



2014 CORPORATE SOCIAL RESPONSIBILITY REPORT

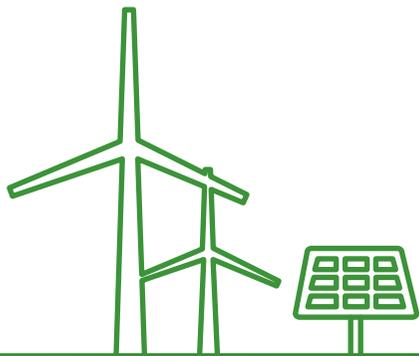


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Introduction of the Report

Report Scope and Overview

This is the third corporate social responsibility report ever published by Universal Scientific Industrial (Shanghai) Co., Ltd. (USI) and its subsidiaries. (From 2010 to 2012, USI Shanghai's indirect controlling shareholder Universal Scientific Industrial Co., Ltd. has published three Corporate Social Responsibility reports, which also reported the company's status of fulfilling its social responsibilities. This report provides information about the concerns of the stakeholders of USI, including business information of facilities in Zhangjiang, Shenzhen, Kunshan, Taiwan, Mexico and Jinqiao (note) (only information environmental and social information is provided for the facility in Mexico and Jinqiao). The statistic data are in RMB and US dollars; environmental, health and safety performances are expressed using accepted international indices.

Note: for the purpose of this report, the Zhangjiang facility or Zhangjiang factory refers to USI Shanghai as the parent company (It was called Shanghai facility in the reports before 2013); Shenzhen facility or Shenzhen factory to USI Electronics (Shenzhen) Co., Ltd. as a subsidiary of USI Shanghai; Kunshan facility or Kunshan factory to Universal Global Technology (Kunshan) Co., Ltd. as a subsidiary of USI Shanghai; Taiwan facility or Taiwan factory to Universal Global Scientific Industrial Co., Ltd. as a subsidiary of USI Shanghai; Mexico facility or Mexico factory to Universal Scientific Industrial de México, S. A. de C. V. as a subsidiary of USI Shanghai; Jinqiao facility or Jinqiao factory to Universal Global Technology (Shanghai) Co., Ltd. as a subsidiary of USI Shanghai.

Time Category and Assurance of the Report

In each chapter of this report, performances are based on the statistics and information of 2014 (from 01/01/2014 to 12/31/2014). The report refers to Global Reporting Initiative (GRI) 4 version and in accordance with core option, disclosing the executive achievements, responding policies, and future plans of various key issues about corporate social responsibility of USI. In order to improve the information transparency and accountability, this report has been assured by SGS Taiwan Ltd. and corresponds to GRI G4 and the standard of AA 1000 AS: 2008 Type 1 Moderate Level.

Publishing Cycle

USI will publish Corporate Social Responsibility Report regularly each year.

Present Edition: July, 2015

Last Edition: July, 2014

Next Edition: July, 2016 presumably

Feedback and Contact Methods

This report are written in Traditional/Simplified 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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Important Achievements

Corporate Governance

- USI was awarded as one of the "China Top 500 Enterprises"
- USI was awarded "Best Main Board Listing Company" of "9th Public Securities Cup" for the competitiveness and credibility of Chinese listed companies.
- Was awarded the Lenovo global highest award of suppliers, "Diamond Award" (Shenzhen Facility)
- Was awarded as one of the "Guangdong Top 500 Enterprises of 2014" (Shenzhen Facility)
- Was awarded as one of the "Guangdong Top100 Manufacturing Enterprises of 2014" (Shenzhen Facility)
- USI's Zhangjiang Facility was awarded "Pioneer Workers" by Shanghai Pudong New Area Trade Union
- USI's Zhangjiang Facility participated in "Innovative Expert Competition," a national model labor competition held by Zhangjiang High-Tech Park, and received "Advanced Class and Advanced Collective Award."



• Diamond Award



• Guangdong Top 500 Enterprises of 2014



• Guangdong Top100 Manufacturing Enterprises of 2014

Environmental Protection

- Was evaluated as qualified to the "Certification of Cleaner Production Assessment System of the Green Factory Label" (Kunshan Facility).



Healthy Workplace

- Was awarded as the "More Exercises for Good Health – 2014 Exemplary Workplace for Losing Weight (Nantou)"



Letter from President

The management model of today's manufacturing industry no longer sells merely products as in the past. Instead, it has to sell services to create business value. In addition to depending on our stable product quality and leading techniques, we have to provide services to add value to our products, enhance our efficiency and strengthen our competitiveness. With the development of "cloud computing" and "Internet of things (IOT)," since 2014, USI's management strategy has evolved into D(MS)2 (Design, Manufacturing, Miniaturized, Services, Solutions) from DMS (Design, Manufacturing, Services) to try cross-industry wireless network solutions to achieve the goal of sustainable development.

In 2014, regarding USI's environmental protection action, the recycling rate of global waste exceeded 88%, which is higher than our original goal—84%. To efficiently save energy and time costs during transportation, and reduce environmental pollution, the proportion of global raw materials chiefly purchased from local suppliers of Taiwan Facility and Mexico Facility increased, and we have to try to make efforts to elevate the proportion in China's facilities. With respect to the reuse project of water resources, Zhangjiang Facility and Taiwan Facility completed the waste water reclamation system (SAW) in July, 2014, and recycled and reused a total amount of 13,533 tons of water.

In respect to the management of suppliers, to effectively control harmful substances in electronic components and products, USI continuously keeps up with the latest international environmental protection laws and orders such as RoHS of European Union, REACH of European Union, RoHS of China, RoHS of Japan and so on to stipulate our own "standards for green environmental protection products" to serve as a basis for our internal R&D team and external suppliers to abide by. In addition to stipulating regulations, we also invest our manpower to form a supplier evaluation and review group to propagandize "USI's social responsibility viewpoints and environment, safety, and hygiene management policies" among suppliers on a regular basis. Moreover, to respond to different issues, we instantaneously hold orientations for our suppliers and provide them with relevant programs and reply their questions.

Regarding the management of raw materials, we re-stipulated and announced our "procurement policy for conflict minerals" in 2014. Moreover, with respect to the management and investigation of conflict minerals, we have completed reasonable

country of origin inquiry (RCOI) for 300 suppliers to ensure that our supply chain is transparent and that it is conflict-free. Meanwhile, EICC has been conducted to evaluate each aspect of our suppliers, and we have not terminated contracts with any supplier due to evaluation results.

In facing global climate change, it is believed that energy and carbon management is an issue that USI and all enterprises have to pay attention to for a long time. In 2014, our social contribution value per share achieved RMB2.18 (Social contribution value per share=basic earnings per share + (tax amount + staff salaries + interest expenses + investment for public welfare)/number of shares outstanding that year). As "environmental governance: stringent pollution control; environmental tariffs" has been listed as one of 17 reform key points by The National People's Congress (NPC) and The Chinese People's Political Consultative Conference (CPPCC) in 2015, USI, being a civilian enterprise, will carry out environmental protection policies in other countries to be a model enterprise in addition to complying with international regulations.

Corporate social responsibility is a sustainable task of USI. I appreciate all of our staff's endeavors to dedicate ourselves to becoming a foundation stone of enterprise culture. We will continue to make improvements to fulfill our commitments. We sincerely welcome your precious opinions to help us move forward on this road.



C.Y. Wei
President





01



Sustainable Management

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.

01 Sustainable Management

Vision and Promise

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.



We commit to

- Provide rewarding and challenging working environment for employees
- Generate consistent return on investment for our shareholders
- Build a better place to live for future

CSR Policy and Operation

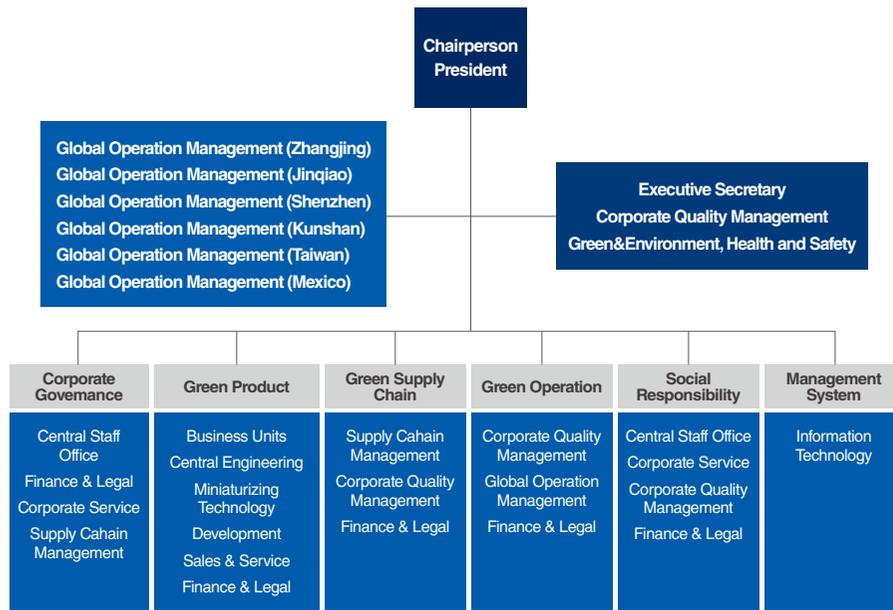
USI, through the understanding of Corporate Social Responsibility (CSR), considers that the business sustainable development of USI is closely linked with benefits of employees, community, society, and shareholders. The scope of the CSR covers the issues of basic labor right, safe and healthy workplace, 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:

- ▶ **Comply with regional, national and international laws; and regulations signed by USI.**
- ▶ **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.
- ▶ **Ensure safe and healthy workplace, and minimize environmental impact on manufacturing, activities, and products.**
- ▶ **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.
- ▶ **Participate in community activities.**
- ▶ **Do not procure metals and raw materials originating in conflict regions (Democratic Republic of the Congo or adjoining country) determined to be financing the conflict by following measures:**
 - Encourage suppliers to mandate this requirement to their supply chain.
 - Implement supplier management process confirmation.
 - Collaborate with trade organizations to provide solutions.
- ▶ **Strictly prohibit slavery and human trafficking ; the supplier shall also comply.**
- ▶ **Improve CSR achievement continually through effective management and public announcement.**



USI CSR Promotion Committee

To smoothly promote the company's social responsibilities, to make the report content fully comply with Global Reporting Initiative (GRI), and to respond to requirements of GRI new G4 version, "USI CSR Promotion Committee" promoted CSR related affairs with relevant departments. It also provided information related to coping index in order to systematically facilitate relevant operations.



Stakeholders Management

• 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, USI keeps presenting and improving policies and practicing them effectively.

1. Identification of the Stakeholders: USI has identified stakeholders, who are closely

connected to our company, such as the investor, employee, customer, media, supplier/partner, public interest group/NGO, government department and community.

2. Analysis of issues that stakeholders are concerned about: After identified stakeholders go through questionnaire survey and analysis, USI organizes economical, environmental, and social issues that stakeholders are concerned about, and comprehends whether there are any other new issues that they are concerned about.



- 1 Corporate Governance
- 2 Financial Performance
- 3 Employees' Welfare
- 4 Occupational Safety and Health
- 5 Customer Relation Management
- 6 Communications with Stakeholders
- 7 Product Innovation
- 8 Attracting and Keeping Talents
- 9 Corporate Citizens and Public Interests
- 10 Environmental Performance
- 11 Supply Chain Management
- 12 Green Product Management
- 13 Green Promise
- 14 Risk Management
- 15 Labor-Management Relations
- 16 Development of Human Resources
- 17 Carbon Management
- 18 Water Resource Management
- 19 Code of Conduct
- 20 Labor Index

3. Communication with stakeholders and responses: In light of issues that highly impact corporate operation and that stakeholders are highly concerned about, to meet their expectations, we have built a good communication platform, adopt relevant corresponding strategies, and maintain and strengthen the relationship between our company and the stakeholders. Issues that they are not so concerned about will be responded in each chapter of the report.

Stakeholders	Materiality Topics	Communication Channels	Practice
 Investors	<ul style="list-style-type: none"> Financial Performance Corporate Governance 	<ul style="list-style-type: none"> Annual Report Investor section on corporate website Annual meetings of shareholders 	<ul style="list-style-type: none"> USI reveals the company's financial information through stock exchange websites and annual financial statements, and review constantly the company's business status and data Shareholder meetings are held regularly for explaining managing performance to investors and responding to their concerned issues
 Employees	<ul style="list-style-type: none"> Employees Attracting and Keeping Talents 	<ul style="list-style-type: none"> Employees' Welfare Committee/Staff congress Employee relationship website "Meet the President" session Industrial relations meetings Training programs 	<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 Establish USI University to provide various training courses for employees on an irregular basis as an effort to improvement their professional skills
 Customers	<ul style="list-style-type: none"> Customer Relation Management Product Innovation Supply Chain Management 	<ul style="list-style-type: none"> EICC-ON Platform After-sales service system Customers' satisfaction questionnaire 	<ul style="list-style-type: none"> To report the Self-Assessment Questionnaire (SAQ) assessment status and results through the EICC-ON platform Design green products, reduce the usage of hazard substances in production, and increase the recycling rate of products
 Media	<ul style="list-style-type: none"> Environmental Performance Financial Performance 	<ul style="list-style-type: none"> Company Website/E-mail 	<ul style="list-style-type: none"> To announce revenue related information every month, and publish operating results and development direction periodically
 Suppliers/ Partner	<ul style="list-style-type: none"> Supply Chain Management Product Innovation 	<ul style="list-style-type: none"> Quarterly QBR meetings Preferred supplier PSL assessment Purchase contracts On-site audit for suppliers Questionnaire investigation for suppliers. 	<ul style="list-style-type: none"> Continually promote green supply chain, ask and help suppliers to pass quality management system certifications. Control the usage of raw materials to ensure the products and materials correspond to the regulations of USI green products To irregularly request suppliers and USI to implement the EICC code and Conflict Minerals Policy

Stakeholders	Materiality Topics	Communication Channels	Practice
 Public Interest Group/NGO	<ul style="list-style-type: none"> Corporate citizens and public interests Environmental Performance 	<ul style="list-style-type: none"> To participate in forums and guilds/ associations To sponsor and held activities 	<ul style="list-style-type: none"> To actively participate in relevant forums and guilds/ associations (Taiwan Electrical and Electronic Manufacturers' Association, Industrial Safety and Health Association, and Industrial Development and Investment Promotion Committee Keep donating new books to elementary schools in Nantou County every year. Sponsor the tour of artist groups and join in emergency service and rescue
 Communities	<ul style="list-style-type: none"> Environmental Performance Corporate citizens and public interests Communications with Stakeholders 	<ul style="list-style-type: none"> Attendance at the meetings Company Website/E-mail 	<ul style="list-style-type: none"> Draw up environmental protection, occupational safety & health (ESH) SOP and measures of environment safety communication, consultancy, and participation. Keep friendly relationships with community residents To sustainable sponsor road adoptions and maintenance works
 Government	<ul style="list-style-type: none"> Environmental Performance Corporate Governance 	<ul style="list-style-type: none"> Official document Participation in conferences 	<ul style="list-style-type: none"> Actively participate in conferences held by competent authorities on an irregular basis



4. Range and structure of the report: In accordance with the comparability principle, substantial issues in this year's report extend the range of last year's report. Issues that our stakeholders are chiefly concerned about determine the content and framework of the report, thoroughly reveal our current policies and future plans of implementing our corporate social responsibility. The results of the identification are as shown in the following table:

• Materiality Aspects and Boundaries

Every aspect is an index of reporting one or more than one indicator with the widest boundary. Besides, advices from the specialists and scholars are also considered to obtain the final result.

● This Report ○ Future Plan

Scope	Boundaries with in the Organization						Boundaries outside the Organization		
	Zhangjiang	Shenzhen	Kunshan	Taiwan	Mexico	Jinqiao	Local Communities	Suppliers	Customers
Economic Category									
Economic Performance	●	●	●	●	●	●			
Market Presence	●	●	●	●	●	●			
Procurement Practices	●	●	●	●	●	●			
Environmental Category									
Materials	●	●	●	○	○	●		○	
Energy	●	●	●	●	●	●		○	●
Water	●	●	●	●	●	●			
Emissions	●	●	●	●	○	○		○	●
Effluents and Waste	●	●	●	●	●	●		○	●
Products and Services	●	●	●	●	●	●		○	●
Compliance	●	●	●	●	●	●		○	●
Overall	●	●	●	●	○	○			
Supplier Environmental Assessment	●	●	●	●	●	●		○	●
Environmental Grievance Mechanisms	●	●	●	●	●	●	●	○	●
Labor Practices and Decent Work Category									
Employment	●	●	●	●	●	●			
Labor/Management Relations	●	●	●	●	●	●			
Occupational Health and Safety	●	●	●	●	●	●		○	●
Training and Education	●	●	●	●	●	●		○	
Diversity and Equal Opportunity	●	●	●	●	●	●			
Equal Remuneration for Women and Men	●	●	●	●	●	●		○	
Supplier Assessment for Labor Practices	●	●	●	●	●	●		○	●
Labor Practices Grievance Mechanisms	●	●	●	●	●	●		○	●

Scope	Boundaries with in the Organization						Boundaries outside the Organization		
	Zhangjiang	Shenzhen	Kunshan	Taiwan	Mexico	Jinqiao	Local Communities	Suppliers	Customers
Human Rights Category									
Investment	●	●	●	●	●	●	○	●	
Non-discrimination	●	●	●	●	●	●	○	●	
Freedom of Association and Collective Bargaining	●	●	●	●	●	●	○	●	
Child Labor	●	●	●	●	●	●	○	●	
Forced or Compulsory Labor	●	●	●	●	●	●	○	●	
Assessment	●	●	●	●	●	●	○	●	
Supplier Human Rights Assessment	●	●	●	●	●	●	○	●	
Human Rights Grievance Mechanisms	●	●	●	●	●	●	○	●	
Society Category									
Local Communities	●	●	●	●	○	○	○		
Anti-corruption	●	●	●	●	●	●	○	●	
Compliance	●	●	●	●	●	●	○	●	
Supplier Assessment for Impacts on Society	●	●	●	●	●	●	○	●	
Product Responsibility Category									
Customer Health and Safety	●	●	●	●	●	●	○	●	
Product and Service Labeling	●	●	●	●	●	●	○	●	
Marketing Communications	●	●	●	●	●	●	○	●	
Compliance	●	●	●	●	●	●	○	●	
Other Issues									
Conflict Minerals	●	●	●	●	●	●	○	●	
Water conservation	●	●	●	●	●	●			

Promotion of EICC

USI became part of the EICC-On platform of EICC (Electronic Industry Citizenship Coalition) in 2012 in order to evaluate the performance of company in terms of human rights of workers, health and safety of workplace, corporate ethics and environmental protection. The company follows EICC (Electronic Industry Code of Conduct) guidelines, and asks the facilities around the world to realize the corporation's social responsibilities. Currently, the Self-Assessment Questionnaire (SAQ) assessment results of Zhangjiang, Shenzhen, Kunshan and Mexico factories on the EICC-ON platform are "Low Risk". In 2014, facilities in Zhangjiang, Shenzhen, Kunshan, Taiwan went through clients' EICC auditing and were found conforming to relevant requirements. Internal audits are carried out every year in the company, and the results are "Low Risk".

Other Promotions

All worldwide facilities have passed ISO14001 environmental management system, ISO9001 quality management system, energy 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.

2014, clean production was in place at Kunshan facility and was evaluated as "Enterprise". Preventive environmental protection policies were implemented to minimize effectively the impacts of process, products and service to the environment. Also, USI is dedicated to protect the health of employees and ensure the health and safety at workplace. The Taiwan facility was awarded as the "More Exercises for Good Health – 2014 Exemplary Workplace for Losing Weight (Nantou)"



Was evaluated as qualified to the "Certification of Cleaner Production Assessment System of the Green Factory Label".

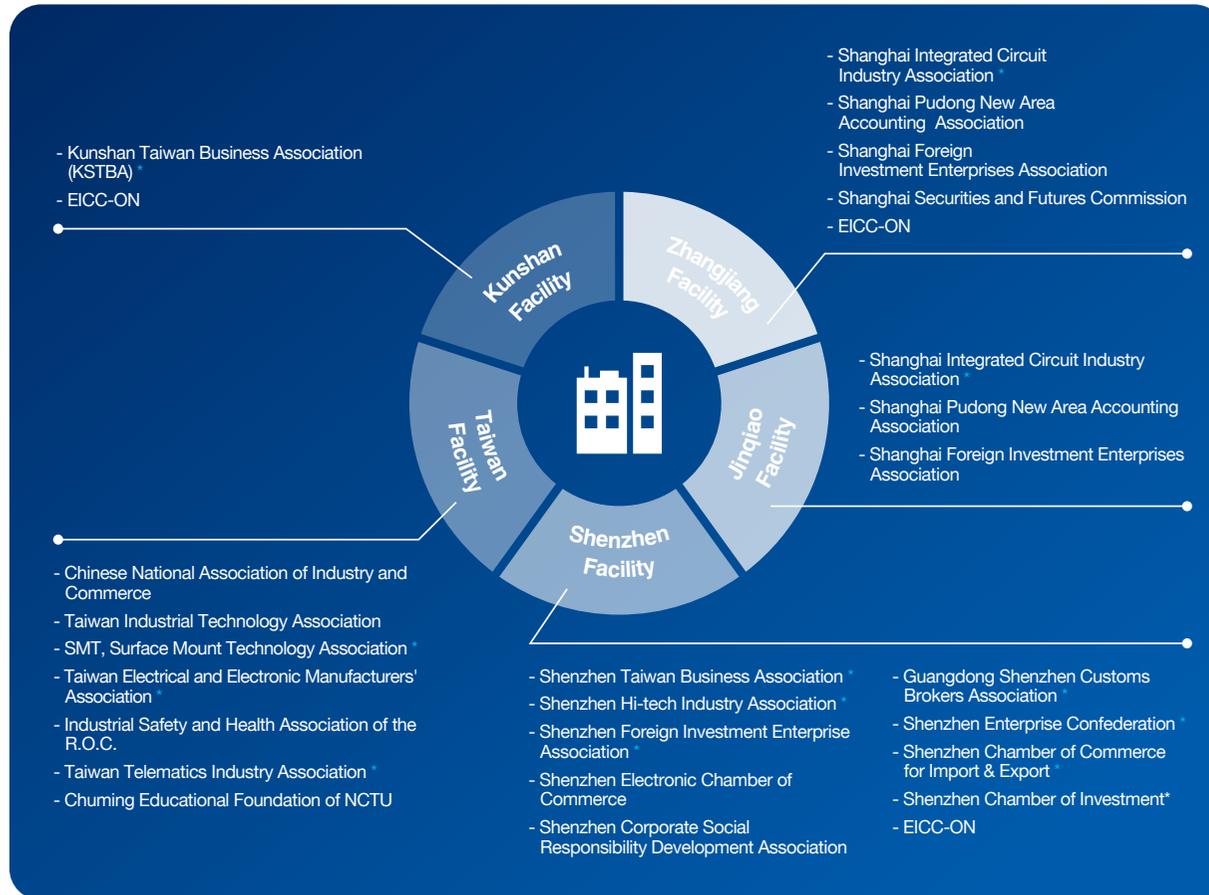


Was awarded as the "More Exercises for Good Health – 2014 Exemplary Workplace for Losing Weight".



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:



* Represent the position of Director / Supervisor

02



Company Profile

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.

02 Company Profile

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.

Corporate Introduction

Company Name	Universal Scientific Industrial (Shanghai) Co., Ltd.
Headquarter Location	No.1558, Zhang Dong Road, Zhangjiang Hi-Tech Park, Shanghai, P.R. China
Registered Capital	RMB 1,087,961,790
Location of Stock Issue	Shanghai Stock Exchange
Stock Number/ Name	601231/USI Shanghai
Date of Stock Issue	Feb 20 2012
Main Products and Services	Development and design, material purchase, production, manufacturing, logistics and maintenance of communication products, consumer electronics, computer products, storage products, industrial products and car electronics
Number of Employees	16,116 (As of 2014/12)
Area of Operation	Shanghai / Shenzhen / Kunshan / Taiwan / Japan / USA / Mexico

Invested by foreign capital, USI is a Shanghai Stock Exchange (SSE) listed company. USI exploits the company's own advanced miniaturization technology to establish unique competitive superiority. From the professional service spectrum covering development, design, material purchase, production, manufacturing, logistics and maintenance of electronic products, we provide clients with overall service that is high in timeliness, quality and cost effectiveness and has the biggest cost competitiveness.

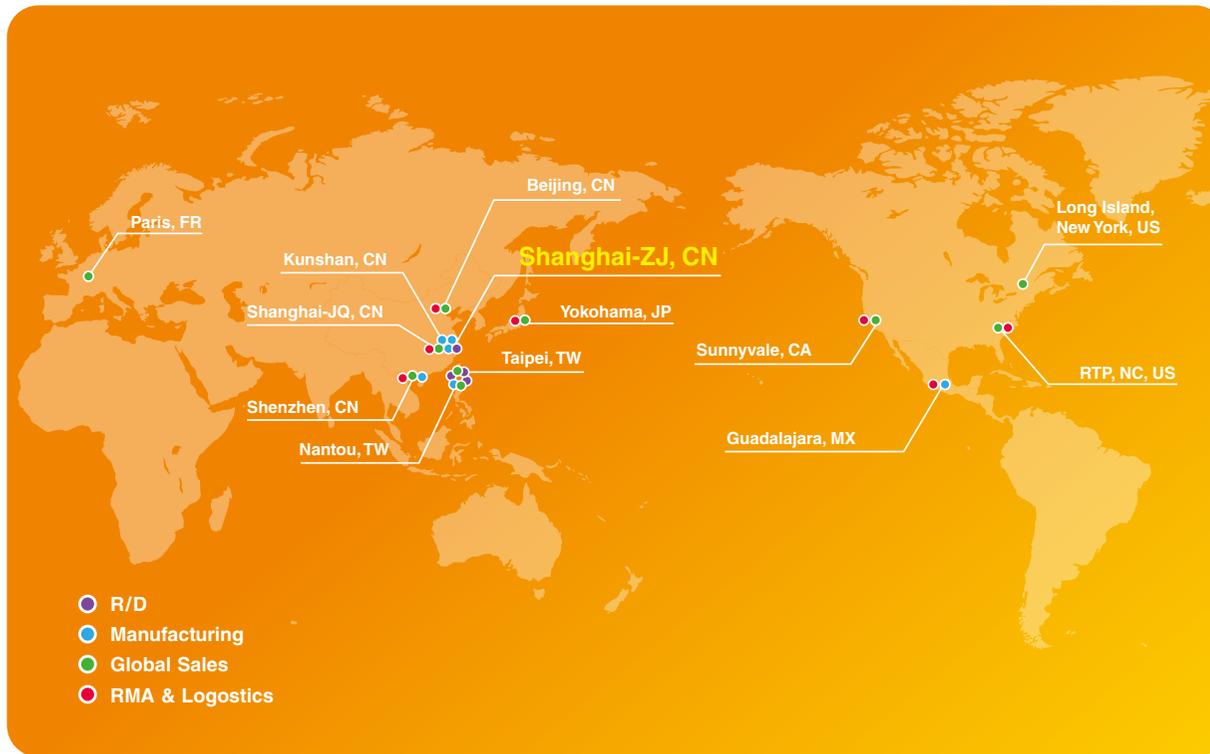
USI is committed to providing professional service of design and manufacture for electronic industry. We try hard to stay on top of development trends in the business and maximize value for global clients based on complete systems and advanced miniaturization solutions. We started from car electronic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

At present, USI has R&D centers and manufacturing facilities in China and Taiwan with a group of clients from all over the world. Our major manufacturing service bases include facilities in Zhangjiang in Shanghai, Shenzhen, and Kunshan, the first and second factories in Caotun, Taiwan, Jinqiao Facility started operating in 2014, and our oversea facility in Mexico. The global service network covers Asia and Americas.



Global Operative System

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



RMB 15.873 Billion

Consolidated sales revenue of RMB 15.873 billion with a growth of 11.22% comparing with 2013.



RMB 701 Million

The net profit was RMB 701 million with an increase of 24.31% comparing with 2013.



Financial Performance

In 2014, USI reported consolidated sales revenue of RMB 15.873 billion with a growth of 11.22% comparing with 2013; the net profit was RMB 701 million with a decrease of 24.31% comparing with 2013; the net sales was RMB 15.873 billion; its total capital is divided into liabilities and equity, which are RMB 6.007 billion and RMB 6.326 billion; Besides, the company has provided 245.950 million products or services.

RMB 15.873 Billion

The net sales was RMB 15.873 billion.



Unit: in RMB

Items	2014	2013
1. Operating Revenue	15,873,001,002.01	14,272,346,742.83
2. Operating Costs	13,804,620,593.43	12,570,727,506.56
Business Taxes and Levies	18,268,037.56	12,222,217.55
Selling Expenses	279,292,658.94	217,944,096.29
Administrative Expenses	1,036,451,435.78	855,429,773.38
Financing Expenses	(15,002,997.72)	14,528,162.46
Impairment losses of assets	1,159,276.38	13,233,134.53
Add: Gain from change of fair value (loss is filled with "Negative")	(2,071,959.27)	(167,259.38)
Investment Income (loss is filled with "Negative")	52,749,613.01	28,436,325.23
3. Operating Profit	798,889,651.38	616,530,917.91
Add: Non-operating Income and Expenses	12,277,808.09	14,641,185.83
4. Total Profit	811,167,459.47	631,172,103.74
5. Net Profit	701,393,987.26	564,213,068.19

Note: Consolidated results shown

• Interests paid to loan providers

Unit: In RMB 1,000

Zhangjiang Facility	Jinqiao Facility	Shenzhen Facility	Kunshan Facility	Taiwan Facility	Total
8,611	10,841	79	2,513	830	22,873

Note: The Facility in Mexico has no interest expenses.

• Payment to government: taxes payable (business tax, income tax, property tax, etc.)

Unit: In RMB 1,000

Zhangjiang Facility	Jinqiao Facility	Shenzhen Facility	Kunshan Facility	Taiwan Facility	Mexico Facility	Total
55,828	2,161	73,827	18,832	18,209	2,745	171,602

• Employee Salary and Employee Welfare Expenses

Unit: In RMB 1,000

Zhangjiang Facility	Jinqiao Facility	Shenzhen Facility	Kunshan Facility	Taiwan Facility	Mexico Facility	Total
383,574	109,775	315,007	145,450	389,334	3,820	1,346,960

• Community Investment

Unit: In RMB 1,000

Zhangjiang Facility	Shenzhen Facility	Shenzhen Facility	Taiwan Facility	Total
100	600	49	714	1,563

03



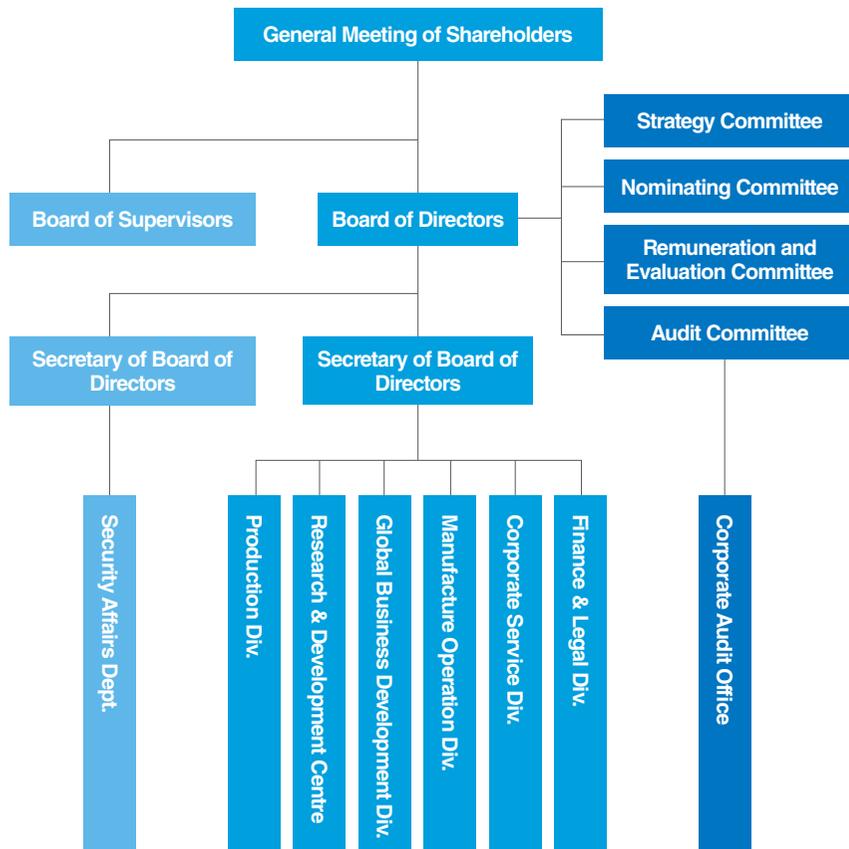
Corporate Governance

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.

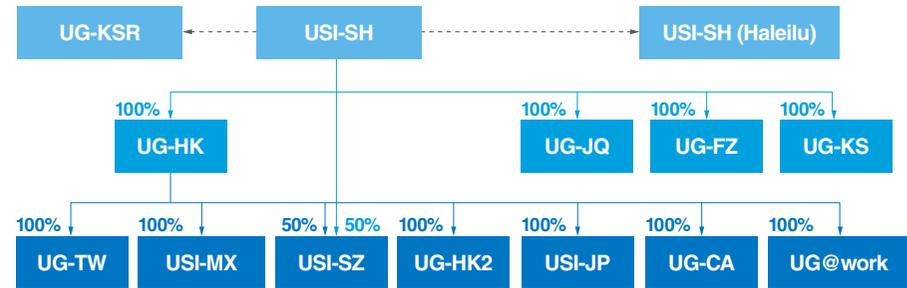
03 Corporate Governance

Through the section of investor relation on our website, USI publicly announces our internal operation, financial information, and review and analysis to strengthen investors' confidence in USI.

• **Managing Structure**



• **Association Organization Map**



The Organization and Operation of Internal Audit

• **Internal Audit Organization**

The internal auditing of the company is charged to the auditing committee under the board of directors. The employment of the head of auditing has to be approved by half of the board members. A full-time head auditor is established with a staff of 4 auditors.



• **The Operation of Internal Audit**

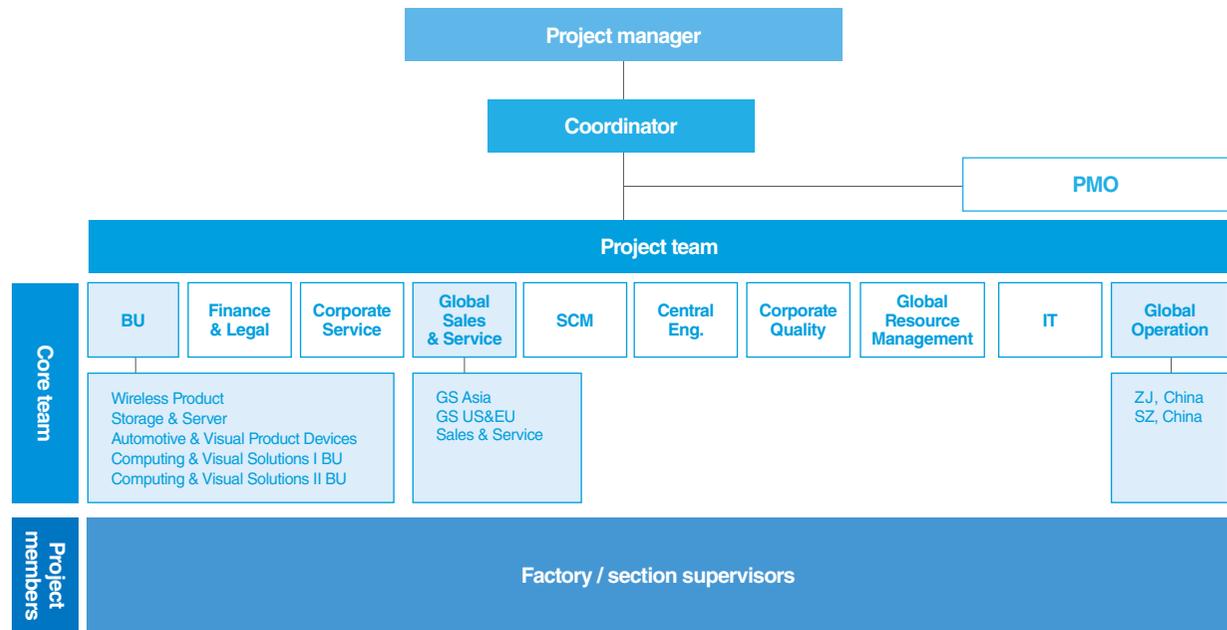
- ▶ Range of audit: all financial and operational business and management are included. According to related regulations, there are nine divided circles responsible for respective audit.
- ▶ Object of audit: all institutes and legal branches around the world of USI.
- ▶ Audit strategy: the regular audit 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. The audit office produces an auditing report after the auditing is performed. The report, once compiled, is submitted to the board of directors as the realization of the company's governance spirits.

Risk Management of Enterprise

USI ensures the risks of its management environment, industry trend and corporate operation can be timely and properly identified and evaluated, and appropriate measures can be taken to achieve sustainable development and operation goals.

Each unit takes charge of identifying internal and external risk factors that might affect USI's sustainable development and operation goals, evaluating risk

levels and the effectiveness of relevant controlled activities, and taking appropriate measures based on the results of risk evaluation. Through the execution of risk management, our personnel's risk awareness will be strengthened to ensure the effectiveness of executing risk management.



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

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

• **Results of Risk Assessment**

USI's risk items in 2014 mainly focus on risks regarding "compliance," "moral rules," "new products / new techniques," "industrial safety, environment, safety and hygiene," "talents" and "business concentration rate."

Risk level	High	<ul style="list-style-type: none"> ▶ Order processing ▶ Delivery management 	<ul style="list-style-type: none"> ▶ Key technical personnel ▶ Legal compliance (wastewater treatment) ▶ Price quotes 	
	Medium	<ul style="list-style-type: none"> ▶ Personnel ▶ Product / technical development ▶ Product test / certification 	<ul style="list-style-type: none"> ▶ Compliance – client demands (EICC) ▶ Product / technical development ▶ Product test / certification ▶ Quality standard / management ▶ Business concentration 	<ul style="list-style-type: none"> ▶ Employees' health and safety
	Low	<ul style="list-style-type: none"> ▶ Corporate responsibility and sustainable management ▶ Credit management (AR) ▶ Inventory management 	<ul style="list-style-type: none"> ▶ Business concentration ▶ In-house safety risks ▶ Risks of natural disaster 	<ul style="list-style-type: none"> ▶ Fault plays
		Yes	Partial	No
		Control effectiveness		

- ▶ Risk of "compliance"
 - EICC
 - Waste water and sewage discharge control
 - Whether employees of production unit work overtime.
- ▶ Risk of "moral rules"
 - Procurement scandal control
- ▶ Risk of "new products / new techniques"
 - Technical capabilities and defect-free rate of new products
- ▶ Risk of "industrial safety, environment, safety and hygiene"
 - Preventive measures for factory safety
 - Employees who do shift work, work at night or work for a long time with abnormal workload and repeated tasks shall take load and ergonomics health evaluation.
- ▶ Risk of "talents"
- ▶ Risk of "business concentration rate"
- ▶ Risk of "maladministration"

Anti-Corruption and Anti-Bribery

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

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

• Examination Policy of Integrity Deeds

- Require employees to sign the commitment for incorruptible deeds and sign incorruptible clauses with related suppliers
- Set up prosecution box
- 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

• Employee Codes of Conduct

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

Regulations Abidance

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

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

Government Subsidy

In 2014, USI's global operation locations received relevant subsidies of USD6.31 millions from governments, and subsidies for our each facility are as shown in the following table:

Unit: In USD

Zhangjiang Facility	Shenzhen Facility	Kunshan Facility	Taiwan Facility	Total
1,004,628	824,008	373,402	4,113,603	6,315,642

04



Environmental Sustainability

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.

04 Environmental Sustainability

With an emphasis on environmental protection, USI takes aggressive measures against climate change and has shown impressive results: It incorporates environmental concerns into the operating decisions and business management, with the board of directors and high-level executives both held accountable for such tasks as communicating with USI's stakeholders, proposing and implementing feasible improvements to cope with climate change. To fulfill its Green Responsibilities, USI also adopts a green management model by effectively disclosing environmental data.

Climate change has taken its tolls on USI. For example, carbon quota management is now in place in Shanghai, Shenzhen China, and legislation regarding greenhouse gas (GHG) reduction is in progress in Taiwan. Cap and trade system for GHG and possible energy or carbon taxes are issues USI is always paying attention to. In addition to the continuous efforts in energy efficiency improvement, the promotion of Green Promise and the environmental protection measures of will be in place 2015 in facilities to minimize risks from climate change and improve corporate competitiveness.

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

EHS & Energy Policy

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

Therefore, under three important goals: Environmental Protection, Occupational Safety and Health, USI established Energy, Environment, Health & Safety (EHS & Energy)

policy. USI made good use of limited 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 & Energy policy and measures:



- ▶ Comply with EHS and Energy regulations, and participate in related global environmental campaign.
- ▶ Communicate, participate and consult the knowledge and the requirements of EHS and Energy Policy continually with all employees, suppliers and contractors. And implement trainings and drills to reduce EHS risks and Energy consumption, to prevent potential events from happening.
- ▶ Endeavor pollution prevention, energy management and promote environmental performance of products continuously.
- ▶ Increase resource utilization by energy conservation, production improvement, waste reduction & recycling, and other cost-effective measures.
- ▶ Maintain EHS and Energy Management system with objectives, targets and audits, in accordance with ISO 14001, OHSAS 18001 & ISO 50001 requirements.



Green Promise

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

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



• Four Green Promises of USI

<p>Green Management</p>	<ul style="list-style-type: none"> • Build a comprehensive Green Management System • Introduce Designs for Environment (DFE) • Introduction of Green Product Management System (GPMS) • Build an EHS database (EHS) • Implement auditing for the hazardous substances management system (HSPM System Audit) • Implement cleaner production in each facility
<p>Green Supply Chain</p>	<ul style="list-style-type: none"> • Control the quality of materials with suppliers • Product design and manufacturing will both comply with environmental standards and power saving concepts (such as hazardous substance free designs, low halogen designs and power saving designs) • To request suppliers to provide component table, testing report(s) and declaration of conformity • To carry out annual examination of green product suppliers
<p>Green Education</p>	<ul style="list-style-type: none"> • Provide employees, suppliers and contractors with environmental training, hold forums and meetings to underscore USI eco-friendly values
<p>Green Expenditures</p>	<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

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

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

Green Management

With respect to the strategies of green management and ecological design on products, USI continuously commands the latest international environmental protection laws, directives and clients' requests. In addition, USI integrates and stipulates "Standards for Green Environmental Protection Products" to control hazardous substances in electronic components and products. The design and R&D personnel of USI have ecological design capabilities for their products, and they can manufacture green products (as shown in Picture 1) conforming to requirements prior to the request of European Union environmental protection directives. The range of chief environmental protection laws and regulations is as follows:

1. RoHS Directives for Electronic Products

- ▶ To evaluate and control substances in advance, RoHS (Restriction of Hazardous Substances), European Union's directive, includes RoHS 2.0 draft to evaluate plasticizer such as DEHP, BBP, DBP, and DIBP in addition to Pb, Cd, Hg, Cr6+, PBBs, and PBDEs.
- ▶ REACH (Registration, Evaluation and Authorization of Chemicals), European Union's law, recently announced SVHC (Substances of Very High Concern) and hazardous substances in Appendix 17. USI controls 225 chemical substances in these two ranges, and the number continues to increase.
- ▶ The request of China RoHS, Japan RoHS and others.
- ▶ Halogen-free components and manufacturing requirements reduce the content of hazardous substances in products.

▶ Battery directive and packaging material related regulations(PPW).

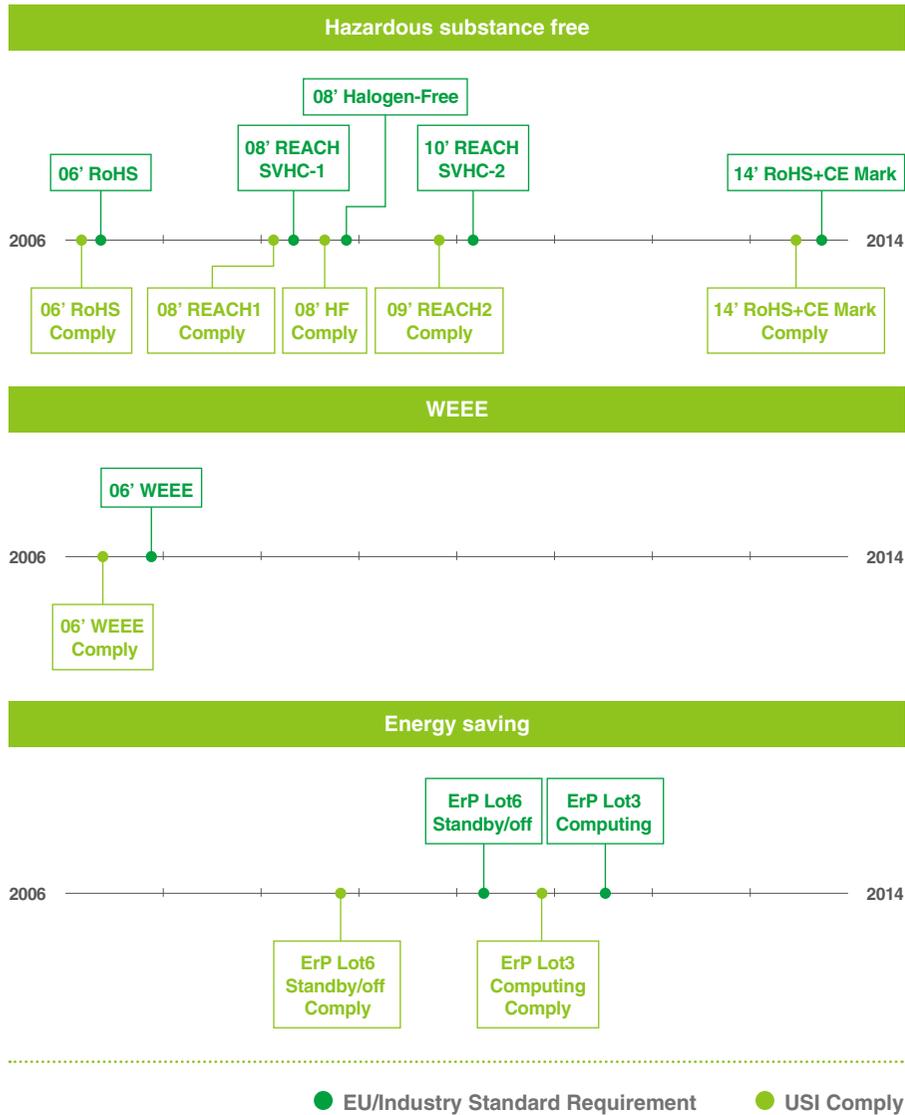
2. The Recycling and Management of Waste Electronic Products:

- ▶ EU's Waste Electrical and Electronic Equipment (WEEE) Directive.

3. Product Eco-Design and Energy Management:

- ▶ Such as EU's ErP (Eco-design Requirements of Energy-using Products) Directive and US's CEC (California Energy Commission).

• Process of green products conforming to European Union directives (Picture 1)

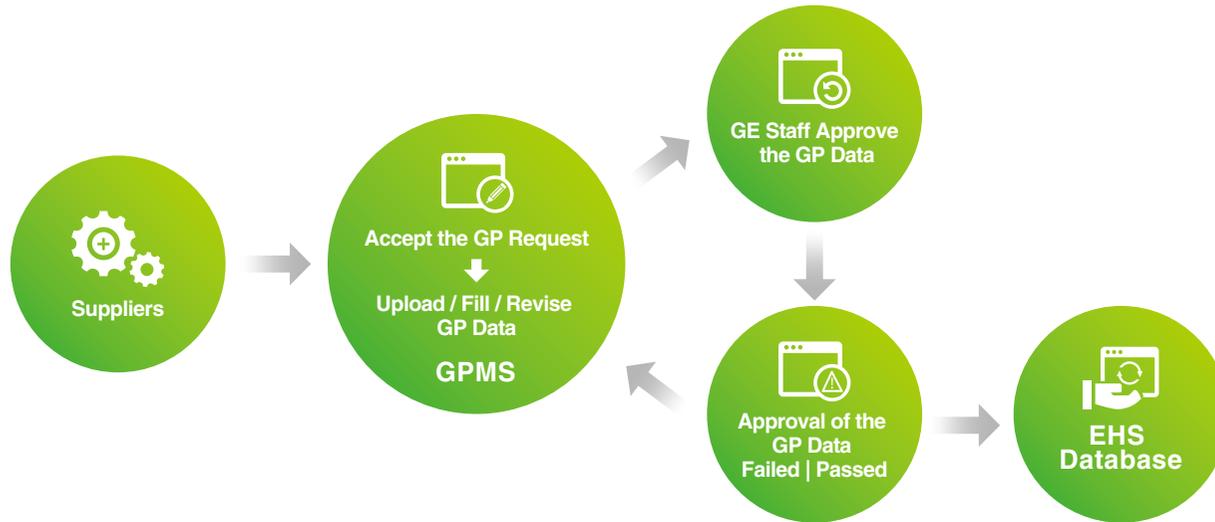


• Three main aspects of Eco-design of green product (Picture 2)

Environment Directives	Requirements	USI' DFEs
RoHS	<ul style="list-style-type: none"> Low-polluting Non-toxic 	<ul style="list-style-type: none"> Phase out the use of BFRs Phase out the use of PVC Use non-halogen materials
WEEE	<ul style="list-style-type: none"> Recyclable Easy to take apart Easy to process 	<ul style="list-style-type: none"> Reduce the number of tools used to take machines apart Introduce the labeling for recyclable plastics Increase the percentage of recyclable module designs
ErP	<ul style="list-style-type: none"> Energy-saving Resource-saving Reduced environmental impact 	<ul style="list-style-type: none"> Reduce the energy consumption of machinery in stand-by or off mode Increase the efficiency of energy conversion of EPS Keep machinery in power-saving mode

USI has ecological design capabilities for products, plans green products conforming to global laws and decrees, and responds to the trend of continuous development of green products. Meanwhile, with respect to the management of hazardous substances in the environment, USI continuously strengthens the function of green product management system (GPMS) and the establishment of a database for environmental hazardous substances (EHS) (as shown in Picture 3). Moreover, through standards for green environmental protection products and the operating procedure of Design for Environment (DfE), USI synchronously verifies with USI's project development unit and clients, helps evaluate the life cycle of products, and obtains required environmental protection marks based on clients' demand. Each year, USI assures that our plants home and abroad pass the inspection of the third unit and complete the examination of "hazardous substance management system" to rapidly respond to the change of international environmental protection laws and regulations and conform to them.

• GPMS、EHS System (Picture 3)



• Schedule for the Introduction of Green Management System

Management System	Zhangjiang	Shenzhen	Kunshan	Taiwan	Mexico
ISO 14001	2005	2001	2012	1998	2006
IECQ QC080000	2007	2007	2012	2006	2007
ISO 14064-1	2010	2010	2011	2010	

• ISO14001、IECQ QC080000 and ISO14064-1 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.

Our facility in Kunshan has passed the Cleaner Production Assessment and received the certificate in 2014, made it our fourth certified facility after Zhangjiang, Shenzhen and Taiwan. This call for a series of precautionary environmental measures applied to manufacture process, products and service to achieve the goal of cleaner production by, for example, reducing the use of organic solvent, lowering the company's energy consumption, greenhouse gas emission and total generation of wastes.

Green Supply Chain

The trend toward sustainable development of Green Products is inevitable. Only by establishing long-lasting management model of green supply chain could allow industries face up-coming challenges. As a result, USI ensured that the entire production process--which involves product design, procurement of materials, manufacturing, sale and recycling of products --- generated the maximum environmental benefits. With an effort to integrate upper and lower-stream partners, USI vowed to create a safe, stable green supply chain and eventually be transformed into a Green Enterprise.

USI has introduced the GPMS (Green Product Management System) platform since 2011 to facilitate the timely propaganda of corporate policies between USI and suppliers. Through this platform, suppliers will be able to receive the up-to-date information and requests for component investigations as well as download relevant regulations.

Furthermore, this platform was mainly designed to help suppliers to upload environmental information more rapidly and to manage green information more conveniently.

Design Results of Green Products

To respond to the global environmental and power saving trend, USI has proactively developed new technology and closely worked with its suppliers. The purpose is not only to fulfill the requests of international energy consumption regulations "Energy Star" and "Energy-related Products (ErP)", but also to create its products based on the Eco-Design principles and to reduce the energy consumption through a reduction design. In this way, the company is then expected to overcome environmental challenges such as: the use of material, utilization of water resources, pollution and emission, waste of resources and recyclability.

USI irregularly holds R&D competitions. Following are winning green product design projects in 2014 R&D competition.

Product Category	Key Feature(s) of the Green Design	Benefits
Rukai Wireless AP	<ul style="list-style-type: none"> To elevate efficiency and productivity. Fashionable and light design. 	<ul style="list-style-type: none"> The product conforms to the green product design of RoHS. The size and weight of similar products on the market are approximately 200x200mm/1200g. The size and weight of Rukai products are 170x170mm/850g, and they are considered green products that save materials. On circuit design, electric power materials are simplified to save US\$1.9 circuit material fee to improve green product design.
The Smallest 2.4G Print Antenna Wifi module	<ul style="list-style-type: none"> To conform to HF and RoHS. Energy saving and carbon reduction. Best integration of antennas and circuits. 	<ul style="list-style-type: none"> In addition to conforming to HF and RoHS, an added antenna is directly designed on PCB (printed circuit board), and thus, it has two special energy saving and carbon reduction functions: <ul style="list-style-type: none"> The manufacturing process of chip antenna or metal antenna is eliminated to reduce pollution from the manufacturing process of an antenna facility and the consumption of resources and materials on Earth. The product is the smallest in 2.4G print antenna Wifi module, and it helps save resources on Earth.

In addition, each business unit has relevant design for green products. The key points and environmental/economic benefits of each design are as shown in the following table:

Product Category	Key Feature(s) of the Green Design	Benefits
Smart Handheld Device - System part	<ul style="list-style-type: none"> Body safety electromagnetic wave design 	<ul style="list-style-type: none"> Conforming to SAR regulations to reduce the harm of electromagnetic waves to human bodies.
3C electronic products - electronic and machine parts	<ul style="list-style-type: none"> Selection of components, semi-finished products or finished products. 	<ul style="list-style-type: none"> Conforming to RoHS regulations on prohibition on use of detrimental materials, recycling of waste electrical and electronic equipment (WEEE) and energy saving laws for energy-related products (ErP)
Smart Handheld Device - Mechanical Design	<ul style="list-style-type: none"> RoHS & 3R spec 	<ul style="list-style-type: none"> Mechanical parts meet the RoHS & 3R spec
PDA- external AC Adapter	<ul style="list-style-type: none"> Increase the efficiency under average loading Reduce the no load power consumption 	<ul style="list-style-type: none"> Energy Star level-V is elevated to Level-VI efficiency: <ul style="list-style-type: none"> - Efficiency > 87% ----> 88% - No load power consumption < 0.3W ----> 0.1W
POS, Desktop-internal ATX PSU multi outputs	<ul style="list-style-type: none"> Increase the efficiency under 20, 50, 100% loading. 	<ul style="list-style-type: none"> 80 Plus Silver medal efficiency is elevated to golden medal efficiency: <ul style="list-style-type: none"> - Efficiency > 85% ----> 87%@20% rated load 88% ----> 90%@50% rated load
Server, Storage-redundant single output	<ul style="list-style-type: none"> Increase the efficiency under 20, 50, 100% loading. 	<ul style="list-style-type: none"> 81 Plus golden medal efficiency is elevated to platinum medal efficiency: <ul style="list-style-type: none"> - Efficiency > 88% ----> 90%@20% rated load 92% ----> 94%@50% rated load 88% ----> 91%@100% rated load
Desktop - Mother Board	<ul style="list-style-type: none"> Enhance the power efficiency. The 100% using components comply with RoHS directives. 	<ul style="list-style-type: none"> USI dedicates itself to developing highly efficient energy-saving computers to meet the world regulations, Energy-Star and ErP of European Union. In addition, the energy use efficiency of CPU (Memory power efficiency > 85% at 10%~100% loading) of the computer is elevated to reduce energy waste and greenhouse gas emissions and to try our best to achieve the sustainable development of the Earth. In the development stage, USI selects components conforming to the requirement of RoHS to avoid the impact of recycling products upon the environment in the hope that we can design eco-friendly green products.

Product Category	Key Feature(s) of the Green Design	Benefits
Smart Handheld Device	<ul style="list-style-type: none"> Environmental friendly products Adopt low power consumption wireless device Adopt audio devices with lower power consumption 	<ul style="list-style-type: none"> Materials conforming to RoHS are used to design built-in antennas which meet the requirement of product standards. Envelop tracking (ET), a power amplifier, is used in 3G and LTE to save electric consumption up to over 15%. Adopt the Class D or G audio amplification devices in the product. The service power will be increased and efficiency will be enhanced with low power consumption.
Wearable Device	<ul style="list-style-type: none"> Environmental friendly products Adopt low power consumption device. Built-in power saving sensor 	<ul style="list-style-type: none"> Materials conforming to RoHS are used to design built-in antennas which meet the requirement of product standards. Low energy Bluetooth is used to save energy. Sensors are used to monitor environmental and personal use scenarios. They can adjust the electric consumption of each component, reduce the entire power consumption of the system, extend the use time of the system, and reduce the times of recharging. In addition, they can reduce heat energy due to the efficiency of power conversion and lower impact upon the environment.
Smart Handheld and Wearable Device - Mechanical Design	<ul style="list-style-type: none"> The best antenna RoHS and 3R spec. Patent Proposal <ul style="list-style-type: none"> - Holding and positioning structure of handheld base. - Water-proof structure of handheld stylus pen. - Air pad structure of LCD/Touch panel, shock absorber. - Simple and accessible snap structure that prevents batteries from falling. - Structure that avoids the momentary power failure of batteries to cause data loss. 	<ul style="list-style-type: none"> By using the production of mechanical structure, 2.4GHz antenna can save extra single antenna elements and even costs and space. Mechanical parts meet the RoHS and 3R spec.
Smart Handheld and Wearable Device - Adapter	<ul style="list-style-type: none"> Increase the efficiency under average loading To reduce power consumption under no load 	<ul style="list-style-type: none"> Energy Star level-V is elevated to Level-VI efficiency: <ul style="list-style-type: none"> - Efficiency > 87% ---> 88% - No load power consumption < 0.3W ---> 0.1W

Product Category	Key Feature(s) of the Green Design	Benefits
Smart Handheld and Wearable Device - System part	<ul style="list-style-type: none"> The best antenna Loudspeakers with a lower power consumption design Traceability of the wires Decrease the use of PVC 	<ul style="list-style-type: none"> Use the smart antenna design to effectively lower the use of material such as antenna's user service and radio-frequency transmission line. Use the high-efficiency loudspeaker design to effectively lower the power consumption of sound amplifier devices. Cables used inside and outside the system shall be designed based on the UL orange label or VZQC2 regulations, and have the warehouse in inspection controlled. Cables used inside and outside the system shall have their PVC amount lower than 1000 ppm.
NS Internet product		<ul style="list-style-type: none"> Since the implementation of RoHS in 2006, NS products have been comprehensively introduced (lead-free has been introduced since 2002). In addition, RoHS 2.0 has been introduced and conformed to WEEE regulations since 2012. Since 2012, USI's design projects have been designed based on the regulations of EU ErP lot 3/6/7 to reduce the power consumption of Standby Mode to below 12W to achieve the goal of ErP lot 26 Tier 1.
POS Desktop	<ul style="list-style-type: none"> The product design shall take the eco-environmental index and efficiency under consideration. At the product planning and design stage, it is a must to take eco-environmental protection factors under the consideration and reduce the power consumption. Do not produce hazardous substances. 	<ul style="list-style-type: none"> Since 2011, all POS designs have adopted 100% PVC free and low halogen cables. Since 2011, all AC Adaptors of POS designs are created in accordance with the Energy Star Level 5 regulations. That is, not only to decrease the standby power lower than 0.5W, but also to increase the power conversion efficiency higher than 87%. Designs since 2005 shall be 100% RoHS compliant. USI's design projects for specific products have 100% introduced wire rods with low phthalates since 2014.
SHD2	<ul style="list-style-type: none"> Recycle component / material resources to increase the material recycling rate. Materials used in electronic components must meet the European Union RoHS Directive 2002/95/EC Product design must comply with EU's ErP Lot6 (power consumptions under the standby and off modes) requirement for power consumption. Use recyclable and low-pollution material packages; adopt package design that can decrease the transportation volume. 	<ul style="list-style-type: none"> The product has adopted the Micro USB design for its charging connector, which It' s compatible with chargers of the mobile phone. Plastic materials with a lower SPEC are replaced and the new ones have passed the low-temperature and ruggedness tests. Besides, not only the material resources are saved, but also the material commonality is increased. Increase the 3R (Reduce, Reuse and Recycle) recycling rate to more than 90%. Economic and Eco Benefits / Customers' Health and Safety: The implementation of EU' s RoHS Directive (standard) aims to prevent the use of substances listed in Environmental Substance Management, substances to be phased out and reduction substances (usually refer to hazardous substances) in electronic and electrical equipments; to protect our earth' s environment; and to mitigate negative influences on our eco-system. Used package materials shall comply with European Union RoHS Directive 2002/95/EC. Besides, the concept of having an easy-to-open and recyclable package shall be proactively promoted to: ensure that the product satisfies the demand of customers and environmental regulations at the design, production , use and service stages; prevent and reduce negative influences on the environment; and minimize impact to earth' s ecology caused by electronic products.

Product Category	Key Feature(s) of the Green Design	Benefits
JBOD system	<ul style="list-style-type: none"> High efficiency power (AC / DC) design The HDD solitary switch technology 	<ul style="list-style-type: none"> The DC / DC conversion efficiency is over 85%; AC power has "gold conversion efficiency" (90%), whereas the lowest conversion efficiency is 80%. Turn off a HDD to save 12W if it is allowed from the sales perspective.
HBA card	<ul style="list-style-type: none"> High efficiency power (DC) design 	<ul style="list-style-type: none"> The DC / DC conversion efficiency is over 85%.
NAS system	<ul style="list-style-type: none"> Reduce the standby power consumption Use the low voltage memory chip Enhance the power conversion efficiency of DC / DC 	<ul style="list-style-type: none"> Product development shall not only comply with the power consumption standards of Eco-Design, but also reduce 20% to 50% standby power consumption. Low voltage memory is used on compatible products. For example, by changing the memory chip from 1.5V to 1.35V, 20% to 50% memory power can be saved. The DC / DC power conversion efficiency is increased from 80% to 87% in average. Taking an example of the 2-bay NAS, it saves 6 degrees of power every year. Only the 100% RoHS compliant components will be selected in order to reduce environmental pollutions.
SSD	<ul style="list-style-type: none"> Introduce the 20nm NAND, which has the same efficiency but smaller power consumption High efficiency power (DC) design Support Device Sleep 	<ul style="list-style-type: none"> Introduce the most advanced production technology for NAND to further reduce the power consumption. The operating power for SD is only 500mw (depends on the capacity and testing methods). The DC / DC conversion efficiency is above 85% Has complied with the DevSlp standards of SATA International Organization, where the power consumption of SSD under the sleep mode is only 2mw. This can largely increase the time of using the equipment battery.
Server system	<ul style="list-style-type: none"> Enhance the power efficiency Replacement for lead-free materials Reduce the use of stoving varnish and plating Put on the recycling symbol 	<ul style="list-style-type: none"> The DC / DC power conversion efficiency reaches 93% in average. Adoption of high efficiency PSU (with average of Gold 90%, Platinum 92% and Titanium 93%). Cable, chassis and components have adopted lead-free, halogen-free, and RoHS compliant products in order to reduce environmental pollutions. Chassis shall use metals and plastics with less stoving varnish and plating as these two techniques used to process products' surface can easily contaminate the environment. Plastic and metal components shall be marked with the recycling symbol to facilitate the recycling work.
Wireless Communications Module	<ul style="list-style-type: none"> Adopt key component with the most advanced wireless communications technology 	<ul style="list-style-type: none"> The wireless communications modules produced in 2014 have their power consumption reduced around 7.35% comparing with products of the last generation (produced in 2013).

Green Expenditures

USI complies with and conforms to the requirements of environmental protection laws and regulations of other countries. The manufacturing processes of and materials used in each facility do not produce any pollution, and waste is cleared, transported and disposed by qualified firms in accordance with environmental protection laws and regulations. In 2014, there was no violation of environmental laws and regulations and environmental pollution. USI has stipulated four expenditure items, and its environmental protection expenditure in 2014, totaling US\$1.36 millions, is as shown in the following table:

• **Expenditures of Environmental Protection**

Unit : USD

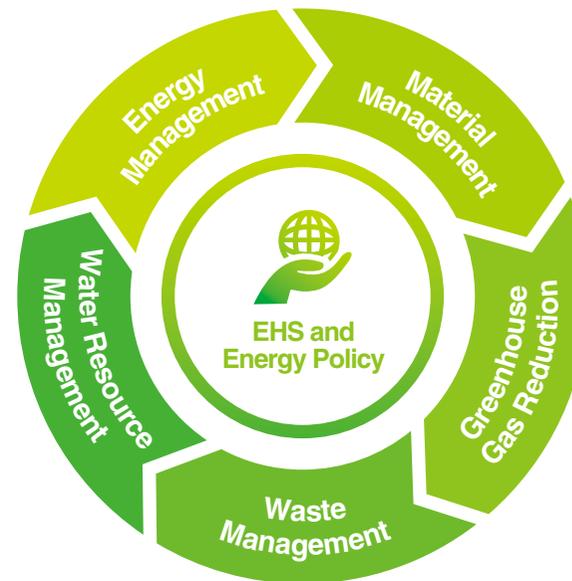
Expenditure Items	Amount of Expenditure in 2014
Cost of pollution prevention	89,629
Prevention of Climate Change	398,651
Cost of disposing industrial waste	142,610
Others	730,602
Total	1,361,492

Note: The statistics covered Zhangjiang, Shenzhen, Kunshan and Taiwan facilities.

Pollution Control

For a long time, USI is committed to minimizing negative impacts of production process on the environment. USI has been practicing effective use of materials, energy saving, waste discharge, GHG reduction and the use of water resources in accordance with EHS and Energy Policies. All our facilities are located in industrial parks except for those in Taiwan. The impact of the emission of air pollutants, water pollutants, wastes, toxic materials and noise is very low to local communities. The impact to communities and the greater environment is minimized for the sustainable coexistence of environment and corporation. USI will continue to pay attention to relevant topics, compile relevant statistics, follow government regulations and provide information based on customer's request. It will, from various aspects, pursue a sustainable coexistence of the environment and enterprise.

Regarding appeal cases classified in different types, there is one environment related appeal happened in the factory of Taiwan in 2014: Residents claimed that sewage was discharged into a ditch next to the facility and that there was odor. In light of the complaint, USI designated personnel to inspect the site and found that a residual current circuit breaker in the catch basin was not in place, so it was immediately placed back, and its function has been back to normal. To prevent the incident from happening again, USI has strengthened its daily inspection tour and equipment repair.



Material Management

To effectively increase the material use efficiency, decrease the use of raw materials and reduce the waste of environment resources, the company has compiled statistics of major raw materials used in 2014.

• Consumption of Main Materials

Unit: Ton

Category	2012	2013	2014
IC, Chip, Resistors, Conduct Cords	2,112	2,858	2,753
PCB Boards	1,084	1,848	1,365
Package Materials	3,804	2,137	7,246
Metals	787	1,719	2,447
Solder Bars/Paste, Ink and Adhesive	1,177	1,052	1,083
Organic Solvent	188	192	290

Note:

1. The consumption data covered Zhangjiang, Jinqiao, Shenzhen and Kunshan facilities.
2. Data of IC, Chip, Resistors, and Conduct Cords of year 2013 only covered Zhangjiang and Shenzhen facilities, and it only covered Shenzhen in 2014.
3. Data of package materials of 2014 covered Zhangjiang, Shenzhen and Kunshan, facilities, data of metals only covered Shenzhen and Kunshan facilities, and data of solder bars, paste, ink and adhesive covered Jinqiao, Shenzhen and Kunshan facilities.
4. Data of Shenzhen facility of year 2013 is calculated based on official weight conversion rate.

Carbon Management

Global warming and climate change are now very important issues of sustainable development. Being a corporation that is willing to do its part as a world citizen for sustainable development, USI continues to launch greenhouse gas reduction policy. The greenhouse gas emission inventory check was performed in 2007 according to

ISO14064-1. Another check was conducted in 2010 on our worldwide production bases and the results were verified by third party institution for the establishment of USI inventory benchmark data.

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

• Greenhouse Gas Emissions

USI's lately published report has covered the 2014 data and information of 4 facilities located in Zhangjiang, Shenzhen, Kunshan and Taiwan. Regarding the emission, USI has increased 21,176 tons of CO₂e-(19%) comparing with the baseline year (2010). In terms of revenue, every CNY 1 million has reduced 0.6 tons of CO₂e-(-8.7%) in 2014 comparing with the baseline year. As shown in picture 1:

The third party certification was secured from 2010 to 2014, and the certification statement of a reasonable level of certification was acquired.

• All Greenhouse Gas Emissions

Year	Greenhouse Gas Emissions (Tons, CO ₂ e / year)				
	Fixed Burning Emission	Fixed Burning Emission	Fixed Burning Emission	Fixed Burning Emission	Fixed Burning Emission
2010	1,194	217	1,087	0	88,208
2011	3,249	258	1,129	0	94,140
2012	3,935	284	1,153	0	100,379
2013	3,216	298	1,165	0	99,888
2014	3,456	313	1,193	0	106,920

• Categories of Greenhouse Gas Emissions

Year	Emissions of Each Category (Tons, CO ₂ e/year)		
	Scope 1	Scope 2	Total
2010	2,498	88,208	90,706
2011	4,636	94,140	98,776
2012	5,372	100,379	105,751
2013	4,405	104,508	108,913
2014	4,962	106,920	111,882

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 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, the installation of frequency conversion control on some pumps, adjusted temperatures of air-conditioning seasonally, the elimination of old equipment, and monitored the electricity expenditure.

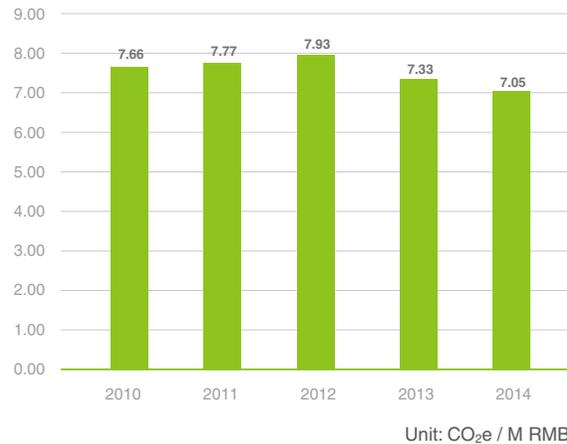
• Energy Consumption

Year	Category	Direct Energy Consumption(GJ)			Indirect Energy Consumption(GJ)
		Diesel	Gasoline	Natural Gas	Electricity
2010		711	2,223	21,198	407,622
2011		941	2,560	57,750	411,089
2012		1,251	2,786	69,856	439,572
2013		897	3,188	57,151	443,132
2014		983	4,714	61,299	474,607

Note:

- The data collected above were rounded
- GWP data source: IPCC AR4(2007)
- The 2010 data included Zhangjiang, Shenzhen and Taiwan facilities; Kunshan facility was added after 2011. Data collected at the boundaries of the organization have adopted the Regulations of the Operation Control Right.
- The conspicuous threshold is set at 3%, whereas the materiality threshold is set at 5%.
- The greenhouse gas emission includes various categories such as CO₂, CH₄, N₂O, HFC and SF₆.
- The base year has been recalculated based on the following reasons:
 - As the filling amount of partial experimental instruments in Shenzhen Facility cannot be obtained, it is calculated with the maximum filling amount of equipment of the same type.
 - The density of gasoline and diesel oil in Shenzhen Facility was obtained from irregular oil examination reports. As uncertainty is quite high, it has been changed to calculate with the density of standard automobile gasoline and diesel oil in Guangdong Province.

• Analysis of USI's GHG Emissions and Operating Revenue

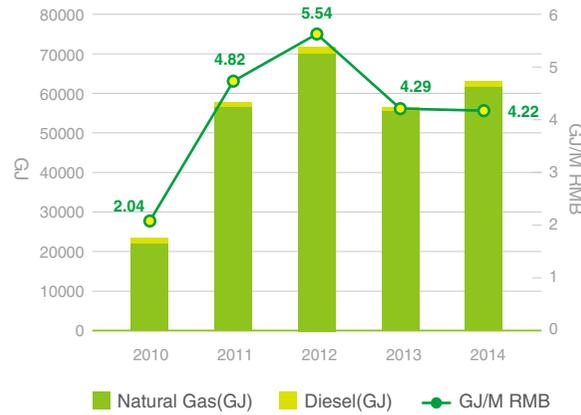


Note:

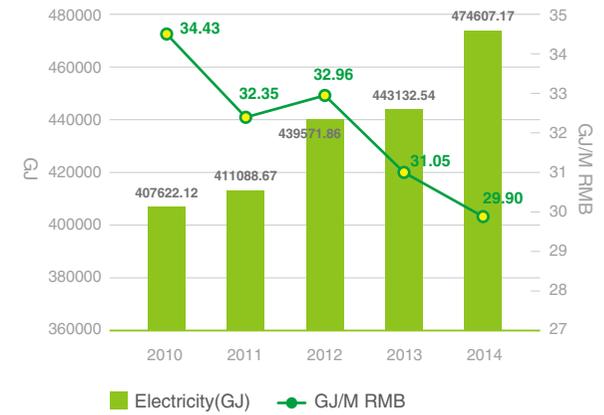
- Above information are acquired through the ISO14064-1 examination procedures.
- The data collected above were rounded.
- The boundary range of 2010 includes Zhangjiang, Shenzhen and Taiwan, totally 3 production facilities; the range has then increased in 2011, where the Kunshan facility is also included.
- Conversion Data of the Heat Value Index
 - Zhangjiang, Shenzhen and Kunshan facilities have adopted "Table of Reference Coefficients for All Types of Energy" stated in Annex 4 of the 2013 China Electric Power Press.
 - Taiwan facility has adopted "Heat Content of Energy Products" on page 151 of Taiwan Energy Statistics Handbook.

The total energy consumption of 2014 is 541,603 GJ, which has decreased 37,165 GJ (with a decrease of 7%) comparing with 504,368 GJ in 2013. In terms of the revenue, every CNY 1 million has reduced 1.22 GJ (with a decrease of 3.58%) of energy consumption in 2014 comparing with 2013. A relevant analysis is shown below:

• Direct Energy Consumption



• Indirect Energy Consumption



• Measures Taken to Save Energy and the Results in 2014

Facility	Electricity-Saving Measures	Results
Shenzhen	Energy saving renovation system for hot water supply and cold and heat storage for central air conditioning in dormitories	Annual actual energy saving result is approximately 1,066 MW-hr (3,838 GJ) Reduced around 979 tons of CO ₂ e
	LED lights used in restaurants and warehouses	Estimated annual energy saving benefit is approximately 48 MW-hr (173 GJ) Reduced around 44 tons of CO ₂ e
Taiwan	Energy saving improvement for chillers and cooling water pumps in air conditioners	Estimated annual energy saving benefit is approximately 357 MW-hr (1,286 GJ) Reduced around 187 tons of CO ₂ e
	Energy saving and noise improvement engineering for air conditioners	Estimated annual energy saving benefit is approximately 29 MW-hr (104 GJ) Reduced around 15 tons of CO ₂ e

Note:

1. Power saving results = Power saving amount x heat value coefficient up on the conversion of units.
2. Carbon reduction results = Power saving amount x discharge coefficient
3. Electricity emission factory:
 - Shenzhen facility has adopted China Southern Power Grid: 0.9183 tons CO₂e/MW-hr
 - Taiwan facility has adopted "103 Electricity Emission Factory" announced by Bureau of Energy, Ministry of Economic Affairs: 0.522 tons CO₂e/MW-hr

Water Resource Management

As global warming has resulted in obvious climate changes, the storage and distribution of water resources have also become an important topic for us. For USI, we do not have issues on contaminating catchment areas as our facilities are not built around it. Besides, we do not own, rent or manage any factories located in ecological reserve zone or water resource protection areas. Therefore, we do not make impacts on catchment areas and our well-designed drainage systems are also comply with drainage standards. Despite the fact that we do not use lots of water resources in our production, we still pay a great attention to it. In daily operations, we do not only reduce the use of water resources, but also encourage our employees to save more water. Besides, we have done a good job on managing, recycling and reusing water resources.

USI collects data of drainage reduction and water saving at all 6 facilities around the world on a regular basis for the control of water consumption at these facilities. The statistics show that the water consumption of USI in 2014(788,340 tons) increased by 45.28% compared to 2013 (542,652 tons). The increase was because of the increase of newly-established facilities and output. The average water consumption per person in 2014 was 2.93

m³/person (this number consists of Zhangjiang, Shenzhen and Mexico facilities). For realization of water resource control, the base ratio of water consumption has been set at 2% in 2015 in the hope that water resource monitoring can be more effectively implemented by the base ratio.

(Note: The water comes from utility water and groundwater; groundwater is used only at Taiwan facility. The quantities of utility water and groundwater used are 23,369 tons and 59,353 tons, respectively.)

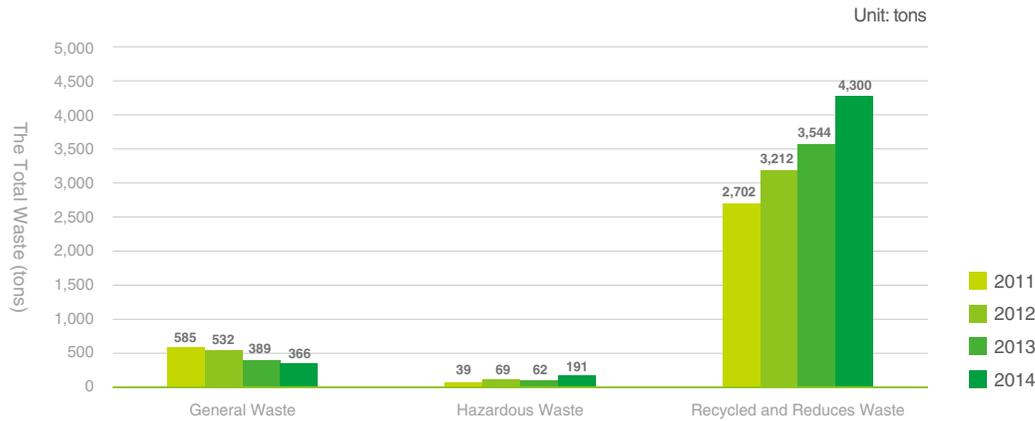
To adequately use our water resources, we have planned to further enhance our work on recycling and reusing water resources by upgrading our facilities and technology. For example, recycled water will replace the underground water and become toilet water. Zhangjiang Facility and Taiwan Facility completed SAW, a sewage recycling system, in July 2014, and the amount of recycled and reused water until the end of 2014 was 12,557 and 976 tons respectively, creating a 7.2% recycling rate. In the future, we will make a better control and management on water resources in daily operations and activities in order to minimize impacts brought to our environment.

Waste Management

Upholding the principles of "preventing pollutions, carrying on improvements", USI has gradually decreased the amount of industrial waste year by year. Waste reuse and reduction are the company's policy, which has been fully implemented in all factories and listed as our annual key performance index. Therefore, not only production, R&D, factory affairs and environmental & safety departments have devotedly promoted this policy, but also the "Green & Environment, Health and Safety Management Department" has carried on the overall planning and management works. USI has established industrial waste cleaning plan to categorize wastes and recycle PC scraps, waste paper, waste plastics, waste package materials, waste wood pallets and waste metal in accordance with applicable government regulations.

Statistics show that compared to 2013, the generation of industrial wastes in 2014 was reduced by 5.91% and recycled wastes increased by 21.33%. In addition, more than 88% of wastes were recycled in 2014. USI will continue to realize the waste reduction policy and achieve the sustainable goal of recycling and reuse of resources. The target for waste recycling in 2015 is set at 84%.

• The Total Waste



Note :

1. Wastes are given to licensed recyclers for recycling and reuse; hazardous wastes are given to qualified waste processing companies for disposal; and general wastes are shipped to local licensed incinerators for incineration.
2. Wastes to be recycled or reused include metal wastes, PC trimmings, plastics, package materials, pallets and waste paper/paper boxes; hazardous wastes include waste solutions and others.

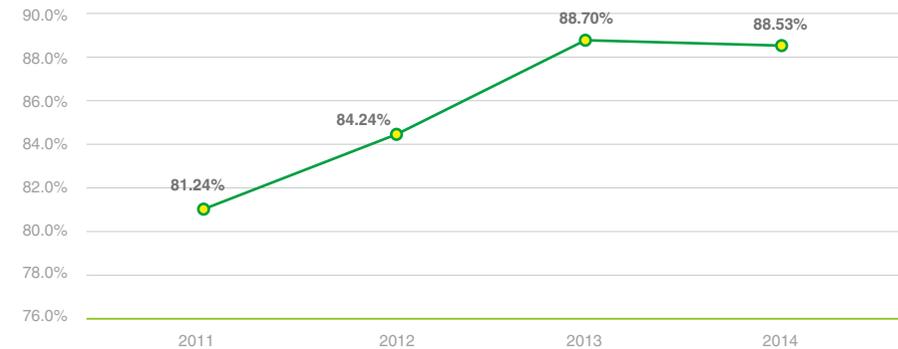
In addition, take Taiwan's facility for example, the statistics of disposing waste of different categories are as shown in the following table:

Category \ Treatment Process	Incineration	Recycle	Total
Hazardous Wastes	0.56	X	0.56
Non-Hazardous Wastes	159.94	332.14	492.08
Total	160.56	332.14	492.64

Note:

1. Incineration: Hazardous waste containing waste solvent; Non-hazardous waste is general/household garbage.
2. Recycling: Non-hazardous waste includes PCB sapwood, tin paste, IC trays, waste paper, waste plastic, hardware, waste Styrofoam, wrapping materials and so on.

• Percentage of Waste Recycled



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

05



Employee Care and Cultivation

Human capital is important seed for the constant growth of USI, requiring considerate care and irrigation. Therefore, we contributed to build high quality, safe, and challenge working environments. 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.

05 Employee Care and Cultivation

Through multiple training and development programs, employees could continually grow and increase their professional value. There is also comprehensive welfare system in the company to ensure various employee rights, keeping engaged employee relations and providing equal employment opportunities. Managers base on human oriented management philosophy to foster employee's sense of achievement and commitment.

• **USI Promises for Employees From Four Aspects**



Human Rights Policy

The spirit of EICC was incorporated in USI's corporate social responsibility policy in June 2008 in order to protect workers' freedom of employment, humane treatment, freedom of assembly and for prevention of discrimination. Employee information database is carefully maintained, and workers are informed of major operational changes, and changes in their work according to local laws and regulations. All USI employees must learn Employee Codes of Conduct online for at least 0.5 hours and be trained for 92,840 hours every year. Besides, USI are also educated with some concepts related to human rights. In 2014, USI did not receive any complaint about discrimination or violation of human rights of employees; i.e. no complaint about human rights was received by any official channel of complaint.

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

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

- ▶ No recruitment of child labor
- ▶ Inform employees before dismissal and give severance pay
- ▶ Employees' salary must not lower based salary standard of the governmental regulations

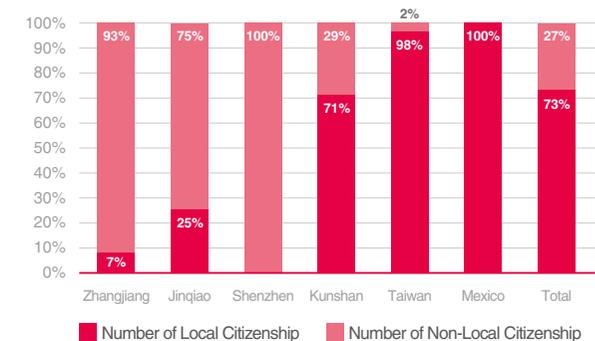
- ▶ Extending work-hour due to business/work requirements must be processed according to Labor Standards Act
- ▶ Prohibition of sexual harassment in the workplace
- ▶ Enforce "non-discrimination" policy: no one will be discriminated regardless of race, religion, skin color, age, sex, nationality, and disability

Global Workforce

USI has a workforce of (contain contract labor) 16,116 in total up to the end of 2014, including 13,712 in Zhangjiang, Kunshan and Shenzhen; 1,591 in Taiwan and 813 in Mexico. It consists of 858 at the management level, 1,191 administration personnel, 5,055 technical personnel, and 9,012 skill personnel. 8,109 or 50% of USI's workforce composes of women.

The proportion of hiring local citizens as high profile managers in each facility is as shown in the following table. The rest managers are Taiwanese supervisors due to operational demand.

• **The proportion of hiring local citizens as high profile managers in each facility.**



• Contract & Gender

Gender	Contract Category	Zhangjiang		Jinqiao		Shenzhen		Kunshan		Taiwan		Mexico		Total	
		NO. of PPL	%	NO. of PPL	%										
Male	Number of Local Citizenship	1,846	37%	1,895	63%	1,553	41%	779	41%	966	61%	127	16%	7,166	44%
	Number of Non-Local Citizenship	56	1%	15	0%	13	0%	18	1%	3	0%	1	0%	106	1%
	Total (exclusive of contract labor)	1,902	38%	1,910	63%	1,566	41%	797	42%	969	61%	128	16%	7,272	45%
	Contract Labor	499	10%	0	0%	1	0%	181	9%	1	0%	53	7%	735	5%
Subtotal, Man		2,401	48%	1,910	63%	1,567	41%	978	51%	970	61%	181	22%	8,007	50%
Female	Number of Local Citizenship	2,011	41%	1,098	36%	2,255	59%	653	34%	555	35%	222	27%	6,794	42%
	Number of Non-Local Citizenship	12	0%	3	0%	1	0%	3	0%	0	0%	0	0%	19	0%
	Total (exclusive of contract labor)	2,023	41%	1,101	37%	2,256	59%	656	34%	555	35%	222	27%	6,813	42%
	Contract Labor	531	11%	0	0%	3	0%	286	15%	66	4%	410	50%	1,296	8%
Subtotal, Woman		2,554	52%	1,101	37%	2,259	59%	942	49%	621	39%	632	78%	8,109	50%
Total		4,955	100%	3,011	100%	3,826	100%	1,920	100%	1,591	100%	813	100%	16,116	100%

Note: Dispatched workers only work in Taiwan Facility, man: 20 person, woman: 22 person, total: 42 person.

• Occupations and Gender

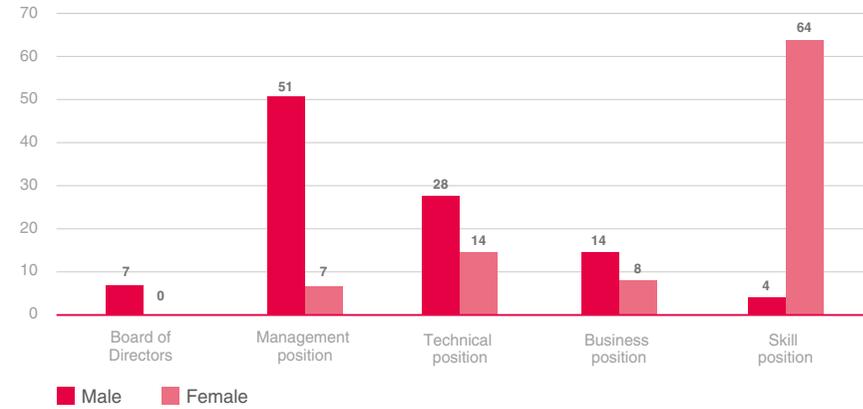
Gender	Employee Categories	Zhangjiang		Jinqiao		Shenzhen		Kunshan		Taiwan		Mexico		Total	%
		NO. of PPL	%	NO. of PPL	%										
Male	Management position	177	4%	67	2%	116	3%	84	4%	153	10%	21	3%	618	4%
	Technical position	938	19%	626	21%	543	14%	303	16%	683	43%	74	9%	3,167	20%
	Business position	80	2%	32	1%	108	3%	56	3%	102	6%	29	4%	407	3%
	Skill position	1,206	24%	1,185	39%	800	21%	535	28%	32	2%	57	7%	3,815	24%
Subtotal, Man		2,401	48%	1,910	63%	1,567	41%	978	51%	970	61%	181	22%	8,007	50%
Female	Management position	87	2%	13	0%	71	2%	35	2%	20	1%	14	2%	240	1%
	Technical position	653	13%	301	10%	459	12%	208	11%	215	14%	52	6%	1,888	12%
	Business position	184	4%	41	1%	243	6%	97	5%	188	12%	31	4%	784	5%
	Skill position	1,630	33%	746	25%	1,486	39%	602	31%	198	12%	535	66%	5,197	32%
Subtotal, Woman		2,554	52%	1,101	37%	2,259	59%	942	49%	621	39%	632	78%	8,109	50%
Total		4,955	100%	3,011	100%	3,826	100%	1,920	100%	1,591	100%	813	100%	16,116	100%

• Age and Gender

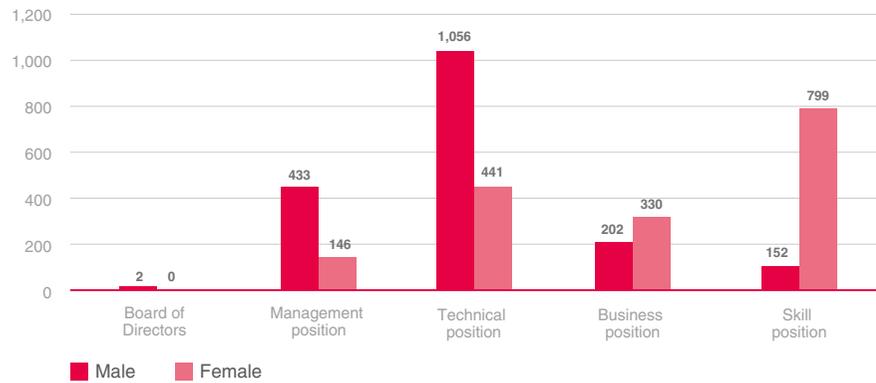
▸ Age < 30



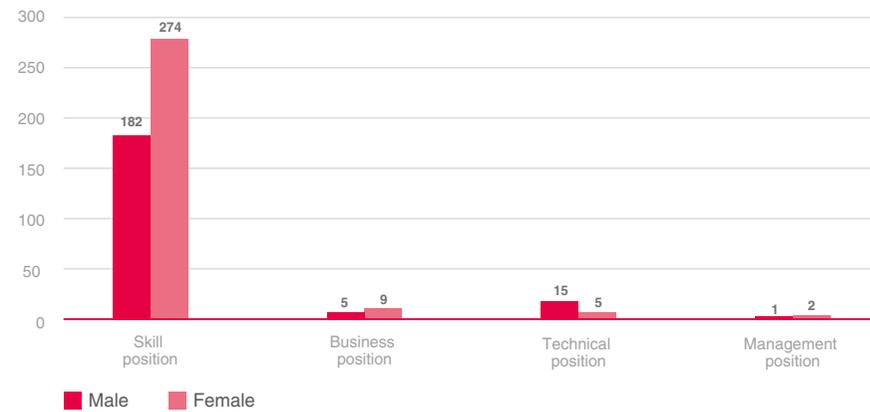
▸ Age > 50



▸ 30 < Age < 50



• Minorities



Note: The data only cover facilities in Mainland China, and employees with "minorities" being added to their identification information provided by them when they report for duty.

• Employees Recruitment and Retention

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

▸ Employees Recruitment

Facility	Zhangjiang		Jinqiao		Shenzhen		Kunshan		Taiwan		Mexico		
	Age	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
No. of New Employees	<30	2,115	2,331	1,501	885	1,174	2,088	942	1166	61	37	65	218
	30~50	130	215	135	90	71	240	29	59	100	20	11	148
	>50	1	0	0	0	0	0	2	0	1	0	5	8
Percentage of New Employees		94%	100%	90%	92%	75%	97%	100%	130%	17%	9%	45%	59%
		97%		87%		93%		114%		14%		56%	

▸ Employees Retention

Facility	Zhangjiang		Jinqiao		Shenzhen		Kunshan		Taiwan		Mexico		
	Age	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
No. of People Leaving the Service	<30	1,734	2,092	539	705	1,086	2,232	844	982	27	18	54	238
	30~50	155	180	55	100	78	209	37	53	36	16	12	195
	>50	4	0	0	0	2	1	0	0	4	1	0	12
Percentage of People Leaving the Service		79%	89%	31%	73%	70%	102%	91%	110%	7%	6%	36%	70%
		84%		46%		94%		100%		6%		63%	

Note: The turnover of employees in China is high. It might be caused by the shortage of the entire local labor market.

• Parental Leave

Facility	Taiwan	
	Male	Female
No. of people qualified to apply for parental leave that year	49	38
No. of people actually applied for parental leave that year	3	11
No. of people expected to be reinstated that year	0	13
No. of people actually reinstated that year	0	9
No. of people reinstated in previous year and continued to work for more than one year	0	7
No. of people reinstated in previous year	0	7
Reinstatement rate for parental leave (%)	0%	69%
Percentage of people holding their post due to parental leave (%)	0%	100%

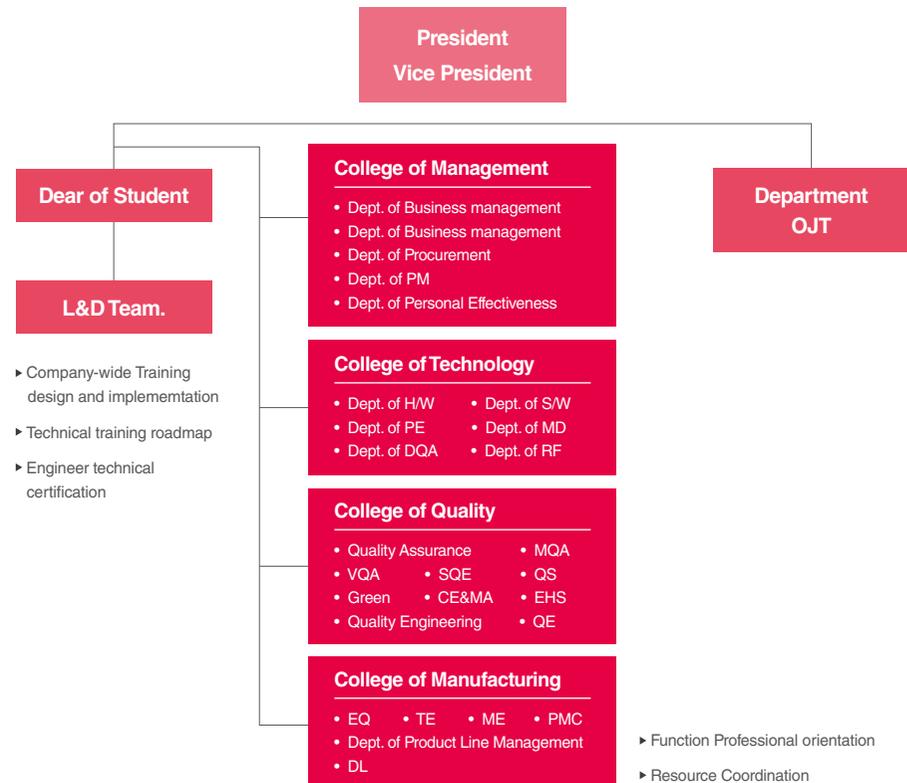
Note:

1. Rate of resuming one's post = (the number of employees who resume their posts after retaining their positions without pay for nourishing babies in one year/the number of employees who plan to resume their posts in that year) x 100%
2. Survival rate = (the number of employees who resume their posts after retaining their positions without pay for nourishing babies in the previous year and continue to work for one year/the number of employees who resume their posts in the previous year) x 100%
3. The data only cover Taiwan Facility because other facilities do not provide parental leave.

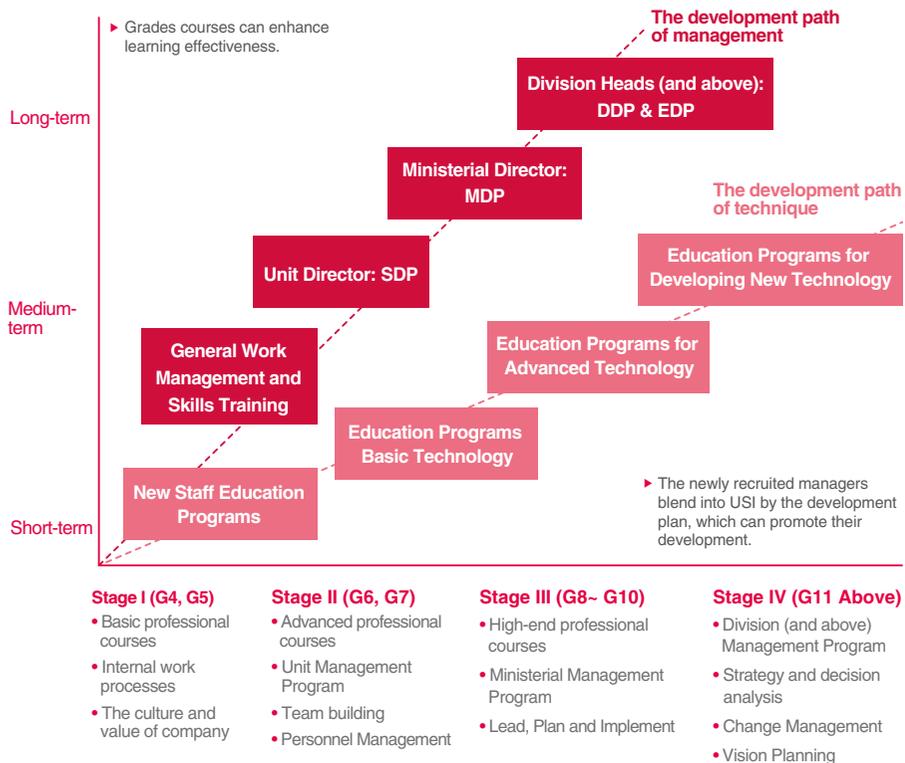
Training Program

Employee Learning and Development

For USI, the most important learning development system is Universal Scientific Industrial University (hereinafter shortened as USIU), which has four collages including the "College of Management", "College of Science and Engineering", "College of Quality" and "College of Manufacturing". All of these four colleges have integrated the global learning resources and created an innovative learning environment for the USI employees to expand their learning opportunities and development.



With the mission of establishing an innovative learning environment in order to reach a high operational performance, USI is dedicated to enhance the quality of human resources, leadership management and innovative research and development ability inside the organization. It has targeted employees with different competence to plan various staff trainings and courses, provide them a complete learning system, help them to solve work issues and enhance their professional competence in order to reach the organizational target.



To provide training courses required by comprehensive talents, USIU not only offers diverse educational training content, but also designed the methods of taking the class and relevant activities based on the course category. For example, case study, group discussion and experience learning. In the meantime, USIU also offers on-line courses to

help USI employees to learn and develop themselves even more effectively and flexibly.



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.

The company's library also offers over a hundred of management, electronic technology and computer periodicals and magazines from the world. This helps employees to flexibly and instantly replenish their professional knowledge.

► **Various Employee Education and Training Courses of USI**

► **Orientation training program**

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

► **Core Competencies Courses**

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

▸ Management training courses

USI plans a series of management courses for administrators in the company, promoting administrators' ability of communication and negotiation and their leadership.

▸ Professional Cultivation Courses

"College of Management", "College of Science and Engineering", "College of Quality" and "College of Manufacturing" have designed a number of compulsory and elective courses based on professionals' job and nature of work. These practice-oriented courses have, through lecturers' sharing of experiences and case studies, simulated the real working environment. After the trainings, participants must pass an examination to ensure their ability of applying these newly learned skills and knowledge at work.

▸ Direct employee training

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

▸ Personal Efficiency Courses

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

▸ On-the-Job Training (OJT) Professional Certification Courses

Being a newly-built factory, Jinqiao Facility has rapidly established a system of professional certification courses for engineers in the past one year. In addition, it continues to perfect its auditing and tracking mechanism and deepen its courses through trial and error. In the aspect of engineers' professional knowledge and personal professional skills, the facility has provided professional and top-grade service for its courses.

▸ External Trainings

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

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

• Average Time of 2014 Employ Education and Training (hour)

Facility	Gender	Management Position	Technical Position	Business Position	Skill Position
Zhangjiang	Male	18.5	5.9	10.0	29.0
	Female	17.3	1.7	15.4	39.4
Jinqiao	Male	32.1	11.9	25.8	30.4
	Female	40.0	6.1	5.0	33.6
Shenzhen	Male	2.7	15.8	9.1	31.4
	Female	2.0	8.9	10.7	29.0
Kunshan	Male	26.8	10.9	50.0	24.7
	Female	22.4	2.6	29.3	26.3
Taiwan	Male	16.9	13.3	16.7	11.5
	Female	35.0	6.1	11.5	8.8
Mexico	Male	0.6	0.5	0.8	0.1
	Female	0.7	0.3	0.6	0.03
Total	Male	17.1	10.7	17.5	28.8
	Female	15.2	4.7	13.6	28.8

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.

- **The proportion of employees receiving regular performance and function development review based on employee types and gender.**

Gender	Hiring Types	Amount of the Employees	No. of Employees accepted Regular Examinations on the Performance and Competence Development	Percentage
Male	Management Position	561	561	100%
	Technical Position	1,314	1,314	100%
	Business Position	254	254	100%
	Skill Position	0	0	0%
	Subtotal	2,129	2,129	100%
Female	Management Position	226	226	100%
	Technical Position	341	341	100%
	Business Position	454	454	100%
	Skill Position	1	1	100%
	Subtotal	1,022	1,022	100%
	Total	3,151	3,151	100%

Note: The data exclude newly-recruited employees during probation.

Salary and Welfare

Salary Management Strategy

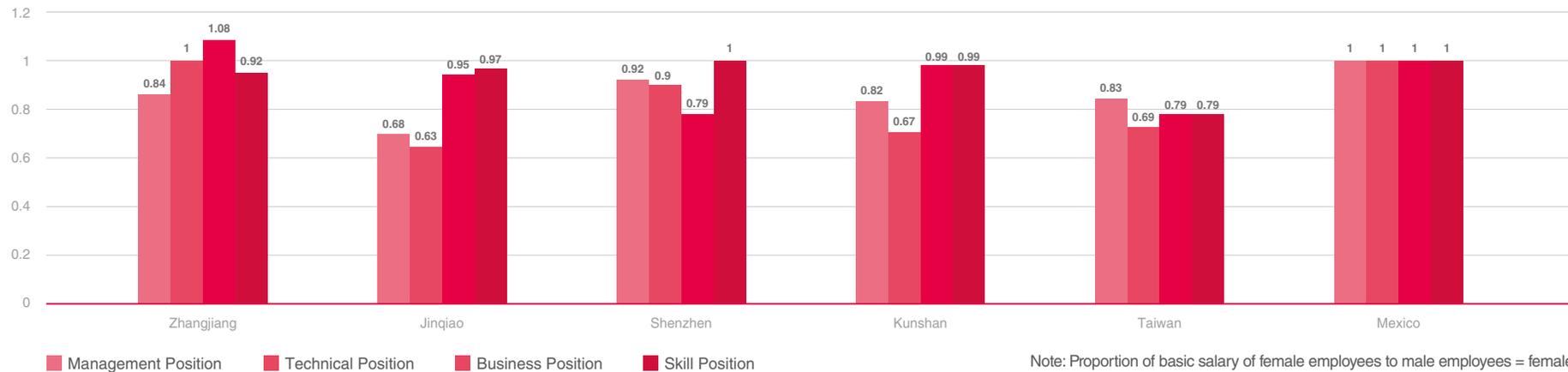
USI is willing to give employees reasonable rewards for what they have given for the company. A competitive remuneration system is established based on salary standards in the market, workers' competitive outside of the company and the demand and supply in the employment market. USI provides reasonable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

USI complies with requirements of local labor laws, and the ratio of the starting salary of male and female basic-level personnel (direct employees) of USI's facilities to local minimum salary is 1:1. In addition, Taiwan Facility actively participates in salary investigations held by local well-known business consultancy firms and regional wage and salary association to ensure its competitiveness in the personnel market.

- **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.

• The ratio of basic salary and rewards of female employees to those of male employees in USI's global facilities:



Industrial Relations Communication Mechanism

To establish a good employer-employee communications mechanism, USI establishes an employee relationship network (or employee assistance and interaction center in the cases of Kunshan and Shenzhen) and employees' comment mailboxes. Every season there are the communication meetings with GM (or conversation sessions with site GM every month in the case of Kunshan). GM and management level executives are invited with have conversations with employees. There are the employee communication and interaction meetings every 2 months at Kunshan Facility. In addition, employee satisfaction surveys are carried out on a regular basis in order to establish an open and trusting management environment and an obstacle-free communication

channel for better employer-employee relationship and improvement of coherence of employees.

USI's employees have the communication and grievances channel with company, such as employees' comment mailboxes, employees' communications meeting, the mailboxes of auditing department, grievances about labor and human rights issue. There were no related cases in 2014.

Interviews with employees are arranged at every department of Zhangjiang, Jinqiao and Shenzhen Facilities on a regular basis. Counselors have conversation with employees to help them with their problems. Employees' comments and suggestions, including employees' needs, law and regulations and company's regulations, are collected through various channels. Also, the management level of Zhangjiang and

Jinqiao Facility helps basic-level foremen and leaders to make arrangement of excursions for relief of work stresses, and there are company vacations and movies for employees regularly.

The Zhangjiang facility has established the Trade Union Committee of Universal Scientific Industrial (Shanghai) Co., Ltd. The Committee not only maintains major employees' legal rights, but also mobilizes major employees' motivation, initiative and originality, increases the company's cohesiveness and competitiveness, and creates a trusting relationship and communications channels between the company and the employees. At the moment, both the Zhangjiang and Mexico facilities have Union Committee and the percentages of participated employees are: 25% for the Zhangjian facility; 61% for the Mexico facility.

• Conversation Session with General Manager



Perfect Welfare System

By taking USI's facility in Taiwan as an example, the company has established "Staff Welfare Committee" to organize and handle employees' welfare and relevant activities. It is expected that a centripetal force will be established among the employees and a cooperative labor-management relationship will be created and fortified. USI's Staff Welfare Committee has devoted lots of efforts to enhance employees' physical, mental and spiritual health. To reach this goal, the Committee has systematically organized its annual activities all based on three themes: Health, Happiness and Learning.

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

In addition, Taiwan Facility has established "priority parking spaces" for the disabled and pregnant women in accordance with "Physically and Mentally Disabled Citizens Protection Act" and "Gender Equity and Encouraging Childbirth Policies."



• 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.



Holiday and Vacation

Besides national holidays and weekends, there are accompanying maternity leave for male employees, female employees to take prenatal visit leave, maternity leave for female employees, parental leaves, nursing leave, menstrual leave, earned paid sick leave, annual leave and paid-time off.



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. USI pays for all full-time employees' housing accumulation funds and provides housing subsidies. Employees of Grade 3.1 or lower are provided with accommodations free of charge.



Transportation

USI provides comfortable and convenient transportation between facilities 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, Birthday celebration, athletic meet, singing competitions, and chorus.



Health

USI sets up professional dispensary providing free health consultancy. USI holds free health examination for employees annually.



Other

Other employees' welfare bonuses include wedding subsidies, subsidies for continued education at a domestic or foreign institution, child birth subsidy, education subsidies and scholarships for employees' children, hospitalization benefits for employees and their families, communications expenses, care for work groups, and application of residence permits for current employees.

• Employee Recreation



SHENZHEN FACILITY



KUNSHAN FACILITY



MEXICO FACILITY



3 Main Axes of the Event

▶ Health

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

▶ Happiness

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

▶ Learning

Learning keeps you young. Learning is to take care of employees for the rest of their lives. Learning programs are developed for employees' career development. Looking for the fun of learning keeps life going and makes employees willing to work harder.

No. of Participants: Totally 9,623 participants(employees + employees' families)

No. of Activity Items: Totally 33 items.

Activity Innovations: Added 17 new items.

Activity Satisfaction: The overall level of satisfaction is 4.31. (Likert scale)



Health



TAIWAN FACILITY



Happiness



Learning

- To Encourage Employees to Participate in Club Activities (Taiwan Facility)

All of the clubs were established under three objectives: Health, Happiness and Learning. The company now has 13 clubs in total and the Staff Welfare Committee offers at least NTD20,000 as the activity budget. The Committee also cooperates to organize interesting activities related to the club category or co-organize similar activities with other parties. By increasing the opportunity for employees and their families to join club-related activities, the company has implemented its goal of having "a life with skills and skills for life". That is, it not only brings the employees a spiritual joy and a healthy and happy life, but also established their teamwork spirit.

To bring the vitality to the clubs, to encourage clubs to hold more activities, and to give ambitious and vital clubs more budgets to run activities and to attract more employees to join, Staff Welfare Committee has established the Club Evaluation Committee last year to evaluate clubs' performance in order to give them more budgets and encouragement. It is believed that, under the management of the Staff Welfare Committee, every employee will enjoy the happiness of being a member of the clubs.

- ▶ Badminton Club



- ▶ Bowling Club



▶ Basketball Club



▶ Softball Club



▶ Camping Club



► Biking Club



► Fishing Club



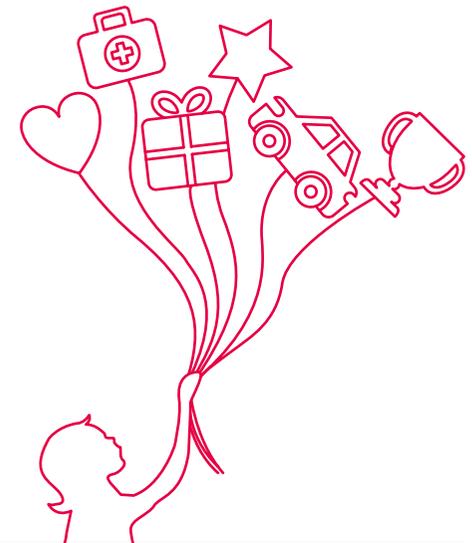
► Running Club



▶ Love Club



▶ Yoga Club

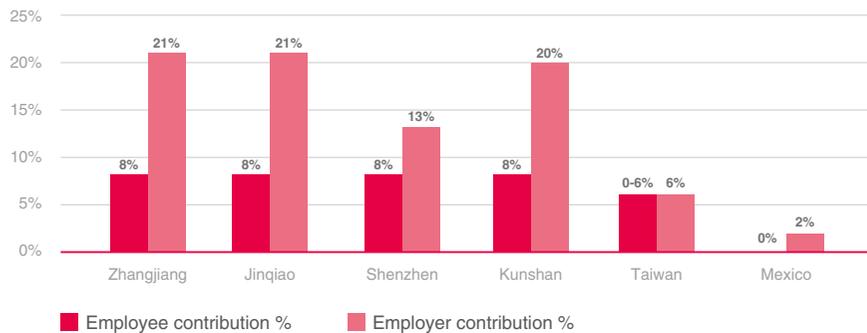


• **Employee Insurance and Retirement**

Social insurance and accident insurance policies are purchased at Shenzhen Facility as legally required. At Zhangjiang and Jinqiao Facility, workers are provided with urban employee insurance along with commercially available employee accident insurance as extra. Employees working for USI for more than 2 years are provided with commercial ER insurance coverage. At Kunshan Facility, social insurance (endowment insurance, medical insurance, unemployment insurance, work-related injury insurance, childbirth insurance and housing accumulation funds) is provided as required, and employees and the company pay for their share of payment based on government regulations. In addition, the company pays for workers' group insurance that covers clinic treatments and hospitalization as part of employees' life protection.

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 premiums 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.

USI's facilities shall allocate employees' pension in accordance with local regulations. The percentage for employee to join the retirement plan is 100%, whereas the percentage of pension allocated from employee's salary by the employee or employer is shown below:



Employee Health & Safety

• **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. Orientations for occupational injuries are held irregularly home and abroad to prevent occupational injuries from happening.

The Targets of Safety and Health Management:



The ratios of USI regarding occupational injuries, occupational diseases, loss of working time, and attendance are as shown in the following table (In 2014, Zhangjiang, Kunshan and Taiwan Facility had accidents of being injured by equipment and machines due to artificial negligence. However, there was zero case of occupational diseases and job-related death.)

Facility	Injury Rate(IR)		Occupational Diseases Rate(ODR)		Lost Day Rate(LDR)		Absentee Rate(AR)	
	Male	Female	Male	Female	Male	Female	Male	Female
Zhangjiang	0.08	0.00	0.00	0.00	0.16	0.00	0.18	0.59
Jinqiao	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.43
Shenzhen	0.00	0.00	0.00	0.00	0.00	0.00	0.57	0.78
Kunshan	0.51	0.00	0.00	0.00	4.60	0.00	1.38	2.16
Taiwan	0.00	0.13	0.00	0.00	0.00	1.99	0.02	0.03
Mexico	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.26

Note:

1. Injury Rate (IR) = (Times of injuries / Total hours worked) x200,000

2. Lost Day Rate (LDR) = (Number of days lost due to injury / Total hours worked) x200,000

3. Absence Rate (AR) = (Number of days lost due to absence/ Total days worked) x100%; number of days lost due to absence covers injury and sick leaves

USI established Emergency Response Center, implemented response training for earthquake and fire, and disasters caused by hazards, and held environmental safety and health promotion courses. Through various rehearsals and training, possible occupational hazards may be prevented. Units using hazards will be inspected irregularly.

Taiwan Facility holds educational training regarding emergency response to organic solvents, and regulations for labeling and communication of hazards and harmful substances on a regular basis for environmental safety promoters (note: employees who help promote environmental safety affairs). After the courses, promoters hold on-site drills, educational training and tests for unit employees to elevate their abilities for emergency response. In addition, the environmental safety unit of USI inspects units using chemicals such as organic solvents on a regular basis, and to make hazard communication plans and emergency response procedures to conform to the request of related laws and regulations.

• Fire Evacuation Drill





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

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

• Physical and Mental Health Care

To provide employees with comprehensive health care, USI has set up medical offices in each facility to make efforts in the following aspects. Take Taiwan Facility for example:

▸ Hard and Software measures

USI has full-time registered nurse, contracted doctor of Family Medicine Department, contractor doctor of Occupational Medicine Department and psychological counselors to provide workplace service in software; as

for hardware, it offers ordinary change dressing service, blood pressure gauge and scale, resting room, consulting room and nursing room for female staffs, and was awarded as the 2014 Exemplary Nursery Room from the Health Bureau of Nantou County.

▸ Health Management

To prevent the happening of chronic and occupational diseases, apart from consultations on the prevention of ordinary diseases, the company has also strengthened the safety and health management of workplace, enhanced its ability of identifying health risks, and assisted to prevent and cure occupational diseases.

▸ Health Check

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

▸ Mental Health

Employee Assistance Programs (EAPs) offered by human resources relevant departments take a good care of the

employees' families, works, life, pressures and so on.

▸ Health Promotion

Upon evaluating annual physical check-up reports regarding top ten abnormalities, it has been found that the proportion of employees with abnormal blood lipid is high. To prevent cardiovascular diseases, chronic diseases and some cancer, it is important to manage one's health well. Therefore, a weight-loss competition is held each year. After the competition has been held for several years, the number of participants has increased to 405 employees this year from 15. The rate of abnormality in cholesterol declined to 32.38% in 2014 from 41.36% in 2010, in low density lipoprotein (LDL) cholesterol dropped to 19.53% in 2014 from 30.2% in 2010, and in triglyceride (TG) was lowered to 24.94% in 2014 from 42.73% in 2010.

In 2014, USI participated in the event of "2014 More Exercises for Good Health" organized by Department of Health, Nantou County Government with the weight-loss theme "Being Meticulous by Each Step" in the hope that employees can enjoy standard weight and even strengthen their heart functions to be healthy by participating in the activity. USI was awarded "Exemplary Workplace for Losing Weight" again after 2013.



Besides, the company not only holds cancer screening activities such as mammography, pap smear and colorectal cancer screening, but also provides bone density detection, thyroid and breast ultrasound, blood donation, exercise courses, nutrition DIY, influenza vaccination, interpersonal communication skills, Chinese medicine health care, aromatherapy, sports clubs, and so on. In ordinary days, the company's diverse internal resources such as newsletters and emails of health related information are spread to employees.

▶ Zhangjiang Facility

In 2014, Zhangjiang Facility held two workshops on first-aid. In addition, in summertime, the facility held seminars regarding the prevention and handling of summer diseases such as enteritis, heatstroke, and upper respiratory tract infection.



▶ Jinqiao Facility



▶ Shenzhen Facility

In 2014, Shenzhen Facility held health seminars including AIDS prevention and control, child health care, and first-aid training to enrich employees' knowledge of health. In addition, the facility held 13 training courses about Employee Assistance Program (EAP) for a total of 42 hours and with 411 participants.



The service of EAP (Employee Assistance Program) is a welfare and supportive system USI provides for employees. Different from other projects, the program improves employees' performance by elevating their intellectual abilities. In addition to effectively conduct human resources management, it can effectively deal with and respond to accidental crises to enhance productivity and create a harmonious working environment to further make contributions to the harmonious society.

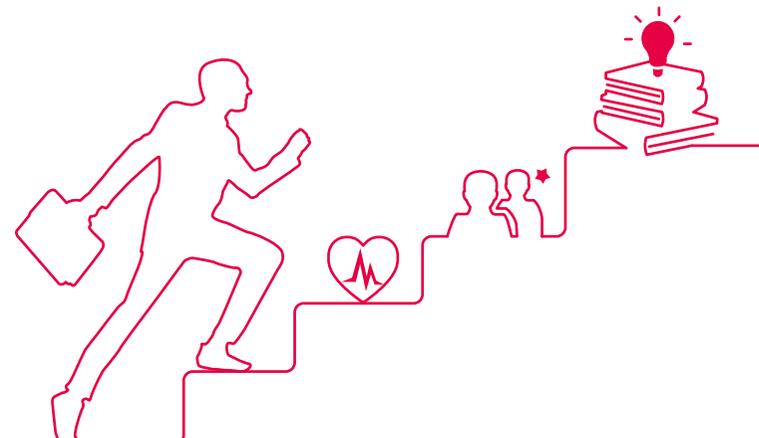
Among the courses, the most popular ones are personal development and parent-child relationships courses. Employees are satisfied with the courses, and they hope that related courses can continue to be held. After employees with management positions participated in EAP courses (highly effective communication skills at workplace, pressure relief at workplace; team cohesiveness), they indicate that integrating psychology into employee management is a highly demanded course.

Moreover, employees have spontaneously formed a "love and care team" to actively care and help other employees. Under the leadership of USI's general management, the team is composed of employees of different departments, and employees who need assistance can go to the representatives of the team through various methods. Meanwhile, group activities are held on a regular basis such as socials for singles, hiking and so on. Furthermore, the team can timely give employees advice pertaining to their psychological problems, ease their depression and solve their difficulties to improve their sense of belonging and reduce turnover.



► **Kunshan Facility**

In addition to providing employees with health consultation, Kunshan Facility organizes educational training for first-aid personnel and annual physical check-ups. Moreover, the facility propagandizes knowledge of seasonal and accidental diseases, and introduces related sanitary and medical equipment monthly to make sure employees have necessary sanitary concepts and a perfect working environment.



06



Customer Service and Supplier Management

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.

06 Customer Service and Supplier Management

Customer Service and Satisfaction

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.

Customer Service

In order to provide highly stable, highly reliable, and cost-competitive products that meet, or exceed the customers' expectations, USI accumulates years of experiences in providing services to the world's leading companies, and applies a combination of three core technologies---computing, communications, and multimedia processing technologies---to the design and manufacturing of Wireless Product, Computing & Vertical Solutions, Storage & Server, Automotive & Visual Product Devices, and Miniaturized Products, hoping to offer the most comprehensive DMS solutions. With implementation of quality policy, USI ensures its system operating effectively under the applicable international standards that products and services are required.

• Management System Certifications

Facility	TL 9000	ISO 9001	TS 16949	IECQ QC080000
Zhangjiang	2005	2004	2007	2007
Shenzhen	2002	2001		2007
Kunshan	2013	2011	2013	2012
Taiwan		1993	2003	2006
Mexico		2005	2005	2007

Note: The Year refers to the year of acquiring the certification.

USI considerably emphasizes on the voices of customers, and consequently introduces a mechanism that incorporates customers' demands into product design. The company's products and operating system are also in line with international standard requirements. For example, it adopts stringent rules and uses only the low-pollution, non-toxic raw materials. For product planning, USI ensures products meets the specifications required by environmental regulations, and then conducts the life cycle assessment and eco-design evaluation. Meanwhile USI generates eco-profile in response to EU's Energy-related Products (ErP) Directive and ensure the fine quality and safety of products. In 2014, USI did not receive any complaint regarding our products detrimental to people's health and safety, showing that we obey relevant laws and regulations, and there is no violation of laws.

Green Products Directive

Percentage of USI products within the directive

EU RoHS

- Wireless communication products (WP) : 100%
- Computer and industry application (CVS) : 100%
- Storage products and servers (S&S) : 100%
- Automobile electronics and visual products (AE/VPD) : 100%
- Minimized products (MP) : 100%

Halogen Free (HF)

- Wireless communication products (WP) : 75%
- Storage products and servers (S&S) : 65%
- Automobile electronics and visual products (AE/VPD) : 50%

CHINA RoHS

- Wireless communication products (WP) : 100%
- Computer and industry application (CVS) : 100%
- Storage products and servers (S&S) : 100%
- Automobile electronics and visual products (AE/VPD) : 100%
- Minimized products (MP) : 100%

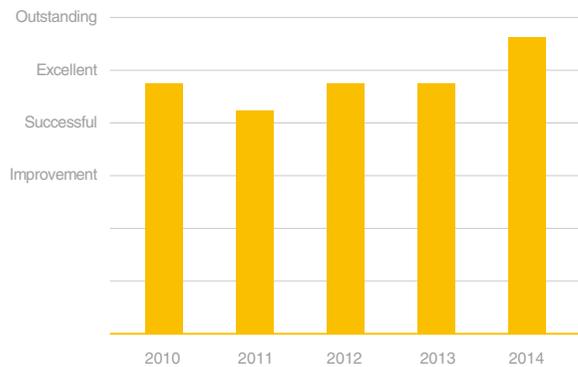
Customer Satisfaction

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

- **Driving up Customer Satisfaction**

Through surveying clients' questionnaires and holding

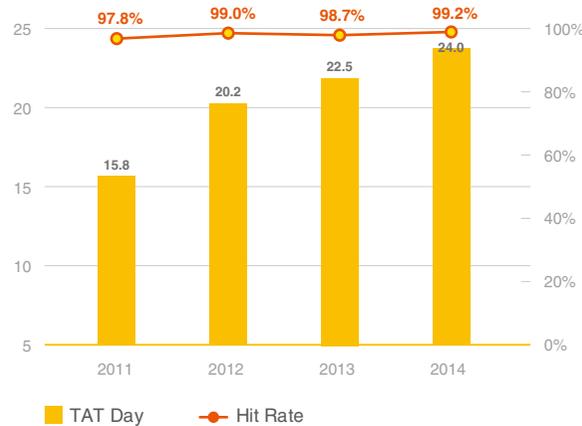
- ▶ Annual client satisfaction with comprehensive performances



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

Upon receiving the customer complaints or the requests for defect analysis, USI also has a systematic process

- ▶ Number of days for returned goods and repair, and the achievement rate of punctual delivery



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 2014, the satisfaction of major customers with products supplying, manufacturing and customer service has been among the best which fully showed USI's competitiveness.

0

The number of complaint regarding our products detrimental to people's health and safety is "0".



100%

All the green products conform to the request of CHINA RoHS.



99.2%

The achievement rate of punctual delivery is 99.2%.



• **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**

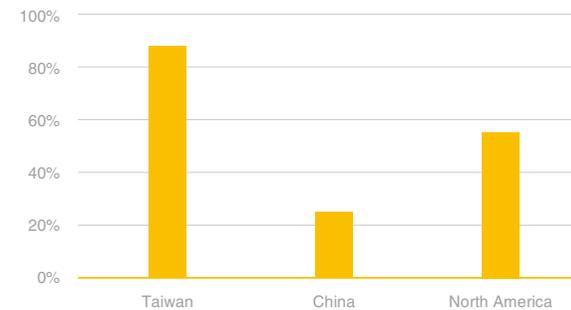


Supply Chain Management

The Suppliers of USI

USI's main production facilities are located in Zhangjiang, Jinqiao, Kunshan, Shenzhen, Taiwan and Mexico. In 2014, global raw materials purchased by USI chiefly came from local suppliers of these production sites (87% of the raw materials in Taiwan facility came from Taiwan; 57% of the raw materials in Mexico came from North America; and 24% of the raw materials in the Mainland of China came from China). This has not only efficiently saved energy and time cost during the transportation, but also reduced environmental pollution. With over 1,200 suppliers in 2014, USI's source of suppliers includes original factories, agent, spot suppliers etc..

• **Percentage of Local Suppliers at All Facilities**



• **Number of Suppliers and Percentage of Transaction Amount at All Facilities**

Facility	Zhangjiang	Jinqiao	Shenzhen	Kunshan	Taiwan	Mexico
Number of Suppliers	473	60	749	538	383	130
Percentage of the Transaction Amount	47%	1%	30%	14%	5%	4%

Supplier Management and Communication

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

Apart from educating requirements of the green management system at the propagation meeting arranged and conducting face-to-face communications with the suppliers, USI also provides some specialists to offer course related information, assistance and feedback. Besides, in response to different themes, USI also holds instant explanation sessions to help suppliers to understand USI's green purchase concepts and requirements for WEEE, RoHS and REACH compliant components. USI's supplier certification process is based on the company's needs for the future product trend and purchasing strategies, where suppliers' production capacity, technology innovation capability, quality, service and other management systems are examined for compliance and as a future certification reference.

The evaluation of new suppliers must be conducted by an evaluation team composed by personnel of the purchasing, quality, R&D and engineering departments. A questionnaire will be offered to suppliers and have the evaluation team to confirm the final examination results. The evaluation range shall cover the basic company information, product information, major customers and financial status, suppliers' green management procedures and green product commitment, suppliers' social responsibilities, and the environment safety and health investigation. In 2014, 92.31% of potential suppliers of USI have passed this evaluation and become our new suppliers. To ensure that the suppliers' influences on the environment and community are also evaluated and controlled, new manufacturers developed by USI are also requested to sign an agreement of not using RoHS materials or to provide a QC080000 certification.

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

USI's Supply Chain Management (SCM) Division is responsible for the global purchasing activities. To ensure that the suppliers' quality system management and raw material life cycle management comply with international

regulations, USI also requested the suppliers to follow local laws and relevant regulations in their business operations. USI establishes standard appraisal system and result assessments of suppliers, so USI chooses suppliers in accordance with related regulations, constantly keeps close partnership with supplier. 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.

With an expectation that our suppliers do respect corporate ethics as the way we do, we have therefore drawn the supplier code of conduct based on EICC (Electronic Industry Code of Conduct) and requested the suppliers to fulfill their social responsibilities. USI also set the EICC audit criteria for suppliers including prohibition of child labor, human right protection, non-discrimination, fair treatment, legal working hours and salary and environmental management. In this way, the suppliers will ensure benefits and rights of their employees, implement human right policies and promotes the corporate social performance. USI has so far not discovered any case of violating human rights, standard working conditions, corporate ethics and environment; besides, no suppliers have so far give feedback or bring up appeal cases.

To carry out the sustainable management of our supply chain, five suppliers of each facility were sampled, and EICC was conducted for the first time to evaluate each aspect in 2014. Through questionnaires and on-site inspection, EICC auditing reports were issued. The results are as shown in the following table. In 2014, USI did not terminate contracts with any supplier due to the evaluation results. In 2015, we will continue to increase the number of suppliers to receive the evaluation. In addition, we will continue to track and communicate with suppliers who did not complete improvements in 2014.

Facility	Number of suppliers with potential negative impact				Identifying items with impact				Proportion of suppliers which have made improvement after evaluation			
	Zhangjiang	Shenzhen	Kunshan	Taiwan	Zhangjiang	Shenzhen	Kunshan	Taiwan	Zhangjiang	Shenzhen	Kunshan	Taiwan
Environment	3	5	5	2	Classification and Storage of Chemicals	There is no leakproof facility at storage location of chemicals	Pollutant emission, Environmental monitoring	Pollutant emission, Energy saving	0%	60%	100%	40%
Human Rights	4	4	5	2	Number of average weekly holidays	Number of average weekly holidays	To deduct the wages as the misconduct penalty	Execution rate of SOP for working hours control	0%	60%	100%	40%
Labor	5	5	5	4	To provide the appropriate personal protective equipment	To provide the appropriate personal protective equipment	Overtime hour, Discrimination	Stipulation, implementation and recording of emergency response measures	0%	60%	100%	80%

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, and mutually establish stable and sustainable green supply chain, in order to maintain human rights, protect environment, supply consumers with healthy and safe products, and take corporate social responsibility.

Conflict Minerals Management and Investigation

Conflict minerals are minerals mined in Democratic

Republic of Congo and its neighboring countries such as gold, tin, tantalum, and tungsten, and they have caused serious human rights and environmental issues because they are used to subsidize armed forces.

In respect to the management of conflict minerals, USI has launched investigation into conflict minerals since 2011. Since 2012, we have elevated our goals and set the range of suppliers being investigated each year to build a conflict-free supply chain for mineral procurement dutifully. Regarding the investigation range of suppliers, approximately 100 suppliers with 85% of total procurement amount were set in 2013. In 2014,

95% of total procurement amount, and 232 suppliers participated in 2014 reasonable country of origin inquiry (RCOI). During the investigation process, USI requested suppliers to provide conflict minerals reporting templates (CMRT) and sign letters of consent of conflict minerals to keep their promises and reveal the source information of metal production facilities.

95%

Regarding the investigation range of suppliers, approximately 100 suppliers with 85% of total procurement amount were set in 2013. In 2014, 95% of total procurement amount.



• **Management Methods for Suppliers' Conflict Minerals**



Request for Conflict Minerals Management

To achieve the goals of USI, we encourage and request our suppliers to promise to evaluate the entire supply chain dutifully, and fill in true information about metal production facilities through conflict minerals reporting templates (CMRT).



Reasonable Country of Origin Inquiry

Suppliers shall abide by policies of USI, provide CMRT, sign letters of consent and accept requested investigation to conform to the company's and clients' regulations.



Due Diligence Investigation

In accordance with the guidance of Organization for Economic Co-operation and Development (OECD), USI stipulates methods for due diligence investigation into conflict minerals to identify and reduce impact on supply chains in high-risk mining areas.

In 2014, USI actively participated in the annual seminar held by Conflict-Free Sourcing Initiative (CFSI) and continuously learned about regulations for conflict minerals and about the trend and change of global metal production facilities. Meanwhile, to respond to regulations and clients' demand, USI publicly announces its procurement policies for conflict minerals on its website and requests suppliers to comply with regulated guidelines. For more information, please refer to the Conflict Minerals Policy website of USI at <http://www.usish.com/english/minerals.asp>

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. Taking an example of our facility in Taiwan:

• **Contractor Management**

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

the basic rights of employees.

- ▶ Improve workflow process application for contractor constructions.
- ▶ Strengthen the supervisory responsibility of outsourcing unit for monitoring the contractors.

• **Assessment of Contractors**

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

Through training and evaluation by USI Green & Environment, Health and Safety Management Department in 2014, 267 contractors had successfully obtained the construction licenses, and no contractors were involved in any industrial accident at USI facilities.

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





07



Social Participation

Under the three pillars of "Invest in education", "Promote artistic events" and "Contribute to the community". Such efforts have won USI recognitions as well as a wide range of awards, a sign of successful participation in public issues.

07 Social Participation

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" and countryside tour of "Ming Hwa Yuan Arts & Cultural Group" on a continuous basis. Such efforts have won USI recognitions as well as a wide range of awards, a sign of successful participation in public issues.



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 (Taiwan Facility)**

The sponsorship plan has been launched as elementary schools in the mountain area of Nantou County have less educational resources than schools in cities. In addition to textbooks, USI thinks children should dabble at diverse readers to broaden their horizons and inspire their curiosity. Therefore, USI assists its foundation to establish "Taiwan Reading and Culture Foundation" to promote "Reading Plan in Elementary Schools" and build "Philanthropic Library" to purchase extracurricular reading materials for elementary schools in the mountain area of Nantou County. After the plan supplements reading resources for students in remote areas and for disadvantaged students, the range of book donation has gradually expanded to elementary schools in other counties and cities. The idea that originally designed a library has successively developed "reading workshops," and "parent-child reading" activities.



- Starting Year: 2005
- Recipient: Taiwan Literacy and Culture Foundation



▶ Benefited Stakeholders:

Currently, recipient schools, including Hu-Shan Elementary School (Nantou County), Tong-Fu Elementary School (Xinyi Township, Nantou County), Guo-Xing Elementary School (Nantou County), Ren-Ai Elementary School (Nantou County), Yu-Chi Elementary School (Nantou County), Ping-He Elementary School (Nantou City), Xi-Ling Elementary School, Shui-Li Elementary School, USI employees participated in the parent-child reading activity, and Yeyou Elementary School in Lanyu Township, a newly-added school this year on the outlying island.

▶ Mid- and Long Term Goals

USI's long-term goal is to donate 400 boxes of books to "Philanthropic Library" for "Reading Plan in Elementary Schools" in ten years and to sponsor 20 "reading workshops" and 10 "parent-child reading" activities. The former aims to invite teachers to participate in reading instruction to enhance their reading instruction abilities, while the latter attempts to extend these reading activities at school (in classrooms) to reading clubs in communities to open up students' creativity through sharing and discussions in addition to improve parent-child relationships. In the future three years, USI plans to donate books to schools on outlying islands, in Taichung and Changhua.

▶ Implementation Methods:

Each year, USI sponsors NTD500,000 to support the foundation to promote reading activities such as "Philanthropic Library", "reading workshops" and "parent-child reading".

▶ Implementation Results:

- To integrate with community resources of Caotun Township Library, USI organized one "parent-child reading" activity in Nantou County, with over 200 participants, and the number was the highest over the past years.
- During the second half of 2014, USI brought rich reading resources to teachers and students on remote outlying islands, and participated in the library building project on the outlying islands (Green Island and Lanyu) of Taitung County. USI donated 40 boxes of books to establish "Philanthropic Library" in Yeyou Elementary School in Lanyu Township, and USI was awarded a certificate of recognition by Taitung County Government. After the library was open for one month, 35 boxes of books have been exchanged with other libraries in Taiwan.
- It has been planned to invite writers and teachers with rich teaching experience during the first half of 2015 to assist the establishment of the library. In addition, USI has planned to organize writers' reading workshops.



Sponsored Projects

- In 2014 for "Reading Plan in Elementary Schools," USI donated 40 boxes of books to build a "Philanthropic Library" in Yeyou Elementary School in Lanyu Township, an outlying island of Taitung County. In addition, USI held a "parent-child reading" activity with Caotun Township Library.
- The 2013 "Reading Development Project for the Children": Donated 40 boxes of books (20 to Nantou County Ping-He Elementary School, 10 to Xi-Ling Elementary School and 10 to Shui-Li Elementary School); held 7 seminars of the "Book Shelf of Love project" co-reading teaching strategy and 1 parent-child co-reading activity.
- The 2012 "Reading Development Project for the Children": Donated 40 boxes of books to Nantou County Guo-Xing Elementary School and provided 10 videos of the "Book Shelf of Love" co-reading teaching program.
- The 2011 "Reading Development Project for the Children": Donated 40 boxes of books to Nantou County Ren-Ai Elementary School and held the "Book Shelf of Love" seminars including the School Reading Teaching Workshop and Reading Seeds Teachers Training
- The 2010 "Reading Development Project for the Children": Donated 40 boxes of books to Nantou County Yu-Chi Elementary School and held the "Book Shelf of Love" seminars including the School Reading Teaching Workshop and Reading Seeds Teachers Training
- The 2009 "Infusion of Love and Hope" disaster area visiting program: Donated 40 boxes of life education books to Tong-Fu Elementary School (Xinyi Township, Nantou County) and held 3 parent-child co-reading activities in indigenous villages.
- Participated in the "Ushering out the Old and Welcoming the New" project in 2008 and donated 100 boxes of books.
- Donated 100 boxes of books to Nantou County Hu-Shan Elementary School in 2007.
- Assisted in the registration of "Taiwan Literacy and Culture Foundation" in 2006.
- Sponsored the installation of the "Taiwan Literacy Promotion Center" website in 2005.

• Sponsorship of the Literature Award for Chinese-Speaking Students around the World (Taiwan Facility)

USI believes that the power of innovative R&D comes from imagination and creativity, and that's why USI has been working with Mingdao Literature and Arts by combining the power of "culture" and "technology" to encourage students to create and help them improve their literacy in literature and come up with inspiration of creation. USI promoted the award originally in Taiwan only. However, to respond to the development trend of Chinese in the world, since 2013, the range has been expanded to England, United States, Hong Kong, Macau, and Mainland China for students in junior high schools or above to participate in the event.



- ▶ Starting Year: 2006
- ▶ Recipient:



- ▶ Benefited Stakeholders:
The winners from 2006 until 2014.

- ▶ Implementation Methods:
USI sponsors NTD300,000 awards for contributions each year to enhance people's cultural literacy by supporting literary creations and in the hope of cultivating more talents in creating Chinese works.

- ▶ Implementation Results:
2014 Literature Award is the second competition around the globe organized by USI. Under the promotion and propaganda of all walks of life, the award has had great

achievements in Asia. Among 1356 participating works, 525 contributions were from abroad, and participating countries include Malaysia, Singapore, Philippines, Japan and China. The number of schools or articles grew over 50% compared with last year. Six out of 49 award winners are from abroad, accounting for one-eighth, which makes judges highly praise the undeniable writing skills of foreign writers. The attempt of the award to shape a stage for global Chinese competitions is gradually achieving.

In addition to international nationalities of participants, the content of their works also shows exotic feelings. For example, the plot of "Sea Women," a short story winning the third prize in the group of senior high schools, focuses on sea women on Jeju Island, Korea. "Milk Tea," prose winning honorable mention in the group of senior high schools, describes Southeast Asia culture on Huaxin Street in Zhonghe District, New Taipei City. "Each Other," another prose also winning honorable mention, extends

the writer's pursuit of national identity due to the foreign nationality of his mother.

Countries	Participating works in 2014	Participating works in 2013
Malaysia	299	6
Singapore	130	90
Philippines	11	-
China	84	106
Japan	1	-
Others	-	11
Total	525	213

Sponsored Projects



- The 32nd National Literature Award for Chinese-Speaking Students
- The 31st National Literature Award for Chinese-Speaking Students
- The 30th National Literature Award for Chinese-Speaking Students
- The 29th National Literature Award for Chinese-Speaking Students
- The 28th National Literature Award for Chinese-Speaking Students
- The 27th National Literature Award for Chinese-Speaking Students
- The 26th National Literature Award for Chinese-Speaking Students
- The 25th National Literature Award for Chinese-Speaking Students
- The 24th National Literature Award for Chinese-Speaking Students

Promote Artistic Events

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

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

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 promoting to the promotion of artistic events.



▶ Starting Year: 2005

▶ Recipient:

Cloud Gate Dance Foundation

▶ Benefited Stakeholders:

Cloud Gate Dance Foundation, USI employees

▶ Implementation Methods :

USI not only sponsors NTD1 million on the daily operation of the foundation and dance company every year, but also promotes arts inside the company and holds the "Cloud Gate Gathering" activity.

▶ Implementation Results:

USI sponsored Cloud Gate's performance "White Water Little Dust" in 2014, and invited the dance company to participate in "Cloud Gate Gathering" with USI's employees and teachers of nearby schools, totaling 36 people. In addition, the company's welfare committee invited USI's employees to bring their families or friends to enjoy "White Water Little Dust" in Taichung, with a total of 210 participants.

Sponsored Projects

- 2014 White Water Little Dusts
- 2013 The Rice
- 2012 Nine Songs
- 2011 How Can I Live without You
- 2010 Water Stains on the Wall
- 2009 Xing Cao
- 2008 Hwa Yu
- 2007 Nine Songs
- 2006 Tale of White Snake
- 2005 Dream of Red Chamber

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

To cooperate with the year-end party of "Rice Public Welfare and Culture Festival" held by Nantou County Caotun Township Office, USI sponsors the Ming Hwa Yuan Arts & Cultural Group every year to give a public performance in townships and invites local residents, company employees and their families to relish the unique Taiwanese opera culture. "Ming Hwa Yuan Arts and Cultural Group" is one the biggest and most celebrated Taiwanese opera groups. Established in 1929, this large-scale art performing group has integrated rhythms of modern theater, experimental theater and scene-by-scene filming to elaborate the beauty of traditional arts with music, drama, dance, folk customs, arts and sound and light technology.



2014 is the 13th year that USI continued to sponsor the "Rice Public Welfare Cultural Festival" held by Caotun Township. With estimated visitors of 80,000 person times over the 13 years, this festival always receives an enthusiastic response from local people every year. As thousands of people are attracted to watch "Ming Hwa Yuan Arts & Cultural Group – Scene: Performing Wang's Family", this event has become a year-end pageant in local and governmental institutions at all levels also highly appreciate USI's effort on promoting the Taiwanese drama culture. As a support of Nantou County Caotun Township Office's year-end party, the public performance of "Ming Hwa Yuan Arts & Cultural Group" sponsored by the USI is loved by thousands of local citizens and all of the seats are always occupied every year.

USI not only participates in public welfare activities enthusiastically, but also takes citizens' needs into consideration while handling these activities. For example, as the nights are cold, it has specially prepared ginger teas for citizens to drink while watching the drama. Besides, it has planned an area with "priority seats" for elder people or people with physical difficulties to enjoy the show. All of these have show how much USI cares about local citizens and cherishes this kind of warm hospitality.

Year	Production
Year 1	2002 The Duck-Seller King
Year 2	2003 Grand Immortal of Ponglai
Year 3	2004 Xiang Yu and Liu Bei
Year 4	2005 Wu Song, the Tiger Slayer
Year 5	2006 Tale of Jigong
Year 6	2007 Legend of Xue Ding Shan
Year 7	2008 Tale of Zhou Gong and Cherry Blossom Lady
Year 8	2009 Tale of Eight Fairies
Year 9	2010 Hong Chen Pu Ti
Year 10	2011 Wagon Driver and Detective
Year 11	2012 Liu Quan's Trip to Hell
Year 12	2013 Bao Zheng the Inquisitor
Year 13	2014 Performing Wang's Family



Speeches of Local Senior Officials



Ming Hwa Yuan Arts & Cultural Group



Scene of Performing Wang's Family



The audience

- **Sponsor 2014 Taiwan Lantern Festival (Taiwan Facility)**

Taiwan Lantern Festival has been held for 25 years, and the lantern festival in 2014 "Lucky Horse Prance in Nantou" was held in Chung Hsing New Village. As Taiwan Facility is a local enterprise in Nantou, it sponsored "Riren Lantern Area-Luminous Environment" on Guanghua Third Road.



▸ Implementation Results:

The main exhibition venue which was located in Riren Lantern Area on Guanghua Third Road connected with lush trees and cottages. On both sides of the road were 14 dormitories for public servants, garden cloth lanterns and trees, and a luminous environment and a praying-for-blessing tunnel were decorated with LED lights along the 160-meter-long venue, where a praying-for-blessing parade was held. In addition, lanterns made by 17 communities in Nantou County decorated the exhibition to thoroughly elaborate each community's features and spirit. Over 7.3 millions of people were attracted to admire these lanterns during the nine-day exhibition.

- **"Kunshan-Taiwan Family with Dreams in Great China" - Singing Meeting (Kunshan Facility)**

"Yufeng Mountain, Ali Mountain, Kunshan and Taiwan Pursue Dreams Together to Fulfill the Dreams of Great China!"

"Kun-Taiwan Family with Dreams in Great China," a cross-strait singing meeting co-hosted by Kunshan City Party Committee Propaganda Department, Kunshan City Civilization Office, and the Taiwan Affairs Office of Kunshan City, was held in Poly Theatre in Kunshan City on October 17, 2014. The theatre is the highest art palace in the city. This is a beautiful sonata, and passionate and tender understanding between China and Taiwan.



"Kunshan-Taiwan Cross-Strait Chorus" formed by "USI Chorus," "Kunshan Cross-Strait Chorus," and "Kunshan Women's Charity Association" was invited to attend the singing meeting. The aforementioned three teams are trained and conducted by General Manager Da-Yi Lin

of Kunshan Facility, and they compose the same songs at different times, at different locations and with different groups. On the singing meeting, three songs including "Heirs of the Dragon" which boosted popular morale, "Spring Breeze" with a strong Taiwanese style, and

representative "Kunshan is My Home" were sung. This was the first time the three teams cooperated, and they certainly had good understanding, which won unanimous praise from the audience and supervisors.

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 2014, USI participated in the affairs listed as follows:

• The Million Tree Planting Project (Zhangjiang Facility)

The large amount of greenhouse gas released from human's economic activities is the main cause of greenhouse effect, which has resulted in a dramatic climate change around the world with an increasing number of wind disasters and floods year by year. Apart from controlling the greenhouse gas emission passively, USI has realized the need of fighting against global climate change more proactively and therefore decided to sponsor "The Million Tree Planting Project".



- ▶ Starting Year: 2013
- ▶ Recipient: Shanghai Roots & Shoots



▶ Benefited Stakeholders:

To minimize the risk of desertification in Bahutasumu of Zhaogensumogacha (Horqin Left Back Banner) of Tongliao City (Inner Mongolia) , As this project can prevent dust storms caused by desertification, local citizens will not be pushed to leave their homeland. Besides, once the forest is successfully constructed, local citizens will be able to plant crops to earn a living and revive the vitality of that region.

▶ Mid- and Long Term Goals:

With a duration of 10 years, USI shall donate at least 4,000 trees every year. The long-term goal is to invite the top 3 industrial supply chain players outside the company to join this program, and the mid-term plan is to initiate the public welfare forest adoption activity among employees between 2015 and 2017 to raise 4000 trees.

▶ Implementation Methods:

Through the annual donation of RMB100,000 to plant at least 4,000 trees every year, and send company representatives to participate in the tree planting activity.

▶ Implementation Results:

- Surface: 44.9 Mu (Chinese are; 2.99 hectares)
- Location : Located in Bahutasumu of Zhaogensumogacha (Horqin Left Back Banner) of Tongliao City (Inner Mongolia), this forest belongs to the entire village, where local citizens will be responsible for the planting and following maintenance activities. Two forestry experts of Roots and Shoots Shanghai Teenager Activity Center guided and assisted local residents with these activities.
- Density: 1.5m * 5m, 89 trees per acreage(1,335 trees per hectare).
- Quantity / Species: 4,000 / Poplars

- GPS Coordinates / Diagrams(s):

N43 12.671 E122 07.928

N43 12.611 E122 07.825

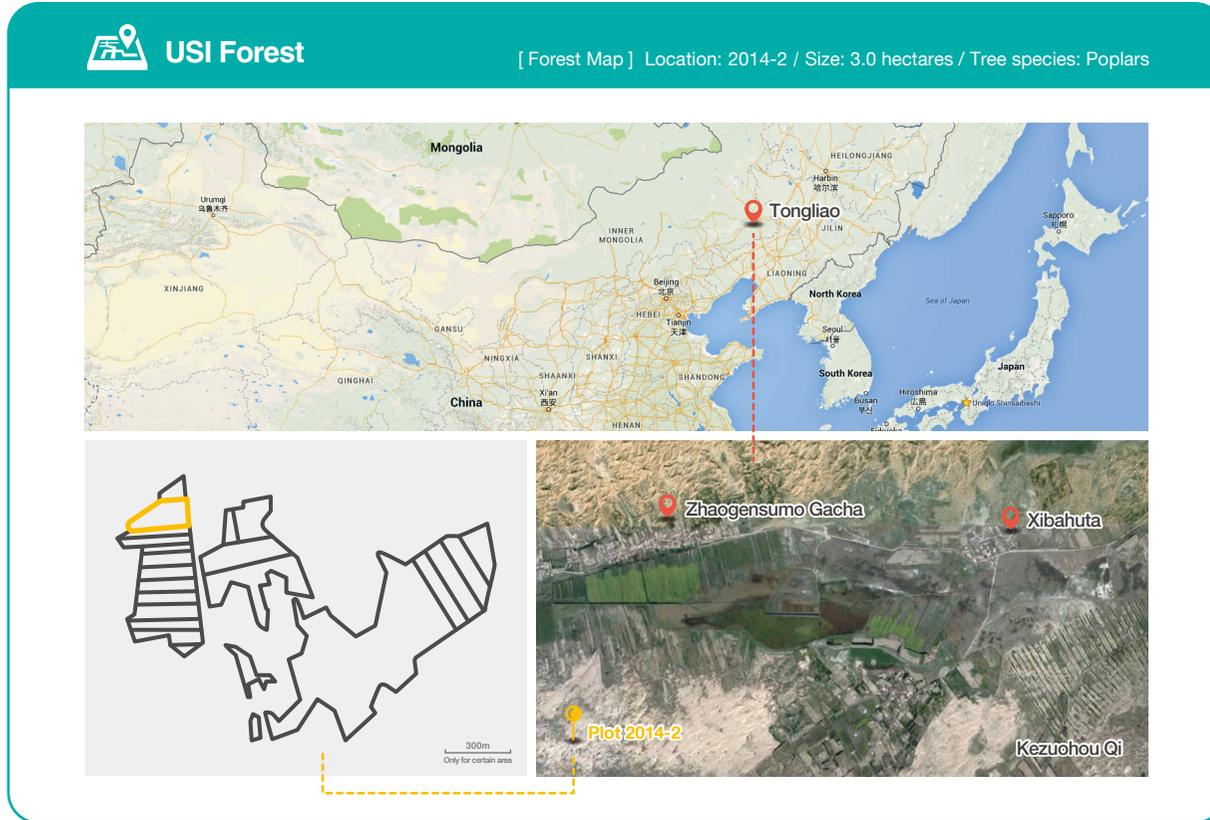
N43 12.591 E122 07.834

N43 12.606 E122 08.019

N43 12.679 E122 08.008

- Plant Cultivation:

In 2014, USI's non-commercial forests located in Bahutasumu of Zhaogensumogacha (Horqin Left Back Banner) of Tongliao City (Inner Mongolia), the main afforestation species is poplar, and planting completed in April. The total forestation area this year is 1134 acres, and 4.4% of which was donated by USI. One-year-old poplars were selected and planted, and the density of forestation was 89 trees per acre. Local residents are responsible for planting and following maintenance. After planting, professors and experts from Naimen Station, Chinese Academy of Science were invited to carry out an on-site inspection on 28th of April. After inspection on soil, water condition and getting to know the way we work with sponsors and locals, they spoke highly of the MYP project and provided instruction and training on planting and maintenance.



The USI representatives participated in the tree planting activity in 2014



Newly planted poplars (2014.4.2)



The field trip of professors from Naimen station, Chinese Academy of Science (2014.4.28)



Growing situation in forest land (2014.7.2)

Sponsored Projects

- 2013 年
 - Surface: 44.9 Mu (Chinese are; 2.99 hectares)
 - Location : Located in Bahutasumu of Zhaogensumogacha (Horqin Left Back Banner) of Tongliao City (Inner Mongolia), this forest belongs to the entire village, where local citizens will be responsible for the planting and following maintenance activities. Two forestry experts of Roots and Shoots Shanghai Teenager Activity Center guided and assisted local residents with these activities.
 - Density: 1.5m * 5m, 89 trees per acreage(1,335 trees per hectare).
 - Quantity / Species: 4,000 / Poplars
 - GPS Coordinates / Diagrams(s):

Year	Coordinate		Forest Map
	▶ Located in Plot 2013-1		
2013	N43 12 38.3 E122 06 29.4	N43 12 38.1 E122 06 31.8	
	N43 12 38.4 E122 06 34.0	N43 12 47.4 E122 06 35.3	
	N43 12 47.6 E122 06 32.8	N43 12 47.6 E122 06 30.7	

- Plant Cultivation:

When the project district affairs supervisor and forestry personnel of Roots and Shoots Shanghai Teenager Activity Center visited the forest land on July 9, 2014, they found that the entire forest land grew stably, and that some trees which grew well have even reached 3 meters tall. However, survival in each area of the forest land was not even. Some sand dunes had thin vegetation, while vegetation in other areas gradually became better as seasonal herbaceous layers fully covered the sand dunes to leave sand immobile.

For this year's forest land investigation, USI selected 12 sample spots on the forest land of 2013 and measured 480 trees, making a 0.55% sampling rate. According to statistics, the survival rate of forest land was 78.75%, the average height of trees was 1.18 meters, average ground diameter was 1.812 centimeters, and average diameter at breast height was 0.695 centimeters. As a whole, compared with 2013, the average height and average diameter at breast height of trees slightly increased, and the average ground diameter increased greater, but its survival rate slightly declined. The survival rate in 2014 was lower than that in 2013 might be because trees were fractured by wind or the upper part of trees withered. However, to a new forest, 78.75% survival rate is above standard. All in all, the growth of 2013 forest land is spectacular, and the entire increase of the forest land is comparatively stable. However, differences in different areas of forest land have gradually begun, and the newly-built forest land still has unstable factors. Therefore, USI's project section will continue to monitor the forest land to ensure the quality of trees.



The photo of "2013 Enterprise Public Welfare Forest," a forest land monument, was taken in 2013.



The photo of "2013 Enterprise Public Welfare Forest," a forest land monument, was taken in 2014.

- **Assistive Activity (Shenzhen Facility)**

Upholding Objective of "Care the Society; Be Friendly to Community," Shenzhen Facility Employees Actively Participate in Public Welfare Activities

Since 2006, Shenzhen Facility has continued to help the disabled, and provide them with allowances for living expenses each month and purchase social insurance for them. In 2014, the plant sponsored 21 disabled people with a total of RMB600,000. On holidays and their birthdays, the plant designates employees to express greetings to the disabled people. In addition, the plant gets into close contact with them and organizes activities for them.

The Help-the-Disabled activity is meaningful and profound, and it shows USI's humanitarian idea, and thoroughly presents the company's contributions to the business development of the disabled. Shenzhen Facility has always won great praise and compliments from Shahe Street Disabled Persons' Association.

- **Visit Orphaned Children in Children Welfare Institution (Kunshan Facility)**

There is a group of orphaned children in Kunshan Children Welfare Institution. Most of these children are physically disabled, and inborn disability has made their life more difficult than normal children. In addition, few people care about them. Although their daily needs are taken care of, they lack care spiritually. To arouse everyone's concern about disadvantaged groups, and to let children feel others' care, members of Kunshan Facility Care Team visited Kunshan Children Welfare Institution to bring warmth to orphaned children. USI hopes that more people can help them, and contribute their love, and that those children can grow up healthily and happily.



- **Beautifying the City Roads with Plants (Taiwan Facility)**

To cooperate with Caotun Township's strategy of beautifying the region with plants, USI has adopted the maintenance work of the city roads. Over the last few years, USI has continuously sponsored regional office to maintain the scenery of adopted roads in order to beautify the environment. The adopted roads are 50m long.



- **Sponsorship of Road Maintenance Program (Taiwan Facility)**

Since 2007, Taiwan facility has adopted divisional islands on Nantou Caotun Township Caoxi Road (from Zhongxing Road to the head of Maolu Bridge), the National Highway No. 3 access road on Provincial Highway No. 14b (under the Roxi Bridge to the intersection of Shengfu Road), and the section from the intersection of Shengful Road to Shanglin Police Station. With an annual budget of NTD666,000, USI has sponsored the maintenance work of divisional islands including trimming bushes / arbors, maintaining turfs, and clearing the environment.

To ameliorate the scenery of the national highway access road, Taiwan facility has specially compiled a budget over a hundred thousand in 2013 to plant flowers at the intersection of Shangfu Road in January and April. Its efforts on maintaining the city tidy and green have received positive feedback from local people.

USI has improved the overall view of the channelization island below Maoluoxi Bridge and the National Highway No. 3 access road on Provincial Highway No. 14b. Besides, it had set landscapes for the lantern festival held by Nantou County government.



The views of planting flowers at intersection of Shangfu Road



The views of planting flowers of National Highway No. 3 access road on Provincial Highway No. 14b

- **Groups of Public Welfare (Taiwan Facility)**

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. 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.

The members of "Caring Association" not only regularly adopt two underprivileged children of Taiwan Fund for Families and six blind children of Taichung Huei Ming School, but also assist employees and neighbors with emergency aid; besides, the association project sponsors and cares disadvantaged groups and charitable organizations every year, and provides them with resources, such as Genesis Social Welfare Foundation, Chinese Association of Early Intervention Profession for Children with Developmental Delays, Donation of the Caotun Service Association Year-End Winter Assistance Grants.



Third Party Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S INDEPENDENT ASSURANCE STATEMENT ON SUSTAINABILITY ACTIVITIES IN THE UNIVERSAL SCIENTIFIC INDUSTRIAL (SHANGHAI) CO., LTD.'S CORPORATE SOCIAL RESPONSIBILITY REPORT OF 2014

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by UNIVERSAL SCIENTIFIC INDUSTRIAL (SHANGHAI) CO., LTD. (hereinafter referred to as USI) to conduct an independent assurance of the Corporate Social Responsibility Report (hereinafter referred to as CSR Report) of 2014. The scope of the assurance, based on the SGS Sustainability Communications Assurance methodology, included the text, and data in accompanying tables contained in this report.

The information in the USI's CSR Report of 2014 and its presentation are the responsibility of the superintendents, CSR committee and the management of USI. SGS has not been involved in the preparation of any of the material included in the USI's CSR Report of 2014. Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance set out below with the intention to inform all of USI's stakeholders.

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

This report has been assured using our protocols for:

- evaluation of content veracity at a moderate level of scrutiny for USI, USI's subsidiaries, and applicable aspect boundaries outside of the organization covered by this report ;
- evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008);
- evaluation of the report against the GRI Sustainability Reporting Guidelines (G4 2013).

The assurance comprised a combination of pre-assurance research; interviews with relevant superintendents, CSR committee and the management; 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 affirms our independence from USI, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors experienced in one or more of the following: AA1000, GRI, ISO 26000, ISO 20121, ISO 14001, OHSAS 18001, SA8000, SMETA, EICC, ISO 50001, QMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SGS Integrating Sustainability Communications service provision.

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 USI's CSR Report of 2014 verified is accurate, reliable and provides a fair and balanced representation of USI sustainability activities in 01/01/2014 to 12/31/2014.

The assurance team is of the opinion that the report can be used by the Reporting Organization's Stakeholders. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting. The report is the third to be assured by an independent assurance team and USI has taken a bold step by offering the report to evaluation against both GRI G4 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 GRI G4 Core Option and AA1000 Assurance Standard (2008) Type 1, Moderate level assurance.

AA1000 ACCOUNTABILITY PRINCIPLES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

USI has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, local communities, suppliers and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, USI may proactively consider having more direct involvement of stakeholders during future 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 may consider profiling the sustainability impacts outside of organization in more detail.

Responsiveness

The report provides an adequate response to the issues and stakeholder concerns relating to USI's activities. Future reporting would benefit from more reporting on the results of stakeholder feedback from this report.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, USI's CSR Report of 2014, is adequately in line with the GRI G4 Core Option. The material aspects and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material aspects and boundaries, and stakeholder engagement, G4-17 to G4-27, are correctly located in content index and report. Further disclosures on Management Approach components, such as goals and targets and performance measurement system, and specific actions taken to achieve the expected results, are recommended in future reports. It may be considered to have more descriptions on the actions taken to address the significant actual and potential negative impacts identified in the supply chain. Further disclosures of more governance GSDs and EN23 is also recommended.

Signed:

For and on behalf of SGS Taiwan Ltd.



Dennis Yang, Chief Operating Officer
Taipei, Taiwan
24 June, 2015
WWW.SGS.COM



AA1000
Licensed Assurance Provider
000-8

GP5008 Issue 4

GRI Index

• General Standard Disclosures

Standard Disclosures		Chapter	Page	Additional Illustration	External Assurance Page
Strategy and Analysis					
G4-1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and strategy	Letter from President	4		90
Organization Profile					
G4-3	Name of the organization	Corporate Introduction	15		90
G4-4	Primary brands, products, and/or services	Corporate Introduction	15		90
G4-5	Location of organization's headquarters	Corporate Introduction	15		90
G4-6	The number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	Corporate Introduction	15		90
		Global Operative System	16		
G4-7	Nature of ownership and legal form	Corporate Introduction	15		90
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Global Operative System	16		90
G4-9	Scale of the reporting organization	Corporate Introduction	15		90
		Financial Performance	16		
G4-10	a. The total number of employees by employment contract and gender	Global Workforce	41		90
	b. The total number of permanent employees by employment type and gender				

Standard Disclosures		Chapter	Page	Additional Illustration	External Assurance Page
G4-10	c. The total workforce by employees and supervised workers and by gender	Global Workforce	41		90
	d. The total workforce by region and gender				
	e. Whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors				
G4-11	The percentage of total employees covered by collective bargaining agreements	Industrial Relations Communication Mechanism	50	Collective Agreement Law is not signed.	90
G4-12	Describe the organization's supply chain	The Suppliers of USI	74		90
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	Corporate Governance	19	In April, 2014, USI founded its subsidiary company Universal Global Electronics (Shanghai) Co., Ltd., and in December of the same year, it established Universal Scientific Industrial (Shanghai) Co., Ltd. (Haleilu)	90
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	Green Promise	25		90
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	Promotion of EICC	12		90
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations	External Participation	13		90
Identified Material Aspects and Boundaries					
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents	Introduction of the Report	2	There are totally 13 companies in the organizational structure chart and this report has only revealed 6 of them. The reason of not revealing these companies is that: These companies are operated as service centers with lower impacts on the environment and our community.	90
	b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	Corporate Governance	19		

	Standard Disclosures	Chapter	Page	Additional Illustration	External Assurance Page
G4-18	<p>a. Explain the process for defining the report content and the Aspect Boundaries</p> <p>b. Explain how the organization has implemented the Reporting Principles for Defining Report Content</p>	Stakeholders Management	7		90
G4-19	List all the material Aspects identified in the process for defining report content	Stakeholders Management	7		90
G4-20	<p>For each material Aspect, report the Aspect Boundary within the organization, as follows:</p> <ul style="list-style-type: none"> • Report whether the Aspect is material within the organization • If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: <ol style="list-style-type: none"> 1. The list of entities or groups of entities included in G4-17 for which the Aspect is not material or 2. The list of entities or groups of entities included in G4-17 for which the Aspects is material • Report any specific limitation regarding the Aspect Boundary within the organization 	Stakeholders Management	9		90
G4-21	<p>For each material Aspect, report the Aspect Boundary outside the organization, as follows:</p> <ol style="list-style-type: none"> 1. Report whether the Aspect is material outside of the organization 2. If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified 3. Report any specific limitation regarding the Aspect Boundary outside the organization 	Stakeholders Management	9		90

Standard Disclosures		Chapter	Page	Additional Illustration	External Assurance Page
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	Carbon Management	35	In 2014, due to the change of the calculation method for the source of greenhouse gas emissions in Shenzhen Facility, the base year had to be recalculated, and the amount of emissions from 2011 to 2013 was revised as well.	90
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	Stakeholders Management	9		90
Stakeholder Engagement					
G4-24	Provide a list of stakeholder groups engaged by the organization	Stakeholders Management	8		90
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	Stakeholders Management	8		90
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	Stakeholders Management	8		90
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	Stakeholders Management	8		90
Report Profile					
G4-28	Reporting period (such as fiscal or calendar year) for information provided	Introduction of the Report	2		90
G4-29	Date of most recent previous report	Introduction of the Report	2		90

Standard Disclosures		Chapter	Page	Additional Illustration	External Assurance Page
G4-30	Reporting cycle	Introduction of the Report	2		90
G4-31	Provide the contact point for questions regarding the report or its contents	Introduction of the Report	2		90
G4-32	a. Report the 'in accordance' option the organization has chosen	Introduction of the Report	2		90
	b. Report the GRI Content Index for the chosen option				
	c. Report the reference to the External Assurance Report, if the report has been externally assured. (GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.)	GRI Index	91		
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report	Introduction of the Report	2		90
	b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided				
	c. Report the relationship between the organization and the assurance providers				
	d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report				
Governance					
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	Vision and Promise	6		90
		Corporate Governance	19		
Ethics and Integrity					
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Anti-Corruption and Anti-Bribery	21		90

- Specific Standard Disclosures

Management Approach & Indicators		Chapter	Page	Additional Illustration	Omissions	External Assurance Page
Economic Category						
	Management Approach	Corporate Introduction	15			90
	G4-EC1	Direct economic value generated and distributed	Financial Performance	16		90
Economic Performance	G4-EC3	Retirement plans	Perfect Welfare System	63	The old mechanism of the Labor Retirement Fund still exists in our Taiwan facility and the fund is allocated to addressed account in accordance with local regulations.	90
	G4-EC4	Financial assistance received from government	Government Subsidy	22		90
		Management Approach	Global Workforce	41		90
			Salary and Welfare	49		90
Market Presence	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage	Salary Management Strategy	49		90
	G4-EC6	Proportion of senior management hired from the local community	Global Workforce	41		90
Procurement Practices		Management Approach	The Suppliers of USI	74		90
	G4-EC9	Proportion of spending on local suppliers	The Suppliers of USI	74		90

Management Approach & Indicators		Chapter	Page	Additional Illustration	Omissions	External Assurance Page
Environmental Category						
Materials		Management Approach	Material Management	35		90
	G4-EN1	Materials(Renewable and Non-renewable) used by weight or volume	Material Management	35	All the materials are Non-renewable materials.	90
Energy		Management Approach	Material Management	36		90
	G4-EN3	Energy consumption within the organization	Energy Management	36		90
	G4-EN5	Energy intensity	Energy Management	37		90
	G4-EN6	Reduction of energy consumption	Energy Management	37		90
	G4-EN7	Reductions in energy requirements of products and services	Design Results of Green Products	29		90
Water		Management Approach	Water Resource Management	38		90
	G4-EN8	Total water withdrawal by source	Water Resource Management	38		90
	G4-EN10	Consumption and the percentage of recycling water.	Water Resource Management	38		90
Emissions		Management Approach	Carbon Management	35		90
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Carbon Management	35		90
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Carbon Management	35		90

Management Approach & Indicators		Chapter	Page	Additional Illustration	Omissions	External Assurance Page	
Emissions	G4-EN18	Greenhouse gas (GHG) emissions intensity	Carbon Management	35		90	
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	Carbon Management	35		90	
Effluents and Waste		Management Approach	Waste Management	38		90	
	G4-EN23	Total weight of waste by type and disposal method	Waste Management	39		As it is difficult to collect data in the facilities in China, the total amount of different types of waste is not revealed in accordance with waste disposal methods.	90
	G4-EN24	Total number and volume of significant spills			No serious leakage events happened in any facility.	90	
Products and Services		Management Approach	Green Promise	25		90	
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Green Promise Design Results of Green Products	25 29		90 90	
Compliance		Management Approach	EHS & Energy Policy	24		90	
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations			The use of groundwater in Taiwan Facility has been legalized, and it has to pay the fine of NTD12,000 for violating Article 40 of Water Resource Act.	90	

Management Approach & Indicators		Chapter	Page	Additional Illustration	Omissions	External Assurance Page
Overall		Management Approach	Green Promise	25		90
	G4-EN31	Total environmental protection expenditures and investments by type	Green Expenditures	34		90
Supplier Environmental Assessment		Management Approach	Supplier Management and Communication	75		90
	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Supplier Management and Communication	75		90
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Supplier Management and Communication	76		90
Supplier Management and Communication		Management Approach	Supplier Management and Communication	75		90
	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	Pollution Control	34		90
			Supplier Management and Communication	75		90
Labor Practices and Decent Work Category						
Employment		Management Approach	Employee Care and Cultivation	41		90
	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	Global Workforce	45		90

Management Approach & Indicators		Chapter	Page	Additional Illustration	Omissions	External Assurance Page
Employment	G4-LA2	Benefits provided to full-time employees	Perfect Welfare System	51	The welfare system is applicable to both regular and non-regular employees.	90
	G4-LA3	Return to work and retention rates after parental leave, by gender	Global Workforce	46		90
Labor / Management Relations		Management Approach	Human Rights Policy	41		90
	G4-LA4	Minimum notice periods regarding operational changes	Human Rights Policy	41	According to local laws and regulations.	90
Occupational Health and Safety		Management Approach	Employee Health & Safety	63		90
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Employee Health & Safety	64		90
Training and Education		Management Approach	Training Program	46		90
	G4-LA9	Average training hours based on gender and occupations	Employee Learning and Development	48		90
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Employee Learning and Development	46		90
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Employee Performance Appraisal	49		90

Management Approach & Indicators		Chapter	Page	Additional Illustration	Omissions	External Assurance Page
Diversity and Equal Opportunity		Management Approach	Employee Care and Cultivation	41		90
	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Global Workforce	42		90
Equal Remuneration for Women and Men		Management Approach	Salary Management Strategy	49		90
	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category	Salary Management Strategy	50		90
Supplier Assessment for Labor Practices		Management Approach	Supplier Management and Communication	75		90
	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Supplier Management and Communication	75		90
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Supplier Management and Communication	76		90
Labor Practices Grievance Mechanisms		Management Approach	Supplier Management and Communication	75		90
	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	Supplier Management and Communication	75	There were no related cases in 2014.	90

Management Approach & Indicators		Chapter	Page	Additional Illustration	Omissions	External Assurance Page
Human Rights Category						
Investment		Management Approach	Human Rights Policy	41		90
	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Human Rights Policy	41		90
			Employee Learning and Development	47		90
Non-discrimination		Management Approach	Human Rights Policy	41		90
	G4-HR3	Total number of incidents of discrimination and corrective actions taken	Human Rights Policy	41	There were no discrimination cases in 2014.	90
Freedom of Association and Collective Bargaining			Human Rights Policy	41		90
		Management Approach	Supplier Management and Communication	75		90
	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Human Rights Policy	41		90
			Supplier Management and Communication	75	There were no related cases in 2014.	90

Management Approach & Indicators		Chapter	Page	Additional Illustration	Omissions	External Assurance Page
Child Labor	Management Approach	Human Rights Policy	41			90
		Supplier Management and Communication	75			90
	G4-HR5 Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Human Rights Policy	41			90
		Supplier Management and Communication	75			90
Forced or Compulsory Labor	Management Approach	Human Rights Policy	41			90
		Supplier Management and Communication	75			90
	G4-HR6 Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Human Rights Policy	41			90
		Supplier Management and Communication	75	There were no related cases in 2014.		90
Assessment	Management Approach	CSR Policy and Operation	6			90
	G4-HR9 Total number and percentage of operations that have been subject to human rights reviews or impact assessments	CSR Policy and Operation	6	Operating activities on facilities all consider the local situation of human rights.		90
		Promotion of EICC	12			90

Management Approach & Indicators		Chapter	Page	Additional Illustration	Omissions	External Assurance Page
Supplier Human Rights Assessment		Management Approach	Supplier Management and Communication	75		90
	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Supplier Management and Communication	75		90
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Supplier Management and Communication	76		90
Human Rights Grievance Mechanisms		Management Approach	Human Rights Policy	41		90
			Supplier Management and Communication	75		90
	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Human Rights Policy	41		90
			Supplier Management and Communication	75		90
Society Category						
Local Communities		Management Approach	Social Participation	79		90
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Invest in Education Promote Artistic Events Contribute to the Community	79	All operating activities take part in community development	90
Anti-corruption		Management Approach	Anti-Corruption and Anti-Bribery	21		90
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Promotion of EICC	12	Internal audit of anti-corruption and anti-bribery contains the whole company (nine cycles of sales, procurement, production, payroll, asset and etc.), and USI found no major issues within audit sampling results in 2014.	90
			Anti-Corruption and Anti-Bribery	21		90
	G4-SO4	Communication and training on anti-corruption policies and procedures	Anti-Corruption and Anti-Bribery	22	All USI employees have signed 'USI Staff Code of Conduct' .	90

Management Approach & Indicators		Chapter	Page	Additional Illustration	Omissions	External Assurance Page
Compliance		Management Approach	Regulations Abidance	22		90
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Regulations Abidance	22		90
Supplier Assessment for Impacts on Society		Management Approach	Supplier Management and Communication	75		90
	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Supplier Management and Communication	75		90
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	Supplier Management and Communication	76		90
Product Responsibility Category						
Customer Health and Safety		Management Approach	Customer Service and Satisfaction	72		90
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement			Before we produce mass system products, such as cash register, mobile devices, memory unit, server, wireless router, wireless networking equipment, etc, we always obtain safety certification of the machines in accordance with related laws and regulations of each country; As for parts products, such as motherboard, wireless module, auto parts, etc, we always verify relevant safety regulations and apply for certification at customers' final system assembly.	90
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Customer Service	72		90

Management Approach & Indicators		Chapter	Page	Additional Illustration	Omissions	External Assurance Page	
Product and Service Labeling		Management Approach	Customer Service and Satisfaction	72			90
	G4-PR5	Results of surveys measuring customer	Customer Satisfaction	73			90
		Management Approach	Regulations Abidance	22			90
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data			In 2014, USI was not accused for invasion of customers' privacy or losing customers' data.		90
		Management Approach	Regulations Abidance	22			90
Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services			In 2014, USI did not violate any regulations.		90
Other Issues							
			CSR Policy and Operation	6			90
Conflict Minerals		Management Approach	Supplier Management and Communication	75			90
		Conflict Minerals Management and Investigation	Conflict Minerals Management and Investigation	76			90
Green Products		Management Approach	Green Promise	25			90
		Design results of green products	Design Results of Green Products	29			90

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