

2.4

Ethical corporate management and legal compliance

GRI 102-16、102-17

SDG 16

Ethical Corporate Management

To optimize ethical corporate management, we have established the Codes of Ethical Conduct for Directors and Managerial Officers, Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, integrity-based policies, and a sound mechanism for governance and risk control. Please visit our corporate website: <https://www.usife.com/zh-tw/dirInvestor/frmInvestor1.aspx> for more about our anti-corruption policies and Codes of Ethical Conduct for Directors and Officers.

Regulatory compliance

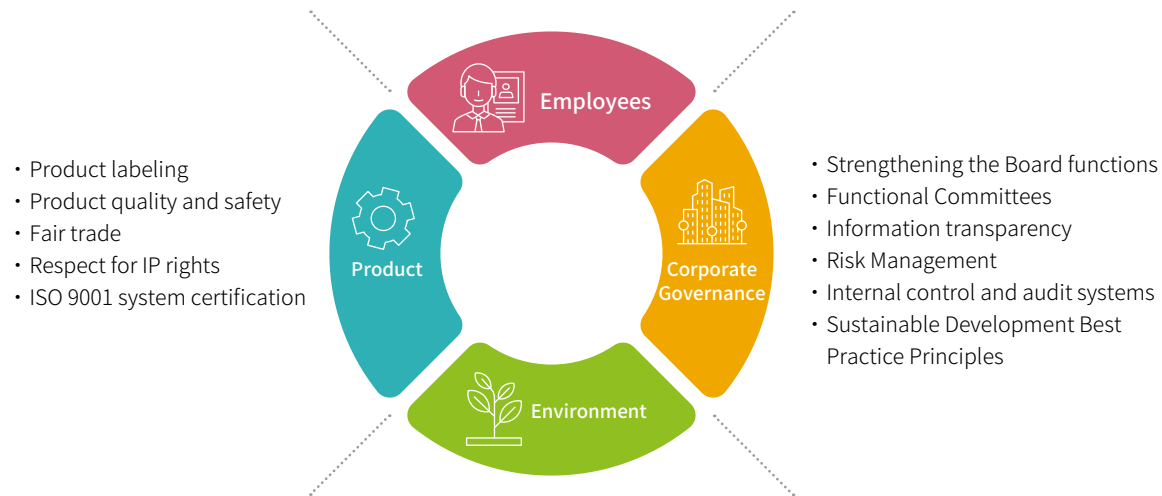
Sustainability Principle: Unity Governance GRI 103-1、103-2、103-3、SDG 16

Significance and Strategy	<p>Significance to USI</p> <p>Ethical corporate management and legal compliance are USI's belief in sustainable development,</p>	<p>Strategy and Approach</p> <ol style="list-style-type: none"> 1. Periodic compliance audit. 2. Keeping up with legal/regulatory updates and amendments. 3. Participation in association discussions on legal acts. 4. Internal awareness education, education, and training. 	<p>Commitment</p> <p>Strict legal compliance Data scope: USI coverage 100%</p>
Achievement and Goal	<p>2021 Goals</p> <p>No legal and/or regulatory noncompliance.</p>	<p>2021 Projects</p> <ol style="list-style-type: none"> 1. OH&S awareness education and equipment integrity introduction training by Labor Standards Inspection Office: 1 session. 2. Participation in legal publicity activities organized by government agencies. 3. Identification of HSE regulations. 	<p>2021 Achievements</p> <ol style="list-style-type: none"> 1. No violation or fine relating to product labeling was reported 2. No violation of economic laws and regulations. 3. IP management 4. Offense of environmental regulations and/or regulations: 1 offense 5. Offense of the Occupational Safety and Health Act: 1 offense
Management	<p>Effectiveness Assessment</p> <p>Monetary Fine and Non-Monetary Sanctions</p>	<p>Grievance Mechanism</p> <ul style="list-style-type: none"> • "Contact us" on the corporate website. • Stakeholder contact information • List of HSE Information 	

Management Approach Description

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

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



- Compliance with HSE and energy regulations.
- Management of toxic and concerned chemical substances
- Pollution control and waste management
- Safety and disaster prevention
- Certification of the ISO 14001, ISO 50001, and ISO 45001 management systems.
- Verification of the ISO 14064-1 GHG Inventory Management System.
- Implementation and certification of the ISO 46001 Water Efficiency Management System.
- Implementation of ISO 14067 Carbon Footprint of Products and verification.
- Education/training and publicity of industrial safety

Management Approach

For employees to understand compliance-related topics, we publicize information and trends regarding the latest regulatory and statutory requirements through education/training activities for employees and departmental routine meetings for them to acquire information regarding new laws and regulations and amendments of existing laws and regulations. The Group 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. Additionally, to supervise legal compliance in employees, we have included environmental protection and OH&S incidents as the evaluation items for productivity bonuses, and no bonus will be distributed for any monetary fine and non-monetary sanctions caused by environmental protection and OH&S offenses.

In 2021, neither monetary fine nor non-monetary sanctions for legal noncompliance relating to product labeling or for violation of economic laws and regulations was reported. However, we were sanctioned two times in 2021, including one time for violation of environmental protection laws and/or regulations and one time for violation of the Occupational Safety and Health Act. After completing corresponding corrective and preventive actions, we passed the re-inspection by the competent authorities for all violations. In the future, we will continue to implement and enhance HSE management to achieve the goal of five zeros: zero pollution, zero emission, zero accident, zero occupational hazard, and zero failure. [GRI 307-1, 419-1](#)

Monetary Fine and Non-Monetary Sanctions for Industrial Safety Incidents in 2021 and Improvement

Counts/Fine Total Amount Causes for Violation and Corrective Action

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




offense of environmental regulations and/or regulations: Water pollution

1 case/NT\$18K

Ticketed defect
Construction before the approval of the Construction Site Runoff Effluent Reduction Plan

Corrective Action

- Submitted the Construction Site Runoff Effluent Reduction Plan to the Bureau of Environmental Protection for approval and recordation.
- Verify the related submittal approval processes for all new construction projects.



offense of the Occupational Safety and Health Act

1 case/NT\$70K

Two ticketed defects

1 Absence of the explosionproof structure appropriate to the dangerous zoning for equipment in the compressor room

Corrective Action

- Inspection and planning in accordance with the CNS 3376-16 across the plant.
- 3-stage improvement policy
 1. Use of positive pressure type explosionproof systems (pressure, flow, alert)
 2. Leakage fixing for fluid pipelines and alteration of the two-door entrance into the single-door access for the electrical inlet/outlet.
 3. Blower replacement (from 1.5HP*2 into 5HP*2)
- Provision of education and training to strengthen site management.

2 Failure to maintain the LV731 pressure gauge in normal operational condition

Corrective Action

- Immediate replacement of the pressure gauge.
- In-house inspection and assessment of similar equipment and planning replacement and corrective plans.
- Enhancement of walk-through inspection and arrangement of immediate repair for detected anomalies.

2021 IP Management Performance

1 Patent management

1.1. Innovation patent and invention application platform

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

1.2. Patent

Title	Project No.	Country	Remarks
HYDROGENATED BLOCK COPOLYMER AND COMPOSITION THEREOF	US 10,450,455 B2 (application no.15/914,878)	USA	Awarded the patent (expired on 2038/03/07) on 2019/10/22.
Hydrogenated block copolymer and composition thereof	I660975	Taiwan	Awarded the patent (expired on 2038/03/05) on 2019/06/01.
MULTILAYER SHEET STRUCTURE FOR DENTAL APPLIANCE (orthodontic materials)	US-2020-0237478-A19383-A26025-US (Top Team number)	USA	US20200237478A1 (disclosed and response in progress)
Fire retardant composite structure (utility model patent)	M597795	Taiwan	Awarded the patent (expired on 2030/03/12) on 2020/07/01.

2 Trade secret management

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