Chapter 1
Sustainable Development

1.1 Sustainable Development Visions and Goals GRI 2-22

Vision of Sustainable Operations

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.

USI’s Sustainable Principle

As a member of the USIG, USI has developed three sustainable principles: unity governance (U), sustainable development (S), and innovative technology (I) based on the group vision. We regularly review the results of analysis of material topics and the principles of corporate sustainability, formulate short-, medium-, and long-term strategies and goals based on our core values, and link them to the UN Sustainable Development Goals (SDGs) 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 salary increases.

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

Based on the characteristics of the industry and the size of the Ccompany, USI has identified 12 SDGs, and has formulated various sustainability strategies accordingly 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. For details of the implementation progress, please refer to 1.4 Material topics management and each section.

No.	SDGs	Goals	Corresponding Section
1		Maintain factory workplace environment safety and employee health	5.2 Occupational safety and health
2		Employee education, neighborhood school sponsorship and education foundation	5.4 Talent cultivation and development 5.5 Charity and community engagement
3		Water resource management: Water conservation programs and a decrease of 0.5% per year of unit water consumption	4.2 Water resource management
4		Continue to increase utilization of high efficiency products and invest in clean energy	4.5 Climate change and energy management
5		Continue to increase revenue, ensure equal job opportunities, harmonious labor-management relations	2.2 Economic performance 5.3 Talent attraction and retention
6		Annual R&D fund NT$100 million minimum New product development and improvement: 4 pcs/year.	3.1 Technology R&D
7		Product transportation and underground pipeline management	5.1 Transportation safety management
8		Green procurement mechanisms and supply chain management, raw material recovery rate	3.3 Supply chain management 4.6 Raw material management
9		Carbon reduction path of the Group, greenhouse gas inventory, product carbon footprint, identification of climate-related risks and opportunities	4.5 Climate change and energy management
10		Forest sustainable management: Sponsorship of 5 hectares of forestation for 20 years	5.5 Charity and social engagement
11		Legal compliance, implementation of human rights policies, prohibition of bribery and corruption	2.4 Ethical corporate management and legal compliance
12		Encourage sponsorship and participation in social welfare	5.5 Charity and social engagement

1.2 About USI

Company Profile

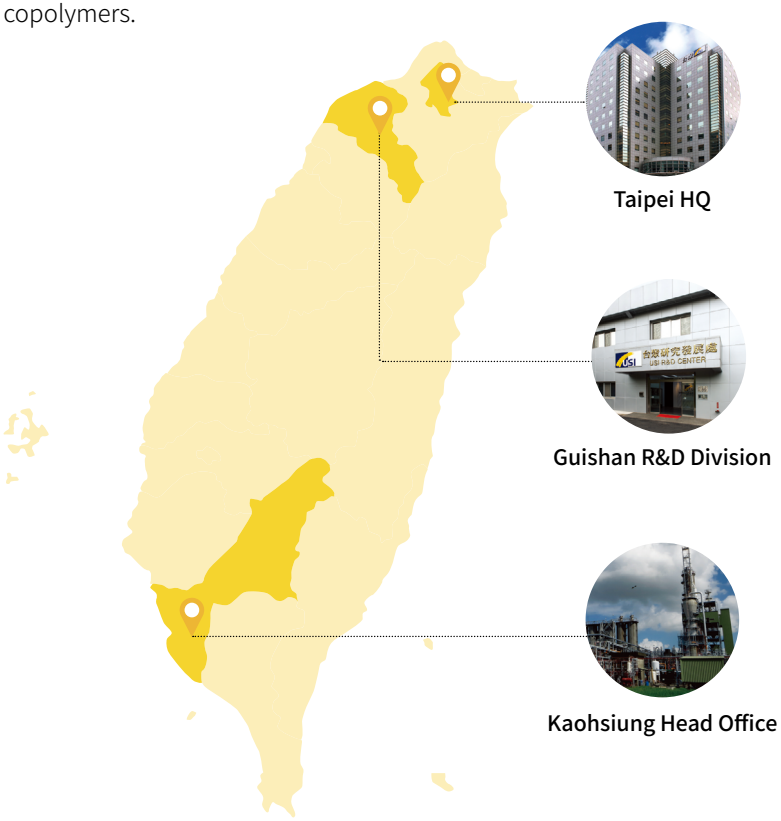
USI Corporation (TWSE: 1304) was established on May 26, 1965 and established Taiwan's first LDPE plant. We primarily develop, produce, and sell polyethylene (PE) resins at our complex in Renwu District, Kaohsiung City, Taiwan.

Basic Information 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	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City
Capital	Over NT$11.89 billion (by December 31, 2024)
Production	188,691 metric tons (2024)
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 plastic products in daily life after processing by downstream manufacturers.
Number of employees	429 persons (by December 31, 2024) Note: Employees include 426 persons on a non-fixed-term contract and 3 on a fixed-term contract

Operation 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 Manufacturing Department I for producing LDPE and EVA products, Manufacturing Department II for producing HDPE and LLDPE products, and Manufacturing Department III for producing cyclic block copolymers.

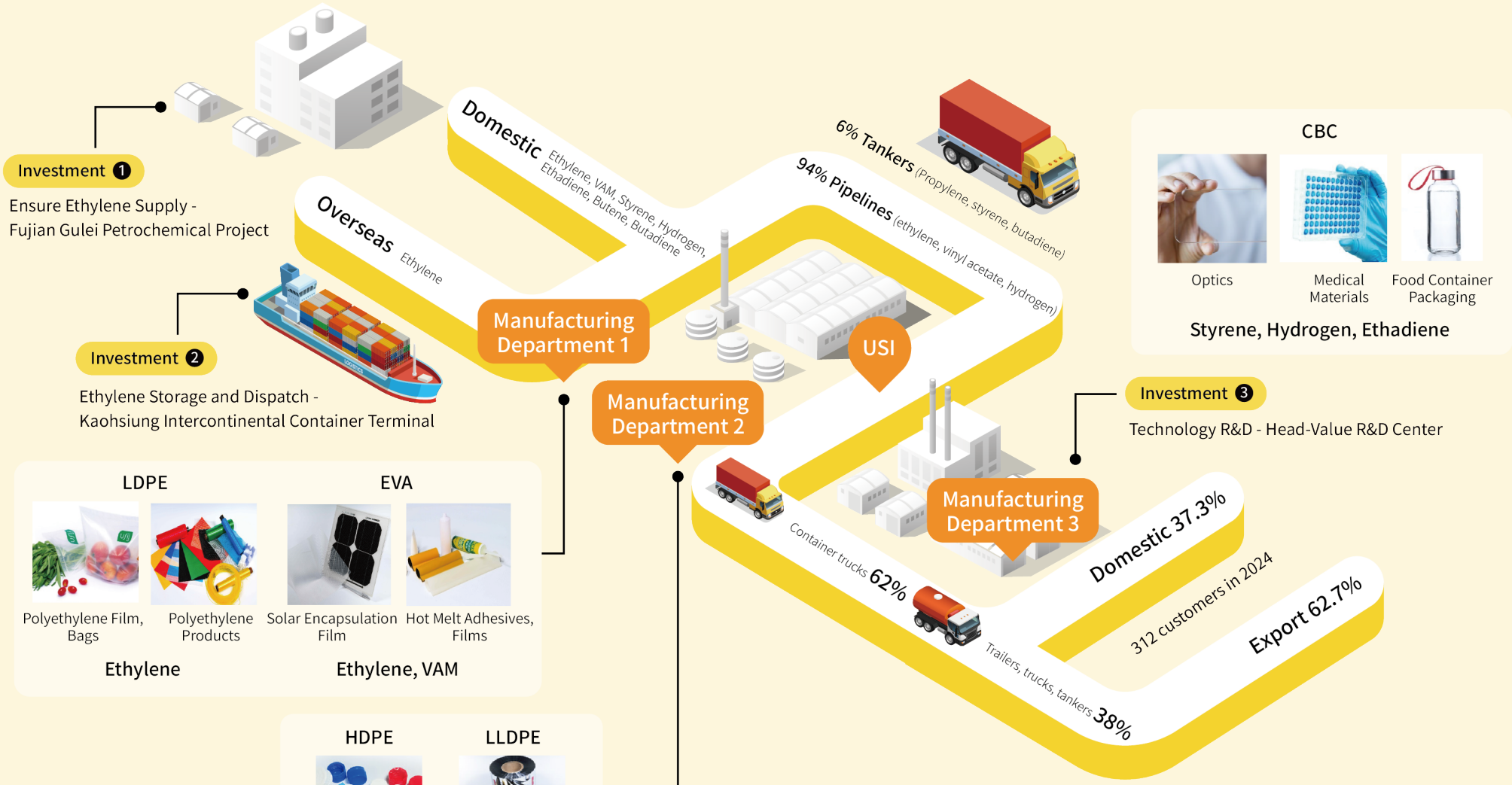


Taipei HQ

Guishan R&D Division

Kaohsiung Head Office

Product Roadmap

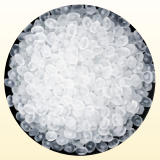


Product Introduction GRI 2-6

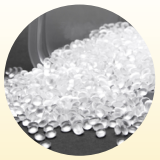
Major Products

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:

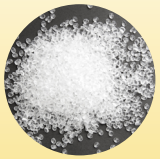
List of Major USI Products and Labels



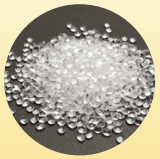
Low Density Polyethylene (LDPE)
PAXOTHENE®



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 2024, we were a member of 15 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. 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 since 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 2024, the Company participated in the CDP "Climate Change" and "Water Security" ratings and was awarded a B management rating.

About USIG

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.

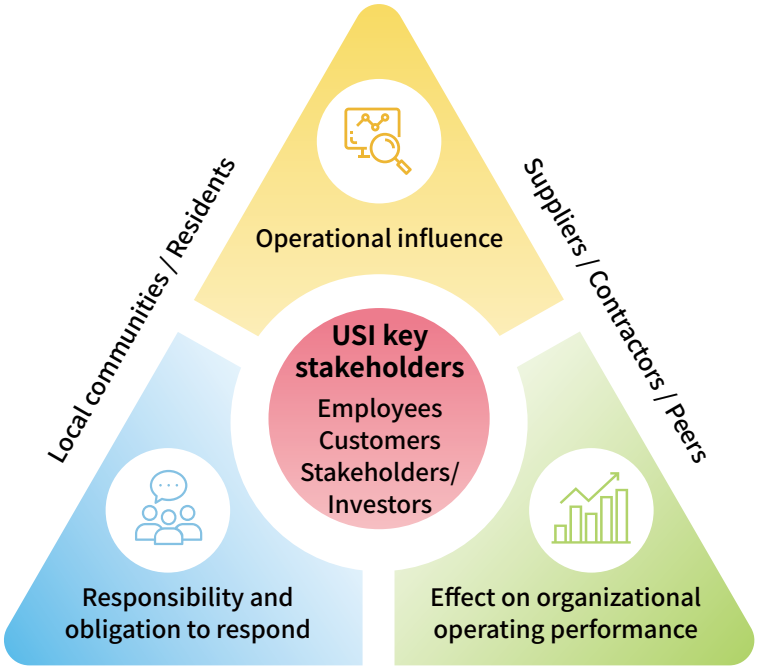
Four publicly listed USI subsidiaries, including Asia Polymer Corporation (APC), China General Plastics Corporation (CGPC), Taita Chemical Company, Limited (TTC), Acme Electronics Corporation (ACME), published their own ESG report.

Total assets	71.8 billion (2024)
Consolidated revenue	51 billion (2024)
Total number of employees	4,824 (2025/3/31)

For more details, please refer to the Introduction to the Group (Newly published at the end of May).

1.3 Stakeholder Engagement

USI believes 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 7 major stakeholder groups for communication in the 2024 report: employees, customers, shareholders / investors, government agencies, suppliers/contractors, peers, and local communities/residents, with peers being added as a key stakeholder compared to the previous survey. 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 2024
Employees	Employees are the bedrock of corporate development and the partners of sustainable development. Therefore, we recruit outstanding employees, provide a safe and healthy work environment, develop and retain talents, provide employees with continuous care, and constantly care for their needs.	· Operating performance · Employee benefits · Occupational safety and health · Labor-management relations · Recruitment and retention	· New employee interviews (with relevant officers of all levels) · Performance interviews (regularly) · Labor-management meetings (quarterly) · Union board meetings (quarterly) · Union general meetings (annually) · Employee Welfare Committee meeting (biannually) · Occupational Safety & Health Committee meeting (quarterly) · HSE/Energy Management Committee meeting (quarterly) · Labor Pension Fund Supervisory Committee meeting (biannually) · Employee satisfaction survey (irregularly) · Internal health forums (five times a year minimum) · Education/training (as planned) · On-site tour inspections (irregularly)	· Adjustment of the remuneration and reward systems. · Preferential distribution of year-end bonuses. · Enhancement of care for employee health.	· Through the annual raise and performance evaluation systems, we give employees a raise and promotion each year corresponding to their annual work performance. · The year-end bonus 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
Customers	Customers are the main source of USI's income. Valuing technology innovation, we are committed to providing customers with the best service to create a win-win situation for both customers and the Company.	· Technology R&D · Customer privacy · Transportation safety management · Industrial and public safety · Customer satisfaction survey	· 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)	Communication with customers through various methods and constant provision of quality products and services for customers.	· Provided 43 rounds of customer technical service · A total of 25 new product trial production cases · Resolution of all 19 customer complaints. · We conduct customer satisfaction surveys twice a year, with over 97.77% responses falling in the “satisfied” and “highly satisfied” options. · Contact: Mr. Shen, Sales & Marketing Division · (02)8751-6888 #3213

	Stakeholder	Concerned Topic	Communication Channel and Frequency	Engagement Results	Summary of Address in 2024
Government	Government policies and environmental protection laws and regulations have far-reaching influences on USI operations. Therefore, we maintain practicality and stability in professional operations.	· Market presence · Legal compliance · GHG emissions · Air pollution control · Waste management · Worker safety · Water resource management	· 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)	· The Kaohsiung Labor Standards Inspection Office conducted 10 on-site inspections at the Kaohsiung Plant 1. Labor operating environment monitoring 2. Contractor Operations and Confined Space 3. Inspections of Hazardous Equipment 4. Routine Inspections 5. On-the-job training (Department of Labor) 6. Joint auditing of the sites of public hazardous substancesOn-site inspections by the Fire Department's Hazardous Materials Management Division II, Fourth Battalion, and Renwu Division (14 inspections)	· Labor operating environment monitoring records all comply with relevant regulations. · Contractor operations and elevated operations inspections all comply with relevant regulations. · Periodic inspections of hazardous equipment all comply with relevant regulations. · Contractor operations all comply with relevant regulations, and safety promotion has been conducted. · Organization of on-the-job training for boiler operators, and no missing data was found upon confirmation. · Examination of accident investigation documents, regular inspection records, validity period of licenses of specialists, and explosion prevention related regulations, as well as enhancement of on-site operational safety management. · 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
Stakeholders/investors	Each shareholder is an important corporate asset. We constantly pursue excellence to maximize profit for shareholders.	· Local major investments · Technology R&D · Operating performance · Customer privacy · Supplier management	· 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, TCFD 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)	· Progress of Fujian Gulei Petrochemical Project · Status of corporate operations · Financial Information	· AGM on May 31 · Investor conferences on March 21, May 28, August 28, and November 29 · Contact: VP Wu, Spokesperson (02)2627-4745 Ms. Hung/Ms. Wu, Stock Service (02)2650-3773

Stakeholder		Concerned Topic	Communication Channel and Frequency	Engagement Results	Summary of Address in 2024
Suppliers / contractors	Ethical corporate management is USI's corporate culture. We carefully select suppliers and contractors to provide customers with quality products and employees with a safe work environment.	· Operating performance · Local major investments · Market presence · Legal compliance · Procurement practices · Supply Chain Carbon Reduction	· 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)	Communication of the need to comply with labor human rights, OH&S, environmental protection, and code of ethics. Supplier evaluation results: All pass.	· To enforce USI's ethical corporate management policy and discern suppliers' needs, we communicate with and address suppliers through the following methods: 1. Supplier evaluation results, once a year 2. Implemented Supplier Code of Conduct and Quality Requirements Self Assessment Form. 3. Conducted on-site audits of suppliers in conjunction with the above self assessment form and completed audits of two suppliers this year. 4. Signed the Ministry of Economic Affairs' Supply Chain Low-carbon Transformation Coaching Program to jointly promote the goal of reducing 10,000 metric tons of carbon emissions by 2025. · Contact: Mr. Chen, Procurement I Department (02)8751-6888 #3771 Mr. Li, Procurement I Department (02) 8751-6888 #3786
Peers	Our peers are not only competitors, but also partners in promoting the sustainable development of the industry by jointly addressing industry challenges and promoting technology innovation and best practices.	· Carbon reduction innovation and technology exchanges · Transformation investment cooperation · Policy and regulation study · Energy transformation strategy	· Technical exchange meeting (irregularly) · Petrochemical Industry Association meeting (irregularly) · Policy advocacy/consultation meeting of governmental agencies (irregularly) · Green power promotion strategy discussion (irregularly)	· Designated target setting for the voluntary emission reduction program · Carbon reduction and low carbon production · Carbon fee, electricity saving, green energy · Greenhouse gas emission control action plan · Formation of joint offshore wind purchase companies	· 5 sessions of technical and carbon reduction exchange meetings. · 1 session of petrochemical industry safety communication meeting · 8 sessions of low carbon policy discussion meeting · 7 sessions of wind power purchase meeting · Contact: Mr. Chao, Technical Department (07)735-9998 #2241
Local communities / residents	Local residents are the most important partners growing with USI. Social inclusion is our core strategy.	· Air pollution control · Involvement with local communities and philanthropy · GHG emissions · Underground pipeline maintenance	· "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)	· Provision of learning sources for local schools to develop quality talents. · Enhancement of neighborly activities. · Implementation of the underground pipeline maintenance and operation program.	· Constant adoption of the air quality purification zone of Renwu Special Education School, and participation in school activities.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. · Independent scenario planning and drill for underground pipelines, and in coordination with an unannounced drill by the Economic Development Bureau. · 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

The 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 - Process for Determining Material Topics

Identification

- **Communication Target**
  - Employees, customers, shareholders / investors, government agencies, suppliers/contractors, peers, and local communities/residents. → **7 types of core Stakeholders**
  - Reference international sustainability norms and standards along with the company's operational goals and vision, USI gathering 28 positive and negative sustainability topics. → **28 sustainable topics**

Analysis

- **External Impact Assessment**
  - Received 94 valid responses: Employees (43), Customers (10), Government Agencies (7), Suppliers/Contractors (12), Shareholders or Investors (3). → 94 valid external responses
- **Internal Impact Assessment**
  - Conducted surveys with internal department heads and directors at USI, receiving 22 valid responses. → 22 valid internal responses

Confirm

- **Materiality Analysis**
  - Based on the questionnaire analysis, 18 significant ESG topics were selected and analyzed using a double materiality approach. The analysis refined these into 10 material topics. (Materiality assessment is conducted once every two years.) → 18 Significant Topics, 10 Material Topics

Note: Based on international sustainability frameworks and standards (including GRI Standards, SASB, SDGs, and TCFD), and aligned with the Company's operational goals and vision, the working team compiled 28 actual and potential sustainability issues with both positive and negative implications. Following statistical analysis of questionnaire responses, 10 material topics were selected. (Materiality assessments are conducted biennially; the previous assessment was completed in 2022.)

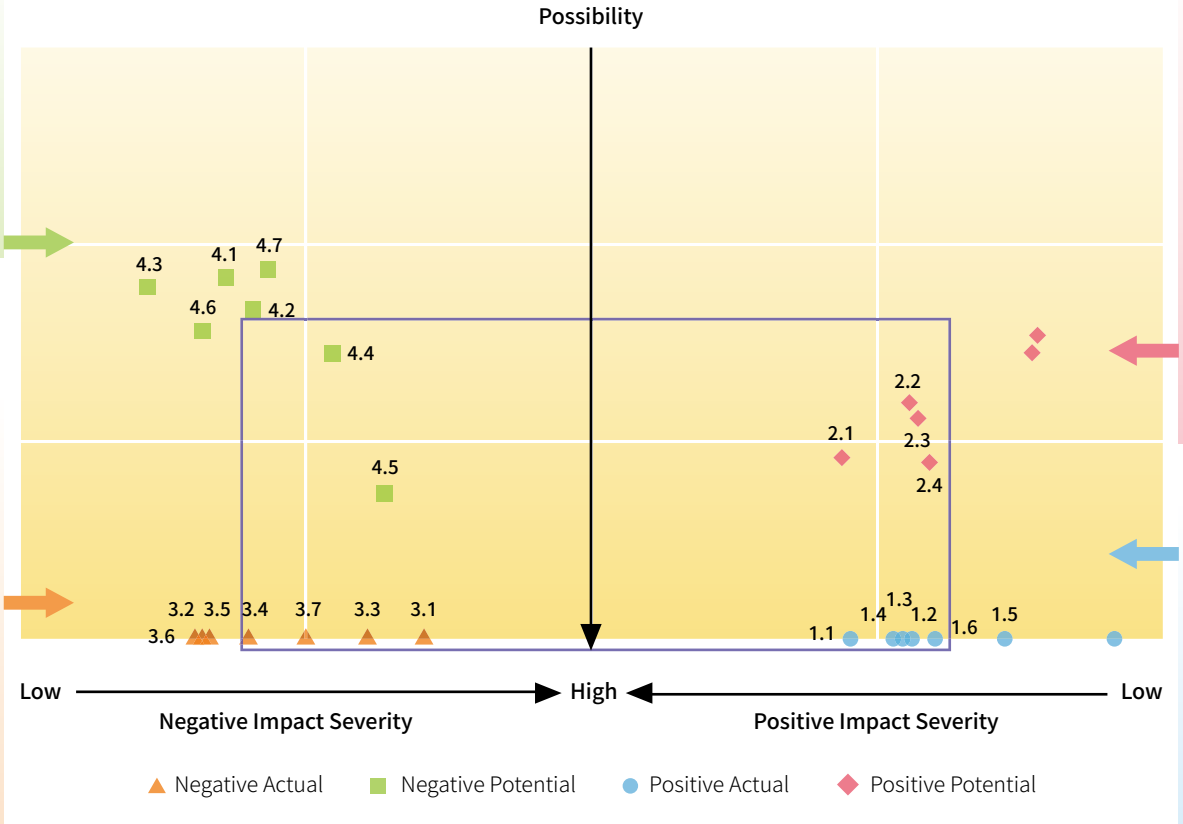
To ensure comprehensive coverage of topics, we didn't just rely on the revised GRI Universal Standards 2021, the metrics of SASB Standards-Chemicals, domestic and overseas industry sustainability trends, and the SDGs. We collected a total of 28 “stakeholder concern items” through various communication channels. A sunset diagram was plotted based on "level of impact" and "likelihood of occurrence." Significant thresholds were set (impact score above 3.6, likelihood score above 3.5) based on the opinions of the ESG working group, stakeholders, and internal and external experts, resulting in the selection of 18 ESG topics as "significant issues."

Possibility of Negative Potential Impact

4.4 Regulatory Restrictions on Industry Development-factory closure
4.5 Carbon Tax Implementation-increased production costs

Negative Actual Impact

3.1 Economic Downturn – Excess Supply
3.2 Extreme Weather – Typhoons Causing Equipment Damage and Property Loss
3.3 Rising Energy Costs-Electricity Rate Increase
3.4 Water Usage Fees – Increased Production Costs
3.5 Failure to Implement Air Pollution Control
3.6 Improper Waste Management Practices
3.7 Failure to Implement Process Safety Management



Possibility of Positive Potential Impact

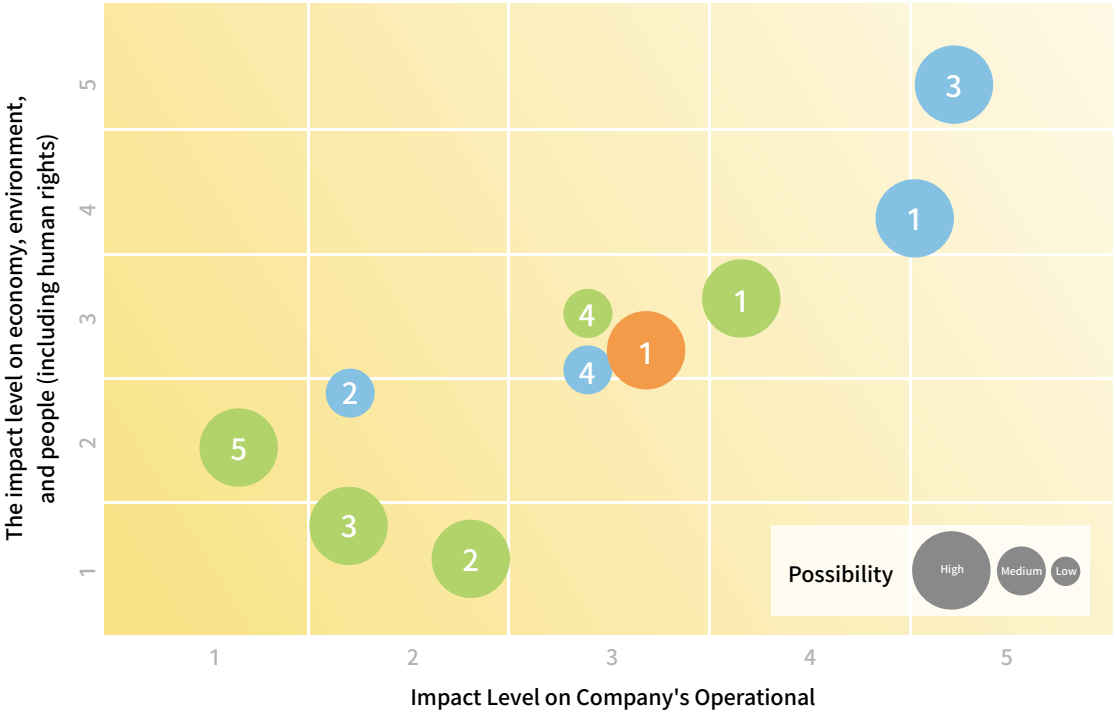
2.1 Successful Development of Sustainable Materials – Revenue Expansion
2.2 Proactive Sourcing of Alternative Raw Materials
2.3 Adoption of Advanced AI Technologies – Improved Operational Efficiency
2.4 Investment in Renewable Energy Achievement of Green Energy Targets

Possibility of Positive Potential Impact

1.1 New Product Development and Diversification
1.2 Implementation of Automated Processes and Systems
1.3 Success Supply Chain Management—Quality Improvement
1.4 Investment in Renewable Energy-Comply with Regulatory Requirements
1.6 Build A Friendly Workplace Environment-Reduce Turnover Rate

Material Topics Selection

The 18 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 The impact level on economy, environment, and people (including human rights)." This analysis distilled them into 10 material topics which were then presented to the ESG Committee for approval and reported to the Board.



E Environmental

1. Climate change and energy management
2. Water Resource Management
3. Air Pollution Control
4. Raw material management
5. Waste Management

S Social

1. Occupational Health and Safety

G Governance

1. Technology R&D
2. Supply chain management
3. Economic Performance
4. Smart management

Changes in Material Topics GRI 2-6

Compared to the previous assessment in 2022, 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	∗ Raw material management	NA
Continuous tracking	∗ Talent attraction and retention ∗ Product quality	Continuous tracking of progress will be made although they were not selected as material topics.

Description of Impacts of Material Topics and Management Approaches

GRI 2-6 Activities, value chain and other business relationships, GRI 2-25 Processes to remediate negative impacts, GRI 3-2 List of material topics, GRI 3-3 Management of material topics

	Material topics	Ranking of materiality	Significance and Countermeasures	Impact Management	GRI/SASB/SDGs Corresponding Topics	Scope of Value Chain Impact				Corresponding Section
						Supply Chain	USI's Operations	Product	Social	
Environmental	Climate change and energy management	Material	**Significance:** Enhancing climate change responsiveness, reducing GHG emissions, developing related energy conservation and emissions reduction measures, lowering operating cost, raising process efficiency, and enhancing competitiveness. **Countermeasures:** Establish the energy management system, lower unit product energy consumption, reduce GHG emissions, sponsor new afforestation, and develop green power.	**Positive impact:** Short-term actual impact: 1. Invest in green power with profit gained from EVA solar energy products. 2. Short-term potential impact: Develop AI systems to lower energy consumption. **Negative impact:** Short- and medium-term actual impact: 1. Increased electricity prices by 7% in 2025, which will result in an increase of more than NT$53 million in costs. 2. Disrupted production by power curtailment. 3. Collection of carbon fees in 2026. Based on USI's estimated carbon emissions of 136,700 tons for 2024, assuming a carbon fee of NT$300 per tonne, the cost would amount to approximately NT$33.52 million.	GRI 201-2: Financial implications and other risks and opportunities due to climate change GRI 302: Energy 2016 RT-CH-110a.1, RT-CH-110a.2 Greenhouse gases RT-CH-130a.1 Energy management SDG 7 Affordable and clean energy SDG 13 Climate action	○	●	●	○	4.5 Climate change and energy management
	Water resource management	Material	**Significance:** In response to global climate change, valuable water resources are reclaimed for reuse through water conservation and emission reduction measures. **Countermeasures:** 1. Reduce pollution and emission through process and source improvement and then end-of-the-pipe treatment to promote water resource recycling and reuse. 2. Constantly invest in discharge reduction management, implement water conservation, and water resource reclamation management. 3. Implement the water efficiency management system and flood prevention measures.	**Positive impact:** Short-term actual impact: Enhance water recycling efficiency and reduce production costs. **Negative impact:** Short-, medium- and long-term actual impact 1. Water shortages, production disruption due to torrential rain. 2. Increased water consumption fee by approximately NT$540,000 from November 2023 to April 2024 in case of water shortage.	GRI 303: Water and effluents 2018 RT-CH-140a.1, RT-CH-140a.2, RT-CH-140a.3 Water management SDG 6 Clean water and sanitation	○	●	●	●	4.2 Water resource management
	Air pollution control	Material	**Significance:** Continuous environment improvement to achieve "zero pollution and zero emission." **Countermeasures:** 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 4. Sponsor air quality purification areas and 5 hectares of new forestation each year starting in 2018.	**Negative impact:** Air pollution	GRI 305: Emissions 2016 RT-CH-120a.1 Air quality SDG 11 Sustainable cities and communities	○	●		●	4.3 Air pollution control

● Direct Impact ○ Indirect Impact

	Material topics	Ranking of materiality	Significance and Countermeasures	Impact Management	GRI/SASB/SDGs Corresponding Topics	Scope of Value Chain Impact				Corresponding Section
						Supply Chain	USI's Operations	Product	Social	
Environmental	Raw material management	Material	**Significance:** Maintain a stable supply of raw materials, improve the efficiency of raw material recycling, and actively seek for alternatives to fossil raw materials. **Countermeasures:** Actively manage the scheduling and inventory levels of raw materials and apply for ISO 14021 to promote the recycling of production waste into plastic raw materials.	**Positive actual impact:** Reduced consumption of non-renewable raw materials and introduction of recycled products.	GRI 301: Materials 2016	●	●	●	○	4.6 Raw material management
Environmental	Waste management	Material	**Significance:** Continuous environment improvement to achieve "zero pollution and zero emission." **Countermeasures:** 1. Strengthen the waste management system and auditing of recycling manufacturers. 2. R&D of waste reduction.	**Positive actual impact:** Resource recycling and waste reduction. **Negative potential impact:** Impact of improper waste treatment on the environment.	GRI 306: Wastewater and waste 2016 RT-CH-150a.1 Hazardous waste management SDG 11 Sustainable cities and communities SDG 12 Responsible consumption and production	○	●	○	●	4.4 Waste management
Social	Occupational safety and health	Material	**Significance:** 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. **Countermeasures:** 1. Enhance personnel training and occupational safety awareness. 2. Strengthen work environment safety management.	**Positive actual impact:** Build a friendly workplace to lower the turnover rate and reduce occupational accidents. **Negative actual impact:** Industrial safety accidents	GRI 403: Occupational safety and health 2018 RT-CH-540a.1, RT-CH-540a.2 Process safety and emergency response SDG 3 Good health and well-being SDG 8 Decent work and economic growth	○	●	○	○	5.2 Occupational safety and health
Social	Talent attraction and retention	Continuous management	**Significance:** Talents are the Company's irreplaceable core asset, and maintaining steady and continuous workforce growth is the cornerstone of sustainable operations. **Countermeasures:** 1. Establish a fair, open, transparent and efficient recruitment system. 2. Build comprehensive and unfettered publicity and communication channels. 3. Provide a safe and healthy workplace environment. 4. Build a total career development platform for employees.	**Positive impact:** Recruitment of outstanding talent. **Negative actual impact:** Difficulty in talent recruitment.	GRI 405: Diversity and equal opportunity 2016 SDG 4 Quality education SDG 5 Gender equality SDG 8 Decent work and economic growth		●	○	○	5.3 Talent attraction and retention

●● Direct Impact ○○ Indirect Impact

	Material topics	Ranking of materiality	Significance and Countermeasures	Impact Management	GRI/SASB/SDGs Corresponding Topics	Scope of Value Chain Impact				Corresponding Section
						Supply Chain	USI's Operations	Product	Social	
Governance	Technology R&D	Material	**Significance:** 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. **Countermeasures:** Expand R&D scale to include ESG in new product development and improvement, reduce environmental impacts, and achieve sustainable development through fulfilling environmental and social responsibilities.	**Positive actual impact:** Continuous development of new products to increase revenue. **Negative potential impact:** Technology innovation fails to meet the customer needs.	RT-CH-410a.1 Product design for use-phase efficiency SDG 8 Decent work and economic growth SDG 9 Industry, innovation and infrastructure SDG 13 Climate action		●	●	●	3.1 Technology R&D
	Supply chain management	Material	**Significance:** Pursue sustainable development with supply chain partners. **Countermeasures:** Establish the mechanism for sup ply chain sustainability risk assessment and prevention to develop a supply sustainability management culture.	**Positive actual impact:** Enhance supply chain management and improve raw materials quality. **Negative potential impact:** Supply delays caused by international situations, pandemic and weather.	GRI 2-6 Activities, value chain and other business relationships GRI 308: Supplier environ-mental assessment 2016 GRI 414: Supplier social assessment 2016 SDG17 Partnerships for the goals	●	●	●	○	3.3 Supply chain management
	Economic performance	Material	**Significance:** Sustainable business operations, legal compliance, pursuit of profit, maintenance of stakeholder rights and interests, and development of high value-added products. **Countermeasures:** Vertical integration to reduce feedstock and production costs, increase product added value, strengthen the development of high-value and environmentally friendly products, and industry transformation.	**Positive actual impact:** Developing ESG to enhance investor willingness and facilitate industry transformation. **Negative impact:** Plastic reduction policies causing customer shift, regulatory restrictions on industry development.	GRI 201: Economic performance 2016 SDG 8 Decent work and economic growth	○	●	●	○	2.2 Economic performance
	Smart management	Material	**Significance:** Through smart management, we have sped up analysis, optimized decision-making, enhanced industrial safety protection, and improved operational performance towards smart petrochemical industry. **Countermeasures:** Integrate platform resources to break through data silo, and enhance safety, quality, and efficiency with smart technology.	**Positive actual impact:** Develop AI systems for use in production and industrial safety management, and enhance efficiency with automated processes. **Negative impact:** Workforce simplification affects the right to work.	SDG 9 Industry, innovation and infrastructure	○	●	●	○	2.5 Smart management
	Product quality	Continuous management	**Significance:** Product quality is the foundation of corporate sustainable development. Total participation in quality is the key to success of USI's quality culture development. **Countermeasures:** Enhance process improvement, increase inspection frequencies, and increase customer communication frequencies.	**Positive actual impact:** Raise yield rate and develop high-value products. **Negative actual impact:** Quality not meeting customer requirements.	SDG 12 Responsible consumption and production	●	●	●	○	3.2 Product quality

● Direct Impact ○ Indirect Impact

Indicators and Progress of Material Topics

Aspects	Material Topics	Sustainability Principle	Items of Indicators	Implementation Progress in 2024	Short-term Goals -2025	Medium-term Goals -2027	Long-term Goals -2030	Remarks on Definitions
Environmental	Climate change and energy management	Sustainable development	GHG emissions (Scopes 1+2)	A decrease of 20.3% compared to the base year	A decrease of 15.5% compared to the base year	A decrease of 21.5% compared to the base year	-27% compared to the base year	
	Water resource management	Sustainable development	Unit water consumption	3.48	4	3.9	3.8	
			Water recovery rate (R2)	92.20%	90%	90%	93%	Plant-wide water recovery rate (excluding the amount of recycling in cooling water towers), commonly known as R2 water recovery rate.
	Air pollution control	Sustainable development	Air pollutant emissions per unit of product	-29.6% compared to the base year	-10% compared to the base year	-15% compared to the base year	-20% compared to the base year	1. Calculated as volatile organic compounds (VOC) emissions. 2. Base year 2017 (same as base year for GHG reductions), with unit emission of 0.3846 kg/ metric tons.
	Waste management	Sustainable development	Proper waste treatment rate	100%	100%	100%	100%	Obtain a certificate of proper waste treatment for waste treatment.
	Raw material management	Sustainable development	Materials recycling rate	14.40%	14.50%	14.60%	14.70%	
Social	Occupational safety and health	Sustainable development	Disabling injury frequency rate (F.R.) Disabling injury severity rate (S.R.)	0,0	0,0	0,0	0,0	
	Talent attraction and retention	Unity governance	Total employee turnover	4.90%	5%	5%	5%	
Governance	Economic performance	Unity governance	Earnings per share (EPS) after tax	-2	1. The after-tax loss decreased by 1% compared with the previous year 2. Return on equity (ROE) increased 1% compared with the previous year. 3. The annual total production rate is greater than 95%.		1. Earnings per share (EPS) after tax turns positive 2. Return on equity (ROE) increased 1% compared with the previous year. 3. The annual total production rate is greater than 95%.	
			Return on equity (ROE)	-9.75%				
			Total annual sales volume	203,916 tons				
	Technology R&D	Innovative technology	Number of new product development and improvement	17	4	5	5	
	Supply chain management	Sustainable development	Achievement rate of existing suppliers' signing of the Supplier ESG Commitment	100%	100%	100%	100%	Proportion of supplier signatures with more than one (inclusive) transaction in a year.
			Local procurement rate	Ethylene 80%; VAM 76%	Both above 60%			
	Smart management	Innovative technology	Number of AI projects	2	2	2	2	
	Product quality	Innovative technology	Number of customer complaints	Number of established customer complaints of 5/14/0 for Department I/II/III.	Number of established customer complaints of no more than 5/4/3 per year for Department I/II/III.			Report on results and adjustment targets annually at management review meetings.
			Product defect rate	Product defect rate of 2.6/4.3%/3.26% for Department I/II/III.	Product defect rate of less than 1.8/5/8% for Department I/II/III.			