

Sustainable Raw Materials Management

USI recognizes that establishing transparent and responsible raw materials management in the supply chain is pivotal for avoiding operational disruptions due to critical raw material scarcity, mitigating negative impacts on the environment and society, and preserving resource sustainability.

This Sustainable Raw Materials Policy is thus ratified and endorsed by the Board of Directors. We are committed to sustainable raw materials sourcing practices through detoxification, decarbonization, and dematerialization while avoiding human rights infringements.

Raw Materials		Suppliers
Tracking and Collecting Data	<ul style="list-style-type: none"> ● Material tracking and origin tracing: By leveraging GPARS, we gather detailed information on the sources of metals from USI's global suppliers, extending our focus beyond conflict minerals to also cover cobalt and mica. Since 2024, we have been assessing and collecting sourcing information of critical raw materials (including but not limited to metals such as aluminum, copper, iron, nickel, and titanium) in accordance with RMI's official Additional Minerals methodology. 	<ul style="list-style-type: none"> ● Proactive investigation: We conduct preliminary assessments on our suppliers based on key factors like level of business relationship and procurement value. At the same time, we review the risks of potential negative impacts on the environmental, social, and governance dimensions with respect to the supplier's category type (including raw material suppliers etc.).
Risk Assessment	<ul style="list-style-type: none"> ● Reduction of negative social impacts: <ul style="list-style-type: none"> ◆ Conflict Materials: Aligning with the due diligence process established by the Organization for Economic Cooperation and Development (OECD) to regularly examine the country of origin of raw materials (including conflict minerals) to avoid using materials from conflict zones. ● Reduction of negative environmental impact: <ul style="list-style-type: none"> ◆ Non-toxicity: Enhancing product compliance with regulations and customers' sustainability requirements by establishing a hazardous substance process management system to ensure that the raw materials used for production do not contain substances harmful to humans or the environment. ◆ Recyclability: Conducting green material assessments and developing non-toxic (or low-toxicity) raw materials, as well as analyzes material and waste recycling, reduction, and reuse technologies. ◆ Eco-friendliness: Using Life Cycle Assessment (LCA) techniques to analyze the environmental impact of products and raw materials, and identifying improvement opportunities through hotspot analyses to enhance the eco-friendly content of products and raw materials. 	<ul style="list-style-type: none"> ● Reduction of negative social impacts: A Supplier Sustainability Assessment Questionnaire (SSAQ) was developed based on the RBA Code of Conduct and international standards such as the UN Universal Declaration of Human Rights (UDHR). The SSAQ for all Tier 1 raw material suppliers are conducted regularly. ● Reduction of negative environmental impacts: <ul style="list-style-type: none"> ◆ Climate risk: Utilize the World Resources Institute (WRI) database to assess supplier water stress and integrate data on extreme rainfall conditions to identify suppliers at risk of experiencing flooding and landslides. ◆ Biodiversity: We use World Database on Protected Areas (WDPA) of International Union for Conservation of Nature (IUCN) and apply the LEAP (Locate, Evaluate, Assess, Prepare) approach recommended by the TNFD framework to assess whether the production areas of our raw material suppliers are located in biodiversity-sensitive areas.
Coordinated Action	<ul style="list-style-type: none"> ● Eco-design guidelines: Eco-design guidelines have to be incorporated throughout all new product and new technology development stages, especially in the selection of sustainable raw materials (choosing materials with lower negative sustainability impacts, avoiding materials from key biodiversity areas, and prioritizing the use of recycled metals, minerals and materials with third-party certifications). And include relevant review items in the project checklist to ensure implementation in each product or technology development project. 	<ul style="list-style-type: none"> ● Supplier guidance: Conducted programs to guide raw material suppliers in managing carbon inventory, renewable energy development, and supported a total of 5 suppliers by 2024.