



Chapter 3

Innovation and Supply Chain Services

Performance Highlights

- ✓ New product development & improvement: 17
- ✓ Innovation and R&D accumulated 143 patents
- ✓ Funds for R&D and innovation: NT\$130 million
- ✓ Ratio of R&D staff to all employees: 12.6%
- ✓ Legal noncompliance of products: 0

Material topics in this chapter

Technology R&D
Product quality
Supply chain management



3.1 Technology R&D

GRI 2-25, 3-3

SDGs 8, 9, 13

Impact Topics

New product development, product transformation and new market demand

2024 Achievements

1. New product development & improvement: 17
2. No violation or fine relating to product labeling was reported
3. The newly developed high-value EVA products in recent years accounted for 4.14% of consolidated revenue in 2024.
4. Development of eco-friendly products
5. Accumulated 143 patents at home and abroad

2025 Goals

1. New product development and improvement: 4 pcs/year.
2. Legal noncompliance of products: 0
3. Constantly develop and promote eco-friendly products

Medium- & Long-Term Goals

1. New product development and improvement: 5 pcs/year.
2. Legal noncompliance of products: 0
3. Constantly develop and promote eco-friendly products

Innovative Operations and Management

Each year we invest a huge amount in R&D and actively recruit and cultivate professional talents. The R&D investments in 2024 reached NT\$130 million, accounting for 1.5% of the revenues.

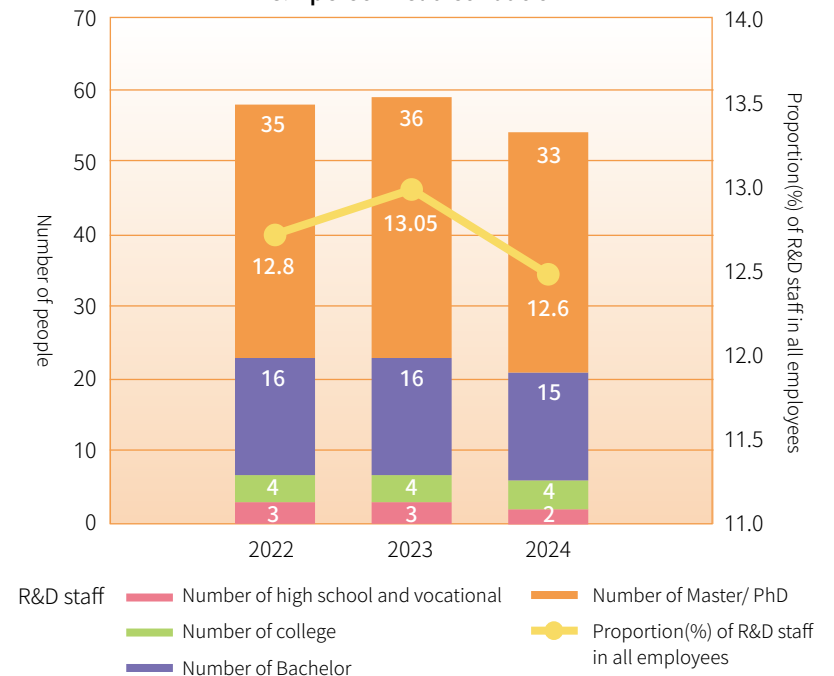
In 2024 there were 54 R&D staff, accounting for 12.6% of all employees. In terms of education distributions in 2024, 61% of R&D staff hold a master's or doctoral degree, and the number of R&D staff is maintained at the specific level.

Investments in Innovation and R&D

Unit: NT\$

Item	2022	2023	2024
Operating revenues	15,632,151,000	11,449,372,000	8,821,441,000
R&D Funds	150,870,000	144,359,000	132,645,000
Number of employees	453	452	429
Number of R&D staff	58	59	54
Proportion of R&D staff in all employees	12.8%	13.1%	12.6%

R&D personnel distribution



Innovation Value and Culture

We mainly produce ethylene, the raw material for making plastics widely used in the daily life. To balance the ecosystem, we have implemented the green design concept in new product R&D. In recent years, we have developed a range of green products, such as the raw materials for the PV module packaging, eco-friendly heat-shielding coating, halogen-free fire-retardant materials, and so on to reduce energy consumption and hazardous substance emissions to lower the environmental impact.

Apart from participating in the “Key Chemical Materials Shortages Linkage Project” of the Industrial Development Administration, MOEA, we were also awarded the 17th National Innovation Award with the cyclic block copolymer (CBC).



Accumulated 143 patents at home and abroad in 2024

By teaming up with top experts through industry-academia-government collaboration, the R&D Division gathers R&D capacity and acquires patents for global patent deployment. We have filed a total of 143 patents at home and abroad.

Sustainable Products

Based on the product lifecycle concept, we minimize resource and energy consumption from strict materials control at upstream to the product end-of-life (EOL) disposal at downstream through close cooperation with upstream and downstream suppliers, in order to lower the environmental and social impacts of products.

Process flows of sustainable product design and product development can be found on the ESG website: [Technology R&D](#)

Benefits of Product Innovation

R&D is one of our core strategies for sustainable development. Each year we invest over NT\$100 million in R&D to purchase and maintain R&D equipment and precision analyzers and actively recruit outstanding talents from home and abroad to the R&D team so as to optimize processes and maintain sustainable product development. Additionally, we have also implemented the green design concept to constantly innovate and optimize products and make upstream and downstream deployments to create sustainable value for enterprises in collaboration with suppliers. The newly developed high-value EVA products in recent years accounted for 4.14% of consolidated revenue in 2024.

USI launched low-carbon transformation - Our new ESG product (USIGREN™) obtained international ISO 14021 certification, making us the first domestic petrochemical group to obtain the low-carbon ESG product certification.

In the face of the global sustainability trend of plastic reduction and net-zero carbon emissions, USI is actively responding to the “Reduction of Industrial Waste at Source” policy promoted by the Ministry of Environment. In order to provide brands and processors with purer, more stable and traceable certified recycled materials, USI has formally launched a program to build a low-carbon footprint ESG product system in its plants starting from 2024.

USI's newly developed ESG low-carbon product system optimizes the entire process from raw material production, quality control testing, screening, grading and sorting within plants, to complete formulation and granulation. In order to ensure that all operations comply with the ISO 14021 international standard, a complete process and document management system has been established simultaneously. The system also passed a strict plant audit conducted by a third-party certification unit to meet the relevant specifications of ISO 14021.

The new low-carbon product series (USIGREN[™]) launched under this innovative system - including ESG EVA and ESG HDPE - has been officially certified by ISO 14021 in May 2025, marking an important milestone in USI's commitment to sustainability.

USI's next-generation ESG low-carbon materials are used in a wide range of applications for world-renowned sporting goods brands, as well as in packaging, adhesives and other intermediate processing industries. By reducing carbon emissions at the source, USI is working with its customers towards a more environmentally responsible supply chain and realizing the development vision of a green economy and recycling industry.



High melt index EVA for hot melt adhesive processes - A key material for driving resource efficiency and sustainable manufacturing

Under the strategy of promoting environmental sustainability and process innovation at the same time, the Company is actively introducing high melt index (MI 400~800

g/10min) EVA materials into hot melt adhesive processes as an important part of the fulfillment of ESG goals. High melt index EVA has excellent processing fluidity and thermoplastic properties, which can maintain product functionality while significantly improving resource efficiency and environmental performance in the production process.

Environmental: Carbon reduction and energy saving

- High MI EVA's excellent fluidity enables hot melt adhesives to operate at lower temperatures during processing, effectively reducing energy consumption and carbon emissions.
- The material's characteristics allow for thinner coatings and lower usage, further reducing raw material consumption and improving overall resource efficiency.
- The hot melt adhesive itself is a solvent-free formulation, and the combination of a high MI formulation facilitates recycling and supports the practice of circular economy.

Social & Governance: Efficiency and quality enhancement

- High-fluidity formulations can improve line efficiency, shorten production cycles, reduce the risk of production interruptions, and enhance supply chain stability and service quality.
- High MI EVA supports multiple formulation adjustments and is suitable for packaging, building materials, etc., thereby providing customized, efficient and sustainable solutions.

In 2024, revenue from melt index EVA products amounted to approximately NT\$1.08 billion. Through the introduction of this product into hot-melt adhesive products, we will continue to promote our core ESG initiatives such as low-carbon manufacturing, resource optimization, and material recycling, demonstrating the Company's dual commitment to environmental responsibility and efficient operations. [RT-CH-410a.1](#)

USI “Jeliting” insulating and cooling soft-shell coating

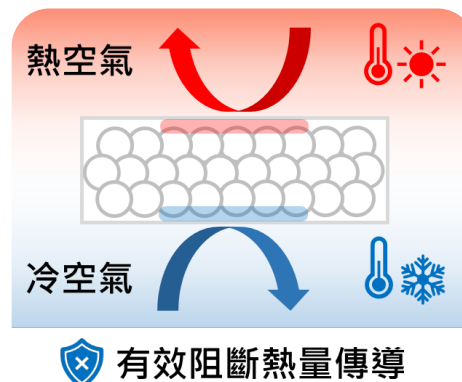
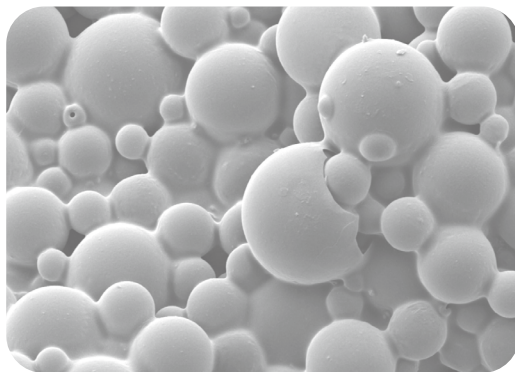
Newly upgraded and specially designed for large-scale factory piping systems, comprehensively solving the three major problems of high temperature, corrosion and wrapping!

With respect to the various pipelines, joints, flanges and other regular or irregular structures commonly found in large-scale plants, USIG newly launched high-performance “Jeliting” insulation and cooling soft-shell coating, which has successfully broken through the limitations of traditional materials and effectively solved the following three major challenges:

- 1 High-temperature hazards and pipeline condensation
- 2 Difficulty in maintenance and contamination concerns
- 3 Difficult construction with irregular shapes

USI “Jeliting” uses a strong water-based resin as a carrier, combined with hollow and elastic microspheres, to create excellent thermal insulation and cold retention, with a thermal conductivity of only $0.05 \text{ W/m} \cdot \text{K}$. “Jeliting” is sprayed on the surface of the pipeline without the need for additional support or wrapping materials, and its good visualization of corrosion spots helps in the early detection and treatment of the problem.

This innovative material effectively solves the pain points of traditional insulation systems. With four advantages of economy, speed, aesthetics and high performance, it has become the preferred solution for the insulation of new-generation industrial pipelines, which is a key tool to help enterprises achieve ESG goals and reduce operating costs.



E - Environment

- Reduce waste generation

The thickness can be customized, with only 1/20th of the traditional rock wool cladding method, which provides effective assistance to the enterprise's carbon and waste reduction goals.

- Significant energy-saving benefits

Outstanding thermal barrier performance, effectively reducing the heat loss of pipelines and equipment, and realizing energy saving and cost control.

- Construction safety and environmentally friendly

Environmentally friendly water-based formula reduces health risks to workers and fulfills the Company's high commitment to environmental protection and workplace safety.

S - Social

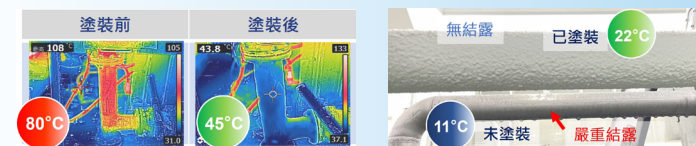
- Promote green upgrading of industries

More efficient and environmentally friendly insulation solutions, promoting technological innovation and sustainable development of industries towards a low-carbon transformation.

G - Governance

- Strengthen corporate image and competitiveness

The white and flat coating appearance enhances the overall visual quality of the building or equipment, as well as highlights the professional image of the Company and the results of the ESG practice, winning high recognition from customers, investors and all sectors of the society.



➤ Please refer to the Company's official website for product information on environmentally friendly coatings: [Product Information](#)

Halogen-free eco-friendly flame retardants

In response to advancements in technology and rising environmental awareness, USI Corporation is actively developing more environmentally friendly and health-conscious materials for modern home construction and protective applications. In terms of home fire safety, USI has developed a water-based, eco-friendly flame retardant that has been tested by SGS and found to contain no detectable formaldehyde or halogenated carcinogens (content <0.01%), complying with the Oeko-Tex Standard 100. This product is suitable for flame-retardant treatment of home textiles such as curtains, sofas, tablecloths, and mats. Fabrics treated with this flame retardant meet several international fire safety standards, including BS 5852, JIS L 1091, and NFPA 701, thereby enhancing household fire safety while ensuring a healthier living environment.

- ▶ Please refer to the Company's official website for information on halogen-free eco-friendly flame retardants: [Product Information](#)



Promotion of Product Innovation

Exhibition at sustainable materials library

ViviOn™ (CBC) was showcased at the Sustainable Materials Library of the Plastics Industry Development Center under the name "Reduced-Plastic ViviOn™ (CBC)/PE Blown Film". This ViviOn™ /PE blend reduced plastic easy-tear film is a PE thin film that mixes ViviOn™ and produced via blown film.

- ▶ For information on exhibition at Sustainable Materials Library, please refer to the website of Sustainable Materials Library: [\(CBC\)/PE Blown Film](#).

Participation of ViviOn™ (CBC) in various internationally recognized trade exhibitions

In 2024, USI participated in World Forum for Medicine in Düsseldorf, Germany, Medical Device Fair in Silicon Valley, California, China International Medical Equipment Fair (CMEF), German Plastics Industry Fair, Chinaplas, etc., to promote ViviOn™ (CBC) to the industry for its applications in Optics, electric vehicles, IC process carriers, lightweight applications, medical materials, biomedical testing, UVC sterilization, PE/PP packaging materials, etc.

- ▶ For ViviOn™ (CBC) promotions, please refer to the Company's [website/latest news](#).



Promotion of eco-friendly coating products

1 Energy Taiwan (October): USI participated in the event. In recent years, the world advocates sustainable management, and renewable energy and other green energy have become one of the directions of development. In fact, power storage for redeployment through an energy storage device is merely using the energy storage device to stack a large number of batteries, which still emit heat. Therefore, it is still necessary to control ambient temperature. In this regard, how to manage the “heat” becomes another problem to be solved. Energy storage containers make use of USI’s insulation paint, with full sunlight reflection rate of up to 90%, which can effectively block 90% of heat from external sun exposure to protect the storage battery and extend battery life. Taiwan’s solar energy is concentrated along the coast, and the various alloys and structures of the solar brackets that support the panels are difficult to withstand wind, salt and tidal corrosion over a long period of time. The harsh environment is an unavoidable challenge. USI provides a new approach to energy management and asset maintenance by using ISO 12944 anti-corrosion coatings to protect the brackets and extend their service life.

2 Taipei Building Show (December): USI gathered the Group’s products to bring more efficient and sustainable innovative solutions for modern buildings under the three themes of “Insulation and Fireproofing Materials”, “Building Noise Management”, and “Air Pollution and Haze Prevention and Control”. A series of functional coatings were exhibited, such as thermal insulation coatings that can significantly reduce the temperature of building surfaces and minimize the use of air-conditioning, as well as waterproof and dustproof coatings that can extend the maintenance cycle of buildings. We also exhibited energy-saving thermal insulation soft-shell coating, which has just been launched this year. The coating can help companies save energy on energy-consuming equipment, and can also be applied to the ceilings of air-conditioning rooms to minimize the problem of condensation, which were all important highlights of the exhibition.

3 Echoing UNFCCC COP29*: Air pollution indexes in various regions are turning yellow, orange and red. Air pollution, greenhouse gases, VOCs and other environmental impacts are once again becoming a topic of public concern. With the rising awareness of low pollution and low carbon footprints, USI’s temperature-reducing anti-corrosion coating system is specially designed with high solid content and low solvent content, which can be sprayed directly without the need for additional diluent. The VOCs content of the three types of base coatings, medium coatings and top coatings are all far below the world-class requirements. In addition to environmental protection and love for the earth, plants can also benefit from the ESG and carbon emission issues.

* “UNFCCC COP29” in 2024



3.2 Product Quality

GRI 3-2, 3-3, 2-25

SDGs 8

Impact Topics

Product yield rate and customer requirements

2024 Achievements

1. Number of established customer complaints of 5/14/0 for Department I/II/III.
2. Product defect rate of 2.6/4.3%/3.26% for Department I/II/III.

2025 Goals

1. Number of established customer complaints of no more than 5/4/3 per year for Department I/II/III.
2. Product defect rate of less than 1.8/5/8% for Department I/II/III.

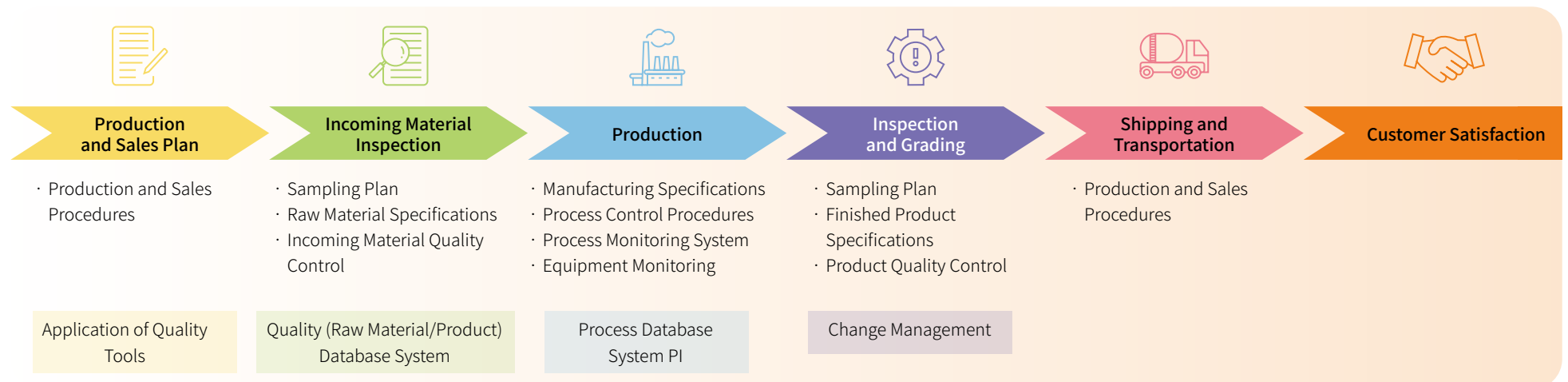
Medium- & Long-Term Goals

1. Number of established customer complaints of no more than 5/4/3 per year for Department I/II/III.
2. Product defect rate of less than 1.8/5/8% for Department I/II/III.

Product Quality System

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

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



Major Quality Improvement Projects

2024	Contents and Schedules for 2024	2025	Contents and Schedules for 2025
Continuously adjust the production parameters of the new catalyst products of Manufacturing Department II for quality optimization.	* Inorganic residue reduction, high quality, customer promotion, customer satisfaction enhancement	Continuously adjust the production parameters of the new catalyst products of Manufacturing Department II for quality optimization.	* Inorganic residue reduction, high quality, customer promotion, customer satisfaction enhancement
	* Formulation adjustments have been completed in December 2024 and quality is in line with customer requirements.		Continuous improvement
Manufacturing Department I M/P renewal	* Equipment reliability and quality stability enhancement		
	* Updates were completed in April 2024		
Compounding continues to develop new products that meet the physical property requirements of our customers.	Improve quality and property to raise customer satisfaction	Compounding continues to develop new products that meet the physical property requirements of our customers. Added a second compound production line	Improve quality and property to raise customer satisfaction
Department I Catalyst Pump Renewal	* Equipment reliability and quality stability enhancement		* Equipment reliability and quality stability enhancement
	* Projected completion in September 2025	Department I Catalyst Pump Renewal	* Projected completion in September 2025
Blower heat exchanger replacement at Department I	* Avoid product contamination * Completion in September 2024	Blower heat exchanger replacement at Department I	* Avoid product contamination * Projected completion in September 2025
	* Reduce defective products and raise customer satisfaction (Completed)		
	* Reduce defective products and increase customer satisfaction(Completed)		
Implementation of a new additive system.	Enhancing product quality, reducing material consumption, and improving customer satisfaction * Projected completion in December 2025	Implementation of a new additive system at Department I	* Enhancing product quality, reducing material consumption, and improving customer satisfaction * Projected completion in December 2025
		Implementation of a new refrigerator at Department II	* Equipment reliability and quality stability enhancement * Projected completion in September 2025
		Implementation of a new air compressor at Department II	* Equipment reliability and quality stability enhancement * Projected completion in June 2025
		Implementation of a new Y7004 motor control system at Department II	* Equipment reliability and quality stability enhancement * Projected completion in December 2025

To ensure ongoing "employee quality improvement," "technology advancement," and "TQM approach optimization," we encourage employees of all levels to engage in and propose improvement. We also organize group wide improvement case presentations to encourage employees to embark on self-growth and plants to learn from one another. In 2024, a total of 6 important quality-related improvement projects were implemented.

Quality improvement is a continuous process. USI has made it a long-term quality goal to continuously improve product yield rate and reduce customer complaints. USI has been able to achieve the yield goal in recent years. As a self-motivation, we have increased the yield goal year by year, and the number of customer complaints has been decreasing year by year due to the long-term improvement.



Note: Starting from 2023, the number of customer complaints at the Manufacturing Department III has been included in the statistics.



3.3 Supply Chain Management GRI 2-6, 2-25, 3-2, 3-3

Impact Topics

Supply chain management, quality and supply

2024 Achievements

1. Ensure 100% of the existing suppliers sign the “Supplier ESG Commitment”.
2. Completed on-site audits of 2 suppliers.
3. Local procurement rate: Ethylene 80%; VAM 76%
4. Participated in the Ministry of Economic Affairs' "Gudeng Supply Chain Low-carbon Transition Coaching Program, and collaborated with our customers and its supply chains to achieve the goal of reducing carbon emissions by 10,000 tons.

2025 Goals

1. Ensure 100% of the suppliers sign the “Supplier ESG Commitment”.
2. Completed on-site audits of 2 suppliers every year.
3. Complete a guidance program for the low-carbon transformation of the supply chain.
4. Local procurement rate reaching 60% and above.

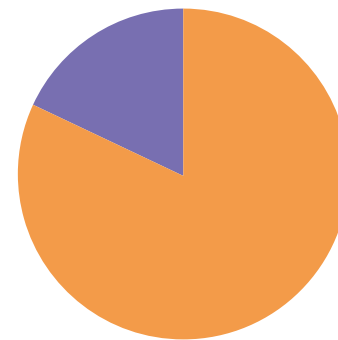
Medium- & Long-Term Goals

1. Conduct on-site audits on 4 suppliers each year.
2. Based on the on-site audit results, build an opinion exchange platform with suppliers and ask related USI professionals to make recommendations for their inadequacies and help them make corrective planning.

Supplier Sustainable Development Strategy and Goals

As an indicative business in Taiwan, it is our responsibility to call on suppliers to jointly undertake corporate social responsibility. Therefore, we have established the ESG Commitment to request suppliers to make commitments for compliance with human rights, industrial safety, health, environmental protection, and conflict minerals.

With the rise in the awareness of the issues related to sustainable development and supply chain risk management, apart from proactively performing social responsibilities and contributing to society, we have realized the need to understand the ESG impacts on our suppliers so as to implement supplier management.



Proportion of Materials Purchasing Amounts in 2024

- Raw materials 95.2%
- Material, Equipment, and Engineering Procurement 4.8%

Supply Chain Sustainable Development Policy



Optimize partnership and share sustainable business opportunities.

Enhance workplace safety and enforce environmental protection.



Take social responsibility and enhance competitiveness.

Supply Chain Risk Management

Risk Assessment and Prevention	Impact Response	Future Planning
<p>In addition to supply chain safety requirements, chemical suppliers are examined for special conditions (including chemical process risks, workplace, VOC fugitive, and handling of environmentally restricted substances, etc.)</p> <p>Preventive measures include:</p> <ol style="list-style-type: none"> 1. Implement the Supplier ESG Self-Assessment Form to provide information for initial risk assessment. 2. Establish long-term cooperation with suppliers; cultivate a second source or multiple sources and maintain cooperation to coordinate long-term material preparation. 3. Develop an internal safety stock mechanism and set a purchase base point according to the supply schedule to prevent the risk of supply disruption. 4. Providing sustainability education and training for procurement personnel. 5. HSE Education and Training for contractors. 	<p>Adjust the supply proportion of suppliers, timely supplement or dispatch from other suppliers.</p> <p>For construction projects, the ESH unit immediately investigates personnel safety, equipment damage, and environmental impact. After consolidation, the ESH unit will hand over the results to related units to address and understand the situations.</p>	<p>Apart from setting chemical suppliers as the focus, a risk assessment mechanism will also be established based on the procurement amount, project outsourcing amount, or project importance, and the on-site audit results of the said sustainable development strategy.</p> <p>Control and guidance will be arranged based on the above risk assessment mechanism and the assessed risk levels.</p>

Performance of Supply Chain ESG Risk Management

Risk and Attribute	Supplier (chemicals)	Construction Contractor
	Environmental (E), social (S), and governance (G)	
Potential Risk	<ul style="list-style-type: none"> · Chemicals manufacturing process (E) · Dusty, high-temperature, noisy, and humid operating premises (E) · Risk of fugitive emissions of VOCs (Volatile Organic Compounds) (E) · Labor-intensive industries (S) · Supply chain disruption/delay risk (G) · Quality risk (G) 	<ul style="list-style-type: none"> · Dusty, high-temperature, noisy, and humid operating premises (E) · Work at height risk. (E, S) · Labor-intensive (S) · Industrial safety risk of cutting or welding (S) · Project disruption/delay risk (G) · Project quality risk (G)
Number of audited and visited suppliers	In 2024, trial audits are conducted at 2 suppliers, with a pass rate of 100%	
Audit Details	<p>Environmental (E): Regulatory compliance of the manufacturing and storage of environmentally controlled substances.</p> <p>Governance (G): Management of quality, production, and orders; customer satisfaction follow-up; employee education and training; and management of outsourced processing.</p>	The contractors must undergo a review to ensure they do not employ child labor and comply with relevant occupational safety and health laws. This is conducted in conjunction with the construction evaluations of the contractors. In 2024, a total of 63 contractor evaluations were completed, all of which were deemed qualified.

Sustainable Supply Chain Concept Promotion and Qualification Screening:

Promotion of Supplier's Code of Conduct (Supplier ESG Commitment) GRI 308-1, 414-1

In 2020, we added the Supplier ESG Commitment as an incentive. From 2022, the Supplier ESG Commitment is a prerequisite for all new suppliers to become a qualified suppliers. Since 2023, all current and new suppliers have been required to sign this commitment letter, and we have achieved a 100% signing rate.

Counteractions for the negative environmental and social impacts on the supply chain:

Supplier Code of Conduct and Quality Requirements Self Assessment Form GRI 308-1, 308-2, 414-2

To enhance supplier control, we have planned on-site supplier audits in 2023 and introduced the Supplier's Code of Conduct and Quality Requirements Self-Assessment Form. Major domestic suppliers will be the priority targets for the investigation of negative environmental and social impacts. In 2024, audits were conducted at 2 suppliers, with a pass rate of 100%.

The five major aspects of the Self-Assessment Form are as follows:



Currently, major key feedstock suppliers and contractors , including Taiwan CPC Corporation, Dairen Chemical Corporation, and our partner CTCI Corporation, have all obtained relevant certifications for ISO 14001 and 45001. This compliance meets the Company's requirements for environmental management and occupational health and safety management from major suppliers, making them excellent partners for the Company's sustainable development. We implement “proactive risk management” to investigate the potential negative impacts of suppliers. On top of irregularly retrieving the environmental offence records of manufacturers published on the government websites and online media to find if suppliers have violated the above regulations or if there is related news of them, we plan to conduct on-site audits together with the Supplier's Code of Conduct and Quality Requirements Self-Assessment Form on two suppliers each year from 2023 to assess if they will cause negative or potential impacts on the Company (e.g., sanctions by the competent authorities and operation shutdown). We also recommend the following solutions for their excellent performance or the potential negative impacts and risks caused by legal offences or defects:

- ✓ **Offence or defect records:** We provide guidance for improvement for offences or defects. Where suppliers refuse or delay to make corrections, we will adopt risk control and response measures, such as degrading them or finding alternative suppliers.
- ✓ **Suppliers with excellent performance and without offence of defect records:** Hold opinion exchange meetings to exchange the strengths and opinions of both parties.

Value Chain ESG Engagement

✓ **Carbon reduction:** In 2023, USI signed up for the Ministry of Economic Affairs' "Gudeng Supply Chain Low-carbon Transition Coaching Program." We are collaborating with our customer Gudeng Precision Industrial Co., LTD and its supply chain to collectively strive towards the goal of reducing carbon emissions by ten thousand tons by 2025. This project includes expert site visits and recommendations, as well as a GHG inventory. In 2024, USI implemented six energy-saving and carbon-reduction initiatives, reducing a total of 2,897 tons of CO₂e. In addition, with two on-site visits by experts, USI evaluated a new program for 2025, with an estimated carbon reduction of 585 tons of CO₂e.

✓ **Water Resource Sharing:** USI has maintained a cooperative relationship with CPC Corporation for a long time. During water shortages, we obtained water from CPC's Kaohsiung plant.

✓ **Plastic Reduction:** We collaborate with product transportation companies to implement a plastic pellet leak prevention management plan, reducing the dispersion of plastic pellets and dust during transportation. In 2024, we recycled 12 tons of plastics. USI has been implementing plastic reduction in packaging for many years. For designated customers, we use tank trucks for delivery to reduce the use of packaging bags.

Supply chain management

With quality, ability, and environmental policy as conditions, we perform corporate social responsibility in collaboration with outperforming suppliers on a long-term basis. We also communicate with contractors and transporters our environmental policy, comply with the EU's RoHS directive, enhance environmental education and training, and care about the safety of contractors working in our plants in order to ensure the safety of all operations, protect the life, safety, and health of personnel, and optimize risk management.

Raw Materials Supplier Management GRI 308-1

At USI, supplier evaluation is implemented centrally by the procurement department, and only suppliers passing the evaluation are included in the Quality Supplier List. Please visit our ESG website [SCM mechanism](#) for the details of the evaluation mechanism.

Sources of Major Materials in 2024

Locations / Materials	Ethylene	VAM
Taiwan	80%	76%
Foreign	20%	24%
Source	Totaling 8 suppliers	Totaling 4 suppliers

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

Results of Raw Materials Supplier Evaluation from 2022 to 2024:

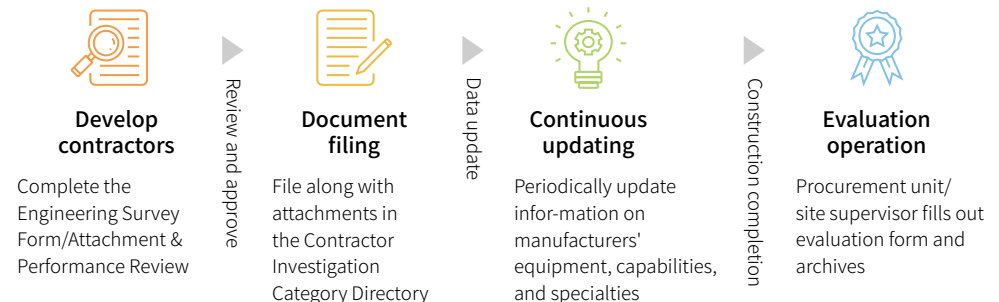
Year	2022	2023	2024
Suppliers Evaluated	83	86	63
Pass Rate	100%	99%	100%

In 2024, 63 suppliers were deemed qualified.

Management of Construction Contractors

We outsource construction contractors mainly to local contractors, and on-site personnel of the plant supervise and manage them during the construction period. In addition to construction projects, we care about HSE, occupational safety, human rights and labor practices.

Establishment of a qualified contractor selection process:



Contractor qualification items:

Capital	Total amount of two major projects in the last 2 years	Cumulative amount of projects each over NT\$200,000 in the last year	Factory scale	Amount of equipment investments	Number of employees
10%	20%	10%	20%	20%	20%

Project construction evaluation: During project construction, we will evaluate a contractor according to the following ESG standards:

Construction quality (G)	Safety and health measures (S)	Coordination performance (G)	Site manager (S)	Environment maintenance (E)	Construction progress (G)
40%	20%	10%	10%	10%	10%

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

Note 2: (E), (S), (G) represent respectively environmental, social, and governance aspects.

In 2024, 87 engineering contractors were deemed qualified.

Product Transportation Management Evaluation

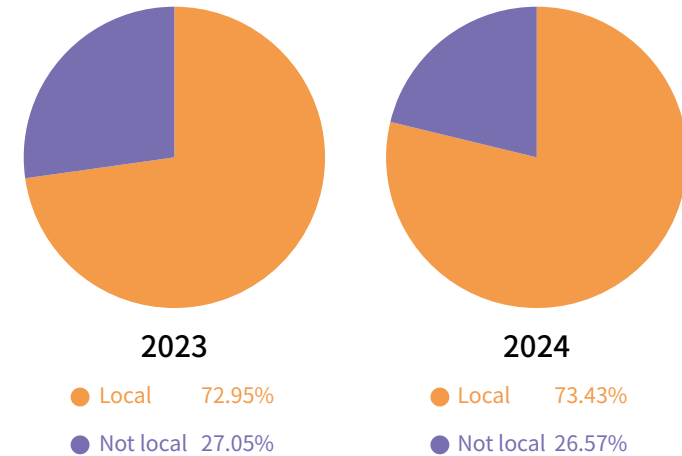
All products from Kaohsiung Plant are transported by De Yuan Transport Ltd. Apart from the hazard identification of forklift operation when product loading for shipping, we also implemented the AI industrial safety image recognition system together with partners to effectively detect if operators use personal protective equipment (PPE) properly. Additionally, we began implementing the transportation safety quality evaluation in 2020 to evaluate contractor safety management and performance. The evaluation result of 2024 was A (please refer to 5.1 In-house product loading safety management for details). We also co-implement the plastic resin pellet collection program to reduce microbeads from harming marine ecology.

Green Procurement

Support for procurement from local suppliers

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

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

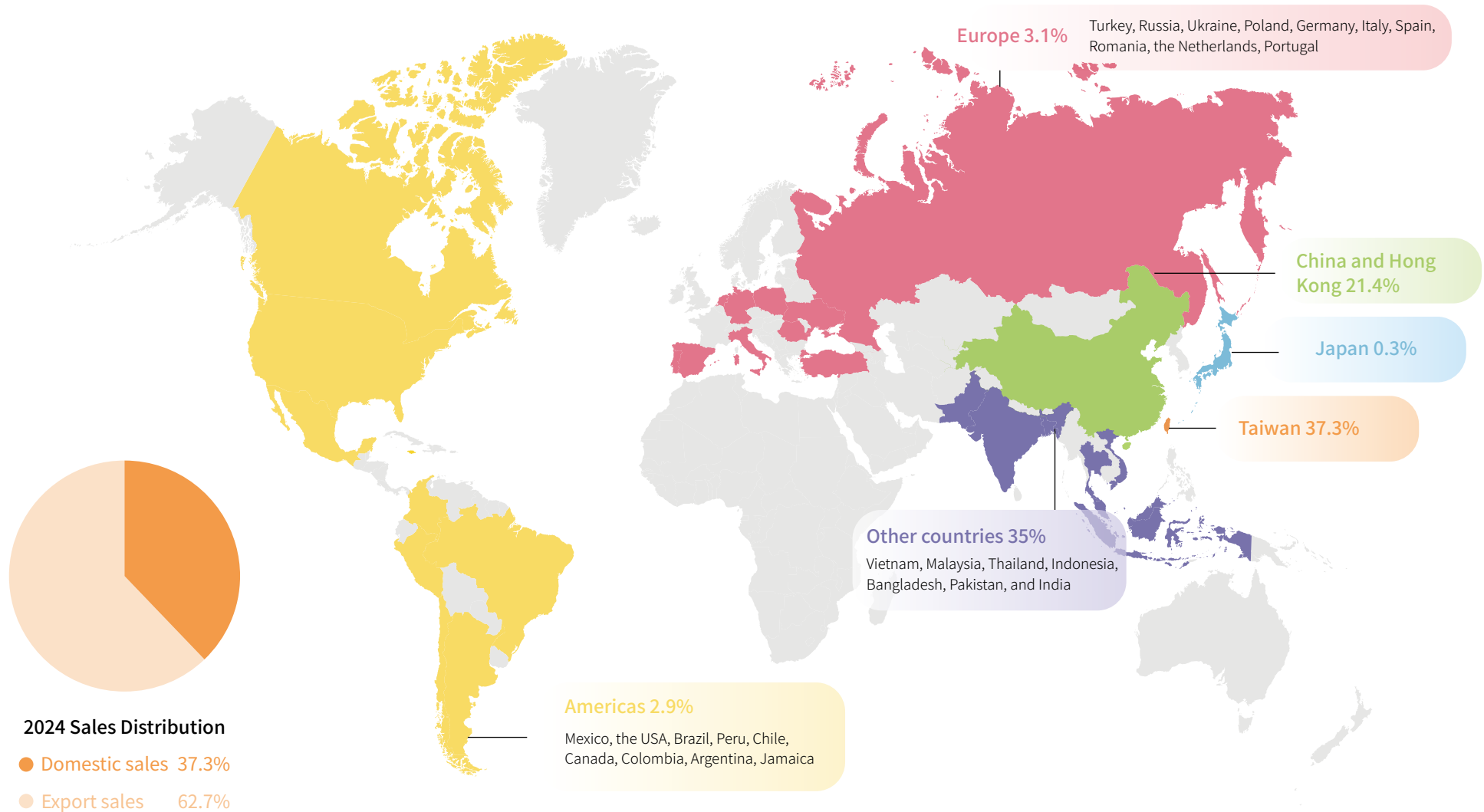


Equipments for Environmental Protection and Energy Conservation

In addition to continuously promoting environmental protection and energy conservation policies, we have been encouraging all units to use energy-efficient and eco-friendly materials in recent years. These materials include energy-efficient devices (e.g., inverters, high-performance IE3 motors, anti-explosion LED lighting fixtures, aircon chillers, UPS) and ecolabel products (e.g., energy-efficient and eco-friendly IT equipment). In 2024, the reported amount for green procurement on the Ministry of Environment's Green Lifestyle Information Platform was NT\$33.82 million. For details, please refer to ESG website/Green Procurement: [Green Procurement](#)

3.4 Sales and Customer Services GRI 2-6

USI products are distributed mainly to a total of 312 customers in Europe and Asia. Products exported by ranking are EVA, HDPE, LDPE, and LLDPE. The chart below shows the sales distributions and market distributions of USI products in 2024. All were calculated by sales volume.



Sales Services



Technical Support

- We have established the “Customer After Sales Technical Service Policy” to ensure the quality and consistency of after-sales service through systematic operation procedures, and to effectively protect customers' rights and interests.
- In the "Product Information" section of our corporate website, we disclose complete information regarding the specifications, properties, functions, application manual, and safety data sheet (SDS) of our current and new products, in order to help customers understand and use the products correctly, and to enhance operational safety and compliance.
- For all raw material products, a SDS has been compiled in accordance with relevant laws and regulations, covering storage, transportation, and operational recommendations, in order to provide customers with complete operational guidelines to minimize the risk of use and comply with regulatory requirements.
- We have set up a product technical consultation line to provide immediate professional advice and assistance, as well as to strengthen the efficiency of customer service response.
- In order to protect customers' right to know and safety of use, we continue to strengthen product information disclosure and labeling compliance. No violation or fine relating to product labeling was reported in 2024 (GRI 419-1).
- We provide customers with a small quantity of samples for test runs and continuous technical support, in order to help customers improve performance and satisfaction in the process of product development and application.
- With respect to production and process management, through education and training, we raise the awareness of all employees on quality standards and customer requirements, strengthen the habit of operating according to SOPs, set up a machine process engineer system, and promote project improvement plans.



Product Responsibility

- All products comply with the Restrictions on Hazardous Substances (RoHS) to ensure that they are safe for human health and the environment.
- We provide quality inspection reports as requested by customers.



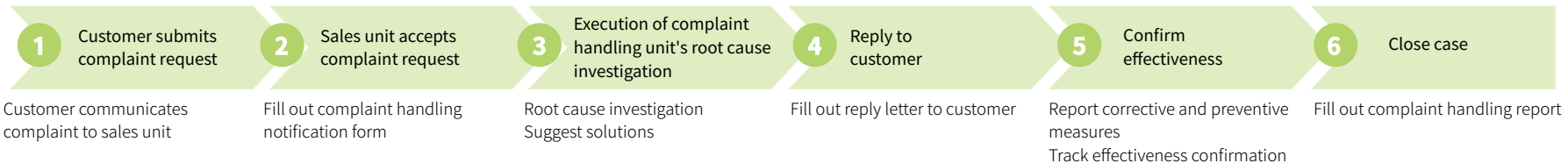
Customer Privacy

- The Company has passed ISO 27001:2013 information security management system certification, and has implemented information security measures such as firewall management, authority control, and environment partitioning to strengthen customer data protection.
- We have established the General Provisions for the Information Security Management Policy, System Development and Maintenance Management Regulations, Directions for Going Live Management of Application Systems and Programs, and Directions for Database Management to establish a sound information governance mechanism.
- Personal information is handled using de-identification technology. We also strengthen employees' awareness of information security and confidentiality through education, training and impact assessment.
- In 2024, no damage or leakage of customer privacy was reported, ensuring the security of customer privacy.



Customer Complaints

- We have established the “Customer Complaint Handling Procedure”, which clearly standardizes the handling process and responsible units to ensure that customer complaints are handled swiftly and transparently.
- We have established a standardized customer complaint handling mechanism, covering all stages of filing, acceptance, investigation and reply, and strengthened tracking control and data analysis through computerized system records and management.



- Information on customer complaint handling is included in the monthly routine meeting report. Through cross-departmental communication and review, we strengthen the tracking and effectiveness evaluation of the corrective and preventive measures to facilitate organizational learning and quality improvement.
- Customer complaint cases are analyzed and handled by a dedicated unit, and recurring problems are regularly reviewed as a basis for internal quality management and service process optimization.
- In accordance with the “Customer Dispute Handling Procedures,” we provide multiple channels for complaints and feedback. In addition to immediate handling of business, we have also set up the [Product Q&A] and the [Stakeholder Contact] in the ESG section of the Company's official website, which facilitates customers to ask questions and provide opinions, and strengthens their participation and interactions.

Customer Satisfaction

Survey Frequency	A customer satisfaction survey is conducted semi-annually.																																															
Sampling Method	Fifty, including 30 domestic buyers and 20 overseas buyers, from the top one hundred buyers by purchasing quantity are surveyed during the H1 and H2 of each year.																																															
Contents and Results	In 2024, all aspects were above the “satisfied” level, and up to 97.77% of investigation feedback for investigations in the year was either “highly satisfied” or “satisfied," achieving the 2024 target (≥ 97.5%). The charts below show the survey results in “comparison with other suppliers” and “comparison with the previous year performance” in the past three years.																																															
	Comparison with other suppliers	Comparison with last year performance																																														
	<div><div><p>Product quality</p><table><caption>Comparison with other suppliers (2022-2024)</caption><thead><tr><th>Category</th><th>2024</th><th>2023</th><th>2022</th></tr></thead><tbody><tr><td>Product quality</td><td>4.6</td><td>4.6</td><td>4.6</td></tr><tr><td>Service quality</td><td>4.6</td><td>4.6</td><td>4.6</td></tr><tr><td>Overall impression</td><td>4.6</td><td>4.6</td><td>4.6</td></tr><tr><td>Domestic sales transportation</td><td>4.7</td><td>4.6</td><td>4.6</td></tr><tr><td>Export transportation</td><td>4.6</td><td>4.6</td><td>4.6</td></tr></tbody></table></div><div><p>Service quality</p><p>Overall impression</p><p>Domestic sales transportation</p><p>Export transportation</p></div></div> <div><div><p>Product quality</p><table><caption>Comparison with last year performance (2022-2024)</caption><thead><tr><th>Category</th><th>2024</th><th>2023</th><th>2022</th></tr></thead><tbody><tr><td>Product quality</td><td>4.5</td><td>4.6</td><td>4.6</td></tr><tr><td>Service quality</td><td>4.6</td><td>4.6</td><td>4.6</td></tr><tr><td>Overall impression</td><td>4.6</td><td>4.6</td><td>4.6</td></tr><tr><td>Domestic sales transportation</td><td>4.7</td><td>4.6</td><td>4.6</td></tr><tr><td>Export transportation</td><td>4.5</td><td>4.6</td><td>4.6</td></tr></tbody></table></div><div><p>Service quality</p><p>Overall impression</p><p>Domestic sales transportation</p><p>Export transportation</p></div><div><p>2024</p><p>2023</p><p>2022</p></div></div>	Category	2024	2023	2022	Product quality	4.6	4.6	4.6	Service quality	4.6	4.6	4.6	Overall impression	4.6	4.6	4.6	Domestic sales transportation	4.7	4.6	4.6	Export transportation	4.6	4.6	4.6	Category	2024	2023	2022	Product quality	4.5	4.6	4.6	Service quality	4.6	4.6	4.6	Overall impression	4.6	4.6	4.6	Domestic sales transportation	4.7	4.6	4.6	Export transportation	4.5	4.6
Category	2024	2023	2022																																													
Product quality	4.6	4.6	4.6																																													
Service quality	4.6	4.6	4.6																																													
Overall impression	4.6	4.6	4.6																																													
Domestic sales transportation	4.7	4.6	4.6																																													
Export transportation	4.6	4.6	4.6																																													
Category	2024	2023	2022																																													
Product quality	4.5	4.6	4.6																																													
Service quality	4.6	4.6	4.6																																													
Overall impression	4.6	4.6	4.6																																													
Domestic sales transportation	4.7	4.6	4.6																																													
Export transportation	4.5	4.6	4.6																																													
Note: "5" for highly satisfied; "4" for satisfied; "3" for fair; "2" for unsatisfied; and "1" for highly unsatisfied.																																																