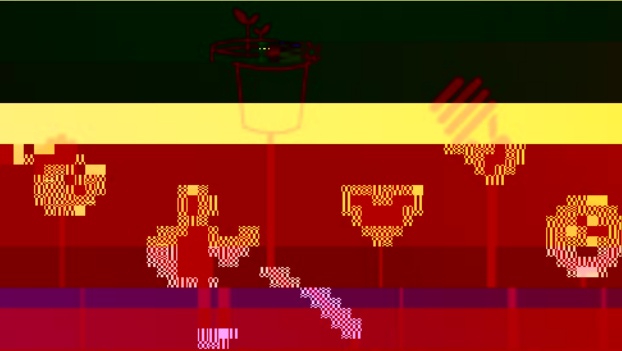




Realizing DREAMS Together

www.usi.com.sg

2012-2013 Academic Year

Annual Report

(14)



Age Group	Percentage of Respondents
18-29	65%
30-49	75%
50-69	80%
70+	85%

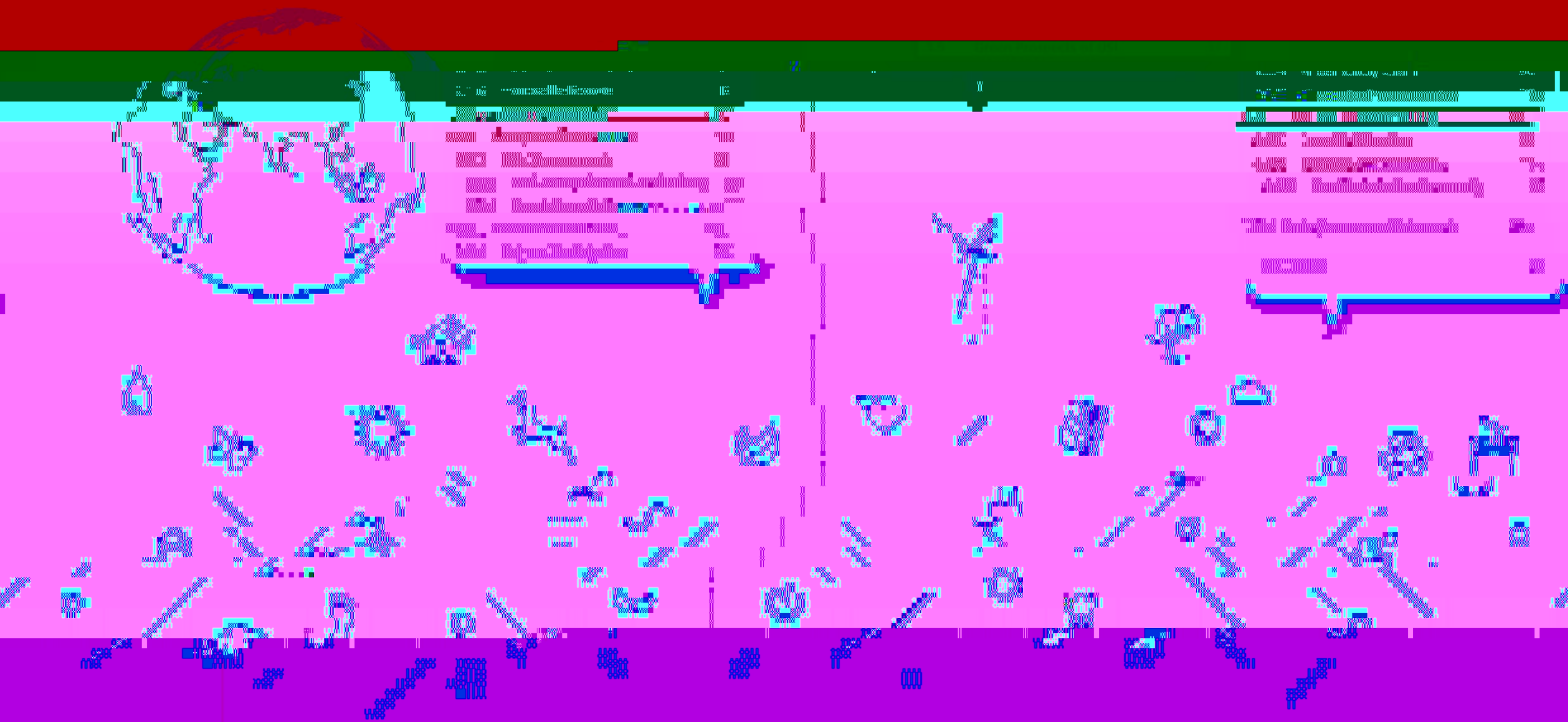
[illegible]

Figure 1 consists of two main sections: 'SYMPTOMS' and 'SIGNS'. Each section contains multiple bar charts for different categories. The 'SYMPTOMS' section includes 'Fever', 'Cough', 'Sore throat', 'Headache', 'Fatigue', 'Loss of taste/smell', 'Nausea/vomiting', 'Diarrhea', 'Rash', 'Joint pain', 'Shortness of breath', 'Chest pain', 'Abdominal pain', 'Neurological symptoms', 'Psychological symptoms', and 'Other symptoms'. The 'SIGNS' section includes 'Fever', 'Cough', 'Sore throat', 'Headache', 'Fatigue', 'Loss of taste/smell', 'Nausea/vomiting', 'Diarrhea', 'Rash', 'Joint pain', 'Shortness of breath', 'Chest pain', 'Abdominal pain', 'Neurological symptoms', 'Psychological symptoms', and 'Other signs'. The y-axis for all charts represents the percentage of patients, ranging from 0% to 100%.

Sequence logo for the 10th position. The y-axis represents information content in bits, ranging from 0 to 0.4. The x-axis shows the 10th position. The logo shows a strong preference for 'G' (green) and 'A' (red) at this position, with 'G' being the most frequent base.

[illegible]

Age Group	Percentage of respondents
18-29	~65
30-49	~75
50-69	~85
70+	~90



Letter from President

A gruesome challenge was thrown at the global economy as Euru



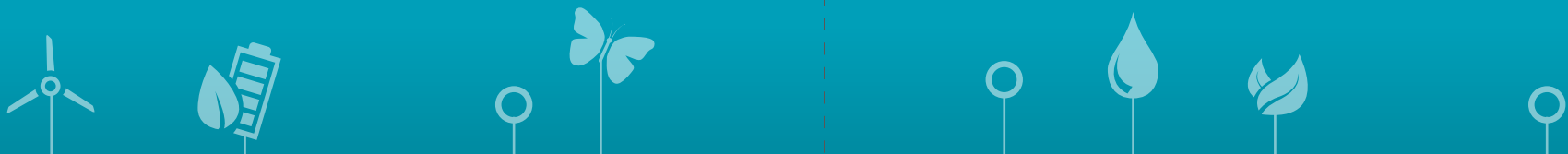
CY Wei
President

USI and Corporate Social Responsibility

- 1.1 Vision and Promise
- 1.2 Policy and Operation
- 1.3 Identification and Selection of Stakeholders
- 1.4 Stakeholder Communication



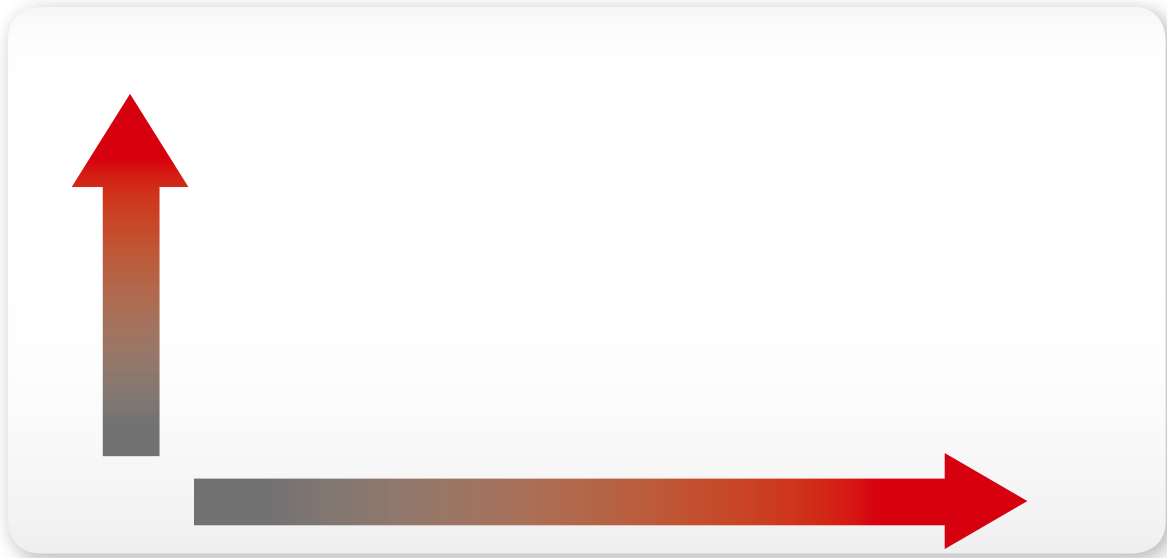




For pursuing the sustainable management, USI put emphasis on the interaction and communication with all stakeholders. By understanding the issues concerned by all stakeholders, especially corporate social responsibility, USI keeps presenting and improving policies and practicing them effectively.

Chairs of all departments of USI were surveyed with questionnaires to assess stakeholders cooperating and interacting with USI. A thorough discussion was carried out in the initial meeting of CSR promotion committee. A significance analysis was performed for the issues concerning stakeholders and the influence of these issues on USI operations based on the results of questionnaire survey. Issues of high and intermediate levels were included as major issues in 1.4 Communication with Stakeholders to develop the content structure of this report.

	Major Issues	Communication Channels	Practice
Investors	Managing performance Financial transparency Disclosure of non-financial information	Annual report Investor section on corporate website Annual meetings of shareholders	● USI reveals the company's financial information through stock exchange websites and annual financial statements, and review constantly the company's business status and data ● Shareholder meetings are held regularly for explaining managing performance to investors and responding to their concerned issues





2.1 Corporate Operation

The financial crisis gave rise to the expectation for new economic orders and the concern for corporate social responsibility (CSR). USI emphasizes honest industrial operation. Based on related national regulations, USI has established flawless managing framework and systems, drew up anti-bribery behavioral principles, realized internal audit and strengthened internal risk management. By promoting the governance of the corporation, USI seeks sustainable industrial development.

To safeguard investor interests, USI has set up a specialized unit to respond to the various needs of investors, and also appoints professional lawyers to provide appropriate legal advice services, in addition to the set-up of investor relations section on the company website to provide monthly updated business information in the purpose of revealing USI operation status transparently.

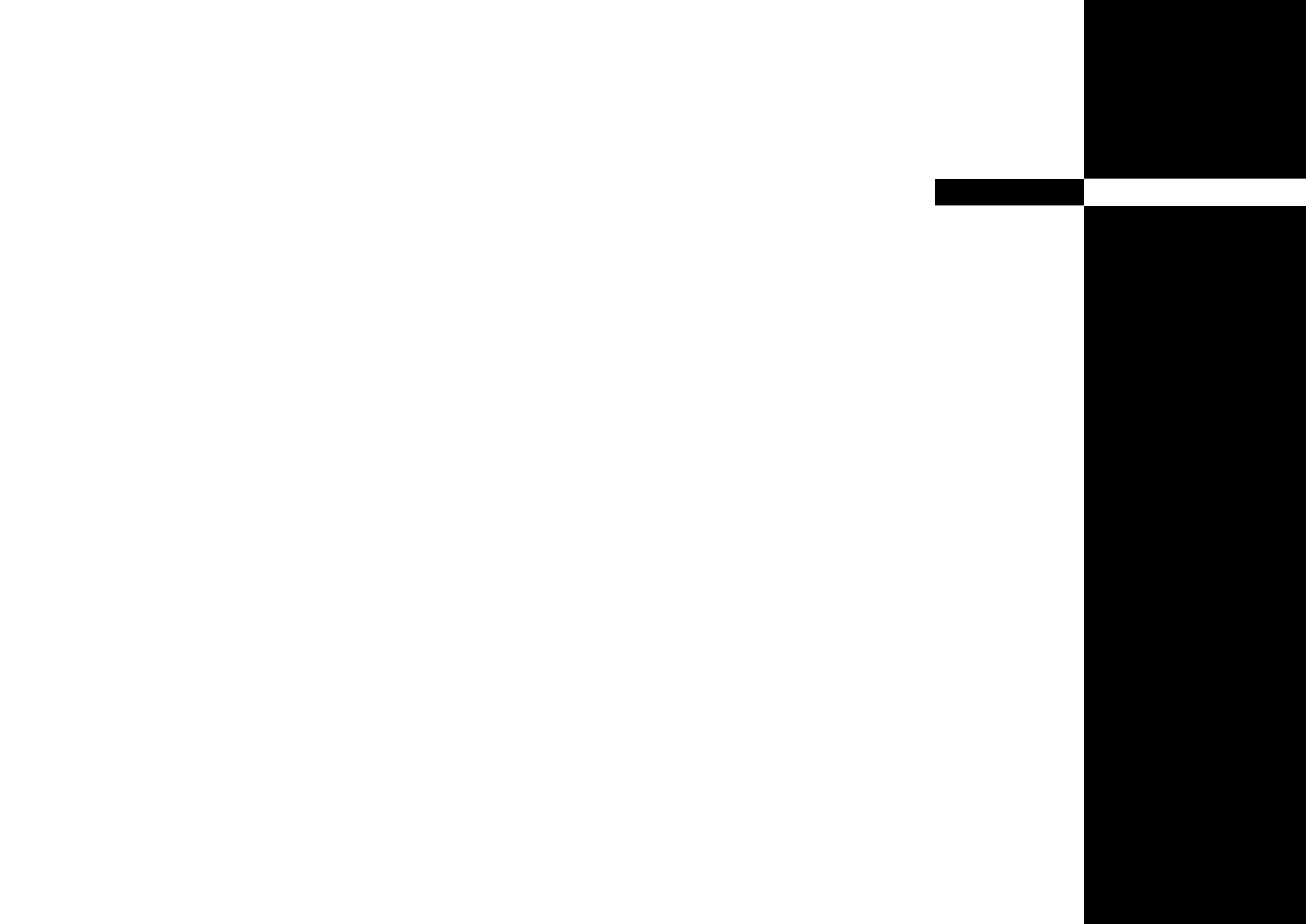
2.1.1 Corporate Introduction

Company Name	Universal Scientific Industrial (Shanghai) Co. Ltd.
Headquarter Location	No.1558, Zhang Dong Road, Zhangjiang Hi-Tech Park, Shanghai, P.R. China
Registered Capital	RMB 1,011,723,801
Location of Stock Issue	Shanghai Stock Exchange
Stock Number/ Name	601231/USI Shanghai
Date of Stock Issue	Feb 20 2012
Main Products and Services	Development and design, material purchase, production, manufacturing, logistics and maintenance of communication products, consumer electronics, computer products, storage products, industrial products and car electronics
Number of Employees	12,842 (As of 2012/12)
Area of Operation	Shanghai, Shenzhen, Kunshan, Taiwan, Japan, USA, Mexico, India

USI is committed to providing professional service of design and manufacture for electronic industry. We try hard to stay on top of development trends in the business and maximize value for global clients based on complete systems and advanced miniaturization solutions. We started from car electronic elements and industrial devices at the beginning and now we are capable of providing a wide range of high-quality and well-balanced products in fields such as wireless network access, digital storage and LCD panel control.

Currently a part of ASE Kaohsiung Group, USI exploits the company's own advanced miniaturization technology to establish unique competitive superiority. From the professional service spectrum covering development, design, material purchase, production, manufacturing, logistics and maintenance of electronic products, we provide clients with overall service that is high in timeliness, quality and cost effectiveness and has the biggest cost competitiveness.

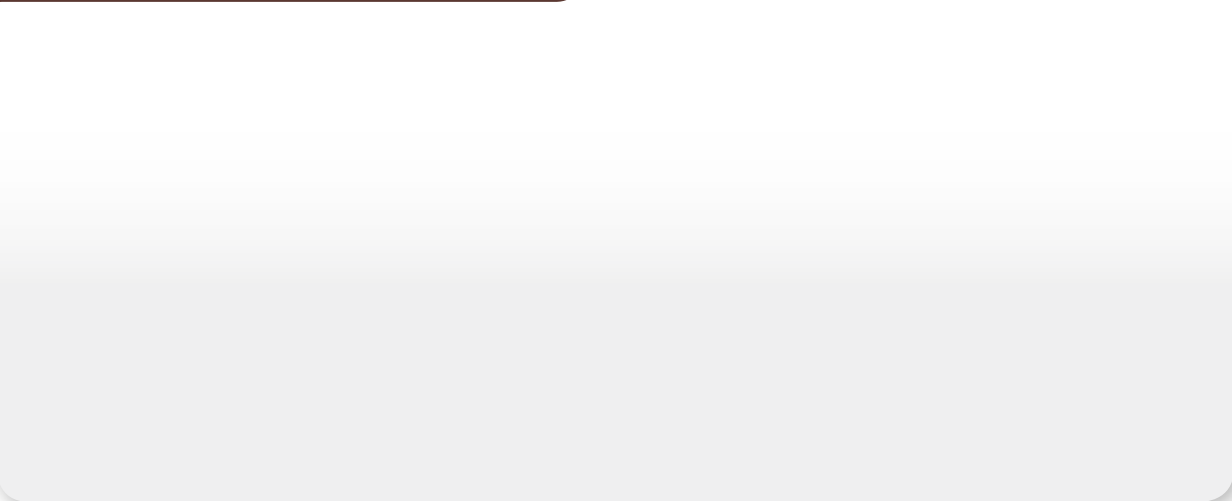








Association Organization Map



Note: Oct 2012, USI Electronics (Shenzhen) decided to merge with Universal Global Technology (Shenzhen), and the merging is currently a working process.

USI has established a legal person governance mechanism consisting of shareholders' assembly, board of directors, board of supervisors and management level as legally required for public companies. The "company's constitutions", "rules of procedure for shareholders' assembly", "rules of procedure for board of directors", "rules of procedure for board of supervisor" and "code of conduct for president" were developed as well.

Board of Directors

- (1) Assemble the shareholders' assembly and report to the assembly;
- (2) Execute the resolutions of the shareholders' assembly;
- (3) Determine the company's business plans and investment programs;
- (4) Develop the company's annual financial budget and final account programs;
- (5) Develop the company's product distribution and loss compensation schemes;
- (6) Develop schemes for capital increase/decrease, issue of bonds or other securities and becoming a listed company;
- (7) Develop schemes for major takeover, purchase of company's stocks or merging, separation, dissolution and change of company's business pattern;
- (8) Decide the company's outward investments, purchase/sale of assets, asset pledging, guarantees, entrusted wealth management and related transactions within the authorization of the shareholders' assembly;
- (9) Determine the establishment of the company's internal management system;

a00%a00%a00%a00%00%50%50%)5Ta50%50%

Each of the company's directors and supervisor has at least 5 years of professional experience knowledge in business, legal affairs, financial affairs, accounting or company operations, and is committed to protecting shareholders' interests and stabilizing the company's business. All the directors and supervisors are male, and 10 of them are above the age of 50 and 2 below.



2.2.3 Anti-Corruption and Anti-Bribery

To make sure USI employees do not have illegal profit exchanges with related institutes, USI employees must put more emphasis on incorruptible deeds. In employees' working regulations, they are definitely required not to deal with private affairs through USI's resources and to engage in activities for personal gain with their authority. When freshmen are accepting training, they are given related training courses. Currently, USI has drawn up "fraud risk management approach" and the sun procurement policies to strictly forbid any kind of corruption and bribery. Till now, there are no corruption and bribery happening in USI.

Examination Policy of Integrity Deeds

- Require employees to sign the commitment for incorruptible deeds and sign incorruptible clauses with related suppliers
- Set up prosecution box
- Enhance the promotion of Integrity deeds principles
- Draw up the examination scope of Integrity deeds
- Design examination program of Integrity deeds
- Expect to increase audit frequency and entrust responsible auditors

2.2.4 Regulations Abidance

USI worked hard to maintain its industrial image in these years, following regulations and rules related to corporate governance, financial management, environmental protection, employee welfare, and production supply. If some deeds cause influence on the industrial image or violate regulations, USI will establish special case group for drawing up responsible solutions. USI has not yet been seriously fined or punished in other forms due to illegal events till now.

And the product marketing efforts are in compliance with all applicable national or international law, including environmental protection and actively cooperate with the safety requirements, respect for intellectual property rights, promote fair market competition, emphasis on customer value and labor rights.

2.2.5 Government Subsidy

As one of global leaders in DMS, USI has well recognized R&D capability and manufacturing service. The following table provides the data of major financial estimations in 2012, for example, tax exemption/reduction, investment subsidies, R&D subsidies and other relevant subsidies.

Unit: In RMB

Facility	Item	Amount
Shanghai	Income tax subsidy provided by Shenzhen Financial Board	5,252,126
	Financial subsidy for high and new technology corporations	4,950,000
	High and new technology industrialization subsidy provided by Zhangjiang hi-tech park administration committee, Shanghai City	2,250,000
	Technology import interest subsidy of 2011	1,674,430
	Subsidy provided by Shanghai Technology Innovation Center	1,600,000
	Reformation project for 3G mobile broadband system level chip technology	1,008,000
	Subtotal	16,734,556
Shenzhen	The 4th property tax subsidy and 5th income tax subsidy provided by Shenzhen Financial Board for 2008	5,252,126
	Economic development fund provided by Nanshan District Financial Bureau	300,000
	2011 general energy incentive as part of economic development fund provided by Nanshan District Financial Bureau	205,000
	Pongcheng Waste Reduction Award provided by Shenzhen Environmental Protection Bureau	40,000
	Incentives provided by Shenzhen Disabled Persons' Labor and Employment Service Center	30,000
	Subtotal	5,827,126
Taiwan	"Project for Industrial Human Resource Improvement" by Central Training Center, Council of Labor Affairs, Executive Yuan	70,657
	Subsidy for industrial innovation and R&D (applied in 2011 and approved in 2012 by Industrial Development Bureau)	6,614,829
	Subtotal	6,685,486
	Total	29,247,168

2.2.6 External Participation

USI took part in activities held by industrial organizations and associations. Through participating in meetings, exchanging information, and serving important positions, USI keeps close touch and communication with the industry, contributing to the development of Taiwanese electronic and engineering industry. The following is the list of organizations USI takes part in:

Shenzhen Facility	Taiwan Facility	Shanghai Facility	Kunshan Facility
Shenzhen Taiwan Business Association	MIC Institute for Information Industry	Shanghai Pudong Human Resources Association	Kunshan Taiwanese Businessmen's Association
Shenzhen Hi-tech Industry Association	IEK Industrial Intelligence Network	Pudong, Shanghai Institute of Social Security	Human Resource Superintendents' Association for Taiwanese Businessmen in Eastern China
Shenzhen Foreign Investment Enterprise Association	IEEE, Institute of Electrical and Electronics Engineers	Shanghai Pudong New Area Accounting Association	EICC-ON
Shenzhen Import and Export Chamber of Commerce	Chinese National Association of Industry and Commerce	Shanghai Foreign Investment Enterprises Association	
Shenzhen Integrity Alliance Association	Taiwan Industrial Technology Association	Shanghai Integrated Circuit Industry Association	
Guangdong Shenzhen Customs Brokers Association	SMT, Surface Mount Technology Association	Taiwan Association for Human Resources Head East	
Shenzhen Entry-Exit Inspection and Quarantine Association	Taiwan Electrical and Electronic Manufacturers' Association	Electronics - Tool for Accountable Supply Chains, E-TASC	
Shenzhen Investment Chamber of Commerce	Nantou County Industrial Association	EICC-ON	
Shenzhen Choral Society	Nantou County Nangang Industry Association		
Shenzhen Hi-Tech Association	Nantou County industrial development investment strategy for Advancement		
Shenzhen Federation of Industrial Economics	Industrial Safety and Health Association of the R.O.C.		
EICC-ON	Electronics - Tool for Accountable Supply Chains, E-TASC		
Shenzhen Corporate Social Responsibility Development Association	Taiwan Telematics Industry Association		

03

USI and the Environment

- 3.1 USI and Climate Change
- 3.2 EHS & Energy Policy of USI
- 3.3 Green Promise of USI
- 3.4 Environmental Protection of USI
- 3.5 Green Prospects of USI

Given the record-breaking to the extreme weather and the fact that disasters are becoming the norm, industries nowadays are facing a brand-new operating environment and risks. The UN Climate Change Conference reached an agreement that calls on industries to pay extra attention to the reduction of greenhouse gas emissions and the green management at the corporate level in order to effectively alleviate the growing concern over global warming. With an emphasis on environmental protection, USI takes aggressive measures against climate change and has shown impressive results: It incorporates environmental concerns into the operating decisions and business management, with the board of directors and high-level executives both held accountable for such tasks as communicating with USI's stakeholders, proposing and implementing feasible improvements to cope with climate change. To fulfill its Green Responsibilities, USI also adopts a green management model by effectively disclosing environmental data.

Climate change has taken its tolls on USI. For example, carbon quota management is now in place in Shenzhen China, and legislation regarding greenhouse gas (GHG) reduction is in progress in Taiwan. Cap and trade system for GHG and possible energy or carbon taxes are issues USI is always paying attention to. In addition to the continuous efforts in energy efficiency improvement, the following measures will be in place 2013 to minimize risks from climate change and improve corporate competitiveness:

1. Establishment of ISO 50001 energy management system
2. Carbon footprint certification of products
3. Implementation and certification of clean production

USI is not only committed to providing high-quality products and services, it also keen to create an eco-friendly, healthy and safe working environment.

Therefore, under three important goals Environmental Protection, Occupational Safety and Health, USI established Energy, Environment, Health & Safety (EHS & Energy) policy. USI made good use of limited resources to improve the working environment and protect the health of employees. USI also actively participated in environmental protection activities and made good use of limited resources to improve the working environment and protect the health of employees.



3.3.1 Green Management

With the implementation of environmental directives in recent years, electrical and electronics companies are facing various challenges, particularly the Waste Electrical and Electronic Equipment (WEEE) Directive and Restriction of Hazardous Substances (RoHS), introduced by EU in August 2005 and July 2006 respectively.

USI was aware of the international trend toward environmental protection and established a Green & Environment, Health and Safety Management Department under the Corporate Quality Management Division in 2002. The department actively promoted Green Product (GP) Management System and continually improved USI Green Product specifications to meet environmental directives as well as customer demands.

The R&D staff of USI is capable of eco-design. In response to the green product development trends, they have the ability to design green products that meet various international standards including ErP Directives, RoHS Directives and WEEE Directives of EU, RoHS regulations of China and CEC (California Standards for External Power Supplies).

USI established an environmentally hazardous substance database (EHS Database), helping the sales and project management unit to confirm Green Product specifications with customers. It enabled the R&D staff to assess the life cycle of each Green Product and obtained environmental labels on customer's requirements to reduce environmental impact. Meanwhile, USI also facilitated all worldwide sites to pass strict audit for Hazard Substance Process Management by external assurance. This fully proved that USI's Green Product Management System can make fast and flexible adjustments to adapt to changes of international environmental protection regulations. The adapters sold to Europe fulfill Er.576 0 Tj0.557 0 Td()Tj(u)Tj0.835 (E)T



... global countries in the face of recent global
... also the main goal for industries around the
world that major countries of European Union has announced the carbon footprint and carbon labeling standards
accordingly for manufacturers and consumers in the respect of choosing low-carbon products.

The carbon footprint of product refers to the total carbon emission accumulated in the courses of GHG emission
directly and in directly on individuals, incidents and organizations plus the carbon emission in the product life circle
from raw material, manufacturing, use, delivery to recycle based on life cycle assessment (LCA).

To be in line with international carbon footprint sta caf



Expenditure Items	Details	Amount of Expenditure in 2012
Cost of pollution prevention	Including the prevention of air, water and other forms of pollution	316,591
Cost of investing in energy-saving equipment	The investment in resource conservation (e.g. energy and water resources)	6,498,401
Cost of working environment improvement expenses		20,000
Cost of disposing industrial waste		939,799
Cost of building an environmental management system, and obtaining the certification	Fees for ISO14001 and ISO14064-1	172,200

Items	Details	Total benefits for 2012
Recycled industrial waste	Including waste paper, waste plastics, IC trays, solder residues/paste, waster products (registered quarterly), PCB end pieces, miscellaneous metal, us(e) 5,559,042.03kg (12,355.94 tons) (2011: 5,552,940.31kg (12,348.1 tons))	5,559,042.03kg (12,355.94 tons)



Category	2011 Total weight (Tons)	2012 Total weight (Tons)
IC, Chip, Resistors, Conduct Cords	2,275	2,112
PCB Boards	1,324	1,084
Package Materials	11,206	3,804
Metals	812	787
Solder Bars/Paste, Ink and Adhesive	1,411	1,177
Organic Solvent	136	188

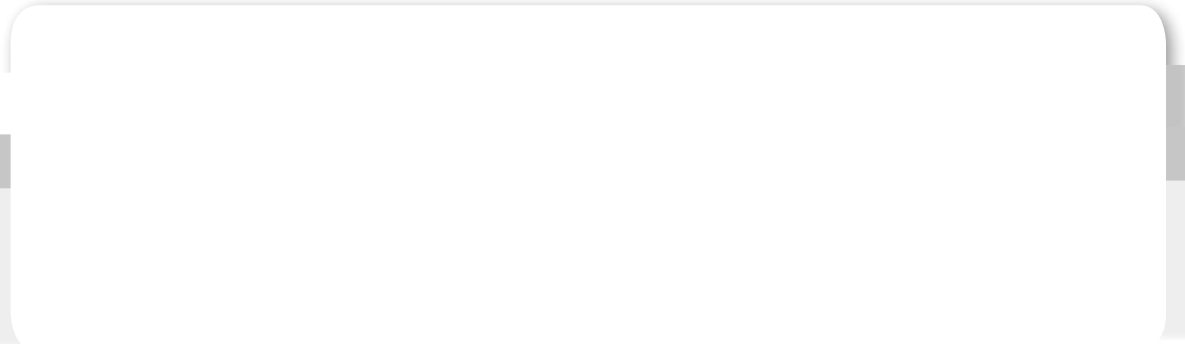


Greenhouse Gas Emissions

The last report of USI covered the year of 2012. The boundary included the 4 production bases in Taiwan, Shanghai, Shenzhen and Kunshan. The emission increased by 6,961 tons of CO2e compared to 2011. However, if compared with the emission produced for every million USD of production, there is in fact a 3% decrease compared to 2011.

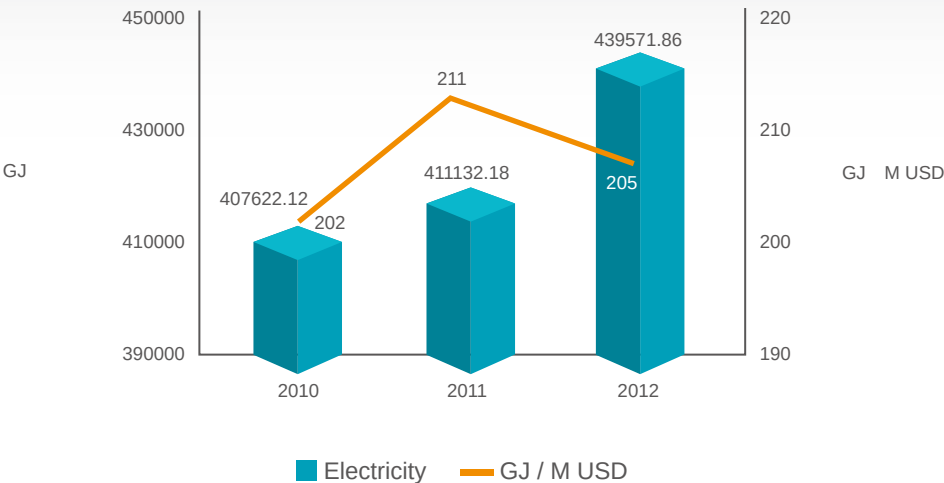
The third party certification was secured for both 2010 and 2011, and the certification statement of a reasonable level of certification was acquired. For the year of 2012, UL-DQS was entrusted for the certification in 2013, and the certification statement of a reasonable level of certification was obtained in April.

Year	Greenhouse Gas Emissions (Tons, CO2e/year)				
	Fixed Burning Emission	Mobile Burning Emission	Fugitive Emission	Processing Emission	Indirect Energy Emission
2010	1,194	212	1,079	0	88,208
2011	3,249	254	1,139	0	94,140
2012	3,935	283	1,147	0	100,379





Indirect Energy Consumption



Note: The boundary covered the second facility in Taiwan and the ones in Shanghai and Shenzhen in 2010; Kunshan facility was added in 2011.

Note: The results above were the estimations based on the potential running time.



Note 1: Wastes are given to licensed recyclers for recycling and reuse; hazardous wastes are given to qualified waste processing companies for disposal; and general wastes are shipped to local licensed incinerators for incineration.
Note 2: Wastes to be recycled or reused include metal wastes, PC trimmings, plastics, package materials, pallets and waste paper/paper boxes; hazardous wastes include electronic wastes, soldering slag and waste solutions (the only hazardous waste of Taiwan facility is

Note: The data covered Taiwan, Shanghai, Shenzhen, Kunshan and Mexico facilities.

Total Amount of Water Consumed and Wastewater Discharged

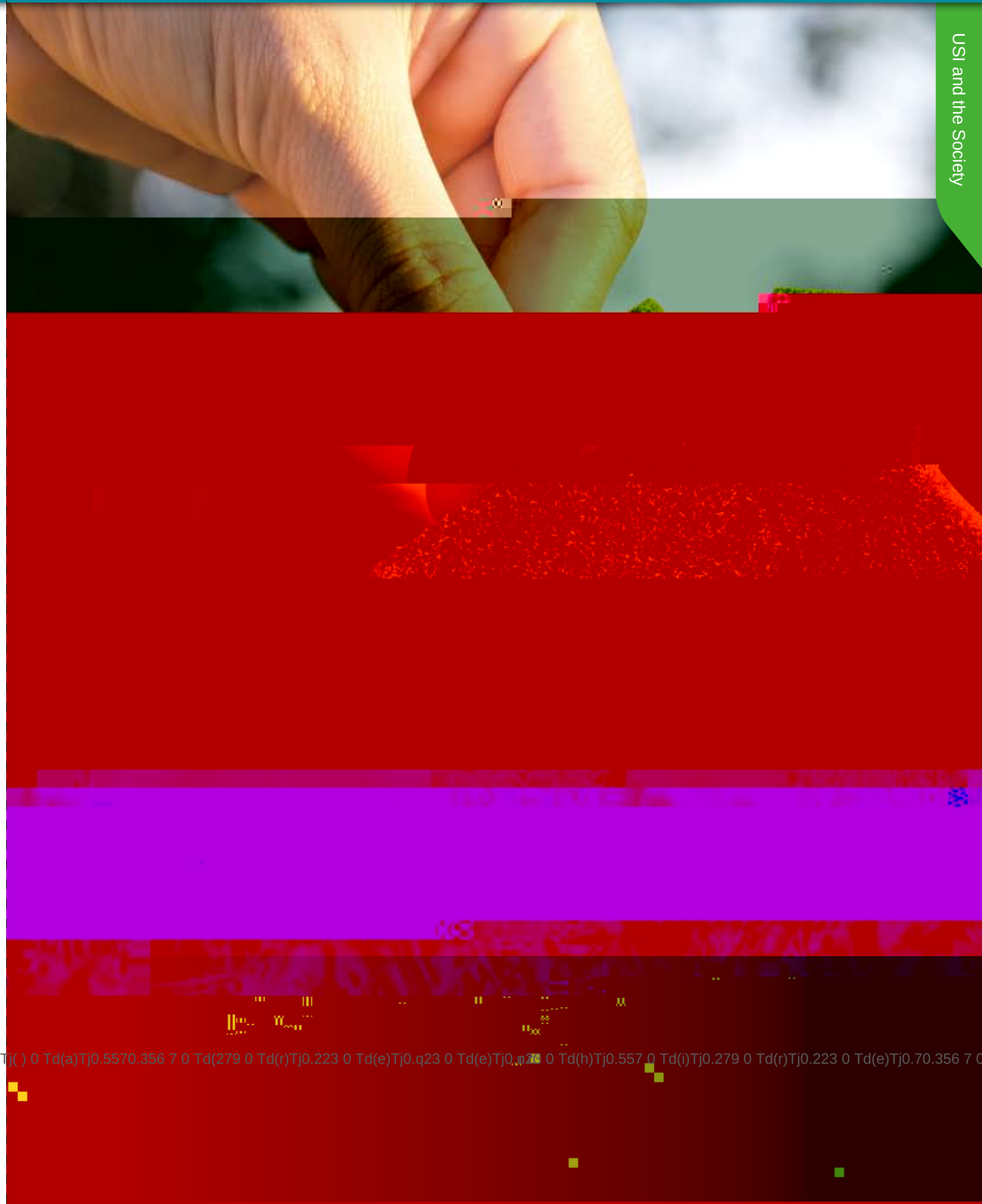
	Total Water Consumption (tons)	Total Amount of Wastewater Discharged (tons)
2011	502,524	441,809
2012	530,971	448,035
Percentage of Change	5.66%	1.41%

Note: 1.The water consumption data covered Taiwan, Shanghai, Shenzhen, Kunshan and Mexico facilities.
2. The wastewater discharge data covered Taiwan, Shanghai, Shenzhen and Kunshan facilities.
3. The water comes from utility water and groundwater; groundwater is used only at Taiwan facility. The quantities of utility water and groundwater used are 28,116 tons and 54,250 tons, respectively.

Water saving solutions are adopted in USI in order to minimize unnecessary waste of water resource. For example, flow rates of water using facilities in the bathrooms at every floor are reduced to prevent unwanted waste. RO pure water system wastewater recycling plan is in place at Shanghai and Kunshan facilities. The utility water saving per year is estimated to be 5,000 tons for Shanghai facility and 5,155 for Kunshan facility with a recycling rate of 12%. The wastewater recycling and reuse help reduce water consumption.

Furthermore, USI sites are nowhere near water sources, hence polluting the water sources will not occur. Also, USI does not own, rent or manage any sites in ecological protection areas or water resource protection areas to affect the water sources. All the waste water is treated to meet the discharge standard.

USI will continue to incorporate customers' environmental requirements into both the green management system and green manufacturing process, so as to facilitate the growth of green industry. USI will also disclose environmental data regularly, discuss USI Green Promise (as well as the results) with stakeholders, and collect the stakeholders' opinions for quick adjustments in green management strategies. Meanwhile, USI will continue to work with the government and the industry to promote green manufacturing and green consumption.





4.1 USI and Its Employees

Human capital is important seed for the constant growth of USI, requiring considerate care and irrigation. Therefore, we contributed to build high quality, safe, and challenge working environments. Besides strictly ensuring the safety and health in the workplace and caring of employees' physical and mental health, we also provided well systematic training programs. Through multiple training and development programs, employees could continually grow and increase their professional value. There is also comprehensive welfare system in the company to ensure various employee rights, keeping engaged employee relations and providing equal employment opportunities. Managers base on human oriented management philosophy to foster employee's sense of achievement and commitment.

USI Promises for Employees From Five Aspects



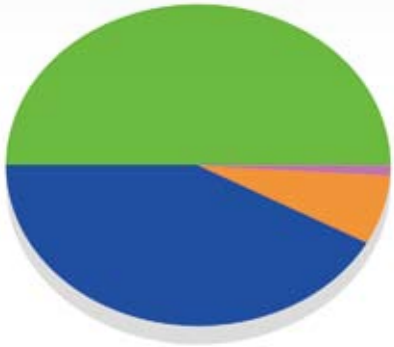
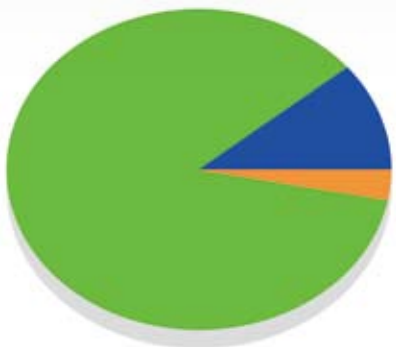
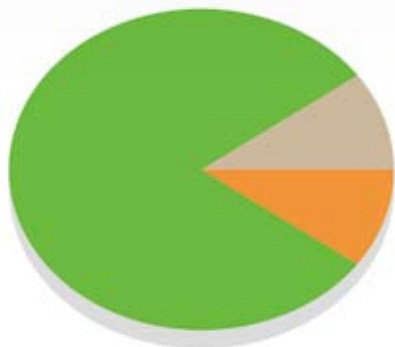
4.1.1 Employee Composition Profile

Employee Structure

USI has a workforce of 12,842 in total up to the end of 2012, including 11,086 in China, 1,422 in Taiwan and 334 in Mexico. It consists of 1,256 in technical departments, 1,266 at the management level and 10,320 assistant technicians. 7,197 or 56% of USI's workforce composes of women.

100%, 75%, 87%, 94% and 96% of management-level workers are hired locally in Taiwan, Shanghai, Kunshan, Shenzhen and Mexico, respectively, and the rest are managers assigned from Taiwan.

Accord4.002 0 Td(A)Tj0.612 Tmj0.5 0 Td49 0 Td(T)Tq/GS9 gs/Fm18 DoQBT0 0 0 sw



A T an-70g(A)Tj0.61Tj(e)Tj(oQ6060 0 0 sw)Tj649 0 Td(T) .002 0 Td(A)Tj0.612 Tmj0.5 0 .9 0 Td(T)Tj0.1()TjD(a)Tj(n-70g(A)TTj(f)Tj(e)Tj(e)-()Tj(a)TjD(a)T33.176 48.53 0

Percentage of Workers at These Facilities by Type

Note 1 : A high-level manager is one at Grade 9 or higher; not including member of board of directors.
Note 2 : A management-level position refers to one at basic level of management or higher.
Note 3 : The data cover the facilities in Taiwan, Shanghai, Shenzhen, Kunshan and Mexico.



Employee Retention

USI provided developmental training programs, comprehensive welfare system, comfortable and convenient working environments. USI also established excellent communication channels, cared conditions for building up a sense of belonging and reducing employee turnover rate.

Turnover Rate by Gender

Sites / Gender	Male	Female
Taiwan	7.1%	2.4%
Shanghai	59.1%	119.8%
Shenzhen	49.7%	105.6%
Kunshan	47.5%	70.2%

Turnover Rate by Age

Sites / Age	<20	21-30	31-40	>40
Taiwan	0.0%	9.2%	4.7%	1.9%
Shanghai	111.5%	93.3%	43.2%	3.2%
Shenzhen	98.9%	96.0%	33.0%	0.0%
Kunshan	78.1%	56.8%	12.4%	0.0%

Maternity/Paternity Leaves

Percentage of female workers returning to work after having babies in 2012 by facilities:



Percentage of male workers returning to work after paternity leaves in 2012 by facilities:

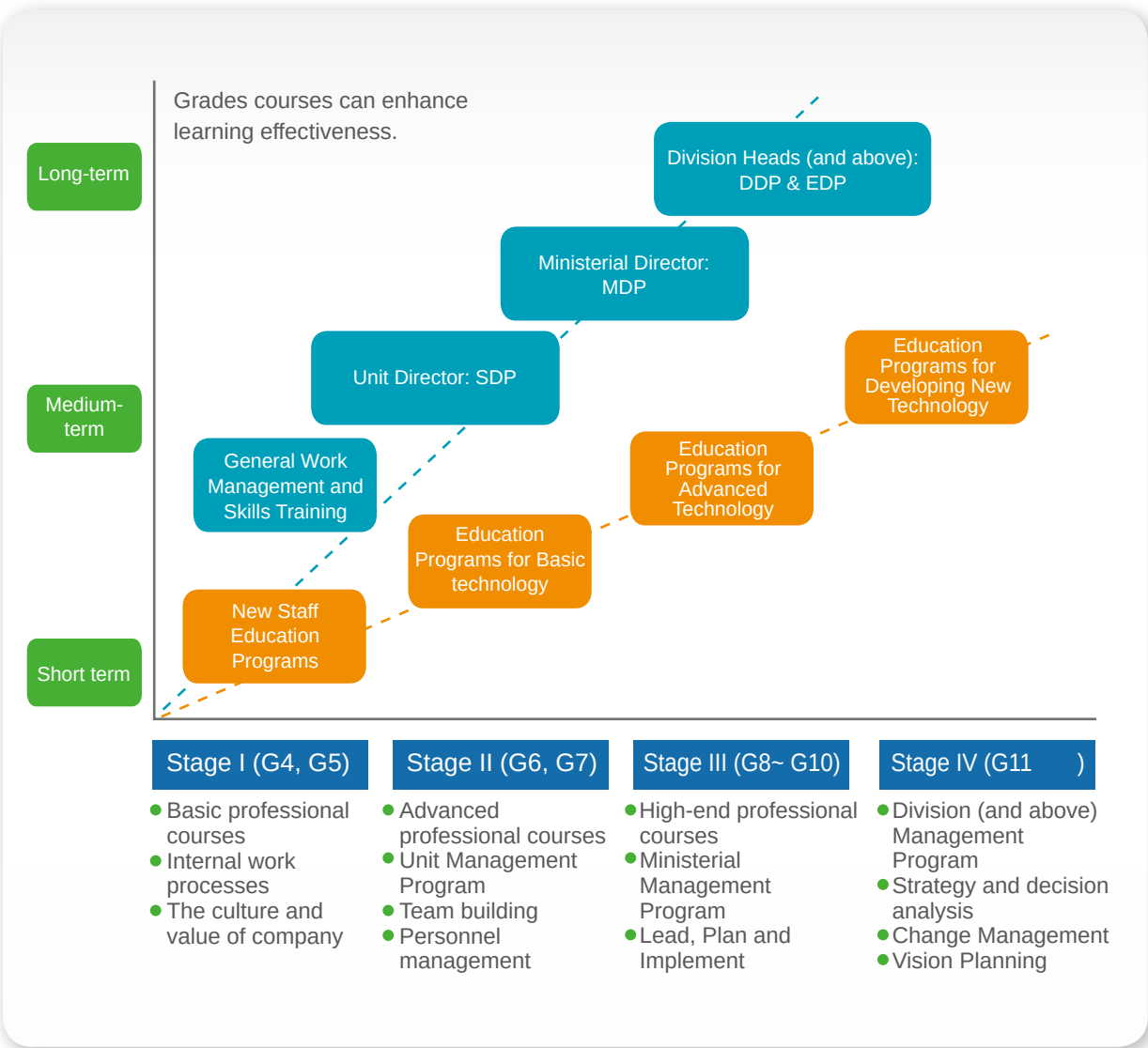
Employee Recruitment

New Staff Ratio-According to Gender

Facility / Gender	Male	Female
Taiwan	71.0%	29.0%
Shanghai	42.8%	57.2%
Shenzhen	62.0%	38.0%
Kunshan	48.7%	51.3%

New Staff Ratio-According to Age

Development of Employee Education and Training



Average Time of 2012 Employ Education and Training (hour)

Facility	Direct Employees			Indirect Employees		
	Male	Female	Average	Male	Female	Average
Taiwan	2.1	3.1	2.9	10.9	9.7	10.5
Shanghai	7.9	8.0	7.9	4.0	3.9	4.0
Kunshan	11.1	15.5	13.2	9.5	8.3	8.8
Shenzhen	10.1	11.2	10.7	6.1	6.2	6.1

Facility	Supervisor			Executive		
	Male	Female	Average	Male	Female	Average
Taiwan	10.3	12.4	10.7	11.6	13.7	11.9
Shanghai	8.1	8.3	8.2	6.0	5.3	5.7
Kunshan	22.2	21.4	22.0	21.0	12.8	20.5
Shenzhen	9.1	9.2	9.2	6.0	5.9	6.0

Note : Data covered Taiwan, Shanghai, Shenzhen and Kunshan sites.

The mission of USI is to set up a learning organization and help employees realize their self growth. In the future, we will keep emphasizing human resource development, scheduling comprehensive training programs and improving the development of the company.

Employee Performance Appraisal

USI established a comprehensive performance evaluation system. Based on the organization strategy, guideline, and goal of USI, employees' personal working goals and working performance evaluation standards were set up to execute after the discussion and agreement between administrators and employees. The evaluating items included: working goals and professional performances. Professional performances included: professional skills, learning and applying ability, soft skills, and working attitude. Through the performance evaluation system, we hoped to help employees reach their personal and organizational performances targets, stepping forward to the integral goals set up by USI.

4.1.4 Perfect Welfare System

"Employees Welfare Committees" are established at each of the facilities to provide all employees (full-time employees) of USI a comprehensive welfare policy in the hope that committee members will make the best of their expertise in entertainment, medicines, continued education and other aspects of employee welfare for the better well-being of all fellow workers. USI also follows local regulations by distributing a certain percentage of work payments as retirement pension fund.

Employee Recreation

There are recreation activity rooms for special purposes in the company, such as computer and internet classroom, library, KTV room, fitness, and recreation room. Many other recreation facilities such as table tennis, billiards, basketball machine, outdoor basketball, badminton and tennis courts are also available. There are many clubs for employees to relax, such as table tennis club, badminton club, basketball club, softball club, bowling club, golf club, bicycle club, swimming club, fishing club, Tai Chi & Qigong & Yoga health club, caring club, camping club, roller skating club, and choir, etc.



USI encourages employees to achieve a balance between physical and mental health by participating in club programs and outdoor activities

Taiwan Facility

MARATHON



SWIMMING



Taiwan Facility

BASEBALL



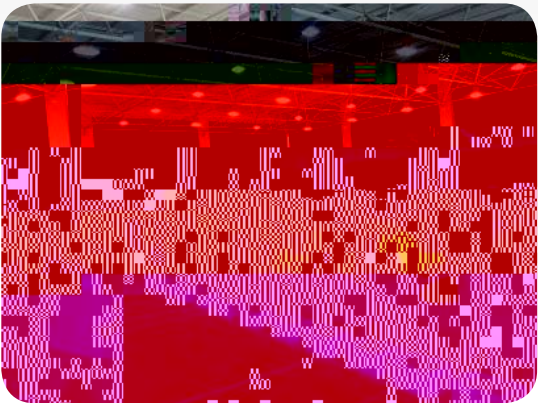
RIDE A BICYCLE





USI encourages employees to achieve a b20 Td(a)Tj0.58j0.589 0 T4 nghaiaí **Shanghai Facility**

TRAVEL



SING SONG



Shenzhen Facility



BIRTHDAY

Kunshan Facility



COOKING





Employee Incentives

USI rewards its employees by various incentive systems, such as R&D prizes and achievement bonus for employees with excellent performances. Remarkable employees are elected by ballot and are awarded in public. Employees also get bonuses and share USI's operating achievements.

Kunshan facility held Advanced deeds Contest to praise and reward employees for advanced deeds.

Employee Insurance and Retirement

Following governmental regulations, a

Percentage of employees' or USI's contribution to retirement pension funds by facility:

Welfare Systems of USI

Various Leisure Facilities

p l ls

t lbl

a t j b t i o g f a r y d e n z k g g s (a) 0 . 2 4 5 7 4 0 (a) 0 . 5 7 4 7 2 0 (2 9 5 1 0 7 2 0 2 8 5 1 9



Table Tennis Room



Basketball Court



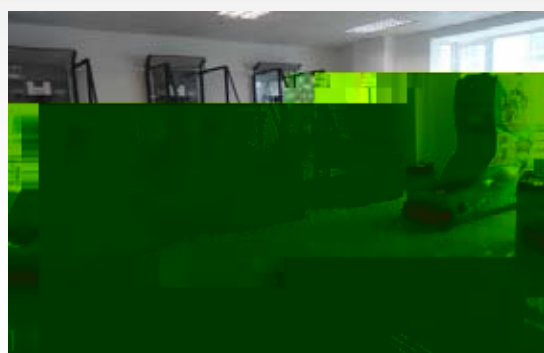
Pool Room



Library



Sports Ground



Recreation and Entertainment Facility



Fitness Room



Children's Playground

4.1.5 Harmonious Industrial Relations

Salary Management Strategy

USI is willing to give employees reasonable rewards for what they have given for the company. A competitive remuneration system is established based on salary standards in the market, workers' competitive outside of the company and the demand and supply in the employment market. USI provides reasonable payments to employees by adjusting their salaries and providing bonuses based on company's business status, annual employee performance assessment and auditing results and how well the workers perform in their positions. The salaries paid to workers of USI around the world are paid according to local laws and the principle

USI sets up salary systems according to the following concepts:

Industrial Relations Communication Mechanism



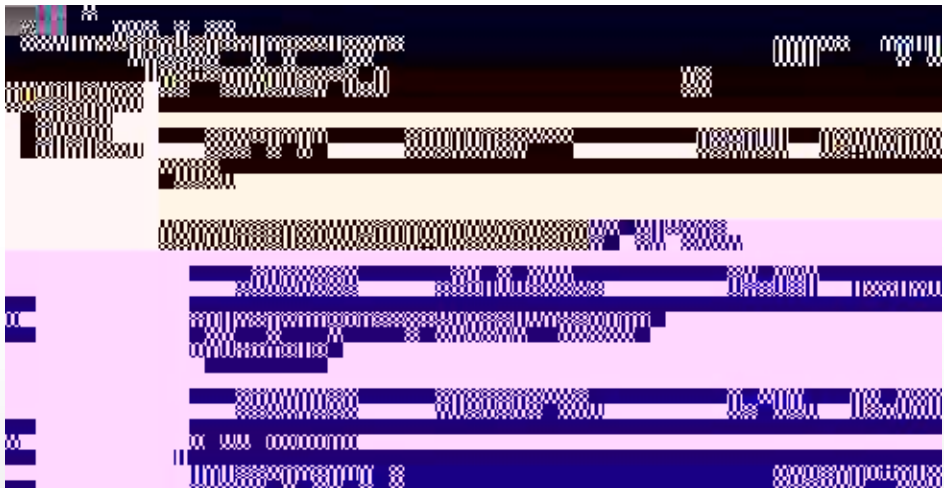
Employee Relation Website (Taiwan Facility)



Employees' Comment Mailbox (Taiwan Facility)



Employee Mutual Aid Center (Kunshan Facility / Shenzhen Facility)



Labor-Management Communication in All Facilities

Facility	Industrial Relations and Communication Channel
Taiwan	According to the regulations, industrial organizations with more than 100 employees should have more than 5 representatives from both the labor and capital. Taiwan site hold Labor-Management Meeting quarterly, the labor and capital designates five representatives respectively.
Shanghai	"Employee Representative Congress" is established with 30 employee representatives. Currently, Shanghai site discusses issues about employee systems through meeting and voting.
Shenzhen	The "employee representative assembly" is established along with the constitutions and election rules of the assembly in order to encourage employees to speak out what they have in mind and what they wish to have as well as to provide a system for participation of employees in democracy and supervision while growing with the company. Up to now, the representatives have negotiated with the company for many legal interests and democratic rights for the employees.
Kunshan	To establish a two-way communication channel between employees and employer, the Kunshan Facility establishes the employee assistance and interaction center and employee comment mailboxes. Also, site GM conversation sessions are provided monthly and communication and interaction meetings every 2 months as a good communication system between employees and employer.

The Use of Communication Channel in Shenzhen Facility

Interviews with Employees	Once every month HR department has arranged monthly interviews with employees in each department; 20-30 employees will be sampled to fill in a questionnaire. Based on the answers to the questionnaire, the HR department will arrange interviews with employees to understand their needs and cognition of related laws and company regulations. The HR department will also report employees' opinions and suggestions to related departments and managerial levels.
Interviews between Site General Manager and DL Employees who will Resign	Once every week HR department samples 3-4 employees who will resign every week and arrange interviews with Site General Manager, in order to understand the reasons they want to resign and listen to their opinions and suggestions. So that the managerial levels can know employees' thoughts and the turnover rate will be decreased.
"Complaint Box"	Each department has selected Representatives of Love to form the Group of Love. Employees in need can seek help from Group of Love actively; the Group of Love can also take the initiative to give hands to those in want of assistance. Group of Love calls a monthly meeting, pools the wisdom of the masses and effectively resolves employees' difficulties both of work and of life.
Wages and Benefits Consultation	HR regularly organizes seminars to answer employees' questions on wages and benefits on site, and employees take voluntary participation.
New Recruit Communication Sessions	Once every month HR organizes and arranges for these sessions with the assistance of other departments. Direct employees recruited less than 1 month ago or indirect employees employed less than 3 months ago are randomly selected for these sessions in the attempt to answer their questions and find out what they need. It is a way to care for them and help them with their difficulties at work and in life, as well as to improve the adaptability and survival rate in the company.
New Recruit Orientation with Site GM	On the first day at work, indirect employees are invited to an orientation session with the Site GM who has a face-to-face conversation with the new recruits and leads them through bits and pieces of the company and answer their questions.
Communications with HR	HR organizes quarterly HR meetings to collect comments and suggestions from employees. The heads of HR and Administration Management will reply to these in or after the meetings. The replies will be announced after the meetings.
Corporate Information Publication Platform	The corporate information publication platform was officially online in Aug 2012. It is used primarily to improve the problems in direct employees receiving information, such as too many links involved, information out of date as received and obstacles along the communication channel, as well as to serve as an effective complimentary communication channel.



Effective Use of Communication Channels in Kunshan Facility

Staff Interviews	Employee relations of <

Conversation Session with Employees

Communication and Interaction Meeting with New Recruits



USI established Emergency Response Center, implemented response training for earthquake and fire, and held environmental safety and health promotion courses. Through various rehearsals and training, possible occupational hazards may be prevented.

Fire Drill Taiwan Facility



Shenzhen Facility



Evacuation Drill Taiwan Facility



Fire Evacuation Drill Shanghai Facility





In order to ensure the health and safety of the employees in the radiation workplace and to protect them from the harm of non-ionizing radiation, USI follows 'Ionizing Radiation Operation Management Regulations' and fully implements radiation protection and control and examines all used X-ray machines based on related laws and regulations.

Besides, USI also follow the regulations and procedures, monitors the noise, concentration of CO2, organic solvent, specific chemical substance, lead hazard regularly in the workplace, etc. and ensures all workplaces are under the permitted concentration of hazardous substance and the noise threshold.



Physical and Mental Health Care

USI regards employees as the most valuable assets and capitals of the company, and therefore USI sets a goal for the employees to improve their health every year so that employees are wholesome in every way. The goal is set based on employee opinions as well as abnormal results of employees' health examination reports.

The Dispensary is equipped with not only simple wound dressing facilities, but also a nursery room, which provides a comfortable place for female employees to collect the breast milk. In addition, tunnel-type blood pressure monitors, weight scales, body fat scales, measuring tapes, etc., are offered for employees to use.

For health examination and management, Taiwan Facility provides employee health examinations and health checkups for specific operations. Examination reports are kept on files for follow-up and epidemic control. For psychological health management, EAP employee assistance programs and one-on-one counseling system are provided to take care of employees' mental health. For health promoting activities, Taiwan Facility works with local competent authorities of health, physical examination institutions and central and southern healthy workplace promoting centers and brings in corporate resource to organize programs in 2012 such as: free cancer screening (oral cancer screening, Papanicolaou smear), health improvement programs of Chinese medicines, lectures about women's cancers, bone mass measurement, flu vaccinations, Healthy Weight Loss 101 and fitness promotion programs, apart from courses of nutrition and exercise knowledge. The "Healthy Weight Loss 101" was an effort in response to the government's policy. Taiwan Facility contributed a fair share of tonnage in weight loss program in Nantou this year. This is a part of efforts for remediation of metabolic syndromes and chronic diseases at workplace and even promotion to employees' families for the spreading of concepts of health at local communities.



Newsletter "Happy Life Forever" Columns

For medical service on facility program, professional knowledge of doctors is added to the safety and management of workplace, and fellow workers will have someone to talk to when they have anything related to health. This will help the management of environmental safety mee

The doctor is inspecting the factory's working environment



At Kunshan Facility, the infirmary provides monthly email of health information to improve employees' health awareness, and health articles are posted monthly on bulletins according to diseases that occur in season. In 2012, the hospitals of Kunshan provided the following health lectures: care for women and care for health and prevention of spine-related diseases, etc., HR starts employee assistance programs for care of physical and mental health.

At Shenzhen Facility, the psychological counseling office was established to provide a space where employees are allowed to let out their steam. The facility doctors and counselors and representatives of the caring team provide face-to-face sessions with employees in stress and help them rid of negative thoughts and relieve mental pressure.



Taiwan Facility- Oral Cancer Inspection



Taiwan Facility-Traditional Chinese Medicine Course



Taiwan Facility- Bone Density Test



Taiwan Facility- Lectures of Woman's Cancer Prevention



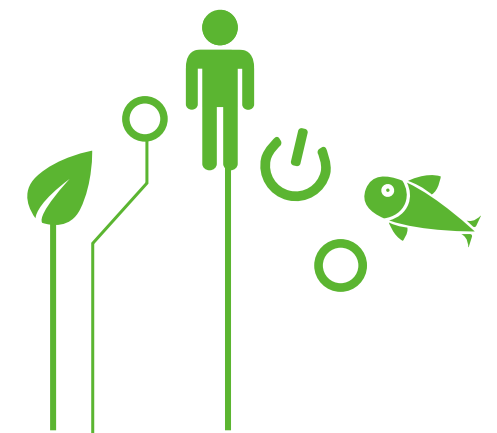
Shenzhen Facility - Prevention of Neck and Shoulder Problems and Health Improvement Lectures with Chinese Medicines



Kunshan Facility- Employee Assistance Program (EAP)



Taiwan Facility-Healthy Body Weight Management Program



Enforcement of Human Rights Policy

The spirit of EICC was incorporated in USI's corporate social responsibility policy in June 2008 in order to protect workers' freedom of employment, humane treatment, freedom of assembly and for prevention of discrimination. Employee information database is carefully maintained, and workers are informed of changes in their works according to local laws and regulations. Every employee has to receive a 0.5-hour e-Learning program of employees' code of conduct from which workers learn their human rights. In 2012, USI did not receive any complaint about discrimination or violation of human rights of employees; i.e. no complaint about human rights was received by any official channel of complaint.

USI obeys the local labor laws and acts, precluding child labor recruit. For employees between 16-18 years old, USI requires each department to consider their growth condition. Practicing dangerous work won't be allowed. When hiring foreign employees, employment contract must be signed according to local regulations, to ensure employees' personal certificates or property don't need to be retained when formally working for USI.

Based on the local labor laws and acts, USI draws up "Employee Work Rules" which clearly point out:

- No recruitment of child labor
- Inform employees before dismissal and give severance pay
- Employees' salary must not lower based salary standard of the governmental regulations
- Extending work-hour due to business/work requirements must be processed according to Labor Standards Act
- Prohibition of sexual harassment in the workplace
- Enforce "non-discrimination" policy: no one will be discriminated regardless of race, religion, skin color, age, sex, nationality, and disability

4.2 USI and Its Customers

USI, the world's leading provider of Design & Manufacturing Services (DMS), has been committed to providing professional services and fine-quality products since its inception and fulfilling various needs of customers. Besides its advanced R&D capabilities and manufacturing process, USI offers each customer a comprehensive package that includes services ranging from product design to distribution. The company's worldwide manufacturing bases also ensure immediate and flexible on-site support, both technologically and logistically.

To ensure effective communication with customers worldwide, USI eagerly collects the voices of customers through satisfaction surveys, establishing websites and the designed workflow system to handle customers' opinions promptly. The company features an all-encompassing mechanism that promises an immediate and comprehensive after-sales service, for all the customers.

4.2.1 Production and Quality Management

In order to provide highly stable, highly reliable, and cost-competitive products that meet, or exceed the customers' expectations, USI accumulates years of experiences in providing services to the world's leading companies, and applies a combination of three core technologies--- computing, communications, and multimedia processing technologies---to the design and manufacturing of computers, peripherals, video technologies, communication products, Network-attached Storage (NAS) devices and servers, as well as industrial and automotive products, hoping to offer the most comprehensive DMS solutions. With implementation of quality policy, USI ensures its system operating effectively under the applicable international standards that products and services are required.

Management System Certifications

Facility	ISO 14001	TL 9000	ISO 9001	TS 16949	OHSAS 18001	IECQ QC080000
Taiwan	1998		1993	2003	2004	2006
Shenzhen	2001	2002	2001		2004	2007
Shanghai	2004	2005	2004	2007	2004	2007
Mexico	2006		2003	2005		2007
Kunshan	2012		2011		2012	2012

USI considerably emphasizes on the voices of customers, and consequently introduces a mechanism that incorporates customers' demands into product design. The company's products and operating system are also in line with international standard requirements. For example, it adopts stringent rules and uses only the low-pollution, non-toxic raw materials. For product planning, USI ensures products meets the specifications required by environmental regulations, and then conducts the life cycle assessment and eco-design evaluation. Meanwhile USI generates eco-profile in response to EU's Energy-related Products (ErP) Directive and ensure the fine quality and safety of products. USI did not receive any complaint about products harmful to human health and safety in 2012. Products are labeled and service information provided in accordance with applicable laws and no violation is found.

Eco-labels	Percentage of USI products bearing the label
 EU RoHS Directive	Wireless Products (WP): 100% Mobility and Networking solution (M&N): 100% Storage and Computing system (S&C): 100% Visual Product Devices (VPD): 100% Application-Specific Devices (ASD): 100%
 IEC 61249-2-21	Wireless Products (WP): 61% Storage and Computing system (S&C): 31% Visual Product Devices (VPD): 53%
 CHINA RoHS Regulation	Wireless Products (WP):100% Mobility and Networking solution (M&N): 100% Storage and Computing system (S&C):100% Visual Product Devices (VPD): 100% Application-Specific Devices (ASD): 100% Automotive (Auto): 100%

4.2.2 Product Marketing Management

USI provides clients with high-quality, high-efficiency, and flexible after-sales comprehensive services so as to satisfy clients' requirements. Also, USI has dedicated units that deal with clients' services, hold regular and irregular meetings and questionnaires to collect clients' responses, constantly improve company's quality of services, strengthen company's good partnership with clients, and create the maximum value of enterprise together.

Driving up Customer Satisfaction

Through surveying clients' questionnaires and holding QBR(Quarterly Business Review)conference, USI actively collects clients' opinions and responses to understand product evaluation of technical, quality, price and delivery time, etc, and related responsible units will hold conferences after collect all information, develop feasible coping strategies, according to clients' requirements, discuss with clients, formulate improvement programs, keep on tracking improvement progress and inform clients the latest progress at any time, and improve the quality of communication and customer satisfaction.

Upon receiving the customer complaints or the requests for defect analysis, USI also has a systematic process that initiates confirmation and records history, and quickly provides effective strategies for different departments to set up different working procedures and avoid the recurrence of defect conditions.

In 2012, the satisfaction of major customers with products supplying, manufacturing and customer service has been among the best which fully showed USI's competitiveness.

All-Encompassing After-Sales Service

USI creates a wide range of tailor-made service programs to meet the varying needs of customers and customized after-sales services which in compliance with industry standards. Such a close-knit partnership helps develop genuinely satisfying solutions for each customer.

Through ERP-based global service network, SAP and e-RMA, Service Department at USI collects, distributes and categorizes defect-related information to provide the valid data rapidly back to customers or internal departments for product defect analysis. The customers are also allowed to monitor the RMA status ---anytime, anywhere--- via e-RMA, where they can apply to the RMA service and submit status inquiries.

Categories of USI After-Sales Services

RMA Services	Spare Parts	Technical Support
• After-sales service solutions • Warranty and maintenance • Project rescheduling and replacement of parts • Product replacements • Product repairs	• Selling regular and critical spare parts/components service	• On-site technical support at customers' requirement • Training program for maintenance staff • Trouble shooting and defect analysis • Test equipment/fixtures and technical documents

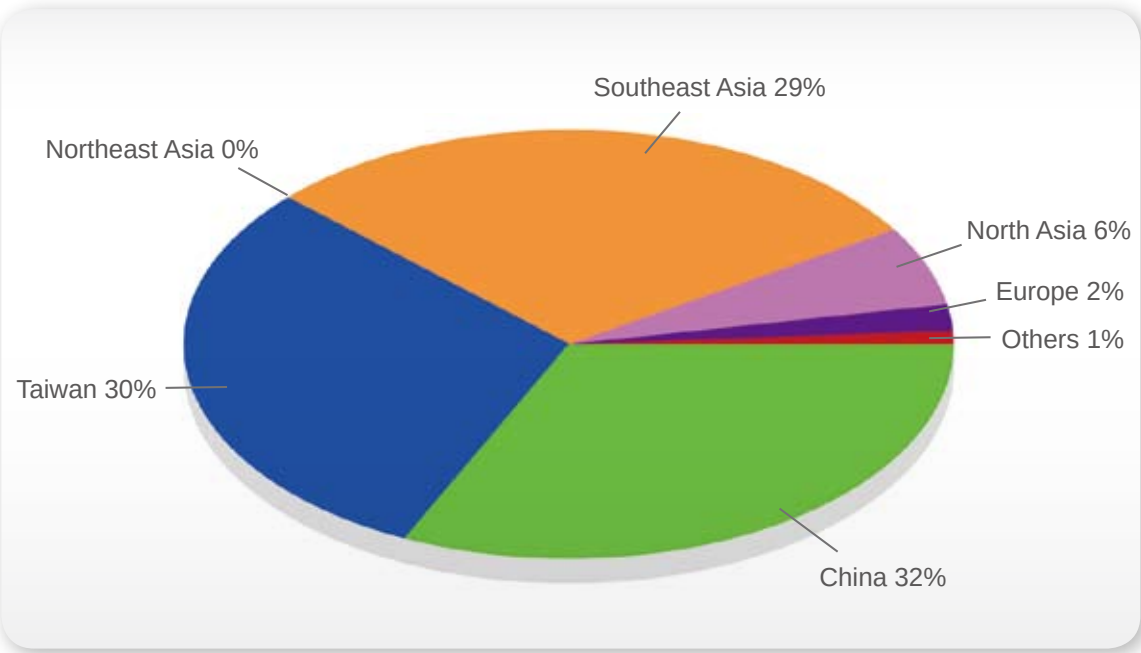


4.3 USI and Its Suppliers/ Contractors

4.3.1 The Suppliers of USI

USI's major production facilities are in Taiwan and China; in 2012, more than 60% of USI's raw material purchase came from local suppliers (67% of Taiwan's raw materials came from Taiwan's suppliers; facilities in China purchased 33% of raw materials from local suppliers), so USI not only decreased consumption of energies and time during transport but also reduced environmental pollution.

Regional Distribution of USI Suppliers
(The percentages of procurement made shown in each region)



4.3.2 Supplier Management

The progress of the suppliers' corporate social responsibility (CSR) will be one of many key factors behind USI's future prospects. USI considers its supply-chain development from the viewpoints of resource-use improvement and environmental pollution reduction, controlling and keeping track of all products from the start of raw-material procurement. This practice ensures full compliance with environmental regulations at the stage of product research & design thereby reducing environmental impact during the period of product use and recycling.

USI establishes standard appraisal system and result assessments of suppliers, so USI chooses suppliers in accordance with related regulations, constantly keeps close partnership with suppliers, and mutually establish stable and sustainable green supply chain, in order to maintain human rights, protect environment, supply consumers with healthy and safe products, and take corporate social responsibility.

At the end of 2010, USI established Supply Chain Management Operating Center to take charge of global procurement and ensure that quality and raw material lifecycle management of suppliers confirm to international laws and customer requirements. USI also expects suppliers can respect Enterprise Ethics, and thus requests suppliers to comply with "Electronic Industry Code of Conduct" (EICC) to protect human rights and grow the social responsibility and contribution of the corporate.

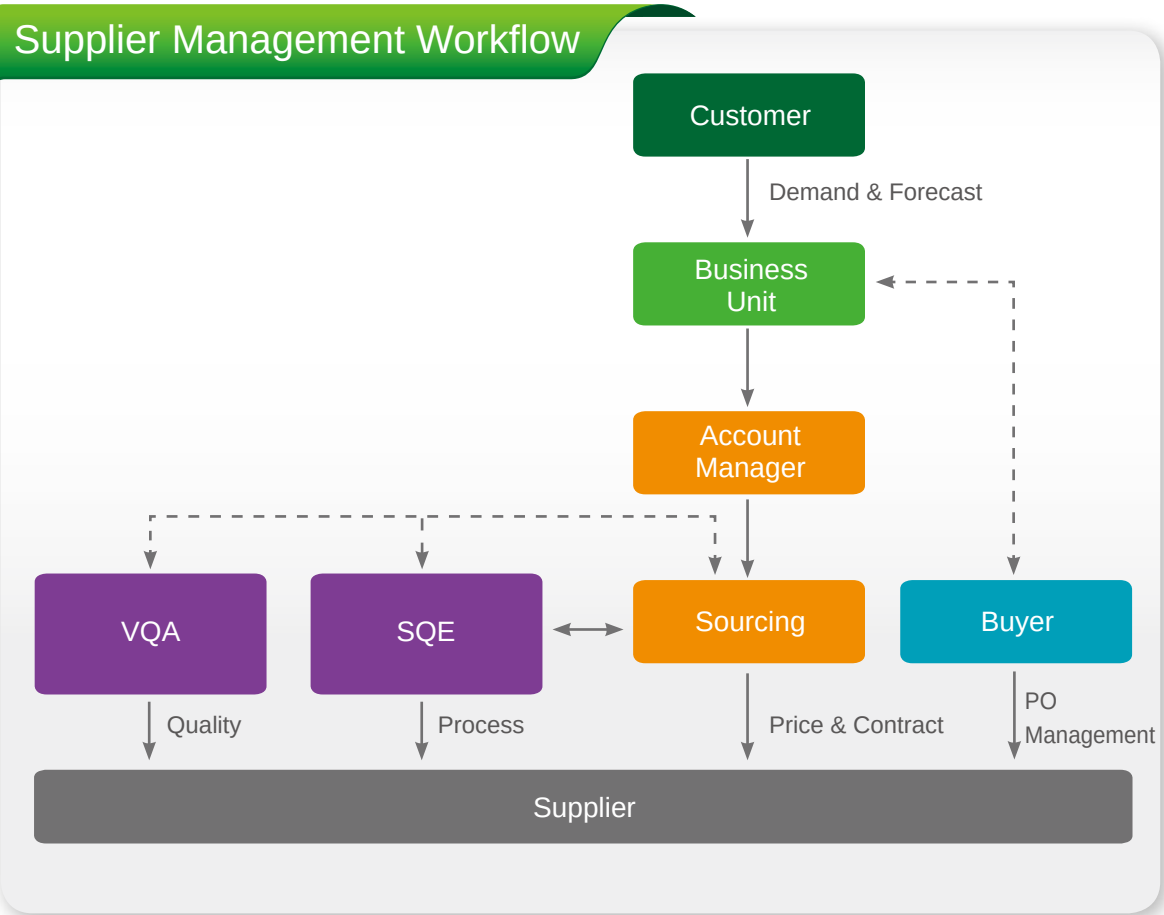


Most of suppliers have obtained certificates for their quality management system and environment, safety and health management system, and they have kept a long term sound partnership with USI. Supply Chain Management Division of USI deploys the procurement strategies flexibly in response to industry development. Procurement strategy is varied with material being procured to ensure our material cost can be competitive. To reduce the procurement risk, we have developed multiple sources to ensure reasonable and competitive purchasing cost, good quality and on time delivery of the procured parts to support our business need.

USI states in the corporate social responsibility policy and is committed not to purchase metal or materials from any area of conflict, and this is included in the supplier management system which requests all suppliers to communicate this policy in their supply chain. In 2012, 33% of major suppliers/contractors and their business partners promised and signed the "social responsibility commitment of USI suppliers and an investigation was carried out on suppliers to find out if they were involved in any purchase of special metals from any area of conflict or child labor. So far no questionable conducts of suppliers were found in relation to violation of human rights or business ethics.

Supplier Evaluation System

Prior to delivery from a supplier, the supplier quality management center of USI will evaluate carefully the quality management system and green management system of suppliers to ensure that the materials, parts and products of supplier meet the green product requirements of USI, international standards of environmental protection and the demands of clients. Furthermore, the supplier evaluation consists of 4 aspects: commitment to observing applicable laws, safety and health of dormitory and relevant equipment, safe and health work environment, and environmental protection. The purpose is to collect suppliers' guidelines and performance in occupational health and safety, well-being of workers and employees and environmental realization. This evaluation system not only helps the employees of suppliers secure what is rightfully their but also helps USI find out whether a supplier is involved in the purchase of special metal from any area of conflict.



Supplier Performance Assessment

Through the supplier performance assessment, USI hopes to improve the quality of product purchase, and to strengthen the communication with the suppliers while seeking long-term partnership--- a partnership that will enable both parties to implement the CSR policy together.

Supplier performance is assessed both on a monthly and quarterly basis, with the three criteria on quality, price, and delivery & communication.



1352777.t8 c3

Contractor Management

- Only when the operators of contractors pass tests after they attend workplace health and safety workshops held by 'USI Green & Environment, Health and Safety Management Department' will they receive certificates, and they have to receive three-hour job training every three years.
- Contractor employers must commit to follow labor safety laws and USI regulations, and shall undertake to ensure work safety for the employees.
- USI requires contractors to submit proof of either employees' labor or group insurance policies, to ensure the basic rights of employees.
- Improve workflow process application for contractor constructions.
- Strengthen the supervisory responsibility of outsourcing unit for monitoring the contractors.

Assessment of Contractors

To ensure the safety of contractors, USI enhances the safety and health evaluation for unusual dangerous projects and recidivism contractors. Any contractor with major violation and fails to improve within a designated period will face one-year suspension after USI discusses with the outsourcing and procurement divisions.

Through training and evaluation by USI Green & Environment, Health and Safety Management Department in 2012, 210 contractors had successfully obtained the construction licenses, and no contractors were involved in any industrial accident at USI sites.

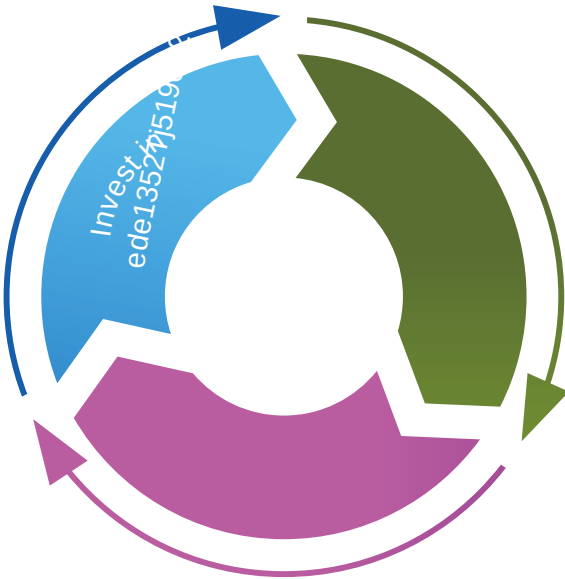
USI provides contractors with safety and health training programs, construction permits only issued for qualified contractors.



4.4 USI and the Community

Starting out in central Taiwan, USI has created a business empire with operations across Europe, America and Asia, after more than 30 years of dedication. To pay homage to the beautiful island of Formosa that nurtured its growth, USI makes tangible contributions of Taiwan in line with the motto of "Give back to the hometown".

Under the three pillars of "Invest in education", "Promote artistic events" and "Contribute to the community", USI has been a long-term sponsor of the Taiwan Literacy and Culture Foundation. Not only did USI set up the country's first corporate-sponsored "Library of Love", USI also funded the annual autumn tours of Cloud Gate Dance Theatre on a continuous basis. Whenever a natural disaster plays havoc with Taiwan, USI's entire staff would make relief efforts as a corporate citizen. Such efforts have won USI recognitions as well as a wide range of awards, a sign of successful participation in public issues.



4.4.1 Invest in Education



In 2010, USI coordinated activities on "Stacks of Love", planned to promote seed teachers' training within 13 townships in Nantou County, expand teachers' and volunteer groups' participation in teaching of reading, improve reading instruction by making which meet the spirit of requirements of the times and innovative teaching, and spend funds on holding learning activities of teachers' reading instruction; USI hoped to improve teachers' teaching of reading through sharing new methods for teaching reading, so as to cultivate the reading activities in schools and communities.

In 2011, USI cooperated with "Promotion Hundreds of Stacks: The Reading Irrigating Project" to support Renai Junior High School' s "Stacks of Love", add 40 stacks of new books to the existing stacks, and promote reading activities. After the term began, USI constantly held teachers' training and family reading activities, so that expanded atmosphere of reading from schools, households to communities through persistently took root of reading, and set the trend for domestic enterprises supporting "Stacks of Love" in each city and county. Near a hundred of enterprises and groups join public service activities of supporting and setting stacks so far.

In 2012, USI donated 40 boxes of new books to the "library of love" of Guo-Sing Elementary School, Nantou, and was invited by Nantou County Government to the appreciation activity and the unveiling ceremony of this "library of love." This activity was held at the flag rising time in the morning where all the children and teachers participated in the ceremony. Dr. Huang, Pao-yuan, director of Department of Education, Nantou County Government, presented USI with a certificate to appreciate what USI has done for the "library of love" at elementary schools at remote areas for 8 years and recognize USI's efforts in promoting reading in Nantou.

The 2013 plan is to work with the foundation by videotaping how the seed teachers teach their ways to read and share the videos online, in the attempt to improve teachers' teaching methods and materials for reading via video demonstration.



Unveiling Ceremony



GM of USI and Principal of Guo-Sing Elementary School

Sponsorship of the National Students Literature Contest

USI believes that the power of innovative R&D comes from imagination and creativity, and that's why USI has been working with Mingdao Literature and Arts by combining the power of "culture" and "technology" to encourage students to create and help them improve their literacy in literature and come up with inspiration of creation. USI was recognized with the "Wenxin Award" of Council of Cultural Affairs and the "Education Promotion Award" of the Ministry of Education consecutively from 2008 to 2010. With the idea of "promoting education," USI will continue to support activities of education, reading and literatures, help Taiwan nurture more innovative talents and bring balance to the difference in urban and rural educational resources.

Reputed as the dream and cradle of student writers, the "National Student Literature Award" encourages young people to focus on literature creations, support literature creations for the improvement of cultural literacy among all citizens, and help Taiwan nurture more creative talents. Starting from 2006, USI provided assistance to this award as a sponsor. In 2008, Mingdao and USI worked together with National Taiwan University, Ching-Hwa University and Chung Hsing University by inviting famous writers to several workshops to share their experience with the arts society and student writers.

2012 was the 30th anniversary of the "National Student Literature Award." Mingdao Literature and Arts, as the host of this award, selected "Farming with pens for 30 years" as the theme of the anniversary and published an anniversary volume. As a major sponsor, USI was invited at the 30th award presentation to witness the historic moment.



4.4.2 Promote Artistic Events

By supporting and sponsoring artistic events, USI wishes to enhance the artistic appreciation of people, accumulate the energy of innovation and creativity, and establish a nice social convention. Therefore, USI has been concerned with the promotion of local arts and literatures. In addition to sponsoring the annual autumn tours of Cloud Gate Dance Theatre on a continuous basis, and invites Ming Hwa Yuan Arts & Cultural Group to perform in the soiree of public welfare at Zhongshan Park of Caotun Township for local citizens.

Sponsorship of the Annual Autumn Tour of Cloud Gate Dance Theatre

Since 2005, USI has been patronizing the annual autumn tours of Cloud Gate Dance Theatre. In 2007, USI invited children in townships of Nantou who love reading and 150 elementary school students who were adopted by Taiwan Fund for Families and Children, Taichung County Branch, to the "Nine Songs" performance of Cloud Gate Dance Theatre at Zhongshan Hall, Taichung City. It was an activity of "Cloud Gate Dance Theatre: Exclusive for "Corporations" and "Libraries of Love". In 2008, for the very first time, USI invited the Art Director of Cloud Gate Dance Theatre to give a speech to the USI employees, expecting a stimulation of innovation by this conversation between liberal arts and technology.

In 2011, USI sponsored "Cloud Gate Dance Theatre's Winter Season -How Can I Live on Without You". The show presented two innovations: it featured many popular songs that are familiar to audiences, and the dancers wore colorful clothes, and especially invited their parent company, The Advanced Semiconductor Engineering Group, to watch Lin Hwai-min's 2011 latest work in "USI's Night of the Cloud Gate".



Following last year's new works, USI sponsored the autumn performance of Cloud Gate, the "Nine Songs," in 2012. This was the second time USI sponsored for the same program. This story started from a fire that destroyed the rehearsal facility of Cloud Gate at Bali in 2008. The props and music tapes were damaged during this accident. 4 years later, Cloud Gate re-choreographed the "Nine Songs." After a year of rehearsal of new generation of dancers, the "Nine Songs, which was like a phoenix rising from ashes, came back in a brand new look that shares the arts and presentation of body language in modern dancing.

USI organized the activity of "Cloud Gate Get-together" and invited the Cloud Gate Dance Foundation to Caotun, Nantou to introduce our fellow workers to a legend that lasted more than 2,000 years and give them an opportunity to know more about performance arts.

Performances	Sponsored
2005	Dream of Red Chamber
2006	Tale of White Snake
2007	Nine Songs
2008	Hwa Yu
2009	Xing Cao
2010	Water Stains on the Wall
2011	How Can I Live without You
2012	Nine Songs



Sponsorship of Countryside Tour of Ming Hwa Yuan Arts & Cultural Group

To give back to Nantou based on the corporate philosophy of "use on the society what it taken from it," USI worked with Caotun Township Office, Nantou by providing end-of-year party as part of the "Straw craftsmanship and culture festival, and was dedicated to promoting good folk cultures. USI has sponsored the performance of the most popular Taiwanese Opera group, the "Ming Hwa Yuan Arts and Cultural Group," at the Zhongshan Park of Caotun for 11 consecutive years. Local people, USI employees and their families were invited to experience the opera culture unique to Taiwan. For years, positive feedbacks have been pouring in and local people came to enjoy the outstanding performance of Ming Hwa Yuan by the thousands. It has become a grand local event and USI was highly recognized for its supports for opera culture.

Year	Production
Year 1	2002 The Duck-Seller King
Year 2	2003 Grand Immortal of Ponglai
Year 3	2004 Xiang Yu and Liu Bei
Year 4	2005 Wu Song, the Tiger Slayer
Year 5	2006 Tale of Jigong
Year 6	2007 Legend of Xue Ding Shan
Year 7	2008 Tale of Zhou Gong and Cherry Blossom Lady
Year 8	2009 Tale of Eight Fairies
Year 9	2010 Hong Chen Pu Ti
Year 10	2011 Wagon Driver and Detective
Year 11	2012 Liu Quan's Trip to Hell



4.4.3 Contribute to the Community

With the belief in caring about the society and friending the community, USI gathers the power of employees and participates in public affairs and social activities of public welfare. In the meantime of seeking corporate growth, USI wishes to repay the community and devotes itself to the society. In 2012, USI participated in the affairs listed as follows:

Taiwan Facility

Donation of McDonald's desks and chairs to charity groups or schools

Those receiving the donations of 62 sets of desks and chairs are Nantou Ren-Ai Home, Mental Rehabilitation Association of Nantou County, Yan-Feng Elementary School and Hu-Shan Elementary School.



Sponsoring of "Taiwan Crafts Culture Park" for the Adzuki Cup pop music contest

USI sponsored the Autumn Rhythm , the first Adzuki Cup pop music contest, which was held by the "Taiwan Crafts Culture Park" to symbolize the energy of people in Taiwan and the creativity of crafting elements, in order to promote the spirit of injecting love in craftsmanship, advocate legitimate recreation and entertainment, establish a stage for those who love pop music and create an ambience of love.



Sponsoring of "Nantou County Government" for the 2012 Citizens' Games

The 2012 Citizens' Games, hosted by Nantou County Government, was the realization of "sports for everyone." The County Government invited local businesses to sponsor this grand event. USI joined force with Nantou Office of Chunghwa Telecom to provide event vests with mascot logo on them and sponsor for the contract signing ceremony. USI upholds the philosophy of "caring society and friendly community" and does its part for improving citizens' life by sponsoring the Citizens' Games, promoting the idea of exercising and improve sporting skills.



Donated to sponsor the activities to console the army and participated in regular activities of volunteer police and firefighters.



● Disclosed ▲ Disclosed partly ○ Undisclosed or Inapplicable

[illegible]



GRI Indicator Description		Chapter	Page	Additional Illustration	Disclosed Situation
EN19	Emissions of ozone-depleting substances by weight			USI does not use any materials that damage the ozone layer while producing products or providing services. Parts of the air conditioning system used R-22 and R-12 refrigerant, and there was no record of filling in 2012; We estimated emission rate at 8%, so the air conditioning system emitted about 0.1 tons.	•
EN20	NOx, SOx, and other significant air emissions by type and weight			No NOx or SOx are discharged in any USI's manufacturing process. The estimation of VOC emission of USI's Taiwan Facility in 2012 is 8.8 tons.	•
EN21	Total water discharge by quality and destination	3.4.5 Water Resource Management	37		•
EN22	Total weight of waste by type and disposal method	3.4.4 Waste Management	35-36		•
EN23	Total number and volume of significant spills			No serious leakage events happened in any site.	•
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally			USI has no import and export of hazardous waste, and related clean-up complies with relevant environmental laws and regulations.	▲
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	3.4.5 Water Resource Management	37		•
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	3.3 Green Promise of USI 3.3.1 Green Management 3.3.2 Green Supply Chain	27-30		•
EN27	Percentage of products sold and their packaging materials that are reclaimed by category			Recyclable proportion of products is more than 90%, which complies with WEEE's requirements. The recycle ratio of cartons in Taiwan facility is 63%.	•
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	3.2 EHS & Energy Policy of USI 3.3.1 Green Management	26 28	USI obeyed local government laws about environmental protection and did not violate any environmental law in 2012.	•
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	3.3.2 Green Supply Chain	30		▲
EN30	Total environmental protection expenditures and investments by type	3.3.3 Green Expenditures	31		•
Labor Practices & Decent Work Performance Indicators					
Management Approach	Management approach of labor performance	4.1 USI and Its Employees 4.1.2 Equal Employment Opportunity 4.1.3 Integral Training Program 4.1.4 Perfect Welfare System 4.1.5 Harmonious Industrial Relations 4.1.6 Excellent Working Environment	39 42 43 46 54 58		
LA1	Total workforce by employment type, employment contract, and region broken down by gender	4.1.1 Employee Composition Profile	39-40		•
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	4.1.1 Employee Composition Profile 4.1.2 Equal Employment Opportunity	41 42		•
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	4.1.4 Perfect Welfare System	46-53		•
LA4	Percentage of employees covered by collective bargaining agreements			The labor contracts that USI signs with employees complying with local regulations, and it specifically agreed the related rights and obligations so as to protect both parties, and urge both employers and employees to comply with.	•
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	4.1.6 Excellent Working Environment	64		•
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs			The labor proportion that participates in Occupational Safety and Health Committee conforms to related Act.	•



GRI Indicator Description		Chapter	Page	Additional Illustration	Disclosed Situation
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender	4.1.6 Excellent Working Environment	58		•
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	4.1.6 Excellent Working Environment	62-64		•
LA9	Health and safety topics covered in formal agreements with trade unions				○
LA10	Average hours of training per year per employee by gender and by employee category	4.1.3 Integral Training Program	45-46		•
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	4.1.3 Integral Training Program	43-45		•
LA12	Percentage of employees receiving regular performance and career development reviews by gender				○
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	2.2.1 Corporate Governance 4.1.1 Employee Composition Profile	20 39-41		•
LA14	Ratio of basic salary of women to men by employee category, by significant locations of operation	4.1.5 Harmonious Industrial Relations	54		•
LA15	Return to work and retention rates after parental leave, by gender	4.1.1 Employee Composition Profile	41-42		•
Human Rights Performance Indicators					
Management Approach	Management approach of human rights performance	4.1.2 Equal Employment Opportunity 4.1.6 Excellent Working Environment	42 58		
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns or that have undergone human rights screening			No important investment agreement was made during the report period.	•
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone screening on human rights and actions taken	4.3.2 Supplier Management	69		•
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	4.1.3 Integral Training Program 4.1.6 Excellent Working Environment	44 64		•
HR4	Total number of incidents of discrimination and corrective actions taken	4.1.6 Excellent Working Environment	64	There were no discrimination cases in 2012.	•
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	4.1.6 Excellent Working Environment 4.3.2 Supplier Management	64 69	There were no related cases in 2012.	•
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	4.1.6 Excellent Working Environment 4.3.2 Supplier Management	64 68-69	USI hires no child labor, and it is also prohibited to recruit child labor under 16 years of age.	•
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	4.1.6 Excellent Working Environment 4.3.2 Supplier Management	64 68-69	There were no related cases in 2012.	•
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations			USI's security personnel have received professional training that including relevant human rights policy; They understand their works, and will never involve in and violate human rights when performing duties.	•
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	4.1.6 Excellent Working Environment	64		•
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	1.2 Policy and Operation	8	Operating activities on facilities all consider the local situation of human rights.	•
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms	4.1.6 Excellent Working Environment	64	There were no relevant complaint cases of human rights in 2012.	•
Society Performance Indicators					
Management Approach	Management approach of society performance	2.2.3 Anti-Corruption and Anti-Bribery 4.4 USI and the Community	23 72		

Realizing IDEAS Together

