



台灣聚合化學品股份有限公司

USI Corporation



2019 企業社會責任報告書

Corporate Social Responsibility Report

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* Material topics in 2019

Message from the Chairman (GRI 102-14) (GRI 102-26)



Chairman,
USI Corporation

? As a traditional plastics manufacturer, how does USI define its role as a corporate citizen?

The manufacture and sales of plastic resins are the major scope of USI's business. While plastic is a material indispensable to modern life, how to reduce its environmental impact has been the common understanding of USI and the global plastic industry. Through constant promotion of various measures, such as local purchase, energy conservation, and carbon reduction, we spare no effort in reducing the environmental impact of plastics. Over the past decade, we have invested over NT\$834 million in environmental protection, including NT\$640 million on VOCs reduction by 26.8% in total.

Adhering to the belief in "one for all and all for one," we fulfill CSR and have become a trusted and socially identified corporate citizen with high contribution. We believe that enforcing CSR, including and resolving topics that concern/interest stakeholders in management programs, including governance, industry safety management, environmental protection, and social relations, will be the only way to achieve sustainable development and fulfill world citizen responsibility.

? What are USI's philosophy and strategy for sustainable development?

USI has been cultivating Taiwan upon ethical corporate management for 55 years. Upholding the business philosophy: "solid operations, professional management, seeking excellence, and serving society," we maintain people-oriented governance, strive for core business development, strengthen vertical integration, develop high-value/differentiated chemical products and professional services, in order to meet social expectations, pursue health, safety, and environment (HSE) excellence, and fulfill social responsibility.

In social welfare, we extend charity to the vulnerable, the rural, and environmental protection through USI Education Foundation by sponsoring scholarships and student grants, charity platforms, and educational activities. We also proactively strengthen industry-government-academia collaboration to cultivate talents and sponsor green product research and development.

Sustainable development is achieved upon honest and reasonable partners, including

employees and suppliers. Apart from constantly implementing care for employee health, talent cultivation and development, and supply chain management (SCM) and evaluation, we encourage partners to engage in social welfare and contribution with us, in order to achieve co-development and co-prosperity.

What were USI's CSR achievements in 2019?

In operations, our 2019 EPS was NT\$1.19, a new high over the last six years. EVA sales increased to a historical high of 144,783 tons as a result of the fall of the overall ethene price, and the EVA price rocked in the high position through the year. Apart from enlarging the price gap from ethene, this significantly increased the price. Next, we will continue to develop high-value and differentiated products and enhance green product research and development.

In investment, the Fujian Gulei Petrochemical Project and Kaohsiung Intercontinental Container Terminal Project will help resolve the insufficiency of ethene supply and ethene storage capacity. The Kaohsiung City Government also issued the building permit for the high-value product R&D center in December 2019. After completion, it will optimize processes and products. In 2019, we invested NT\$458 million in Kaohsiung Plant for process improvement, energy conservation, carbon reduction, and eco-friendly equipment procurement.

In industrial safety and environmental protection, we implemented general industrial safety development, hired consultants to help find hidden dangers in plants, promoted process safety management (PSM), and won the model of outstanding underground pipeline management for four consecutive years. In management, we successfully implemented the ISO 50001 energy management system (EnMS) in 2019 and will continue to implement GHG inventory in 2020 according to ISO 14064 and version change into the ISO 45001 occupational health and safety management system (OH&SMS), in order to optimize the implementation of industrial safety and environmental protection through various management systems.

In social relations, we expanded the care for employee health, established the real-time encouragement system, and planned to improve the overall salary framework, with results reflecting in the employee turnover rate (including retirees) reduced by 1.3% over 2018 to 6.8%. In charitable activities, we enhanced contributions for local communities, cultivated education in the rural, practiced environmental protection, and constantly cared for the vulnerable and environmental protection.

Facing severe regulatory limitations and increasing keen market competition, reform and innovation have no time to wait. Apart from organizational reengineering, we strengthen investments in innovation and vertical integration, hoping to make constant contributions to the world, while creating profit for stakeholders in a macroscopic view.

What are the methods that USI uses to communicate with employees and shareholders for CSR implementation?

We established a CSR committee in 2018 under the board of directors (BOD). Apart from holding committee meetings at least two times a year, the CSR Committee periodically reports to the BOD the results of identification of material topics and governance performance. Committee members provide professional and independent opinions for CSR development, meet the shareholder's expectations, and timely capture various performance indicators. The committee communicates resolutions within the Company through department heads and states the targets and determination of CSR implementation in the CSR report.

In 2019, we began to publish the CSR e-newsletter to update stakeholders who care about USI development, enhance SCM, exert CSR influence, and encourage employees and suppliers to vie for social sustainable development.

How does USI plan and implement CSR fulfillment?

With reference to the UN Sustainable Development Goals (SDGs), USI has identified 10 SDGs according to the characteristics and regulatory requirements of the industry and drawn up short-, medium-, and long-term plans for corporate governance, industrial safety and environmental protection, and social relations. Apart from implementing them progressively in the next five years, we will extend them to all department goal management and gradually to the KPI establishment for personal performance.

Every year, we consolidate annual goals and achievements with the CSR report. With the recommendations for improvement made by the CSR Committee, we report the results to the BOD. Through the concerted effort of all employees, we achieve the goals and make achievements.

About this report

Reference Guidelines (GRI 102-54)

For all stakeholders to understand our performance in relation to corporate social responsibility, we, USI Corporation (USI), have prepared this report in accordance with the Core disclosure principle in the GRI Sustainability Reporting Standards (GRI Standards) published by the Global Reporting Initiative (GRI) and the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies." We also take reference from the United Nations Global Compact (UNGC) and ISO 26000 Guidance on Social Responsibility as reporting frameworks

Scope and Boundaries of the Report (GRI 102-45 · GRI 102-50)

This report covers USI, including the Taipei Office, Guishan R&D Division, Tainan Office, Kaohsiung Plant, and USI Education Foundation. Other subsidiaries presented in the consolidated financial statements are not covered in this report. Environmental performance is based on the data of Kaohsiung Plant, while other related information is disclosed separately in the report. The reporting period is January 1 to December 31, 2019. The report contents demonstrate USI's environmental, social, and governance (ESG) management and performance, and the financial information is consistent with the financial data certified by accountants. Some statistics are extracted from the USI annual report, government department, and the open information of related websites.

External Assurance (GRI 102-56)

Report compliance with the Core disclosure principle in the GRI Standards has been verified and assured by SGS Taiwan Ltd. with reference to the requirements for Core disclosure principle of the GRI Standards and the Moderate Assurance in Type 1, AccountAbility 1000 Assurance Standard (2008).

Editing process

- 1 Discussion of report contents in the kickoff meeting
- 2 Preparation by three working teams
- 3 Review by the head of the data responsible departments
- 4 Consolidation by team leaders/ windows
- 5 Discussions and reviews of team members
- 6 Proofreading and revision
- 7 Internal data evaluation
- 8 External assurance
- 9 Approval by members of the CSR Committee
- 10 Approval for publication by the chairman



In 2019 we added the internal data evaluation process to report preparation to verify key data

History and Time of Publication (GRI 102-51、GRI 102-52)



2013 / 06
Second release:
CSR Report



2015 / 06
CPA Firm Limited Assurance
(Deloitte Taiwan AS No. 1)

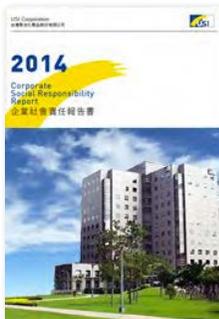


2017 / 07
CPA Firm Limited Assurance
(Deloitte Taiwan AS No. 1)



2019 / 06
Next issue
(GRI 102-52)

2014 / 12
First release:
CSR Report



2014 / 06
First third-party verification
(BSI AA1000)



2016 / 06
CPA Firm Limited Assurance
(Deloitte Taiwan AS No. 1)



2018 / 06
Third-Party Verification
(SGS AA1000)



Contact (GRI 102-53)

You can download report-related information from the “Corporate Social Responsibility” section of our corporate website at <https://www.usife.com/CSR/zh-tw/CSR72.aspx>
Should you have any comment or suggestion for our report, please feel free to contact us.

Address No. 330, Fengren Road, Renwu District, Kaohsiung City.

Fax (07) 371-8294

Contact persons Ms. Tsao/Ms. Wu

CSR email csr-usi@tpe.usife.com.tw

Phone (07) 735-9998 ext.: 2258/3343

2019 Sustainability Performance

Business performance



NT\$ **12.81** million

Net income: increased by 137% from 2018.

NT\$ **1.19**

Earnings per share (EPS): increased by 138% from 2018.

0

No transportation-related accident was reported.

NT\$ **92.07** million

2019 environmental expenditure: increased by 22.8% from 2018.

282 person-times / **846** hours

Implemented training on process safety management (PSM)

Ranked the top **6-20%**

listed companies in corporate governance in 2019

144,783 ton

EVA sales: a new historical high.

Saved electricity by **1.33%**

Invested NT\$3.7 million in energy-efficient equipment

100

Became a constituent of TWSE HC100 Index.

10.5%

Employee turnover rate: reduced by 2.5% over 2018.

Acquired innovation patent

Hydrogenated block copolymer and composition thereof.

100%

of permanent employee ratio.

72%

of local employee ratio.

NT\$ **7.14** million

Green purchase expenditure

6%

2019 local purchase increased

Top 500

Awarded the Certificate Outstanding Exporters 2018 on October 24, 2019.

12,684.3 hours / **27.34** person

Total employee education/training length.

Ranked 8th

in the petrochemical industries, 67th in the manufacturing industries of the Top 2000 Enterprises by CommonWealth Magazine in 2019.

Certification and awards



The pipeline 6 unit of the Kaohsiung Plant underground pipeline joint defense organization was rated as an excellent pipeline defense unit and **awarded the model pipelines medal** by the Industry Development Bureau, Ministry of Economic Affairs.



“**Corporate Comprehensive Performance**” and “**Gold Corporate Sustainability Report Award**” at the 2019 Taiwan Corporate Sustainability Awards.



Awarded the QMS Operation Process Management at the SGS 2019 ISO 9001 Plus Awards.



Awarded the “Outstanding Performance” trophy for promoting the Energy Conservation Group 2016-2018 at the Enterprise Energy Conservation Achievement Exhibition in September 2019.

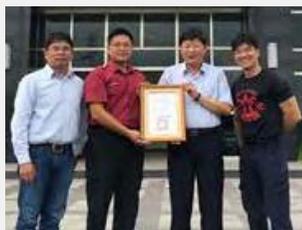


Passed ISO 50001 EnMS certification by SGS and **recommended as an outstanding manufacturer** by National Cheng Kung University Center of Industry Sustainable Development.



Passed the onsite inspection of Global Vision Magazine for **Exercise Enterprise Certification**.

Charity Events



Awarded a certificate of appreciation for **donating one front-loader washing machine** to the Renwu Branch, 4th Corps, Kaohsiung City Fire Department.



Constantly sponsored the **"2018 and 2019 Kaohsiung City Air Quality Purification Area Management Program."**



Supported **"Earth Hour"** by turning off lights for one hour.



Supported the **Linyuan Spring Onion & Agricultural and Fishery Specialties Promotion** in Kaohsiung.



Sponsored **"The International Year of the Periodic Table of Chemical Elements Special Exhibition"** in 2019.



Organized employee **blood donation**.



Adopted the **air purification** equipment of elementary schools and junior high schools in Kaohsiung.



Continued the **"Kaohsiung Renda Petrochemical Talent Stream"** Cooperation Program.



Sponsored **"The 18th Asia Asian Chemical Congress and 2019 Chinese Chemical Society Annual Congress."**



Donated NT\$3 million to the **USI Education Foundation**.



Sponsored the **2019 LOVE Xmas Light Show**.

01 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.



Solid Operations: Legal compliance. Establish strategies and plans with respect to the SDGs and run business down to earth for steady development.

Professional Management: Organized, specialization, modern, and scientific approaches for management and focus on product innovation and differentiation.

Seeking Excellence: Daring to take challenges, proactive to solve problems, following the global trend of sustainable development, seeking quality excellence and HSE performance.

Serving Society: One for all and all for one, maintaining HSE wellness, and fulfilling CSR.

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.

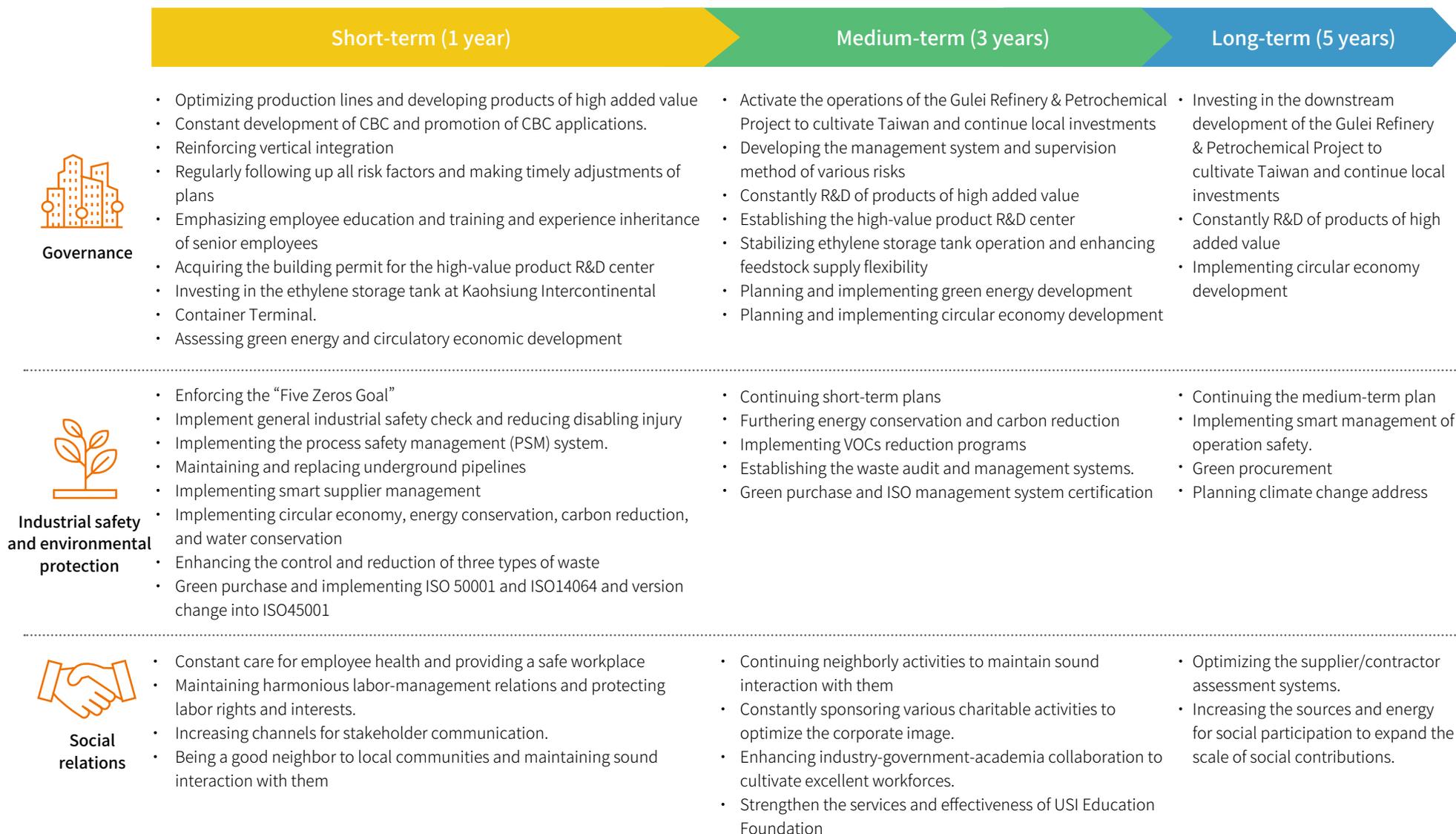


SDGs	Goals	Achievements in 2019	Corresponding Section
	Maintain workplace environment safety and employee health	<ul style="list-style-type: none"> Arranged special checkups for 203 employees, and health management was implemented based on the graded health management by risk level. Hoping to reduce the risk of work-related ill health through early detection of the high-risk group, in order to build a healthy and comfortable workplace environment through continual source improvement and terminal health care. 	Chapter V
	Maintain workplace environment safety and employee health Professional division of labor Education for employment	<ul style="list-style-type: none"> Average R&D professional training at 20 hours/person. Implemented training on process safety management (PSM) for 282 person-times and 846 hours. 2019 HSE education for 4,206 hours. Sponsored charitable activities and community activities: NT\$3.6 million 2019 total employee education/training length: 12,684.3 hours 	Chapter III Chapter IV
	Reduce water discharge by 5,280 tons and improve effluent water quality (COD<60 mg/L)	<ul style="list-style-type: none"> Reclaimed water: 5,969MT Effluent quality in the first and second halves of the year: COD<27.4 mg/L and COD<45.3 mg/L respectively. 	Chapter IV
	Continue to increase the use and investments in high-performance products	<ul style="list-style-type: none"> 2019 green purchase NT\$7.14 million Invested NT\$3.7 million in energy conservation equipment to save electricity by 3,355,494kWh and reduced carbon by about 1,788tCO₂e Promoted energy management in HQ building 	Chapter III Chapter IV
	Expand the scope of operations to constant increase revenue	<ul style="list-style-type: none"> Ethylene Storage Tank Project of Kaohsiung Intercontinental Container Terminal Approval of the infrastructure design of the Gulei Integrated Refinery Project Constant investment in equipment improvement at Kaohsiung Plant CBC plant operations began. R&D Center construction began 	Chapter III
	Annual R&D fund NT\$100 million minimum R&D or improvement outcomes: 4 patents minimum	<ul style="list-style-type: none"> R&D and Improvement: 5 patents R&D Investment: NT\$179 million Invest a minimum of NT\$8 billion in the Gulei Integrated Refinery Project for vertical integration of the petrochemical industry. 	Chapter III
	Underground Pipelines Complete urban industrial pipeline management	<ul style="list-style-type: none"> Implement the Kaohsiung City Underground Pipeline Operation and Management Project to protect the public safety of nearby underground industrial pipelines, citizens, and workers Improved the defects found in the 2018 ILI and fixed all defects in March 2019 	Chapter V
	Complete the execution of the CSR Undertaking by all suppliers in 5 years	<ul style="list-style-type: none"> Request suppliers to sign the CSR Undertaking Establish the green purchase mechanism and implement SCM Recovered 227.72MT of waste metal, 2.9 times more than in 2018 Process improvement Total consumption of butene, hexane, and isopentane reduced 4% over 2018 	Chapter III
	Every year: Electricity less by 1%, Energy less by 1.2%, Carbon less by 1.5%, Water less by 1%	<ul style="list-style-type: none"> Environmental protection expenditure: NT\$90 million Saved electricity: 1.33% Saved energy: 1.09% Reduced carbon: 1.23% Saved water: 1.95% Demonstration visits of affiliates: Once yearly Enhance feedstock recovery to reduce resource wastage Installation of AI for the high cooling water tower Implementation of the ISO50001 EnMS 	Chapter IV

Sustainable Development Goals

With respect to the SDGs, we establish the 5-year business plan for each department to establish own management by objectives (MBOs) and then for the HR system to set key performance indicators (KPIs) of employees for the reference of performance evaluation, promotion, and raises.

Five-Year Business Plan



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.

Locations

Major USI locations are located in Taiwan, including Taipei Office, Guishan R&D Division, Tainan Office, 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.

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

	Name of Company	USI Corporation
	Industry	Plastics industry
	Head Office Location	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, 2019)
	Major Products	Ethylene Vinyl Acetate Copolymer (EVA) Low Density Polyethylene (LDPE) High Density Polyethylene (HDPE) Linear Low Density Polyethylene (LLDPE) PE resins become all kinds of plastics products in daily life after processing by downstream manufacturers.
	Employees	474 (by December 31, 2019)

*Employees include 472 persons on a non-fixed-term contract and 2 on a fixed-term contract.



Products

Major Products

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

List of Major USI Products and Labels in 2019

Major Products	Major Label
Low Density Polyethylene (LDPE)	PAXOTHENE®
Ethylene Vinyl Acetate Copolymer (EVA)	EVATHENE®
High Density Polyethylene (HDPE)	UNITHENE®
Linear Low-Density Polyethylene (LLDPE)	LINATHENE®

New Products

ViviOn™ - Cyclic Block Copolymer

<https://www.usife.com.tw/zh-tw/dirProduct/frmProduct7.aspx>



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.

Functional Coatings

<https://www.usife.com.tw/zh-tw/dirProduct/frmProduct8.aspx>



USI is committed to energy conservation and emissions reduction over the years. In practice, we use sun-shielding coating to lower tank temperature and thereby reduce water cooling frequency to save energy and reduce VOCs to minimize carbon footprint. This water-based eco-friendly coating delivers a high total solar reflectance (TSR) up to 90% to efficiently shield solar energy.

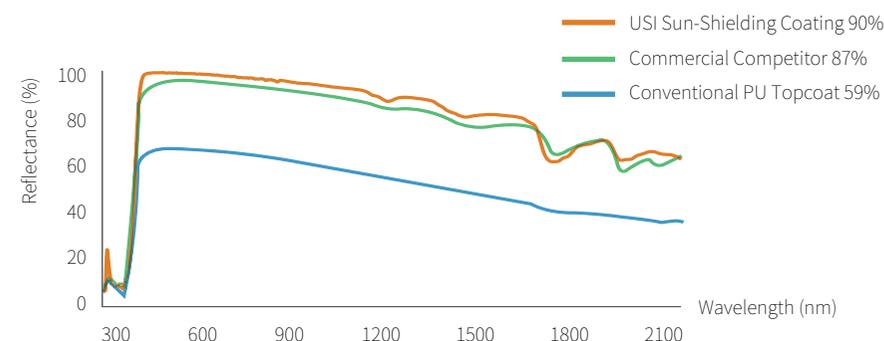
We also provide integrated solutions for anti-corrosion and heat insulation at the same time to provide customers with easily accessible solutions.

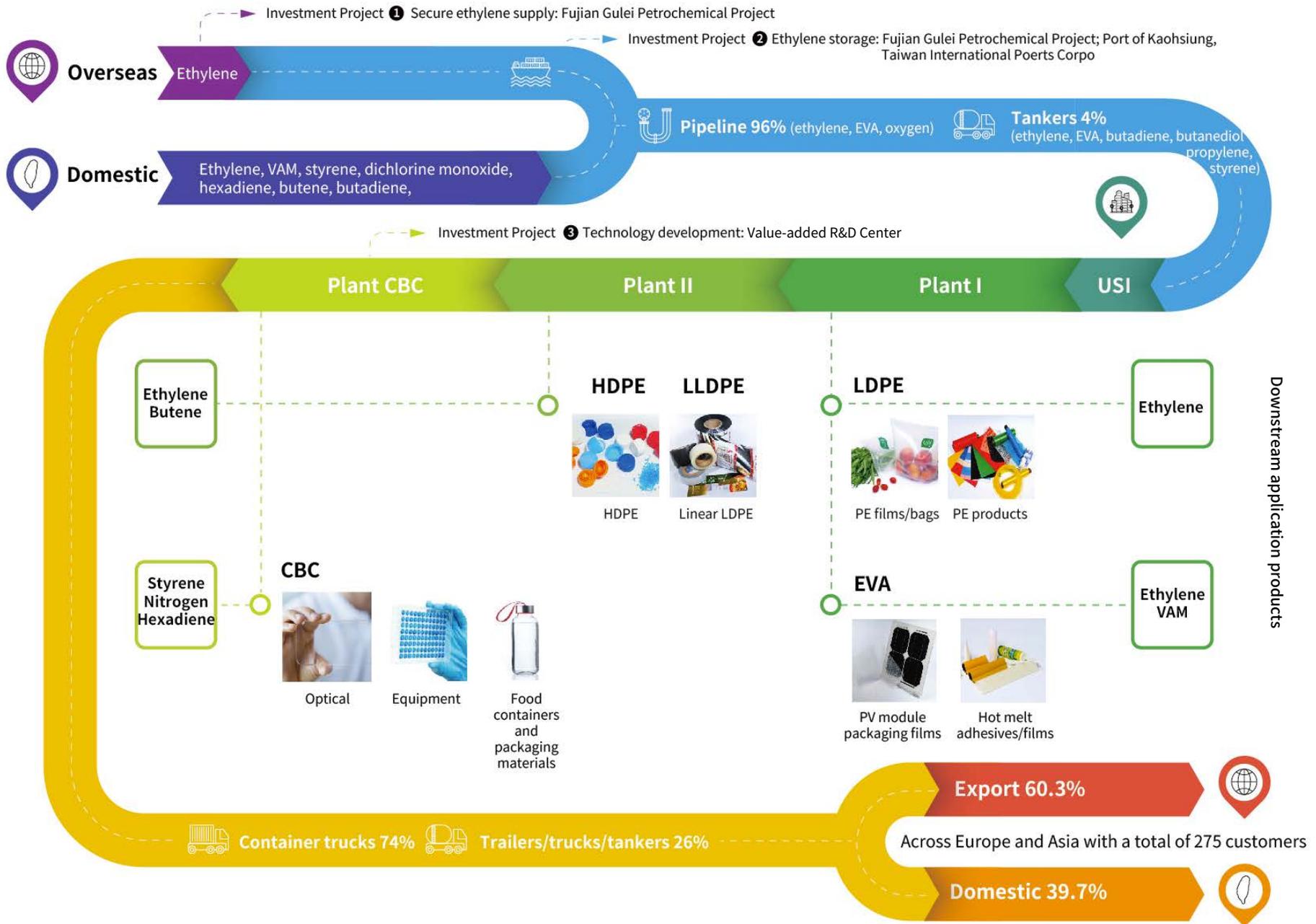
- ViviOn™ application: Ultrathin light guide plate/ film



- Total Solar Reflectance 90%

Besides being white, TSR is an important sun-shielding indicator. The solar reflectance chart below gives the best illustration: USI sun-shielding (white) vs. commercial competitors (white) vs. conventional PU topcoat (white)

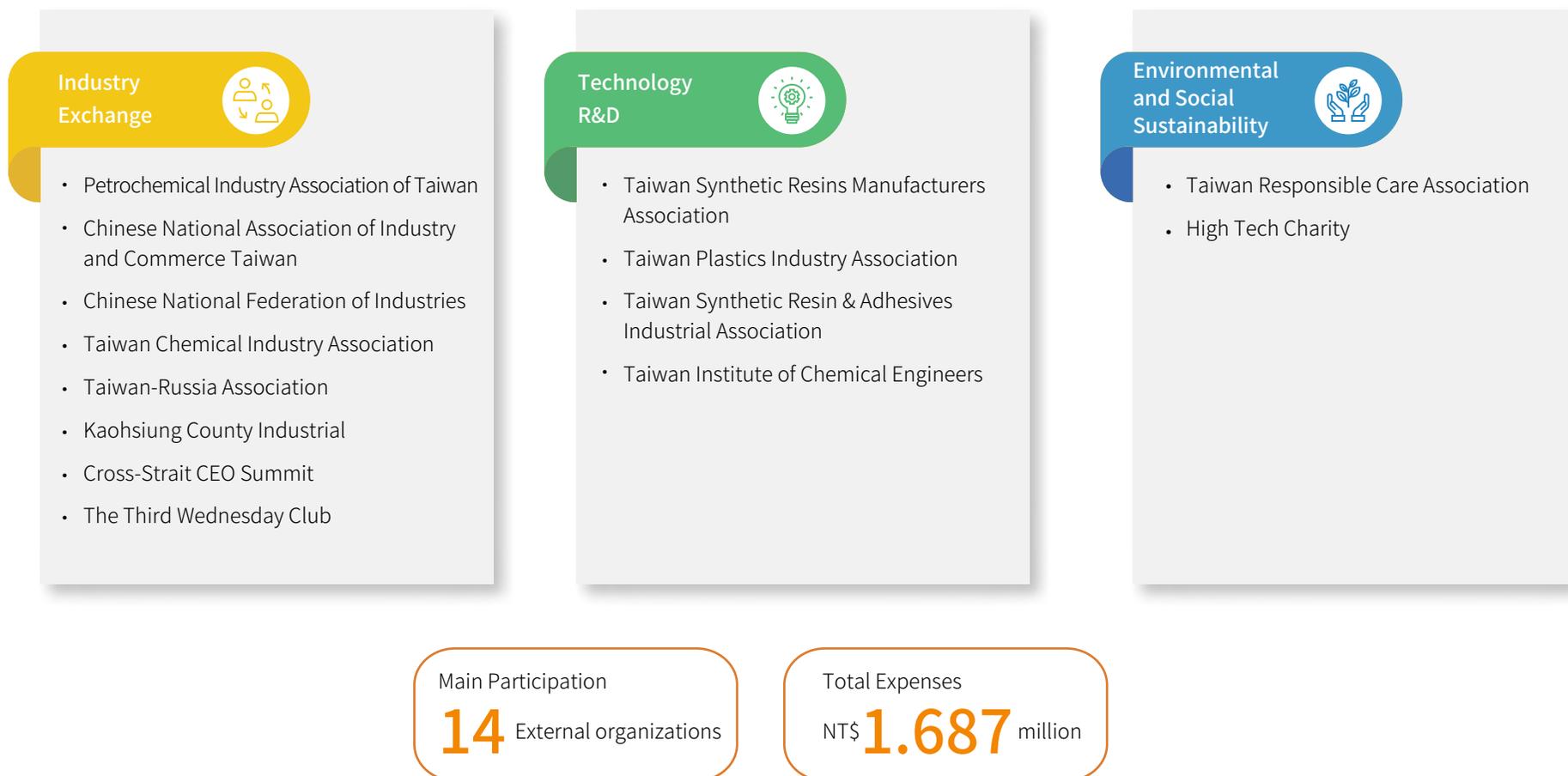




External initiatives and membership of associations (GRI 102-12) (GRI 102-13)

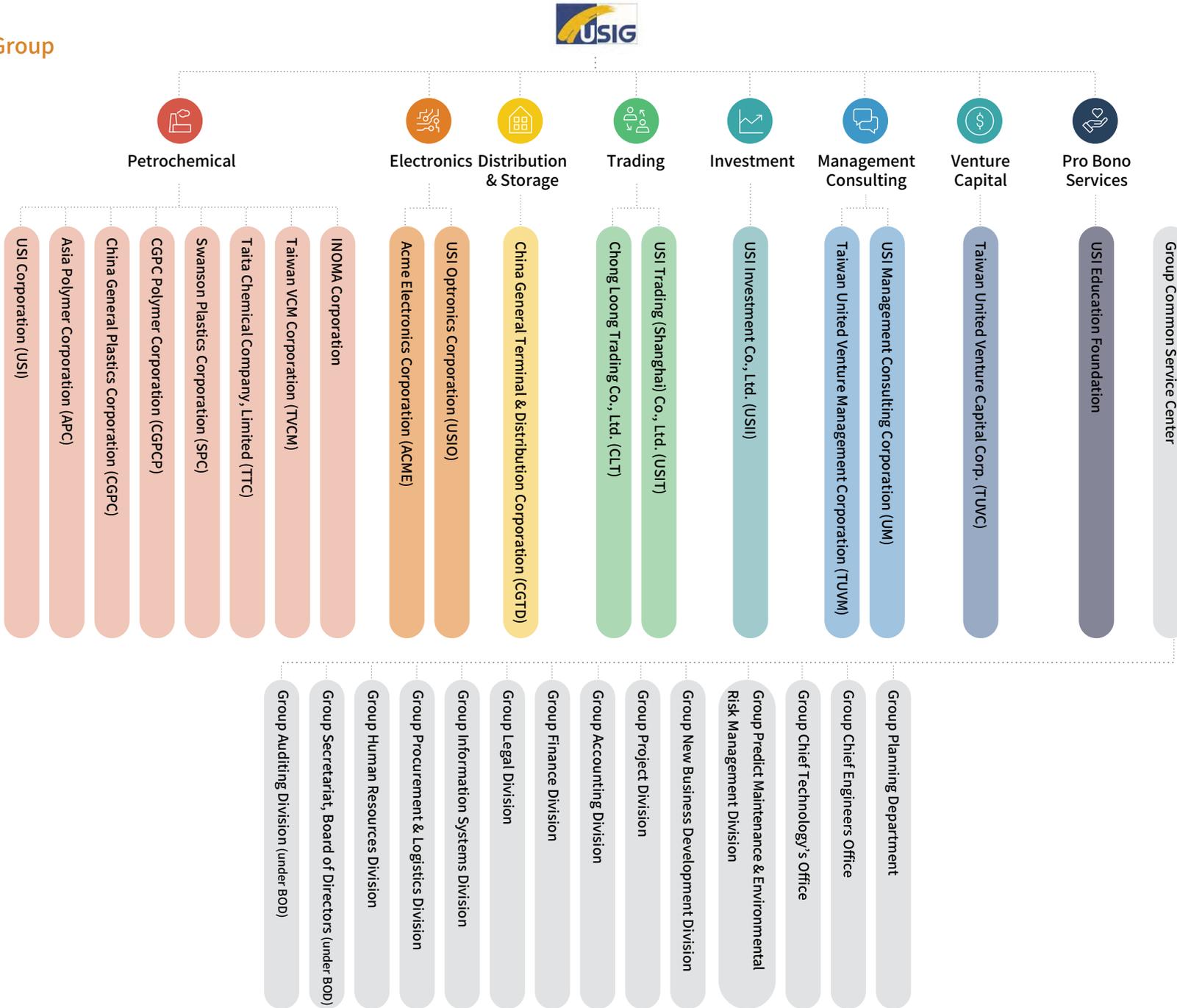
With R&D and innovation, steady operations, social co-prosperity as the CSR visions, we exchange with various professional organizations under this strategic framework to promote the professional growth of technologies and competencies in various fields through external influence and the interaction and sharing with associations. We also support associations and unions to publish journals and organize activities to promote industrial development.

In 2019, we mainly participated in 14 related associations and NPOs and financed them with a total of about NT\$1.687 million. These associations and NPOs are tabulated below by nature and initiative types:



We did not subscribe to any externally-developed economic, environmental and social charters, principles, or other initiatives. (GRI 102-12)

About USI Group



USI Group established in 1965. In 1997, USI 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, 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, 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 1: 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 2019.

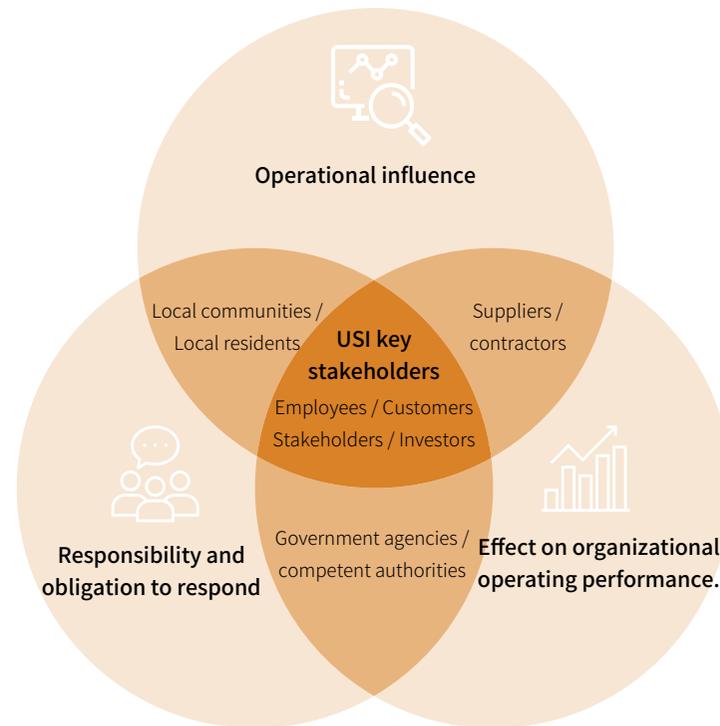
Note 2: Please refer to the 2019 consolidated statement available on the "Financial Statement" subsection of the "Investors" section on the corporate website of USI Corporation at: https://www.usife.com.tw/USIWebFiles/Meeting/Finance4M_108.pdf



1.3 Stakeholder Engagement (GRI 102-40) (GRI 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, we constantly create communication channels, focus on addressing topics that concern stakeholders, and adjust our sustainable management policy. Referring to the attributes of stakeholders as specified in AA 1000 SES: dependency, responsibility, influence, diversity, and tension

perspectives, we identified five stakeholder groups: employees, customers, government agencies/competent authorities, shareholders/investors, and suppliers/contractors. We also added local communities/residents as the sixth stakeholder group required communication based on the underground pipeline operation and management plan. Apart from gathering stakeholder opinions through various channels, we have established a CSR section on the corporate website to enhance communicability.



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

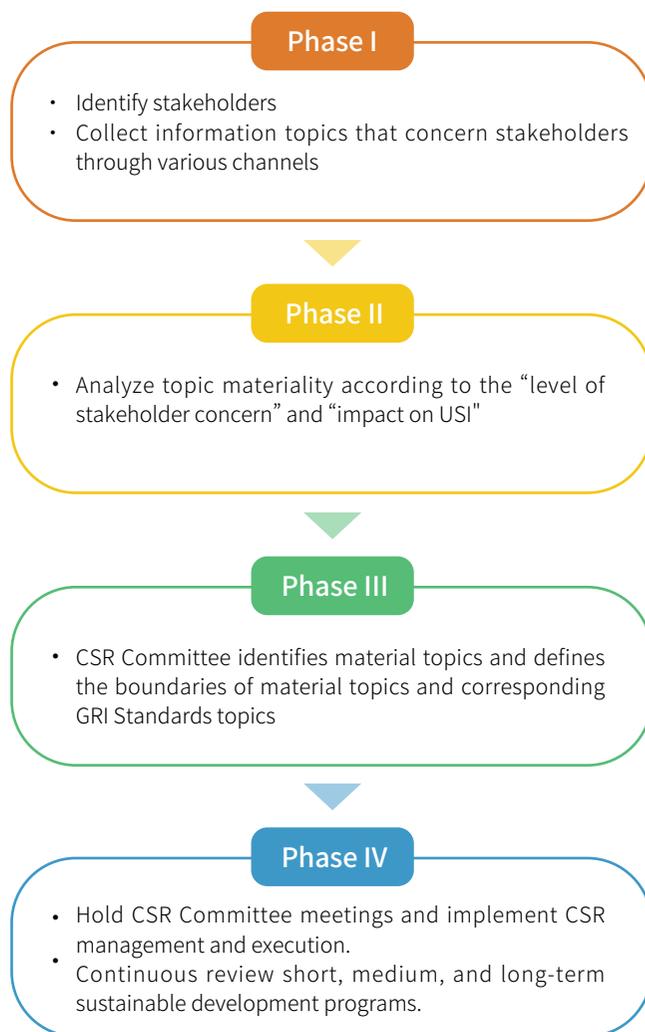
The identity of stakeholders, the topics that concern them and addresses are reported to the BOD every year.

Stakeholder	Materiality	Concerned Topics	Communication Channel and Frequency	Engagement Results	Summary of Address in 2019
 <p>Employees</p>	<p>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.</p>	<ul style="list-style-type: none"> • Operating performance • Employee benefits • Occupational safety and health • Labor-management relations • Recruitment and retention 	<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 meeting (biannually) • Occupational Safety & Health Committee meeting (quarterly) • HSE Management Committee meeting (quarterly) • Labor Pension Fund Supervisory Committee meeting (biannually) • Employee satisfaction survey • Internal health forums (five times a year minimum) • Education/training (as planned) • On-site tour inspections (at any time) 	<ul style="list-style-type: none"> • Adjustment of the remuneration and reward systems. • Preferential distribution of year-end special bonuses. • Enhancement of care for employee health. 	<ul style="list-style-type: none"> • Establishment of a real-time reward system and planning for improvement in the salary structure to boost employee morale. • Distribution of the special year-end bonuses before Spring Festival. • Addition of the overwork scale and mental and physical strength scale for employees working night shift and shift. Combination of the health checkup with ECG and investigation of past medical history to screen the high-risk group and establish the care list. • Contact: Ms. Chen, Department of Personnel Affairs, (02) 2650-3381
 <p>Customers</p>	<p>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.</p>	<ul style="list-style-type: none"> • Technology 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) 	<p>Communication with customers through various methods and constant provision of quality products and services for customers.</p>	<ul style="list-style-type: none"> • Provision of 37 times of technical services for customers, and assistance with 45 outsourced test projects. • Resolution of all 9 customer complaints. • Two customer satisfaction surveys a year, each with a score over 98%. • Contact: Mr. Shen, Sales Department (02)8751-6888 ext. 3213
 <p>Local communities/residents</p>	<p>Local residents are the most important partners growing with USI. Social inclusion is our core strategy.</p>	<ul style="list-style-type: none"> • Noise control • 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"> • Provision of learning sources for local schools to develop quality talents. • Enhancement of neighborly activities. • Underground pipeline verification through excavation 	<ul style="list-style-type: none"> • Establishment of an industry-academia collaboration model with Renwu Senior High School. • Constant fund sponsoring of local related activities. • Adoption of the air quality purification zone of Renwu Special Education School • Participation in the Kaohsiung City underground industrial pipelines and industrial parks regional defense drill. • Visits on local village heads to inform them of the excavation schedule and traffic maintenance measures. • Contact: Mr. Chen, Office of Industrial Relations (07) 735-9998

Stakeholder	Materiality	Concerned Topics	Communication Channel and Frequency	Engagement Results	Summary of Address in 2019
 <p>Government Agencies/ Competent Authorities</p>	<p>Government policies and environmental protection laws and regulations have far-reaching influences on USI operations. Therefore, we maintain practicality and stability in professional operations.</p>	<ul style="list-style-type: none"> Market presence Legal compliance GHG emissions Air pollution control Waste management Worker safety 	<ul style="list-style-type: none"> 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) 	<ul style="list-style-type: none"> On-site KLSIO audit: Request for control and assessment of noise at work On-site KLSIO audit: Preparation for the addition of respiratory protection rules to the Regulations for the Occupational Safety and Health Equipment and Measures in 2019 Request for proposing air quality deterioration response plan for KSEPB audit and for reviewing and amending the "Industrial Waste Disposal Plan" by law for the waste storage zones at the discussion meeting for Measures for Controlling Regional Air Quality Deterioration Dashe Industrial Park degradation 	<ul style="list-style-type: none"> Besides the periodic environmental monitoring of the operating areas, the planning and implementing of the hearing protection program is under way The respiratory protection program has been drawn, and a third-party test is under arrangement Promotion of the air quality deterioration control plan to implement graded management and emergency responses based on the level of deterioration Full review and enhancement of the management, establishment, and improvement of waste storage areas, and acquisition of the KSEPB contact for the change approval of the "Industrial Waste Disposal Plan". To express disagreement with land degradation, maintain the rights and interests of businesses and employees in the Dashe Industrial Park, the park business association rallied on April 28 to express their claims. USI was one of them. <p>Mr. Chen, Office of Industrial Relations (07) 735-9998</p>
 <p>Stakeholders/ Investors</p>	<p>Each shareholder is an important corporate asset. We constantly pursue excellence to maximize profit for shareholders.</p>	<ul style="list-style-type: none"> Local major investments Technology R&D Operating performance Customer privacy Supplier management 	<ul style="list-style-type: none"> 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) 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) 	<ul style="list-style-type: none"> Progress of Fujian Gulei Petrochemical Project Progress of the CGTD Project Status of corporate operations 	<ul style="list-style-type: none"> AGM on June 12 Contact: Spokesperson AVP Wu (02)2627-4745 Ms. Hong/Ms. Wu, Stock Service, (02) 2650-3773
 <p>Suppliers/ Contractors</p>	<p>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.</p>	<ul style="list-style-type: none"> Operating performance Local major investments Market presence Legal compliance Procurement practices 	<ul style="list-style-type: none"> 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) 	<p>Communication of the need to comply with labor human rights, OH&S, environmental protection, and code of ethics. Supplier evaluation results: All pass.</p>	<ul style="list-style-type: none"> To enforce USI's ethical corporate management policy and discern suppliers' needs, we communicate with and address suppliers through the following methods: Supplier evaluation results, twice a year Topic concerned suppliers questionnaire, once a year Purchaser visits (1-2 times/quarter) Contact: Mr. Lin, Materials Division (02) 8751-6888 ext. 6743

1.4 Material Topics Management

Analysis and identification of material topics

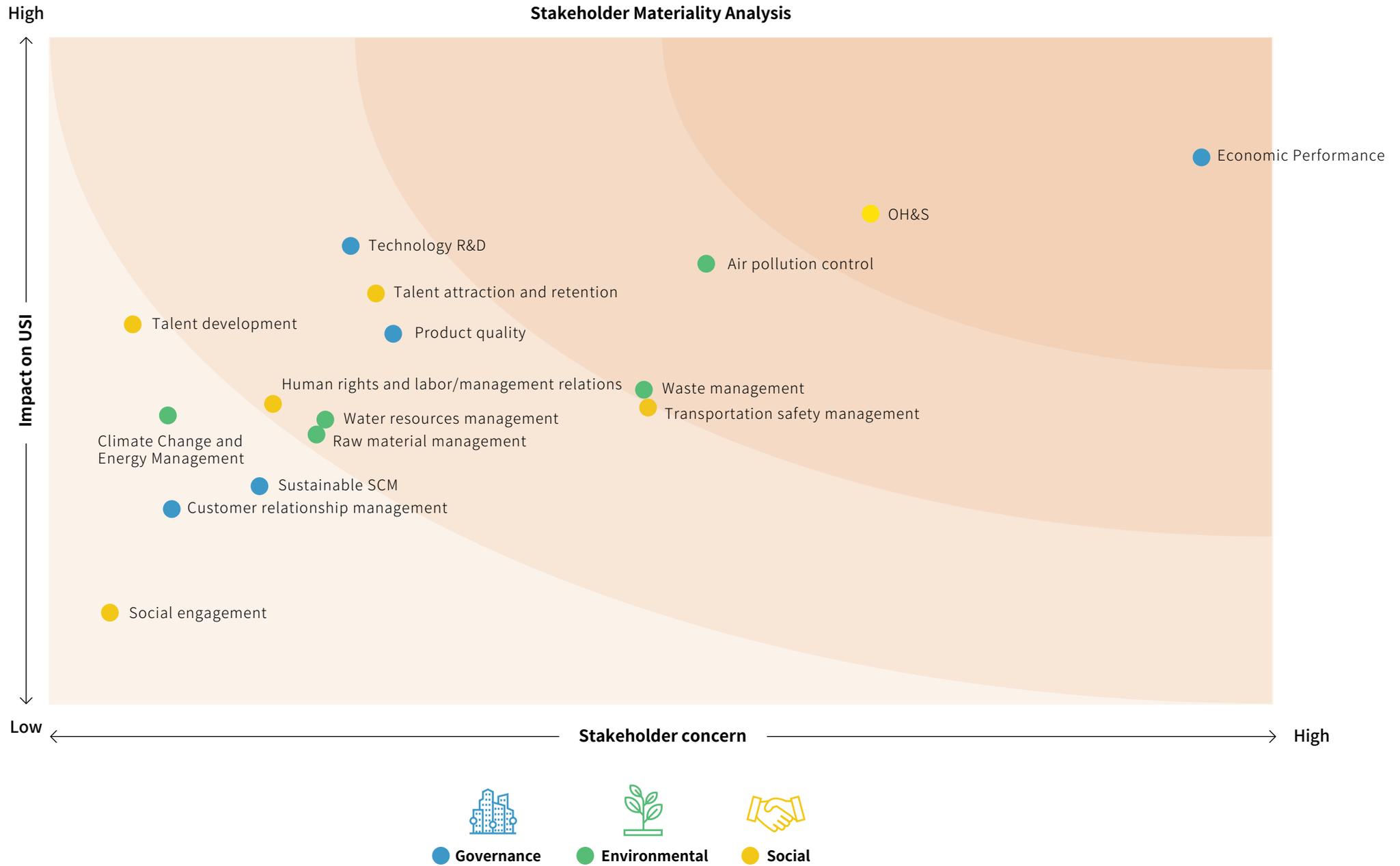


To ensure the completeness of topic inclusiveness, we measured the effectiveness of this CSR report to respond to stakeholders through an online stakeholder survey with 242 valid responses with a questionnaire developed with respect to the GRI Standards, the trends in industry sustainability topics at 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 42 valid responses on the “impacts on USI” of governance, environmental and social issues.

As ethical corporate management and legal compliance are USI’s belief in sustainable development, legal compliance topics were not included in the questionnaire. With the approval of the CSR Committee and working groups, legal compliance will become a required material topic for disclosure every year as of the this CSR Report.

Identification of material topics

After analyzing the “level of stakeholder concerns” and the “impacts on USI” of all above topics based on the above two surveys, we held meetings for members of the CSR Committee and working groups to discuss and identify each topic to produce the map of material topics in 2019. After collating 8 topics of high concern and material impact as the focus of priority disclosure and response, we have added the climate change and energy management topics recommended by the management and the required legal compliance topic to the 2019 CSR Report for the reference of stakeholders, making up to 10 material topics in total.



Changes in Material Topics in 2019 (GRI 102-44) (GRI 102-47) (GRI 102-49)

Compared to 2018, the changes in material topics in 2019 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	2018 Material Topics		2019 Material Topics		Changes	Causes of Change
 Governance	Economic Performance	1	Economic Performance	1	Maintained	Concerns remained unchanged.
	Technology R&D	5	Technology R&D	4	Maintained	Concerns remained unchanged.
	--	--	Product quality	6	Added	Topic of high stakeholder concern.
	Local major investments	4	--	--	Deleted	Combined with economic performance as the level of concern reduced.
	--	--	Legal compliance	--	Added	Legal compliance is USI's belief in sustainable development
 Environmental	Air Pollution Control	7	Air pollution control	3	Maintained	Concerns remained unchanged.
	Effluents and Waste Management	6	Waste management	7	Maintained	Concerns remained unchanged. Topic renamed according to GRI Standards 2018.
	Energy and GHG management	9	Climate Change and Energy Management	9	Maintained	Important internationally concerned topic, thus renamed.
 Social	OH&S	3	OH&S	2	Maintained	Concerns remained unchanged.
	--	--	Talent development	5	Added	Increase in concern. Value the planning of education/ training and career development for employees.
	Industrial and public safety	2	Transportation safety management	8	Maintained	Concerns remained unchanged. Safety management of material/product transportation. Name changed.
	Labor/Management Relations	8	--	--	Deleted	Reduction in concern.

Progress of implementation of material topics

Aspects	Material Topics	Level of Completion in 2018	Actual Progress in 2019
 Governance	Economic Performance	In 2018, revenue increased by 2% YoY; budget execution was 100%, and EPS was NT\$0.5.	In 2019, EPS was NT\$1.19, the highest in the last 6 years; EVA sales reached 144,783 tons, a historic high.
	Technology R&D	New product development: New product development: 3 pcs/year, achievement 100%.	New product development: New product development: 5 pcs/year, achievement 125%.
	Product quality (new topic in 2019)	Targets: Customer complaints: 12/year. Defect rate of plants I/II: 2%/2.5% Actual: 1. 8 confirmed customer complaints in 2018. 2. Defect rate of plants I/II: 1.64%/2.55%	1. 8 confirmed customer complaints in 2019. 2. Defect rate of plants I/II: 1.59%/2.73%
	Legal compliance	1. No violation or fine relating to product labeling was reported. 2. No breach or leakage of customer privacy was reported. 3. No violation of economic laws and regulations was reported. 4. Improvement was completed for 4 environmental protection offences.	1. No violation or fine relating to product labeling was reported. 2. No breach or leakage of customer privacy was reported. 3. No violation of economic laws and regulations was reported. 4. Improvement was completed and re-confirmed by competent authorities for 5 environmental protection offences and 2 industrial safety offences.
 Environmental	Air pollution control	Achieved the phase I target of reducing 5% of total volume control; reduced boiler emissions to NOx<150ppm, PM<20mg/nm ³ and undetected SOx.	1. VOCs equipment leakage: 0.05%. 2. Installation in position of the thermal oxidizer (TO) system for completion and piping and commissioning in 2020.
	Waste management	Periodic onsite inspection of the operation of waste disposal contractors. No record of violation was detected.	1. Review, improvement and legal compliance of waste management. 2. Wax reclamation at 83%, VAM processing efficiency over 90%
	Climate Change and Energy Management	1. Product energy consumption from 4.81GJ/ton in 2017 reduced to 4.63GJ/ton in 2018. 2. Implemented 13 energy conservation projects to save electricity up to 0.81%/year.	1. Product energy consumption was reduced from 4.63GJ/ton in 2018 to 4.58GJ/ton in 2019. 2. Implemented 7 energy conservation projects to save electricity up to 1.33%/year.
 Social	OH&S	Incident Rate =0 1. Pipeline corrosion hazards prevention and steam input check. 2. Vibration monitoring of pipeline C-202B. 3. Management of the underground pipeline monitoring and operations plan. 4. Installation of the surveillance system at the tank car unloading area. 5. Reduction of near misses.	1. Incident Rate =2.59 2. Checked 29 steam inputs and performed RT-profile on anticorrosion points. 3. Monitored pipeline vibration for four times (once quarterly), and no anomaly was reported. 4. Established work instructions (WIs) for subsequent education/training and response drills. 5. Completed planning and personnel training, and the tour inspection, visual inspection, and thickness test of underground pipelines. 6. Established work instructions (WIs) and enhanced contractor training, physical condition check (alcohol and blood pressure), and onsite audit. 7. Implemented hot locking for 74 batches, with leakage rate of 0% of all batches. 8. Completed pipeline supports and planned pipeline vibration monitoring after system reboot.

Aspects	Material Topics	Level of Completion in 2018	Actual Progress in 2019
 Social	OH&S	<ol style="list-style-type: none"> 1. Frequency-Severity Indicator (FSI) =0 2. Installation of the K-4003 casing drain system pipelines. 	<ol style="list-style-type: none"> 1. Frequency-Severity Indicator (FSI)=4.50. Rust removal, supplementary welding, screw replacement, and paint maintenance of equipment and pipelines. 2. Monitoring results: Excess in standard=0; reduced the working time in noise-affected areas, and provided noise protective equipment.
		Frequency of shutdown by key equipment=12	Frequency of shutdown by key equipment=5. Machinery and instrumentation maintenance= 907 units/2053 units.
	Talent development	The annual average training length for indirect labor in 2018 was over 8 hours/person.	<ol style="list-style-type: none"> 1. The annual average training length for indirect labor in 2019 was over 8 hours/person. 2. Professional training for 43 members of senior management and junior management. 3. Workers acquired the licenses/certificates required for work. 4. Completed workforce planning and talent matrix inventory for all units. 5. Workers acquired a total of 141 licenses/ certificates required for work.
	Transportation safety management	<ol style="list-style-type: none"> 1. In the evaluation based on the “Standards for the Effectiveness Evaluation of Underground Pipelines Joint Defense Organization” in 2018, Pipeline 6 of the Kaohsiung Plant was rated an excellent pipeline defense organization by the Industry Development Bureau, Ministry of Economic Affairs, for the three consecutive years. 2. Completed the second pipeline pressure holding test. Found and replaced three old regulators with low efficiency. 3. Held two emergency response drills. 4. No accidents of tank cars were reported. 	In the evaluation based on the 2019 “Standards for the Effectiveness Evaluation of Underground Pipelines Joint Defense Organization,” Kaohsiung Plant as part of the Pipeline-6 was rated an excellent pipeline defense organization by the Industry Development Bureau, Ministry of Economic Affairs, for four consecutive years.

Material Topics and Value Chain (GRI 102-46)

● Direct impact ○ Indirect impact

Aspects	Material Topics	Rationale	GRI Standards Topic	Value Chain				SDGs	Response
				SCM	operational	Product	Social		
 Governance	Economic Performance	Enterprise sustainable development, constant profit-making and care for employees, investment in talent and industrial development.	GRI 201: 2016 Economic Performance	○	●	●			2.2 Economic Performance*
	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.		●	●		 	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*
	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
 Environmental	Waste management	Waste recycling through reclamation, reuse, and proper processing. Continual improvement of environmental protection for "zero pollution and zero emission."	GRI 306:2016 Effluents and Waste	○	●	○	●	 	4.5 Waste Management*
	Air pollution control	Continual improvement of environmental protection for "zero pollution and zero emission."	GRI 305:2016: Emissions	○	●		●	 	4.4 Air Pollution Control*
	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	○	●	●	○	 	4.3 Climate Change and Energy Management*
 Social	Transportation safety management	Materials and products of Kaohsiung Plant are transported via underground pipelines and by qualified contractors to ensure transportation quality and safety.	N.A.		●	●	●		5.1 Transportation Safety Management*
	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 development	Talents are the company's irreplaceable core asset. Steadily and constantly growing human resources are the bedrock of steady operations to enhance overall corporate efficiency.	GRI 404:2016 Training and education		●	○	○	  	5.4 Talent Development*

02

Corporate Governance and Operational Performance

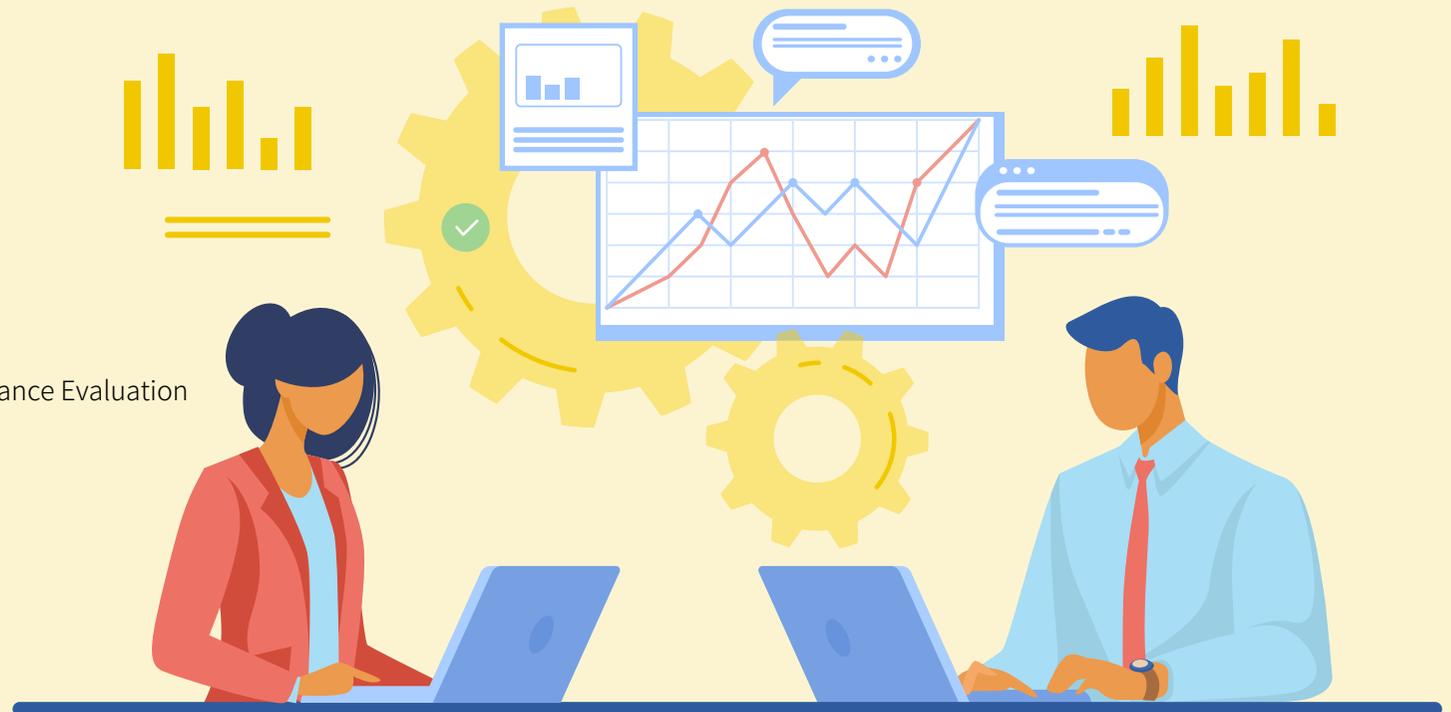


Material topics in this chapter

1. Economic performance
2. Legal compliance

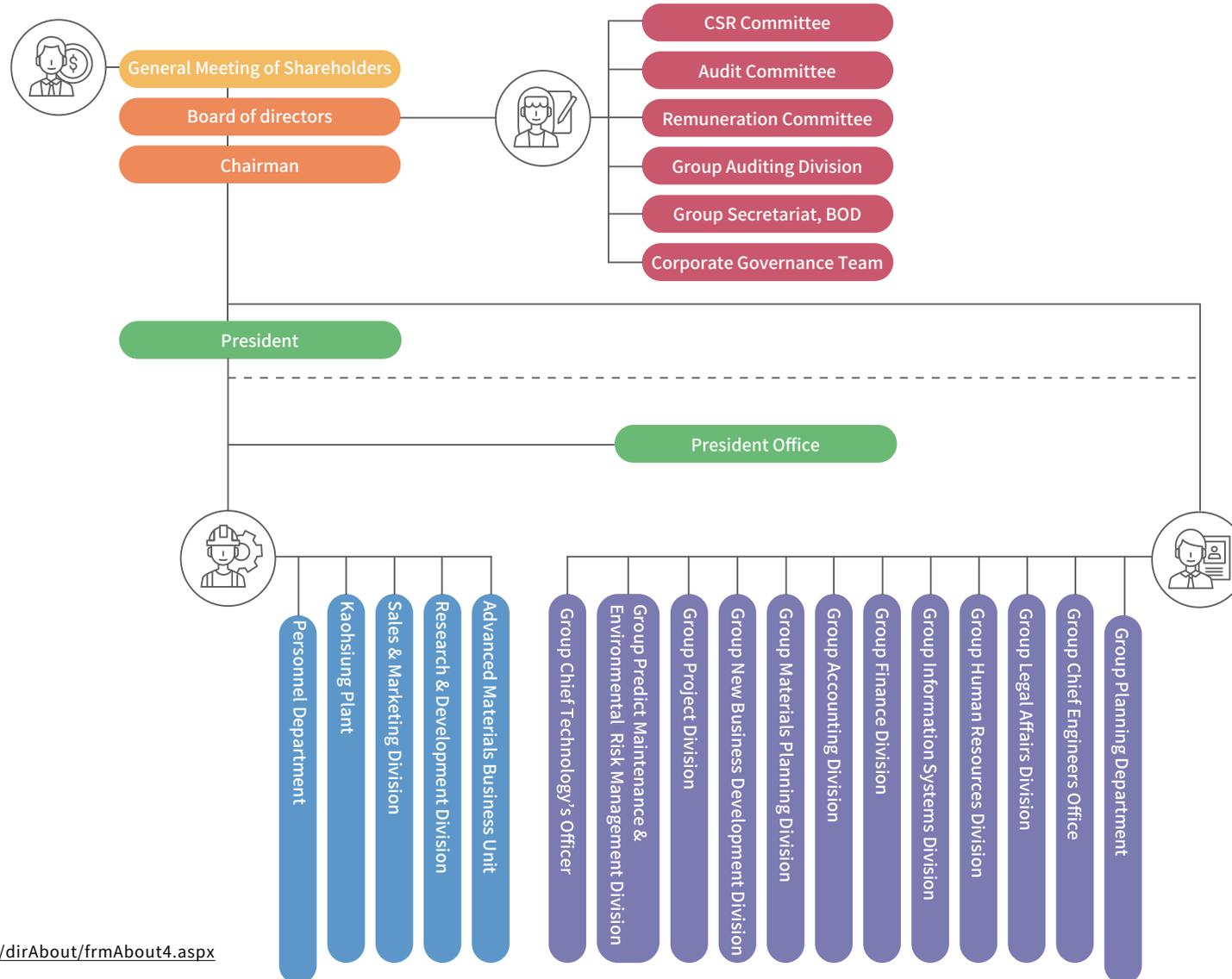
Performance Highlights

EPS NT\$1.19, up by 138%
EVA annual sales: 144,700 tons
Top 6-20% at the 6th Corporate Governance Evaluation



2.1 Corporate Governance

USI Management Organization Framework (GRI 102-18) (GRI 102-19) (GRI 102-22) (GRI 102-23) (GRI 102-26)

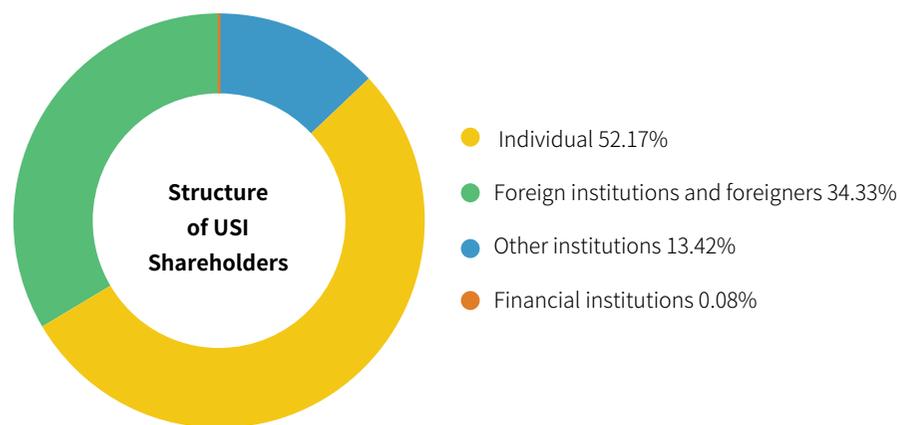


<https://www.usife.com.tw/zh-tw/dirAbout/frmAbout4.aspx>

Maintenance of shareholder rights and interests and information transparency:

By April 14, 2020, 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.

https://www.usife.com.tw/USIWebFiles/Meeting/MeetingP3_109.pdf



USI is committed to providing shareholders with transparent and real-time corporate information, including two investor conferences, AGM, MOPS, investor section, annual reports, and CSR reports. USI also constantly collects shareholders' opinions for the reference of decision-making by the management team.

Every year, we hold investor conferences and the AGM regularly to state the company's financial performance and business status. In addition, we post information regarding our business performance, financial information, and material information on TWSE's MOPS. We have also set up the "Investors" section on our Chinese and English websites to disclose information relating to the company's governance, business announcements, financial statements, investor conferences, and latest news. We value the rights and benefits of foreign investors and the trend of enterprise internationalization. Therefore, since 2018, we began to enhance information disclosures in English in the annual report and on the MOPS and corporate website. Furthermore, we actively develop channels for two-way communication with shareholders to improve the performance of corporate governance.



Board of Directors

Board composition and operation

The Board of Directors (BOD) is formed by nine directors, including three independent directors, with rich experience in respective professional fields. Each director is entitled to a term of three years and a second term. Candidates of directors and independent directors are selected through nomination. A total of 8 board meetings were held in 2019. For details regarding board operation, please refer to p.27 of the USI Annual Report 2019.

2019 board performance assessment

1. On November 13, 2019, BOD approved the amendment to the “BOD Performance Assessment Regulations” to assess the performance of the BOD, Audit Committee, and Remuneration Committee after the end of each fiscal year. Assessment is implemented by means of self-assessment. The results of assessment are the reference for the Company’s review and improvement.
2. The assessment period of 2019 is January 1 to December 31, 2019.

Aspect of Evaluation	Results
Participation in the company’s operations.	Good
Improvement of the decision quality of the board of directors.	Good
Composition and structure of the board of directors.	Good
Selection and continuing education of directors.	Good
Internal control	Good

3. Board performance assessment was completed in January 2020. Recommendations for improvement are as follows:

Related units should provide BOD with the material information on the company’s latest operations, changes in the management team, and the opportunities and challenges in the industry for directors to understand the existing risks of the company and thereby make countermeasures to secure operations.

4. The results of board performance were reported to the Q1 board meeting of 2020

Improvement of Professional Competence of Directors

To improve the professional competence of directors, we provide the information of related continuing education courses periodically and help directors register to these courses. We arranged internal continuing education courses for 6 hours: “Impacts on Taiwanese Businesses of US-China Trade Disputes and Countermeasures” and “Countermeasures for Enterprises and Individuals After Implementation of Economic Substance Law and Global Anti-Avoidance,” each 3 hours. In 2019, directors and independent directors also took external continuing education courses for a total of 69 hours. See p. 31 to 33 of USI Annual Report 2019 regarding the courses and length of continuing education.

To protect the rights and interests of shareholders and improve the competence of the board of directors, BOD made a resolution on May 13, 2019 to assign Director of Group Legal Division Erik Chen to be the Chief Governance Officer as the top officer of USI’s corporate governance. Director Chen has been the chief legal officer of a public company for more than three years, with handling the affairs of board meetings and meetings of shareholders as its main duty. Visit our corporate website <https://www.usife.com.tw/zh-tw/dirInvestor/frmlInvestor1.aspx> or see p. 44 to 46 of the USI Annual Report 2019 for details regarding the duties and continuing education.

Functional Committees

Under BOD we have established three functional committees, including the Audit Committee, Remuneration Committee, and CSR Committee. The members, operation, and duty of these committees are as follows:

Name	審計委員會	薪資報酬委員會	企業社責任委員會
Quintin Wu			●
Ko-shun Wang			●
Chong Chen	● (Convener)	●	
Tyzz-Jiun Duh	●	●	● (Committee chief)
Ying-Jun Hai	●	● (Convener)	●

Audit Committee

1. The term of the current committee commenced on June 8, 2017 and will end on June 7, 2020. There are three seats in the committee formed by all independent directors.
2. The Audit Committee holds at least one committee meeting every quarter and extraordinary meetings as necessary. Eight committee meetings were held in 2019, and the personal attendance (independent directors) rate was 95.24% (100% including attendances by proxy).

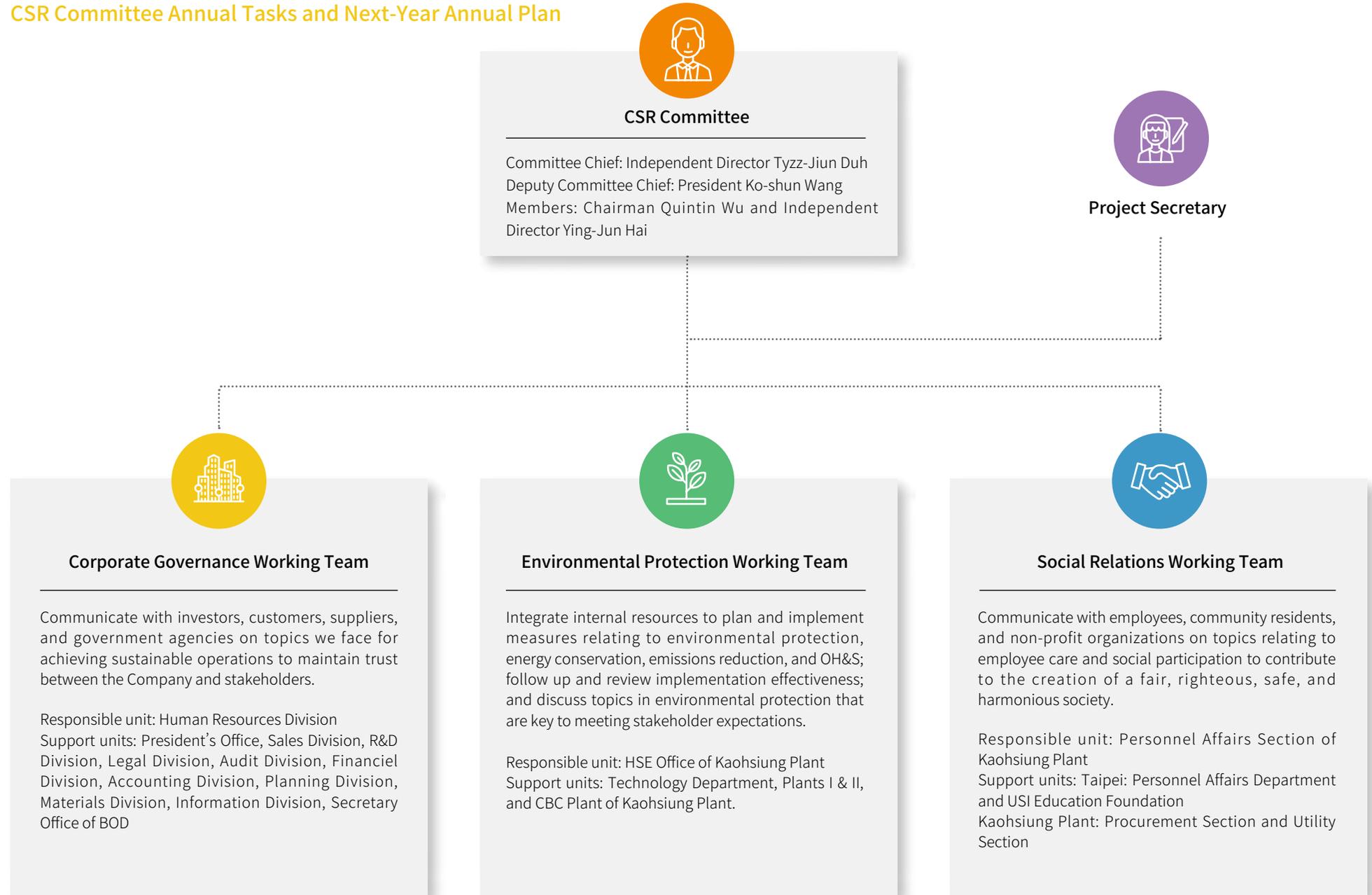
Remuneration Committee

1. There are three seats in the committee formed by all independent directors.
2. The Remuneration Committee holds at least two committee meetings each year. Three committee meetings were held in 2019, and the personal attendance (independent directors) rate was 88.9% (100% including attendance by proxy).
3. The committee establishes and periodically reviews the annual and long-term goals of directors and officers, and the policy, system, standard, and structure of their salary and remuneration; periodically assesses the target achievement of officers; and determines the contents and amounts of the salary and remuneration of individ (GRI 102-36)

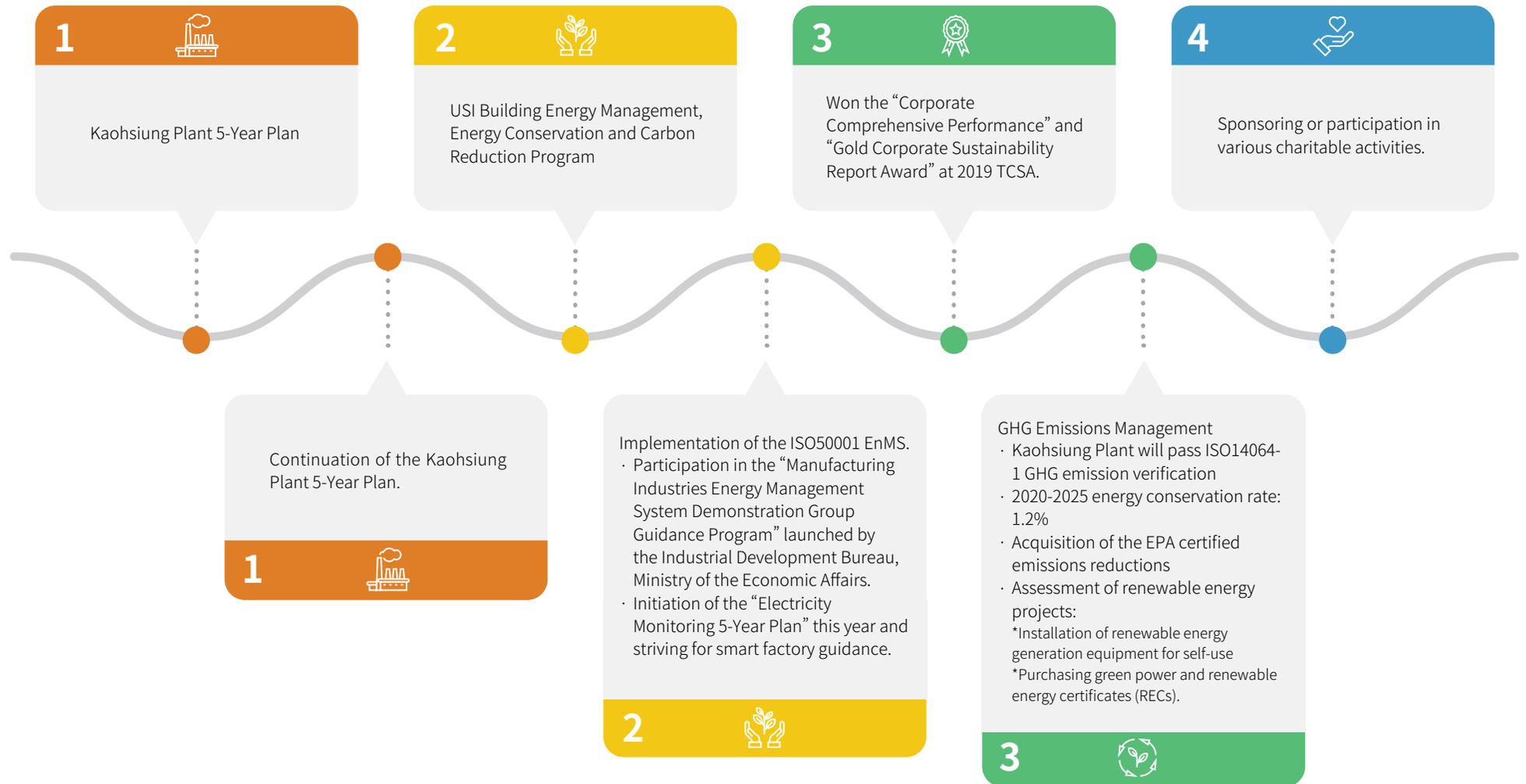
CSR Committee

1. The term of the current committee commenced on June 26, 2018 and will end on June 7, 2020, with a total of four members including the chairman, president, Independent Director Tyzz-Jiun Duh and Independent Director Ying-Jun Hai.
2. Duties of the committee include:
 - Discussion and establishment of CSR policies.
 - Discussion and establishment of CSR strategy planning, annual plans and project plans.
 - Supervision of the implementation of CSR strategy planning, annual plans and project plans, and assessment of their performance.
 - Review of CSR reports.
 - Report of the annual CSR results to BOD every year.
 - Other assignments instructed by BOD.
3. The CSR Committee holds meetings at least two times each year. Two committee meetings were held in 2019, and the personal attendance rate was 100%. Minutes of meetings over the years: <https://www.usife.com.tw/CSR/zh-tw/CSR21.aspx>
4. We established three working groups for corporate governance, environmental protection, and social relations as shown below:

CSR Committee Annual Tasks and Next-Year Annual Plan



Major 2019 CSR Achievements Reported to BOD



2020 CSR Plan

2.2 Economic Performance (GRI 103-1) (GRI 103-2) (GRI 103-3) (SDG 8)

Sustainability Principle: Unity Governance

Significance and Strategy

Significance to USI

Sustainable corporate development, constant profit and care for employee investors, and industry development

Strategy and Approach

Vertical integration to reduce feedstock and production costs, increase product added value, and enhance custom product development.

Commitment

Maintain the rights and interests of shareholders and create profit constantly.

Data scope: USI

Achievement and Goal

2019 Goals

1. Constantly increase profit
2. Achieve energy management
3. Constantly increase EVA outputs
4. Develop high value-added products

2019 Projects

1. High VA product development and sales.
2. Control of startup and shutdown losses across the plant.
3. VA recycling enhancement for by-product output reduction.

2019 Achievements

EPS: NT\$1.19
highest in the last 6 years
EVA sales 144,783 tons, highest in history

Sustainable Development Milestone

2020 Goals

1. Boost sales
2. Enhance the operating rate
3. Constantly pursue profit and growth

3-Year Goals

1. Cut production cost and enhance materials recycling rate.
2. Mass-produce HV products.
3. Bottom-up vertical integration of supply chain.

5-Year Goals

1. Constantly develop HV products
2. Develop Gulei downstream products
3. Develop green energy

Management

Effectiveness Assessment

1. Annual report
2. Governance evaluation
3. CSR report

Grievance Mechanism

- Meetings of shareholders
- “Investor Service” on the corporate website
- Investor conferences

Chapter Summary

1. Financial performance
2. Major investments

For shareholders and investors to access more real-time and correct information regarding investment divisions, besides the monthly revenue report, quarterly financial statement, and the annual general meeting of shareholders (AGM), we disclose related information in the “shareholder Service” section on the corporate website or the MOPS. In addition, shareholders and investors can ask their questions or make

recommendations to us over the spokesperson or deputy spokesperson hotline, the “Contact Us” section of the corporate website, and the “Contact Us” of USI Group’s shareholder service website. All questions and recommendations will be answered by special staff.

USI Financial Performance 2017-2019

(unit: NTD thousands)

Item	Basic Element	2017	2018	2019			
Direct economic value	Revenue (Note 1)	11,551,511	11,763,140	10,966,471			
	Operating cost (Note 2)	11,047,725	11,651,003	10,263,751			
	Employee wages and benefits (Note 3)	608,448	544,564	585,451			
Distributed economic value	Payment to investors (Note 4)	2017 cash dividend distributed in 2018	349,636	2018 cash dividend distributed in 2019	356,629	2019 cash dividend to be distributed in 2020 as approved by BOD	594,382
		Interest expense	43,818	Interest expense	60,326	Interest expense	104,366
	Payment to the government expense (Note 5)	29,134	76,534	21,282			
	Investments in community (Note 6)	4,190	4,190	4,229			
Residual economic value (Note 7)		1,111,290	539,935	1,281,364			

Note 1: Revenue refers to sales income.

Note 2: Operating cost refers to sales cost + operating expenses

Note 3: Employee wages and benefits are included in the said operating cost.

Note 4: Interest expense is included in the said operating cost.

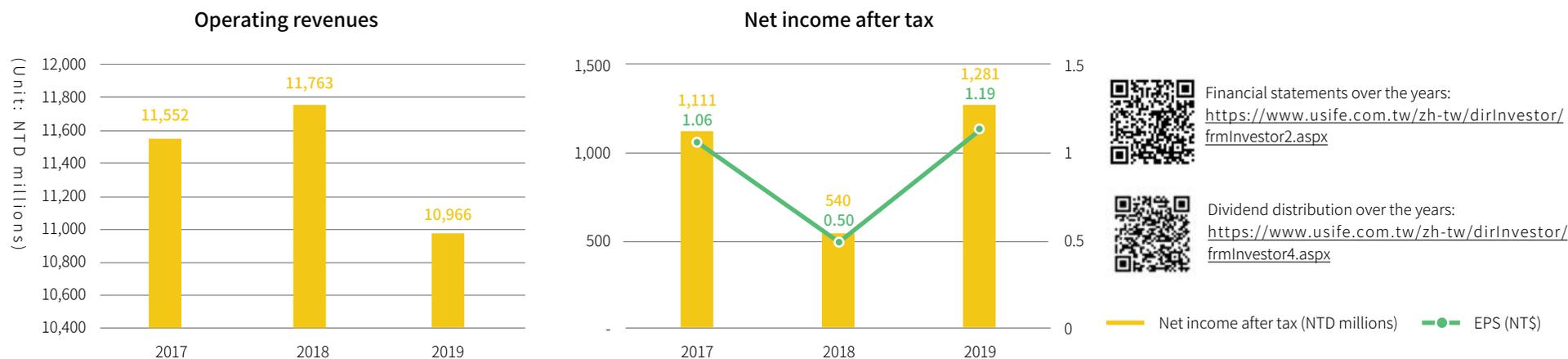
Note 5: Payment to the government refers to the business income tax.

Note 6: Investments in community include contributions to local communities and donations to USI Education Foundation. Both are included in the said operating cost.

Note 7: Residual economic value refers to net income after tax.

Profit distribution

In 2019, revenue was NT\$10,966,471,000, income tax (excluding estimates) was NT\$2,128,200, accounting for 0.2% of the individual revenue, distributable earnings were NT\$1.169 billion, and estimated cash dividend was NT\$0.5 per share. This profit distribution proposal required for approval by the AGM on June 12, 2020.



Note: Benefited from the fall of the ethylene price in 2019 and the fluctuation of the EVA price at the higher position to enlarge the gap with ethylene, significantly increase the price YoY.

Financial Assistance Received from Government (GRI 201-4)

We actively invest in innovation and R&D activities every year, so we can set off 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: NTD thousands

Legal Basis	Item	2014	2015	2016	2017	2018	2019
Article 10, Statute for Industrial Innovation	Tax Credit for Investments in R&D	1,306	5,205	2,785	6,237	15,604	19,387
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	27,491	22,293	30,000	Closed in March. The amount for this year is "0"

Note: All figures are estimated and will be subject to change and updated after the approval of the National Taxation Bureau.

Local Major Investments

Cyclic Block Copolymer (CBC)



This CBC project can be considered as one of the blueprint items for high-value petrochemical industry promotion and is the first “Process Scale-Up Project to Shorten Gaps in the Supply Chain for Key Chemicals” approved by the Industrial Development 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.



Future Planning

The Kaohsiung City Government already issued the building permit for the R&D center in December 2019. Detailed design is currently under progress, and construction is expected to begin in Q2 2020. After acquiring the business/factory permit, design assessment and construction will follow suit. With an estimated annual output at NT\$7.5 billion, the project is estimated to create an annual out of about NT\$15 billion for downstream industries.

HV R&D Center

In response to the CBC mass production trial, the R&D center is established for process and product optimization, material quality and property improvement, added value and production efficiency enhancement, and energy consumption reduction.

CBC Commercial Factory

Taiwan has long been relying on importing high-end optical grade plastics. As the scale and the design capacity of the present CPC factory are low and incomparable to that of foreign suppliers, by building a commercial factory to expand capacity, we can shortly fill the key material opening in the industrial chain of domestic high-tech industries and provide downstream suppliers with more cost-competitive raw materials.

Ethylene Storage Tank Project of Kaohsiung Intercontinental Container Terminal



To increase the import sources of ethylene feedstock to secure sufficient supply, enhance future competitiveness, and ensure sustainable development, we built a new plant for the CGTD Kaohsiung Plant at the Petrochemical Oil Product Center in Kaohsiung Intercontinental Container S14 Terminal phase II with a total investment of NT\$5.221 billion.

The project was initiated on July 31, 2019 with a USI investment of NT\$906 million for the construction of the 80,000m³ ethylene storage tank system to be completed and used in 2022.

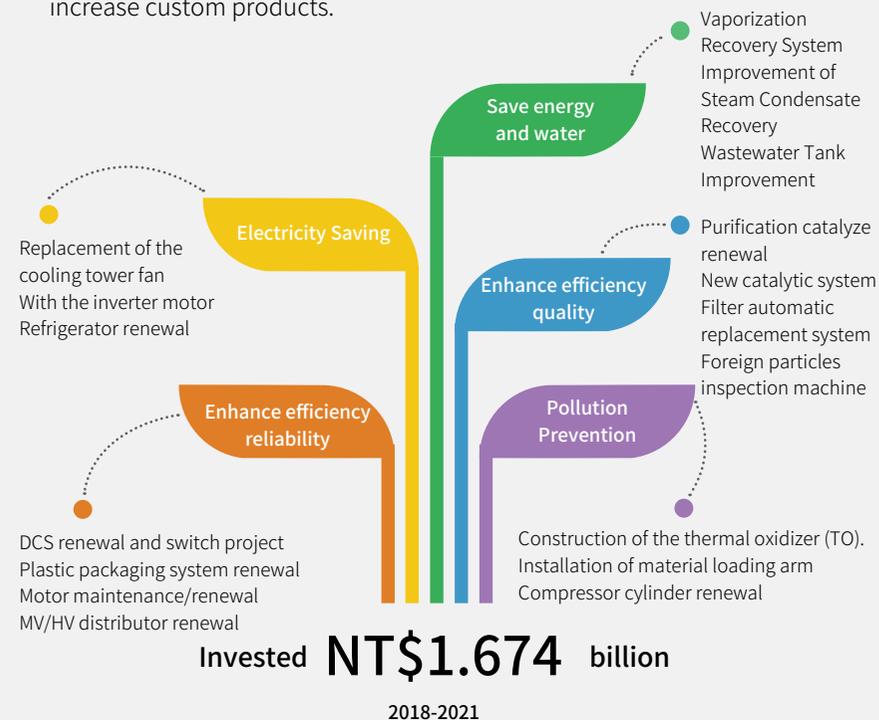


Investment in Equipment Improvement of the Kaohsiung Plant



USI constantly improves various production processes and HSE equipment. In 2018, we invested in about NT\$528 million. In 2019, we invested in about 458 million. Apart from saving electricity by 1.33%, energy by 1.09%, and water by 1.95% and reducing carbon by 1.23%, we increased EVA capacity and reduced equipment startup and shutdown frequencies.

It is estimated that a total of NT\$688 million will be invested in 2020-2021 to constantly engage in various energy conservation, carbon reduction, and new product development projects to improve product quality and increase custom products.



Major Overseas Investments

Gulei Project



Investment objective

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



- Major projects initiation rate >86%
- Grade 1 ground control and roadworks across the plant are completed



Investment Item

Production and sales of petrochemical products including ethylene, propylene and butadiene, EVA, ethylene oxide (EO), and ethylene glycol (EG)



Gulei JV Stakes

- Stake held by Taiwan: 50%
- Stake held by China: 50%

Investment Synergy

- Enhance upstream supply flexibility
- Enhance EVA market control
- Expand the Greater China market



Amount

- Total investment (Taiwan and China): approx. CNY30.39 billion*
- In March 2016, USI BOD approved the investment in the Gulei Port Economic Development Zone Project in Zhangzhou, Fujian Province, mainland China, with a maximum amount of NT\$8 billion. After the approval of competent authorities, we began the investment as scheduled

* including over paid



Project Milestones

- 2016/11 Established Fujian Gulei Petrochemical Co., Ltd.
- 2017/12 Groundbreaking ceremony of the Gulei Integrated Refinery Project
- 2018/08 Approval of the Gulei Refining & Petrochemical Project
- 2019/05 Approval of the land for project planning by the Gulei Committee
- 2019/07 Approval of the infrastructure design

Progress of Gulei Refining & Petrochemical Project

- Completion of long-cycle equipment procurement >98%
- Completion of secondary long-cycle equipment procurement >87%
- Tendering of all procurement contracts of bulk materials has been completed, achievement >99%

Installation of 110kV substation



Sealing of empty cold distributor



Installation of steam cracking quenching oil tower

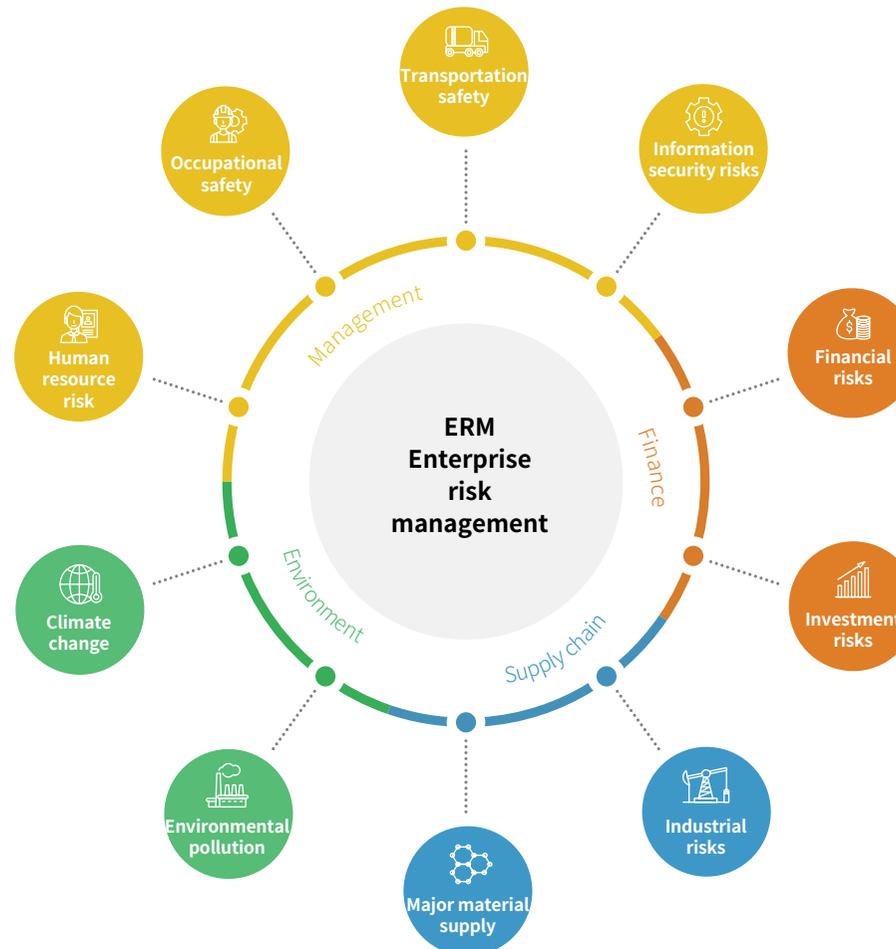


Note: Long-cycle equipment refers to equipment with a delivery period over one year; secondary long-cycle equipment refers to equipment with a delivery period of 6-12 months

2.3 Risk Management (GRI 102-11) (GRI 102-15)

To ensure steady operations against the influence of the macro environment and internal operation, we clarify and integrate major risk sources of business operations and consider the feasibility of practice. Based on the Standard and Poor's (S&P) enterprise risk management (ERM) framework, we classify risks in four major aspects: supply chain risk, management risk, financial risk, and environmental risk. Then, we

establish related risk management policies or strategies. 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 challenges and countermeasures of relevant risks at the present phase are diagrammed as follows:



Supply chain risk



Major material supply



Industrial risks

Challenge

- US-China trade war
- Offshore ethylene supply reduction: Annual repair and systematic shutdown of US and European naphtha cracking plants.

Management approach

- Supply source risk dispersion and long-term contracts with major suppliers to maintain procurement flexibility
- Analyzing market trends regularly and adjusting the optimal procurement strategy.

Effectiveness

- New ethylene sources: Asia, Europe, and America, totally 3
- Long-term ethylene supply contracts: 3 suppliers.
- USI management meetings and group management meetings: 72 times/year.

Challenge

Cost of feedstock ethylene is excessively high.

Management approach

- Gulei Investment
- Ethylene Storage Tank Project

Effectiveness

- 2019/2 Approval of Ethylene Storage Tank Project
- 2019/5 Approval of the land for project planning by the Gulei Committee
- 2019/7 Approval of the Gulei infrastructure design

Challenge

Demand declined due to the economic downturn, making it hard to increase sales.

Management approach

- Invested in high value-added EVA products.
- Kaohsiung Plant invested in the world's first commercial CBC plant.

Effectiveness

- EVA sales hit a new high of this year: 144,783 tons
- Aggressive CBC sample submission to customers for verification.

Financial Risk



Investment risks

Challenge

- Constant assessment of investment opportunities in response to the rapidly changing international situations.
- Ensure the goal of sustainable development.

Management approach

- Feasibility assessment, risk analysis, and strategic response analysis must be implemented before investments.
- Investment projects must be approved by BOD.
- No engagement in high-risk and high-leverage investments as per the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."

Effectiveness

- Steady investment assures sustainable development.



Financial risks

Challenge

- Enforce control over interest rate changes and exchange rate changes
- Enforce controls over the impacts of property insurance and endorsements/guarantees.

Management approach

- Control of interest rate changes
- Control of exchange rate changes
- Establish the "Procedures for making Endorsements and Guarantees"
- Property insurance management

Effectiveness

- Keep close track on the interest rate changes in short-term NTD loans to appropriately adjust the loan term (days) for effective cost reduction.
- Apart from issuing corporate bonds to lock on capital costs, floating interest rate is adopted to medium-to-long term loans to cut costs.
- Exchange rate fluctuates for many reasons. We make 100% hedging for net positions to cope with exchange rate risk, such as buying various types of property insurance to appropriate transfer risk to insurers.
- Buy various types of property insurance to appropriate transfer risk to insurers.
- Making endorsements/guarantees for subsidiaries can help reduce capital cost and enhance capital dispatch flexibility to meet the business strategies and risk tolerance.

Environmental Risk



Climate change

Challenge

- Scope of impact of heat, torrential rain, and water shortage.
- Impacts: finance, supply chain, and policy.
- Follow national policies, take countermeasures for active risk management.

Management approach

- Establish the energy conservation and carbon reduction team
- Plan budgets for various improvement programs.

Effectiveness

- Recyclable and reusable water accounts for 9.2% of the total water withdrawal.



Environmental pollution

Challenge

- Clarify emission sources.
- Source management of pollutants and VOCs.

Management approach

- Replace fuel oil with natural gas for the steam boiler.
- Constant enhancement of management of VOC
- RTO processing of VOCs
- Plan and construct one TO equipment components.

Effectiveness

- Reduce the intensity of TSP, SO_x, and NO_x emissions and divert VOCs to RTO.
- Divert high-density VOCs to TO for processing, enhance VOC processing efficiency to 99% to effectively reduce VOC emissions.

Note: See 4.3 Climate Change and Energy Management for the opportunities and risks of financial impacts from climate change.

Management risk



Information security risks

Challenge

- Threats of email fraud and hacker intrusion.
- Propose the information security protection program to prevent ongoing data leakage.

Management approach

- Enhance key the information security of key systems with vulnerability scans.
- Purchase the SSL security encryption certificate to enhance website browsing security.
- Establish the information management system to promote business continuity.
- Hold management review meetings and implement group-wide information security audits every year.

Effectiveness

- Two vulnerability scans were implemented on the operating system of this year. So far, we have implemented vulnerability scan for four consecutive years.
- Passed BSI certification audit for 5 consecutive years.



Human resources risk

Challenge

- The risk of steady human resources growth covers recruitment and selection, education and training, wage and benefits, and labor safety.

Management approach

- Optimize SOPs and regularly audit related documents and forms.
- Arrange various training activities to enrich the knowledge and skills of employees.

Effectiveness

- No defect is found in the annual internal and external audits.
- Annual training totaled 12,438.3 hours, averaging 26.24 hours/person.



Transportation safety

Challenge

- Enhance the transportation safety of underground pipelines.
- Effective management and establishment of well-planned management procedures.
- Prevent the potential disasters of underground pipelines.
- Provide dependable references for workers to take appropriate actions and make appropriate responses

Management approach

- Implement according to the management regulations and related domestic and international standards.
- A member of the Kaohsiung Region Industrial Pipeline Regional Joint Defense Federation

Effectiveness

- Established 4 management programs of this year, with an achievement rate of 100%.
- A member of pipeline 6 awarded by the IDB for four times.



Occupational safety

Challenge

- Enhance employee and contractor operation safety.
- Effective management and establishment of well-planned management procedures.
- Prevent the potential hazards of work with open fire, work in coldness, and work in confined spaces.
- Provide dependable references for workers to take appropriate actions and make appropriate responses

Management approach

- Promote process safety management.
- Enhance contractor management.
- Education/training

Effectiveness

- Complete process safety information, process hazard analysis, training for change management, and SOP establishment.
- Enhance labor and corporate safety and self-protection awareness.
- The results of employee work environment monitoring meet the standard.

Audit operations and reporting channels

Audit operations

An independent audit unit is established under BOD to help management inspect and review the internal control system, measure the effectiveness and efficiency of operations, and establish and implement the annual audit plan based on the identified risks. The chief auditor holds the certified internal auditor (CIA) certificate and practices based on objectivity and integrity. The chief auditor attends the Audit Committee and BOD meetings as a guest, reports material findings in the audit, and follows up the subsequent improvement. The internal audit is the unit specializing in accepting reports on illegal acts or unethical or dishonest behavior from the Audit Committee email or hotline.

In 2019, the internal audit unit implemented audits according to the annual audit program and completed 59 audit reports and 11 follow-up reports summarized as follows:

Audit Item	Recommendation	Improvement Status
Production Cycle and Compliance Cycle	Although new materials inspection items were implemented, data in the sampling plan was not updated. Timely revision is advised.	Improved as recommended.
OH&S	Some emergency response signs should be readily identifiable, and supervision should be implemented on operations required special permission.	Improved as recommended,
Subsidiary audits	Changes in the production areas were not implemented as regulated. Checks of some equipment were omitted. Exact implementation is advised.	and publicity is enhanced.

Reporting Channels

On August 10, 2017 BOD and the Audit Committee passed the proposal to establish the “Regulations for Handling Reports of Illegal and Unethical or Dishonest Behaviors” specifying the reporting and processing procedures and related protection mechanisms. Grievance channels include personal reports, telephone reports and correspondence reports. The Regulations also specify the responsible units.

 Personal reporting: Face-to-face description.

 Phone reporting: (02) 2650-3783.

 Correspondence reporting: Auditing Division, 7F, No. 37, Jihu Road, Neihu District, Taipei City.

We assure full protection of the confidentiality of informers, investigators and case contents to prevent them from unfair treatment or retaliation. If the informer is a USI employee, we guarantee no discrimination on him as a result of reporting a case.

No report was received so far.

2.4 Ethical Corporate Management and Legal Compliance (GRI 102-16) (GRI 102-17)

Ethical Corporate Management

To optimize ethical corporate 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 sound mechanism for governance and risk control.

For further information, please visit our corporate website: <http://www.usife.com/zh-tw/dirInvestor/frmlInvestor1.aspx>

Legal Compliance (GRI 103-1) 、 (GRI 103-2) 、 (GRI 103-3) 、 (SDG 16)

Sustainability Principle: Unity Governance

Significance and Strategy



Significance to USI

Ethical corporate management and legal compliance are USI’s belief in sustainable development.

Strategy and Approach

1. Periodic legal audit.
2. Keep a constant track on legal updates and amendments.
3. Participation in association discussions on legal acts.
4. Internal awareness education, education, and training.

Commitment

Strict legal compliance

Boundary

USI

Achievement and Goal



Goals

Zero violation of law.

2019 Projects

1. Labor Incident Act and Labor Inspection: Training for Enterprise Responses: One session
2. Participation in legal publicity activities organized by government agencies.
3. Targeted education and training activities: 9 sessions
4. Identification of HSE regulations.

2019 Achievements

1. No punishment or fine for violation of product labeling regulations was reported.
2. No violation of economic laws and regulations.
3. 5 offences of environmental protection laws and 2 offences of industrial safety regulations.

Management



Effectiveness Assessment

Punishment document.

Grievance Mechanism

- “Contact us” on the corporate website.
- Stakeholder contact information
- List of HSE Information

Management Approach Description

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

- Compliance with HSE and energy regulations.
- Management of toxic chemical substances
- Pollution control and waste management
- Safety and disaster prevention
- Certification for ISO 14001, ISO 50001, OHSAS 18001 (changed into ISO 45001) systems
- Education/training and publicity of industrial safety
- Strengthening BOD functions
- Functional Committees
- Information transparency
- Risk supervision
- Internal control and audit systems
- CSR Best Practice Principles



- Product labeling
- Product quality and safety
- Fair trade
- Respect for IP rights
- ISO 9001 system certification
- Respect for human rights
- Protection of freedom of association
- Compliance with labor laws and regulations
- Occupational safety and health laws and regulations

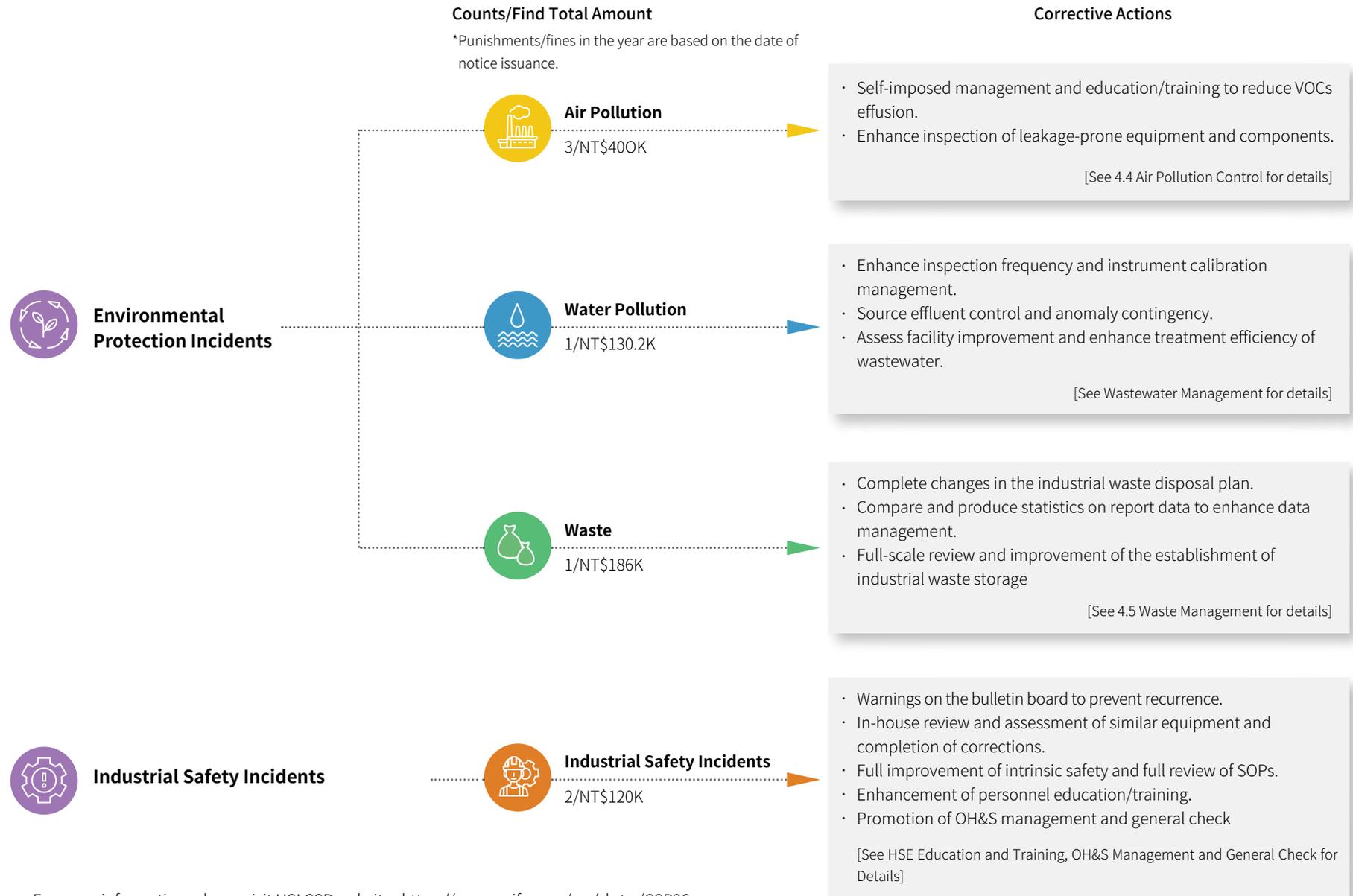
Management Approach

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 Legal 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. In addition, to supervise legal compliance in employees, we have included HSE incidents as the evaluation item for productivity bonuses, and no bonus will be distributed for any punishment caused by HSE offences.

In 2019, no punishment or fine for violation of laws and regulations relating to product labeling or for violation of economic laws and regulations was reported. However, we were punished five times for violation of environmental protection laws and regulations two times for violation of industrial safety. 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) (GRI 419-1)

2019 HSE Incidents and Corrective Actions



For more information, please visit USI CSR website: <https://www.usife.com/csr/zh-tw/CSR26.aspx>

03

Innovation and Supply Chain Service



Material topics in this chapter

1. Technology R&D
2. Product Quality

Performance Highlights

Innovation Patents: 2 Countries

New Product Development & Improvement: 5

Export/Import Performance: Top 500

Green Purchase Expenditure: NT\$7.14 million



3.1 Technology R&D (GRI 103-1) (GRI 103-2) (GRI 103-3) (SDG-9)

Sustainability Principle: Innovative Technology

Significance and Strategy



Significance to USI

Research and development are one of USI's core strategies for sustainable development. Through continual product improvement, customer demand research, and new product development, we achieve co-prosperity for USI and the environment and make continual profit.

Strategy and Approach

Expand R&D scale, engage in product development and improvement, reduce environmental impacts, and achieve sustainable development through fulfilling environmental and social responsibilities.

Commitment

Provide quality products and services and meet customer requirements.

Boundary: USI

Achievement and Goal



2019 Goals

New product (including green product) development and improvement: 4 pcs/year

2019 Projects

*High-value product development,
*Eco-friendly materials research

2019 Achievements

*New product development: 5 pcs/year, including the provision of EVA fire-retardant plastic films that can protect the safety of property and life of people.
*Sales of the major R&D products in the last 3 years account for 2% of the 2019 sales.

Sustainable Development Milestone



2020 Goals

*New product development and improvement: 4 pcs/year
*Research of waste material recycling, development of high-value eco-friendly products, reduction of waste, and promotion of the circulatory economy.
*Research of the performance of eco-friendly heat-shielding coatings; reduction of temperature rise caused by sun radiation; reduction of urban heat island effect and the energy loading of aircon systems; and development of products for mitigating global warming.
*Cultivation of fire-retardant plastic film market applications for use in construction and fire-retardant material markets: new options of flexible fire-retardant materials.

Medium- & Long-Term Goals

*New product development and improvement: 5 pcs/year.
*Development and promotion of eco-friendly products.

Management



Effectiveness Assessment

1. Constant achievement tracing in the annual CSR report.
2. Successfully developed technology and R&D outcomes.
3. Reporting the sales of new products at the business meeting.

Product & Service Development Mechanisms

1. Customers make demands from the sales/R&D units by phone/email/internet; or irregular customer visits.
2. The president holds the product improvement meeting every month to analyze the markets, environment, and users of new projects. After approval, the plant makes product improvement or new product R&D and trial run.
3. Customer technical service in 2019: 37 cases.

Achievements and Directions of Technology R&D

1. Advanced materials development
2. New products development
3. High-value products development

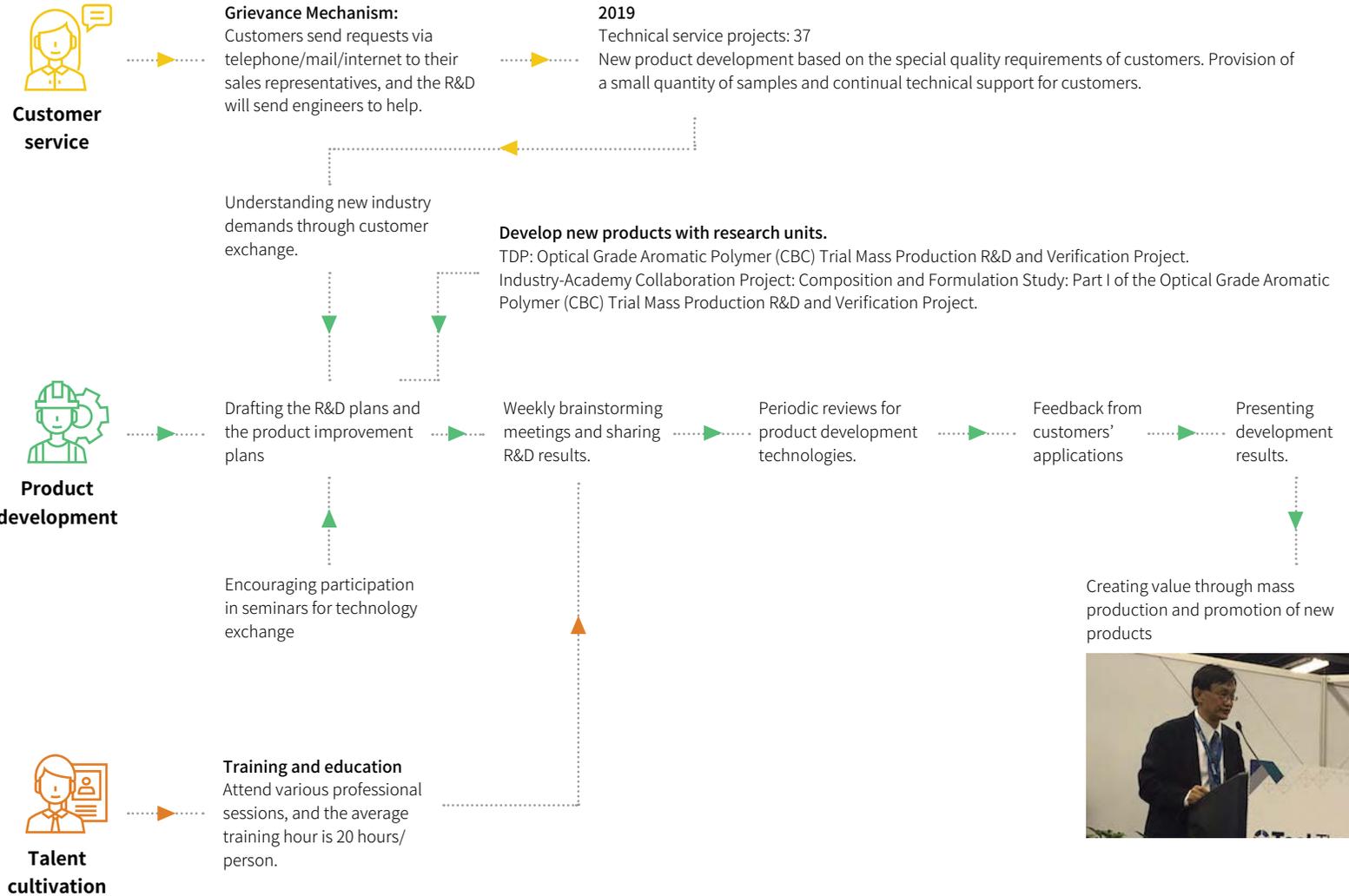
R&D management:
Number of R&D staff in 2019:
54 persons

Year	Number of R&D staff
2019	54
2018	53
2017	48

Education distributions

Education Level	Count
PhD	2
Master	31
University	13
General & vocational high	5
Junior high	3

Policy
As a client-demand-oriented unit, the R&D Division of USI provides solutions and drafts R&D plans to dedicate to the R&D of high value products. It also recruits and develops excellent R&D talents and creates a harmonious workplace with the constructive competition to enhance corporate soft strength, in order to achieve sustainable operation.



Successfully developed technologies and outcomes in 2019



New Product Development

High-value new EVA products

Achievements:

Development of the high VA and low MI product UE33002 for use in shoe sole foaming and wire & cable Compounds

High liquidity injection new HDPE products

Achievements:

Development of 2 products (LH5544 and LH5564) of different specifications for use in melt impregnation, powder coating, thin wall container, and master batch.



Advanced materials development

Fire-retardant coating

Achievements:

Development of fire-retardant plastic films suitable for use on roll-up door design, passed BS476 and UL263 certification.



Developing high-value products ViviOn™ (CBC)

Development of optical grade materials

Development of medical materials

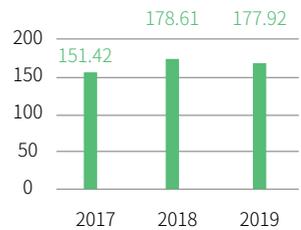
Development of materials for consumer products

R&D Funds

Upper chart: Amount of R&D funds in the last 3 years.

USI 2019 R&D investments:

177,916,049



Achievements:

Development of high-liquidity and low-absorbency materials suitable for use on thin transparent light guides.



Achievements:

ViviOn™ is characterized by a superb UVA penetration rate suitable for use in medical examinations, such as UV/fluorescent microplate and microfluidic (biochips).



Achievements:

Production of floating sunglasses in response to the customer's development project.

R&D Projects

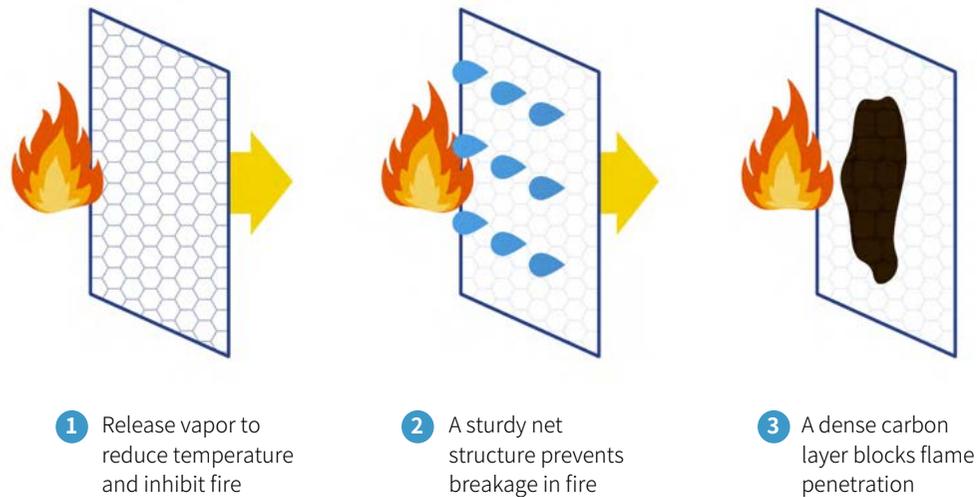
Green EVA fire-retardant plastic films

Technical features of fire-retardant materials

- Excellent fire-retardant capacity to effectively prevent flame spread.
- Flame retardants release crystal water to reduce temperature at 200° C.
- High heat conductivity (>0.45W/mk) at normal temperature to prevent local overheat.
- Heat conductivity reduces at high temperature after chemical reaction. Structural integrity remains after coking to block heat from spreading.
- Special inorganic particles inhibit smoke and reduce the production of smog and toxic gases at high temperature.
- Compliant with eco-friendly requirements (halogen-free and sulfur-free)/RoHS/ formaldehyde-free/low VOCs

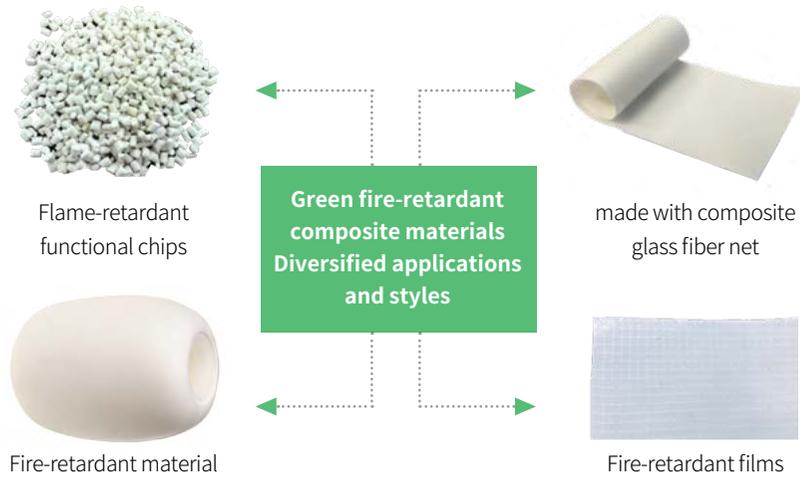


Three-Part Flame Retardation



Halogen-free/ formaldehyde-free/ heavy-metal-free/ low VOCs/ RoHS/ UL94v-0/ 60-minute fire-retardation





Application Examples



Fireproof frame of hard battery



Battery flame-retardant tubes



Fire-retardant and smoke-shielding curtain

Nano Cellulose/EVA Airtight Film Research

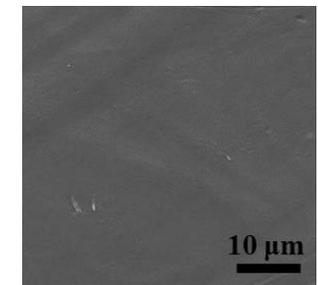
We commissioned Professor Ying-Chih Liao of the “NTU Yan Ching Ling Industrial Research Foundation” to conduct a research on “Nano Cellulose/EVA Airtight Film” in response to the circular economy and eco-friendly materials. This project aims to recycle low-value abandoned agricultural cellulose found everywhere into high-value functional compound thin films for use in food packaging materials to realize material recycling. Currently, the team has successfully produced the EVA nanocellulose composite thin film with the wet film method. In the future, production using the mixed refining extraction molding will be attempted to enhance its industrialization value.



High transparency is maintained on the EVA thin film after adding the nano cellulose.



EVA/modified nano celluloses are evenly distributed on the substrate.



No cellulose released from EVA/modified nano cellulose.

3.2 Product quality (GRI 103-1) (GRI 103-2) (GRI 103-3) (SDG-8)

Sustainability Principle: Innovative Technology

Significance and Strategy



Significance to USI

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

Strategy and Approach

Constantly enhance product yield rate and improve service quality.

Commitment

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

Boundary: USI

Achievement and Goal



2019 Goals

1. Customer complaint: <1/month
2. Defect rate of plants I/II: <1.9%/2.5%

2019 Projects

1. Installation of the blower air heater in plant I.
2. Installation of the additive extrusion injection system.
3. Installation of the foreign matter screener in plant II.
4. Introduction of FTIR test to VAM contents in EVA.
5. Establishment of the quality analysis system database.

2019 Achievements

1. 8 confirmed customer complaints in 2019.
2. Defect rate of plants I/II: 1.58%/2.71%

Sustainable Development Milestone



2020 Goals

1. Confirmed customer complaints: Plant I <6 and Plant II <8.
2. Defect rate of plants I/II: <1.8%/2.5%

3-Year Goals

1. Establishment of the new catalyst system to improve HD product quality.
2. Establishment of the filter automatic replacement system to improve HD product quality.

5-Year Goals

1. Development and mass production of HV products.
2. Reduction of annual customer complaints.
3. Reduction of defect rate.

Management



Effectiveness Assessment

1. Target trace at the monthly quality improvement meeting.
2. Review of customer complaints and quality issues at the biannual management review meeting.
3. New product sales condition.

Grievance Mechanism

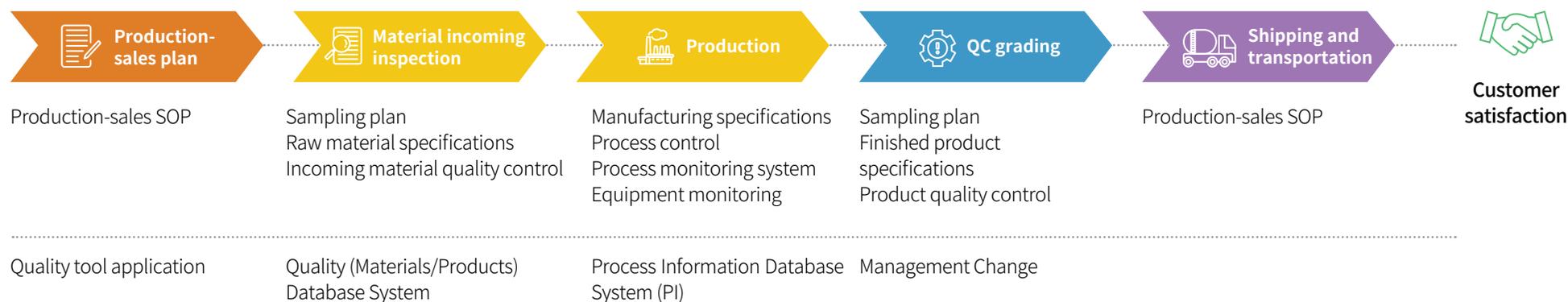
Customers send requests/response by telephone/mail/ internet

Product Quality System

Product quality is the foundation for USI's sustainable development. To provide customers with products and services of excellent quality, USI has established the ISO 9001 QMS. Apart from building stringent management systems in the "production-distribution plan," "materials incoming inspection," "production/manufacture," and "inspection/ judgement," we establish the quality database system and process data database PI system with the information technology. In addition to providing information of real-time monitoring and process parameters to ensure the final quality

of products, these systems help produce statistics, analyze, and trace product quality, process parameters, and materials quality.

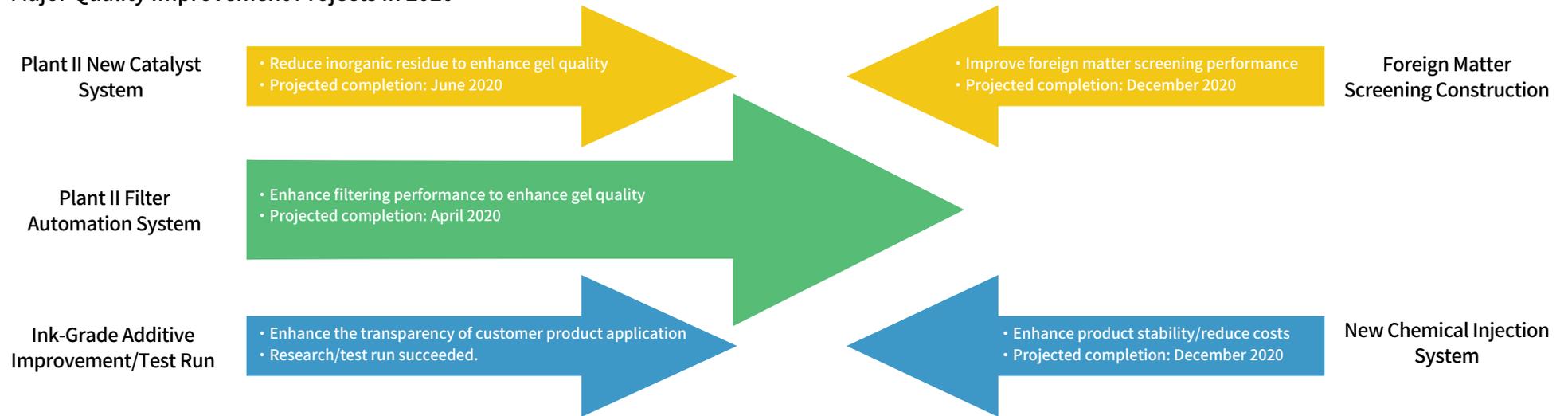
In addition, the computer change management system ensures stringent evaluation and management of process changes to ensure risk-less changes to stabilize process and product quality.



To ensure ongoing "employee quality improvement," "technology advancement," and "TQM approach optimization," we encourage employees of all levels to engage in and propose improvement. We also organize group-wide improvement case presentations to encourage employees to embark on self-growth and plants to learn from one another. In 2019, a total of seven important quality-related improvement projects were implemented.

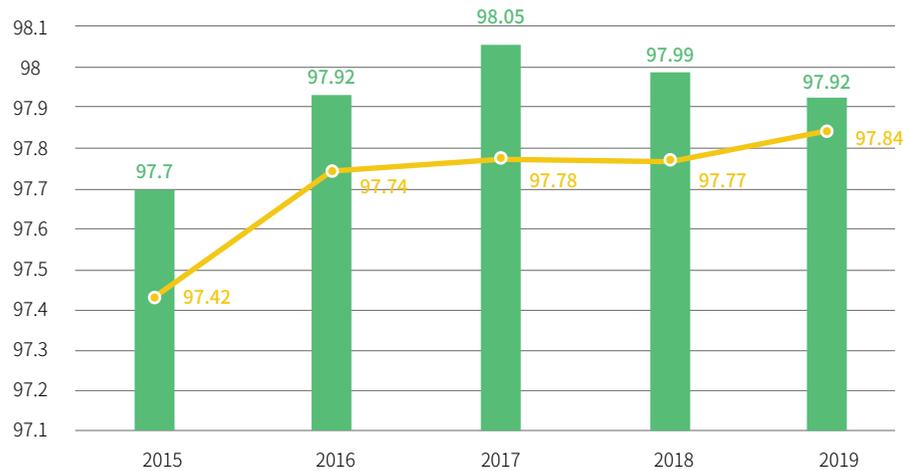
Quality is a persistent process. With continual enhancement of product yield rate and continual reduction of customer complaints as the long-term goals, we have achieved the yield rate goal in recent years. For self-optimization, we raise the yield rate target every year. Through long-term improvement, customer complaints have also reduced continuously.

Major Quality Improvement Projects in 2020

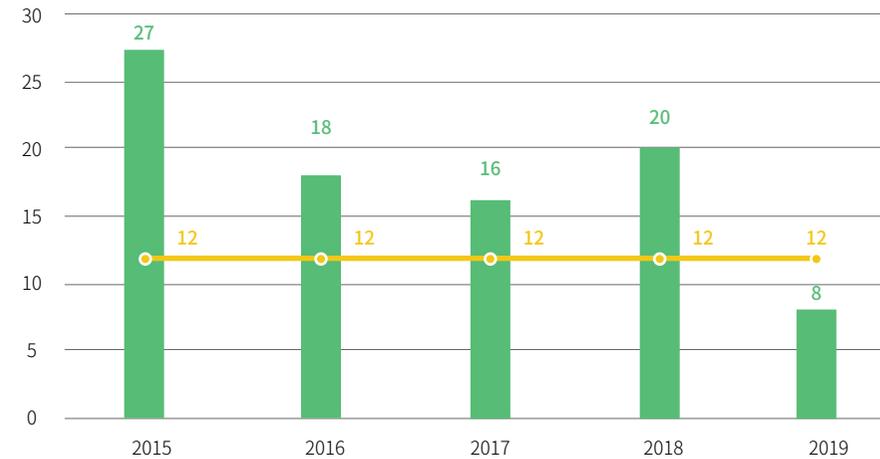


Goals and Achievements

Yield Rate %



Confirmed customer complaints: count/year



Note: The yellow curve shows the yield rate and customer complaints, while the bars show the achievement in the year.

1. USI enhances yield rate every year to persistently enhance product yield rate.
2. Confirmed customer complaints reduce every year.

3.3 Supply Chain Management (GRI 102-9)

As a petrochemical material manufacturer, our major suppliers are raw materials suppliers, equipment suppliers, project suppliers/contractors. 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.

Item	Secondary Materials, Material Equipment and Project Outsourcing	Bulk Materials (ethylene & VAM)
Proportion of purchasing amount	6%	94%

Sustainable Development

Besides requesting suppliers to provide high-quality products and high-efficiency services, we are committed to expand communication channels for suppliers to increase opportunities for exchange, in order to achieve the goals of environmental protection, labor safety, and human rights.

Supply Chain Sustainable Development Policy

Build a sustainable supply chain through closer partnership.
Strengthen industrial safety and environmental protection for fuller environmental protection.
Enhance competitiveness to assume social responsibilities.

Supplier Sustainable Development Strategy and Goals

USI is an indicative enterprise, it is our responsibility to call on suppliers to jointly undertake corporate social responsibility. Therefore, we have established the "Supplier CSR Commitment." In 2019, we set 90% as the target pass rate of supplier/contractor evaluation, and the target was achieved. In the future, we will continue to request suppliers to make commitment for compliance with human rights, HSE, and conflict minerals. The performance of future planning are as follows:



SCM History



Promotion of “Supplier’s Code of Conduct” (Supplier CSR Commitment)

Sustainable development indicators including environment, labor practices, human rights, and social impacts have become the social focus in recent years. Currently, apart from including these sustainable development indicators as part of the criteria for new supplier selection and supplier evaluation, we request new suppliers to sign related undertakings to comply with the following:



Labor and human rights

No forced labor; no child labor; provision of due wages and benefits; guarantee for working hours and breaks; elimination of workplace sexual harassment, bully, and discrimination; and no conflict minerals.



Health and safety

Measures required for occupational safety, emergency response, occupational health, protection against machinery injuries, public health, food and accommodation, and health and safety information.



Environment

Operation permit; pollution prevention and resource conservation; hazardous substances; effluents; non-toxic solid waste; noise; exhaust emissions; product and service limitation; energy/resource consumption; and GHG emissions.



Ethics and integrity

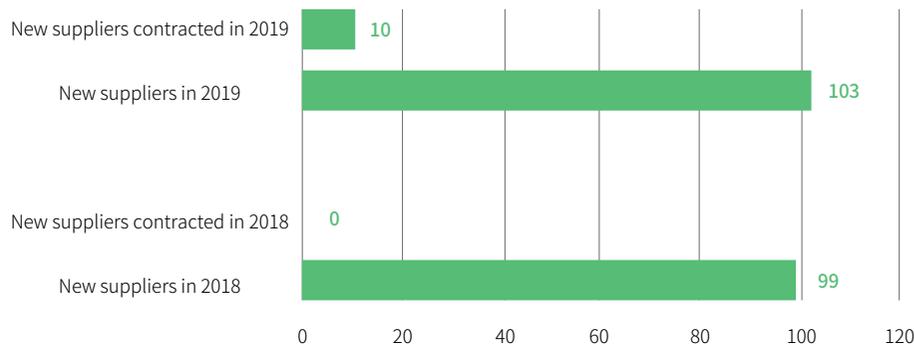
Ethical corporate management; respect for intellectual property rights; abidance by non-disclosure agreements; privacy protection; and avoidance of the conflict of interest.

Apart from requesting existing qualified suppliers to sign and comply with the Commitment, we have started revising some SOPs to include the Commitment as part of a new supplier submittal. Currently, major suppliers of bulk materials and the top five materials suppliers are requested to sign the Commitment. After all suppliers sign the Commitment, unannounced onsite supplier audit for compliance with the Commitment will be implemented from time to time.

2019 new suppliers	103
New suppliers that have signed the undertaking	10
Existing suppliers that have signed the undertaking	6
Investigating suppliers with potential/negative impacts	111

The revision of internal SOPs has not yet been completed. For new suppliers recruited in 2019, we encouraged them to sign the “Supplier CSR Undertaking.” For those that have not signed the Undertaking, we will include the process for them to sign it alongside existing suppliers in the future. All new suppliers recruited in 2018 did not sign the Undertaking. Although the Undertaking was an encouragement in 2019, ten new suppliers recruited in 2019 did sign and returned the Undertaking, accounting for 9.7% of all new suppliers recruited in 2019.

Number of New Suppliers Signing the CSR Commitment in the Last 2 Years



Currently, major feedstock suppliers and contractors Taiwan CPC and Dairen Chemical and partner CTCl have become our sound sustainable developer corporate suppliers. We adopt the “active risk management” policy to investigate suppliers with potential/negative impacts, including irregular visit of THAU BING (<https://thaubing.gcaa.org.tw/>) to check for the offences or news regarding suppliers’ violation of the said terms and assess if such offences or news will bring negative or potential impacts (such as punishment or suspension order of competent authorities). In addition, we will take related risk controls and countermeasures for the potential raw materials supply crisis based on their offences.

Continual 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 our environmental and plant industrial safety policies to contractors and transporters and comply with the EU’s RoHS directive to optimize risk management with contractors and transporters together.

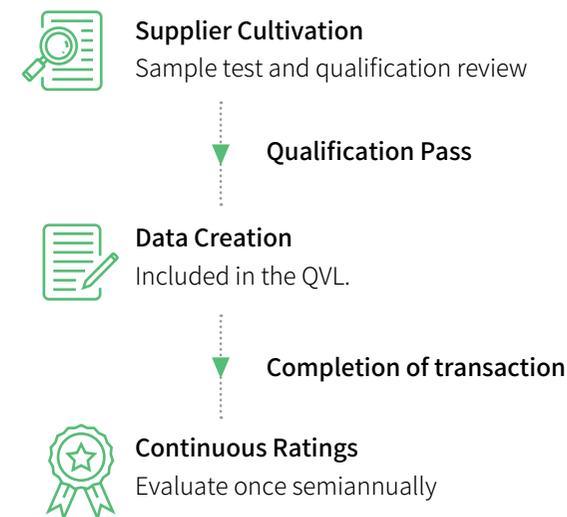
Management of raw materials suppliers:

To encourage suppliers to make continual 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 evaluate suppliers biannually. 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

Establishment of a qualified supplier selection process as follows:



Rating items:

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

Note 1: (E), (S), (G) represent respectively environmental, social, and governance aspects.

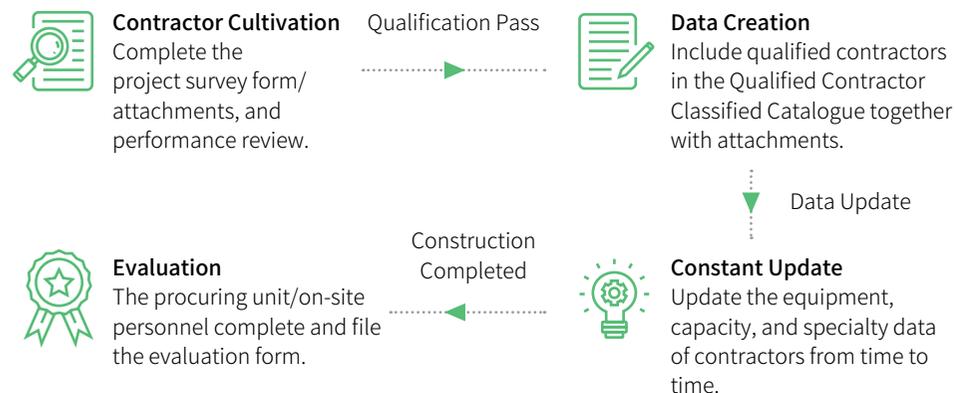
Results of Materials Supplier Evaluation by Kaohsiung Plant in 2017-2019

Year	2017	2018	2019
Suppliers Evaluated	64	71	72
Pass Rate	99.2%	99.49%	100%

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 HSE, occupational safety, human rights and labor practices.

Establishment of a qualified contractor selection process:



Contractor qualification items:

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

Project construction evaluation items:

Construction Quality (G)	Health and Safety Measures (E)	Coordination Performance (G)	Site Manager (S)	Environment Maintenance (E)	Construction Progress (G)
40%	20%	10%	10%	10%	10%

Note 1: The pass mark is 50 points. We will stop enquiries from contractors with a score of 30-49 points for one or two years and disqualify contractors with a score below 30 points.

Note 2: In construction evaluation, the supervisor and industrial safety unit will record the construction defects. The outsourcing unit will consolidate such defects and inform contractors of the score and defects, and request it to make improvements.

Note 3: (E), (S), (G) represent respectively environmental, social, and governance aspects.

Results of Contractor Evaluation by Kaohsiung Plant in 2017-2019

Year	2017	2018	2019
Suppliers Evaluated	171	129	111
Pass Rate	100%	100%	100%

Risk Management

The procurement of plasticizing materials (ethylene and VAM) is the highest every year. The 2019 procurement of such materials commanded at 94% of the total. While ethylene and VAM are the major raw materials of USI products, we are committed to establishing unfettered communication channels with suppliers to prevent supply chain risk. We also progressively develop co-development capacity, risk assessment mechanisms, and preventive and response measures with suppliers to grow with them together. Plans implemented are as follows:



Risk Prevention

- Establish long-term cooperation or contracts with suppliers; cultivate a second source or multiple sources to secure long-term material preparation.
- Develop an internal safety stock mechanism and set a purchase base point according to the supply schedule to prevent the risk of supply disruption.
- Purchasers implement education/training for the sustainable supply chain.
- HSE education/training for contractors.



Impact Response

- Adjust the supply proportion of suppliers, timely supplement or dispatch from other suppliers.
- For construction projects, the industrial safety unit immediately investigates personnel safety, equipment damage, and environmental impact. After consolidation, the industrial safety unit will hand over the results to related units to understand the response to the situations.



Future Planning

An assessment mechanism will be established based on the purchasing amount, project outsourcing amount, or project importance, and the onsite audit results of the said sustainable development strategy.

To secure the sustainable supply of material sources and stimulate market circulation, we actively cultivate new material sources and increase bulk material suppliers to 12 companies, including 3 domestic suppliers and 9 foreign suppliers.

Locations/Materials	2019/Ethylene	2019/VAM
Taiwan	88%	87%
Foreign	12%	13%
Source	Totaling 6 suppliers	Totaling 6 suppliers

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

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

Year	2018	2019
Taiwan	25.3%	22.3%
Foreign	74.7%	77.7%

Support for local procurement

Taiwan is our operational and production base. When the procurement conditions are similar, we prioritize procurement from local suppliers in order to achieve the following goals:

- ✓ Establish long-term, sustainable cooperation
- ✓ Promote local economic development
- ✓ Increase job opportunities
- ✓ Reduce transportation processes

In 2019, we increased the local procurement of secondary materials by about 3% YoY compared to 2018.

Energy-efficient and eco-friendly equipment

In addition to continuously promoting environmental protection and energy conservation policies, we have been encouraging all units to use energy-efficient and eco-friendly materials in recent years. These materials include energy-efficient devices (e.g., high-performance IE3 motors) and ecolabel products (e.g. LED tubes and energy-efficient IT equipment).

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



2019 Green Purchase Amounts



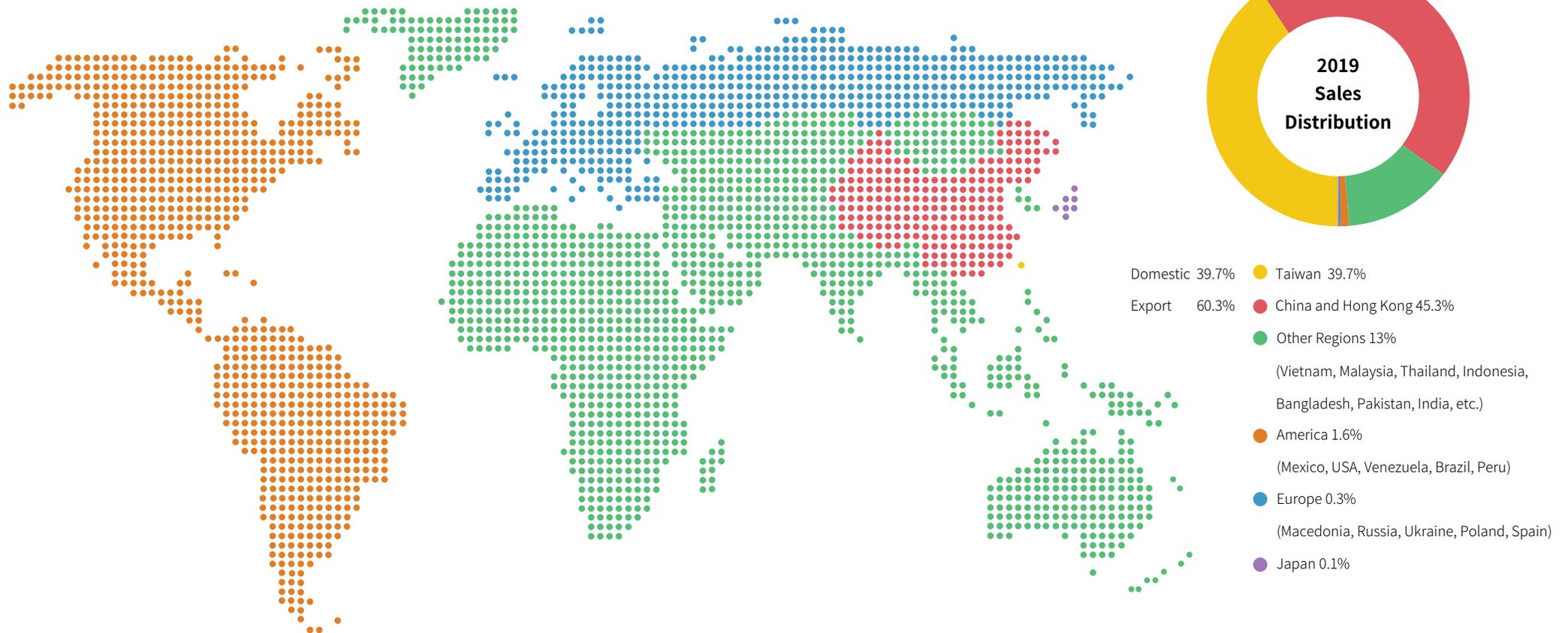
(expressed in NTD)

Item	Description	Amount
1	Compressed Concrete Paving Units	92,800
2	LED Bulbs	22,580
3	High-performance anti-explosion motor (608HP)	4,864,000
4	High-performance anti-explosion motor (50HP)	108,500
5	High-performance anti-explosion motor (25HP)	96,600
6	High-performance anti-explosion motor (7.5HP)	21,300
7	THRS Fares	1,463,970
8	Office Supplies	467,005
	Grand Total	7,136,755

Note: Statistics were produced with respect to EPA's "Private Enterprises and Groups Green Purchase Declaration" entries and motors comply with the international energy efficiency standard IE2 or IE3.

3.4 Sales and Customer Service (GRI 102-2) (GRI 102-6)

USI products are distributed mainly to a total of 275 customers in Europe and Asia. Products exported by ranking are EVA, HDPE, LDPE and LLDPE. The chart below shows the sales distributions and market distributions of USI products in 2019. All were calculated by sales volume.



Sales Services



Technical Support

- Establishing the “Customer After Sales Technical Service Policy”
- In the “Product” section of our corporate website, we provide complete information regarding the specifications, properties, functions, application manual, and safety data sheet (SDS) of our current and new products
- Setting up an enquiry hotline
- In 2019 no nonconformity with regulations or fine in relation to product labeling was reported (GRI 419-1)
- Providing customers with a small quantity of samples for test runs and continuous technical support



Product Responsibility

- All USI products comply with the Restrictions on Hazardous Substances (RoHS)
- Provision of quality inspection reports as requested by customers



Customer Privacy

- To ensure the security and 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 2019 no damage or leakage of customer privacy was reported.



Customer Complaints

- Establishing the “Customer Complaint Handling Procedure” to process all customer complaints about products.
- Customer complaints processing procedures



- 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

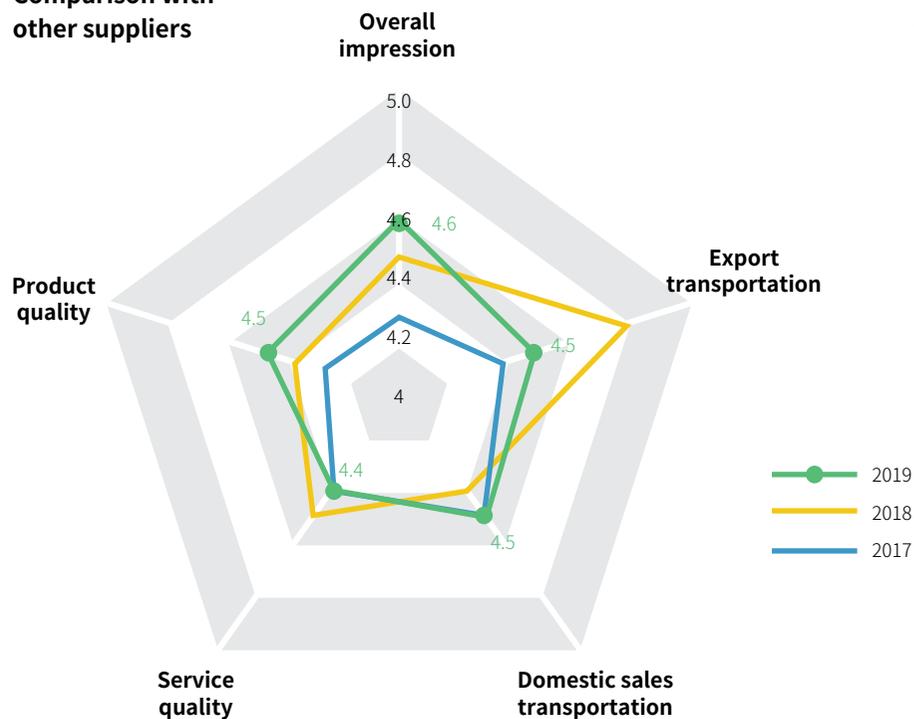
Survey Frequency A customer satisfaction survey is conducted semi-annually.

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.

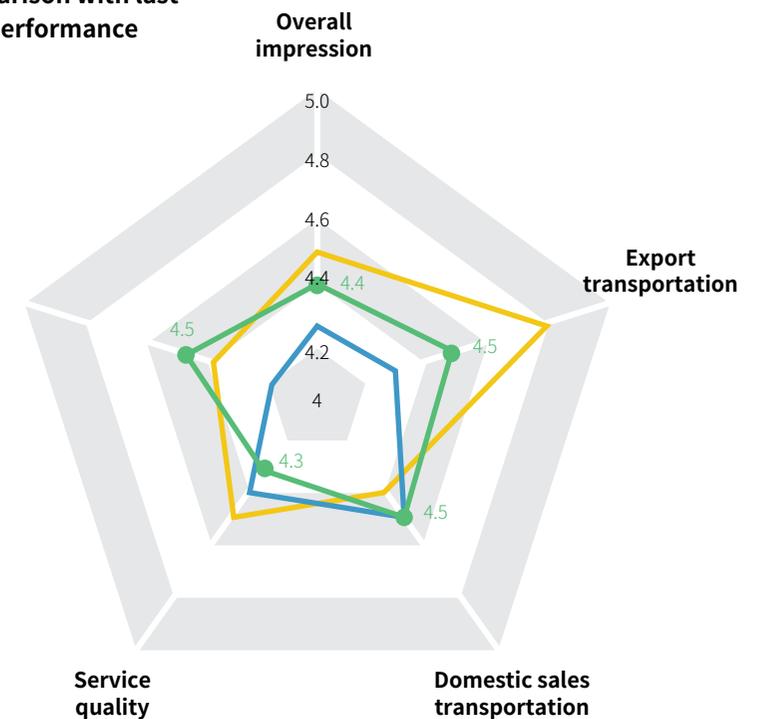
Contents and Results

In 2019, all aspects were above the “satisfied” level, and up to 98% of investigation feedback for investigations in the year was either “highly satisfied” or “satisfied,” achieving the 2019 target $\geq 90\%$. 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



Comparison with last year performance



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

04

Environmental Protection and Resources Management



Material topics in this chapter

1. Air Pollution Control
2. Waste Management
3. Climate Change and Energy Management

Performance Highlights

Environmental Expenditure: approx. 92.07 million
Electricity 1.33% less; Energy 1.09% less
Carbon 1.23% less; Water 1.95% less



4.1 Environmental Management System

It has been over two decades since we established the ISO 14001 environmental management system (EMS) in 1998. EMS provides USI with a good environmental protection framework for controlling and reducing environmental impacts, preventing accidents from impacting the environment, and ensuring legal compliance. Following international trends, we have integrated the EMS and the health and safety system to draw up an HSE (health, safety, and environmental protection) policy and the “five zero goal.”



Upholding the business philosophy of Chairman Wu, we optimize HSE to protect the health and safety of employees and maintain the environment and ecosystem. This is our wish and the responsibility of every employee. To fulfill CSR with due diligence and support clean production and environmental protection, Kaohsiung Plant will make continual improvement of the workplace environment, operation safety, process waste reduction, energy conservation, and carbon reduction, in order to achieve the “five zero goal: zero pollution, zero emission, zero accident, zero occupational hazard, and zero failure.”

Environmental objectives and management programs

2019 Environmental Protection Targets and Management Programs

Policy	Goals	Program	Effectiveness
Zero emission	Measured leakage rate <0.7%	Equipment/Component VOCs Effusion Reduction	2019 measured VOCs leakage rate 0.05% Enhance self-management and education/training of equipment/components; periodically check and review inspection and repair progress; and increase the test frequency of leakage-prone equipment/components.
	VOCs damage removal rate 99%	TO Construction as RTO Standby System	1. Apart from acting as the standby regenerative thermal oxidizer (RTO) system, the TO is used to remove high-intensity VOCs in-house up to 99% 2. TO installation was completed in 2019. Piping and commissioning will be implemented in 2020. In 2019, a total of 3,355,494kWh (target 4,461,963kWh) were saved, reducing GHG up to 1,788 tCO ₂ e
	GHG reduction 2,378 tCO ₂ e	Plant Electricity Conservation	In 2019, a total of 3,355,494kWh (target 4,461,963kWh) were saved, reducing GHG up to 1,788 tCO ₂ e
	Reduce water discharge by 5,280 tons	Effluent Reclamation	In 2019, a total of 5,969 tons of water was reclaimed from the effluent reclamation system.
Zero Pollution	Improve effluent water quality to 60% effluent standard (COD<60 mg/L)	Effluent Quality Control Enhancement	In 2019, effluent COD was 27.4 mg/L in the first half of the year and 45.3 mg/L in the second half of the year
	Reduce waste by 70%	Waste Recycling	Wax recycling was experimented. The preliminary results are: wax recycling rate at 83% and residual VAM processing efficiency over 90%



Environmental Expenditures

Our environmental management costs include the cost for environmental management activities, environmental-protection-related personnel expenses, and equipment maintenance cost. In 2019, the total amount of environmental expenditures increased by 22.8% from 2018 to about NT\$92.07 million.



Environmental Expenses of Kaohsiung Plant in the Past 3 Year



— Cost for environmental management activities (note 1)

— Environmental-protection-related personnel expenses (note 2)

— Equipment maintenance cost (note 3)

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

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

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

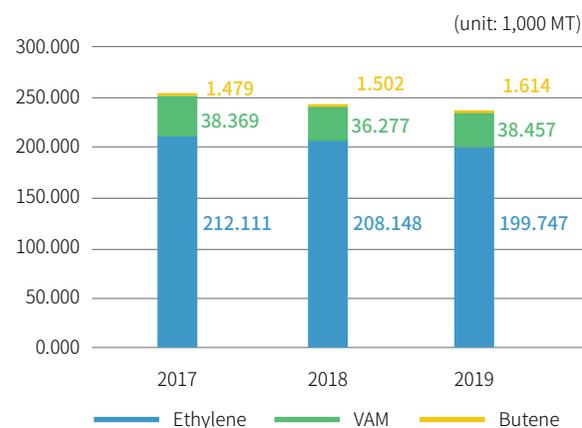
4.2 Resources Management

Raw material management

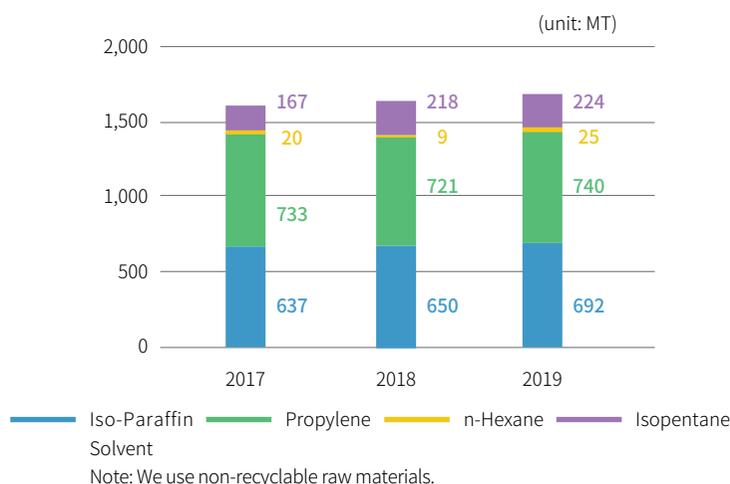
Major Raw Materials

Our main products are: LDPE, EVA, HDPE, and LLDPE. Major raw materials include ethylene, VAM, and butene. Major secondary materials include Iso-Paraffin Solvent, propylene, n-Hexane, and isopentane. Raw materials are only used by Kaohsiung Plant, with a coverage rate of 100%.

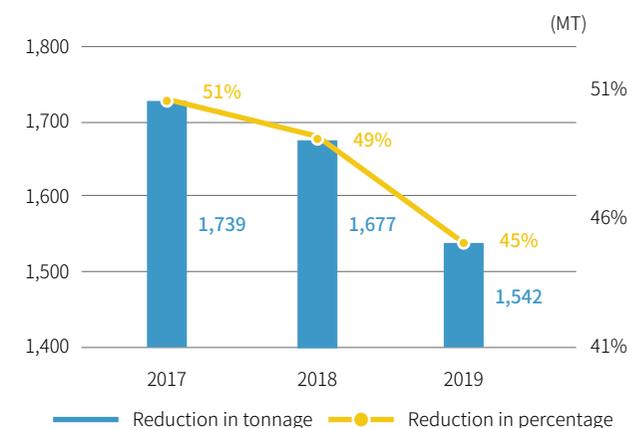
Consumption of Major Raw Materials in the Past 3 Years



Consumption of Bulk Secondary Materials in the Past 3 Years



Reduction of Butene, n-Hexane and Isopentane Consumption in the Past 3 Years than in 2013



We are committed to enhancing the efficiency of process material reclamation to minimize VOCs emissions, reducing material consumption, and lowering manufacturing costs. We make continual improvement and review over the years to enhance the recycling efficiency of raw materials.

2013

Improve the pressured recycling system of plant II

Significant effect in recycling butene, n-hexane and isopentane

2015

Install the monomer refine tower (MRT)

EVA containing high EV is the major product to meet the market demand

2016

Combine the new and existing tower for use

● Achievement in raw materials recycling

● Future planning for raw materials recycling

2019

Research Task Force Formation

Feasibility assessment of the enhancement of raw material recycling and reusability

2018

Material Consumption Inventory

- Due to the conversion rate, the EVA process cannot change raw materials into products in one time
- As some VAM monomers will automatically polymerize into unqualified products during recycling, it is necessary to discharge them from the system, causing raw material dissipation and waste

Long-time negative impacts of operating costs and the environment

2017

Equip the front-end condenser at the ethylene purification tower (EPT)

Prevent VAM from congealing and recycle and purify VAM for reuse to save raw material consumption

2020

Substantial R&D Outsourcing

2021

Collection and Expansion of Effectiveness Assessment Information

2022

Investment After Internal Discussion and Verification

Looking for improvements to enhance the VAM monomer recycling rate

Water Resources Management and Effluent Management

Water Resources Management

The circular economy is an industrial system designed for recovery and regeneration to replace “end of life” with “recovery,” in order to turn waste into resources and thereby achieve waste reduction. By constantly implementing the circular economy, we implement water conservation and drainage reduction through improvement programs to reclaim and recycle valuable water resources for reuse and set the annual water conservation target at “1%.” The actual conservation is 1.95% in 2019. The boundary of water resources and effluent management is the Kaohsiung Plant, with data coverage of 100%.

Based on the data of the Southern Region Water Resources Office, WRA, MOEA, the daily industrial water demand in Kaohsiung area is about 300 ML, daily domestic water demand is about 1,250 ML, the daily average and annual average water withdrawal of the Gaoping River Dike is about 1,000-1,100 ML and over 300,000 ML. The Pingding Water Treatment Plant and Chengcing Lake Water Treat Plant are the two main water sources of Kaohsiung Plant. The 2019 total water withdrawal was 1,034.216 ML, accounting for 0.9% of the local industrial water supply, with an increase of about 27 ML from 2018 due to the commissioning of the new CBC plant and adjustment of product customization in 2019, the amount of water withdrawal has increased.



Water Reclamation

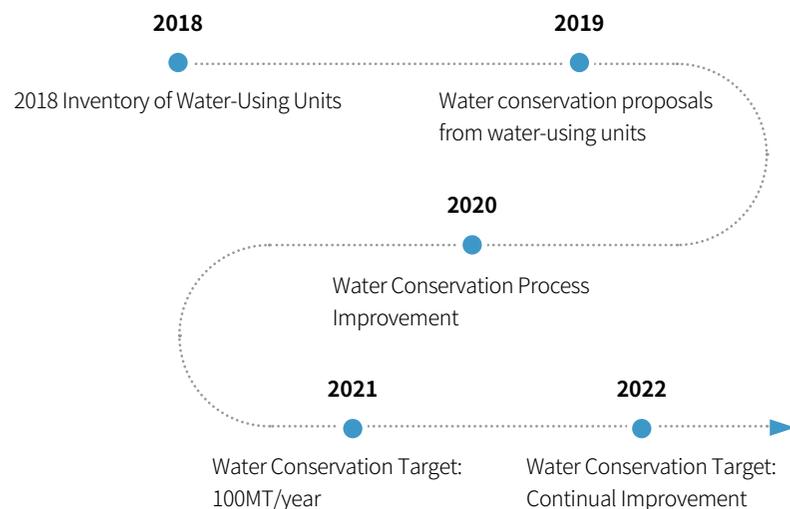
Based on the concept of circular economy, Kaohsiung Plant is focusing on water recycling through the following programs:

Program	Effectiveness
Enhancing the recycling rate of water resources	<p>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.</p> <p>Calculation: The project was completed in 2016. After field tests, we found that the reclamation volume is 6t/hour. Based on 330 days a year, the annual reclamation volume is 47,520 MT.</p>
Recycling spillage water reclaimed from pellet cutting	<p>Spillage water reclaimed from pellet 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.</p> <p>Calculation: The project was completed in 2016. After field tests, we found that the reclamation volume of the system is 14t/ batch. Based on six batches a day and 330 days a year, the annual reclamation volume is 27,720 MT.</p>
Continuous monitoring and reclamation of effluents	<p>Continuous monitoring of the in-house effluent quality to enhance effluent treatment and response capacity and ensure that effluents comply with the discharge standards. After reclaiming by the system, effluents are treated before being transported to the cooling tower for re-use to reduce tap water consumption and process effluents.</p>
Detention basin and storm water reclamation channel	<p>Pipelines will be installed from the existing detention basin and storm water reclamation channel to the cooling tower. After filtering by the storm water separator next to the cooling tower, storm water will be re-used by the cooling tower. The water reclamation in 2019 is about 13,623 MT.</p> <p>Calculation: The project was completed in 2017 and started operation in 2018. The plant catchment area is 3,500m², the tank site dike area is 3,300m², Kaohsiung's annual rainfall in 2019 was 2,226mm. Based on a reclamation rate of 90%, the estimated water reclamation is about 13,623 MT/year.</p>

Note: The estimated volume of reclaimed and recycled water in 2019 was 94,832 MT; the total water intake was 1,034,216 MT; the volume of reclaimed and recycled water was 9.2% of the total water intake.

We keep track of future water shortages and endeavor to reduce water consumption or enhance water reclamation efficiency in response. In 2019, we reviewed the water consumption of each water-using unit and investigated the water consumption balance across the plant. Based on the water consumption proposed by each unit, we plan

to improve the back-pressure problem of steam condensate reclamation in the EVA process in 2020. In addition, as spillage water from pellet cutting causes water wastage, we will assess the reclamation of spillage water from pellet cutting to the cooling water tower, hoping to reduce effluent drainage by 100 MT/year at the end of 2021.



Effluents Management

Wastewater from the plant is the main source of effluents from USI. According to KSEPB's effluent runoff discharge permit, effluents that cannot be re-used after treatment and comply with the environmental protection laws and regulations can be discharged to the surface water body—Houjing River. The 2019 discharge increased to 299.369 ML due to the commissioning of the new CBC plant and adjustment of product customization.

Wastewater discharge from the plant includes process wastewater and domestic wastewater from employees. Wastewater is transported to the water treatment plant for treatment via wastewater pipelines. The wastewater treatment system includes the pre-treatment and primary (physical) treatment. Through trash screening, oil removal, sedimentation, and chemical treatment, and the sludge treatment unit for wastewater solid-liquid separation, effluents meet the drainage quality before discharge. In addition, to reduce the environmental impacts of effluents and implement water recycling, apart from following the environmental protection laws and regulations, we purchased the dissolved air flotation system and fiber filtration system in 2018 to enhance wastewater treatment capacity, improve effluent water quality, reduce wastewater discharge, and increase water recycling volume.

Due to an in-house anomaly, the pH value and COD value of effluents exceeded the legal standard for one time in 2019. Therefore, we reviewed the emergency response

to anomalies to prevent effluents from contaminating the environment. We enhance the source management of process wastewater. When an anomaly is detected, apart from blocking it from the source, we tighten effluent water quality monitoring and self-management through examinations and analyses, increase the frequency of pH and COD tests, calibrate related instruments regularly, and capture the wastewater treatment capacity in real time. We also examine the functions of wastewater treatment units and will improve equipment in 2020 to enhance wastewater treatment capacity. We also implement process source monitoring and implement effective blockage and control in abnormal leakage to reduce system loading and the environmental impacts of effluents.

Water Quality Monitoring Management

Every half year, we hire environmental analysis organizations approved by the Environmental Analysis Laboratory (EAL) to examine water quality of effluents from our plants, including NH₄ required for total volume control. Every year, effluent test items required for reporting are well-followed the effluent standard. According to the "Effluent Standard" announced by the KSEPB on April 29, 2019, the effluent control items of petrochemical industry effluents include the 7 items for general water quality and 15 items for special water quality, totaling 22 items. We have thus increased the examination items accordingly. Except for the chloroform at 0.3mg/L, lower than the standard (0.6mg/L), all other items are not detected (ND). In addition, after discharging effluents to the Houjing River in Kaohsiung, a NH₄ total volume control area, the NH₄ detection limit is below the regulatory requirements over the year. The 2019 NH₄ value is far below the effluent standard, with the lowest detected at below 5%.

Results of 2019 Water Quality Examination

Water Quality Indicator	First Half of 2019	Second Half of 2019	Effluent Standard (Petrochemical Industry)
SS (mg/L)	9.2	24.8	30.0
Grease (mg/L)	9.6	8.3	10.0
COD (mg/L)	27.4	45.3	100.0
NH ₄ (mg/L)	0.14	0.88	20.0

4.3 Climate Change and Energy Management (GRI 103-1) (GRI 103-2) (GRI 103-3) (SDG 7) (SDG 13)

Sustainability Principle: Sustainable Development

Significance and Strategy



Significance to USI

Drawing up of related energy conservation and emissions reduction measures, enhancing climate change responsiveness, reducing GHG emissions, lower operating cost, raise process efficiency, and enhance competitiveness.

Strategy and Approach

Reduce unit product energy consumption and GHG emissions

Commitment

Annual electricity conservation >1%
Boundary: USI

Achievement and Goal



2019 Goals

1. Implement GHG inventory.
2. 1% electricity less, 1.2% energy less, and 1.5% carbon less.
3. Implement the energy management system.
4. Implement the energy conservation and carbon reduction project.

2019 Projects

Implemented 7 energy conservation projects.

2019 Achievements

Implemented 7 energy conservation projects, saved electricity by 1.33%.

Sustainable Development Milestone



2020 Goals

Implement 9 energy conservation and carbon reduction projects to reduce electricity by 1.04%

3-Year Goals

Implement automation (Industry 4.0) and AI

5-Year Goals

Green energy development.
Annual average energy conservation of 1.2% in 2020-2025

Management



Effectiveness Assessment

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

Grievance Mechanism

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

Key Programs of this Chapter

1. TCFD climate change risks and opportunities.
2. Water and AI water information early warning management system.

Management Performance

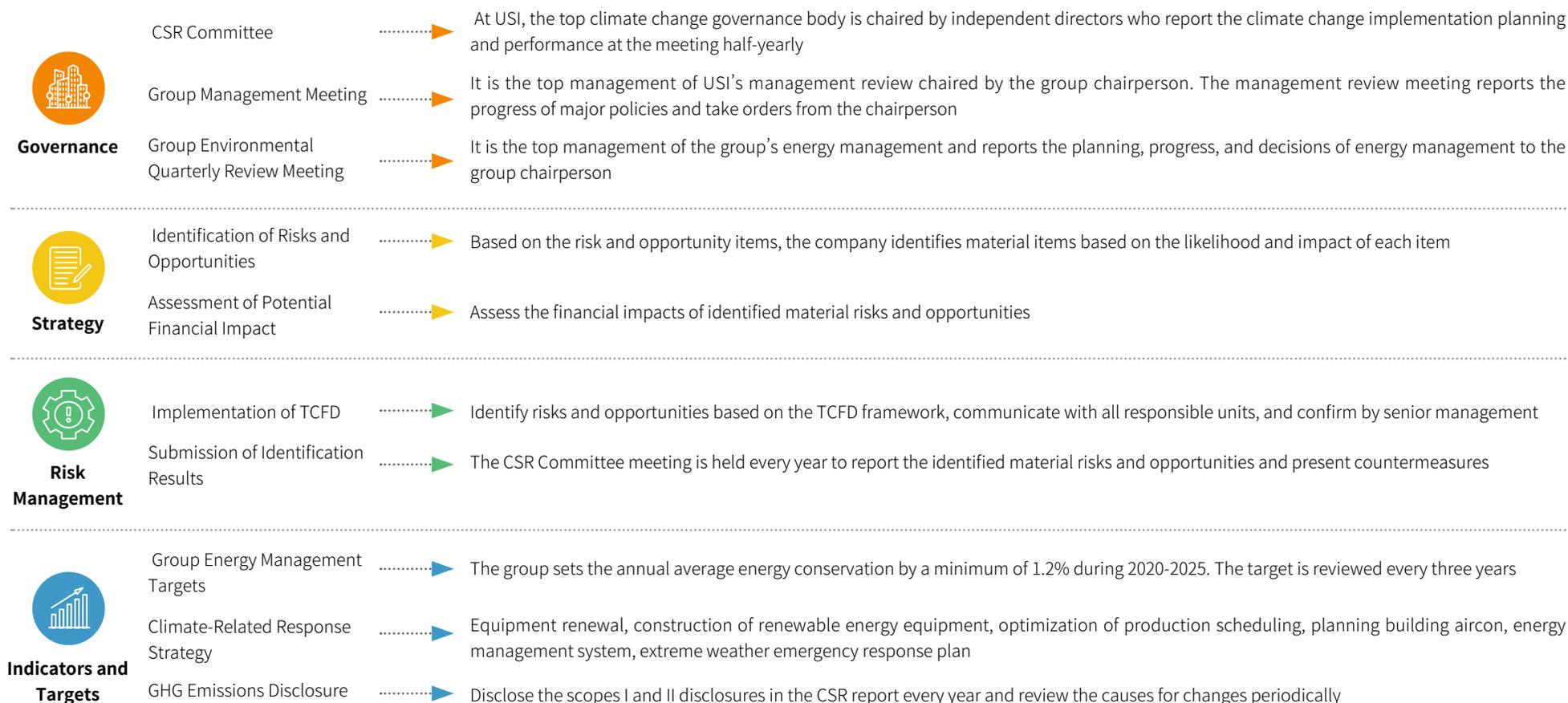
Climate Change

Key Program I TCFD climate change risks and opportunities.

Believing that the occurrence and increase in extreme weathers as a result of climate change will bring significant impacts to operations, apart from active mitigation of GHGs produced from production through proactive energy conservation and carbon reduction in recent years, we progressively engage in renewable energy development

in response to the government policy. In 2016, we voluntarily set the group's energy management objectives, hoping to make contributions within the controllable range. To adapt to the impacts from climate change, we adopted in 2019 the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) to identify the risks and opportunities from climate change and assess the potential financial impacts in order to establish countermeasures based on the identification results.

USI TCFD Framework

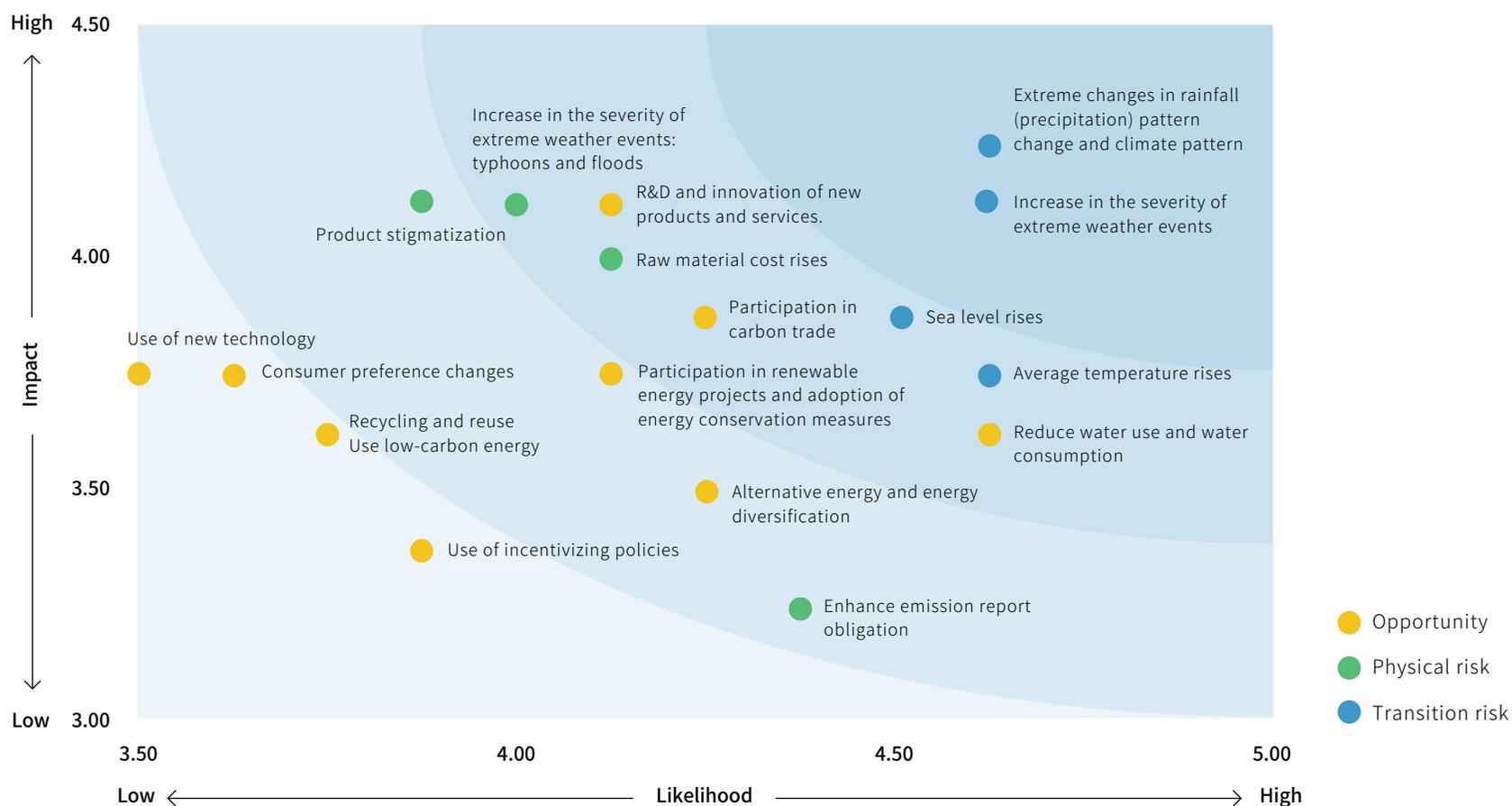


Identification of Climate-Related Risks and Opportunities

The impact of climate change on USI's operations has been increasing. To carefully tackle potential risks and capture potential new business opportunities, we have spared no efforts in implementing programs to enhance energy conservation and carbon reduction, improving production efficiency, and replacing old equipment with high-

efficiency equipment. This year, we adopted the TCFD method to identify the transition risk and physical risk in business transformation and the emerging opportunities from climate change. As a result, we identified 8 major risks and 10 major opportunities. In the future, we will review the countermeasures every year and develop a resilient climate change culture.

Map of Climate-Related Risks and Opportunities



Potential Financial Impact of Risks and Opportunities

Type	Climate Related Risk	Potential Financial Risk			
Transition	Enhance GHG Emission Pricing	Operating Cost	↑	Capital Expenditure	↑
	Raw material cost rises	Operating Cost	↑	Capital Expenditure	↑
	Product Stigmatization	Product Value	↓	Revenue	↓
	Enhance emission report obligation	Capital Expenditure	↑	Product Value	↓
Physical	Extreme changes in rainfall pattern change and climate pattern	Operating Cost	↑	Capital Expenditure	↑
	Increase in the severity of extreme weather events: typhoons and floods	Operating Cost	↑	Capital Expenditure	↑
	Sea level rises	Operating Cost	↑	Capital Expenditure	↑
	Average temperature rises	Operating Cost	↑	Capital Expenditure	↑



Type	Climate Related Opportunity	Potential Financial Risk			
Resource Efficiency	Reduce water use and water consumption	Operating Cost	↓		
	Recycling and reuse	Operating Cost	↓	Product Value	↑ Revenue ↑
Energy source	Participation in carbon trade	Product Value	↑	Product Value	↑
	Use low-carbon energy	Product Value	↑	Product Value	
	Use of new technology	Product Value	↑	Product Value	↑
	Use of incentivizing policies	Capital Expenditure	↓	Capital Expenditure	
Products and Services	R&D and innovation of new products and services.	Capital Expenditure	↓	Capital Expenditure	↑ Revenue ↑
	Consumer preference changes	Revenue	↑		
Resilience	Participation in renewable energy projects and adoption of energy conservation measures	Product Value	↑	Revenue	↑
	Alternative energy and energy diversification	Product Value	↑		

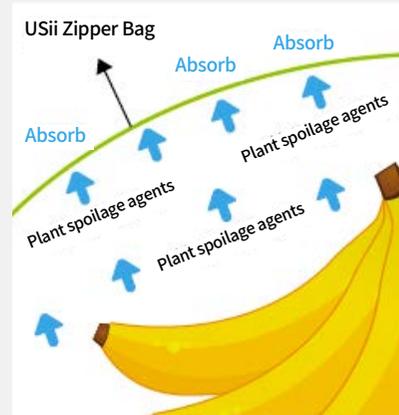
Countermeasures
<ul style="list-style-type: none"> • Enhance energy efficiency • Implement energy conservation measures • Recycle water for reuse • Recycle waste wax • Purchase Green Mark equipment • Search for and invest in feasible carbon reduction solutions • Search for green energy sources and assess the feasibility of alternative energy • Constantly enhance process carbon efficiency • Constantly monitoring and management and establish a baseline for continual development • Constantly trace and communicate the trends and targets of legal requirements. • Develop green products or enhance green energy utilization.

Companies within the group constantly invest in innovative materials and products to reduce the impact from climate change

USii Zipper Bag



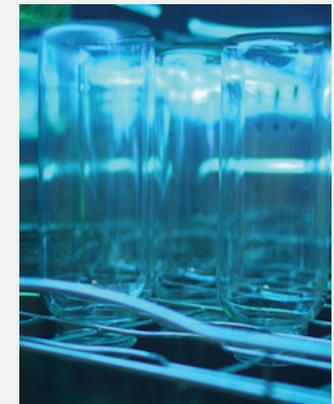
According to the FAO statistics, up to 45% of fruit and vegetables are soiled or spent during their life-span. We develop a technology to keep fruit and vegetables fresh by absorbing their spoilage agents to extend their life-span and thereby reduce food wastage. In addition, the reusable PE bag can indirectly reduce resource wastage.



ViviOn CBC



In recent years, the government has been promoting the ban of single-use plastic products. We thus actively develop reusable, sterile, and lightweight materials to reduce the environmental impacts of plastic products. The new cyclic block copolymer (CBC) is characterized by its ultra-cleanliness and ultrahigh transparency. Its excellent UVC penetration and resistance extend product life-span and make disinfection more convenient. Apart from reducing environmental impacts, CBC helps promote health.



Enhance disinfection effectiveness

UVC source:
Philips TUV 8W T5
(wavelength 253.7nm)
Radiation distance
1.6 cm, plastic board
thickness: 1 mm,
Microorganism: E. Coli

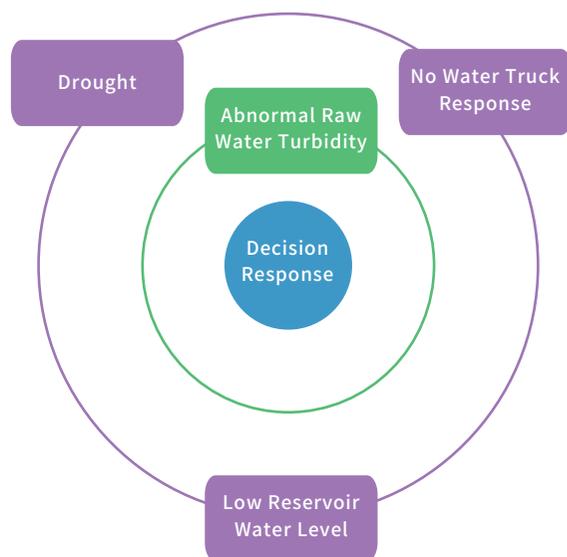
UVC disinfection time	Microorganism population (CFU/mL)	
	ViviOn™(UV Grade)	PP
0 s	4.17 × 10 ⁵	4.17 × 10 ⁵
3 s	<10	6.25 × 10 ³

Compared to other plastics, ViviOn™ containers with high UVC penetration can enhance the effectiveness of UVC disinfection.

Key Program II: Water Resources and AI Water Information Early Warning System

Every year we plan budgets to implement various programs to mitigate impacts from climate change. For example, we 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 interruption due to floods. In 2016, we began to implement rainwater harvest and process water reclamation.

As water is indispensable to all manufacturing industries and the petrochemical industry, facing the annually intensifying abnormal weathers and climate-related risk due to climate change, we have recognized how water will affect USI's business operations in Taiwan characterized by the island climate. Therefore, apart from reviewing our own water management, we began to plan an AI system that can give us advice in plant operations against weather-related impacts, such as water shortages, high water turbidity, floods, and reservoir water levels after computation, in order to reduce climate-related impacts.



Energy Management (GRI 302-3)

USIG Energy Management Targets

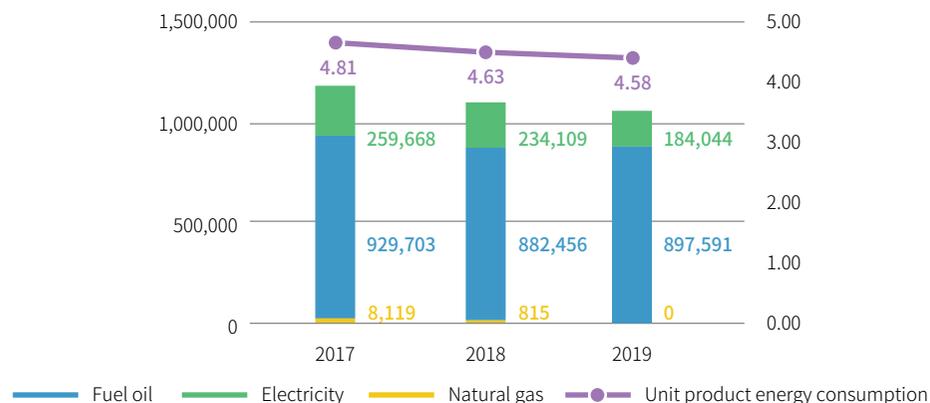
In 2016, we voluntarily set the energy management objectives. In 2019, we consolidated

the performance in energy conservation and carbon emission during 2015-2018 to revise the group's energy management objectives. Based on Taiwan's energy development policy and the science-based target (SBT) to limit global temperature rise within 2° C, we set the annual energy conservation target at 1.2% for 2020-2025 or 7.2% in 6 years. All companies within the group are requested to comply with this target and plan related action plans in response. For effective energy management and continual improvement, we have implemented the ISO 50001 Energy Management System (EnMS). By 2019, four USIG plants have passed EnMS certification. In 2020, four more plants will complete its implementation. By actively implementing energy conservation and carbon reduction, we hope to exert our influence and thereby reduce environmental impact. In 2019, we were awarded the "Excellent Performance" trophy for the energy conservation implementation team in 2016-2018.



Based on the resources integration approach, USIG holds the "resource integration meeting" and "technology exchange meeting every year for plants to share resources and exchange technologies to improve performance in energy conservation and carbon reduction. In June and December 2019, the group held cross-plant technology seminars chaired by Chairman Wu, with the president of each affiliate as the instructor for outperforming units of each plant to share their excellent performance for others to model and enhancing the group's overall energy management.

Energy Consumption and Unit Product Energy Consumption in the Past 3 Years



Note 1: As the consumption of diesel, LPG, and natural gas is far lower than that of electricity and fuel oil, it cannot be shown in the chart. Please refer to the table below for details.

Note 2: Energy consumption unit: GJ; unit product energy consumption unit: GJ/m.t.

Note 3: See the remarks in the table below for the calculation bases. (GRI 102-48)

Energy Consumption and Unit Product Energy Consumption in the Past 3 Years (GRI 302-1)

Energy Type	Unit	2017	2018	2019
Fuel oil	GJ	8,119	815	0
Electricity	GJ	929,703	882,456	897,591
Natural gas	GJ	259,668	234,109	184,044
Diesel	GJ	376	584	458
Total consumption	GJ	1,197,867	1,117,964	1,082,093
Production	MT	249,086	241,699	236,410
Unit product energy consumption	GJ/MT	4.81	4.63	4.58

Note 1: Referring to the Energy Heating Value Per Unit Product Table announced by the Bureau of Energy, Ministry of Economic Affairs, the conversion factor of energy consumption of fuel oil, electricity, LPG, LNG, and diesel is as follows: 9,600 kcal/L, 860 kcal/kWh, 9,000kcal/m³, and 8,400 kcal/L; where 1 cal = 4.187 kJ. (GRI 102-48)

Note 2: Sources of LNG and electricity consumption: fuel bill statistics. (GRI 102-48)

Note 3: Source of diesel consumption: Material collection forms.

Note 4: Only non-renewable energy is used.

Note 5: Energy consumption for CBC plant commissioning was excluded. (GRI 102-48)

Note 6: Energy data coverage rate: 100%.

GHG Management (GRI 305-1) (GRI 305-2)

Through related energy conservation and carbon reduction measures, electricity consumption reduced by 3,355,494 kWh cumulatively in 2019, equivalent to 1,788 tCO₂e.

The 2019 GHG emissions were slightly reduced over 2018, due to customization adjustment in response to the customer's demand, carbon emission per MT increased slightly. We will make ceaseless efforts to achieve win-win for environmental protection and profit.

GHG Emissions in the Past 3 Years



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

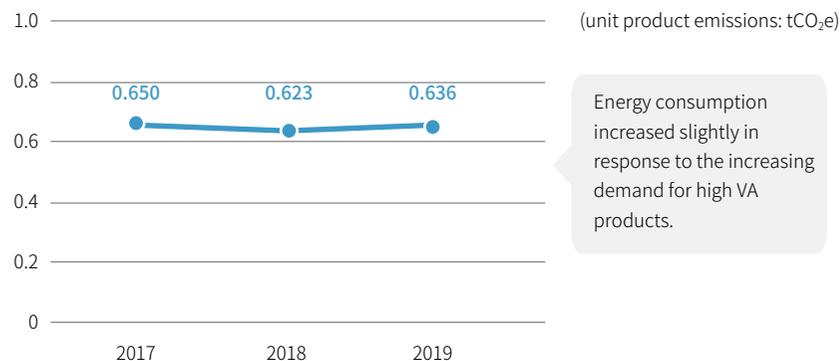
Note 2: Scope 2 refers to indirect GHG emissions from indirect sources, such as purchased electricity.

Note 3: The electricity emission coefficient is subject to the electricity emission coefficient of the utility electricity business: 0.554 kgCO₂e/kWh for 2017 and 0.533 kgCO₂e/kWh for 2018-2019. (GRI 102-48)

Note 4: Energy consumption for CBC plant commissioning was excluded. (GRI 102-48)

Note 5: Data of 2017 and 2018 was reviewed by Deloitte Taiwan. The review for ISO 14064 certification is planned in 2020.

GHG Emission in the Past 3 Years



Energy conservation and carbon emissions targets and performance

The 2019 targets and performance for energy conservation and carbon emissions and the 2020 targets for energy conservation and carbon emissions are tabulated below:

Year Item	2019		2020
	Targets	Performance	Targets
Electricity Conservation (%)	1.79	1.33	1.04
Energy Conservation (%)	1.45	1.09	0.88
Emissions Reduction (%)	1.64	1.23	0.97
Water Conservation (%)	5.21	1.95	3.68

Note 1: Energy conservation refers to electricity conservation.

Note 2: Emissions reduction covers emissions from energy consumption.

Note 3: Electricity conservation, energy conservation and emissions reduction did not include consumption in commissioning.

Note 4: Regulatory requirements: electricity conservation rate 1%, none for others.

The 2019 targets for electricity saving, energy conservation, and carbon emissions are unachieved as some electricity saving projects require power supply suspension of the plant and clarification of equipment technical specifications. Unachieved energy saving projects will be continued in 2020 to achieve the targets for electricity saving, energy conservation, and carbon emissions.

The table below shows the programs and performance of energy conservation and emissions reduction in 2019. The energy conservation volume reported to the Bureau of Energy in 2019 was 3,355,494 kWh, equivalent to 1,788 tCO₂e. (GRI 305-1) (GRI 305-2)

Item	Type	Program	Energy Saved kWh/year	Carbon Reduced tCO ₂ e/year	Period (2019)
1	Electricity Saving	Pipeline connection of cooling water supply in plant I to reduce the number of cooling water pumps	2,613,984	1,393	
2	Electricity Saving	Plant II EG pump renewal.	15,557	8	
3	Electricity Saving	J-311A/B clear water pump replacement	22,774	12	
4	Electricity Saving	Shortening B Line silo blending time by six hours.	461,229	246	
5	Electricity Saving	Plant aircon replacement	99,951	53	
6	Electricity Saving	Replacement of the inverter motor for the cooling water tower fan of plant II.	100,399	54	
7	Performance Enhancement	Conveying blower renewal	41,600	22	
Total			3,355,494	1,788	

Note 1: Electricity to emission conversion coefficient is 0.533 kgCO₂e/kWh.

Note 2: Based on the 2019 Report on the Annual Energy Saving Audit System of Energy Users of the Bureau of Energy.

Note 3: Electricity conservation of items 1 and 4 was calculated based on the design value and the idle period of equipment.

Note 4: Electricity conservation of items 2 and 3 was calculated based on the enhanced efficiency/operating current/power factor and the operating time of equipment after improvement.

Note 5: Electricity conservation of items 5, 6, and 7 was calculated based on the design value/measured value and operating time of equipment before and after replacement.

Note 6: The converted energy conservation is 12,083 GJ, and electricity is the energy source.

In addition, the energy conservation programs reported to the Bureau of Energy in 2020 include blower renewal, replacement of the pump motor with the high-efficiency motor, replacement of the cooling tower fan motor of plant II with the inverter motor, replacement of the chiller motor with the high-efficiency motor, freezer renewal, replacement of plant explosion proof lighting with LED lights, replacement of the water supply source in security guard room with other water supply source, replacement of the water supply in the parking area of CBC plant with the water supply from plant I, and replacement of the office aircon. It is estimated that electricity can be saved by 1.04% or 2,622,047 kWh in 2020, with an annual carbon reduction at 1,398 tCO₂e.

Electricity Conservation Rate in the Past 3 Years

Year / Item	2017	2018	2019
Electricity Saved (kWh)	7,338,720	2,007,294	3,355,494
Electricity Conservation (%)	2.78	0.81	1.33

Note 1 Source: Based on the 2019 Report on the Annual Energy Saving Audit System of Energy Users of the Bureau of Energy.

Note 2: Subject to the energy audit equation of the Bureau of Energy: reported energy saved divided by the total electricity consumption (excluding commissioning).

USIG Building Energy Management Program for Low-Carbon Sustainable Building

Promotion Vision

When the challenges of global warming intensified, we implemented the energy management system in the headquarter building in November 2019 out of our high concern about energy conservation and carbon reduction, hoping to enhance building energy conservation and carbon reduction with more scientific and data-based reasonable management with the system.

Strategic Direction

After implementing the system management system, through figure analysis and diagnosis, we searched for every possible opportunity for energy conservation and carbon reduction and practiced building and office energy conservation and carbon reduction through four aspects: equipment improvement, operation improvement, management improvement, and awareness education.

Lastly, by changing the concept and attitude of employees, we develop self-awareness and habits of energy conservation and carbon reduction in them.

Type	Item
Aircon	Energy Conservation of Aircons in Common Areas Primary Air Unit Startup Improvement Reduction of Chiller Startup Frequency Introduction of Cold Air in Primary Air Units
Elevator	Elevator Room A/C Energy Consumption Reduction
Equipment	Energy Conservation of Water Fountains in Common Areas

Phase I: System Installation (Nov 2019)

- Energy System Installation, Acceptance, and Implementation
- System Operation Education/Training



Energy Management System Operation Interface

Phase II: System Monitoring (2019-2020)

- Analysis of Electricity Flow and User Behavior
- Striving for Government Cooperation Projects
- Project Improvement



Chiller Water In/Out Temperature Measurement



Chiller Flow Meter and Digital Electricity Meter System

Phase III: Improvement Project (Q2 2020~)

- Improvement Plan
 - 1) Temperature Group Control Improvement
 - 2) Light Replacement
 - 3) Aircon Improvement

4.4 Air Pollution Control (GRI 103-1) (GRI 103-2) (GRI 103-3) (SDG 11) (SDG 13)

Sustainability Principle: Sustainable Development

Significance and Strategy



Significance to USI

Continuous environment improvement to achieve “zero pollution and zero emission.”

Strategy and Approach

1. Reduce pollution and emission through process source improvement in support of end-of-the-pipe treatment.
2. Constant investment in environmental pollution control (prevention) management.
3. Compliance with the Gaoping total volume control.

Commitment

Enforce zero pollution and zero emission.
Boundary: Kaohsiung Plant

Achievement and Goal



2019 Goals

1. Equipment/component VOCs leakage <0.7%.
2. Removal of 99% of VOCs destructive

2019 Projects

1. Reduce equipment/ component VOCs effusion.
2. Increase TO pollution control equipment

2019 Achievements

1. VOCs equipment leakage: 0.05%.
2. Completion of TO installation, with piping and commissioning planned in 2020.

Sustainable Development Milestone



2020 Goals

1. Equipment/component VOCs leakage <0.6%.
2. Removal of 99% of VOCs destructive by the TO.

3-Year Goals

1. Implement VOCs emission reduction programs.
2. Install control equipment to effectively reduce pollutant emissions.

5-Year Goals

1. Reduction of equipment/component leakage.
2. Reduction of pollutant emissions.

Management



Effectiveness Assessment

1. VOCs test report
2. Emission data

Grievance Mechanism

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

Chapter Summary

1. Management methods
2. Management performance

Management Approach Description

USI is located in Kaohsiung City within the Gaoping Total Volume Control Area and the level 3 control area of PM₁₀, PM_{2.5}, and O₃. Therefore, air quality improvement has always been our prime target. To fulfill our corporate social responsibility, we spare no effort in implementing environmental improvement, hoping to achieve the “zero pollution and zero emission” goals in the five zero’s policy and contribute to air quality improvement.

Management Targets

To achieve zero pollution and zero emission goals and in support of the reduction targets in phase I of the Gaoping Total Volume Control Area, we set the VOCs target to 5.525m.t. in 2017. In 2018, the KSEPB audit confirmed that we had achieved the phase I reduction target at 5% and reduced the boiler’s emission intensity to NOx 150ppm, TSP to 20 mg/NM³, and SOx to zero. In 2019, we built a TO system as the backup system for the RTO system, with a plan to destructively remove the high-intensity VOCs by 99% to effectively reduce VOCs emissions.



直燃式氧化爐 (TO 爐)

Management Approach

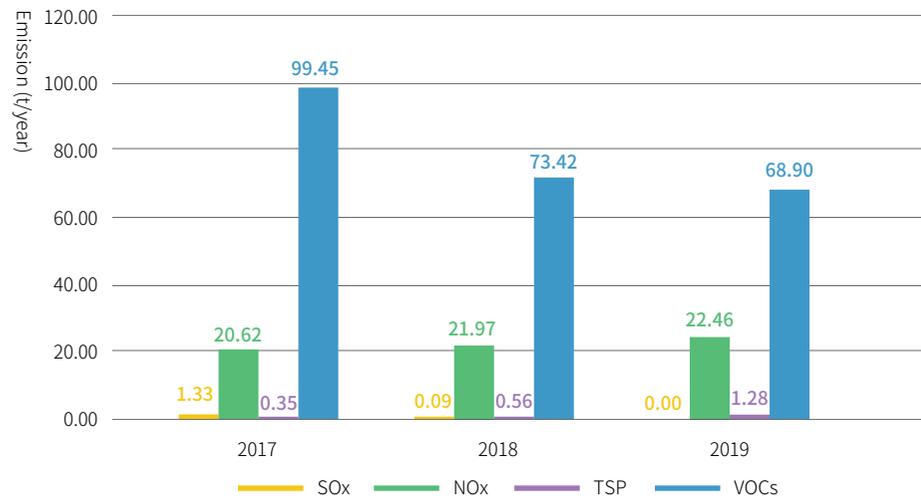
In addition to regularly testing and reporting air pollutants, we have planned the following reduction programs to effectively reduce air pollutants:

VOCs Reduction	<p>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.</p> <p>To reduce equipment/component VOCs leakage, in 2019 we implemented the equipment/component VOCs effusion management program, enhance the self-management and education/training of equipment/components, periodic tests and review of repair progress. We also increased the test frequency of leakage-prone equipment/components. In addition, during the repair or modification of equipment or pipelines, we removed or reduced unnecessary equipment/components and performed VOCs tests after the repair or modification.</p>
Effective VOCs Treatment	<p>In 2015 we officially implemented the RTO and steam boiler processing for process exhausts to effectively process VOCs and recover heat to reduce energy consumption.</p>
Reduction of Pollutant Emissions	<p>Replace fuel oil with the cleaner natural gas as the fuel for the steam boiler to reduce SOx and NOx emissions. In 2019, we built a TO system as the backup system for the RTO system, with a plan to remove the damage of high-intensity VOCs by 99%. Currently, TO installation was completed, and piping and commissioning will be implemented in 2020.</p>
Emergency Response to Air Quality Deterioration	<p>In 2019 we implemented the “Air Quality Deterioration Control Plan” to address the deterioration of air quality of all levels. We also activated the “Air Quality Deterioration Response Plan” covering enhanced equipment patrol and inspection, periodic inspection and maintenance of diesel forklifts, and process reduction for emissions reduction. In addition, we advanced the preventive countermeasures for poor air quality in response to the large events held by the Kaohsiung City Government.</p>

Management Performance (GRI 305-7)

Major air pollutants emitted by the USI include sulfur oxides (SO_x), nitrogen oxides (NO_x), total suspended particulate (TSP), and volatile organic compounds (VOCs). Fuel burning of the steam boiler is the main source of SO_x, NO_x and TSP detected in the plant, while RTO, flares, storage tanks, and equipment components are the main sources of VOCs emissions. Emissions are calculated based on the pollutant testing data and EPA announced coefficients and with reference to the reporting range of air pollution control fees. The chart below shows the air pollution emissions over the years.

Air Pollutant Emissions in the Past 3 Years



Note: 2019 air pollutant emissions excluded the emissions from the CBC plant commissioning

Over the past decade, we have invested NT\$916 million in environmental protection, including NT\$724 million was spent on VOCs reduction. In 2020, we will further invest NT\$25 million in VOCs reduction.

Over the years, we hired EAL-accredited environmental engineering companies to test USI pipeline emissions, and the emission test results have been consistently well below the EPA emission standards.

Pollutant	2017	2018	2019	Standard
SO _x (ppm)	180	ND	ND	100
NO _x (ppm)	176	92	100	150
TSP (mg/Nm ³)	70	1	8	50

Note 1: The results of VOCs emissions of Kaohsiung Plant comply with the statutory requirements over the years, with a reduction rate over 95%.

Note 2: Emission intensity reduced significantly after the replacement of boiler fuel oil with natural gas in 2018.

Note 3: Emission standards are subject to the "Kaohsiung City Combustion Equipment Air Pollution Emission Standard" announced by the Kaohsiung Environmental Protection Bureau in 2017.

Note 4: ND means not detected.



4.5 Waste Management (GRI 103-1) (GRI 103-2) (GRI 103-3) (SDG 11) (SDG 12)

Sustainability Principle: Sustainable Development

Significance and Strategy



Significance to USI

Continuous environment improvement to achieve “zero pollution and zero emission.”

Strategy and Approach

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

Commitment

Enforce zero pollution and zero emission.
Boundary:
Kaohsiung Plant

Achievement and Goal



2019 Goals

1. Legal management of waste.
2. Project research: Waste Reduction by 70%.

2019 Projects

1. Waste reporting and storage area management.
2. Waste recycling and reuse projects.

2019 Achievements

1. Waste management review and improvement for compliance.
2. Wax reclamation at 83% and residual VAM processing over 90%.

Sustainable Development Milestone



2020 Goals

1. Enhance the flow control of waste disposal.
2. Enlarge the scale of tests and assess waste reduction projects.

3-Year Goals

1. Establish a waste audit management system.
2. Implement waste recycling and reuse.

5-Year Goals

1. Implement waste reduction.
2. Green factory and clean production certification.

Management



Effectiveness Assessment

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

Grievance Mechanism

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

Chapter Summary

1. Waste management
2. Environmental management objectives and management approach

Management Approach Description

For proper waste disposal, we hire licensed contractors to dispose of such waste according to laws and regulations related to waste disposal. Apart from reviewing the qualifications of contractors and requesting them to provide support documents for proper waste disposal on a regular basis, we perform onsite inspections on contractors to verify their waste disposal performance, in order to perform our supervision obligation.

Management Approach

We produce monthly general industrial waste and partly flammable solution mixture as hazardous industrial waste and dispose of such waste by incineration, physical treatment and cleaning. We also hire licensed waste disposal contractors to dispose of and treat such waste in accordance with the "Waste Disposal Act." All contractors hired in 2019 had no non-conformity record. In addition, we perform onsite inspection on waste disposal contractors in accordance with the "Regulations Governing Determination of Reasonable Due Care Obligation of Enterprises Commissioning Waste Cleanance" to understand the storage, removal, disposal, and recycling of waste of disposal contractors.



Waste disposal workflow



Waste reduction programs:

Reinforcement of awareness education	Reinforce education of the need for waste categorization 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.
Feasibility research of recycling and reuse	Study the feasibility of waste recycling and reuse.

With respect to laws and regulations relating to industrial waste disposal, we report the output, storage, removal and disposal waste over the official web site every month. In 2019 we comprehensively reviewed the regulation compliance and reported the data comparison, calibration, and inventory system every month to facilitate the control of waste information. In addition, in 2019, we comprehensively reviewed and improved the establishment of the industrial waste storage site according to the "Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste." In the storage site, waste is sorted by property before storage and the storage sites, containers, and facilities are properly labeled. We also established covered waste storage sites equipped with blocking ditches to prevent groundwater and underground water from runoff contaminations.



Management Performance (GRI 306-2) (GRI 306-3)

We are also committed to waste sorting to classify, collect and manage recyclable resources. They are weighed and recorded before shipping out of the plant. We also hire licensed contractors to recycle waste metal. In 2019, we recovered 227.72MT of waste metal and hired nearby resource recycling contractors to dispose of the plant’s paper waste. In 2019, a total of 2.7MT of wastepaper was recovered, accounting for 31.3% of all paper usage. The 2019 total waste output was 736.20MT, and the treatment by type is as follows:



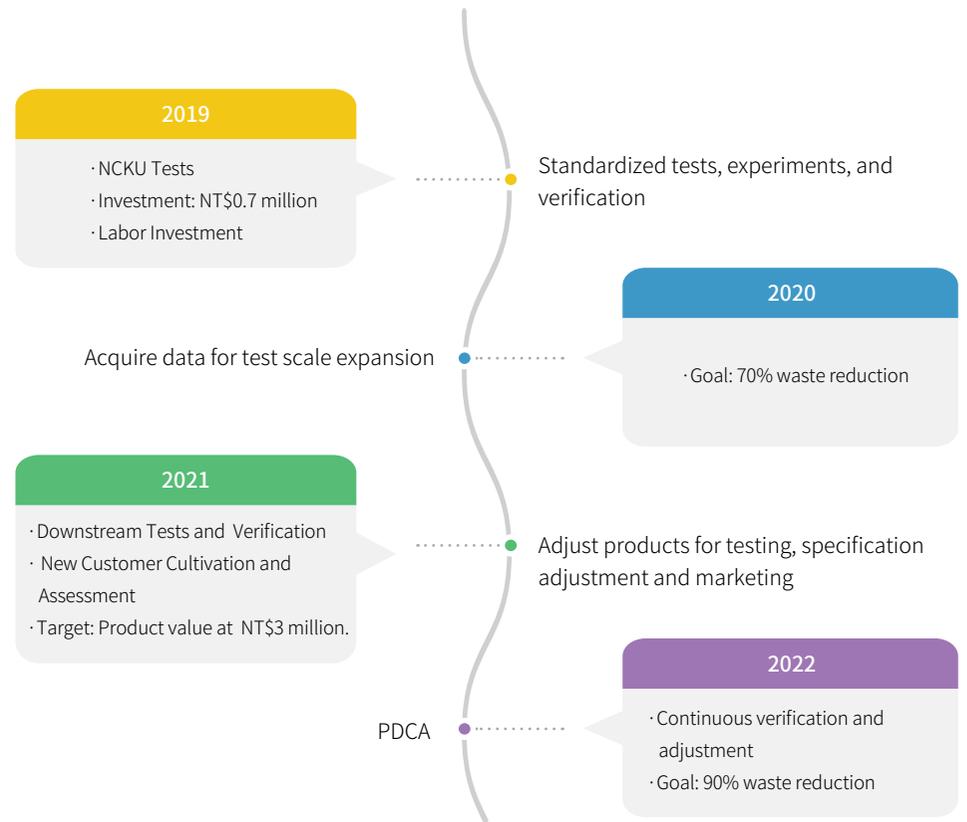
In 2019 no oil, fuel, waste, or chemical leakage was reported.

Waste Recycling and Reuse Programs

As the polymerization of some products will end early and cannot become qualified products in the EVA process, we endeavor to commodify general industrial waste—wax to enhance carbon utilization rate. In 2019, we engaged in collaborative research with the team led by Professor Wen-Ji Lee of the Department of Environmental Engineering, National Cheng Kung University to find the solutions that can turn waste into products. The preliminary results can recover 83% of waste and process over 90% of residual VAM to effectively reduce waste output. Currently, the feasibility research of waste recycling

and reuse is under way, and repeated experiments and related examinations and analyses are in progress to assess the waste produced from these processes.

In 2020, the scale of experiments will expand from the laboratory to the plant to progressively achieve the goal of from waste into products. Apart from reducing waste processing cost and enhancing waste recycling and effective carbon use, this can bring a new circular economy mission to USI.



05

Health, Safety and Social Inclusion



Material topics in this chapter

1. Transportation safety management
2. Occupational health and safety
3. Talent development

Performance Highlights

Model Pipeline Management
Exercise Enterprise Certification
Constituent of TWSE HC100 Index
100% of permanent employee ratio
Turnover rate: -2.5%
Education/Training: 26.24 hours/person



5.1 Transportation Safety Management (GRI 103-1) (GRI 103-2) (GRI 103-3) (SDG 11)

Sustainability Principle: Sustainable Development

Significance and Strategy



Significance to USI

Materials and products of Kaohsiung Plant are transported via underground pipelines and by qualified contractors to ensure transportation quality and safety.

Strategy and Approach

Establishment of OH&S and underground pipeline management regulations. In addition to conducting emergency response training and drills, the Kaohsiung Plant implements preventive maintenance, routine tour inspections, and error management of owned underground pipelines within and outside of the plant to prevent pipeline corrosion and leakage.

Commitment

Reduce environmental impacts and ensure transportation safety.
Boundary: Kaohsiung Plant, transportation contractors, and upstream/downstream supply chains

Achievement and Goal



2019 Goals

1. OH&S and underground pipeline management regulations.
2. Preventive maintenance, routine inspection, and anomaly management of underground pipelines.
3. Pipeline pressure holding test.
4. Pipeline information management system and data analysis and management.

2019 Projects

Pipeline inspection by excavation to ensure the effectiveness of pipeline IP tests in coordination with the annual repair of the new third naphtha cracker of Taiwan CPC.

2019 Achievements

Based on the "Standards for the Effectiveness Evaluation of Underground Pipelines Joint Defense Organization," Kaohsiung Plant as part of the Pipeline-6 was rated an excellent pipeline defense organization by the Industry Development Bureau, Ministry of Economic Affairs, for four consecutive years.

Sustainable Development Milestone



2020 Goals

1. Outstanding underground pipeline joint defense organization in 2020.
2. Contractor evaluation based on the "Road Safety & Quality Assessment System" (RSQAS).

3-Year Goals

Constant monitoring of underground pipeline safety and implementation of preventive maintenance.

5-Year Goals

Second underground pipeline IP test.

Management



Effectiveness Assessment

1. Periodic inspection of transportation vehicles.
2. PSMS and integrity management of underground industrial pipelines.
3. Kaohsiung Plant Existing Pipelines Operations Plan and Implementation Report.

Grievance Mechanism

Transportation meetings and safety meetings with transportation contractors at the Renda Industrial Park Service Center: Improvements made according to the assessment results by the competent authority of the operation and management plan of the underground industrial pipeline joint defense organization.

Chapter Summary

1. Feedstock transportation
2. In-house product loading safety management

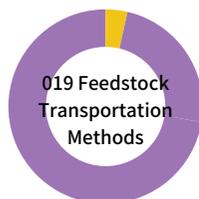
Management Performance

Feedstock Transportation

Transportation Methods 96% of feedstocks required by the Kaohsiung Plant are transported via underground pipelines, and 4% by tankers

Implementation Plan and Effectiveness

- No transportation-related accident was reported in the last decade
- The maintenance, test, and integrity management of underground pipelines have passed third-party verification. The underground pipeline operations and maintenance plans are reviewed and approved by the Kaohsiung City Economic Development Bureau to confirm that pipeline operation will not be affected by corrosion, third-party damage, or human errors, in order to protect the public safety of citizens living nearby underground industrial pipelines and the operation safety of workers
- Double protection including corrosion zone and impressed current cathodic corrosion protection for all underground pipelines. Apart from the periodic CP test and pipeline pressure holding test, irregular pipeline pressure holding tests are implemented to ensure pipeline safety
- Kaohsiung Plant and other plants in the same regional joint defense organization built the cloud platform of the underground pipelines information management system and commissioned a professional security company to patrol the platform every day. Implement in-process inspection through systematic, digital, and automatic computer management to enhance the management efficiency of pipeline maintenance
- In the evaluation based on the “Standards for the Effectiveness Evaluation of Underground Pipelines Joint Defense Organization” in 2019, after evaluating the baseline evaluation items, including the effectiveness of pipeline safety equipment, the emergency response of pipelines joint defense evaluation, and the effectiveness of pipelines joint defense operation and management. Pipeline 6 of the Kaohsiung Plant was rated an excellent pipeline defense organization and awarded the model pipelines trophy by the Industry Development Bureau, Ministry of Economic Affairs, for the fourth time
- 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



- Pipelines (ethylene, VAM) 230,456 MT, 96%
- Tankers (ethylene, VAM, butene, propene, Iso-Paraffin Solvent) 8,410 MT, 4%

Product Transportation

We transport products with trailers, trucks, tankers, and containers

- Legally registered transporters.
- Passed ISO 9001 certification with trained, qualified health and safety management personnel.
- Semi-annual evaluation of performance, efficiency, cooperation and quality and proposals for improvement programs based on customer feedback at the transportation review meeting.
- Regular vehicle examinations according to the relevant regulations. Holding safety meetings quarterly to ensure that contractors can safely transport products to the destination to minimize environmental impacts caused by transportation.



- Container trucks 143,537 MT, 74%
- Trailers, trucks, tankers 51,658 MT, 26%

In-House Product Loading Safety Management (GRI 403-7:2018)

Management Approach Description

All products from Kaohsiung Plant are transported by Deyuan Transport Ltd. Apart from shipping products with trucks every day, the transporter designates resident loading personnel at Kaohsiung Plant. In addition to requiring them to comply with Kaohsiung Plant's access control and HSE regulations, we have established related controls to supervise their work alongside OH&S personnel. We also constantly inspect and request them to enhance product loading safety. Every year, we conduct hazard identification and discuss the plans for safety improvement in the next year.

Management Approach

At the end of every year, we identify the hazards of product loading and shipping. In the annual evaluation, we check the performance of loading personnel in terms of the threats to knock down people by falling cargo from error judgement of U-turn angles and the number of emergency brakes for in-house transportation. We also assess the threat of work-related injury caused by machinery operation or U-turn in forklift operation and truck transportation. To ensure the safety of related workers, we establish related controls and request them to make improvements of the year.

Operation	Assessment Criteria	Hazards	Controls
	Trucks	Threats to knock down people by falling cargo from error judgement of U-turn angles and number of emergency brakes.	Fix the head and tail boards with ropes after loading for short-distance in-house transportation.
Shipping	1. Forklifts 2. Trucks	Threat of work-related injury by forklift operation and truck transportation.	1. Plan the sidewalk in the warehouse. 2. Install warning signals and buzzers at the warehouse junctions to send alarms when there are forklifts or people passing by.

Management Performance

The improvement of annual controls was all completed in 2019, including reliable fixing of loaded cargo, use of personal protective equipment (PPE) by workers, sidewalk planning in warehouses, and installation of warning signs and buzzers at the road junctions. In addition, to prevent forklifts causing accidents to people and other vehicles, convex road safety mirrors are installed at entrances, exits, and corners to effectively reduce the blind spots of drivers. All have effectively enhanced worker safety and reduced product damage.



Installation of buzzers at entrances and exits.



Sidewalk planning in warehouses



PPE uses of workers



Installation of convex road safety mirrors

5.2 Occupational Health and Safety (GRI 103-1) (GRI 103-2) (GRI 103-3) (SDG 8)

Sustainability Principle: Sustainable Development

Significance and Strategy



Significance to USI

Take care of employee health. Prevent industrial accidents. Enhance employee OH&S protection. Develop the emergency response capacity and self-imposed safety management of employees.

Strategy and Approach

1. Enhance personnel training and occupational safety awareness.
2. Strengthen work environment safety management

Commitment

Create a safe workplace environment and reduce industrial safety accidents.
Boundary:
Kaohsiung Plant, contractors, and transportation contractors

Achievement and Goal



2019 Goals

1. Incident Rate < 2.366
2. Frequency-Severity Indicator (FSI) =0
3. Monitored Nonconformities =0
4. Shutdowns caused by key equipment =0

2019 Projects

1. Pipeline corrosion hazards prevention and steam input check.
2. Vibration monitoring of pipeline C-202B.
3. Prevention of ethylene leakage from mal-operation of the new ethylene unloading pump.
4. Implementation of underground pipeline emergency response.
5. Contractor management
6. E-9401 cover leakage prevention of the CBC plant
7. P-9102 vibration reduction of the CBC plant
8. Damage risk of slab corrosion in the reaction area
9. Improvement of the work environment.
10. Machinery and instrumentation maintenance and repair of the engineering department

2019 Achievements

1. Incident Rate =2.59: Reviewed and revised SOPs, enhanced education/training and emergency response, and implemented OH&S management.
2. Frequency-Severity Indicator (FSI) = 4.50: Implemented equipment and pipeline rust removal, supplementary welding, screw replacement, and repainting.
3. Monitored Nonconformities=0: Reduced working hours in areas with noise threats and provide appropriate noise insulation equipment.
4. Shutdowns caused by key equipment =5; Maintained machinery and instrumentation 907 and 2053 units respectively.

Sustainable Development Milestone



2020 Goals

1. Incident Rate < 2.59
2. Frequency-Severity Indicator (FSI) < 4.50
3. Monitored Nonconformities =0
4. Shutdowns caused by key equipment =0

3-Year Goals

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

5-Year Goals

1. Outstanding OH&S enterprise
2. Reduction of disabling injury.
3. PSM system
4. Underground pipeline assessment
5. Smart operation safety management

Management



Effectiveness Assessment

1. Employee health checkup
2. Reduction of injury of disability and work-related accidents
3. Contents and statistics of work-related accidents

Grievance Mechanism

Labor-Management Meeting
Union Board Meeting
Occupational Safety and Health Committee

Chapter Summary

1. Occupational health and safety
2. OH&S management and general check
3. Management of work-related injuries and absenteeism

We set OH&S as part of the company's sustainable development strategy to maintain workplace environment safety and employee health. With respect to Article 12-2 of the Occupational Safety and Health Act, we began to implement the OH&SMS across the plant in 2001 and passed OHSAS 18001 certification every year. In addition, after the announcement of the ISO 45001:2018 OH&SMS on March 12, 2018, we launched the version change in 2019 and completed auditor training in the same year. In 2020, we plan to pass the version change certification. (GRI 403-1:2018)

During the version change, all USI employees participated in either the external or internal audit. In 2019, there were 1,409 workers covered by OH&SMS. All operations were planned and implemented according to the OH&SMS, including hazard identification, risk assessment, audit, and accident investigation.

Apart from implementing the OH&S management with respect to the Plan-Do-Check-Act (PDCA) cycle, the HSE and energy committee holds an extraordinary meeting at the beginning of each year to discuss the pilot review, baseline review, performance evaluation and assessment; review system performance in the previous year, and draw up the annual targets and expected achievements. Every quarter, the HSE management review meeting will be held to follow up and review the internal and external audit results, legal compliance, OH&S performance, system document revision, and various recommendations. Through the discussion and participation of all units, we aim to make continual improvement and enhance safety. Furthermore, the industrial safety department of the plant and construction responsible units perform industrial safety patrols and checks every day and engage in mutual supervision and experience sharing with USI affiliates to further enforce OH&S.

Workers Covered by OH&SMS in 2019 (GRI 403-8:2018)

Type	Numbers of person	Proportion
USI Employees	474	34%
Contractor Personnel	935	66%

Note: Contractor personnel include 30 contractor resident personnel (De Yuan Transport) and 905 personnel of qualified contractors.



SGS OHSAS18001 Certificate



USI Group Zero Accident Undertaking

2019 OH&S Targets and Management Plans

Goals		Program	Effectiveness
Policy: Zero accident	Incident Rate < 2.366	Prevention of pipeline corrosion hazards and steam injection point inspection	Checked 29 points in this year, and RT-profile for corrosion will be performed in 2020
		C-202B pipeline vibration monitoring	Performed pipeline vibration monitoring quarterly
		Prevention of ethylene leakage from mal-operation of the new ethylene unloading pump	Established work instructions (WIs) in this year and education/training will be implemented in 2020, including pump tests and response drills
		Underground pipeline emergency response [Underground Pipeline Operation and Maintenance Plan]	(1) Established the emergency response drill plan (2) Arranged education and training of emergency response equipment for 14 employees (3) Implemented scenario planning (4) Drilled, reviewed and revised underground pipeline emergency response
		Contractor management	(1) Revised the contractor plant entry management WI (2) Revised the plant entry education/training data to strengthen the safety awareness and develop good safety habits in contractors (3) Apart from the pre-entry education/training on Mondays and Thursdays, additional training courses were provided as necessary (4) Timely revised training data and implementation procedures based on the requirements of the plant, labor inspection authority, or regulations (5) Added the alcohol check and blood pressure test to enhance operation safety (6) Apart from requesting immediate improvements, additional education/training courses were arranged for contractors violating the requirements to prevent further violation
		Maintenance and inspection of underground pipeline [Underground Pipeline Operation and Maintenance Plan]	(1) Completed visual inspection and thickness check of the over-ground pipeline sections in July (2) Improved the defects found in the 2018 ILI and fixed all defects in March 2019
		Education and training for pipeline tour inspection personnel [Underground Pipeline Operation and Maintenance Plan]	(1) Completed the education/training for underground pipeline patrol and monitoring personnel (2) Completed the re-certification of underground pipeline patrol and monitoring personnel in July 2019
		Routine tour inspection of underground pipelines [Underground Pipeline Operation and Maintenance Plan]	(1) Daily inspection and records (2) Voluntary patrol and inspection every two months
		E-9401 leakage prevention of the CBC plant [CBC Plant System Implementation Pilot Project]	Completed 74 thermal lock operations with no leakage reported.
P-9102 vibration reduction of the CBC plant [CBC Plant System Implementation Pilot Project]	(1) Completed pipeline support (2) Assessed bypass exhaust installation to release gas before restart after shutdown to reduce startup vibration.		
Zero occupational accidents	Frequency-Severity Indicator (FSI) = 0	Damage risk of slab corrosion in the reaction area Improvement of work environment	FSI=4.50 (1) Operators implemented according to WI-KHB-713-19. (2) Implemented rust removal, supplementary welding, screw replacement, and re-painting. Completed workplace environment monitoring in the first and second halves of the year, no nonconformity is found.
	Monitored Nonconformities = 0	Improvement of work environment	Completed workplace environment monitoring in the first and second halves of the year, no nonconformity is found.
Zero Failure	Shutdowns caused by key equipment = 0	Shutdowns caused by key equipment = 0 (machinery and instrumentation)	Shutdowns caused by key equipment = 5 (1) The repair section maintained 907 units of equipment in monthly maintenance. (2) The instrumentation section maintained 2053 units of equipment in monthly maintenance. Electrical room HV and MV distributors renewal. The unfinished sections will be completed in the annual shutdown repair in 2020.

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

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

OH&S Organization and Operation (GRI 403-4:2018)

USI establishes the OH&S Committee with respect to the “Regulations for Occupational Health and Safety Management” to establish OH&S policies, make recommendations for OH&S management, and review, coordinate, and advise OH&S affairs.

Members of the OH&S Committee include the committee chair (the plant general manager), executive secretary (industrial safety chief), committee members (department chiefs/unit chiefs/industrial safety staff/labor representatives). Labor representatives are elected by employees. Currently, there are 9 labor representatives (35%) and 17 management representatives, totaling 26 members. The committee holds a committee meeting every quarter. Labor representatives voice for all employees and discuss, coordinate, plan, and decide on HSE issues with the management to ensure employee participation, consultation, and communication.

2019 OH&S Committee Member Statistics

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

Hazard identification and assessment of risks and opportunities (GRI 403-2:2018) 、 (GRI 403-9:2018)

To prevent operations, activities, or services from harming employee health and safety and causing financial losses to the company, early intervention is implemented. Through constant identification of hazards, risks, and opportunities relating to OH&S, we take appropriate precautionary actions, implement necessary controls, or eliminate hazards. We also find opportunities to make improvements to control risks within an acceptable range, in order to enhance OH&S performance.

Every three years, we implement hazard identification and risk assessment on current, changing (potential or transitional) and future activities within the plant, hazards outside of the plant, and underground pipelines. With the baseline review team formed by all section chiefs completed PSM training, we assess and screen risk levels using

semi-quantitative descriptive statistics. Then, we establish targets and plans based on the graded control, OH&S objectives, and the Regulations for Management of Management Plans to reduce the risk to an acceptable range by prioritizing means such as elimination, replacement, engineering controls, labels/warnings/or management controls, and PPEs.

Risk Level	Risk Score	Results	Management Principles
1	<40	Acceptable/ Tolerable	No action is required. Long-term observation with existing appropriate procedures, controls, and safety protection.
2	40~59		
3	60~79	Acceptable/ Tolerable	The baseline review team should determine the need to establish objectives and plans as necessary. If no objective is set, the risk level should be reviewed once every year.
4	80~100		
5	>100	Unacceptable	Objectives and plans are required for immediate improvements. Re-assessment of the risk after control is required.

Note: The risk score is based on frequency rate (F) x severity rate (S) x controls (P) of hazards

OH&S Management and General Check (GRI 403-8:2018)

Management Approach Description

In consideration of the increasing industrial safety accidents in Taiwan in recent years, IDB has progressively implemented joint supervision on large petrochemical plants and found that those implementing process safety management (PSM) have significantly better performance in industrial safety. Therefore, in addition to arranging PSM education and training for employees, labor inspection units have constantly revised OH&S laws and regulations based on PSM. They also provide guidance and advice for petrochemical plants to implement PSM to enhance the employee’s awareness of process safety and thereby reduce fires, explosions, leakages, intoxication, and occupational accidents.

Management Approach

PSM is implemented in main consideration of the “Process Safety Management of Highly Hazardous Chemicals”(29CFR 1910.119) announced by the US Occupational Safety & Health Administration (OSHA), the Hazardous WorkPlace Review and Inspection Regulations, and the “Regulations of Implementation Regarding Regular Process Safety Evaluation.” As the overall PSM covers 14 categories requiring overall planning, review, improvement, and implementation, we hired professors of the National Kaohsiung University of Science and Technology to implement the PSM diagnosis and professional guidance for three years. In 2019, we selected process safety information (PSI), process hazard analysis (PHA), and management of change (MOC) as the implementation targets. By implementing appropriate audit measures, we identified USI’s current status and PSM compliance.

	Key Items	Year 1 Plan	Year 2 Plan	Year 3 Plan
14 PSM Items	Concept implementation	●	●	●
	Labor Participation	●	●	●
	Process Safety Information (PSI)	●	-	-
	Process Hazard Analysis (PHA)	●	●	●
	Operating Procedures	Explain in training courses		
	Training	●	●	●
	Contractor Management	Explain in training courses		
	Pre-Startup Safety Review (PSSR)	-	●	●
	Mechanical Integrity (MI)	-	●	●
	Open Fire Permit	Explain in training courses		
	Management of Change (MOC)	●	●	●
	Investigation of incidents		●	-
	Emergency Response Plan	Explain in training courses		
	Audit	●	●	●
Trade Secrets	-	-	●	
	Key annual practices	PSI, PHA, MOC	MI, PSSR, investigation of incidents, PHA (advanced)	MI, PSM audit, PHA (advanced), PSSR (advanced), trade secrets

Management Performance

Before project implementation in 2019, the plant director invited all plant department heads and the guidance team to a kick-off meeting to announce USI’s determination to implement PSM. In this year, the targets included concept implementation, personnel education and training, PSI, PHS, and MOC. By the end of 2019, a total of 10 training courses with a total of 846 hours were provided for 282 person-times.



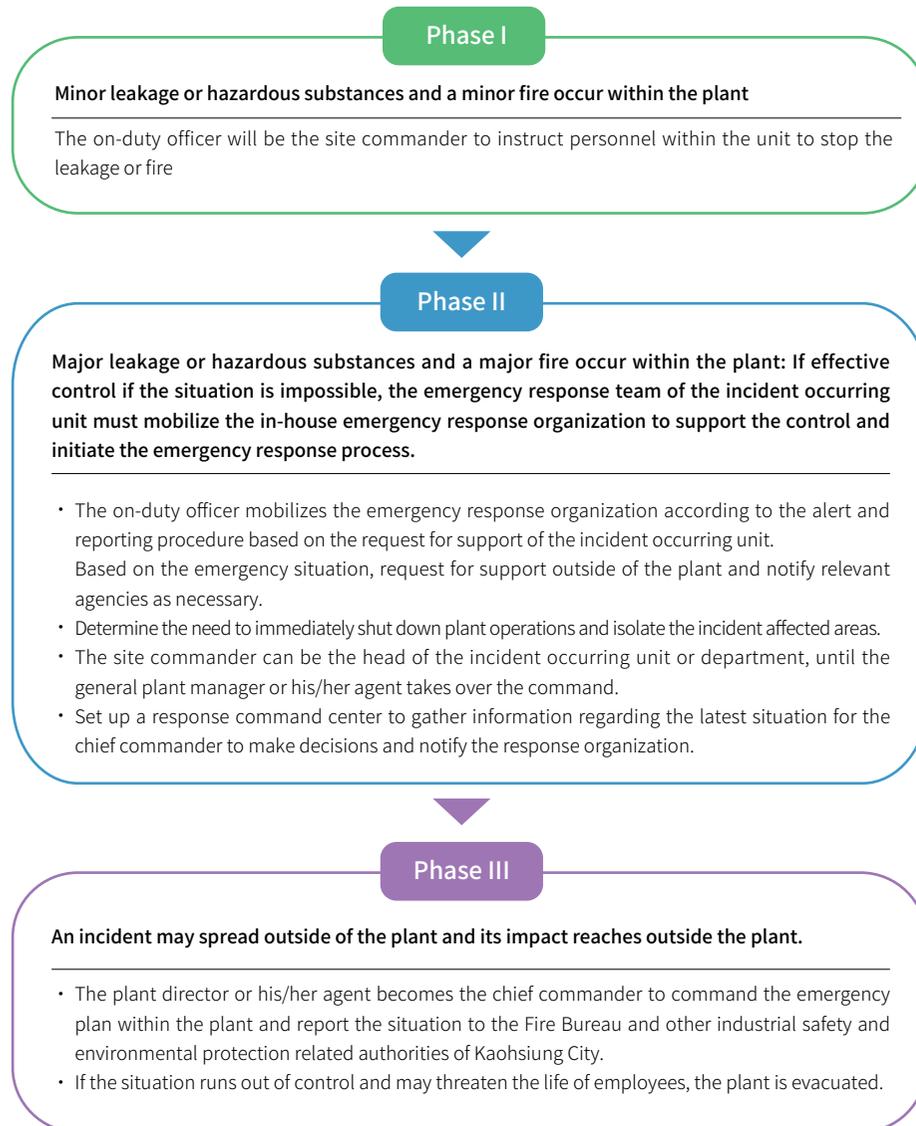
Project	Summary	Outcomes
Management, review, and verification of WIs	<ul style="list-style-type: none"> Each unit screened high-risk processes for requiring overall plan and review Reviewed process compliance with current situation. Verified personnel process skills 	<ul style="list-style-type: none"> Monthly review meetings. Revised 49 SOPs in this year.
Management of workforce education/training and discipline requirements	<ul style="list-style-type: none"> Reviewed and revised existing SOPs by the personnel affairs section Reviewed personnel professional training by the industrial safety section Proposed worker training requirements by production line units 	<ul style="list-style-type: none"> Revised the "Employee Training and Suitability SOP" Consolidated the professional certificates/licenses required by each unit Arranged training according to the schedule of production line units

Emergency Response Mechanism

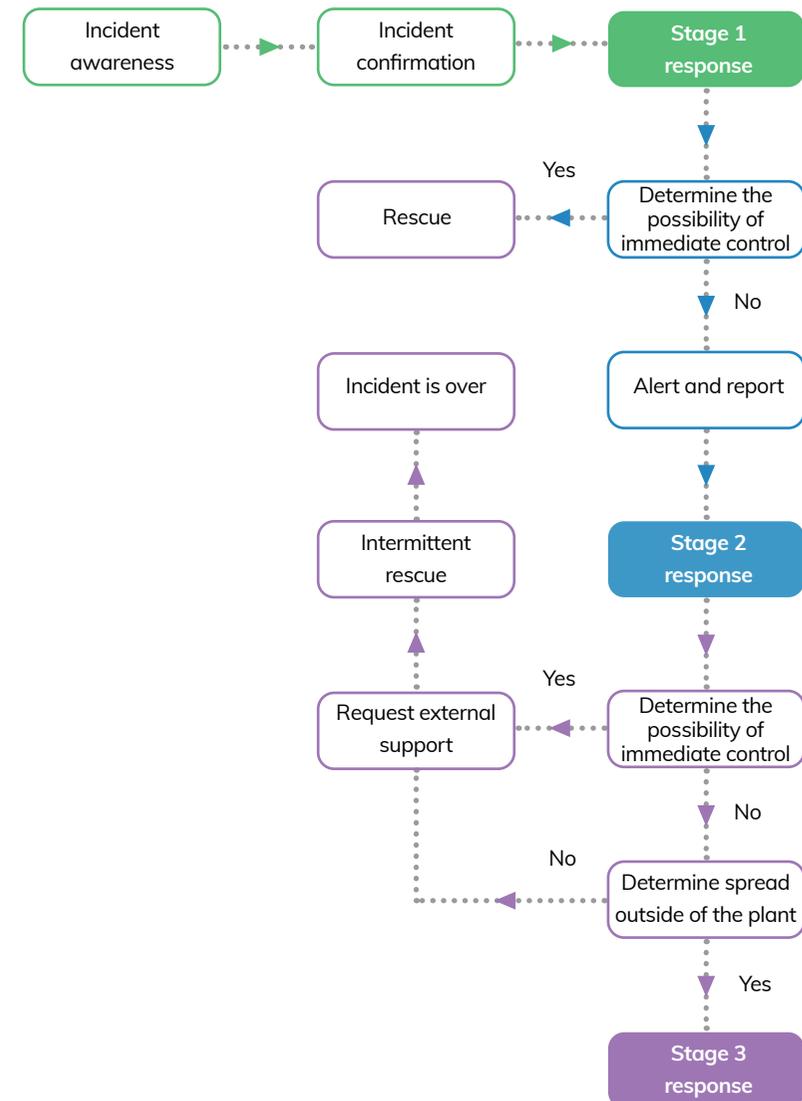
We team up with the Taiwan Responsible Care Association (TRCA) and the Renda Industrial Park Health and Safety Promotion Association to promote HSE together and learn from one another in order to improve the protection of employee health and safety. In addition, we organize emergency response and fire drills and OH&S general training half-yearly and refer to the emergency response guide and manual to facilitate emergency mobilization, take corrective actions, effectively control disasters, and reduce losses in emergencies.



Based on in-house production activities, 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: The three phases of response are as follows:



Emergency Response Flowchart



Management of Work-Related Injuries and Absenteeism (GRI 403-9:2018)

Given that “zero accident and zero injury” are the objectives of USI’s management of work-related injuries, a low injury rate (IR) and low absentee rate (AR) are two key indicators for evaluating the OH&S of employees and contractors.

In 2019, two work-related injuries, both disabling injuries (one fatality and one bone fracture), were reported, while none was reported by contractors in the same period. In commuter accidents, we do not arrange commuting services or vehicles for employees, while three work-related traffic accidents of employees were reported in 2019. Between 7 May 2019 and 31 December 2019, USI without disabling injury totaled 511,510 hours. In addition, no work-related injury was reported from Taipei Office, Guishan R&D Division, and Tainan Office in 2019.

2019 OH&S Management Performance

Year / Item	Employees		Contractors	
	Male	Female	Male	Female
F.R.	2.59	0	0	0
S.R.	7852	0	0	0
Frequency-Severity Indicator (F.S.I.)	4.50	0	0	0
Number and rate of recordable work-related injuries	2/2.59	0/0	0/0	0/0
Number and rate of high-consequence work-related injuries	0/0	0/0	0/0	0/0
Number and rate of fatalities as a result of work-related injury	1/1.30	0/0	0/0	0/0

Note 1: Employees are only permanent employees. The total hours worked in 2019 were 770,258 hours

Note 2: Disabling injury frequency rate (F.R) = Injury frequency × 1,000,000 hours worked /total hours worked (rounded down to two decimals)

Note 3: Disabling injury severity rate (S.R.) = Injury days lost x 1,000,000 hours worked /total hours worked (rounded down to two decimals)

Note 4: Frequency severity index (F.S.I.) = $\sqrt{[(F.R \times S.R.)/1000]}$ (rounded down to two digits)

Note 5: Rate of recordable work-related injuries: Number of recordable work-related injuries (including work-related fatalities) x 1,000,000 hours worked/total hours worked (rounded down to two digits)

Note 6: Rate of high-consequence work-related injuries = Number of high-consequence work-related injuries (excluding fatalities) x 1,000,000 hours worked/total hours worked

Note 7: Rate of fatalities as a result of work-related injury = Number of fatalities as a result of work-related injury x 1,000,000 hours worked/total hours worked

Incident Investigation (GRI 403-2:2018)

We have established investigation procedures to record, investigate, analyze, and review incidents, covering disabling injuries, non-disabling injuries, and near misses, relating to plant production activities to prevent accidents or near misses from recurrence and thereby protect employee safety and health.



Scene Handling

- When an incident occurs, take immediate actions, including first aid and rescue.
- Contain the scene without changing or damaging anything.



Task Force Formation

- The head of the incident (also near miss) occurring unit designates staff with the required training or investigation-related skills to be the chief investigator.
- Form the task force with industrial engineers, onsite engineers, and labor representatives.



Incident Investigation and Review

- Investigate the cause(s) of the incident, including analyzing the direct, indirect, and root causes.
- Propose nonconformity, corrective action, or countermeasures and assess their feasibility.
- Review the OH&S hazard identification and risk assessment relating to the incident.



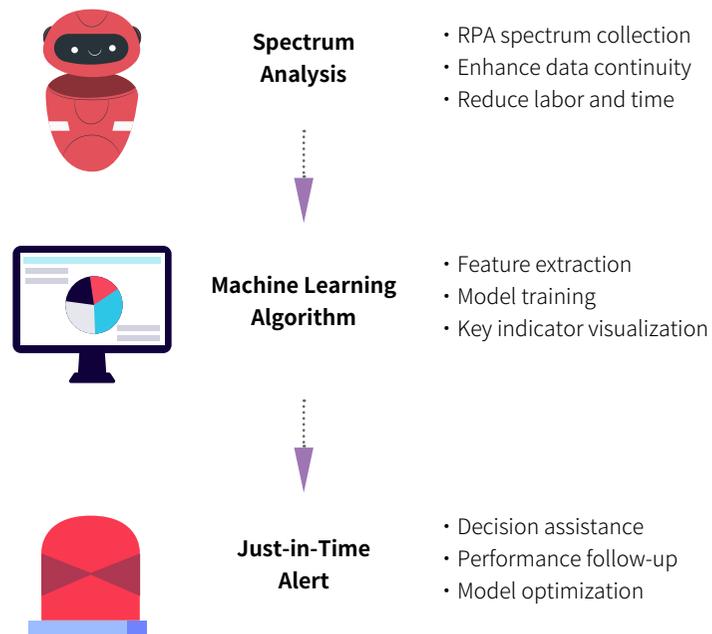
Improvement and Follow-Up

- Submission for approval of the incident investigation report.
- Implement improvement measures after management approval or meeting resolution.
- Follow up improvement items.
- Publish the Industrial Safety Notice on the bulletin board.

Predictive maintenance of pressured reactors to enhance industrial safety.

Seeing through the future development trend, we form an inter-sector organization—AI Team—with talents from different fields to proactively develop AI talents for the company and to devote to promoting digital transformation to enhance corporate competitiveness.

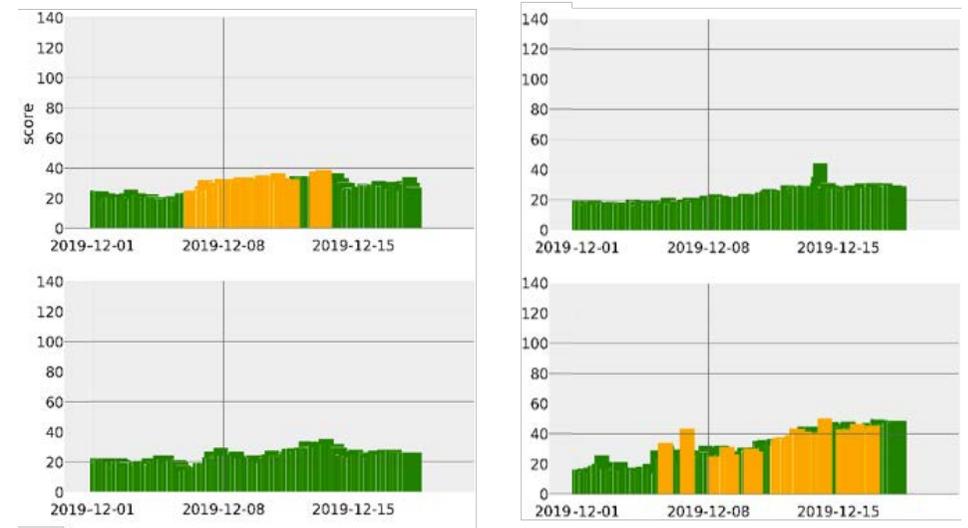
In 2019 the AI team implemented the “Pressured Reactor Predictive Maintenance” project to help production line workers to make more precise judgements and decisions with the AI analysis results. Apart from reducing the frequency of entry to the pressured explosion-proof wall by inspection and maintenance personnel to enhance industrial safety protection, AI can externalize and standardize the rich decision-making experience of senior engineers during feature extraction to shorten the preparation time of novices and effectively continue decision-making experience. In addition, this can help reduce the loss caused by an unplanned shutdown to effectively enhance corporate competitiveness.



*RPA: Robotic Process Automation



onsite personnel analyze key indicators calculated by AI with visualized tools.

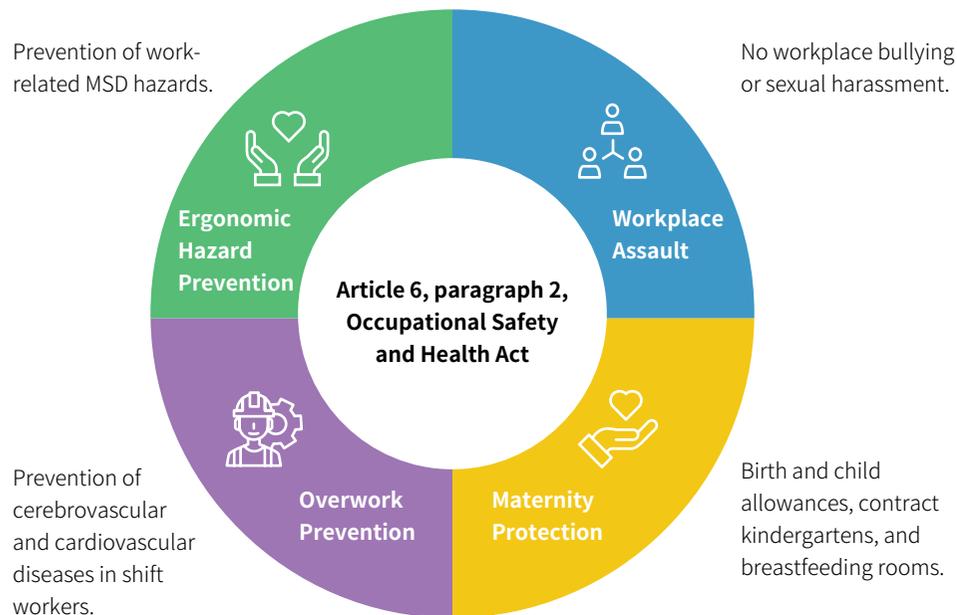


With AI prediction and analysis, the system visualizes the health condition of the pressurized reactor.

Care for Employee Health

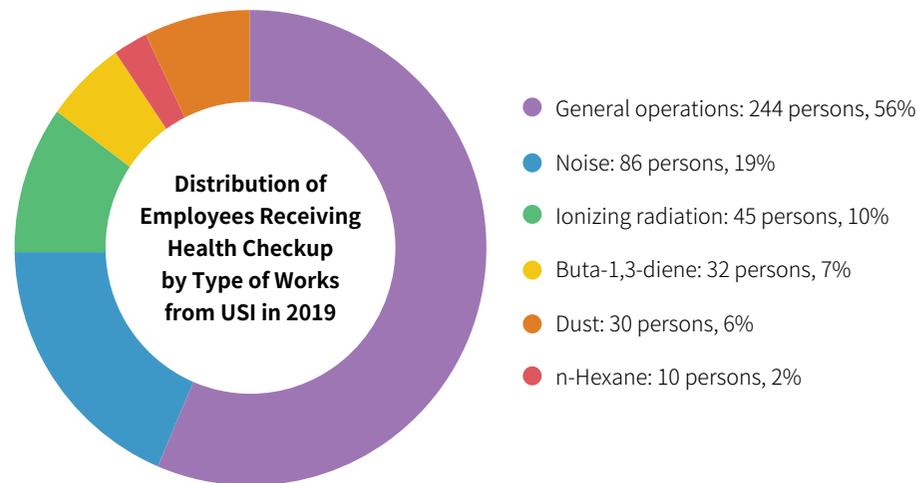
Workplace Health Keeper

We value the rights and interests of every employee. Therefore, we establish a preventive program according to the “Occupational Safety and Health Act” for each USI employee to feel happiness and the sense of belonging. Apart from retaining people, this can create better work performance.



Healthcare (GRI 403-3:2018) (GRI 403-10:2018)

USI cares about the physical health of employees. Therefore, we arrange complete health checkups better than the legal requirements for employees every year and follow up their health condition periodically. In addition, we combine the environmental monitoring data of statutory special operations to identify the risk of potential health hazards and arrange special health checkups for employees exposing to noise, dust, n-hexane and ionizing radiation, in order to capture the health condition of employees and provide a reference for employees to implement self-health management to achieve the aim of “prevention is better than cure” and create a safe workplace environment.



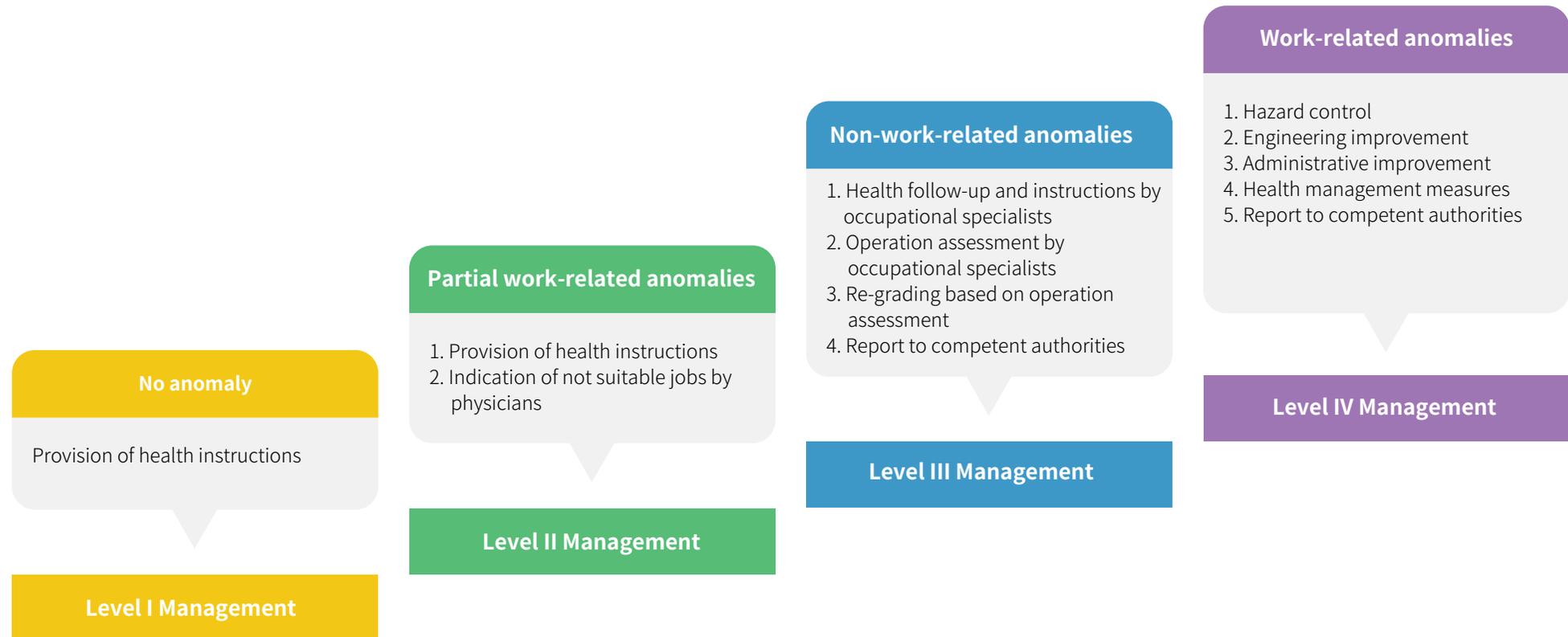
Note 1: The number of employees qualified for the health checkup in 2019 totaled 447 persons (Taipei Office, Guishan R&D Division, and Kaohsiung Plant), with a checkup rate of 99.7%.

Note 2: All employees received the general health checkup, other items are additional special examinations.

Graded Health Management (GRI 403-10:2018)

In 2019, special checkups were arranged for 203 employees, and health management was implemented based on the graded health management by risk level. Hoping to reduce the risk of work-related ill health through early detection of the high-risk group, in order to build a healthy and comfortable workplace environment through continual source improvement and terminal health care.

	Level I Management	Level II Management	Level III Management	Level IV Management
Noise operation	30	55	0	0
Ionized radiation	18	27	0	0
Dust	24	6	0	0
n-Hexane	10	0	0	0
Buta-1,3-diene	24	9	0	0



Checkup Quality and Achievements (GRI 403-10:2018)

It is our obligation to ensure the quality of medical institutions providing the health checkup service to ensure the checkup results are effective and valid for reference. We select only checkup institutions accredited by the Occupational Safety and Health Administration (OSHA) and medics accredited by the Kaohsiung Department of Health. After the checkup, apart from explaining the results and giving health instructions and education to employees by health professionals, we enable employees to understand more about their health condition and promote health and acquire correct health care knowledge.

Care for Contractors (GRI 403-3:2018)

It is our obligation to maintain the workplace safety and health. Therefore, we arrange education and training for all contractors, including the contents of operation and hazard identification. We also ensure the health condition of contractor personnel working in-house with the alcohol tests and blood pressure measurement. We also inhibit personnel with hypertension and cardiovascular disease from engaging in work at height, work at high temperature, work in confined spaces, and work requiring physical strength, in order to prevent potential work-related ill health.

Analysis of Work-Related Ill Health (GRI 403-7:2018) (GRI 403-10:2018)

To enforce OH&S, we take precautionary actions relevant to the physical, chemical, ergonomic, and socio psychological health hazards type of works according to the "Occupational Safety and Health Act." No occupational disease from employees or contractors has been reported over the years.

2019 Statistics of Work-Related Ill Health

Item / Year	Employees		contractors	
	Male	Female	Male	Female
Number of cases of recordable work-related ill health	0	0	0	0
Number and rate of fatalities as a result of work-related ill health	0/0	0/0	0/0	0/0

Note: Rate of fatalities as a result of work-related ill health = Number of fatalities as a result of work-related ill health x 200,000/hours worked



Type	Hazard Factor	Potential Work-Related Illnesses	Preventive and Management Measures
Physical	Noise	Occupational hearing loss	1. Establishment of hearing protection plans 2. Periodic education and training 3. Provision of PPE
	Ionized radiation	Cataract, chronic radiation dermatitis, malignant tumors	1. Establishing the radiation safety SOP 2. Measuring environmental radiation dose before operation 3. Annual calibration of the radiation detector.
	Work under Sunshine	Heatstroke, heat exhaustion, heat shock	1. Setting a shade. 2. Installing aircon and fans indoor. 3. Equip the control room with water fountains. 4. Providing appropriate working clothes.
Chemical	Xylene	Acute liver injury	1. Shortening exposure. 2. Providing PPE.
	Organic Dust	Byssinosis, occupational asthma	1. Shortening exposure. 2. Providing respiratory protective equipment (RPE).
	Potassium dichromate	Respiratory irritation, liver and kidney injury, irritant dermatitis, nasal septum perforation	1. Shortening exposure. 2. Installing local air exchange 3. Provision of PPE
Ergonomic	n-Hexane	Acute idiopathic polyneuropathy, respiratory irritation, contact dermatitis	1. Reducing use frequency. 2. Replacing with low-hazard substances.
	Carrying heavy objects	HIVD	1. Reducing work frequency 2. Replacing labor with machinery. 3. Demonstrating correct postures.
Social, physiological	Incorrect postures	Neck and shoulder pain	1. Leading health exercises. 2. Stretch demonstration. 3. Showing correct operation postures.
	Overwork	Cerebrovascular and cardiovascular diseases	1. Working hours control. 2. High-risk group identification and regulation. 3. Reducing bad habits (weight loss and smoke cessation) 4. Providing correct medical channels.
Social, physiological	Work-related stress	Occupational psychiatric disorders	1. Prohibiting workplace assaults. 2. Announcing grievance channels and methods. 3. Education/training for suicide prevention. 4. Providing in-house physician consultation. 5. Periodic care by in-house nurses.

Health Control for Shift Workers (overwork prevention) (GRI 403-3:2018)

Apart from prohibiting shift workers from working excessive extra hours, we plan and screen checkup items for the high-risk group of cerebrovascular and cardiovascular diseases, including ECG, myocarditis diagnosis, personal fatigue index, and Framingham Risk Score. We also implement administrative and health management on the high-risk group, including limiting the night shift frequency, active follow-up of medical attention and drug use condition, and developing the habit of blood pressure measurement. We even provide health instructions for employees and arrange the CO₂ test for smoking workers. Education and training on cerebrovascular and cardiovascular diseases are arranged for employees to understand the hazards and take correct precautionary actions of these diseases.



protect employees against such threats. Every year, we arrange education and training for mental health promotion to help employees release stress and provide them with proper channels for releasing stress and speaking their mind.



Soothing neck and shoulder pain with workplace exercise (GRI 403-3:2018)

To prevent workplace MSDs, apart from regularly checking out if employees work in correct postures, we actively ask if they have MSDs, and lead them to exercise in the morning assembly. Apart from releasing work stress, exercise can help them relax and enhance work efficiency.



No Workplace Assaults: Suicide Prevention (GRI 403-2:2018) (GRI 403-3:2018)

We are committed to maintaining the rights and interests of employees and protecting them against workplace assaults. Therefore, we establish and implement the “Workplace Extortion Prevention Program” to implement work adaptive assessment and early identification of hazard factors and for employees to reflect workplace assaults through the grievance channels. The case acceptance unit will participate in the investigation and coordinate with the case in collaboration with labor representatives before nurses follow up the case and provide related assistance. If an employee leaves the workplace as a result of the workplace hazard factors or report to the competent authorities, we will make a written statement. The company should make efforts to protect the employee against unfair treatment or retaliation. If this happens, the company will handle the case according to the internal disciplines and regulations. Furthermore, we state in the emergency response plan that when discovering a life-threatening situation in the workplace, employees should immediately withdraw from the situation to

Health Promotion

Group Tour

We arrange different employee tours. Every year, we plan at least two tours for employees. There are also various sports clubs, such as the cycling club, table-tennis club, basketball club, karaoke club, and mountaineering club. Apart from helping employees develop friendship and release stress, exercise can help promote health.



Medical Consultation and new health science knowledge

Every month, we arrange labor health service physicians to provide in-house service, including free medical consultation and health talks. To prevent employees from missing the opportunity for in-time medical attention due to busy work, by effectively analyzing the physical and mental health problems of employees through interviews, we provide appropriate referral service. We also develop the awareness and execution power of self-health management in employees through various thematic health talks.

Every month, nursing staff responsible for labor health service edit new health science knowledge, measure blood pressure and provide them with health instructions for employees across the plant. Apart from correcting their medical misconceptions, they enhance the employee's intention in self-health management.



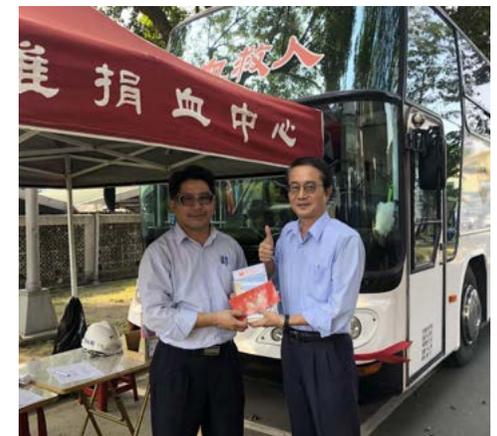
Weight Loss Competition

In 2019, we organized the three-month 2nd USI Cup Weight Loss Competition. A total of 82 employees participated in the competition to lose a total of 125.1kg and 40.9% of body fat.



Blood Donation

Apart from taking care of the employee's physical health, we encourage employees to contribute to society with fraternity. Therefore, we organize blood donations. A total of 99 employees donated a total of 139 bags of blood.



Birth Rate Lift

Apart from providing birth and preschooler allowances, we sign contracts with kindergartens for employees to work without worrying about their preschool children. We also establish well-lighted, well-furnished, and clean breastfeeding rooms with refrigerators, sofa, aircon, and curtains for female employees to use without worries.



Exercise every day to keep sore muscle away

Besides work, we encourage employees to exercise regularly. Therefore, we organize the National Scientific Fitness Test, with contents including body composition analysis, muscle strength fitness test (grip strength), flexibility (sit and reach test), cardiorespiratory endurance (progressive high knees/running in place), for employees to understand their physical fitness through the test results and develop the regular exercise habit.



Community residents

We care about the disease prevention and risk control of residents in local communities. Therefore, we have installed one new RTO and one new TO and replaced the fuel oil boiler with a natural gas boiler to reduce air pollutants. In 2019, we built another TO to reduce VOCs emissions to maintain the air quality of local communities.

We perform the walk-through inspection every day and maintain environmental cleanliness. In-house containment facilities are closed on sunny days and opened on rainy days to prevent water deposition. We also keep ditches and gutters clean and dry. In 2019, no dengue fever case was reported.

COVID-19 Prevention

In response to the high droplet transmissibility of COVID-19, we have launched a range of measures to prevent the pandemic from spreading for employees to feel safe and worry-free in the workplace. We also donate bleach and sanitizers to local residents, fire stations, elementary schools, and Daren Management Center. Please visit our CSR website for details.



[Pandemic Control with Materials from USI](#)

First Aid Education/Training

Emergency Medical Services

We equip four automated external defibrillators (AEDs) in-house and arrange education and training for each unit every year, hoping that all employees can get familiar with the correct first aid process to give help to others in emergencies to enhance survival and cure rate.



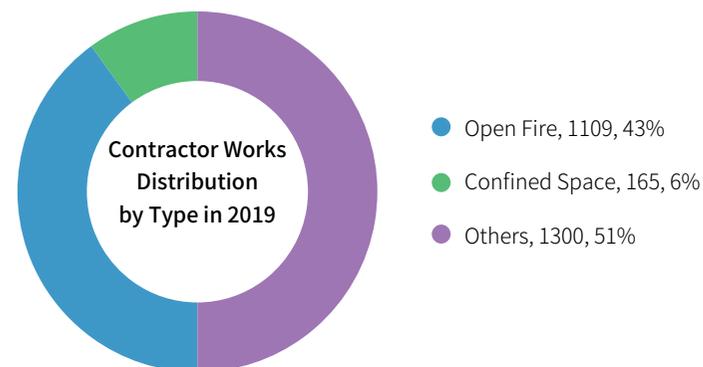
Emergency Response

In response to working on shift, we request all employees be equipped with emergency response capacity. In practice, we hire training officers of local fire stations to give special education and training for employees based on the company's specific operation environment. The contents include emergency bleeding control and dressing of general wounds to fixing bones in open fracture, c-spine injury, and others large open wounds for patient transportation. In addition to demonstration, training officers ask employees to practice on-site, hoping to minimize injury and prevent secondary injury in emergencies.

Contractor Management (GRI 403-5:2018)

At USI, contractor safety management or supplier safety management is 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. However, to enhance contractor entry safety management and enforce the supervision and management duty of occupational safety and health management personnel, the industrial safety section performs walk-through inspection of all in-house projects every day to confirm if preparatory inspection of machinery is completed and if there is unsafe incident in the construction. If a nonconformity is detected, industrial safety staff will immediately request contractors to stop construction and complete all improvements before carrying on construction. If a serious nonconformity is detected, re-education and re-training will be arranged for that contractor. 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 operation safety. In 2019, the accident rate per one thousand persons at the Kaohsiung Plant was zero. (Contractor accident rate per 1,000 persons = Total number of contractor accidents/ total number of contractors x 1,000)

In addition, to capture the in-house operation safety of contractors, we measure the blood pressure and run the alcohol test of workers every day before they work in-house to ensure that all workers are in the best shape. Through continual training, publicity, and demands, we urge contractors to voluntarily comply with our OH&S regulations to achieve the goal of zero accidents.



HSE Education and Training (GRI 403-5:2018)

Education, training, and publicity are the fundamentals for promoting HSE 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 2019, we provided a total of 3,909 hours of HSE education and training for 1,270 person-times in 143 sessions.

Statistics on EHS Education and Training 2019

Type	Hours/person	Sessions	Person	Total hours
New employee training	6	14	33	198
On-the-job training	3	15	332	996
Contractor Personnel	3	114	905	2,715

With respect to legal requirements, domestic and overseas industrial safety accidents, and in-house hazard evaluation, we organize a series of training courses. In 2019, we organized 30 training activities with 1,106 participants, suggesting that employees care about operation safety and have a positive attitude towards learning new skills.



	Training Topic	Training Frequency	Training Description	Session Trainees	
Routine Training	Semi-Annual Emergency Response & Fire Drill	1/semi-annually (Renwu Fire Station/ Equipment Suppliers)	1. Fire rescue/communication 2. Using the emergency response guide 3. SCBAs and emergency oxygen cylinders 4. Fire extinguishers/firefighting equipment uses 5. Posttest.	2	41
Targeted Training	Pre-Operation Training	Irregularly (Industrial Safety Section)	1. Normal operational hazards protection. 2. Case study and response drill.	6	189
	Work in Confined Spaces Training	1/annually (Industrial Safety Section)	1. Regulations and hazards. 2. PPE uses and drills.	8	263
	Education/Training of Rescue Equipment for Confined Spaces	After new equipment purchase (equipment suppliers)	1. Training for unit seed trainers. 2. Uses and functions training.	1	8
	Education/Training for the Timing and Method of AED+CPR Uses	Irregularly (equipment suppliers)	1. Introduction to AED functions 2. CPR step-by-step 3. On-site practical tests	5	204
	Emergency Response (First Aid) Education/Training	Irregularly (Renwu Fire Station)	1. Hazardous environment analysis. 2. Rescue equipment is used. 3. Situated drills.	2	149
	Traffic Safety Education—Drowsy Driving	Irregularly (regional vehicle registration office)	Defensive driving for cars and motorcycles and traffic safety rules education	1	28
Physical and Mental Training	Mental Health Promotion	Irregularly (Infirmary)	1. Suicide prevention publicity. 2. On-site quizzes and interaction.	1	62
	Health Promotion-Exercise 333	Irregularly (Infirmary)	1. Understanding obesity 2. How to prevent obesity 3. Exercise 333	1	27
	Chronic Disease Prevention	Irregularly (St. Joseph Hospital)	1. Checkup report interpretation 2. Medical consultation	1	20
	Occupational Health Education	Irregularly (Infirmary)	Understanding and preventing cerebrovascular and cardiovascular diseases	1	53
	Physical Fitness Assessment	1/annually (Jiannren Hospital)	1. Explaining physical fitness assessment 2. Explaining body composition. 3. On-site tests and assessments	1	62
Total				30	1,106



In addition to the above training, at the quarterly safety meeting, each unit will discuss unsafe acts and behavior in their operations and explore industrial safety incidents occurring at home and abroad to prevent their recurrence. Through this process, employees can better understand safety knowledge and USI's safety culture.

5.3 Talent Attraction and Retention

Workforce Structure

2019 USI Personnel Data (GRI 102-8)

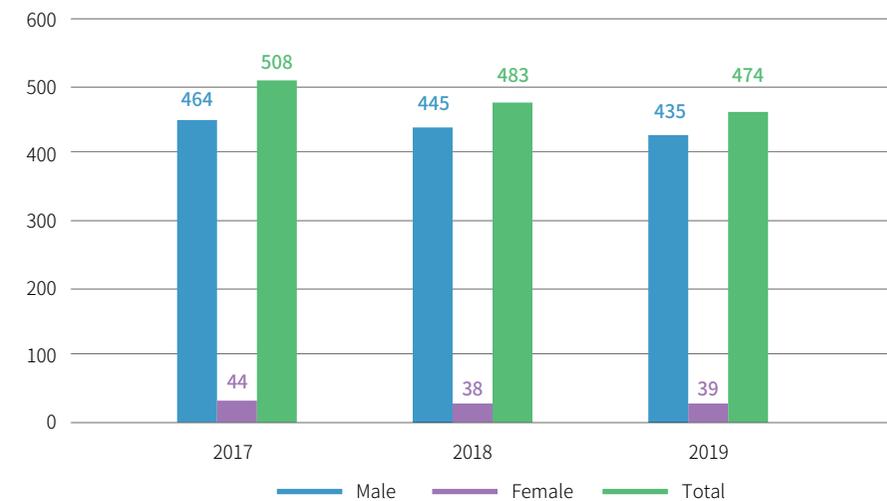
Numbers of employees	474 persons; Male 435 persons (approx. 92%); Female 39 persons (approx. 8%)
Average age	42.9 years
Average service length	13.9 years
Summary	<ol style="list-style-type: none"> All USI employees are from Taiwan, mainly distributed in the Taipei and Kaohsiung areas. Except for employees 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. We hired 2 persons with disabilities in 2019, accounting for approximately 0.4% of total employees. About 84% were college and university graduates.

Note 1: Due to the characteristics of the petrochemical industry, male employees are more than female employees.

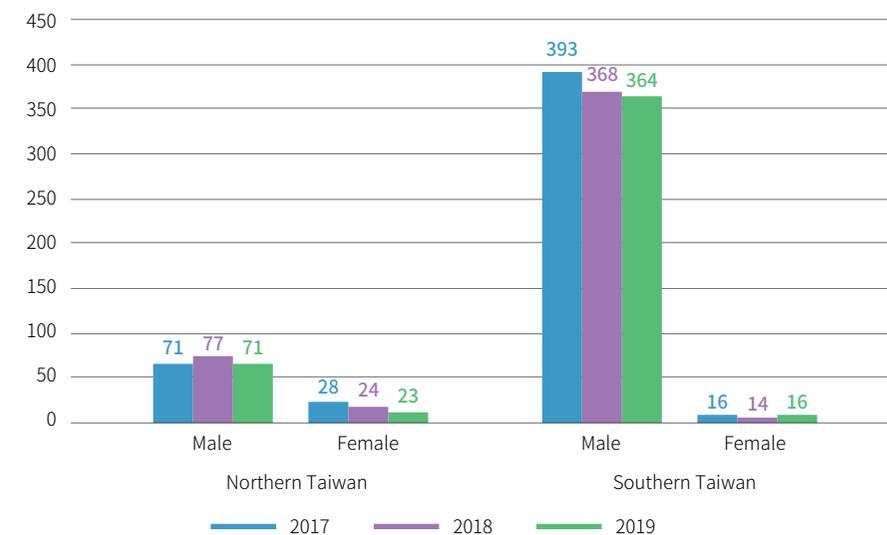
Note 2: Personnel data were obtained from the human resources system.

	Northern Taiwan		Southern Taiwan	
	Non-fixed-term contract employees	Fixed-term contract employees	Non-fixed-term contract employees	Fixed-term contract employees
Male	70	1	364	0
Female	22	1	16	0

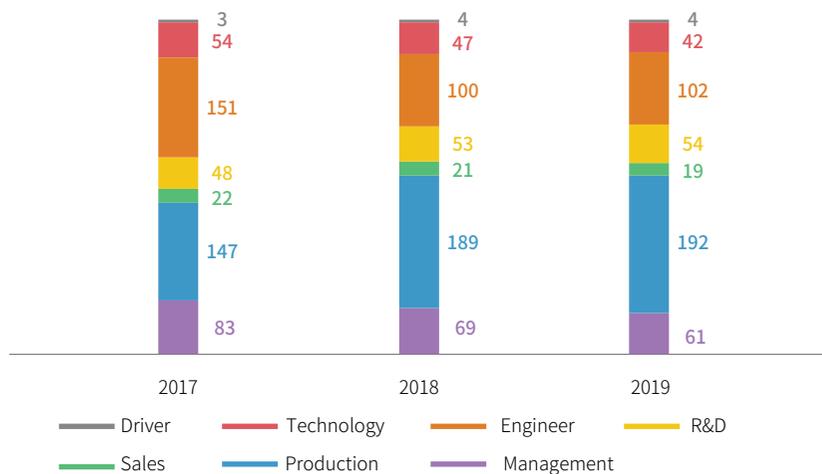
Number and Gender Distributions of Employees in 2017-2019



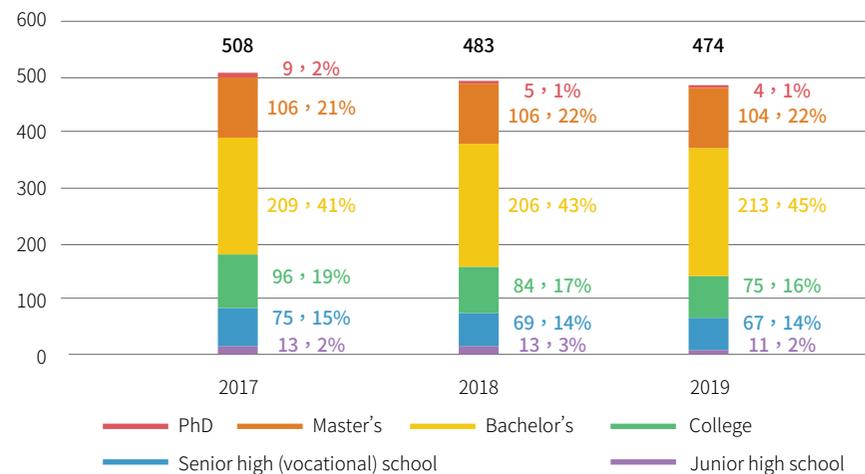
Region and Gender Distributions of Employees in 2017-2019



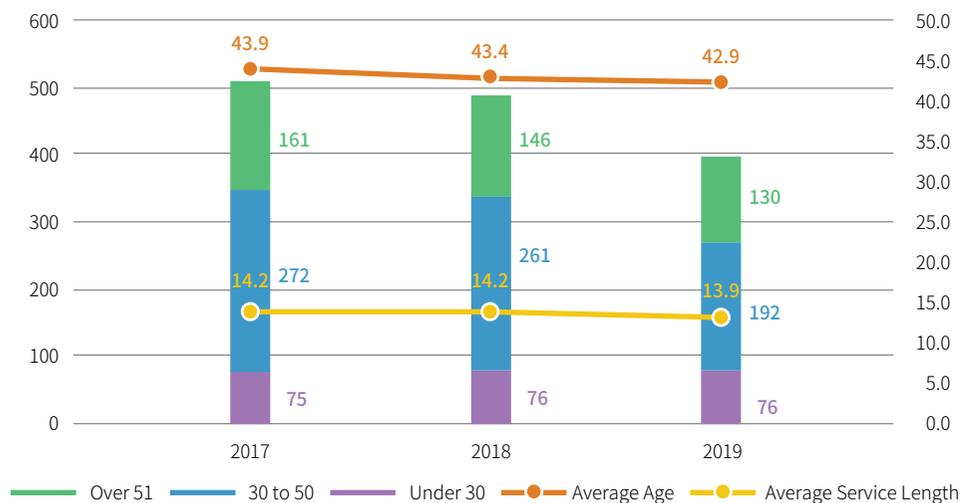
Duty Distributions of Employees in 2017-2019



Education Distributions of Employees in 2017-2019



Age Distributions of Employees in 2017-2019



Employee Turnover (GRI 401-1) (GRI 404-3)

Recruitment, Selection, and Evaluation

To stabilize human resources, we recruit excellent talents with a fair, open, transparent and efficient recruitment system in order to build a strong organization. In addition to maintaining diversity and equal opportunities, we do not engage in discrimination based on race, 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.

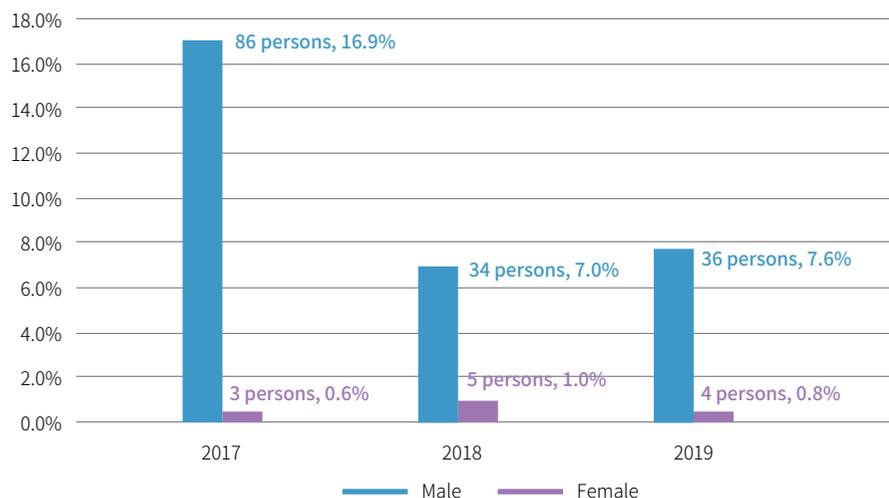
When new or existing positions need to be filled or the workforce needs to be expanded due to business needs, organizational planning or employee resignations, the workforce-requesting unit must complete the "Personnel Replenishment Request Form." After the request is approved, we will first recruit 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 citizens as a way of giving back to the local communities.

Except for senior management, such as vice presidents and senior officers, fixed-term contract employees, and employees arriving at USI in and after October every year who do not need performance evaluation, 100% of employees receive a performance evaluation at planned intervals.

In 2019, we hired a total of 40 new employees, accounting for 8.44% of all employees. The tables below show the gender, age, and region distributions of these new employees.

Gender Distributions of New Employees in 2017-2019



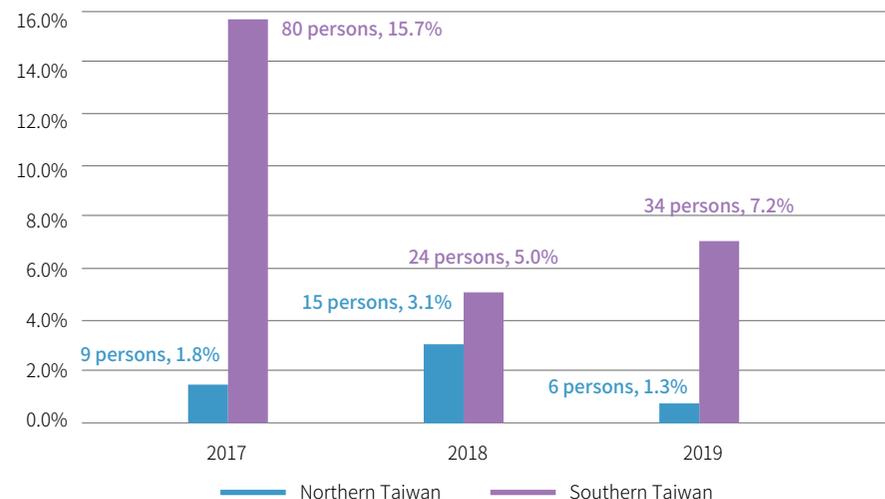
Note: New Employee Rate = Number of New Employees/End-of-Year Active Employees

Age Distributions of New Employees in 2017-2019



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

Region Distributions of New Employees in 2017-2019



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

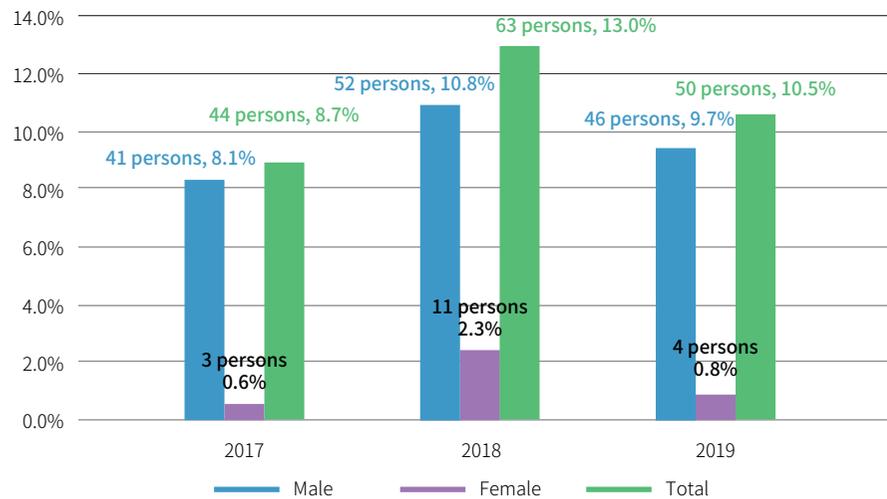
Turnover Rate

All employees are free and have the right to leave work at any time or terminate their employment by law. 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 2019, a total of 50 employees resigned (including 18 retired), including 4 female employees. The number and rate of employee turnover in 2019 decreased from 2018.

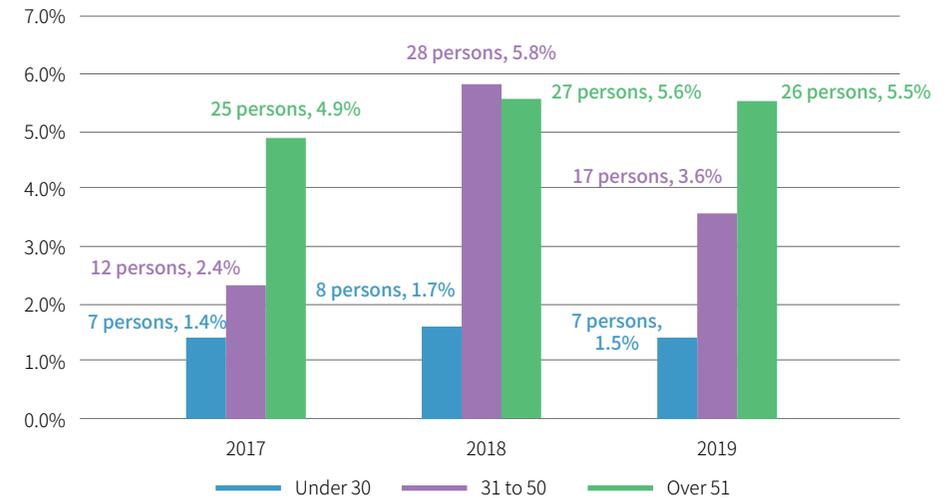


Gender Distributions of Employee Turnover in 2017-2019



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

Age Distributions of Employee Turnover in 2017-2019



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

Region Distributions of Employee Turnover in 2017-2019



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

Human Rights Policy and Management Programs

Human Rights Policy

To fulfill CSR and protect human rights, we establish the human rights policy applicable to USI and USIG affiliates with respect to internationally accepted human rights standards, such as the International Bill of Rights and the [Declaration on Fundamental Principles and Rights at Work], in order to eliminate behavior prejudicing and violating human rights. Apart from providing employees with a reasonable and safe workplace environment, we ensure employees to enjoy reasonable and dignified treatments at USI.

Human Rights Assessment

While pursuing corporate sustainable development, we also raise our concerns about human rights and the environment. Therefore, we undertake and promote the social responsibilities of employees, consumers, and the overall environment. To realize our commitment to provide employees with a safe and healthy workplace, apart from designating staff to specialize in employee OH&S management by law, we hire professional organizations to conduct in-house tests every year to identify risks in the operation environment.

Concerns of Human Rights and Practice

- Providing a safe and healthy workplace environment
We have passed the evaluation and certification of ISO 14001 and OHSAS 18001 to provide employees with a reasonable and safe workplace environment. We have also established an OH&S unit and H&S committee, hired medical specialists and nurses, and arranged periodic education and training relating to OH&S and fire prevention to take necessary preventive measures to prevent occupational accidents from occurrence and thereby reduce risk factors in the workplace environment.
Eliminating discrimination for equal opportunities
We maintain equality in labor rights and interests, such as employment, wage and benefits, training opportunities, dismissal, and retirement. Therefore, we do not engage in unfair treatment due to discrimination based on age, gender, disability, ethnicity, race, national origin, religion, or other status.

- No child labor
To comply with CSR and maintain integrity and ethics, we state “no child labor” right from the beginning of recruitment.
- No forced labor
We comply with the laws and regulations when dealing with the working hours and leave entitlement of employees.
- Balancing mental and physical well-being
We provide venues or financial support to encourage employees to engage in healthful recreations. We purchase exercise and fitness equipment in-house for employees to exercise after work. Currently, employees have formed 12 regular sports and PE clubs with 241 members, accounting for 51% of all employees.

Training and Practice of Human Rights Protection

- New employee training
On their arrival, new employees are requested to receive related compliance training, with topics including sexual harassment prevention, no discrimination, no harassment, working hours management, protection of humane treatment, and healthy and safe workplace environment.
- Preventing workplace violence
Through publicity and notices, we let employees understand their responsibility for assuring no workplace assaults. We also disclose grievance channels to build a friendly workplace environment.
- Training for occupational safety
Training contents include OH&S education and training, fire safety training, emergency response, and first aid training.
- Publicizing integrity and ethics
We arrange education and publicity on integrity and ethics in routine work and behavior, in order to build a healthy and positive workplace culture.

Number of participant-times of training for human rights protection

In 2019, we organized 11 training activities with a total of 1,337 participant-times.

Grievance System

See p. 50 of this report.

Employee Benefits (GRI 401-2)

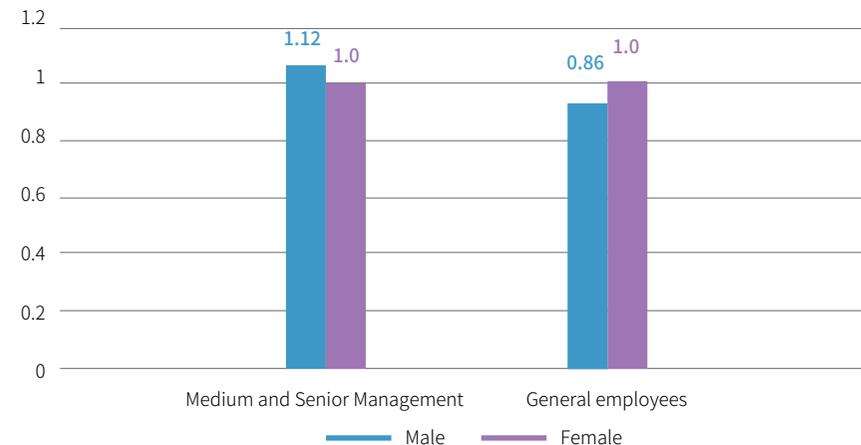
Employee benefits are our prime concern, and every USI employee is entitled to the following benefits:

Item	Contents
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 checkups and healthcare plan.

Remuneration

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 minimum 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.

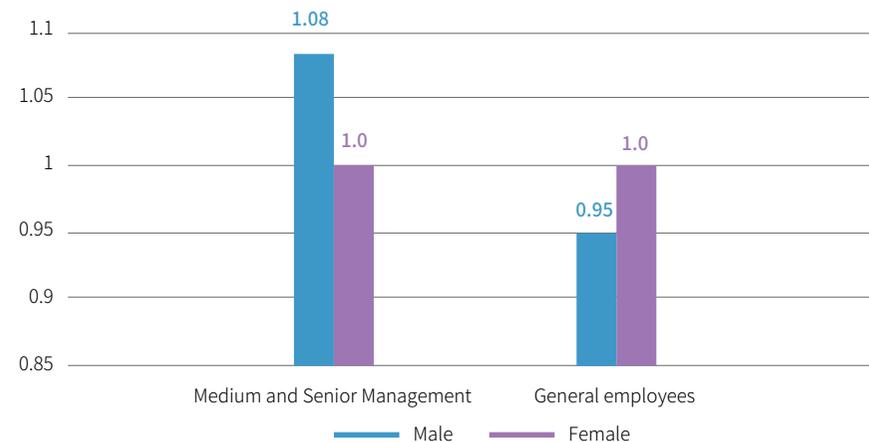
Women-to-Men Ratio of Salary and Remuneration in 2019 (Base Salary)



Note 1: The base for female employees is "1." Remuneration in 2019 is the base salary of male and female employees. The calculation does not include contractual employees.

Note 2: Medium and senior management are employees of grades 8 or higher, while general employees are grades 7 and below.

Women-to-Men Ratio of Salary and Remuneration in 2019 (Full Pay)



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

Note 2: Medium and senior management are employees of grades 8 or higher, while general employees are grades 7 and below.

Item	Contents	2019	Difference from the previous year	Description of Difference
1	Number of non-management full-time employees	447	-15	Major factors for average wage increase:
2	“Average Wage” of non-management full-time employees (NTD thousand)	1,125	105	1. Annual raise
3	“Median Wage” of non-management full-time employees (NTD thousand)	1,022	100	2. The 2019 year-end bonus was more than that of 2018.

Health Care Benefits (GRI 401-3)

Every year we arrange periodic health checkups 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 2019, no employee applied for parental leave. One of three employees expecting to return to work following parental leave did return to work on time, while the other two resigned for career planning. We have made perfect reinstatement plans for employees. When an employee is reinstated after a leave of absence, we will arrange reinstatement training and education for her or him to protect their right to work and ensure that she/he can smoothly return to work. (GRI 401-3)

Item		Male	Female	Total
Year Status	Number of employees entitled to parental leave	0	0	0
	Number of employees took parental leave in the year	0	0	0
Return to work Status	A) Total number of employees due to return to work after taking parental leave and did return to work	2	1	3
	B) Total number of employees that did return to work after parental leave	0	1	1
	Return to work rate=B/A	0%	100%	33%
Retention Status	C) Total number of employees returning from parental leave in the prior reporting period	0	1	1
	D) Total number of employees retained 12 months after returning to work following a period of parental leave	0	1	1
	Retention rate= D/C	0	100%	100%

Pension Contribution (GRI 201-3)

We have established a set of retirement regulations for all full-time employees and contribute every month the employee pension reserves to the personal pension account at the Labor Insurance Bureau for each employee in accordance with the Labor Standards Act. See the information on the retirement benefit plan disclosed in Note 21 of the 2019 individual financial statement for details.

https://www.usife.com.tw/USIWebFiles/Meeting/Finance4I_108.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%

Labor Union (GRI 102-41)

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.

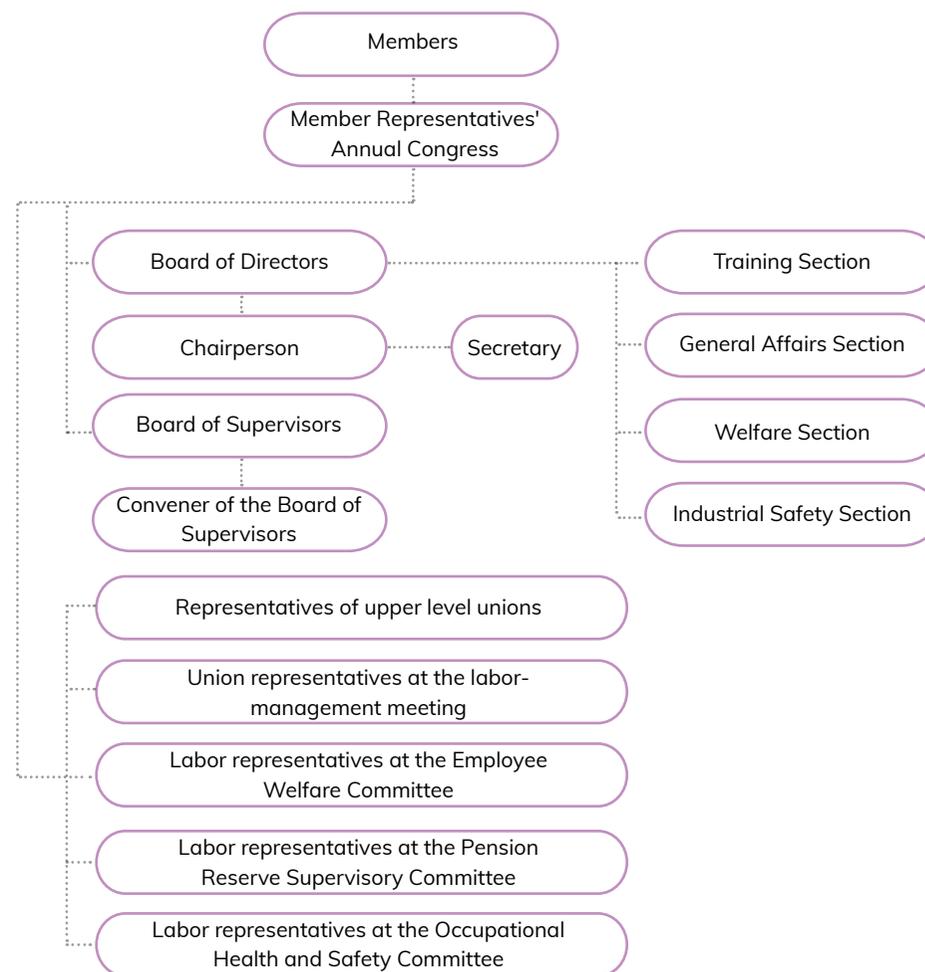
By the end of 2019, the union had a total of 356 members, including 13 females and 343 males. Except for the unit heads and personnel affairs staff of the Taipei Office and the Kaohsiung Plant who did not participate in the union, all employees of the Kaohsiung Plant are union members, with a 100% participation 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.



2019 Member Representatives' Annual Congress



2019 Labor Training and Education



Employee Welfare Committee

Every month we contribute 0.15% of our sales turnover to the “Employee Welfare Committee.” The fund is used for funding 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.



Badminton Club



Basketball Club

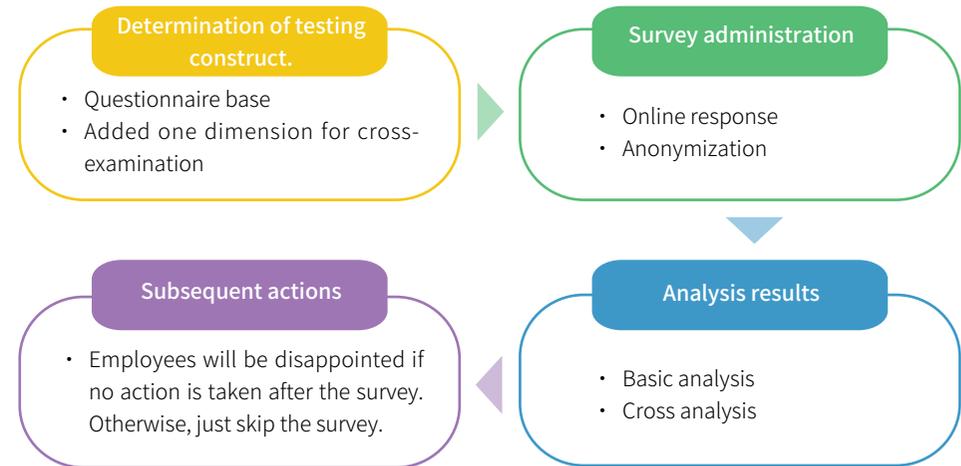


Cycling Club

Employee Engagement Survey

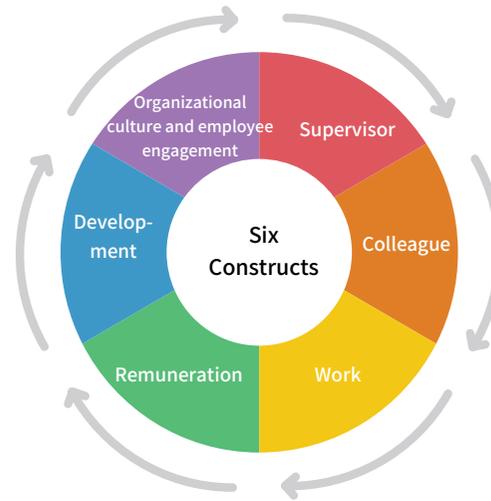
To maintain comprehensive employee communication, we conducted the first “Employee Engagement Survey” in 2019 to help management understand the employee condition and provide a reference for continual improvement and management optimization, in order to enhance the employee engagement and to establish sound labor-management relations.

Process of Employee Engagement Survey



Note: The survey was conducted in collaboration with a third-party.

The survey covered full-time USI employees (excluding temporary and part-time personnel). The response rate is 52%. The questionnaire was designed to analyze employee satisfaction in terms of six constructs. After comparing the results with other companies in the business, the top three satisfied and unsatisfied topics and countermeasures are as follows:



2019 USI Employee Engagement Survey

	Satisfied	Unsatisfied	Countermeasure
1	Retention commitment	Performance management	<p>Establish a sound performance management cycle The employee periodic performance valuation falls into two parts: KPI assessment and core competence assessment. At the beginning, supervisors and employees set the common KPIs for evaluation and follow-up during the period. The evaluation is conducted at the end to enhance corporate performance and verify the development and performance of employees in the year. Apart from discussing the development needs and career planning of individual employees with this opportunity, supervisors will give advice for the training and development of employees in the next year.</p>
2	Training and development	Reward system	<p>Establish a real-time a real-time reward system For proposals of quantitative improvement, such as products, quality, R&D, maintenance, purchase, finance, sales, management, and workforce evaluated as significant, the proposal evaluation team will report to management to determine related execution units and the reward for proposers.</p>
3	Workplace environment	Overall remuneration	<p>1. Institutionalize employee remunerations We have stated in the company charter that the percentage of remuneration for employees appropriated each year for all employees to share the company's profit.</p> <p>2. Establish a competitive remuneration system We establish our work rules according to the "Labor Standards Act" (LSA). Some benefits are even better than that of the LSA. In terms of bonus, we have the performance bonus to encourage productivity, attendance bonus to encourage employees to come to work, and year-end special bonus relating to the company's net income. If there is profit, we will distribute profit sharing to employees as stated in the company charter.</p>

5.4 Talent Cultivation and Development (GRI 103-1) (GRI 103-2) (GRI 103-3) (SDG 4) (SDG 5) (SDG 8)

Sustainability Principle: Unity Governance

Significance and Strategy



Significance to USI

Talents are the company's irreplaceable core asset. Steadily and constantly growing human resources are the bedrock of steady operations to enhance overall corporate efficiency.

Strategy and Approach

1. Establish a system to strengthen talent development.
2. Provide learning resources in various fields.
3. Enforce a level-specific management competence training mechanism.

Commitment

Provide a multidimensional framework and complete resources for talent development for employees to demonstrate potential and make contributions according to their personal traits and specialties.

Boundary:
USI

Achievement and Goal



2019 Goals

1. Annual training for indirect labor: 8+hours.
2. Plan and activate a level-specific management competence training mechanism.
3. Provide supervisors and employees with comprehensive training courses.
4. Develop a talent cultivation system.

2019 Projects

1. Level-specific management competence training mechanism
2. Talent matrix inventory

2019 Achievements

1. Employee training: 26.24 hours/person.
2. Senior and junior management training for 43 persons.
3. Annual training total length: 12,438.3 hours.
4. Licenses/certificates: 141 pcs.
5. Workforce planning and talent matrix inventory of all units.

Sustainable Development Milestone



2020 Goals

1. Annual training for indirect labor: 8+hours.
2. Implement a level-specific management competence training mechanism.
3. Enforce annual circulating courses.
4. Continue to enhance talent inventory and the evaluation system.

3-Year Goals

1. Constantly provide complete learning resources.
2. Establish channels for equal career development.
3. Enforce a level-specific management competence training mechanism.

5-Year Goals

1. Integrate the workforce rotation and promotion mechanisms.
2. Strengthen overall performance and the talent development system.
3. Eliminate interruption in talent succession for corporate sustainable development.

Management



Effectiveness Assessment

1. Annual training for indirect labor: 8+hours.
2. Acquire various professional licenses and certificates.
3. Talent matrix inventory for all units.
4. Performance evaluation mechanism.

Grievance Mechanism

Labor union, Employee Grievance Regulations, whistleblower policy in the Ethical Corporate Management Best Practice Principles, and employee suggestion box.

Chapter Summary

1. Education and training
2. RD personnel training plan
3. Multidimensional and complete personnel development framework.
4. Talent cultivation
5. Employee development.

Multidimensional and Complete Personnel Development Framework

The system for “overall performance management” builds key performance indicators and performance associations in the “company → department → position” cycle. The anticipated outcomes are:

- Establish a systematic employee development mechanism.
- Capture the performance and potential of medium- and higher-level employees to secure successor sources.
- Ensure the development of medium- and higher-level employees to extend the organizational leadership style.
- Select and appropriately and timely guide employees and give them training opportunities.
- Review individual performance and development potential to ensure the development of management personnel and smoothen the road to career development.

Establish a diversified and complete employee development framework, strengthen support for HR-related systems, and provide employees with a suitable environment for development.

- Define the difference between management and engineering jobs and implement performance assessment and development procedures.
- Provide different professional training courses for management and engineering officers.
- Ensure equality in promotion through the Employee Review Committee.



Unit talent matrix inventory

Discern high-performance/high-potential talents in each unit based on the distribution chart of the annual evaluation results



Talent development plan

Establish corresponding development approaches for high-performance/high-potential talents in each unit



Annual training courses

Annual courses: Marketing, business expansion, management skills, communication and negotiation, general financial training; and combined with the unit talent development plans to form the annual training courses



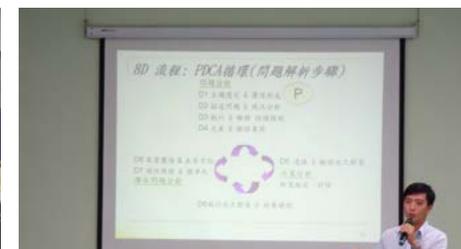
Workforce plan inventory

Assist all units in inventorying future workforce changes and give corresponding advice

Talent Cultivation

In “talent cultivation,” we plan various complete and up-to-date education and training, and set management competencies, professional training items, and evaluation methods of all levels. Through internal and/or external training, we activate the annual circulating courses with contents covering five major courses: marketing skills, sales skills, supervisor management competencies, communication and negotiation skills, and general finance. We also follow up the actual work performance and implementation of trainees.

- Internal training: Courses focus on common training courses for new employee training and group keynote speeches to equip employees with fundamental and general knowledge.
- External training: Courses focus on the professional skills required by individual departments and the five circulating courses provided by the personnel department to enrich the work-related knowledge and skills of employees.
- Management competence of all levels
 - 1) TWI (Training Within Industry for Supervisors) onsite supervisor management competence training
 1. Show subordinates the correct methods and steps.
 2. Guide subordinates to engage in improvement and efficiency enhancement.
 3. Develop and maintain sound and harmonious team relations.
 4. Establish a common language and culture for onsite management.



- 2) Medium-level management competence training
 1. Team establishment and subordinate development
 2. Work planning and target management
 3. Systematic thinking (problem analysis and solving)
 4. Development of strategy awareness
 5. General financial training
 6. Breakthrough against the time and ambition building
 7. Fundamental legal knowledge for supervisors

- 3) Senior management training: Develop consensus and ability to influence and transform in senior managing
 1. Establish the talent development system for senior management and provide related courses.
 2. Revolutionize the existing operating processes and thinking models to cultivate potential for creation and innovation.
 3. Enhance existing work efficiency and performance and effectively capture challenges and opportunities.
 4. Develop the capacity for assuming senior management responsibility and enhance the ability in problem-solving and decision-making.
 5. Strengthen overall teamwork consensus and coherence.

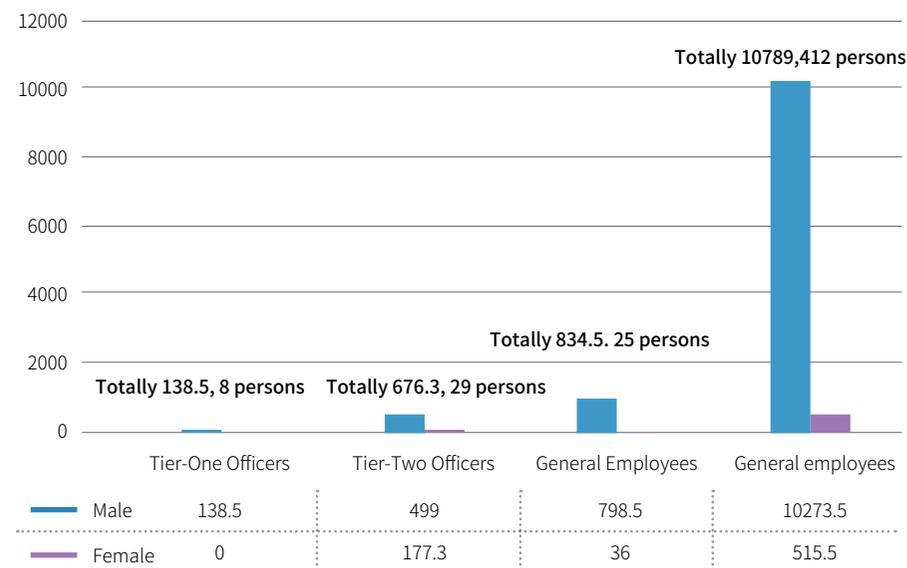


Education/Training (GRI 404-1)

In 2019, we provided employee training for a total of 12,438.3 hours (including training courses participated by employees and organized by the group). The average training length was 26.24 hours/person, with a training expense of about NT\$1.173 million. We are committed to building a continuous and rich learning environment to systematically provide employees of different jobs with a series of general and special education courses and management courses. Apart from hiring external experts as instructors, we cultivate internal instructors to pass on USI's important knowledge and technology.

In addition, we provide multidimensional learning channels and resources, including on-the-job training, job guidance, mentoring, job rotation, onsite instruction, and e-learning. For employees with high learning intentions and developmental potential, we finance them to pursue continuing education in domestic universities and adjust their duties for training, in order to cultivate business successors.

Total Hours of Training in 2019 (unit: hours)



Note: Senior officers are employees of grades 13 and higher; tier-one officers are employees of grades 10-12; tier-two officers are employees of grades 8-9; and general employees are employees of grades 7 and below.

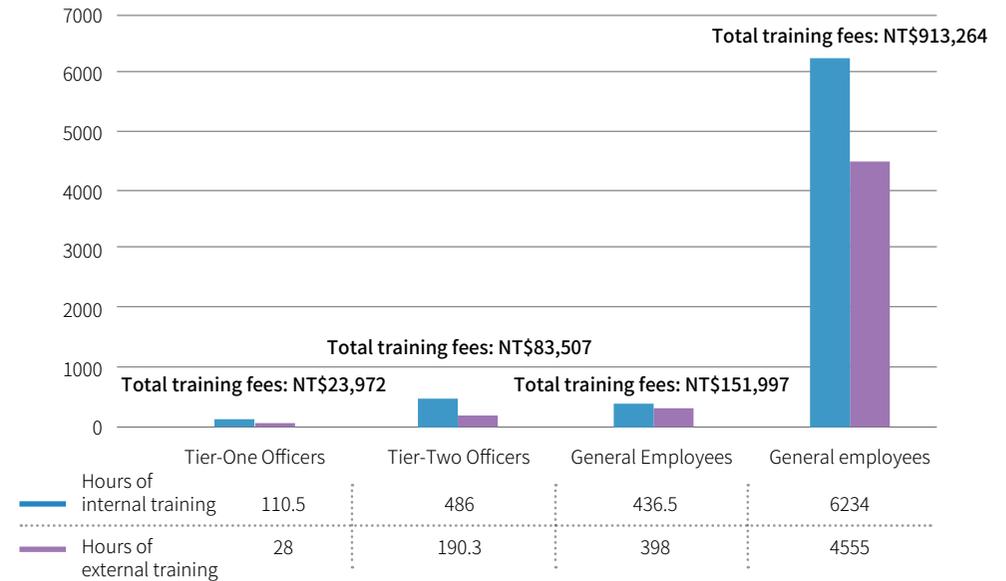
Average Hours of Training in 2019 (unit: hours/person)



Note: Senior officers are employees of grades 13 and higher; tier-one officers are employees of grades 10-12; tier-two officers are employees of grades 8-9; and general employees are employees of grades 7 and below.

As shown in the distributions of internal training and external training, we offer well-planned internal and external training resources to employees. Apart from hiring external professional instructors to give classes in the facility, employees may apply for training at external professional training organizations through the online application system.

Distributions of Internal/External Training 2019 (unit: hours)

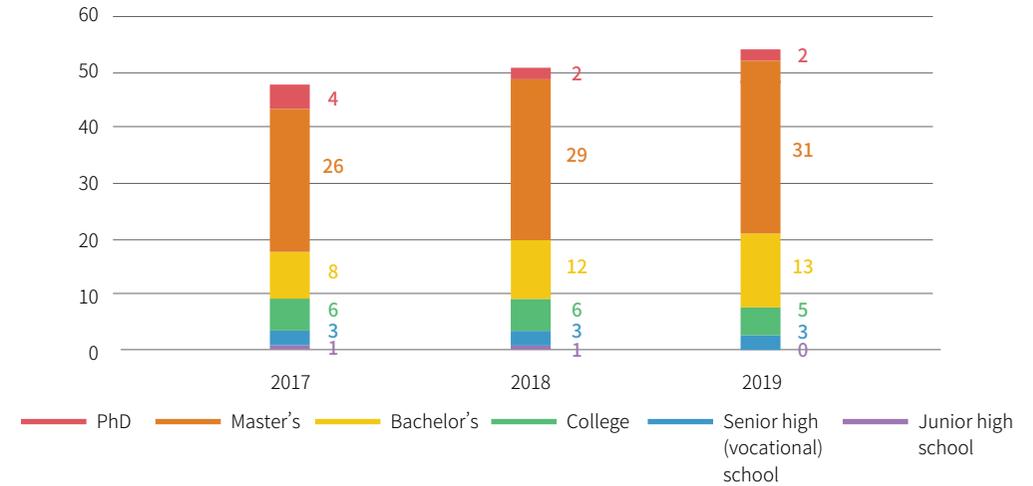


Note: Senior officers are employees of grades 13 and higher; tier-one officers are employees of grades 10-12; tier-two officers are employees of grades 8-9; and general employees are employees of grades 7 and below.

Planning of Training for RD Personnel

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 2019, we hired 54 R&D staff members, which together make up 11% of all employees. Most R&D personnel hold a master's or higher degree, accounting for 61.1% of the total.

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



5.5 Charity and Community Participation

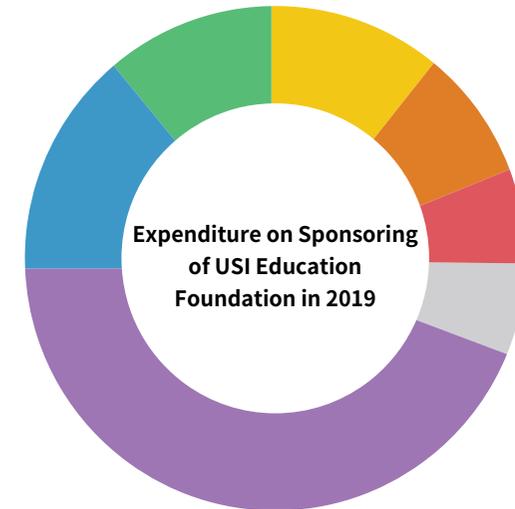
We engage in social and educational charitable activities with our own influence. With activities including flipped education, remedial instruction for the vulnerable, and equal education for the rural, we are committed to eliminating education inequalities. We also constantly engage in coastal cleanup and emphasize the education of marine ecology protection. As a key role in the plastics industry, we constantly demonstrate our core competitiveness in the petrochemical expertise by opening the “Kaohsiung Renda Petrochemical Talent Stream” Cooperation Program to enhance the competitiveness of local schools and recruit outstanding students. We also value the support of local communities; establish long-term partnership with them; organize mountain cleanup and blood donation activities; and invest in related resources to stimulate local development and continuously demonstrate the USIG vision: Create and cohere sustainable value for a sustainable society.

USI Education Foundation

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

To further expand the scale of charity, CGPC and TVCM joined the foundation in 2017. In 2018, TTC also joined the foundation to enable investments of more resources in rural education and environmental sustainability in order to contribute to society.

In 2019, USI Education Foundation sponsored various activities with a total of NT\$8.98 million. Details are shown below:



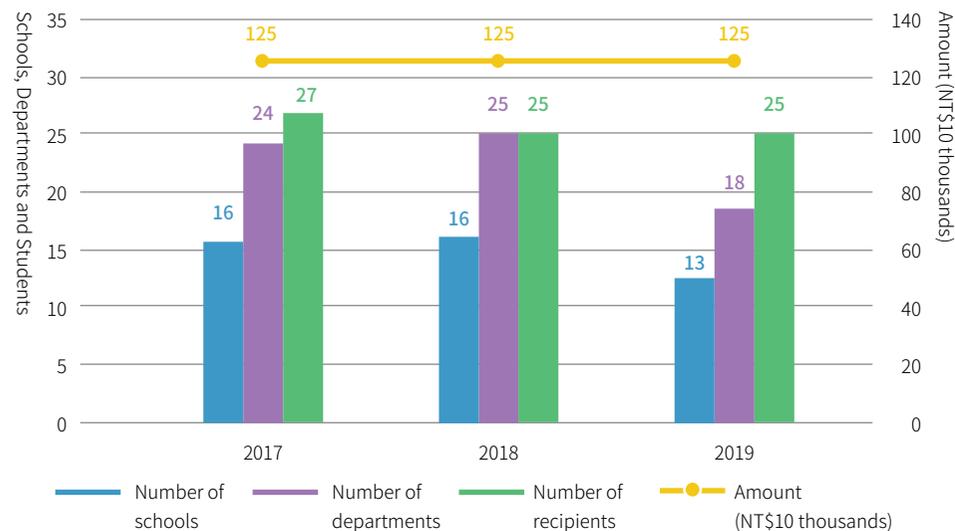
- Junyi Experimental High School, NT\$4 million
- Scholarships and grants, NT\$1.25 million
- The Alliance Cultural Foundation, NT\$1 million
- Other educational charitable activities, NT\$980,000
- Wang Gong Elementary School, NT\$750,000
- Education Support for Taiwan, NT\$500,000
- Service activities of colleges and universities, NT\$500,000

Scholarships and Grants

We offer scholarships to students from low-income families with outstanding performance and specializing in disciplines relating to chemical engineering, materials science, and applied chemistry of 13 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 2019, we offered scholarships and grants totaling NT\$1.25 million to 25 students from 18 departments of 13 public and private universities, including 3 from doctoral programs, 16 from master's programs, and 6 undergraduates; 13 of them were from low-income families. Since the establishment of our scholarships and grants, we have offered a sum of NT\$9.6 million. We will continue to offer scholarships and grants in 2020 to encourage more outstanding students from low-income families.

Distribution of Scholarships and Grants in the Last 3 Years

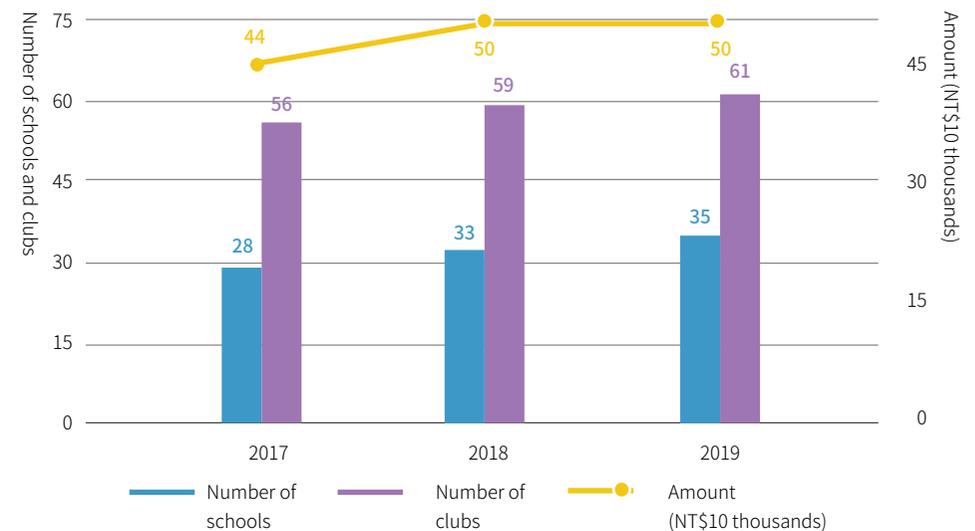


Sponsoring Service Activities of Colleges and Universities

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 various educational services, hoping to provide more diversified education for the vulnerable and rural through high-quality club activities and human resources programs of colleges and universities.

In 2019, the foundation sponsored 61 activities from 35 schools out of 151 applications from 52 schools for a total sum of NT\$500,000. Over the past seven years, the foundation has sponsored activities for a cumulative amount of NT\$3.49 million, benefitting about 10,059 volunteers and 23,540 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 2020 to encourage students to participate in social service activities.

Sponsorship of School Service Activities in the Last 3 Years



The Alliance Cultural Foundation and Junyi Experimental High School

Junyi—Realization of Education for the Rural

The Alliance Cultural Foundation was founded by Chairman Stanley Yen to provide an opportunity for economically vulnerable children to flip. Under the program “Rural Education Seeds Cultivation Program” from 2012, the foundation has provided services for over 50 rural elementary schools and sponsored 146 schoolchildren, and over 90% are indigenous children.

In response to the development concept of Junyi, the Ministry of Education approved the school’s application for system change into the “Junyi Experimental Senior High School” in August 2019. In response to the implementation of the new curriculum in 2019 (academic year108), either its long-standing “Life Exploration” course or pioneering experimental courses “Creativity Module” and “International Linkage” launched since 2017 were expanded into multidisciplinary courses to enforce the concept and value featuring “inspiring talent, positive innovation, local connection, and bilingual international,” in order to develop core competence in “character, life, and skill” with interdisciplinary and literacy-oriented courses.



The Life Exploration course of the high school section includes cycling, mountain skills, and water skills, splitting as of grade 11. The photo shows the canoeing course in water skills.



Students of the high school section presented the learning achievements in “International Hospitality—Bakery Course” of the “Creativity Module” to guests at the art festival in May 2019.



Students of the high school section presented the learning achievements in “Contemporary Arts—Drama Course” of the “Creativity Module” to guests at the winter festival in December 2019.



The “International Connection” course is co-organized with the Vucujl Culture Association of the Payuan. The picture shows an exploration of the traditional Vucujl ceremony for students to discern the implications of indigenous culture.

Junyi Center for Teacher Education and Teacher Community Support

Education concepts and teaching methods change as time goes by, and Taiwan also implemented the new curriculum in 2019. As in-service teachers received training from the traditional education system, their demand for innovative teaching skills increases ceaselessly. Therefore, Junyi School sponsored by USI Education Foundation established a center for teacher education in 2018 with Ms. Wei-Ying Lan as the center's CEO. The foundation also designated a project manager to assist with the center's administration to expand the center's influence in education reformation. In 2015, Ms. Lan began to hold the "Taitung Collaborative Lesson Preparation Workshop" at the Junyi Center for Teacher Education every winter and summer break, and nine workshops have been held until the summer break in 2019. From only two teachers from Hualien and Taitung enrolling to the workshop at the beginning, today half of a total of the 140 vacancies are filled by teachers from these two areas, forming a cross-region partnership and turning the collaborative lesson preparation workshop into an eastern Taiwan education block. To help more competent schools to accelerate the realization of the 2019 curriculum, Ms. Lee initiated in 2018 the one-year "In-House Accompaniment Program" with a group of senior teachers to accompany these schools in developing related courses. In the program, the team also empowered school teachers and helped them reach a consensus. The program has attracted nearly 130 schools. In response to the ongoing accompaniment demand, Ms. Lan established the "Education Support for Taiwan" in May 2019 to train more education consultants and provide the "In-House Accompaniment Program" service for more schools.



"Taitung Collaborative Lesson Preparation Workshop" held at the Junyi Center for Teacher Education in 2019 summer break.



Ms. Wei-Ying Lan promotes the "In-House Accompaniment Program" for the 2019 curriculum.

Sponsoring CGPC organize Long Fong Fishing Port Beach Cleanup



In support of the marine environmental protection policy of the Miaoli Environmental Protection Bureau, China General Plastics Corporation (CGPC) adopted the 500m coast of Long Fong Fishing Port in Zhunan Town in 2017. The third coastal cleanup after the adoption took place on September 21, 2019. Under the leadership of CGPC Vice Chairman Lin, a total of 149 employees participated in the cleanup.

When the cleanup began, employees cleaned the garbage quickly with shovels and bagged it in different liners of different colors after sorting. With a short time, they cleaned over 800kg of garbage for the Zhunan Town Cleaning Squad to dispose of. In addition to coastal cleanup, we hope that employees can see the importance of marine environmental protection through hands-on practice to achieve the aim of a little action for a big change to make the environment better.

WGES Music Education Program

The “WGES Music Education Program” for Wang Gong Elementary School (WGES) was implemented in collaboration with Harvest 365 Foundation of Chiayi. The “Do-Re-Mi Choir” formed by 54 third and fourth graders in collaboration with their class teachers and the external choir conductor enables schoolchildren to stand on the stage to present their learning achievements.

The program aims to let every child sing for fun instead of singing for competitions. Therefore, the choir does not select its members. Through this choir, we hope to let every child develop confidence and the courage to challenge through singing and develop their character and team spirit through the choir. Music education is implemented through three action plans: Practice one day every week, interschool music events, and in-house concerts and festivities. With this program, we hope to stimulate learning motivation and music enthusiasm in children.



Sponsoring Other Educational and Philanthropic Activities

In 2019, we also sponsored other educational and philanthropic activities. Major recipients included the Boyo Social Welfare Foundation and the Teach for Taiwan, each with a sum of NT\$300,000. To provide steady support for these units highly recognized by society and to continuously help more students, the USI Education Foundation will continue to support them in 2020.

1. Founded in 2002, Boyo Social Welfare Foundation provides free “remedial instruction” after-school club services for junior high school and elementary school students from low-income families in the belief that “education gives hopes for children living in poverty,” in order to achieve its mission “End Poverty with Education.” Five days a week and 2-3 hours a day, it equips every student from vulnerable groups with basic skills to improve their social competitiveness and give them chances to beat poverty through “right education for the right person” and strict “quality control.” The program has been running for over 16 years. Every year, the foundation invests a large amount of human and other resources in curriculum design, develops remedial teaching materials, and trains parents in the community. At present, there are 17 locations to provide after-school club service for over 2,000 students.
2. Founded in 2013 by a group of activists caring for “education inequalities,” Teach for Taiwan (TFT) was inspired by the concept and model of Teach for America, hoping to create equal opportunities in education for every child. 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 classrooms. By doing so, the association hopes to provide every child with quality education and the opportunity to self-develop regardless of their backgrounds. The association also aims to resolve the long teacher shortage and high turnover rate problems in the rural area. To date, TFT has sent over 173 youth to the rural, including Taitung, Tainan, Pingtung, Yunlin, Hualien, and Nantou, to help over 4,000 children from vulnerable groups.

Community Participation

Community Care

In addition to caring for the education of the vulnerable, education in remote areas, and environmental education, upholding the spirit of "Giving Back," we spare no effort to express 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.

Therefore, we encourage USI clubs and employees to participate in social and community charitable activities, such as irregular employee donations and club cleanups. Recently, we have launched the local neighborhood cleanup and pandemic prevention activities. In addition to donating supplies for pandemic control to local residents, schools, and fire stations, we have helped local communities clean the environment and prevent the pandemic through USI volunteers, in order to demonstrate our "social inclusion" concept and fulfill our CSR for a common living circle.



Community support



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



Job opportunities



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



Community involvement



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

Contributions to Communities Around Kaohsiung Plant in the Past 3 Years

(expressed in NTD)

Year	2017	2018	2019
Religion and culture	51,000	35,000	63,000
Communities and social groups	128,000	111,150	50,000
Volunteer police and volunteer firefighters	25,000	155,000	70,000
Schools and education	192,370	86,700	243,030
Community development associations	189,000	204,000	203,000
Total	585,370	591,850	629,030



Adoption of campus air purification equipment



On-site visit of teachers and students from Fu Jen Catholic University



USI Cup Tennis Tournament

Industry-Academia Collaboration

In response to declining student numbers in recent years as a result of the crisis from sub-replacement fertility, schools are developing more sophisticated and unique education approaches and programs to provide students with a high-quality and comprehensive learning environment. In the context of these population and education trends in the Renwu and Dashe districts, our Kaohsiung Plant and other 13 other plants (including Formosa Plastics Renwu, the Chang Chun Group, and the Dashe Industrial Park Enterprises Association) of Renda Industrial Park and the Renwu Senior High School have established an industry-academia 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 collaboration model among industry, government and academe aims to develop high-caliber students with market-relevant skills and sound employment prospects. Enterprises will have direct access and warm relationships with specifically trained talent, and they can develop positive relationships with neighboring communities in a substantial way. Moreover, the government can promote local prosperity, close the urban-rural gap, bolster regional economic development, and minimize brain drain. Thus, the project will produce a win-win-win situation for the students, schools, enterprises, communities and the local government.



Presentation of the 2019 scholarship and industry visits



Certificate of Appreciation

“Kaohsiung Renda Petrochemical Talent Stream” Cooperation Program

Period	August 1, 2018 to July 31, 2023 (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"> In addition to the general tenth grade curriculum, electives relating to the petrochemical industry and professional ethics are emphasized. 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 years.
Scholarships and grants	<p>Three graduation classes in five years: NT\$1.08 million</p> <p>Subsidization for the hourly pay for professional courses in three years: NT\$330,000</p> <p>USI sharing for three graduation classes in five years based on the program MOU: NT\$140,000.</p>
Preferential hiring	<ol style="list-style-type: none"> 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 Talent Stream program to serve as trainees 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
Summary	<ol style="list-style-type: none"> The first Kaohsiung Renda Petrochemical Talent Stream program ended in 2018 with brilliance performance. Of the total of 27 graduates, 26 enrolled in their the Star Plan, and 24 of them were accepted, with an acceptance rate up to 92%, and ten of them were even accepted by national universities and medical schools With eye-witnessed acclaim of the first Kaohsiung Renda Petrochemical Talent Stream program, the contract of the second program was signed on April 20, 2018 and initiated in August In late May 2019, overseas (Japan) visits were arranged. All students of the first class will graduate in July 2020



Visit to the petrochemical industry in Japan in 2019



Saturday Feature Course: Introduction to Energy

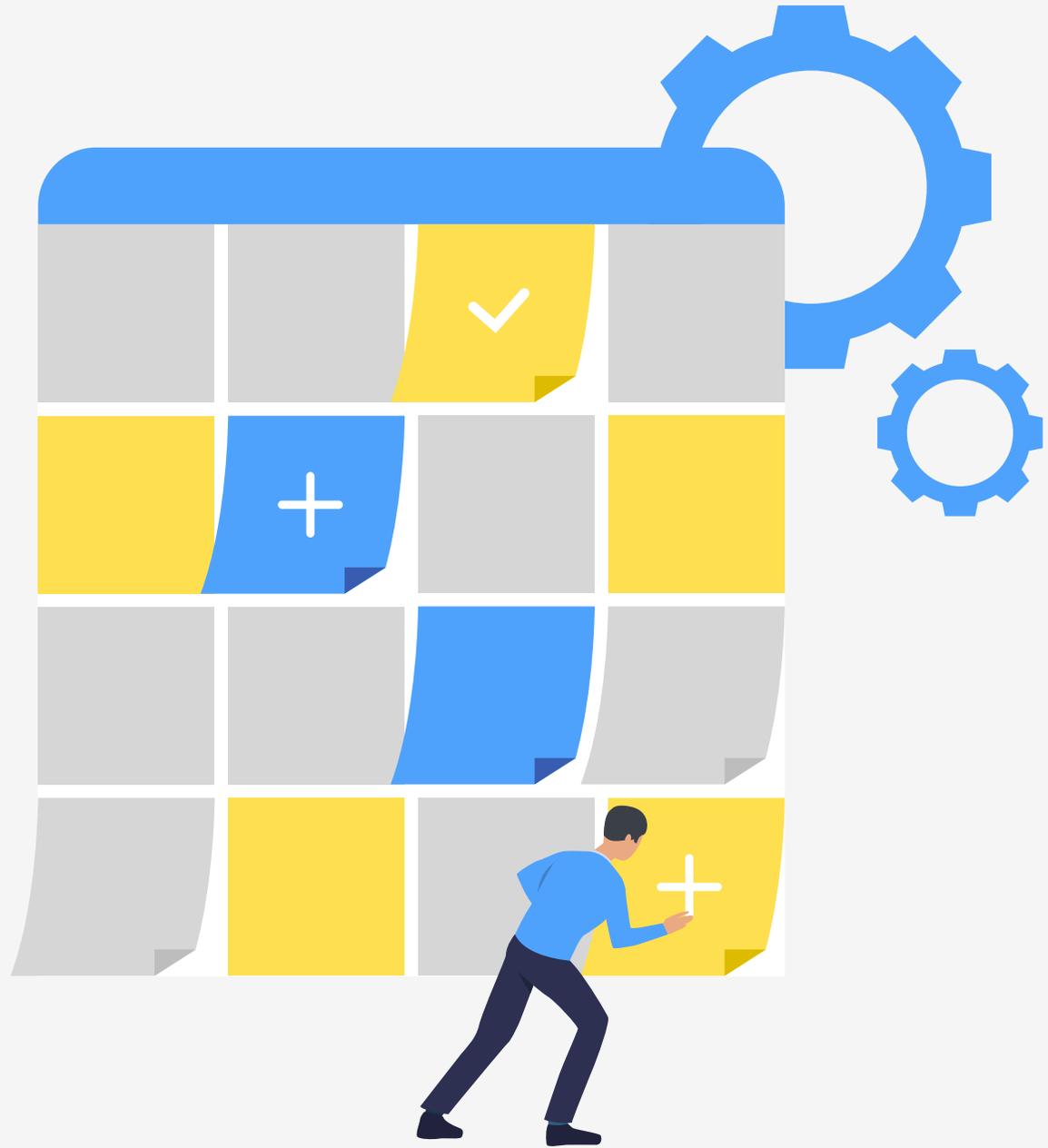


Electronics Lab and Simulation Course



Visit to Taiwan CPC Yongan Refinery

06 Appendices



6.1 GRI Content Index (GRI 102-55)

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	Disclosure Item	Section	Page	Remarks	
Organizational profile	102-1	Name of the organization	1.2 Company Profile	<u>15</u>	
	102-2	Activities, brands, products, and services	1.3 Products 3.4 Sales and Customer Service	<u>16</u> <u>68</u>	
	102-3	Headquarters location	1.2 Company Profile	<u>15</u>	
	102-4	Locations	1.2 Company Profile	<u>15</u>	
	102-5	Ownership and legal form	1.2 Company Profile	<u>15</u>	
	102-6	Markets served	3.4 Sales and Customer Service	<u>68</u>	
	102-7	Scale of the organization.	1.2 Company Profile	<u>15</u>	
	102-8	Information on employees and other workers	5.3 Talent Attraction and Retention	<u>117</u>	
	102-9	Supply chain	3.3 Supply Chain Management	<u>63</u>	
	102-10	Significant changes to the organization and its supply chain	--	--	No significant change.
	102-11	Precautionary principle or approach	2.3 Risk Management	<u>44</u>	
	102-12	External initiatives	1.2 Company Profile	<u>18</u>	NA
	102-13	Membership of associations	1.2 Company Profile	<u>18</u>	
Strategy	102-14	Statement from senior decision-maker	Message from the Chairman	<u>03</u>	
	102-15	Key impacts, risks, and opportunities	2.3 Risk Management	<u>44</u>	

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	Disclosure Item		Section	Page	Remark
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			2.4 Ethical Corporate Management and Legal Compliance	<u>51</u>	
	102-17	Mechanisms for advice and concerns about ethics	2.3 Risk Management	<u>50</u>	
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Governance	102-18	Governance structure	2.1 Corporate Governance	<u>31</u>	
	102-19	Delegating authority	2.1 Corporate Governance	<u>31</u>	
	102-22	Composition of the highest governance body and its committees	2.1 Corporate Governance	<u>31</u>	
	102-23	Chair of the highest governance body	2.1 Corporate Governance	<u>31</u>	
	102-26	Role of highest governance body in setting purpose, values, and strategy	Message from the Chairman	<u>03</u>	
			2.1 Corporate Governance	<u>31</u>	
102-36	Process for determining remuneration	2.1 Corporate Governance	<u>34</u>		
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	102-41	Collective bargaining agreements	5.3 Talent Attraction and Retention	<u>124</u>	
	102-42	Identifying and selecting stakeholders	1.3 Stakeholder Engagement	<u>21</u>	
	102-43	Approach to stakeholder engagement	1.3 Stakeholder Engagement	<u>22</u>	
	102-44	Key topics and concerns raised	1.3 Stakeholder Engagement	<u>22</u> <u>26</u>	
Reporting practice	102-45	All entities included in the consolidated financial statement.	About this report	<u>05</u>	
	102-46	Entities included in the consolidated financial statements	1.4 Material Topics Management	<u>29</u>	
	102-47	List of material topics	1.4 Material Topics Management	<u>26</u>	
	102-48	Restatements of information	4.3 Climate Change and Energy Management	<u>85</u>	*

* Changes in the scope of calculation and measurement methodology are stated in respective sections.

GRI 102: General Disclosures 2016					
	Disclosure Item	Section	Page	Remark	
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	102-50	Reporting period	About this report	<u>05</u>	
	102-51	Date of most recent report	About this report	<u>06</u>	
	102-52	Reporting cycle	About this report	<u>06</u>	
	102-53	Contact point for questions regarding the report	About this report	<u>06</u>	
	102-54	Claims of reporting in accordance with the GRI Standards	About this report	<u>05</u>	
	102-55	GRI content index	6.1 GRI Content Index	<u>143</u>	
	102-56	External assurance	6.2 Assurance Statement	<u>05</u> 、 <u>147</u>	

Material Topics		Topic-specific disclosures			Section	Page	Remarks
		Management approach and disclosures					
Category: Governance							
Economic Performance	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	1.4 Material Topics Management		<u>29</u>	
		103-2	The management approach and its components	2.2 Economic Performance		<u>37</u>	
		103-3	Evaluation of the management approach	2.2 Economic Performance		<u>37</u>	
	GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed within the organization.	2.2 Economic Performance		<u>38</u>	
		201-3	Defined benefit plan obligations and other retirement plans	5.3 Talent Attraction and Retention		<u>123</u>	
		201-4	Financial assistance received from government	2.2 Economic Performance		<u>39</u>	
Technology R&D	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	1.4 Material Topics Management		<u>29</u>	
		103-2	The management approach and its components	2.2 Economic Performance		<u>55</u>	
		103-3	Evaluation of the management approach	2.2 Economic Performance		<u>55</u>	
		Non-GRI Standards topic, UIS specific topic USI 201		3.1 Technology R&D		<u>56</u>	
Product quality	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	1.4 Material Topics Management		<u>29</u>	
		103-2	The management approach and its components	3.2 Product quality		<u>60</u>	
		103-3	Evaluation of the management approach	3.2 Product quality		<u>60</u>	
		Non-GRI Standards topic, UIS specific topic USI 202		3.2 Product quality		<u>61</u>	
Legal compliance	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	1.4 Material Topics Management		<u>29</u>	
		103-2	The management approach and its components	2.4 Ethical Corporate Management and Legal Compliance		<u>51</u>	
		103-3	Evaluation of the management approach	2.4 Ethical Corporate Management and Legal Compliance		<u>51</u>	
	GRI 307: Environmental-compliance -2016	307-1	Non-compliance with environmental laws and regulations	2.4 Ethical Corporate Management and Legal Compliance		<u>52</u>	
	GRI 419: Socioeconomic-compliance-2016	419-1	Non-compliance with laws and regulations in the social and economic area	2.4 Ethical Corporate Management and Legal Compliance 3.4 Sales and Customer Service		<u>52</u> <u>69</u>	

Material Topics		Topic-specific disclosures			Section	Page	Remarks
		Management approach and disclosures					
Category: Environmental							
Climate Change and Energy Management	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	1.4 Material Topics Management	<u>29</u>		
		103-2	The management approach and its components	1.4 Material Topics Management	<u>89</u>		
		103-3	Evaluation of the management approach	1.4 Material Topics Management	<u>89</u>		
	GRI 302: Energy 2016	302-1	Energy consumption within the organization.	4.3 Climate Change and Energy Management	<u>85</u> <u>86</u>		
		302-3	Energy intensity.	4.3 Climate Change and Energy Management	<u>85</u> <u>86</u>		
		302-4	Reduction of energy consumption	4.3 Climate Change and Energy Management	<u>91</u>		
Air pollution control	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	1.4 Material Topics Management	<u>29</u>		
		103-2	The management approach and its components	4.4 Air Pollution Control	<u>92</u>		
		103-3	Evaluation of the management approach	4.4 Air Pollution Control	<u>92</u>		
	GRI 305 Emissions 2016	305-1	Direct greenhouse gas (GHG) emissions (Scope 1).	4.3 Climate Change and Energy Management	<u>94</u>		
		305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	4.3 Climate Change and Energy Management	<u>94</u>		
		305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4.4 Air Pollution Control	<u>29</u>		
Waste management	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	1.4 Material Topics Management	<u>79</u>		
		103-2	The management approach and its components	4.5 Waste Management	<u>79</u>		
		103-3	Evaluation of the management approach	4.5 Waste Management	<u>85</u>		
	GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	4.5 Waste Management	<u>84</u>		
		306-3	Significant spills	4.5 Waste Management	<u>86</u>		
Category: Social							
Transportation safety management	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	1.4 Material Topics Management	<u>29</u>		
		103-2	The management approach and its components	5.1 Transportation Safety Management	<u>96</u>		
		103-3	Evaluation of the management approach	5.1 Transportation Safety Management	<u>96</u>		

Material Topics		Topic-specific disclosures		
Management approach and disclosures		Section	Page	Remarks
Non-GRI Standards topic, UIS specific topic USI 401		5.1 Transportation Safety Management	<u>96</u>	
Occupational Health and Safety	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	1.4 Material Topics Management	<u>97</u>
		103-2 The management approach and its components	5.2 Occupational health and safety	<u>29</u>
		103-3 Evaluation of the management approach	5.2 Occupational health and safety	<u>99</u>
	GRI 403 Occupational-health-and-safety-2018	403-1 Occupational health and safety management system	5.2 Occupational health and safety	<u>99</u>
		403-2 Hazard identification, risk assessment, and incident investigation	5.2 Occupational health and safety	<u>100</u>
		403-3 Occupational health services	5.2 Occupational health and safety	<u>102</u> <u>106</u> <u>111</u>
		403-4 Worker participation, consultation, and communication on occupational health and safety	5.2 Occupational health and safety	<u>108</u> <u>109</u> <u>111</u>
		403-5 Worker training on occupational health and safety	5.2 Occupational health and safety	<u>102</u>
		403-6 Promotion of worker health	5.2 Occupational health and safety	<u>114</u> <u>115</u>
		403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.2 Occupational health and safety	<u>112</u>
		403-8 Workers covered by an occupational health and safety management system	5.2 Occupational health and safety	<u>98</u> <u>110</u>
		403-9 Work-related injuries	5.2 Occupational health and safety	<u>100</u> <u>102</u>
		403-10 Work-Related Illnesses	5.2 Occupational health and safety	<u>102</u> <u>106</u>
Tale development	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	1.4 Material Topics Management	<u>108-110</u>
		103-2 The management approach and its components	5.4 Talent Cultivation and Development	<u>29</u>
		103-3 Evaluation of the management approach	5.4 Talent Cultivation and Development	<u>127</u>
	GRI 401: Labor/Management Relations 2016	401-1 New employee and Turnover employee	5.3 Talent Attraction and Retention	<u>127</u>
	GRI 404 Training and Education 2016	404-1 Average hours of training per year per employee	5.4 Talent Cultivation and Development	<u>129</u>
		404-3 Percentage of employees receiving regular performance and career development reviews	5.3 Talent Attraction and Retention	<u>118</u>

6.2 Assurance Statement

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within USI's CSR Report of 2019 verified is accurate, reliable and provides a fair and balanced representation of USI sustainability activities in 01/01/2019 to 12/31/2019.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting. In our opinion, the contents of the report meet the requirements of GRI Standards in accordance with Core Option and AA1000 Assurance Standard (2008) Type 1, Moderate level assurance.

AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

USI has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, USI may proactively consider having more direct multi-ways involvement of stakeholders during future engagement.

Materiality

USI has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. Future reporting would benefit from more the results of stakeholder feedback.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, USI's CSR Report of 2019, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. Disclosures on the specific actions taken to achieve goals and targets are thoroughly made a good connection for each material issue (103-2). For future reporting, more detailed descriptions of the highest governance body's involvement with ESG management is encouraged. Moreover, it is recommended that USI could detail more quantitative long-term objectives in the future report.

Signed:

For and on behalf of SGS Taiwan Ltd.



David Huang
Senior Director
Taipei, Taiwan
19 May, 2020
WWW.SGS.COM



AA1000
Licensed Assurance Provider
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TWLP55008 Issue 2001



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE USI CORPORATION'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2019

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by USI CORPORATION (hereinafter referred to as USI) to conduct an independent assurance of the Corporate Social Responsibility Report for 2019 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during on-site verification. SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

The information in the USI's CSR Report of 2019 and its presentation are the responsibility of the management of USI. SGS has not been involved in the preparation of any of the material included in USI's CSR Report of 2019.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all USI's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured using our protocols for:

- AA1000 Assurance Standard (2008) Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008) at a moderate level of scrutiny; and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant. Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from USI, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

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