USI Supply Chain Policy for Responsible Sourcing from Conflict-Affected and High-Risk Areas

Universal Scientific Industrial (Shanghai) Co., Ltd. and all its affiliates (hereafter collectively referred to as “USI”) provide a broad range of electronic manufacturing services for brand customers globally by offering diversified products in the sectors of wireless communication, computer, and storage, consumer, industrial, medical, and automotive electronics. Through these services, USI acquires numerous electronic and non-electronic components through levels of upstream suppliers and assemble them into sub-assemblies and finished good products. USI recognizes that the mining and distribution of certain minerals originating from regions around the globe can inadvertently fund violent organizations and contribute to various forms of human rights violations. These violations can include forms of torture, cruel, inhuman and degrading treatment, forced or compulsory labor, the worst forms of child labor, gross human rights violations such as widespread sexual violence, war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide. The minerals concerned include, but are not limited to, gold, tin, tantalum, tungsten, cobalt, and mica.

Our commitment is to ensure ethical sourcing of these minerals, irrespective of the geographic region, with the aim of mitigating these negative impacts. We expect our suppliers to source these minerals from smelters or refineries that have been certified by an independent third-party audit program, thus aligning with our objective. We endeavor to support responsible mining practices globally, promoting the human rights, health, and environment for workers in material production areas.

USI commits a policy on responsible sourcing of minerals based on the five-step framework for risk-based due diligence in the minerals supply chains, published by the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, as representing a common reference for conflict-sensitive sourcing practices and suppliers’ risk awareness from the point of extraction until end user. We commit to refrain from any action which contributes to the financing of conflict and we commit to complying with the relevant United Nations Sanction Resolutions or, where applicable, domestic laws implementing such resolutions.

Regarding Serious Abuses Associated with the Extraction, Transport, or Trade of Minerals:
While sourcing from, or operating in, conflict-affected and high-risk areas, USI will neither tolerate nor by any means profit from, contribute to, assist with or facilitate the commission by any party of:
   i) any forms of torture, cruel, inhuman and degrading treatment;
   ii) any forms of forced or compulsory labor, which means work or service which is exacted from any person under the menace of penalty and for which said person has not offered himself
voluntarily;
iii) the worst forms of child labor;
iv) other gross human rights violations and abuses such as widespread sexual violence;
v) war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.

Commitment Against Serious Abuses:
USI strictly prohibits and condemns any involvement in the above abuses. Should we identify a risk of involvement in any of these abuses, we will suspend or discontinue business engagement with the concerned supplier.

Commitment Against Support to Non-State Armed Groups:
USI will not tolerate any direct or indirect support to non-state armed groups through the extraction, transport, trade, handling or export of minerals. “Direct or indirect support” to non-state armed groups through the extraction, transport, trade, handling or export of minerals includes, but is not limited to, procuring minerals from, making payments to or otherwise providing logistical assistance or equipment to, non-state armed groups or their affiliates who:

i) illegally control mine sites or otherwise control transportation routes, points where minerals are traded and upstream actors in the supply chain; and/or
ii) illegally tax or extort money or minerals at points of access to mine sites, along transportation routes or at points where minerals are traded; and/or
iii) illegally tax or extort intermediaries, export companies or international traders.

Commitment Regarding Public or Private Security Forces:
USI emphasizes that the role of public or private security forces should solely be to maintain the rule of law, human rights, and genuine security requirements. Any involvement of these forces in illegal activities associated with the mineral supply chain is unacceptable. We commit to engaging with security forces in alignment with the Voluntary Principles on Security and Human Rights, ensuring no hiring of units or individuals known for gross human rights abuses. Additionally, USI will engage with local authorities and relevant bodies to improve transparency and accountability in payments to public security forces. We commit to minimizing the exposure of vulnerable groups, such as artisanal miners, to adverse impacts due to the presence of security forces.

Regarding bribery and fraudulent misrepresentation of the origin of minerals:
USI will not offer, promise, give or demand any bribes, and will resist the solicitation of bribes to conceal or disguise the origin of minerals, to misrepresent taxes, fees and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport and export.

Regarding money laundering:
USI will support efforts, or take steps, to contribute to the effective elimination of money laundering where we identify a reasonable risk of money-laundering resulting from, or connected to, the extraction, trade, handling, transport or export of minerals derived from the illegal taxation or extortion of minerals at points of access to mine sites, along transportation routes or at points where minerals are traded by upstream suppliers.

Regarding the payment of taxes, fees and royalties due to governments: USI will ensure that all taxes, fees, and royalties related to mineral extraction, trade and export from conflict-affected and high-risk areas are paid to governments and, in accordance with the company’s position in the supply chain, we commit to disclose such payments in accordance with the principles set forth under the Extractive Industry Transparency Initiative (EITI).

Mitigation Plan for Risks and Violations in the Supply Chain
1. Identification of Risks: USI commits to a rigorous monitoring system that periodically reviews the supply chain for potential risks and breaches of our policy.
2. Supplier Engagement and Training: Engage with suppliers when a risk is identified, providing them with training and resources to address the issues.
3. Implementation of Immediate Corrective Actions: Propose and implement immediate corrective actions based on the gravity of the identified risk.
4. Timeline for Corrective Measures: Establish a timeline for suppliers to address identified risks.
5. Re-evaluation and Assessment: Conduct a re-assessment after the corrective measures are implemented.
6. Disengagement Protocol: If a supplier fails to address the risks in the specified timeline, USI will suspend or discontinue business engagement with them.
7. Stakeholder Engagement and Collaboration: Collaborate with relevant stakeholders to refine and strengthen the mitigation process.
8. Periodic Review and Improvement: Periodically review and refine the mitigation plan based on real-world experiences.
9. Reporting: Transparently disclose findings, actions taken, and progress to all relevant stakeholders, adhering to the principles of the Extractive Industry Transparency Initiative (EITI).

By implementing this policy, we aim to uphold human rights, deter financial support to conflict, and establish a responsible and ethical minerals supply chain.