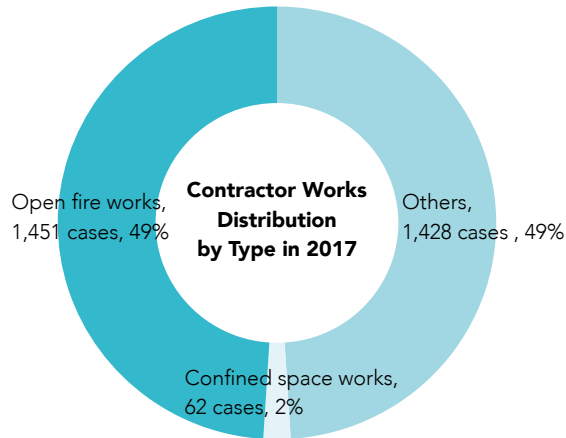
Note1: The total number of employees valid for the health examination in 2017 was 431 persons (Taipei Office and Kaohsiung Head Office), with a 98% examination rate.

Health promotion:

1. To extend care for employee health, we arrange mid-year short tours and club activities (cycling club, table tennis club, basketball club, karaoke club, hiking club, etc.) to promote friendship among employees and relieve their work stress to achieve health promotion.
2. An employee health service physician offers in-house service, health consultation and health talks, hoping to encourage employees to care about and manage their health voluntarily through talks on physical and mental health.
3. Employee health service nurses compile new findings in health and medicine every month, measure blood pressure for employees across the plant and offer health education for employees to encourage them to care about their health voluntarily.

Contractor safety management

For us contractor safety management and supplier safety management are equally important. Therefore, we have established the Contractor Management Regulations and the Contractor Entry Management Manual. Both documents include industrial safety education and training before project construction, and only those who pass safety certification can perform contracts at USI. To strengthen safety supervision during construction, we have established the Labor Safety and Health Tour Inspection Regulations to implement ESH tour inspections every day within the plant to improve the safety of all processes and ensure the safety, life and health of employees. Before implementing high-risk work, we run a risk assessment process to identify hazards, assess risk, take precautionary measures and review the emergency response plan. We also hold communication and coordination meetings with contractors from time to time to ensure operating safety. In 2017, the accident rate per one thousand persons at the Kaohsiung Plant was zero.



Note: Contractor accident rate per 1,000 persons = Total number of contractor accidents/ total number of contractors x 1,000

ESH education

Education, training, and publicity are the foundations in promoting ESH awareness to employees and contractors. By establishing the "Labor Safety and Health Education and Training Regulations", we provide knowledge and skill training for different categories of employees and contractor personnel based on actual needs. In 2017, we provided 117 sessions of ESH education and training for 7,184 persons, totaling 8,959 hours.

Statistics on ESH Education and Training 2017

Type	Hours/person	Sessions	Person	Total hours
New employee training	6	12	71	426
On-the-job training	3	20	395	1,185
Contractor training	1	85	7,348	7,348

We conduct on-site tour inspections every day and clean up the environment regularly. We close all containment facilities on sunny days and open them on rainy days to prevent water deposition. We also keep gutters dry and clean during ordinary times. Therefore, no dengue fever was reported in the Kaohsiung Plant in 2017.



7. Care for Society

7.1 Community involvement

7.2 USI Education Foundation

7.1 Community involvement

Community care

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



Community support

Communication development associations, education and culture, volunteer police and firefighters, community groups, local folk festivities and emergency relief.



Job opportunities

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



Community involvement

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

Contributions to Communities Around Kaohsiung Plant in the Past 3 Years (NT\$)

Year	2015	2016	2017
Religion and culture	36,000	61,000	51,000
Communities and social groups	57,000	120,000	128,000
Volunteer police and volunteer firefighters	29,000	37,000	25,000
Schools and education	31,180	75,232	192,370
Community development associations	209,236	202,999	189,000
Emergency assistance	0	16,000	0
Total	362,416	512,231	585,370

2017 Community Activity Participation

- 1 Annual Congress of the Houan Community Development Association, Renwu District
- 2 Year-end dinner with environmental volunteers of Juhou Borough, Renwu District
- 3 Annual Congress of the Juhou Community Development Association in Renwu District
- 4 Lunar New Year Reunion of the Renwu Branch, Volunteer Firefighter Corps
- 5 Shengmu Temple Fair, Juhou Borough
- 6 Ghost Festival Worship, Houtai Temple, Houan Borough
- 7 Double Ninth Festival celebration, Houan Community Development Association, Renwu District
- 8 Marshal of the Central Altar Birthday Celebration, Baoan Temple, Houan Borough, Renwu

Industry-academe collaboration

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

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



Certificate of appreciation
2017 USI Corporate Social Responsibility Report



Presentation of 2017 scholarships

“Kaohsiung Renda Petrochemical Talent Stream” Cooperation Program

Period	August1, 2015 to July31, 2020 (three graduation classes for five years)
Partner	Kaohsiung Municipal Renwu Senior High School
Target	Students with household registrations in Renwu, Dashe, Dashu, Niaosong, and Nanzi districts near Renda Industrial Park, 35 tenth graders a year.
Internship	<ol style="list-style-type: none"> 1. In addition to the general tenth grade curriculum, electives relating to the petrochemical industry and professional ethics are emphasized. 2. Students on the program will visit USI during the summer break or on Saturdays to further understand the industry and job environment.
Vacancy	10 students each year, totaling 90 for three graduation classes in five year.
Scholarships and grants	<p>Three graduation classes in five years: NT\$1.08 million</p> <p>Subsidies for the hourly pay for professional courses in three years: NT\$237,600</p> <p>USI sharing for three graduation classes in five years based on the program MOU: NT\$130,000.</p>
Preferential hiring	<ol style="list-style-type: none"> 1. USI will recommend one student from the top-ten graduating students from relevant college departments to other Ren Da Industrial Park Service Center companies that are partners of the Renda Petrochemical 2. Talent Stream program to serve as trainee. <p>Students who choose to further their studies will be priority candidates for hiring by companies in the Ren Da Industrial Park Service Center as long as they pursue studies in relevant disciplines.</p>
Summary	<ol style="list-style-type: none"> 1. The first Renda Petrochemical Talent Stream officially kicked off in August 2015. 2. In the exchange with Japan organized under the “2016 Kaohsiung Renda Petrochemical Talent Stream Cooperation Program—Overseas Visit” in June 2016, each participant was subsidized about NT\$25,000, totaling NT\$424,320 (we shared based on the program MOU). 3. The overseas visit (Japan) continued in 2017. The program of this phase (2015-2017, three graduation classes) was completed. The next program (2018-2022) is under planning and will be launched in 2018.

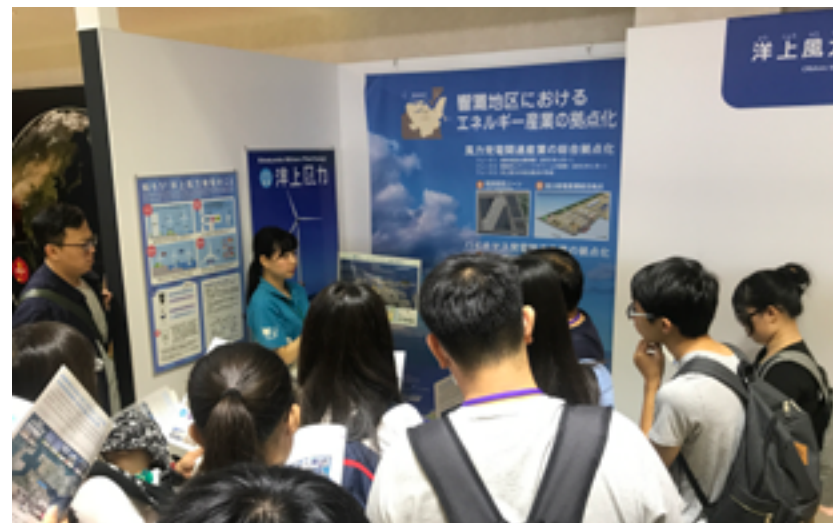
In addition, to implementing the government's high-value petrochemical industry policy, we have been aggressively developing relevant high-value products in recent years through industry-academe (also research institutions) collaboration. These academic or research institutions included the Industrial Technology Research Institute (ITRI), the Plastics Industry Development Center (PIDC), and the National Chung Cheng University. The scope of research and development covers the preparation of raw materials, process optimization, product processing or modification and development of product applications. In addition, we provide traineeship opportunities for graduate students of the Department of Chemical Engineering of the National Chung Cheng University and under the preferential hiring policy we have hired a number of students from that department.



日本石化産業教育参访



Chemical experiment in class



Visit on the Circular Economy Park at Kyushu Ecological Industrial Park

7.2. USI Education Foundation

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

To further expand the scale of charity, CGPC and Taiwan VCM Corporation (TVCM) joined the foundation in 2017 to enable investments of more resources in rural education and environmental sustainability in order to give back to society.

In 2017, the USI Education Foundation sponsored various activities with a total amount of NT\$6.24 million, which included NT\$1.25 million for scholarships and grants; NT\$1.5 million for the Alliance Cultural Foundation and NT\$2 million for Junyi Experimental High School; NT\$1.05 million for charitable educational groups such as Boyo Social Welfare Foundation, the Teach for Taiwan and "The Exclamation Mark" Strategic Alliance; and NT\$0.44 million for service activities of colleges and universities. Since the foundation was established six years ago, it has sponsored various activities and organizations with an amount accumulated to NT\$ NT\$27.42 million.

Expenditure on Sponsorship of USI Education Foundation in 2017

Item	Amount (NT\$10 thousand)
Scholarships and grants	125
Service activities of colleges and universities	44
The Alliance Cultural Foundation	150
Junyi Experimental High School	200
Other educational activities	105
Total	624

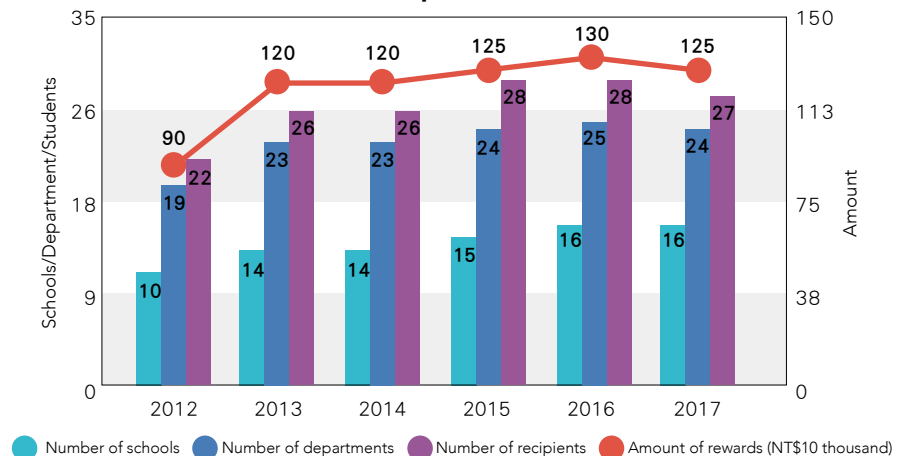
Scholarships and grants

We offer scholarships to students from low-income families with outstanding performances and specializing in chemical engineering, materials science, environmental science and ecology-related disciplines of over a dozen public and private universities to promote education and talent cultivation in related fields, encourage university students of related disciplines to study hard and cultivate outstanding industrial talents for society.

In 2017, we offered scholarships and grants totaling NT\$1.25 million to 27 students from 24 departments of 16 public and private universities, including 3 in doctoral programs, 16 from the master's programs, and 8 undergraduates; 14 of them were from low-income families.

Since the establishment of our scholarships and grants, we have offered a total of NT\$7.1 million and the number of disciplines has been expanded from 19 to 25. We will offer scholarships and grants to more outstanding students from low-income families.

Distribution of Scholarships and Grants over the Years

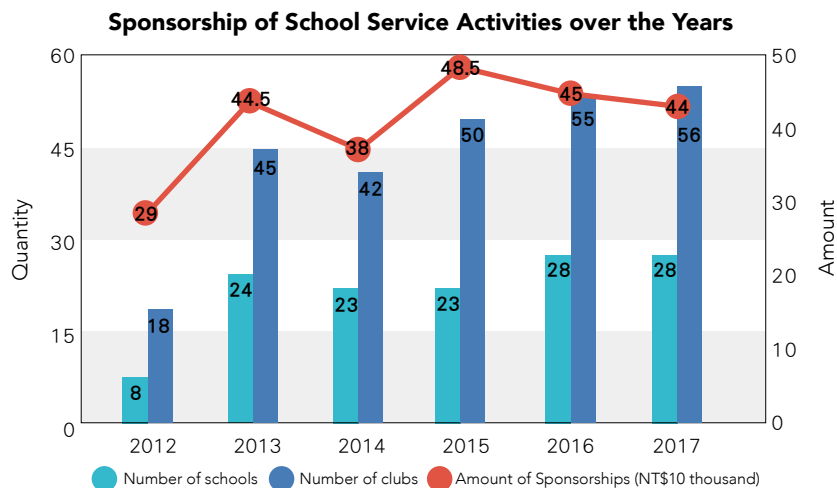


Sponsoring service activities of colleges and universities

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

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

In 2017, the foundation sponsored 56 activities in 28 schools out of 124 applications from 33 schools for a total sum of NT\$0.44 million. Over the past six years, the foundation has sponsored activities for a cumulative amount of



NT\$2.49 million, benefiting about 6,626 volunteers and 14,584 students as participants in or recipients of the club or college services. As the number of applications increases every year, the foundation will continue its sponsorship of these activities in 2018 to encourage students to participate in social service activities.

Alliance Cultural Foundation and Junyi Experimental High School

When Chairman Stanley Yen of the Alliance Cultural Foundation chaired Junyi Experimental High School (now Taitung Junyi Experimental High School) in 2011, he hoped that students in the remote areas can enjoy equal opportunities to education and create new educational value for Taiwan. The Alliance Cultural Foundation also gradually allocates all human, time and other resources for education. Concurring with the care for education in remote areas of Taiwan and the sustainable development concept advocated by Chairman Stanley Yen, the USI Education Foundation sponsors the Alliance Cultural Foundation and Junyi Experimental High School to support his plans for promoting and developing education in the remote areas.

In 2017, the USI Education Foundation sponsored the Alliance Cultural Foundation a sum of NT\$1.5 million and Taitung Junyi Experimental High School a sum of NT\$2 million. Over the past six years, the USI Education Foundation has sponsored them for a sum of NT\$12.9 million and the foundation will continue sponsoring them in 2018.

In recent years, the Alliance Cultural Foundation has progressively expanded from rural education to an administrative platform for nationwide educational reform. In 2016 it began to promote the Sharestart teaching method and organize the Sharestart Asia Conference. In 2017 the Alliance Cultural Foundation planned the Career Planning and Teaching Practice for New Teachers training program on commission by the Department of Teacher and Art Education, Ministry of Education. As a coordinator between the public sector and first-line teachers, the Alliance Cultural Foundation invited 300

well-experienced teachers to share their experiences with new teachers to achieve professional development sharing, promote educational innovation, and develop teachers for the new era. Furthermore, the Alliance Cultural Foundation is responsible for promoting classical music and administrative support for the Taiwan Connection, in order to connect Taiwan with the world through music. The foundation also shares this with enterprises and campuses for each TC musician to undertake the mission to promote classical music, in order to improve the environment for classical music performance and appreciation in Taiwan.

In tribal youth development, the Alliance Cultural Foundation began to organize thematic learning summer camps, such as English, music, animation and industrial design, for indigenous students of different age groups in 2010 for over 2,000 indigenous students of Hualien and Taitung to explore their



Sustainable learning of Hawaiian culture

talents and inspire their learning motivation. In addition, the foundation has arranged overseas exploration and training for no less than 40 outstanding (indigenous) young men from Hualien and Taitung, including the Asian Executive Management Program of Brigham Young University, the sustainable learning trip of Hawaiian culture, and Taiwan indigenous youth overseas study plan. With these activities, the foundation aims to let youth to explore the cultural advantages and positions of their own cultures by walking out into the world. In the future, the Alliance Cultural Foundation wishes to gather those sown seeds to develop Taiwanese indigenous youth leaders and bring more positive reinforcements through regular topic discussions.



Chairman Quintin Wu has provided financial support for the cultural education in Taitung County, financed the post-disaster restoration of Taitung after typhoon Nepartak in 2016 and sponsored outstanding youth from Taitung to participate in the Hawaiian culture sustainable investigation project to promote internationalization. On December 3, 2017, Taitung Magistrate Justin CT Huang awarded the Certificate of Honorary Citizenship to Chairman Quintin Wu.

Support for the Junyi Academy Promotion Program

In 2014, the USI Education Foundation began to actively promote the Flipped Education in collaboration with the Alliance Cultural Foundation, hoping to even out educational resource inequalities through an online learning tool, Junyi Academy, and by offering “equal and first-class” heuristic education for every student and thereby flip the classroom from lecturing by teachers to voluntary learning by the students.

After promoting the Junyi Academy to Wong-gong Elementary School and Gangpu Elementary School in Linyuan, Kaohsiung, in 2015, the USI Education Foundation began to sponsor Toufen Junior High School in Miaoli County to implement the Junyi Academy in 2017. At the beginning, the USI Education Foundation provided 30 iPads and wireless network equipment for teachers to teach with the iPad in the classroom. In the future, we hope that more teachers can change through the continuous accompaniment of both foundations and the exchange and learning of local teachers.

The sharing of teachers from Toufen Junior High School: Students were curious about such a way of teaching. They even voluntarily discussed with other students to resolve problems. Compared to traditional lecture-based teaching, the Junyi Academy has raised student involvement. Although no significant progress has been seen in the students as the method was introduced only shortly, it is for certain that they are now more serious and more attentive in class.



Students of Toufen Junior High School use iPads in class.



Teacher instructs students to use the Junyi Academy.

It sponsored the China General Plastics Corporation to organize the Long Fong Fishing Port Beach Cleanup.

In support of the marine environmental protection policy of the Miaoli Environmental Protection Bureau, CGPC adopted 500m coast of Long Fong Fishing Port in Jhunan Town by arranging volunteers to clean up the beach regularly and for the employees to care more about marine environmental protection issues through the coastal cleanup in 2017. In recognition of marine environmental protection, the USI Education Foundation sponsored the coast cleanup expense. The first coast cleanup took place on September 9, 2017 after the adoption. A total of 121 employees participated in the cleanup, including employees from the Taipei Office, to contribute to the Earth.



Group employees are ready for the coastal cleanup.



The coastal cleanup mission was accomplished.

Sponsoring other educational and philanthropic activities

In 2017, we sponsored other educational and philanthropic activities with a total amount of NT\$1.05 million. Recipients included the Boyo Social Welfare Foundation, the Teach for Taiwan, and the Bunun Children's Choir of Indigenous Folk Songs of Luanshan Elementary School sponsored by "The Exclamation Mark" Strategic Alliance, TECO Technology Foundation. To provide steady support for these units that are highly recognized by society and to continuously help more students, the USI Education Foundation will continue to support them in 2018.

1. Founded in 2002, the Boyo Social Welfare Foundation provides free after-school club services to junior high school and elementary school students from low-income families in the belief that "education give hopes for children living in poverty." The program has been running for over 15 years. In pursuit of its mission of "education beats poverty", the foundation has invested a large amount of human and other resources in curriculum design. At present, there are 18 locations that provide after-school club services for over 2,000 students from 143 elementary and junior high schools in over 32 townships.
2. Founded in 2013 by a group of activists who were concerned about "educational inequalities", the association was inspired by the concept and model of Teach for America. Starting from "teacher qualifications", the association provides teacher training for competent youth with a sense of responsibility before sending them to teach at low-income communities in remote areas for at least two years in order to demonstrate the change from schools, families to communities and from classrooms to outside of the classrooms. By doing so, the association hopes to provide every child with quality education and the opportunity to self-development regardless of

their backgrounds. The association also aims to resolve the long-standing teacher shortage and high turnover rate problems in remote areas.

3. Convened by the TECO Technology Foundation and under the supervision of the Ministry of Education, "The Exclamation Mark" is operated on a collaborative model combining the third and public sectors by means of strategic alliances. Last year the alliance successfully adopted and supported over 40 educational teams in indigenous communities and raised funds and planned resources and services for the continuation of indigenous culture and arts. The USI Education Foundation began supporting the alliance in 2013. In 2014, the foundation began sponsoring the Bunun Children's Choir of Indigenous Folk Song of Luanshan Elementary School to support the training and continuation of indigenous folk songs and culture of the school.



Performances were presented by the Bunun Children's Choir of Indigenous Folk Song of Luanshan Elementary School at the 2017 Life and Arts Creative Experience-Taitung.



8. Appendices

8.1 GRI G4 Content Index

8.2 ISO 26000 Correspondence

8.3 Assurance statement

8.1. GRI G4 Content Index

General Standard Disclosures		Section	Page	Remark	
Strategy and analysis	G4-1	Provide a statement from the most senior decision-maker of the organization.	1.2 Message from the Chairman	06	
			2.1 Goals and visions for sustainable development	14	
Organizational profile	G4-3	Name of the organization.	1.4. Company profile	09	
	G4-4	Primary brands, products and services.	1.4. Company profile 4.4 Sales and customer services	09 46	
	G4-5	Location of the organization's headquarters.	1.4. Company profile	09	
	G4-6	The number of countries where the organization operates.	1.4. Company profile	09	
	G4-7	The nature of ownership and legal form.	1.4. Company profile	09	
	G4-8	The markets served.	1.4. Company profile 4.4 Sales and customer services	09 46	
	G4-9	The scale of the organization.	1.4. Company profile 4.1. Financial performance	09 39	
	G4-10	Total number of employees by employment contract and gender.	6.1 Workforce structure	73	
	G4-11	The percentage of total employees covered by collective bargaining agreements.	6.3 Employee rights and benefits (labor union)	76	
	G4-12	Description of the organization's supply chain.	4.5 Supply chain management	49	
	G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership or its supply chain.			No significant change.

	General Standard Disclosures	Section	Page	Remark	
Organizational profile	G4-14	Whether and how the precautionary approach or principle is addressed by the organization.	3.4 Risk management	32	
	G4-15	List externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes to or which it endorses.			No relevant initiative has been subscribed to or endorsed.
	G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: a. List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: · Holds a position on the governance body · Participates in projects or committees · Provides substantive funding beyond routine membership dues · Views membership as strategic · This refers primarily to memberships maintained at the organizational level.	1.4. Company profile	09	
Identified materials aspects and boundaries	G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents and report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	1.1 Report profile 1.5 About the USI Group	03 11	
	G4-18	Explain the process for defining the report content and the Aspect Boundaries.	2.4. Analysis and identification of material topics	20	
	G4-19	List all the material Aspects identified in the process for defining report content.	2.4. Analysis and identification of material topics	20	
	G4-20	For each material Aspect, report the Aspect Boundary within the organization.	2.4. Analysis and identification of material topics	20	
	G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	2.4. Analysis and identification of material topics	20	

General Standard Disclosures			Section	Page	Remark
Identified materials aspects and boundaries	G4-22	Report the effect of any re-statements of information provided in previous reports and the reasons for such re-statements.	3.4 Risk management	32	No information has been re-stated.
	G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.			No significant change.
Stakeholder engagement	G4-24	List the stakeholder groups engaged by the organization.	2.3. Stakeholder identification and communication	17	
	G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	2.3. Stakeholder identification and communication	17	
	G4-26	The organization's approach to stakeholder engagement.	2.3. Stakeholder identification and communication	17	
	G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns.	2.3. Stakeholder identification and communication	17	
Report basic data	G4-28	Reporting period for information provided.	1.1 Report profile	03	
	G4-29	Date of most recent previous report.	1.1 Report profile	03	
	G4-30	Reporting cycle.	1.1 Report profile	03	
	G4-31	Provide the contact point for questions regarding the report or its contents.	1.1 Report profile	03	
	G4-32	Report the 'in accordance' option that the organization has chosen; GRI Content Index for the chosen option; and he reference to the External Assurance Report.	1.1 Report profile 8.1 GRI G4 Content Index 8.3 Assurance Statement	03 97 109	
	G4-33	The organization's policy and current practice with regard to seeking external assurance for the report.	8.3 Assurance Statement	109	
Governance	G4-34	The governance structure of the organization.	2.2. CSR Committee	16	
			3.1. Governance framework	25	

General Standard Disclosures			Section	Page	Remark
Ethics and Integrity	G4-56	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	3.2 Board of directors (ethical management) 3.5 Audit operations and communication channels	26 37	
	G4-58	The internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity.	3.2. Board of directors	26	

Specific Standard Disclosures

Material Aspects	DMA and Indicators	Section	Page	Remark
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Category: Economic

Economic performance		DMA	4.1 Financial performance	39	
	G4-EC1	Direct economic value generated and distributed within the organization.	4.1 Financial performance	39	
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	3.4 Risk management 5.4 Energy consumption and management	32 60	
	G4-EC3	Organization determines the coverage of the welfare program obligations.	6.3. Employee rights and benefits	76	
	G4-EC4	Coverage of the organization's defined benefit plan obligations.	4.1 Financial performance	39	
Indirect economic impacts		DMA	4.2 Major investments	42	
	G4-EC8	Significant indirect economic impacts, including extent of impacts.	4.2 Major investments	42	

Specific Standard Disclosures

Material Aspects	DMA and Indicators		Section	Page	Remark
Category: Environmental					
Raw materials	DMA		5.2 Source management	56	
	G4-EN1	Materials used by weight or volume.	5.2 Source management	56	
Energy	DMA		5.4 Energy consumption and management	60	
	G4-EN3	Energy consumption within the organization.	5.4 Energy consumption and management	60	
	G4-EN5	Energy intensity.	5.4 Energy consumption and management	60	
	G4-EN6	Reduction of energy consumption.	5.4 Energy consumption and management	60	
Water	DMA		5.5 Circular economy	65	
	G4-EN8	Total water withdrawal by source.	5.6 Pollution control	66	
	G4-EN10	Effluent reclamation and recycling percentage and total	5.5 Circular Economy	65	
Emissions	DMA		5.4 Energy consumption and management	60	
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	5.4 Energy consumption and management	60	
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	5.4 Energy consumption and management	60	
	G4-EN18	Greenhouse gas (GHG) emissions intensity.	5.4 Energy consumption and management	60	
	G4-EN19	Reduction of greenhouse gas (GHG) emissions.	5.4 Energy consumption and management	60	
	G4-EN21	NOX, SOX and other significant air emission.	5.6 Pollution control	66	

Specific Standard Disclosures					
Material Aspects	DMA and Indicators		Section	Page	Remark
Category: Environmental					
Effluents and waste	DMA		5.6 Pollution control	66	
	G4-EN22	Total water discharge by quality and destination.	5.5 Circular Economy 5.6 Pollution control	65 66	
	G4-EN23	Total weight of waste by type and disposal method.	5.6 Pollution control	66	
	G4-EN24	Total number and volume of significant spills.			No spill was reported during the reporting period.
Legal compliance	DMA		3.3 Compliance	30	
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions from non-compliance with environmental laws and regulations.	3.3 Compliance	30	
	DMA			57	
	G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations and transporting members of the workforce.	5.3 Industrial and public safety management	57	
Category: Social					
Sub-category Original G4: Labor Practices and Decent Work					
Employment	DMA		6.2 Employee turnover	74	
			6.3 Employee rights and benefits	76	

Specific Standard Disclosures

Material Aspects	DMA and Indicators	Section	Page	Remark	
Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	6.2 Employee turnover	74	
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations	6.3 Employee rights and benefits	76	
Occupational health and safety		DMA	6.5 Occupational health and safety	80	
	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programs.	6.5 Occupational health and safety	80	
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related facilities by region and by gender.	6.5 Occupational health and safety	80	
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	6.5 Occupational health and safety	80	
Training and education		DMA	6.4. Talent cultivation and development	79	
	G4-LA9	Average hours of training per year per employee by gender and by employee category.	6.4. Talent cultivation and development	79	
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	6.4. Talent cultivation and development	79	
	G4-LA11	Percentage of employees receiving regular performance and career development reviews by gender and by employee category.	6.2. Employee turnover	74	

Specific Standard Disclosures					
Material Aspects	DMA and Indicators		Section	Page	Remark
Diversity and equal opportunity		DMA	6.1 Workforce structure	80	
	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity.	3.2 Board of directors 6.1 Workforce structure	26 73	
Equal remuneration for women and men		DMA	6.3 Employee rights and benefits	76	
	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category and by significant locations of operations.	6.3 Employee rights and benefits	76	
Sub-Category: Society					
Local communities		DMA	5.3 Industrial and public safety management	57	
	G4-SO2	Operations with significant actual or potential negative impacts on local communities.	5.3 Industrial and public safety management	57	
Legal compliance		DMA	3.3 Compliance	30	
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions from non-compliance with laws and regulations.	6.4. Talent cultivation and development	79	No violation of any laws and regulations was reported during the reporting period.

Specific Standard Disclosures					
Material Aspects	DMA and Indicators		Section	Page	Remark
Sub-Category: Products Responsibility					
Products and services labeling	DMA		4.4 Sales and customer services	46	
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling by type of outcomes.	4.4 Sales and customer services	46	No violation of regulations concerning product and service labeling during the reporting period.
	G4-PR5	No violation of regulations concerning product and service labeling during the reporting period. Customer satisfaction survey results.	4.4 Sales and customer services	46	
Legal compliance	DMA		3.3 Compliance	30	
	G4-PR9	Monetary value or significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.			No violation of any laws and regulations was reported during the reporting period.

8.2 ISO 26000 Correspondence

	Core Subjects and Issues	Section	Page
Organizational governance	Decision-making processes and structures.	3.1 Governance framework	25
Human rights	Due diligence.	3.5 Audit operations and communication channels	37
	Human rights risk situations.	3.5 Audit operations and communication channels	37
	Avoidance of complicity.	6. A Great Place to Work	72
	Resolving grievances.	3.5 Audit operations and communication channels	37
	Discrimination and vulnerable groups.	6. A Great Place to Work	72
	Civil and political rights.	6. A Great Place to Work	72
	Economic, social and cultural rights.	6. A Great Place to Work	72
	Fundamental principles and rights at work.	6. A Great Place to Work	72
Labor practices	Employment and employment relationships.	6.1 Workforce structure	73
	Conditions of work and social protection.	6.3 Employee rights and benefits	76
	Social dialogue.	-	
	Health and safety at work.	6.5 Occupational health and safety	80
	Health and safety at work.	6.4. Talent cultivation and development	79
The environment	Prevention of pollution.	5.6 Pollution control	66
	Sustainable resource use.	5.5 Circular Economy	65

	Core Subjects and Issues	Section	Page
The environment	Climate change mitigation and adaptation.	3.4 Risk management	32
	Protection of the environment, biodiversity and restoration of natural habitats.	-	
Human rights	Anti-corruption.	3.2 Board of directors	26
	Responsible political involvement.	3.2 Board of directors	26
	Fair competition.	4.4 Sales and customer services	46
	Promoting social responsibility in the value chain.	4.5. Supply chain management	49
	Respect for IP rights	4.3 R&D	44
Consumer issues	Fair marketing, factual and unbiased information and fair contractual practices.	4.4 Sales and customer services	46
	Protecting consumers' health and safety.	4.4 Sales and customer services	46
	Sustainable consumption.	4.4 Sales and customer services	46
	Consumer service, support and complaint and dispute resolution.	4.4 Sales and customer services	46
	Consumer data protection and privacy.	4.4 Sales and customer services	46
	Access to essential services.	4.4 Sales and customer services	46
	Education and awareness.	4.4 Sales and customer services	46

	Core Subjects and Issues	Section	Page
Community involvement and development	Community involvement	7.1 Community involvement	90
	Education and culture.	7.2 USI Education Foundation	92
	Employment creation and skills development.	7.1 Community involvement	90
	Employment creation and skills development.	4.3 R&D	41
	Wealth and income creation.	4.3 R&D	41
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	Social investment.	7.2 USI Education Foundation	92



確信項目彙總表

編號	GRI 指標編號	指標敘述	相對應章節	計量基準
1.	GRI G4-EN6	減少能源的消耗。	5.4 能源耗用與管理	實際節能評估之節能量。
2.	GRI G4-EN10	水資源回收及再利用的百分比及總量。	5.5 循環經濟	實際水資源回收與再利用總量，所產生之回收水量及再利用水量。
3.	GRI G4-EN18	溫室氣體排放強度。	5.4 能源耗用與管理	溫室氣體評估管理強度。
4.	GRI G4-EN23	廢類別及處置方法劃分的廢棄物總量。	5.6 污染管制	依類別及處置方法劃分的廢棄物總量。
5.	GRI G4-EN29	違反環境法律和法規總數及罰鍰的金額，以及所受罰款以外之制裁的次數。	5.5 法規遵循	2017 年違反環境法規之次數及罰款金額。



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