

Universal Scientific Industrial Co., Ltd.

2010 Corporate Social Responsibility Report



Realizing IDEAS Together

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About the Report

This is the second corporate social responsibility report published by Universal Scientific Industrial Co. Ltd. (USI), which includes issues concerned by all stakeholders of USI, such as the economic, environmental and social information of Taiwan site, and partial information of Shenzhen China, Shanghai China and the liaison and after-sale service spots in North America.

In each chapter of this report, performances are based on the statistics and information of 2010 (from 2010/1/1 to 2010/12/31). The report refers to Global Reporting Initiative (GRI) 3.0 version, disclosing the executive achievements, responding policies, and future plans of various key issues about corporate social responsibility of USI. In order to improve the information transparency and accountability, this report has been verified by SGS Taiwan Ltd. and corresponds to the application level of GRI G3 A+ and the standard of AA 1000 AS: 2008. The assurance statement is attached in the Appendices of the report.

GRI G3 Application Level Criteria

Report Application Level		C	C+	B	B+	A	A+
Report Externally Assured	G3 Profile Disclosures OUTPUT	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17		Same as requirement for Level B	
	G3 Management Approach Disclosures OUTPUT	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators OUTPUT	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.	Report Externally Assured	Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.	Report Externally Assured	Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	Report Externally Assured

*Sector supplement in final version

Publishing Cycle: USI will publish corporate social responsibility report regularly each year

Present Edition: September, 2011

Next Edition: September, 2012 presumably

This report is written in both Chinese and English versions and published on the corporate website for reference. If you have any comments, questions, or suggestions, please contact us. The contact information is as follows:

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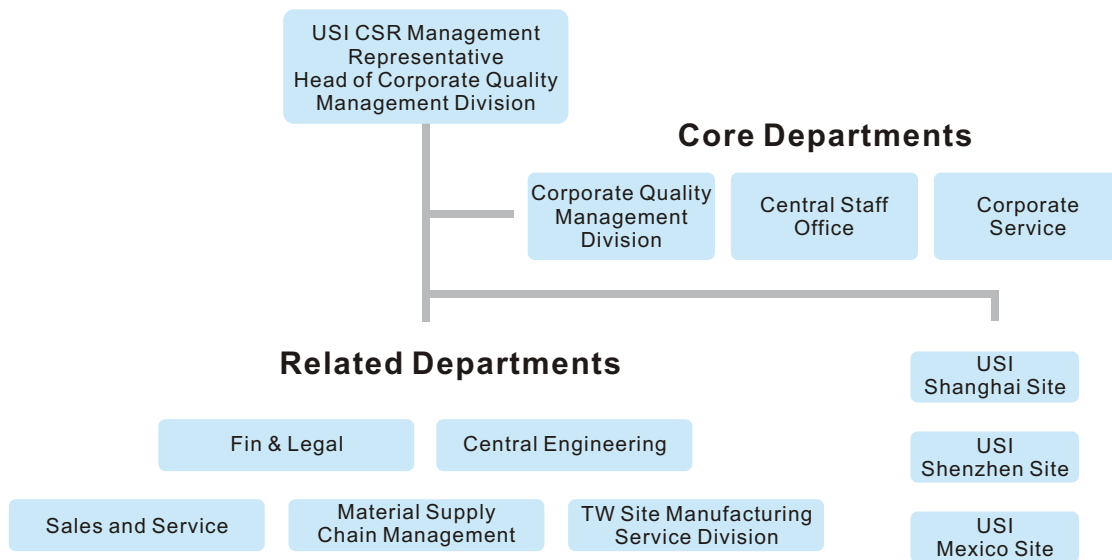
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For making the contents of this report conform to the disclosing standards of sustainable indicators by Global Reporting Initiative (GRI), USI established “USI CSR Promotion Committee”. The committee coordinated with each related department providing the information related to the corresponding indicators, and then edited this report systematically.

Structure of “USI CSR Promotion Committee”



* Each department recommends a representative

“USI CSR Promotion Committee” is composed of 3 parts: core departments, related departments, and related units in all worldwide sites. The responsibilities of each part are listed as follows:

Core departments: include Corporate Quality Management Division, Central Staff Office and Corporate Service. Corporate Quality Management Division drafts the report, specifies how the report will be done to related departments, and collects all data required. Green & Environment-Health-Safety Management Department is in charge of integrating and coordinating so that the efficiency of the report compiling will be enhanced.

Related departments: include Fin & Legal, Material Supply Chain Management, Sales and Service, Central Engineering and TW Site Manufacturing Service Division. All related departments collect and compile the data required based on their responsibilities and submit the data to the core department.

Related units in all worldwide sites: include Shanghai, Shenzhen and Mexico sites. To collect and compile the data required based on their responsibilities and submit the data to the core department.

Operative Explanation of “USI CSR Promotion Committee”

1. Core departments invited all related departments to hold corporate social responsibility report edition meeting
2. Core departments explained editing principles and key information, and each related department collected and edited needed information about its business
3. Collected information and edited contents were sent to core departments for further compiling and synthesizing
4. The report was published after all contents were verified and confirmed

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.



C. Z. Wei



01

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

USI is aware that modern industry should not only create economic value, bring in the most benefits for shareholders and investors, but create social value. As obeying morality and regulations, USI works hard to practice social responsibilities such as corporate management, environmental protection, community participation, and employee rights protection. USI pursues the sustainable development of co-existing economy, society and environment.

USI extends industrial core values of "Practical Innovation" and "Enthusiastic Service" to corporate social responsibility. By integrating core values into the corporate policy and operation management, USI pursues the vision of sustainable development.

2010

Global Views Monthly Magazine appraised USI as one of "The Best 65 Industries in Corporate Social Responsibility Performance"
Awarded "Wenxin Award-Silver Award" by "Council for Cultural Affairs"
USI Shenzhen was awarded "2010 Chinese Outstanding Enterprise Citizen Award"
USI Shanghai was awarded "Water Saving Enterprise of Shanghai"
USI Shenzhen was awarded "Advanced Enterprise of Waste Reduction of Shenzhen"

2009

Common Wealth Magazine appraised USI as the industry among "Excellence in Corporate Social Responsibility TOP 50"
Global Views Monthly Magazine appraised USI as one of "The Best 50 Industries in Corporate Social Responsibility Performance"
USI Shanghai was appraised as "Happy Production" outstanding industry of humane concern
USI Shenzhen was awarded "Chinese Growing Enterprise Citizen Award"
USI Shenzhen was awarded "Cleaner Production Industry"

2008

Awarded "County and City Friendly Workplace Award" by "Council of Labor Affairs"
Global Views Monthly Magazine appraised USI as one of "The Best 50 Industries in corporate Social Responsibility Performance."
Awarded "Wenxin Award-Silver Award" by "Council for Cultural Affairs"
Awarded "Reading Promotion Award-Group Category" by "Ministry of Education"

2007

Shenzhen, Mexico, and Shanghai sites passed IECQ QC080000 HSM Authentication
Recognized by "Outstanding Healthy Workplace Quality Certification" of Department of Health

2006

The first DMS corporation passing IECQ QC080000 HSM Authentication
Promotion of Green Quality Management System

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 verification process if necessary.
 - Collaborate with partners such as NPO, and trade organizations to provide solutions.
7. Improve CSR achievement continually through effective management and public announcement.

In 2008, USI participated in E-TASC (Electronics—Tool for Accountable Supply Chains), evaluating performances in employees' human rights, workplace health and safety, industrial morality, and environmental protection of USI. USI also followed EICC (Electronic Industry Code of Conduct) and asked all worldwide sites to realize their social responsibilities.

All worldwide sites have passed ISO14001 environmental management system, ISO9001 quality management system, and OHSAS18001 occupation health and safety assessment series. These authentications ensured the product quality and ESH management of USI correspond with international standards. USI cooperated with upstream and downstream companies to establish sustainable green supply chains. USI applied green environmental protection to raw material purchase, product designing, and production to meet EU environmental protection directives. China sites practiced cleaner production to enforce preventive policy of environmental protection and lower the influence on environment caused by production, product, and service. Meanwhile, USI devoted to improving employees' rights and acquired awards from Council of Labor Affairs and Bureau of Health.

*Congo as Democratic Republic of the Congo.

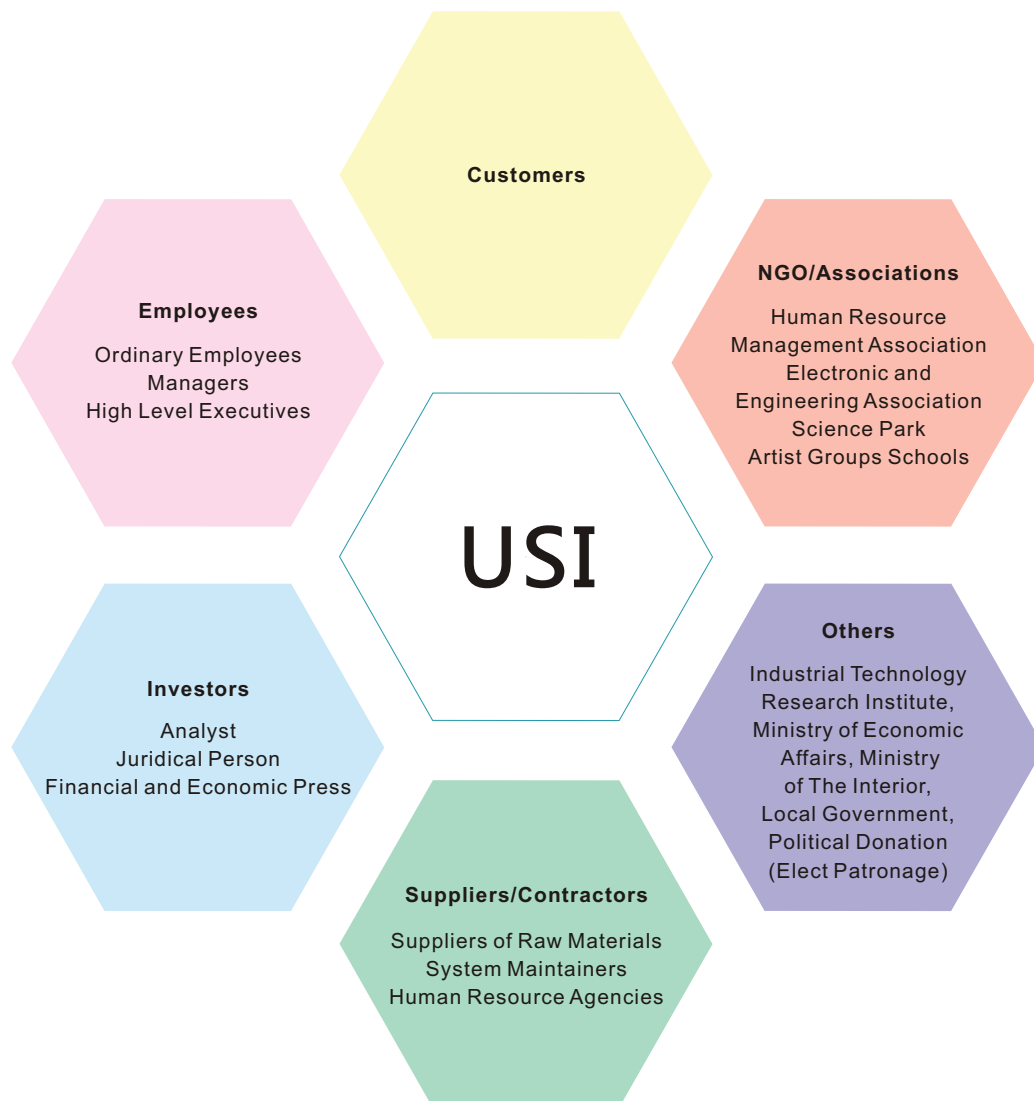


1.3 Identification and Selection of Stakeholders

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

Chairs of all departments of USI were surveyed with questionnaires to assess stakeholders cooperating and interacting with USI. Through the assessment, USI grasped concerned issues of stakeholders and how these key issues influence on USI's operation. According to the analysis of these questionnaires, USI drew up the contents and structure of the CSR report. Dealing with concerned issues of all stakeholders, USI disclosed complete and detailed policies and future plans for realizing corporate social responsibility.

According to the analysis of the questionnaires, the main six stakeholders of USI are as follows:



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.

Stakeholders	Concerned issues	Communication Channels	Practice
Investors	Managing performance Financial transparency Disclosure of non-financial information	Annual report Investor section on corporate website Spokesman system Annual meetings of shareholders	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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



02

USI and the Economics

2.1 Corporation Operation

2.2 Investor Relations



2.1 Corporate Operation

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

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

2.1.1 Corporate Introduction

Company Name	Universal Scientific Industrial (Shanghai) Co., Ltd.
Year of Establishment	2003
Headquarter Location	No.1558, Zhang Dong Road, Zhangjiang Hi-Tech Park, Shanghai, P.R. China
Capital	900 million RMB
Main Products and Services	Electronic Packaging & EMS, Communication, Consumer Electronics, Storage & Server, Industrial and others
Number of Employees	Approximately 8,500 (As of 2010/12)
Area of Operation	Taiwan, China, and United States



USI Shanghai Headquarter

USI was founded in 2003, its products are well reputed internationally, and provide professional design, manufacturing services and solutions as a large design and manufacturing service providers. In addition to manufacturing services, USI is also focusing on cultivating R&D talents actively, investing in communications, consumer electronics, computers and storage, industrial and automotive, the five main segments of electronic products development and design. In addition to this, USI also provides materials procurement, manufacturing, logistics, maintenance and other professional services to both domestic and international branding manufacturers.

Currently, as a member of the ASE Group, through the internal integration, we provide our customers the best solution from IC packaging and testing, SiP (System in Package), PCBA to system assembly. USI combines itself advanced microelectronics packaging technologies to establish a unique competitive advantage in order to provide customers a total solution in terms of high efficiency, high-quality, high added value and highly competitive cost. In 2005, USI Taiwan Site was appraised as one of five representative automobile electronics industries in Taiwan by "e Common Wealth Magazine."



Currently, USI has set up R&D and manufacturing sites in China and Taiwan. In terms of customers' profile, we have many well-known international companies. There are four main manufacturing sites, Taiwan Caotun first and second site, China Shenzhen and Shanghai sites. The global service network covers Asia and Americas.

2003	Established R&D center started operating
2004	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
2005	Expanded production capacity to 15 SMT production lines Be ranked 71 in Shanghai Top 100 Import & Export Enterprises Taiwan Site became the first manufacturer to develop automatic vehicle navigation system
2006	Completed second plant in Shanghai Expanded production capacity to 30 SMT production lines Began to mass produce storage and palm appliances Implemented supplier management inventory system
2007	Expanded production capacity to 39 SMT production lines Began to mass produce automotive electronic products
2008	Successfully developed light weight Mobile Internet Device (MID)
2009	Continued to strengthen the penetration of ODM product, targeted wireless communication technology, digital storage and flat screen display
2010	Committed to rise ODM product ratio, developed miniaturization technology and enhance cloud computer technologies

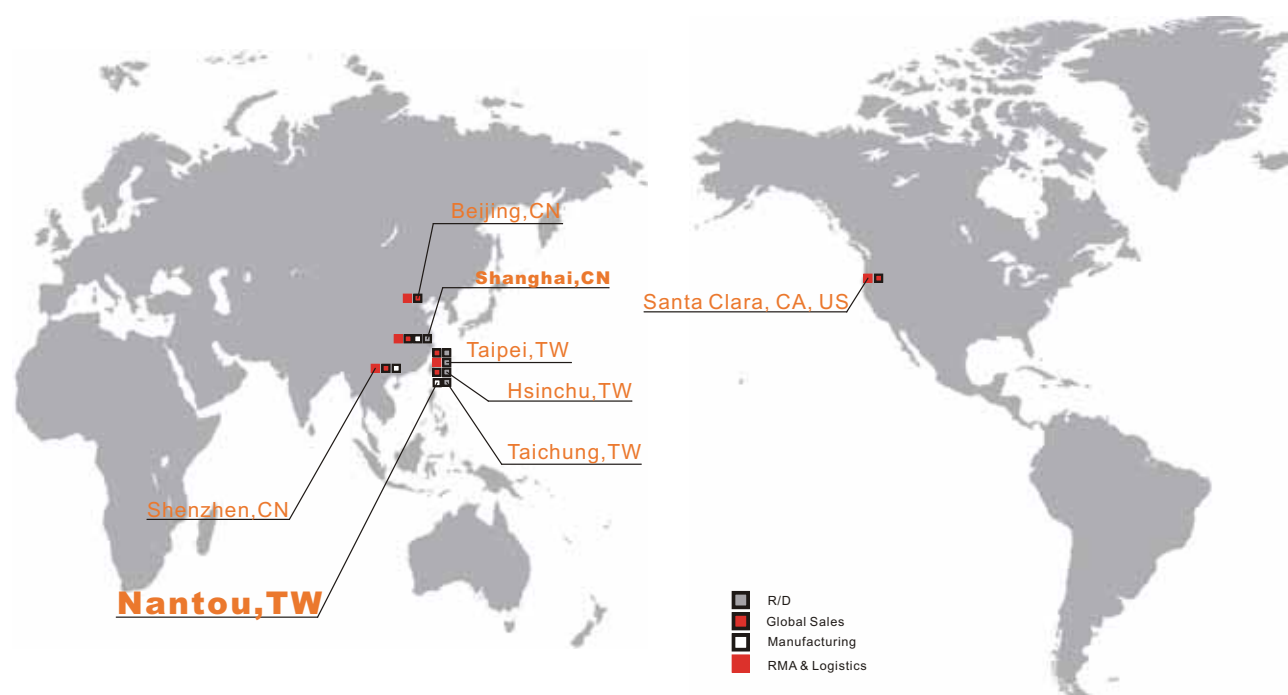
2.1.2 Product and Service



Product	Function	Appliance
Communications	Wireless communications between wireless LAN and other network devices; data transfer and exchange	Wireless communication for notebook, wireless application for enterprise and telecommunications industry, wireless communication for palm devices
Consumer Electronics	Control LCD monitor or LCD TV	LCD TV, desktop LCD monitor, notebook LCD screen
Computer and Storage	Computer and Server Motherboard	Desktop computers and servers
	Commercial and internet storage equipment	Data storage and remote replication for financial institutions
Industrial	Commercial sales of terminal equipment	Retail management Sales system
	Smart handheld device	Shipping and warehousing management Warehouse data collector
Others	Automotive electronics and other PCBA products	Automotive and other electronics products

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:

Unit: 1000 NTD

Area	2008		2009		2010	
	Amount	%	Amount	%	Amount	%
Taiwan	15,598,579	24%	15,072,829	29%	16,117,202	25%
Asia	47,514,240	73%	35,700,364	69%	46,433,575	72%
Other	2,223,178	3%	1,194,969	2%	1,988,450	3%
Total	65,335,997	100%	51,968,162	100%	64,539,227	100%

Note : USI consolidated financial statement

According to data of MMI (Manufacturing Market Insider) in 2011/01, based on IHS iSuppli industry research organization's finding, the statistical average revenue for Global Contract Manufacturing Industry (EMS+ODM) in 2010 was USD 347.3 billion dollars. In comparison, USI's consolidated revenue in 2010 was USD 2.151 billion dollars, which was 0.62 % of the market.



2.1.5 Financial Performance

In 2010, in addition to extending product line strategy, USI was also committing itself to expand miniaturization technology for more applications, to create higher added values and variations, to satisfy user's needs in terms of lighter, smaller, multifunctional electronic devices. It was USI's core competitive advantage, the entire staff members' goal, and the company's uninterrupted mission.

USI's consolidated revenue of 2010 was NTD 63.95 billion; gross profit margin was 12%, NTD 7.279 billion. In comparison to 2009, the consolidated operating profit had increased by 52%, showing the company had not only maintained high market competitiveness, quality management and acclaimed after-sales service, but also had good management in terms of internal costs and inventory, decreasing operating cost to ensure a healthy company.

Unit: Millions of New Taiwan Dollars, Except Earnings Per Share

Operations (Note 1)	2009	2010
Revenues	51,517	63,946
Gross Profit	5,895	7,279
Selling General & Administrative	2,475	2,845
Research and Development	1,564	1,623
Operating Income	1,855	2,811
Net Income	1,740	2,405
Earnings Per Share (EPS, Note 2)	1.61	2.20
Financial Standing	2009	2010
Total Assets	35,635	39,240
Shareholders' Equity	16,178	15,964
Other Information	2009	2010
Assets Turnover (Times)	1.45	1.63
Current Ratio (%)	152%	151.5%
Debt Ratio (%)	55%	59.32%
Return on Equity (%)	11%	15%

Note 1: Consolidated results shown

Note 2: Based on weighted average number of shares outstanding shares.

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”



- 👑 'Council of Labor Affairs, Executive Yuan' hosted "2010 Taiwan Training Quality System (TTQS) Model Praising Ceremony." USI was recognized by the highest glory of model industry for establishing USIU, integrating global training resources, and reaching the goal of promoting innovative research energy
- 👑 Awarded "98/06~100/01 no record of disaster working-hour" certificate by "Council of Labor Affairs, Executive Yuan"
- 👑 USI Shenzhen was appraised as the 56th industry among "2009-2010 Top 1000 Taiwanese businessmen"
- 👑 USI Shenzhen awarded "Advanced Enterprise of Waste Reduction of Shenzhen"
- 👑 USI Shenzhen awarded "Advanced Enterprise of Injury Prevention"
- 👑 USI Shanghai awarded "Water Saving Enterprise of Shanghai"
- 👑 USI Shanghai awarded "Public Security Excellent Enterprise"

Social Responsibility

- 👑 Global Views Monthly Magazine appraised USI as one of "The Best 65 Industries in Corporate Social Responsibility Performance"
- 👑 Awarded "Wenxin Award-Silver Award" by "Council for Cultural Affairs"
- 👑 USI Shenzhen awarded "2010 Chinese Outstanding Enterprise Citizen Award"



USI Shenzhen awarded
"2010 Chinese Outstanding Enterprise Citizen Award".



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

Product Research and Development

- 👑 The Bureau of Standards, Ministry of Economic Affairs held the second national "Electromagnetic Compatibility (EMC) Programming Contest." Many famous Taiwanese industries participated in the contest. After fierce competitions, USI won the excellent prize with its outstanding EMC designing and analyzing ability. USI displayed its outstanding competition of research and development.
- 👑 USI had applied 92 pending patents for worldwide, more than 50 granted ones in 2010, accumulated 357 pending patents and 412 granted patents till 2010.



USI won the excellent prize with
outstanding EMC designing and analyzing ability.

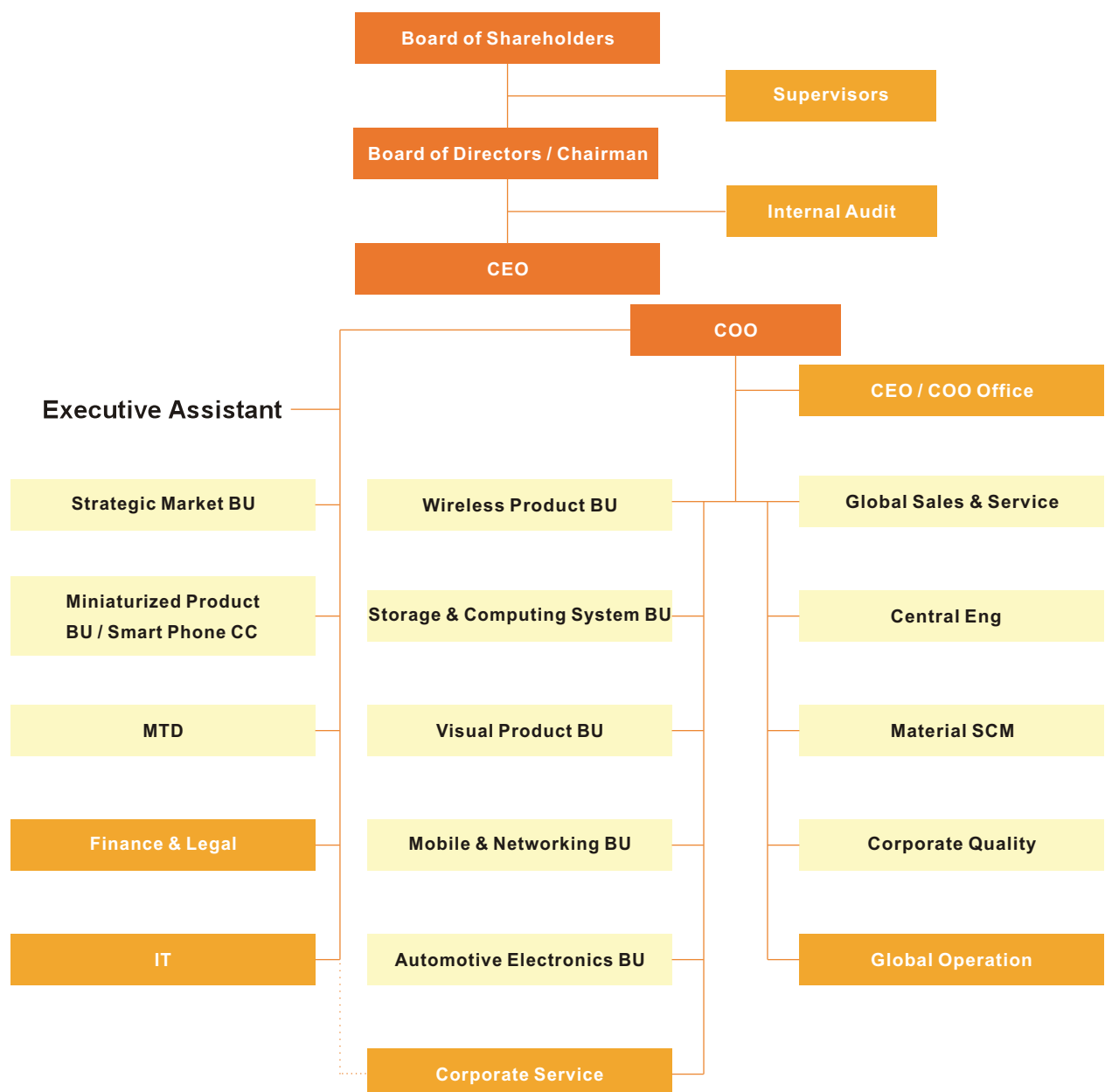
2.2 Investor Relations

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.

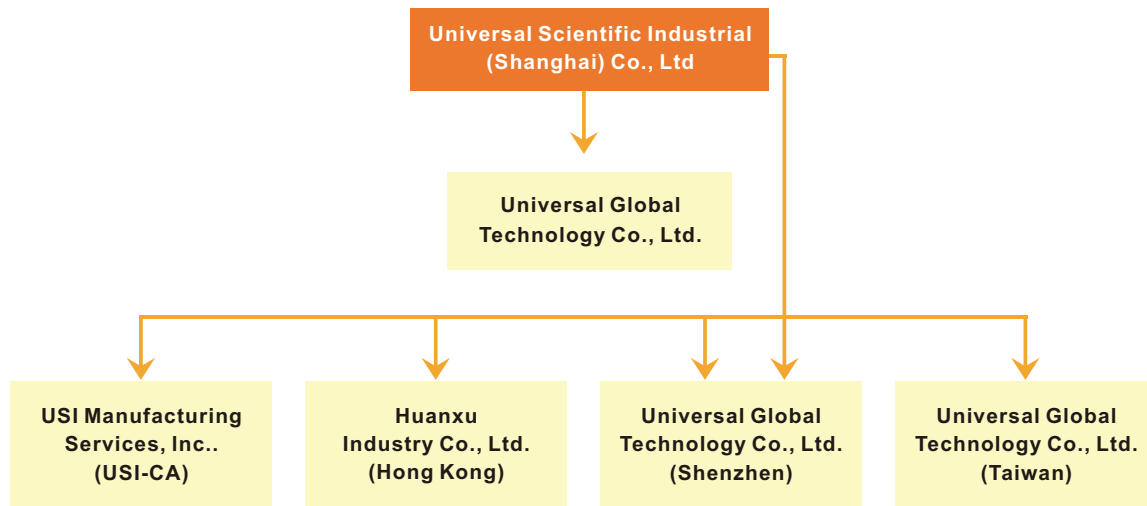
2.2.1 Corporate Governance

Managing structure





Association Organization Map



USI follows regulations and principles related to corporate governance such as "Company Act," "Securities and Exchange Act," and "Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies," establishing effective corporation managing structure and related moral standards and items to enhance corporate governance.

Directors of USI remains their independence so independent directors and audit committee are not yet established. Based on Article 2 of "Regulations Governing Procedure for Board of Directors Meetings of Public Companies," USI drew up "Rules of Meetings of the Board of Directors." In 2010, previous board of directors held 13 meetings. In these meetings, supervisors, high-level managers, and shareholders communicate and discuss together. Internal auditing managers report to supervisors about their business regularly in the middle of the year.

Board of Directors

Currently, USI has 7 directors and 2 supervisors selected among shareholders who are equal to the tasks. The duties of the board of directors are as follows:

1. Draw up detailed regulations of important principles
2. Make up operative prospectus
3. Audit budget and final accounts
4. Select and dismiss general manager and vice general manager
5. Present the motions about profit distribution or loss compensation
6. Present the motions about capital increase or reduction
7. Report to supervisors about serious damages
8. Exercise other authorities based on Company Act or solutions by shareholder meetings

List of Directors and Supervisors

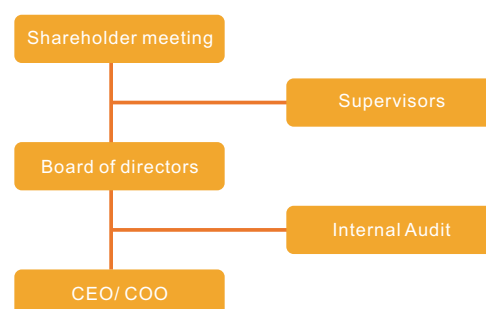
All directors and supervisors in USI have more than 5 years' working experience and expertise in business, legal affairs, finance, accounting, or corporation operation. They work hard to protect shareholders' rights and strengthen corporation management.

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

- **Range of audit:** all financial and operational business and management are included. According to related Regulations, there are nine divided circles responsible for respective audit.
- **Object of audit:** all institutes and legal branches around the world of USI.
- **Audit strategy:** the regular audit is practiced based on the annual audit project decided by the board of directors. Special case audit will be practiced if needed. The goal is to prevent the possible mistake of internally controlled systems and present improving suggestions. Besides, the audit office urges all departments to practice self examination and assessment and to evaluate the rationality and effectiveness of the outcomes. After the audit, audit office will submit audit reports to the audit at HQ, HQ Audit will submit summary report to the general manager and board of directors. The audit manager will report the auditorial condition and outcome to supervisors regularly to realize the spirit of corporate governance.

Salary Policy

According to the regulations of USI's bylaws, the salary for directors and supervisors is less than 1% of distributive profit, so the amount is highly and positively related to the corporation governing performance. The salary for general manager and vice general managers includes salary, bonus, and employee dividend from distributive profit. Salary and bonus are given based on USI's regulations of personnel bylaws. The standard is based on each manager's seniority, duty, position, and performance.

2.2.2 Risk Management

USI belongs to electronic manufacturing industry. The techniques and products change fast. The market competition is fierce and the price is reduced soon. As for financial operation, USI drew up risk management measures based on each customer's industrial features, practicing regular management for reducing risks for customers. As for financial management, USI enhanced the management of cash flow, maintained appropriate property and financial structure, and strengthened corporate operation. Since 2010, we have established risk identification, assessment and response mechanisms about risk of fraud, financial reporting risks and the risks of related party transactions.

The Organization and Operation for Risk Management

According to the latest development and standard requirements of internal audit, USI enhances industrial risk management in recent years, including risk detection, report, and management. The risk management in USI is divided into three levels (mechanisms):

- Mechanism One (undertakers of administrative institutes and managers of all levels): they are responsible for detecting, evaluating, and managing the initial risk in the operation. They are in charge of operation designing and risk prevention, working out the solutions based on their authority.
- Mechanism Two (general managers and vice general managers of all institutes): they host monthly (seasonally) operation meetings or examination or evaluation committee of special cases. Besides reviewing all operational outcomes and estimating the possibility of future operative strategies, they are in charge of discussing various risks.
- Mechanism Three (legal affairs and audit office): detective examination and discussion with directors and supervisors.

List of Risk Management Organizations

Important risk assessment elements	Direct Institutes of risk management	Risk discussion and management	Board of directors and supervisors and audit office	
1. 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	
2. High risk loaning capital to others, derivative trade, financial management and investment	General office of finance			
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		Audit office: risk examination, evaluation, supervision, improvement, tracing, and report
9. Concentration of stock or sales	Purchase management general office, all offices			
10. Concentration of stock or sales	Legal affairs department	Monthly (seasonally) meeting		
11. Other operative business	General manager office			
12. Behavior, morality, and virtue of employees	Managers of all levels and corporate service general office	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	Legal affairs, audit office		



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 procurement policies to strictly forbid any kind of corruption and bribery. Till now, there are no corruption and bribery happening in USI.

Examination Policy of Integrity Deeds

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

2.2.4 Regulations Abidance

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

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

As investing, loaning capital to others, endorsing, and dealing with derivatives, USI follows the dealing principles published by the authority and the related internal regulations.

2.2.5 Government Subsidy

USI is a leading global DMS provider with outstanding R&D ability and manufacturing service. In 2010, USI obtained capital subsidy of assisting projects and development projects from various institutes such as "Planning and Execution Project for Enhancing Sustainable Growth for NSC Science Parks" of NSC, and "District Council of Labor Affairs VTC '99 Annual Value-added Program".

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:

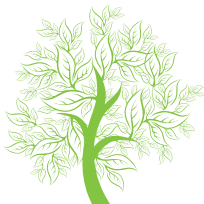
Taiwan Site	Shenzhen Site	Shanghai Site
MIC Institute for Information Industry	Shenzhen Taiwan Business Association	Shanghai Pudong Human Resources Association
IEK, Industrial Economics and Knowledge Center, Industrial Technology Research Institute	Shenzhen Hi-tech Industry Association	Pudong, Shanghai 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	



03

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



Given the record-breaking to the extreme weather and the fact that disasters are becoming the norm, industries nowadays are facing a brand-new operating environment and risks.

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



3.2 EHS Policy of USI

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

Therefore, under three important goals : Environmental Protection, Occupational Safety and Health, USI established Environment, Health and Safety (EHS) policy. USI made good use of limited internal resources and required all staffs to comply with the policies below to reduce impacts on environment and employees' safety and health caused by activities, products and services. That way, USI will be able to fulfill the corporate social responsibilities. The following is an overview of USI EHS policy and measures :

- Comply with EHS regulations, and participate in related EHS global campaign.
- Communicate, participate and consult EHS policy, knowledge and requirements continually with all employees, suppliers and contractors. And implement trainings and drills to reduce EHS risks and to prevent potential events from happening.
- Endeavor pollution prevention and promote environmental performance of products continuously.
- Increase resource utilization by energy conservation, waste reduction and recycling, and other cost-effective measures.
- Maintain an EHS management system with objectives, targets and audits, in accordance with ISO 14001 and OHSAS 18001 requirements.



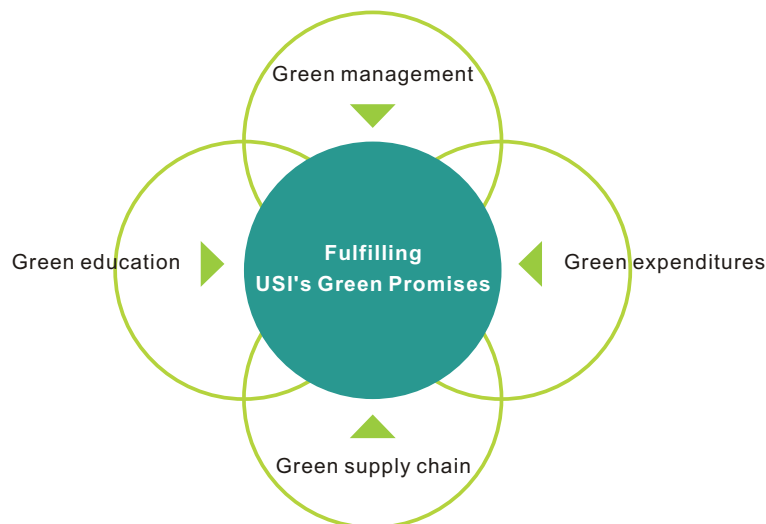
3.3 Green Promise of USI

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.

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.

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	<ul style="list-style-type: none"> 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
Green supply chain	<ul style="list-style-type: none"> Control the quality of materials with suppliers 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)
Green education	<ul style="list-style-type: none"> Provide employees, suppliers and contractors with environmental training, hold forums and meetings to underscore USI eco-friendly values
Green expenditures	<ul style="list-style-type: none"> Provide funding for pollution prevention initiatives, cut resource consumption, properly dispose industrial waste, build an environmental management system and obtain certifications



3.3.1 Green Management

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

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

To cope with the growing demand for green products, the R&D staffs at USI are all equipped with the DFE capability to design GPs in line with the ErP directive, RoHS directive and WEEE directives.

USI's DFE Strategy

Environment directives	Requirements	USI's DFEs
RoHS	Low-polluting Non-toxic	Phase out the use of BFRs Phase out the use of PVC Use non-halogen materials
WEEE	Recyclable Easy to take apart Easy to process	Reduce the number of tools used to take machines apart Introduce the labeling for recyclable plastics Increase the percentage of recyclable module designs
ErP	Energy-saving Resource-saving Reduced environmental impact	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

USI established an environmentally hazardous substance database (EHS Database), helping the sales and project management unit to confirm Green Product specifications with customers. It enabled the R&D staff to assess the life cycle of each Green Product and obtained environmental labels on customer's requirements to reduce environmental impact. Meanwhile, USI also facilitated all worldwide sites to pass strict audit for Hazard Substance Process Management by external assurance. This fully proved that USI's Green Product Management System can make fast and flexible adjustments to adapt to changes of international environmental protection regulations.

Carbon Footprint Verification

Carbon footprint verification has become the concerning issue for global countries in the face of recent global warming. Following green house gas (GHG), carbon footprint is also the main goal for industries around the world that major countries of European Union has announced the carbon footprint and carbon labeling standards accordingly for manufacturers and consumers in the respect of choosing low-carbon products.

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

To be in line with international carbon footprint 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. USI plans to combine the aims of energy-saving and emission with manufacturing development, carrying out carbon footprint verification in the plants, including the emission from transportation and employees commuting, and to be fully aware of current emission standard for mapping out USI's development direction and strategies.

Schedule for the Introduction of Green Management System

Management system	Taiwan	Mexico	Shenzhen, China	Shanghai, 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.

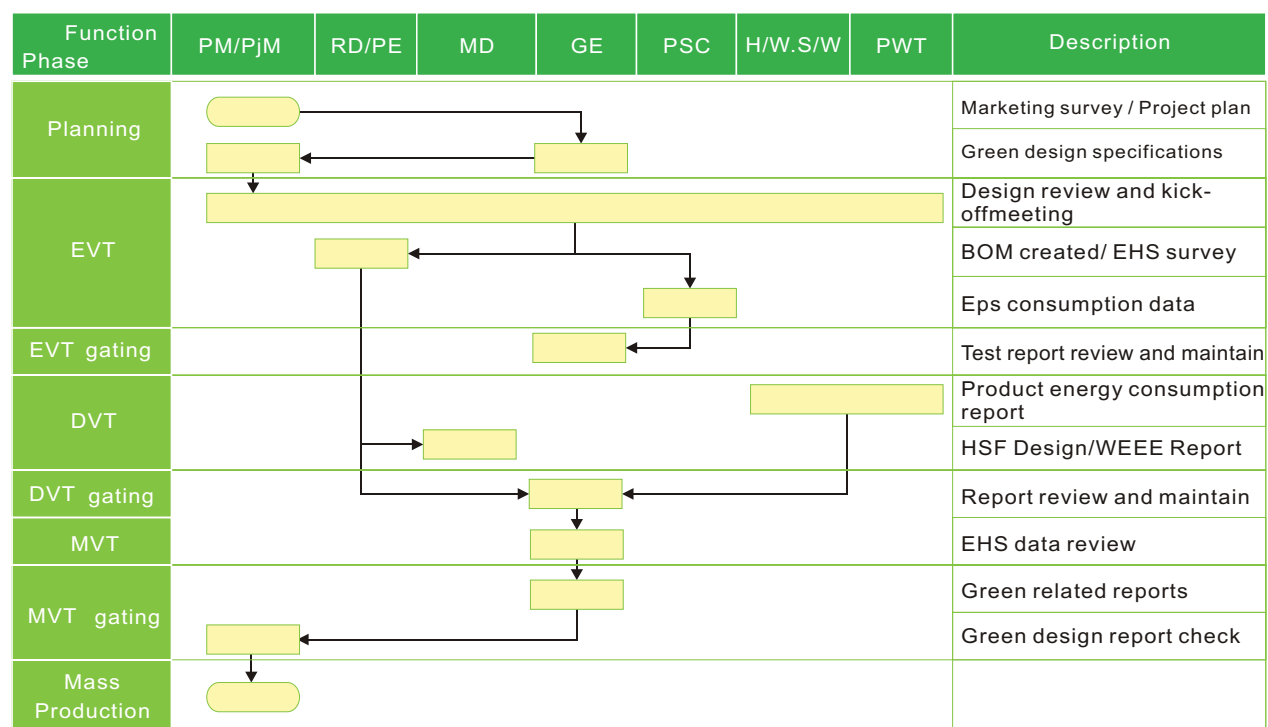
Many studies and empirical data indicated that the difference in manufacturing process will lead to varying levels of materials/resources consumption and environmental impact. USI conducted an evaluation of product life cycle stages. It ensured each stage of production---from planning and designing, manufacturing and packaging, to the later stage of waste recycling---met environmental protection standards and regulations. To effectively implement the energy-saving and waste-reducing policies, USI recycle and reuse 100% of the paper cartons, trays and stack boards. Also, significant environmental impacts of transporting products and materials used for the organization's operations were avoided at USI.

USI required upper-stream vendors to not only save materials and energy but also refrain from using any hazardous substances, in order to cut the amount and toxicity of waste.

USI introduced a halogen-free manufacturing process in 2008, which helped reduction of the hazardous substances volume in products, increased the recycling/reusing rate and low energy-consuming designs of products. These efforts have won many praises from customers.

USI launched a brand new GPMS (Green Product Management System) platform in 2011 to facilitate the process of uploading environmental protection information for suppliers which is more convenient for green information management.

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.

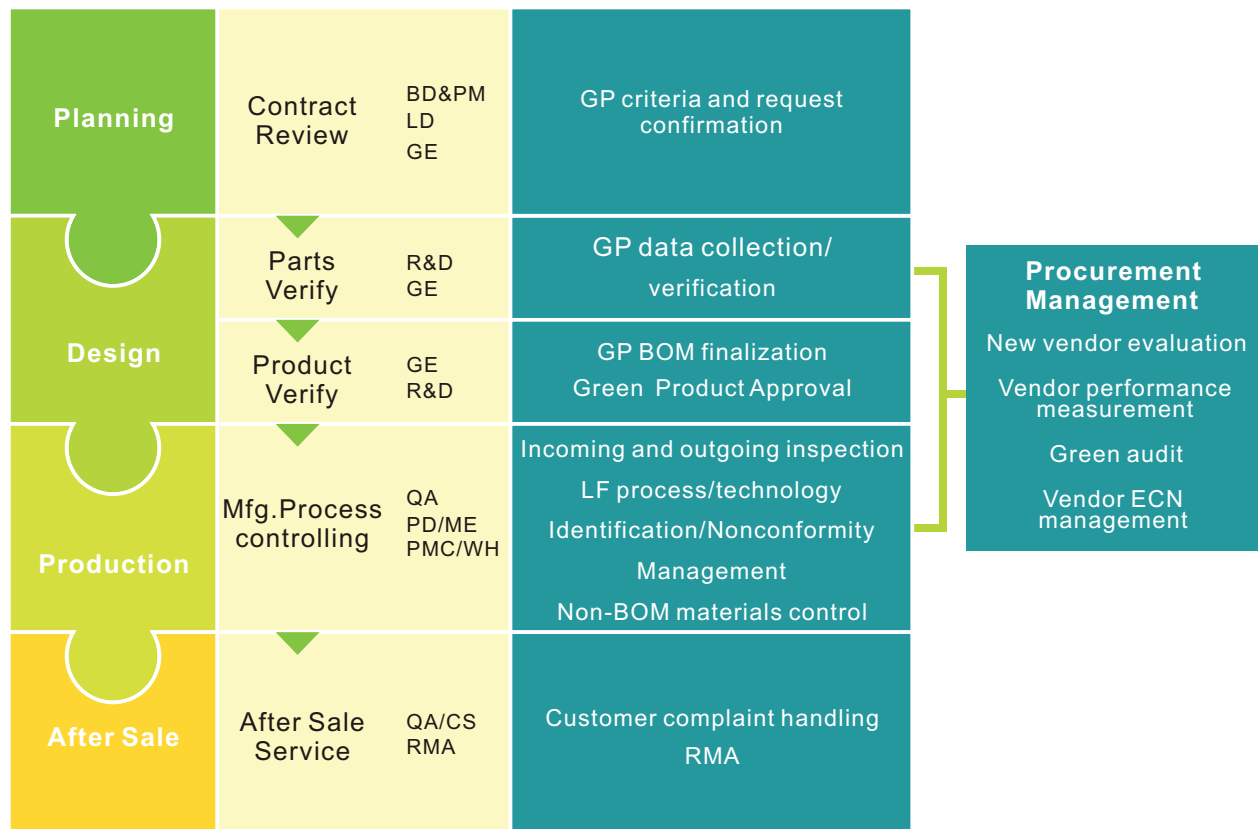
5.DVT gating phase(Collecting information about the DVT phase):

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





3.3.3 Green Expenditures

USI Environmental Expenditures

In 1,000 NT dollars

Expenditure Items	Details	Amount of expenditure in 2010
Cost of pollution prevention	Including the prevention of air, water and other forms of pollution	753
Cost of investing in energy-saving equipment	The investment in resource conservation (e.g. energy and water resources)	10,073
Cost of disposing industrial waste		2,322
Cost of building an environmental management system, and obtaining the certification	Fees for ISO14001 and ISO14064-1	1,065

Note: The statistics covered only Taiwan, Shanghai and Shenzhen sites

Benefits of USI environmental protection efforts

In 1,000 NT dollars

Items	Details	Total benefits for 2010
Recycled industrial waste	Including waste paper, waste plastics, IC trays, solder residues/ paste, waster products (registered quarterly), PCB end pieces, miscellaneous metal, used product trays, and wrapping materials	39,693

Note: The statistics covered Taiwan, Shanghai, Shenzhen and Mexico sites.

3.3.4 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.

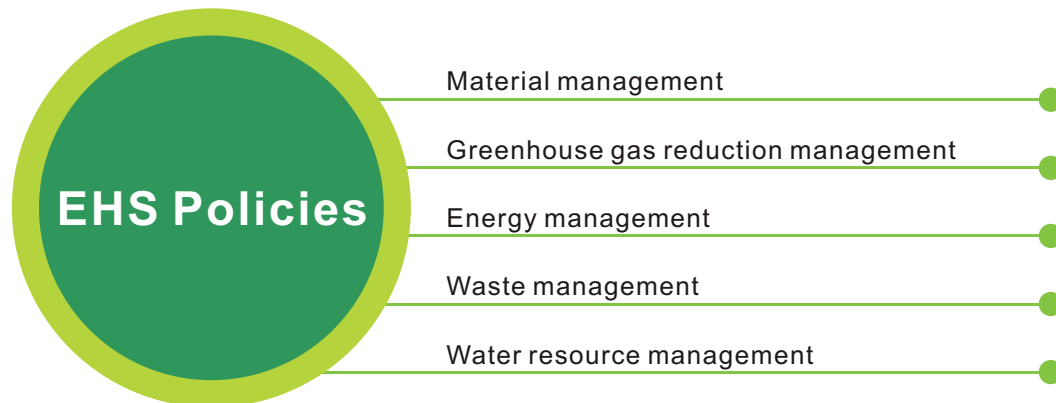
To meet customer requirements, USI was not only keen to participate in international forums that disclose carbon emission details, but also carried out plans for energy conservation and carbon emission reduction. By instilling the Green concepts at internal training programs while drawing from external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

The Green Education Training Program for Employees

Introduce the GP quality management system	Assess the specs of GP and parts
✓ International environmental regulations and requirements for green products	✓ Require the data about green parts
✓ Framework of green management system	✓ Keep track of Green raw-materials inventory
✓ The operating procedure for GP design/manufacture	✓ Recognition and change of Green raw materials

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.

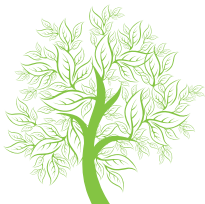
USI collects the data of the consumption of major to control the efficiency of raw materials use, reduce the consumption of raw materials and lower the use of environmental resources. The table below shows the statistics of major raw materials consumption in 2010.

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.



3.4.2 Greenhouse Gas Emission Reduction Management

According to the studies, greenhouse gas emission is the key factor to global warming. USI introduced a greenhouse gas emission reduction policy and completed a baseline inventory of greenhouse gas emissions for its manufacturing facilities in line with ISO14064 standard to deal with the issue and support the Kyoto Protocol and Copenhagen Accord. After obtaining the details of base year (2010) greenhouse gas emissions, USI set targets for reducing such emissions hoping to lower the impact on environment.

Greenhouse Gas Emissions

Greenhouse gas emissions (Tons, CO ₂ e/year)					
Year	Fixed burning emission	Mobile burning emission	Fugitive emission	Processing emission	Indirect energy emission
2009	810	212	557	0	78,580
2010	1,194	212	991	0	94,734

Table 3.4.2.1 All greenhouse gas emissions

Emissions of each category (Tons, CO ₂ e/year)			
Year	Category 1	Category 2	Total
2009	1,580	78,580	80,160
2010	2,397	94,734	97,132

Table 3.4.2.2 Categories of greenhouse gas emissions

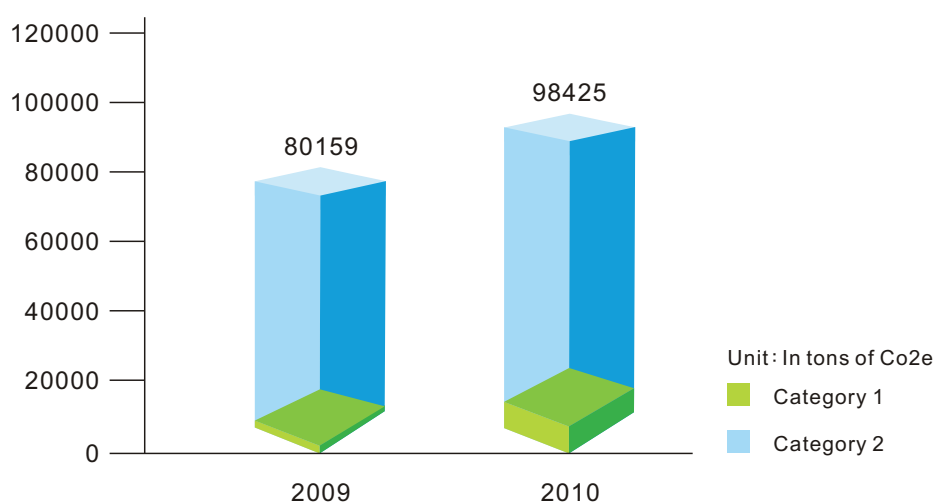


Figure 3.4.2.1

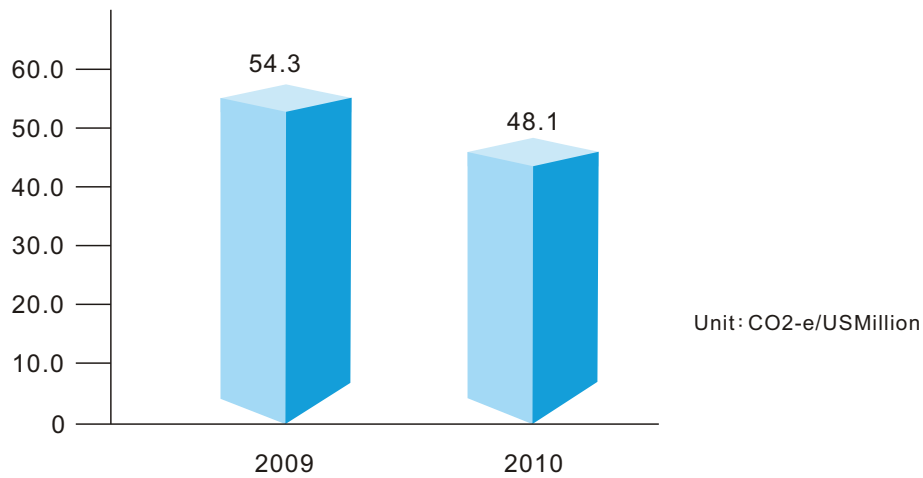


Figure 3.4.2.2

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 set up targets for greenhouse gas emission reduction according to inventory for 2009 :

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.



3.4.3 Energy Management

To consume less energy and lower costs of business operations and manufacturing process, USI gave priority to low energy-consuming external power suppliers in product-design stage, and conducted an assessment to make sure each product meets the requirements for an energy-saving design. All the USI sites took energy-saving measures for the air-conditioning, lighting and equipment of factories, keeping reducing both the energy consumption and electricity expenditure. For example, USI sites adopted innovative, energy-saving lighting fixtures, adjusted temperatures of air-conditioning seasonally, and monitored the electricity expenditure.

Energy Consumption

	Electricity(kWh)	Petroleum (kilolitre)	Diesel (kilolitre)	Natural gas (km3)
2009	91,468	18	61	369
2010	113,326	20	69	530
Amount of change	21,858	2	8	161
Percentage of change	24%	12%	13%	44%

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 the table above, the energy consumption compared to 2009, increased in 2010. But, the following is result of the production value analysis:

	Electricity (kWh / US\$ Million)	Petroleum (kilolitre / US\$ Million)	Diesel (kilolitre / US\$ Million)	Natural gas (Km3/ US\$ Million)
Amount of change	-6	-0.0022	-0.0073	0.012
Percentage of change	-10%	-18%	-17%	5%

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

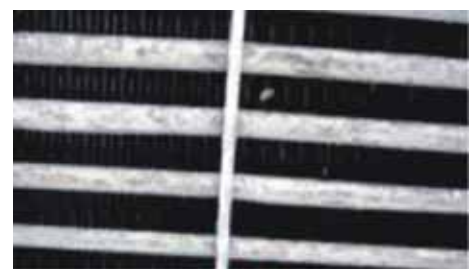
Note: The results above were the estimations based on the potential running time.

● 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



Before



After

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

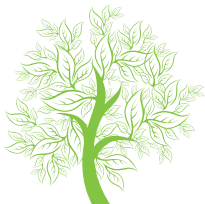


Before



After

Graph 2 Improvement in lighting (Taiwan site)



Introduction of industrial related energy-saving techniques and products

Energy-saving measures		Results
Taiwan site	Use air compressor to maintain the pressure for energy saving (Graph 3)	Saving approximately 95.4 kWh
	Add Frigaid, the cooling media additive to water cooler for air conditioning system	Saving approximately 29.4 kWh
Shenzhen and Shanghai sites	Water storage air conditioning system	Use electricity in non-peak hour to effectively buffer the power supply



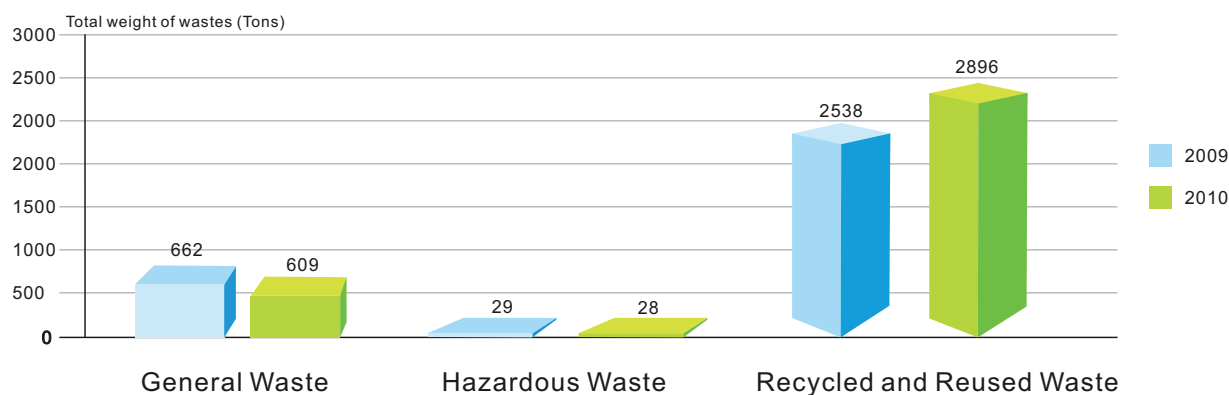
Graph 3 implementation of air compressor (Taiwan site)

3.4.4 Waste Management

USI has long been committed to reducing and recycling industrial waste to ensure efficient use of resources. USI classified waste according to the industrial-waste cleanup plan and chose proper disposal methods---in line with government regulations---to recycle the waste PC materials, waste paper, waste plastics, wood waste stack boards and used lighting fixtures generated from manufacturing process.

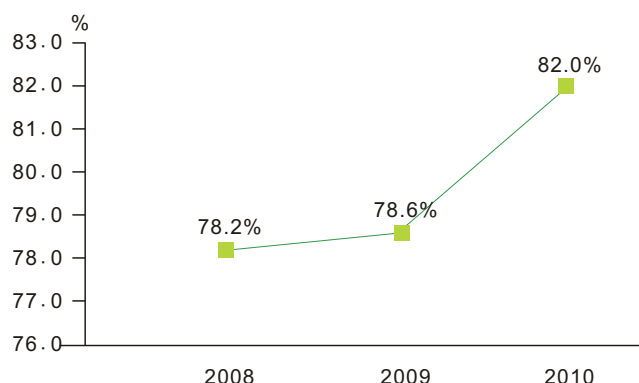
According to the statistics, compared to 2009, USI reduced the total amount of general waste and hazardous waste generated by 8.01% and 3.45% respectively in 2010, with the production generated by recycled waste by 14.11%. In addition, annual recycling rate compared to 2009 is increased in 2010 exceeding 80%. USI vows to effectively carry out the waste reduction policy in order to achieve the sustainable use of resources (i.e., recycle and reuse).

The Total Wastes



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

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.



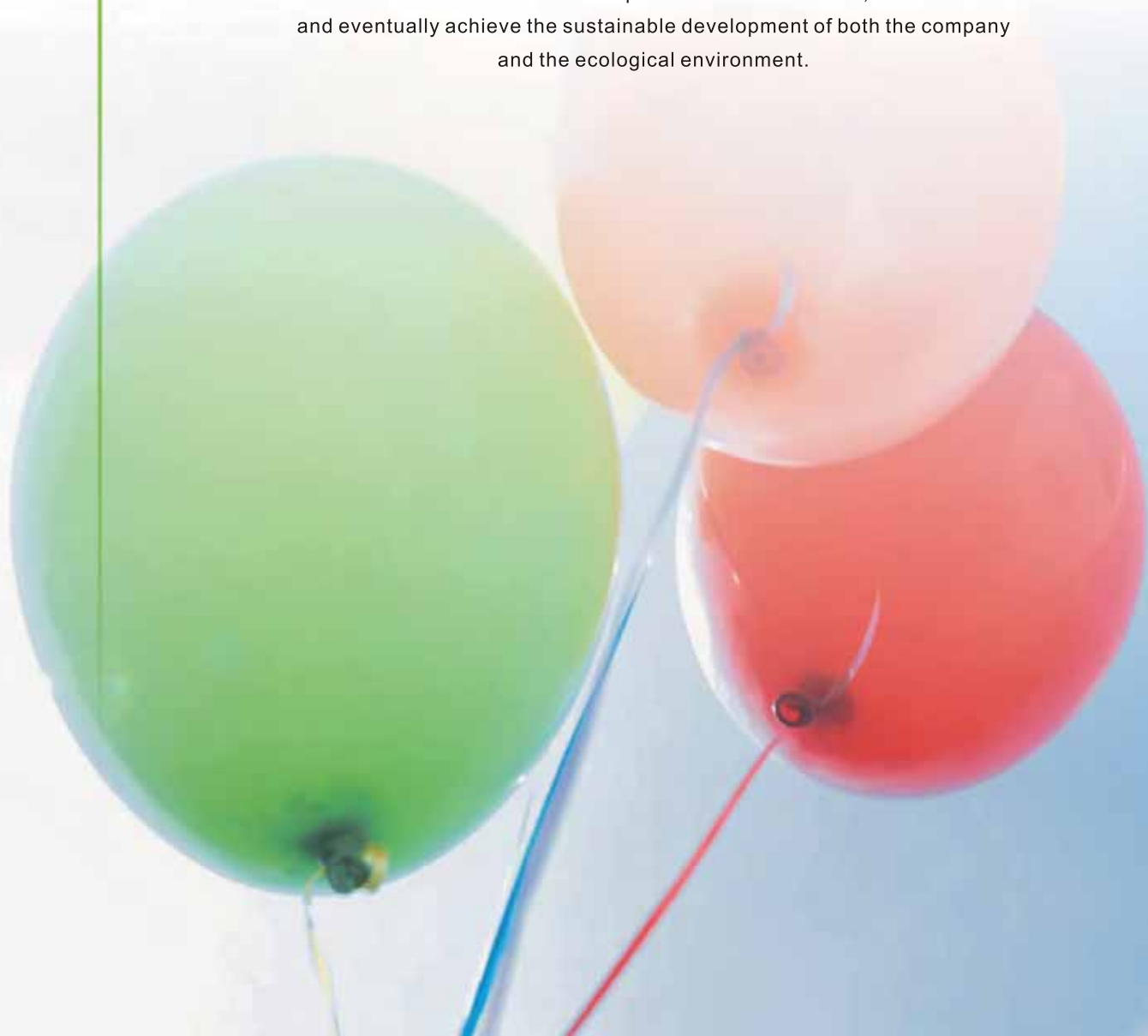
3.5 Green Prospects of USI



USI will continue to incorporate customers' environmental requirements into both the green management system and green manufacturing process, so as to facilitate the growth of green industry.

USI will also disclose environmental data regularly, discuss USI Green Promise (as well as the results) with stakeholders, and collect the stakeholders' opinions for quick adjustments in green management strategies. Meanwhile, USI will require the entire staff to participate in environmental protection and recycling actions while saving money on utilities, not only to lower the operating costs at worldwide sites, but also to boost the economic benefits of eco-friendly initiatives.

USI hopes to reach a balance between business expansion and environmental protection to fulfill CSRs, and eventually achieve the sustainable development of both the company and the ecological environment.





04

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



4.1 USI and Its Employees

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

Managers base on human oriented management philosophy to foster employee's sense of achievement and commitment. These comprehensive practices were recognized by the government and granted "Friendly Workplaces in Counties and Cities" in 2008.

USI Promises for Employees From Five Aspects



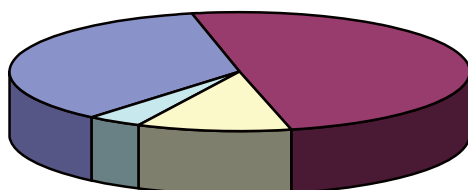
4.1.1 Employee Composition Profile

Employee Structure

In the end of 2010, USI had a total number of 8,416 employees, where both Taiwan and China possessed a total number of 1,064 and 7,298 employees respectively; the rest 54 employees were distributed to other overseas sites. And among all employees, there were 700 technicians, 655 managers and administrators and 7,061 assistant technicians. The number of female employees in USI reached 5,279, 63% ratio.

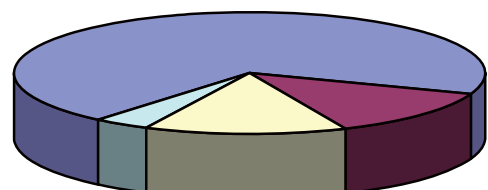
The percentage of hiring local employees as managers in Taiwan, Shanghai and Shenzhen sites are 100%, 67% and 86%; the others are Taiwanese executives because of operating requirements.

● Divided by Age



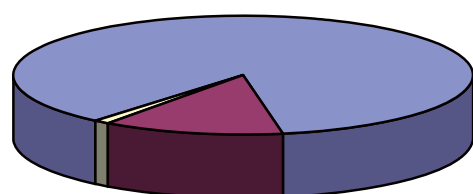
■ Under 20 ■ 31~40 years old
 ■ 21~30 years old ■ 41~50 years old

● Divided by Education Background



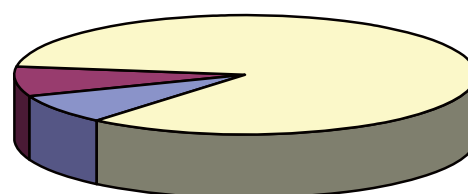
■ Doctor ■ Bachelor
 ■ Master ■ Senior high school
 ■ Under Senior high school

● Divided by Area



■ Taiwan
■ China
■ Other foreign sites

● Divided by Job



■ Technician
■ Administration and business personnel
■ Assistant technician

Employee Turnover

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

Turnover Rate by Gender

Gender Area	Male	Female	Average
Taiwan Site	16.87%	15.53%	16.24%
Shanghai Site	83.34%	150.93%	126.29%
Shenzhen Site	41.50%	84.14%	71.94%
Average	55.12%	108.01%	88.34%

Turnover Rate by Age

Age Area	<20	21-30	31-40	>40	Average
Taiwan Site	76.19%	23.54%	14.20%	10.73%	16.24%
Shanghai Site	156.58%	123.29%	52.39%	27.83%	126.29%
Shenzhen Site	79.15%	73.94%	24.86%	8.33%	71.94%
Average	116.41%	132.38%	27.04%	12.42%	88.34%

Note 1: Data covered Taiwan, Shanghai and Shenzhen sites.

Note 2: The turnover rate in China was rather high, presumed because of labor shortage in the entire area.



4.1.2 Equal Employment Opportunity

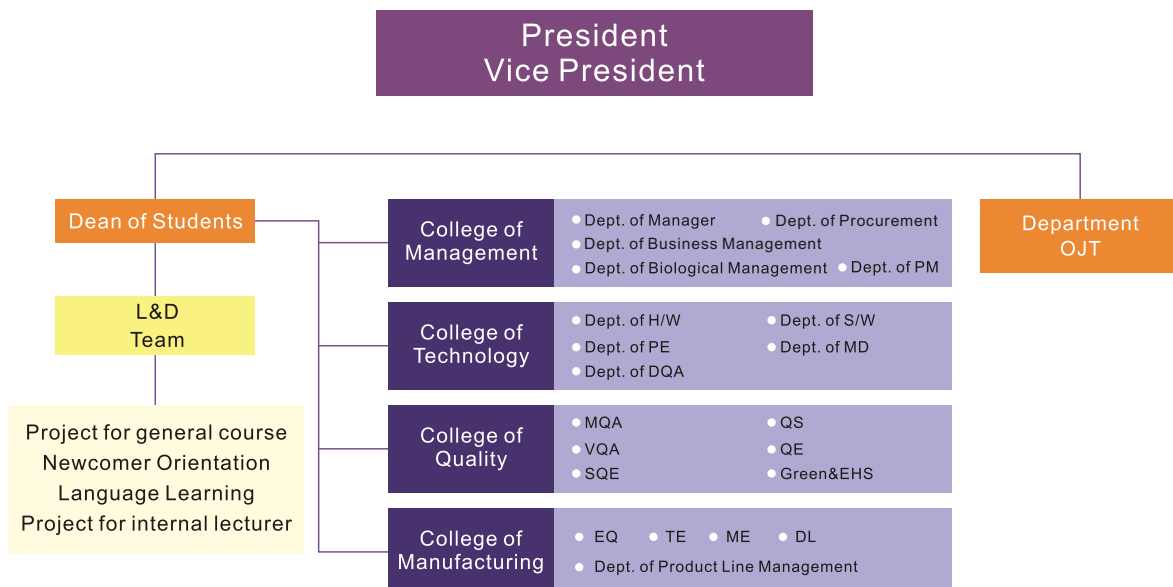
USI recruited professional talents according to objectives and competency. In worldwide sites, USI established systematic employment policies and standardized procedures. According to the human resource requirement lists verified by each department, the recruiting department announced advertisements and recruitment procedure, and then hold recruitment publicly.

As recruiting employees, USI also followed fair and righteous principles regardless of age, sex, race, religion, nationality, or political party. USI treated all employees equally without bias and discrimination.

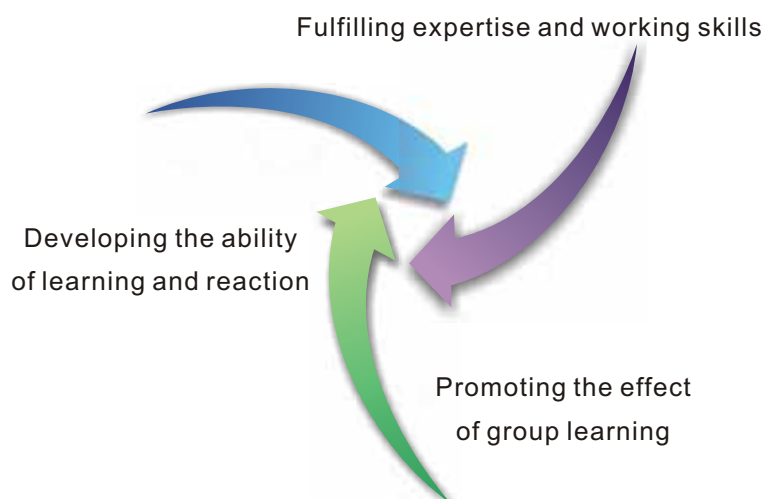
4.1.3 Integral Learning and Development Program

Employee Learning and Development

In the big family of USI, our mission is to help colleagues solve work problems, develop their expertise, and achieve the goal of the organization effectively. Therefore, we planned various training courses for employees in different professional fields and provided them integral learning systems. USI established USI University (USIU) with four main pillars, “R&D College,” “Management College,” “Quality College,” and “Manufacturing College.” USIU integrated worldwide learning resources and created innovative learning environment for all USI employees' learning and development. In the library of USI, more than 100 periodicals and journals relating management, electronic techniques, and computer information are prepared from various countries, allowing the employees to flexibly and instantaneously enhance professional expertise.



Vision of USIU



Based on the organization strategy, USIU integrated personal experiences and background, working skills requirements, performance evaluation, and career development, tailor-making each employee's Individual Development Plan (IDP). USIU helped employees to learn and to grow with goals and principles; fulfilling each professional knowledge and skill gradually.

By providing training courses for omnipotent talents, USIU offered multiple course contents, where the approaches and activities were designed according to course attributes. Proceeding case study or group discussion along with E-learning course trainings allowed USI employees to learn and pursue education in a more effective and flexible way.

For many years, USIU has developed excellent teachers and fine knowledge for delivering culture. And by providing employees with high quality and compromising courses, USIU developed world-class talents and promoted industrial competition for USI.

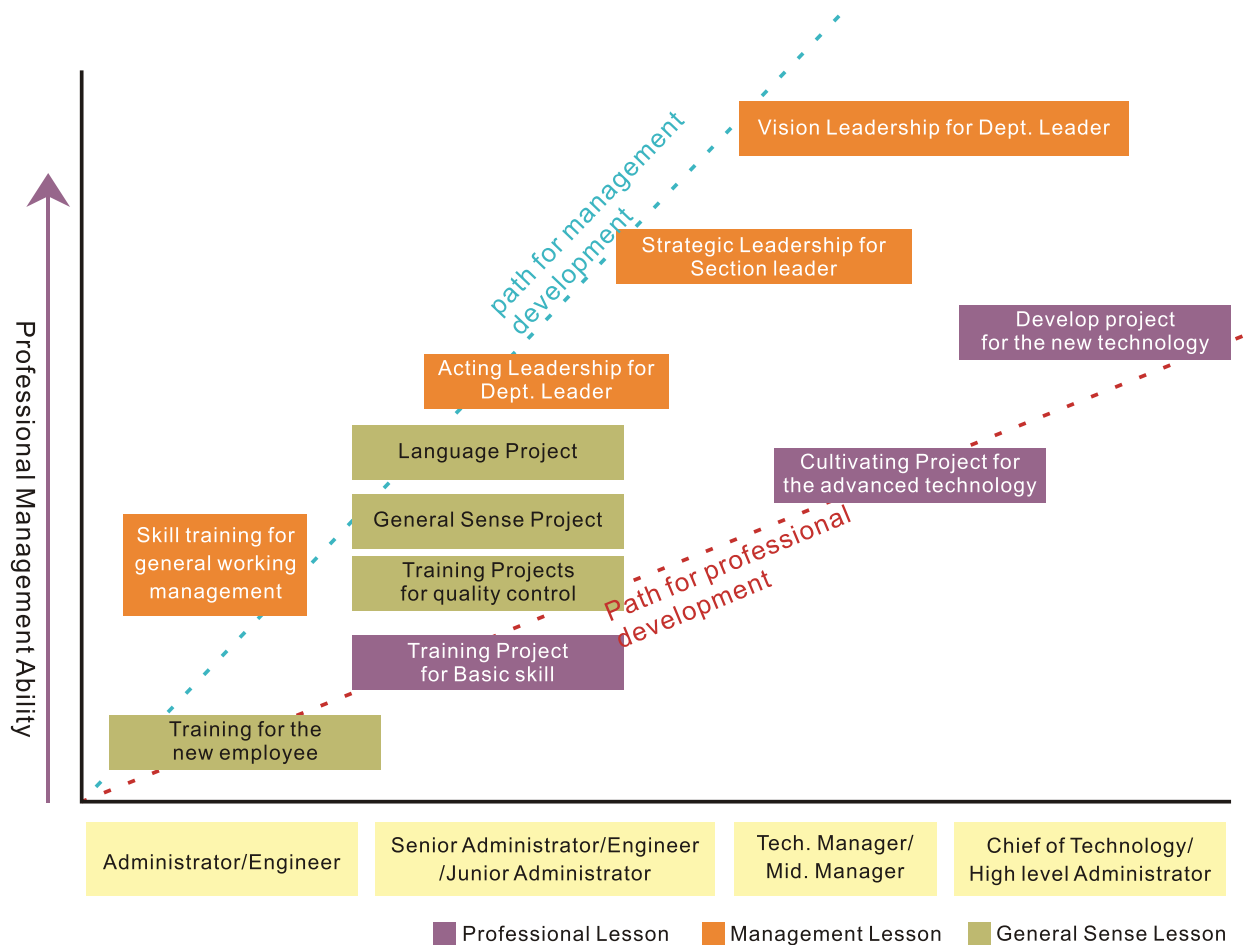
Various Employee Education and Training Courses of USI

Education and training course	Contents and action plans
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 orientation training programs of Shenzhen and Shanghai sites include EICC training program.
Professional development course	To keep promoting employees' expertise, "R&D College," "Management College," "Quality College," and "Manufacturing College" will set up professional training toward the requirements of each department, such as series of production management and quality management courses.
Management training course	USI plans a series of management courses for administrators in the company, promoting administrators' ability of communication and negotiation and their leadership.



Education and training course	Contents and action plans
Direct employee training	In order to keep developing operative ability of production for direct employees after entering the manufacturing plants, 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.
Indirect employee training	According to position and working features, USI designs different required and elective courses. The course planning is practical work-oriented. Lecturers share experiences, provide case study, and simulate the real working condition. After the training, trainees must pass the test to make sure they will imply what they learn to their work effectively.
External training	Employees are sent to various training organizations, schools, and business management consultancies inside and outside the country for accepting on-the-job training. Teachers are invited to give lessons in USI irregularly.

Development of Employee Education and Training



In 2010, the total number of trainees reached 192,542 and the total hours of training courses reached 155,766 hours in USI.

Average Time of 2010 Employ Education and Training (hour)

Sites	Administrators	Senior Managers
Taiwan	15.6	9.1
Shanghai	7.1	7.5
Shenzhen	4.3	13.0

Sites	Direct Employees	Indirect Employees
Taiwan	6.5	11.7
Shanghai	24.4	21.1
Shenzhen	28.3	1.4

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

Employee Performance Appraisal

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

4.1.4 Perfect Welfare System

For providing USI employees mature welfare systems, USI established Employees' Welfare Committee in each site. To hope with their different specialties, each committee member could be responsible for recreation, medical care, education, and other benefit activities for employees to seek better welfare measures.

Employee Recreation

There are recreation activity rooms for special purposes in the company, such as computer and internet classroom, library, KTV room, fitness, and recreation room. Many other recreation facilities such as table tennis, billiards, basketball machine, outdoor basketball and badminton courts are also available. There are many clubs for employees to relax, such as table tennis club, badminton club, basketball club, golf club (Taiwan site), bicycle club (Taiwan site), dance club, roller skating club (Shenzhen site), and choir (Shenzhen site), etc.



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

Taiwan Site



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.



Shanghai Site



Employee Incentives

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

Employee Insurance and Retirement

Following governmental regulations, Taiwan site takes part in labor insurance and national health insurance, and holds group insurance covering life insurance, accident insurance, and occupational accident insurance. USI will be responsible for all insurance premium to ensure employees' life. As for employees' retirement policy, USI established Employee Retirement Fund Supervisory Committee. According to the regulations, the retirement fund is contributed monthly, saves in the special retirement fund account in Central Trust of China. Based on the regulations in Labor Pension Act, fixed ratio of employees' salary is contributed to their personal retirement fund account.

Shenzhen site buys various social insurances for its employees in according to the government regulation. Besides, Shanghai site updates its employee insurance from small town social insurance to urban social insurance.

Welfare Systems of USI

Bonus	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).
Holiday and vacation	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).
Insurance	Labor insurance, health insurance, employee comfort and compensation, employee/dependants group insurance
Dining	There is broad and sanitary employee restaurant and meal subsidy.
Accommodation	Different types of accommodations with household appliances, air-conditioner, hot-water heater, wireless net, and furniture.
Transportation	USI provides comfortable and convenient transportation between plants and well-equipped exclusive parking lots for employees.
Recreation	Domestic and foreign employee travels, family day, parent-child activities, end-of-the-year banquet and drawing lots
Health	USI sets up professional dispensary providing free health consultancy. USI holds free health examination for employees annually.
Other	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





4.1.5 Harmonious Industrial Relations

Salary Management Strategy

USI gave reasonable and concrete payback for employees' contribution. According to the salary standard on the market, external competition of talents, and supply and demand in the labor market, USI set up competitive salary systems. Based on the operation of the company, employees' annual performance evaluation, and their working performances, USI adjusted their salary and provided bonus and dividend so that they obtain reasonable treatment. The salary strategies of USI sites worldwide followed local regulations and the minimum income standards. The designing of salary policies held fair principles without sexual differences. The basic salary ratio between two sexes was 1 : 1.

USI sets up salary systems according to the following concepts:

- Recognize employees' contribution to the company, formulate the differences between each position, and maintain the balance of paying salaries.
- Respond to employees' performances appropriately for encouraging employees and recruiting required human talents.
- Provide employees fair and reasonable treatment and adjust the salary as responsibilities are increased.
- Adjust flexibly with the human recourse market and the changes of organization.

Industrial Relations Communication Mechanism

To establish an outstanding industrial relation communication mechanism, USI Corporate Service FU set up employee relation website and employee suggestion box. USI holds COO free talk quarterly, managers and all employees are invited to join the communication conference to promote industrial relations and employees' sense of belonging effectively.

Employee Relation Website



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.



The Use of Communication Channel in Shenzhen Site

Interviews with employees	Since October 2010, the HR department has arranged monthly interviews with employees in each department; 20-30 employees will be sampled to fill in a questionnaire. Based on the answers to the questionnaire, the HR department will arrange interviews with employees to understand their needs and cognition of related laws and company regulations. The HR department will also report employees' opinions and suggestions to related departments and managerial levels.
Interviews between General Manager and DL employees who will resign	Since December 2010, HR department samples 3-4 employees who will resign every week and arrange interviews with the General Manager, in order to understand the reasons they want to resign and listen to their opinions and suggestions. So that the managerial levels can know employees' thoughts and the turnover rate will be decreased.
"Complaint Box"	Since September 2010, each department has selected Representatives of Love to form the Group of Love. Employees in need can seek help from Group of Love actively; the Group of Love can also take the initiative to give hands to those in want of assistance. Group of Love calls a monthly meeting, pools the wisdom of the masses and effectively resolves employees' difficulties both of work and of life.

4.1.6 Excellent Working Environment

Safety and Health Management

To ensure employees' working safety and to keep an environmental hygiene, USI passed OHSAS 18001 occupational safety and health management system verification as a principle to maintain the safety and health of employees in workplaces, and to records the number of occupational hazards in each site regularly in accordance of improving working environment and reducing occupational hazards.

The occupational hazard hours per million working hours (PPM) of USI in 2010 was 2.72 while 0 PPM in Taiwan site, 1.57 PPM in Shenzhen site, and 4.30 PPM in Shanghai site accordingly. USI Taiwan site has also successively acquired "Council of Labor Affairs, Executive Yuan no record of disaster working-hour". Moreover, the occupational hazard days of USI in 2010 were 11 days while 0 day in Taiwan site, 2 days in Shenzhen site, and 9 days in Shanghai site accordingly. Both the death count of occupational diseases and work-related causes were 0 (statistics of traffic accidents in employees' commute weren't included).

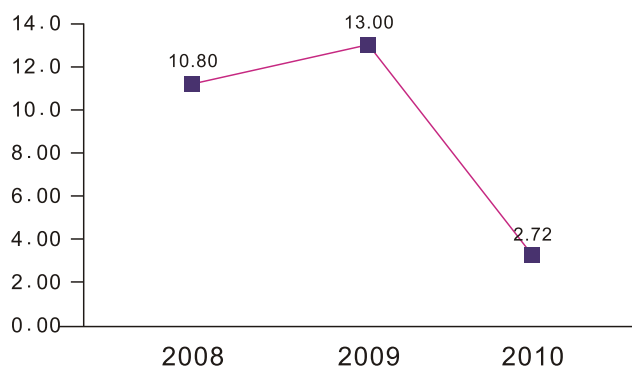
OHSAS 18001 Occupational Health and Safety Management System Certification



Council of Labor Affairs, Executive Yuan
no record of disaster working-hour



Occupational Hazard Hours/One Million
Working Hours (PPM)



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

Self-protection and firefighter organizing training

Taiwan Site





Shenzhen Site



Evacuation Drill

Taiwan Site



Shenzhen Site



Fire Evacuation Drill

Shanghai Site



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

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

Physical and Mental Health Care

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

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



Set up dispensary and nursery room

Taiwan Site



Shenzhen Site



Shanghai Site



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.





USI provides free psychological or mental assistance for employees in need, and holds activities such as hearing protection courses, special health examination and management, tobacco hazards prevention, etc., and thus USI has been awarded by Bureau of Health Promotion with the certification of the healthy workplace.



Enforcement of Human Rights Policy

USI included EICC spirit into policies of corporate social responsibility in June, 2008. It ensured employees' rights of occupational liberty, humane treatment, anti-discrimination, and liberty of association; employees' database was also properly preserved. Each plant followed local laws and regulations, informing employees of changes in occupation and providing them with courses and training related to human rights education. In 2010, there were no cases about discrimination or invasion of employees' rights in USI.

USI obeys the local labor laws and acts, precluding child labor recruit. If discovering child labor recruitment, human resource department will refuse their report for duty or dismiss them, offering compensation according to related regulations in Labor Standards Act. For employees between 16-18 years old, USI requires each department to consider their growth condition. Practicing dangerous work won't be allowed. When hiring foreign employees, employment contract must be signed according to local regulations, to ensure employees' personal certificates or property don't need to be retained when formally working for USI.

Based on the local labor laws and acts, USI draws up employees' working regulations which clearly point out:

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

4.2 USI and Its Customers

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

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

4.2.1 Production and Quality Management




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

Management System Certifications

Manufacturing sites	ISO 14001	TL 9000	ISO 9001	ISO/TS 16949	OHSAS 18001	IECQ QC080000	ISO 13485
Taiwan	1998		1994	2003	2004	2006	2008
Shenzhen, China	2001	2002	2001	2003	2004	2007	
Shanghai, China	2004	2005	2004	2007	2004	2007	
Mexico	2006		2003	2005		2007	

USI considerably emphasizes on the voices of customers, and consequently introduces a mechanism that incorporates customers' demands into product design. The company's products and operating system are also in line with international standard requirements. For example, it adopts stringent rules and uses only the low-pollution, non-toxic raw materials. For product planning, USI ensures products meets the specifications required by environmental regulations, and then conducts the life cycle assessment and eco-design evaluation. Meanwhile USI generates eco-profile in response to EU's Energy Using Products (EuP) Directive and ensure the fine quality and safety of products. In 2010, USI received zero complaint cases over products harmful to the human health and safety, and its information on product labels and services also comply with related regulations.



Eco-labels	Percentage of USI products bearing the label
 EU RoHS Directive	Wireless Products (WP): 100%
	Mobility and Networking solution (M&N): 100%
	Storage and Computing system (S&C): 100%
	Visual Product Devices (VPD): 100%
	Application-Specific Devices (ASD): 100%
 IEC 61249-2-21	Wireless Products (WP): approximately 60%
	Storage and Computing system (S&C): approximately 60%
	Visual Product Devices (VPD): approximately 30%
	Application- Specific Devices (ASD): approximately 4%
 CHINA RoHS Regulation	Wireless Products (WP): 100%
	Mobility and Networking solution (M&N): 100%
	Storage and Computing system (S&C): 100%
	Visual Product Devices (VPD): 100%
	Application-Specific Devices (ASD): 100%
	Automotive (Auto): 100%

4.2.2 Product Marketing Management

To meet the customer's demands, provide all-encompassing after-sales services and other good-quality, efficient and flexible services, USI introduces a special department to take charge of customer grievances, and has been collecting customers' voices through various regular or irregular meetings and questionnaire surveys. With such opinions, USI is able to keep improving its services, maintain good relationship with customers and eventually create the maximum value.

Driving up Customer Satisfaction

By means of customer-satisfaction surveys and Quarterly Business Reviews (QBR), USI eagerly seeks customer opinions and responses to understand their satisfaction with USI products--- in terms of technical aspects, quality, price and delivery ---before making adjustments to the company operating strategies. After the completed questionnaire and opinions at QBR are collected, USI associated managers will first convene a meeting to draw up practical coping strategies, then with customers' demands to consult, to discuss improvement plans and to monitor subsequent improvement conditions.

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
<ul style="list-style-type: none"> ✓ After-sales service solutions ✓ Warranty and maintenance ✓ Project rescheduling and replacement of parts <p>Product replacements</p> <p>Product repairs</p>	<ul style="list-style-type: none"> ✓ Selling regular and critical spare parts/components service 	<ul style="list-style-type: none"> ✓ On-site technical support at customers' requirement ✓ Training program for maintenance staff ✓ Trouble shooting and defect analysis ✓ Test equipment/fixtures and technical documents

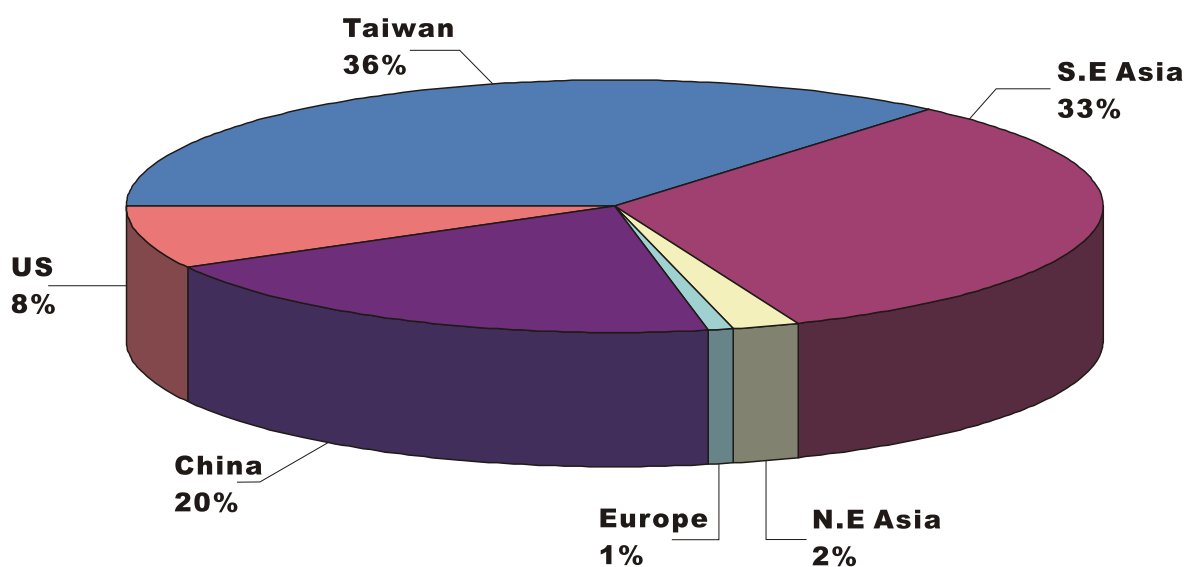


4.3 USI and Its Suppliers/ Contractors

4.3.1 The Suppliers of USI

USI major manufacturing sites are located in Taiwan and China. In 2010, USI procured more than 50% of its raw materials from Taiwan and China in an attempt to effectively save energy and time consumed by transportation, which reduces environmental pollutions.

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



4.3.2 Supplier Management

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

Meanwhile, USI has established both a standardized supplier assessment system and an evaluation mechanism, continue to maintain a close working relationship with the suppliers, and jointly create a stable and sustainable green supply chain. Through supplier management, USI can fulfill CSR by safeguarding human rights, environment, and providing consumer with products that meet safety and health requirement.

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

Most of suppliers have obtained certificates for their quality management system and environment, safety and health management system, and they have kept a long term sound partnership with USI. Material Supply Chain Management Division of USI deploys the procurement strategies flexibly in response to industry development.

Procurement strategy is varied with material being procured to ensure our material cost can be competitive.

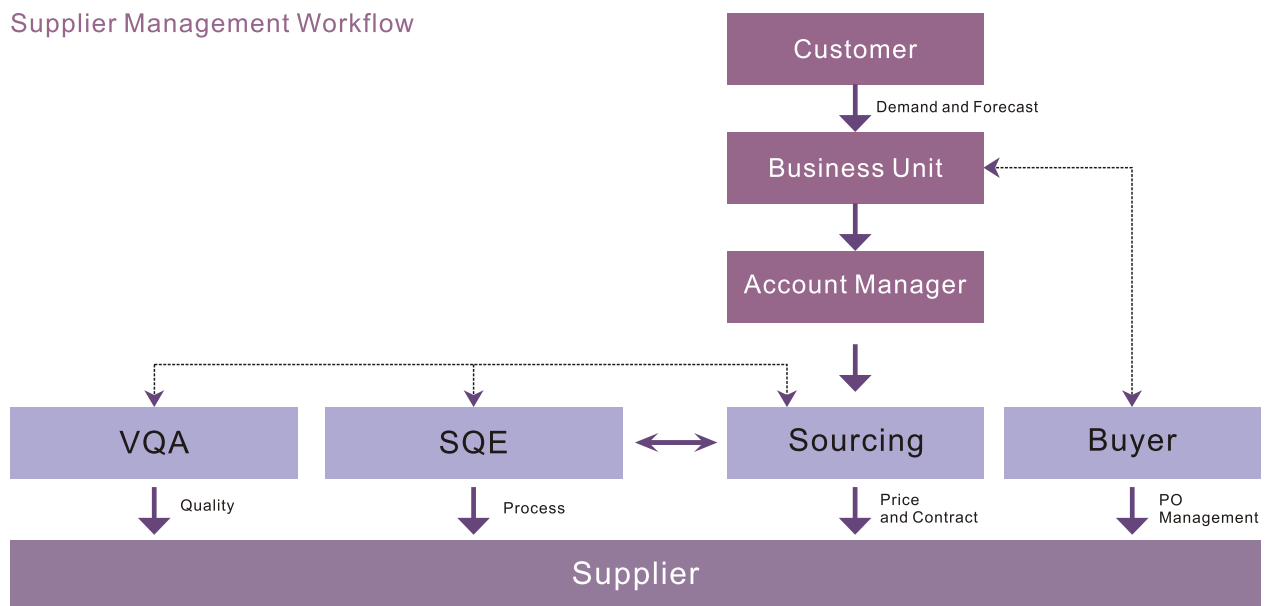
To reduce the procurement risk, we have developed multiple sources to ensure reasonable and competitive purchasing cost, good quality and on time delivery of the procured parts to support our business need.

USI makes a clear commitment in CSR policy that it will not procure any material from conflict area. Such a policy is also deployed through the supply chain management system and extended to whole supply chain. In 2011, USI started to investigate if any of suppliers that might be involved in conflict metals procurement or hiring of child labor, fortunately, none of these cases was found.

Supplier Evaluation System

Prior to supplier deliveries, USI Vendor Quality Assurance (VQA) Division evaluates both supplier's quality and green management systems accordingly. To ensure all raw materials, parts and products supplied comply with USI Green Products Specification, as well as international environmental regulations and customer requirements.

Supplier Management Workflow



Supplier Performance Assessment

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

Supplier performance is assessed both on a monthly and quarterly basis, with the three criteria on quality, price, and delivery & communication. Any supplier that fails to meet the expectations will have one month to propose an improvement plan and to implement it. Such improvement plan and implementation results will be examined by each responsible site unit, and to perform the audit by VQA unit, if necessary.



4.3.3 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.

According to Taiwan Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies, a listed company (including OTC-listed ones) should scrutinize the procurement behavior toward impact on environment and society of the source-supplying community. USI will keep discussing such related issues with the suppliers and to build a stable partnership.

4.3.4 The Green Supply Chain

The effect of green supply chains and a growing green procurements trend, resulting from green products regulations and directives proposed by EU, is now a major concern among electronics/electric manufacturers.

To ensure all the raw materials and component parts are non-environment-harming, low energy-consuming and highly recyclable, USI eagerly integrates with upper-stream suppliers and strengthen the entire green supply chain. As for the planning, design and manufacture of products, related supplier environmental verification will be added into procurement standards. USI requires suppliers to submit an ISO17025-certified test lab report to a specialized green design & engineering unit, where product life cycle assessment and non-hazardous substances evaluation are carried out. Also; low energy consumed external power suppliers are first chosen to conduct testing and evaluation, to ensure compliance with USI green product requirements.

The use of hazardous substances in USI's and its suppliers' manufacturing process is prohibited. A total of 242 kinds of substances that may cause environmental impacts has been under the control of USI since 2010 according to Restriction of Hazardous Substances (RoHS). Regarding the forbidden substances, halogen-restricted substances, and substances need to be reported, 8 kinds of materials are forbidden in the general products, 15 are forbidden in the self-developed products, and the other 199 are under observation, so that the impacts to the environment are reduced.

4.3.5 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.

Contractor Management

- USI provides contractors with safety and health training program, giving certificates only to those who pass the exam at the end of the 3-hour training program.
- Contractor employers must commit to follow labor safety laws and USI regulations, and shall undertake to ensure work safety for the employees.
- USI requires contractors to submit proof of either employees' labor or group insurance policies, to ensure the basic rights of employees.
- Improve workflow process application for contractor constructions.
- Strengthen the supervisory responsibility of outsourcing unit for monitoring the contractors.

Assessment of Contractors

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

Through training and evaluation by USI Green & Environment-Health-Safety Management Department in 2010, 171 contractors had successfully obtained the construction licenses, and no contractors were involved in any industrial accident at USI sites.

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





4.4 USI and the Community



Starting out in central Taiwan, USI has created a business empire with operations across Europe, America and Asia, after more than 30 years of dedication. The company was listed by the Common Wealth Magazine among the first 50 of Taiwan's Top 1,000 Manufacturers, as well as the Top 1,000 businesses in Greater China Region. To pay homage to the beautiful island of Formosa that nurtured its growth, USI makes tangible contributions of Taiwan in line with the motto of "Give back to the hometown".

Under the three pillars of "Invest in education", "Promote artistic events" and "Contribute to the community", USI has been a long-term sponsor of the Taiwan Literacy and Culture Foundation. Not only did USI set up the country's first corporate-sponsored "Library of Love", USI also funded the annual autumn tours of Cloud Gate Dance Theatre on a

continuous basis. Whenever a natural disaster plays havoc with Taiwan, USI's entire staff would make relief efforts as a corporate citizen. Such efforts have won USI recognitions as well as a wide range of awards, a sign of successful participation in public issues.

4.4.1 Invest in Education

USI believes that a competent staff is one of the major driving forces behind corporate growth, and a reading habit lays the foundation for innovation and R&D capabilities. To underscore its belief in extension education, USI co-founded the Taiwan Literacy and Culture Foundation and funded the procurement of new books for Libraries of Love. That way, good books can be read over and over again, enabling children to broaden their horizons and amassing the "wealth of soul". USI also provided assistant to organize the National Students Literature Contest in the purpose of encouraging creative writing among students and helped them develop immense creativity.

Sponsorship of the Taiwan Literacy and Culture Foundation

History of Sponsorship

USI has been sponsoring teachers in Nantou for setting up the web site to share their teaching plans and assisting the establishment of the Taiwan Literacy and Culture Foundation (formerly the Promotion Center of Taiwan Reading) since 2005. Besides, in 2007, USI founded "Library of Love" in Hu-Shan Elementary School in Nantou, donating 100 boxes, which contained 4,000 new books, and continues to cooperate with Nantou County Government, cohosting a series of reading activities such as "Library of Love: Bidding Farewell to the Old and Welcoming the New" and "Read with Your Family." USI not only donates new books, but also enjoys seeing parents read with their children and the education gap being bridged.

In 2010, USI organized "Workshop for Cultivating Seeding Teachers" to promote reading for 13 townships in Nantou, so that more teachers and volunteers will participate in reading and teaching, and thus reading and teaching capability will be enhanced to meet the needs of time and innovation.

Taiwan Literacy and Culture Foundation

The predecessor of this foundation is Taiwan Literacy Foundation, which is the first cultural/charitable organization dedicated to reading and literacy enhancement in Taiwan.

Founded by a group of literacy-minded teachers who successfully teamed up with USI and Merry Electronics Co., Ltd. Initially --- both are located in central Taiwan--- to set up a resource-sharing website despite daunting challenges. The website features teaching materials and literacy-improving strategies.



Workshop for Cultivating Seeding Teachers in Zhushan District

Achievements

Cooperating with Taiwan Literacy and Culture Foundation, USI founded several "Libraries of Love" in Nantou County and City, offering 16,000 books, which becomes an important channel for children to acquire knowledge and benefits lots of students. It has also become a trend among corporations in the country to sponsor "Libraries of Love" in counties and cities. To this day, nearly 100 corporations have adopted or founded libraries.



Honoring the spirits of Library of Love, USI cohosted the "Read with Your Whole Family" activity.



Sponsorship of the National Students Literature Contest

History of sponsorship

USI believes that the capability to make innovations and R&D projects come from imagination and creativity. Hence, USI has teamed up with Mingdao Literature & Arts Magazine to encourage creative writing among students ---through a partnership that combined humanistic concerns and technology, and hopefully helps students acquire good literary skills while gaining inspiration.

Started in 2006, USI sponsored the National Students Literature Contest as well as the creative writing contest held by Mingdao Literature & Arts Magazine. In 2008, USI and Mingdao co-hosted with National Taiwan University, National Tsing Hua University and National Chung Hsing University a symposium, where prominent arts and cultural figures and students shared thoughts on creative writing.

USI has been dedicated to promoting education over a long period of time. From 2008 to 2010, USI had been awarded “Wenxin Award” by Council for Cultural Affairs and “Education Promotion Award” by Ministry of Education, R.O.C. With the belief in education promotion, USI will continue to support activities about education, reading and literatures, cultivate more innovative personnel, and bridge the rural-urban divide in the future.

The National Students Literature Contest

Established in 1981 by Mingdao Literature and Arts Magazine, the contest offered Taiwan's first creative writing award for students. The purpose is to create a culture of writing among students and seek gifted writers, so as to step up efforts regarding humanistic education. USI started funding the award in 2006.

Achievements



USI was awarded “Wenxin Award-Silver Award” by Council for Cultural Affairs.



USI sponsored the National Students Literature Contest, cultivating talented students in literatures.

4.4.2 Promote Artistic Events

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

Sponsorship of the Annual Autumn Tour of Cloud Gate Dance Theatre

History of Sponsorship

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

Cloud Gate Dance Theatre

The famous Taiwan-based modern dance troupe was founded in 1973 by Hwai-Min Lin as the country's first professional dance troupe.

The repertoire of Cloud Gate includes many classic, world-acclaimed projects such as Portrait of the Families, Nine Songs, Songs of the Wonderers, and Cursive. Cloud Gate was hailed as "Asia's leading contemporary dance theatre" by the Times, London.

Achievements



Sponsorship of the Autumn Tour of Cloud Gate Dance Theatre



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

History of sponsorship

In November every year, USI sponsors the public performance of Ming Hwa Yuan Arts and Cultural Group with the Year-End Soiree of Caotun Township of Nantou County. All local citizens, USI employees and their family are invited to appreciate the unique Taiwanese Opera culture together.

Achievements

The USI sponsorship of the public performance of Ming Hwa Yuan Arts & Cultural Group in Caotun Township of Nantou County has been favorably supported by the local citizens. Thousands of people come to see the performance of Ming Hwa Yuan Arts & Cultural Group, which has become quite an event locally. USI has also been praised by the government organizations for promoting the culture of Taiwanese Opera.

Ming Hwa Yuan Arts & Cultural Group

Ming Hwa Yuan is one of the largest and most famous Taiwanese Opera Troupes in the country. Founded in 1929, it is the best-established local performance art group.

Combining modern theater, experimental theater and cinematography, Ming Hwa Yuan delivers shows that maximize the appeal of traditional Taiwanese music, drama, dance, folklore, graphic arts and lighting and sound effects.



USI sponsors the public performance of Ming Hwa Yuan Arts and Cultural Group with the Year-End Soiree of Caotun Township of Nantou County.

The public performance is always a full house every year and is favorably supported by thousands of local citizens.

The Concert of Gratitude for Celebrating the 10th Anniversary of Shenzhen Site

In August 2010, USI hosted “Concert of Gratitude” in the Music Hall of Shenzhen Theater, in order to express the appreciation to the concern, support and help from all parties in the society in the past 10 years. In the form of music, USI repays the society, connects the friendship, exhibits its corporate culture, and expresses its sincere gratitude and blessing to the 30th anniversary of the establishment of the special economic zone.

The concert was completely organized and directed by USI employees and conducted in the top-class music hall in Shenzhen, and thus had drew a lot of attention and special reports from the media.

The concert was performed by USI Choir and the Canadian young pianist Shao-Wen Tseng. David Lin, the General Manager of USI Shenzhen site, and Niao-Chuan Tseng, the entrepreneur, were the Chief Art Officer, and Guang Huei Chen, the director of Shenzhen Choir, was invited to be the Art Adviser of the concert. The concert was in diverse and rich music styles, with chorus in Mandarin, Taiwanese, English and Taiwanese aboriginal dialects, piano solo, concerto of piano and erhu fiddle, and ensembles by flute and daf drum. The chorus of the song “The Hard Road,” which explains the 10-year development



of USI and the Taiwanese aboriginal song “Happy Gathering” were the highlights of the concert. By the end of the concert, all audience sang together the song “Walking into the New Era,” which was performed at “Reformation of Shenzhen for 30 Years: 30 Songs” concert, with the leading of David Lin, the General Manager of USI Shenzhen site. The voice was loud, the rhythm was floating in the air, the mood was soaring, and everyone was enjoying the joy and passion of music.

The concert was a complete success due to the conscientious organization with a top-class standard. It was USI's self-realization of corporate social values and corporate social responsibility as well as a gift to Shenzhen for the 30th anniversary of its establishment. “What employees need is not only subsistence, but also safety, a sense of belonging, being respected and the pursuit of self-realization,” said David Lin, the General Manager of USI Shenzhen site, in the Message in the program of the Concert. When taking the interview by the media, he indicated that USI will participate in more large-scale cultural activities and artistic events, in order to positively exhibit the corporate responsibilities in social development, to strive for honors for the company, to fulfill social responsibilities, to enhance the coherence among employees, and to realize the harmony, the improvement, and the continuous development of the company.

4.4.3 Contribute to the Community

With the belief in caring about the society and friending the community, USI gathers the power of employees and participates in public affairs and social activities of public welfare. In the meantime of seeking corporate growth, USI wishes to repay the community and devotes itself to the society. In 2010, USI participated in the affairs listed as follows:

- Participated in the activities of neighborhood temple fairs, anniversary celebrations, graduation ceremonies, community athletic meets, and school carnivals of Caotun, Pifong, Beitou, Hushan and Shiukuang, offering prizes for athletes and students with good grades.
- Paid much attention to the local artistic events, such as the Presentation of the Music Talented Class of Caotun Junior High School, the Charity Concert of Caotun Traditional Arts and Culture, Caotun Club of Senior Citizens, The Pineapple and Litchi Festival of Nantou City, the exhibition of Ningco's landscape paintings, the joint exhibition of Yao-Dong Ko and his son, etc.



- Greened roads and adopted the medial strips from the Zhongxing Road to the A1 abutment of Maoluo River Bridge, and from Zhongxing Exit of National Freeway No. 3, Shengfu Road, to Shanlin Police Station. The expense is about NTD600,000 per year.
- Donated to sponsor the activities to console the army and participated in regular activities of volunteer police and firefighters.

Sponsorship of road maintenance program

USI funded road maintenance projects in Caotun to take care of the street plantations on an out-sourcing basis, in order to beautify the appearance of the township.



In 2010, USI adopted greened and beautified medial strips.



Caotun Township Office commended USI for its efforts in greening and beautifying in 2010.

Groups of Public Welfare

USI employees volunteered to establish groups of public welfare, such as Club of Tzu Chi and Club of Compassion, which care for minority groups and regularly donate to Tzu Chi Foundation. In 2010, the amount of donation came to more than NTD240,000. With the belief in "Everyone Saves NTD100 and Saves the World," volunteers will be deducted a fixed amount of money from their monthly payroll to be compassion funds. More than 100 employees have participated in this activity.

Each participant of Club of Compassion adopts 2 children from Taiwan Fund for Families and Children and 2 blind children from Taichung Huiming School. Besides, Club of Compassion offers assistance to emergencies of employees and local communities, provides sources during the Moon Festival every year to minority groups and charitable organizations, such as Nantou Ren-Ai Care and Nursing Center, Child Care Center, Changhua Po-Ai Service Center, Tzu-Ai Education and Nursing Center, Taichung Huiming Protectory for Blind Children, Taichung Baby Nursing Institute, Nursing Institute for Low-Income Vegetables by Genesis Social Welfare Foundation, etc.



Visiting the Huiming School



Sponsorship of Changhua Tzu-Ai Education and Nursing Center in 2010



Meeting up with the adopted children



A testimonial from Nantou Ren-Ai Care and Nursing Center for Cheng-Long Wei, the General Manager of USI.



USI employees were packing the donated sources for Nantou Ren-Ai Care and Nursing Center.



Visiting the elderly in Nantou Ren-Ai Care and Nursing Center



Sponsorship of the public welfare activity of Taiwan Fund for Families and Children, Nantou Branch in 2010



Third Party Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE UNIVERSAL SCIENTIFIC INDUSTRIAL CO. LTD.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2010

NATURE AND SCOPE THE ASSURANCE/VERIFICATION

SGS Taiwan was commissioned by Universal Scientific Industrial Co., Ltd. (hereinafter referred to as USI) to conduct an independent assurance of the Corporate Social Responsibility Report of 2010. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in operation sites in Taiwan and China of this report.

The information in the Corporate Social Responsibility Report of 2010 of USI and its presentation are the responsibility of the superintendent, vice superintendents, CSR committee and the management of USI. SGS Taiwan has not been involved in the preparation of any of the material included in the Corporate Social Responsibility Report of 2010. Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification set out below with the intention to inform all USI's stakeholders.

The SGS Group has developed a set of protocols for the Assurance of Sustainability Reports based on current best practice guidance provided in the Global Reporting Initiative Sustainability Reporting Guidelines (2006) and the AA1000 Assurance Standard (2008). These protocols follow differing options for Assurance depending the reporting history and capabilities of the Reporting Organisation.

This report has been assured at Global Reporting Initiative G3 Application level A+ and AA1000 Assurance Standard (2008) type 1, moderate level of scrutiny using our protocols for:

- evaluation of content veracity;
- evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008); and
- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Guidelines (2006).

The assurance comprised a combination of pre-assurance research, interviews with relevant employees at factory of USI in Tsao Tuen Town, Nantou County, Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS Taiwan affirms our independence from USI, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with QMS, EMS, SMS, EnMS, GPMS, SA 8000, GHG Verification Lead Auditors and experience on the SRA Assurance service provisions.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within Corporate Social Responsibility Report of 2010 verified is accurate, reliable and provides a fair and balanced representation of USI sustainability activities in 01/01/2010 to 12/31/2010. Some statements and data within the scope were not assured due to lack of accessible records during the timescale allowed for assurance, and these are clearly marked throughout the text.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

The report is the first to be assured by an independent assurance team and USI has taken a bold step by offering the report to evaluation against both Global Reporting Initiative's G3 guidelines and the AA1000 Assurance standard. This shows a deserved confidence in their reporting process.

In our opinion, the contents of the report meet the requirements of Global Reporting Initiative G3 Application Level A+ and AA1000 Accountability Principles Standard (2008).

AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**Inclusivity**

USI has demonstrated a strong commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts underpin the organisation's understanding of stakeholder concerns, and its ability to integrate them into its decision making processes. This is demonstrated by the surveys of employees and consumers, by communications with investors, and suppliers, and also by engagements with NGOs and other stakeholders. For future reporting, USI may widen the scope of engagement and have more direct involvement of stakeholders during the engagement.

Materiality

USI has established appropriate processes for determining issues that are material to the organization. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders. For future reporting, USI might consider profiling the sustainability impacts and performance of organization's businesses in more detail.

Responsiveness

The report provides a comprehensive response to the issues and stakeholder concerns relating to USI's activities. Benchmarking of performance may be further strengthened in the next report.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES (2006) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**Principles, Standard Disclosures and Indicators**

The report is adequately line with the Global Reporting Initiative G3 Application level A+. The principle of sustainability context, principle of stakeholder inclusiveness and disclosure on management approach may be further enhanced. Long-term or mid-term goals of each aspect for management approach may be established in future reporting. The disclosure of performance indicators, EC1, EC2, EN22, EN27, LA1, LA4, LA7, HR1, HR2, SO2 and SO3, may be further enhanced in next report. The disclosure scope of some performance indicators may be extended to which did not completely covered in this report.

Signed:

For and on behalf of SGS Taiwan Ltd.



Dennis Yang, Chief Operating Officer
Taiwan
17 August, 2011



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GRI G3 Index



GRI Indicator Description	Chapter	Page	Additional Illustration	Indicator
Strategy and Analysis				
1.1 Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy	Letter from COO	4		Standard Disclosure
1.2 Description of key impacts, risks and opportunities	Letter from COO	4		Standard Disclosure
Organization Profile				
2.1 Name of the organization	2.1.1 Corporate Introduction	11		Standard Disclosure
2.2 Primary brands, products, and/or services	2.1.2 Product and Service	12		Standard Disclosure
2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	2.2.1 Corporate Governance	17-18		Standard Disclosure
2.4 Location of organization's headquarters	2.1.1 Corporate Introduction	11		Standard Disclosure
2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	2.1.3 Global Operative System	13		Standard Disclosure
2.6 Nature of ownership and legal form	2.2.1 Corporate Governance	18	USI is a limited company and is going public.	Standard Disclosure
2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	2.1.4 Business Geography	13		
2.8 Scale of the reporting organization	2.1.1 Corporate Introduction 2.1.5 Financial Performance	11-12 14-15		Standard Disclosure
2.9 Significant changes during the reporting period regarding size, structure or ownership	2.1.1 Corporate Introduction	12		Standard Disclosure
2.10 Awards received in the reporting period	2.1.6 Honorable Records	15-16		Standard Disclosure
Report Parameters				
3.1 Reporting period (e.g., fiscal/calendar year) for information provided	About the Report	2		Standard Disclosure
3.2 Date of most recent previous report (if any)			The USI Corporate Social Responsibility Report of 2008-2009 was published in October, 2010.	Standard Disclosure
3.3 Reporting cycle (annual, biennial, etc.)	About the Report	2	This report is published annually	Standard Disclosure
3.4 Contact point for questions regarding the report or its contents	About the Report	2		Standard Disclosure
3.5 Process for defining report content	About the Report	2		Standard Disclosure
3.6 Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	About the Report	2		Standard Disclosure

GRI Indicator Description	Chapter	Page	Additional Illustration	Indicator
3.7 State any specific limitations on the scope or boundary of the report	About the Report	2		Standard Disclosure
3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations			Not influential.	Standard Disclosure
3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report			Disclosed in each chapter.	Standard Disclosure
3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement			None.	Standard Disclosure
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report			Organizational alteration. (please refer to 2.9)	Standard Disclosure
3.12 Table identifying the location of the Standard Disclosures in the report	GRI G3 Index	78		Standard Disclosure
3.13 Policy and current practice with regard to seeking external assurance for the report	About the Report Third Party Assurance Statement	2 76		Standard Disclosure
Governance, Commitments, and Engagement				
4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	2.2.1 Corporate Governance	17		Standard Disclosure
4.2 Indicate whether the Chair of the highest governance body is also an executive officer			The President does not serve in any administrative position concurrently.	Standard Disclosure
4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	2.2.1 Corporate Governance	18-19		Standard Disclosure
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	1.4 Stakeholder Communication 2.2 Investor Relations 4.1.5 Harmonious Industrial Relations	9 17 52-54		Standard Disclosure
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	2.2.1 Corporate Governance	20		Standard Disclosure
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided			Article 14 of the "Rules for Board Meeting" of USI	Standard Disclosure
4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	2.2.1 Corporate Governance	19		Standard Disclosure



GRI Indicator Description		Chapter	Page	Additional Illustration	Indicator
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	1.1 Vision and Promise 1.2 Policy and Operation	6-7		Standard Disclosure
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	2.2.1 Corporate Governance 2.2.2 Risk Management 2.2.4 Regulations Abidance	18 20-21 22		Standard Disclosure
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	2.2.1 Corporate Governance	19-20		Standard Disclosure
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	1.2 Policy and Operation 2.2.1 Corporate Governance 2.2.2 Risk Management 2.2.4 Regulations Abidance	7 19-20 20-21 22		Standard Disclosure
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	1.2 Policy and Operation 3.3.1 Green Management	7 28-29		Standard Disclosure
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	2.2.6 External Participation	23		Standard Disclosure
4.14	List of stakeholder groups engaged by the organization	1.3 Identification and Selection of Stakeholders	8		Standard Disclosure
4.15	Basis for identification and selection of stakeholders with whom to engage	1.3 Identification and Selection of Stakeholders	8		Standard Disclosure
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	1.4 Stakeholder Communication	9		Standard Disclosure
4.17	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	1.4 Stakeholder Communication	9		Standard Disclosure
Economic Performance Indicators					
Management Approach	Management approach of economic performance	2.1 Corporation Operation 2.1.1 Corporate Introduction 2.2 Investor Relations 2.2.1 Corporate Governance	11 11-12 17 17-20		Standard Disclosure
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	2.1.5 Financial Performance	14-15		Core

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
EN9 Water sources significantly affected by withdrawal of water	3.4.5 Water Resource Management	39		Add
EN10 Percentage and total volume of water recycled and reused	3.4.5 Water Resource Management	39		Add
EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas			USI does not own, rent, or manage any site located in conservation areas.	Core
EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas			Not influential.	Core
EN16 Total direct and indirect greenhouse gas emissions by weight	3.4.2 Greenhouse Gas Emission Reduction Management	34-35		Core
EN17 Other relevant indirect greenhouse gas emissions by weight			There are no data on the indirect emissions of Greenhouse gases produced during employee commutes and business travels.	Core
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved	3.4.2 Greenhouse Gas Emission Reduction Management	35		Add
EN19 Emissions of ozone-depleting substances by weight			No ozone-depleting substances are discharged in any USI's manufacturing process.	Core
EN20 NOx, SOx, and other significant air emissions by type and weight			No NOx or SOx are discharged in any USI's manufacturing process. The estimation of VOC emission of USI's Taiwan Site in 2010 is 14.9 tons.	Core
EN21 Total water discharge by quality and destination	3.4.5 Water Resource Management	39	USI does not discharge wastewater, and only domestic sewage is produced.	Core
EN22 Total weight of waste by type and disposal method	3.4.4 Water Resource Management	38		Core
EN23 Total number and volume of significant spills			No serious leakage events happened in any site	Core
EN24 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally			All hazardous waste of USI is disposed properly according to related laws of environmental protection.	Add
EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	3.4.5 Water Resource Management	39		Add
EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	3.3 Green Promise of USI	27-31		Core
EN27 Percentage of products sold and their packaging materials that are reclaimed by category			USI's Taiwan Site recycles particular packaging boxes from customers. All boxes are reused except for broken ones.	Core
EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	3.2 EHS Policy of USI 3.3.1 Green Management	26 28	USI obeyed local government laws about environmental protection and did not violate any environmental law in 2010.	Core
EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	3.3.1 Green Management 3.3.2 Green Supply Chain	29 30		Add

GRI Indicator Description		Chapter	Page	Additional Illustration	Indicator
EN30	Total environmental protection expenditures and investments by type	3.3.3 Green Expenditures	32		Add
Labor Practices & Decent Work Performance Indicators					
Management Approach	Management approach of labor performance	4.1 USI and Its Employees 4.1.2 Equal Employment Opportunity 4.1.3 Integral Training Program 4.1.4 Perfect Welfare System 4.1.5 Harmonious Industrial Relations 4.1.6 Excellent Working Environment	42 44 44-45 47 52 54		Standard Disclosure
LA1	Total workforce by employment type, employment contract, and region	4.1.1 Employee Composition Profile	42-43		Core
LA2	Total number and rate of employee turnover by age group, gender, and region	4.1.1 Employee Composition Profile	43		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	47-51		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	60	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 occupational health and safety programs			The labor proportion that participates in Occupational Safety and Health Committee conforms to related Act.	Add
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region	4.1.6 Excellent Working Environment	54-55		Core
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	4.1.6 Excellent Working Environment	57-60		Core
LA10	Average hours of training per year per employee by employee category	4.1.3 Integral Training Program	47		Core
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	4.1.3 Integral Training Program	44-46		Add
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	4.1.1 Employee Composition Profile	42-43		Core
LA14	Ratio of basic salary of men to women by employee category	4.1.5 Harmonious Industrial Relations	52		Core



GRI Indicator Description		Chapter	Page	Additional Illustration	Indicator
Human Rights Performance Indicators					
Management Approach	Management approach of human rights performance	4.1.2 Equal Employment Opportunity 4.1.6 Excellent Working Environment	44 54		Standard Disclosure
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening			No important investment agreement was made during the report period.	Core
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken			No data for 2010; data will be collected starting from 2011.	Core
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	4.1.3 Integral Training Program 4.1.6 Excellent Working Environment	45 60		Add
HR4	Total number of incidents of discrimination and actions taken	4.1.6 Excellent Working Environment	60		Core
HR5	Operation identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	4.1.6 Excellent Working Environment	60		Core
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	4.1.6 Excellent Working Environment	60		Core
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor			USI implements the EICC management system to eradicate forced labor.	Core
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations			All USI security guards have accepted strict selection and professional training. They understand their duties and USI's regulations about human right policies clearly. As being on duty, they will not get involved in any cases violating human rights.	Add
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	4.1.6 Excellent Working Environment	60		Add
Society Performance Indicators					
Management Approach	Management approach of society performance	2.2.3 Anti-Corruption and Anti-Bribery 4.4 USI and the Community	22 68		Standard Disclosure
SO1	Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting			All USI sites drew up SOP about environment and occupational safety and health. USI also conducted communication, consultancy, and participation of environment and safety. These measures protect community environment comprehensively and help for keeping friendly relationship with community residents.	Core
SO2	Percentage and total number of business units analyzed for risks related to corruption	2.2.3 Anti-Corruption and Anti-Bribery	22		Core
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	2.2.3 Anti-Corruption and Anti-Bribery	22	All USI employees have signed 'USI Staff Code of Conduct'.	Core

GRI Indicator Description		Chapter	Page	Additional Illustration	Indicator
SO4	Actions taken in response to incidents of corruption	2.2.3 Anti-Corruption and Anti-Bribery	22		Core
SO5	Public policy positions and participation in public policy development and lobbying			USI didn't canvass for public policies.	Core
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country			With the approbation of Ministry of Finance, R.O.C., USI's Taiwan Site donated NTD 50,000 to political parties, candidates and divisions of Nantou County Government in 2010.	Add
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	2.2.4 Regulations Abidance	22	USI was not involved in any lawsuits of anti-competitive behavior, anti-trust or monopoly practices in 2010.	Add
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance laws and regulations	2.2.4 Regulations Abidance	22		Core
Product Responsibility Performance Indicators					
Management Approach	Management approach of product responsibility performance	4.2 USI and Its Customers	61		Standard Disclosure
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subjects to such procedures	3.3 Green Promise of USI 3.3.1 Green Management 3.3.2 Green Supply Chain 4.2.1 Production and Quality Management	27 28 30-31 61-62		Core
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes	4.2.1 Production and Quality Management	61		Add
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	4.2.1 Production and Quality Management	62		Core
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	4.2.1 Production and Quality Management	61		Add
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	2.2.4 Regulations Abidance	22		Core
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes			In 2010, USI did not violate any marketing laws.	Add
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data			In 2010, USI was not accused for invasion of customers' privacy or losing customers' data.	Add
PR9	Monetary value of significance fines for non-compliance with laws and regulations concerning the provision and use of products and services			In 2010, USI did not violate any regulations.	Core



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