

Chapter 1

Sustainable Development



1.1 Sustainable Development Visions and Goals 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).

United Nations Sustainable Development Goals (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.

1 Understanding SDGs and Discussion on Operational Development

- Conduct SDG education and training, discussing the impact on company operations
- Consider the prioritization of sustainable development goals

2 Identify impacts and opportunities

- Link sustainable development goals to key issues
- Identify key opportunities and allocate resources

3 Respond to SDG targets and actions

- Discuss the feasibility of setting targets
- Establish short, medium, and long-term plans, and discuss their integration into corporate operational plans

United Nations Sustainable Development Goals (SDGs)

SDG/goals	 <p>3.5、3.8、3.a、3.d Maintain factory workplace environment safety and employee health Corresponding Section: Chapter 5</p>	 <p>4.4、4.7 Professional division of labor Education for employment Corresponding Section: Chapter 3, 4, 5</p>	 <p>6.4、6.a Save water by 1%” annually Improved effluent water quality (COD<60 mg/L) Corresponding Section: Chapter 4</p>
Actions In 2023	<p>3.5 Substance abuse and alcoholism prevention: Plant access sobriety test and body temperature measurement tests for contractors and employees</p> <p>3.8 Healthcare: National Health Insurance for all employees and additional employee insurance</p> <p>3.a Tobacco control: No smoking or tobacco sales on the plant site.</p> <p>3.d Health risk management: Arranged special checkups for 246 employees and implemented health management based on assessed risk level.</p>	<p>4.4 Technology and vocational skills</p> <ul style="list-style-type: none"> Process safety training for 1,366 persons with a total of 3,584 hours. ESH education and training for 658 sessions, 8,529 persons with a total of 28,611 hours. <p>Sustainable development of employee knowledge and skills Maintained the validity of the professional licenses and certificates of employees through in-service education and training.</p>	<p>6.4 Enhancement of water efficiency: Recycled 56,485MT of water, with a water conservation rate of 5.51%.</p> <p>6.a Effluent quality in 2022H1 and 2022H2: COD 33.5 mg/L and COD 77.8 mg/L respectively.</p>
SDG/goals	 <p>7.2、7.3、7.a Continue to increase utilization of high-efficiency products and invest in clean energy Corresponding Section: Chapter 3, 4</p>	 <p>8.3、8.5、8.7、8.8 Expand the scope of operations to constant increase revenue / Ensure equal job opportunities / Safe work environment Harmonious labor-management relations Corresponding Section: Chapter 2, 3, 5</p>	 <p>9.5、9.b Annual R&D fund NT\$100 million minimum / New product development and improvement: 4 pcs/year. Corresponding Section: Chapter 3</p>
Actions In 2023	<p>7.2 Renewable energy: Investment in green power generation capacity at 7.2MW.</p> <p>7.3 Enhancement of energy efficiency:</p> <ul style="list-style-type: none"> Green purchase expenditure: NT\$12 million. Saved electricity by 4,309,015 kWh and reduced carbon by about 2,133 tCO₂e <p>Clean energy acquisition: Assessed geothermal and wind power generation projects</p>	<p>8.3 Business innovation: Established the high-value R&D center</p> <p>8.5 Equal pay for equal work: 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>8.7 No child labor: No child labor was hired throughout the Group</p> <p>8.8 Protection of labor rights and workplace safety:</p> <ul style="list-style-type: none"> Established the labor union and held periodic labor-management meetings Provided well-designed group insurance plans and contributed pension by law to protect the later life of employees Implementation of PSM 	<p>9.5 Improvement of scientific research and increase in R&D expenditure for high success rate: Developed 4 new products with an R&D investment of NT\$140 million.</p> <p>9.b Support for customer technology innovation: Provided worldwide customers with technical services and green products</p>

SDG/Goals	<p>11.6、11.a Underground Pipelines Complete urban industrial pipeline management Corresponding Section: Chapter 4, 5</p>	<p>12.2、12.5、12.6 Complete the execution of the ESG Commitment by all suppliers in 5 years Corresponding Section: Chapter 3</p>	<p>13.2、13.3 Constantly develop and promote eco-friendly products / Every year: Electricity less by 1%, USI Carbon Reduction Pathway, Water less by 1% Corresponding Section: Chapter 2, 4</p>
	<p>11.6 Reduction of hazardous environmental impacts: VOCs reduction and waste management</p> <p>1.a Transportation safety: Implemented the Kaohsiung City Underground Pipeline Operation Safety and Management Project to protect the public safety of nearby underground industrial pipelines, citizens, and workers.</p> <ul style="list-style-type: none"> · Participated in the underground pipeline joint defense organization and implemented routine pipeline tour inspections 	<p>12.2 Sustainable purchase of resources: Built the green procurement mechanisms and implemented green supply chain management.</p> <p>12.5 Raw material recovery by 14.6% to reduce resource waste</p> <p>12.6 Methods to encourage sustainable development: Requested suppliers to sign the ESG Commitment and collaborating with our customer and its supply chain to collectively strive towards the goal of reducing carbon emissions by ten thousand tons by 2025.</p>	<p>13.2 Climate change countermeasures: In 2023, electricity savings were 1.72%, greenhouse gas emissions were reduced by 2,133MT of CO₂e, and water conservation was 5.54%. Implemented ISO 14064-1, ISO 46001, and ISO 14067.</p> <p>13.3 Enhancement of climate change adaptability: Environmental protection expenditure at NT\$109.27 million, promotion of green heat-shielding coatings, organization of technology exchanges, observations with various affiliates and various energy-saving and carbon reduction schemes.</p>
SDG/Goals	<p>15.2 Increase forestation area Corresponding Section: Chapter 4</p>	<p>16.2、16.3、16.5、16.6、16.b Legal compliance Corresponding Section: Chapter 2, 5</p>	<p>17.17 Encourage sponsorship and participation in social welfare Corresponding Section: Chapter 5</p>
	<p>15.2 Forest sustainable management: Sponsored 5 hectares of forestation for 20 years</p>	<p>16.2 No child labor</p> <p>16.3 Legal compliance: No legal and regulatory non-compliance in the economic aspect</p> <p>16.5 No corruption or bribery: Employee Code of Conduct and Ethical Corporate Management Best Practice Principles</p> <p>16.6 Built a fair promotion and transfer system</p> <p>16.b Implementation of non-discrimination policy: Promoted the human rights policy.</p>	<p>17.17 Encouragement of social cooperation:</p> <ul style="list-style-type: none"> · Supported "Earth Hour", a global energy conservation activity. · Organized the USI Cup Charity Basketball Competition 2023 to integrate sports with charity. · Implemented community charitable activities and sponsored epidemic control equipment for hospitals and schools. · Donate NT\$5 million to the USI Education Foundation annually.
Actions in 2023	Actions in 2023	Actions in 2023	Actions in 2023

Sustainable Business Objectives

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

	Short-term (1 year)	Medium-term (3 years)	Long-term (5 years)
 Governance	<ul style="list-style-type: none"> · Mass production of the Gulei EVA Project · Investment in solar power plants and assessment of geothermal generation. · High-Value R&D Center started operations · Completion and commencement of operations for the Kaohsiung Intercontinental Container Terminal Project · AI/Smart Management Program implementation · Assessing energy conservation and carbon reduction performance of equipment and equipment replacement. 	<ul style="list-style-type: none"> · Planning of and investment in the downstream development projects of the Gulei Integrated Refinery Project. · CBC continues to develop high-heat-resistant specifications, establishing a production system for low-gel high-value products. · Continuous promotion of green power development and carbon reduction paths · AI/Smart Management Implementation · Planning and implementing the circular economy. · Constant R&D of high value-added products 	<ul style="list-style-type: none"> · Planning of and investment in the downstream development projects of the Gulei Integrated Refinery Project. · Deepening Taiwan roots, continuous local investment, and promoting circular economy initiatives. · Constant R&D of green/high value-added products
 Industrial safety and environmental protection	<ul style="list-style-type: none"> · Enforcing the "Five Zeroes Goal": Implement projects including electricity conservation, carbon reduction, watery conservation, water recycling and reuse, and others. · Soot detection system · 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 of three types of waste · Continuously implementing various ISO systems. 	<ul style="list-style-type: none"> · 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. 	<ul style="list-style-type: none"> · Continuing the medium-term plan · Implementing smart management of operation safety. · Planning climate change address · Promoting the circular economy for green energy development. · Promoting 2030 carbon reduction target at 27% (baseline year 2017), and achieving carbon neutrality by 2050.
 Social relations	<ul style="list-style-type: none"> · Constant care for employee health and providing a safe workplace. · Maintaining harmonious labor-management relations and protecting labor rights and interests. · 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. · Implementing the supplier/contractor evaluation systems 	<ul style="list-style-type: none"> · 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. · Continuously promoting energy efficiency and carbon reduction in the supply chain. 	<ul style="list-style-type: none"> · Optimizing the supplier/contractor assessment systems. · Increasing the sources and energy for social participation to expand the scale of social contributions.

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.

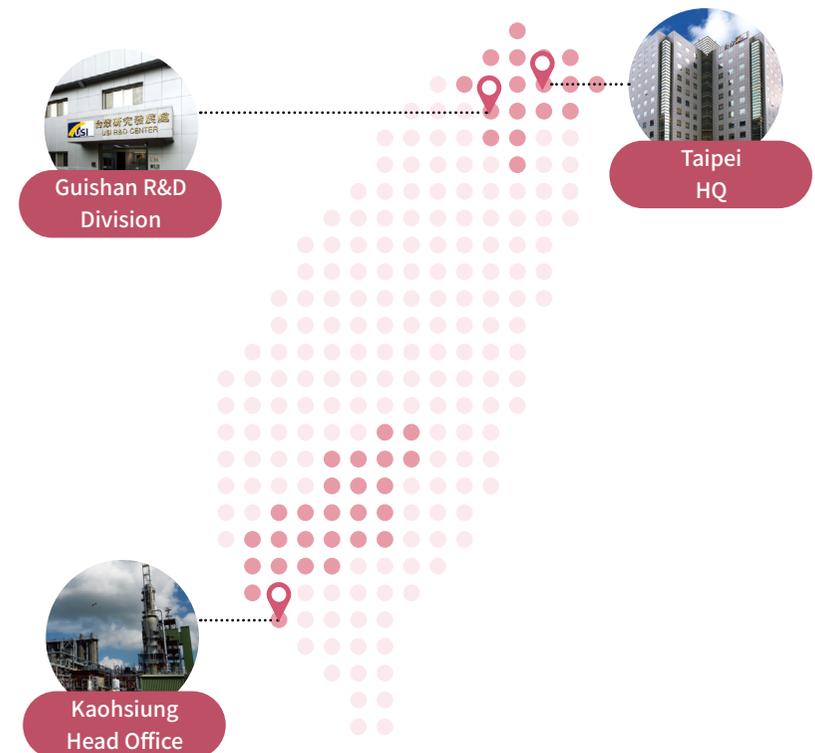
Basic data GRI 2-1, 2-6, 2-7

Name of Company	USI Corporation
Industry	Plastics industry
Head Office	No. 330, Fengren Road, Renwu District, Kaohsiung City
Taipei HQ	12F, No. 37, Jihu Road, Neihu District, Taipei City
Capital	Over NTD11.89 billion (by December 31, 2023)
Production	217,172MT (2023)
Major Products	<ul style="list-style-type: none"> Ethylene Vinyl Acetate Copolymer (EVA) Low Density Polyethylene (LDPE) High Density Polyethylene (HDPE) Linear Low Density Polyethylene (LLDPE) PE resins become all kinds of plastic products in daily life after processing by downstream manufacturers.
Numbers of employees	452 persons (by December 31, 2023)

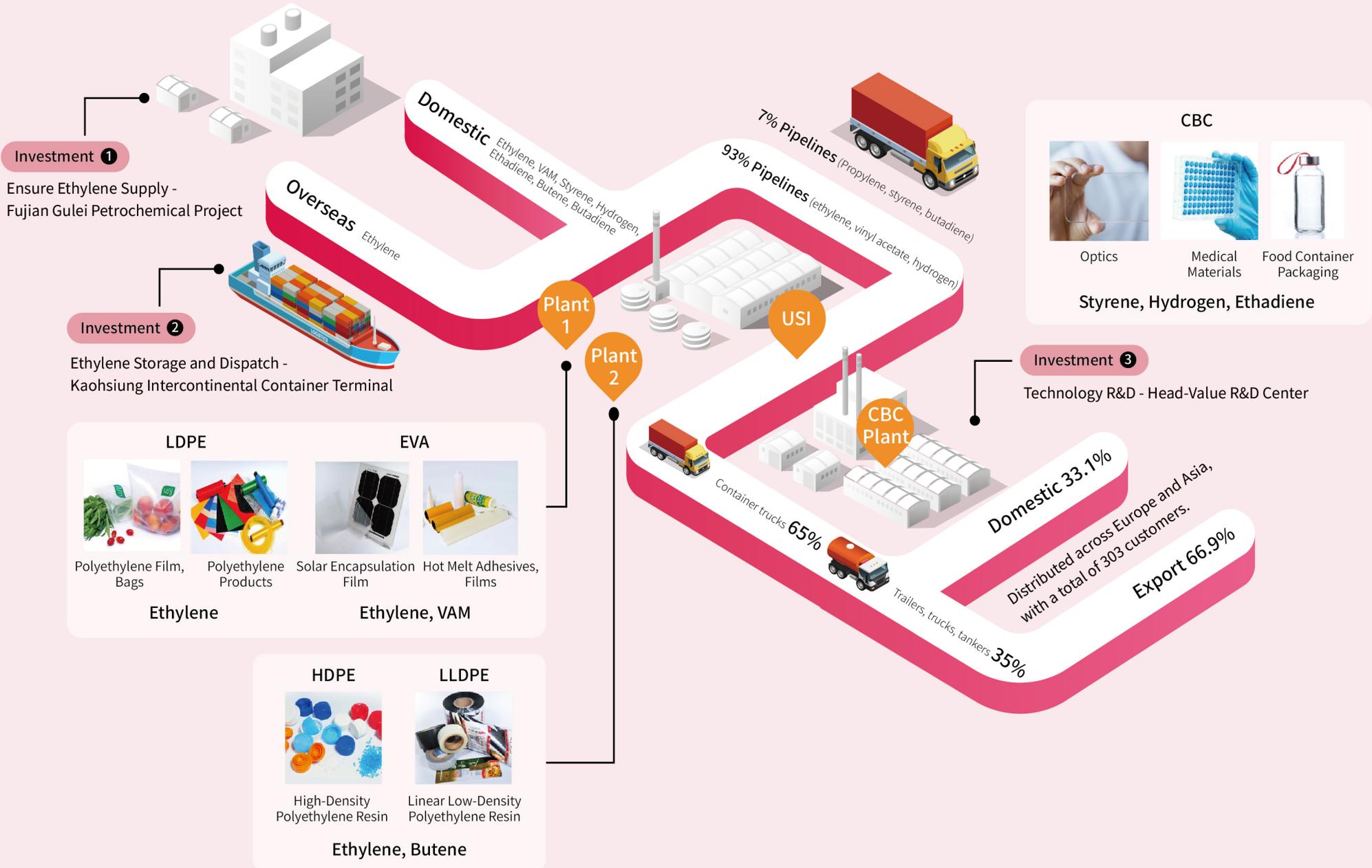
*Employees include 450 persons on a non-fixed-term contract and 2 on a fixed-term contract

Operating 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:

List of Major USI Products and Labels in 2023



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 2023, we were a member of 17 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 refer to: <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. In 2023, the company participate in the CDP Water Security Project and was awarded an A- rating.

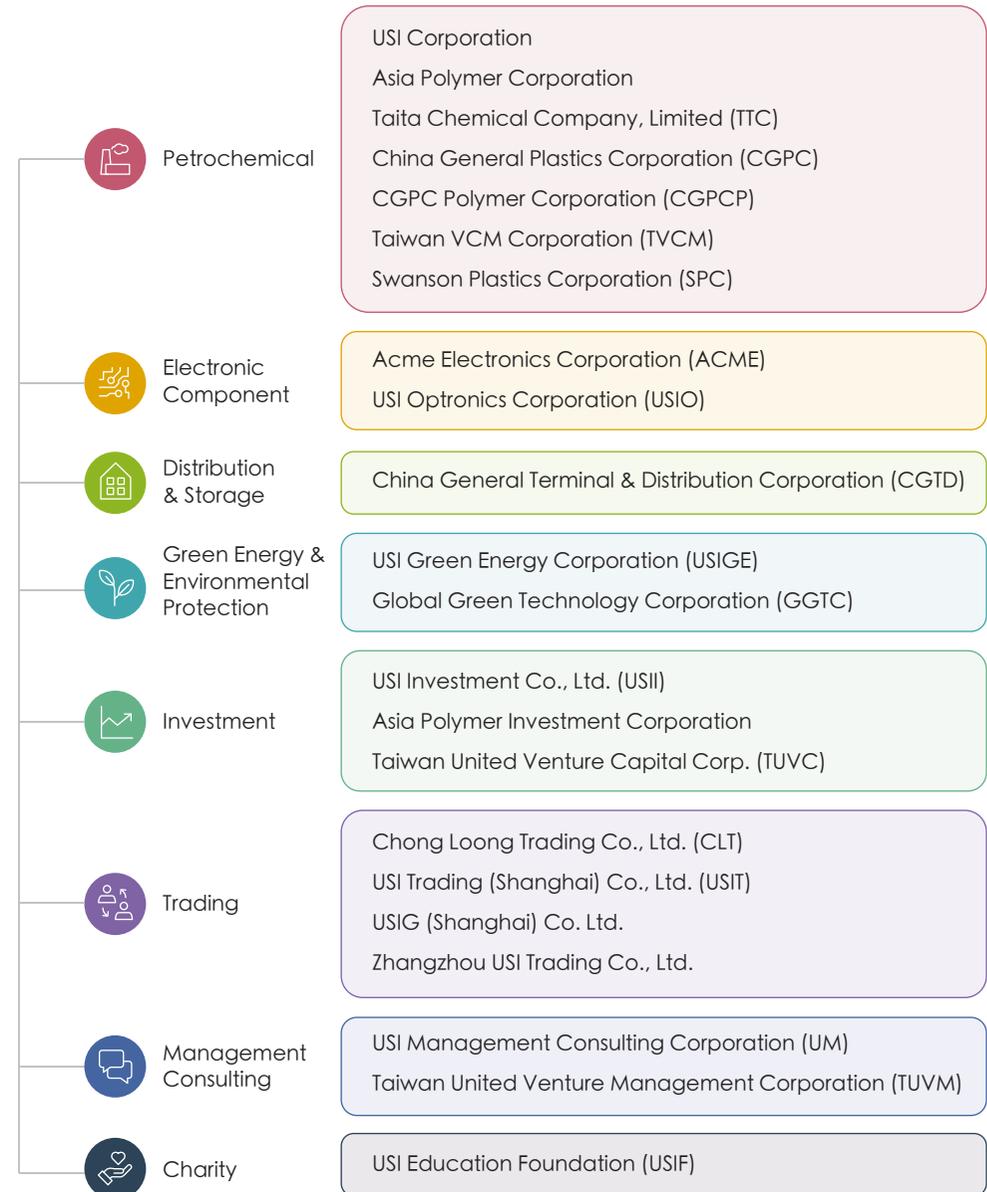


About USI Group

USIG's affiliated companies include multiple businesses in petrochemicals, electronics, warehousing, energy conservation, environmental protection, investment, trade, management consulting, and public welfare. For detailed information about the group, please refer to the USIG website at <https://www.usig.com>

Four publicly listed 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.

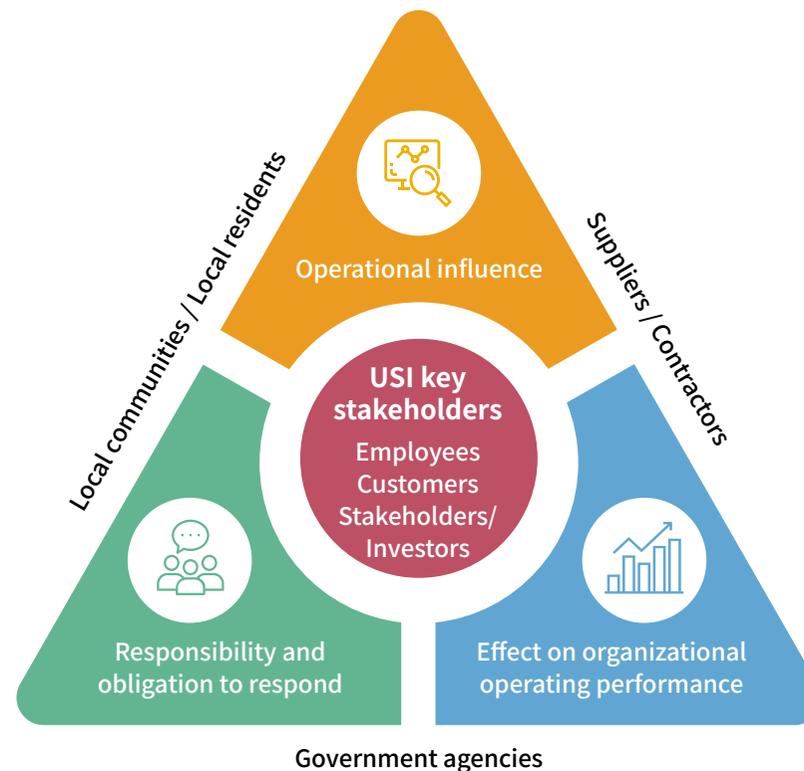
Total assets	74.1 billion (2023)
Consolidated revenue	52.3 billion (2023)
Total number of employees	4,499
(as of 2023/06/30)	



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	Concerned Topic	Communication Channel and Frequency	Engagement Results	Summary of Address in 2023
<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/Emergency Management Committee meeting (quarterly) Labor Pension Fund Supervisory Committee meeting (biannually) Employee satisfaction survey (irregularly) Internal health forums (five times a year minimum) Education/training (as planned) On-site tour inspections (irregularly) 	<ul style="list-style-type: none"> Adjustment of the remuneration and reward systems. Preferential distribution of year-end bonuses. Enhancement of care for employee health. 	<ul style="list-style-type: none"> Through the annual raise and performance evaluation systems, we give employees a raise and promotion each year corresponding to their annual work performance. 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. As per the nurse's plan for the plant area, all employees undergo annual health check-ups, including the completion of fatigue and stress questionnaires, along with an assessment of heart health and relevant medical history surveys. High-risk individuals are identified to establish a care list. Contact: Mr. Chen, Personnel Section (07)735-9998 #2261
<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 (once every half year) Participation in trade fairs (once a year minimum) Sales visits (once a year minimum) "Contact us" on the corporate website (irregularly) 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"> Provided 36 rounds of customer technical service Commissioned projects: 21 Resolution of all 13 customer complaints. We conduct customer satisfaction surveys twice a year, with over 95.9% responses falling in the "satisfied" and "highly satisfied" options. Contact: Mr. Shen, Sales Department (02)8751-6888 #3213
<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 Supply Chain Carbon Reduction 	<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 <ol style="list-style-type: none"> Supplier evaluation results, once a year Implemented Supplier Code of Conduct and Quality Requirements Self-Assessment Form. Conducted on-site audits of suppliers in conjunction with the above self-assessment form and completed audits of two suppliers this year. Signed the Ministry of Economic Affairs' Supply Chain Low-carbon Transformation Coaching Program to jointly promote the goal of reducing 10,000MT of carbon emissions by 2025. Contact: Mr. Chen, Procurement I Department (02)8751-6888 #3771 Mr. Li, Procurement I Department (02)8751-6888 #3786

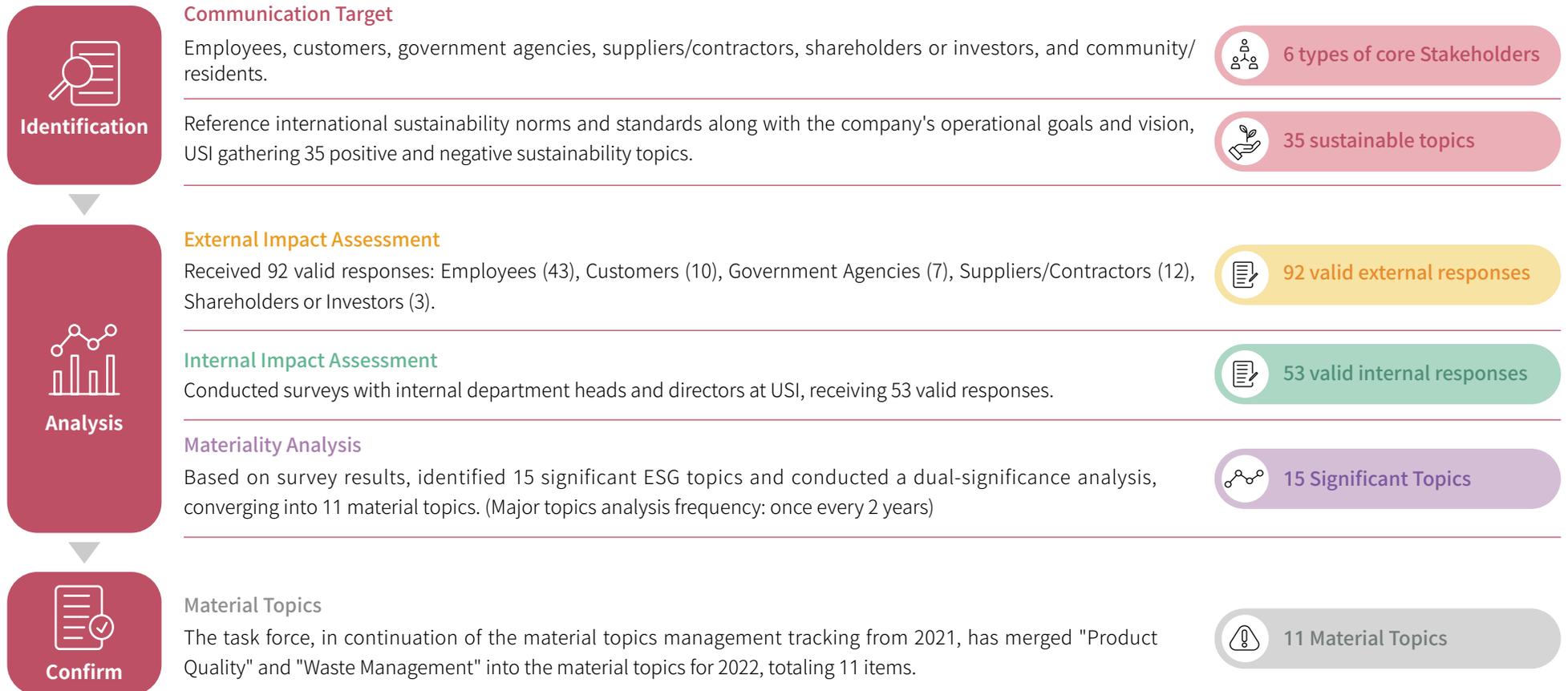
Stakeholder	Concerned Topic	Communication Channel and Frequency	Engagement Results	Summary of Address in 2023
<p>Government agencies</p> <p>Government policies and environmental protection laws and regulations have far-reaching influences on USI operations. Therefore, we maintain practicality and stability in professional operations.</p>	<ul style="list-style-type: none"> Market presence Legal compliance GHG emissions Air pollution control Waste management Worker safety Water management 	<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"> The Kaohsiung Labor Standards Inspection Office conducted eight on-site inspections <ol style="list-style-type: none"> Contractor Operations and Confined Space Inspections of Hazardous Equipment Routine Inspections Inspection of Class C Hazardous Workplaces Key Advocacy and Recommendations On-site inspections by the Fire Department's Hazardous Materials Management Division, Fourth Battalion, and Renwu Division (5 inspections) 	<ul style="list-style-type: none"> Contractor operations and confined space operations inspections all comply with relevant regulations. Periodic inspections and completion inspections of hazardous equipment all comply with relevant regulations. Chemical evaluation and classification management, chemical SDS updates, on-site physician services, labor operating environment monitoring, on-the-job training, and special health check operations all comply with relevant regulations. Inspections of Class C hazardous workplaces for automatic inspections, hazard notifications, emergency response drill records, and professional certifications found no deficiencies. Labor Inspection Office key advocacy: 1. Ensuring that workers' safety harnesses are properly hooked. 2. Continuing the promotion of Process Safety Management (PSM). 3. Promoting hazard prevention for confined space and hypoxia-dangerous operations; all on-site inspection recommendations were followed. No deficiencies were found in fire-related inspections, and all on-site inspection recommendations were followed. Contact: Mr. Li, Industrial Safety Section (07)735-9998#2311 Mr. Hsieh, Environmental Protection Section (07)735-9998#2314
<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 (at least four times a year) Market Observation Post System (as prescribed by law) Contact information of spokespersons (irregularly) Annual report (annually) Published the ESG report (annually) Financial statements (quarterly) "Investor Service" section on the corporate website (irregularly) USIG Stock Home website on the corporate website (irregularly) "Audit Committee Email" on the corporate website (irregularly) 	<ul style="list-style-type: none"> Progress of Fujian Gulei Petrochemical Project Status of corporate operations Financial Information 	<ul style="list-style-type: none"> AGM on May 31 Investor conferences on March 21, May 24, August 18, and November 23 Contact: VP Wu, Spokesperson (02)2627-4745, Ms. Hung/Ms. Wu, Stock Service (02)2650-3773
<p>Local communities / Local</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"> 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 (irregularly) 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. Implementation of the underground pipeline maintenance and operation program. 	<ul style="list-style-type: none"> Constant adoption of the air quality purification zone of Renwu Special Education School Sponsored community and school music and cultural performances, donated bleaching agents and other epidemic prevention supplies to the community, joining hands with neighbors to fight against the virus. One independent scenario planning (2023.06.06) and one drill (2023.07.06) for underground pipelines, and in coordination with an unannounced drill by the Economic Development Bureau(2023.06.08). Contact: Mr. Hsueh, General Affairs Section (07)735-9998 #2262 Mr. Chen, Personnel Section (07)735-9998 #2261

1.4 Material topics management GRI 2-14, 3-1, 3-2

Our company follows the GRI Universal Standards 2021 version Major Materiality Identification Process, which involves constructing three major steps: identification, analysis, and confirmation. Major materiality analysis is conducted every two years, incorporating dual-major materiality thinking to analyze the impact of sustainability issues on "the company's operational impact" and "the impact on economic,

environmental, and human (including human rights) factors." The major materiality identification process and results are discussed by the Group's ESG experts and reported to the ESG Committee, then presented to the Board for approval, ensuring that the direction of sustainable operation and reporting content align with the concerns and expectations of internal and external stakeholders.

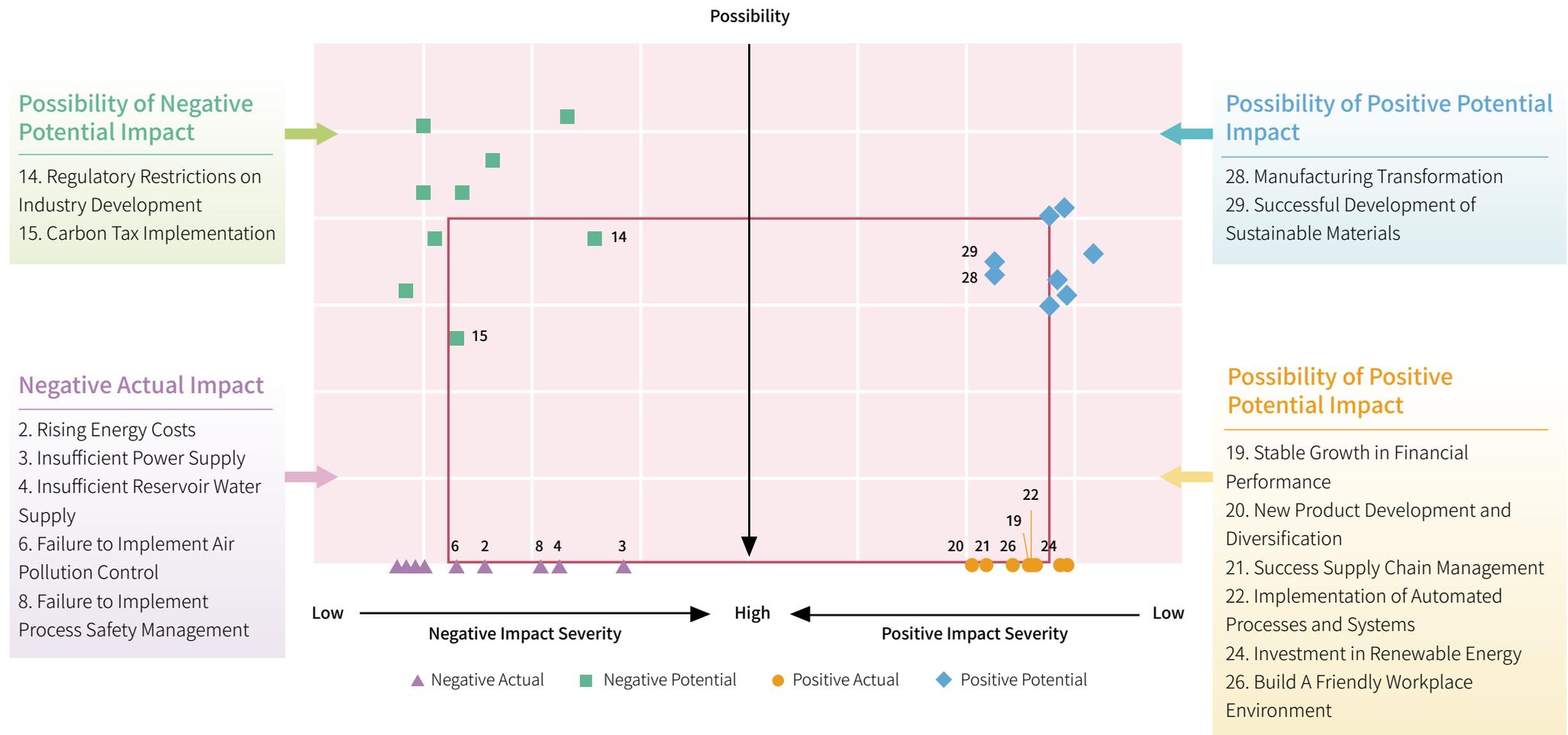
Analysis and identification of material topics



Materiality Analysis

To ensure comprehensive coverage of topics, we didn't just rely on the revised GRI Universal Standards 2021, the metrics of SASB Standards-Chemicals, domestic and overseas industry sustainability trends, and the SDGs. We collected a total of 35 "stakeholder concern items" through various communication channels. A sunset diagram

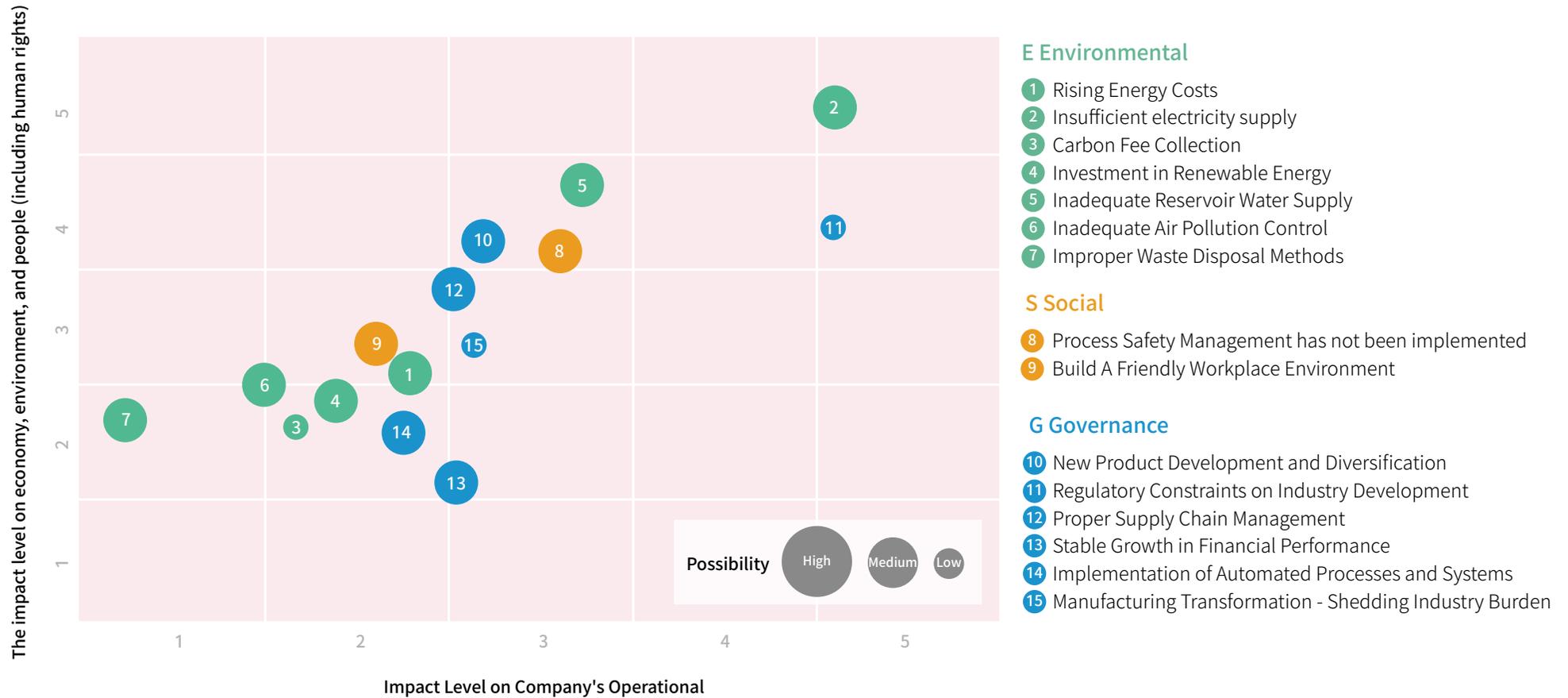
was plotted based on "level of impact" and "likelihood of occurrence." Significant thresholds were set (impact score above 3.42, likelihood score above 3.4) based on the opinions of the ESG working group, stakeholders, and internal and external experts, resulting in the selection of 15 ESG topics as "significant issues."



Material Topics Selection

The 15 significant topics were categorized into environmental, social, and governance aspects. They were analyzed using a double materiality approach, considering "impact on business operations" and "impact on the economy, environment, and people

(including human rights)." This analysis distilled them into 11 material topics which were then presented to the ESG Committee for approval and reported to the Board.



15 Significant Topics

11 Material Topics

Category	Rank	Impact	Topic	Material Topic
Environmental	1	(Negative Actual)	Rising Energy Costs	Climate change and energy management (GRI 302 Energy)(GRI 305 Emissions)
	2	(Negative Actual)	Insufficient Power Supply	
	3	(Negative Potential)	Carbon Tax Implementation	
	4	(Positive Actual)	Investment in Renewable Energy	
	5	(Negative Actual)	Insufficient Reservoir Water Supply	Water Resource Management (GRI 303 Water and Effluents)
	6	(Negative Actual)	Failure to Implement Air Pollution Control	Air Pollution Control (GRI 305 Emissions)
	7	(Negative Actual)	Improper Waste Management	Waste Management (GRI 306 Waste)
Social	8	(Positive Actual)	Failure to Implement Process Safety Management	Talent attraction and Retention (GRI 401 Employment, GRI 404 Training and Education)
	9	(Negative Actual)	Creating a Friendly Workplace Environment	Occupational Health and Safety (GRI 403 Occupational Health and Safety)
Governance	10	(Positive Actual)	Development of New Products and Product Diversification	Technology R&D
	11	(Negative Potential)	Regulatory Restrictions on Industry Development	
	12	(Positive Actual)	Effective Supply Chain Management	Supply chain management (GRI 308 Supplier Environmental Assessment, GRI 414 Supplier Social Assessment)
	13	(Positive Actual)	Steady Financial Performance Growth	Economic Performance (GRI 201 Economic Performance)
	14	(Positive Actual)	Implementation of Automated Processes and Systems	Smart management
	15	(Positive Potential)	Manufacturing Transformation - Shedding Industry Burdens	Product quality

Changes in material topics GRI 2-6

Compared to the previous assessment in 2021 (conducted biennially), 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	Description
Added	Supply chain management Smart management	NA
Supplementary	Product quality Waste management	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 safety and health"

Progress of implementation of material topics.

Aspects	Material Topics	2022	2023
 Governance	Economic performance	1. Individual revenues: NT\$15.6 billion, second highest in USI history. 2. UE4055 annual sales accumulated 5,894MT, the highest in USI history. 3. Annual net income at NT\$3.47 billion, also the second highest in USI history. 4. The High-Value R&D Center has started operations in 2022Q3. 5. The mid-term delivery of EVA facility of the Gulei Project was completed in October 2022.	1. Individual revenues: NT\$11.4 billion. 2. The high-value product UE4055 annual sales accumulated 5,244MT, the second highest in USI history. 3. The High-Value R&D Center collaborated on product development and supported the CBC plant in the introduction of new specifications, ViviOn™ 0645 and 1608, for trial production. 4. In May 2023, Gulei Project successfully initiated the trial run of the EVA unit.
	Technology R&D	New product development: 4 pcs/year, achievement 100%.	New product development: 4 pcs/year, achievement 100%.
	Product quality	Targets 1. Customer complaints of plants I/II: <6 cases/<7 cases 2. Controllable defect rate of plants I/II: <0.3/<0.7% Actual 1. Confirmed customer complaints of plants I/II: 2 cases /5 cases 2. Controllable defect rate of plants I/II: 0.21 / 0.55%	Targets 1. Customer complaints of plants I/II/CBC: <6 cases / <5 cases 2. Overall defect rate of plants I/II/CBC: <1.8% / <5.5% / <12% Actual 1. Confirmed customer complaints of plants I/II/CBC: 5 cases /4 cases /1 case 2. Overall defect rate of plants I/II/CBC: 1.57 / 4.69 / 7.4% * The product quality have been revised from the controllable defect rate to the overall defect rate. For details, see section 3.2 Product Quality.
	Supply chain management (new)	Added the Supplier ESR Commitment as a requirement for new supplier evaluation.	1. Completed on-site audits for two suppliers. 2. Towards the end of 2023, in response to a customer invitation, we signed up for the Ministry of Economic Affairs' "Gudeng Supply Chain Low-carbon Transition Coaching Program." We are collaborating with our customer and its supply chain to collectively strive towards the goal of reducing carbon emissions.
	Smart management (new)	1. Smart predictive maintenance for related equipment 2. AI quality prediction 3. Energy management system 4. AI industrial safety image recognition 5. Facial recognition for the access control of contractor personnel. 6. Virtual reality (VR)-Tank car leakage emergency response training	1. DCS + Field Data System Implementation 2. High-Pressure Reactor Vibration Monitoring 3. AI quality prediction 4. Soot detection system 5. Digital Product Data Management System

Aspects		Material Topics		2022	2023
 Environmental	Water management	<ol style="list-style-type: none"> 1. Water conservation: 5.65% 2. Reclaimed water: 32,153MT 3. Implementation of water conservation to control consumption. 4. Passed the certification of the ISO 46001 Water Efficiency Management System. 	<ol style="list-style-type: none"> 1. Water conservation: 5.51% 2. Water recycling: 56,485MT 3. Achieved A- Leadership Level in CDP Water Security 4. Set an annual target to reduce unit water consumption by 0.5% 		
	Air pollution control	<ol style="list-style-type: none"> 1. VOCs equipment component leakage: 0.036% 2. Pump replacement project progress at 25% due to the pandemic. 3. The pipeline improvement plan to reduce emissions of VOCs was completed. 	<ol style="list-style-type: none"> 1. VOCs equipment component leakage: 0.038% 2. Pump replacement project progress at 100% 		
	Waste management	<ol style="list-style-type: none"> 1. Monthly industrial waste storage audit: Compliance with the regulations. 2. Enhancement of the flow control of waste cleanup and disposal by performing spot checks on 9 waste cleanup contractors and 7 waste disposal contractors in 2022, and no nonconformity was found. 	<ol style="list-style-type: none"> 1. Spot checks on 8 waste cleanup contractors and 7 waste disposal contractors, and no nonconformity was found. 2. The amount of waste filling produced decreased by 15.51 MT compared to 2022. 		
	Climate change and energy management	<ol style="list-style-type: none"> 1. 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) 2. Implemented 6 energy improvement projects to reduce power consumption by 1.31% (average of 2015-2022 was 1.37%). 	<ol style="list-style-type: none"> 1. Annual reduction: Electricity by 1.72% (2015-2023 average 1.4%). 2. GHGs emissions amounted to 142,292 MT of CO₂e (including Scope 1, 2, and 3 emissions, totaling emissions from the Taipei, Guishan, and Kaohsiung plants, and excluding Scope 3 indirect emissions from the use of company products). 3. Implemented two energy-saving and carbon reduction projects, resulting in a total carbon reduction of 1,614 tons of CO₂e. 4. Completed ISO 14064-1:2018 greenhouse gas inventory and verification. 		
 Social	Occupational safety and health	<ol style="list-style-type: none"> 1. Disabling injury frequency rate (FR)=1.15, Frequency-Severity Indicator (FSI)=0.21, Number of environmental monitoring non-conformities=0. 2. Downtime caused by key equipment=4, machinery maintenance by the engineering department = 5,025 units. 3. Proposition of 65 ECs to reduce operating risks. 4. Completion of steam inlet check of 66 points and replacement of the recycle train cooler. 5. Replacement of the B-301A fume stack and addition of an operating platform at silo Y-6015 to enhance the operation safety of staff. 6. 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) 	<ol style="list-style-type: none"> 1. Incident rate = 1.11, equipment improvement and renewal, inspection and maintenance enhancement, periodic walk-through inspection, education and training, and OH&S management. 2. Frequency-Severity Indicator (FSI)=062. Adding a working platform to improve the safety of personnel; Rust removal, supplementary welding, screw replacement, and paint maintenance of equipment and pipelines. 3. Monitoring indicator excess=0. Completed onsite monitoring on Type 2 organic solvents, specific chemical substances, noise, CO₂ and local exhaust equipment wind speed. No nonconformity is found. 4. Downtime caused by key equipment=4, machinery maintenance by the engineering department = 2,238 units. 		
	Talent attraction and retention	<ol style="list-style-type: none"> 1. Total employee turnover 4.8% (excluding retirement) 2. Provided well-designed group insurance plans and contributed pension by law to protect the later life of employees 3. Annual employee health checkup 4. Completion of labor-management meetings. 	<ol style="list-style-type: none"> 1. Total employee turnover 4.4% (excluding retirement) 2. Provided well-designed group insurance plans and contributed pension by law to protect the later life of employees 3. Annual employee health checkup 4. Completion of labor-management meetings. 		

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
				Supply chain management	Operational	Product	Social		
 Governance	Economic performance	GRI 201:2016 Economic Performance	N.A.	○	●	●		2.2 Economic Performance	
	Technology R&D	N.A.	RT-CH-410a.1		●	●	●		3.1 Technology R&D
	Product quality	N.A.	N.A.	●	●	●			3.2 Product Quality
	Supply chain management	GRI 308:2016 Supplier Environmental Assessment GRI 414:2016 Supplier Social Assessment	N.A.	●	●	●	○		3.3 Supply chain management
	Smart management	N.A.	N.A.	○	●	●	○		2.5 Smart management
 Environmental	Water management	GRI 303:2018 Water and Effluents	RT-CH-140a.1 RT-CH-140a.2 RT-CH-140a.3	○	●	●	●		4.2 Water management
	Air pollution control	GRI 305:2016: Emissions	RT-CH-110a.1 RT-CH-110a.2 RT-CH-120a.1	○	●		●		4.3 Air pollution control
	Waste management	GRI 306: 2020 Waste	RT-CH-150a.1	○	●	○	●		4.4 Waste management
	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	○	●	●	○		4.5 Climate Change and Energy Management
 Social	Occupational safety and health	GRI 403:2018 Occupational Health and Safety	RT-CH-320a.1 RT-CH-320a.2 RT-CH-540a.1 RT-CH-540a.2	○	●	○	○		5.2 Occupational Health and Safety
	Talent attraction and retention	GRI 401:2016 Employment GRI 404:2016 Training and Education	N.A.		●	○	○		5.3 Talent attraction and retention