



Chapter 1

Sustainable Development

1.1

Visions and Goals for Sustainable Development

GRI 102-16

Vision

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

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

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



Sustainable Development

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



SDGs

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

Understanding SDGs and Discussing operation development.

1

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

Identifying impacts and opportunities.





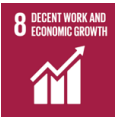

2







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

Addressing SDG targets and actions

3

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

SDG/Goals		<p>3.5 ∙ 3.8 ∙ 3.a ∙ 3.d</p> <p>Maintain factory workplace environment safety and employee health</p> <p>Corresponding Section: Chapter 5</p>		<p>4.4 ∙ 4.7</p> <p>Professional division of labor Education for employment</p> <p>Corresponding Section: Chapter 3, 4, 5</p>		<p>6.4 ∙ 6.a</p> <p>Reduce water discharge by 5,280 MT Improved effluent water quality (COD<60 mg/L)</p> <p>Corresponding Section: Chapter 4</p>
Achievements in 2021	<ul style="list-style-type: none"> • 3.5 Substance abuse and alcoholism prevention: Plant access sobriety test and health management for contractors and employees • 3.8 Healthcare: National Health Insurance for all employees and additional employee insurance • 3.a Tobacco control: No smoking or tobacco sales on the plant site. • 3.d Health risk management: Arranged special checkups for 280 employees and implemented health management based on the graded health management by risk level. 		<ul style="list-style-type: none"> • 4.4 Technology and vocational skills <ol style="list-style-type: none"> 1. Process safety training for 329 persons with a total of 1,902 hours. 2. HSE education and training for 1,166 persons with a total of 3,555 hours. 3. Emergency fire drills, project training, and physical/mental training for a total of 69 sessions with 1,576 participants. • 4.7 Sustainable development of employee knowledge and skills <ol style="list-style-type: none"> 1. Maintained the validity of the professional licenses and certificates of employees through in-service education and training: 8 sessions. 		<ul style="list-style-type: none"> • 6.4 Enhancement of water efficiency: Reclamation of 10,986MT of water. • 6.a Effluent quality in the H1 and H2: COD 14.4 mg/L and COD 25.5 mg/L respectively. 	
SDG/Goals		<p>7.2 ∙ 7.3 ∙ 7.a</p> <p>Continue to increase utilization of high-efficiency products and invest in clean energy</p> <p>Corresponding Section: Chapter 3, 4</p>		<p>8.3 ∙ 8.5 ∙ 8.7 ∙ 8.8</p> <p>Expand the scope of operations to constant increase revenue / Ensure equal job opportunities / Safe work environment / Harmonious labor-management relations</p> <p>Corresponding Section: Chapter 2, 3, 4</p>		<p>9.5 ∙ 9.b</p> <p>Annual R&D fund NT\$100 million minimum New product development and improvement: 4 pcs/year.</p> <p>Corresponding Section: Chapter 3</p>
Achievements in 2021	<ul style="list-style-type: none"> • 7.2 Renewable energy: Investment in green power generation at 5MW. • 7.3 Enhancement of energy efficiency: <ol style="list-style-type: none"> 1. Green purchase expenditure: NT\$4.38 million. 2. Invested NT\$4.5 million in energy-efficient equipment to save electricity by 1,972,419 kWh and reduced carbon by about 1,004 tCO₂e. • 7.a Clean energy acquisition: Assessed geothermal and wind power generation projects. 		<ul style="list-style-type: none"> • 8.3 Business innovation: Established the high-value R&D center. • 8.5 Equal pay for equal work: Hired full quota (4) of persons with disabilities by law and implemented various gender equality measures: The men-to-women pay ratio of general employees was 0.95:1 and supervisors was 1.14:1. • 8.7 No child labor: No child labor was hired throughout the Group. • 8.8 Protection of labor rights and workplace safety: <ol style="list-style-type: none"> 1. Established the labor union and held periodic labor-management meetings. 2. Provided well-designed group insurance plans and contributed pension by law to protect the later life of employees. 3. Implementation of PSM 		<ul style="list-style-type: none"> • 9.5 Improvement of scientific research and increase in R&D expenditure for high success rate: Developed 4 new products with an R&D investment of NT\$160 million. • 9.b Support for customer technology innovation: Provided worldwide customers with technical services and green products. 	

SDG/Goals	 11.6、11.a Underground Pipelines Complete urban industrial pipeline management Corresponding Section: Chapter 4, 5	 12.2、12.5、12.6 Complete the execution of the CSR Commitment by all suppliers in 5 years Corresponding Section: Chapter 3	 13.2、13.3 Constantly develop and promote eco-friendly products Every year: Electricity less by 1%, Energy less by 1.2%, Carbon less by 1.5%, Water less by 1% Corresponding Section: Chapter 2,4
	Achievements in 2021 <ul style="list-style-type: none"> • 11.6 Reduction of hazardous environmental impacts: VOCs reduction and waste management • 11.a Transportation safety: Implemented the Kaohsiung City Underground Pipeline Operation Safety and Management Project to protect the public safety of nearby underground industrial pipelines, citizens, and workers. <ol style="list-style-type: none"> 1. Participated in the underground pipelines joint defense organization, implemented routine pipeline inspection, and completed the visual inspection and thickness check of the overground sections of the underground pipelines in July and November. 2. Completed 36 times of cathodic corrosion rectifier check; 176 times of cathodic corrosion test; inspection of 2 insulation flanges; and thickness test (overground sections) on 2 pipelines. 	<ul style="list-style-type: none"> • 12.2 Sustainable purchase of resources: Built the green procurement mechanisms and implemented green supply chain management. • 12.5 Enhanced resource recycling rate to 12.3% to reduce the waste of resources. • 12.6 Methods to encourage sustainable development: Requested suppliers to sign the CSR Commitment 	<ul style="list-style-type: none"> • 13.2 Climate change countermeasures: Annual targets: electricity conservation by 0.75% (average rate of 1.38%), energy conservation by 5.10%, carbon reduction by 2.39%, water conservation by 4.26%; implemented ISO 14064-1, ISO 46001, and ISO 14067. • 13.3 Enhancement of climate change adaptability: Environmental protection expenditure at NT\$135.67 million, promotion of green sunshield coatings, organization of technology exchanges and observations with various affiliates. <ol style="list-style-type: none"> 1. Built the cooling water energy-conservation system by advising the optimal operational model with AI. 2. Promotion of IDB's Factory Intelligent Energy Management System Project and became a demonstration factory
SDG/Goals	 15.2 Increase forestation area Corresponding Section: Chapter 4	 16.2、16.3、16.5、16.6、16.b Legal compliance Corresponding Section: Chapter 2,5	 17.17 Encourage sponsorship and participation in social welfare Corresponding Section: Chapter 5
	Achievements in 2021 <ul style="list-style-type: none"> • 15.2 Forest sustainable management: Sponsored 5 hectares of forestation for 20 years. 	<ul style="list-style-type: none"> • 16.2 No child labor • 16.3 Legal compliance: No legal and regulatory noncompliance in the economic aspect. • 16.5 No corruption or bribery: Employee Code of Conduct and Ethical Corporate Management Best Practice Principles. • 16.6 Built a fair promotion and transfer system • 16.b Implementation of non-discrimination policy: Promoted the human rights policy. 	<ul style="list-style-type: none"> • 17.17 Encouragement of social cooperation: <ol style="list-style-type: none"> 1. Supported "Earth Hour", a global energy conservation activity. 2. Organized the 2nd (2021) USI Cup Charity Softball Competition to integrate sports with charity. 3. Implemented community charitable activities and sponsored epidemic control equipment for hospitals and schools.

Sustainable Development Goals

Based on the SDGs, we establish the 5-year business plan and report it to the Board. Each department has established its own management by objectives (MBOs) and set key performance indicators (KPIs) of employees for the reference of performance evaluation, promotion, and raises.

	Short-term (1 year)	Medium-term (3 years)	Long-term (5 years)
Governance	<ul style="list-style-type: none"> ● Activate the operations of the Gulei Integrated Refining and Petrochemical Project (Gulei Project) ● Promoting green power development and assess the countermeasures for carbon neutrality. ● Assessing green energy and circulatory economic development ● High-Value R&D Center ● Construction of the Kaohsiung Intercontinental Container Terminal Project ● Assessing energy conservation and carbon reduction performance of equipment and equipment replacement. 	<ul style="list-style-type: none"> ● Planning of and investment in the downstream development projects of the Gulei Project. ● Continuing green power development and planning countermeasures for carbon neutrality. ● Planning and implementing the circular economy. ● Constant R&D of high value-added products ● Completion and operation of the Kaohsiung Intercontinental Container Terminal. 	<ul style="list-style-type: none"> ● Planning of and investment in the downstream development projects of the Gulei Project. ● Cultivate Taiwan, continue local investments, and implement the circular economy. ● Constant R&D of green/high value-added products
Industrial safety and environmental protection	<ul style="list-style-type: none"> ● Enforcing the “Five Zeros Goal” ● Promoting the process safety management system. ● Implementing the underground pipeline maintenance and operation program. ● Enhancing education and training to improve safety knowledge and culture. ● Strengthening contractor management and promoting AI forklift safety identification. ● Promoting transportation safety audit. ● Promoting the circular economy, electricity conservation, water conservation, and carbon reduction. ● Green Procurement ● Promoting the prevention and management of plastic resin pellet leakage. ● Enhancing the control and reduction of three types of waste ● Managing hazardous air pollutants (HAPs) ● Establishing the waste audit and management systems. ● Constantly implementing ISO 14001, ISO 50001, ISO 45001, ISO 14064-1, ISO 46001, ISO 14067 	<ul style="list-style-type: none"> ● Continuing short-term plans ● Furthering energy conservation, carbon reduction, and water conservation. ● Implementing GHG (Scope 3) inventory ● Implementing VOCs reduction programs ● Establishing the waste audit and management systems. ● Implementing waste reduction ● ISO management system certification ● Constantly monitoring underground pipeline safety and ensuring preventive maintenance. ● Promoting the circular economy to plan resource recycling and reuse. 	<ul style="list-style-type: none"> ● Continuing the medium-term plan ● Implementing smart management of operation safety. ● Reducing water withdrawal and consumption to enhance water recycling and reuse. ● Reducing equipment and unit leakage ● Reducing pollutant emissions ● Implementing waste recycling and reuse ● Planning climate change address ● Promoting the circular energy for green energy development. ● Promoting 2030 carbon reduction target at 27% (base year 2017)
Social relations	<ul style="list-style-type: none"> ● Constant care for employee health and providing a safe workplace ● Maintaining harmonious labor-management relations and protecting labor rights and interests. ● Increasing channels for stakeholder communication. ● Being a good neighbor to local communities and maintaining sound interaction with them. ● Encouraging and sponsoring employees to engage in charitable activities. ● Constantly cultivating educational and environmental protection activities in remote areas. 	<ul style="list-style-type: none"> ● Continuing neighborly activities to maintain sound interaction with them ● Constantly sponsoring various charitable activities to optimize the corporate image. ● Enhancing industry-academia-government collaboration to cultivate excellent workforces. ● Strengthen the services and effectiveness of USI Education Foundation ● Encouraging and sponsoring employees to engage in charitable activities. 	<ul style="list-style-type: none"> ● Optimizing the supplier/contractor assessment systems. ● Increasing the sources and energy for social participation to expand the scale of social contributions. ● Encouraging and sponsoring employees to engage in charitable activities.

1.2

Company Profile

About USI

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

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

Name of Company	USI Corporation
Industry	Plastics industry
Head Office	No. 330, Fengren Road, Renwu District, Kaohsiung City
Taipei Office	12F, No. 37, Jihu Road, Neihu District, Taipei City
Capital	NTD11.8 billion (by December 31, 2021)
Production	249,402 MT (2021)
Major Products	<ul style="list-style-type: none"> Ethylene Vinyl Acetate Copolymer (EVA) Low Density Polyethylene (LDPE) High Density Polyethylene (HDPE) Linear Low-Density Polyethylene (LLDPE) <p>PE resins become all kinds of plastic products in daily life after processing by downstream manufacturers.</p>
Numbers of employees	465 (by December 31, 2021)

*Employees include 462 persons on a non-fixed-term contract and 3 on a fixed-term contract.

Locations

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



Taipei Office



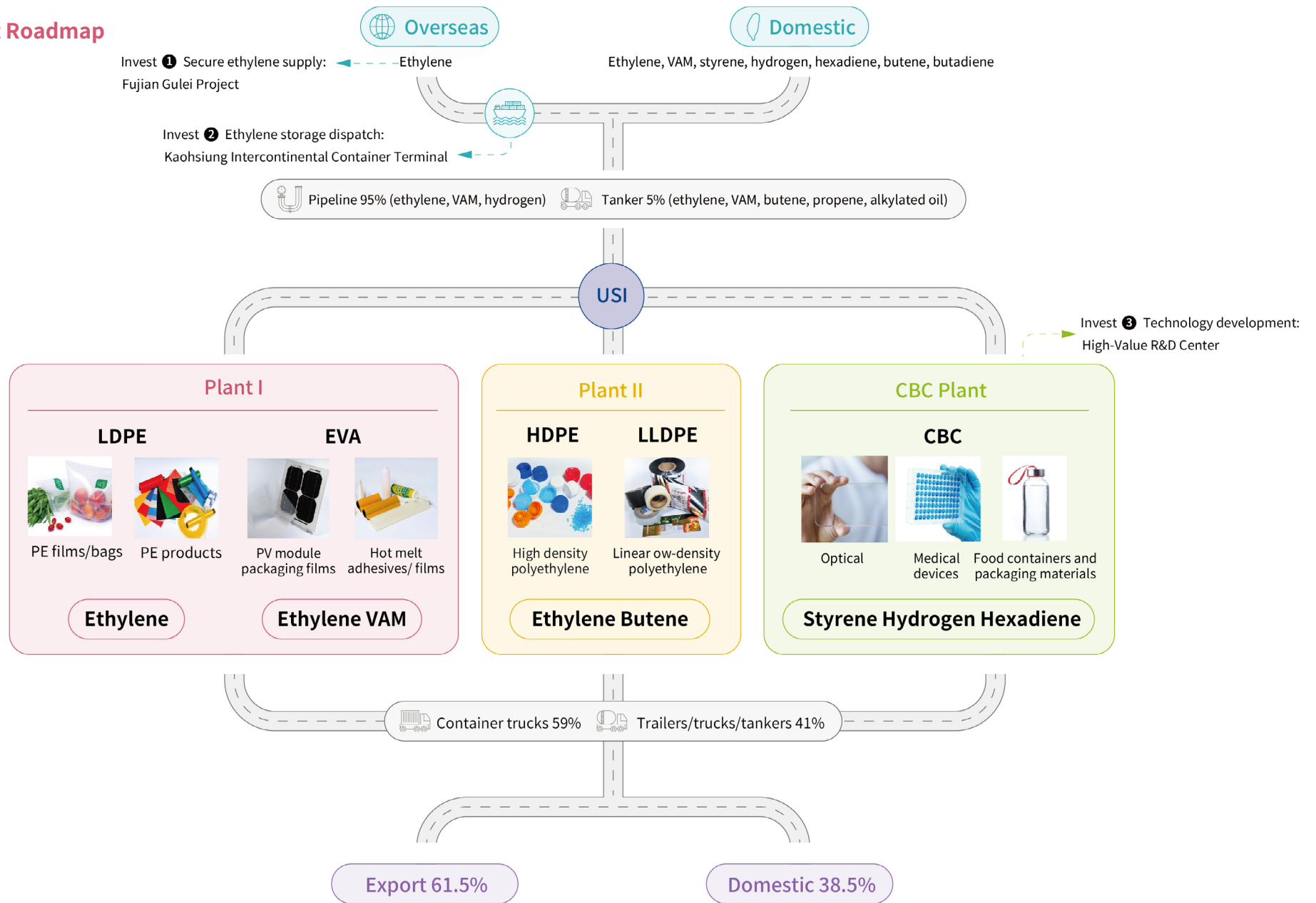
Guishan R&D Division



Kaohsiung Head Office



Product Roadmap

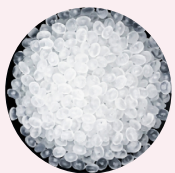


Across Europe and Asia with a total of 325 customers

Products GRI 102-2 · 102-6

Major Products

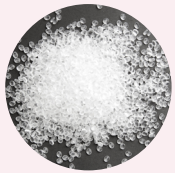
As a key PE manufacturer in Taiwan, we make continual improvement to improve product quality, increase product quantity, and supply excellent products to numerous downstream processors to raise the standard of processed products and cultivate markets with them. Our PE range covers the following four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



Low Density Polyethylene (LDPE)
PAXOTHENE®



High Density Polyethylene (HDPE)
UNITHENE®



Ethylene Vinyl Acetate Copolymer (EVA)
EVATHENE®



Linear Low-Density Polyethylene (LLDPE)
LINATHENE®

ViviOn™ - Cyclic Block Copolymer

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



Optical application-Optical films



Electronics-Carriers of semiconductor advanced process



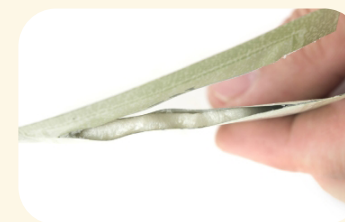
Medical device application: Vials and prefilled syringes




Biomedical test application: Microplates



Use of UVC disinfection: Portable UVC disinfection products.



PE and PP packaging application: Easy peel films

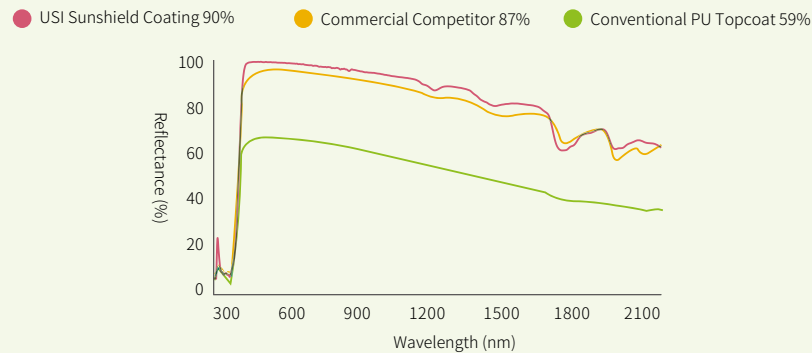
 **More informations:**
<https://www.usife.com/en-us/dirProduct/frmProduct6>



Functional Coatings

USI is committed to energy conservation and emissions reduction over the years. In practice, we use sunshield coating to lower tank temperature and thereby reduce water cooling frequency to save energy and reduce VOCs to minimize carbon footprint. This sunshield coating is a water-based formula with total solar reflectance (TSR) up to 90% to quickly reflect heat without storing it.

TSR Comparison Between Products from USI and Other Manufacturers:



Eco-friendly coatings with excellent performance.



Sunlight reflection rate 90%



Thin coating



Reduce interior temperature of coatings



Save energy and carbon footprint



Eco-friendly water-based paints



Reduce water spray frequency / Reduce VOC effusion



More informations:

<https://www.usife.com/en-us/dirAbout/frmAbout5>



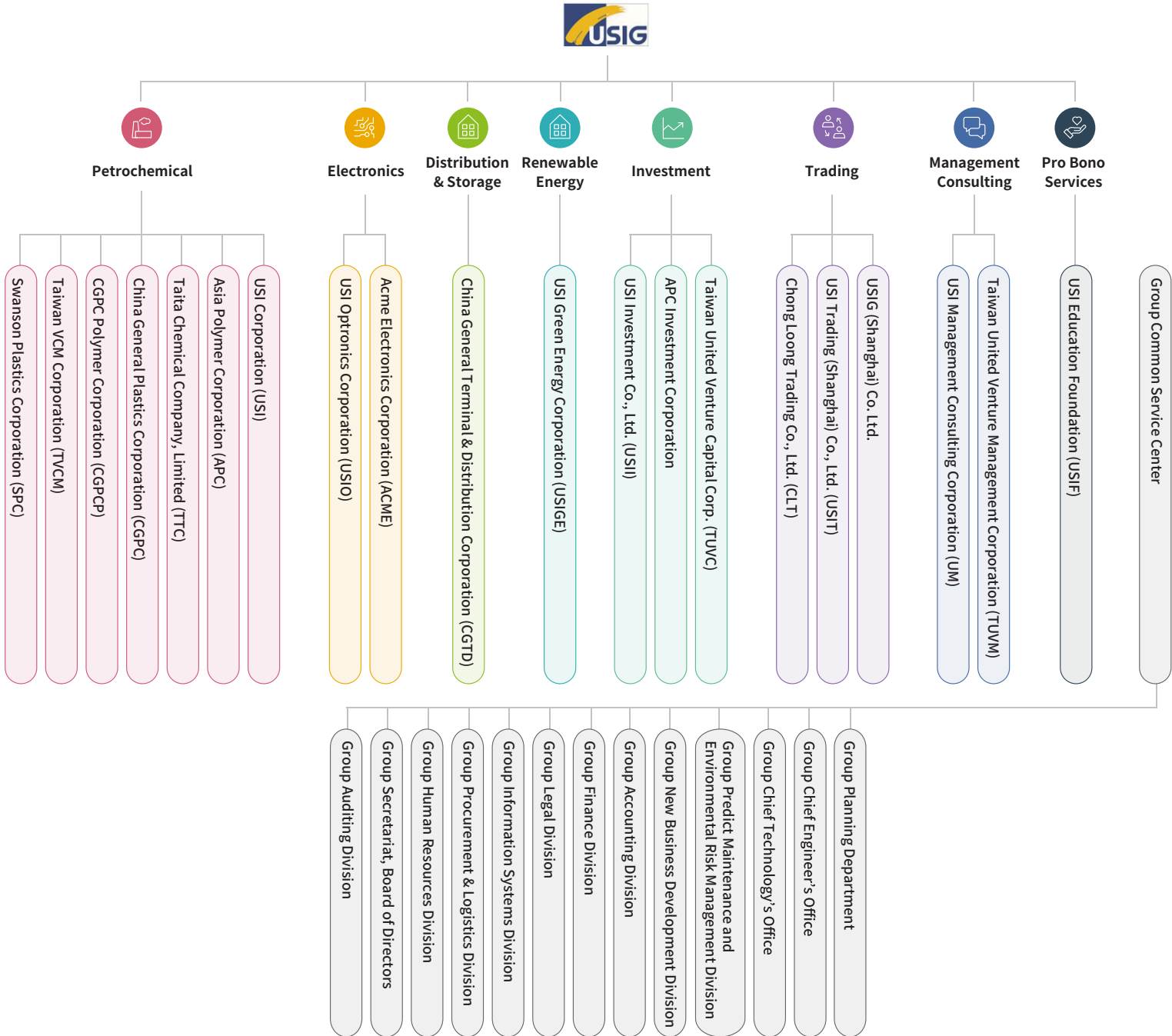
External initiatives and membership of associations GRI 102-12 · 102-13

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

In 2021, we were member of 16 associations and non-profit organizations, such as the Petrochemical Industry Association of Taiwan, Chinese National Association of Industry and Commerce Taiwan, Chinese National Federation of Industries, and Taiwan Chemical Industry Association, with a total investment of about NT\$1,978,800. Please visit <https://www.usife.com/en-us/dirAbout/frmAbout9> for the details of organizations and memberships.

In support of external initiatives, besides becoming one of the 1,846 businesses worldwide supporting TCFD in November 2020, we began to join Earth Hour in 2018 and also participated in the Carbon Neutrality Alliance in April 2022.

About USI Group





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

2. Four publicly offered USI subsidiaries, including Asia Polymer Corporation (APC), China General Plastics Corporation (CGPC), Taita Chemical Company Limited (TTC), Acme Electronics Corporation (ACME) published their own ESG reports in 2021.

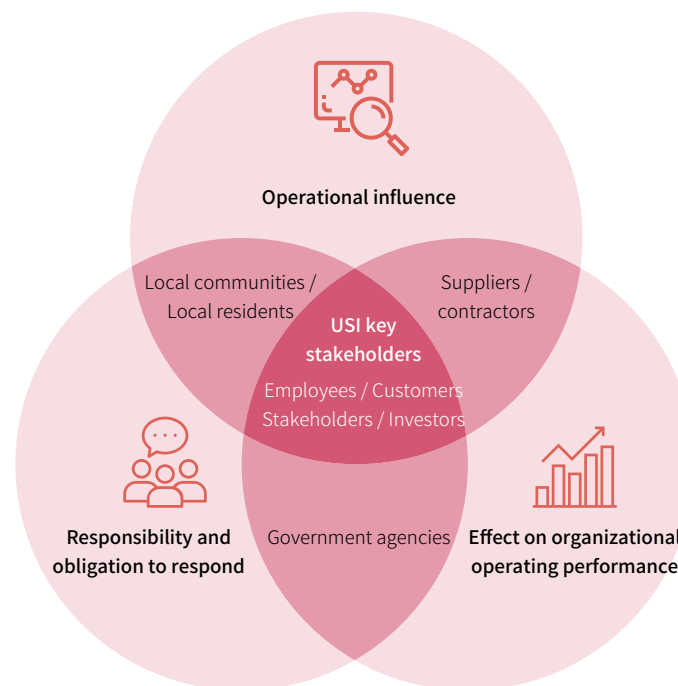
1.3

Stakeholder Engagement

GRI 102-40、102-42

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

Referring to the attributes of stakeholders as specified in AA 1000 SES: dependency, responsibility, influence, diverse perspectives, and tension, we identified 5 stakeholder groups: employees, customers, government agencies, suppliers/contractors, and shareholders or investors. We also added local communities and residents as the 6th stakeholder group required communication based on the underground pipeline operation and management plan. Besides gathering stakeholder opinions from various channels, we have also set up the ESG section on the corporate website to enhance communicability.



Stakeholder Communication Channels and Topics that Concern Them GRI 102-43、102-44

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

Employees

Employees are the bedrock of corporate development and the partners of sustainable development. Therefore, we recruit outstanding employees, provide a safe and healthy work environment, develop and retain talents, provide employees with continuous care, and constantly care for their needs.

Concerned Topic

- Operating performance
- Employee benefits
- Occupational safety and health
- Labor-management relations
- Recruitment and retention

Communication Channel and Frequency

- New employee interviews (with relevant officers of all levels)
- Performance interviews (regularly)
- Labor-management meetings (quarterly)
- Union board meetings (quarterly)
- Union general meetings (annually)
- Employee Welfare Committee meeting (biannually)
- Occupational Safety & Health Committee meeting (quarterly)
- HSE/Energy Management Committee meeting (quarterly)
- Labor Pension Fund Supervisory Committee meeting (biannually)
- Employee engagement survey (irregularly)
- Internal health forums (five times a year minimum)
- Education/training (as planned)
- On-site tour inspections (at any time)

Engagement Results

- Adjustment of the remuneration and reward systems.
- Preferential distribution of year-end special bonuses.
- Enhancement of care for employee health.

Summary of Address in 2021

- The 2021 employee engagement survey was implemented with a six-point scale, and the results of all items fell above the industry's standard.
- The reward differentiation system was implemented to link the year-end bonus to reward and punishment. The employee year-end bonus was distributed in accordance with the Employee Performance Evaluation Regulations.
- To screen the high-risk group for special care, we ask night-shift employees and employees working shift to answer the overwork questionnaire and Framingham Risk Score questionnaire, arrange health checkups and EKG tests for them, and review their past history.
- Contact: Ms. Chen, Department of Personnel Affairs (02) 2650-3381

Customers

Customers are the main source of USI's income. Valuing technology innovation, we are committed to providing customers with the best service to create a win-win situation for both customers and the Company.

Concerned Topic

- Technology R&D
- Customer privacy
- Transportation safety management
- Industrial and public safety
- Customer satisfaction survey

Communication Channel and Frequency

- 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)

Engagement Results

Communication with customers through various methods and constant provision of quality products and services for customers.

Summary of Address in 2021

- We provided 36 times of technical service for customers and assisted in 66 outsourced test projects.
- Of all 10 customer complaints, 1 case was dropped, and the remaining 9 cases were all resolved and closed.
- We conduct customer satisfaction surveys twice a year, with over 98.65% responses falling in the "satisfied" and "highly satisfied" options.
- Contact: Mr. Shen, Sales Department (02) 8751-6888 #3213

Government

Government policies and environmental protection laws and regulations have far-reaching influences on USI operations. Therefore, we maintain practicality and stability in professional operations.

Concerned Topic

- Market presence
- Legal compliance
- GHG emissions
- Air pollution control
- Waste management
- Worker safety
- Water resources management

Communication Channel and Frequency

- Participation in law and regulation outreaches or public hearings (irregularly)
- Participation in forums or seminars (irregularly)
- Official documents, material information (as prescribed by law)
- Market Observation Post System (as prescribed by law)

Engagement Results

- The Kaohsiung Labor Standards Inspection Office conducted the on-site PSM performance check.
- The Kaohsiung Labor Standards Inspection Office conducted an on-site inspection of the compliance with the Category C hazardous workplace.
- The Kaohsiung Labor Standards Inspection Office conducted an on-site review on the recordation of priority management chemicals, in-service training, and special health checkups.
- On-site publicity and audit of the correct use of PPE by the Kaohsiung Labor Standards Inspection Office.
- Dashe Industrial Park degradation
- The Kaohsiung Environmental Protection Bureau requested USI plant to perform the OP-FTIR monitoring and analysis around the boundary of Dashe Industrial Park.
- Renwu sanitation team audited the prevention and management of dengue fever.
- The Kaohsiung City Government implemented industry water rationing phase I at 7% and phase II at 11% in response to severe water shortages.

Summary of Address in 2021

- Implemented PSM to enforce equipment self-management by risk level.
- Completed the re-evaluation of B-line in April 2021 for the process 5-year re-evaluation report for Category C hazardous workplaces and revised the CBC plant report for 2021-2022.
- Implemented the periodic recordation of priority management chemicals, in-service training for the supervisors of processes using organic solvents and specific chemical substances, and organized special health checkups.
- Enhancing on-site inspection and PPE education/training for employees.
- Participated in various discussion meetings against land degradation to maintain the rights and interests of manufacturers and workers at Dashe Industrial Park.
- Set up the FTIR surveillance station in the plant every quarter.
- Periodically performed dengue fever walk-through inspection and recordation.
- Implemented the water conservation control plan and the ISO 46001 Water Efficiency Management Systems in coordination with the government's industry water conservation
- Contact: Mr. Lee, Industrial Safety Section (07) 735-9998 #2311 Mr. Hsieh, Environmental Protection Section (07) 735-9998 #2314

Stakeholders/Investors

Each shareholder is an important corporate asset. We constantly pursue excellence to maximize profit for shareholders.

Concerned Topic

- Local major investments
- Technology R&D
- Operating performance
- Customer privacy
- Supplier management

Communication Channel and Frequency

- Annual general meeting of shareholders (annually)
- Investment conference (biannually, minimum)
- Market Observation Post System (as prescribed by law)
- Contact information of spokespersons (at any time)
- Annual report (annually)
- CSR reports (annually)
- Financial statements (quarterly)
- “Investor Service” section on the corporate website (at any time)
- “Shareholder Service” section on the corporate website (at any time)
- “Audit Committee Email” on the corporate website (at any time)

Engagement Results

- Progress of Fujian Gulei Project
- Investment in the construction of ethylene storage tanks
- Status of corporate operations

Summary of Address in 2021

- AGM on July 26
- Investor conferences on May 24 and November 24
- Contact: VP Wu, Spokesperson (02) 2627-4745
Ms. Hung/Ms. Wu, Stock Affairs Dept. (02) 2650-3773

Suppliers/Contractors

Ethical corporate management is USI’s corporate culture. We carefully select suppliers and contractors to provide customers with quality products and employees with a safe work environment.

Concerned Topic

- Operating performance
- Local major investments
- Market presence
- Legal compliance
- Procurement practices

Communication Channel and Frequency

- Purchase procedures (on-demand)
- Supplier questionnaire survey (annually/new supplier)
- Performance review meeting (on-demand)
- Face-to-face review meeting (by product type)
- Purchaser visit (irregularly)
- Market survey (weekly)
- Contractor consultative organization meeting (irregularly)

Engagement Results

- Communication of the need to comply with labor human rights, OH&S, environmental protection, and code of ethics.
- Supplier evaluation results: All pass.

Summary of Address in 2021

- To enforce USI’s ethical corporate management policy and discern suppliers’ needs, we communicate with and address suppliers through the following methods:
 1. Supplier evaluation results, twice a year
 2. Topics concerned suppliers questionnaire, once a year
- Purchaser visits (1-2 times/quarter)
- Contact: Ms. Liu, Procurement & Logistics Division
(02) 8751-6888 #3217

Local communities/ residents

Local residents are the most important partners growing with USI. Social inclusion is our core strategy.

Concerned Topic

- Noise control
- Air pollution control
- Involvement with local communities and philanthropy
- GHG emissions
- Underground pipeline maintenance

Communication Channel and Frequency

- “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)

Engagement Results

- Provision of learning sources for local schools to develop quality talents.
- Enhancement of neighborly activities.
- Implementation of the underground pipeline maintenance and operation program.

Summary of Address in 2021

- Constant adoption of the air quality purification zone of Renwu Special Education School
- Donated epidemic control materials such as facemasks and bleach to schools in local communities to fight COVID-19 together with residents.
- Participated in the 2021 rescue drills for accidents and disasters of cross-district and cross-industrial parks for regional joint defense organizations of the pipeline 6 unit of underground pipeline joint defense organization.
- Contact: Mr. Hsueh, General Affairs Section (07) 735-9998 #2262
Mr. Chen, Personnel Section (07) 735-9998 #2261

1.4

Management of Material Topics

GRI 102-46、102-47、102-49、103-1

Analysis and identification of material topics

- 1
 - Identify stakeholders
 - Collect information topics that concern stakeholders through various channels

- 2
 - Analyze topic materiality according to the “level of stakeholder concern” and “impact on USI”

- 3
 - The ESG Committee identifies material topics and defines the boundaries of material topics and corresponding GRI Standards topics.

- 4
 - Hold ESG Committee meetings and enforce management and execution.
 - Continuous review of short, medium, and long-term sustainable development programs.

To ensure the completeness of topic inclusiveness, besides referring to the topics in the GRI Standards published by GRI, ESG issues and trends of industries at home and abroad, and the UN SDGs, we also gathered issues of “high stakeholder concerns” through various communication channels and verified the effectiveness to address issues that concerned stakeholders of the information disclosed contained in the current ESG report with the “Stakeholder Questionnaire” posted on the corporate website. We began to identify material topics biennially in 2019. In 2021, we collected a total of 232 responses. Through the expertise in its duties and functions of each working group under the ESG Committee, we conducted an internal survey with 41 valid responses on the “impacts on USI” of governance, environmental and social issues. In 2021, we collected a total of 273 responses.

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

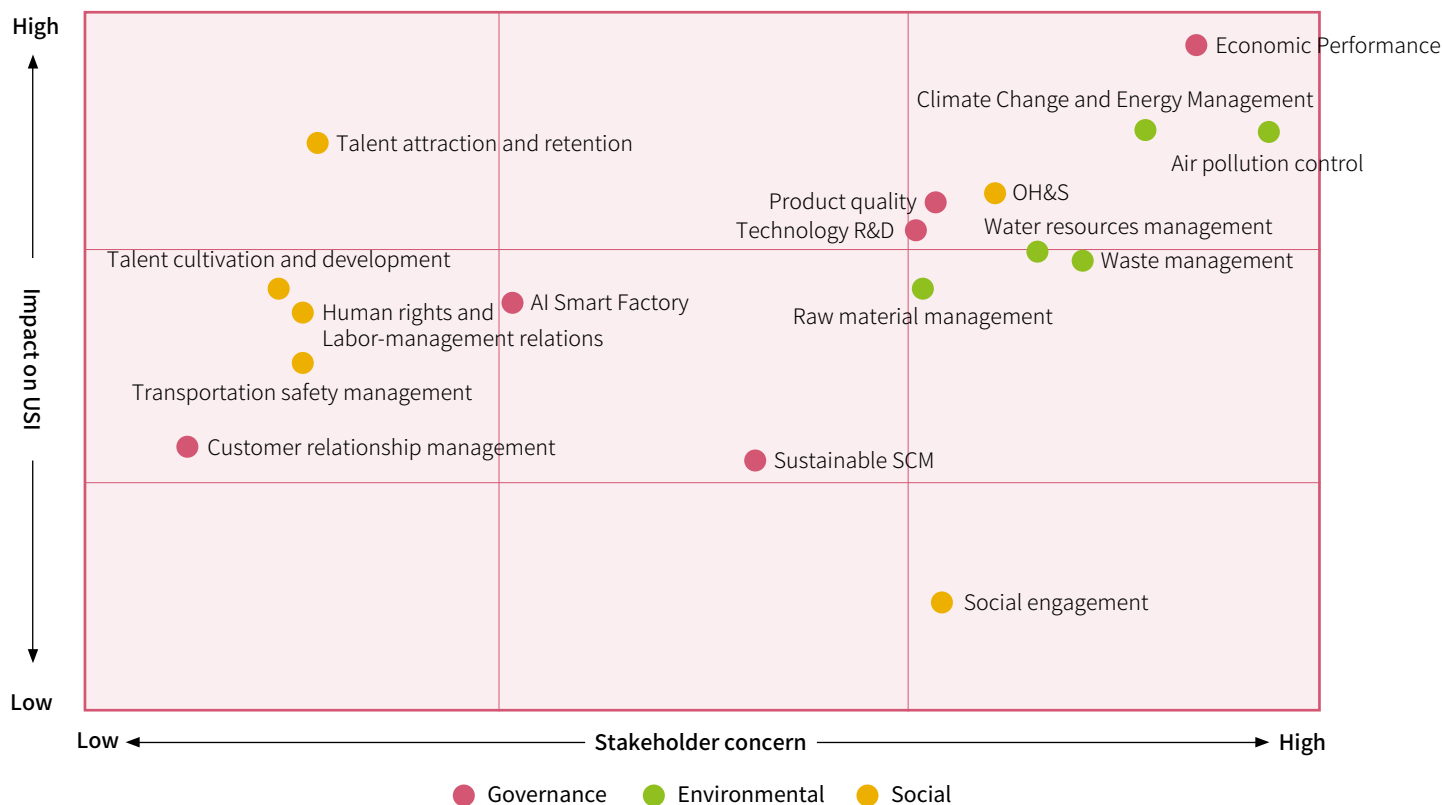


Identification of material topics

After analyzing the “level of stakeholder concerns” and the “impacts on USI” of all above issues based on the questionnaire surveys, we held meetings for members of the ESG Committee and working groups to discuss and identify each issue to produce the map (matrix) of material issues. After integrating 9 materials issues of high stakeholder concern and material USI impact, we included the legal compliance issue required

for disclosure every year as the focus of priority disclosure and address in the 2021 ESG report, making up to 10 material issues in total, for the reference of stakeholders wishing to understand more about USI. Additionally, we also periodically review the management approach, performance, and future planning of each material issue to ensure that the key performance indicators (KPIs) are achieved.

Analysis of Material Stakeholder Topics



*USI also voluntarily discloses the material topics identified in 2021. See 6.1 GRI Standards Content Index for details.



Changes in material topics in 2021 GRI 102-44, 102-47, 102-49


Compared to 2020, the changes in material topics are tabulated below. The responsible units proposed implementation plans and short-, medium, and long-term targets for each material topic and reviewed their effectiveness periodically. The value chain concept has been included in the boundary to expand the scope of consideration of the impacts of each material topic.

Aspects	Material Topics				Level of Concern	Causes of Change
	2020		2021			
Governance	Economic performance	1	Economic performance	1	●	Concerns remained unchanged.
	Technology R&D	4	Technology R&D	6	↓	Decrease in concern
	Product quality	6	Product quality	5	↑	Increase in concern
	Legal compliance	—	Legal compliance	—	●	Legal compliance is USI's belief in sustainable development
Environmental	Air pollution control	3	Air pollution control	2	↑	Increase in concern
	Waste management	7	Waste management	8	↓	Concern decreased because waste management was optimized.
	Water resources management (not included)	11	Water resources management	7	↑	Concern increased and thus included as a material topic for the first time. In response to global climate change, valuable water resources are reclaimed for reuse.
	Climate change and energy management	9	Climate change and energy management	3	↑	Concern increased because it is an internationally concerned topic of high stakeholder concerns.
Social	OH&S	2	OH&S	4	↓	Concern decreased because occupational safety measures were well practiced.
	Talent development	5	Talent attraction and retention	9	↓	Text revision: ...achieve the personal career development of employees and thereby enhance overall corporate performance.
	Transportation safety management	8	Transportation safety management	15	↓	Concern decreased because Transportation Safety Management was well practiced.

*Material topics are the top 9 topics in the level of concern and level of impact. ● Unchanged



Progress of implementation of material topics

Aspects	Material Topics	Level of Completion in 2020	Actual Progress in 2021
 Governance	Economic performance	<ol style="list-style-type: none"> Earnings per share (EPS): NT\$2.25, the highest in the last 7 years. HDPE sales at 120,379 MT, a new high in USI history. The total sales volume of EVA/PE in 2020 increased by 6% from 2019 to 270,920MT. 	<ol style="list-style-type: none"> Earnings per share (EPS): NT\$4.84, a new high in USI history. EVA sales: 147,000 MT, a new high in USI history. Annual net income at NT\$3.52 billion, also a new high in USI history. Development of high-liquidity injection HDPE products. Commercial operations of the Fujian Gulei Project in December 2021.
	Legal compliance	Improvement was completed and re-verified by the competent authorities for 5 environmental protection offenses and 1 industrial safety offense.	Improvement was completed and re-verified by the competent authorities for 1 environmental protection and/or regulatory offense and 1 OH&S offense.
	Technology R&D	New product development: 5 pcs/year, achievement 125%.	New product development: 4 pcs/year, achievement 100%.
	Product quality	Targets: Customer complaints of plants I/II: <6 cases/<8 cases Controllable defect rate of plants I/II: <0.45/<0.9% Actual: 1. Confirmed customer complaints of plants I/II: 5 cases /8 cases 2. Controllable defect rate of plants I/II: < 0.09%/<0.23% * *Defect Rate was expressed in Controllable Defect Rate from 2020.	Targets: Customer complaints of plants I/II: <6 cases/<8 cases Controllable defect rate of plants I/II: <0.3/<0.8% Actual: 1. Confirmed customer complaints of plants I/II: 6 cases /3 cases 2. Controllable defect rate of plants I/II: 0.12 / 0.5%
 Environmental	Water resources management (new topic in 2021)	<ol style="list-style-type: none"> Water conservation: 3.62% Reclaimed water: 7,945MT 	<ol style="list-style-type: none"> Water conservation: 4.26% Reclaimed water: 10,986MT Coordination with the government's industry water conservation (phase I: 7% and phase II: 11%) from April-May. Implementation of water conservation to control consumption. Implementation and certification of the ISO 46001 Water Efficiency Management System.
	Air pollution control	<ol style="list-style-type: none"> VOCs equipment leakage: 0.057% The TO system was completed in 2020, commissioning started on 2020.08.21, high-intensity VOCs processing results: VOCs 4ppm, reduction rate >99.9%; low-intensity VOCs processing results: VOCs 6ppm, reduction rate >99.3%. 	<ol style="list-style-type: none"> VOCs equipment component leakage: 0.038% Completed the equipment pipeline improvement of lines B and D to reduce the fugitive emissions of VOCs. Added 3 tanker unloading arms and completed the improvement of 6 catalyst mixing tanks to effectively reduce the fugitive emissions of VOCs. Completed the cooler renewal to prevent the organic substance leakage due to equipment corrosion.
	Waste management	<ol style="list-style-type: none"> Monthly industrial waste storage audit: Compliance with the regulations. Enhancement of the flow control of waste cleanup and disposal by performing spot checks on 4 contractors in 2020, and no nonconformity was found. Expansion and assessment of the waste reduction program: Treated by stirring and heating to separate VA in the wax by heating and prevent the fugitive emissions of VOCs with water sealing. 	<ol style="list-style-type: none"> Monthly industrial waste storage audit: Compliance with the regulations. Enhancement of the flow control of waste cleanup and disposal by performing spot checks on 10 waste cleanup contractors and 7 waste disposal contractors in 2021, and no nonconformity was found.
	Climate Change and Energy Management	<ol style="list-style-type: none"> Product energy consumption reduced from 4.58 GJ/MT in 2019 to 4.28 GJ/MT in 2020. Implemented 6 energy improvement projects to save power consumption by 1.67%. 	<ol style="list-style-type: none"> Product energy consumption reduced from 4.28 GJ/MT in 2020 to 4.34 GJ/MT in 2021. Implemented 5 energy improvement projects to reduce power consumption by 0.75%, with an annual conservation rate (2015-2021) of 1.38%.

Aspects	Material Topics	Level of Completion in 2020	Actual Progress in 2021
 Social	OH&S	Incident Rate=1.28 ① Checked pipeline corrosion at 57 spots. ② Replaced 3 corroded derime pipelines. ③ Checked leakage on and locked four coolers and scheduled maintenance and repair. ④ Located reactor steam leakage points and scheduled maintenance and repair in 2021. ⑤ Purchased and connected spare thermoplastic pump (M/P) and scheduled installation and testing in 2021. ⑥ Completed the specifications for and purchased the tanker unloading jib and scheduled delivery and installation in 2021. ⑦ Completed the installation, testing, personnel education/training, and permit acquisition for the TO. ⑧ Removed the rust and replaced the anti-corrosion coating of the corroded pipelines in the Teal Pump area. ⑨ Completed rust removal, welding, screw replacement, and painting of the cooling tower. ⑩ Fortified and renewed the drain grates in the unloading area of the 1,3-butadiene feedstock tankers. ⑪ Completed inspection/monitoring personnel training, and the tour inspection, visual inspection, and thickness test of underground pipelines. ⑫ Verified and repaired the underground pipelines between the CPC Linyuan Petrochemical Complex and the USI Kaohsiung Plant through excavation. ⑬ Improved the management of change process, updated the SOP (OP-KHT-810-01), and implemented the new-version database.	Incident Rate =0 ① Completed the 6-month inspection of 37 coolers, replaced 1 corroded and leaked pipeline section, and two other sections will be replaced during the downtime in 2022. ② Purchased new reactors to prevent leakage due to sleeve breakage during startup and shutdown. Delivery will be made at the end of 2022. ③ Completed the pipeline tie-in and C-line pipeline vibration correction project. Tests will be performed in 2022. ④ Completed the installation and the education and training for on-site workers for the mobile tanker unloading arms to enhance convenience and safety of tanker materials unloading. ⑤ Constructed the new swivel unloading arm systems for ethylene, VA, butene, and propylene to improve the safety of materials unloading. ⑥ Completed the spot check of 140 steam injection points to prevent hazards from pipeline corrosion hazards. ⑦ Replaced the D-1 train cooler, and the coolers of EF-line and B-line will be replaced during downtime in 2022. ⑧ Renewed the pipelines of the recycle train cooler in January 2022. ⑨ Renewed the M/P outlet pipelines of D-line in January 2022. ⑩ Added the explosionproof and soundproof glass to the processing shop. New explosionproof and soundproof glass will be added to the compressor area in 2022. ⑪ Improved the corrosion of the condensate underground pipelines of the processing shop. ⑫ Completed visual inspection and thickness check of the overground pipeline sections. ⑬ Completed 12 hours of on-site IPQC education and training. ⑭ Completed the daily walk-through inspection and recordation and the bimonthly self-imposed walk-through inspection and audit. ⑮ Completed the water pumping works at the pressure relief valve area of the liquid breaker.
		① Frequency-Severity Indicator (FSI) =1.27. (1) Workers ran the operation according to the work instruction WI-KHB-713-77 for (2) rust removal, welding, screw replacement, and painting. ② Monitoring indicator excess=0. Completed workplace environment monitoring in H1 and H2, and no nonconformity was found.	① Frequency-Severity Indicator (FSI)=0. Rust removal, supplementary welding, screw replacement, and paint maintenance of equipment and pipelines. ② Monitoring indicator excess=0. Completed on-site monitoring on 2nd organic solvents, specific chemical substances, noise, and CO ₂ . The effectiveness of new QC fume hoods was also inspected. No nonconformity is found.
	Shutdowns caused by key equipment=2. The engineering department completed 3,406 equipment maintenance missions; completed the medium-high voltage distributor replacement of the K-20 electrical room.	Downtime caused by key equipment=1, machinery maintenance by the engineering department = 5,048 units.	
	Talent attraction and retention (new topic in 2021)	① Turnover (excluding retirement) of all employees: 4.3%. ② Continuous employment of persons with disabilities. ③ Provision of well-designed group insurance plans and contribution of pension by law to protect the later life of employees. ④ Employee engagement survey and idea feedback, and improvement. ⑤ Annual employee health checkup. ⑥ Completion of labor-management meetings.	① Turnover (excluding retirement) of all employees: 3.4%. ② Employment of full-quota (4) of persons with disabilities by law. ③ Provision of well-designed group insurance plans and contribution of pension by law to protect the later life of employees. ④ Annual employee health checkup. ⑤ Completion of labor-management meetings.

Material topics and value chain GRI 102-46、103-1

● Direct impact ○ Indirect impact

Aspects	Material Topics	Rationale	GRI Standards Topic	Value Chain				SDGs	Response
				SCM	Operational	Product	Social		
 Governance	Economic performance	Sustainable business operations, legal compliance, pursuit of profit, maintenance of stakeholder rights and interests, and development of high value-added products.	GRI 201:2016 Economic Performance	○	●	●		2.2 Economic Performance*	
	Legal compliance	Legal compliance is USI's belief in sustainable development and its foundation of corporate governance.	GRI 307:2016 Environmental Compliance GRI 419:2016 Socioeconomic Compliance	●	●	●	●	2.4 Ethical Corporate Management and Legal Compliance*	
	Technology R&D	The R&D Division located in the USI R&D Center proactively recruits and cultivates professional talents to engage in R&D and innovation and provides quality products and services to meet customer demands.	N.A.		●	●	●	2.5 Intelligent Management 3.1 Technology R&D*	
	Product quality	Product quality is the foundation of enterprise sustainable development. Total participation in quality is the key to success of USI's quality culture development.	N.A.	●	●	●		3.2 Product Quality*	
 Environmental	Water resources management	In response to global climate change, valuable water resources are reclaimed for reuse through water conservation and emission reduction measures.	GRI 303:2018 Water and Effluents	○	●	●	●	4.2 Water Resources Management*	
	Air pollution control	Continual improvement of environmental protection for "zero pollution and zero emission."	GRI 305:2016: Emissions	○	●		●	4.3 Air Pollution Control*	
	Waste management	Waste recycling through reclamation, reuse, and proper processing. Continual improvement of environmental protection for "zero pollution and zero emission."	GRI 306: 2020 Waste	○	●	○	●	4.4 Waste Management*	
	Climate change and energy management	Develop related energy conservation and carbon reduction measures. Enhance climate adaptability. Reduce GHG emissions. Reduce operating costs. Enhance process efficiency. Raise corporate competitiveness.	GRI 302:2016 Energy GRI 305:2016: Emissions	○	●	●	○	4.5 Climate Change and Energy Management*	
 Social	OH&S	Take care of employee health. Prevent industrial accidents. Enhance employee OH&S protection. Develop the emergency response capacity and self-imposed safety management of employees.	GRI 403:2018 Occupational Health and Safety	○	●	○	○	5.2 Occupational Health and Safety*	
	Talent attraction and retention	While talents are the Company's irreplaceable core asset, and maintaining steady and continuous workforce growth is the cornerstone of sustainable operations, we encourage employees to keep making self-improvement through well-planned training courses, welfare system, and salary in order to achieve the personal career development of employees and thereby enhance overall corporate performance.	GRI 401:2016 Employment GRI 404:2016 Training and Education		●	○	○	5.3 Talent Attraction and Retention*	