



**CORPORATE SOCIAL
RESPONSIBILITY REPORT**

About This Report

Report Scope and Overview

This is the fifth Corporate Social Responsibility report ever published by Universal Scientific Industrial (Shanghai) Co., Ltd. (USI) and its subsidiaries. (From 2010 to 2012, USI Shanghai's indirect controlling shareholder Universal Scientific Industrial Co., Ltd. has published three Corporate Social Responsibility reports, which also reported the company's status of fulfilling its social responsibilities.) The report aims to disclose USI's commitment and endeavor in sustainable development in environmental, social and corporate governance (ESG) aspects.

This report provides information about the concerns of the stakeholders of USI, including business information of facilities in Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan, and Mexico. The collection period was from 01/01/2016 to 12/31/2016, and the statistic data are in RMB and US dollars; environmental, health and safety performances are expressed using accepted international indices.

Note:

Zhangjiang facility: Universal Scientific Industrial (Shanghai) Co., Ltd. (USI Shanghai as the parent company)

Jinqiao facility: Universal Global Technology (Shanghai) Co., Ltd.

Shenzhen facility: USI Electronics (Shenzhen) Co., Ltd.

Kunshan facility: Universal Global Technology (Kunshan) Co., Ltd.

Taiwan facility: Universal Global Scientific Industrial Co., Ltd.

Mexico facility: Universal Scientific Industrial de México, S.A.de C.V.

Principles for Report Compilation

The report refers to Global Reporting Initiative (GRI) 4 version and in accordance with core option, disclosing the executive achievements, responding policies, and future plans of various key issues about ESG of USI. Please refer to the chapter of "Stakeholders Management" for the identification of material topics and report boundaries.

Assurance

In order to improve the information transparency and accountability, this report has been assured by SGS Taiwan Ltd. and corresponds to the standard of AA1000 AS: 2008 Type 1 Moderate Level. The following specific indexes are verified with the standard of AA1000 AS: 2008 Type 2 High Level.

EN3: Energy consumption within the organization

EN8: Total water withdrawal by source

EN10: Percentage and total volume of water recycled and reused

EN15: Direct greenhouse gas (GHG) emissions (Scope 1)

EN16: Energy indirect greenhouse gas(GHG) emissions (Scope 2)

EN18: Greenhouse gas (GHG) emissions intensity

EN19: Reduction of greenhouse gas (GHG) emissions

EN21: NOx, SOx, and other significant air emissions

EN23: Total weight of waste by type and disposal method

Report Publication

USI publishes Corporate Social Responsibility report every year.

First Version: Released in July 2013

Previous Version: Released in July 2016

Current Version: Released in July 2017

Next Version: Planned release in July 2018

Feedback and Contact Methods

This report are written in Traditional/Simplified Chinese and English versions and published on the USI CSR website (<http://csr.usish.com/index.php>) for reference. If you have any comments, questions, or suggestions, please contact us. The contact information is as follows:

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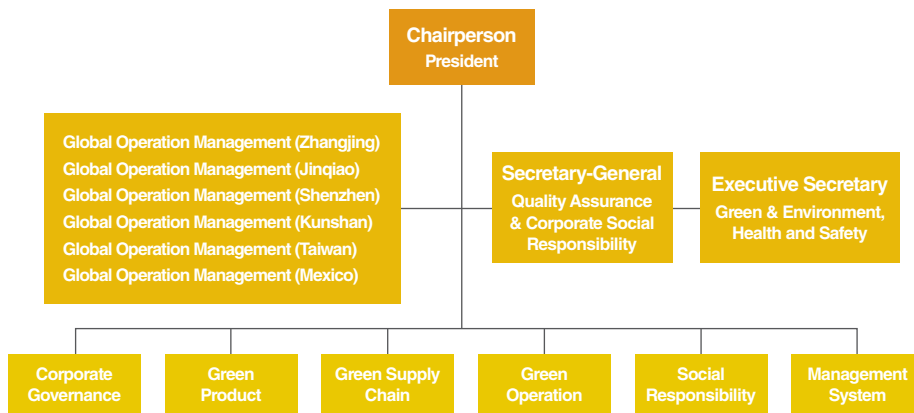
GRI Index



Corporate Sustainability Profile

• **Corporate Sustainable Management Mechanism**

To smoothly promote USI's CSR, USI has established a responsible unit (USI CSR Promotion Committee). USI General Manager serves as the chairman of CSR committee, and Green & Environment, Health and Safety Department serves as executive secretary. They'll work on setting related rules for committee promoting. CSR committee members include every facility and unit in USI. There are 6 aspects, implementation matters will be delivered effectively through CSR committee's discussion and each member's cooperation. With regular meeting for discussion, plan for CSR promoting project of the next year and review and examine results of all the events of the year.



CSR committee held a Charity Ceremony and Report Launch on July 27, 2016. We invited SGS to participate in the event. After the event, we also had discussion, deliberation and advising with SGS. Besides, we also held annual meeting on Nov. 30, 2016. In the meeting, we not only examined the implementation status of the previous year, set the goals for the next five years, but also planned for promoting items of the next year. USI keeps moving forward to reach the goal of UN 2030 SDGs to correspond with the global sustainable issue.



USI CSR Charity Ceremony & Report Launch-Charter Ceremony



CSR's Annual Meeting

SDGs	USI 6 Aspect	Goals of Each Aspect	Goals of 2020
	Corporate Governance	<ul style="list-style-type: none"> • USI operation needs to follow local regulations, no corrupt practices allowed • Keep promoting evaluation of operation risk and coping capacity 	<ul style="list-style-type: none"> • Import BCM management system in 6 facilities
	Green Product	<ul style="list-style-type: none"> • Uphold the principal of 3R, and keep promoting and creating green design of products 	<ul style="list-style-type: none"> • Keep improving low carbon product design, improving energy use and energy conversion efficiency to reduce environmental impact
	Green Supply Chain	<ul style="list-style-type: none"> • Gain satisfaction and affirmation from customers and users with after-sales service, quality and safety of our products. On issues regarding human rights, morality, and environment, we further ask the suppliers to establish sustainable supply chain in which economy, society, and environment can all strive together 	<ul style="list-style-type: none"> • Customer Satisfaction up to 87% • Expand related product safety certification on medical care, Internet of Things, and industrial field • Main suppliers join EICC-ON* platform and share their EICC SAQ* • USI products need to be full compliance with conflict-free sourcing
	Greens		

2016 Award Records

Corporate Sustainability

- USI was awarded "Outstanding Company" in the Second China (Shanghai) Corporate Social Responsibility Summit of Listed Companies



Customer

- USI was awarded "Micron CPG 2016 Most Valued SSD Partner" by Micron
- USI was awarded "B2B Project Appreciate Award" by Micron
- USI was awarded "Best NPI Performance-Runner up" by Netgear
- USI was awarded "Service Excellence" by Lenovo
- USI was awarded "Excellent Supplier Award" by Sugon
- USI was awarded "Special Process Certification (Lead-Free)" by TOKAI RIKA

Economy / Corporate Governance

» Zhangjiang Facility

- Was awarded as one of the "2016 Shanghai Enterprises TOP 100"
- Was awarded one of the "2016 Shanghai Manufacturing Enterprises TOP 100"
- Awarded "Model Company of China Export Leading Index (ELI)"

» Jinqiao Facility

- Awarded "Innovation Leadership with Farsighted Plan" (The certificate for awarding corporates that passed ISO 14001:2015 by BSI)

» Kunshan Facility

- Awarded "Leading Unit of Quality Management Group" of China Electronic Information Industry
- Certified as "Suzhou City Enterprise Engineering Technology Research Center of Smart High-End Electronic Communication Components"
- Certified as "Jiangsu Province Certified Enterprise Technical Service Center"
- Certified as "Kunshan City Enterprise Technical Service Center"
- Awarded "Top 10 Private Enterprise" by Kunshan City in 2015
- Awarded "2015 Top 10 Taxpayer of Industry Enterprise-Domestic Investment"
- Awarded "2015 Top 10 Sales of Industry Enterprise-Domestic Investment"
- Awarded "Class A Enterprise Certificate" by China Quality Certification Center



Environment

» Jinqiao Facility

- Got the ISO 14001:2015 Certificate
- Got the ISO 14064-1 Certificate

» Kunshan Facility

- Awarded "2015 Kunshan City Environmental Protection Leading Company"

» Taiwan Facility

- Awarded "2016 Civil Power Safe Event-Electricity Utilization Control Strategy Competition"

Society

» Zhangjiang Facility

- Nominated for "Standard Enterprise of Harmonious Labor Relations" of Pudong New District, Shanghai City

» Jinqiao Facility

- Got the OHSAS 18001:2007 Certificate

» Kunshan Facility

- Awarded "Safety Standardization of Secondary Enterprises"
- Nominated for "2016 Model Enterprise of Occupational Health Infrastructure"

» Taiwan Facility

- Awarded "Excellent Prize" of 2016 Workplace Feeding (set) Breast Room Contest
- Awarded "Healthy Workplace Certification-Health Promotion Mark" by Health Promotion Administration, Ministry of Health and Welfare

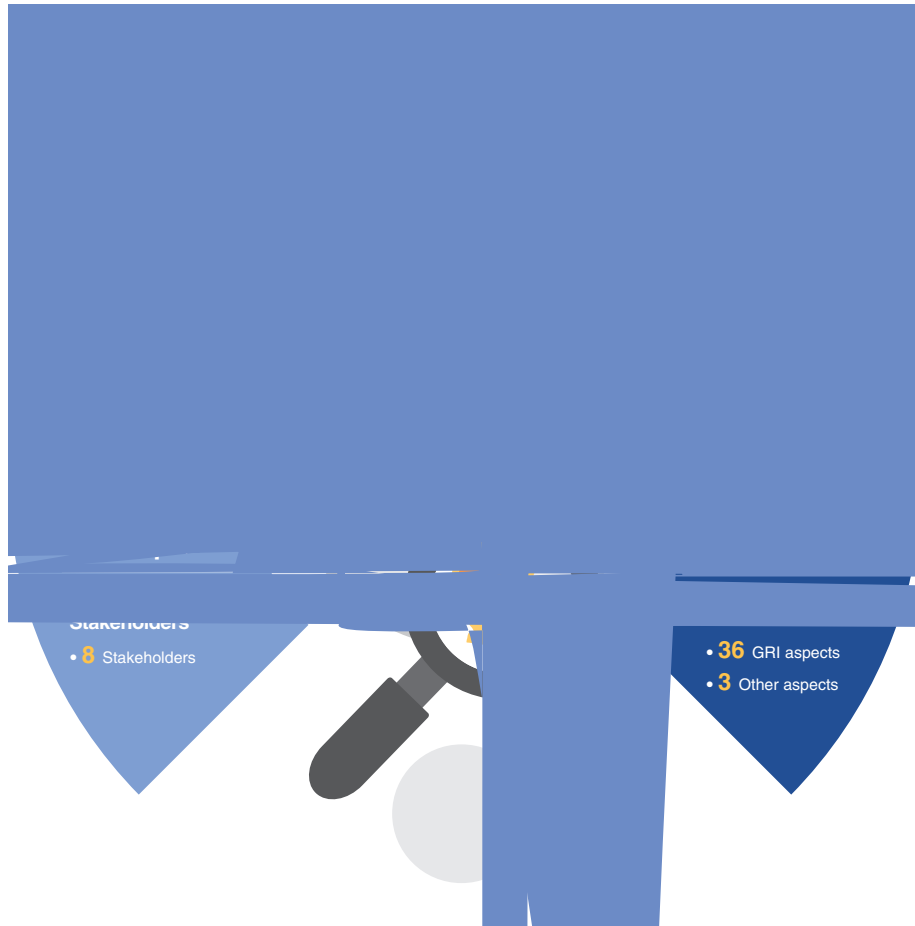


Stakeholders Management

For pursuing the sustainable management, USI put emphasis on the interaction and communication with all stakeholders. By understanding the issues concerned by all stakeholders, and by responding to relevant suggestions and demand with various communication channels and platforms, we continue to propose improvement strategies and implement them.

Stakeholders Management

Identification of Stakeholders and Definition of Material Aspects





• Step 6 Definition of Materiality Aspects and Boundaries

The issues disclosed in this report have been compared with 39 aspects including 36 aspects selected from 46 aspects in GRI G4 along with 3 aspects belonging to corporate characteristics. Every aspect is an index of reporting one or more than one indicator with the widest boundary. Besides, advices from the specialists and scholars are also considered to obtain the final result. Identification results are as shown in the following table:

☘ This Report ☘ Future Plan

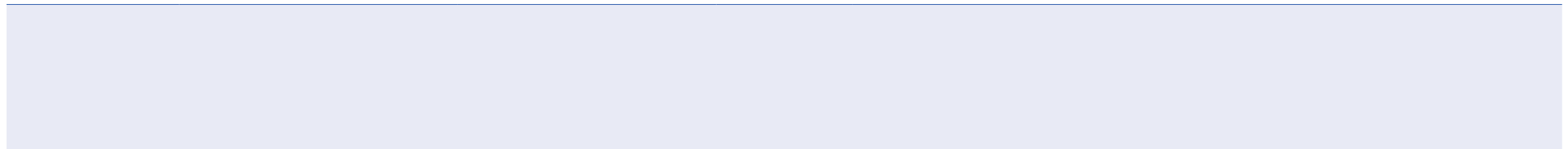
Scope	Boundaries with in the Organization						Boundaries outside the Organization		
	USI ZJ	USI JQ	USI SZ	USI KS	USI TW	USI MX	Communities	Supplier	Customer
Economic Category									
Economic Performance	☘	☘	☘	☘	☘	☘			
Market Presence	☘	☘	☘	☘	☘	☘	☘		
Procurement Practices	☘	☘	☘	☘	☘	☘		☘	

9 Stakeholders Management

Scope	Boundaries with in the Organization						Boundaries outside the Organization		
Aspects	USI ZJ	USI JQ	USI SZ	USI KS	USI TW	USI MX	Communities	Supplier	Customer
Environmental Category									
Energy	☘	☘	☘	☘	☘	☘		☘	☘
Water	☘	☘	☘	☘	☘	☘		☘	
Emissions	☘	☘	☘	☘	☘	☘	☘	☘	☘
Effluents and Waste	☘	☘	☘	☘	☘	☘	☘	☘	
Compliance	☘	☘	☘	☘	☘	☘		☘	☘
Overall	☘	☘	☘	☘	☘	☘			
Supplier Environmental Assessment	☘	☘	☘	☘	☘	☘		☘	
Environmental Grievance Mechanisms	☘	☘	☘	☘	☘	☘	☘	☘	☘
Social-Labor Practices and Decent Work Category									
Employment	☘	☘	☘	☘	☘	☘			
Labor/Management Relations	☘	☘	☘	☘	☘	☘			
Occupational Health and Safety	☘	☘	☘	☘	☘	☘		☘	
Training and Education	☘	☘	☘	☘	☘	☘			
Diversity and Equal Opportunity	☘	☘	☘	☘	☘	☘			
Equal Remuneration for Women and Men	☘	☘	☘	☘	☘	☘			
Supplier Assessment for Labor Practices	☘	☘	☘	☘	☘	☘		☘	
Labor Practices Grievance Mechanisms	☘	☘	☘	☘	☘	☘		☘	
Social-Human Rights Category									
Investment	☘	☘	☘	☘	☘	☘		☘	
Non-discrimination	☘	☘	☘	☘	☘	☘		☘	



Stakeholder	Material Issue	Communication Channel	Frequency	2016 Performance
Government Department	<ul style="list-style-type: none"> Occupational health and safety Training and education Social Participation Compliance 	<ul style="list-style-type: none"> Official documents Participation in conferences 	<ul style="list-style-type: none"> Non-periodic Non-periodic 	<ul style="list-style-type: none"> Actively participate in conferences held by competent authorities
Supplier	<ul style="list-style-type: none"> Sustainable development policy Economic performance Supply chain management 	<ul style="list-style-type: none"> Quarterly Business Review Business meetings Supplier evaluation Purchase contracts/ Conducts Training of suppliers On-site audit for suppliers Questionnaire investigation for Suppliers Supplier Conference 	<ul style="list-style-type: none"> Quarterly Non-periodic Yearly In contract period Non-periodic Non-periodic Yearly Yearly 	<ul style="list-style-type: none"> Continually promote green supply chain, ask and help suppliers to pass quality management system certifications. Control the usage of raw materials to ensure the products and materials correspond to the regulations of USI green products





Company Profile

Successful industrial operation depends on the common contribution of employer and employees, and on all-out support from investors. Therefore, we established managing mechanisms in charge for respective responsibility and publish the operative condition. All departments worked as one, creating the highest value for investors.

To safeguard investor interests, USI has stipulated the "investor relations management system" to build a good communication platform for the corporation and investors. USI has set up a specialized unit to respond to the various needs of investors, and also appoints professional lawyers to provide legal advice services, in addition to the set-up of investor relations

Company Introduction

Company	Universal Scientific Industrial (Shanghai) Co., Ltd.
Headquarter Location	No.1558, Zhang Dong Road, Pudong New Area, Shanghai, P.R. China
Registered Capital	RMB 2,175,923,580
Location of Stock Issue	Shanghai Stock Exchange
Stock Number/Name	601231 / USI Shanghai
Date of Stock Issue	Feb 20 2012
Main Products and Services	Communication products / Consumer electronics / Computer products, Storage products / Industrial products / Development and design of car electronics / Minimization / Material purchase / Manufacturing / Logistics / Maintenance
Number of Employees	15,119 (As of 2016 /12/31)
Area of Operation	Shanghai / Shenzhen / Kunshan / Taiwan / Japan / USA / Mexico

Invested by foreign capital, USI is a Shanghai Stock Exchange (SSE) listed company. 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.

USI is committed to providing professional service of design and manufacture for electronic industry. We focus 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.

• USI 40th Milestone

Universal Scientific Industrial (Shanghai) Co., Ltd. was founded in 2003, and Universal Scientific Industrial Co., Ltd., the former holdings company, became a subsidiary solely owned by USI Shanghai after a series of asset reformation. In 2016, USI Shanghai has taken over its former holdings company's assets and inherited USI's legacy from 1976.



1976 - 1999

- 1976**
 - Universal Scientific Industrial Co., Ltd., the former holdings company and now the subsidiary, was founded
 - Started manufacturing voltage regulators for car electronics market
- 1978**
 - Started mass production of thick-film hybrid ICs
- 1983**
 - Started producing thick-film resistor networks (RMMs)
- 1988**
 - Started mass production of clock oscillators (CXOs)
- 1989**
 - Developed SMT and produced VGA cards, SIMM, 286 All-in-One desktop PC motherboards, etc.
- 1991**
 - IPO approved by Securities Supervisory Committee in Taiwan

- 1993**
 - Started producing wireless communication products for wireless communication industry
 - Taiwan facility acquired ISO 9001
- 1995**
 - Became public as approved by Securities Supervisory Committee, Ministry of Finance in Taiwan
- 1996**
 - Started company stock trading in Taiwan stock market
- 1997**
 - Set up Mexico facility
- 1998**
 - Established a subsidiary in Scotland
 - Taiwan facility acquired ISO 14001
 - Tsao-tuen 2nd facility joined for production
 - Merged ABIT Computer Corporation

- 2000**
 - Started manufacturing POS and video products
 - Nankang facility joined for production
 - Established a subsidiary, USI Japan Co., Ltd., in Japan
 - Set up Shenzhen facility
 - Set up California facility
- 2001**
 - Started manufacturing SHD products (Smart Handheld Devices) and servers
 - Shenzhen facility acquired ISO 14001
 - Shenzhen facility acquired ISO 9001
- 2002**
 - Started manufacturing car LED lamps for car electronics market
 - Shenzhen facility acquired TL 9000
- 2003**
 - Established Universal Scientific Industrial (Shanghai) Co., Ltd.

- Shanghai R&D center started operating
- Started producing WIFI & BT modules for SHD products (Smart Handheld Devices)
- Taiwan facility acquired TS 16949
- 2004**
 - Completed Zhangjiang facility phase 1
 - Started producing control panels for flat-screen display devices and wireless communication products
 - Integrated PDM and SFIS systems into SAP ERP system
 - Zhangjiang facility acquired ISO 14001
 - Zhangjiang, Taiwan, Shenzhen facility acquired OHSAS 18001
 - Zhangjiang facility acquired ISO 9001
- 2005**
 - Zhangjiang facility acquired TL 9000
 - Mexico facility acquired TS 16949
 - Mexico facility acquired ISO 9001

2000 - 2005



2006

- Completed Zhangjiang facility phase 2
- Introduced supplier management and inventory system
- Started providing design and manufacturing service for storage products
- Started SSD manufacturing service
- Mexico facility acquired ISO 14001
- Taiwan facility acquired IECQ QC080000

2007

- Acquired high-tech enterprise qualification
- Zhangjiang, Shenzhen, Mexico facility acquired IECQ QC080000
- Zhangjiang facility acquired TS 16949

2008

- Started providing WWAN modules for SHD (industrial handheld devices)

2009

- Taiwan facility acquired ISO 14064-1

2010

- Established a subsidiary, Universal Global Scientific Industrial Co., Ltd., in Taiwan
- Defined 5 Products Groups and the revenues had reached RMB 8 billion
- Consolidated annual revenue figures exceeded RMB 13 billion
- Universal Scientific Industrial Co., Ltd. was delisted from Taiwan Stock Exchange
- Became a technology leader in SiP miniaturization products
- Zhangjiang, Shenzhen facilities acquired ISO 14064-1

• **Interests Paid to Loan Providers**

Unit: RMB

Zhangjiang Facility	Jinqiao Facility	Shenzhen Facility	Kunshan Facility	Taiwan Facility	Total
2,288,364	7,312,651	282,033	428,228	2,905,735	13,217,011

Note: The facility in Mexico has no interest expenses; the amount was rounded to the nearest integer

• **Payment to Government: All Taxes Payable (Business Tax, Income Tax, Property Tax, etc.)**

Unit: RMB

Zhangjiang Facility	Jinqiao Facility	Shenzhen Facility	Kunshan Facility	Taiwan Facility	Mexico Facility	Total
70,460,681	7,058,014	133,501,359	32,092,970	27,677,405	34,508,314	305,298,742

Note: The amount was rounded to the nearest integer

• **Employee Salary and Employee Welfare Expenses**

Unit: RMB

Zhangjiang Facility	Jinqiao Facility	Shenzhen Facility	Kunshan Facility	Taiwan Facility	Mexico Facility	Total
495,281,166	258,802,645	346,934,428	174,352,812	450,870,793	49,407,472	1,775,649,316

Note: The amount was rounded to the nearest integer

• **Community Investment**

Unit: RMB

Zhangjiang Facility	Jinqiao Facility	Shenzhen Facility	Kunshan Facility	Taiwan Facility	Total
79,140	22,552	37,500	128,550	931,168	1,198,910

Note: The amount was rounded to the nearest integer; the statistics do not cover the Mexico facility

• **Government Subsidy**

Unit: RMB

Zhangjiang Facility	Jinqiao Facility	Shenzhen Facility	Kunshan Facility	Taiwan Facility	Total
18,591,350	13,552,568	83,840,252	3,134,797	10,305	119,129,272

Note: The main subsidized items are R&D charges, training subsidies and tax rebates; the amount was rounded to the nearest integer

• **CIP Cost Saving**

Unit: RMB

Zhangjiang Facility	Jinqiao Facility	Shenzhen Facility	Kunshan Facility	Taiwan Facility	Mexico Facility	Total
20,258,812	20,077,788	11,104,784	5,876,569	919,804	560,204	60,514,712

Note: The amount was rounded to the nearest integer



External Participation and Initiatives

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



• Promotion of EICC

ASE Group joined Electronic Industry Citizenship Coalition (EICC) and became its member in 2015. Being a member of ASE Group, USI actively abides by the behavioral norms of EICC and requests its facilities around the globe to implement the corporate responsibility. The information regarding company's performance in terms of workers' human rights, occupational health and safety, corporate ethics and environmental protection was disclosed on the EICC-ON platform.

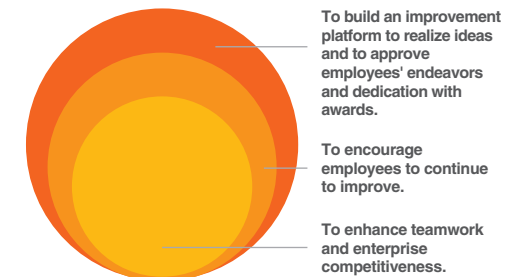
The results of the self-assessment questionnaire (SAQ) on the EICC-ON platform show that Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan and Mexico facilities are at low risks in 2016. Additionally, Zhangjiang, Jinqiao, Shenzhen, Kunshan and Taiwan facilities received and passed the clients EICC auditing in 2016, and internal auditing will be executed on a regular basis each year in the company. In addition, USI has been asking and encouraging suppliers to join the EICC-ON platform. See the chapter of "EICC Management" for auditing results and associated matters.

• Promotion of CFSI

In 2011, EICC set up the information website of Conflict-Free Sourcing Initiative (CFSI) with Global e-Sustainability Initiative (GeSI). In 2015, ASE Group joined CFSI and became its member. Being a member of ASE Group, USI makes wise decisions for conflict minerals in its supply chain by using information and guidance provided by CFSI to make a supply chain of conflict-free minerals. Moreover, USI has made a purchasing policy for conflict minerals, and requests its suppliers not to purchase conflict minerals from unqualified smelters. See the chapter of "Conflict Minerals Compliance" for results and associated matters.

Continuous Improvement Program

Continuous Improvement Program (CIP) proposes improvement plans for the quality, costs, lead time, services, efficiency and safety of manufacturing-related operation and procedures. Its purposes are as follows:



Each facility first proposes cases which are reviewed by Site Review Committee (SRC) for their project results and saving benefits before they are defined. After the cases are sampled by the organizer, Corporate Review Committee (CRC) is invited to review their saving benefits and promote cases with reproducible results to enlarge the results.

A case has to be evaluated by SRC whether it is defined or not. The evaluation criteria are as follows:

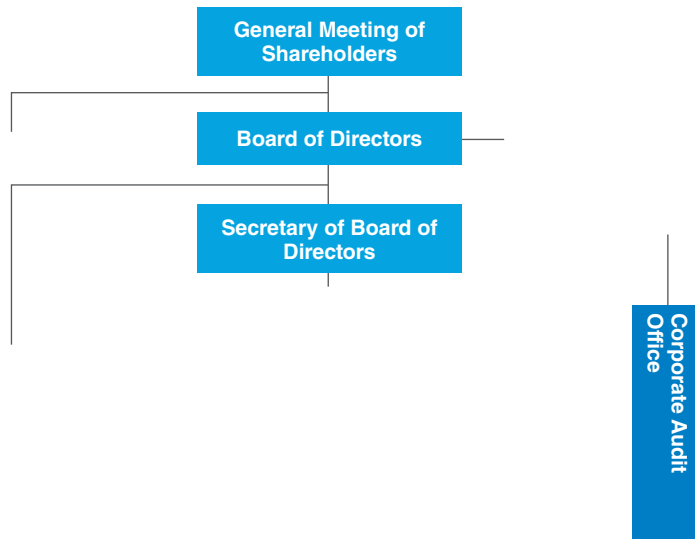
Medal

According to the statistics in the table below, over 200 cases on average are defined each
238280307326



Corporate Governance





- **Internal Audit Organization**

The internal auditing of the company is charged to the auditing committee under the board of directors. The employment of the head of auditing has to be approved by half of the board members. A full-time head auditor is established with a staff of 3 auditors, and the auditing departments and auditing offices of each facility is established with auditors as well.

23 Corporate Governance

To acknowledge employees to follow the "Employee Codes of Conduct", USI has not only announced related information on the company's internal website, but also made them into e-learning educational materials and the compulsory course. That is, all the employees must read this course e-learning and conduct quizzes at the end of the class. Employees' course attendance record will be listed as tracking projects to ensure that every employee has accomplished the "Employee Codes of Conduct" course. Besides, USI also holds irregular promotions on the "Sunny Action (honest and incorruptible employees)" policy to remind the employees to pay attention to and to comply with relevant regulations. USI has so far not discovered any actions of corruption and bribery.

• 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, and employees and suppliers are given the information of prosecution channels on a regular basis
- ▶ Enhance the promotion of Integrity deeds principles
- ▶ Draw up the examination scope of Integrity deeds
- ▶ Design examination program of Integrity deeds

• Employee Codes of Conduct

- ▶ Employment Morality and Code of Ethics
- ▶ Rules of Avoiding Conflict of Interest
- ▶ Rules of Gifting and Entertaining
- ▶ Reporting Responsibilities and Obligations
- ▶ Violation Handling

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 the end of 2016.

USI is 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.

Risk Management of Enterprise

To take management environment, industrial trends and corporate operation into consideration, the company shall execute annual risk management to ensure that risks can be timely and appropriately identified, evaluated and responded with proper measures to assure sustainable management and to achieve its operation goal.

Each unit takes charge of identifying internal and external risk factors that might affect USI's sustainable development and operation goals, evaluating risk levels and the effectiveness of relevant controlled activities, and taking appropriate measures based on the results of risk evaluation. Through the execution of risk management, our personnel's risk awareness will be strengthened to ensure the effectiveness of executing risk management.

We planned to introduce the business continuity management (BCM) system in 2016, hoping that all 6 facilities will adopt the system by 2020.

• Organizational Framework of Risk Management



Risk assessment includes various risks that an enterprise might face, and it is primarily divided into the corporate level and operation level. Relevant risks are as follows:

- ▶ Corporate level: Including risk categories of corporate governance, ethics, external factors, strategies and planning.
- ▶ Operation level: Including marketing and communication, product development, supply chain, corporate assets, finance, human resources, information, law, compliance, fraud, and other risk categories. The category of marketing and communication chiefly covers client service such as order processing, quotes and client satisfaction. Supply chains cover production planning, procurement, production and logistics management.
- ▶ Risk categories regarding fraud, compliance and information are affairs that USI is concerned about.

• Results of Risk Assessment

The 2016 USI risk assessment program is summarized as follows:

Aspect		Item
Macro-economy	Political environment	<ul style="list-style-type: none"> • Now elected as the president of USA, Trump may change the trading policies of the US (NAFTA: Made in USA) • Risks of power rationing in Taiwan
	Social and cultural environment	<ul style="list-style-type: none"> • Difficulty in recruiting experienced professionals for system integration and failure analysis for miniaturization process • Company is not located at major city / industrial park, which may make it difficult to replenish large quantity of manpower for the corporate development strategies in a short period of time notice due to the limitations of demographic distribution / willingness of employment
Micro-economy	Legislation and policy	<ul style="list-style-type: none"> • AE clients ask for ISO 26262 certifications for OEM suppliers • The merger with ASE-NT indicates the need for a wastewater discharge permit according to the applicable regulations • Conflict minerals investigation reply and objective fail to achieve what clients requested • Failure to comply with Labor Standards Act; for example, the number of mentally or physically disabled employees does not meet the requirement

Micro-economy	Market demand	<ul style="list-style-type: none"> • Excessive materials are prepared for ODM models or distributors/retailers overestimated market demands, causing excessively redundant materials left • Sudden and significant increase / decrease of demand forecast or order from clients leads to redundant / stagnant materials • A single client accounts for an alarmingly large percentage of sales revenue
	Competition	<ul style="list-style-type: none"> • Failure to deliver on schedule for Double Side molding • Leak of classified proprietary technology / business secrets • Employees defected to competitor companies

Risk Level	H	<ul style="list-style-type: none"> ▶ R&D information management ▶ Product/Technical development ▶ Product/Technical strategy ▶ Promotion opportunity ▶ Credit management 	<ul style="list-style-type: none"> ▶ Technical strategy ▶ Worker recruitment 	<ul style="list-style-type: none"> ▶ Business strife limitation and business secrets ▶ Talent retention
	M	<ul style="list-style-type: none"> ▶ Legal compliance/customer's requirement ▶ Raw material demand and control ▶ Quality standard management ▶ Purchasing cost management ▶ Credit management 	<ul style="list-style-type: none"> ▶ Business concentration ▶ Legal compliance ▶ Geopolitics ▶ Inventory management 	<ul style="list-style-type: none"> ▶ Supplier management
	L	<ul style="list-style-type: none"> ▶ Safety of physical environment ▶ Manufacturing process design ▶ Delivery management ▶ Production equipment ▶ Production management 	<ul style="list-style-type: none"> ▶ Health and safety of employee ▶ In-house safety risks ▶ Risks of natural disaster ▶ Production planning ▶ Business model 	<ul style="list-style-type: none"> ▶ Employee recruitment
		Yes	Partial	No
Control Effectiveness				



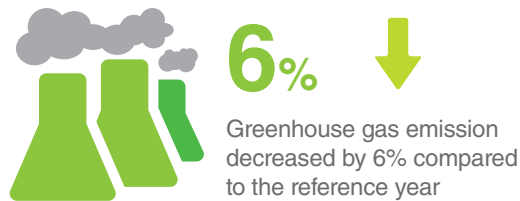
Environmental Sustainability

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 feasible improvements to cope with climate change. Additionally, USI continues to promote ISO14001, ISO14064-1, ISO 50001 and cleaner production each year. To fulfill its Green Responsibilities, USI also adopts a green management model by effectively disclosing environmental data. A telephone hotline and mailbox are provided for suggestions or complaints from stakeholders. No official complaint about environmental impact was received in 2016.

USI continues to include clients' environmental protection requirements into its green management system and green production procedure, and to reveal green commitment and implementation results on a regular basis. In addition, USI always refers to stakeholders' opinions to adjust its green management strategies. Moreover, USI also requests its employees to participate in environmental protection and resource recycling to reduce the operational costs of its facilities around the globe and elevate economic benefits when the enterprise promotes environmental protection by saving water and electricity costs. It is hoped that USI can carry out corporate social responsibility and pursue the sustainable development of the enterprise and environment while taking its management and environmental protection into consideration.

Climate change has taken its tolls on USI. For example, carbon quota management is now in place in Shanghai, 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 promotion of Green Promise and the environmental protection measures of will be in place 2016 in facilities to minimize risks from climate change.



► **Compliance with law and response to environmental protection**

Continue to follow government's laws, regulations and requirements regarding environment, safety and health, and energy, and respond to global movement of environmental protection.

► **Hazard prevention and training for communications**

Continue to provide communications and training in environmental protection, safety and health, and energy to employees, suppliers and contractors in order to minimize hazard impacts and incidents.

► **Pollution prevention and continuous improvement**

Dedicate ourselves to pollution prevention and energy management, improve product environment and energy performance, and realize continuous improvement.

► **Energy saving and waste reduction by effective use**

Facilitate more effective use of energy and resource through energy saving, process improvement and waste reduction and recycling.

► **Establish goals for sustainable operations**

Establish and observe management system, develop goals and examine performance for sustainable operations.

Climate Change Mitigation

Global warming and climate change are now very important issues of sustainable development. Being a corporation that is willing to do its part as a world citizen for sustainable development, USI will pay close attention to the trend of climate change in the world and how other countries cope with it. Additionally, it will continue to analyze and control the issue to pursue the sustainable coexistence of the environment and the corporation.

Carbon Management

USI continues to launch greenhouse gas reduction policy. The greenhouse gas emission inventory check was performed in 2007 according to ISO14064-1. Another check was conducted in 2010 on our worldwide production bases and the results were verified by third party institution for the establishment of USI inventory benchmark data.

USI will continue to collect and reveal relevant data as government regulations and customers require, and publish the data of greenhouse gas emission in the corporate social responsibility report.

• All Greenhouse Gas Emissions

Year	Greenhouse Gas Emissions (Tons, CO ₂ e/year)				
	Fixed Burning Emission	Mobile Burning Emission	Fugitive Emission	Processing Emission	Indirect Energy Emission
2016	5,758.11	367.56	1,931.57	0.00	142,043.16
2015	5,776.50	349.52	1,899.58	0.00	151,916.97

• Categories of Greenhouse Gas Emissions

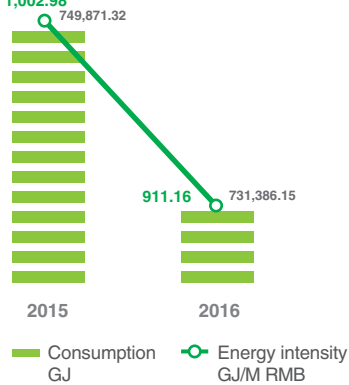
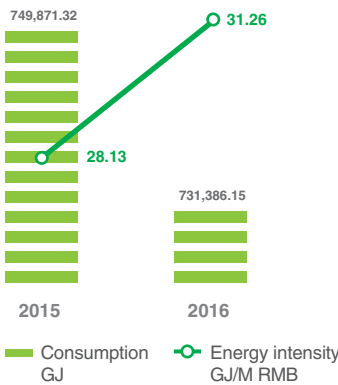
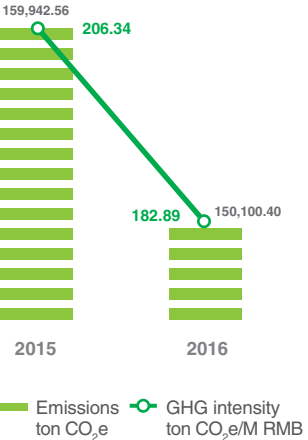
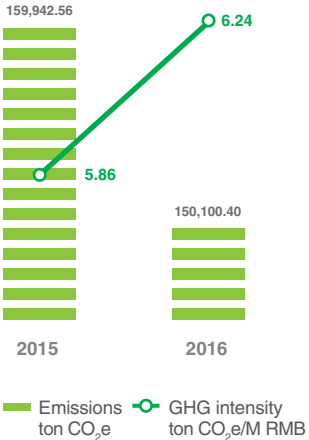
Year	Emissions of Each Category (Tons, CO ₂ e/year)		
	Scope 1	Scope 2	Total
2016	8,057.25	142,043.16	150,100.40
2015	8,025.59	151,916.97	159,942.56

Note:

1. The data presented came from the ISO14064-1 inventory results, rounded to the 2nd decimal point.
2. The data cover 6 production bases, including Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan (TT2) and Mexico.
3. Data collected at the boundaries of the organization have adopted the Regulations of the Operation Control Right.
4. The conspicuous threshold is set at 3%, whereas the materiality threshold is set at 5%.
5. The greenhouse gas emission includes various categories such as CO₂, CH₄, N₂O, HFCs, PFCs, NF₃ and SF₆.
6. The data of Mexico facility and the Nantou facility merged from ASE Group in Taiwan in 2016, and, therefore, the emission data of the reference year (2015) was corrected.

The total emission of 2016 was 150,100.40 tons CO₂e, a decrease of 9,842.16 tons CO₂e compared to 2015. In terms of revenues, the emission generated per million RMB of revenues was equal to 6.24 tons CO₂e, an increase of 0.39 tons CO₂e compared to 2015.

In terms of net profits, 35.35 ne6 pr generated per millioRMB of2()XJ-0.02 Tc 0.0425(, 35.35 ne6 pr gener24 t).1on.16.5.247 3w58 2(B of)1247 0 0 5.247 332 472.1416 Tm(2)101.21 04440.042 Tw 9



• **Measures Taken to Save Energy and the Results in 2016**

Facility	Electricity-Saving Measures	Annual Power Saving (MWh/year)	Annual CO ₂ reduction (ton CO ₂ e/year)
Zhangjiang	Renewed water chillers (Building A) <ul style="list-style-type: none"> The spiral chillers were replaced with 2 1200RT centrifuges The 4 old 450RT spiral chillers were now backup units 	3,559	2,887
Shenzhen	Renewed water chillers <ul style="list-style-type: none"> 2 spiral chillers were replaced 	657	589
Shenzhen	Low-efficiency motors replaced with high-efficiency ones <ul style="list-style-type: none"> 14 Class III motors were replaced with YE3 series Class II performance motors 	76	68
Taiwan	Renewed water chillers (Replacement Phase 2) <ul style="list-style-type: none"> Spiral 240RT*2 (NO.1&2) replaced with 500 RT Trane centrifugal chillers Efficiency (KW/RT): 1.21=>0.57 	840	444

Note:

- The amount was rounded to the nearest integer
- CO₂ reduction = power saving amount × heat value coefficient upon the conversion of units
- Electricity emission factory:
 - Facilities in China: Based on "2015 Baseline Emission Factors for Regional Power Grids in China" promulgated by National People's Congress Resolution on Climate Change (Zhangjiang and Kunshan facilities has adopted East China Grid: 0.8112 tons CO₂e/MWh; Shenzhen facility has adopted South China Grid: 0.8959 tons CO₂e/MWh)
 - Taiwan facility has adopted "104 Electricity Emission Factory" announced by Bureau of Energy, Ministry of Economic Affairs: 0.528 tons CO₂e/MWh

Water Resource Management

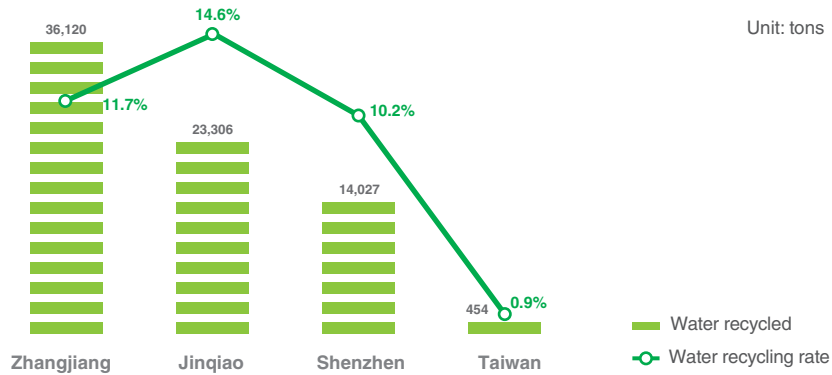
As global warming has resulted in obvious climate changes, the storage and distribution of water resources have also become an important topic for us. For USI, we do not have issues on contaminating catchment areas as our facilities are not built around it. Besides,

To make the use out of every drop of water, USI is planning to recycle as much water as possible via improvement of equipment and technology. Currently, wastewater recycling facilities are up and running at Zhangjiang, Jinqiao, Shenzhen and Taiwan facilities. The statistics show that 100,160 tons of process water was used in 2016 and 59,880 tons of it was recycled for a 60% recycling rate. At Jinqiao facility, an industrial wastewater zero discharge system was installed to achieve 100% recycling of process water. Also at Shenzhen facility, a drinking water recycling system was installed in Dec 2015. The total water recycled in 2016 added up to 7,372 tons, thus improving the recycling efficiency. The water recycling at each facility in 2016 is provided in the figure below.



Drinking water recycling system (Shenzhen facility)

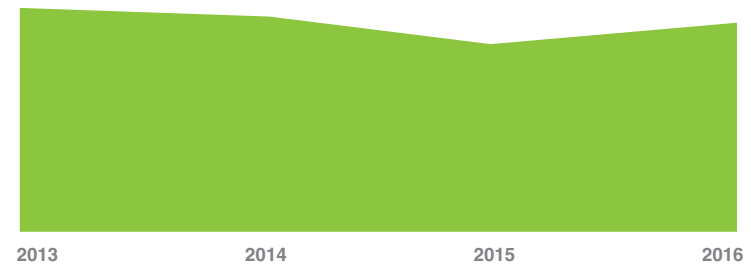
Unit: tons



Unit: tons

Waste Management

USI is always aiming for "pollution prevention and continuous improvement." Apart from abiding by local regulations, USI has added waste reduction and reusing as part of company policy. The facilities are asked to put it in practice and list it as an annual performance indicator. For this, all departments involving process, R&D, facility



For the compliance with local regulations regarding waste treatment, USI has developed the waste disposal program specifying that hazardous wastes shall be given to a qualified supplier with a valid license for disposal and that non-hazardous wastes shall be given to a licensed recycling firm for recycling or shipped to a licensed incinerator for incineration.

Statistics of disposal methods for various wastes in each facility in 2016 are as shown in the table below:

- **Hazardous Wastes**

Treatment	Reuse	Recycling	Landfill	Incineration
Zhangjiang	0.00	32.53	4.07	121.08
Jinqiao	0.00	6.31	0.00	85.15
Shenzhen	0.00	86.98	0.00	32.09

With respect to nitrogen oxides, sulfur oxides and suspensions, only Zhangjiang and Jinqiao facilities have spontaneously carried out tests and disclosure. In the future, USI will request other facilities to disclose air pollutants. Related data in 2016 are as shown in the table below:

Unit: tons

Category	Facility	Zhangjiang	Jinqiao	Shenzhen	Taiwan
Volatile Organic Compounds (VOCs)		13.861	0.463	0.780	8.318
Nitrogen Oxides (NOx)		N.D.	0.284	N/A	N/A
Sulfur Oxides (SOx)		N.D.	N.D.	N/A	N/A
Particulate Matter (PM)		6.586	N/A	N/A	N/A

Note:

1. The data included Zhangjiang, Jinqiao, Shenzhen, Taiwan facilities.
2. The data are rounded to the third decimal point.
3. N.D.: not detectible, i.e. the level is too low to be detected by the instrument.
4. N/A: no applicable local regulation is specified and no self-testing data is available.
5. The estimated emission level and amount in the test report produced by a third party test body are adopted for the Zhangjiang, Jinqiao and Shenzhen facilities.
6. The discharge amount of Taiwan facility is based on the declared amount of air pollution fees collected by local environmental protection organizations, which is calculated with mass balance.

Green Promise



To present the corporation's green promotion, and pursue harmonious dialogs between and coexisting development of environment and culture, USI established "Green & Environment, Health and Safety Department" to assure products and operating systems comply with international environmental regulations and clients' standard requirements. Within the green supply chain, from product materials procurement to product final disposal, a series of preventive green-management measures were implemented in order to reduce the environmental impact of the product and production process.

Meanwhile, USI conveyed earth-loving, eco-friendly and green concepts through meetings, training sessions and forums. Through a 3-way partnership, enterprise, employees and suppliers, USI fulfilled Green Promises as an enterprise citizen.



- Four Green Promises of USI

- Three Main Aspects of Eco-design of Green Product

Aspects	Environment Directives	Requirements	USI 'DFEs
 <p>Hazardous substances in electronic products</p>	<ul style="list-style-type: none"> • RoHS (Restriction of Hazardous Substances) • REACH (Registration, Evaluation and Authorization of Chemicals) • Halogen-free parts and process requirements • Battery Directive and Packaging and Packaging Waste Directive 	<ul style="list-style-type: none"> • Low-polluting • Non-toxic 	<ul style="list-style-type: none"> • Phase out the use of BFRs • Phase out the use of PVC • Use non-halogen materials
 <p>Recycling management of electronics</p>	<ul style="list-style-type: none"> • WEEE (Waste Electrical and Electronic Equipment) 	<ul style="list-style-type: none"> • Recyclable • Easy to take apart • Easy to process 	<ul style="list-style-type: none"> • Reduce the number of tools used to take machines apart • Introduce the labeling for recyclable plastics • Increase the percentage of recyclable module designs
<p>Ecological energy design of products</p>	<ul style="list-style-type: none"> • ErP (Energy-related Product) • CEC (California Energy Commission) 	<ul style="list-style-type: none"> • Energy saving • Resource saving • Reduced environmental impact 	<ul style="list-style-type: none"> • Reduce the energy consumption of machinery in stand-by or off mode • Increase the efficiency of energy conversion of EPS • Keep machinery in power-saving mode

Green Management With respect to the strategies of
 #VTP0
 ☒

USI has ecological design capabilities for products, plans green products conforming to global laws and decrees, and responds to the trend of continuous development of green products. Meanwhile, with respect to the management of hazardous substances in the environment, USI continuously strengthens the function of green product management system (GPMS) and the establishment of a database for environmental hazardous substances (EHS) (as shown in Picture).

Moreover, through standards for green environmental protection products and the operating procedure of Design for Environment (DfE), USI synchronously verifies with USI's project development unit and clients, helps evaluate the life cycle of products, and obtains required environmental protection marks based on clients' demand. Each year, USI assures that our plants home and abroad pass the inspection of the third unit and complete the examination of "Environment management system", "hazardous substance management system", "GHG management system" to rapidly respond to the change of international environmental protection laws and regulations and conform to them.

• **Schedule for the Introduction of Green Management System**

Management System	Zhangjiang Facility	Jinqiao Facility	Shenzhen Facility	Kunshan Facility	Taiwan Facility	Mexico Facility
ISO 14001	2004	2016	2001	2012	1998	2006
IECQ QC080000	2007	2015	2007	2012	2006	2007
ISO 14064-1	2010	2016	2010	2011	2009	2016

- ISO14001, IECQ QC080000 and ISO14064-1 Certificates



• **Design Results of Green Products**

The principle of eco-design is introduced in product development and design based on USI's three axes of electronic product eco-design and the green environment policy established by the company is followed. For example, materials comply with HSF (Hazardous Substance Free), RoHS and WEEE requirements. In addition, energy-efficient design is introduced to meet the requirements of Energy Star and ErP, as to meet a range of environmental factors, such as material use, energy saving and CO₂ reduction, efficient use of water resource, pollutant emission, resource wasting and recyclability.

• **Future Goals**

Types of Product	2020 Goals
Server	<ul style="list-style-type: none"> • DC-DC Converter Efficiency: Full load 92.6% • To use PSU meets EU CoC Tier-2 & US DOE • To use 80 PLUS titanium PSU
NAS (Network Attached Storage)	<ul style="list-style-type: none"> • To replace coin battery with super charge caps • To improve DC/DC design efficient, target: 90%
NS	<ul style="list-style-type: none"> • To achieve the latest standby requirement of ErP Lot 26
SDS	<ul style="list-style-type: none"> • To achieve fully supports PCIe low power features • To develop power regulator solution supports working mode switch to reduce power
Wireless communication	<ul style="list-style-type: none"> • To continue to improve module design method and ability and realize product eco-design • To keep strengthening the integrated module design and improving the efficiency of energy use

Note:

For intensified promotion of green products, USI is planning to establish the "green design innovation and invention-special encouragement system of patent bonus" in 2017, which will be disclosed in detail in the next year's report.

ISO 14064-1

ISO 14064-1 management system is introduced to Jinqiao and Mexico facilities

ISO 14001 management system is introduced to Jinqiao facility

Environmental Sustainability

USI's performance of green design in 2016 as shown below table:

Product Category	Key Features of the Green Design	2016 Performance
Smart Handheld Device-System Part	<ul style="list-style-type: none"> Body safety electromagnetic wave design 	<ul style="list-style-type: none"> Conforming to SAR regulations to reduce the harm of electromagnetic waves to human bodies
	<ul style="list-style-type: none"> Meets RoHS Design principle for 3 R's of environment 	<ul style="list-style-type: none"> The design of mechanism parts complies with the requirements of RoHS and 3Rs, i.e. Reduce, Reuse and Recycle
POS-external DC Adaptors	<ul style="list-style-type: none"> Improve energy efficiency Reduce power consumption at standby 	<ul style="list-style-type: none"> The energy certification of wall-mounted products escalates from DoE Level-V to Level-VI <ul style="list-style-type: none"> The average energy efficiency is improved from 75.04% to 80.215% Power consumption drops from 0.3W to 0.1W at no load The energy certification of desktop products escalates from DoE Level-V to Level-VI <ul style="list-style-type: none"> The average energy efficiency is improved from 87% to 88% Power consumption drops from 0.5W to 0.21W at no load The power adaptor used for the products of new client T complies with DoE Level 6. The power consumption is reduced to below 0.1W at no load and the power conversion efficiency improved to 87.4% or more. The product's switch board meets the PVC Free requirement
		<ul style="list-style-type: none"> 80 Plus Gold medal efficiency is elevated to platinum medal efficiency: <ul style="list-style-type: none"> 20% rated load: 88% 90% 50% rated load: 92% 94% 100% rated load: 88% 91% DC-DC Converter Efficiency reached 91% External power supply: Conforming to European Union CoC Level 6 Tier-1 and Level 6 of United Internal power supply: Conforming to 80 PLUS platinum
Server	<ul style="list-style-type: none"> Improve energy efficiency 	<ul style="list-style-type: none"> Optimized fan control; for example, the control mechanism for CPU and virtual HDD is developed to keep a track on CPUs and HDDs. The fan RPM is regulated while CPU/HDD is standing by or running, so that the power consumption is minimized Highly efficient power supply elements are adopted in the design. The power conversion efficiency on motherboard reaches up 90% when system loading is greater than 20% The advanced power management of Node Manager is introduced to BMC/BIOS design. The intelligent heat dissipation system mechanism designed according to various system configurations provides a solution featuring high performance and energy efficiency System performance is improved with software optimization

Product Category	Key Features of The Green Design	2016 Performance
Wireless Communication	<ul style="list-style-type: none"> • Meets EU ErP • Module compatibility • Improve energy efficiency • Reduction of consumables 	<ul style="list-style-type: none"> • Starting from 2017, the power consumption at standby mode shall be smaller than 8W for the requirements of ErP Lot26 Tier 1. USI's NS product (PWT16) was tested in 2016 at 4.3524W, which is smaller than 8W and meets the requirements of ErP lot26 Tier1 • The wireless communication module for IoT applications is designed to allow clients to choose one single wireless communication module design that fits across different system platforms and functional requirements, and USI is able to customize the chipsets and circuit design so that a universal design is shared across the motherboard design of system platform for clients. As a result, clients' motherboard design for system platform can be simplified and the shareability is improved significantly for less waste of materials • The latest generation module requires only a third of power compared to the first generation. It is estimated to save 200,000kWh of power per year. The module design is more compact to save PCB space, parts and consumables. Compared Generation 1, up to 75% of PCB space can be saved
	<ul style="list-style-type: none"> • Improve energy efficiency 	<ul style="list-style-type: none"> • Optimized fan control; for example, the control mechanism for CPU and virtual HDD is developed to keep a track on CPUs and HDDs. The fan RPM is regulated while CPU/HDD is standing by or running, so that the power consumption is minimized • While the mother board id designed, the DC power conversion efficiency (Vcore/DDR) reaches up 90% when system loading is greater than 20% • Highly efficient power elements and platinum and titanium level power supply are adopted in the design. The power efficiency of CPU and memory can be as high as 92% at full load • The advanced power management of Node Manager is introduced to BMC/BIOS design. The intelligent heat dissipation system mechanism designed according to various system configurations provides a solution featuring high performance and energy efficiency
NAS	<ul style="list-style-type: none"> • Improve energy efficiency 	<ul style="list-style-type: none"> • The DC power conversion efficiency is up to 87% for motherboard design, and DDR4 is introduced to save power
SSD	<ul style="list-style-type: none"> • Improve energy efficiency 	<ul style="list-style-type: none"> • SSD products feature 100% support for Ultra Low Power mode. In SATA SSD products, the criterion of <20mW at standby is achieved through the support for DEVSLP. Some products even reach <1mW at standby. For example, PCIe Gen3 SSD has reached L1 sub-states at standby • In power supply design, the solution that features high dynamic performance at a wide range of loading scenarios is selected for the main power supply. The optimized output efficiency is achieved when PWM mode is used as medium/high loading conditions. At light loading, the PFM mode is activated for less power consumption

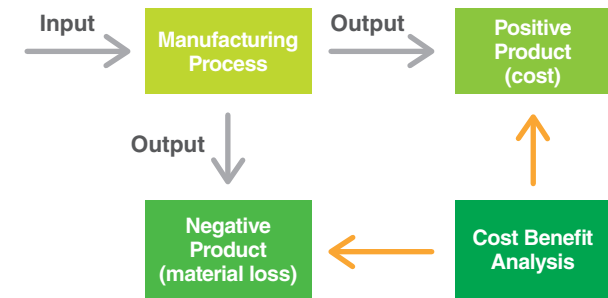
- **Important Achievement**

The wireless communication module for IoT applications is designed to allow clients to choose one single wireless communication module design that fits across different system platforms and functional requirements, and USI is able to customize the chipsets and circuit design so that a universal design is shared across the motherboard design of system platform for clients. As a result, clients' motherboard design for system platform can be simplified and the shareability is improved significantly for less waste of materials.

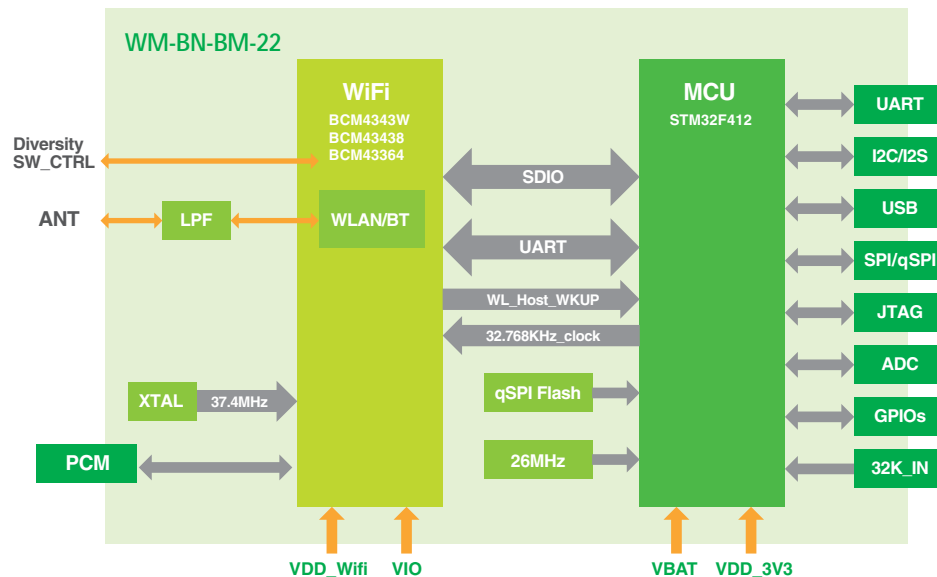
- **Product Material Flow**

Material flow cost accounting (MFCA) is a new environmental management accounting technique that keeps a track of material flows during production to determine the efficiency of resource use and environmental improvement. It is intended to realize environmental protection and improve economic benefits through resource saving, decreased pollution and cost reduction, while embodying the beneficial technology that improves the efficiency of resource use and reduces or prevents generation of pollutants through clean production from the beginning.

- **MFCA**



Application of Material Flow Cost Accounting



Note:

1. BCM43364 features support for IEEE802.11b/g/n wireless communication.
2. BCM43438 features support for IEEE802.11b/g/n+BT4.1 wireless communication.
3. BCM4343W features support for both IEEE802.11b/g/n+BT4.1 wireless communication and A4WP wireless charging.

USI introduced MFCA in 2016, and started to determine the balance between materials fed in and produced and the cost efficiency of the wireless communication modules produced at Taiwan facility as an important basis for sustainable operations and environmental management. A deeper understanding from "process map" to "energy and resource costs" was enabled thanks to the material flow project. The production of "positive products" and "negative products" are identified and the process of losses is analyzed for each individual metering center. Based on the losses to negative products, it is found that the losses to negative products account for 0.02% to 0.09%. This provides a clear picture of resource efficiency and improvement, thus facilitating more efficient use of materials and energy.

MFCA analysis became officially a part of the ISO 14000 environmental system standards in 2011. USI Taiwan facility is expected to acquire the verification statement (ISO14051:2011) from a verification (auditing) body in 2017 and internalize economical and external costs for the interactive relationship between people, biology and environment.

• **Cleaner Production**

In addition to adopting ecological design for its products, USI conforms to the principles of the cleaner production evaluation system at all its facilities in production and manufacturing, logistics and transportation, green management and social responsibility to implement resource conservation, green manufacturing processes, pollution prevention and innovative eco-friendly design. This has not only lowered the impact of manufacturing processes upon the environment, but also reduced costs of raw materials, energy, and pollutant treatment while

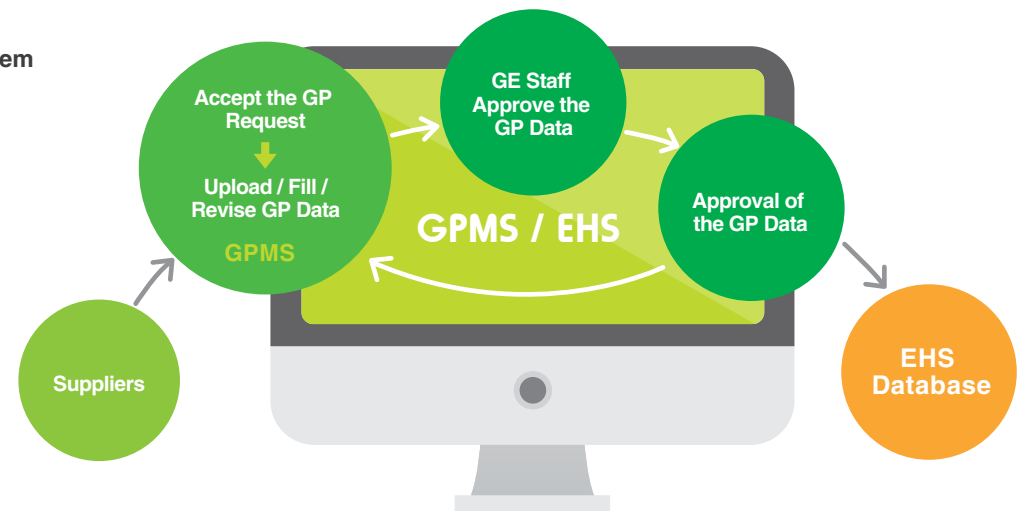
increasing economic and environmental protection benefits. Since 2011, its facilities including Zhangjiang, Taiwan, Shenzhen and Kunshan facilities have successively obtained cleaner production certification. It is planned that Jinqiao facility will receive related certification in 2017. USI will continue to devote itself to the promotion of cleaner production and the establishment of a green factory.

Green Supply Chain

The trend toward sustainable development of Green Products is inevitable. Only by establishing long-lasting management model of green supply chain could allow industries face up-coming challenges. As a result, USI ensured that the entire production process---which involves product design, procurement of materials, manufacturing, sale and recycling of products---generated the maximum environmental benefits. With an effort to integrate upper and lower-stream partners, USI vowed to create a safe, stable green supply chain and eventually be transformed into a Green Enterprise. USI has introduced Green Product Management System (GPMS), and its suppliers can obtain information regarding USI's latest green product norms through the system and log in the platform to have their green components certified. USI's R&D, production and quality assurance units can comprehend control standards for the composition and content of green products and take required control measures. The labeling of materials from suppliers must conform to Green Product Specifications and Regulations on Chemicals stipulated by USI, and suppliers should provide ingredient tables for components, test reports, declarations of conformity and safety information for its environmental, safety and health department to examine before the components can be used.

For information of other supplier auditing, communications and conflict-free purchase projects, refer to "supply chain management."

• **GPMS、EHS System**



Green Education

Besides implementing the green management internally, USI made stakeholders further aware of the importance of environment protection, and applied the correct environmental concepts to various steps in production process (i.e., the product planning, raw material control and greenhouse gas emission reduction). USI keeps communicating with its employees, suppliers and contractors regarding USI's ESH-associated principles, knowledge and requirements. An e-learning program was added to USI's internal training that informed the employees of GP-related regulations, requirements, operating procedures and eco-friendly materials.

• **The Green Education Training Program**

Courses	Course Content
Introduce the GP Quality Management System	<ul style="list-style-type: none"> • International environmental regulations and requirements for green products • Framework of green management system • The operating procedure for GP design/manufacture
Assess the specs of GP and Parts	<ul style="list-style-type: none"> • Require the data about green parts • Keep track of Green raw-materials inventory • Recognition and change of Green raw materials • Recognition of the green environmental products
Introduce Relevant Laws on GP	<ul style="list-style-type: none"> • EU RoHS and RoHS 2.0 • China & Japan RoHS • Halogen-Free • REACH • USA CEC • The relevant regulations of Battery • WEEE directive • ErP • Energy Star • Eco-label & EPEAT • Carbon Footprint

To meet customer requirements, USI was not only keen to participate in international forums that disclose carbon emission details, but also carried out plans for energy conservation and carbon emission reduction. By instilling the Green concepts at internal training programs while drawing from external experiences in this regard, USI conveyed its Green values and fulfilled the Green Promises. See the chapter of "Supplier Communication" for associated activities in 2016.

Green Expenditures

To meet customer requirements, USI was not only keen to participate in international forums that disclose carbon emission details, but also carried out plans for energy conservation and carbon emission reduction. By instilling the Green concepts at internal training programs while drawing from external experiences in this regard, USI conveyed its Green values and fulfilled the Green Promises. The total number of green expenditures in 2016 is USD 1.93 million as shown below table.

• **Expenditures of Environmental Protection**

Unit: USD

Expenditure Items	Amount of Expenditure in 2016
Cost of Pollution Prevention	233,113
Prevention of Climate	275,737
Cost of Disposing Industrial Waste	456,815
Others	965,359
Total	1,931,024

Note:

1. The statistics covered Zhangjiang, Jinqiao, Shenzhen, Kunshan and Taiwan facilities.
2. "Others" item cover green procurement, eco-friendly product, educational training, related certification and environmental donation.



Employee Care and Cultivation

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.

▶ **No recruitment of child labor**



The employees at our worldwide facilities must undergo the "Employees' Code of Conduct" online course each year to enhance their understanding of the laws and regulations. At the same time, through the method of online testing, we confirm the employees' understanding of related provisions. In 2016, the average training hours on human rights issue for each person is 1 hour; the total number of training hours is 16,434 hours; the total number of people trained is 15,985 people, which accounts for 105% of the total number of people (Note).

Note: Due to the resignation of employees, the number of people trained > the number of total people.

Global Workforce

USI has a workforce of 15,119 in total up to the end of 2016. It consists of 13,908 permanent, 1,211 non-regular employees, including 12,358 in China, 1,825 in Taiwan, and another 83 dispatched workers, 936 in Mexico. 49% of USI's workforce composes of women as shown in the table below:

Among which there are 944 managerial personnel, 1,184 clerical personnel, 2,959 technical personnel (including 2,189 R&D personnel, which accounts for 14% of the total number of employees), and 10,032 skilled personnel.



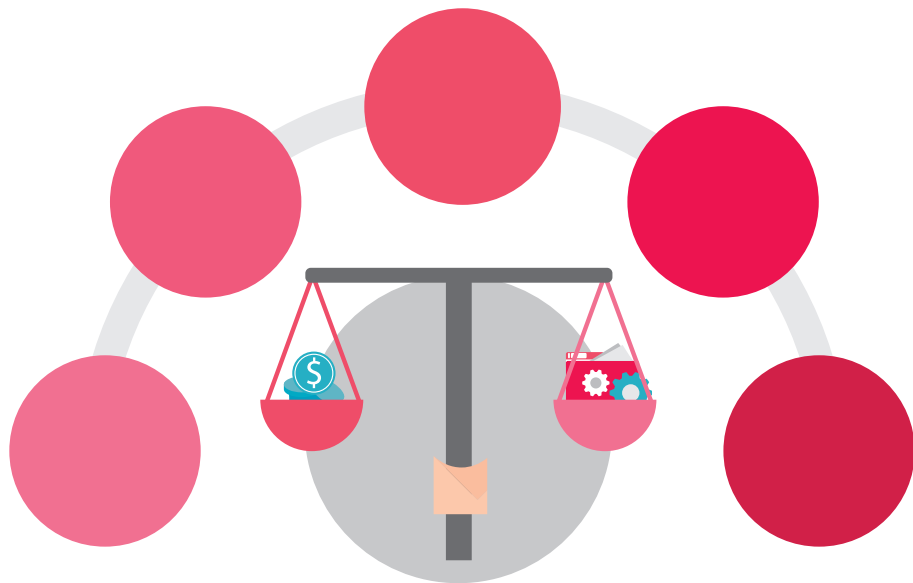
15,119

USI's employees are reached 15,119

43 Employee Care and Cultivation

• USI Workforce Structure

Categories	Groups	Zhangjiang		Jinqiao		Shenzhen		Kunshan		Taiwan		Mexico		Subtotal and Percentage by Groups	
		Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Employee Category	Management Position-Male	181	19.2%	126	13.3%	116	12.3%	90	9.5%	172	18.2%	18	1.9%	703	4.6%
	Management Position-Female	73	7.7%	29	3.1%	71	7.5%	25	2.6%	29	3.1%	14	1.5%	241	1.6%
	Technical Position-Male	561	19.0%	417	14.1%	331	11.2%	230	7.8%	788	26.6%	39	1.3%	2,366	15.6%
	Technical Position-Female	187	6.3%	85	2.9%	79	2.7%	53	1.8%	178	6.0%	11	0.4%	593	3.9%
	Business Position-Male	63	5.3%	27	2.3%	69	5.8%	81	6.8%	73	6.2%	25	2.1%	338	2.2%
	Business Position-Female	203	17.1%	50	4.2%	244	20.6%	111	9.4%	186	15.7%	52	4.4%	846	5.6%
	Skill Position-Male	1,228	12.2%	899	9.0%	1,128	11.2%	841	8.4%	67	0.7%	160	1.6%	4,323	28.6%
	Skill Position-Female	1,518	15.1%	799	8.0%	1,737	17.3%	706	7.0%	332	3.3%	617	6.2%	5,709	37.8%
Gender	Male	2,033	26.3%	1,469	19.0%	1,644	21.3%	1,242	16.1%	1,100	14.2%	242	3.1%	7,730	51.1%
	Female	1,981	26.8%	963	13.0%	2,131	28.8%	895	12.1%	725	9.8%	694	9.4%	7,389	48.9%
Location	Local	3,950	26.1%	2,396	15.8%	3,763	24.9%	2,116	14.0%	1,756	11.6%	934	6.2%	14,915	98.7%
	Non-local	64	0.4%	36	0.2%	12	0.1%	21	0.1%	69	0.5%	2	0.0%	204	1.3%
Age	≤ 30	3,068	29.7%	2,001	19.4%	2,746	26.6%	1,722	16.7%	288	2.8%	495	4.8%	10,320	68.3%
	31~49	930	20.7%	425	9.4%	1,022	22.7%	409	9.1%	1,351	30.0%	364	8.1%	4,501	29.8%
	50 ≥	16	5.4%	6	2.0%	7	2.3%	6	2.0%	186	62.4%	77	25.8%	298	2.0%
Subtotal by Facility		4,014	26.5%	2,432	16.1%	3,775	25.0%	2,137	14.1%	1,825	12.1%	936	6.2%	-	-
Total															15,119



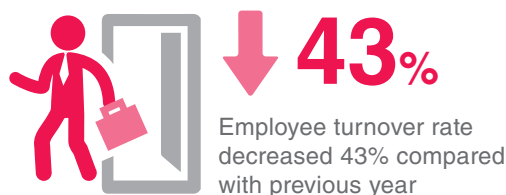
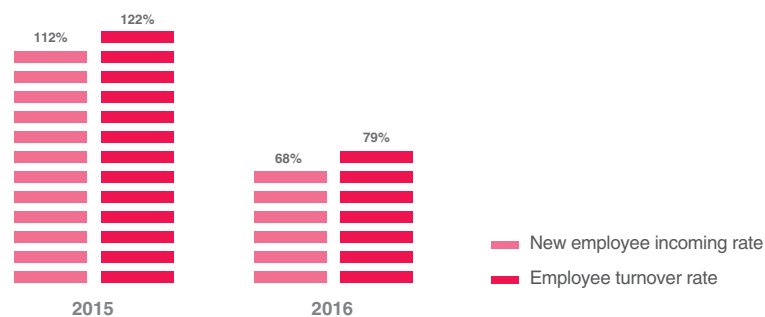
• **Distribution of Staff Leaving Office**

Facility	Zhangjiang	Jinqiao	Shenzhen	Kunshan	Taiwan	Mexico	Total
Male	1,384	1,562	1,082	702	85	185	5,000
Female	1,983	1,538	1,889	837	40	679	6,966
Age ≤ 30	3,114	2,889	2,722	1,474	40	625	10,864
30 < Age < 50	249	211	248	65	75	226	1,074
Age ≥ 50	4	0	1	0	10	13	28
Percentage of Staff Leaving Office	84%	127%	79%	72%	7%	92%	79%

Note:

1. Employee Turnover Rate = No. of People Leaving Office this Year ÷ No. of People Remaining in Office at Year End × 100%.
2. Due to batch orders at Jinqiao Facility, this caused the staff turnover rate to be higher.

• **Distribution Status of the Recent Two Years**



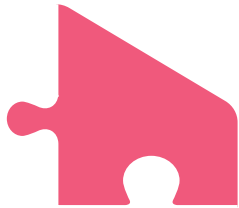
Integral Training Program

Through multiple educational training, USI helps its employees cultivate professional abilities and grow. The most important learning and development system of USI is USI University (hereinafter referred to as USIU). USIU has "Management College", "Technology College", "Quality College", "Manufacturing College" and "General Education Center" to integrate global learning resources and build an innovative learning environment for its employees to learn and develop.

With the mission of establishing an innovative learning environment in order to reach a high operational performance, USIU is dedicated to enhance the quality of human resources, leadership management and innovative research and development ability

- **Framework of Learning and Development**

Based on the target of establishing a learning organization, USI continues to assist employees to achieve self-growth. In the future, we will continue to pay attention to the cultivation of professional talents, to develop comprehensive trainings, and to promote the development of USI and our employees.



- ▶ **Core Competencies Courses**

Employees' core competencies and the company's future development are closely related. To enhance employees' abilities in their core competency area, USI has offered a series of courses based on employees' specialty to help them reach another level.

- Problem analysis and solving
- Communication & Teamwork
- Learning capacity & Adaptability
- Executive power
- Creativity

► **Direct Employee Training**

In order to keep developing operative ability of production for direct employees after entering the manufacturing facilities, USI invites engineers or administrators with excellent expertise as internal lecturers. USI also teaches employees working methods and skills directly according to their different operation features.

► **Personal Efficiency Courses**

A good balance between employees' work and life is also one of USI's goals. Therefore, USI has arranged a series of personal efficiency courses including all types of tools and skills, workplace etiquette, legal knowledge, language skills, and stress release and health.

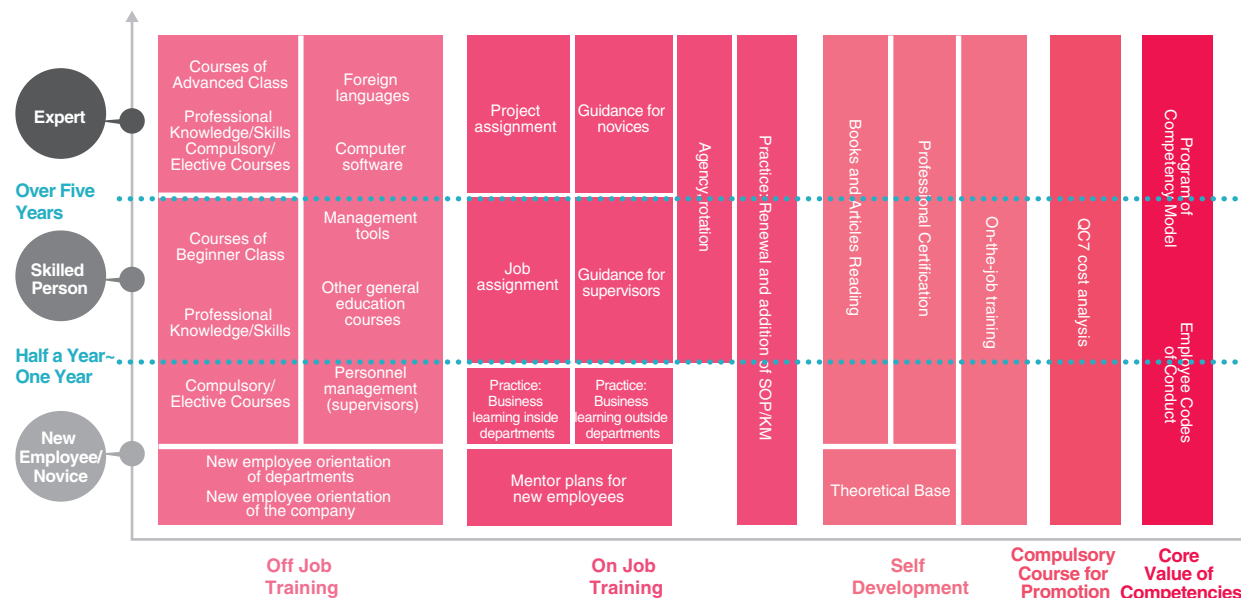
► **On-the-Job Training (OJT) Professional Certification Course**

USI established a system of professional certification courses for engineers, and it continues to perfect its auditing and tracking mechanism and deepen its courses through trial and error. In the aspect of engineers' professional knowledge and personal professional skills, the facility has provided professional and top-grade service for its courses.

► **External Trainings**

USI dispatches employees to national and international training institutions, schools and business consultancy firms to take on-the-job trainings and to learn up-to-date professional knowledge and skills.

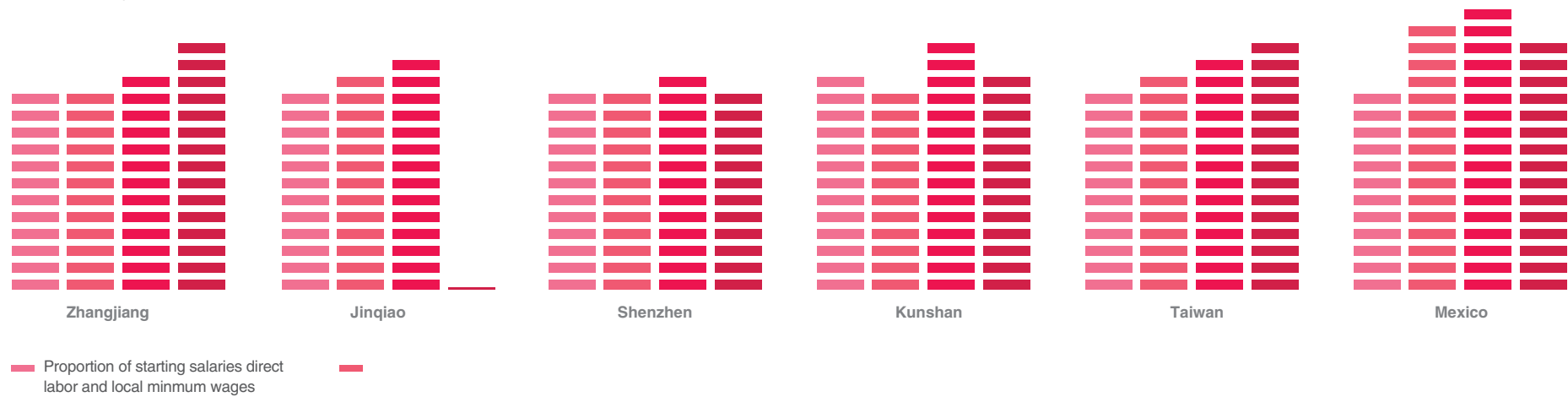
• **USI's Learning and Development Path**



► **Orientation training program**

When newcomers enter the company, USI quickly arranges guidance courses with three phases to help them understand the operation of company. Then, USI will provide tailor-made professional skill courses for each newcomer to quickly get into the working environment. The training program includes EICC (Electronic Industry Code of Conduct) training courses.

USI abides by local labor laws and decrees, and the starting salaries and rewards of its employees do not vary due to gender, religion, political affiliation and marital statuses. The ratio of the standard starting salary of entry-level personnel (direct employees) to the local minimum wage is about 1~1.1:1 after calculation; while the ratio of the wage of male and female indirect employees is 1.22:1. Details are shown as follows:



Note:

1. Proportion of starting salaries of direct labor and local minimum wages = Starting salaries of direct labor ÷ local minimum wages.
2. Proportion of male and female salaries = Salaries of male employees ÷ Salaries of female employees.
3. There are no females in managerial positions at the Jinqiao facility.

• **Distribution of Employees Receiving Regular Performance Review in 2016**

Gender	Hiring Types	Amount of the Employees	No. of Employees accepted Regular Examinations	Percentage of Employees accepted Regular Examinations
Male	Management Position	703	685	97.44%
	Technical Position	2,366	2,366	100.00%
	Business Position	338	338	100.00%
	Skill Position	4,323	0	0.00%
Subtotal, Man		7,730	3,389	43.84%
Female	Management Position	241	240	99.59%
	Technical Position	593	593	100%
	Business Position	846	846	100%
	Skill Position	5,709	0	0.00%
Subtotal, Woman		7,389	1,679	22.72%
Total		15,119	5,068	33.52%

• **Distribution of Employees Receiving Function Development Review in 2016**

Gender	Hiring Types	Amount of the Employees	No. of Employees Accepted Regular Examinations	Percentage of Employees Accepted Regular Examinations
Male	Management Position	700	682	97.43%
	Technical Position	2,189	2,189	100.00%
	Business Position	320	320	100.00%
	Skill Position	3,225	3,225	100.00%
Subtotal, Man		6,434	6,416	99.72%
Female	Management Position	240	239	99.58%
	Technical Position	562	562	100.00%
	Business Position	801	801	100.00%
	Skill Position	4,696	4,696	100.00%
Subtotal, Woman		6,299	6,298	99.98%
Total				

- **Employees' Welfare**

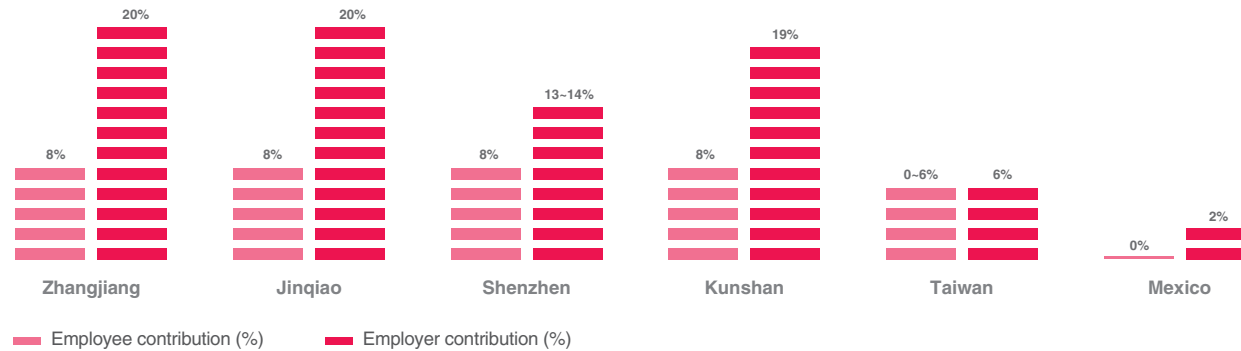
In addition to various protections provided by local laws and regulations, USI provides the following welfare systems as well.

USI has its own employees' restaurants and provides subsidies for dining. In addition, USI has stipulated "Regulations on Safety and Hygiene of Food at Employees' Restaurants" in the light of food safety incidents in Taiwan, and it strictly checks on food purchase, preservation, cooking and the environment of its restaurants and has established an emergency response mechanism. We achieved the goal of "zero food safety incident" in 2016. Upholding the spirit, we hope to provide our employees with a safe dining environment in 2017.

In addition, responding to the changes in Taiwan Labor laws and regulations (one fixed, one flexible), besides amending the administrative regulations on attendance, salary, and related issues, the overtime payment, annual leave settlement, and special leave for incoming personnel are all better than the labor laws and regulations, with the expectation of providing higher quality working conditions for employees. Moreover, many supervisor briefing sessions were held in January 2017, assisting the supervisors in understanding the content of amended articles, as well as related response measures of the Company, and providing various management tools and information for supervisors of various ranks, so that they can be even more

• Employee Insurance and Retirement

USI and its subsidiaries provide retirement welfare by following local laws and regulations, and the rate of employees participating in the retirement program is 100%. Labor parties set aside a certain amount each month into the employee's retirement account in accordance with regulations, where the retirement pension is calculated by actuaries each year and the labor pension fund is prepared on the Company's financial account to respond to the use for employee retirement. The percentages of salary that are set aside by employees or employers as pension for each facility are as follows:



• Statistics on Parental Leave in 2016

Facility	Taiwan		
	Male	Female	Total
No. of People Qualified to Apply for Parental Leave That Year	216	77	293
No. of People Actually Applied for Parental Leave that Year	2	5	7
No. of People Expected to Be Reinstated That Year	3	2	5
No. of People Actually Reinstated That Year	1	2	3
No. of People Reinstated in Previous Year	0	2	2
No. of People Reinstated in Previous Year and Continued to Work for More Than One Year	0	2	2
Reinstatement Rate for Parental Leave (%)	33%	100%	60%
Percentage of People Holding Their Post Due to Parental Leave (%)	-	100%	100%

Note:

- The data only cover Taiwan facility because other facilities do not provide parental leave.
- Qualification for Application of Parental Leave without Pay that Year: Those who have applied for "Paternity Leave" or "Pregnancy Leave" (20 weeks or more) from 2013 to 2016 and who still hold a post in 2016.
- Reinstatement rate for parental leave = No. of people actually reinstated that year ÷ No. of people expected to be reinstated that year × 100%.
- Percentage of people holding their post due to parental leave = No. of people reinstated in previous year and continued to work for more than one year ÷ No. of people reinstated in previous year × 100%.

- **Balancing Work and Life**

In USI, various clubs have been established for the purposes of health, happiness and learning such as table tennis club, swimming club, fishing club, charity club, Chinese chess club, chorus and so on. Related expenses are appropriated each year for the clubs to hold activities. USI also is equipped with recreation rooms such as computer classrooms, libraries, KTV rooms, fitness rooms, and indoor basketball and badminton courts. In addition, various recreational facilities such as table tennis, pool, and large game machines are available.

- **3 Main Axes of the Event**

Health

Only a healthy body can create infinite possibilities. By improving employees' knowledge and environment of healthy life, the efficiency is improved and productivity doubled.

Learning

Learning keeps you young. Learning is to take care of employees for the rest of their lives.

Learning programs are developed for employees' career development. Looking for the fun of learning keeps life going and makes employees willing to work harder.

Happiness

The philosophy of happiness is the magic wand to create win-win for a company and its employees. If "failure is the mother of success", happiness will be the father of success. Employees get their passion and inspiration from happiness, whereas happiness is the spring of power that keeps employees going.

To organize employees' welfare and related activities, the Taiwan facility has established "Employees' Welfare Committee". The committee holds interesting and public events with clubs to let more employees and their families attend and achieve the objective of "cultivating useful skills in life". In addition to bringing spiritual joy and healthy and happy life to employees, these activities can cultivate teamwork, promote harmonious work atmosphere and enhance work efficiency. In 2016, USI held at least 50 events with over 20,000 participants.

Strong Employee Engagement

USI makes a great effort to build a community to balance employees' work and life. To build a good employer-employee communication mechanism, and USI signs labor contracts conforming to local laws and regulations with its employees. The contracts explicitly state rights and obligations for both parties to abide by. When there is any great change to USI's operation which makes labor contracts unable to be fulfilled, employees shall be notified in advance in accordance with local laws and decrees. We also communicate with the affected employees, explaining the rights and interests that they should have, while cooperating with the Vocational Training Bureau to provide training and planning, and collecting information on job opportunities in nearby regions to assist the colleagues in transferring jobs.

In addition, in order to provide a complete communication channel and to continuously establish an open and smooth management environment built upon mutual trust, so as to facilitate labor relations and effectively raise the coherence of all staff members, the communication channels provided are as follows:



In 2016, the Company received a total of 19 employee complaint cases, among which 16 of the cases have been closed, and there are still 3 that are being processed. Details are shown as follows:

Appeal Cases	No. of Cases	Response Measures	Current Status
Requesting a Raise (Mexico facility)	2	Went through the evaluation and analysis of supervisors and human resource units	Informal petitions have been proposed for the superior supervisors to approve
Safety Issues Near the Facility (Mexico facility)	1	Coordinated with the local police units to strengthen patrol	Relevant application procedures have been carried out, awaiting the approval of competent authority to carry on action

The Zhangjiang facility has established the Trade Union Committee of Universal Scientific Industrial (Shanghai) Co., Ltd. The committee not only maintains major employees' legal rights, but also promotes employees' active, proactive and creative attitudes toward work and enhances USI's coherence and competitiveness, and creates a trusting relationship and communications channels between the company and the employees. At the moment, both the Zhangjiang and Mexico facilities have Union Committee, the proportion of employees who participated in the Union Committees are, respectively 40% and 63%, among which the Mexico facility has signed the Collective Agreement.



General Manager's Symposium (Zhangjiang facility)

Excellent Working Environment

- **Safety and Health Management**

To safeguard employees' operational safety and maintain environmental health, USI has stipulated safety and health policies, objectives and standard procedures and conducted educational training, and passed the OHSAS 18001 Occupational Safety and Health Management System to satisfy the requirements of occupational health and safety laws and our own policies.

After the Zhangjiang, Shenzhen, Kunshan, Taiwan, and Mexico facilities, Jinqiao facility successfully passed the OHSAS 18001 certification in May 2016, becoming the guidelines of maintaining staff occupational health and safety and achieving the goal of 100% obtaining certification at the worldwide facilities.

0 Case

Zero infectious
disease at facilities



OHSAS 18001 Certificate
(Jinqiao facility)

To prevent work injury accidents from happening home and abroad, USI irregularly holds work injuries orientations and conducts educational training for employees. Additionally, it records occupational injuries values at each facility on a regular basis and proposes reports to improve. Moreover, USI monitors operational environments with high risks including noises, the concentration of carbon dioxide, organic solvents, specific chemical substances and lead in the workplace to ensure that the threshold values of concentration of harmful substances and noises are below standards. The monitoring results show that no harmful substance or noise exceeded standards at all facilities in 2016.

In order to ensure the health and safety of the employees in the radiation workplace and to protect them from the



Note: specific physical check-ups covered noises, the concentration of carbon dioxide, organic solvents, specific chemical substances, dust and lead in the workplace

Among which, during the process of inspection, Jinqiao Environmental Safety Team discovered that the Leigang cleaning machine in the cleaning room does not have drying functions, which caused the Bromopropane solvent to still exist on the Carrier surface after completing the cleaning process and to volatilize into the work space during the natural drying process. Therefore, in 2016, the Environmental Safety Team transformed the Leigang cleaning machine and installed an exhaust system, causing the Carrier's surface to remain at a dry state after washing so as to achieve the goals of reducing the occupational hazard risk and protecting staff health.



Safety Production Knowledge Competition
(Kunshan facility)



Leigang Cleaning Machine after having Installed
Exhaust System (Jinqiao facility)

- **Emergency Response Center**

USI has established an emergency response center for environment and safety and made a general education proposal on hazards and emergency response procedure. In addition, it conducts emergency response training for disasters caused by earthquakes, fires, hazardous substances and infectious diseases. Moreover, it holds environmental, safety and health programs such as emergency response to organic solvents, the labeling of hazardous and harmful substances, the usage of labor protective equipment and general education training for employees to participate in drills and take examinations to enhance their safety awareness and emergency response abilities. These drills and training help prevent work accidents from happening. Units using hazardous substances are examined on a regular basis and audited irregularly.

- **Physical and Mental Health**

To effectively achieve health management, USI conducts physical check-ups each year in accordance with laws and regulations. In addition, USI tracks employees with major abnormalities and conducts the prevention and management of contagious diseases to achieve the goal of early diagnosis, early treatment.

In mental health, USI not only hold birthday parties and single parties on a regular basis for employees, but also has Employee Assistance Programs (EAPs), and it works with its human resources department to make sure employees' pressure from their families, work and life can be taken care of.

Employee Assistance Program provides a welfare and supportive service for the company's employees. Different from others, it helps enhance employees' mental abilities to improve their comprehensive performances. In addition to managing human resources more effectively, it can deal with sudden crises efficiently, improve production efficiency and create a harmonious work environment as well.

- **Health Promotion and Training**

To prevent the happening of chronic and occupational diseases, apart from consultations on the prevention of ordinary diseases, USI holds various workshops and training such as pregnancy care, identification of mental diseases and first-aid training to strengthen the safety and health management of workplace, enhance its ability of identifying health risks, and assist to prevent and cure occupational diseases.

Also, a total of over 30 events were held, including relevant



Upon evaluating annual physical check-up reports regarding top ten abnormalities in Taiwan facility, it has been found that the proportion of employees with abnormal blood lipid is high. To prevent cardiovascular diseases, chronic diseases and some cancer, health management is important. Since 2013, the Taiwan facility has been holding a weight loss competition each year. The 2016 event was called "Trim Your Waste, Love Your Heart." In the beginning, only 154 people participated, and until 2015, the number of participants increased to 500 people; however, due to restrictions on funding, the number of participants was restricted to 500 people in 2016. Although there were other dispatched and company units that wanted to participate, but they weren't listed in the list of competitors.

The activity included advocacy and health education, physical fitness testing, requesting units preparing group meals to coordinate and prepare low-calorie meals, integrating with the exercise club of the company, and holding free exercise courses in concert with the event, etc. In 2016, the director-general of the Welfare Committee led in declaration, "The goal of weight loss in 800 kg." The final result surpassed expectations with 1,015 kg, which is 210 kg more than the previous year. The proportion of Friday fruit and vegetable habit rose from 37% in 2014 to 43% in 2016.

Not only did the health condition of staff improve, this event also received affirmation and recognition from all sectors, and received Weight Loss Excellence Workplace for the third consecutive year given by Nantou County Government Health Competent Authority. However, because the award was canceled in 2016, it was changed to an oral encouragement. And



Customer Service and Supply Chain Management

In facing the boundless development trend in the globe, good supply chain management can not only effectively lower production costs and enhance the quality of products, but also build the company's competitiveness and image with its partners to win more satisfaction and orders from customers.

Customer Service and Supply Chain Management

• USI Value Chain

USI is the world's leading company of ODM/EMS providing design, miniaturization, material sourcing, manufacturing, logistics, and after services of electronic devices/modules for brand owners. The Product Value Chain as shown in the following picture:

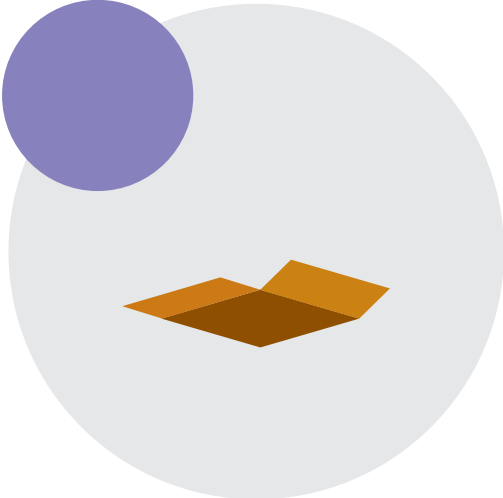


Customer Service and Satisfaction

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.

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 Wireless Product, Computing & Vertical Solutions, Storage & Server, Automotive & Visual Product Devices, and Miniaturized 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.





• **Processing Customer Complaints**

In the aspect of processing customer complaints, USI has systematic processing procedures. When receiving the failure analysis (FA) of products raised by the customers or the complaints and requests from the customers, we would immediately carry out preliminary confirmation and record the situation. Different operation procedures are set for different departments, thereby proposing a fast and effective countermeasure to prevent the same cases or similar cases from happening again.

Customer Satisfaction

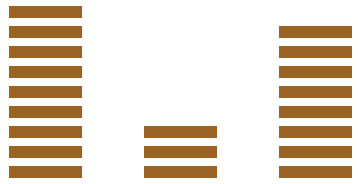
To ensure effective communication with customers worldwide, USI eagerly collects the voices of customers through satisfaction surveys, and will hold a meeting upon the compilation of satisfaction surveys to make feasible corresponding strategies. Additionally, based on customers' needs, the unit will negotiate and discuss with customers and make improvement plans to track the improvement progress and send the latest progress to customers to enhance both communication quality and customer satisfaction.

• **2016 Award Records**

Customer	Awards
Micron	Micron CPG 2016 Most Valued SSD Partner
Micron	B2B Project Appreciate Award
Netgear	Best NPI Performance-Runner up
Lenovo	Service Excellence
Sugon	Excellent Supplier Award
TOKAI RIKA, Co.	Special Process Certification (Lead-Free)







Supplier Evaluation

The progress of the suppliers' Corporate Social Responsibility (CSR) will be one of 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 purchasing. 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. Additionally, USI has a standard supplier evaluation system and vendor rating management mechanism. USI selects suppliers based on corporate strategies and continue to have close partnership with its suppliers to build a long-term, stable and sustainable green supply chain to safeguard human rights, protect the environment, provide consumers with healthy and safe products and fulfill its Corporate Social Responsibility.

USI's supplier certification process is based on the company's product development trend and purchasing strategies, where suppliers' production capacity, technology innovation capability, quality, service and other management systems are examined for compliance and as a future certification reference. The evaluation of new suppliers must be conducted by a core team composed by purchasing, quality, R&D and engineering departments. The core team will offer questionnaire to suppliers and evaluate the final examination results. The evaluation range shall cover the supplier's company profile, product information, major customers, financial status, green management procedures and commitment, social responsibility, and the environment safety and health investigation. To ensure that the suppliers' influences on the environmental sustainability, social labor and human rights are also evaluated and controlled, new manufacturers developed by USI are also requested to sign an agreement of not using RoHS materials, "Integrity Trading Declaration" or to provide a QC080000 certification. In 2016, 90.9% of potential suppliers of USI have passed this evaluation and become our new suppliers.

• Contractor Management

Companies outsource technical and professional projects to contractors have become an inevitable trend. Besides the requisition of contract project quality and schedule, USI values contractor's safety and health management. Environment safety and health policy

clearly commits "on a continuous basis, employees, suppliers and contractors must conduct environmental safety and health policy, knowledge and requirements through communication, participation and consultation. USI also provides training and exercise to reduce safety and health risks & incidents". And by implementing safety and health management evaluation, contractors could enhance their safety and health performance.

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 Department in 2016, 229 contractors had successfully obtained the construction licenses, and no contractors were involved in any industrial accident at USI facilities.



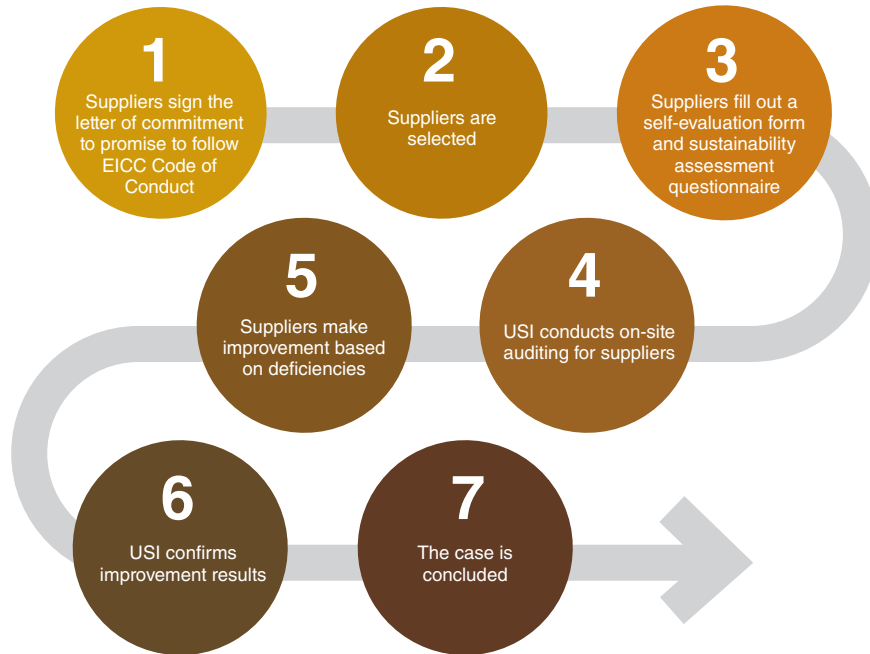
Training for Contractors (Taiwan facility)

EICC Management

ASE Group joined the Electronic Industry Citizenship Coalition (EICC) in 2015 and became an applied member. As a member of ASE Group, in order to implement EICC policy commitment and comply with the EICC spirit, USI has set basic guidelines for suppliers in accordance with the EICC Code of Conduct, requesting the affiliated suppliers to follow relevant social responsibilities, hoping that by 2020, all the major suppliers of USI can join the EICC-ON Platform (EICC Online Risk Assessment Platform), and share their EICC SAQ (EICC Self-Assessment Questionnaire). In addition to EICC SAQ, USI also carried out a sustainable survey produced by the Group in accordance with the EICC Code of Conduct for all the major suppliers and carried out analysis in accordance with the written survey results from the suppliers. In the future, we plan on regularly performing field audits on the high-risk suppliers. The supplier EICC audit specifications include five major aspects, which are, respectively, labor, environmental protection, health and safety, code of ethics, and management system, where the main analytical points included prohibiting the use of child labor, safeguarding human rights, anti-discrimination, fair treatment, legal work

hours and salaries, and environmental management, etc., requesting the supply chain manufacturers to ensure the rights and interests of employees, to implement human rights policies, and to enhance corporate social performance.

The Management Procedure is as follows:



In 2016, USI performed field audits on a total of 34 servicing suppliers (covers Zhangjiang, Jinqiao, Shenzhen, Kunshan, and Taiwan facilities), performed written spot-check audits on 20 suppliers. Over 80% of the audit results were low risk, and we will continue to track the improvement statuses. USI will continue to audit suppliers and assist them to conform to EICC Code of Conduct in the hope that all of USI's suppliers will reach low risks in the future.

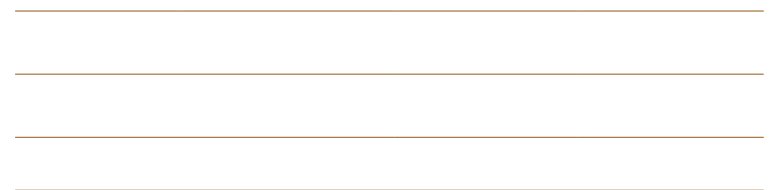
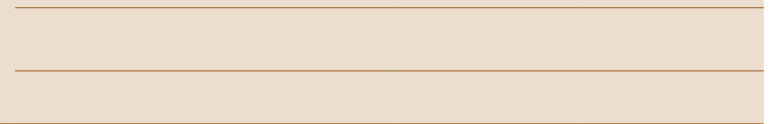
For the EICC on-site audit results in 2016, there were no suppliers that terminated the contract after analysis. Detailed results are as shown in the following table. Up until the

end of 2016, suppliers still continued to improve. USI will track and manage the suppliers in 2017, ensuring that the suppliers can complete their full improvements.



34

EICC on-site audited 34 suppliers



Supplier Communication

To establish a good communication with the suppliers, USI call together a supplier assessment team that consists of representatives from quality control, engineering and procurement divisions. The team is in charge of communication with suppliers and inviting them to attend USI quarterly QBR (Quarterly Business Review), where the team members explain to the suppliers USI's viewpoints on social responsibility and environmental safety and health policies, such as USI's green supply chain, restrictions on using hazardous substances in product, environmental regulations and customer product quality requirements, while maintaining a close working interactions with suppliers.

Apart from educating requirements of the green management system at the propagation meeting arranged and conducting face-to-face communications with the suppliers, USI holds related courses to interchange market dynamics with its suppliers on a regular basis. Additionally, USI promptly convenes orientations for its suppliers for different issues to let the entire supply chain command the latest information and regulations of the market. Therefore, the suppliers can comprehend USI's requirements of green procurement and of the conformity parts of WEEE, RoHS, REACH and CMRT.

• Sustainable Briefing for Suppliers

After having held the 1st Sustainable Briefing for Suppliers in Taiwan and received abundant feedback in 2015, this briefing expanded in 2016 to Shanghai, Kunshan, Taiwan, and Shenzhen areas, respectively, on

11/25, 11/29, 12/1, 12/5, carrying out direct advocacy, communication, and advisory for the suppliers in the various areas. Its content included continuing to promote green supply chain, and following the trends of international environmental protection requirements, "Determination on USI Sustainable Management Requirements and Responses to United Nations' Sustainable Development Goals (SDGs)", "EICC Provisions", "Conflict Mineral Policies", "Administrative Regulations for USI Hazardous Substances (New Version) and Future Environmental Protection Policies". A total of 194 suppliers participated, where 221 representatives attended. After the briefing, 92 questionnaires and feedback were received, giving the affirmation of "Satisfaction".

• Supplier Feedback

1. "I like this on-site communication; I can directly understand the needs of customers".
2. "I like the seminars given by your company on the green products of the supply chain, which helped me understand the newest status on RoHS and REACH more deeply".
3. "It's all fine, USI green product specifications complete explain in great detail, through this study, to correct the shortcomings of our fill".



Sustainable Briefing for Suppliers (Taiwan facility)



In addition to requesting the suppliers to ensure that their quality system management, the life cycle of raw materials, and the sources of raw materials are in compliance with the specifications of international laws and regulations, we also request the suppliers, at the same time, to be in compliance with relevant local laws and regulations. We also expect the suppliers to be like USI and value corporate ethics. In the aspect of implementing Supplier Sunshine Conduct Management Guidelines and anti-corruption, USI established an exclusive reporting mailbox (tw.gp.sox@global.com), providing the suppliers with a channel for smooth feedbacks and complaints. In 2016, there were no cases where the suppliers provided feedback or made complaints.



USI Manager Chung-Chi Ku Shares Results of French-created Software Buymanager



Buymanager CEO Loic Biarez (left) and USI Manager Chung-Chi Ku (right)



• **Conflict Minerals Management**

Conflict Minerals Management	Management Approach	2016 Performance
Conflict Minerals Management Requirement	<ul style="list-style-type: none"> To make corporate policy for sourcing conflict minerals To achieve DRC Conflict-Free for USI's product lines 	<ul style="list-style-type: none"> USI conflict mineral procurement policies are already publicly disclosed on the Company website. For complete information, please browse http://www.usish.com/english/minerals.asp To achieve DRC Conflict-Free for SiP/SiM, Module, SSD/TV Set PCBA product lines
Material Management	<ul style="list-style-type: none"> Investigate the smelters used in materials Evaluate the risks of suppliers / materials 	<ul style="list-style-type: none"> Investigated 96% of the materials (calculated in accordance with the procurement amount)
Supplier Management	<ul style="list-style-type: none"> To make corporate policy for sourcing conflict minerals To make supplier risk assessment standard To conduct supplier document or on-site auditing Require suppliers to use qualified smelters Encourage the unqualified smelters to work with CFSI 	<ul style="list-style-type: none"> Expanded the scope of investigation in 2016, and investigated a total of 492 suppliers The survey results of qualified suppliers for conflict minerals as shown in the following table
Independent Private Sector Audit (IPSA)	<ul style="list-style-type: none"> Carry out third-party audit, in compliance with the annual SEC (Note) declaration Abiding by the customer conflict mineral audit and being in compliance with requirements 	<ul style="list-style-type: none"> "ASE Group 15.5(d)-15.7(i)-11.8(t)-14.3(i)-11(n)-12.6(g) SEC (h r6(r)3.8(em)-1(e((r c)-1)-2081 1 Tf200.33 04 Tc -05-0.013 Tw 0.5)-7(r)-3.3(g)-11-10.6(n) ed21 Tf20

Note:

1. CMRT, Conflict Minerals Reporting Template.
2. SEC, United States Securities and Exchange Commission.

• **Qualified Suppliers for Conflict Minerals**

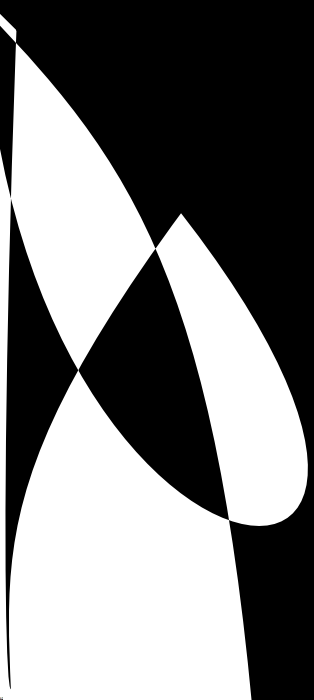
USI expands the range of suppliers each year, regularly holding the annual conflict mineral survey, so as to grasp the compliance state of the supplier products. In 2016, USI investigated over 492 suppliers, requiring the suppliers to provide the smelter name, location, mineral source, and other information through the newest Conflict Minerals Reporting Template (CMRT). Then through procedural process, we review in detail, as well as save and establish each report in the database for the ease of managing qualified suppliers, responding to customer requests, and tracking problems. From analyzing the investigation results of recent years, the qualified suppliers was adjusted and raised from 66% in 2014 to 94% in 2016. Detailed information is as follows in the diagram:

Note: Compliant is meant that the suppliers use qualified smelters; Non-compliant is meant that the suppliers use unqualified smelters



Social Participation

USI's sustainable development is closely related with the benefits of employees, community residents, publics, shareholders, etc. USI promises to actively participate in community activities in USI sustainable development policy to fulfill corporate responsibility.



Social Participation

- ▶ Starting Year: 2007

- ▶ Recipient:



- ▶ Benefited Stakeholders:

The winners from 2007 until 2016.

Society Contribution

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.

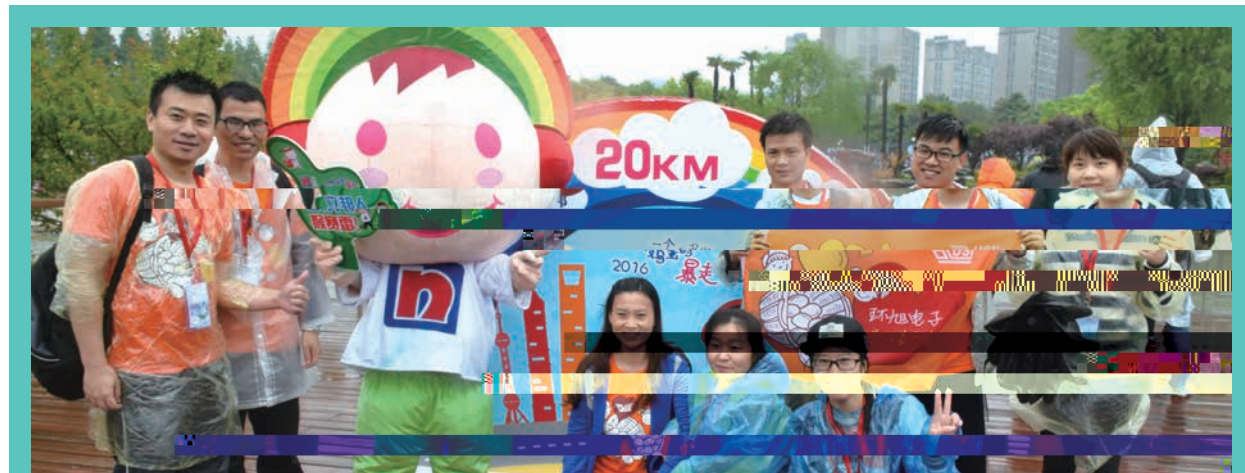
Care for Vulnerable Groups

USI cares for the disadvantaged for all the time, making regular donations to the charity, and sponsoring all kinds of welfare activities, festivals in neighborhood communities. USI employees also pay regular visits to the disadvantaged, in order to express compassion and make a contribution. Take an example of our facility in Taiwan, USI employees volunteered to establish groups of public welfare, such as Club of Tzu Chi and Caring Club. With the belief in "Everyone Saves NTD 100 and

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75 Social Participation

- ▶ Starting Year: 2015
- ▶ Time: April 9 2016 to December 3 2016
- ▶ Benefited Stakeholders:
Taiwan Fund for Children and Families, Nantou Center, and employee's dependents
- ▶ Implementation Methods:
 - First Session: Sport oriented. It was to help outgoing kids have a goal to look forward to. Thus we invited kids to Taichung Intercontinental Baseball Stadium to watch baseball games and enjoyed the performance of the baseball players. We expect kids to know that sports can be their lifelong career, too.
 - Second Session: Cooperate with "Le TELEE Ballets" and "If Kids Theater", we hope to amaze kids that walk in the theater for the first time through music and theatrical body performance. One may distinguish himself in any trade. USI expects to bring those kids a more wide-open world that will encourage them to fly to their dreams.
- ▶ Implementation Results:
In 2016, there were four events, including two baseball games, one Le TELEE Ballets show and one parent-child drama show. Kids enjoyed all of the events and had enshrined memories in their hearts.



An Egg's Trudge (Zhangjiang Facility)

"An Egg's Trudge" was held by Shanghai United Foundation, it was an activity that was different from traditional charity fundraising. "An Egg's Trudge" was a private welfare fundraising event that was full of joy. USI invited employees to set an example by personally take part in this charity event. There were 3 teams, 18 employees, from different departments joined 2016 An Egg's Trudge held at Shanghai Science & Technology Museum on April 23. – A creative fundraising event based on network. With such a creative and easy to participate way, participants experienced how to set an example by personally take part in charity event happily.

Meanwhile, we got the chance to discuss with other companies, exchange and gain suggestions. USI would be able to improve our influence in every trade. Besides, through media exposure organized by event planner, it was a good publicity stunt to USI. USI participants wore t-shirts with USI logo, and held banners with USI logo. We were able to participate in charity event as well as promoted USI culture and image. At the same time, USI employees had more chances to understand and know more about public welfare service. It will also help promote intra company culture of public welfare service.

"An Egg's Trudge" project was mainly about offering an egg per kid who lives in remote districts. Through "An Egg's Trudge" project, we hoped to raise fund for children in 4 directions and gain more support from more excellent public welfare projects. It was a charity fundraising platform built for participants to experience how to set an example through personally taking part with joy. Children are the hopes of each family as well as hopes of our society.



ECCO Charitable Event: Let's Walk (Jinqiao Facility)

"ECCO Charitable Event: Let's Walk" was held at Shanghai Century Park on July 2. There were 30 employees representing USI Jinqiao Facility to participate in this event. We were able to live healthier and devoted ourselves into public welfare service at the same time- with 1 kilometer walk per day, 6 RMB will be donated for autistic children.

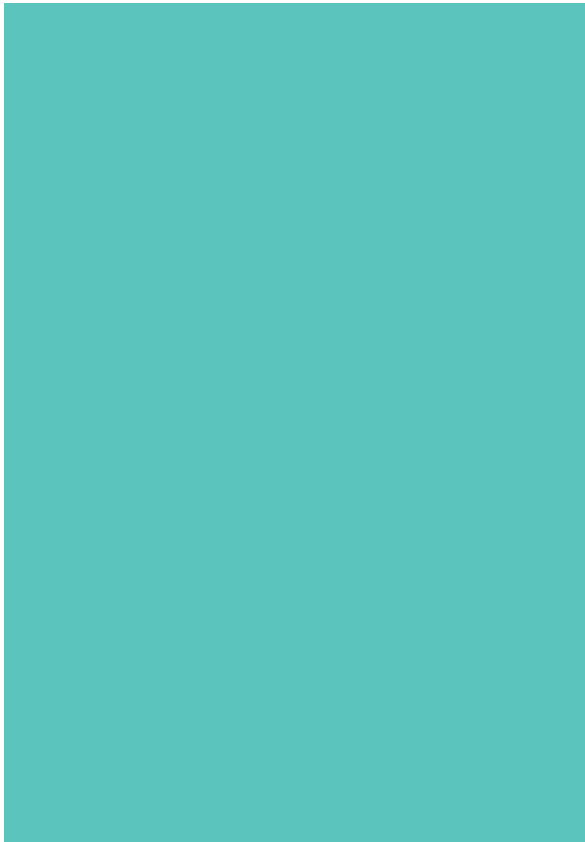
With drizzling rain, summer heat was eliminated. The participants of USI employees were able to enjoy the beauty of the nature on the weekend, breath fresh air and experience healthy walk. The event was full of positive energy; everyone was able to get to the goal and helped autistic children fundraising. With this very first experience, everyone was more willing to join the follow up events.



Charitable Donations (Kunshan Facility)

In 2016, USI Kunshan Facility held the concepts of sustainable development, sustainable management and society contribution; USI helped underprivileged groups, contributed in community and actively participated in public welfare events. Except giving financial aid to students in need, sponsoring school construction, USI also donated community security patrol car and expected to do a little effort to the community. USI hopes to carry out the idea of "Light up the hope through love donation".

Public Welfare Events in 2016	Event Description
China Charity Federation - Charity Gift to the Poors Event	USI donated charity gifts to Kunshan poors through China Charity Federation. USI would like to offer love to light up people's hopes, to share the love around and do a little effort.
Kunshan Welfare House - Provide Financial Aid to Orphans	Pay visit to Kunshan City Warfare House every year to care for orphaned and disabled children. Provide them with milk powder, toys and other necessities along with amusing performances and shows. All these are done with a bid to make them feel embraced and like a part of the society.
Find the Pearls Project - Provide Financial Aid to Students	USI visit Orphans in Kunshan Welfare House every year and provide infant formula, toys and daily necessities. There are also beautiful songs and terrific performance to let kids experience the warmth of USI family.
Qiandeng Financial Aid to Students	August, 2016, USI sponsored 10 students of Qiandeng elementary school, Kunshan city. USI participated in sponsoring kids in need to go to school. USI gave hands for lighting up kids' hopes and achieving their dreams.
China Youth Development Project: Junbu Elementary School, Shu Cha Town, Anhui Province	"Star's Wish Project": in September, 2016, USI reconstructed the basketball court and built a library.
Sponsoring "Reading Corner" of Junbu Elementary School, Shu Cha Town, Anhui Province	
Donation: Qiandeng community security patrol bicycles	Donate bicycles for local police officer patrol



This afforestation activity took into account both ecological risk and humanitarian assistance. In the ecological aspect, it can reduce desertification of land in Zhaogensumo Gacha, Bagatala Sumu Keerqin Left Back Banner, Tongliao City of Inner Mongolia. The growth of a forest can protect vegetation against sandstorm caused by desertification. From a humanitarian perspective, local residents can grow crops in the space between the trees for their livelihood without having to leave their homes, and revitalize local vitality.

In 2016, we started the global tree raising campaign of USI Employee Love Forest. USI employees learned to know about the weather changing has affected the ecology and subsistence in some areas. USI offered the chances for employees who participated in donation to plant the trees by themselves. The goal of the first year was to collect 2,000 trees. There were 2,160 trees collected. The achieving rate was 108%. The tree raising campaign of USI Employee Love Forest is listed in USI's five-year plan. Our goal is to increase by 30% yearly. We plan to plant 2,600 trees in 2017.

▶ Logo of recipient and the program:



79 Social Participation

Each team followed the ICC request to fill in information of trash types, quantities, etc. so that it could be the data for advanced trash formation study and marine monitoring. It would be the warning to global citizens to realize the status of beach garbage pollution and promote everyone to find out strategies actively.

After an hour hard work and physical labor, volunteers collected 332.83 kilograms of beach garbage in two events. Although USI volunteers sweated because of their hard-working, they felt comfort after seeing the clean beach.

Beach garbage not only affects ocean scenery but also threats fatally to the ocean creatures and peripheral creatures. Collecting information by research to promote individual, nations and areas to take more active actions toward decreasing marine garbage and enhance the protection of marine environment. Thus, Beach Clean-up is not only a public welfare service of environment protection but also the necessity of economy development.



Artistic Events Promotion

By supporting and sponsoring artistic events, USI wishes to enhance the artistic appreciation of people, and accumulate the energy creativity. 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 Road Maintenance Program (Taiwan Facility)

Since 2007, we have applied to Directorate General of Highways Nantou Branch to adopted Caotun Township Caoxi Road (Zhongxing intersection to Maoluo River bridge), Taiwan Freeway No.3 access road to provincial highway no.14B (Maoluo River bridge to Shengfu intersection), and Shengfu intersection to the station central island at Shanglin police, implementing shrub/tree trimming, turf maintenance, and landscape setting with an expenditure of NTD 850,000 in 2016. We also reacted to the greenification policy of Caotun Township by sponsoring Zhongxing Road's plant maintenance committed by the town hall for many years, in order to keep the city green and clean.

In January, 2017, the director of Nantou Work Section, Jun-jhang Chen awarded Certificate of Recognition. Senior Vice President of Taiwan Facility, Brian Shih represented USI to accept the award.



Sponsorship of the Annual Autumn Tour of Cloud Gate Dance Theatre (Taiwan Facility)

By supporting and sponsoring artistic events, USI wishes to enhance the art appreciation of people, accumulate the energy of creativity.

- ▶ Starting Year: 2005
- ▶ Recipient: Cloud Gate Dance Foundation
- ▶ Benefited Stakeholders :
Cloud Gate Dance Foundation, Cultural Affairs Bureau of Nantou County, employee and their relatives, retiring employees and the chorus in Nantun
- ▶ Implementation Methods:
USI not only sponsors NTD 1 million on the daily operation of the foundation every year, but also promotes arts inside USI by holding the "Cloud Gate Gathering" activity. USI invited the teacher of a theatrical troupe to express their work.
- ▶ Implementation Results in 2016:
It was the 40th anniversary of USI in 2016. To celebrate, USI solely sponsored Rustavi Choir Georgian Voices of Cloud Gate to perform in Nantou County Government Cultural Bureau Auditorium. USI invited Nantou County Government Cultural Bureau, employees and their friends and relatives, retired employees, Calgary Zhi Yin Choir, Cao Sie Dun Choir, Chunghsin Choir and Candlewick Choir to watch the performance. There were 728 attendees.



Sponsorship of Countryside Tour of Ming Hwa Yuan Arts & Cultural Group (Taiwan Facility)

To cooperate with the year-end party of "Straw Crafts Festival" held by Nantou County Caotun Township Office, USI sponsors the Ming Hwa Yuan Arts & Cultural Group every year to give a public performance in townships and invites local residents, company's employees and their families to relish the unique Taiwanese opera culture.

"Ming Hwa Yuan Arts and Cultural Group" is one the biggest and most celebrated Taiwanese opera groups. Established in 1929, this large-scale art performing group has integrated rhythms of modern theater, experimental theater and scene-by-scene filming to elaborate the beauty of traditional arts with music, drama, dance, folk customs, arts, and sound and light technology.

2016 marked the fifteenth year of USI's continuous sponsorship of Caotun Township's local public performance at "Straw Crafts Festival". Thousands of people in all ages were drawn to watch the brilliant "Ming Hwa Yuan opera's Drama: Legend of Jiepaiguan". About 5,000 people participated in the performance. Every year the public performance plays to a full house, and has become a major year-end local event, gaining enthusiastic supports from the folks, as well as high praise from government units at all levels for USI's promotion of opera culture.

USI not only participates in public welfare activities enthusiastically, but also takes citizens' needs into consideration while handling these activities. For example, as the nights are cold, it has specially prepared ginger teas for citizens to drink while watching the drama. Besides, it has planned an area with "priority seats" for the seniors or people with physical disabilities to enjoy the show.



Sponsorship of 2016 Nantun Lantern Festival (Taiwan Facility)

Being a local company, we are willing to cooperate with government activities and help local development. Therefore, USI sponsored 2016 Nantou Lantern Festival event of "Flowers and



Sponsorship of Township Arts Festival in Chung Hsing New Village (Taiwan Facility)

Township Arts Festival in Chung Hsing New Village was co-organized by Nantou County, National Changhua Living Art Center and Nantou City Office. The location was chosen to be in Chung Hsing New Village, a.k.a. "Garden City", and it was a great place for outings on holidays. USI hopes to promote community art of living through art and culture event.

The event was successively held for ten days, inviting communities of four cities to participate. There were also over 26 groups to perform, including Chinese Traditional music, aboriginal songs and dance, Hakka dance, new immigrants dance and so on. Besides, there was also an exhibition of art work from seven communities, including calligraphy, paintings, word arts, etc. And also over 30 stands of multiple cultural and creative DIY to act in cooperation with the event theme of "Multiple Cultures". Artistic Breath was able to expand out through this event.

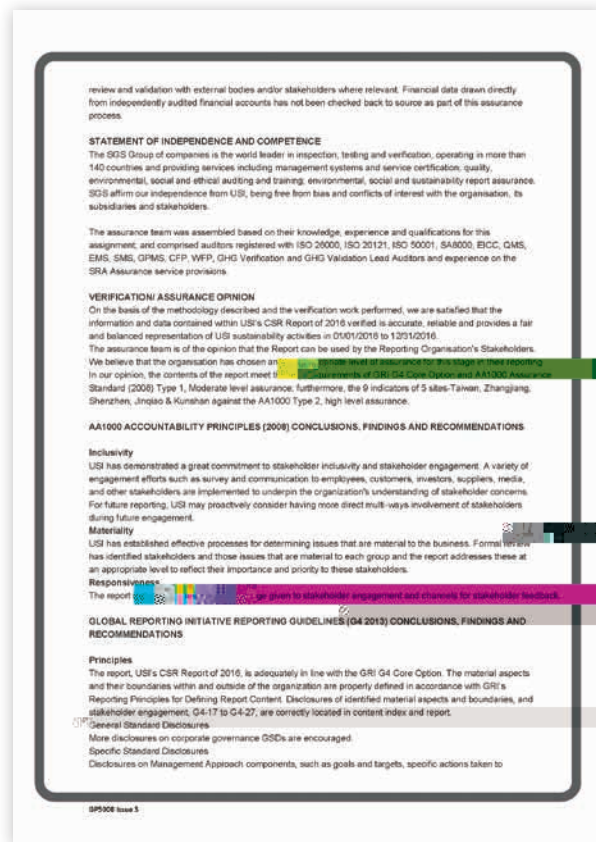
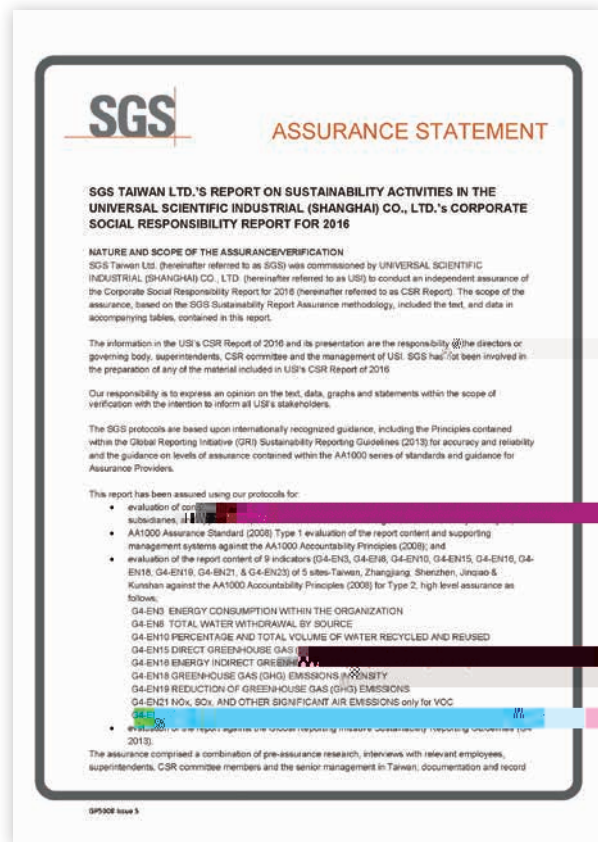


Qiandeng Town Public Cultures and Arts Festival (Kunshan Facility)

While USI is developing economy, we also actively to express the seeds of admiring arts and cultures, and promote local cultural business. USI Choir was built in 2011, it not only participates in all kinds of artistic and cultural event but also actively join all kinds of charity performance. USI Choir held a charity concert at Qiandeng political party school and Kunshan Youth Training School in 2014 and 2015 for fundraising to help kids learning in the poor areas and poor families. This year, USI Choir was again invited to join the opening of "Tenth Public Culture and Art Festival" in Qiandeng Town. USI Choir was the only corporate group invited to perform.

USI Choir sang two songs, "Promise" and "Kunshan Is My Home" to express that USI developed from Qiandeng and promised that Kunshan would always be USI's home. The mixed chorus of "Promise" was written by General Manager of Kunshan facility, David Lin. USI obviously makes every

Third Party Assurance Statement



GRI Index

• General Standard Disclosures

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G4-4	Primary brands, products, and/or services	Company Introduction	14		83
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Standard Disclosures	Chapter	Page	Additional Illustration
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Standard Disclosures		Chapter	Page	Additional Illustration	External Assurance Page
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	Financial Performance	17	Account processing was performed for equity transfer of USI. The information was disclosed in the statement. A restatement was made for the 2015 nancial statement.	83
		Carbon Management	27	The data of Mexico facility and the Nantou facility merged from ASE Group in Taiwan in 2016, and, therefore, the emission data of the reference year (2015) was corrected.	83
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Stakeholder Engagement					
G4-24	Provide a list of stakeholder groups engaged by the organization	Identification of Stakeholders and Definition of Material Aspects	7		83
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	Identification of Stakeholders and Definition of Material Aspects	7		83
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	Stakeholders Communications and Response	11		83
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	Stakeholders Communications and Response	11		83

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G4-31	Provide the contact point for questions regarding the report or its contents	About This Report	-		83
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	c. Report the reference to the External Assurance Report, if the report has been externally assured. (GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.)	GRI Index	84		83
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	c. Report the relationship between the organization and the assurance providers				
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	G4-EN10	Percentage and total volume of water recycled and reused	Water Resource Management	30		83
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	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Carbon Management	27		83
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Carbon Management	27		83
	G4-EN18	Greenhouse gas (GHG) emissions intensity	Carbon Management	27		83
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Products and Services		Management Approach	Green Promise	32		83
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Green Management	35		83
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	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Regulations Abidance	23	USI has not yet been seriously fined or punished in other forms due to illegal events till the end of 2016.	83

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	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category	49	Comprehensive Welfare and Salary System	83
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	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	65	Supplier Evaluation	83
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	66	EICC Management	83
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	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	54	Strong Employee Engagement	83
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Investment	Management Approach	Employee Care and Cultivation	41		83
	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	41	Employee Care and Cultivation	83

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Non-discrimination	Management Approach	Employee Care and Cultivation	41	There were no discrimination cases in 2016.	83
		EICC Management	65		83
	G4-HR3 Total number of incidents of discrimination and corrective actions taken	Employee Care and Cultivation	41		83
		EICC Management	66		
Freedom of Association and Collective Bargaining	Management Approach	Employee Care and Cultivation	41	There were no related cases in 2016.	83
		EICC Management	65		83
	G4-HR4 Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Employee Care and Cultivation	41		83
		EICC Management	66		
Child Labor	Management Approach	Employee Care and Cultivation	41		83
		EICC Management	65		83
	G4-HR5 Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Employee Care and Cultivation	41		83
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	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	Employee Care and Cultivation	41	Operating activities on facilities all consider the local situation of human rights.	83
			EICC Management	65		
Supplier Human Rights Assessment	Management Approach	Supplier Evaluation	65		83	
			EICC Management	65	83	
	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Supplier Evaluation	65	83	
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	EICC Management	66	83	
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	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Strong Employee Engagement	54	83	
Social - Society Category						
Local Communities	Management Approach	Social Participation	71	All operating activities take part in community development.	83	
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Social Participation			71

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	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Anti-Corruption and Anti-Bribery		22
			Risk Management of Enterprise		24
	G4-SO4	Communication and training on anti-corruption policies and procedures	Anti-Corruption and Anti-Bribery		22
Compliance	Management Approach	Regulations Abidance	23	USI has not yet been seriously fined or punished in other forms due to illegal events till the end of 2016.	83
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Regulations Abidance		23
Supplier Assessment for Impacts on Society	Management Approach	Supplier Evaluation	65	83	
		EICC Management	65	83	
	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Supplier Evaluation	65	83
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	EICC Management	66	83
Grievance Mechanisms for Impacts on Society	Management Approach	Corporate Governance	22	83	
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Cover Story

The graph combines a variety of green leaves and a triangle symbol of recycling means that the USI is committed to environmental sustainability.



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