Chapter 3

Innovation and Supply Chain Services

Operational Highlights

- New product development and refinement (E): Completed 9 representative development/refinement projects.
- High-caliber team (S): The proportion of master's and doctoral R&D talent was raised to 65%.
- Regulatory compliance effectiveness (S): 0 regulatory violations for products.
- Innovative R&D investment (G): R&D expenses reached NT$130 million in 2025.
- Intellectual property protection network (G): Cumulative applied and passed patents over the years reached 144 items.

Material Topics in This Chapter

Technology R&D
Product Quality
Supply Chain Management

3.1 Technology R&D

GRI 2-25、3-3 SDG 8 SDG 9 SDG 13

Impact Topics

New product development, product transformation, and new market demands

2025 Targets

1. Number of new product developments and product refinements at 4 cases/year.
2. 0 regulatory violations for products.
3. Continuously develop and promote environment-friendly products.

2025 Key Achievements

1. 9 representative new product development and refine-ment projects completed.
2. Zero incidents of violating product labeling regulations and fines.
3. Newly developed high-value EVA products in recent years accounted for 5.88% of consolidated revenue in 2025.
4. Environmental protection product development.
5. Cumulative domestic and foreign applied and passed patents reached 144 items.

2026 Targets

1. Number of new product developments and product refine-ments at 4 cases/year.
2. 0 regulatory violations for products.
3. Continuously develop and promote environment-friendly products.

Medium- to Long-Term Planning

1. Number of new product developments and product refine-ments at 5 cases/year.
2. 0 regulatory violations for products.
3. Continuously develop and promote environment-friendly products.

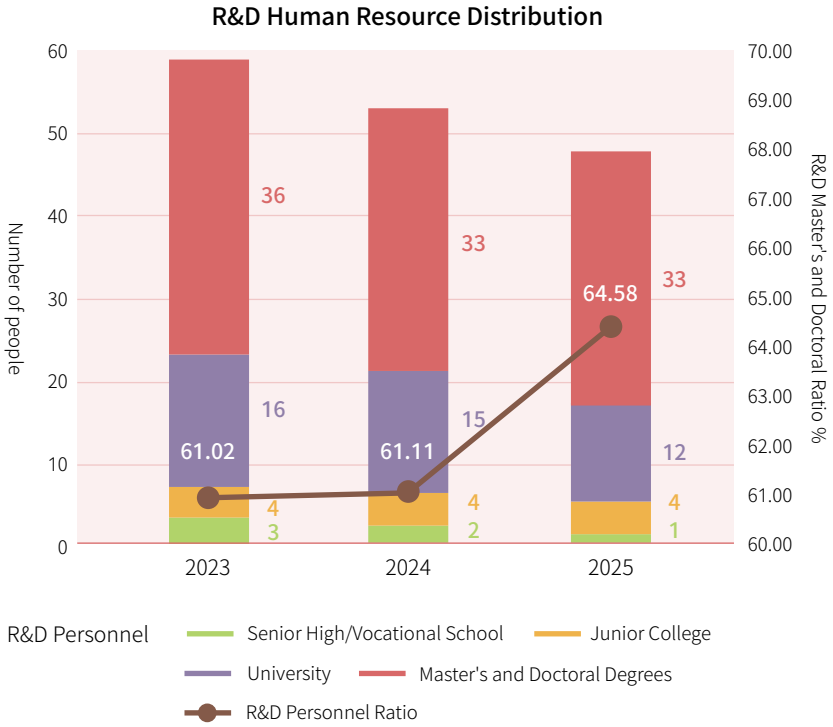
Innovative Operation and Sustainability Value Practice

USI is dedicated to implementing "sustainability strategies," positioning technological innovation as the core of transformation and actively responding to SDG 9. To support the company's medium- and long-term sustainability transition, we define clear annual R&D targets to secure the stability of resource investment and output:

- Stable R&D Investment: We commit to an annual research expenditure of no less than NT$100 million. In 2025, the substantive investment was approximately NT$130 million (accounting for 1.6% of revenue), manifesting the company's determination to drive high-value transformation.
- Efficient Output Momentum: Formulated a quantitative KPI of "4 cases of new product development and product refinement" each year. Through systematically organized R&D management mechanisms, a total of 9 representative development and refinement projects were completed in 2025, demonstrating excellent R&D execution capacity.
- Talent Structure Optimization (S): Promote R&D organizational refinement and structure optimization. Although the team scale was adjusted to 48 members (representing 11.7% of the total), the proportion of master's and doctoral degrees was raised to 65% to support the development demands of the circular economy and high-value products with high scientific research quality.

Innovative R&D Investment (Currency unit: NT$)

Item	2023	2024	2025
Operational Revenue	11,449,372,000	8,821,441,000	8,376,427,000
R&D Budget	144,359,000	132,645,000	132,200,000
Total Employees	452	429	410
Total R&D Personnel	59	54	48
R&D Personnel Ratio (%)	13.1%	12.6%	11.7%



Innovative Operations and Culture

USI is dedicated to introducing "green design" into core R&D, transforming research fruits into sustainable assets equipped with market competitiveness and environmental friendliness.

Forward-looking Materials and Sustainable Applications

Green Sustainable Product Achievements

Source Reduction: Developed KTR 699 customized weather-resistant fishing net materials, fulfilling "source reduction" via material lifetime extension.

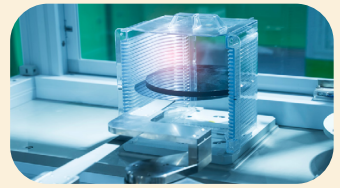
Energy Saving Products: Researched and developed solar encapsulation film raw materials and eco-friendly thermal insulation coatings, assisting in lower energy consumption and greenhouse gas emissions.

Green Safety: Launched halogen-free fire retardant materials to replace hazardous substances containing halogens, providing both safety and low environmental impacts.

High-Value and Social Value

Forward-looking Materials: Cyclic Block Copolymer (CBC) was honored with the "National Innovation Award," deeply anchoring in semiconductor and biomedical applications.

Medical Protection: Products achieved US FDA DMF registration, materializing the social well-being of medical device applications.



The aforementioned R&D fruits all align with the company's three major transformation pillars: high-value engineering, circular economy, and medical applications, securing high consistency between innovative investments and medium- to long-term sustainability strategies.

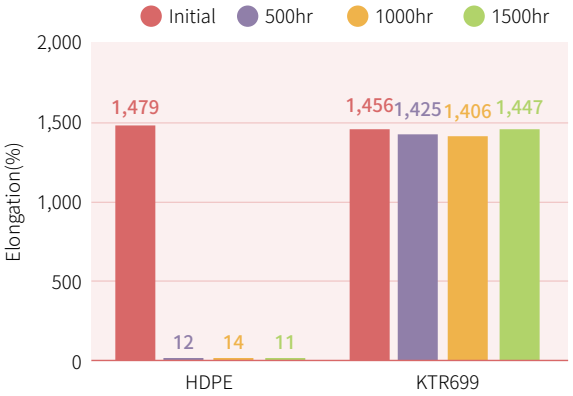
Sustainable Product Development and Resource Efficiency Uplifting

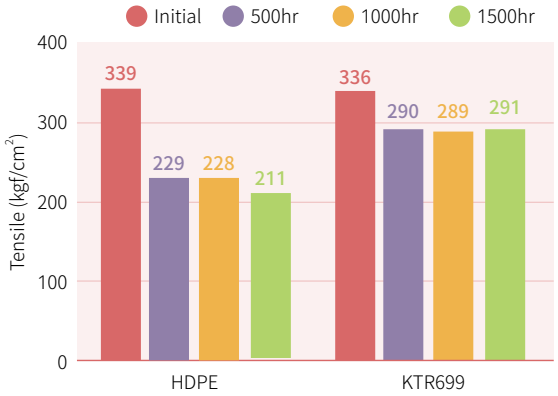
USI pledges to introduce eco-design and life cycle thinking into the core of R&D, collaborating with supply chain partners to optimize performance and realize a win-win scenario for environmental and commercial values at the source.

Customized R&D Practice: KTR699 Product Performance Uplifting Project

Addressing customer requirements for operations under high-sunlight environments, we initiated a weather-resistant fishing net material development project (test serial number: KTR 699). This project verified through scientific experiments to materialize the circular economy target of source reduction:

Weather-resistance Experimental Data Support: Our company laboratory conducted a 1,500-hour accelerated aging simulation test. Experimental outcomes indicated that the tensile retention of the optimized material was significantly superior to current general commodity specifications.





Materialize Source Reduction: Through upgrading product weather-resistant performance, the service life is effectively prolonged. This project is positioned within the "Reduce" strategy of the 3R core concepts, trimming resource consumption and waste generation via material lifetime extension, manifesting circular economy results.

Chemical Risk Control: The R&D process strictly controls the utilization of hazardous substances, securing that products comply with RoHS international environmental guidelines, lowering potential impacts of chemical footprints on the ecosystem at the source.

International Target Response: Responds to SDG 12 Responsible Consumption and Production, lowering resource waste and reinforcing value chain sustainability competitiveness through uplifting material utilization effectiveness.

Innovative Product Benefits

R&D and innovation serve as one of the core strategies of USI Group's sustainability development vision. USI invests hundreds of millions of NT Dollars in R&D funds every year to acquire and maintain R&D installations and precision analysis instruments, and proactively recruits outstanding talent home and abroad to join the R&D team, committing to process refinement improvements and sustainable product development. Furthermore, we introduce the concept of "green design," continuously innovating and deepening our own products while actively planning upstream and downstream collaboration, hand-in-hand with the industrial supply chain to co-create corporate sustainability value. Newly developed high-value EVA products in recent years accounted for 5.88% of consolidated revenue in 2025.

High-Melt-Index EVA Applied in Hot-Melt Adhesive Processes - Critical Materials Driving Resource Efficiency and Sustainable Manufacturing

Under the strategy of promoting environmental sustainability and process innovation concurrently, our company proactively introduces high-melt-index (Melt Index, MI 400~800 g/10 min) EVA materials into hot-melt adhesive processes. High-MI EVA possesses excellent processing fluidity and thermoplastic characteristics, upgrading resource efficiency and environmental protection performance across manufacturing procedures while maintaining product functionality.

- High-MI EVA possesses superb fluidity, allowing hot-melt adhesives to be operated under lower temperatures during processing, effectively dropping energy consumption and carbon emissions.
- Material characteristics can achieve thinner coatings and smaller application volumes, further reducing raw material consumption and uplifting overall resource efficiency.
- Hot-melt adhesives are inherently solvent-free formulations, which are more beneficial for recovery and disposal when combined with high-MI formulations, supporting circular economy practices.

The revenue of high-Melt-Index EVA products for fiscal year 2025 was approximately NT$1.015 billion. RT-CH-410a.1

Interfacing with the EU Market: ViviOn ™ 8210 Series Obtains the German CHI Flexible Packaging Recyclability Certification

As the EU's Packaging and Packaging Waste Regulation (PPWR) aggressively advances, packaging intended for the EU market must meet "Designed for Recycling" standards by 2030. Global brand owners are currently facing a shifting trend toward "Mono-material" designs. Fulfilling recycling rules via simplifying material structure while maintaining the packaging's inherent premium performance has become a shared challenge across the industry chain.

To promote the widespread application of ViviOn ™ (CBC) 8210 series in PE/PP flexible packaging and assist value chain partners in removing concerns over recycling compatibility of functional materials, USI commissioned the German packaging recyclability assessment body Institute cyclos-HTP (CHI) to conduct stringent testing, successfully securing the recyclability certification for PE/PP flexible packaging systems in the fourth quarter of 2025.

The ViviOn ™ 8210 series not only helps upgrade the stiffness and easy-tear properties of PE/PP flexible packaging but is also verified to meet recyclability certification standards for entry into PE/PP flexible packaging streams. This allows packaging formulation designers to no longer compromise between "performance" and "eco-friendliness," confidently using ViviOn ™ to optimize mono-material formulations in PE/PP flexible packaging systems to develop green packaging that is both legally compliant with EU rules and commercially competitive.

Relevant Appendices

- PE System Certification (CHI-C8-PEF 1/4.1): Proves that within LDPE flexible packaging recycling streams, it does not impact the quality of recycled materials.
- PP System Certification (CHI-C8-PPF-1): Proves that within PP flexible packaging recycling streams, it possesses excellent compatibility with recycled materials.


CERTIFICATE
Recyclability of Packaging Material
USI-Corporation
No. 38, Jihu Road, Neihu District
Taipei City 11492, Taiwan
Designation
ViviOn™ 8210 series
Test result
Conditionally compatible
CHI | cyclos-HTP Institute


CERTIFICATE
Recyclability of Packaging Material
USI-Corporation
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Innovative Product Promotion

ViviOn ™ (CBC) Participates in Various International Benchmarking Exhibitions

No.	Exhibition Name	Exhibition Location	Exhibitor	Remarks
1	MD&M West	USA	Cooperative distributor	Iconic international exhibition; largest medical exhibition in North America
2	CMEF (China International Medical Equipment Fair)	China	Cooperative distributor	
3	Chinaplas	China	USI Group	Iconic international exhibition; largest rubber and plastics exhibition in Asia
4	Med-Tech Innovation Expo (UK & Ireland)	UK	Cooperative distributor	
5	CIOE (China International Optoelectronic Exposition)	China	Cooperative distributor	
6	Medical Technology Ireland	Ireland	Cooperative distributor	
7	Medtec China	China	Cooperative distributor	
8	K Show	Germany	Cooperative distributor	
9	CAMO Fair (Korea Adhesive, Coating and Film Industry Exhibition)	South Korea	Cooperative distributor	Iconic international exhibition; largest rubber and plastics exhibition globally
10	COMPAMED (Düsseldorf, Germany)	Germany	Cooperative distributor	Iconic international exhibition; largest medical exhibition in Europe

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

3.2 Product Quality

GRI 3-2、3-3、2-25 SDG 8

Impact Topics

Product yield rates and customer requirements

2024 Key Achievements

1. Established customer complaint cases: Departments I/II/III recorded 5 cases / 14 cases / 0 cases respectively.
2. Product defect rates for Departments I/II/III were 2.6% / 4.3% / 3.26% respectively.

2025 Targets

1. Established customer complaint cases each year for Departments I/II/III not to exceed 5 cases / 4 cases / 3 cases respectively.
2. Product defect rates for Departments I/II/III were 1.8% / 5% / 8% respectively.

2025 Key Achievements

1. Established customer complaint cases: Depart-ments I/II/III recorded 3 cases / 22 cases / 0 cases respectively.
2. Product defect rates for Departments I/II/III were 2.44% / 5.55% / 5.9% respectively.

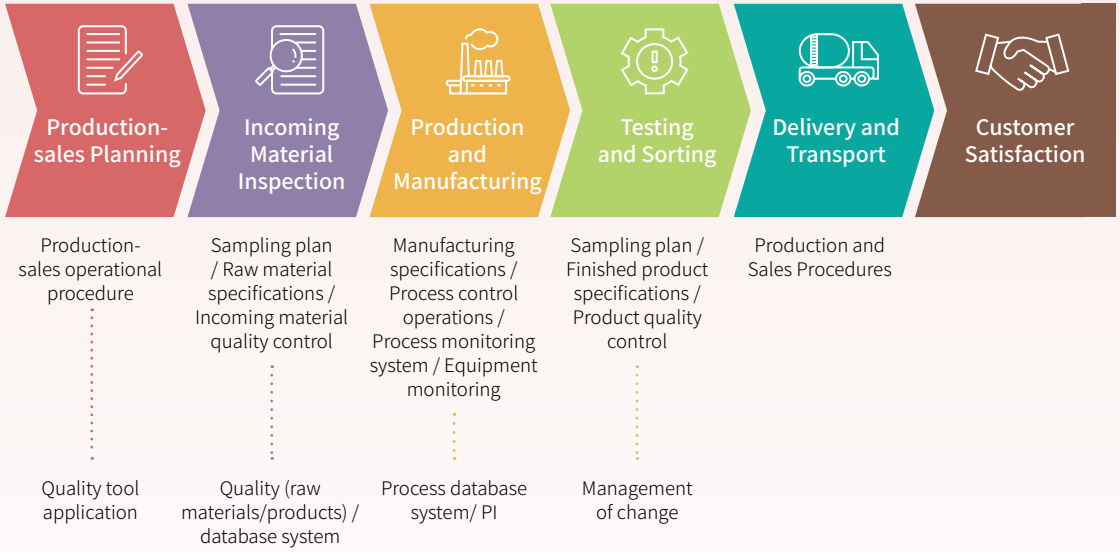
Medium- to Long-Term Planning

1. Established customer complaint cases each year for Departments I/II/III not to exceed 5 cases / 4 cases / 3 cases respectively.
2. Product defect rates for Departments I/II/III lower than 1.8% / 5% / 8% respectively.

Quality Management System

Quality is the bedrock of corporate sustainable development. To provide customers with premium product quality and services, USI has established the ISO 9001 quality management system. Strict management approaches are built into operational processes across "production-sales planning," "incoming material inspection," "production and manufacturing," "testing and sorting," and "delivery and transport." Simultaneously, via information technology, we set up a quality database system and a process database PI system. Beyond executing real-time monitoring on quality and process parameter statuses to safeguard final product quality, this allows associated statistical analysis and traceability of product quality, process parameters, and raw material quality.

Furthermore, the computerized management of change system ensures that modification operational procedures undergo strict review and management to eliminate modification risks, contributing to the stability of process and production quality.



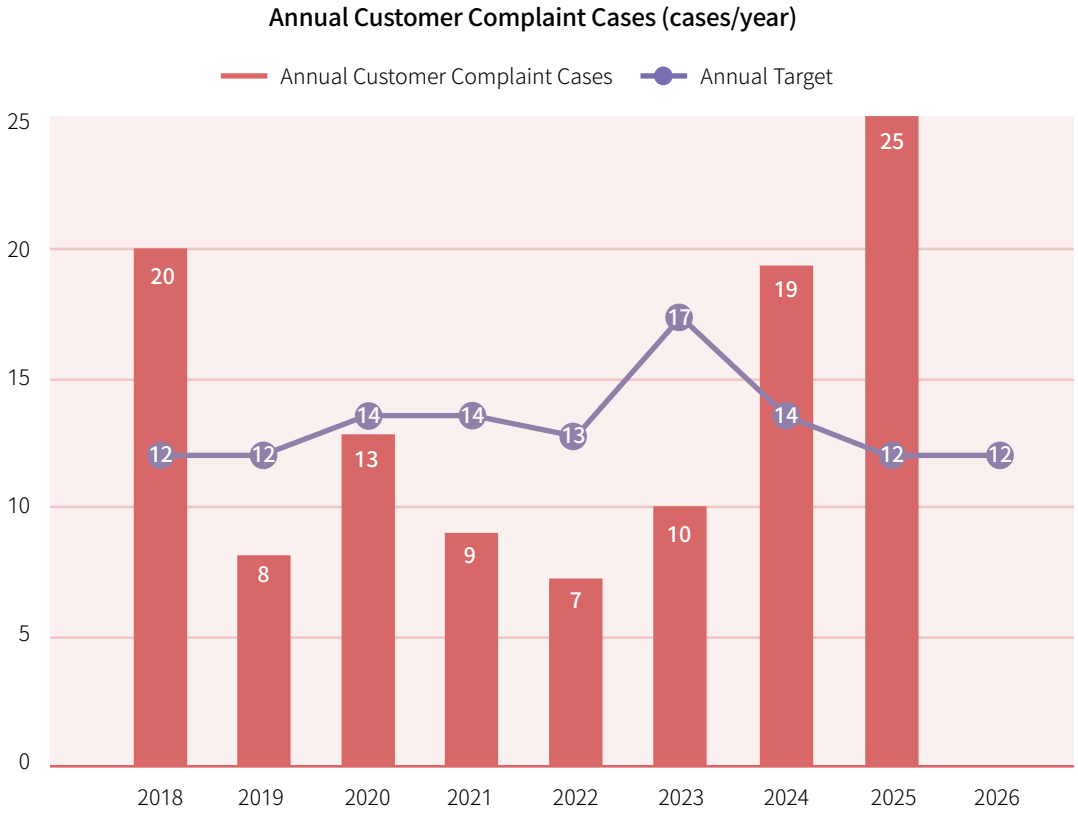
Quality Major Improvement Projects

	2025	Content and Timeline	Expected Benefits
1	Department II's new catalyst product continuously adjusts production parameters for quality optimization	Fewer inorganic residues, high quality; promote to customers, enhance satisfaction	Continuous improvement
2	Compounding continues to develop new products to meet customers' physical property requirements. Added a second Compounding production line	Enhance product quality, improve physical properties; promote to customers, enhance satisfaction	Completed in December 2025, currently undergoing online testing
3	Department I catalyst pump renewal	Enhance equipment reliability and quality stability	Completed in June 2025
4	Department I new additive system establishment	Enhance product quality, reduce material consumption, and increase customer satisfaction	Expected completion in July 2026
5	Department II chiller renewal	Enhance equipment reliability and quality stability	Completed in September 2025
6	Department II air compressor renewal	Enhance equipment reliability and quality stability	Completed in March 2025
7	Department II Y7004 motor control system renewal	Enhance equipment reliability and quality stability	Completed in November 2025
8	Compounding continues to develop new products to meet customers' physical property requirements. Added a third Compounding production line	Enhance product quality, improve physical properties; promote to customers, enhance satisfaction	Expected completion in December 2026

	2026	Content and Timeline	Expected Benefits
1	Department II's new catalyst product continuously adjusts production parameters for quality optimization	Fewer inorganic residues, high quality; promote to customers, enhance satisfaction	Continuous improvement
2	Department I new additive system establishment Compounding	Enhance product quality, reduce material consumption, and increase customer satisfaction	Expected completion in July 2026
3	Compounding continues to develop new products to meet customers' physical property requirements. Added a third Compounding production line	Enhance product quality, improve physical properties; promote to customers, enhance satisfaction	Expected completion in December 2026
4	Manufacturing Department II FFS packaging machine renewal	Manufacturing Department II FFS packaging machine renewal	Enhance equipment reliability and quality stability; expected completion in December 2026
5	EVA high-value enhancement plan	Improve product physical properties, enhance product quality	Develop new products, acquire new customers

To put the quality policy of continuously upgrading "employee quality," "technological improvement," and "comprehensive quality operational principles" into practice, USI encourages employees of all levels to participate in proposal improvements, hosting group-wide improvement case presentations to inspire employee self-growth and cross-plant observation. A total of 8 vital quality-related improvement items were carried out in 2025.

Quality improvement is a continuous process. USI defines continuous enhancement of product yields and reduction of customer complaints as its long-term quality targets. Due to equipment malfunctions in 2025, customer complaint cases rose; we have reviewed improvement and prevention measures across the bi-annual management review meetings and followed up on the processing outcomes of complaint cases. In the future, we will continuously verify the effectiveness of improvements and strengthen customer communication to lower the probability of customer complaints.



Note 1: Since 2023, target complaint cases for Manufacturing Department III are 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

2025 Key Achievements

1. Existing supplier commitment form signing achievement rate at 100%.
2. Conducted physical on-site audits for 3 suppliers.
3. Local procurement rate: Ethylene 96%; VAM 81%.
4. Participated in the Ministry of Economic Affairs' Gudeng Supply Chain Low-carbon Transition Coaching Program, working with the customer and its supply chain to accumulate a concrete carbon reduction result of 13,113 metric tons of CO_2e over the past two years.

2026 Targets

1. Conduct physical on-site audits for 2 suppliers every year.
2. Successfully complete the Supply Chain Low-carbon Transition Coaching Program.
3. Maintain a local procurement rate of 60% or above.

Medium- to Long-Term Planning

1. Increase physical on-site audits to 3 suppliers every year.
2. Based on factory audit outcomes, establish a supplier exchange platform, commissioning our company's professional personnel to offer recommendations and assist in planning targeted at their weaknesses.

Since USI only has around a dozen manufacturing suppliers domestically, the short-term goal for physical on-site audits is maintained at 2 firms, and the medium- to long-term target is defined at 3 firms annually.

Supply Chain Sustainability Development Strategies and Targets

As a benchmarking enterprise in Taiwan, USI bears the responsibility to rally supplier partners to shoulder corporate social responsibility collectively. Therefore, we have drafted the Supplier Social Responsibility Commitment Form, requiring vendors to pledge commitments regarding labor and human rights, health and safety, environment and resources, cyber security and privacy protection, and business ethics.

Labor & Human Rights: No forced labor, prohibition of child labor, provision of proper compensation and benefits, safeguarding labor hours and rest times, eliminating workplace sexual harassment, bullying, and workplace discrimination, and refraining from using conflict minerals, etc.

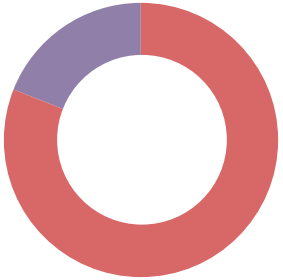
Health & Safety: Incorporates obtaining relevant certifications (such as Occupational Health and Safety Management Systems) or concretely proposing necessary measures such as occupational safety, emergency response, industrial hygiene, machine protection, public health and accommodation, and health and safety information.

Environment: Incorporates obtaining relevant certifications (such as ISO 14001) or proposing concrete methods such as environmental operating permits, pollution prevention and resource conservation, hazardous substances, wastewater, non-hazardous solid waste, noise, air emissions, product and service restrictions, as well as energy/resource consumption and greenhouse gas emissions.

Ethical Codes: Incorporates ethical management, respecting intellectual property rights, complying with relevant confidentiality agreements, safeguarding privacy, and avoiding conflicts of interest, etc.

Information Security and Privacy Protection: Incorporates obtaining relevant certifications (such as Information Security Management Systems) or concretely proposing approaches including establishing cybersecurity management policies, strengthening authentication, cybersecurity propaganda, and access control monitoring; and executing personal privacy data processing in accordance with relevant laws and regulations.

As topics such as sustainable operation and supply chain risk management gradually gain attention, beyond proactively fulfilling sustainable development responsibilities and feeding back to society itself, USI recognizes that we must better understand suppliers' impacts on corporate operations, society, and the environment, materializing supplier management.



2025 Raw Material Procurement Value Breakdown

- Raw materials: 81.09%
- Material equipment & engineering contracting: 18.91%

Supply Chain Sustainability Development Policy

Enhance partnership to share sustainable business opportunities;
Elevate process safety environments, putting maximum effort into environmental protection;
Shoulder social responsibility to upgrade competitive capacity.

Supply Chain Risk Management

Risk Assessment and Prevention	Impact Response	Future Planning
In addition to supply chain safety requirements, examine the special conditions of chemical suppliers (including chemical process risk workplaces, VOCs fugitive emissions, and handling of environmentally restricted substances, etc.). Preventive practices are as follows: 1. Introduce a supplier sustainability self-assessment questionnaire to provide initial risk identification information. 2. Establish long-term cooperative relationships with suppliers, develop alternative suppliers while maintaining cooperative relationships, and coordinate a long-term material preparation system. 3. Establish an internal safety stock mechanism and set purchase requisition base points according to supply schedules to avoid material shortage risks. 4. Procurement personnel undergo supply chain sustainability educational training. 5. Contractor EHS educational training.	Adjust the supply ratio of suppliers, substituting and mutually deploying other suppliers in a timely manner. For the engineering section, the EHS unit will immediately convene investigations into personnel safety, equipment damage, and environmental impacts, and after compilation, hand them over to relevant units for response and understanding.	Besides prioritizing chemical suppliers, we will establish a risk assessment mechanism based on procurement amounts, engineering contracting amounts, or the level of engineering importance, incorporating the aforementioned factory audit results related to sustainable development strategies.

Implementation Status of Supply Chain ESG Risk Management

Risk Item & Attribute	Suppliers (Chemicals)	Engineering Contractors
	Environmental (E), Social (S), and Corporate Governance (G)	
Potential Risks	· Chemical manufacturing processes (E) · High-dust, high-temperature, high-noise, or high-humidity operational workplaces (E) · VOCs (volatile organic compounds) fugitive risks (E) · Labor-intensive industries (S) · Supply chain disruption/delay risks (G) · Quality risks (G)	· High-dust, high-temperature, high-noise, or high-humidity operational workplaces (E) · High-altitude operational risks (E, S) · Labor intensive (S) · Cutting or welding industrial safety risks (S) · Engineering disruption/delayed completion risks (G) · Engineering quality risks (G)
Number of Audited & Visited Firms	Trialed physical on-site audits for 3 firms in 2025, with a 100% qualification rate.	Contractors must not employ child labor or violate Occupational Safety and Health Act regulations, which is audited concurrently with contractor engineering construction evaluations. Completed evaluations for 59 contractors in 2025, all qualified.
Audit Details	Environmental (E): Check whether manufacturing, storage, and other operations of restricted environmental substances are implemented based on laws. Governance (G): Quality, production, and order management, tracking of customer complaints and satisfaction, employee training, and external processing management.	

Sustainability Supply Chain Concept Promotion and Qualification Screening

Supplier Code of Conduct (Supplier Social Responsibility Commitment Form) GRI 308-1、414-1

The supplier social responsibility commitment form was introduced in fiscal year 2020 as an encouraged signing system. Suppliers added after fiscal year 2022 must sign the commitment form to be listed as qualified vendors. Since 2023, signing this commitment form has been mandatory for all existing and newly added suppliers, achieving a 100% signing rate.

Actions Taken for Environmental and Social Negative Impacts in the Supply Chain: Supplier Code of Conduct and Quality Requirement Self-Assessment Form GRI 308-1、308-2、414-2

To strengthen supplier control mechanisms, physical on-site supplier factory audits have been trialed since 2023, along with introducing the supplier code of conduct and quality requirement self-assessment form. Initial planning targets domestic major suppliers as the priority to investigate environmental and social negative impact risks. In 2025, physical audits were conducted for 3 firms, with a 100% qualification rate.

The six major dimensions of the self-assessment form are as follows:

1. **Labor and human rights**
2. **Health and safety**
3. **Environment and resources**
4. **Ethical codes**
5. **Information security and privacy protection**
6. **Management and quality systems.**

At present, our company's main key raw material suppliers and contractors, including Taiwan CPC Corporation and Dairen Chemical Corporation, as well as our partner CTCI Corporation, have all obtained relevant certifications for ISO 14001 and ISO 45001. This complies with our company's requirements for major suppliers regarding environmental management and occupational health and safety management, making them excellent partners for our sustainable corporate development.

To investigate potential negative impacts from suppliers, USI adopts "proactive risk management." In addition to irregularly checking government websites or online media for environmental violation records of manufacturers to query whether suppliers have major violations of the aforementioned terms or negative news events, our company has also conducted supplier factory audits at a frequency of two companies per year since 2023. These audits are paired with the Supplier Code of Conduct and Quality Requirement Self-Assessment Questionnaire for on-site visits to assess whether they have caused negative or potential impacts on our company (such as fines or suspension of operations by competent authorities). Concrete measures for excellent performance or potential negative impact risks arising from violations or deficiencies are outlined below:

- Records of violations or deficiencies: We guide and assist them in making improvements for any non-compliance or deficiency items. If there is a malicious lack of cooperation or a chronic inability to improve, risk control response measures such as lowering their rating or selecting alternative suppliers will be adopted.
- Excellent performance with no violations or deficiencies: We hold bilateral exchange meetings to share strengths and exchange ideas.

Supply chain management mechanism:
Supply Chain Management - USI Corporation

Value Chain ESG Engagement

Carbon Reduction

In 2023, USI signed the Ministry of Economic Affairs' "Gudeng Supply Chain Low-carbon Transition Coaching Program" to work with customer Gudeng Precision Industrial Co., Ltd. and its supply chain toward the target of reducing carbon emissions by 10,000 metric tons by 2025. This project includes expert factory visit recommendations and greenhouse gas inventories.

The project formally disclosed its results to the public at the end of 2025, accumulating carbon reductions of 13,113 metric tons of CO_2e over the past two years.

USI practically implemented four improvement solutions and added two energy-saving practices, achieving a total annual electricity savings of 4,187,312 kWh and an annual carbon reduction of 2,066.56 metric tons of CO_2e. For details, please refer to Latest News - USI Corporation.

Water Resource Sharing

USI has long maintained an excellent cooperative relationship with its supplier Taiwan CPC Corporation, enabling water retrieval from CPC's Kaohsiung Plant to respond during water shortages.

Plastic Reduction

We jointly implemented the plastic pellet spill prevention and management plan with the product transport company to reduce the dispersion of plastic pellets and dust into the environment due to transportation, recycling a total of 10.5 metric tons of plastics in 2025.

USI has promoted packaging plastic reduction for many years, arranging dedicated tank trucks for designated customers to reduce the use of packaging bags.

Supply Chain Management

Based on criteria such as quality, capability, and environmental policies, USI collaborates with premium suppliers for long-term cooperation to fulfill corporate social responsibility. We communicate our environmental protection policies to contractors and carriers while strictly complying with the EU Restriction of Hazardous Substances (RoHS) directive. We strengthen environmental protection education and training, prioritize the safety of construction contractors within our plant premises, ensure the safety of all operations, and protect the life safety and health of workers to jointly execute robust risk management.

Raw Material Supplier Management GRI 308-1

Supplier evaluation is uniformly executed by the procurement department, and only those who pass the evaluation can be included in the approved supplier list. For details on the evaluation mechanism, please refer to the Supply Chain Management Mechanism on our ESG website.

2025 Main Raw Material Sources

Location / Raw Material	Ethylene	VAM
Taiwan	96%	81%
Non-Taiwan	4%	19%
Source of Supply	Total of 4 domestic and foreign suppliers	Total of 3 domestic and foreign suppliers

Note: The percentages in the table represent the proportion of the purchase amount for major raw materials.

2023-2025 Raw Material Supplier Evaluation Results

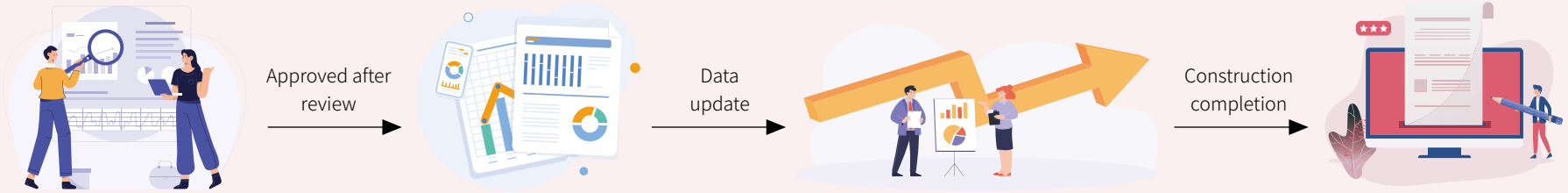
Year	2023	2024	2025
Number of Evaluated Companies	86	63	68
Passing Rate	99%	100%	100%

In 2025, all 68 evaluated companies were qualified, achieving a 100% passing rate.

Engineering Contractor Management

The engineering contracting policy prioritizes local contractors, and the construction process relies on the supervision and management of on-site plant personnel. In addition to the engineering work itself, environmental health and safety, occupational safety, human rights, and labor practice issues must be properly implemented.

Process for Establishing Qualified Contractor Status



Develop contractors:
Fill out engineering questionnaire / attachments & track record review

Data archiving:
File along with attachments in the engineering contractor survey classification directory

Continuous update:
Regularly update information such as factory equipment, capabilities, and expertise

Performance evaluation:
The requisitioning unit / on-site person in charge fills out the evaluation form and archives it

Contractor Qualification Rating Criteria

Capital Stock	Total Contract Amount of Top 2 Performance Tracks in Past 2 Years	Accumulated Contract Amount Above NT$200,000 for a Single Project in Past Year	Plant Scale	Equipment Investment Amount	Number of Employees
10%	20%	10%	20%	20%	20%

Engineering Construction Evaluation Items: During the engineering construction evaluation process, USI evaluates contractors based on various ESG criteria, with the following weights:

Engineering Quality (G)	Safety & Environmental Measures (S)	Construction Coordination (G)	On-site Person in Charge (S)	Environmental Maintenance (E)	Engineering Progress (G)
40%	20%	10%	10%	10%	10%

Note 1: The passing threshold is 50 points or above. Contractors scoring between 30 and 49 points will have their RFQ privileges suspended for one or two years; those scoring below 30 points will have their bidding qualifications disqualified.
Note 2: (E), (S), and (G) represent Environmental, Social, and Governance evaluation dimensions, respectively.

In 2025, all 59 engineering contractors evaluated passed the assessment, achieving a 100% passing rate.

Product Transportation Management Evaluation GRI 403-7:2018

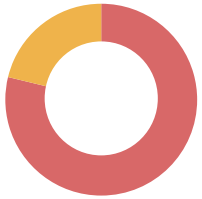
The products manufactured by USI Corporation's Kaohsiung Plant are shipped via De Yuan Transport Ltd. From 2021 to 2025, the plant has continuously promoted the Forklift Operation Safety Protection Identification (AI System) in Warehouse Areas. By utilizing real-time image recognition technology, this system effectively strengthens the supervision of contractors' personal protective equipment (PPE) usage on-site, reducing potential operational risks.

From 2020 to 2025, the company has consistently conducted safety and quality evaluations for product transportation, steadily improving transportation safety quality. In 2025, the transport carrier was rated Grade A (for details, please refer to Section 5.1 Product Transportation - Product Transportation Safety and Quality Evaluation). Furthermore, the company collaborated with carriers to implement a plastic pellet spill prevention and recycling project, reducing the entry of plastic pellets and dust into the marine environment.

Supporting Procurement from Local Suppliers

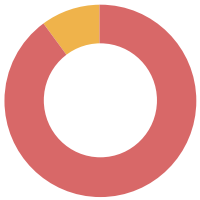
USI's primary operating and production bases are located in Taiwan. Under similar conditions, the company prioritizes procurement from local suppliers, aiming to achieve the targets listed above.

- Establish long-term sustainable cooperative relationships
- Promote the local economy
- Increase employment opportunities
- Reduce transportation procedures



2024

- Local 73.43%
- Non-local 26.57%



2025

- Procurement in Taiwan 89.85%
- Procurement Outside Taiwan 10.15%

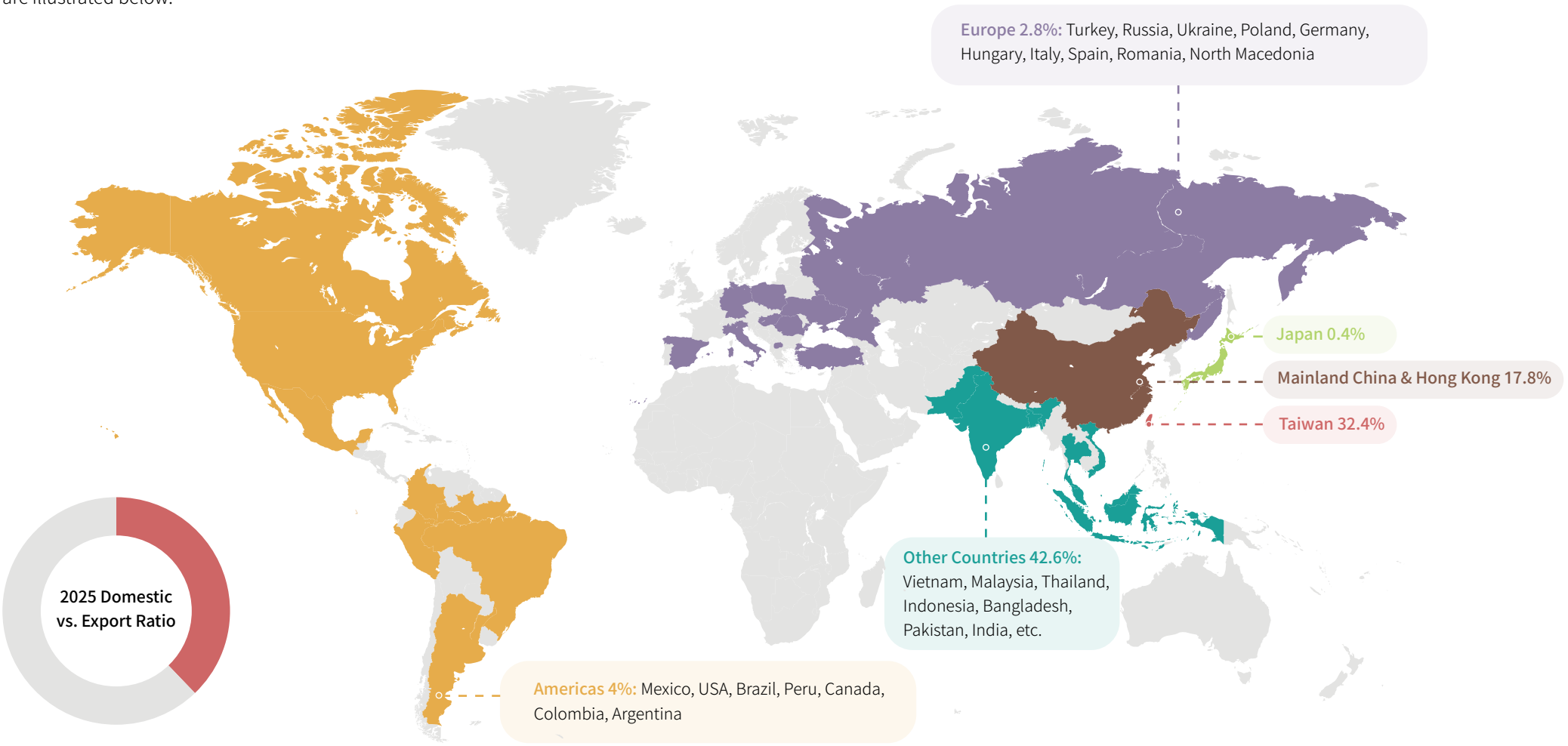
Green Procurement

In recent years, besides promoting environmental protection and energy conservation policies, USI has encouraged all units to utilize energy-saving and eco-friendly materials, such as energy-saving equipment (variable frequency drives, high-efficiency IE3 motors, explosion-proof LED lights, air conditioning mainframes, UPS systems), solar power generation facilities, and eco-labeled products (energy-saving and eco-friendly computer equipment).

Since 2023, USI has continuously reported green procurement achievements on the Environmental Protection Administration's (EPA) Net-Zero Green Life Information Platform. The company was recognized as an Outstanding Unit for Net-Zero Green Life in 2024, and the reported green procurement amount reached NT$51.67 million in 2025. For details, please refer to Green Procurement on our ESG website.

3.4 Sales and Customer Service GRI 2-6

USI's major products are exported to various regions across Europe and Asia, serving a total of 352 customers. Among the exported plastic raw materials, EVA is the primary product, followed by HDPE, with LDPE and LLDPE making up the remainder. The domestic/export ratios and sales market distribution for 2025 (calculated based on sales volume) are illustrated below:



Sales Service

Upholding the principles of integrity management and sustainable development, all products, commodities, and services provided by USI are handled in accordance with relevant laws, regulations, and ethical principles. We are dedicated to protecting consumer rights and establishing a fair, safe, and trustworthy transaction environment. To protect the legitimate rights and interests of consumers and customers and to enhance service quality and customer satisfaction, the following measures have been implemented:

Technical Support

- Established the Operational Standards for Customer After-Sales Technical Services to ensure after-sales service quality and consistency through institutionalized operational procedures, effectively safeguarding customer rights.
- The corporate website features a dedicated "Product Information" section that fully discloses specifications, performance, application catalogs, and Safety Data Sheets (SDS) for existing and new products, helping customers understand and use products correctly to enhance operational safety and compliance.
- All raw material products compile an SDS according to relevant regulations, covering storage, transportation, and operational recommendations to provide customers with comprehensive operational guidelines, reducing operational risks and ensuring regulatory compliance.
- Established a product technical consultation hotline to provide real-time professional advice and assistance, strengthening customer service response efficiency.
- To safeguard customers' right to know and operational safety, USI continues to strengthen product information disclosure and labeling compliance. In 2024, there were zero incidents of non-compliance with regulations concerning product labeling or fines (GRI 419-1).
- Provided small-quantity samples for customer trial production and continuously offered technical support services to help customers enhance performance and utilization satisfaction during product development and application.
- In production and process management, education and training are conducted to enhance all employees' awareness of quality standards and customer requirements, reinforcing the habit of operating according to SOPs. A machinery process engineer system and project improvement plans have also been implemented.

Product Responsibility

- All products comply with the European Union's Restriction of Hazardous Substances (RoHS) directive, ensuring that products are harmless to human health and environmental safety.
- Quality inspection reports (SGS Test Reports) are provided upon customer request.


SGS

測試報告

Test Report

Customer Privacy

- USI highly values "customer privacy protection," striving to provide satisfactory services, aiming to establish long-term partnerships with customers, and adhering to relevant laws, regulations, and international standards. The company has formulated relevant consumer protection policies. Regarding customer data protection, the Group complies with the Personal Data Protection Act to establish Customer Personal Data Management Operations alongside rigorous personal privacy security management and protection measures.
- The dedicated units are the Group Credit Department and Information Technology Department. The Credit Department controls ERP customer data to ensure that data collection, processing, and utilization are properly governed and protected, covering USI Corporation, its affiliates, customers, and suppliers. To manage privacy-related risks more effectively, the Group Information Technology Department strengthens firewall management, access controls, and the separation of testing and production environments. Strict access control strategies and procedures for customer data prevent risks of confidential customer information leakage.
- For internal personal data protection training hours, please refer to USI Corporation.
- The company has passed the ISO/IEC 27001:2013 Information Security Management Systems verification and implemented information security measures such as firewall management, access control, and environmental separation to reinforce customer data protection.
- Formulated regulations such as the General Principles of Information Security Management Policy, System Development and Maintenance Management Specifications, Operational Points for Application System Program Launch, and Database Management Points to establish a sound information governance mechanism.
- In 2025, zero incidents concerning breaches of customer privacy or data leaks occurred, ensuring customer privacy remains intact.

Customer Complaint Handling

- The company has established the Operational Specifications for Customer Complaint Handling to explicitly regulate the handling process and responsible units, ensuring that customer complaints are processed rapidly and transparently.
- A standardized complaint handling mechanism has been built, covering the stages of submission, acceptance, investigation, and response, and managed via a computerized system to enhance tracking control and data analysis.

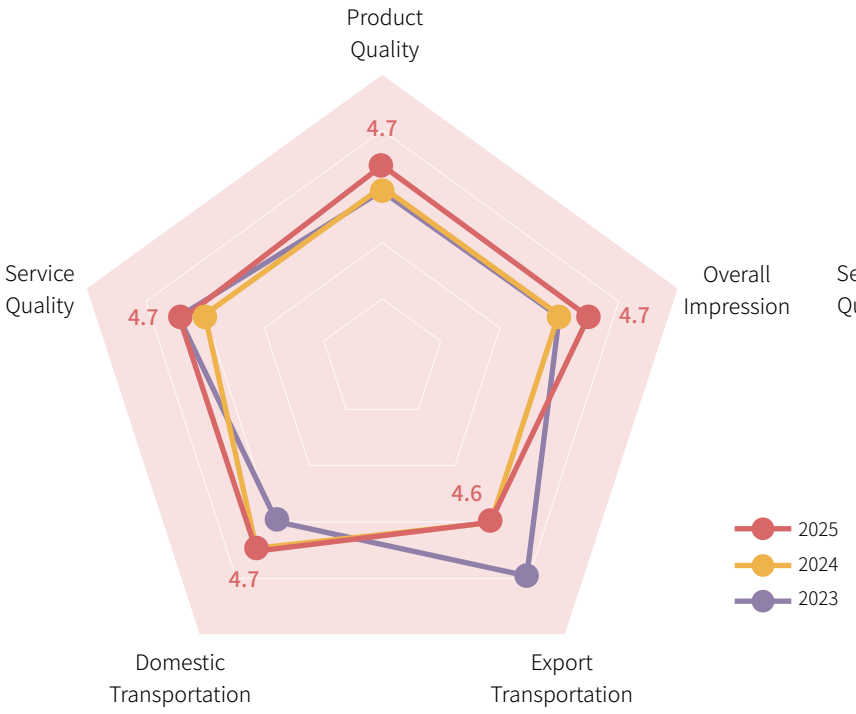
1. **Customer submits complaint request**
   Customer communicates complaint to sales unit
2. **Sales unit accepts complaint request**
   Fill out complaint handling notification form
3. **Execution of complaint handling unit's root cause investigation**
   Root cause investigation
   Suggest solutions
4. **Reply to customer**
   Fill out reply letter to customer
5. **Confirm effectiveness**
   Report corrective and preventive measures
   Track effectiveness confirmation
6. **Close case**
   Fill out complaint handling report

- Customer complaint handling data is included in the monthly routine meeting report. Through cross-departmental communication and review, the tracking and effectiveness evaluation of corrective and preventive measures are strengthened, thereby promoting organizational learning and quality improvement.
- Complaint cases are analyzed and handled by a dedicated department, and recurring problems are regularly reviewed as a baseline for internal quality management and service process optimization.
- According to the Customer Dispute Handling Procedures, diverse channels for complaints and feedback are provided. In addition to immediate handling by business personnel, a "Product Q&A" section on the official company website and a "Stakeholder Contact" in the ESG section have been set up to facilitate customer inquiries and feedback, strengthening engagement and interactive communication.

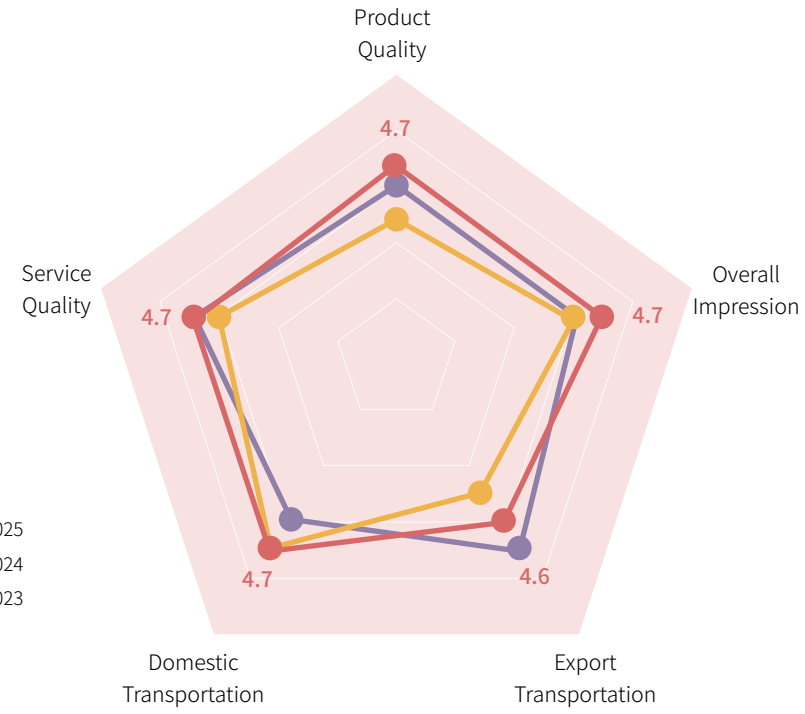
Customer Satisfaction

Survey Frequency	Conducted semi-annually
Sampling Method	From the top 100 customers by transaction volume in the upper and lower halves of each year, 50 customers are selected for the survey (30 domestic, 20 export)
Contents and Results	In 2025, performance across all dimensions exceeded the "Satisfied" level. Furthermore, the number of responses indicating "Very Satisfied" or "Satisfied" accounted for 100% of the total responses for the entire year, achieving the 2025 target value (≥ 97.5%). The survey results for the past three years regarding "Comparison with Other Suppliers" and "Comparison with Last Year's Performance" are shown in the charts below:

Comparison with Other Suppliers



Comparison with Last Year's Performance



Note: 5 points indicates Very Satisfied, 4 points indicates Satisfied, 3 points indicates Fair, 2 points indicates Dissatisfied, and 1 point indicates Very Dissatisfied.