

Universal Scientific Industrial Co., Ltd.

2010

Report



Together

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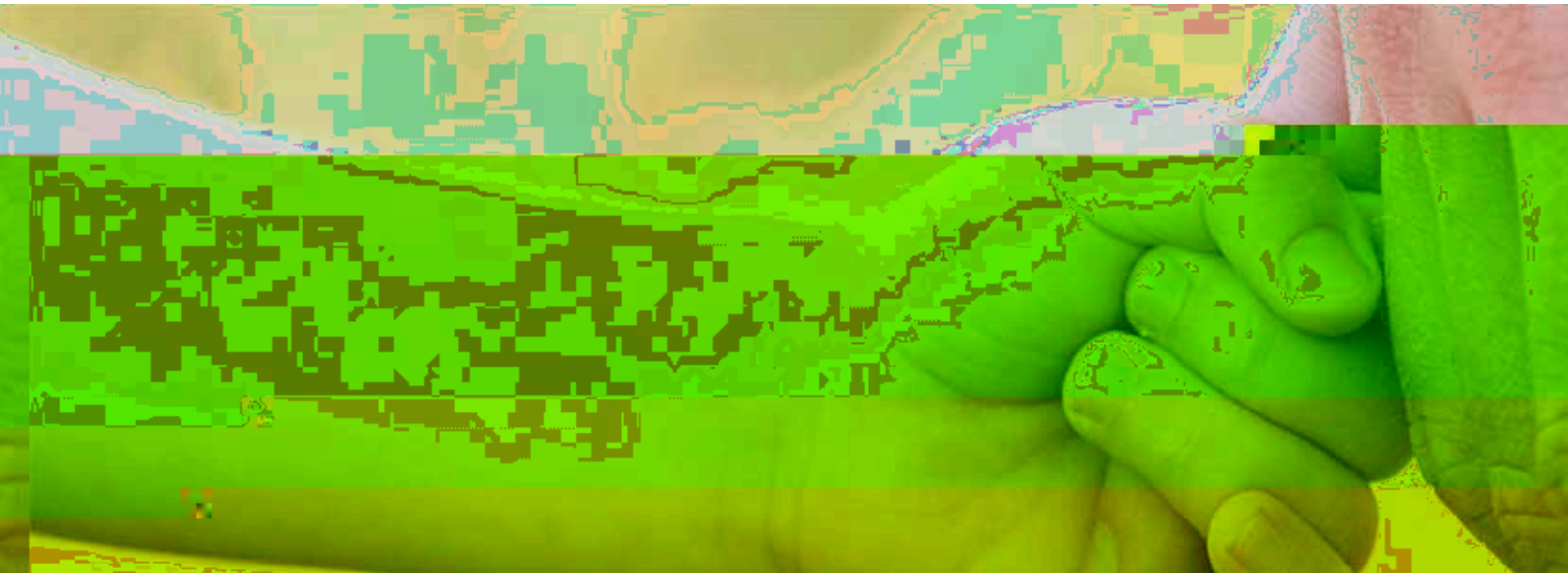
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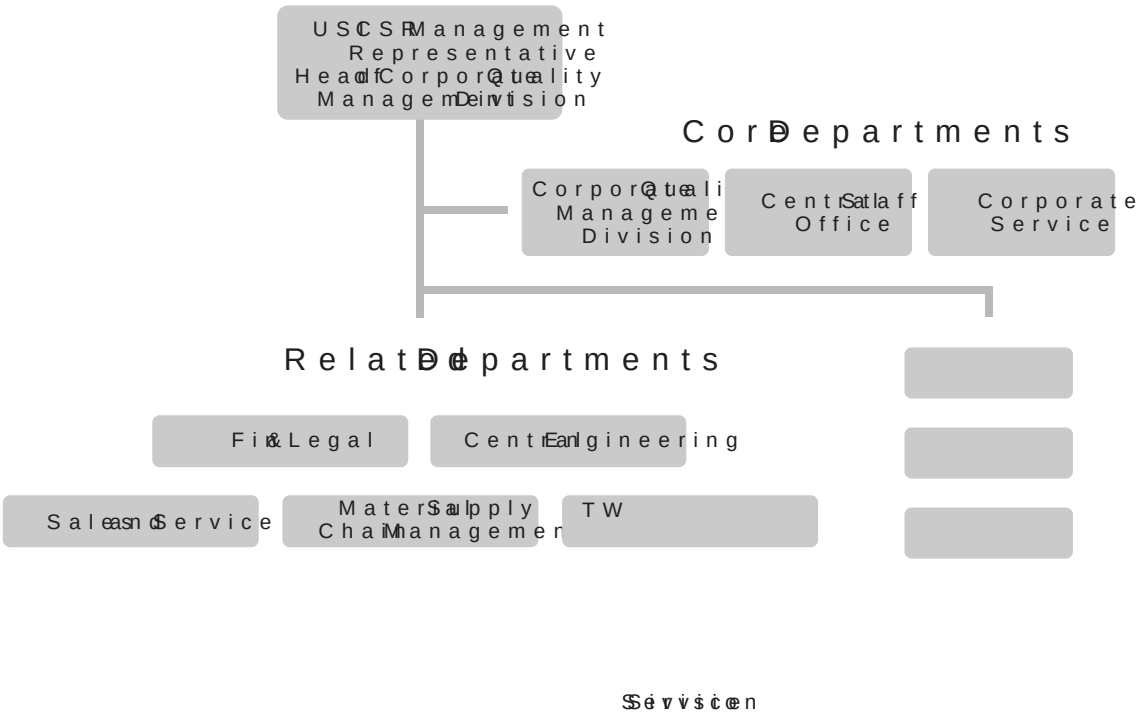
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From making the content of this report more transparent, to the disclosure of ESG data, to the establishment of a Global Reporting Initiative (GRI) and the establishment of a USCSRP Promotion Committee, the committee coordinates and leads the related departments to provide information on the corresponding data and the disclosure of the report systematically.

Structure of USCSRP Promotion Committee



Letter from COO

USI not only seeks profits and operational growth, but also meets needs of stakeholders and takes real actions in economy, environment and society. Social responsibility has been internalized as USI's core value and becomes competitive advantage of USI in terms of sustainable development.

In 2009, we proposed "USI's Green Promises," which include green management, green supply chain, green expenditures and green education, and positively fulfilled these promises through holding regular meetings and project forums. In 2010, we executed two important actions of green management: "Carbon Footprint (CFP)" and "Purchase Increase in Energy-Efficient Equipment".

Carbon Footprint (CFP) compiles data on the direct and indirect emissions of Greenhouse Gas (GHG), from product design to manufacturing, transportation, usage and recycling. In other words, CFP Controls are based on the total emissions throughout the product life cycle.

By the efforts of all our colleagues, USI's Shenzhen and Shanghai sites passed ISO14064-1 in October and December, 2010 respectively. Both of them acquired verified data of Greenhouse Gas emission of 2009. Besides, in order to find out the Greenhouse Gas emission amount of other sites, all USI sites around the world will be inventoried in 2011.

USI also saves energy by increasing the purchase and investment of energy-efficient equipments. Compared to 2009, USI reduced 10% of electricity consumption in every million USD's output value in 2010. The investment not only decreases energy consumption and cuts down operational costs, but also reduces the emission of CO2 and thus protects the environment as well.

In 2010, USI devoted the power of stakeholders, such as employees, supply chains, community residents, customers, shareholders, etc., to economy, environment and local communities. Here, I would like to thank all USI's partners for their effort and dedication in the past year.

For prospective future, USI will keep "Practical Innovation" and "Enthusiastic Service" as core values, continue to fulfill social responsibilities and Green Promises, and enlarge the positive values of corporate citizenship.



Handwritten signature of the COO.



USI and Corporate Social Responsibility

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

1.1 Vision and Promise



2010

2009

2008

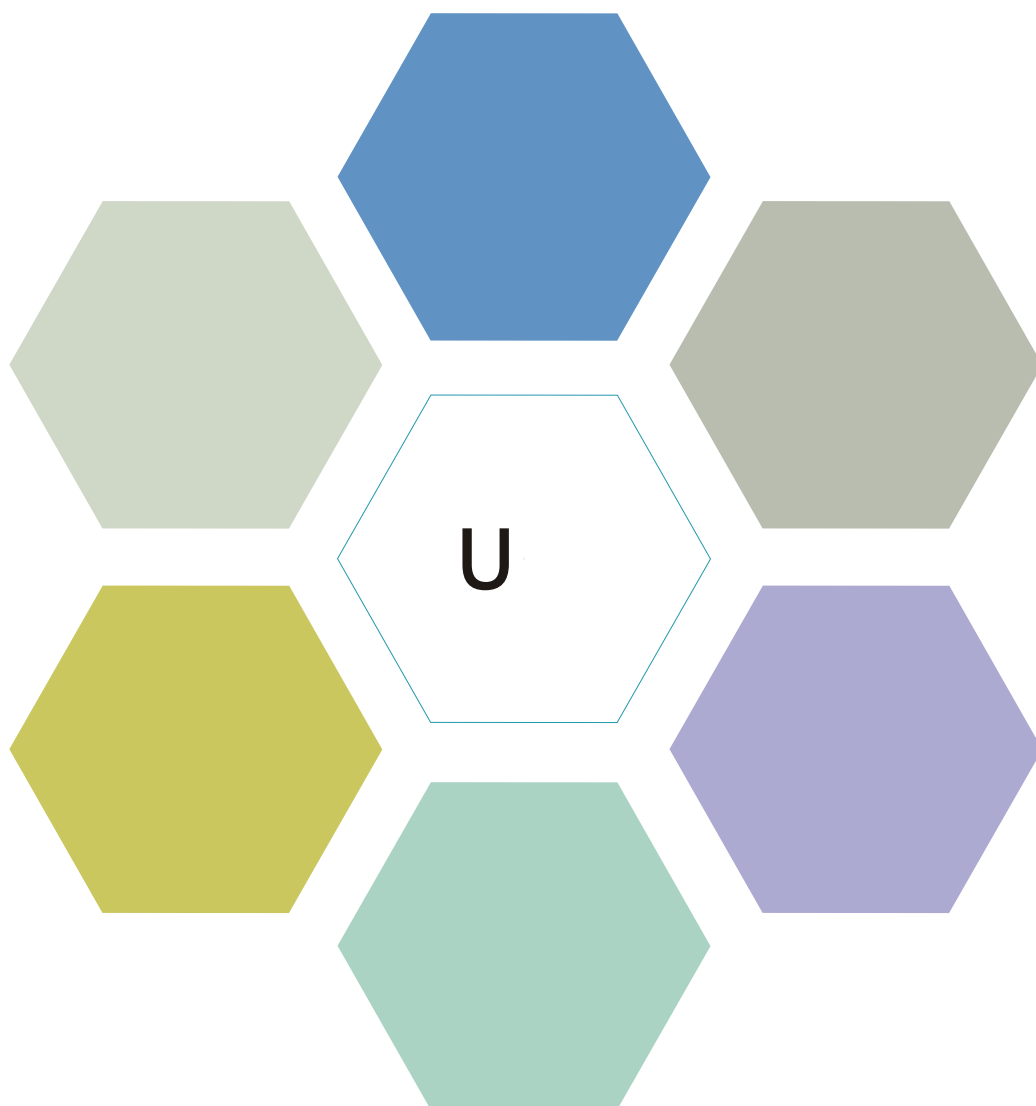
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1.2 Policy and Operation



USI, through the understanding of Corporate Social Responsibility (CSR), considers that the business sustainable development of USI is closely linked with benefits of employees, community, society, and shareholders. The scope of the CSR covers the issues of basic labor right, safe and healthy workplace, environmental protection, business ethics, and so on. In order to deploy the CSR in USI effectively and fit in with the expectancy of the stakeholders, USI will undertake the following measures to achieve the goal of CSR:

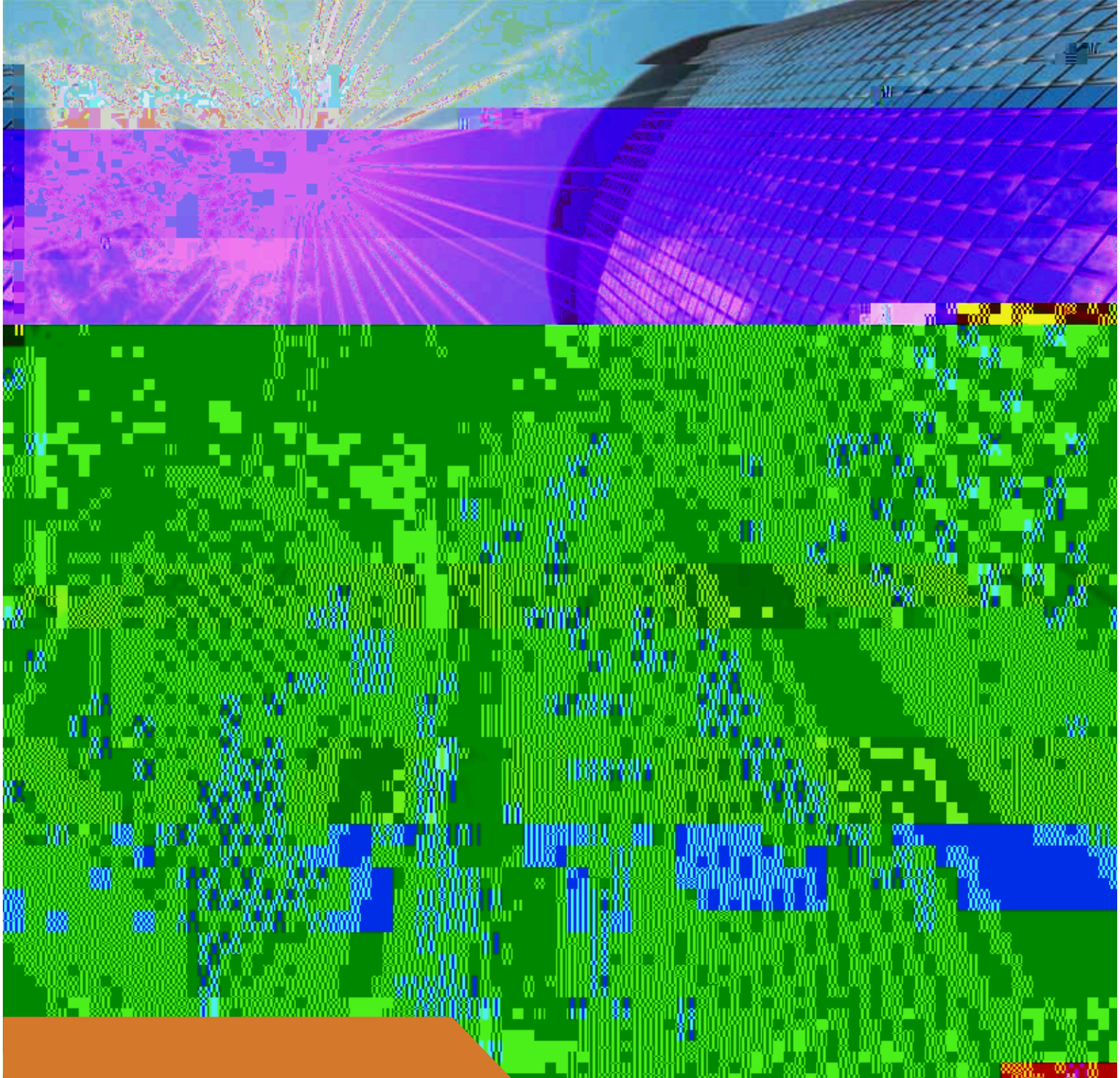
1. Comply with regional, national and international laws; and regulations signed by USI.
2. Labor Assurance:
 - Freedom of employment and association; humane treatment and non-discrimination.
 - Legalize working hours, wages and benefits. Deductions from wages as a disciplinary measure shall not be permitted.
 - Prohibit child labor in any stage of manufacturing.
3. Ensure safe and healthy workplace, and minimize environmental impact on manufacturing, activities, and products.
4. Emphasize business ethics of respect for intellectual property, business integrity and disclosure of information.
 - Besides,
 - Prohibit to provide or to receive bribes and other improper advantages.
 - Conduct fair and free competition; carry out honest and fair corporate activities.
5. Participate in community activities.
6. Do not procure metals and raw materials originating in conflict regions like Congo* by following measures:
 - Encourage suppliers to mandate this requirement to their supply chain.
 - Implement supplier v healthy the an suppl c nat a n



1.4 Stakeholder Communication

For responding to requirements of all stakeholders and satisfying their expectations, USI established excellent communication platform and adopted related policies to maintain and strengthen mutual relationships.

Stakeholder	Key Issues	Communication Channels	Communication Measures
Investors	Managing performance Financial transparency Disclosure of non-financial information	Annual report Investor section on corporate website Spokesman system Annual meetings of shareholders	- USI publishes and updates the latest information such as interior operation, financial information, review, and analysis through the website and annual reports published yearly - Shareholder meetings are held regularly for explaining managing performance to investors and responding to their concerned issues
Employees	Employing situation Employee welfare Education and training Employee behavioral principles Industrial relationships Occupational safety	Employees' Welfare Committee/ Staff congress Employee relationship website Employee suggestion box "Meet the CEO" session Coordination meeting with the General Manager Industrial relations meetings Training programs Questionnaire	- Hold the principle of justice and anti-discrimination. Provide employees equal employing chances - Set up complete salary and welfare systems. Give employees reasonable treatment and reward - Set up USIU, provide employees with various education and training courses to improve their expertise - Pass OHSAS 18001 occupation health and safety assessment certification to protect workplace safety and health for employees
Customers	Supply chain management Quality management Innovative research and development Green products	After-sales service system Customers' satisfaction questionnaire	- USI provides safe and healthy products. Self-developed products come with a manual of its ecological characteristics. All products and operating systems conform to international regulations, standards and authentication. - Design green products, reduce the usage of hazard substances in production, and increase the recycling rate of products
Suppliers	Quality management Supply chain management Innovative research and development Environmental policy Others: employing policy, green products, etc.	Quarterly QBR meetings Green Product Management System (GPMS)	- 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 - Require suppliers to realize human right policies for protecting employees' rights with USI
NGO/Associations	Communication with stakeholders Industrial relations Environmental policy	Attendance at the meetings Co-sponsorship of activities	- Draw up environmental protection, occupational safety and health (ESH) SOP and measures of environment safety communication, consultancy, and participation. Keep friendly relationships with community residents - Keep donating new books to elementary schools in Nantou County. Sponsor the tour of artist groups and join in emergency service and rescue



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USI and the Economics

2.1 Corporation Operation

2.2 Investor Relations

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

Established

R&D center started operating

Completed first plant in Shanghai

Started manufacturing flat panel display control boards and wireless communication products

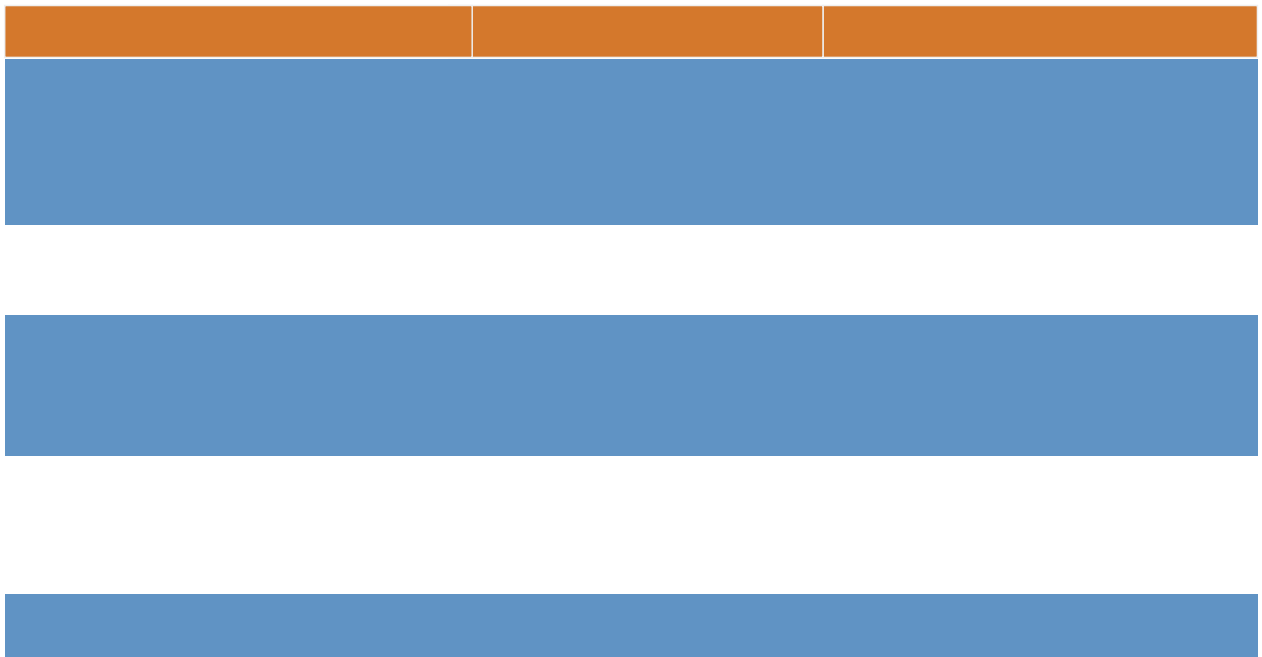
Expanded production capacity to six SMT production lines

Successfully integrated SAP, PDM and SFIS system

Expanded production capacity to 15 SMT production lines

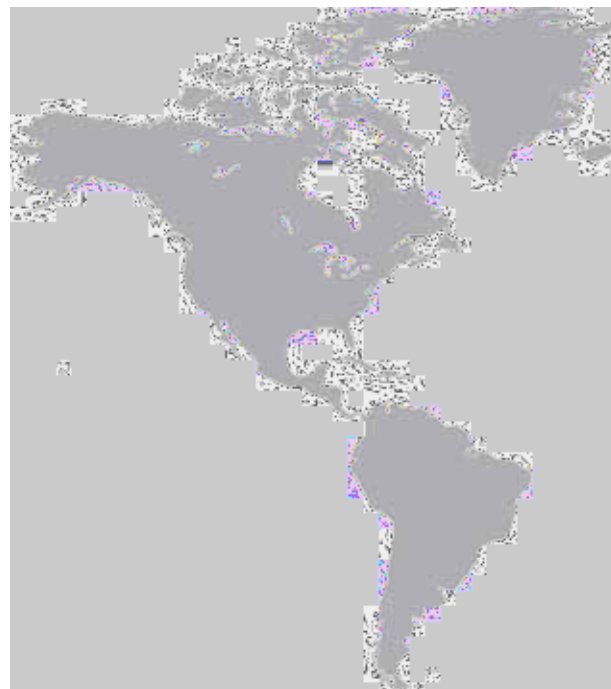
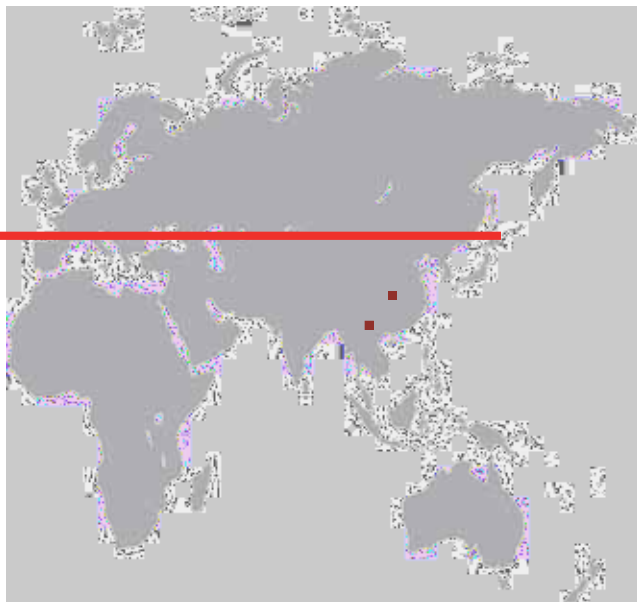
Be ranked 71 in Shanghai Top 100 Import & Export Enterprises

Expanded production capacity to 15 SMT production lines



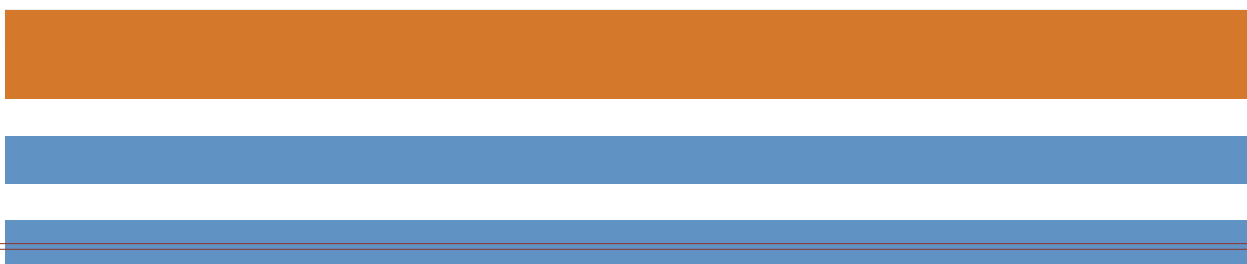
2.1.3 Global Operative System

In order to provide global customers fast and timely comprehensive services, in addition to Taiwan, Shenzhen and Shanghai, USI provides offices and after-sales service points in the North America region as well.



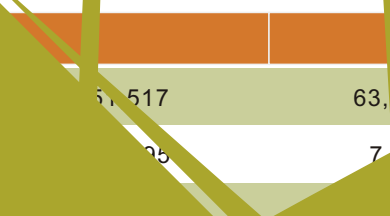
2.1.4 Business Geography

USI is a leading global company in design and manufacturing industry, contributing to computer and peripheral products, communication products, micro-electronic packaging and EMS, network storage and server products, industrial and auto-mobile electronics products. USI provides the best DMS solutions in America, Europe, and Asia. The consolidated revenue of USI is broken down by major geographic areas as follows:



5 Financial Performance

In addition to extending product line strategy, USI was also committing itself to initiating new applications, to create higher added values and variations, to satisfy the needs of customers for multifunctional electronic devices. It was USI's core competitive advantage that supported the company's uninterrupted mission.



Sales Volume and Value List

(Dollars and Units in Thousands)

Main Products	2009				2010			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Communication	576	130,526	28,830	791,703	63,109	443,699	20,981	968,591
Computer & Peripherals	326	800,928	64,946	8,563,127	1,127	905,342	98,857	6,372,559
Electronic Packaging and EMS	19,201	4,907,749	59,285	1,136,352	450,602	4,197,839	133,006	1,853,236
Industrial and Automotive	423	247,197	107,439	4,326,895	29,487	302,562	55,908	5,785,086
Storage & Server	51	74,267	28,813	1,487,694	561	96,044	27,721	1,865,907
Total	20,577	6,160,667	289,313	16,305,771	544,886	5,945,487	336,474	16,845,379

Note: Data covers only Taiwan site

2.1.6 Honorable Records

With the diligence and efforts in general industrial performance, product research and development, and social responsibility, USI was recognized by many organizations and awarded many prizes in 2010. Besides excellent operative performance and innovative product research and development, USI actively realizes corporate social responsibility (CSR), appraised as the top 50 and 65 industries with the best performance for corporate social responsibility by Global Views Monthly Magazine for three years. As for the promotion of art and culture, USI was awarded “Wenxin Award-Silver Award” by “Council for Cultural Affairs” from 2008 to 2010.



USI Shanghai awarded “Water Saving Enterprise of Shanghai”



USI integrated global resources and cultivated innovative talents, recognized by “Council of Labor Affairs”.

Industrial Performance

- 👑 Common Wealth Magazine appraised USI as the 48th industry among “Top 1000 Manufacturing Industries in Taiwan”
- 👑 Common Wealth Magazine appraised USI as the 7th industry among “Top 1000 Manufacturing Industries Computer Category in Taiwan”

Social Responsibility



USI made every endeavor to promote art and culture, awarded "Wenxin Award-Silver Award" by "Council for Cultural Affairs"

Product Research and Development

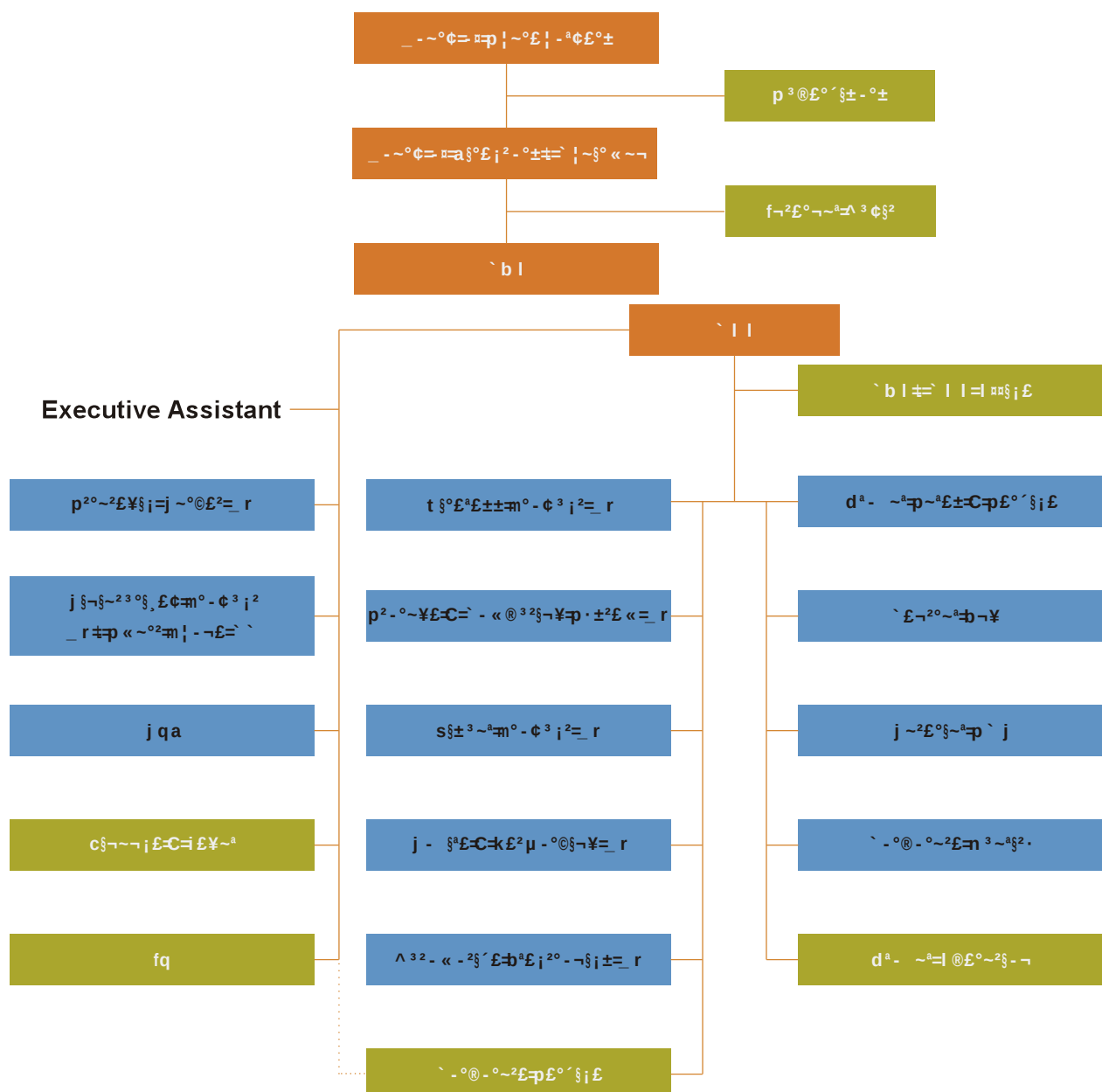
2.2 Investor Relations

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.

Through the investor relations section on the company website, USI publicizes the internal operating conditions, financial information and self-critic analysis openly to strengthen investors' confidence.

2.2.1 Corporate Governance

Managing structure





List of Directors and Supervisors

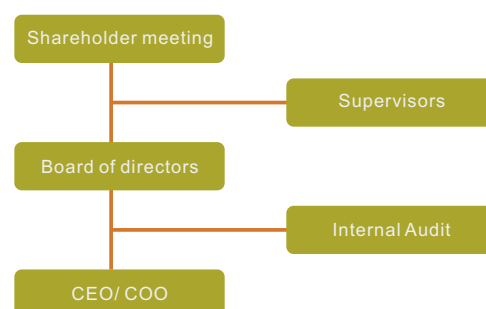
All directors and supervisors in USI have more than 5 years' working experience and expertise in business, legal affairs, finance, accounting, or corporation operation. They work hard to protect shareholders' rights and strengthen corporation management.

Title	Name	Educational background	Present part-time duty in USI and other institutes
President	ASE Inc. Representative : Chang Hong Ben	Department of Industrial Engineering, Chung Yuan University	Vice President and General Manager of ASE Inc.
Director	ASE Inc. Representative : Chang Qien Shen	Master of Science, University of Illinois, America Department of Electrical Engineering, National Taiwan University	President of ASE Inc.
Director	ASE Inc. Representative : Feng Yuen Qien	Master of Electrical Engineering, Northeastern University, America	Eddie information technology (shares) Chairman Accton Technology (shares) Directors
Director	ASE Inc. Representative: Pan Shi Hua	Doctor and Master of Science in Physics, University of Southern California, Berkely , America	Chief of Staff of ASE Inc.
Director	J&R Holding Limited Representative: He Hong	MBA, University of Iowa, America	Senior Vice President, ASE Inc. Company supervisor
Director	Singapore ASE Electronics (shares) Company Representative : Chen Chang yi	Master of Finance from the University of British Columbia	ASE Inc. Deputy General Manager
Director	Wei Zhen Long	MBA, Tunghai University	General Manager of the Company
Supervisor	ASE Holding Inc. (Bermuda) Representative : Dong Hong Si	MBA, University of Southern California, America	ASE Inc. Deputy General Manager
Supervisor	ASE Holding Inc. (Bermuda) Representative: Yu Jun Xu	National Taiwan University of Arts	ASE Inc. Deputy General Manager

The Organization and Operation of Internal Audit

Internal Audit Organization

The internal audit organization belongs to the board of directors. The employment and discharge of the organization's manager must be agreed by more than half members of the board of directors. The organization is composed of one manager and three examiners.



The Operation of Internal Audit

I "E j 2= 1= 3 0§2W all institutes and legal branches around the world of USI.

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The Organization and Operation for Risk Management

standar management recent ,
According to the latest development and standard requirements of internal audit, USI enhances industrial risk management
in recent years, including risk detestation, management

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List of Risk Management Organizations

Interest rate, exchange rate, and financial risk	General office of finance	Special investment case meeting (CEO, general manager, general office of finance)	Board of directors and supervisors: decision and final control of risk evaluation and management
High risk			
3. All offices	All offices	R&D general office	
4. Change of policy and law	General manager office, legal affairs department	Monthly (seasonally) meeting	
5. Change of technology and industry	All offices, general manager office		
6. Change of industrial image	General manager office		
7. Effectiveness of investment, spin-off, and incorporation	General manager office, general office of finance		
8. Expansion of plants or production	All offices, global sales, general manager office, global operation and management general office, general office of finance	Monthly (seasonally) meeting, annual operative strategy meeting	
9. Concentration of stock or sales	Purchase management general office, all offices		
10. Concentration of stock or sales			
11. Other operative business			
12. Behavior, morality, and virtue of employees		WW Management Meeting	
13. Following SOP and regulations	Managers of all levels	Legal affairs, audit office	
14. Discussion and management of board of directors	Office of board of directors		

2.2.3 Anti-Corruption and Anti-Bribery

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

Examination Policy of Integrity Deeds

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

2.2.4 Regulations Abidance

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

2.2.5 IU\$

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2.2.6 External Participation

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

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



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USI and the Environment

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

3.1 USI and Climate Change

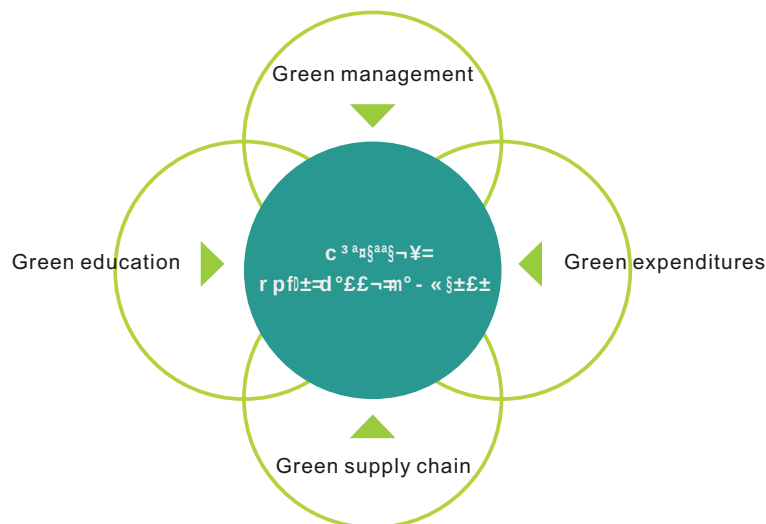


Policy of the

3.3 Green Promise of USI

To fulfill industry green responsibility, USI established Green & Environment-Health-Safety Management Department, implementing Green Quality Management System to assure products and operating systems comply with international environmental regulations. 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.

USI actively delivers Green Promises through four directions :
Green management, Green supply chain, Green expenditures and Green Education



Four Green Promises of USI

Green management



- Build a comprehensive green quality management system
- Introduce Designs for Environment (DFE)
- Plan out system platform
- Build an EHS database
- Implement auditing for the hazardous substances management system
- Carbon footprint verification
- Implement cleaner production in Shenzhen site and Shanghai site

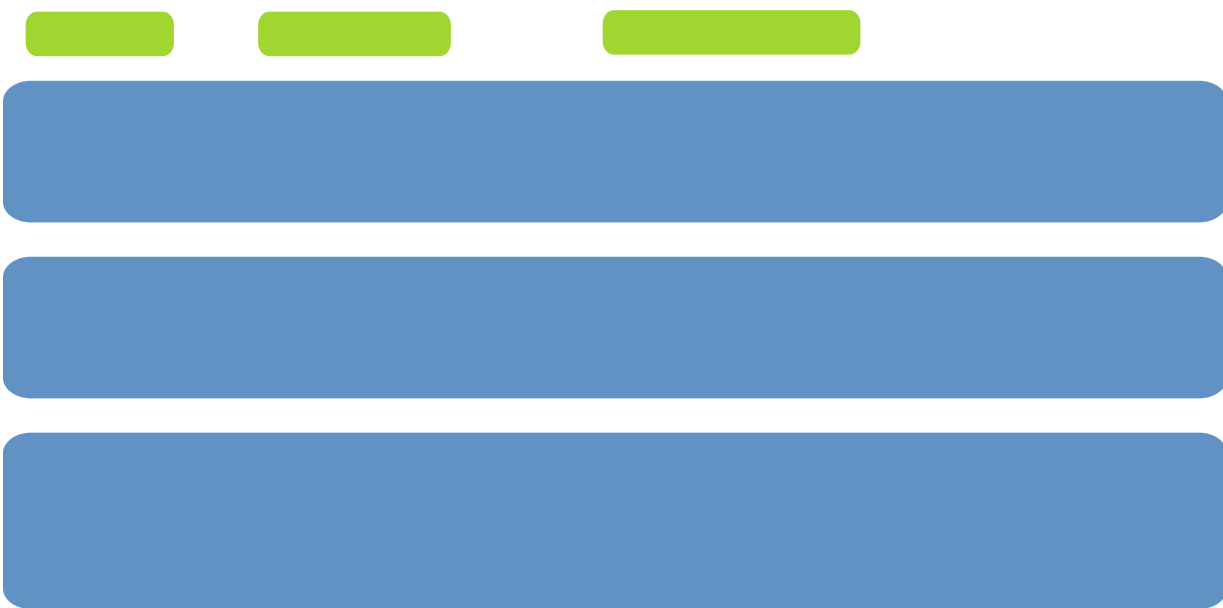


- Control the quality of materials with suppliers with environmental and Id to supply bnt
- Make sure all products are designed and produced in line with the energy conservation concept and environmental standards (i.e., non-toxic designs, halogen-free and energy-saving)



- Progy" suppld n siche





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

To be in line with international carbon footprint standards and trends, USI has introduced and promoted the concept to the internal departments; meanwhile it established a system for collecting information on product level, stage of product life cycle and product boundary via internal management system to meet the demands of customers, control" the product quality and offer carbon information on products on a regular basis.

Organizations around the world call upon the enterprises to fulfill the goal of energy-saving and emission reduction to maintain the sustainable development. obtained

Schedule for the Introduction of Green Management System

Management system	Taiwan	Mexico	Shenzhen, China	
ISO 14001	1998	2006	2001	2004
IECQ QC080000	2006	2007	2007	2007
ISO 14064-1	2005 - 2006		2009	2009

ISO14001 and IECQ QC080000 Certificates

By preventing pollution through sources at each site, USI saved usage of materials and energy consumption, used more recyclable materials and reduced the discharge and disposal cost of waste and exhaust gas. This way, USI can enhance the economic and ecological benefits at the same time.

USI also conducted cleaner production in Shenzhen site from January to July in 2009 and applied a series of preventive environmental measures to the manufacturing process, products and services to reach the goal of cleaner production ---such as using less organic solvent, cut the company's energy consumption, greenhouse gas emissions and total weight of waste. USI successfully obtained the cleaner production certificate for Shenzhen site. Shanghai site will pass the same certification by the end of August 2011.

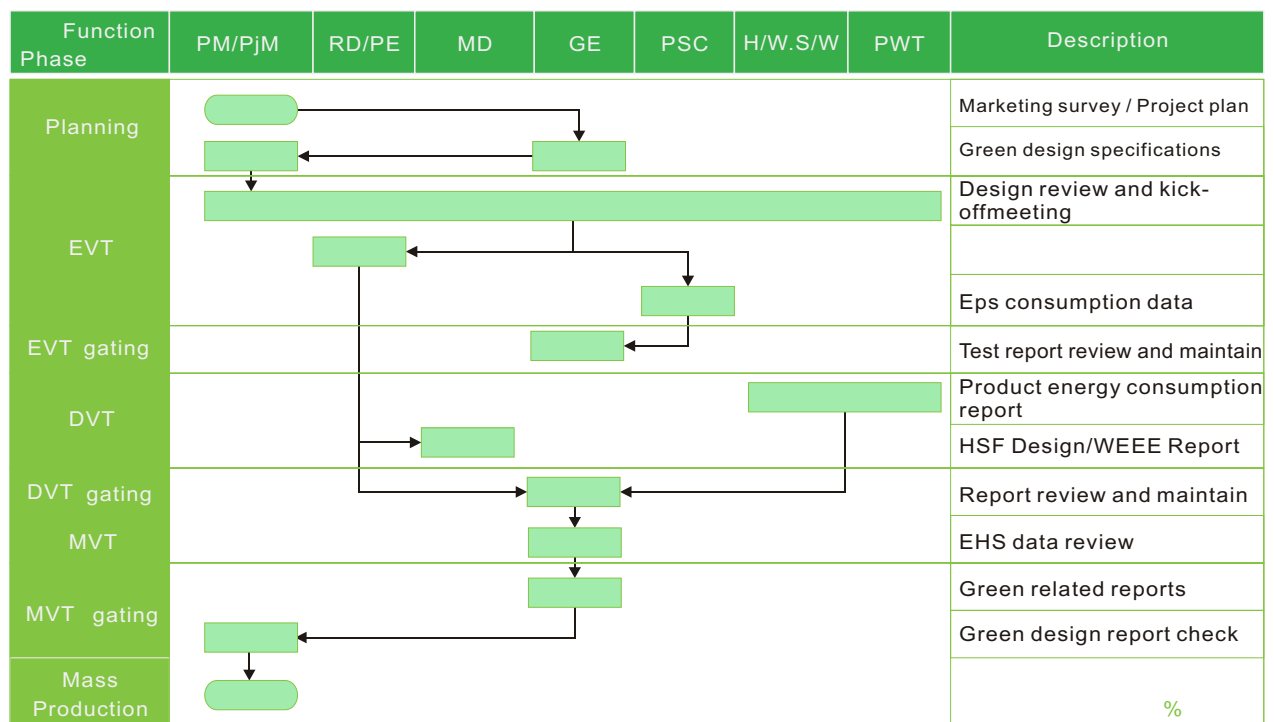




3.3.2 Green Supply Chain

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.

Green Design Workflow



1.Planning phase:

When a product is being developed /designed, the Project Management Unit at USI will inform the Green Design Engineering Unit to determine DFE requirements for products according to environmental hazardous substances, recyclable design and low energy consumption. The Green Design staff will collect information on the specs of DFE products after confirming such requirements.

2.EVT phase:

The R&D and product engineering unit will give priority to select Green parts and ask suppliers for EHS-related documents (if necessary) to ensure quality of materials. Likewise, the external power suppliers will be asked to present documents, and low energy-consuming external power suppliers will be first chose.

3.EVT gating phase(Collecting information about the EVT phase):

In this phase, USI tests the energy consumption of products and would require the power-supplying procurement unit to conduct a re-assessment in case of failure to comply with the DFE principles design requirements.

4.DVT phase:

Given the ErP directive, the power-supply testing unit would test the energy consumption of products. The design unit would assess the toxicity and recyclability of materials for parts suppliers before delivering a 3R recycling report and a WEEE report.

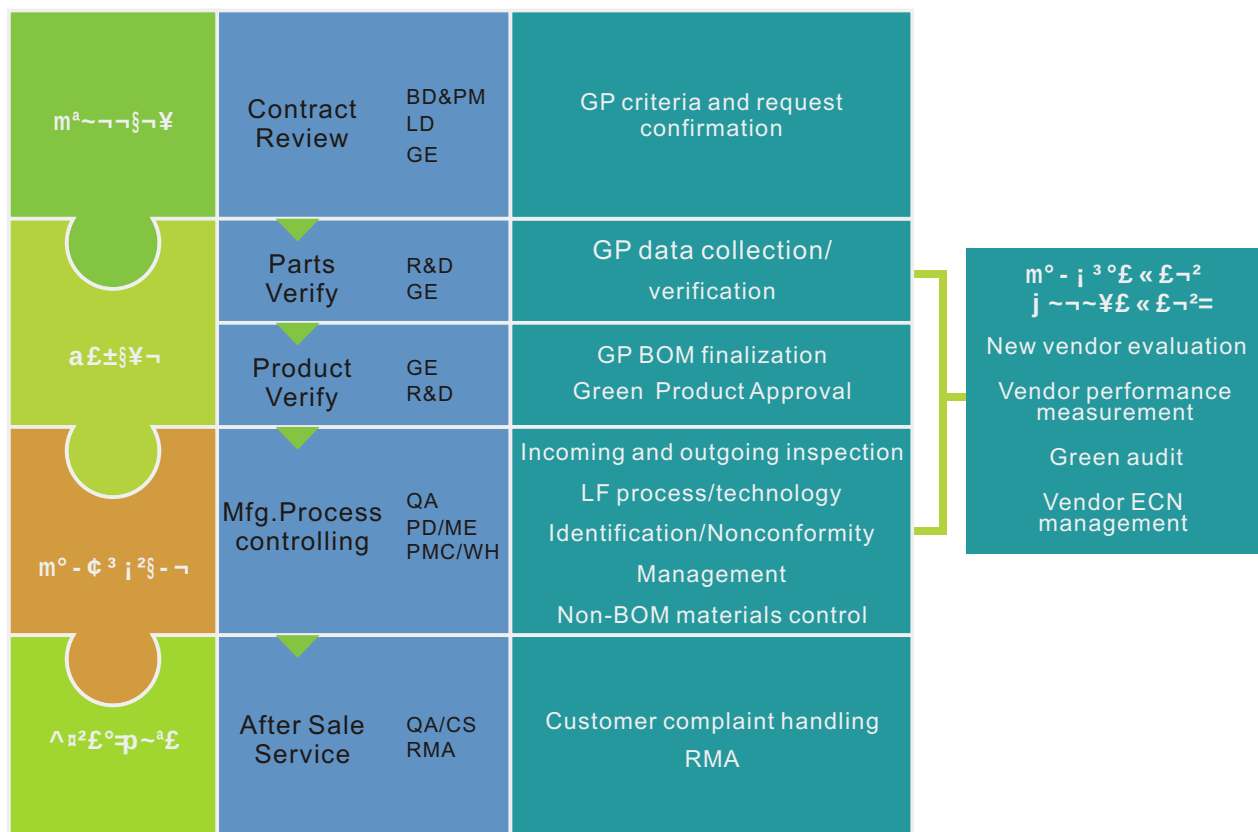
5.DVT gating phase(Collecting information about the DVT phase):

The green design unit in this phase reviews the environmental compliance report and documents from related units and requires them to conduct a re-assessment in case of failure to comply with the DFE design requirements.

6.MVT/MVT gating phase:

The green design unit delivers an EHS report, examines components of materials and parts, and requires the units involved to conduct a re-examination in case of failure to comply with the DFE principles and related regulations.

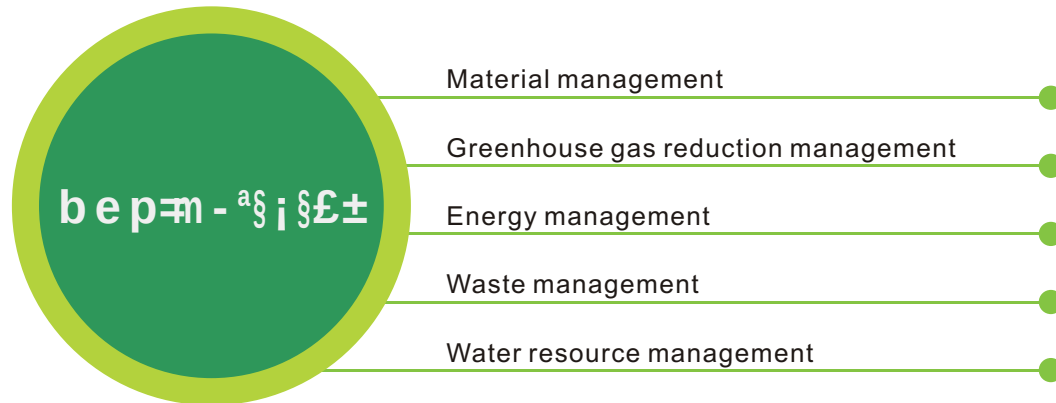
Green Products Management





3.4 Environmental Protection of USI

USI has long been committed to reducing the negative influences of the production process on the environment. Following the ESH policy, USI effectively managed issues including the use of materials, energy conservation, waste discharge, greenhouse gas emission reduction, and the use of water resources. That way, USI would be able to lower the environmental impact while seeking sustainable co-existence between ecological environment and the company.



3.4.1 Material Management

USI conducts an ecological assessment in the product planning stage to ensure efficient use of raw materials, for example, using materials with comparatively low environmental impact, recyclable/reusable raw materials, and materials made from recyclables. USI also prefers low-polluting and non-toxic raw materials such as the halogen-free ones. Among the 243 environment-affecting substances USI currently is monitoring, 8 are banned substances mentioned in the RoHS directive, 15 are banned substances in USI's self-researched and developed products and another 220 substances are under observation. USI controls the use of these substances in order to not only improve the environmental benefits of its manufacturing process, but also demonstrate to its customers and supply-chain partners the ecological value of limited use of EHS.

USI collects the data of the consumption of major to control the efficiency of raw materials use, reduce the consumption of raw materials and lower the use of environmental resources. The table below shows the statistics of major raw materials consumption in 2010.

Consumption of Main Materials

Category	Total weight (Tons)
IC, chip, resistors, conduct cords	2,441
PCB boards	2,101
Paper	1,706
Metals	1,166
Solder bars/paste, ink and adhesive	1,073
Organic solvent	147

Note: The consumption data covered Shanghai and Shenzhen sites.

Currently, Taiwan site cannot manage to calculate the weight of raw materials with a suitable system. So far it can only sum up the total weight of solder bars/paste, ink and adhesive and for the rest, only the number is able to be calculated. USI will keep strengthening the control of raw material use efficiency and strictly monitor the use and the report of all banned and controlled substances.



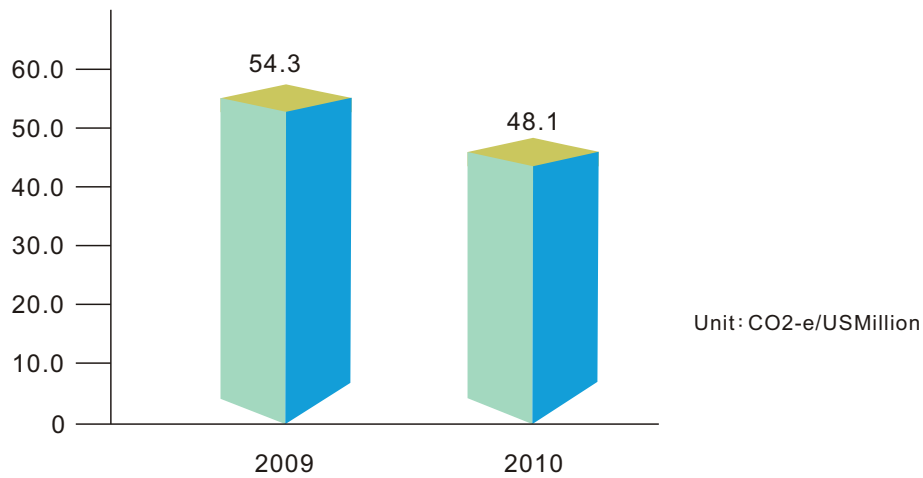


Figure 3.4.2.2

Note : 1. The data covered Taiwan, Shanghai and Shenzhen sites.

2. Data illustrations:

- A. Data in 2009: For Taiwan site, it was the internal inventory and for Shanghai and Shenzhen sites they passed the external verification and obtained ISO14064 certificates.
- B. Data in 2010: Taiwan, Shanghai and Shenzhen sites have passed the internal and external verification.
- C. The data collected above were rounded.

As we can see from Figure 3.4.2.1, the greenhouse gas emission of USI in 2010 increased 16,972 tons compared to 2009. But Figure 3.4.2.2 indicates that the greenhouse gas emission per unit production value has reduced 6 tons of CO2-e /US\$ million in 2010, compared to the previous year, which lowers approximately 12% emission per unit production value. According to the data, it is expected to reduce about 12,699 tons of CO2e in 2010 compared to 2009.

USI sought an impartial, external institute in 2005 and 2006 to inventory the greenhouse gas emissions and acquired ISO14064-1 verification statement for Taiwan site, while the Shenzhen and Shanghai sites completed the inventory for 2009 greenhouse gas emissions in the end of 2010. USI vows to keep calculating the statistics, provide data in line with the government regulations, and disclose greenhouse gas emissions data in CSR report.

USI's greenhouse gas emission per unit production value has been reduced from 54.3 tons of CO2-e /US\$ 1 million in 2009 to 48.1 tons of CO2-e /US\$ 1 million in 2010, which is a reduction of 11.2%.

2010 : 50 tons of CO2-e /US\$ 1 million
 2011 : 45 tons of CO2-e /US\$ 1 million
 2012 : 42 tons of CO2-e /US\$ 1 million
 2013 : ≤42 tons CO2-e / US\$ 1 million

As the figure 3.4.2.2 indicates, USI has reached the goal of emitting 48.9 tons of CO2-e /US\$ Million in 2010.

As USI's greenhouse gas emission was mainly due to the use of electricity purchased externally, it actively took relevant actions to enhance energy efficiency and conserve the energy, trying to lower the greenhouse gas emission by refurbishing or updating the plant facilities such as the improvements in air-conditioning system, energy-saving lightening fixtures, and compressor.



Measures Taken to Save Lighting Energy and the Results:

Improvement of energy-saving in existing equipments

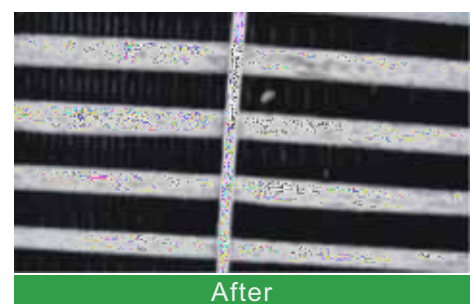
● Electricity-saving measures :

Electricity-saving measures		Results
Taiwan site	Change old thermal interface material of water-cooling tower (Graph1)	Saving approximately 599.9 kWh
	The integration of transformer	Saving approximately 135.4 kWh
	T5 energy-saving lightening fixtures in place of T8 fixtures (Graph 2)	Saving approximately 74.5 kWh
	Application of frequency conversion control in air-conditioner box	Saving approximately 21.9 kWh
Shenzhen site	Improvement of lightening devices of VPD manufacturing department	Saving approximately 151.2kWh
Shanghai site	Application of inverter in fan motor of air-conditioner box	Saving approximately 92kWh
	Application of inverter in hot water pump of boiler	Saving approximately 167kWh
	T5 energy-saving lightening fixtures in place of T8 fixtures	Saving approximately 564kWh

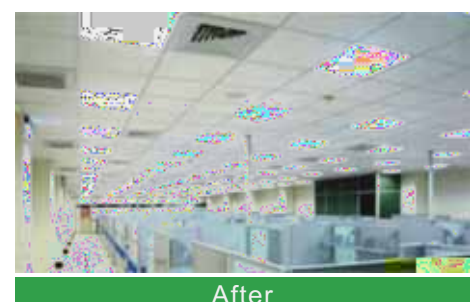
Note: The results above were the estimations based on the potential running time.

● Gas-saving measures :

Gas-saving measures		Results
Shanghai site	No use of boiler in summer time to reduce the time of running boiler and lower the natural gas consumption	Saving approximately 68Km3



Graph1 The change of thermal interface material of water-cooling tower (Taiwan site)



Graph 2 Improvement in lighting (Taiwan site)

into

Table 1

Share

S

2.4.4. Energy Management

As a result of the commitment to reducing a company's carbon footprint, according to the industrial sector's best practices---to recycle the water and energy used in the manufacturing fixtures generated.

For instance, in the case of the electronics, companies

generally

in 1990

the company

used

the company

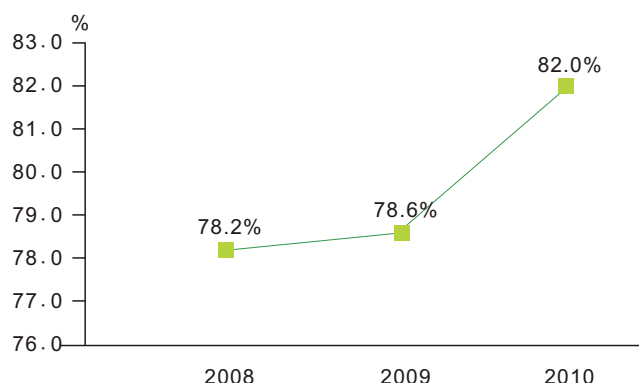
aid, the
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mitted to reducing a
according to the industrial
tions---to recycle the wa
g fixtures generate

ics, co

Percentage of Waste Recycled



Note: The data covered Taiwan, Shanghai, Shenzhen and Mexico sites

3.4.5 Water Resource Management

USI collects the data of waste water discharge and water consumption at worldwide sites regularly (Taiwan, Shenzhen, Shanghai and Mexico sites), in order to control the consumption of such resources. Compared to 2009, statistics showed the water consumption and wastewater discharges at all USI sites in 2010, increased by 30.05% and 21.26% respectively, mainly resulting from the huge amount of water consumption for temporary works of water storage air conditioning system carried out in Shenzhen and Shanghai sites.

Total Amount of Water Consumed and Wastewater Discharged

	Total water consumption(tons)	Total amount of wastewater discharged (tons)
2009	307,284	286,783
2010	399,633	347,750
Percentage of change	30.05%	21.26%

Note: 1. The water consumption data covered Taiwan, Shanghai, Shenzhen and Mexico sites.

2. The wastewater discharge data covered Taiwan, Shenzhen and Shanghai sites.

To reduce water consumption, USI adopted water-saving measures, such as adjusting water supply of the water-saving equipment in restrooms on each floor to avoid unnecessary consumption. Shanghai site was awarded "Water Saving Enterprise of Shanghai" in 2010 ; in 2011, it plans to implement RO water-purifying and waste water recycling, expecting to recycle approximately 43,200 tons of waste water annually and reuse the recycled water for the reduction of water resource consumption.

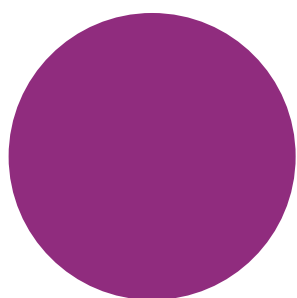
Furthermore, USI sites are nowhere near water sources, hence polluting the water sources will not occur. Also, USI does not own, rent or manage any sites in ecological protection areas or water resource protection areas to affect the water sources. All the waste water is treated to meet the discharge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

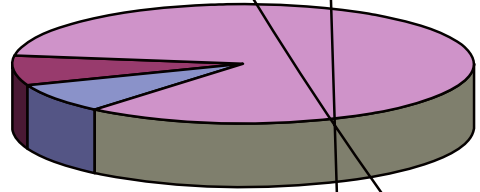
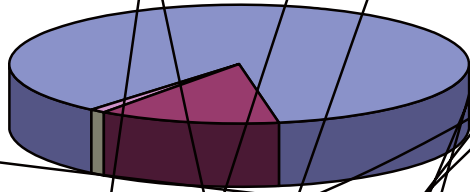


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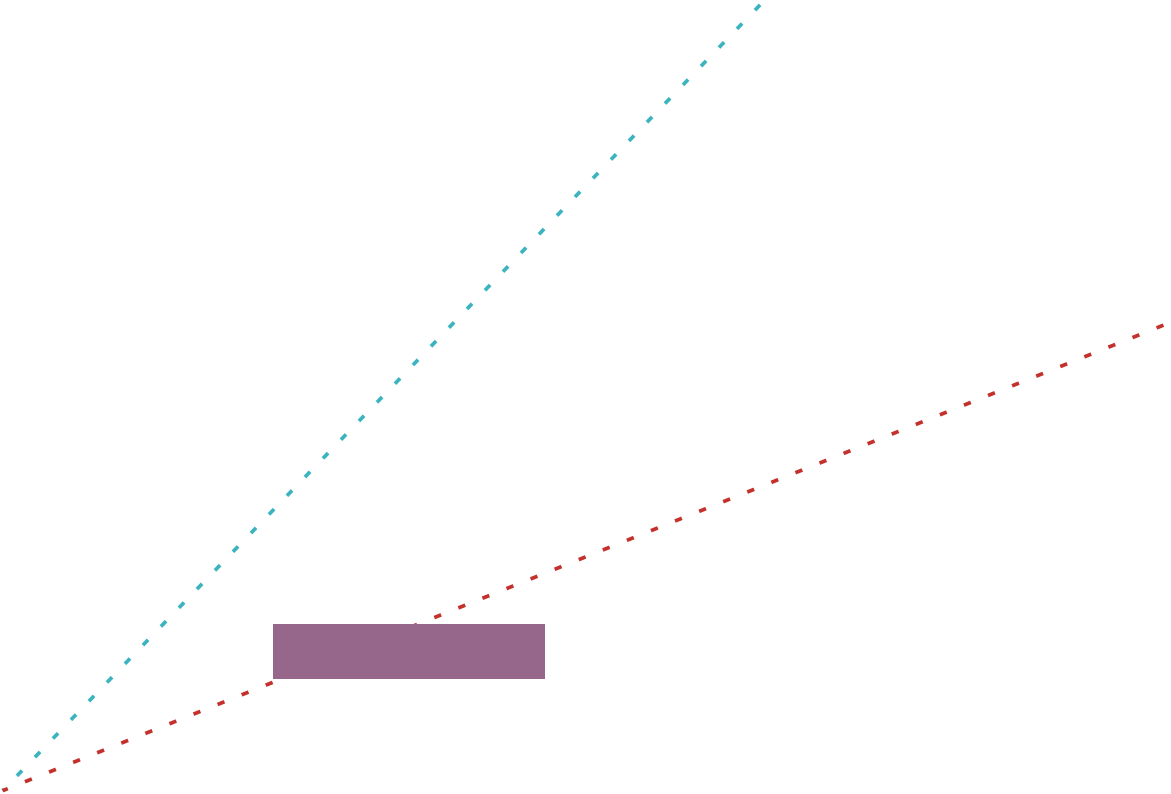
USI and the Society

- 4.1** USI and Its Employees
- 4.2** USI and Its Customers
- 4.3** USI and Its Suppliers/Contractors
- 4.4** USI and the Community









	15.6	9.1
	7.1	7.5
	4.3	13.0

Shenzhen Site

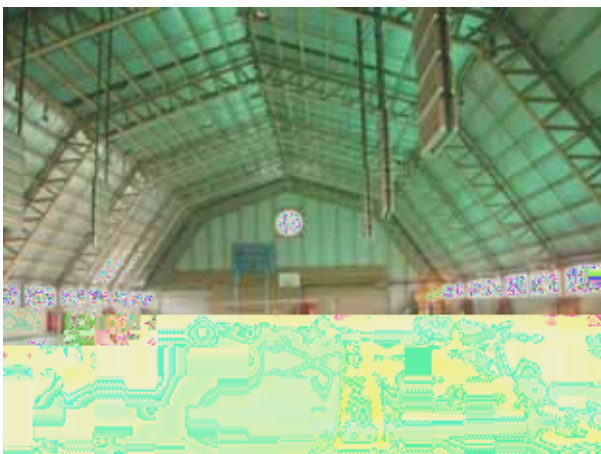


USI's employees in Shenzhen site come from every corner. They organize clubs and outdoor activities which provide physical and mental relaxation and describe USI's corporate culture. The basketball team even attended the first amateur men's basketball game in Nanshan District of Shenzhen.

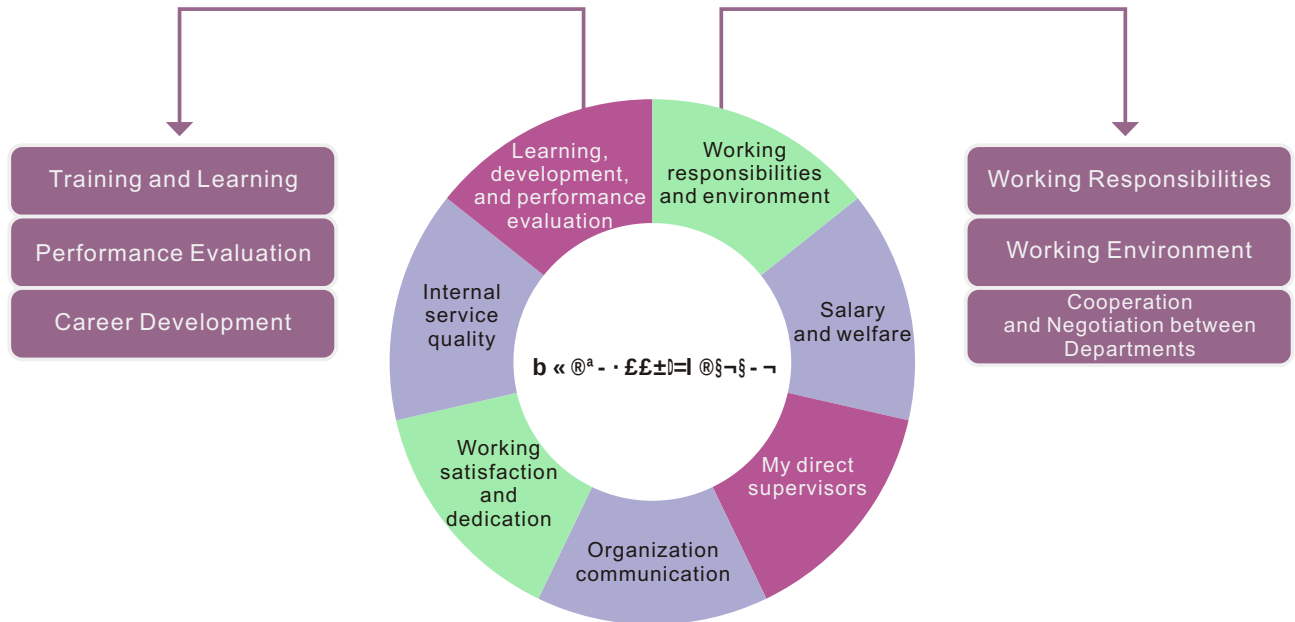
Welfare Systems of USI

福利制度	Full attendance bonus, birthday gift certificate, annual bonus, overtime wage, R&D incentive bonus, patent incentive reward, performance bonus, three festival gift certificate and DL senior bonus (Shenzhen and Shanghai sites).
假期制度	Besides national holidays and weekends, there are accompanying maternity leave for male employees, parental leave for female employees, menstrual leave, earned paid sick leave, annual leave and paid-time off (Shenzhen and Shanghai sites).
社会保险	Labor insurance, health insurance, employee comfort and compensation, employee/dependants group insurance
员工福利	There is broad and sanitary employee restaurant and meal subsidy.
住宿条件	Different types of accommodations with household appliances, air-conditioner, hot-water heater, wireless net, and furniture.
交通设施	USI provides comfortable and convenient transportation between plants and well-equipped exclusive parking lots for employees.
员工活动	Domestic and foreign employee travels, family day, parent-child activities, end-of-the-year banquet and drawing lots
健康体检	USI sets up professional dispensary providing free health consultancy. USI holds free health examination for employees annually.
员工关怀	Employee wedding subsidy, domestic and foreign employee studying subsidy, funeral subsidy for employees and dependants, birth subsidy, education subsidy and scholarship for employees' children, consolatory money for hospitalized employees and dependants

Various leisure facilities



Employee Opinion Survey

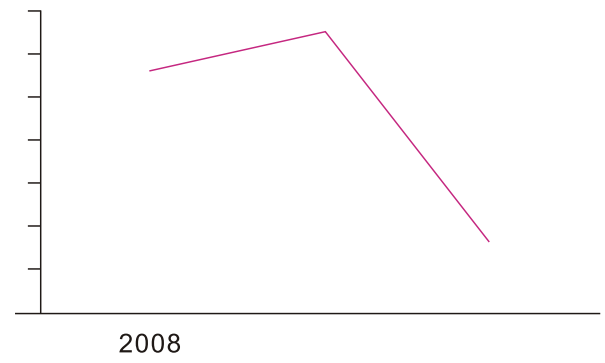


- Evaluation of managerial levels' leadership, management, ability to supervise, fairness and righteousness of task designation and evaluation, communication and authorization, etc., as a reference for managerial levels to improve their ability of development and management.
- Evaluation of efficiency of internal management, operation, team work, coordination and communication between departments as a reference to adjust USI's internal operational mechanism.

1. Targets: indirect employees with a 1/3 sampling survey.
2. Questionnaire mode: in written form, anonymously.
3. Aspects: 8 aspects, including working responsibilities and environment, learning and development, payroll and performance evaluation, career development, internal service and benefits, direct supervisors, organization communication, job dedication and satisfaction, etc.

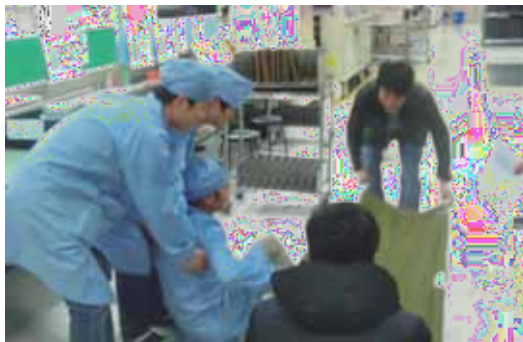
Labor-Management Communication in All Sites

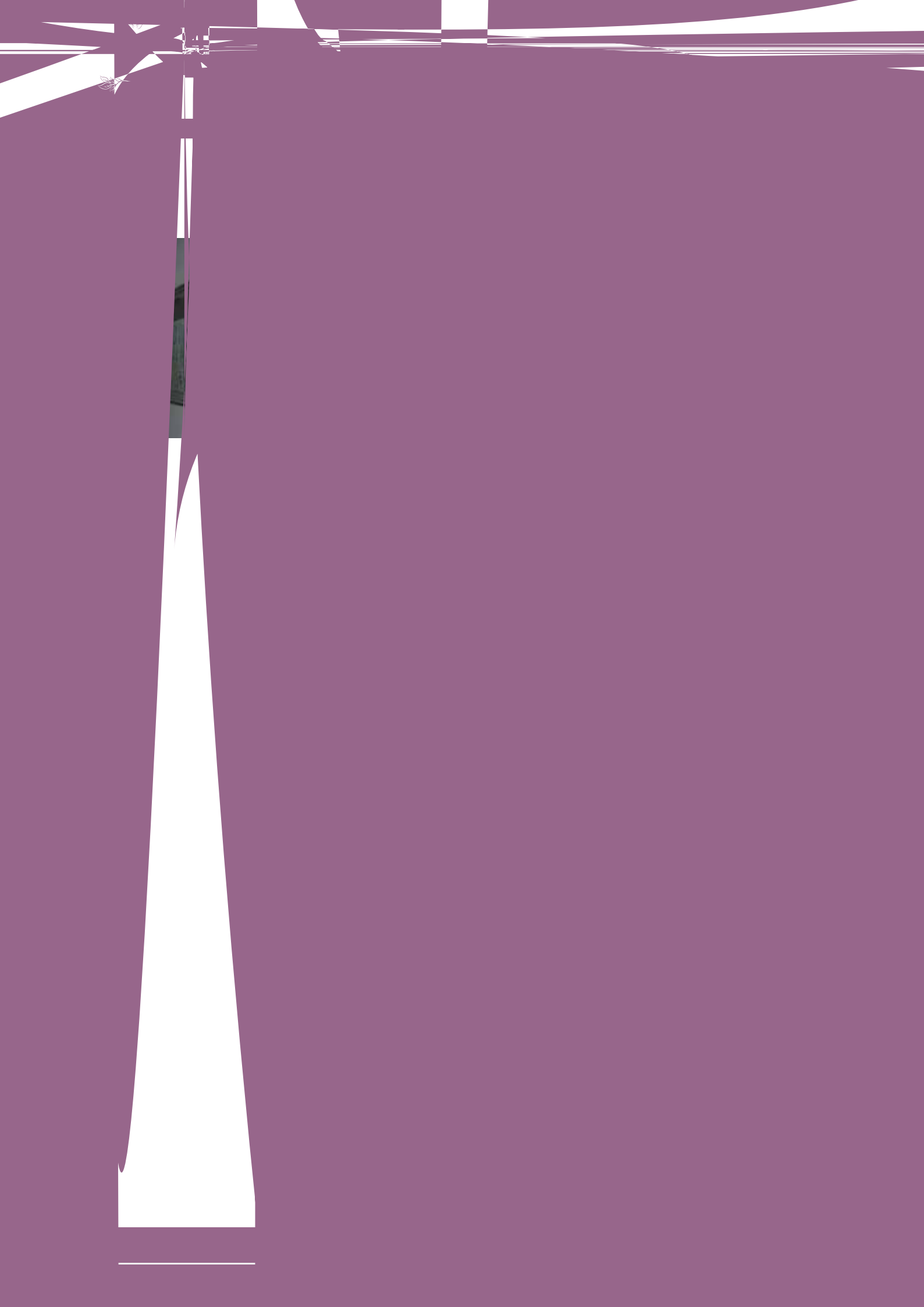
Sites	Industrial Relations and Communication Channel
Taiwan	According to the regulations, industrial organizations with more than 100 employees should have more than 5 representatives from both the labor and capital. Taiwan sites hold Industrial relations Conference quarterly, the labor and capital designates five representatives respectively.
Shanghai	"Employee Representative Congress" is established with 30 employee representatives. Currently, Shanghai site discusses issues about employee systems through meeting and voting.
Shenzhen	Industrial relations committee is established for solving labor-capital disputes, a total of 11 representatives from both parties. Human resource communication conference is held quarterly and all employees could participate. If both parties can't reach an agreement, they will hold employee representative meeting to make the agreement.





Fire Evacuation Drill





Besides, it is the purpose of health promotion to have diversified activities with everyone taking part in them. In order to increase the participation rate, we provides more activities for employees such as free annual physical examination, bone density test, pap smear test, cancer examination, etc., and lectures of health promotion such as towel exercise to prevent muscular soreness, specific projects with sponsor by health bureau and outside resources to hold iron deficiency improvement and body combat courses, etc.



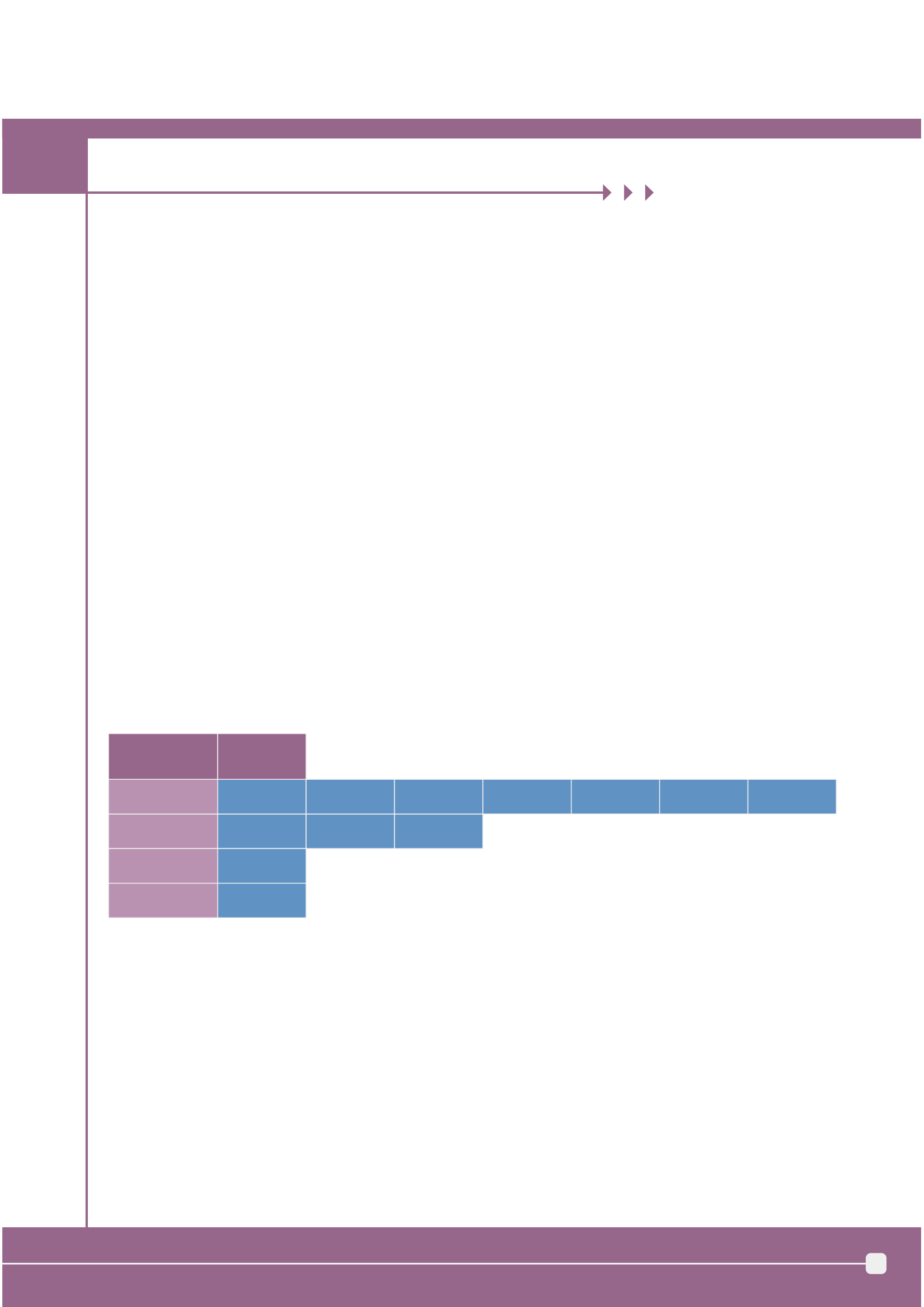
To prevent metabolic syndrome, USI holds diversity projects every year attract the employees to join in. In 2010, we opened a new project of Healthy Lifestyle Change, in order to correct the habits of employees and their families progressively and naturally. The project is not only to provide the participants a series of activities and lectures of nutrition and exercise but also to provide the non-participants regular healthy information by email.



USI promotes prevention of influenza and occupational diseases. For example, in order to prevent H1N1, USI set 3 grades of control standards and employees were able to inoculate free H1N1 vaccine, and thus infection was efficiently prevented in USI.









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

In 2010, the satisfaction of major customers with products supplying, manufacturing and customer service has been among the best which fully showed USI's competitiveness.

All-Encompassing After-Sales Service

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

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

Categories of USI After-Sales Services

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



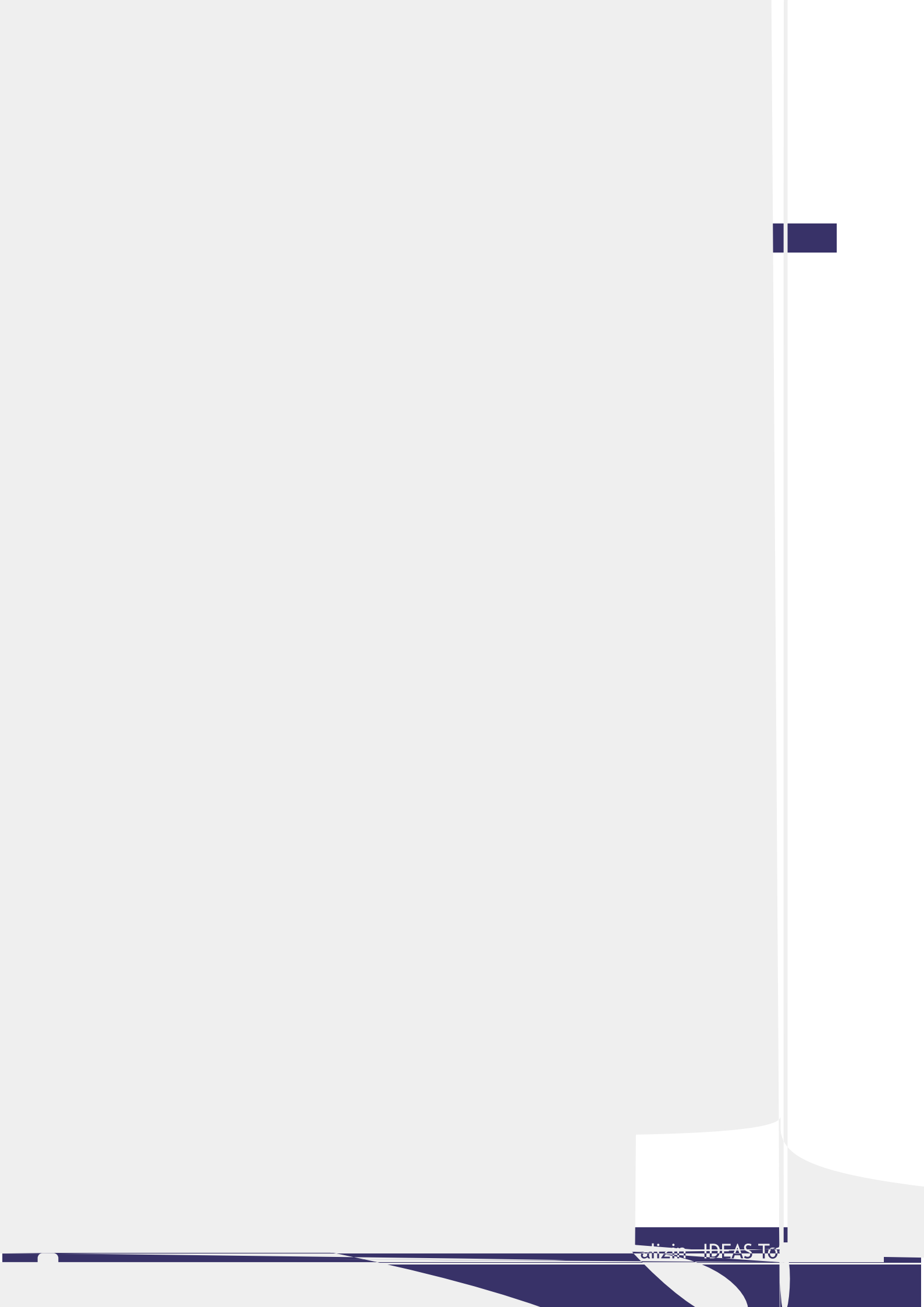




VERIFICATION/ ASSURANCE OPINION

On the basis
information





GRI Indicator Description		Chapter	Page	Additional Illustration	Indicator
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	3.1 USI and Climate Change	25		Core
		3.3.3 Green Expenditures	32		
		3.4.2 Greenhouse Gas Emission Reduction Management	34-35		
		3.5 Green Prospects of USI	40		
EC3	Coverage of the organization's defined benefit plan obligations	4.1.4 Perfect Welfare System	47-51		Core
EC4	Significant financial assistance received from government	2.2.5 Government Subsidy	22	USI is qualified for tax preferences on R&D training expenses according to Statute for Upgrading Industries. For more details, please refer to Chapter Six of the USI annual report of 2010.	Core
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	4.1.5 Harmonious Industrial Relations	52		Add
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operations	4.3.1 The Suppliers of USI	64		Core
		4.3.2 Supplier Management	64-65		
		4.3.3 Supplier Communication	66		
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	4.1.1 Employee Composition Profile	42		Core
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	4.4.1 Invest in Education	68-70		Core
		4.4.2 Promote Artistic Events	71-73		
		4.4.3 Contribute to the Community	73-75		
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts			USI does not assess indirect economic impacts.	Add
Environment Performance Indicators					
Management Approach	Management approach of environment performance	3.2 EHS Policy of USI 3.3 Green Promise of USI	26 27		Standard Disclosure
EN1	Materials used by weight or volume	3.4.1 Material Management	33		Core
EN2	Percentage of materials used that are recycled input materials			USI does not use renewable materials.	Core
EN3	Direct energy consumption by primary energy source	3.4.3 Energy Management	36		Core
EN4	Indirect energy consumption by primary source	3.4.3 Energy Management	37		Core
EN5	Energy saved due to conservation and efficiency improvements	3.4.3 Energy Management	37-38		Add
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives	3.3.1 Green Management	28-29		Add
		3.4.3 Energy Management	37-38		
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	3.4.3 Energy Management	37-38		Add
EN8	Total water withdraw by source	3.4.5 Water Resource Management	39		Add



GRI Indicator Description		Chapter	Page	Additional Illustration	Indicator
EN30	Total environmental protection expenditures and investments by type	3.3.3 Green Expenditures			Add
Management Approach	Management approach of labor performance	4.1 USI and Its Employees 4.1.2 Equal Employment Opportunity 4.1.3 Integral Training Program 4.1.4 Perfect Welfare System 4.1.5 Harmonious Industrial Relations 4.1.6 Excellent Working Environment			Standard Disclosure
LA1	Total workforce by employment type, employment contract, and region	4.1.6 Excellent Working Environment Employee Composition Profile			Core
LA2	Total number and rate of employee turnover by age group, gender, and region	4.1.1 Employee Composition Profile			Core
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	4.1.4 Perfect Welfare System			Add
LA4	Percentage of employees covered by collective bargaining agreements			The labor proportion in the union of USI's Mexico Site is 59%.	Core
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	4.1.6 Excellent Working Environment		USI completes the informing procedure by related Act.	Core
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occadvis (provided				



GRI Indicator Description	Chapter	Page	Additional Illustration	Indicator

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J.C. Hong, Irene Chen, Amy Lee, J.T. Yue, Edward Ku
Victoria Yang, Andrew Lin, Cassie Chang, Steven Huang
Arthur Huang, Jupiter Lin, Nancy Chang, Bruce Yang
Leo Lan, Johnson Lin, SW Tsai, Irene ChangE

