



2018

**CORPORATE SOCIAL
RESPONSIBILITY REPORT**

About This Report

Report Scope and Overview

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

This report provides information about the concerns of the stakeholders of USI, including business information of facilities in Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan, and Mexico*. The collection period was from 01/01/2018 to 12/31/2018, and the statistic data are in RMB, USD and NTD. The environmental, health and safety performances are expressed using accepted international indices.

Note:

ASE Technology Holding Co., Ltd. (hereinafter referred to as the "parent group" or "ASEH") is the parent company of Universal Scientific Industrial Co., Ltd.

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

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

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

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

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

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

Principles for Report Compilation

This report is made based on "core options" and "basic framework" in accordance with "GRI Standards 2016" and "CASS-CSR4.0". For "GRI 403 Occupational Health and Safety" and "GRI 303 Water and Effluents", USI adopted "GRI Standards 2018" to comply and regulate itself with stricter international norms and trends.

This report also refers to the Evaluation Index System of Shanghai Listed Corporate Social Responsibility Index (2017) and the Shanghai Stock Exchange environmental and poverty alleviation disclosure requirements, publicly revealing USI's measures, achievements, and targets for all ESG key issues. Please refer to the Stakeholders Engagement chapter for the identification of material topics and report boundaries.

Assurance

To improve information transparency and accountability, SGS Taiwan Ltd. provided third-party assurance for this report following AA1000AS (2008) Type 1 Moderate Level with 21 disclosures verified with AA1000AS (2008) Type 2 High Level. Please refer to the GRI Index for details.

Report Publication

USI publishes a corporate social responsibility report every year.

First Version: Released in July 2013

Previous Version: Released in July 2018

Current Version: Released in July 2019

Next Version: Planned release in July 2020

Feedback and Contact Methods

There are Traditional/Simplified Chinese and English versions of this report available and is also accessible on the USI CSR Web (<https://www.usiglobal.com/csr>). If you have any comments, questions, or suggestions, please contact us:

Address: No.1558 Zhang Dong Rd., Pudong New Area, Shanghai 201203, China

Tel: +86-21-5896-6996 Ext: 61705

Email: csr@usiglobal.com

Web: <https://www.usiglobal.com>

Fax: +86-21-5896-8415

Address: No.141, Lane 351, Sec. 1, Taiping Road, Tsaotuen, Nantou County 54261, Taiwan

Tel: +886-49-235-0876 Ext: 26157

Email: csr@usiglobal.com

Fax: +886-49-239-3571

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Letter from the Chairman

Following the inflation pressures arising from increased trade protection, various uncertainties of the global electronic industry chain and relevant capital markets also doubled in 2018. In the meantime, climate change, environmental pollution and resource exhaustion also posed a certain threat to the sustainable development of society. Confronted by these challenges, USI adheres to the philosophy of integrating our business responsibility with social responsibility, striving to be an accountable enterprise.

Also, as a member of ASE Technology Holding Co., Ltd., USI insists on achieving the objectives of "Low Carbon, Circular, Inclusive and Collaborative". Over the last 42 years, we have been playing an important role in building the CSR culture of the entire group. With respect to our fulfillment of CSR on behalf of the Group, we have shown outstanding performance and great contributions, particularly during the globalization process of CSR. As a member of the Group's CSR Committee, I witnessed recognitions from various industry associations, including "GoldenBee Excellent CSR Report 2018: Environmental Protection Disclosure Award", "2018 Blue Book of Enterprise Poverty Alleviation: Excellent Case of Enterprise Poverty Alleviation" and "The 4th Shanghai CSR Assessment for Chinese Listed Companies: Green Development Award". Besides, not only have we earned a Gold Level Recognition Medal in the EcoVadis and been praised as the top 7 percent of the most valuable companies, but we have also received the "2018 Social Responsibility Model Award for Listed Companies" in our first participation of "China Charity Festival" this year. I am truly honored.

We believe that, to fulfill our corporate social responsibility, we must find a business model that guarantees sustainable profitability insist on sharing our business results with the society, and continuously contribute to the society. In return, sustainable operations will

enable us to create a comfortable workplace for our employees while giving them a sense of accomplishment, build a fair and competitive environment for our suppliers, ensure the quality of services provided to our customers, and generate even more profits for our shareholders and investors. Our ultimate goal is to devote to the creation of sustainable values and, by delivering and sharing our knowledge, establish a positive cycle and promote it.

Looking into the future, USI will continuously innovate and keep making progress with respects to the revolutionary challenges of global electronics industry, such as the upcoming trends of Smart City, 5G and IoT. We will offer the most advanced technological support for the health and safety of human society, integrate with the Company's "modularized, diversified and globalized" development strategy, continuously look for a new business model that guarantees sustainable profitability, and seek for more opportunities to strategically cooperate and collaborate with our partners, and enhance our talent cultivation plan in order to better our fulfillment of corporate social responsibility.

All colleagues of USI believe that, while reviewing and examining ourselves, we will proactively launch talent cultivation plans, perfect corporate governance, insist on shareholders' values, and learn from the most responsible companies around the world to make up our deficiency. I believe that USI has room for sustainable operation, innovations for profitability model and faith for our fulfillment of social responsibility.

Lastly, I am willing to do my best to create a safe and healthy world together with all colleagues of USI!



A handwritten signature in black ink, appearing to be 'Jeffrey Chen', written over a light green circular graphic element.

Chairman Jeffrey Chen

Letter from the President

USI has been devoted to the implementation of social responsibility in all aspects, including corporate governance, environmental protection, social participation and employees' rights and benefits. In 2018, we have been elected as the "Excellent Corporate Proposal for Poverty Alleviation" with our "Digital Education Poverty Alleviation Program"; and have received the "2018 Public Welfare Award" for our contributions in "The Million Tree Project". This honor is bestowed as recognition of our involvement in and contributions to maintaining a balance between environmental sustainability and corporate business values.

Our employees have implemented the corporate spirit of delivery and accountability as well as our core values of "Realizing IDEAS Together" in the promotion of various activities. In 2018, we have completed a number of important missions:

- Our facilities in Zhangjiang, Kunshan, Taiwan and Mexico obtained the up-to-date IATF 16949 Automotive Quality Management System certification.
- Evaluated 15 new suppliers. 12 out of 15 passed the review and 80% of new suppliers were selected by evaluating their environmental sustainability.
- The total of reclaimed water reached 132.21 ML and about 87.1% of process water was reclaimed. This has largely reduced our water consumption, where the total water consumption of 2018 was 581.537 ML, successfully reduced 20.2% of water compared with 2017.
- Despite the increase of waste production following the expansion of our business, we also managed to increase our waste recycling rate year-by-year. In 2018, our waste recycling rate was 89.2%.
- With respect to social investments, USI has contributed RMB 5.4 million and 504 USI employees and their family members participated, contributing 3,525 service hours in total.

- Promoted the education and poverty alleviation program with a contribution of RMB 904,000, totally assisted 791 students of poverty.

In 2018, USI realized the social contribution value* of RMB 1.8 per share. In 2019, we will continue to enhance our market competitiveness, proactively cultivate talents through the USI University (USIU) learning system and industry-academia partnerships, and invest more in social participation. Our objectives are to invest in education, contribute to the society, promote arts and culture, care for local development and, together with our stakeholders, build future pathways to sustainable development.

Corporate social responsibility is a sustainable project of USI. We thank all of our colleagues' efforts. Concerning our commitments that have not been accomplished, we will make continuous improvements. We will also appreciate if you are willing to share your precious opinions that will drive us to keep moving.

Note:

The social contribution value per share = basic earnings per share + (tax payment + employee compensation payout + interest expense + charitable donations) ÷ the number of ordinary shares outstanding during the year

Chen-Yen Wei

President C.Y. Wei





Corporate Sustainability Profile

USI is aware that modern enterprises should not only create economic value, bringing 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.

Corporate Sustainability Profile

2018 Performances and Awards

As a loyal long-term sponsor of "The Million Tree Project" operated by Shanghai Roots and Shoots, USI received **Outstanding Group Award** in 2018. Since 2013, USI has continuously donated saplings to plant in the USI Corporate Forest, which now has a total of 38,000 trees and covers 28.73 hectares. In 2016, USI also launched the USI Employees Love Forest where our employees have donated 10,818 saplings, covering 10.89 hectares.

At the "Blue Book of Enterprise Poverty Alleviation Conference and the 3rd Enterprises' Targeted Poverty Alleviation Red-flag Summit", USI was elected as the **"Excellent Case of Enterprise Poverty Alleviation"** with our "Digital Education Poverty Alleviation Program".



Earned a **Gold Level Recognition Medal in the EcoVadis** and was evaluated as the top 7 percent of most valuable companies



At The 4th Shanghai CSR Assessment for Chinese Listed Companies Summit and "2018 Conference of "Shanghai CSR Assessment Report for Chinese Listed Companies", USI received the **"Green Development Award"** after a comprehensive evaluation on its performance with respect to "Harmonious Relationship", "Employee Caring", "Environmental Responsibility", "Public Welfare" and "Economic Responsibility".



Obtained **the Environmental Protection Disclosure Award** distributed by the GoldenBee Excellent CSR Report 2018.



Earned **"The Most Potential Listed Company in the High-End Manufacturing Industry"** of the 8th (2018) Reputation List of China Listed Companies.

Sustainability Management

USI extends its core values of "Realizing IDEAS Together" to encompass environmental, social, and governance aspects. By integrating core values into the corporate policy and operation management, USI pursues the vision of sustainable development.

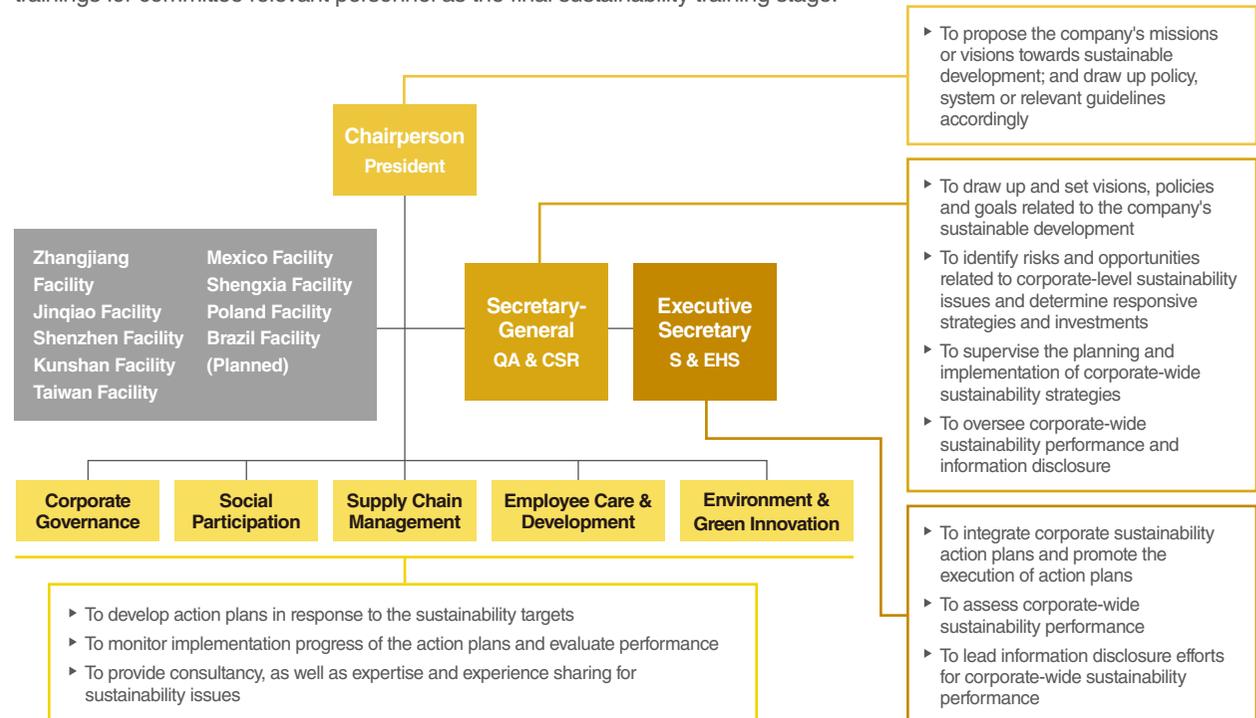
» We commit to



• CSR Committee

To smoothly promote USI's CSR, USI has established a responsible unit (USI CSR Committee). The committee covers USI's manufacturing facilities. To respond to and fulfill expectations of important business issues and expectations of the company and stakeholders, the committee's missions has set five aspects, including "Corporate Governance", "Social Participation", "Supply Chain Management", "Employee Care & Development", and "Environment & Green Innovation". The committee that has members from different administration and business units is led by the President as the chief committee member. The "Quality Assurance and Corporate Social Responsibility", on the other hand, is responsible for taking actions. Through the committee's operations and with members' cooperation, the company is managed to take actions efficiently and promote a sustainable business model.

Besides, with an expectation to enhance all employees' sustainable development capability, USI also carried out a multi-stage sustainability training through the LMS (e-learning) system: First, new employee are trained as the preliminary training stage. Second, a whole-plant training is expected to take place in 2019. Finally, the Company will carry out special trainings for committee relevant personnel as the final sustainability training stage.



Each year, the Committee submits the annual CSR report to the board of directors, and a series of discussions and plans will be carried out by the board of directors in regard to the Company's implementation of corporate social responsibility activities. Later at the end of each year, the Committee shall hold an annual meeting to review the Company's CSR promotion results of the year and future direction of CSR projects. On December 13 of 2018, the Committee held a sustainability forum for senior management team. Not only have USI's senior managerial personnel participated therein, but also the Chief Administrative Officer (CAO) of the parent group (ASEH), sustainability consultants of PwC Taiwan, and Dr. Hsu Jia-Wei and Dr. Chen Yao-Te from the Corporate Sustainability Research Center of Tunghnan University were also invited to attend this event to have in-depth exchanges and to discuss the world's sustainable development trend and the Group's future plan.



Annual CSR Meeting



Senior Managers Sustainability Forum

• CSR Policy

USI, through the understanding of Corporate Social Responsibility (CSR), considers that the sustainable business development of USI is closely linked with the interests of employees, community, society, and shareholders. The scope of the CSR covers issues such as labor rights, workplace health and safety, environmental protection, and business ethics. In order to deploy USI CSR effectively and to meet the expectancy of the stakeholders, USI will undertake the following measures to achieve the goal. The complete policy's content is shown on the USI CSR Web for your reference (<https://www.usiglobal.com/usi-code/csr-policy>)

CSR Policy

- ▶ Comply with Regional, National and International Laws
- ▶ Assure Labor Rights
- ▶ Ensure Safe and Healthy Workplace; Minimize Environmental Impact
- ▶ Carry out Business Ethics
- ▶ Participate in Community Activities
- ▶ Do Not Procure Conflict Minerals Including Suppliers
- ▶ Strictly Prohibit Slavery and Human Trafficking Including Suppliers
- ▶ Improvement Continuously; Public Disclosure

7 Corporate Sustainability Profile

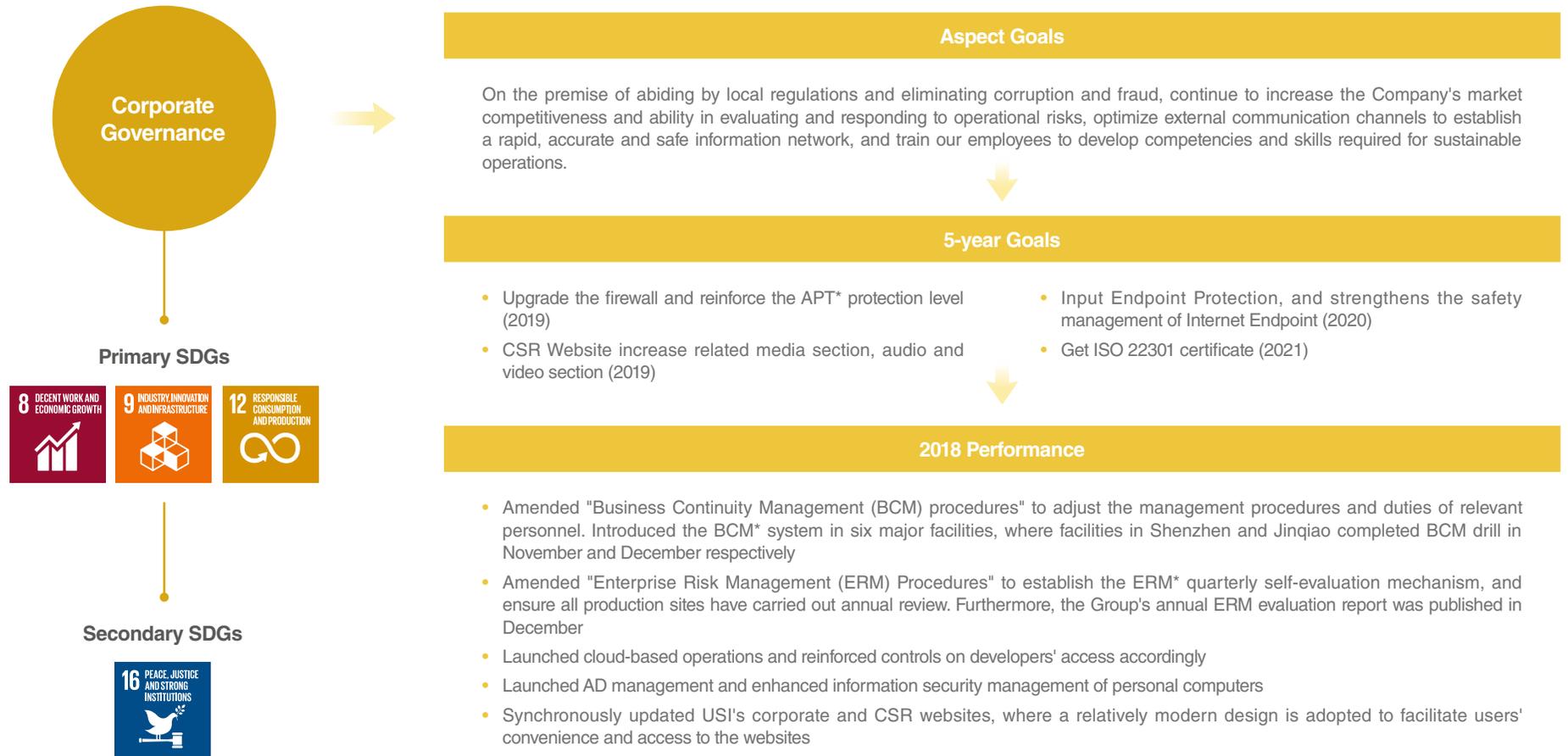
• Sustainable Strategy

To reach sustainable development goals (SDGs) of United Nations (UN) and pursue corporate sustainability, USI follows the parent group's four sustainability themes to select priority response SDGs based on the Company's core values. This enables the Company to take a comprehensive action with respect to corporate sustainability.

Strategic Pillars		Strategic Directions	
Low Carbon	Be devoted to reducing carbon emitted during business operations; and assist consumers in saving energy and reducing carbon emission by providing them our products or services. This helps us not only to facilitate its economic transformation, but also to grow while keeping our carbon emission and costs low.	Carbon Management	Build up the overall carbon management strategies, policies and systems to facilitate the low carbon development
		Green & Renewable Energy Investment	Build up USI's green/renewable investment strategy to prevent external costs and find new opportunities
		Low Carbon Products / Services	Provide low-carbon solutions (services or products) to the market
		Adaptation & Resilience	Identify vulnerabilities caused by a changing climate and develop adaptation strategies to reduce climate risks
		Enable Sustainable Lifestyles	Shape low-carbon culture internally and image as a leading provider of low-carbon solutions externally
Circular	Be devoted to reducing waste produced due to the Company's operation & production patterns as well as its product & service design, and identify any resource that can be recycled and reused to create closed-loop recycling production processes and ideal product & service designs.	Circular Design	Integrate circular thinking into product and process design to facilitate sustainable resources usage and foster profitable circular business
		Water Cycle	Set up USI water objective and strategy and build up USI circular water cycle
		Waste / Reusable Resource Management	Identify and develop materials and production process with circular potential to minimize waste
Collaborative	Ensure that all products & services provided by the Company do not exclude any specific market segment, and be proactive in developing universal products & services that can be acquired or used by different market segments or segments with special needs.	Social Impact	Develop the conceptual framework for social involvement as well as a corresponding monitoring and evaluation mechanism
		Social Innovation	Identify social problems and target populations to be addressed and collaborate with partners to find new business opportunities through social innovation
Inclusive	Share different resources and technologies with cross-industrial /cross-domain business partners within the value chain, and further create values that cannot be solely made by our Company.	Smart Procurement	Build up responsible and sustainable procurement mechanism to strengthen corporate risk management system
		Supply Chain Management Go High Tech	Increase and optimize supply chain traceability
		Strategic Partnership	Build up strategic partnership with companies possessing different capabilities and resources to foster innovation

Future Goals

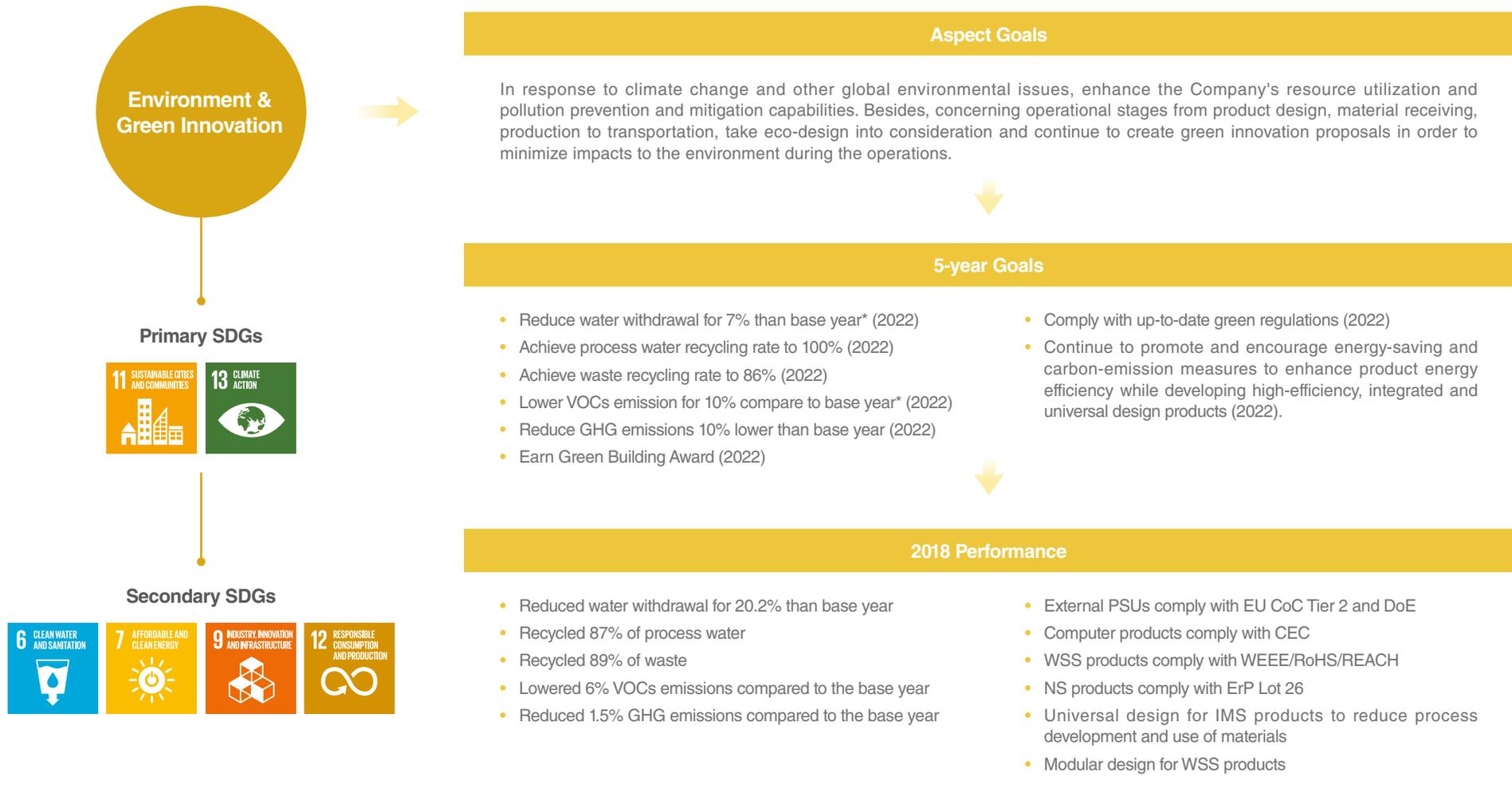
USI has set goals corresponding to the five aspects and 5-year goals for the future. These goals are connected to UN 2030 SDGs to respond to the global sustainability issues.



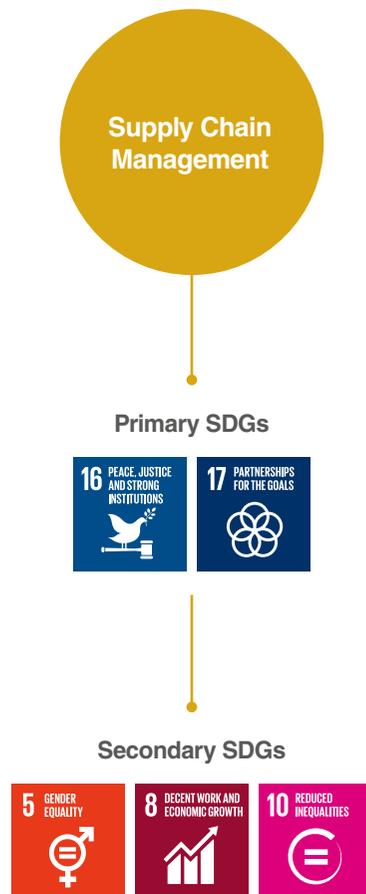
Note:

1. APT, Advanced Persistent Threat

2. BCM, Business Continuity Management



Note: 2017 is the base year, from which the 5 year goals are set.



Aspect Goals

Gain satisfaction and affirmation from customers and users with after-sales service, quality and safety of our products. On issues regarding human rights, morality, and environment, we further ask the suppliers to establish sustainable partnerships

5-year Goals

- Build safety certifications channel of emerging market in Africa (2019)
- Full-compliance input UL/IEC 62368 (2019)
- All major suppliers join the RBA-Online* platform and share their RBA SAQ* (2020)
- All USI's suppliers shall comply with Responsible Minerals Initiative (2020)
- Expand product safety-related certifications to medical, IoT, and industrial areas (2021)
- Customer satisfaction reach 90% (2021)

2018 Performance

- Established Africa safety certification channels (ex. Intertek/Nemko) and have them used in specific product development projects
- Established the UL/IEC 62368 internal verification and pre-test capabilities
- Suppliers whose procurement amount is among the top 95% shall conform to the conflict-free mineral policy with no exception.
- Customer satisfaction is 82.1%

Note:

1. RBA-Online, RBA Online Risk Assessment Platform: an official website established by RBA. It provides global RBA members a channel to disclose relevant information.
2. RBA SAQ, RBA Self-Assessment Questionnaire: a self-assessment questionnaire for suppliers. Its content includes aspects of the labor, health and safety, ethics, environment and management system.

Employee Care & Development

Primary SDGs



Secondary SDGs



Aspect Goals

"Equal Employment Opportunity", "Integral Training Program", "Comprehensive Welfare and Salary System", "Strong Employee Engagement" and "Excellent Working Environment", the five commitments that we have made to our employees, to create a happy workplace.

5-year Goals

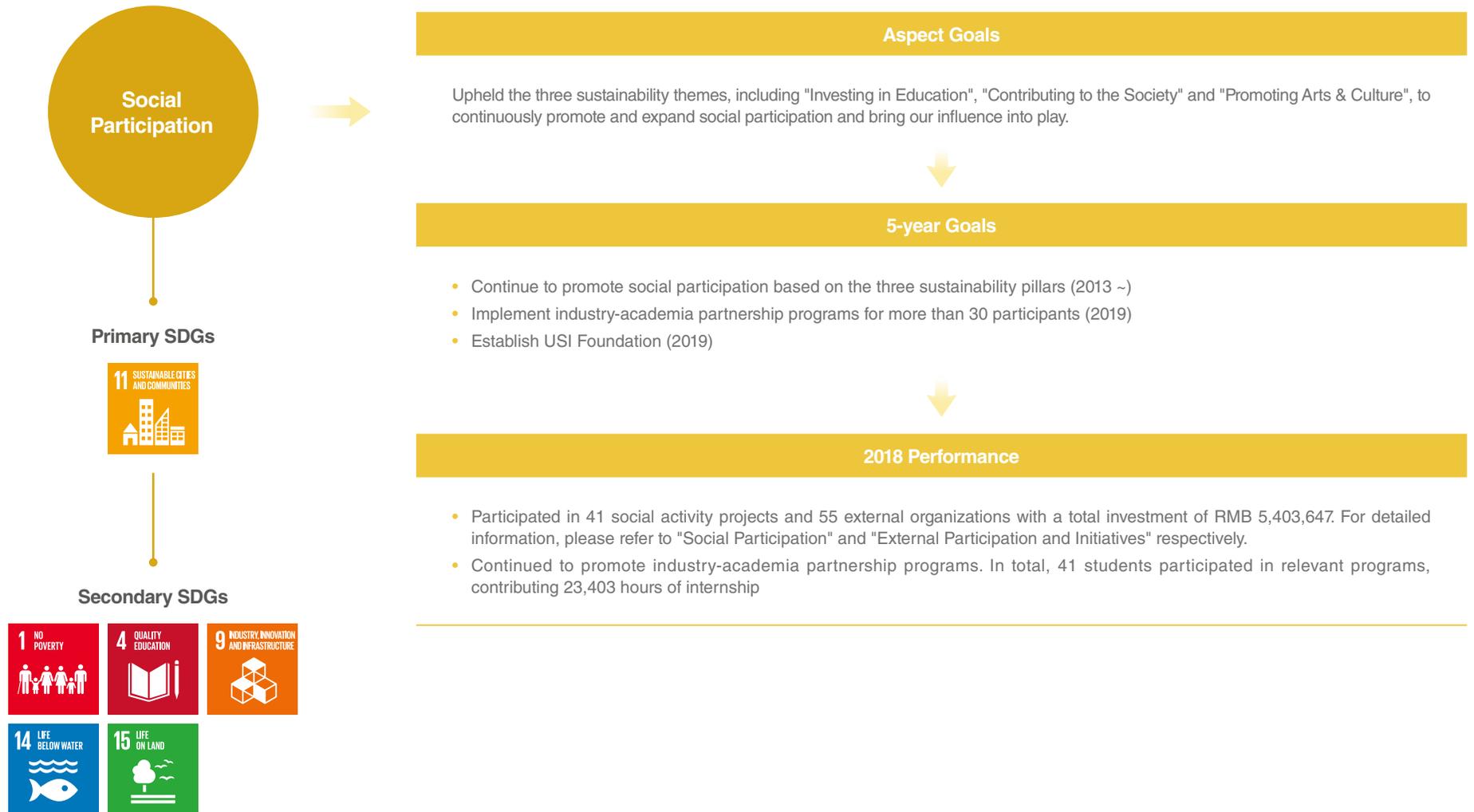
- Implement RBA VAP* in 100% of worldwide manufacturing facilities (2019)
- Score over 180 for the RBA VAR* for worldwide manufacturing facilities (2021)
- Voluntary turnover rate: direct employees < 85%; indirect employees < 12% (2019)

2018 Performance

- Held 4 seminars to share our practical experience in business operations and up-to-date technological trends of the industry with the audience. Provided counselling services to 1 association and 3 schools.
- RBA VAP was launched in our facilities in Mexico and the implementation rate thereof around the world reached 100%.
- The voluntary turnover rate of direct employees was 127%; and that of indirect employees was 17%.

Note:

1. VAP, Validated Audit Process
2. VAR, Validated Audit Report





Stakeholders Engagement

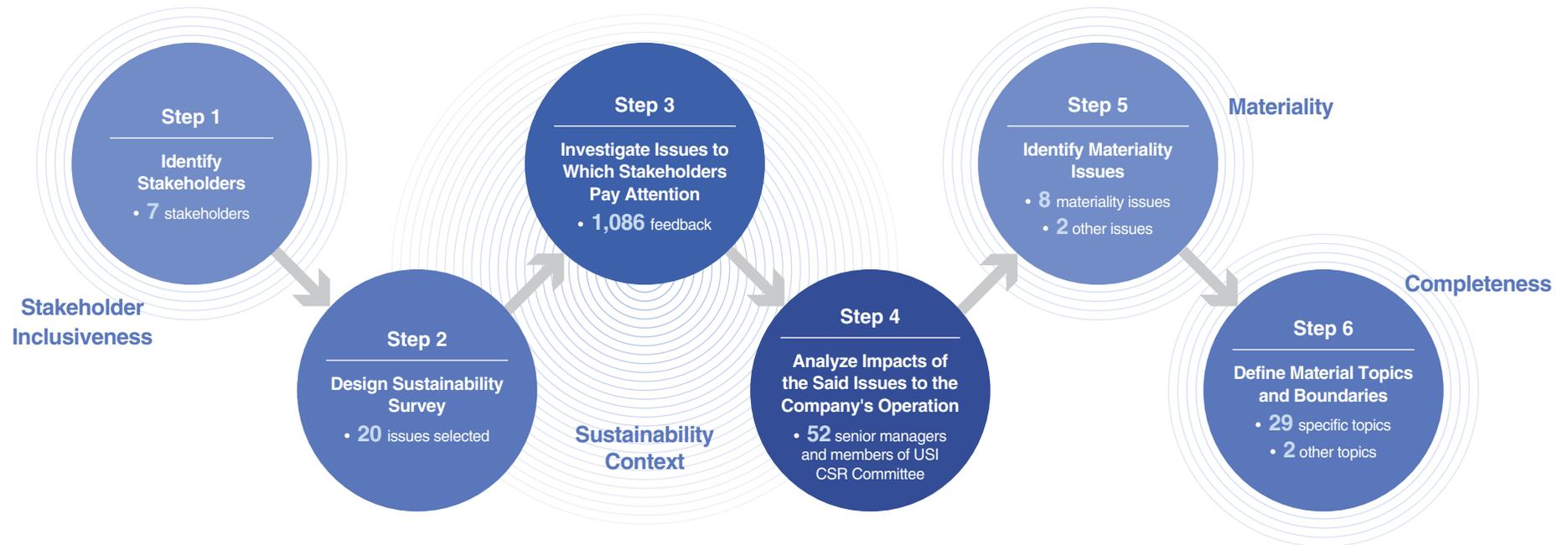


For pursuing the sustainable management, USI put emphasis on the interaction and communication with all stakeholders. It understands issues that matters to stakeholders and respond to their suggestions and demands through various communication channels and platforms. This can continuously improve and better implement the company's business sustainability plan.

Stakeholders Engagement

The content of this report is based on the four major principles of GRI Standards, including "Stakeholder Inclusiveness", "Sustainability Context", "Materiality" and "Completeness". Detailed information is shown in the following diagram.

Identification of Stakeholders and Material Topics



• **Step 1 Identify Stakeholders**

The 5 principles of AA1000 SES (2015), "Dependency", "Responsibility", "Tension", "Influence" and "Diverse Perspective", were selected as the criteria of questionnaire design during the discussion of USI CSR Committee this year. A total of 50 questionnaires were collected, and the identification result were 7 stakeholders including stockholders/investors, customers, employees, suppliers, affiliated companies, government, and community.

15 Stakeholders Engagement

• Step 2, 3, 4 Survey Stakeholders Concerns and Corporate Operation Impact

The committee has, according to GRI Standards related issues, integrated the company's industrial and operating characteristics and selected 20 sustainability issues. It also carried out a questionnaire investigation on identified stakeholders. By analyzing 1,086 collected questionnaires, issues that are highly related to stakeholders' concerns were determined. 52 senior managers from various units and committee members were invited to join an investigation in regard to the company's operations, performance and impacts to the economy, environment and society. Results of issues that are highly concerned by the stakeholders were then analyzed.

• Step 5 Identify Materiality Issues

Results of "Questionnaire for Stakeholders' Concerns" and "Questionnaire for Operating Impacts" are analyzed based on stakeholders inclusiveness and materiality as described in GRI Standards, identify the priority of issues related to the economy, environment and society. Depending on their majority, they can be divided into materiality issues (8 items) and nonmateriality issues (12 items). Among them, "Energy Management", "Training and Education" and "Labor/Management Relations" are the issues most highly concerned by the group. Based on the deliberation of USI CSR Committee, they are also included in materiality issues for an overall disclosure. In the meantime, other non-materiality issues are also disclosed in this report by the Company voluntarily. Furthermore, according to the company's industrial characteristics, two issues are identified, including "Conflict Minerals Management" and "Continuous Improvement Program". Details are further described in this report.



● Environmental ● Governance ● Social

Significant

Insignificant

- 1 Regulation Compliance
- 2 Supply Chain Management
- 3 Air Management
- 4 Waste Management
- 5 Water Resource Management
- 6 Employment and Employee Welfare
- 7 Occupation Health and Safety
- 8 Customer Privacy

- 9 Economic Performance
- 10 Indirect Economic Impacts
- 11 Anti-corruption
- 12 Anti-competitive Behavior
- 13 Green Product
- 14 Energy Management

- 15 Labor / Management Relations
- 16 Training and Education
- 17 Human Rights
- 18 Social Investment and Participation
- 19 Security Practices
- 20 Workforce Diversity

► **Materiality Issues in 2018**

Materiality Issues	Contents	Chapters
Regulation Compliance	All USI locations will observe local regulations and laws, including environmental, economic and social regulation. (e.g. Environmental Protection, Human Rights, OHS, Product Labeling, Marketing, Business Confidentiality, etc.)	Business Ethics and Regulations Abidance
Supply Chain Management	Procurement practices and the risk assessment of supplier, including environment, labor and human rights assessment, etc. (e.g. RBA Audit)	Supply Chain Management
Air Management	Company's air management. (Including GHG, VOCs, NOx and SOx, etc.)	Air Pollution Control
Waste Management	Company's waste management	Waste Management
Water Resource Management	Company's water resource management	Water Resource Management
Employment and Employee Welfare	Structure and situation of labor (Including local hiring), remuneration for woman and man and employee benefits	Comprehensive Welfare and Salary System
Occupation Health and Safety	Company's OHS management	Excellent Working Environment
Customer Privacy	Customer Information Security	Customer Privacy & Health and Safety
Energy Management	Compnay's energy management	Energy Management
Training and Education	Employee training and development	Integral Training Program
Labor/Management Relations	Labor and management communication situation and mechanism	Strong Employee Engagement

• **Step 6 Define Material Topics and Boundaries**

Scope and Structure of the Report: Substantial issues of the 2018 annual report has followed the scope of previous year's report based on materiality issues identified from the level of stakeholder's concerns and impacts to our Company as well as experts and scholars' feedback, determine the content and framework thereof. This approach made based on the principles of comparability enables us to fully disclose USI's current policy and future plans with respect to our fulfillment of corporate social responsibility. Finally, referring to the GRI Standards, We also selected 18 topics responding to material issues and, according to the company's industrial characteristics, outlined 2 topics. The final results are described in the following diagram: (regarding other 11 voluntarily disclosed topics, please refer to the GRI Index)

17 Stakeholders Engagement

 Disclosed

Scope	Internal						External		
Topic	USI ZJ	USI JQ	USI SZ	USI KS	USI TW	USI MX	Community	Supplier	Customer
Economic									
Economic Performance									
Procurement Practices									
Environmental									
Energy									
Water									
Emissions									
Effluents and Waste									
Environmental Compliance									
Supplier Environmental Assessment									
Social									
Employment									
Labor / Management Relations									
Occupational Health and Safety									
Training and Education									

 Disclosed

Scope	Internal						External		
Topic	USI ZJ	USI JQ	USI SZ	USI KS	USI TW	USI MX	Community	Supplier	Customer
Diversity and Equal Opportunity									
Human Rights Assessment									
Supplier Social Assessment									
Customer Health and Safety									
Customer Privacy									
Socioeconomic Compliance									
USI Specific Topic									
Conflict Minerals									
Continuous Improvement Program									



Stakeholders Communications 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 Company and stakeholders. Issues that they are not so concerned about also will be responded in each chapter of the report.

Stakeholder	Material Issue	Communication Channel	Frequency	2018 Performance
 <p>Stockholder / Investor</p>	<ul style="list-style-type: none"> Economic Performance Indirect Economic Impacts Employment and Employee Welfare Training and Education 	<ul style="list-style-type: none"> Board meetings Annual general meeting Regular reports (quarterly semi-annual / annual report) Telephone conferences Investor section on corporate website Shanghai Stock Exchange-SSE E-interaction Receptions, visits and roadshows Other interim announcements 	<ul style="list-style-type: none"> Non-periodic Yearly Periodic Quarterly All the time All the time Non-periodic Non-periodic 	<ul style="list-style-type: none"> 5 board meetings were held in 2018 2 shareholder meetings were held for explaining managing performance to investors and responding to their concerned issues Disclosed the Company's financial information through regular reports (quarterly/ semi-annual / annual reports) published on the TWSE website, and discussed and analyzed the Company's business situation and data accordingly. A telephone conference was held each quarter to explain USI's production and management to investors. Participated in brokers' strategy meeting and receive investors during their visits.
 <p>Employee and Dependent</p>	<ul style="list-style-type: none"> Economic Performance Employment and Employee Welfare Occupational Health and Safety Labor/Management Relations Training and Education 	<ul style="list-style-type: none"> Employees' welfare committee/ staff congress Employee Relationship Website President's Symposium Industrial relations meetings Training programs Employee satisfaction survey Newsletter 	<ul style="list-style-type: none"> Quarterly All the time Quarterly Quarterly Non-periodic Every other year Quarterly 	<ul style="list-style-type: none"> A workers conference was held on a regular basis each quarter to discuss and plan recent events related to employees and propose employees' opinions "Employee Relationship Website" was set up in USI's intranet. In addition to providing information regarding employees' welfare and activities, employees can share their opinions in the "suggestions box for employees" on the website A "President's symposium" was held each quarter for the general manager to announce the future trend and expectations of USI to colleagues. Additionally, the president can listen to employees' opinions in the meeting USI University has been established to irregularly provide employees with various educational training programs to perfect their professional skills "Employee engagement survey" is conducted every other year on USI's intranet Shared experiences of high-ranking officials through the company's monthly journals and understand information such as the latest industrial developments, health education knowledge, employee activities, and so on
 <p>Customer</p>	<ul style="list-style-type: none"> Customer Privacy Green Product Regulation Compliance Supply Chain Management 	<ul style="list-style-type: none"> RBA-Online After-sales service system (e-RMA) Customer's satisfaction questionnaire Mail 	<ul style="list-style-type: none"> All the time All the time Quarterly All the time 	<ul style="list-style-type: none"> Reported the Self-Assessment Questionnaire (SAQ) assessment status and results through the RBA-Online platform Maintained constant control of RMA* status and relevant information through the system (e-RMA) Provided corresponding contact windows through business each quarter to help carry out satisfaction surveys

Stakeholder	Material Issue	Communication Channel	Frequency	2018 Performance
 Supplier	<ul style="list-style-type: none"> Supply Chain Management Regulation Compliance Customer Privacy Green Product Anti-corruption 	<ul style="list-style-type: none"> Quarterly Business Review Business meetings Supplier evaluation Purchase contracts / Conducts Training of suppliers On-site audit for suppliers Questionnaire investigation for suppliers Supplier conference 	<ul style="list-style-type: none"> Quarterly Non-periodic Yearly In contract period Non-periodic Non-periodic Yearly Yearly 	<ul style="list-style-type: none"> Continually promote green supply chain, ask and help suppliers to pass quality management system certifications. Control the usage of raw materials to ensure the products and materials correspond to the regulations of USI green products 15 new suppliers were subject to evaluation and 12 of them were approved In addition to the compliance with purchase contract, suppliers have to sign "the Code of Sunshine Conduct of Suppliers" and "Supplier's Commitment to Corporate Social Responsibilities" Suppliers are selected each year to carry out on-site audit for RBA. The number of suppliers were selected was 75 in 2018 A supplier survey is conducted irregular to comprehend the current situations and trends of suppliers. Suppliers can express their expectations toward USI through the survey as well. A total of 382 suppliers were surveyed in 2018 Sustainable Supplier Briefings were held in Shanghai, Shenzhen and Taiwan in 2018 communicating the policies and philosophy the company is trying to convey. 217 representatives from 287 suppliers in total attended these sessions.
 Affiliated Company	<ul style="list-style-type: none"> Regulation Compliance Employment and Employee Welfare 	<ul style="list-style-type: none"> Board meetings Work/business meetings 	<ul style="list-style-type: none"> Non-periodic Non-periodic 	<ul style="list-style-type: none"> 5 board meetings were held in 2018 Work/business meetings of departments to communicate the policies, objectives and requirements of the parent group (ASEH)
 Government	<ul style="list-style-type: none"> Regulation Compliance 	<ul style="list-style-type: none"> Official document Participation in conferences 	<ul style="list-style-type: none"> Non-periodic Non-periodic 	<ul style="list-style-type: none"> Actively participated in conferences held by competent authorities on an irregular basis
 Community	<ul style="list-style-type: none"> Social Investment and Participation Security Practices Occupation Health and Safety 	<ul style="list-style-type: none"> USI Website / E-mail / Direct line Community activities 	<ul style="list-style-type: none"> All the time Non-periodic 	<ul style="list-style-type: none"> Drew up environmental protection, occupational safety & health (ESH) SOP and measures of environment safety communication, consultancy, and participation. Keep friendly relationships with community residents Actively participated in social/community activities and establish good relationship with neighbors (refer to the chapter of "Social Participation")

Note: RMA, Return Merchandise Authorization



Sustainable Value Chain



In facing the boundless development trend in the globe, good supply chain management can not only effectively lower production costs and enhance the quality of products to win more satisfaction, but also expand the company business and social responsibility with partners to create a sustainable future.

Sustainable Value Chain

USI is the world's leading company of D(MS)² providing design, miniaturization, material sourcing, manufacturing, logistics, and after-sales services of electronic devices/modules for brand owners. The Product Value Chain is shown in the following picture:



Note:

Material suppliers refers to suppliers of PCBs, substrates, active/passive components, other electromechanical components, mechanical components, packaging materials and accessories.

Customer Service and Satisfaction

USI, the world's leading provider of D(MS)², has been committed to providing professional services and fine-quality products since its inception and fulfilling various needs of customers. Besides its advanced R&D capabilities and manufacturing process, USI offers each customer a comprehensive package that includes services ranging from product design to distribution. The company's worldwide manufacturing bases also ensure immediate and flexible on-site support, both technologically and logistically.

In order to meet or exceed customer needs and expectations, USI provides customers with high-stability, high-reliability and cost-advantage products. With the experience and technology accumulation by working with top clients in the world for years, we integrate the three core technologies: computing, communications and multimedia processing, and provide customers with the most complete solution for wireless communication products, computer and industrial applications, storage of products and servers, automotive and video products, and miniaturized products, and so on.

For the implementation of quality policies as well as the guarantee on goods and services, a comprehensive inspection must be made for all USI products before shipment. Only the qualified products can be delivered (outgoing quality pass rate is 100%). There were 481,322,949 products provided in 2018. Besides, USI has also passed various international certifications such as TL 9000, ISO 9001, in

23 Sustainable Value Chain

which the Zhangjiang, Kunshan, Taiwan and Mexico Facilities obtained the up-to-date IATF 16949 Automotive Quality Management System certification in 2018. (Please refer to the "Management Systems Certification Table")

Note:

D (MS)² refers to the combination of DMS (electronic design, manufacturing and services) with M (miniaturization) and S (solution).

Quality Policy

- ▶ The quality of product and services we provided shall conform to or exceed customer's requirement and expectation.
- ▶ Each member in the company shall participate and endeavor for improvement continuously to pursue the Zero Defect in each operational segment.
- ▶ USI shall ensure its system operating effectively under the applicable international standards that products and services are required.
- ▶ To minimize the potential risk of safety to the employees, users and hazard to the applied environment.

• All-Encompassing After-Sales Service

The customization of our after-sales services allows USI to satisfy customers' needs with all-around high-quality, high-efficiency and flexible services. Not only has each of our customer has personnel dedicated thereto, but also we have managed to collect customers' feedback and precious opinions through regular and irregular meetings and questionnaire-based surveys. Their feedback enables us to, while understanding their needs, improve our service quality and enhance partnership therewith to create a win-win situation. Apart from standard after-sales services, USI also provides customized all-round after-sales services to closely cooperate with our customers and provide them solutions that really meet their needs.

In terms of after-sales service management, USI adopts e-RMA* and SAP* systems for global service network in order to effectively control the collection and classification

of defective products as well as resource allocation. Therefore, the relevant units can provide customers with product exchange and failure analysis services. 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.

Note:

1. e-RMA, e-Return Material Authorization
2. SAP, Systems Application and Products in Data Processing (It is a world-famous and universal ERP system developed by SAP.)

• All-Encompassing After-Sales Service



Regarding the after-sales service, USI utilizes the on-time delivery rate and maintenance turnover days as the standard of measurement. The on-time delivery rate is the monthly ratio of whether the shipments are delivered on time according to the agreements with customers. And the turnover days refer to the period of time from the receipt of returned goods to the shipment of exchanged goods. Due to the diversified products that USI has,

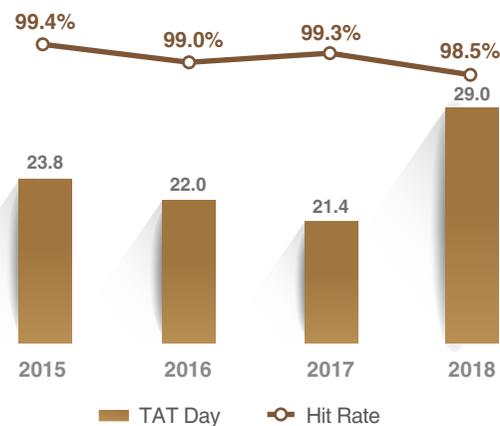
there are different product exchange turnover standards classified based on product attributes and the number of exchange.

In the past four years, USI's on-time delivery rate has reached above 98% in accordance with customer agreements. However, the material shortage and continuous increase in orders this year have resulted in an increase in delivery time as well as a minor drop in on-time delivery rate. USI has adopted relevant responsive measures therefor. (Please refer to "Driving up Customer Satisfaction").

Note:

The statistical data of on-time delivery cover Zhangjiang, Shenzhen, Kunshan and Taiwan Facilities. The products manufactured by Jinqiao and Mexico Facilities have been modularized that cannot be repaired but replacing with new items instead. Therefore, they are excluded in this calculation.

► On-time Delivery Rate and Maintenance Turnover Days



IATF 16949

The Zhangjiang, Kunshan, Taiwan and Mexico Facilities obtained the up-to-date IATF 16949 Automotive Quality Management System certification.



82.1%

The overall satisfaction of USI's main customers is 82.1%.

• Driving up Customer Satisfaction

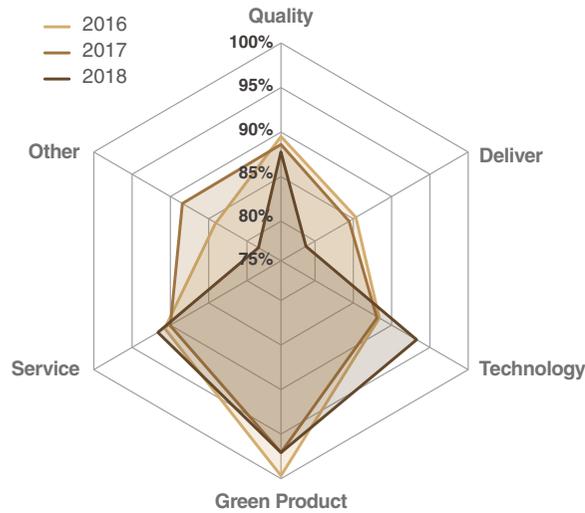
In order to ensure an effective communication with global customers, USI has dedicated personnel to deal with customer service incidents for all clients. Through the organization of QBR (Quarterly Business Review) meetings and occasional business meetings, and questionnaires, we can actively collect customer opinions and appeals as well as understand the product evaluations in terms of technology, quality, price and delivery period, from customers to keep improving USI service quality and good cooperative relationship with customers so as to jointly create the best interests and values for the company. As for the results of survey, USI's internal responsible unit holds seminars to make feasible coping strategies and then negotiate with customers based on their needs. By the establishment of improvement plans, we continuously follow up the progress and always keep the customers in the loop to improve communication quality and customer satisfaction.

With respect to customer satisfaction, USI has made a great effort in reaching our goals this year (where the customer satisfaction level must reach 80%). As for our long-term goal, we hope that our customer satisfaction will reach the "Outstanding" level in 2021. In 2018, the overall satisfaction of USI's main customers is 82.1% (Successful). Concerning the satisfaction level for our respective services, all of our services have reached the "Outstanding" or "Excellent" level, except for "Delivery" and "Others." The drop of our satisfaction level compared with 2017 was caused by the increase of delivery time resulted from global raw material shortage and continuous increase in orders. USI has adopted responsive measures, including regularly updating the information and trends of all types of material markets to advance the preparation and procurement of major raw materials, adopting material miniaturization to avoid material shortage, and establishing a good mechanism to understand changes in customers' orders in order to modify material inventory according to customers' demand.

Note:

Major customers refer to the top 20 customers with the best annual revenue (accounting for above 90% of USI revenue) according to USI Central Staff Office's statistics.

► Customer Satisfaction of USI's Main Customers



► Customer Complaints Handling and Recall

By following the quality policy of "Each member in the company shall participate and endeavor for improvement continuously to pursue the Zero Defect in each operational segment", USI adheres to "Three Non-Defective Principles": No acceptance of defective products, No fabrication of defective products, and No delivery of defective products. The company is highly concerned about the products with potential quality issues. USI's R&D and engineering units are invited to discuss the treatment plans and cause analysis and the regular study meetings to continuously track the countermeasure effectiveness as well as to prevent from repetition of defective products. For the products with safety concerns or batch issues, the company establishes preventive measures to recall them right away. The losses can be avoided promptly and customer lives and properties can be protected from damage.

In terms of customer complaint reply, USI establishes a systematic handling procedure. Once receiving the FA analysis or complaint request from customers, it will be immediately and initially confirmed and recorded by corresponding responsible personnel. According to different types of complaints, the most effective improvement measures will be formulated and responded to customers as well as to prevent the repetition of similar complaints. According to the statistics, there were 2 major quality incidents* and 0 product-recall case in 2018. The major customer complaint solving rate was 100%.

Note:

Refers to vents that enter the Company's CQC (Customer Quality Complaint Notification). For example, a certain amount of costs to be paid by the Company additionally; customers' notification of suspending the shipment; product recall; suspension in production; and other events to be listed as requested by the senior manager of the Company's quality unit.

Customer Privacy & Health and Safety

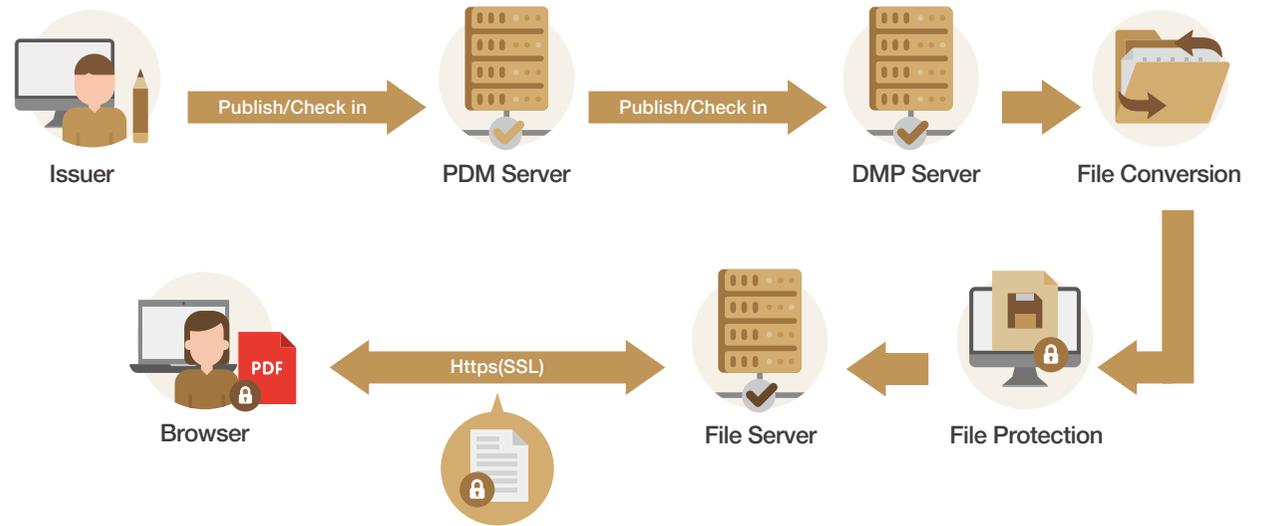
Customer's confidential information, health and safety are important assets of both USI and its customers and are the foundation of mutual trust. Therefore, USI manages confidential information with the highest standard in addition to signing confidentiality agreements with its customers.

The technology files of USI products can be classified into "A-Absolutely Confidential", "B-Highly Confidential" and "C-Confidential" based on the confidentiality. In order to ensure the important product information (e.g. material specifications, inspection specifications, etc.) provided by customers is properly preserved. According to the rules of USI, all customers' documents must be classified as "A-Absolutely Confidential". Besides, these documents must pass the countersignature procedures officially, be encoded and then stored in USI's PDM* or DMP* system. To ensure that the system tracks browse records, confidential documents and information preserved in USI's intranet can only be browsed by authorized personnel. People who have resigned or temporarily leave the position without pay will have their account authority "Locked" and access to the system interdicted.

All USI staff who has direct contact with customer documents must receive confidential document control training and retraining is required once the curriculum documents are revised to make sure that the related personnel clearly understand the requirements of customer document management system. In 2018, the confidential document control system has been updated and 1,563 key factory management personnel in Taiwan have adopted online training courses. The Company plans to training courses required by each factory in 2019. In 2018, there was no leakage of customers' documents.

Note:

PDM, Product Data Management; DMP, Document Management and Protection, all of them are the internal management system of electronic documents



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 and the safety guidelines of countries that its products are sold to. 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.

► **USI Products Compliance with Directive in 2018**

Green Products Directive	Percentage of USI Products within the Directive			
	Wireless communication products	Storage products and serves products	Automobile electronics and visual products	Minimized products
EU RoHS	100%	100%	100%	100%
Halogen Free (HF)	39%	6%	55%	100%
CHINA RoHS	100%	100%	100%	100%

In the part on product safety, the Factory Inspection Mechanism* is used to ensure the manufactured products comply with relevant laws, regulations, and ordinances internationally and of the sales area. For all electronic system products that have obtained safety certification, relevant safety warnings and description of correct operations are clearly stated within the user manual. They are regularly audited by external units (UL, TUV, CCC, etc.), where the frequency is once per three months or once per year. We continue to expand the safety-related certification of products in the medical, IoT, and industrial fields, thereby providing customers with high-quality products that are healthy and safe.

Since 2017, USI has been continuously expanding certifications related to safety regulations of Southeast Asian and Eastern European emerging markets; and introduced the newest information type standards UL/IEC 62368-1. In 2018, we established the third-party testing laboratory contact window, and the forecast mechanisms for in-factory laboratory and relevant procedure/ guidelines thereof. Up to 2018, not only have about 75% of products adopted such standards, but also the certification thereof will be officially promoted to USI products with an expectation that the Company will have 100% of compliance rate at the end of 2019. USI did not receive any complaints of products linked to human health and safety risks, neither the violation related to product safety in 2018.

Note:
 Factory inspection mechanism: A manufacturing factory that manufactures products which are labeled with safety regulations shall receive factory inspection (to be audited by an external certification unit) based on the request of a certification issuance unit to ensure that its products conform to safety regulations.

Supply Chain Management

Looking into the future trend of global information explosion and big data, a sound and efficient supply chain management can effectively reduce the production cost and increase product competitiveness. Supply chain management not only provides assistance and protection to USI's suppliers with respect to quality, delivery time, costs and services, but also guarantees that the quality of products and services provided by the suppliers meet the requirements of USI, our customers and international standards.

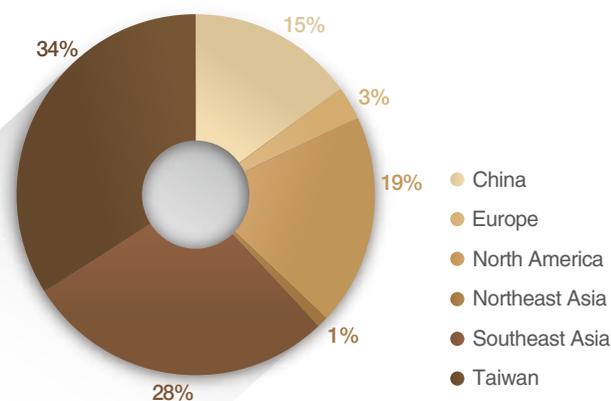
USI has made our greatest effort in establishing a sustainably developed supply chain, such as supporting local suppliers, implementing human rights, maintaining labors' rights and benefits, restricted use and control of hazardous substances, use of non-conflict minerals and so on. USI's Supply Chain Management Division adjusts procurement strategy according to the industry trend, where different strategies are adopted for different materials to ensure our competitiveness in material costs. Besides, we also have separate source of supply in order to minimize potential risks and ensure that our materials are supplied with reasonable costs, accurate delivery time and good quality. In the same time, interdepartmental communication and negotiations also take place. For example, the manufacturing and inventory management units collaborate to review and discuss the inventory and request the procurement unit to respond to excess order or sluggish inventory, and analyze the future market trend, improve/enhance procurement related activities, and set future procurement strategies together with the Strategic Procurement Department. USI also reviews the

performance of our suppliers on a regular basis to ensure the sustainability of our supply chain and to provide high-quality products and services, and invites suppliers to hold product launch sessions to introduce their new products and new technology. This enables us to establish a long-term firm partnership with our suppliers and create a win-win situation.

• The Suppliers of USI

USI's raw material suppliers include original manufacturers, agents, stock item suppliers. They can be mainly classified into active components, passive components, substrates, mechanical components, and other peripherals. The raw material suppliers are located in North America, Europe and Asia. Confronted by the complex supply chain and the demands of our existing and new customers around the world, we traded with over 1,500 material suppliers, with an increase of 100 suppliers comparing with 2017, in 2018.

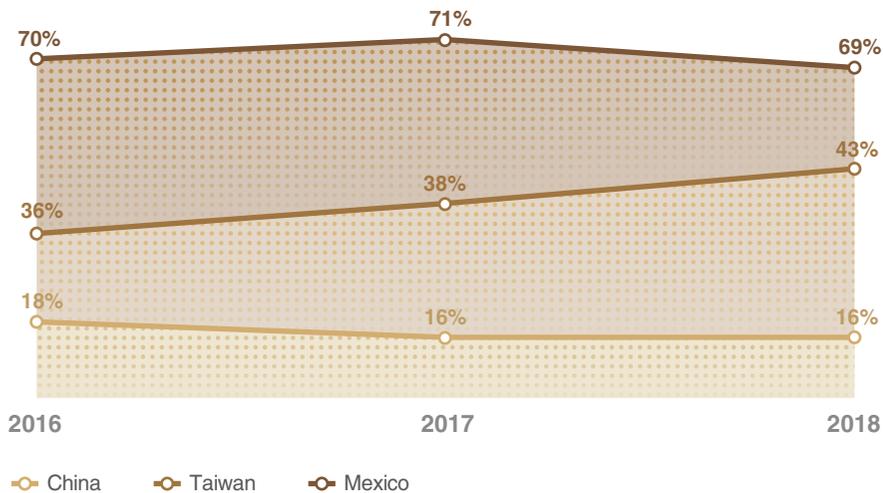
► Distribution Of Raw Material Suppliers in 2018



Note:
 The statistic of purchase amount is conducted according to the supplier distribution regions.

USI supports local suppliers. This strategy not only facilitates the growth of local economy and increases local employment rates, but also effectively saves energy and time consumed in the transportation, helping us to minimize impacts to our environment. Therefore, our raw materials are primarily purchased from local or nearby suppliers. In 2018, the local procurement rate of our Mexico factory dropped mainly due to new projects. That is, as the source of materials and suppliers are designated by the customers, the local procurement rate had a small drop in the year. USI's Strategic Procurement Department will continuously enhance the management of main suppliers and will select local suppliers with competitive advantages. It is our goal that each region will reach the goal of having 1% growth of local procurement in 2019 in order to increase competitive advantages of local industries and enhance the partnership with our suppliers.

► Percentage of Purchasing from Local Suppliers at All Facilities



Note:

- To be calculated in accordance with the amount of money for procurement.
- The local procurement percentage over the last three years is adjusted to clarify the geographic definition of "local" (based on the location of registration). As Supplier A to which the adjustment was made had a relatively big procurement amount, the local procurement data of Taiwan after the adjustment had a big drop.

According to the number and amount, the proportion of 2018 transaction with suppliers in each facility is shown in the table below. In this table, Zhangjiang and Jinqiao Facility mainly manufactures the products for the biggest OEM customer. The type of its material procurement was relatively simple with the largest proportion of purchase amount. However, Shenzhen and Kunshan Facilities are both plants with multiple production lines which have a wide range of material procurement and the transactions of suppliers were relatively high.

► Number of Suppliers and Percentage of Transaction Amount at All Facilities in 2018

Facility	Zhangjiang	Jinqiao	Shenzhen	Kunshan	Taiwan	Mexico
No. of Suppliers	367	91	808	734	418	267
Percentage of the Transaction Amount	27%	28%	15%	13%	13%	4%

• Supplier Evaluation

The progress of the suppliers' Corporate Social Responsibility (CSR) will be one of key factors behind USI's future prospects. Therefore, USI establishes a standardized supplier evaluation system and Vendor Rating system to select suppliers according to the supplier evaluation criteria for protecting human rights and environment, as well as providing customers with high quality products that meet health and safety requirements. Through the continuous and close cooperative relationship with suppliers, a sustainable supply chain can be jointly established.

► The Evaluation Procedure



In accordance with company's demand trends and purchasing strategy of products of the future, USI establishes the supplier evaluation and approval process to investigate if the productivity, technical innovation ability, quality & service management of potential suppliers meet the requirements and serve as the basis of becoming an official supplier. When evaluating a new supplier, an evaluation team must be formed by purchase, quality, R&D, and engineering units to conduct a supplier capability

survey for the QRB (Quality Review Board) to verify the final assessment result. The supplier evaluation and approval process includes: basic company information, product information, major customers and financial status, supplier's green control procedure and commitment to green products, as well as supplier social responsibility and ESH (environment, safety and health) survey. For all new suppliers developed by USI, they are required to sign the "Certificate of Non-use of Environmentally Hazardous Substances", "CMRT (Conflict Minerals Reporting Template)", "Sunshine Supplier Conduct Commitment" or provide their IECQ QC 080000 certification to ensure that they will include the effects of environmental sustainability, social labor and human rights in the assessment and control. USI will give a corresponding approval level to supplier after the evaluation. The relevant results and qualified supplier list can be looked up in PDM system. In 2018, 12 out of 15 new suppliers passed USI's assessment procedures and supplier environment related evaluation mechanism with a rate of 80%. In 2019, we will establish a sustainable supplier evaluation mechanism in order to select new suppliers from more comprehensive aspects.

• 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. In 2018, According to the statistics, 262 suppliers were engaged in USI's in-factory occupational safety and health trainings (the trainees include contractors related to factory affairs and constructions, waste contractors, and labor and service outsourcers), and 2,355 contractors received the construction certificates.

To ensure the safety of contractors, USI enhances the safety and health evaluation for unusual dangerous projects and recidivism contractors. In Taiwan facility, any contractor with major violation and fails to improve within a designated period will face one-year suspension after they got the notice, and the contractors will be removed the qualification in China's facilities, if there are twice violations within 6 months. In 2018, no qualified contractors had their qualifications canceled due to safety and health audit results, and no safety accident ever happened to subcontractors inside the factory.



Percentage of the new suppliers passed the screening of the environmental was 80%.



262 Suppliers

In 2018, 262 suppliers were engaged in USI's in-factory occupational safety and health trainings.



Training for Contractors (Taiwan Facility)



Training for Contractors (Shenzhen Facility)

• **RBA Management**

ASEH joined the Electronic Industry Citizenship Coalition (Now is renamed to Responsible Business Alliance) in 2015 and became an applied member. As a member of ASEH, USI hereby commits that we will abide by RBA policy in order to realize the spirit of RBA . Starting from 2014, we have actively applied for and implemented RBA VAP*. In 2018, our six major manufacturing facilities (Zhangjiang Facility, Jinqiao Facility, Shenzhen Facility, Kunshan Facility, Taiwan Facility and Mexico Facility) have completed the audit. USI has set basic guidelines for suppliers in accordance with the RBA Code of Conduct, requesting the affiliated suppliers to follow relevant social responsibilities.

To enhance the overall competitiveness of our supply chain and ensure our suppliers' compliance with corporate social responsibilities, USI has abided by the RBA code of conducts to assess and audit our suppliers. Formed by the Human Resources Department and EHS Department, the audit team is in charge of the audit within the scope of labors, health and safety, environmental, ethics and management system. The assessed items include the protection of human rights, fair treatment, legal working hours and salary, and environmental management, where suppliers are requested to ensure the rights and benefits of our employees, to implement the human right policy and to enhance the Company's performance in the society.

Note: VAP, Validated Audit Process

► **The Management Procedure**



In 2018, USI assessed the level of risks involved in our suppliers by distributing 382 supplier sustainability questionnaires thereto. About 71% of suppliers returned the questionnaire and, according to the results thereof, 90% of them were assessed as having a low-level risk; and, among 40 material suppliers and 35 site service suppliers who accepted the site investigation, none of them had a high-level risk. Although the investigation results indicate that the improvement completion

75 Suppliers

A total of 382 suppliers were RBA surveyed, 90% of them were assessed as having a low-level risk and on-site audit of 75 suppliers.

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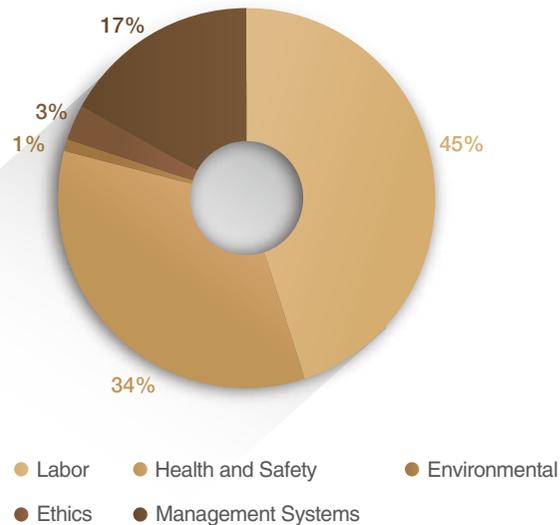
rate for suppliers who accepted site investigation was 84%, the rest suppliers (16%) are heading towards progressive improvements. It is our ultimate goal that, together with our suppliers, we will continuously contribute to our supply chain environment.

USI also analyzed items to be improved, where 79% them are from the labor and health and safety aspects as illustrated in the table as follows. In the future, USI will not only continue to audit our suppliers, but will also provide counseling services thereto based on these two aspects in 2019. In 2018, none of these suppliers were dissolved the partnership after the assessment. USI will keep assisting suppliers in making improvement and helping more suppliers to meet RBA Code of Conduct. We are expecting that 100% of suppliers can be rated as low-risk in the future.

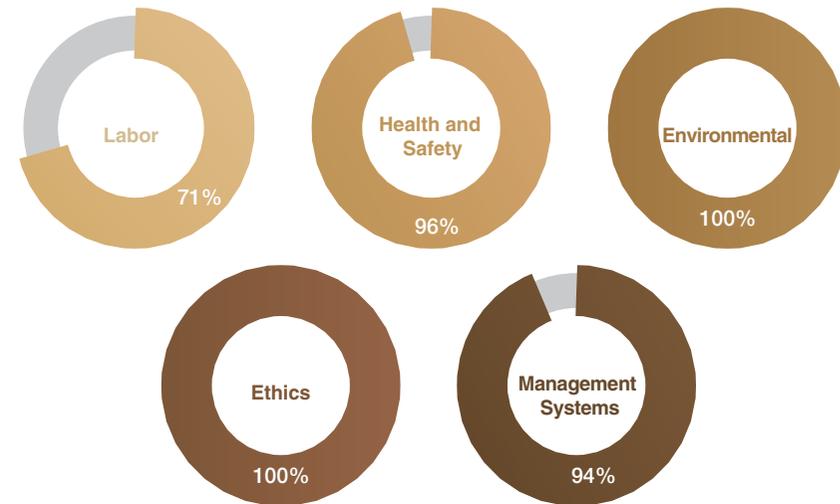
► RBA On-site Auditing in 2018

Improve the situation	Sections	Items That Are Identified with Impact	Proportion of Suppliers That Have Improved
Improvement Completion	Health and Safety	Industrial Hygiene	100%
		Pollution Prevention and Resource Reduction	100%
	Environmental	Solid Waste	100%
		Air Emissions	100%
		No Improper Advantage	100%
	Ethics	Protection of Identity and Non-Retaliation	100%
		Privacy	100%
Management System	Legal and Customer Requirements	100%	
Action Taking	Labor	Wages and Benefits	74%
		Working Hours	45%
		Freely Chosen Employment	79%
	Health and Safety	Emergency Preparedness	96%
		Occupational Safety	91%
	Management Systems	Training	80%
		Company Commitment	67%

► Distribution of items to be improved based on the 5 aspects: The on-site audit results.



► Suppliers' improvement completion rate based on the 5 aspects



• **Supplier Communication**

To establish a good communication with the suppliers, USI call together a supplier assessment team that consists of representatives from quality control, engineering and procurement divisions. The team is in charge of communication with suppliers and inviting them to attend USI quarterly QBR (Quarterly Business Review), where the team members explain to the suppliers USI's viewpoints on social responsibility and environmental safety and health policies, such as USI's green supply chain, restrictions on using hazardous substances in product, environmental regulations and customer product quality requirements, while maintaining a close working interactions with suppliers. Up to the end of 2018, USI and material suppliers totally held 27 QBR meetings.

Apart from educating requirements of the green management system at the propagation meeting arranged and conducting face-to-face communications with the suppliers, USI holds related courses to interchange market dynamics with its suppliers on a regular basis. Additionally, USI promptly convenes orientations for its suppliers for different issues to let the entire supply chain command the latest information and regulations of the market. Therefore, the suppliers can comprehend USI's requirements of green procurement and of the conformity parts of WEEE, RoHS, REACH and CMRT. We also expect the suppliers to be like USI and value corporate ethics. In the aspect of implementing Supplier Sunshine Conduct Management Guidelines and anti-corruption, USI established an exclusive reporting mailbox (Please refer to the chapter of "Business Ethics and Regulations Abidance"). In 2018, there were no cases where the suppliers provided feedback or made complaints.

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► Sustainable Suppliers Briefing

Since receiving positive feedback from the first Sustainable Suppliers Briefing in Taiwan in 2015, USI has held the Sustainable Suppliers Briefing for four years in succession and has projected this briefing as a supplier annual event in the future. The 2018 briefings were held in Shanghai, Shenzhen and Taiwan to communicate directly with local suppliers. These briefings contained continuous implementation of green supply chain, the cooperation with the trends of international requirements for environmental protection, explanation of USI's sustainability requirements, implementation experience and future goals. There were 217 suppliers and 287 representatives participated in these three briefings. 197 questionnaires were collected after the briefings and the suppliers evaluated USI as "satisfactory".

► Suppliers Feedback

1. "Sustainable Suppliers Briefing enables us to have in-depth insights on USI's sustainable cooperation policy and system, where the themes thereof conform to the current trend."
2. "The contents of Sustainable Suppliers Briefing are easy to understand, enabling us to understand the industry's future development and the network that it should have."



Sustainable Briefing for Suppliers(Taiwan Session)



Sustainable Briefing for Suppliers(Shenzhen Session)

• Conflict Minerals Compliance

ASEH joined CFSI* (now renamed RMI*) in 2015. As a member of ASEH, USI used resources and instructions provided by RMI to make wise choices in regard to conflict minerals* in order to have a conflict-free mineral supply chain.

Note:

1. CFSI, Conflict-Free Sourcing Initiative
2. RMI, Responsible Minerals Initiative
3. The conflict minerals refer to four metals: tantalum, tin, tungsten and gold (known as 3TG), which are mined and traded illegally in the Democratic Republic of Congo and its neighboring countries. These metals are mined by child labor that are forced under violence by local armed militias. It not only destroys the ecological environment, but also is used as main funding source for illegal armed groups. The neighboring countries: Central African Republic, Republic of the Congo, Angola, Zambia, Tanzania, Burundi, Rwanda, Uganda, and Sudan



217 Suppliers

217 suppliers and 287 representatives participated in USI Sustainable Suppliers Briefing.



95%

Top 95% suppliers procured conflict-free minerals

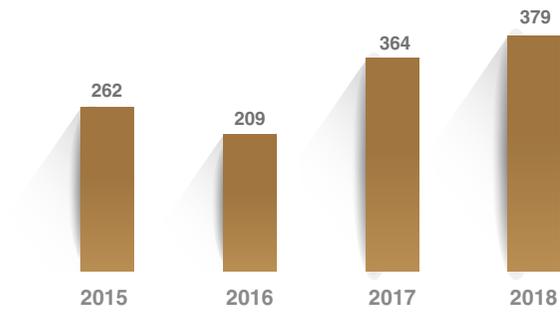
Conflict Minerals Management	Management Approach	2018 Performance
Management Requirement	<ul style="list-style-type: none"> Establish procedures governing conflict-free minerals according to regulations and customers' requirements Make a corporate policy for sourcing conflict-free minerals All suppliers conforms with the conflict-free minerals procurement policy 	<ul style="list-style-type: none"> USI's conflict mineral-free procurement policy has been disclosed on the Company's website. For details, please visit: (https://www.usiglobal.com/usi-code/conflict) All of our key suppliers (whose procurement amount is among the top 95%) are in conformity with the conflict-free minerals policy
Material Management	<ul style="list-style-type: none"> Investigate the smelters used in materials* Conduct suppliers/materials risk assessment 	<ul style="list-style-type: none"> All minerals used by USI came from qualified smelters (illustrated in the following next page): Tantalum: 40 qualified Tin: 2 under the certification process; 73 qualified Tungsten: 41 qualified Gold: 3 under the certification process; 101 qualified
Supplier Management	<ul style="list-style-type: none"> Make a corporate policy for sourcing conflict-free minerals Make supplier risk assessment standard Conduct supplier document or on-site auditing Require suppliers to use qualified smelters Encourage unqualified smelters to work with RMI Promote relevant requirements and plans through the suppliers' meeting. 	<ul style="list-style-type: none"> USI continues to promote conflict-free minerals procurement policy in our supply chain while expanding the due diligence survey. In 2018, 379 suppliers completed the CMRT investigation with details illustrated on the following page Audited 9 suppliers and provided counseling services to 4 of them to enhance their internal management mechanisms Announced USI's requirements and future directions at the 2018 Sustainable Suppliers Briefing
Internal management	<ul style="list-style-type: none"> Conduct relevant personnel trainings 	<ul style="list-style-type: none"> Opened the online course "Conflict Minerals Management" and listed this course as a requisite course for personnel engaging in relevant affairs
Independent Private Sector Audit	<ul style="list-style-type: none"> Carry out third-party audit, in compliance with the annual SEC* declaration Abide and comply with customer conflict minerals audit requirements 	<ul style="list-style-type: none"> USI's parent group ASEH must comply with of SEC requirements and verify its conflict minerals reports by a third-party
Annual Report	<ul style="list-style-type: none"> Compile annual conflict minerals report Provide CMRT* requirements to the customers 	<ul style="list-style-type: none"> Related reports can be browsed online at the United States Securities and Exchange Commission website

Note:

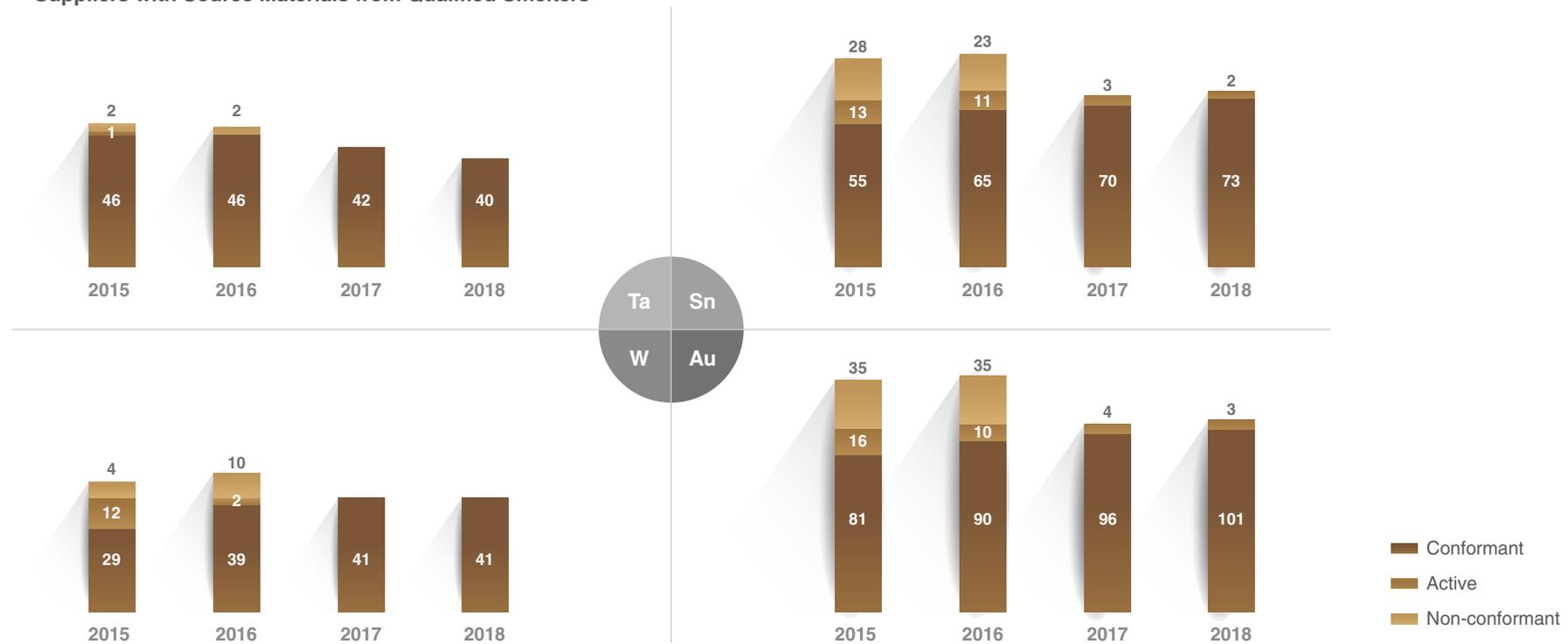
- USI requests suppliers to source materials from RMI qualified smelters and refiners (<http://www.responsiblemineralsinitiative.org/conformant-smelter-refiner-lists/>)
- CMRT, Conflict Minerals Reporting Template
- SEC, United States Securities and Exchange Commission

35 Sustainable Value Chain

► Number of Qualified Suppliers



► Suppliers with Source Materials from Qualified Smelters





USI Operation and Governance



Successful enterprise operation depends on the common contribution of employer and employees, and on all-out support from investors. Therefore, we established managing mechanisms in charge of respective responsibility and published the operative condition. All departments worked together to create the highest value for investors.

USI Operation and Governance

Company Profile

USI (SSE: 601231) is global leading company of electronic design providing design, miniaturization, material sourcing, manufacturing, logistics, and after-sales of electronic devices/modules for brand owners. USI is a member of ASEH (TWSE: 3711, NYSE: ASX) and has many years of experience in the electronics manufacturing services industry and leverages the industry-leading technology of ASEH, which enables USI to offer customer diversified products in the sectors of wireless communication, computer and storage, consumer, industrial, and automotive electronics worldwide.

To safeguard investor interests, USI has stipulated the investor Relations Management to build a good communication platform for the corporation and investors. USI has set up a specialized unit to respond to the various needs of investors, and also appointed professional lawyers to provide legal advice services, in addition to the set-up of investor relations section on the company's website to provide monthly updated business information in the purpose of revealing USI operation status transparently. This has formed a long-term, stable and harmonious interaction between the corporation and investors.

Company Introduction

Company	Universal Scientific Industrial (Shanghai) Co., Ltd.
Headquarter Location	No.1558 Zhang Dong Rd., Pudong New Area, Shanghai 201203, China
Registered Capital	RMB 2,175,923,580
Location of Stock Issue	Shanghai Stock Exchange
Stock Number / Name	601231 / USI Shanghai
Date of Stock Issue	Feb 20 2012
Main Products and Services	Communication products / Consumer electronics / Computer products / Storage products / Industrial products / Development and design of car electronics / Minimization / Material purchase / Manufacturing /Logistics / Maintenance
Number of Employees	18,567 (As of 2018/12/31)
Area of Operation	Shanghai / Shenzhen / Kunshan / Taiwan / Mexico / Japan / USA

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 has high performance in timeliness, quality and adding value and also the biggest cost competitiveness. USI is committed with providing professional service of design and manufacture for electronic industry. We focus on top of developing 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

Note: Please refer company website (<https://www.usiglobal.com>) for details

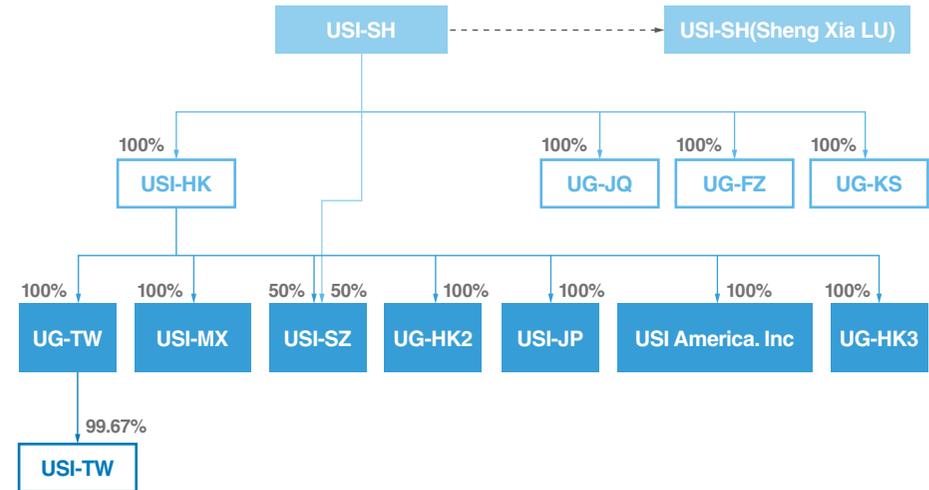
now we are capable of providing a wide range of high-quality and well-balanced products in fields such as wireless network access, digital storage and LCD panel control.

• **Global Operative System**

At present, USI has R&D centers and manufacturing facilities in China and Taiwan to serve clients from all over the world. In order to provide global customers fast and timely comprehensive services, in addition to Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan and Mexico Facilities, USI has liaison offices and after-sales service offices in the North America and Europe regions as well. The global service network covers Asia, America and Europe. President mentioned in strategic meeting and Corporate Publication: "2018 is the year of business expansion, USI will evaluate worldwide proper production sites or service bases to expand corporate business territory."



• **Association Organization Map**



Financial Performance

In 2018, USI reported consolidated sales revenue of RMB 33.55 billion with an increase of 12.94% comparing with 2017; the net profit was RMB 1.18 billion with a decrease of 10.21% compared to 2017; the net sales was RMB 33.55 billion; its total capital is divided into liabilities and equity, which are RMB 10.741 billion and RMB 9.41 billion. The earnings per share were RMB 0.54 and dividend remittance was RMB 402,545,862.30, accounting for 1.2% of revenue.



Unit: RMB

Item	2018	2017	2016
Operating Revenue	33,550,275,008.23	29,705,684,977.64	23,983,883,716.87
Operating Profit	1,386,673,438.06	1,564,790,728.88	983,710,063.59
Total Profit	1,393,319,924.19	1,564,425,899.32	1,007,351,195.54
Net Profit	1,179,967,596.16	1,314,091,319.77	806,266,321.83

Note:

According to the (2018) Announcement No.15 of the Accounting Division of Ministry of Finance of the People's Republic of China, the change of 2018 income statement item is required.

Unit: RMB

Item	2018	2017	2016
Interests Paid to Loan Providers	17,865,951	11,785,976	13,217,011
Payment to Government: (Business Tax, Income Tax, Property Tax, etc.)	360,208,943	312,845,203	305,298,743
Employee Salary and Welfare Expenses	2,329,775,123	1,991,683,625	1,775,649,316
Community Investment	5,403,647	2,408,099	1,198,910
Government Subsidy	335,156,421	90,067,526	119,129,272
CIP Cost Saving	83,573,152	72,214,260	58,797,961

Note: The statistics of "Government Subsidy" do not cover the Mexico Facility.



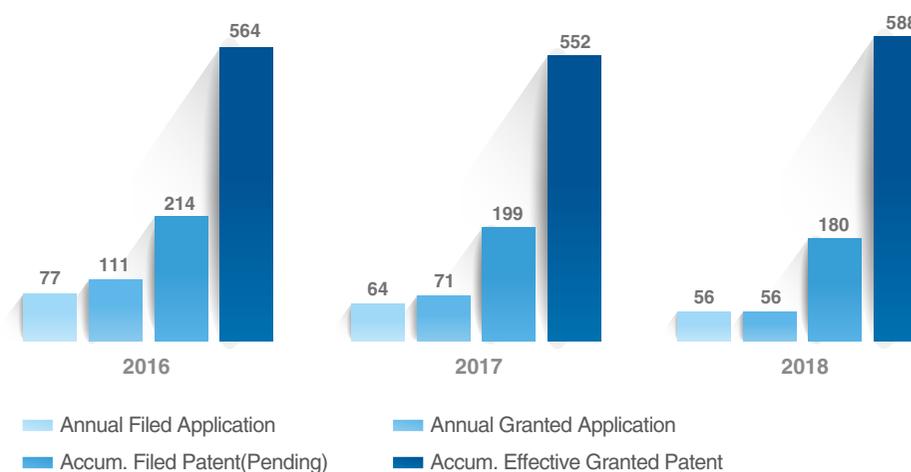
Total R&D spending was RMB 1.312 billion, accounting for 3.91% of revenue.

Patent Research and Continuous Improvement

• Research and Patents

USI had a total of 1,144 R&D personnel, accounting for 6.2% of the staff population in 2018, total R&D spending was RMB 1.312 billion, accounting for 3.91% of revenue. The number of product provided was 481,322,949 and USI awarded "2018 China Listed Companies Brand Value List Technology Innovation List TOP 25".

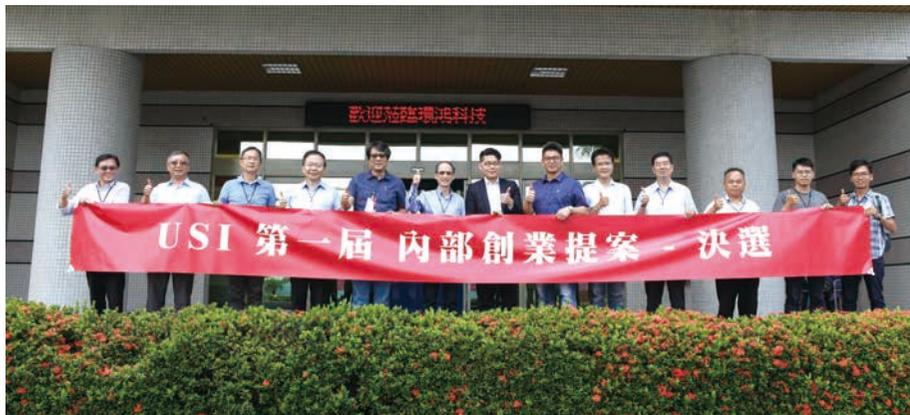
In terms of patents, in order to encourage employees to devote themselves to research, development and innovation, USI has Patent Management and Incentive and regular R&D competitions. The winners will be awarded during year-end dinner party as encouragement. By the end of 2018, an accumulative total of 588 patents had been obtained. The accumulative total of approved patents increased by 36 cases comparing with 2017. The patents obtained in the last three years are shown in the following figure. Among them, the patent for "Heat Dissipation Structure of Storage Device" is different from the heat dissipation structure of current storage device. It enables users to adopt natural convection cooling mode or forced cooling mode according to the loading status of storage device or operating temperature. In the meantime, with the primary use of natural convection cooling mode and the energy-saving smart fan, this design enables us to save power consumption.



► **USI Intrapreneurs Competition**

For the purpose of encouraging innovative thinking, discovering potential entrepreneurs, and developing new business and growth capacity, USI hold intrapreneurs competition in 2017 to develop employees to be intrapreneurs. There were 36 teams signed up for this year. They came from different sites in Taiwan and China. It took over a year from the planning, promoting, first round, second round and to the shortlist. There were 12 teams which passed the first round. After the competitive competition, 3 teams were in the shortlist, the winners were announced in August 2018. In the end, the "Intelligent Vehicle - HMI & Central Control System" won the first prize, and "Digital Signage Solution" and "Noise Control Device for Home Application" came to the second and the third place. And these 3 teams separately won the prizes of USD 10,000, USD 5,000 and USD 3,000.

All the proposals started with solving the problems in daily life. In the first round, the selection criteria were that whether the proposal was feasible or if there was a conflict with the USI developing products. In the second round, the focus was on the connection between the product and the market, and also the innovative of the techniques. The proposals that were in selected the final list would win the grants and resource from the Company, and develop into a new department and become energy for the future of Company. The purpose of intrapreneurs competition is to arouse innovation and build up working experience with cross-functional members, even to find new business chances through new technology and application.

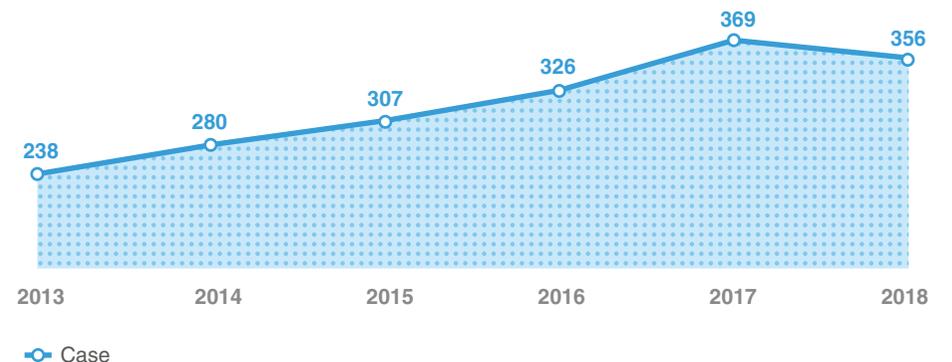


• **Continuous Improvement Program**

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



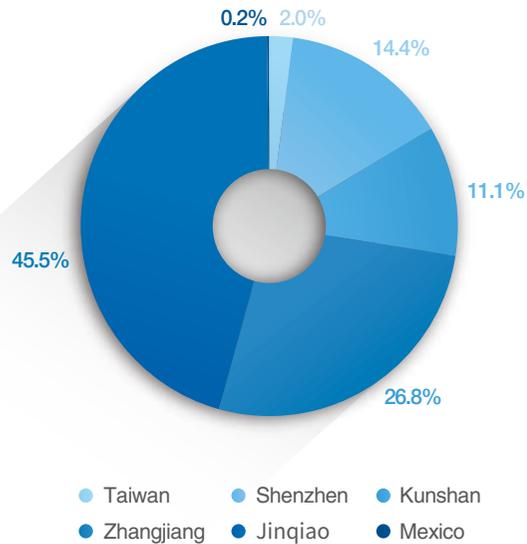
The cases proposed by each facility are reviewed by Site Review Committee (SRC) for their project results that including innovation and development capability, actual saving value attainment capability, technical application capability, standard operation capability and reproduction operation capability. After the cases are sampled by the organizer, Corporate Review Committee (CRC) will to review their saving benefits and promote cases with reproducible results to enlarge the benefits. According to the statistics in the table below, over 200 cases on average are defined each year. In addition, the number of cases being defined over 300 cases since 2015.



41 USI Operation and Governance

After the 2018 annual performance examined and approved by CRC, the actual tangible cost saving was USD 12.64 million, mainly from the improvement of AVI improvement project in Jinqiao Facility. Please refer to the figure below for the details of each facility. The saving cost accounted for 0.29% of revenue (target value: 0.21%) and all the facilities reached the standard. A total of USD 90,900 has been awarded.

► Each Facility's Performance in 2018



► CIP Excellent Contribution Award

Each facility proposes representative or innovative cases to enter global competitions. Awarded teams are granted trophies and incentive payments. The following table explains the contribution award and its standard. In respond to the issue of climate change, USI has included

"energy saving and carbon reduction" in the rating system and the type of key-point project in 2017 to promote relevant green proposals. In 2018, seven projects achieved the targets, two of them were Energy Saving and Carbon Reduction projects.

Ranking	Key-point Project Type (Automation, Energy Saving and Carbon Reduction)	Other Project Type	Score Requirement
Gold Medal	NTD 150,000 (Qty: 1)	NTD 150,000 (Qty: 1)	≥ 85
Silver Medal	NTD 100,000 (Qty: 2)	NTD 100,000 (Qty: 1)	≥ 80
Bronze Medal	NTD 50,000 (Qty: 2)	NTD 50,000 (Qty: 2)	≥ 60

Facility	Ranking	Project	Project Content
Key-point Project			
Jinqiao	Gold Medal	AVI (Auto Visual Inspection) Improvement Project (Automation)	Improved AVI machine function for the purpose of making up the shortage of manual visual inspection on irregular shape SiP, it reduced the errors from human negligence and decreased manpower and working space cost, the inspection efficiency was improved obviously. The total saving was USD 576,785 in 2018.
Zhangjiang	Silver Medal	ZJ Water Saving Project (Energy Saving and Carbon Reduction)	Added new water recycling system to replace original water filter discharge system on Jig Saw process. After the new water recycling system finished in March 2018, the water saving rate was 46% in 2018 comparing with the same period of April to December in 2017. The watersaving performance is obviously.
Zhangjiang	Bronze Medal	Auto Jedec's Tray Cleaning Machine (Automation)	Implemented Auto Fiber Clean Machine to replace manual operation, it does not need to clean Jedec tray with spray gun to improve operation efficiency. The total saving was USD 49,698 in 2018.
Kunshan	Bronze Medal	The Renovation Project of Recycling Heat from the Air Compressor System (Energy Saving and Carbon Reduction)	Collected heat from air compressor system instead of electronic heater, it reduced electricity and boiler costs. The heat recycling rate reached 57.6%, its estimated annual saving amount was USD 96,300 and expected to reduce 1,072 tonnes of annual carbon emission.

Facility	Ranking	Project	Project Content
Other Project			
Shenzhen	Silver Medal	New Data Tracking System for Barcode Information and Carrier ID Linkage	Built precise data tracking system through software development, this system can link both of common barcode label and Carrier ID. It reduced high temperature barcode label usage. The total annual saving was USD 710,072.
Jinqiao	Bronze Medal	Solder Mask Pull Back Design for Burr Improvement	Solder Mask design to prevent burr formation and decrease burr residual, 3 production stations were removed to upgrade production performance. The total saving was USD 718,199 in 2018.
Kunshan	Bronze Medal	Improved Wireless Power Product Testing	Developed on-board programming in production line to replace outsourcing, and enhanced testing efficiency and accuracy through testing process improvement. In addition, it adopted IO control card to control testing module automatically, it reduced computing facility and human operation, the total annual saving was USD 211,695.



1,264 Million

In 2018, the actual tangible cost saving of CIP was USD 12.64 million.



55 Organizations

In 2018, we participated in 55 external organizations with a total investment of RMB 1.447 million.

External Participation and Initiatives

USI took part in 55 industrial organizations and associations in 2018, total provided RMB 1,447,000. Through participating in meetings, exchanging information, and serving important positions, USI keeps close touch and communication with the industry, contributing to the development of electronic and engineering industry. The following is the list of organizations USI took part in:

Zhangjiang Facility

- Enterprises and Public Security and Safeguard Association of Shanghai Pudong New Area
- The Listed Companies Association of Shanghai
- Shanghai Association of Foreign Investment (SAFI)
- Pudong Association of Foreign Investment
- Shanghai Pudong Human Resource Association (SPHRA)
- Shanghai Integrated Circuit Industry Association (SICA)
- Securities and Futures Market Work Committee

Jinqiao Facility

- Shanghai Pudong New Area Accounting Association
- Shanghai Jinqiao Economic and Technology Development Zone Enterprises Association
- Shanghai Pudong Jinqiao Labor Personnel Association

Shenzhen Facility

- Taiwan Merchant Association in Shenzhen
- Shenzhen Hi-tech Industry Association
- Shenzhen Association of Enterprises with Foreign Investment
- Shenzhen Entry-Exit Inspection and Quarantine Association (SIQA)
- Guangdong Shenzhen Customs Brokers Association
- Shenzhen Enterprise Confederation

Kunshan Facility

- Kunshan Volunteers Association
- Taiwan Entrepreneurs Association in Kunshan
- China Quality Management Association for Electronics Industry

Taiwan Facility

- Asia Terahertz Industry Development Association (ATIDA)
- Taiwan Electrical and Electronic Manufacturers' Association (TEEMA) ●
- Chinese National Association of Industry and Commerce, Taiwan (CNAIC)
- Taiwan Telematics Industry Association ●
- Market Intelligence & Consulting Institute (MIC)
- Chuming Educational Foundation of NCTU
- CALCE* Consortia University of Maryland

- Industrial Safety and Health Association (ISHA) of the R.O.C
- Intelligent Transportation Society of Taiwan
- Taiwan Transportation Vehicle Manufacturers Association
- Nantou County Enterprise Managers Association
- Association of Nangang Factory Importers and Exporters Association
- Human Resources Management Association
- The Institute of Internal Auditors-Chinese Taiwan

Note: 1. ● Represent the position of Director / Supervisor 2. CALCE, Center of Advanced Life Cycle Engineering

• Promotion of RBA

ASEH joined Responsible Business Alliance (RBA) and became its member in 2015. Being a member of ASEH, USI actively abides by the behavioral norms of RBA and requests its facilities around the globe to implement it. The information regarding company's performance in terms of workers' human rights, occupational health and safety, corporate ethics and environmental protection is disclosed on the RBA-Online platform.

USI regularly conducts annual internal audit. In 2018, the results of RBA SAQ for Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan and Mexico Facilities were all "Low Risk". In addition, Mexico Facility applied RBA VAP in 2018, 100% of worldwide manufacturing facilities have implemented RBA VAP. The evaluation and audit results as well as related promotion performance were disclosed on RBA-Online platform. USI has not only accepted customers' audits but requested and assisted suppliers to follow RBA Code of Conduct and join the RBA-Online platform to reveal the results. Please refer to the "Supply Chain Management" chapter for relevant results of USI promotion.

Note: VAP, Validated Audit Process

• Promotion of RMI

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

Note:

- 1. CFSI, Conflict-Free Sourcing Initiative
- 2. RMI, Responsible Minerals Initiative

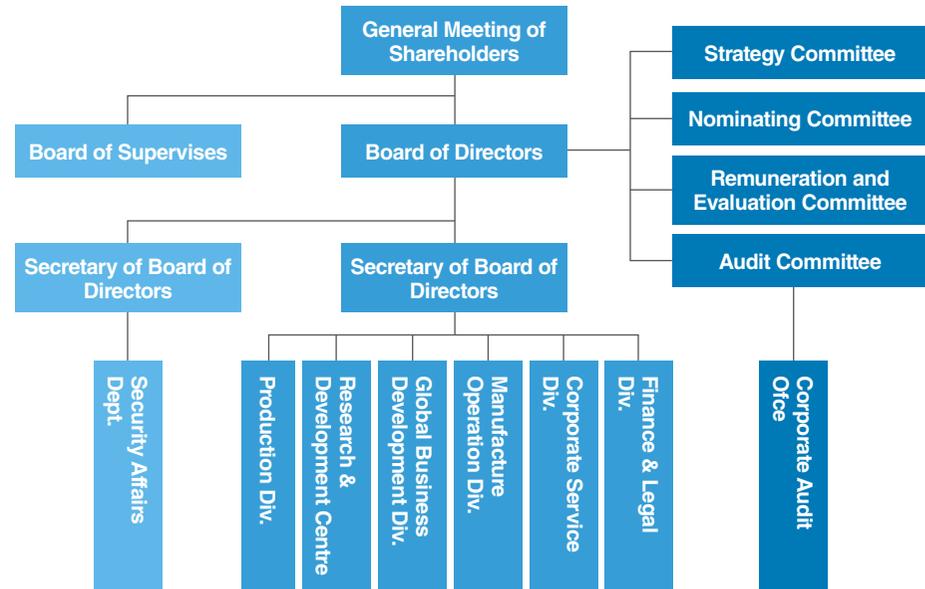


RBA VAP was launched in our worldwide facilities and the implementation rate was 100%.

Corporate Governance

USI emphasizes honest operation. Based on related national regulations, USI has established flawless managing framework and systems, drew up anti-bribery behavioral principles (*Employee Code of Conduct*), realized internal audit and strengthened internal risk management. By promoting the governance of the corporation, USI seeks sustainable industrial development.

• Managing Structure



► Board of Directors

The candidates of USI's Board of Directors are nominated by the Nominating Committee and then approved by the Board of Directors and the meeting of shareholders. Shareholders can nominate the directors and independent directors. The Nominating Committee will select candidates based on their professional experience. Independent director candidates are required for the attitude of independence. The term of service of Board of Directors is three years.

Currently, USI's Board of Directors is composed of 9 directors, and three of them are male independent directors. Mr. Jeffery Chen serves as Chairman of the Board since June 2018. Please refer to page 53 of "2018 USI Annual Report" for the members of Board of Directors. The company holds at least one board meeting every three months. There were 5 board meetings in 2018.

USI's Board of Directors has four professional committees: Strategy Committee, Nominating Committee, Remuneration and Evaluation Committee, and Audit Committee.

► **Strategy Committee**

The Strategy Committee of USI's Board of Directors is composed of 5 directors and Mr. Jeffery Chen serves as commissioner. The Strategy Committee enhances company's core competency according to the needs of strategic development to determine corporate development plan, improve investment decision-making procedures, enhance scientific decisions, and increase the efficiency and quality of major investment decisions as well as to perfect the corporate governance structure.

► **Nominating Committee**

The Nominating Committee of USI's Board of Directors is composed of 5 directors and Mr. Charles Chang serves as commissioner. The main responsibilities are to make recommendations for the size and composition of the Board of Directors as well as the composition of senior management personnel of the Company based on company's shareholding structure and the needs of corporate management and operation.

► **Remuneration and Evaluation Committee**

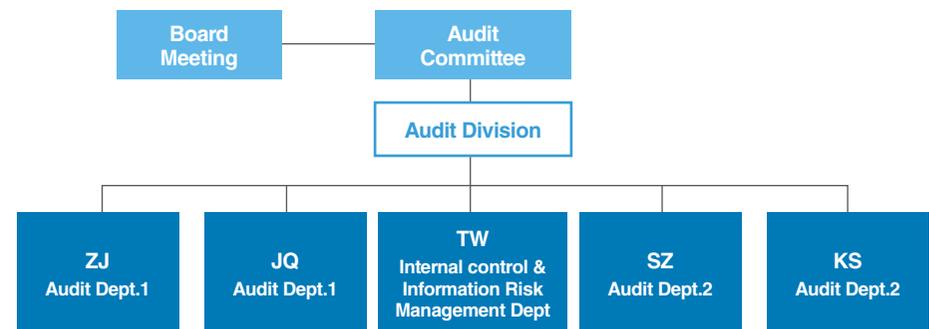
The Remuneration and Evaluation Committee of USI's Board of Directors is composed of 5 directors. Mr. Yi-Yun Chu serves as commissioner. The main responsibilities are to study, draft and implement the appraisal standards & methods and remuneration policy & plan for corporate directors and senior management personnel, as well as putting forward opinions or proposals. This committee also examines the performance of corporate directors and senior management personnel, conducts the annual performance reviews, and monitors the implementation of corporate compensation system.

► **Audit Committee**

The Audit Committee of USI's Board of Directors is composed of 5 directors. Mr. Yun Tang serves as commissioner. The main responsibilities are the proposals of hiring or replacing external auditing agency and the supervision and implementation of corporate internal audit system. This committee is also responsible for the communication between internal and external audits, validating company's financial information and disclosures, reviewing corporate internal control system as well as the audit of substantive connected transactions, and so on.

• **Internal Audit Organization**

The internal auditing is subordinate 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, and auditors are established in each facility as well.



► **The Operation of Internal Audit**

- Range of audit: All business and management of finance and operation 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 shortages from internal control system and present improving suggestions. Besides, the audit office urges all departments to practice self examination and assessment to evaluate the rationality and effectiveness of the outcomes. The audit office will produce an auditing report after the auditing activity performed. The compiled report will be submitted to the board of directors as the realization of the company's governance spirits.

Business Ethics and Regulations Abidance

- **Business Ethics**

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 engage in activities for personal gain with their authority. When freshmen accept training, they are given related training courses. USI has drawn up Fraud Risk Management Procedure and The Rule of Punishment for Fraud in Sunshine Act, and a mailbox for complaints and prosecutions is provided to strictly forbid any kind of corruption and bribery.

Accusation mails could be non-anonymous or anonymous, company should safeguard informants' safety and interests to ensure they will not be threatened.

Code of Examination Policy of Integrity Deeds

- ▶ **Require Employees to Sign The Commitment for Incorruptible Deeds and Sign Incorruptible Clauses with Related Suppliers**
- ▶ **Set Up Prosecution Box, and Employees and Suppliers Are Given The Information of Prosecution Channels on A Regular Basis**
- ▶ **Enhance The Promotion of Integrity Deeds Principles**
- ▶ **Draw Up The Examination Scope of Integrity**
- ▶ **Design Examination Program of Integrity Deeds**

Grievance Mechanism			
Zhangjiang Facility	zj.gp.sox@usiglobal.com	Kunshan Facility	ks.gp.sox@usiglobal.com
Jinqiao Facility	jq.gp.sox@usiglobal.com	Taiwan Facility	tw.gp.sox@usiglobal.com
Shenzhen Facility	sz.gp.sox@usiglobal.com		

In order to enable employees to understand and comply with USI Employee Code of Conduct, it should be announced on company's internal website and created as online textbooks for staff mandatory course. All working staffs need to go online to read this course and pass end-of course quiz every year. All records are listed as tracking list to ensure the course of Employee Code of Conduct has been finished by each employee. Furthermore, the "Sunshine Conduct" policy must be conducted to employees irregularly to remind them of relevant corporate regulations and strict observance of rules. So far no bribery or corruption has been discovered in the Company.

Employee Code 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 has devoted to maintain corporate image for years and strictly complied with national or international laws and regulations related to corporate governance, financial management, intellectual property, green environmental protection and safety rules, labor rights, and fair market competition. The Company also cherishes customer value, rights, and interests. The contract performance rate with the customers reached 93%*. For any

negative impact on corporate image or violation of law, a task force will be formed by USI to take countermeasures. By the end of 2018, no violations involving in major penalty or other non-economic punishment occurred.

Note:

1. 246 contracts remained to be reviewed by both parties by the end of 2018.
2. The definition of major penalty is the sanction over USD 10,000

Enterprise Risk Management

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

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

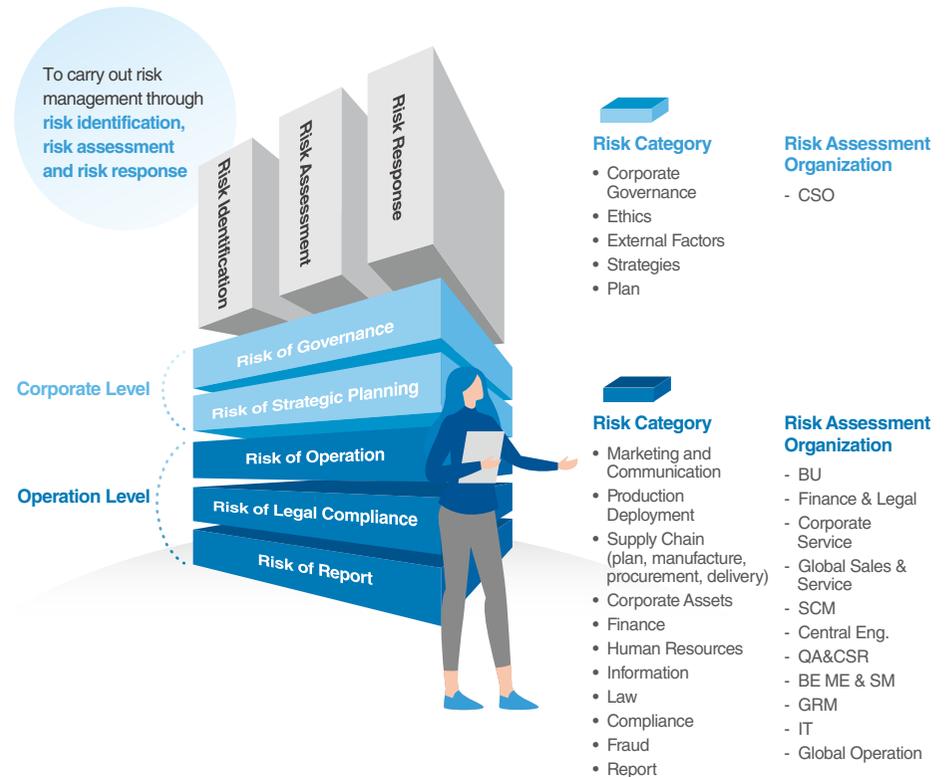
Risk assessment includes various risks that an enterprise might face, and it is primarily divided into the corporate level and operation level. Relevant risks are as follows:

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



No violations involving in major penalty or other non-economic punishment occurred in 2018.

Organization Framework of Risk Management



• Results of Risk Assessment

Risk Level	H	<ul style="list-style-type: none"> ▸ Statutory disclosure and Announcement ▸ Compliance-Legal ▸ Pricing Strategy ▸ Fraud 	<ul style="list-style-type: none"> ▸ Lack Manpower for Production 	
	M	<ul style="list-style-type: none"> ▸ Intangible Assets-Research and Development ▸ Product / Technology Strategy ▸ Natural Disasters Risk ▸ Key Technical Talents ▸ Business Plan (BP) ▸ Usage-LSI ▸ Geographical Politics ▸ Trial Production ▸ Compliance 	<ul style="list-style-type: none"> ▸ Environmental, Health, and Safety (EH&S) ▸ Process Management-STK ▸ Lack Manpower for Production ▸ Business Concentration ▸ Compliance-Legal ▸ Out of Materials / Lack Materials ▸ Utilization-STK ▸ Order Processing ▸ Pricing Strategy ▸ Worker Recruitment ▸ Compliance-QA 	<ul style="list-style-type: none"> ▸ Compliance-Legal
	L	<ul style="list-style-type: none"> ▸ Reputation / Stakeholder Relations ▸ Payroll and Employees' welfare ▸ Marketing / Sales Strategy ▸ Production Equipment Planning ▸ Usage-LSI ▸ Reporting Quality ▸ Growth ▸ Organization's Ability ▸ Compliance 	<ul style="list-style-type: none"> ▸ Ethical Culture / Tone at the Top ▸ Corrective Action and Discipline ▸ R&D Information Management ▸ Product / Technology Strategy ▸ Succession Planning ▸ Pricing Strategy ▸ Technology Strategy ▸ Ethics ▸ Compliance 	
		Yes	Partial	No
		Control Effectiveness		

• 2018 USI Risk Assessment Program

Aspect	Item	Countermeasure
Macro-economy		
Political Environment	China-US trade war	Monitor the impacts of custom issues; transfer production lines to other manufacturing sites if necessary
Social and Cultural Environment	Emergency workforce shortage of direct labor (urgent orders, around the Chinese New Year)	Full and effective emergency countermeasures
Micro-economy		
Legislation	AE clients ask for ISO 26262 certifications for OEM suppliers	A responsible team assist in verification, it is planed to pass the certification in Mexico Facility by June 2019
	Sudden and significant increase/decrease of demand forecast or order from clients leads to redundant/stagnant materials	A complete system to control the changes of orders. Any redundant/stagnant materials caused by clients will be well solved by effective enforcement
Market Demand	A single client accounts an alarmingly large percentage of sales revenue	Dedicate in new client development to reduce the revenue of one single client
	Due to market environment, unbalanced supply and demand results in lead time extension	The purchase team must pay attention to the market supply and market demand at all time. A mechanism should be available for preparing materials in advance
	Adjust internal resources to feedback new business model if it has big discrepancy comparing with existing operation model	Check and adjust currently resources, and hold irregularly meetings to decide the related actions; strategic alliances with benchmarking customers to reduce R&D cost and risk
Competition	Bad gross margin performance caused by market competition sharply	Develop new products to upgrade the product diversity and technical barrier to create higher gross margin
	Lack the effective strategies to achieve corporate growth targets accelerately	Encourage employees to perform innovations, continue to reward R&D projects and invest new products, it will enhance corporate competition and growth

Note:

1. Please refer to page 24 of 2018 USI Annual Report for Risk Management: "Chapter 3: Item 4. The risks we might be facing"
2. Please refer to 2018 ASEH Corporate Social Responsibility Report for the related risks of climate changes



USI with Environment



With an emphasis on environmental protection, USI takes aggressive measures against climate change. We look forward to taking into account of environmental protection as well as achieving environmental sustainability while pursuing higher quality products and services.

USI with Environment

USI integrates the concept of ecologically sustainable development with company's managerial decision-making and operation management. The board of directors and the executives assume management responsibility and take the opinions of stakeholders as reference to formulate the corresponding management strategy. Through the continuous promotion of management system related to ISO 14001, ISO 50001, ISO 14064-1, etc. (please refer to the "Management System Certification Table"), we have improved and reduced environmental impact of our operation and hereby make a public disclosure about USI's environmental information for the implementation of corporate environmental responsibility.

USI established EHS & Energy Policy (Environment, Health, Safety, and Energy Policy). Follow the principle of "Compliance with Law and Response to Environmental Protection", optimized resource utilization, and created an eco-friendly, healthy and safe working environment. A telephone hotline and mailbox are provided for suggestions or complaints from stakeholders. In 2018, no official complaint about environmental impact was received, and no violation against environmental regulations and environmental pollution incidents.

EHS & Energy Policy

► Compliance with Law and Response to Environmental Protection

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

► Hazard Prevention and Training for Communications

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

► Pollution Prevention and Continuous Improvement

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

► Energy Saving and Waste Reduction by Effective Use

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

► Establish Goals for Sustainable Operations

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



Climate Change Mitigation

United Nation (UN) confirmed that 2018 was world's fourth hottest year on records and that the hottest years were between 2015 and 2018. This indicates that global warming spirals out of control and an immediate action is urged. As climate change has become one of important sustainable development issues, worldwide countries have proposed reduction goals and methods in droves. For example, 2030 Sustainable Development Goals (2030 SDGs) proposed by UN; Carbon Disclosure Project (CDP); United Nations Global Compact (UNGC); and Science Based Targets initiative (SBTi) co-established by World Resources Institute (WRI) and other institutions. As a company that seriously fulfills our civic responsibility and commits sustainable development, USI has not only set carbon reduction goals and conducted a series of action, but also paid attention to the global warming trend and international response measures therefor, continued our analysis and control works, and pursued environmental and corporate sustainability.

Carbon Management

USI continues 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. In 2017, we also started to conduct product carbon footprint inventory; and disclosed relevant information in compliance with international regulations, initiatives and customers' requirements. Besides, following

one of the parent group's strategic sustainability themes "Low Carbon", USI have put Carbon Disclosure Project (CDP) and Task Force on Climate-related Financial Disclosures (TCFD) into actions. For detailed information, please refer to the 2018 Corporate Social Responsibility Report of ASEH.

Climate change has taken its tolls on USI. For example, carbon quota management is now in place in Shanghai, Shenzhen China. 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 in our facilities to minimize risks from climate change.

- **Product Carbon Footprint**

After our launch of carbon footprint inventory (ISO 14067) in 2017 for 4G LTE Dual-band Module, USI then developed and designed the XnBay Smart Server to conduct carbon footprint inventory. From the viewpoint of a complete product life cycle, we calculate direct and indirect greenhouse gas emissions at each stage from the procurement of raw materials to having the product abandoned as waste. Besides, we also passed the verification of a third-party certification body and successfully obtain declaration of verification accordingly. The final results are as follows:

XnBay Smart Server						
Life Cycle Stage	Material	Manufacture	Distribution	Use	Waste Treatment	Total
GHG Emissions (Kg CO ² e / per PCS)	18.198	5.658	0.018	139.722	0.000	163.60



ISO 14067 Product Carbon Footprint Verification Statement

• **Greenhouse Gas Emission**

The total CO₂ emissions in 2018 were 155,038.58 tonnes (Scope 1 and 2) with a decrease of 2,696.48 tonnes comparing with 2017. With respect to revenue, the CO₂ emissions per million RMB were 4.48 tonnes with a decrease of 0.83 tonnes comparing with 2017. In 2018, we have launched an investigation on scope 3 emission in our facilities in Taiwan for the first time. Not only have we analyzed the greenhouse gas emissions based on "fuel and energy related activities" and "processing of wastes produced during the operations", but also our disclosed information has been confirmed by a third-party certification body and we have obtained a declaration of inventory. For detailed information, please refer to the following diagram.

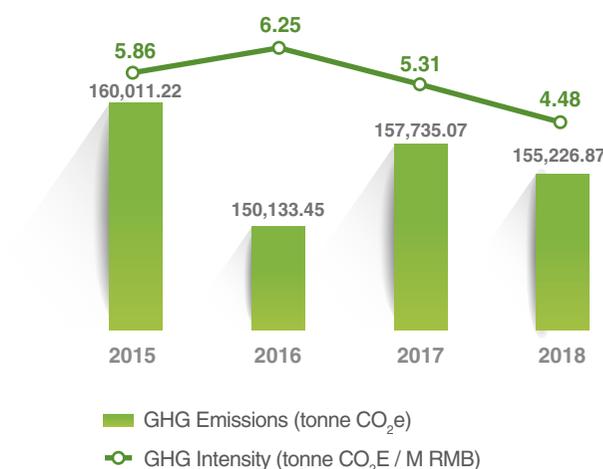
► **Greenhouse Gas Emissions and Intensity**

Unit: Tonne CO₂e

Year	Scope 1				Scope 2	Scope 3	
	Fixed Burning Emissions	Mobile Burning Emissions	Fugitive Emissions	Processing Emissions	Indirect Energy Emissions	Fuel and Energy Related Activities (Not Included Scope1 and Scope 2)	Processing of Wastes Produced During the Operations
2018	4,421.11	339.41	2,076.13	0.00	148,201.93	1.01	114.47
2017	5,472.90	339.07	2,041.72	0.00	149,479.87	N/A	N/A
2016	5,761.99	363.69	1,931.57	0.00	142,043.16	N/A	N/A
2015	5,776.50	349.52	1,899.58	0.00	151,916.97	N/A	N/A

Note:

1. The data presented came from the ISO 14064-1 inventory results, rounded to the 2nd decimal point.
2. The data of scope 1 and scope 2 included Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan and Mexico, but the data of scope 3 is Taiwan Facility only.
3. The boundary summation of data organization uses the operational control method; the significant threshold is set as 3%, and the substantial threshold is set as 5%.
4. The greenhouse gas emission includes various categories such as CO₂、CH₄、N₂O、HFCs、PFCs、NF₃ and SF₆.
5. As Scope 3 inventory was launched in 2018 for the first time, there is no data between 2015 and 2017; and N/A is therefore marked.
6. EPA has been adopted as the emission factor for Scope 3 inventory. The product carbon footprint calculation platform allows us to check the emission factor.
7. Waste incineration: As the emission factor data of incinerators in Central Taiwan is not provided, the data of the nearby Miaoli County incinerator was adopted instead; thermal waste treatment: As the emission factor data of thermal waste is not provided and valuable metals are often recycled after the incineration process, the incineration factor was used for the calculation; waste physical treatment is excluded from the calculation.



Energy Management

In the greenhouse gas emission, power loss shares about 95% in USI. The key to reducing carbon emission is to save power, making maximum efforts for electricity efficiency. In order to reduce energy consumption during the operational activities and product processes and save the cost, the external power supply unit with low energy consumption will be selected in priority when the products are designed, as well as the tests will be evaluated to ensure the products can meet the requirements of environmental protection. The different energy-saving improvement plans will be executed for air conditionings, lighting equipments and heavy-energy consumption facilities in all facilities as well, continuously reducing the energy consumption and saving the electricity bill, such as variable-frequency control, seasonable adjustment of air-conditioning temperature, replacement of old equipment, monitoring and management of electricity bill.

In 2018, the total power consumption in USI was 738,890.36 GJ, lowered 19,526.91 GJ in 2017. If analyzed by the turnover, the power consumption per million RMB turnover in 2018 was 22.05 GJ, lowered 4.06 GJ in 2017. The detailed results were as shown in the figure below:

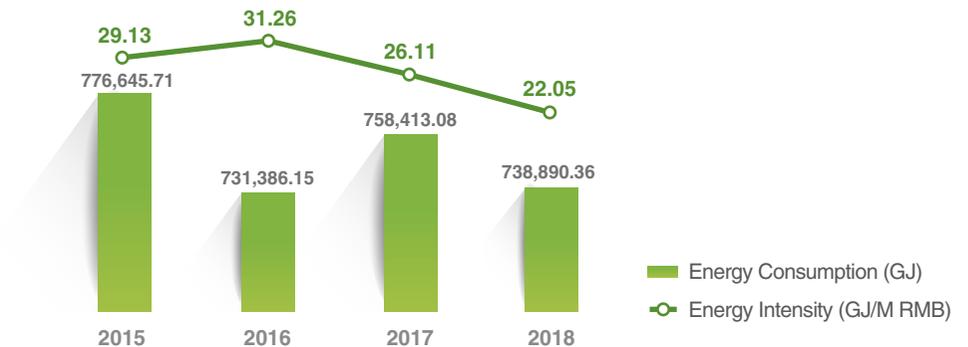
► Energy Consumption and Intensity

Unit: GJ

Year	Type	Direct Energy Consumption			Indirect Energy Consumption	Total Energy Consumption
		Diesel	Gasoline	Natural Gas	Electricity	
2018		639.08	4,011.47	76,708.71	657,531.10	738,890.36
2017		608.98	4,081.84	96,721.77	657,007.49	758,413.08
2016		530.25	4,367.25	101,997.58	624,491.07	731,386.15
2015		701.15	4,096.90	101,996.69	669,850.97	776,645.71

Note:

- The data presented came from the ISO 14064-1 inventory results, rounded to the 2nd decimal point.
- The data included Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan (TT2) Facilities.
- Conversion data of the heat value index:
 - Facilities in Zhangjiang, Jinqiao, Shenzhen and Kunshan have adopted Annex A (referential energy conversion standard coal factors) of General Principles for Calculation of the Comprehensive Energy Consumption (GBT 2589-2008).
 - Taiwan Facility has adopted page 159 of Heat Content of Energy Products of Taiwan Energy Statistics Handbook (2017)



- **Energy Saving Results in 2018**

Facility	Projects	Description	Power Saving (MWh/year)	CO ₂ Reduction (tonne CO ₂ /year)
Zhangjiang Facility	Suspension of the air compressor ventilation fan(s)	<ul style="list-style-type: none"> • The exhaust fan suspension solution was confirmed in July 2018. The use of air compressor's exhaust fans will be gradually suspended; and the auto-ventilation system of air compressor will be adopted instead to lower energy consumption. 	1,340.28	1,078.39
Shenzhen Facility	Replaced 2 central air conditioning systems	<ul style="list-style-type: none"> • The TECO screw type (325 KW) was replaced by York screw type (247.9 KW) • Coefficient of performance (COP) 4.44 → 4.85 	790.33	661.27
Shenzhen Facility	Replaced 3 water-cooling cabinet air conditioner	<ul style="list-style-type: none"> • The cabinet air conditioner was replaced by wall cabinet air conditioner (refrigeration capacity 47.6 KW → 77.3 KW; air flow 7,800 m³/h → 10,000 m³/h) • Power efficiency of 3 wall cabinet air conditioners dropped from 95 KW to 9 KW 	45.96	38.45
Kunshan Facility	Renovated the disc of air conditioning unit for energy saving	<ul style="list-style-type: none"> • The additional cooling disc added to process the new wind has increase the unit's ability to dehumidify and reduce the temperature of new wind. 	413.93	333.05
Kunshan Facility	Replaced SMT reflow ovens	<ul style="list-style-type: none"> • The old XNK-1045PT SMT reflow oven was replaced by new-type reflow ovens (HELLER 2043 MK5 / HELLER 1936) 	253.37	203.84

Note:

1. Carbon emission amount = amount of saved energy × amount calculated from electricity emission factor

2. Electricity emission factor:

- USI's China facilities has adopted "2017 Baseline Emission Factors for Regional Power Grids in China: drawn up by Ministry of Ecology and Environment with respect to climate change: USI's facilities in Zhangjiang, Jinqiao and Kunshan uses the power grid factor of eastern China (0.8046 tonnes CO₂e/MWh), whereas facilities in Shenzhen use the power grid factor of southern China (0.8367 tonnes CO₂e/MWh)
- Taiwan Facility uses the "2017 electricity emission factor" published by Bureau of Energy, Ministry of Economic Affairs: 0.554 tonnes CO₂e/MWh.

- **Renewable Energy**

USI positively responds the use of renewable energy. International REC (I-REC) will be purchased with 167,376 MWh (the registration authority is I-REC Registry) in 2019 to announce the neutralization of carbon dioxide emitted by the traditional power in 2018, where the all power of the plant has been neutralized in China (including Zhangjiang Facility, Jinqiao Facility, Shenzhen Facility and Kunshan Facility) and 10% in Taiwan. According to GHG Protocol Scope 2 Guidance, the statements are used to neutralize two markets.

► 2018 GHG Emissions by Location-based and Market-based Method

Method	Item	Scope 1	Scope 2	Total
Location-based	GHG Emissions (tonne CO ₂ e/year)	7,024.93	148,201.93	155,226.87
	Percentage	4.53%	95.47%	100%
Market-based	GHG Emissions (tonne CO ₂ e/year)	7,024.93	12,879.25	19,904.18
	Percentage	32.29%	64.71%	100%

Note:

1. The data presented came from the ISO 14064-1 inventory results;
2. The data included Zhangjiang, Jinqiao, Shenzhen, Kunshan, Taiwan (TT2), and Mexico Facilities.

Pollution Control

Water Resource Management

For USI, we do not have issues on contaminating catchment areas as our facilities are not built around it. But China's regulations has become increasingly rigorous and ASE Group paid close attention, the storage and distribution of water resources have also become an important topic for us. So we pay a great attention to it. USI has been making efforts in conserving water resources and continues to manage the resources in our production and daily life. Apart from regularly tracking the water usage of USI's six major manufacturing facilities, USI also commissions a third party to check the quality of effluent on a regularly basis in order to prevent water pollution from happening. There was no violation of water discharging regulations in 2018, and USI will continue to keep a track on the use of precious water resource and save as much water as possible for a friendly environment and reduction of environmental impacts.

Statistically, USI used a total of 581.537 ML of water in 2018, a reduction of 20.2% compared to 2017 (728.415 ML), and achieved the reduction goal in 2018 (-0.35%). The said amount of water can be divided into tap water, counting 538.920 ML, and underground water, counting 42.617 ML, according to their source of origin. The effluents, on the other hand, can be separated according to their flowing direction, including those discharged to sewers and those flowing on the ground surface. The volume thereof were 474.316 ML and 49.067 ML respectively. Besides, as the installation of process water recycling system in Zhangjiang Facility and the second-phase installation of process water zero discharge system of Jinqiao Facility were completed in 2018, USI managed to largely reduce the water consumption by increasing the recycling and reclamation rate of process water.



All power of China's facilities has been neutralized by purchasing I-REC.

To make the use out of every drop of water, USI is planning to recycle as much water as possible via improvement of equipment and technology. In 2018, the process water recycling system was introduced to Zhangjiang Facility. This system enables USI to recycle process water produced from the cutting process; filter and sterilize the water through filtration, disc filter, ceramic ultrafiltration membrane and UV sterilization processes; and reuse the water in the production. With respect to the second-phase installation of process water zero discharge system at Jinqiao Facility, this project has adopted not only advanced oxidation technology, but also multi-media filtration (MMF) and activated carbon filtration (ACF) technology. This project, which was completed at the end of 2017, enabled the Company to recycle process water and use it in air-conditioning system or toilet (if its density is relatively high). This system largely increased the recycling rate of process water and reduced the tap water demand arising from the production. This is the reason why we have managed to largely reduce our total water consumption in 2018.

According to the statistics, the Company's amount of process water in 2018 was 151.742 ML, including 132.210 ML of reclaimed process water. In 2018, the Company's process water recycling rate is 87.1%, which is above the recycling target of 2017 (63%), with an increase of 30% comparing with the previous year.



Total water withdrawal was 581.537 ML in 2018, a reduction of 20.2% compared to 2017.



Process water recycling rate reached 87.1%, including 132.210 ML of reclaimed process water.



Second-stage project of zero discharge industrial wastewater (Jinqiao Facility)

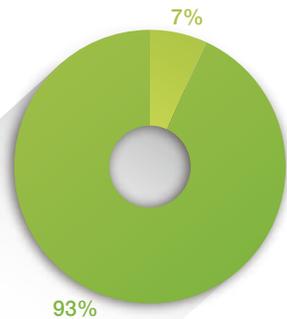


Jigsaw process water reuse system (Zhangjiang Facility)

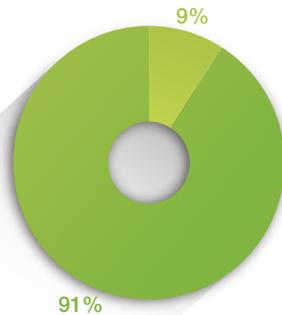
► 2018 USI's Water Withdrawal and Discharge

Facility	Zhangjiang	Jinqiao	Shenzhen	Kunshan	Taiwan		Mexico
Source	Tap water	Groundwater	Tap water				
Water withdrawal (ML)	178.728	147.502	111.900	71.372	11.902	42.617	17.516
Destination	Sewage sewer	Sewage sewer	Sewage sewer	Sewage sewer	Ground water body		Sewage sewer
Water discharge (ML)	160.855	132.752	100.710	64.235	49.076		15.764

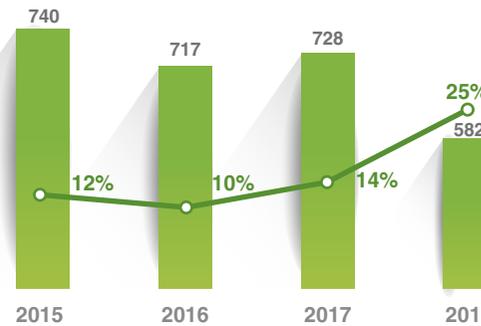
Note: All water was tap water except of groundwater used at Taiwan facility.



● Groundwater ● Tap water



● Ground water body ● Sewage sewer

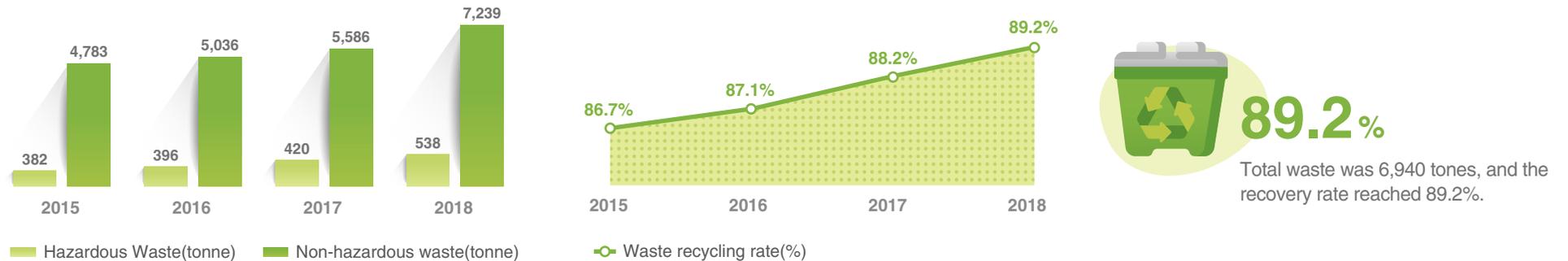


■ Water withdrawal (ML)
○ Water recycling rate (%)

Waste Management

USI consider "waste minimization and reuse" as corporate policy. The principles of "Pollution Prevention and Continuous Improvement" and "Energy Saving, Waste Reduction by Effective Use" have been carried out thoroughly in all the facilities and treated as annual performance indicator. Therefore, through regular data record and tracking, the relevant units such as process unit, facility affairs unit, and ESH unit strictly monitor the usage and outputs.

According to the statistic, the total waste generation of 2018 was 7,777 tonnes and the total recovery was 6,940 tonnes. The recovery rate reached 89.2% which was 80% above the set target, as shown below. In the future, USI will continue to realize the water reduction policy and start from the beginning for the goals of resource sustainability.



USI has developed the waste disposal program specifying that hazardous wastes shall be given to the qualified suppliers with the valid licenses for disposal and that non-hazardous wastes shall be given to the licensed recycling operators for recycling or shipped to the licensed incinerators for incineration. Statistics of disposal methods for various wastes in each facility in 2018 are as shown in the table below:

Unit: Tonne

Facility	Reuse		Recycling		Composting		Landfill		Incineration	
	Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous
Zhangjiang	59.645	0.000	9.127	913.047	0.000	0.000	2.244	24.000	56.733	0.000
Jinqiao	22.701	0.000	2.940	433.772	0.000	0.000	5.756	47.155	68.850	0.000
Shenzhen	91.991	444.432	3.956	2,209.217	0.000	95.648	0.000	117.399	45.138	0.000
Kunshan	0.000	0.000	7.140	1,385.818	0.000	163.487	0.000	44.080	18.400	0.000
Taiwan	0.000	47.131	0.054	238.583	0.000	0.000	0.000	0.000	116.450	225.340
Mexico	13.394	274.725	0.000	467.707	0.000	56.280	0.000	51.365	13.397	0.000
Total		954.019		5,671.361		315.415		291.999		544.308

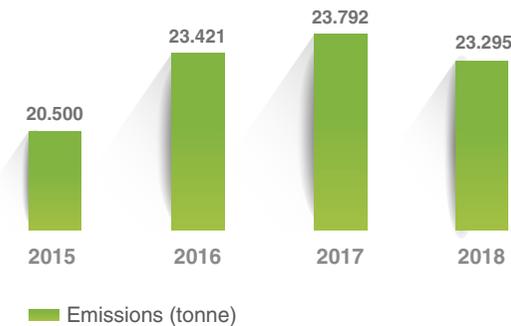
Note: The numbers are rounded to the 3rd decimal point.

Air Pollution Control

In recent years, air pollution is getting worse in China and Taiwan. It has been seriously affected the quality of life to local residents that become an urgent issue currently. This is the reason that local authority has made relevant amendments to local regulation. As our production sites are within the affected areas, we also pay great attention to air pollutant control within our factories.

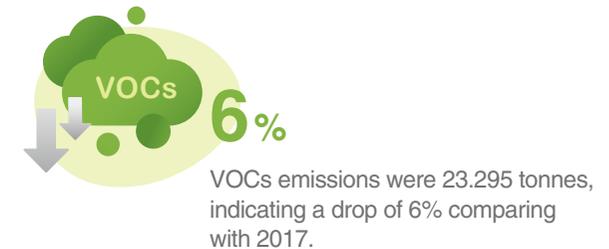
In terms of volatile organic compounds (VOCs), Taiwan Facility was the only one required to be regularly inspected and declared. However, requested by the competent authority of Shanghai City, Zhangjiang and Jinqiao Facilities made their first declaration at the end of 2017. Later in 2018, in response to competent authority's requests on declarin "environmental protection tax", USI has adjusted statistical methods. Besides, although Shenzhen and Kunshan Facilities do not have relevant regulations, they still took the initiative to carry out relevant detection and management works, and implement relevant preventive and control measures. In 2018, the Company has adopted waste gas reduction and discharge system to protect the health of our employees and to minimize impacts of SMT flux to our environment at Kunshan Facility. Through UV photolysis oxidation technology* and absorption of active carbon, US has managed to reduce the emission of VOCs. In 2018, our emissions of VOCs were 23.295 tonnes, indicating a drop of 6% comparing with the previous year. Please refer to the follow diagram for more details.

Note: UV beam can break the molecular bond of industrial wastes as well as the water and oxygen in the air. Then, with the use of ozone, the oxidization reaction takes place for deodorization and sterilization.



Note:

1. The data included Zhangjiang, Jinqiao, Shenzhen, Kunshan and Taiwan Facilities.
2. As emission declaration was no longer required for our facilities in Shanghai (Zhanjiang and Jinqiao Facilities) starting from 2018, US has adopted to environmental protection tax therefor. Relevant VOCs statistical methods were also adjusted and integrated with the base year (2015) data according to the statistical methods of environmental protection tax.



For the emissions of nitrogen oxide (NOx), sulfur oxides (SOx), and suspended matter, although they have not been included into local regulations, Zhangjiang Facility and Jinqiao Facility still autonomously conduct detections and disclosures. In the future, USI will request other facilities to disclose air pollutants. Related data in 2018 are as shown in the table below:

Unit: Tonne

Pollutant \ Facility	Zhangjiang	Jinqiao	Shenzhen	Kunshan	Taiwan
Volatile Organic Compounds (VOCs)	1.079	0.727	1.379	0.488	19.621
Nitrogen Oxides (NOx)	1.268	3.672	N/A	N/A	N/A
Sulfur Oxides (SOx)	N.D.	N.D.	N/A	N/A	N/A
Particulate Matter (PM)	0.742	N.D.	N/A	N/A	N/A

Note:

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

Green Promise

USI has been devoted to green promotions; and to the pursuit for a harmonious conversation between and co-existence of our environment and humanities. To ensure our operations comply with international environmental protection regulations and customers' standards, we have established good communication channels with our suppliers and customers; and implemented a series of preventive green management measures from the procurement of raw materials to the customer-end afterward services. The objective thereof is to minimize negative impacts of our products and productions to the environment.

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



Green Management

- Have a comprehensive green management system
- Introduce Design for Environment
- Maintain the EHS database
- Implement auditing for the hazardous substances management system
- Implement Product Carbon Footprint
- Introduction of Material Flow Cost Accounting
- Implement green office
- Implement cleaner production in each facility



Green Education

- Provide employees, suppliers and contractors with environmental training, hold forums and meetings to underscore USI eco-friendly values



Green Supply Chain

- Control the quality of materials with suppliers
- To request suppliers to provide component table, testing report(s) and declaration of conformity
- To carry out annual examination of green product suppliers
- Implement Responsible Minerals Initiative
- Improve the communication channel between and suppliers (e.g. supplier the sustainability conference, supplier questionnaires, etc.)



Green Expenditures

- Provide funding for pollution prevention initiatives, cut resource consumption, properly dispose industrial waste, build an environmental management system and obtain certifications

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 "Green Product Specification" to control hazardous substances in electronic components and products. The design and R&D personnel of USI have ecological design capabilities for their products, which allows our environmental-friendly products to be sold around the world and ensures that the green products we manufacture and sell are in compliance with environmental the laws, regulations and requirements around the world in terms of environmental protection, while satisfying customers' needs and the development trends of environmental protection, and following company's standards for internal control.

► **Three Main Aspects of Eco-design of Green Product**

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

Note:

Up to 2018, we have controlled over 300 chemical substances under the "Green Product Specification" to ensure that our products are in compliance with ROHS European Union directives. Besides, in response to the announcement of adding the 19th batch of 10 Substances of Very High Concern (SVHC), the candidate list of REACH has been extended to 191 substances.



Recycling Symbol of System



Recycling Symbol of Lithium Battery

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. According to the Design for Environment (DfE) operating procedures, USI not only takes potential environmental impacts under consideration when designing a product, but also have them confirmed with the project development unit and customer in order to minimize negative impacts to our environment during the product life cycle. In addition, USI assures that our facilities home and abroad pass the annual inspection of the third unit for "Environment management system", "hazardous substance management system", "GHG management system" (please refer the chapter of "Management System Certification Table") to rapidly respond to the change of international environmental protection laws and regulations and conform to them.

The principle of eco-design is introduced in product development and design based on USI's three axes of electronic product eco-design and the green environment policy established by the Company is followed. For

example, materials comply with HSF (Hazardous Substance Free), RoHS and WEEE requirements. In addition, energy-efficient design is introduced to meet the requirements of Energy Star and ErP, as to meet a range of environmental factors, such as material use, energy saving and CO₂ reduction, efficient use of water resource, pollutant emission, resource wasting and recyclability. Besides, to intensify the promotion of green products, USI established the "Green Design Innovation and Invention: Patent Incentive System" at the end of 2017. The objectives thereof are to give green-related designs weighted scores; build a green and innovative corporate culture; and facilitate green design proposals. The results of green design proposal for 2018 are as follows.

► **Future Goals**

Types of Product	2020 Goals
Server	<ul style="list-style-type: none"> • To use PSU meets EU CoC Tier-2 & US DOE • To use 80 Plus titanium PSU (Target year: 2019) • DC-DC converter efficiency: Full load 92.6%
NAS (Network Attached Storage)	<ul style="list-style-type: none"> • To replace coin battery with super charge caps • To improve DC/DC converter efficiency, target: 90%
NS	<ul style="list-style-type: none"> • To achieve the latest standby requirement of ErP Lot 26 • Adopt the high-efficiency power management microcontroller unit (MCU) and increase the power conversion efficiency.
SSD	<ul style="list-style-type: none"> • To achieve fully supports PCIe low power features • Develop mains regulators that can operate according to the operating mode, helping to reduce power consumption
Wireless Communication	<ul style="list-style-type: none"> • To continue to improve module design method and ability and realize product eco-design • To keep strengthening the integrated module design and improving the efficiency of energy use • Enhance product efficiency and reliability in order to extend the product service life and reduce resource consumption (2019) • TTR reduces power consumed during the production (reduce the testing time) (2019)
POS/PR	<ul style="list-style-type: none"> • Meet UL/IEC 62368 requirements in the design of all Tier 1 system products; and select PSU that comply with UL/IEC 62368
Automobile Electronics	<ul style="list-style-type: none"> • Promote modular circuit design for vehicle related function in order to reduce the consumption of materials and time. • Enhance battery efficiency and optimize the battery life of Smart Key • Adopt the design of multi-screen dual system in one single hardware platform; and continue to reduce investment in hardware design • Launch the first BSG ECU

► USI's performances of green design in 2018

Product Category	Key Features of the Green Design	2018 Performance
Mobile Communication Product (IMS*)	<ul style="list-style-type: none"> • Improve energy efficiency • Reduce power consumed in both the In-use and standby status 	<ul style="list-style-type: none"> • The MC3300 Mobile Computer design was in compliance with the California Energy Commission (CEC) requirements.
Mobile Communication Product (CP*)	<ul style="list-style-type: none"> • Improve energy efficiency • Reduce power consumed in both the In-use and standby status 	<ul style="list-style-type: none"> • In compliance with CEC and ErP Lot 3 • The MB has adopted the Intel Kaby-Lake platform technology and is in compliance with the ErP Lot 3 testing standards: <ul style="list-style-type: none"> - In the WOL Enabled Off State, the off mode power consumption is 0.66 W, which is lower than the ErP Lot 3 requirement (1.7 W).
Network product (NS*)	<ul style="list-style-type: none"> • Improve energy efficiency • Reduce power consumed in both the In-use and standby status • Select low-pollution materials 	<ul style="list-style-type: none"> • In 2018, NS products produced by USI were 100% in compliance with EU RoHS and ErP. • The on mode power consumption was reduced to 8 W below, which as met the ErP Lot 26 design standards (NS M510) <ul style="list-style-type: none"> - Fortinet FAP-U43Xf: 7.6W - Panasonic Goku: 7.3W
Wireless Communication (WP*)	<ul style="list-style-type: none"> • Reduce power consumed in both the In-use and standby status • Select low-pollution materials 	<ul style="list-style-type: none"> • In 2018, the WP products developed and produced by USI were 100% in compliance with EU RoHS.
Mobile Communication Product (VMS*)	<ul style="list-style-type: none"> • Reduce power consumed in both the In-use and standby status • Select low-pollution materials • Modularization and compatibility • Reduce material consumption 	<ul style="list-style-type: none"> • Products that contain battery charging station (BCS) was 100% in compliance with the low-power consumption requirements of EU RoHS and CEC (in maintenance and battery-free modes) <ul style="list-style-type: none"> - Honeywell CT60: 0.8W (standard value: 1.04W) - Honeywell CNCK75: 0.14W (standard value: 11.03W) • The following products have met the EU RoHS requirements <ul style="list-style-type: none"> - Honeywell VM-1A, Honeywell CT-40 • Adopted universal product designs to reduce process development and use of materials • Launched the mass production for the Qualcomm SDM660 CPU modules, where the simplified universal module design has reduced the design time and waste in materials. Furthermore, the universal design can also be used in 8 different handheld products.

Product Category	Key Features of the Green Design	2018 Performance
POS*	<ul style="list-style-type: none"> Reduce power consumed in both the In-use and standby status Select low-pollution materials 	<ul style="list-style-type: none"> In 2018, POS products produced by USI were 100% in compliance with EU RoHS, DoE and ErP Lot 6
Server Network Storage Edge Computing System	<ul style="list-style-type: none"> Improve energy efficiency Reduce power consumed in both the In-use and standby status 	<ul style="list-style-type: none"> The fan control has been optimized; and the CPU and Virtual hardware-controlled mechanism has been developed, where the fan rotation speed can be adjusted according to the CPU and HDD activity. Therefore, when controlling the temperature, the system power consumption will also be minimized. The direct current conversion efficiency of MB could reach 93% above when the system was having a heavy loading. The PSU was in compliance with the platinum and titanium level; and high-efficiency power components was adopted. The Intel Node Manager advanced power management mechanism has been adopted in the BMC/BIOS design; and USI has designed a smart dissipation system based on different system configurations to maximize the product efficiency. Further develop the functions/ portfolio of Edge Server. Apart from extending existing power-saving design (thermal/power), USI also, with respect to product applications, managed to reduce the power consumed in cloud computing framework (as traditional system must transfer all data to the data center, transmission delay and increased loading of the system will results in more power consumption). Besides, Edge Server has integrated machine learning related functions. This has largely enhanced the utilization of effective data and facilitated local sharing. Users will therefore be able to save energy and reduce carbon emission from the ordinary system maintenance works and operations. Developed fan-less media player, which was in compliance with ErP regulations. Adopted an external PSU that comply with relevant CoC Tier-2 and DoE regulations.

Note:

- 1. IMS, Integrated Mobility Solution
- 2. CP, Computing Products

- 3. NS, Network Solutions
- 4. WP, Wireless Product

- 5. VMS, Vertical Mobility Solutions
- 6. POS, Point of Sales

• Product Energy Saving Evaluation

To evaluate the energy efficiency of USI's product ecological design, we have specially cooperated with Professor of National Taipei University of Technology Hu Hsien-Lun and his research team to evaluate the energy efficiency of our products. The results are as follows:

Product Category	Application Type	Power Saving in 2018 (KWh)
POS	Desktop POS	37,311,755
	Mobile POS	509,604
Smart Handheld Device (SHD)	Smart Handheld Device (SHD)-1	713,421
	Smart Handheld Device (SHD)-2	517,068
WiFi Module	Module	70,547
	Smart phone / Tablet	268,550
Total		39,390,945



39,390,945 kWh

We have cooperated with NTUT's research team, and the results of power saving about our product was 39,390,945 kWh

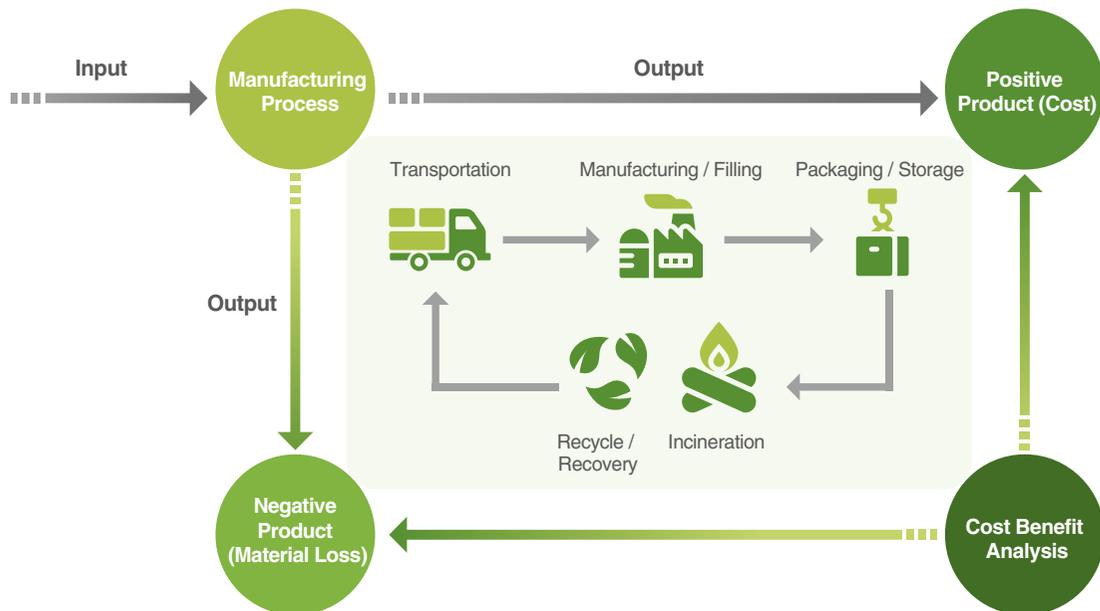
• Product Material Flow

As an environmental management accounting approach, Material Flow Cost Accounting (MFCA) has become a part of the ISO 14000 Environmental Management System in 2011. By recording material flows during the production process, companies are able not only to understand the resource use status and relevant costs, but also to further evaluate the possibility of reducing material use and loss. In the meantime, the objectives of protecting our environment and increasing economic benefits will be achieved as companies will be able to realize resource conservation and minimize pollutions. Therefore, this is an effective way to put clean production into practice, such as increasing resource use efficiency from the origin and reducing or preventing the creation of pollutant.

In 2016, USI introduced MFCA to indicate resource losses, such as material recovery and waste treatment, with clear material and cash flows according to waste recycling and disposal steps of each stage. This allows us to have an in-depth understanding on our "process map" and "energy resource costs" to order to identify "positive products" or "negative products". Together with the interactions between human, organism and environment, this approach provides USI an important database that helps us to further enhance or corporate sustainability and environmental management.

In 2018, USI has conducted an assessment on Raw Material Costs, Energy Resource Costs, Waste Processing Costs and System Costs of Xnbay Smart Server at each stage of the life cycle. As the assessment results indicate that the major loss of production happens at the stages of "printing backside solder paste" (waste processing) and "producing and installing heat sink" (Raw Material Costs), USI was managed to find out workable solutions. Concerning the loss occurs at the stage of "assembly and visual inspection" (creation of wastes), as the created wastes can be sold to resource recyclers, the said loss is therefore offset.

► MFCA



ISO 14051 Verification Statement

• **Green Office**

USI continues to promote green office culture. In order to reduce paper use in the office, related document signing operations have been introduced successively into online e-signature system. The electronic payroll, company parking, and accommodation expenses were incorporated with e-invoicing system. The in-plant orientations were held to promote the use of e-carrier. Furthermore, in accordance with the specifications of "EHS&En Change Management Procedure", the purchase of products related to green labels has been given priority when the equipment change or modification requests are made. In terms of office energy saving, all of our facilities have also eliminated old air-conditioning equipments as well as traditional fluorescent lamps since 2015 and replaced with new high-performance air-conditioning systems and energy-efficient LED lighting fixtures.

• **Clean Production**

In addition to adopting ecological design for its products, USI conforms to the principles of the cleaner production evaluation system at all its facilities in production and manufacturing, logistics and transportation, green management and social responsibility to implement resource conservation, green manufacturing processes, pollution prevention and innovative eco-friendly design. This has not only lowered the impact of manufacturing processes upon the environment, but also reduced costs of raw materials, energy, and pollutant treatment while increasing economic and environmental protection benefits. Since 2011, its facilities including Zhangjiang, Jinqiao, Taiwan, Shenzhen and Kunshan Facilities have

successively obtained cleaner production certification. Due to the expiry of production certificates, Zhangjiang and Jinqiao Facilities are currently at the review stage of certificate extension; and are expected to receive renewed certificate in 2019. USI will continue to devote itself to the promotion of cleaner production and the establishment of a green factory.

For "zero net deforestation", the wooden articles that we use in the company are mainly made by pallets or crates used in product transportation. In addition to the materials designated by customers, USI follows the requirements as below:

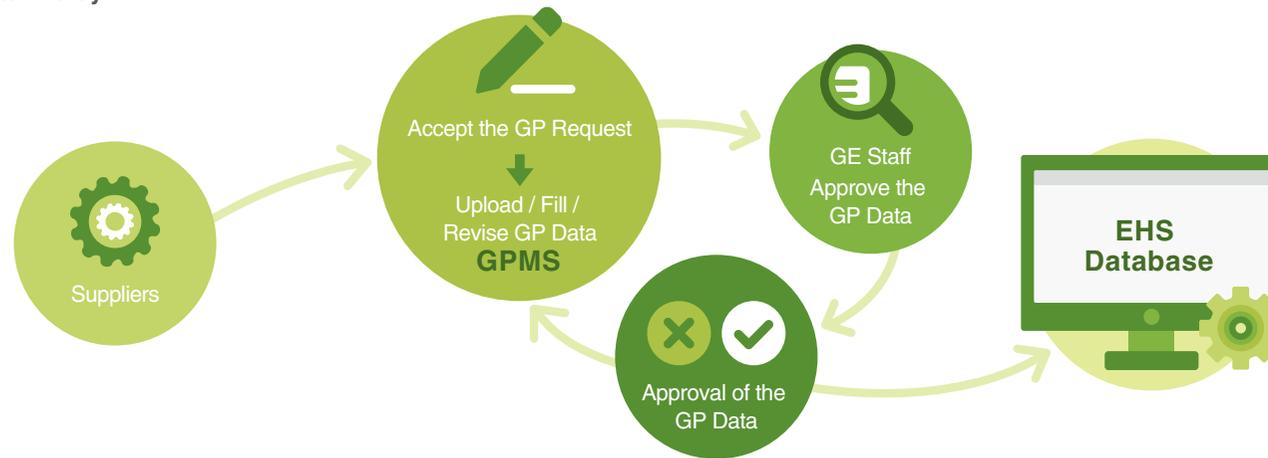
Type	Range of Use	Requirements
Plastic Pallets or Antistatic Plastic Crates	For all in-plant transportation and storage of products/raw material, as well as the transportation to the customers nearby	Self-recycling and reuse
Regenerated Wooden Pallets or Crates	For long-distance transportation to customers	Recycle and reuse by outsourced manufacturers
Fumigated Wooden Pallets	Designated by customers	Made by fast-growing trees

Green Supply Chain

The trend toward sustainable development of green product 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, transportation, packing, 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.

USI has introduced Green Product Management System (GPMS), and its suppliers can obtain information regarding USI's latest green product norms through the system and log in the platform to have their green components certified. USI's R&D, production and quality assurance units can comprehend control standards for the composition and content of green products and take required control measures. The labeling of materials from suppliers must conform to Green Product Specification and Chemicals Control Procedure by USI, and suppliers should provide ingredient tables for components, test reports, declarations of conformity and safety information for its responsible unit to examine before the components can be used. For information of other supplier auditing, communications and conflict-free sourcing projects, refer to "Supply Chain Management."

► GPMS/EHS System



Green Education

Besides implementing the green management internally, USI made stakeholders further aware of the importance of environment protection, and applied the correct environmental concepts to various steps in production process (i.e., the product planning, raw material control and greenhouse gas emission reduction). USI keeps communicating with its employees, suppliers and contractors regarding USI's ESH-associated principles, knowledge and requirements. The e-learning courses of green education were 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 carbon emission disclosure, 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. Please refer to the chapter of "Supplier Communication" for associated activities in 2018.

► The Green Education Training Program

Courses		Course Content	
Hazardous Substance Management System Requirements for Green Products	<ul style="list-style-type: none"> Quality Policy Hazardous Substance Management System 	<ul style="list-style-type: none"> Green Product Management System RoHS (EU) 2015/863 	<ul style="list-style-type: none"> Halogen-Free Green Product Workflow
	Green Design Controlling Process	<ul style="list-style-type: none"> Green Product Workflow 	

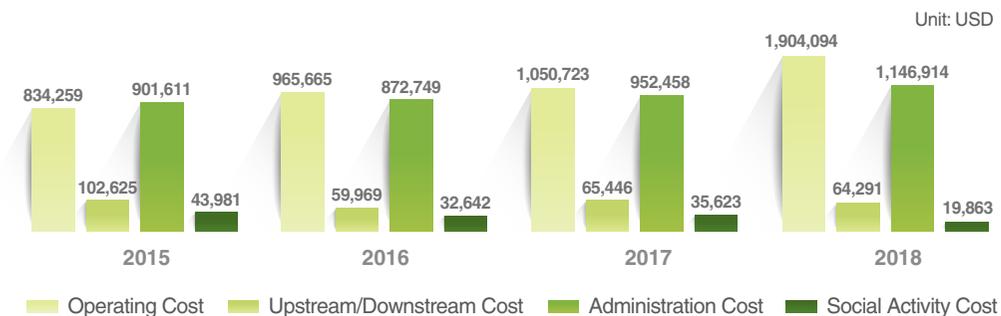
Courses		Course Content	
Green Products Laws and Regulations Introduction	<ul style="list-style-type: none"> • EU RoHS • China RoHS • Taiwan RoHS 	<ul style="list-style-type: none"> • Japan RoHS • REACH • WEEE 	<ul style="list-style-type: none"> • Halogen-Free • CEC • ErP
Green Manufacture Management	<ul style="list-style-type: none"> • RoHS (EU) 2015/863 • WEEE 2012/19/EU 	<ul style="list-style-type: none"> • Green Manufacture Management 	
QQC Shipping Area Control	<ul style="list-style-type: none"> • Global green product environmental regulations • USI GP and HF labeling 	<ul style="list-style-type: none"> • QQC items and standards 	
Green Part Verification and Approval	<ul style="list-style-type: none"> • Operating standards and regulations for green products 		

Green Expenditures

In order to calculate our investment in the environment, we have classified relevant costs according to the nature of parent group's (ASEH) environmental expenditure which is including Operating Cost, Upstream/Downstream Cost, Administration Cost, and Social Activity Cost. In the meantime, we have continued to further improve our environmental management by calculating and analyzing relevant costs on a quarterly basis.

Due to the increase of Operating Cost in 2018, the total of our environmental expenditure was about USD3.14 million with an increase of 49% comparing with the previous year. According to the analysis, the increase of Operating Cost was resulted from Jinqiao Facility's introduction of LED energy-saving lights, which was made to enhance the site's overall energy efficiency. For energy saving relevant results, please refer the chapter of "Energy Management".

► Expenditures of Environmental Protection

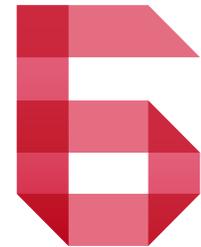


Note:

1. The data covered Zhangjiang, Jinqiao, Shenzhen, Kunshan and Taiwan Facilities.
2. "Operating Cost" item included pollution prevention cost(air, water, noise, poison, etc.), efficient utilization and waste disposal cost.
3. "Upstream/Downstream Cost" item included green procurement, recycling of used products, etc.
4. "Administration Cost" item included manpower engaged in environmental improvement activities and environmental education, acquisition of external environment licenses/certification, government environmental fees, etc.
5. "Social Activity Cost" item included donations to, and support for, environmental groups or activities, etc.



USI with Society



Sustainable development is closely related with the benefits of employees, community residents, publics, etc. The "Human Capital" is important seed for the constant growth of USI, requiring considerate care and irrigation. Thus, we promise for employees from "Equal Employment Opportunity", "Integral Training Program", "Comprehensive Welfare and Salary System", "Strong Investing in Education" and "Excellent Working Environment" five aspects. In addition, USI actively participate in community activities. We carry it out through three main pillars, "Investing in Education", "Contributing to the Society" and "Promoting Arts & Culture". We develop the long-term activity plans, and create our own company value.

USI with Society

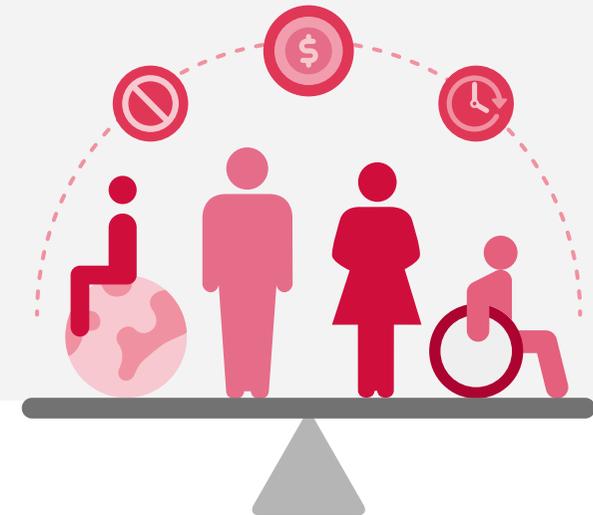
Global Workforce

• Human Rights Policy

The spirit of RBA was incorporated in USI's corporate sustainability policy in June 2008 in order to protect workers' freedom of employment, humane treatment, freedom of assembly and for prevention of discrimination. USI obeys the local labor laws and acts, ask all USI employees must to observe "Employee Code of Conduct". USI also requires each department to consider their physical and mental 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.

USI "Employee Code of Conduct" point out clearly:

- ▶ 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.



The employees at our worldwide facilities must undergo the Employee Code of Conduct online course each year to enhance their understanding of the laws and regulations. At the same time, through the method of online testing, we confirm the employees' understanding of related provisions. In 2018, the average training hours on human rights issue for each person is 0.82 hours; the total number of training hours is 16,273 hours; the total number of people trained is 19,745 people, which accounts for 106%* of the total number of people.

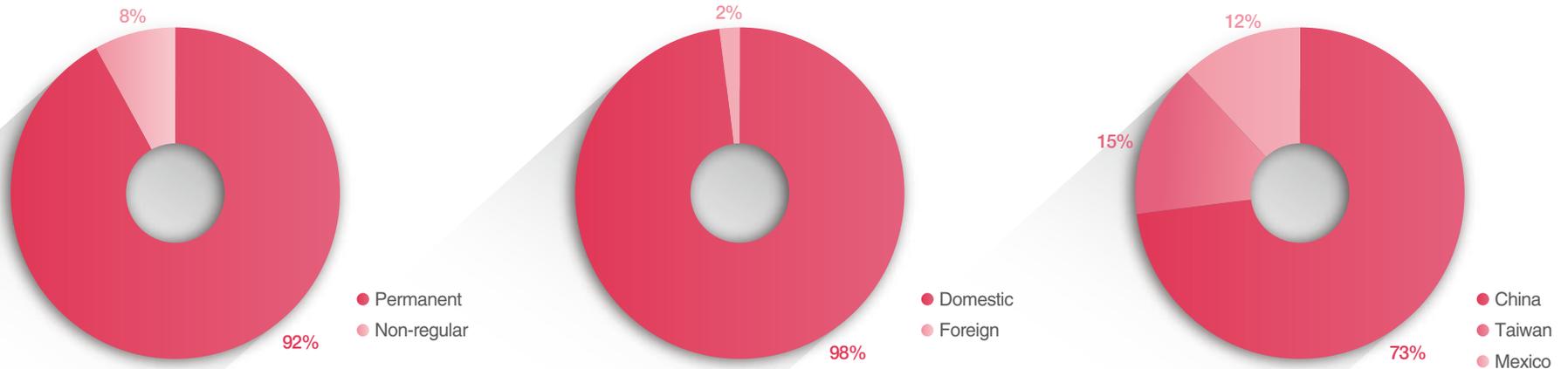
Note: Due to the resignation of employees, the number of people trained > the number of total people.

• **Employee Privacy**

In conformity with our principles of respecting and protecting employees' personal information, the Company has established information confidentiality management and data management systems for recruitment, performance appraisal and salary information; and has designated personnel to maintain information confidentiality. This enables the Company not to leak confidential information and to maximize our employees' privacy. For example, someone who needs to review employees' personal information due to the work shall submit an application according to standard procedures and receive permission from the supervisor beforehand. Those who violate regulations governing employees' personal information and privacy will be handled according to the company's rules and shall be liable for legal responsibilities. Besides, based on salary confidentiality policy, all employees are requested "Not to talk about self or other employee's salary" and "Not to ask other employees about their salary". In case of violating this rule, they shall be handled with relevant penalty rules.

• **Workforce Structure**

USI has a workforce of 18,567 in total up to the end of 2018. It consists of 17,152 permanent, 1,415 non-regular employees; by the employee category included 984 managerial personnel, 1,704 clerical personnel, 3,356 technical personnel and 12,523 skill personnel; by the nationality included 18,175 domestic and 392 foreign; by the area distribution included 13,579 in China, 2,830 in Taiwan, 2,140 in Mexico. Each category distribution as shown in the figure below:



Note:

1. Permanent Employees: Employees who signed the employment contract with the Company and who works 8-hour workdays, does not include dispatched workers.
2. Non-regular Employees: Employees who signed the fixed-term employment contract with the Company, does not include dispatched workers and pay-by-hour workers.
3. Only the Taiwan Facility has employed 90 dispatched works (included 56 male and 34 female), which accounts for 3.08% of the total number of Taiwan people.

18,567 People

The total employees were 18,567, and increased 12% compared to last year.

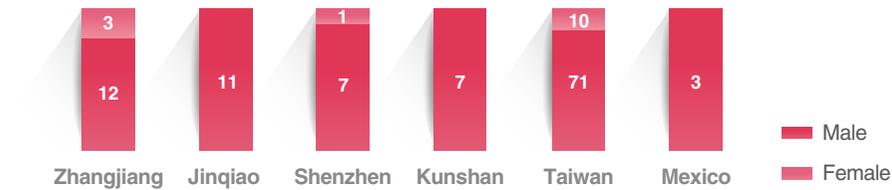
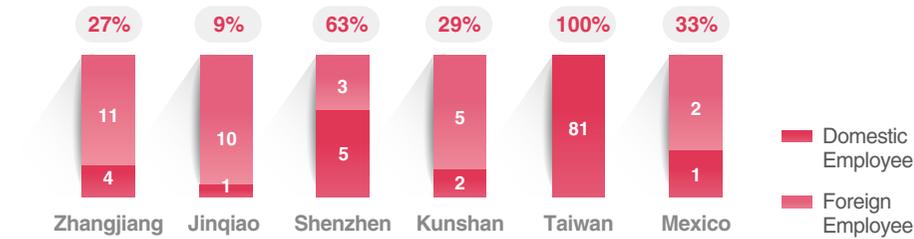
► USI Workforce Structure

Category	Groups	Zhangjiang		Jinqiao		Shenzhen		Kunshan		Taiwan		Mexico		Subtotal and Percentage by Groups	
		Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Employee Category	Management Position-Male	128	13.0%	141	14.3%	107	10.9%	110	11.2%	220	22.4%	46	4.7%	752	4.1%
	Management Position-Female	49	5.0%	30	3.0%	67	6.8%	21	2.1%	49	5.0%	16	1.6%	232	1.2%
	Technical Position-Male	412	12.3%	583	17.4%	348	10.4%	347	10.3%	954	28.4%	108	3.2%	2,752	14.8%
	Technical Position-Female	136	4.1%	103	3.1%	87	2.6%	57	1.7%	205	6.1%	16	0.5%	604	3.3%
	Business Position-Male	69	4.0%	56	3.3%	77	4.5%	121	7.1%	180	10.6%	65	3.8%	568	3.1%
	Business Position-Female	181	10.6%	91	5.3%	270	15.8%	163	9.6%	327	19.2%	104	6.1%	1,136	6.1%
	Skill Position-Male	647	5.2%	1,957	15.6%	1,355	10.8%	1,446	11.5%	208	1.7%	531	4.2%	6,144	33.1%
	Skill Position-Female	777	6.2%	1,190	9.5%	1,607	12.8%	864	6.9%	687	5.5%	1,254	10.0%	6,379	34.4%
Gender	Male	1,256	12.3%	2,737	26.8%	1,887	18.5%	2,024	19.8%	1,562	15.3%	750	7.3%	10,216	55.0%
	Female	1,143	13.7%	1,414	16.9%	2,031	24.3%	1,105	13.2%	1,268	15.2%	1,390	16.6%	8,351	45.0%
Age	≤ 30	1,582	13.1%	3,355	27.8%	2,602	21.5%	2,513	20.8%	829	6.9%	1,199	9.9%	12,080	65.1%
	31-49	803	13.4%	787	13.1%	1,298	21.7%	609	10.2%	1,707	28.5%	788	13.2%	5,992	32.3%
	50 ≥	14	2.8%	9	1.8%	18	3.6%	7	1.4%	294	59.4%	153	30.9%	495	2.7%
Subtotal by Facility		2,399	12.9%	4,151	22.4%	3,918	21.1%	3,129	16.9%	2,830	15.2%	2,140	11.5%	-	-
Total		18,567													

Note: Employee category includes management position, technical position, business position and skill position groups, and Gender category includes male and female groups. Others category are following as same as rule.

USI has been proactive in solving the employment issue of local people and people with physical or mental disability. In 2018, the employees are local people reached 97.9%. The proportion of hiring local citizens as high profile managers is 75.2%. The rest managers are Taiwanese supervisors due to operational demand. In addition, worldwide sites have employed 77 disability works in each facility as shown in the figure below:

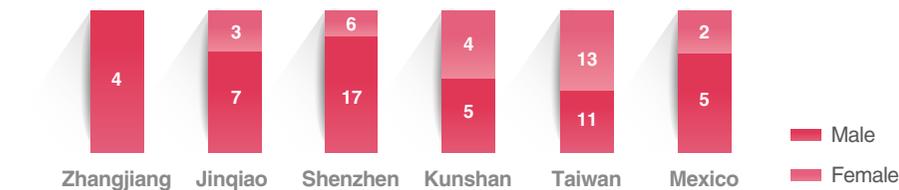
► Distribution of High Profile Manager



Note:

1. High profile managers are directors or above.
2. The proportion of high profile manager = No. of domestic high profile managers in the facility ÷ No. of all high profile managers in the facility.

► Distribution of Disability



Promises for Employees



Equal Employment Opportunity

USI recruited professional talents according to objectives and competency. In worldwide sites, USI established systematic employment policies and standardized procedures. According to the human resource requirement verified by each department, and then hold recruitment publicly. 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. Select employees' professional characteristics using an objective testing tool. This enables diverse talents from the world to play their specialty.

USI has proactively established the 3-6-9 trio scheme to provide new employees a series of trainings, a perfect welfare system and a comfortable and convenient workplace. Besides, USI also established good communication channels to care for employees work and life; and hold annual celebration party to enhance employees' recognition of and loyalty to the Company. The company's employment and resignation rates of 2018 are illustrated in the following table. According to the statistics, due to the increasing demand for manpower, the employment rate of Jinqiao, Shenzhen, Kunshan, Taiwan and Mexico Facilities are in average higher than their resignation rate. With respect to the resignation rate, indirect employees* resignation rate is 17%; direct employees* resignation rate is 127%. Concerning the relatively high resignation rate, the Company has proposed relevant plans and actions (please refer to chapter of "Employee Engagement Survey") to increase employees' coherence.

Note:

1. The indirect employee is included management position, technical position and business position.
2. The direct employee is skill position.

► New Employee Incoming and Resignation in 2018

	Zhangjiang	Jinqiao	Shenzhen	Kunshan	Taiwan	Mexico	Total
New Employee Incoming							
Male	616	2,975	2,773	2,893	455	1,163	10,875
Female	551	1,392	2,213	1,562	507	2,038	8,263
Management Position	6	9	0	9	10	31	65
Technical Position	141	262	101	164	195	70	933
Business Position	38	54	70	129	131	111	533
Skill Position	982	4,042	4,815	4,153	626	2,989	17,607
Age ≤ 30	1,028	3,873	4,256	4,140	581	2,110	15,988
31 ≤ Age ≤ 49	139	494	730	314	368	992	3,037
Age ≥ 50	0	0	0	1	13	99	113
Newly Employed Rate	49%	105%	127%	142%	34%	150%	103%
Employee Resignation							
Male	1,110	2,691	2,458	2,308	157	720	9,444
Female	1,096	1,437	2,115	1,333	149	1,396	7,526
Management Position	18	13	3	4	4	14	56
Technical Position	226	190	68	90	67	22	663
Business Position	40	32	50	75	39	57	293
Skill Position	1,922	3,893	4,452	3,472	196	2,023	15,958
Age ≤ 30	1,883	3,678	3,924	3,411	182	1,429	14,507
31 ≤ Age ≤ 49	321	450	649	229	116	628	2,393
Age ≥ 50	2	0	0	1	8	59	70
Employee Resignation Rate	92%	99%	117%	116%	11%	99%	91%

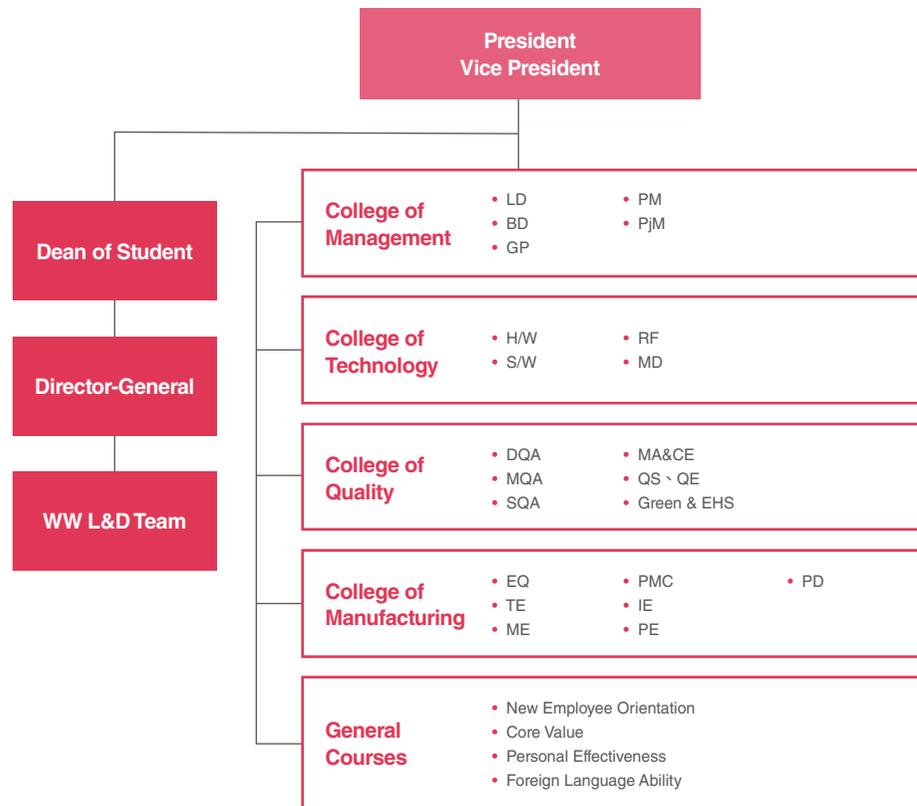
Note:

1. Newly Employed Rate = No. of people assuming office this year ÷ No. of people remaining in office at year end × 100%.
2. Employee Resignation Rate = No. of people leaving office this year ÷ No. of people remaining in office at year end × 100%.

Integral Training Program

Employees are important assets of USI. They are also the spirit of and motivation for the company to progress and grow. Therefore, USI has been devoted in investing talents and providing employees the most appropriate resources and effective learning models, helping them to continuously enhance themselves and show their value in relevant expertise.

Through multiple educational training, USI helps its employees cultivate professional abilities and grow. The most important learning and development system of USI is USI University (hereinafter referred to as USIU). USIU has "College of Management", "College of Technology", "College of Quality", "College of Manufacturing" and "General Knowledge Center", led by the General Manager as the university principal; professionals who are influential in the field and who are above the vice general director level are appointed as the deans of the said colleges and director of the center. USIU integrates global learning resources for employees to learn and develop. For many years, USIU has developed excellent teachers and fine knowledge for delivering culture.



► The Employees Training Hours

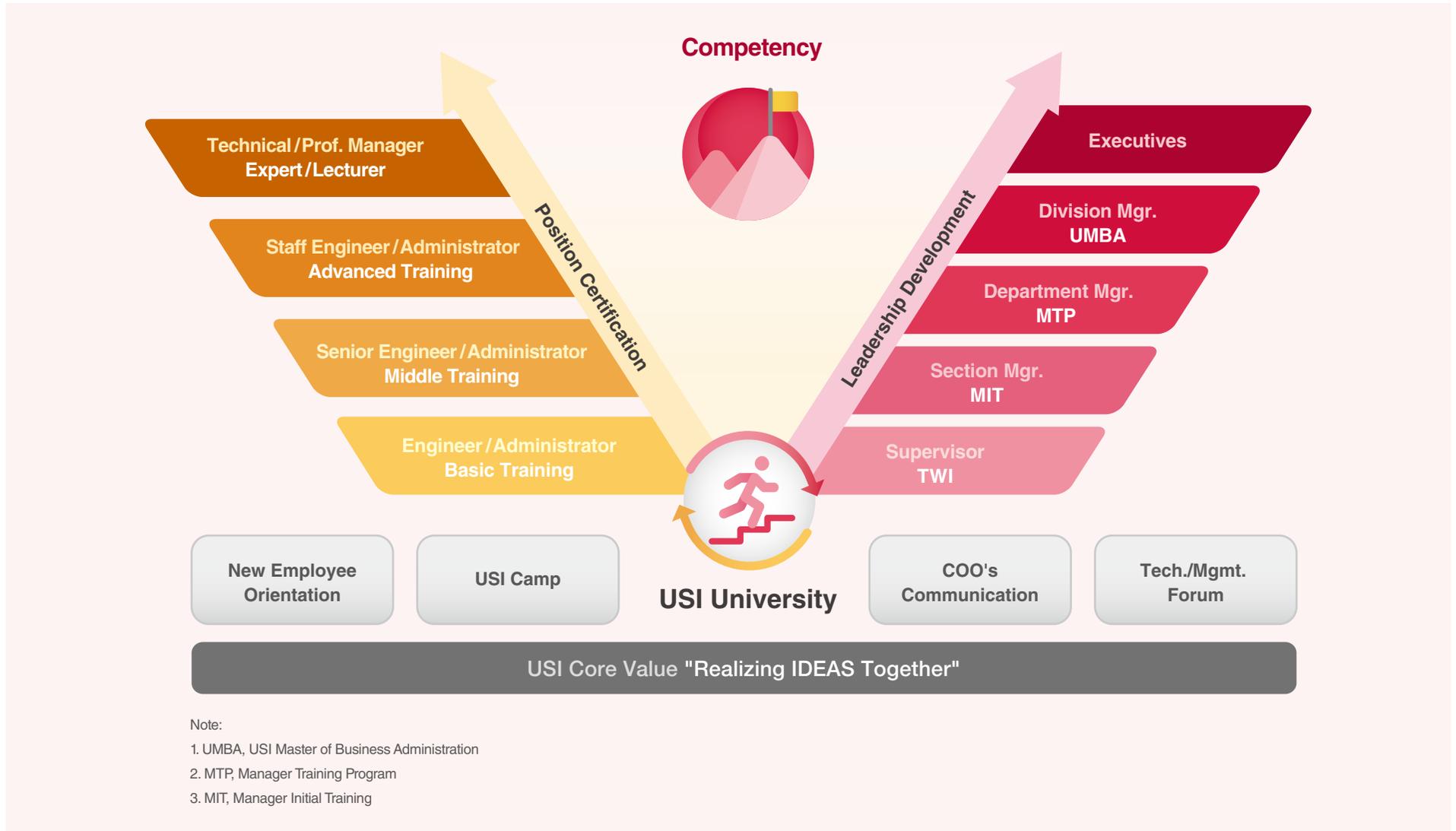
USI's total training hours reached 405,791 hours in 2018. Each employee received 21.9 hours of training on average. The training situations for each category employee are shown as below:

Category	Total Training Hours	No. of Employees Training	Average Training Hours for Per Employee
Female	235,620	10,216	23.1
Male	170,171	8,351	20.4
Management Position	36,307	984	36.9
Technical Position	74,226	3,356	22.1
Business Position	28,226	1,704	16.6
Skill Position	267,032	12,523	21.3
New Employee	258,228	9,389	27.5



The total training hours were 405,791 hours, and each employee received 21.9 hours of training on average.

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



• **Multiple Learning Channel and Platform**

USIU provides training courses required by comprehensive talents for employees, not only offers diverse educational training content, but also designed the methods of taking the class and relevant activities based on the course category. The courses include training in the classroom, e-learning training, on-job training, and external training. These courses help USI employees to learn and develop themselves. A multiple learning model and a precise and solid training framework. Plan diverse innovative learning channels inside or outside the trainings, inspiring employees to continuously grow. By presenting the procedure, R&D, project and innovation results, employees can also apply what they have learned in work field.

Off-Job Training (Off-JT)

New Employee Orientation, Experience Camp , Core or Management or Professional Competencies, Leadership Training, More than the second type of foreign language ability, Seminar, Training Lecture, Forum

On-Job Training (OJT)

Internal Orientation Training, SOP Training, Professional Skill Accreditation, Technology Sharing Conference , Book Club

Self Development (SD)

Professional books and journals, E-learning, On-the-Job Training, Accreditation



▶ **2018 Performance**

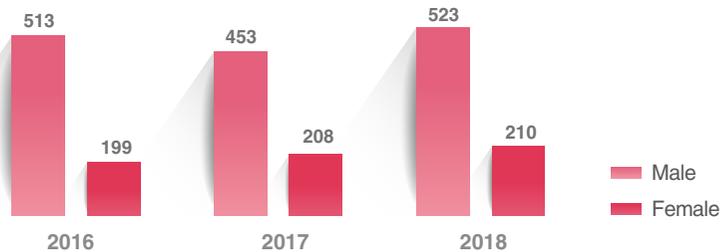
Item	Description
<p>Strengthen Employees' Sustainable Employment Ability and Life-Time Learning Program</p>	<p>As the demand for multi-talents continues to increase in nowadays, professionals with merely one skill can no longer satisfy the demand of workplace. The Company has therefore continuously enhanced employees' sustainable employment ability, improved our employee system and assisted employees in acquiring skill management ability and life-time learning programs that are required for job transfer in the future. We have supported 2 employees to get degrees in 2018.</p>
<p>Management Function Training Program</p>	<p>Since 2015, the leadership of USI's College of Management has been gradually integrated with the management function training framework across facilities to set up the MTP Quintet*. The objective thereof is to establish a language and goals shared by all facilities while pay attention to the effectiveness and practicality thereof as well as the organization's benefits. By studying practical experiences of USI's topnotch talents and some other cases, not only are our employees managed to inherit experiences, share knowledge and have organizational leaning with the others, but also the Company, our employees and customers will all become the winner and form a win-win-win situation. In 2018, about 995 participants from our worldwide facilities participated in relevant management training courses.</p>
<p>Training Satisfaction Level Reached Score of 5</p>	<p>To ensure that lecturers' expressions, avenue and period of relevant courses held by our Company conform to employees' expectations, we have carried out a series of satisfaction level survey. In 2018, the Company has received an average score of 5.5 out of 6.</p>

Note:

1. Part I, The role and responsibility of the manager: understanding the role and responsibility of a manager, one should know what kind of the roles to play. He/She should learn the basic concepts of the management, the management and the human behaviors, the principles of the organizational operation, and the standards of the management.
2. Part II, Daily Workflow Management: plan, command, control and coordinate.
3. Part III, Subordinates Training And Coaching: the concepts of training and cultivating the individual capability.
4. Part IV, Establishing An Outstanding Team: The growth of a corporate needs the growing of the team. As a manager, he/she should attach importance to his/her team members, be willing to devoting himself/herself to the subordinate's cultivation, and grow together with his/her subordinates and corporate.
5. Part V, Leadership And Encouragement: leadership and the management developing. As a manager, he/she can do the planning, command, control, coordination, cultivation, and communication precisely, as well as encourage his/her subordinates effectively by his/her leadership.

► Internal Instructor Program

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. Up until 2018, the total number of people in the facilities that have passed internal instructor training is 733 people.



The total internal instructor program reached 733, and rose 10% compared to last year.

Comprehensive Welfare and Salary System

USI is willing to give employees reasonable rewards for what they have given for the company. According to market salary standards, external competitiveness of talents, and the supply and demand status of the labor market, a competitive salary system is made. Also, in accordance with the operation status of the Company, the employee annual performance assessment results, employee performance at work, and other consideration factors, the Company participates in the salary survey publicly held by the most well-known local business consultants and regional salary associations, so as to adjust employee salary in a timely manner, so that the employees can receive a reasonable wage, ensuring that the Company's overall salary are competitive in the 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.

USI abides by local labor laws and decrees, and the starting salaries and rewards of its employees do not vary due to gender, religion, political affiliation and marital statuses. The ratio of the standard starting salary of entry-level personnel (direct employees) to the local minimum wage is about 1.00~1.18 after calculation. The proportion of basic salary* and salaries* of female and male each facility, the details are shown as follows:

Category	Facility	Zhangjiang	Jinqiao	Shenzhen	Kunshan	Taiwan	Mexico
Proportion of starting salaries of direct labor and local minimum wages		1.00	1.00	1.02	1.09	1.18	1.18
Proportion of basic salary of female and male Management Position		0.81	0.89	0.86	0.88	0.82	0.89
Proportion of salaries of female and male Management Position		0.85	0.88	0.88	0.81	0.77	0.90
Proportion of basic salary of female and male Technical Position		1.04	1.10	0.95	0.93	0.82	0.90
Proportion of salaries of female and male Technical Position		1.07	1.14	0.93	0.91	0.78	0.93
Proportion of basic salary of female and male Administrative Position		0.78	0.84	0.81	0.88	0.74	0.87
Proportion of salaries of female and male Administrative Position		0.80	0.84	0.77	0.87	0.66	0.88
Proportion of basic salary of female and male Operational Position		0.99	1.09	1.08	0.98	0.93	0.85
Proportion of salaries of female and male Operational Position		0.99	1.11	1.08	0.98	0.90	0.94

Note:

1. Proportion of starting salaries of direct labor and local minimum wages = Starting salaries of direct labor ÷ local minimum wages.
2. Proportion of female and male salaries = Salaries of female employees ÷ Salaries of male employees.
3. Salary refers to job remuneration paid to employees, including the basic pay, allowance and bonus (ex. meal allowance, shift allowance, supper allowance, overseas posting allowance, station allowance, monthly work bonus and full attendance allowance).
4. Remuneration is the total of basic pay, allowance and bonus. Bonus refers to remuneration that is not paid on a monthly basis (ex. bonus for three major festivals, employees' bonus, work performance bonus and special performance).

- **Employee Performance Appraisal and Function Development**

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.

► **Distribution of Employees Receiving Regular Performance and Function Development Review in 2018**

Gender	Hiring Types	Regular Performance Review			Function Development Review		
		Amount of the Employees	No. of Employees Accepted Regular Examinations	Percentage of Employees Accepted Regular Examinations	Amount of the Employees	No. of Employees Accepted Regular Examinations	Percentage of Employees Accepted Regular Examinations
Male	Management Position	740	740	100%	740	716	96.76%
	Technical Position	2,545	2,545	100%	2,545	2,545	100.00%
	Business Position	512	512	100%	512	512	100.00%
	Skill Position	4,939	4,939	100%	4,939	4,939	100.00%
Subtotal		8,736	8,736	100%	8,736	8,712	99.73%
Female	Management Position	231	231	100%	231	230	99.57%
	Technical Position	556	556	100%	556	556	100.00%
	Business Position	1,063	1,063	100%	1,063	1,063	100.00%
	Skill Position	5,558	5,558	100%	5,558	5,558	100.00%
Subtotal		7,408	7,408	100%	7,408	7,407	99.99%
Total		16,144	16,144	100%	16,144	16,119	99.85%

Note:

1. Performance Assessment Personnel Qualification: The regular staff who have assumed post for 3 months or more during the assessment period. However, those who haven't passed the probationary assessment, or those on leave without pay for over than 3 months are not listed in the name list of performance assessment personnel.
2. Executives of vice general managerial rank or higher are not included in the functional development assessment and review.

• Employees' Welfare

Bonus

Annual bonus, full attendance bonus, overtime wage, performance bonus, three festival gift certificate, birthday gift certificate, R&D incentive bonus, patent incentive reward, employee senior bonus (in China and Taiwan area).

Holiday and Vacation

Besides national holidays and weekends, there are accompanying maternity leave for male employees (in China and Taiwan area), female employees to take prenatal visit leave (in China and Taiwan area), maternity leave for female employees, parental leaves (in Taiwan area), nursing leave (in China area), menstrual leave, earned paid sick leave, paid annual leave* and paid-time off (in Taiwan area), Aboriginal people's sacrificial ritual (in Taiwan area).

Insurance

Five social insurances and one housing funds in China; Labor insurance, health insurance, employee comfort and compensation, employee/dependents group insurance, employee pension and business trip insurance in Taiwan; Social insurance, life insurance and employee pension insurance in Mexico.

Dining

There is broad and sanitary employee restaurant, meal subsidy and mom sticker*.

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.

Transportation

USI provides comfortable and convenient transportation between facilities, well-equipped exclusive parking lots for employees and pregnant mom parking (in Taiwan area).

Lohas

Domestic and foreign employee travels, family day, parent-child activities, end-of-the-year banquet and drawing lots, Birthday celebration, athletic meet, singing competitions, chorus and etc. Table tennis club, badminton club, swimming club, fishing club, cycle club, charity club, Chinese chess club, English club, chorus and so on. USI also is equipped with recreation rooms such as computer classrooms, libraries, fitness rooms, and indoor basketball and badminton courts. In addition, various recreational facilities such as table tennis, pool, and large game machines are available.

Health

Each facility is equipped with a medical room and breastfeeding room. Additionally, full-time nursing personnel and professional doctors provide services such as free medical consultation and emergency treatment. Moreover, our employees can enjoy one free physical check-up each year and attend various hygiene training sessions and seminars held irregularly.

Other

Other employees' welfare bonuses include travel allowance, wedding subsidies, subsidies for continued education at a domestic or foreign institution, child birth subsidy, education subsidies and scholarships for employees' children (in China and Taiwan area), hospitalization benefits for employees, hospitalization benefits for employees' families (in Taiwan area), hospitalization subsidy, communications expenses, care for work groups, emergency subsidy* and application of residence permits for current employees. Convenient stores were established to provide colleagues convenient services such as fee payment (in China and Taiwan area) and ticket purchase.

Note:

1. "Paid annual leave" is implemented according to local regulations.

- In China facilities: An employee who has been working for more than one year and less than 10 years will be offered with 5 days of annual leaves; more than 10 years and less than 20 years will be offered with 10 days; more than 20 years will be offered with 15 days.
- In Taiwan Facility: An employee who has been working for more than 6 months and less than 1 year will be offered with 3 days of annual leave; more than 1 year and less than 2 years will be offered with 7 days; more than 2 years and less than 3 years will be offered with 10 days; more than 3 years and less than 5 years will be offered with 14 days; more than 5 years and less than 10 years will be offered with 15 days; more than 10 years will be offered with one additional day each year.

- In Mexico Facility: Those who have been working for 1 year will be offered with 6 days; more than 1 year will be offered with days of annual leave each additional year (no more than 12 days in total); more than 4 years will be offered with two additional annual leave every five years.

2. For pregnant employees who show the "mom sticker" will be offered with an extra portion of meal.
3. Employees who suffered from a difficult situation due to an emergency or major incident can apply for emergency subsidy to the company's welfare committee. Upon receipt of the committee's approval, the "emergency subsidy" will be offered accordingly. The maximum emergency subsidy to be paid each time is NTD 30,000. The Company will continuously track employees' situation and offer additional emergency subsidy if employees still need assistance. In 2018, we have received 3 applications from our employees and have totally distributed NTD 120,000 thereto, the additional emergency subsidy, to ease their urgency in life.

► **Statistics on Parental Leave in 2018**

Taiwan Facility	2015			2016			2017			2018		
	Male	Female	Total									
No. of People Qualified to Apply for Parental Leave That Year	72	23	95	120	39	159	166	60	226	212	80	292
No. of People Actually Applied for Parental Leave That Year	2	4	6	2	8	10	2	7	9	3	5	8
No. of People Expected to Be Reinstated That Year	4	4	8	2	5	7	2	7	9	1	7	8
No. of People Actually Reinstated That Year	2	2	4	1	4	5	1	7	8	0	3	3
No. of People Reinstated in Previous Year	1	5	6	2	2	4	1	4	5	1	7	8
No. of People Reinstated in Previous Year and Continued to Work for More Than One Year	1	5	6	0	2	2	1	4	5	1	7	8
Reinstatement Rate for Parental Leave (%)	50%	50%	50%	50%	80%	71%	50%	100%	89%	0%	43%	38%
Percentage of People Holding Their Post Due to Parental Leave (%)	100%	100%	100%	0%	100%	50%	100%	100%	100%	100%	100%	100%

Note:

1. The data only cover Taiwan Facility because other facilities do not provide parental leave.
2. Qualification for Application of Parental Leave without Pay that Year: Those who have applied for "Paternity Leave" or "Pregnancy Leave" (20 weeks or more) from 2015 to 2018 and who still hold a post in 2018.
3. Reinstatement rate for parental leave = No. of people actually reinstated that year ÷ No. of people expected to be reinstated that year × 100%.
4. Percentage of people holding their post due to parental leave = No. of people reinstated in previous year and continued to work for more than one year ÷ No. of people reinstated in previous year × 100%.
5. Organization change in Taiwan area, so modify parental leave data from 2015 to 2017.

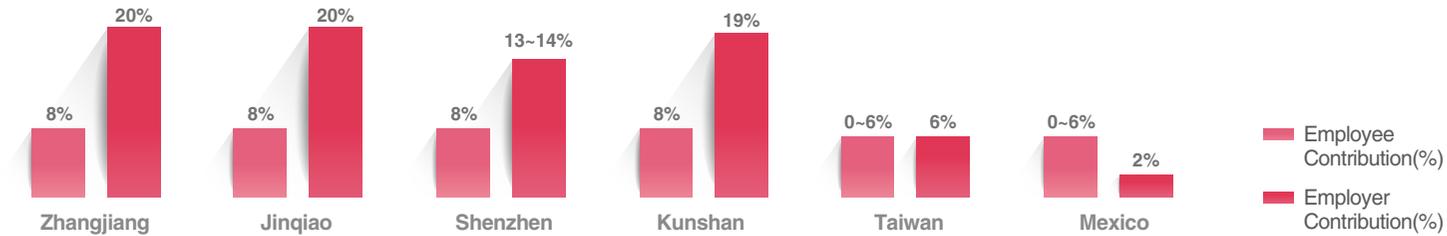
► **Employee Insurance and Retirement**

USI and its subsidiaries provide retirement welfare by following local laws and regulations. In China facilities, USI provides all employees five social insurances and one housing funds*. The Taiwan Facility, on the other hand, appropriates an amount to employees' retirement account each month and calculates the retirement fund each year. Where the balance of retirement account is insufficient to pay for relevant expenses of the year, the Taiwan Facility will make up the balance before 31 March in the following year. An estimation made at the end of 2018 indicated that the balance was NTD 302,113,272, which was short of NTD 4,853,948, and was made up NTD 5,000,000 in March of 2019. In the same year, USI appropriated retirement insurance funds total of RMB 148,347,105 for China facilities and MXN 11,414,835 for Mexico Facility.

Note:

The five social insurances and one housing funds is standardized social insurance in China, it's included the retirement insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing provident fund.

The proportion of appropriation of each facility is as follows:



• **Balancing Work and Life**

In USI, various clubs have been established for the purposes of health, happiness and learning. Related expenses are appropriated each year for the clubs to hold activities and to enhance physical and mental development of staff.

▶ **3 Main Axes of the Event**

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

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 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.

To organize employees' welfare and related activities, USI has established "Employees' Welfare Committee" in Taiwan Facility. The committee holds interesting and public events with clubs to let more employees and their families attend and achieve the objective of "cultivating useful skills in life". It has not only brought spiritual joy and healthy and happy life to employees, but also cultivated teamwork, promote harmonious work atmosphere and enhance work efficiency.

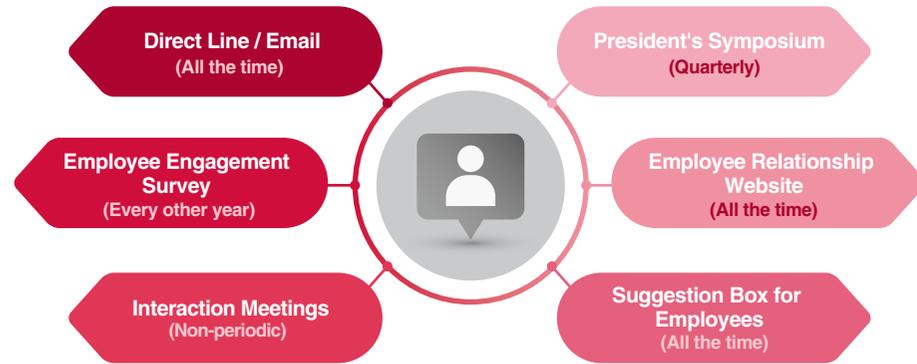


Strong Employee Engagement

USI builds a good employer-employee communication mechanism, and signs labor contracts conforming to local laws and regulations with its employees (the signing rate reached 100%). The contracts explicitly state rights and obligations for both parties to abide by. When there is any great change to USI's operation which makes labor contracts unable to be fulfilled, employees shall be notified in advance in accordance with local laws and decrees. We also communicate with the affected employees, explaining the rights and interests that they should have, while cooperating with the Vocational Training Bureau to provide training and planning, and collecting information on job opportunities in nearby regions to assist the colleagues in transferring jobs.

Note: We will inform employees of Mexico Facility at least 15 days ago; the others facility at least 30 days ago.

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



In 2018, the Company held a total of 145 employee symposiums. It was included 61 new employees, 12 foreign employees and 72 general employees.



A | B
C

- A. Interaction Meetings (Shenzhen)
- B. President's Symposium (Taiwan)
- C. President's Symposium (Zhangjiang)

In 2018, USI received a total of 1 employee complaint case. The case has been made responses and improvements, and the closed rate reach 100%. Details are shown as follows:

Appeal Cases	Response Measures	Current Status
The employee requested to pay overtime, but the two sides had different recognition of the fact of overtime and therefore sought for a labor agreement. (Taiwan Facility)	An agreement was reached after the Company continued to communicate and negotiate with the employee, and returned the employee's rights and benefits.	Closed

USI's employees may freely organize and participate in trade unions, and conduct collective negotiation. USI will not involve the establishment, operations or management of the trade union in any form; and will maintain a smooth communication channel with the trade union to facilitate the implementation of agreements made in collective negotiations. At the moment, Zhangjiang, Kunshan and Mexico Facilities have all established a trade union. Among them, the trade union of Mexico Facility already signed a collective agreement with the Company to ensure that union members are protected under the agreement. The proportion of employees participating in the trade unions is as follows:

Facility	Zhangjiang	Kunshan	Mexico
No. of join the Union	950	2,180	1,233
Join Rate	40%	70%	58%

• Employee Engagement Survey

For understand employees' level of engagement with the company and work. USI was doing employee engagement survey in 2017 (please refer to USI 2017 Corporate Social Responsibility Report), the final degree of engagement is 60%. In 2018, President and senior managers of all units have participated in the "WW Engagement Survey Workshop" to clarify and focus the survey results and following plan.

The executive vice president of each facility will become the chairman, and the manager of each facility's human resource department will become the executive secretary to form a

project team with representatives of each unit. The team shall carry out action plans based on the survey results, the details are shown as follows:

Main Plan	Actions
Lack of company reputation and attractive USI brands.	<ul style="list-style-type: none"> Form a partnership with schools; proactively participate and expand on-campus recruitment. Promote the Company's official WeChat account. Plan and participate in public welfare activities.
Lacks of opportunities for understanding the Company's management strategy and development directions; lack of opportunities for interacting with senior management team due to relatively less communication channel.	<ul style="list-style-type: none"> Announce the Company's diverse management strategy and development direction through our Newsletter and irregular promotional e-mails. Hold quarterly COO seminar to share the company's visions and future plans. Plan interaction time and channels that enable employees to have frequent and in-depth interactions with seminar management team. Senior BU/FU/Site managers arrange regular meetings respectively to deliver messages in regard to the Company's current status, policy as well as the highlights and direction of relevant works.
Employees' remuneration is under their expectation.	<ul style="list-style-type: none"> Participate in market surveys and, with respect to the salary level in mainland China, adjust it to the top 50 standards. Share bonus and dividends with employees according to their performance and the Company's profit.
Limitations on employees' performance evaluation system have restricted individuals' development.	<ul style="list-style-type: none"> Establish the employee transfer mechanism to increase the retention time and establish an overseas career development platform. Review and adjust indirect personnel's performance and scoring points; review direct personnel's performance and bonus. Enhance employee's management function through the MTP training program.

Excellent Working Environment

To make sure staff and our workers healthily growth of physical and mental at the working time. In addition to complying with local labor laws and safety production regulations,

USI has stipulated safety and health policies, objectives, standard procedures, and held educational training and lohas life events. Our global facilities all passed the OHSAS 18001 Occupational Safety and Health Management System which was included our staff and other workers* (Coverage rate = 100%*) to satisfy the requirements of occupational health and safety laws and our own policies, and continuing to provide a safety and comfortable work space for workers.

Note:

1. Other workers are main the temporary workers in the facility, and other contractors such as meal contractor, resident personnel, security personnel, cleaning personnel, etc.
2. Statistical data of works were included the Zhagjiang, Jinqiao, Shenzhen, Kunshan and Taiwan Facility, there were a total of 19,130 people.

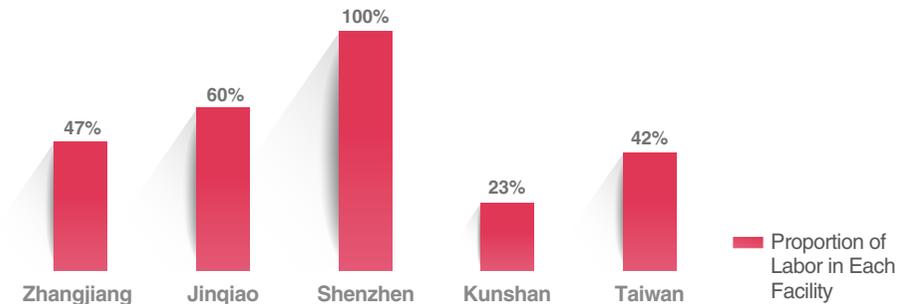
• Safety and Health Management

► Safety and Health Management Goals and Statuses in 2018

Goals	Performance
Maintaining the Incidence Rate of Occupational Diseases at "Zero"	No cases of occupational disease occurred.
Maintaining the Number of Work-Related Deaths at "Zero"	No cases of work-related deaths occurred.
"Zero" Infections from Infectious Diseases within Facilities	From 2016, the worldwide notification mechanism was established, enhancing emergency response capabilities. And no infectious disease-related cases occurred causing significant losses to the Company.

To comply with local regulations, the 5 major manufacturing facilities of USI(Zhangjiang, Jinqiao, Shenzhen, Kunshan and Taiwan Facilities) let their employees to establish the Safety and Health / Production Committee; and let employee there among to be the Committee's representative. The proportion of labor representative also complies with local regulations as illustrated in the following diagram. Although the meeting frequency of each plant's committee is different, each committee holds at least one regular meeting every three months. The purposes of the said trainings are to provide employees a safe,

healthy and hygienic workplace; guarantee that investments are made to safety, health and hygiene; ensure that safety, health and hygiene trainings are accomplished; to perfect the system of job responsibility for a safe, healthy and hygienic production; to supervise, facilitate and examine healthy, safe and hygiene production works; to eliminate all types of potential hazards order to plan, supervise and promote matters related to safety and hygiene. Besides, an internal exchange platform and paths for the sharing of the Company's information system are also established within the facility (including WeChat and irregular exchange sessions) to ensure the availability of smooth communication channel.



In 2018, USI input reached RMB 1.2 billion* for safety and health management. The occupational safety and health input cost includes employee insurance, physical check-up, operating environment monitoring and OHSAS 18001 verification fee, etc.

Note: Statistical data were included the Zhagjiang, Jinqiao, Shenzhen, Kunshan and Taiwan Facilities.



The safety and health management input reached RMB 1.2 billion, and rose 94% compared to last year.

• Risk Management

To effectively identify and assess safety and health hazards and risks derived from the operations and work environment to its employees and other workers, USI requests the

responsible units to implement hazard identification and risk/opportunity assessment on a regular basis each year. Where the identification and assessment procedures must be implemented again due to any change to the production or activity; opinions or requests made by the stakeholders / adjustments or amendments to legal regulations, the results thereof must be evaluated together with potential risks, legal regulations and the Company's policy. The Company shall identify priority risks and implement risk controls; and then, based on the level of involved risks, request relevant parties to make corrections. The purposes therefor are to minimize negative impacts produced from productions, activities or services within the production site; and to enhance the Company's occupational safety and health performance and to create a sound management system. In the meantime, to ensure the quality of identification and assessment procedures, not only should designated safety and health units conduct relevant promotions and educational trainings on a regular and irregular basis, but also the representative and personnel of promoting health and safety measures shall take internal auditor trainings within the OHSAS 18001 management system and to acquire qualifications therefor. Up to the end of 2018, 25 USI employees already received the qualifications for internal auditor*.

Note:

1. The risk levels include "Serious", "Medium height", "Medium", "Low" and "Slight" Level.
2. Statistical data were included the Zhagjiang, Jinqiao, Shenzhen, Kunshan and Taiwan Facilities.
3. Each facility internal auditors are implementing re-training for OHSAS 18001 update to ISO 45001, and will finish training plan by the end of 2019.

In case of discovering occupational hazards or other emergency conditions, employees may, according to the emergency response flowchart announced by each plant, report it to the senior management team and handle it accordingly. Where the said emergency condition can result in work hazards or diseases as discovered, the said employees may, according to the emergency response flowchart posted in each facility, report it to the senior management team and handle it accordingly. Where it is confirmed that the current condition can result in occupational injury or disease, the employee may notify the EHS Department for confirmation and leave the position. The purpose thereof is to protect the said employee from being harmed or punished. Whenever an accident occurs, the accident unit shall analyze "man, machine, material, method and environment" in order to adopt relevant corrective prevention measures. With complete investigation procedures,

not only will accident investigation become even more efficient, but also the facts and conditions will be clarified; reasons for identification; and action plans will all be taken place to minimize the occurrence of accidents.

Risk and Hazard Identification Procedure:



► Distribution of IR, ODR, LDR and AR in 2018

Facility	Injury Rate (IR)		Occupational Diseases Rate (ODR)		Lost Day Rate (LDR)		Absentee Rate (AR)	
	Male	Female	Male	Female	Male	Female	Male	Female
Zhagjiang	0.00	0.03	0.00	0.00	0.00	0.15	1.10%	1.54%
Jinqiao	0.00	0.00	0.00	0.00	0.00	0.00	14.13%	9.40%
Shenzhen	0.02	0.00	0.00	0.00	0.44	0.00	1.29%	1.49%
Kunshan	0.04	0.00	0.00	0.00	0.00	0.00	1.20%	1.21%
Taiwan	0.04	0.04	0.00	0.00	0.44	1.82	4.20%	3.25%
Mexico	0.00	0.05	0.00	0.00	0.00	1.42	0.18%	0.40%

Note:

1. Statistics of Data do not cover the injury information of contractors.
2. Statistics of occupational disease are in accordance with the definition of occupational diseases from relevant local laws and regulations for each facility.
3. Only the Absentee Rate (AR), the statistics of data cover traffic accidents to and from work. The statistical formulas for the various data are as follows:
 - Injury Rate (IR) = (Times of injuries ÷ Total hours worked) × 200,000
 - Occupational Diseases Rate (ODR) = (Total numbers of occupational diseases ÷ Total hours worked) × 200,000
 - Lost Day Rate (LDR) = (Number of days lost due to injury ÷ Total hours worked) × 200,000
 - Absence Rate (AR) = (Number of hours lost due to absence ÷ Total hours worked) × 100%. Number of hours lost due to absence covers injury and sick leaves.

In 2018, USI total occurred 6 injury cases which all physical injury, there were included 3 slip cases, 1 slash case, 1 bruise case and 1 pinch case; and our contractors no found any injury case (please refer to chapter of "Contractor Management"). To prevent work injury accidents from happening home and abroad, USI irregularly holds work injuries orientations and conducts educational training for employees and contractor, and follow-ups relative data on a regular basis to improve. USI is responsible for the regular implementation of environmental testing, such as building security inspection,

drinking water, emergency lighting, smoke detection equipment and fire equipment testing on operational environment, and monitors operational environments with high risks including noises, the concentration of carbon dioxide, organic solvents, specific chemical substances, lead in the workplace and free radiation to ensure that the threshold values of concentration of harmful substances and noises are below standards. If there is any abnormal state, it will be immediately corrected and maintained; if it is close to the abnormal state, we will provide employees with appropriate preventive training. In 2018, the monitoring results show that no harmful substance or noise exceeded standards and no cases of occupational diseases were discovered.

• **Emergency Response Center**

USI has established an emergency response center for environment and safety and made a general education proposal on hazards and emergency response procedure. In addition, it conducts emergency response training for disasters caused by earthquakes, fires, hazardous substances and infectious diseases. Moreover, it holds environmental, safety and health programs such as emergency response to organic solvents, the labeling of hazardous and harmful substances, the usage of labor protective equipment and general education training for employees to participate in drills and take examinations to enhance their safety awareness and emergency response abilities. These drills and training help prevent work accidents from happening. Units using hazardous substances are examined on a regular basis and audited irregularly. In 2018, USI total held 2 earthquake disaster prevention drills, 13 fire drills and 9 chemical disaster drills. The total number of people drilled is 21,687 people, and the total of drill hours is 41,686 hours.



▶ **ERT Skill Contest**

In 2018, to enhance emergency response team's familiarity with response skill and to enhance the coordination and cooperation among teams, USI's Kunshan Facility has specially held ERT* skills contest to echo with the country's safety production monthly request. After a week of professional trainings, all participants are divided into various teams to carry out the contest. Each team has four people, including one person who assist the others in wearing the equipment; one person who wears fire-fighting garment; and two people who wear SCBA (Self-Contained Breathing Apparatus) and have their equipment connected with water belt and water gun for spaying and putting off the fire. Finally, the judge will give scores according to the rules. In total, 8 groups of personnel participated in the contest and, after three steps of challenges, the Company then issues bonus and reward to the top 4 teams as an encouragement.

Note: ERT, Emergency Response Team



Total held 24 emergency drills, there were 21,687 people of join emergency drills, and the total drill hours were 41,686 hours.



Develop the activity plan and announce



Confirm the participant



The participant train



Set up the SCBA inflatable equipment



Take race



Take race

• **Physical and Mental Health Care**

To provide employees with comprehensive health care, USI has built a healthy workplace system better than what is regulated in laws. It has established complete software and hardware facilities and assigned specialized personnel to provide professional services. Additionally, it holds health training, workshops and group activities irregularly. Moreover, USI conveys information of the company to its employees through journals (Newsletter), WeChat group, health email and bulletin board on a regular basis to enhance their health knowledge and skills to maintain their physical and mental health and to build an excellent healthy workplace.

► **Software and Hardware Measures**

Regarding the software facilities, USI wishes to provide employees a quality healthcare service. It has not only hired a number of nurses, special family medicine doctors, occupational medicine doctors and psychologists, but also invited physiotherapists and nutritionists to provide services in the facility on an irregular basis. Provide psychological, work stress, career and other consulting services for employees. In 2018, there were 2,453

participants in physician health consultations, and the total of hours is 759 hours.

As for hardware, USI has a medical room equipped with changing dressing facilities, manometers and weighing scales, provide basic health services for employees and workers working in USI manufacturing facilities; and set the rest room, lounge, counseling room and breastfeeding room for taking rest, consult a doctor and breastfeed. Among which, the Taiwan Facility has received the "Nantou County Excellent Breast Feeding (Collection) Room" certification for five consecutive years, continuing to provide an even more comfortable breastfeeding space for mothers.



► **Physical and Mental Health**

To effectively achieve health management, USI conducts physical check-ups each year in accordance with laws and regulations. USI tracks employees with major abnormalities and conducts the prevention and management of contagious diseases. In addition, specific physical check-ups* are provided for high-risk employees in the work environment to achieve the effect of early diagnosis and early treatment. In 2018, the checking results show that no cases of occupational diseases were discovered.

Note:

Specific physical check-ups covered noises, the concentration of carbon dioxide, organic solvents, specific chemical substances, dust, lead in the workplace and free radiation.

In mental health, USI not only hold birthday parties and single parties on a regular basis for employees (the details please refer to chapter of "Comprehensive Welfare and Salary System"), but also has Employee Assistance Programs (EAP), and it works with its human resources department to make sure employees' pressure from their families, work and life can be released or taken care of.

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

arranged an overall work adaptability assessment for employees with physical or mental difficulties this year, to ensure that all employees have received professional assistances.

► Health Promotion

To enhance occupational safety and health management; fortify the identification of health hazards; assist employees to prevent chronic and occupational diseases; encourage and remind employees to do regular sports, eat and drink healthily, and have good living habits, USI not only provides professional physician consultations to employees, but also holds various health education seminars, trainings and events (ex. pregnancy healthcare, four cancer screening services, first-aid trainings, vaccination services, blood donation activities and weight loss competitions). In 2018, we held total of about 32 events, there were a total of 3,482 people who participated.



In 2018, USI's Taiwan Facility continued to promote the healthy weight management contest; smoking cessation contest; and musculoskeletal pain prevention contest. In the weight losing contest, 500 employees have participated in this grand event and succeeded to lose 819 Kg. Besides, the number of contestants whose BMI value is within the "normal*" segment increased by 3%; these contestants have managed to control their blood sugar and blood fat with 29% of improvement rate; and, among 20 employees who participated in the smoking cessation contest, 90% of them have evidently improved the CO (Carbon Monoxide) value. Furthermore, Taiwan Facility was awarded with the "Outstanding Award of the Workplace Cancer Screening Incentive Program" for its efforts in promoting relevant programs.

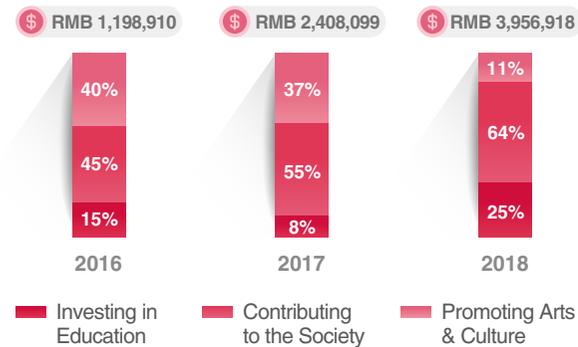
Note: The main is BMI value between 18.5 and 24.



Social Participation

USI actively engages with the local community and strives to become a model corporate citizen through donating and working with various nonprofits. By Investing in Education, Contributing to the Society, and Promoting Arts & Culture, we are committed to caring for and working together with the community to build a sustainable future. In 2018, USI donated RMB 5.4 million (including fees for participating in external organizations) in 41 philanthropic social activities and was an active member of 55 external organizations. 504 employees and their families volunteered in these activities, donating a total of 3,525 hours in service.

The following figure shows an analysis of the ratio and amount of RMB invested into the three pillars: Education, Society, and Culture. (Excluding fees for participating in external organizations.)



We invested over RMB **5.4 million**
504 employees volunteered
 a total of **3,525 hours**

Three Pillars	Rationale	2018 Performance
Investing in Education	As education is the foundation of national progress and development, we wish to cultivate talented and upstanding citizens through diverse educational programs.	<ul style="list-style-type: none"> Sponsored Taiwan Reading Foundation (Taiwan Facility) Sponsored Chinese Literary Prize for Global Youth (Taiwan Facility) Share USI University Training Courses & Industry-academia partnerships (Zhangjiang, Jinqiao, Taiwan Facilities)
Contributing to the Society	With the Company's support, we work together to bring more positive energy to the society and environment, hoping to make an impact on society.	<p>Targeted Poverty Alleviation</p> <ul style="list-style-type: none"> Digital Education Poverty Alleviation Program (Zhangjiang Facility) Western Region Student Aid Program (Zhangjiang Facility) Guangxi Baise City Left-Behind Children Aid Project (Shenzhen Facility) Hope for Pearls Project (Shenzhen, Kunshan Facilities) Kunshan Philanthropic Association Heartfelt Wish Activity (Kunshan Facility) <p>Social Inclusion</p> <ul style="list-style-type: none"> USI Dream Come True Project (Taiwan Facility) Hualien Earthquake disaster relief (Taiwan Facility) Cross-strait Student Baseball League (Zhangjiang Facility) Sending Love to Retirement Homes (Zhangjiang, Jinqiao Facilities) Lighting up Hope with Music (Jinqiao Facility) <p>Environmental Protection</p> <ul style="list-style-type: none"> The Million Tree Project (Global) Adopt-a-Road Program (Taiwan Facility) International Coastal Clean-up (Zhangjiang, Jinqiao Facilities) <p>External Partners</p> <ul style="list-style-type: none"> Participated in 55 external advocacy organizations
Promoting Arts & Culture	Appreciation of art can refine our tastes, cleanse our spirits, and enhance our cultural quality of life.	<ul style="list-style-type: none"> Sponsor Cloud Gate Dance Theatre's Annual Autumn Tour (Taiwan Facility) Sponsor Min Hwa Yuan Theatre Troupe's Country Tour (Taiwan Facility) Sponsor 2018 Nantou Lantern Festival (Taiwan Facility)

Investing in Education

Education is the most direct way to help children develop their abilities. USI has been investing in education for many years, and its investment has increased year by year. In addition to sponsoring Taiwan Reading Foundation and the Chinese Literary Prize for Global Youth for many years, the company also initiated various industry-academia partnership and internship projects in 2018, hoping to expand the range of beneficiaries through extensive participation in various activities.



Sponsor Taiwan Reading Foundation (Taiwan Facility)

Since 2005, USI has continued to sponsor the establishment of Philanthropic Libraries in rural and offshore areas. In 2018, we invested NTD 500,000 to enhance the reading abilities of students in these areas, hoping to instill cultural literacy. In October 2017, we assisted in the establishment of the first New Residents' Multicultural Library in Nantou County, introducing the folk culture and local stories in Southeast Asia. Through the circulation of book boxes, the New Residents' Multicultural Library became the first special library of multicultural values. By the end, the Taiwan Reading Foundation's "Philanthropic Libraries" reached 300, and the books were shared in more than 2,000 campuses across Taiwan. Cumulatively, USI donated more than 730,000 books, and the books have been borrowed 51.32 million times.

In order to expand children's reading horizons and cultivate reading interest, in addition to book donations, USI also cooperated with the Foundation to organize "Meet the Writer", "Reading Seminar", and "Parent-child reading" activities to expand investment in local education. USI spares no effort to promote reading and creating a reading atmosphere. In 2018, the "Meet the Writers" event was held five times in Lanyu Township, with a total of 189 participants. Through sharing writing experiences, writers inspire students to establish learning models. Nantou held two "Parent-child reading" activities to share the interest in active reading and learning through the reading of parents and children. The number of participants was 106.



Thank you Certificate from Taiwan Reading Foundation



USI donated 605 boxes of books for the Philanthropic Library



Sponsored the Chinese Literary Prize for Global Youth (Taiwan Facility)

To encourage writing and cultivate new literary talents in school, Mingdao Art & Literature Magazine, Mingdao Middle School and the Modern Literature Museum jointly hosted the Chinese Literary Prize for Global Youth. The scope of the call for manuscripts has expanded to include Chinese students all over the world. In addition to students from Taiwan, students from China, overseas Chinese, and international students are all welcome to submit their manuscript. Since 2007, USI has sponsored NTD 300,000 each year as a bonus to scout new Chinese literary stars, making the literary education take root. In 2018, the 36th Global Chinese Student Literature Award received 1,598 entries. The top three submissions were from Taiwan, China, and Malaysia, including 581 from Taiwan, 558 from China, and 440 from Malaysia. The rest were from Japan and Singapore. The Chinese Literary Prize for Global Youth is a cradle for the most remarkable literary talents in the Chinese community.



Thank you certificate from Mingdao Middle School



Shared USI University Training Courses & Initiate Industry-academia partnerships (Zhangjiang, Jinqiao, Taiwan Facilities)

Over the years, USI has focused on internal education and training and has established a training course for USI University. It has established comprehensive courses according to different positions and responsibilities. Besides inviting external lecturers USI, the company also established an internal lecturer system to train in-house lecturers. Through the cooperation between the University and the factory associations, public associations and universities, and the company's in-house lecturers, we provide several free courses to share information about the company's own experience, knowledge or industry's latest technology trends to employees and students.

Also, to put theory into practice and internalize understanding, USI provides internship opportunities in Zhangjiang, Jinqiao and Taiwan Facilities, and employs students from various universities or technical schools. A total of 41 students interned 23,403 hours. In addition to providing students with internship opportunities at USI, the Taiwan Facility invested NTD 4 million and partnered with National Chiao Tung University to work on "Building of Data Analysis Platform for Intelligent Manufacturing" and "Based on Machine Learning AOI Optimization Model" research projects, creating a win-win model for both industry and academia.

► USI University Free Training Courses (Taiwan Facility)

Year	TEEMA	Nankang Industrial Association	Other Associations/Institutions	Universities
2018			Global Talent Development Practices Seminar (CHRMA)	Forum-Applications of AI and Industry 4.0 (National Sun Yat-sen University) Forum-Applications of AI and Industry 4.0 (National Chiao Tung University) Introduction & Application of RF Technology (Feng Chia University)
2017	Strategic Planning Retreat		Recruitment, Promotion based on TOEIC case studies (ETS)	Forum-Signal Simulations (National Sun Yat-sen University)
2016	Talent Development	Precision manufacturing	Negotiation Skills (Tianzhong Industrial Parks-Industrial Development Bureau, Ministry of Economics)	Developing Cross-Disciplinary Skills (Tunghai University MBA)



41 Students

41 students participated in the Industry-academia Internship Program, contributing 23,403 hours of internship.

Contributing to the Society

• Targeted Poverty Alleviation

To promote the balanced development of education, USI selected education and poverty alleviation to carry out various programs to help children in poverty-stricken areas to obtain better educational resources. It is hoped that the gap between urban and rural education development is bridged through the convergence of education and poverty alleviation. In 2018, the Company initiated education and poverty alleviation projects such as the Digital Education Poverty Alleviation Program, Western Student Aid, Guangxi Baise City Left-Behind Children Aid Project and Hope for Pearls Projects, and invested a total of RMB 904,000, helping 791 students in total.



Certificate of Recognition for Excellent Corporate Proposal for Poverty Alleviation



791 Students

We invested RMB 904 thousand in Targeted Poverty Alleviation Programs, helping 791 students in poverty.

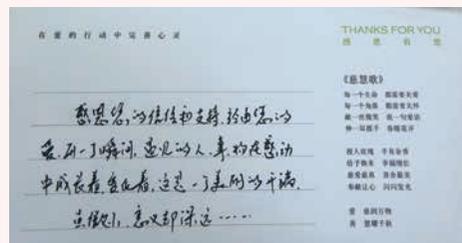


Digital Education Poverty Alleviation Program (Zhangjiang Facility)

In response to the SDGs (Goal 1: No Poverty; Goal 4: Quality Education) and the implementation of China's 13th Five-Year Plan for Poverty Alleviation, in 2018, USI put the concept of "alleviating poverty through education" into practice, integrating it with our corporate value "Realizing IDEAS Together" to implement our sustainability policy of "actively participating in community activities". Focusing on the slow development of information education in poor schools in remote areas, and promoting the Digital Education Poverty Alleviation Program by investing RMB 472,500 yuan in donating computer classrooms to schools in poverty-stricken areas, improve the teaching environment, enrich teaching resources, enable needy students to gain more development space, have more quality educational resources, and enhance their learning ability and employment. Skills can adequately compensate for the shortage of teachers in schools in poverty-stricken areas, thus making positive contributions to China's poverty alleviation and achieving harmonious development of society.

By the end of 2018, the Digital Education Poverty Alleviation Program project has completed the site selection of five schools, including three in Gansu and two in Qinghai. Three of the school computer classrooms have been set up, a total of 90 computers have been donated, and 637 students have been benefited. The progress of the construction of the computer classroom is as follows:

School Name	Location	Progress
Tangwan Primary School	Xiyang Township, Kongtong District, Pingliang City, Gansu Province	Completed
Dalaozi Primary School	Da'an Township, Dingxi City, Gansu Province	Under construction, expected to be completed in September 2019
Dongxin Primary School	Dongxin Village, Haizitan, Wuwei City, Gansu Province	Completed
Changning Primary School	Changning Village, Changning Town, Xining City, Qinghai Province	Completed
Jianshetang Primary School	Jianshetang Village, Qionglai Township, Haidong City, Qinghai Province	Completed in January 2019



OFS Certificate of Recognition

Western Region Student Aid Program (Zhangjiang Facility)

USI has carried out a western aid program in the poverty-stricken western areas of Yunnan and contributed RMB 98,000 to the Cihui Foundation and Our Free Sky (OFS) Volunteer Organization to help 37 rural students continue their studies. This program helps children in remote rural areas leave the mountains, experience the city, broaden their horizons, and increase their knowledge.



Guangxi Baise City Left-Behind Children Aid Project (Shenzhen Facility)

Guangxi is known for its beautiful mountains and waters. However, the material living conditions here are challenging, and many people live below the poverty line. USI participated in the "Improving Old Districts, Lending a Helping Hand to Students" scholarship promotion conference in Guangxi, donating RMB 25,000 to fund the schooling expenses of 25 primary school students for one academic year, so that more students can study with peace of mind and make their future full with possibilities.

Hope for Pearls Project (Shenzhen, Kunshan Facilities)

To help students with excellent grades but come from low-income families to complete high school and above, USI participates in the "Hope for Pearls Project" to help students who cannot afford tuition realize their dreams of school, change their family and their destiny, and believe that they become somebody in society later. In 2017, USI donated RMB 300,000 to the No.3 Middle School of Luoyang City, Henan Province, and established the "USI Shueijin Pearl Class" to fund 40 pearl students. In 2018, the company once again set up the second pearl class of USI (2018 USI Pearl Class), which invested a total of RMB 300,000 in supporting 60 pearl students (30 in Luoyang No.3 and Chongqing Jianshan Middle School). The home-based visits to the funded students continued to be cared for, and the students were also grateful to USI. In the future, Pearl students are given priority with internships and employment opportunities in USI and continue to expand the social influence of enterprises.





Kunshan Philanthropic Association Heartfelt Wish Activity (Kunshan Facility)

In 2018, USI continued to participate in the Charity Federation's "Hearts and Wishes" campaign and donated a total of RMB 6,000 "Charity Gift Package" to 30 needy children in Kunshan through the Charity Federation.

- Social Inclusion



USI Dream Come True Project (Taiwan Facility)

To expand the horizons of children in foster care and encourage them to pursue their dreams, USI invited children from Taiwan Fund for Children and Families to participate, and feel the lively atmosphere of the ball game with the employees and their families. The children appreciate the fantastic performance of the players on the baseball field, become a small fan, cheer for the players, perhaps burying a seed of interest in sports. 2018 stage performance of If Children's troupe's "Fly! Pheonix" at Taichung National Opera was also attended by children from TFCF and USI employees with their families. The children were full of emotions through the process of fulfilling their dreams.

On Christmas eve, the Welfare Committee planned a gift register for colleagues to donate to the Renai Home in Nantou City. We hope that with the little love of the company employees, we fulfill our wishes and implement more communities. A total of 47 employees and their families participated. The committee and colleagues of the ambassadors and presented Christmas gifts and love to Renai Home.



Cross-strait Student Baseball League (Zhangjiang Facility)

The Cross-Strait Baseball Exchange and Cooperation Committee is committed to maintaining the integrity of the student baseball leagues on both sides of the strait and promoting baseball exchanges and cooperation. USI cooperated with their parent company, ASEH, to sponsor RMB 515,000.

Chen Changyi, the Chairman of USI, was invited to attend the opening ceremony in Beijing on April 4, 2018. 20 high-school baseball teams on both sides of the strait held preliminary matches at the Fengtai Baseball Stadium in Beijing. In July, the event moved to the Taiwan Sports University baseball stadium for the next division. In December, the event held its finals in Shenzhen. Through the exchange of student baseball leagues, students from both sides of the strait have gained more opportunities to learn from each other. On December 2nd, Chen attended the Cross-Strait Youth Sports Summit Forum. He said in his speech, "If each team represents a school, and we assume that each school has an average of about 2,000 students. If each student involved roughly ten friends and family to cheer him on, then nearly one million people from both sides of the strait would be watching. I learned from Shenzhen Municipality that the online view count of the previous competition reached 5.3 billion views, isn't that exciting!"



5.3 Billion views

We invested RMB 515 thousand in the program of "Cross-strait Student Baseball League", and the online view reached 5.3 billion times.



Sending Love to Retirement Homes (Zhangjiang, Jinqiao Facilities)

Adhering to the principle of "Caring for one's aged parents and extending the same care to the aged parents of others," "Respecting one's crops brings harvest, Respecting the elderly brings happiness" USI arranged staff to Shanghai Pudong New Area Shunhe Nursing Home, Huandong Nursing Home, and Tangzhen Nursing Home in 2018. The nursing home donated a wheelchair, blanket, winter hat, electronic screen and other materials worth RMB 44,000, hoping to bring convenience to the elderly in the nursing home. During the visit, the volunteers performed wonderful programs for the elderly and enjoyed the same fun with the elderly. The Sunset Red Elderly Choir of the Tangzhen Nursing Home also gave performances for the volunteers. The atmosphere was relaxed and pleasant, adding a bit of excitement to the simple life of the elderly, coloring the winter with a shade of warm and loving. The company's responsibility to society will be condensed in the spirit of dedication and will continue to convey love.



Lighting up Hope with Music (Jinqiao Facility)

In order to help members of the Sunshine Home realize their dream of forming a band, the company carried out a music therapy program. Under the leadership of Jinqiao Facility managers, the company donated a batch of instruments to the Tangzhen Disabled Persons Comprehensive Service Center worth RMB 16,800. During the event, the students of the Sunshine Home enthusiastically performed the percussion instrumental ensemble and won everyone's praise and applause. Volunteers and students also collaborated together making paper crafts. In just half an hour, they produced a small beautiful piece of work. The whole event was lively and filled with laughter.

• Environmental Protection



The Million Tree Project (Global)

Since 2013, USI has participated in the Million Tree Project of the Shanghai Roots and Shoots Youth Activity Center, providing individuals and organizations with the opportunity to participate in curbing climate change. All aspects of the project help local residents benefit from the project. In addition to continuing to participate in the Inner Mongolia tree planting activities, the company also joined the Ningxia tree planting project in 2018. The Ningxia tree planting volunteer team went to the Baijitan National Nature Reserve to plant sand holly in person and produce the "grass square." Environmental protection is a part of the effort. By the end of 2018, USI had planted 32,318 trees and 12,500 shrubs with an area of 39.62 hectares.

The "USI Employees Love Forest" campaign was launched in 2016 as a global charity event. Through awareness raising activities, employees realized that climate change has affected the ecology and survival of some areas, and organized for employees to donate and plant trees. With the support of management, the "USI Employees Love Forest" campaign was included in the company's five-year plan, with an annual growth target of 30%. In 2018, with the active participation of the facilities, the company raised a total of 5,654 trees, breaking the annual target and growing 88% from 2017, surpassing the original target.



Partner and Project Logo



23,654 Trees

We planted 23,654 trees covering 17.68 hectares in 2018.

► Trees Planted by USI

Forest	Year	Location	Area (Hectares)	Species / Quantity
USI Corporate Forest	2018	Agula Township, Keerqin Back Banner, Tongliao City, Inner Mongolia	4.85	Pine, Maple, and Elm / 4,000
		Bajitan Natural Reserve, Lingwu City, Ningxia Autonomous Region	3.33	Shrubs /10,000
	2017	Derijiritu Gacha, Agula Township, Kezuohouqi Tongliao City, Inner Mongolia	4.85	Pine / 4,000
	2016	Nugusitai, Keerqin Left Back Banner, Tongliao City, Inner Mongolia	4.85	Pine / 4,000
	2015	W.Bahuta, Keerqin Left Back Banner, Tongliao City (Zhaogensumo)	3.00	Poplar / 4,000
	2014 (Re-planted in 2018*)	Agula Township, Keerqin Back Banner, Tongliao City, Inner Mongolia	4.85	Pine / 4,000
	2014	Zhaogensumo Gacha, Keerqin Left Back Banner, Tongliao City, Inner Mongolia	3.00	Poplar / 4,000
	2013	S. Zhaogensumo Gacha, Keerqin Left Back Banner, Tongliao City, Inner Mongolia	3.00	Poplar / 4,000
USI Employees Love Forest	2018	Agula Township, Keerqin Back Banner, Tongliao City, Inner Mongolia	3.82	Pine, Maple, and Elm / 3,154
		Bajitan Reserve, Lingwu City, Ningxia Autonomous Region	0.83	Shrubs / 2,500
	2017	Derijiritu Gacha, Agula Township, Kezuohouqi, Tongliao City, Inner Mongolia	3.64	Pine / 3,004
	2016	Baiyinnaoer Gacha, Nugusitai, Keerqin Left Back Banner, Tongliao City, Inner Mongolia	2.60	Pine / 2,160

Note: We re-planted areas that had poor survival rates in 2018, thus the original 2014 USI Forest was replaced by newly planted trees in 2018.



Adopt-a-Road Program (Taiwan Facility)

USI Taiwan Facility adopted a stretch of Caoxi Road (Zhongxing Road to Maoluo River), Taiwan Freeway No.3 access road to the provincial highway No.14B (Maoluo River bridge to Shengfu intersection), and Shengfu intersection to the island at Shanglin police station. The duties entailed planting and trimming, turf maintenance, environmental cleaning, and landscaping. In 2018, the company donated NTD 848,000 to maintain the cleanliness and beauty of the main roads in the area.



"Love The Source of Life" International Coastal Cleanup (Zhangjiang, Jinqiao Facilities)

The "Love The Source of Life" International Coastal Cleanup is guided by the United Nations Environment Programme and the State Environmental Protection Administration of China. According to the "Northwest Pacific Beach and Coastal Waste Monitoring Guide," information collection of waste sorting and quantity is carried out, making it a topic for further analysis in marine monitoring data. Marine garbage is mostly plastic garbage that cannot be decomposed. This garbage not only isolates the distance between people and the sea but also harms marine life and ultimately harms the human diet. Since 2015, USI has cooperated with Shanghai Rendu Marine Public Welfare Development Center to organize beach cleaning activities every year and encourages employees to respond to participate and hope to contribute to the health of the earth.

	Zhangjiang Facility	Jinqiao Facility
Event Date	June 23, 2018	November 4, 2018
Location	Shanghai Jiuduansha Wetland Sanjia Port Base	Gaoqiao Town, Shanghai Pudong New Area, Gaohai Beach, Binjiang Forest Park
No. of employees	39	41
Amount of Waste Cleaned	1,076 Kg	207.96 Kg

Promoting Arts & Culture

Sponsor Cloud Gate Dance Theatre's Annual Autumn Tour (Taiwan Facility)

Since 2005, USI has sponsored NTD 1 million each year for the daily operation of the Cloud Gate Dance Culture and Education Foundation. The company also invited troupe teachers to hold a "Cloud Gate Lite" event inside the company, explaining the performance to employees not only to enrich their artistic appreciation, but also to inspire creative energy. In 2018, in conjunction with the 45th anniversary of Cloud Gate Dance Theatre, USI sponsored the "Best of Lin Hwai-min's Works- Celebrating the 45th Anniversary of Cloud Gate Dance Theatre" and booked a VIP room on the second floor of the National Theatre of Taipei. Also, the company welcomed employees to invite friends, family, and suppliers to watch the performances in Taipei and Taichung. A total of 289 participants were in the audience enjoying the best of Cloud Gate in one night.





Sponsor Min Hwa Yuan Theatre Troupe's Country Tour (Taiwan Facility)

Upholding the concept of giving back to the local community, USI has been assisting the Caotun Town Office promote the Straw Crafts Festival since 2002. Every year, the Min Hwa Yuan Theatre Troupe is invited to perform at the Caotun Zhongshan Park, allowing locals to enjoy traditional Taiwanese opera. The Company donated NTD 965,000 and 2018 would mark the 17th consecutive year of sponsoring this event. On the same day, the event was combined with Caotun Market Fair, so locals can not only stroll around the crafts fair and farmer's market with family and friends in the afternoon, but also watch traditional Taiwanese opera in the evening – featuring Min Hwa Yuan performing "Cat God". USI takes its role of caring and giving back to the community seriously, and welcomes opportunities to demonstrate that care.



Sponsor 2018 Nantou Lantern Festival (Taiwan Facility)

USI supported the Nantou County Government to host the 2018 Nantou Lantern Festival "Doggone Luck 'Tou the Sky'", and displayed "USI IDEAS" lantern, doing our part to enhance our corporate image, assist local development, and create happiness. The colorful rubric cube of "USI IDEAS" lantern symbolize the innovative spirit, deliverability, reliability, and entrepreneurial spirit of the company. When viewers pass by the lantern, the color changes to match the viewer's footsteps. The light emitted shines on the USI logo and the rubric cube, conveying the bright future of USI. After the festival, it would be repurposed and reused as landscape art.

2018 Award Records

Aspect	Award or Certification	
Corporate Sustainability	Zhangjiang Facility <ul style="list-style-type: none"> • Earned a Gold Level Recognition Medal in the EcoVadis and is evaluated as the top 7 percent of most valuable companies 	
Economy, Corporate Governance	Zhangjiang Facility <ul style="list-style-type: none"> • The 37th of 2018 Shanghai Enterprises Top 100 • The 14th of 2018 Shanghai Manufacturing Enterprises Top 100 • 2018 Chinese Listed Companies by Brand Value: Top 25 of Tech Innovation • 2018 Chinese Listed Companies by Brand Value: Top 50 of Overseas Brand Value • 2018 (the 8th) Reputation List of China Listed Companies: The Most Potential Listed Company in the High-End Manufacturing Industry • 2017 Top 100 Foreign-Invested Companies of Export and Import in Shanghai City: The 10th Company • 2017 Top 10 Companies in the Integrated Circuit Assembly Industry of Shanghai • 2017 Shanghai City Top 10 Best Economic Benefits in IC Industry 	Kunshan Facility <ul style="list-style-type: none"> • 2018 Advanced AEO Certification of Nanjing Customs, People's Republic of China • 2017 Top 10 Companies with High-Quality Development of Qiandeng Town • 2017 Top 10 Eco-Friendly Companies of Qiandeng Town
Environment	Zhangjiang Facility <ul style="list-style-type: none"> • The 4th Shanghai CSR Assessment for Chinese Listed Companies: Green Development Award • Awarded Outstanding Group Award from Shanghai roots & shoots • GoldenBee Excellent CSR Report 2018: Environmental Protection Disclosure Award 	Kunshan Facility <ul style="list-style-type: none"> • 2017 Outstanding Environmental-Protection Companies of Kunshan City Jinqiao Facility <ul style="list-style-type: none"> • The 1st Safety Production Knowledge Contest of "Ankang Cup": The 1st Prize
Society	Zhangjiang Facility <ul style="list-style-type: none"> • 2018 Blue Book of Enterprise Poverty Alleviation: Excellent Case of Enterprise Poverty Alleviation Kunshan Facility <ul style="list-style-type: none"> • "Kunshan Volunteer Association": Corporate Member of Kunshan Social Welfare Organization in 2019 • "51 Job": 2018 Excellent Employer in Suzhou 	Taiwan Facility <ul style="list-style-type: none"> • 2018 Nantou County Workplace Cancer Screening Incentive Program: Excellent Workplace Award • 2018 Nantou County Excellent Breast Feeding (Collection) Room in the Workplace • 2016~2018 Healthy Workplace Certification-Health Promotion Mark

Management System Certification Table

Management System	Zhangjiang Facility	Jinqiao Facility	Shenzhen Facility	Kunshan Facility	Taiwan Facility	Mexico Facility
ISO 14001	2004	2016	2001	2012	1998	2006
ISO 14064-1	2010	2016	2010	2011	2009	2016
ISO 50001	2013	2017	2014	2014	2014	2017
OHSAS 18001	2004	2016	2004	2012	2004	2006
IECQ QC 080000	2007	2015	2007	2012	2006	2007
TL 9000	2005	2015	2002	2013	-	-
ISO 9001	2004	2015	2001	2011	1993	2005
IATF 16949*	2018 (2007)	-	-	2018 (2013)	2018 (2003)	2018 (2005)
ANSI/ESD S20.20	2013	2015	2017	-	-	-
ISO 13485	-	-	-	2014	-	-
ISO 26262	2017	-	-	2017	-	-

Note:

1. In the table year refers to year of initial management system certification. All management systems are continuously updated to the latest version of the certification as of the end of 2018.

2. As IATF 16949 has replaced ISO/TS 16949 all along the line on September 14 of 2018, USI has successfully converted to the new certification system in 2018. The year in the bracket refers to the year when USI acquired ISO/TS 16949 for the first time.

Third-Party Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE UNIVERSAL SCIENTIFIC INDUSTRIAL (SHANGHAI) CO., LTD.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2018

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 for 2018 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in this report.

The information in the USI's CSR Report of 2018 and its presentation are the responsibility of the management of USI. SGS has not been involved in the preparation of any of the material included in USI's CSR Report of 2018.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all USI's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured using our protocols for:

- AA1000 Assurance Standard (2008) Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008) at a moderate level of scrutiny
- AA1000 Assurance Standard (2008) Type 2 evaluation of the report content veracity at a high level of scrutiny for 21 GRI disclosures (202-2, 204-1, 302-1, 303-3(2018), 305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 306-2, 308-1, 401-1, 401-2, 401-3, 403-8 (2018), 403-9(2018), 404-1, 404-3, 414-2, 419-1) that reveal the sustainability performance information of Taiwan, Zhangjiang, Shenzhen, Jinqiao & Kunshan sites; and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant. Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

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

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The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within USI's CSR Report of 2018 verified is accurate, reliable and provides a fair and balanced representation of USI sustainability activities in 01/01/2018 to 12/31/2018.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting. In our opinion, the contents of the report meet the requirements of GRI Standards in accordance with Core Option and AA1000 Assurance Standard (2008) Type 1, Moderate level assurance; and Type 2, High level assurance for 21 disclosures related to Taiwan, Zhangjiang, Shenzhen, Jinqiao & Kunshan sites.

AA1000 ACCOUNTABILITY PRINCIPLES (2008) 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, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, USI may proactively consider having more direct diversified involvement of stakeholders during future engagement.

Materiality

USI has established effective processes for determining issues that are material to the business. 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.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, USI's CSR Report of 2018, is adequately in line with the GRI Standards in accordance with Core Option. The material topics 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 topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. Disclosures on the specific actions taken to achieve goals and targets are thoroughly made a good connection for each material issue (103-2). Besides, USI has committed to respond to UN SDGs and already taken actions to fulfill the goals. For future reporting, it is expected that USI could adopt sustainable practices and integrate information into reporting to reinforce communication on sustainability.

Signed:

For and on behalf of SGS Taiwan Ltd.



David Huang
Senior Director
Taipei, Taiwan
17 May, 2019
WWW.SGS.COM



AA1000
Licensed Assurance Provider
000-8

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GRI Index

- General Disclosures

○ Moderate Level ● High Level

	Disclosure	Chapter	Page	Additional Explanation	External Assurance
Organizational Profile					
102-1	Name of the organization	Company Introduction	37		○
102-2	Activities, brands, products and services	Company Introduction	37		○
102-3	Location of headquarters	Company Introduction	37		○
102-4	Location of operations	Company Introduction	37		○
102-5	Ownership and legal form	Company Introduction	38		○
102-6	Markets served	Company Introduction	37		○
102-7	Scale of the organization	Company Introduction	37		○
102-8	Information on employees and other workers	Global Workforce	69		○
102-9	Supply chain	Supply Chain Management	27		○
102-10	Significant changes to the organization and its supply chain	Company Introduction	38		○
		Supply Chain Management	27		
102-11	Precautionary principle or approach external initiatives	Enterprise Risk Management	46		○
		Green Promise	58		
102-12	Membership of associations	External Participation and Initiatives	43		○
102-13	Information on employees and other workers	External Participation and Initiatives	42		○

Disclosure		Chapter	Page	Additional Explanation	External Assurance
Strategy					
102-14	Statement from senior decision-maker	Letter from the Chairman	1		○
		Letter from the President	2		
102-15	Key impacts, risks, and opportunities	Future Goals	8		○
		Enterprise Risk Management	47		
Ethics and Integrity					
102-16	Values, principles, standards, and norms of behavior	Business Ethics and Regulations	45		○
102-17	Mechanisms for advice and concerns about ethics	Business Ethics and Regulations	45		○
Governance					
102-18	Governance structure	Corporate Governance	43		○
102-22	Composition of the highest governance body and its committees	Corporate Governance	44		○
102-23	Chair of the highest governance body	Corporate Governance	44		○
102-24	Nominating and selecting the highest governance body	Corporate Governance	44		○
102-32	Highest governance body's role in sustainability reporting	Sustainability Management	5		○
102-33	Communicating critical concerns	Sustainability Management	6		○
Stakeholder Engagement					
102-40	List of stakeholder groups	Stakeholders Communications and Responses	19		○
102-41	Collective bargaining agreements	Strong Employee Engagement	83		○
102-42	Identifying and selecting stakeholders	Identification of Stakeholders and Material Topics	14		○
102-43	Approach to stakeholder engagement	Stakeholders Communications and Responses	19		○

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Disclosure		Chapter	Page	Additional Explanation	External Assurance
102-44	Key topics and concerns raised	Identification of Stakeholders and Material Topics	15		○
		Stakeholders Communications and Responses	19		
Reporting practice					
102-45	Entities included in the consolidated financial statements	Company Introduction	37		○
102-46	Defining report content and topic boundaries	Identification of Stakeholders and Material Topics	16		○
102-47	List of material topics	Identification of Stakeholders and Material Topics	16		○
102-48	Restatements of information	Supply Chain Management	28	Described in each chapter	○
		Air Pollution Control	57		
		Comprehensive Welfare and Salary System	77		
102-49	Changes in reporting	Identification of Stakeholders and Material Topics	17		○
102-50	Reporting period	About This Report	-		○
102-51	Date of most recent report	About This Report	-		○
102-52	Reporting cycle	About This Report	-		○
102-53	Contact point for questions regarding the report	About This Report	-		○
102-54	Claims of reporting in accordance with the GRI Standards	About This Report	-		○
102-55	GRI content index	GRI Index	107		○
102-56	External assurance	About This Report	-		○
		Third-Party Assurance Statement	106		

• **Topic-specific Standards (For Material Issues)**

In addition to GRI 303 Water and Effluents and GRI 403 Occupational Health and Safety by *GRI Standards 2018*, the rest of topics use *GRI Standards 2016*.

○ Moderate Level ● High Level

Management Approach and Disclosure		Chapter	Page	Additional Explanation	External Assurance
Economic					
Market Presence	103-1~3	Management Approach	Global Workforce	68	○
			Comprehensive Welfare and Salary System	76	○
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Comprehensive Welfare and Salary System	77	○
	202-2	Proportion of senior management hired from the local community	Global Workforce	71	●
Procurement Practices	103-1~3	Management Approach	Supply Chain Management	27	○
	204-1	Proportion of spending on local suppliers	Supply Chain Management	28	●
Environmental					
Energy	103-1~3	Management Approach	USI with Environment	49	○
			Climate Change Mitigation	52	
	302-1	Energy consumption within the organization	Energy Management	52	●
	302-2	Energy consumption outside of the organization	Energy Management	52	○
	302-3	Energy intensity	Energy Management	52	○
	302-4	Reduction of energy consumption	Energy Management	52	○
Water and Effluents	103-1~3	Management Approach	USI with Environment	49	○
			Water Resource Management	54	

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Management Approach and Disclosure			Chapter	Page	Additional Explanation	External Assurance
Water and Effluents	303-1	Interactions with water as a shared resource	Water Resource Management	54		○
	303-2	Management of water discharge-related impacts	Water Resource Management	54		○
	303-3	Water withdrawal	Water Resource Management	54		●
Emissions	103-1~3	Management Approach	USI with Environment	49		○
			Climate Change Mitigation	50		
			Air Pollution Control	57		
	305-1	Direct (Scope 1) GHG emissions	Carbon Management	51		●
	305-2	Energy indirect (Scope 2) GHG emissions	Carbon Management	51		●
	305-3	Other indirect (Scope 3) GHG emissions	Carbon Management	51		○
	305-4	GHG emissions intensity	Carbon Management	51		●
	305-5	Reduction of GHG emissions	Energy Management	52		●
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Air Pollution Control	57		●	
Effluents and Waste	103-1~3	Management Approach	USI with Environment	49		○
			Water Resource Management	54		
			Waste Management	56		
	306-2	Waste by type and disposal method	Waste Management	56		●
	306-3	Significant spills	-	-	There were no leakages of chemicals, waste, fuels cases in 2018.	○
Environmental Compliance	103-1~3	Management Approach	Business Ethics and Regulations Abidance	45		○
	307-1	Non-compliance with environmental laws and regulations	Business Ethics and Regulations Abidance	45	USI has not yet been seriously fined or punished in other forms due to illegal events till the end of 2018.	○

Management Approach and Disclosure		Chapter	Page	Additional Explanation	External Assurance
Supplier Environmental Assessment	103-1~3	Management Approach	Supply Chain Management	28	○
	308-1	New suppliers that were screened using environmental criteria	Supply Chain Management	29	●
	308-2	Negative environmental impacts in the supply chain and actions taken	Supply Chain Management	30	○
Social					
Employment	103-1~3	Management Approach	Equal Employment Opportunity	72	○
			Comprehensive Welfare and Salary System	76	
	401-1	New employee hires and employee turnover	Equal Employment Opportunity	72	●
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Comprehensive Welfare and Salary System	79	●
	401-3	Parental leave	Comprehensive Welfare and Salary System	77	●
Labor/ Management Relations	103-1~3	Management Approach	Strong Employee Engagement	82	○
	402-1	Minimum notice periods regarding operational changes	Strong Employee Engagement	82	○
Occupational Health and Safety	103-1~3	Management Approach	Excellent Working Environment	84	○
	403-1	Occupational health and safety management system	Excellent Working Environment	84	○
	403-2	Hazard identification, risk assessment, and incident investigation	Excellent Working Environment	85	○
	403-3	Occupational health services	Excellent Working Environment	88	○
	403-4	Worker participation, consultation, and communication on occupational health and safety	Excellent Working Environment	84	○
	403-5	Worker training on occupational health and safety	Excellent Working Environment	84	○

	Management Approach and Disclosure	Chapter	Page	Additional Explanation	External Assurance
Occupational Health and Safety	403-6	Promotion of worker health	Excellent Working Environment	89	○
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Excellent Working Environment	86	○
	403-8	Workers covered by an occupational health and safety management system	Excellent Working Environment	84	●
	403-9	Work-related injuries	Excellent Working Environment	86	●
	403-10	Work-related ill health	Excellent Working Environment	86	○
Training and Education	103-1~3	Management Approach	Integral Training Program	73	○
	404-1	Average hours of training per year per employee	Integral Training Program	73	●
	404-2	Programs for upgrading employee skills and transition assistance programs	Integral Training Program	74	○
	404-3	Percentage of employees receiving regular performance and career development reviews	Comprehensive Welfare and Salary System	78	●
Diversity and Equal Opportunity	103-1~3	Management Approach	Comprehensive Welfare and Salary System	76	○
	405-2	Ratio of basic salary and remuneration of women to men	Comprehensive Welfare and Salary System	77	○
Human Rights Assessment	103-1~3	Management Approach	Global Workforce	68	○
	412-2	Employee training on human rights policies or procedures	Global Workforce	68	○
Supplier Social Assessment	103-1~3	Management Approach	Supply Chain Management	28	○
	414-1	New suppliers that were screened using social criteria	Supply Chain Management	29	In 2019, we will establish a sustainable supplier evaluation mechanism in order to select new suppliers from more comprehensive aspects. ○
	414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Management	30	●

Management Approach and Disclosure		Chapter	Page	Additional Explanation	External Assurance	
Customer Health and Safety	103-1~3	Management Approach	Customer Privacy & Health and Safety	25		○
	416-1	Assessment of the health and safety impacts of product and service categories	Customer Privacy & Health and Safety	26		○
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Privacy & Health and Safety	-	In 2018, no complaint cases or violations of products linked to human health and safety risks have been received.	○
Customer Privacy	103-1~3	Management Approach	Customer Privacy & Health and Safety	25		○
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Privacy & Health and Safety	26		○
Socioeconomic Compliance	103-1~3	Management Approach	Business Ethics and Regulations Abidance	45		○
	419-1	Non-compliance with laws and regulations in the social and economic area	Business Ethics and Regulations Abidance	46	In 2018, there were seven improvement cases with a specific period of time for occupational health and safety and fire control, which have been improved in a time limit without major fine. It is expected the USI Charity Foundation will be founded in 2019.	●

• Topic-specific Standards (Voluntary Disclosure)

○ Moderate Level ● High Level

Management Approach and Disclosure		Chapter	Page	Additional Explanation	External Assurance	
Economic						
Market Presence	103-1~3	Management Approach	Company Introduction	37		○
			Comprehensive Welfare and Salary System	76		
	201-1	Ratios of standard entry level wage by gender compared to local minimum wage	Financial Performance	38		○

Management Approach and Disclosure			Chapter	Page	Additional Explanation	External Assurance
Market Presence	201-2	Proportion of senior management hired from the local community	Carbon Management	50		○
	201-3	Defined benefit plan obligations and other retirement plans	Comprehensive Welfare and Salary System	77		○
	201-4	Financial assistance received from government	Financial Performance	39		○
Indirect Economic Impacts	103-1~3	Management Approach	Social Participation	90		○
	203-1	Infrastructure investments and services supported	Social Participation	90		○
Anti-corruption	103-1~3	Management Approach	Business Ethics and Regulations Abidance	45		○
	205-1	Operations assessed for risks related to corruption	Business Ethics and Regulations Abidance	45		○
	205-2	Communication and training about anti-corruption policies and procedures	Business Ethics and Regulations Abidance	45		○
	205-3	Confirmed incidents of corruption and actions taken	Business Ethics and Regulations Abidance	45		○
Anti-competitive Behavior	103-1~3	Management Approach	Business Ethics and Regulations Abidance	45		○
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business Ethics and Regulations Abidance	45		○
Environmental						
Energy	103-1~3	Management Approach	USI with Environment	49		○
			Green Management	59		
	302-5	Reductions in energy requirements of products and services	Green Management	62		○
Social						
Diversity and Equal Opportunity	103-1~3	Management Approach	Global Workforce	68		○

Management Approach and Disclosure			Chapter	Page	Additional Explanation	External Assurance
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Corporate Governance	44		○
			Global Workforce	69		
Non-discrimination	103-1~3	Management Approach	External Participation and Initiatives	43		○
			Global Workforce	68		
	406-1	Incidents of discrimination and corrective actions taken	-	-	There were no discrimination cases in 2018.	○
Freedom of Association and Collective Bargaining	103-1~3	Management Approach	External Participation and Initiatives	43		○
			Supply Chain Management	30		
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Supply Chain Management	30		○
Child Labor	103-1~3	Management Approach	External Participation and Initiatives	43		○
			Global Workforce	68		
			Supply Chain Management	30		
	408-1	Operations and suppliers at significant risk for incidents of child labor	External Participation and Initiatives	43		○
		Supply Chain Management	30			
Forced or Compulsory Labor	103-1~3	Management Approach	External Participation and Initiatives	43		○
			Supply Chain Management	30		
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	External Participation and Initiatives	43		○
			Supply Chain Management	30		
Human Rights Assessment	103-1~3	Management Approach	Global Workforce	68		○
	412-1	Operations that have been subject to human rights reviews or impact assessments	Global Workforce	68		○
	412-3	Employee training on human rights policies or procedures	Global Workforce	68		○

CASS-CSR4.0 Index

	Disclosure	Chapter	Page	Additional Explanation	External Assurance
Responsibility Management					
Vision(G1)	G1.1	Corporate mission, vision, values	Sustainability Management	5	◎
	G1.2	Corporate social responsibility concept or slogan	Sustainability Management	5	◎
Strategy(G2)	G2.1	Substantive Social Responsibility Issues Identification and Management	Identification of Stakeholders and Material Topics	15	◎
	G2.2	Social responsibility strategy rules and annual plan	Sustainability Management	6	◎
			Future Goals	8	◎
	G2.3	Promote social responsibility into corporate development strategies and daily operations	Sustainability Management	6	◎
G2.4	Mode an impactful, sustainable brand	Corporate Sustainability Profile	4	◎	
Organization(G3)	G3.1	Corporate executives support and promote social responsibility work	Sustainability Management	5	◎
	G3.2	Social responsibility leadership and working mechanism	Sustainability Management	5	◎
	G3.3	Social responsibility organization system and division of responsibilities	Sustainability Management	5	◎
System(G4)	G4.1	Establish social responsibility management system	Sustainability Management	5	◎
	G4.2	Building social responsibility index	Sustainability Management	5	◎
	G4.3	Rich social responsibility theory research	Sustainability Management	6	◎
Culture(G5)	G5.1	Develop organize social responsibility training	Sustainability Management	5	◎
Participation(G6)	G6.1	Identify and respond to stakeholder requirements	Stakeholders Communications and Responses	19	◎

	Disclosure	Chapter	Page	Additional Explanation	External Assurance	
	G6.2	Corporate-led social responsibility communication participation activities	About This Report	-	In addition to publish the annual CSR report, related information on sustainable management has also been disclosed on the corporate social responsibility official website of the company. (https://www.usiglobal.com/csr)	⊙
	G6.3	Externally initiated economic, environmental, social conventions, principles, or other initiatives that organization participate or support	External Participation and Initiatives	43		⊙
Market Performance						
Shareholder Responsibility (M1)	M1.1	Regulate corporate governance	Corporate Governance	43		⊙
	M1.2	Nomination and selection process of the top governance unit and its committee	Corporate Governance	43		⊙
	M1.3	Anti-corruption	Business Ethics and Regulations Abidance	45		⊙
	M1.4	Compliance information disclosure	Business Ethics and Regulations Abidance	45		⊙
	M1.5	Protect the interests of small and medium investors	-	-	Please refer to 2018 USI Annual Report.	⊙
	M1.6	Growth	Financial Performance	38		⊙
	M1.7	Profitability	Financial Performance	38		⊙
	M1.8	Safety	Financial Performance	38		⊙
Customer Responsibility (M2)	M2.1	Improve product and service accessibility	Company Introduction	37		⊙
	M2.2	Product and service quality control system	Customer Service and Satisfaction	22		⊙
			Management System Certification Table	105		⊙
M2.3	Pass rate	Customer Service and Satisfaction	22		⊙	

	Disclosure	Chapter	Page	Additional Explanation	External Assurance	
Customer Responsibility (M2)	M2.4	Adhere to the drive of innovation	Patent Research and Continuous Improvement	39		◎
	M2.5	Research and development investment	Patent Research and Continuous Improvement	39		◎
	M2.6	New number of patents	Patent Research and Continuous Improvement	39		◎
	M2.7	Industrialization of scientific and technological achievements	Customer Service and Satisfaction	22		◎
			Patent Research and Continuous Improvement	39		◎
	M2.10	Potential risk warning	Customer Privacy & Health and Safety	26		◎
	M2.11	Fair trade	Business Ethics and Regulations Abidance	45		◎
	M2.12	Promote sustainability consumption	Green Management	59		◎
			Green Supply Chain	64		◎
	M2.13	Protect customer information	Customer Privacy & Health and Safety	25		◎
	M2.14	Active after-sales service system	Customer Service and Satisfaction	23		◎
	M2.15	Actively respond to consumer complaint	Customer Service and Satisfaction	25		◎
	M2.16	Complaint resolution rate	Customer Service and Satisfaction	25		◎
	M2.17	Stop loss and compensation	Customer Service and Satisfaction	25		◎
M2.18	Customer satisfaction	Customer Service and Satisfaction	24		◎	
Partner Responsibility (M3)	M3.1	Business integrity	Sustainable Value Chain	21		◎
			Business Ethics and Regulations Abidance	45		◎
	M3.2	Economic contract compliance rate	Business Ethics and Regulations Abidance	45		◎
	M3.3	Fair competition	Business Ethics and Regulations Abidance	45		◎
M3.4	Strategic common mechanism platform	Customer Service and Satisfaction	22		◎	
		Green Supply Chain	64		◎	

	Disclosure	Chapter	Page	Additional Explanation	External Assurance	
Partner Responsibility (M3)	M3.5	Respect and protect intellectual property right	Business Ethics and Regulations Abidance	45		⊙
	M3.6	Helping the development of the industry	Customer Service and Satisfaction	22		⊙
	M3.7	Fair trade	-	-	The small shareholders' equity please refer to 2018 USI Annual Report.	⊙
	M3.8	Social responsibility policy, Initiative and requirement for supplier	Sustainability Management	6		⊙
			Supply Chain Management	27		⊙
	M3.9	Number of potential suppliers that were rejected because of social irresponsibility	Supply Chain Management	29		⊙
	M3.10	Supplier's social responsibility routine management mechanism	Supply Chain Management	29		⊙
	M3.11	The process and method of supplier social responsibility audit	Supply Chain Management	29		⊙
	M3.12	Number of suppliers audited during the reporting period	Supply Chain Management	29		⊙
	M3.13	Number of suppliers whose cooperation was terminated due to unqualified social responsibility	Supply Chain Management	31	No supplier suspended due to non-compliance of social responsibility till the end of 2018.	⊙
	M3.14	Supplier's social responsibility performance assessment and communication	Supply Chain Management	29		⊙
			Supplier Communication	32		⊙
	M3.15	Supplier's social responsibility training	Supplier Communication	32		⊙
	M3.16	Supplier's social responsibility training performance	Supplier Communication	32		⊙
	Social Performance					
	Government Responsibility (S1)	S1.1	Legal compliance system	Business Ethics and Regulations Abidance	45	
S1.2		Law compliance training	Business Ethics and Regulations Abidance	45		⊙
			Green Education	65		⊙

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	Disclosure	Chapter	Page	Additional Explanation	External Assurance
Government Responsibility (S1)	S1.3	Total tax amount	Financial Performance	39	◎
	S1.5	Drive employment	Global Workforce	69	◎
	S1.6	Number of employment was absorbed in the report period	Equal Employment Opportunity	72	◎
Employee Responsibility (S2)	S2.1	The composition of employee	Global Workforce	70	◎
	S2.2	Equal employment	Equal Employment Opportunity	72	◎
	S2.3	Labor contract signing rate	Strong Employee Engagement	82	◎
	S2.4	Democratic management	Strong Employee Engagement	83	◎
	S2.5	Female manager ratio	Global Workforce	71	◎
	S2.6	Employee privacy management	Global Workforce	69	◎
	S2.7	Anti-forced labor and harassment abuse	External Participation and Initiatives	43	◎
			Supply Chain Management	30	◎
	S2.8	Diversity and equal opportunity	Equal Employment Opportunity	72	◎
	S2.9	Annual leave per capita	Comprehensive Welfare and Salary System	79	◎
	S2.10	Welfare and Salary System	Comprehensive Welfare and Salary System	76	◎
	S2.11	Occupational health management	Excellent Working Environment	84	◎
	S2.12	Working environment and condition guarantee	Excellent Working Environment	84	◎
	S2.13	Employee mental health assistance	Excellent Working Environment	88	◎
	S2.14	Employee training system	Integral Training Program	73	◎
	S2.15	Annual training performance	Integral Training Program	73	◎
	S2.16	Career development passage	Integral Training Program	74	◎
S2.17	Balance of life and work	Comprehensive Welfare and Salary System	81	◎	

	Disclosure	Chapter	Page	Additional Explanation	External Assurance
Employee Responsibility (S2)	S2.18	Difficult employee assistance	Comprehensive Welfare and Salary System	79	⊙
	S2.19	Employee satisfaction	Strong Employee Engagement	83	⊙
	S2.20	Employee Turnover Rate	Equal Employment Opportunity	72	⊙
Safe Production (S3)	S3.1	Safety production management system	Excellent Working Environment	84	⊙
	S3.2	Safety emergency management mechanism	Excellent Working Environment	87	⊙
	S3.3	Safety education and training	Excellent Working Environment	84	⊙
	S3.4	Safety training performance	Supply Chain Management	29	⊙
			Excellent Working Environment	85	⊙
	S3.5	Safety production investment	Excellent Working Environment	85	⊙
	S3.6	Number of safety production accident	Excellent Working Environment	86	⊙
S3.7	Casualties of employee	Excellent Working Environment	86	⊙	
Community Responsibility (S4)	S4.1	Community communication and participation mechanism	Stakeholders Communications and Responses	20	⊙
	S4.2	Staff localization policy	Global Workforce	71	⊙
	S4.3	Localization employment ratio	Global Workforce	71	⊙
	S4.4	Localization procurement policy	Supply Chain Management	28	⊙
	S4.6	Charitable contribution policy and its main sector	Social Participation	90	⊙
	S4.8	Total donation	Social Participation	90	⊙
	S4.9	Building brand public welfare projects	Social Participation	90	⊙
	S4.10	Supporting volunteer activities policy and measure	Social Participation	90	⊙
	S4.11	Employee volunteers activities performance	Social Participation	90	⊙

		Disclosure	Chapter	Page	Additional Explanation	External Assurance
Community Responsibility (S4)	S4.12	Helping accurate poverty alleviation	Social Participation	94		⊙
	S4.13	Poverty alleviation funds	Social Participation	94		⊙
	S4.14	The number of people out of poverty	Social Participation	94		⊙
Environmental Performance						
Green Management (E1)	E1.1	Environmental management system	USI with Environment	49		⊙
	E1.2	Environmental protection early warning and emergency response mechanism	Green Management	59		⊙
			Enterprise Risk Management	46		⊙
	E1.3	Environmental technology R&D and application	Green Management	59		⊙
	E1.4	Methodology of statistical assessment system for environmental indicators	-	-	Please see the chapters description of "USI with Environment" for the detail.	⊙
	E1.5	Environmental training and education	Green Education	65		⊙
	E1.6	Building green supply chain	Green Supply Chain	64		⊙
	E1.7	Support the development of green and low-carbon industries	Green Management	59		⊙
	E1.8	Total investment in environmental protection	Green Expenditures	66		⊙
	E1.9	Responding to climate change	Climate Change Mitigation	50		⊙
	E1.10	Carbon intensity	Carbon Management	51		⊙
	E1.11	Non-fossil energy proportion	Energy Management	53	USI doesn't use renewable energy and is currently promoting green energy voucher purchases at the China and Taiwan facilities. Please refer to "Energy Management" chapter.	⊙
E1.12	Carbon sink	Social Participation	100	Please refer to "The Million Trees Project"	⊙	
Green Production (E2)	E2.1	Green design	Green Management	59		⊙

	Disclosure	Chapter	Page	Additional Explanation	External Assurance	
Green Production (E2)	E2.2	Purchasing and using environmentally friendly raw material	Green Management	59		⊙
			Green Supply Chain	64		⊙
	E2.3	Improve energy efficiency	Energy Management	52		⊙
			Green Management	60		⊙
	E2.4	Annual total energy consumption and reduction	Energy Management	52		⊙
			Green Management	60		⊙
	E2.5	Comprehensive energy consumption per unit output value	Energy Management	52		⊙
	E2.6	Clean energy policy and measure	Energy Management	54	USI doesn't use clean energy and is currently promoting green energy voucher purchases at the China facilities. Please refer to "Energy Management" chapter.	⊙
	E2.7	Clean energy usage	Energy Management	54		⊙
	E2.8	Water conservation policy and measure	Water Resource Management	54		⊙
	E2.9	Annual fresh water consumption	Water Resource Management	54		⊙
	E2.11	Reduce exhaust emissions policy, measure, or technique	Air Pollution Control	57		⊙
	E2.12	Exhaust emissions and emission reduction	Air Pollution Control	57		⊙
	E2.13	Reduce wastewater discharge policy, measure, or technique	Water Resource Management	54		⊙
	E2.14	Wastewater discharge and emission reduction	Water Resource Management	54		⊙
	E2.15	Reduce waste emissions policy, measure, or technique	Waste Management	56		⊙
	E2.16	Waste emissions and emission reduction	Waste Management	56		⊙
E2.17	Develop circular economy policy and measure	Sustainability Management	7		⊙	

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	Disclosure	Chapter	Page	Additional Explanation	External Assurance	
Green Production (E2)	E2.19	Green Package	Green Management	64		⊙
	E2.20	Total amount of packaging materials used in finished products (in tons) and (if applicable) per unit	-	-	USI's shipments and packaging materials are complicated by industry characteristics. Currently, the number of pieces is used for management.	⊙
	E2.21	Green transportation	Green Management	64		⊙
	E2.22	Environmental impact of product transportation or hand haulage	Green Management	64		⊙
	E2.23	Energy conservation policy measure	USI with Environment	49		⊙
	E2.24	Plan and action to reduce greenhouse gas emissions	Climate Change Mitigation	50		⊙
	E2.25	Greenhouse gas emission and emission reduction	Carbon Management	51		⊙
	Energy Management		52		⊙	
Green Operation (E3)	E3.1	Green office measure	Green Management	64		⊙
	E3.2	Green office performance	Green Management	64		⊙
	E3.3	Ecological restoration and governance	Social Participation	100	Please refer to "The Million Trees Project"	⊙
	E3.4	Protecting biodiversity	-	-	USI's 6 facilities are not located in ecological protection areas or adjacent ecological protection areas, so currently there is no relevant management policy for biological protection.	⊙
	E3.5	Zero net deforestation	Green Management	64		⊙
	E3.6	Environmental charity activities	Social Participation	100		⊙

USI Specific Disclosure and Additional Indicators

Disclosure	Source	Chapter	Page
Conflict Minerals Management	USI Specific Disclosure	Conflict Minerals Compliance	33
Continuous Improvement Program	USI Specific Disclosure	Patent Research and Continuous Improvement	39
Shareholder participation mechanism	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index System	Please refer to 2018 USI Annual Report	-
Social contribution per share	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index System	Letter from the President	2
Ensure the reasonable return of shareholders	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index System	Please refer to 2018 USI Annual Report	-
Support systems and measures for scientific research and development	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index System	Patent Research and Continuous Improvement	39
Customer relationship management system	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index System	Customer Service and Satisfaction	22
Product quality control system and certification	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index System	Management System Certification Table	105
After-sales service system	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index System	Customer Service and Satisfaction	23
Product callback, stop loss, compensation	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index System	Customer Service and Satisfaction	25
Supplier List	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index System	Supply Chain Management	29
Provide special protection for special population (such as pregnant women, breastfeeding women and so on)	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index System	Comprehensive Welfare and Salary System	79
Employment rate or number of disabled people	Shanghai Listed Corporate Social Responsibility Development Index (2017) Evaluation Index System	Global Workforce	71
The company is rewarded by the environmental protection department status	Shanghai Stock Exchange Listed Company Environmental Information Exposure Guideline	2018 Award Records	104



MANUFACTURING SITES

SHANGHAI-ZHANGJIANG, CHINA

No.1558, Zhang Dong Rd., Pudong New Area,
Shanghai 201203, China
T +86-21-5896-6996

SHANGHAI-JINQIAO, CHINA

No.501, Longgui Road, Jinqiao Export Processing (South)
Zone, Pudong New Area, Shanghai 201201, China
T +86-21-3813-6668

SHENZHEN, CHINA

USI Electronics Park, No.9028, Beihuan Road, North of
High-Tech Industrial Park, Nanshan District, Shenzhen
518057, China
T +86-755-6182-1666

KUNSHAN, CHINA

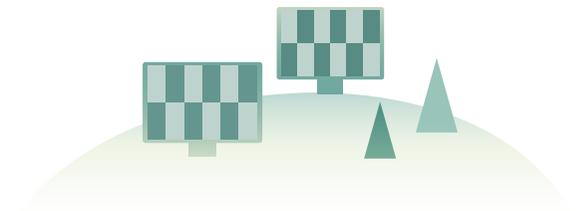
No.497 Huangpujiang Road, Qiandeng, Kunshan, Jiangsu
Province 215341, China
T +86-512-5528-0000

TSAOTUEN, TAIWAN

No.141, Lane 351, Sec. 1, Taiping Road, Tsaotuen, Nantou
County 54261, Taiwan
T +886-49-221-2700

GUADALAJARA, MEXICO

Anillo Periferico Manuel Gomez Morin No. 656, Jardines de
Santa Isabel, C. P. 44300, Guadalajara, Jalisco, Mexico
T +52-33-3648-1800



SALES OFFICES

HEADQUARTER

No.169, Sheng Xia Road, Pudong New Area, Shanghai
201210, China
T +86-21-5896-6996

HONG KONG, CHINA

Unit B, 19/F., Yuen Long Hi Tech Centre, 11 Wang Yip
Street West, Yuen Long, New Territories, Hong Kong
T +852-2109-0166

EUROPE

Waterloo Office Park - Building M, Drève Richelle,
161, Box 23, B-1410 Waterloo, Belgium
T +32-2-647-8461

WEST COAST, USA

1255 E. Arques Avenue, Sunnyvale, CA 94085, USA
T +1-408-636-9600

EAST COAST, USA

2000 Regency Parkway, Suite 420 Cary, NC27518, USA
T +1-919-466-8688

JAPAN

Sumitomo Fudosan Shin-yokohama Bldg. 10F
2-5-5, Shin-yokohama, Kouhoku-ku, Yokohama,
222-0033, Japan
T +81-45-478-7317

SINGAPORE

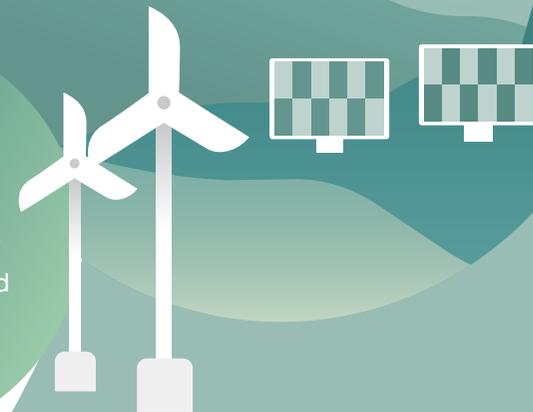
3 Fusionopolis Link #02-10, Nexus@One-North,
South Tower, Singapore 138543
T +65-6500-1310

TAIPEI, TAIWAN

3F, No.66, Sanchong Road, Nangang District,
Taipei 11502, Taiwan
T +886-2-2782-0366

COVER STORY

From the perspective of
insight, the sustainability
goals of Low Carbon and
Circular are focused.





2018

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Tel	+86-21-5896-6996 +886-49-235-0876
Editorial Supervisor	QA&CSR / S&EHS / CSR
Editorial Design	Central Staff Office
General Editor	Otto Yu
Senior Editor	Yunren Lee
Executive Editor	May Lee / Just You / Joanna Wei / Momoco Chang / Nancy Lin / YuAn Chen
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