

## Chapter 1

# Sustainable Development



# 1.1 Goals and Visions for Sustainable Development GRI 2-22

## 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 have developed 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).





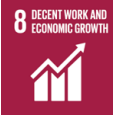

## SDGs

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.





## UN SDGs

SDG/goals	 <p><b>3.5</b> ‣ <b>3.8</b> ‣ <b>3.a</b> ‣ <b>3.d</b>  <b>Maintain factory workplace environment safety and employee health</b>            Corresponding Section: Chapter 5</p>	 <p><b>4.4</b> ‣ <b>4.7</b>  <b>Professional division of labor Education for employment</b>            Corresponding Section: Chapter 3, 4, 5</p>	 <p><b>6.4</b> ‣ <b>6.a</b>  <b>“Save water by 1%” annually Improved effluent water quality (COD&lt;60 mg/L)</b>            Corresponding Section: Chapter 4</p>
Actions in 2022	<p><b>3.5 Substance abuse and alcoholism prevention:</b> Plant access sobriety test and body temperature measurement tests for contractors and employees</p> <p><b>3.8 Healthcare:</b> National Health Insurance for all employees and additional employee insurance</p> <p><b>3.a Tobacco control:</b> No smoking or tobacco sales on the plant site.</p> <p><b>3.d Health risk management:</b> Arranged special checkups for 269 employees and implemented health management based on assessed risk level.</p>	<p><b>4.4 Technology and vocational skills</b></p> <ul style="list-style-type: none"> <li>Process safety training for 746 persons with a total of 2,725 hours.</li> <li>ESH education and training for 1,502 persons with a total of 4,545 hours.</li> </ul> <p><b>4.7 Sustainable development of employee knowledge and skills</b> Maintained the validity of the professional licenses and certificates of employees through in-service education and training.</p>	<p><b>6.4 Enhancement of water efficiency:</b> Recycled 32,153MT of water, saved 3,403MT of water.</p> <p><b>6.a Effluent quality in 2022H1 and 2022H2:</b> COD 26.4 mg/L and COD 19.7 mg/L respectively.</p>
SDG/goals	 <p><b>7.2</b> ‣ <b>7.3</b> ‣ <b>7.a</b>  <b>Continue to increase utilization of high-efficiency products and invest in clean energy</b>            Corresponding Section: Chapter 3, 4</p>	 <p><b>8.3</b> ‣ <b>8.5</b> ‣ <b>8.7</b> ‣ <b>8.8</b>  <b>Expand the scope of operations to constant increase revenue / Ensure equal job opportunities / Safe work environment / Harmonious labor-management relations</b>            Corresponding Section: Chapter 2, 3, 5</p>	 <p><b>9.5</b> ‣ <b>9.b</b>  <b>Annual R&amp;D fund NT\$100 million minimum / New product development and improvement: 4 pcs/year.</b>            Corresponding Section: Chapter 3</p>
Actions in 2022	<p><b>7.2 Renewables:</b> Investment in green power generation capacity at 5.9MW.</p> <p><b>7.3 Enhancement of energy efficiency:</b></p> <ul style="list-style-type: none"> <li>Green purchase expenditure: NT\$9.62 million.</li> <li>Invested NT\$4.5 million in energy-efficient equipment to save electricity by 1,972,419 kWh and reduced carbon by about 1,004 tCO<sub>2</sub>e</li> </ul> <p><b>7.a Clean energy acquisition:</b> Assessed geothermal and wind power generation projects</p>	<p><b>8.3 Business innovation:</b> Established the high-value R&amp;D center</p> <p><b>8.5 Equal pay for equal work:</b> Promoted various gender equality measures. The men-to-women pay ratio of general employees was 0.86:1 and supervisors was 1.06:1</p> <p><b>8.7 No child labor:</b> No child labor was hired throughout the Group</p> <p><b>8.8 Protection of labor rights and workplace safety:</b></p> <ul style="list-style-type: none"> <li>Established the labor union and held periodic labor-management meetings</li> <li>Provided well-designed group insurance plans and contributed pension by law to protect the later life of employees</li> <li>Implementation of PSM</li> </ul>	<p><b>9.5 Improvement of scientific research and increase in R&amp;D expenditure for high success rate:</b> Developed 4 new products with an R&amp;D investment of NT\$150 million.</p> <p><b>9.b Support for customer technology innovation:</b> Provided worldwide customers with technical services and green products</p>

SDG/Goals	<b>11.6 ∙ 11.a</b> <b>Underground Pipelines / Complete urban industrial pipeline management</b> Corresponding Section: Chapter 4, 5	<b>12.2 ∙ 12.5 ∙ 12.6</b> <b>Complete the execution of the CSR Commitment by all suppliers in 5 years</b> Corresponding Section: Chapter 3	<b>13.2 ∙ 13.3</b> <b>Constantly develop and promote eco-friendly products / Every year: Electricity less by 1%, Energy less by 1.2%, Carbon less by 1.5%, Water less by 1%</b> Corresponding Section: Chapter 2, 4
	<b>11.6 Reduction of hazardous environmental impacts:</b> VOCs reduction and waste management  <b>11.a Transportation safety:</b> Implemented the Kaohsiung City Underground Pipeline Operation Safety and Management Project to protect the public safety of nearby underground industrial pipelines, citizens, and workers. Participated in the underground pipeline joint defense organization and implemented routine pipeline tour inspections	<b>12.2 Sustainable purchase of resources:</b> Built the green procurement mechanisms and implemented green supply chain management.  <b>12.5 Raw material recovery by 13.1% to reduce resource waste</b>  <b>12.6 Methods to encourage sustainable development:</b> Requested suppliers to sign the CSR Commitment	<b>13.2 Climate change countermeasures:</b> Annual targets: electricity conservation by 1.31%, energy conservation by 5.84%, carbon reduction by 3.08%, water conservation by 5.65%; implemented ISO 14064-1, ISO 46001, and ISO 14067  <b>13.3 Enhancement of climate change adaptability:</b> Environmental protection expenditure at NT\$9.62 million, promotion of green heat-shielding coatings, organization of technology exchanges and observations with various affiliates <ul style="list-style-type: none"> <li>• Built the cooling water energy-conservation system by advising the optimal operational model with AI.</li> <li>• Promoted IDB's Factory Intelligent Energy Management System Project and became a demonstration factory.</li> </ul>
SDG/Goals	<b>15.2</b> <b>Increase forestation area</b> Corresponding Section: Chapter 4	<b>16.2 ∙ 16.3 ∙ 16.5 ∙ 16.6 ∙ 16.b</b> <b>Legal compliance</b> Corresponding Section: Chapter 2, 5	<b>17.17</b> <b>Encourage sponsorship and participation in social welfare</b> Corresponding Section: Chapter 5
Actions in 2022	<b>15.2 Forest sustainable management:</b> Sponsored 5 hectares of forestation for 20 years	<b>16.2 No child labor</b>  <b>16.3 Legal compliance:</b> No legal and regulatory non-compliance in the economic aspect  <b>16.5 No corruption or bribery:</b> Employee Code of Conduct and Ethical Corporate Management Best Practice Principles  <b>16.6 Built a fair promotion and transfer system</b>  <b>16.b Implementation of non-discrimination policy:</b> Promoted the human rights policy.	<b>17.17 Encouragement of social cooperation:</b> <ul style="list-style-type: none"> <li>• Supported "Earth Hour", a global energy conservation activity.</li> <li>• Organized the 3rd USI Cup Charity Softball Competition 2022 to integrate sports with charity.</li> <li>• Implemented community charitable activities and sponsored epidemic control equipment for hospitals and schools.</li> </ul>



## 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



#### Governance

##### Long-term (5 years)

- Planning of and investment in the downstream development projects of the Gulei Integrated Refinery Project.
- Cultivate Taiwan, continue local investments, and implement the circular economy
- Constant R&D of green/high value-added products

##### Medium-term (3 years)

- Planning of and investment in the downstream development projects of the Gulei Integrated Refinery Project.
- Continuous promotion of green power development and carbon reduction paths
- AI/Intelligent Management Implementation
- Planning and implementing the circular economy.
- Constant R&D of high value-added products
- Completion and operation of the Kaohsiung Intercontinental Container Terminal.

##### Short-term (1 year)

- Mass production of the Gulei EVA Project
- Investment in solar power plants and assessment of geothermal generation.
- HV R&D Center started operations
- Construction of the Kaohsiung Intercontinental Container Terminal Project
- AI/Intelligent Management Program implementation
- Assessing energy conservation and carbon reduction performance of equipment and equipment replacement.



#### Industrial safety and environmental protection

##### Long-term (5 years)

- Continuing the medium-term plan
- Implementing intelligent management of operation safety.
- Planning climate change address
- Promoting the circular economy for green energy development.
- Promoting 2030 carbon reduction target at 27% (base year 2017)

##### Medium-term (3 years)

- Continuing short-term plans
- Furthering energy conservation, carbon reduction, and water conservation.
- Completing GHG inventories for the consolidated statements
- Enhancing the audit, control, and reduction three types of waste
- Constantly monitoring underground pipeline safety and ensuring preventive maintenance.
- Promoting the circular economy to plan resource recycling and reuse.

##### Short-term (1 year)

- Enforcing the "Five Zeroes Goal": Implement projects including electricity conservation, carbon reduction, watery conservation, water recycling and reuse, and others.
- Promoting the process safety management system.
- Implementing the underground pipeline maintenance and operation program.
- Promoting transportation safety audit.
- Promoting the prevention and management of plastic resin pellet leakage.
- Promoting the audit, control, and reduction three types of waste
- Continuously implementing various ISO systems.



#### Social relations

##### Long-term (5 years)

- Optimizing the supplier/contractor assessment systems.
- Increasing the sources and energy for social participation to expand the scale of social contributions.

##### Medium-term (3 years)

- Constantly sponsoring various charitable activities to optimize the corporate image.
- Enhancing industry-academia-government collaboration to cultivate excellent workforces.
- Strengthen the services and effectiveness of USI Education Foundation
- Encouraging and sponsoring employees to engage in public interest activities.
- Implementing the supplier/contractor evaluation systems

##### Short-term (1 year)

- Constant care for employee health and providing a safe workplace
- Maintaining harmonious labor-management relations and protecting labor rights and interests.
- Being a good neighbor to local communities and maintaining sound interaction with them.
- Encouraging and sponsoring employees to engage in charitable activities.
- Constantly cultivating educational and environmental protection activities in remote areas.

## 1.2 Company Profile

### About USI

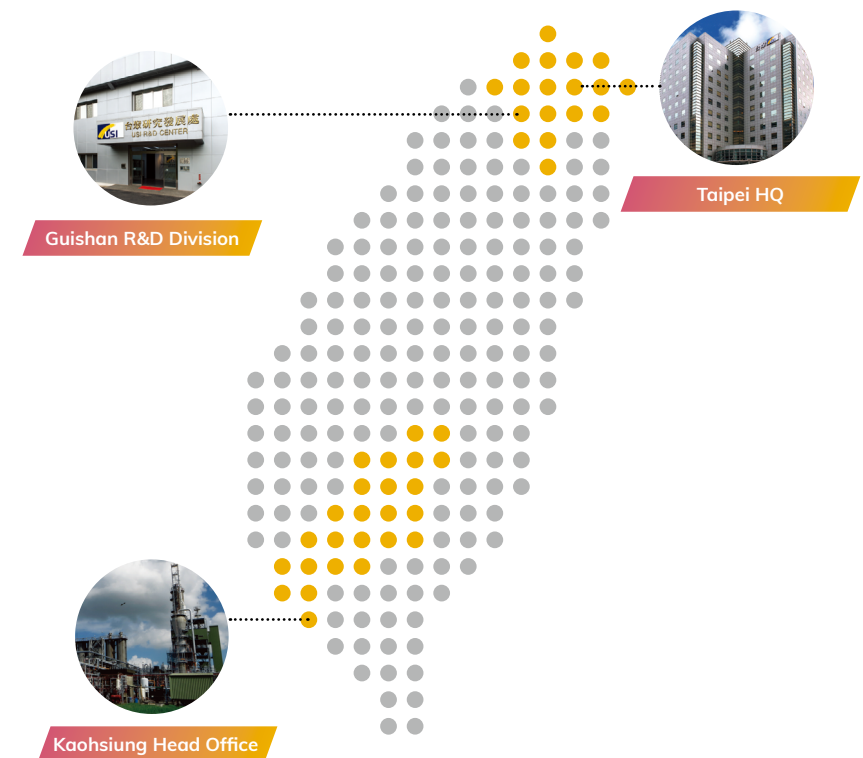
USI Corporation (TWSE: 1304) was established on May 26, 1965 and established Taiwan's first LDPE plant. We primarily develop, produce, and sell polyethylene (PE) resins at our complex in Renwu District, Kaohsiung City, Taiwan.

### Basic data GRI 2-1, 2-6, 2-7

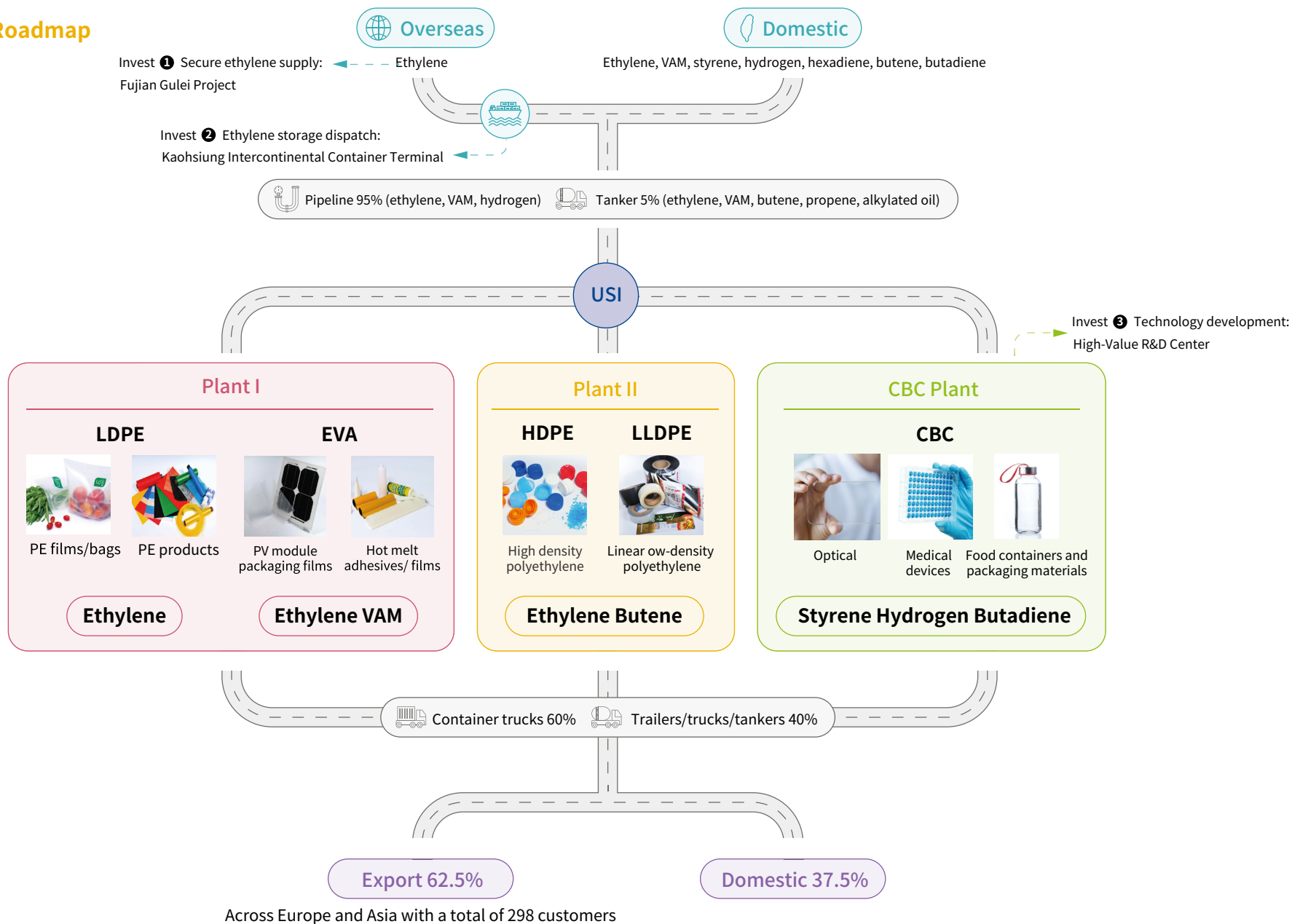
<b>Name of Company</b>	USI Corporation
<b>Industry</b>	Plastics industry
<b>Head Office</b>	No. 330, Fengren Road, Renwu District, Kaohsiung City
<b>Taipei HQ</b>	12F, No. 37, Jihu Road, Neihu District, Taipei City
<b>Capital</b>	Over NTD11.88 billion (by December 31, 2022)
<b>Production</b>	207,413MT (2022)
<b>Major Products</b>	<ul style="list-style-type: none"> <li>Ethylene Vinyl Acetate Copolymer (EVA)</li> <li>Low Density Polyethylene (LDPE)</li> <li>High Density Polyethylene (HDPE)</li> <li>Linear Low-Density Polyethylene (LLDPE)</li> </ul> <p>PE resins become all kinds of plastic products in daily life after processing by downstream manufacturers.</p>
<b>Numbers of employees</b>	453 persons (by December 31, 2022) *Employees include 448 persons on a non-fixed-term contract and 5 on a fixed-term contract

### Locations

Major USI locations are located in Taiwan, including Taipei HQ, Guishan R&D Division, and Kaohsiung Plant. Taipei HQ takes charge of product sales; Guishan R&D Division engages in product R&D and technical service; and Kaohsiung Plant comprises Plant I for producing LDPE and EVA products, Plant II for producing HDPE and LLDPE products, and the CBC Plant for producing cyclic block copolymers.



# Product Roadmap





## Products GRI 2-6

### Major Products

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

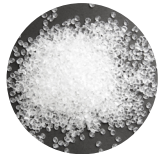
#### List of Major USI Products and Labels in 2022



**Low Density Polyethylene (LDPE)**  
PAXOTHENE®



**High Density Polyethylene (HDPE)**  
UNITHENE®



**Ethylene Vinyl Acetate Copolymer (EVA)**  
EVATHENE®



**Linear Low-Density Polyethylene (LLDPE)**  
LINATHENE®

### High-value products



#### ViviOn™ - Cyclic Block Copolymer (CBC)

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



#### Functional Coatings

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

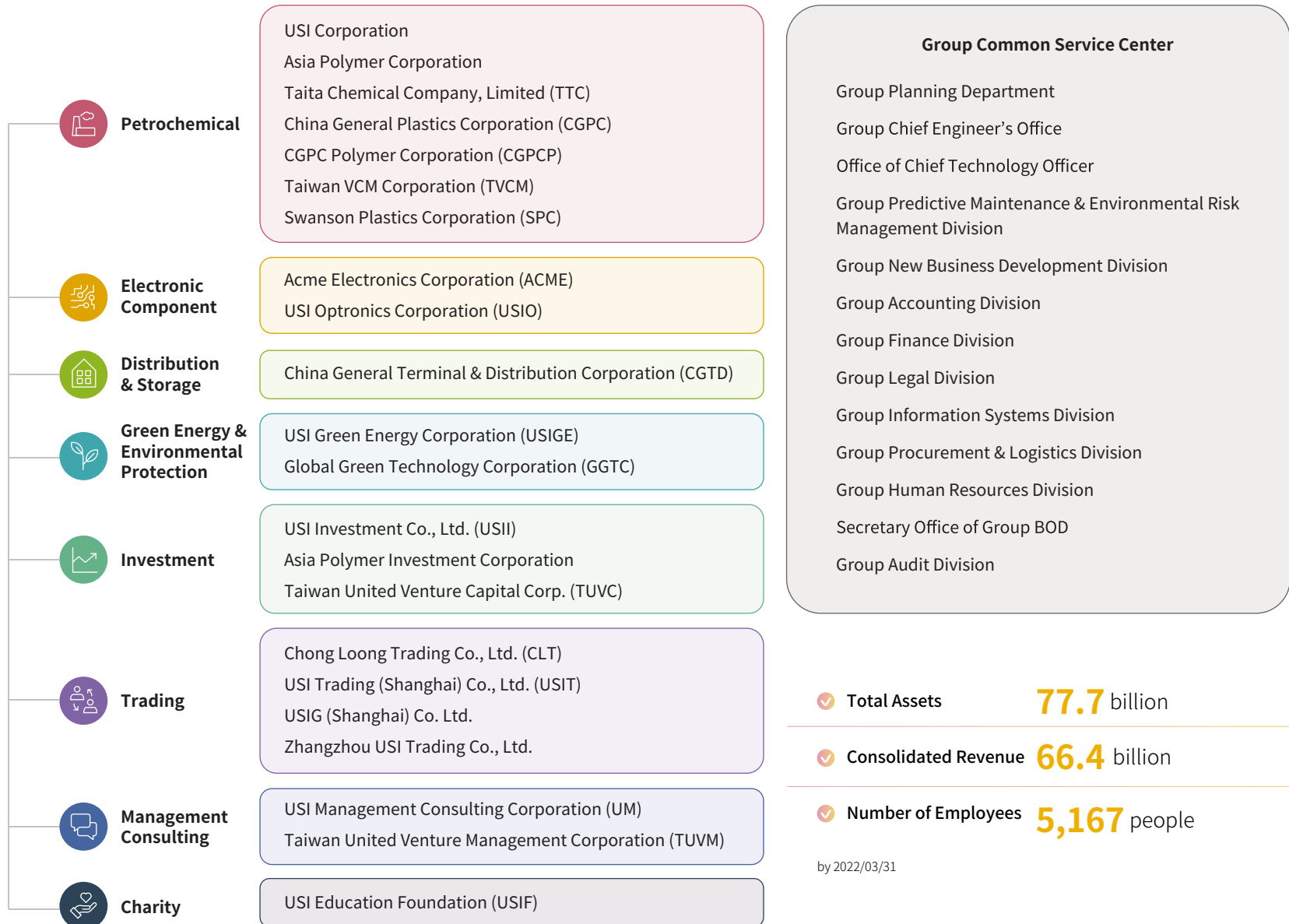
### External initiatives and membership of associations GRI 2-28

We actively participate in technology exchange with professional groups to promote the professional growth of technologies and competencies in various fields through same-industry and cross-industry exchange and cooperation to achieve sustainable development for the industry together.

In 2022, we were a member of 16 associations and non-profit organizations, such as the Petrochemical Industry Association of Taiwan, Chinese National Association of Industry and Commerce Taiwan, Chinese National Federation of Industries, and Taiwan Chemical Industry Association. Please visit: <https://www.usife.com/zh-tw/dirAbout/frmAbout9>

In support of external initiatives, apart from becoming one of the 1,846 businesses worldwide supporting TCFD in November 2020, we began by joining Earth Hour in 2018 and also participated in the Carbon Neutrality Alliance of the Chinese National Federation of Industries in April 2022. In August 2022 we signed the Taiwan Commercial Industry Association (TCIA) Net Zero Emissions Declaration.

## About USI Group



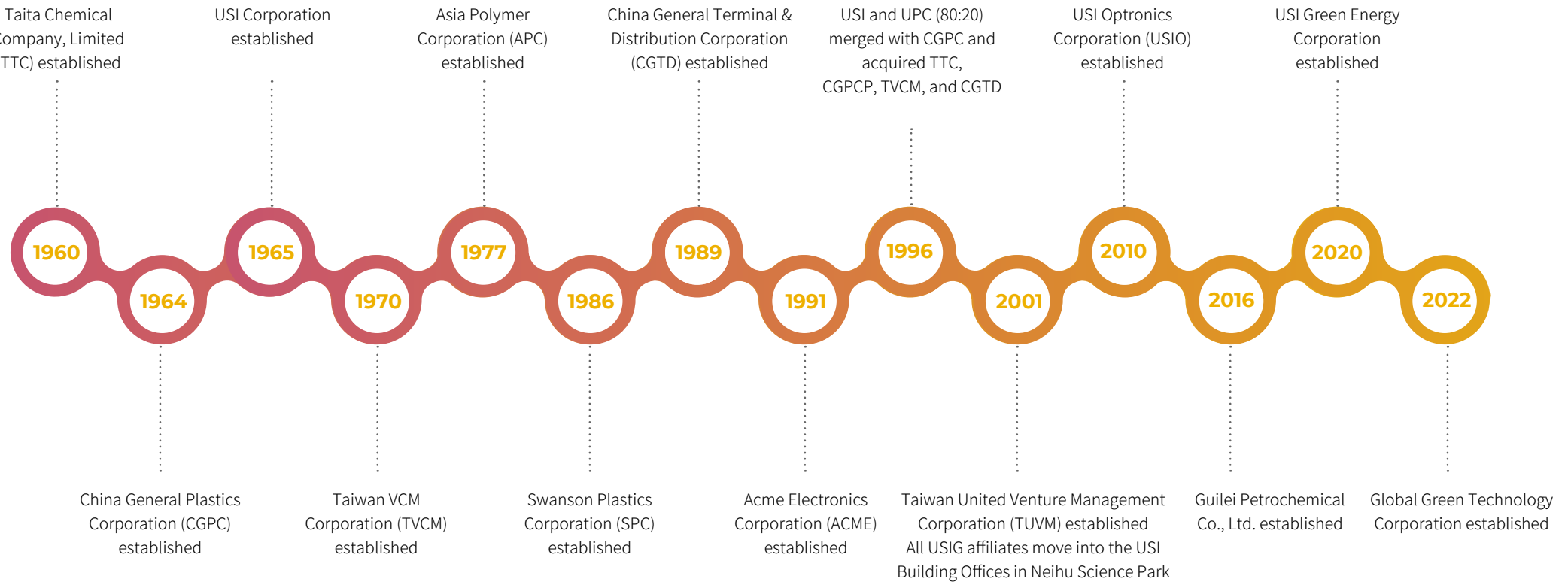
✓ **Total Assets** **77.7** billion

✓ **Consolidated Revenue** **66.4** billion

✓ **Number of Employees** **5,167** people

by 2022/03/31

## USI Group Overview



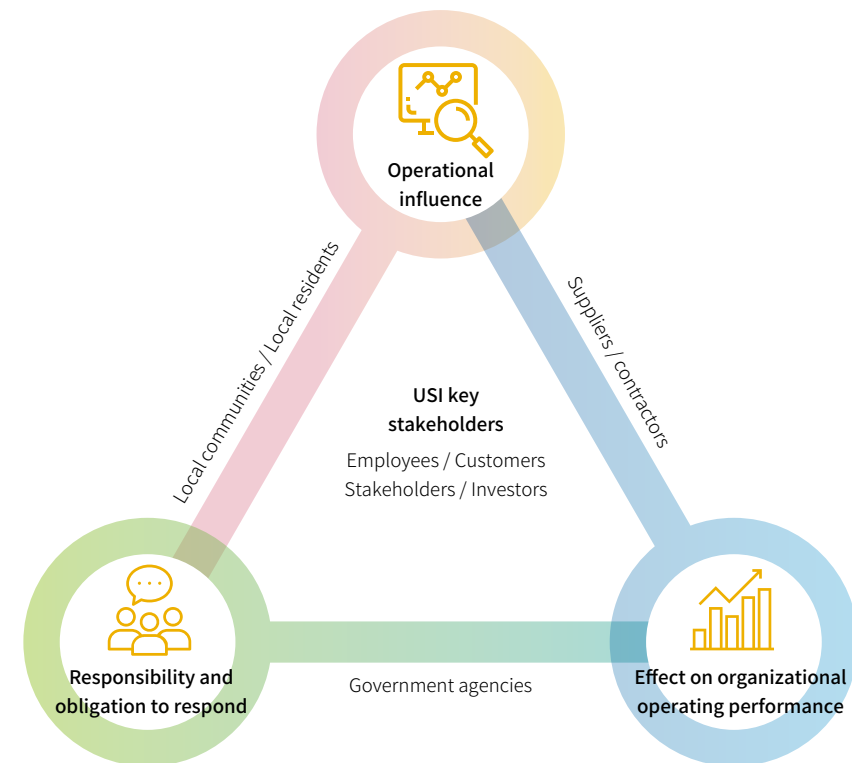
Note 1: Please refer to the USIG website at <https://www.usig.com>

Note 2: Four publicly offered USI subsidiaries, including Asia Polymer Corporation (APC), China General Plastics Corporation (CGPC), Taita Chemical Company, Limited (TTC), Acme Electronics Corporation (ACME), published their own ESG report in 2022.






## 1.3 Stakeholder Engagement GRI 2-29




We believe that in-depth communication with stakeholders is the foundation for sustainable management, and well-planned and effective communication can understand the topics that concern stakeholders. Therefore, apart from constantly establishing communication channels, we focus on and address issues that concern stakeholders, discuss their influence at different types of meetings and include them in the company's short-, medium-, and long-term strategies, such as the five-year plan and risk and opportunity management policies. We also adjust the directions of sustainable operations, and report to the board regularly. Referring to the attributes of stakeholders as specified in AA 1000 SES (2015): dependency, responsibility, influence, diverse perspectives, and tension, we identified 5 major stakeholder groups: employees, customers, government agencies, suppliers/contractors, and shareholders or investors for communication. We also added local communities/residents as the sixth stakeholder group that required communication based on the underground pipeline operation and management plan. Besides gathering stakeholder opinions from various channels, we have also set up the ESG section on the corporate website to enhance communicability.



## Stakeholder Communication Channels and Topics that Concern Them

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

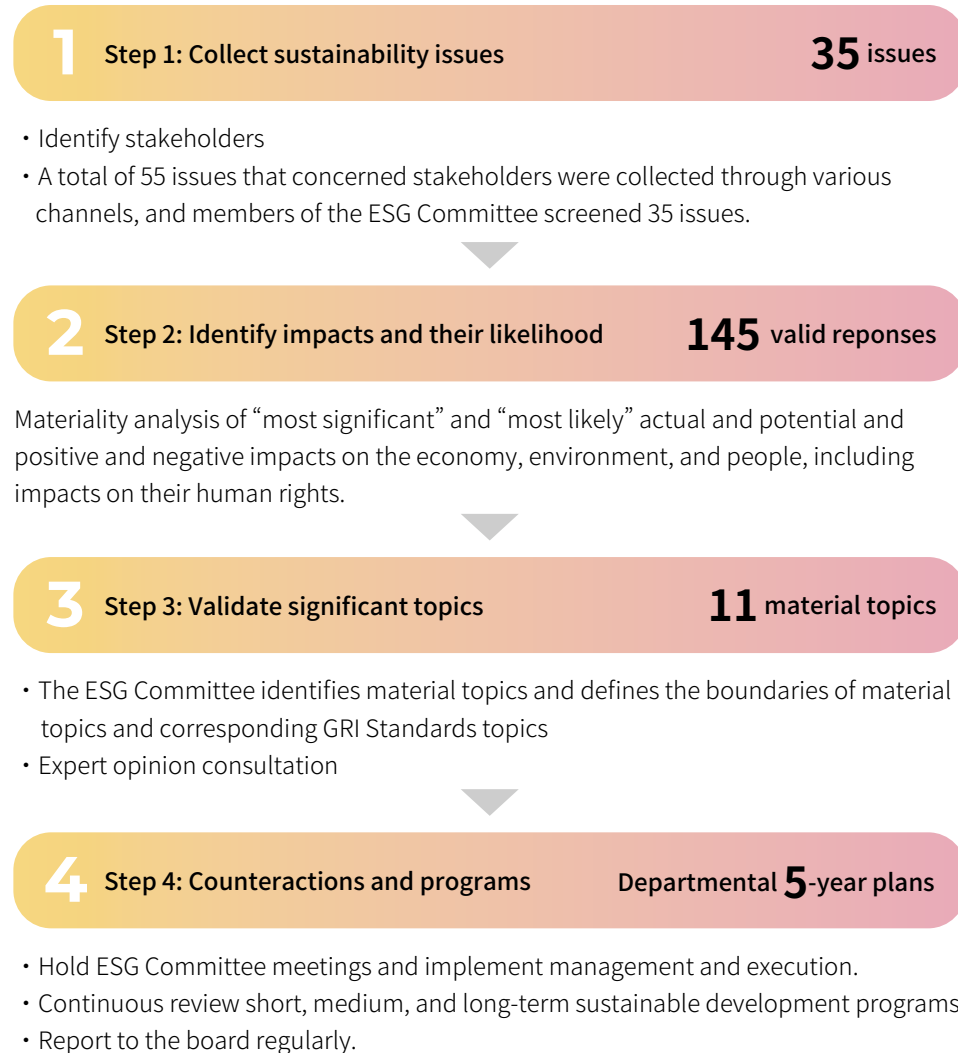
Stakeholder	Significance	Concerned Topic	Communication Channel and Frequency	Engagement Results	Summary of Address in 2022
 <b>Employees</b>	Employees are the bedrock of corporate development and the partners of sustainable development. Therefore, we recruit outstanding employees, provide a safe and healthy work environment, develop and retain talents, provide employees with continuous care, and constantly care for their needs.	<ul style="list-style-type: none"> <li>• Operating performance</li> <li>• Employee benefits</li> <li>• Occupational safety and health</li> <li>• Labor-management relations</li> <li>• Recruitment and retention</li> </ul>	<ul style="list-style-type: none"> <li>• New employee interviews (with relevant officers of all levels)</li> <li>• Performance interviews (regularly)</li> <li>• Labor-management meetings (quarterly)</li> <li>• Union board meetings (quarterly)</li> <li>• Union general meetings (annually)</li> <li>• Employee Welfare Committee meeting (biannually)</li> <li>• Occupational Safety &amp; Health Committee meeting (quarterly)</li> <li>• HSE/Emergency Management Committee meeting (quarterly)</li> <li>• Labor Pension Fund Supervisory Committee meeting (biannually)</li> <li>• Employee engagement survey (irregularly)</li> <li>• Internal health forums (five times a year minimum)</li> <li>• Education/training (as planned)</li> <li>• On-site tour inspections (irregularly)</li> </ul>	<ul style="list-style-type: none"> <li>• Adjustment of the remuneration and reward systems.</li> <li>• Preferential distribution of year-end bonuses.</li> <li>• Enhancement of care for employee health.</li> </ul>	<ul style="list-style-type: none"> <li>• Through the annual raise and performance evaluation systems, we give employees a raise and promotion each year corresponding to their annual work performance.</li> <li>• The reward differentiation system was implemented to link the year-end bonus to reward and punishment. The employee year-end bonus was distributed in accordance with the Employee Performance Evaluation Regulations.</li> <li>• To screen the high-risk group for special care, we ask night-shift employees and employees working shift to answer the overwork questionnaire and Framingham Risk Score questionnaire, arrange health checkups and EKG tests for them, and review their past history.</li> <li>• Contact: Mr. Chen, Personnel Section (07) 735-9998 #2261</li> </ul>
 <b>Customers</b>	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.	<ul style="list-style-type: none"> <li>• Technology R&amp;D</li> <li>• Customer privacy</li> <li>• Transportation safety management</li> <li>• Industrial and public safety</li> <li>• Customer satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction survey (biannually)</li> <li>• Participation in trade fairs (once a year minimum)</li> <li>• Sales visits (once a year minimum)</li> <li>• "Contact us" on the corporate website (irregularly)</li> <li>• Contact by phone/email (irregularly)</li> </ul>	Communication with customers through various methods and constant provision of quality products and services for customers.	<ul style="list-style-type: none"> <li>• Provided 36 rounds of customer technical service</li> <li>• Commissioned projects:43</li> <li>• Resolution of all 9 customer complaints.</li> <li>• We conduct customer satisfaction surveys twice a year, with over 97.1% responses falling in the "satisfied" and "highly satisfied" options.</li> <li>• Contact: Mr. Shen, Sales Department (02) 8751-6888 #3213</li> </ul>
 <b>Stakeholders /Investors</b>	Each shareholder is an important corporate asset. We constantly pursue excellence to maximize profit for shareholders.	<ul style="list-style-type: none"> <li>• Local major investments</li> <li>• Technology R&amp;D</li> <li>• Operating performance</li> <li>• Customer privacy</li> <li>• Supplier management</li> </ul>	<ul style="list-style-type: none"> <li>• Annual general meeting of shareholders (annually)</li> <li>• Investment conference (biannually, minimum)</li> <li>• Market Observation Post System (as prescribed by law)</li> <li>• Contact information of spokespersons (irregularly)</li> <li>• Annual report (annually)</li> <li>• Published the ESG report (annually)</li> <li>• Financial statements (quarterly)</li> <li>• "Investor Service" section on the corporate website (irregularly)</li> <li>• USIG Stock Home website on the corporate website (irregularly)</li> <li>• "Audit Committee Email" on the corporate website (irregularly)</li> </ul>	<ul style="list-style-type: none"> <li>• Progress of Fujian Gulei Petrochemical Project</li> <li>• Investment in the construction of ethylene storage tanks</li> <li>• Status of corporate operations</li> </ul>	<ul style="list-style-type: none"> <li>• AGM on May 31</li> <li>• Investor conferences on March 23, May 20, August 25, and November 17</li> <li>• Contact: VP Wu, Spokesperson (02) 2627-4745 Ms. Hung/Ms. Wu, Stock Service (02) 2650-3773</li> </ul>

Stakeholder	Significance	Concerned Topic	Communication Channel and Frequency	Engagement Results	Summary of Address in 2022
 <b>Government agencies</b>	<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"> <li>Market presence</li> <li>Legal compliance</li> <li>GHG emissions</li> <li>Air pollution control</li> <li>Waste management</li> <li>Worker safety</li> <li>Water resources management</li> </ul>	<ul style="list-style-type: none"> <li>Participation in law and regulation outreaches or public hearings (irregularly)</li> <li>Participation in forums or seminars (irregularly)</li> <li>Official documents, material information (as prescribed by law)</li> <li>Market Observation Post System (as prescribed by law)</li> </ul>	<ul style="list-style-type: none"> <li>The Kaohsiung Labor Standards Inspection Office conducted the on-site PSM performance check.</li> <li>The Kaohsiung Labor Standards Inspection Office conducted an on-site inspection of the compliance with the Category C hazardous workplace.</li> <li>The Kaohsiung Labor Standards Inspection Office conducted an on-site review on the recordation of priority management chemicals, in-service training, and special health checkups.</li> <li>On-site publicity and audit of the correct use of PPE by the Kaohsiung Labor Standards Inspection Office.</li> <li>Dashe Industrial Park degradation</li> <li>The Kaohsiung Environmental Protection Bureau requested USI plant to perform the OP-FTIR monitoring and analysis around the boundary of Dashe Industrial Park.</li> <li>Renwu sanitation team audited the prevention and management of dengue fever.</li> <li>The Kaohsiung City Government implemented industry water rationing phase I at 7% and phase II at 11% in response to severe water shortages.</li> </ul>	<ul style="list-style-type: none"> <li>Implemented PSM to enforce equipment self-management by risk level.</li> <li>Completed the re-evaluation of B-line in April 2021 for the process 5-year re-evaluation report for Category C hazardous workplaces and revised the CBC plant report for 2021-2022.</li> <li>Implemented the periodic recordation of priority management chemicals, in-service training for the supervisors of processes using organic solvents and specific chemical substances, and organized special health checkups.</li> <li>Enhancing on-site inspection and PPE education/training for employees.</li> <li>Participated in various discussion meetings against land degradation to maintain the rights and interests of manufacturers and workers at Dashe Industrial Park.</li> <li>Set up the FTIR surveillance station in the plant.</li> <li>Periodically performed dengue fever walk-through inspections and records.</li> <li>Implemented the water conservation control plan in coordination with the government's industry water conservation and passed the certification of the ISO 46001 Water Efficiency Management Systems.</li> <li>Implemented ISO 14064-1 (GHG inventory) and ISO 14067 (carbon footprint verification, CFV) in coordination with the government's net zero emissions and international trends.</li> <li>Contact: Mr. Li, Industrial Safety Section (07) 735-9998 #2311 Mr. Hsieh, Environmental Protection Section (07) 735-9998 #2314</li> </ul>
 <b>Suppliers/Contractors</b>	<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"> <li>Operating performance</li> <li>Local major investments</li> <li>Market presence</li> <li>Legal compliance</li> <li>Procurement practices</li> </ul>	<ul style="list-style-type: none"> <li>Purchase procedures (on-demand)</li> <li>Supplier questionnaire survey (annually/new supplier)</li> <li>Performance review meeting (on-demand)</li> <li>Face-to-face review meeting (by product type)</li> <li>Purchaser visit (irregularly)</li> <li>Market survey (weekly)</li> <li>Contractor consultative organization meeting (irregularly)</li> </ul>	<p>Communication of the need to comply with labor human rights, OH&amp;S, environmental protection, and code of ethics. Supplier evaluation results: All pass.</p>	<ul style="list-style-type: none"> <li>To enforce USI's ethical corporate management policy and discern suppliers' needs, we communicate with and address suppliers through the following methods: <ul style="list-style-type: none"> <li>Supplier evaluation results, once a year</li> <li>Topics concerned suppliers questionnaire, once a year</li> </ul> </li> <li>Purchaser visits (1-2 times/quarter)</li> <li>Contact: Mr. Chen, Procurement I Department (02) 8751-6888 ext. 3771 Mr. Li, Procurement I Department (02) 8751-6888 ext. 3786</li> </ul>
 <b>Local communities/residents</b>	<p>Local residents are the most important partners growing with USI. Social inclusion is our core strategy.</p>	<ul style="list-style-type: none"> <li>Noise control</li> <li>Air pollution control</li> <li>Involvement with local communities and philanthropy</li> <li>GHG emissions</li> <li>Underground pipeline maintenance</li> </ul>	<ul style="list-style-type: none"> <li>"Contact us" on the corporate website (irregularly)</li> <li>Visits on local groups (three time a year minimum)</li> <li>Participation in community activities (irregularly)</li> <li>Interview or phone contact (irregularly)</li> </ul>	<ul style="list-style-type: none"> <li>Provision of learning sources for local schools to develop quality talents.</li> <li>Enhancement of neighborly activities.</li> <li>Implementation of the underground pipeline maintenance and operation program.</li> </ul>	<ul style="list-style-type: none"> <li>Constant adoption of the air quality purification zone of Renwu Special Education School</li> <li>Donated epidemic control materials such as facemasks and bleach to schools in local communities to fight COVID-19 together with residents.</li> <li>One independent scenario planning (2022.08.04) and one drill (2022.08.24) for underground pipelines, and one alert drill (2022.06.15) the Economic Development Bureau.</li> <li>Contact: Mr. Hsueh, General Affairs Section (07) 735-9998 #2262 Mr. Chen, Personnel Section (07) 735-9998 #2261</li> </ul>



## 1.4 Management of Material Topics GRI 2-14, 3-1

### Analysis and identification of material topics



To ensure the completeness of topic inclusiveness, apart from referring to the requirements of the revised GRI Universal Standards 2021, the metrics of SASB Standards-Chemicals, domestic and overseas industry sustainability trends, and the SDGs, we also collected issues of “high stakeholder concerns” through various communication channels. Based on the responses collected through the “Stakeholder Questionnaire” posted on the corporate website, we identified the impact of individual issues, with the working groups of the ESG Committee and directors identifying the likelihood of issues. In 2022, we collected a total of 145 responses, including 92 external responses and 53 internal responses (from members of the ESG working groups).

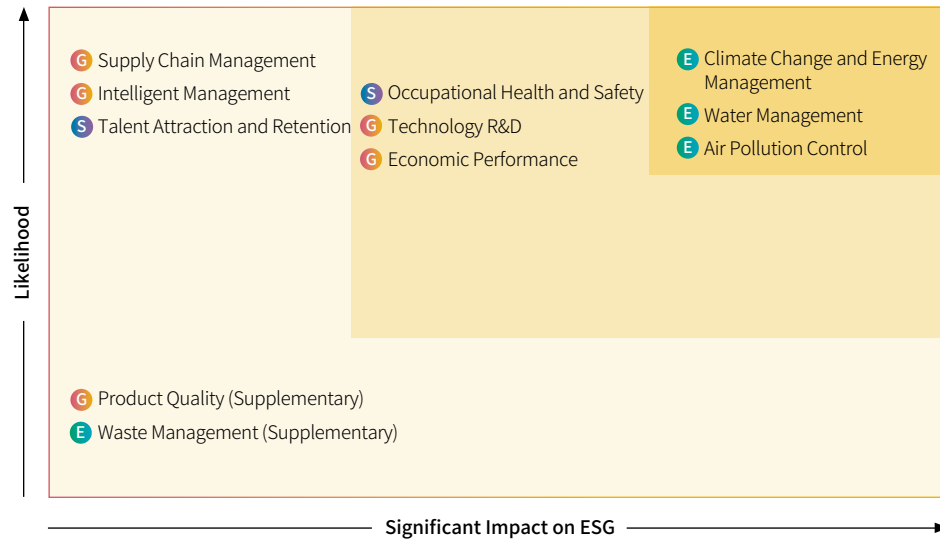
After collecting the responses, the ESG working group identified material topics and defined their boundaries and the corresponding GRI Standards topics. After the Group’s ESG expert discussion, they were reported to the ESG Committee and lastly to the Board for approval.

In response to the improvement and long-term progress follow-up of ESG issues, we began to identify material issues biennially in 2019. In 2022, we identified material issues again in response to the revision of GRI Standards. The next identification will be in 2024. In 2020, we began to include the metrics of the SASB Standards-Chemicals, and the details of metrics are listed in Appendix [6.2 SASB-Chemicals Index](#).

### Identification of Material Topics GRI 3-2

Based on the abovementioned 35 issues, we analyzed the “likelihood” and “significance” of their actual and potential positive and negative impacts. Based on the significance and likelihood of impacts., the ESG working group set thresholds (significance over 3.42 and likelihood over 3.4) and selected 15 ESG issues as “significant issues” and categorized them in terms of the environmental, social, and governance (ESG) aspects. Referring to the GRI Standards, these issues were converged into 9 material impacts. Through resolution the ESG working group decided to include the two topics: product quality and waste management in the material topics, making up to a total of 11 material topics. The effectiveness and actions of other previous material topics are also followed up in this report. Please refer to [Appendix 6.1 GRI Content Index](#) for details.

### Convergence of 15 impacts into 11 material topics



### Changes in material topics in 2022 GRI 2-6

Compared to 2021, the changes in material topics are tabulated below. The responsible units proposed implementation plans and short-, medium-, and long-term targets for each material topic and reviewed their effectiveness periodically. The value chain concept has been included in the topic boundaries to expand the scope of consideration of the impacts of each material topic.

Status	Material Topics	Descriptions
Added	<ul style="list-style-type: none"> <li>Supply Chain Management</li> <li>Intelligent Management</li> </ul>	NA
Supplementary	<ul style="list-style-type: none"> <li>Product Quality</li> <li>Waste Management</li> </ul>	Included in the material topics after the discussion of the ESG working group
Not included	Ethical Corporate Management and Legal Compliance	Follow-up continued in Section 2.4, Ethical corporate management and legal compliance
	Transportation Safety Management	Combined to "Occupational Health and Safety."

Environmental	Significance	Material Topic
	<b>Negative Actual</b> - Increased energy prices - Insufficient power supply	<b>Climate Change and Energy Management</b> (GRI 302 Energy) (GRI 305:2016 Emissions)
	<b>Negative Potential</b> Carbon tax collection	
	<b>Positive Actual</b> Investment in renewables	
	<b>Negative Actual</b> Insufficient reservoir water	<b>Water Resources Management</b> (GRI 303 Water and Effluents)
<b>Negative Actual</b> Improper air pollution control	<b>Air Pollution Control</b> (GRI 305 Emissions)	
<b>Negative Actual</b> Improper waste disposal	<b>Waste Management</b> (GRI 306: 2020 Waste)	

Social	Significance	Material Topic
	<b>Positive Actual</b> Building a friendly workplace environment	<b>OH&amp;S</b> (GRI 403 Occupational Health and Safety) <b>Talent Attraction and Retention</b> (GRI 401 Employment) (GRI 404:2016 Training and Education)
<b>Negative Actual</b> Improper process safety management	<b>OH&amp;S</b> (GRI 403 Occupational Health and Safety)	

Governance	Significance	Material Topic
	<b>Positive Potential</b> Manufacturing transformation--Extrication from industry burdens Success in the development of sustainable materials	
	<b>Positive Actual</b> New product development and product diversity	<b>Technology R&amp;D</b>
	<b>Negative Potential</b> Tightened regulatory limitation on industry development	
	<b>Positive Actual</b> Proper supply chain management	<b>SCM</b> (GRI 308: Supplier Environmental Assessment) (GRI 414 Supplier Social Assessment)
	<b>Positive Actual</b> Steady growth in financial performance	<b>Economic Performance</b> (GRI 201 Economic Performance)
	<b>Positive Actual</b> Implementation of automated processes and systems	<b>Intelligent Management</b>
<b>Positive Negative</b> Manufacturing transformation--Extrication from industry burdens and development towards a high-value and low-pollution industry.	<b>Product Quality</b>	

## Progress of implementation of material topics.

Aspects	Material Topics	2021	2022
Governance	Economic Performance	<ol style="list-style-type: none"> <li>Earnings per share (EPS): NT\$4.84, a new high in history.</li> <li>EVA sales: 147,000 MT, a new high in history.</li> <li>Annual net income at NT\$3.52 billion, also a new high in USI history.</li> <li>Development of high-liquidity injection HDPE products.</li> <li>Started commercial operations of the Fujian Gulei Petrochemical Project in December 2021.</li> </ol>	<ol style="list-style-type: none"> <li>Individual revenues: NT\$15.6 billion, second highest in USI history.</li> <li>UE4055 annual sales accumulated 5,894MT, the highest in USI history.</li> <li>Annual net income at NT\$3.47 billion, also the second highest in USI history.</li> <li>The High-Value R&amp;D Center started operations in 2022Q3.</li> <li>The mid-term delivery of EVA facility of the Gulei Project was completed in October 2022.</li> </ol>
	Technology R&D	New product development: 4 pcs/year, achievement 100%.	New product development: 4 pcs/year, achievement 100%.
	Product Quality	<p><b>Targets:</b></p> <ol style="list-style-type: none"> <li>Customer complaints of plants I/II: &lt;6 cases/&lt;8 cases</li> <li>Controllable defect rate of plants I/II: &lt;0.3/&lt;0.8%</li> </ol> <p><b>Actual:</b></p> <ol style="list-style-type: none"> <li>Confirmed customer complaints of plants I/II: 6 cases /3 cases</li> <li>Controllable defect rate of plants I/II: 0.12 / 0.5%</li> </ol>	<p><b>Targets:</b></p> <ol style="list-style-type: none"> <li>Customer complaints of plants I/II: &lt;6 cases/&lt;7 cases</li> <li>Controllable defect rate of plants I/II: &lt;0.3/&lt;0.7%</li> </ol> <p><b>Actual:</b></p> <ol style="list-style-type: none"> <li>Confirmed customer complaints of plants I/II: 2 cases /5 cases</li> <li>Controllable defect rate of plants I/II: 0.21 / 0.55%</li> </ol>
	Supply Chain Management (new)	-	Added the Supplier CSR Commitment as a requirement for new supplier evaluation.
	Intelligent Management (new)	-	<ol style="list-style-type: none"> <li>Smart predictive maintenance for related equipment</li> <li>AI quality prediction</li> <li>Energy management system</li> <li>AI industrial safety image recognition</li> <li>Facial recognition for the access control of contractor personnel</li> <li>Virtual reality (VR)-Tank car leakage emergency response training</li> </ol>
Environmental	Water Resources Management	<ol style="list-style-type: none"> <li>Water conservation: 4.26%</li> <li>Reclaimed water: 10,986MT</li> <li>Coordination with the government's industry water conservation (phase I: 7% and phase II: 11%) from April-May.</li> <li>Implementation of water conservation to control consumption.</li> <li>Implemented the ISO 46001 Water Efficiency Management Systems</li> </ol>	<ol style="list-style-type: none"> <li>Water conservation: 5.65%</li> <li>Water recycling: 32,153MT</li> <li>Implementation of water conservation to control consumption.</li> <li>Passed the certification of the ISO 46001 Water Efficiency Management System.</li> </ol>
	Air Pollution Control	<ol style="list-style-type: none"> <li>VOCs equipment component leakage: 0.038%</li> <li>Completed the equipment pipeline improvement of lines B and D to reduce the fugitive emissions of VOCs.</li> <li>Added 3 tanker unloading arms and completed the improvement of 6 catalyst mixing tanks to effectively reduce the fugitive emissions of VOCs.</li> <li>Completed the cooler renewal to prevent the organic substance leakage due to equipment corrosion.</li> </ol>	<ol style="list-style-type: none"> <li>VOCs equipment component leakage: 0.036 %</li> <li>Pump replacement project progress at 25% due to the pandemic.</li> <li>The pipeline improvement plan to reduce emissions of VOCs was completed.</li> </ol>
	Waste Management	<ol style="list-style-type: none"> <li>Monthly industrial waste storage audit: Compliance with the regulations.</li> <li>Enhancement of the flow control of waste cleanup and disposal by performing spot checks on 10 waste cleanup contractors and 7 waste disposal contractors in 2021, and no nonconformity was found.</li> </ol>	<ol style="list-style-type: none"> <li>Monthly industrial waste storage audit: Compliance with the regulations.</li> <li>Enhanced the flow control of waste cleanup and disposal and performed spot checks on 9 waste cleanup contractors and 7 waste disposal contractors in 2022, with no nonconformity found.</li> </ol>



Aspects	Material Topics	2021	2022
Environmental	Climate Change and Energy Management	<ol style="list-style-type: none"> <li>Product energy consumption increased from 4.79 GJ/MT in 2020 to 4.8GJ/MT in 2021.</li> <li>Implemented 5 energy improvement projects to reduce power consumption by 0.75%, with an annual conservation rate (2015-2021) of 1.38%.</li> </ol>	<ol style="list-style-type: none"> <li>Product energy consumption increased from 4.8 GJ/MT in 2021 to 5.5GJ/MT in 2022. (With the energy consumption of the CBC plant)</li> <li>Implemented 6 energy improvement projects to reduce power consumption by 1.31% (average of 2015-2022 was 1.37%).</li> </ol>
Social	OH&S	<ol style="list-style-type: none"> <li>Incident rate=0, Frequency-Severity Indicator (FSI)=0, Number of environmental monitoring non-conformities=0.</li> <li>Downtime caused by key equipment=1, machinery maintenance by the engineering department = 5,048 units.</li> <li>Replacement of pipelines with leakage points, procurement of new reactors, and completion of the pipeline vibration improvement project.</li> <li>Addition of the swivel arm unloading system to enhance materials unloading safety.</li> <li>Replacement of the D1 train cooler and recycle train cooler.</li> <li>Completion of the visual inspection and thickness check of the overground pipeline sections and education and training.</li> </ol>	<ol style="list-style-type: none"> <li>Incident rate=0, Frequency-Severity Indicator (FSI)=0, Number of environmental monitoring non-conformities=0.</li> <li>Downtime caused by key equipment = 4, machinery maintenance by the engineering department = 5,025 units.</li> <li>Proposition of 65 ECs to reduce operating risks.</li> <li>Completion of steam inlet check of 66 points and replacement of the recycle train cooler.</li> <li>Replacement of the B-301A fume stack and addition of an operating platform at silo Y-6015 to enhance the operation safety of staff.</li> <li>Installation of the heat insulation net in the purification zone and demolition of the EDC pipelines and foundations in the catalyst zone (enhance operation safety for employees)</li> </ol>
	Talent attraction and retention	<ol style="list-style-type: none"> <li>Turnover (excluding retirement) of all employees: 3.4%.</li> <li>Employment of full-quota (4) of persons with disabilities by law.</li> <li>Provision of well-designed group insurance plans and contribution of pension by law to protect the later life of employees.</li> <li>Annual employee health checkup.</li> <li>Completion of labor-management meetings.</li> </ol>	<ol style="list-style-type: none"> <li>Turnover (excluding retirement) of all employees: 4.8%.</li> <li>Provided well-designed group insurance plans and contributed pension by law to protect the later life of employees.</li> <li>Annual employee health checkup</li> <li>Completion of labor-management meetings.</li> </ol>

## Material topics and value chain GRI 103-1, 2-6

● Direct impact ○ Indirect impact

Aspects	Material Topics	GRI Standards Topic	SASB Standards	Value Chain				SDGs	Response
				SCM	Operational	Product	Social		
Governance	Economic Performance	GRI 201:2016 Economic Performance	N.A.	○	●	●			<a href="#">2.2 Economic Performance</a>
	Technology R&D	N.A.	RT-CH-410a.1		●	●	●	 	<a href="#">3.1 Technology R&amp;D</a>
	Product Quality	N.A.	N.A.	●	●	●			<a href="#">3.2 Product Quality</a>
	SCM	(GRI 308:2016 Supplier Environmental Assessment) (GRI 414:2016 Supplier Social Assessment)	N.A.	●	●	●	○		<a href="#">3.3 Supply Chain Management</a>
	Intelligent Management	N.A.	N.A.	○	●	●	○		<a href="#">2.5 Intelligent Management</a>
Environmental	Water Resources Management	GRI 303:2018 Water and Effluents	RT-CH-140a.1 RT-CH-140a.2 RT-CH-140a.3	○	●	●	●		<a href="#">4.2 Water Resources Management</a>
	Air Pollution Control	GRI 305:2016: Emissions	RT-CH-110a.1 RT-CH-110a.2 RT-CH-120a.1	○	●		●		<a href="#">4.3 Air Pollution Control</a>
	Waste Management	GRI 306: 2020 Waste	RT-CH-150a.1	○	●	○	●	 	<a href="#">4.4 Waste Management</a>
	Climate Change and Energy Management	GRI 302:2016 Energy GRI 305:2016: Emissions	RT-CH-110a.1 RT-CH-110a.2 RT-CH-130a.1	○	●	●	○	 	<a href="#">4.5 Climate Change and Energy Management</a>
Social	OH&S	GRI 403:2018 Occupational Health and Safety	RT-CH-320a.1 RT-CH-320a.2 RT-CH-540a.1 RT-CH-540a.2	○	●	○	○	 	<a href="#">5.2 Occupational Health and Safety</a>
	Talent Attraction and Retention	GRI 401:2016 Employment GRI 404:2016 Training and Education	N.A.		●	○	○	  	<a href="#">5.3 Talent Attraction and Retention</a>