



2013 Corporate Social Responsibility Report

Realizing IDEAS Together

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Introduction of the Report

Report Scope and Overview

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

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

Time Category and Assurance of the Report

In each chapter of this report, performances are based on the statistics and information of 2013 (from 2013/1/1 to 2013/12/31). The report refers to Global Reporting Initiative (GRI) 4.0 version and in accordance with core option, disclosing the executive achievements, responding policies, and future plans of various key issues about corporate social responsibility of USI. In order to improve the information transparency and accountability, this report has been assured by SGS Taiwan Ltd. and corresponds to GRI G4.0 and the standard of AA 1000 AS: 2008. The statement is attached in the Appendices of the report.

Publishing Cycle

USI will publish Corporate Social Responsibility Report regularly each year.

Present Edition : July, 2014

Last Edition : July, 2013

Next Edition : July, 2015 presumably

Feedback and Contact Methods

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

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Important Achievements

The Promotion of CSR

- Received the Excellence Award of the Manufacturing Group of "2013 Taiwan CSR Awards – Taiwan Top 50" from Taiwan Institute for Sustainable Energy (TAISE) (Taiwan Facility)
- Received the "2013 CSR Public Welfare Award" from Republic of China Fine Manufacturer Association (Taiwan Facility)



Corporate Governance

- Was admitted to "SSE 380 Index" and "CSI 300 Index"
- Entered the SSE Corporate Governance Sector and was admitted to SSE Corporate Governance Index



- Was awarded as one of the "Shanghai Top 100 Enterprises of 2013" (Shanghai Facility)



- Was awarded as one of the "Shanghai Top 50 Manufacturing Enterprises of 2013" (Shanghai Facility)



- Was awarded as one of the "Shanghai Intellectual Property Rights Exemplary Enterprises" (Shanghai Facility)

- Was awarded as one of the "Excellent Taiwan-funded Enterprises" (Shenzhen Facility)

Environmental Protection



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

Healthy Workplace

- Was awarded as the "More Exercises for a Good Health – 2013 Exemplary Workplace for Losing Weight (Nantou)" (Taiwan Facility)

LETTER from President

At USI, we are dedicated in providing solutions and creating values. This spirit is not only shown in our commercial activities, but also applied in green management that helps to minimize negative environmental influences created by production processes. In the report of 2012, we have proposed two mid- and long-term projects for the greenhouse gas reduction management. The first proposal is to plant trees in Kulunqi, Tongliao, Inner Mongolia Province; the second proposal is to successively promote the "Energy Management System" in our factories in Shanghai, Taiwan, Shenzhen and Kunshan in order to enhance the energy efficiency and reduce the greenhouse gas emission.

After above two projects were activated in 2013, our Shanghai factory has installed the "Energy Management System" and the Taiwan factory was evaluated as qualified to the "Cleaner Production Assessment System of the Green Factory Label". Regarding the tree planting project in Inner Mongolia, we have cooperated with NGOs in Shanghai and successfully planted 5,228 *Populus simonii* trees with attentive cares by the professional. These trees can purify approximately 1,000 tons of carbon dioxide (CO₂) in the air, which will prevent 2.99 hectares of land (around 4 World Cup soccer fields) away from desertification.

Regarding employees' healthcare, the company has not only ensured the safety of workplace, but also maintained employees' physical and mental health from three aspects: Health check, mental health and health promotion. Therefore, the company not only offers superior health check (comparing with the regulated one), but also enhances employees' health literacy by holding healthy weight loss competitions and health seminars. Regarding assistances offered to disadvantaged minority groups, the company has, based on the different demand, made its donation in diverse ways such as the emergency allowance, rice, old clothes and books. Among the long-term sponsorship projects, the "Book shelf of Love" project has benefited a large number of stakeholders, where the number of borrowing books in 2013 was 450,000 person-time.

Sincerely

Chen-Yon Wei

CY Wei
President

To take into account both the environmental protection and product development, the company has upheld the Eco-Design principle to have its products reached the requirement of Energy star and Erp regulations. In 2013, USI's consolidated sales revenue was RMB 14.272 billion and the company's social contribution per share reached RMB 1.75 (social contribution/share = EPS + (tax paid + payment of salary to employees + interest payment + public welfare expense)/ordinary shares circulating in that year).

For USI, the fulfillment of corporate social responsibility is a sustainable project. We are not only doing our best to implement it in every segment of our inner operation, but also dedicated to make it one of the foundation stones of the corporate culture. As for some of the promises that we have not fulfilled, we will continue to promote improvement projects. We also sincerely welcome you to share with us your precious opinions. In this way, we will be able to bring forth new ideas constantly in the future.

Finally, I would like to thank all the employees' efforts and wish that we will develop more projects to benefit more stakeholders, and become the benchmark of electronic design, manufacturing and service industry.



Materiality Aspects and Boundaries

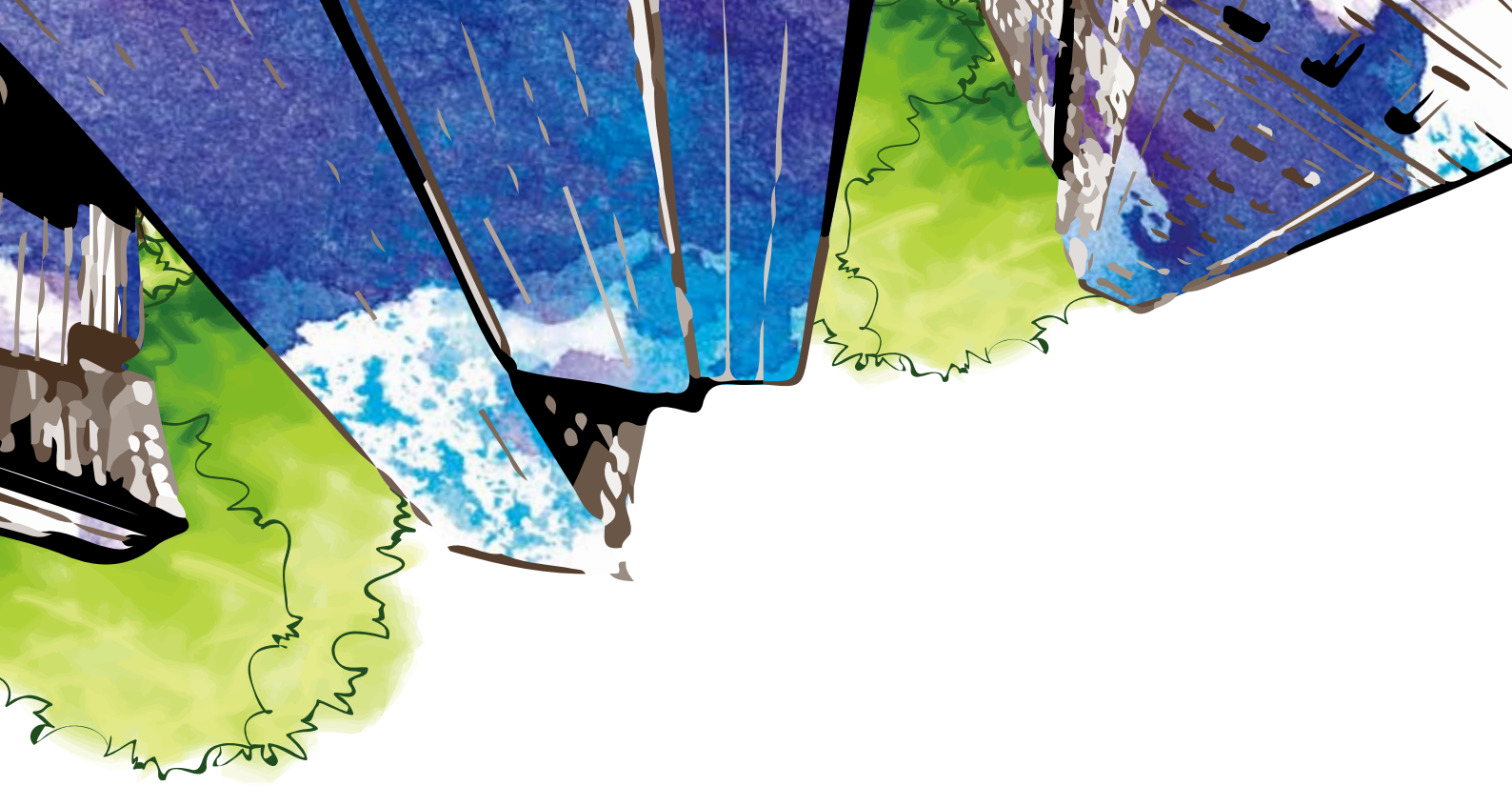
Every aspect is an index of reporting one or more than one indicator with the widest boundary. Besides, advices from the specialists and scholars are also considered to obtain the final result.

This Report Future Plan



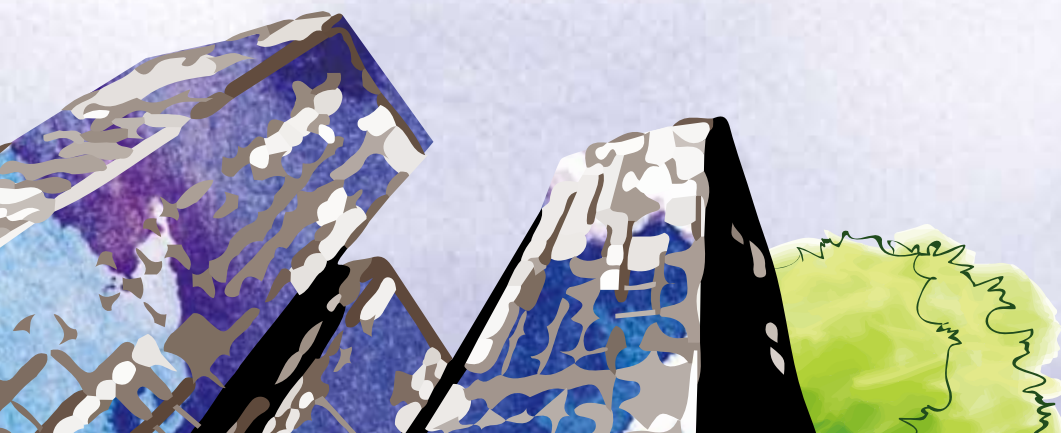
Scope	Boundaries within the Organization					Boundaries outside the Organization		
	Kunshan	Shenzhen	Shanghai	Taiwan	Mexico	Local Communities	Suppliers	Customers
Economic Category								
Economic Performance	•	•	•	•	•			
Market Presence	•	•	•	•	•			
Procurement Practices	•	•	•	•	•			
Environmental Category								
Materials	•	•	•	△	△			
Energy	•	•	•	•	•		△	•
Water	•	•	•	•	•			•
Emissions	•	•	•	•	△		△	•
Effluents and Waste	•	•	•	•	•			
Products and Services	•	•	•	•	•			
Compliance	•	•	•	•	•	•		
Overall	•	•	•	•	△			
Supplier Environmental Assessment	△	△	△	•	△		△	•
Environmental Grievance Mechanisms	•	•	•	•	•	•	△	
Labor Practices and Decent Work Category								
Employment	•	•	•	•	•			
Labor/Management Relations	•	•	•	•	•			
Occupational Health and Safety	•	•	•	•	•		△	
Training and Education	•	•	•	•	•			
Diversity and Equal Opportunity	•	•	•	•	•			
Equal Remuneration for Women and Men	•	•	•	•	•			
Supplier Assessment for Labor Practices	△	△	△	•	△		△	•
Labor Practices Grievance Mechanisms	•	•	•	•	•	•	△	
Human Rights Category								
Investment	•	•	•	•	△			
Non-discrimination	•	•	•	•	•		△	•
Freedom of Association and Collective Bargaining	•	•	•	•	•		△	
Child Labor	•	•	•	•	•		△	•
Forced or Compulsory Labor	•	•	•	•	•		△	
Assessment	•	•	•	•	•			
Supplier Human Rights Assessment	△	△	△	•	△		△	•
Human Rights Grievance Mechanisms	•	•	•	•	•	•	△	
Society Category								
Local Communities	•	•	•	•	•	•		
Anti-corruption	•	•	•	•	•		△	•
Compliance	•	•	•	•	•			
Supplier Assessment for Impacts on Society	△	△	△	•	△		△	•
Grievance Mechanisms for Impacts on Society	•	•	•	•	•	•	△	
Product Responsibility Category								
Customer Health and Safety	•	•	•	•	•			•
Product and Service Labeling	•	•	•	•	•			•
Marketing Communications	•	•	•	•	•			
Customer Privacy	•	•	•	•	•		△	•
Compliance	•	•	•	•	•			
Other Issues								
Conflict Minerals	•	•	•	•	•		△	•
Water conservation	△	•	•	△	•			•

*Local communities and customers have their patency evaluated from an impact angle.



01

USI and Corporate Social Responsibility



1.1 Vision and Promise

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

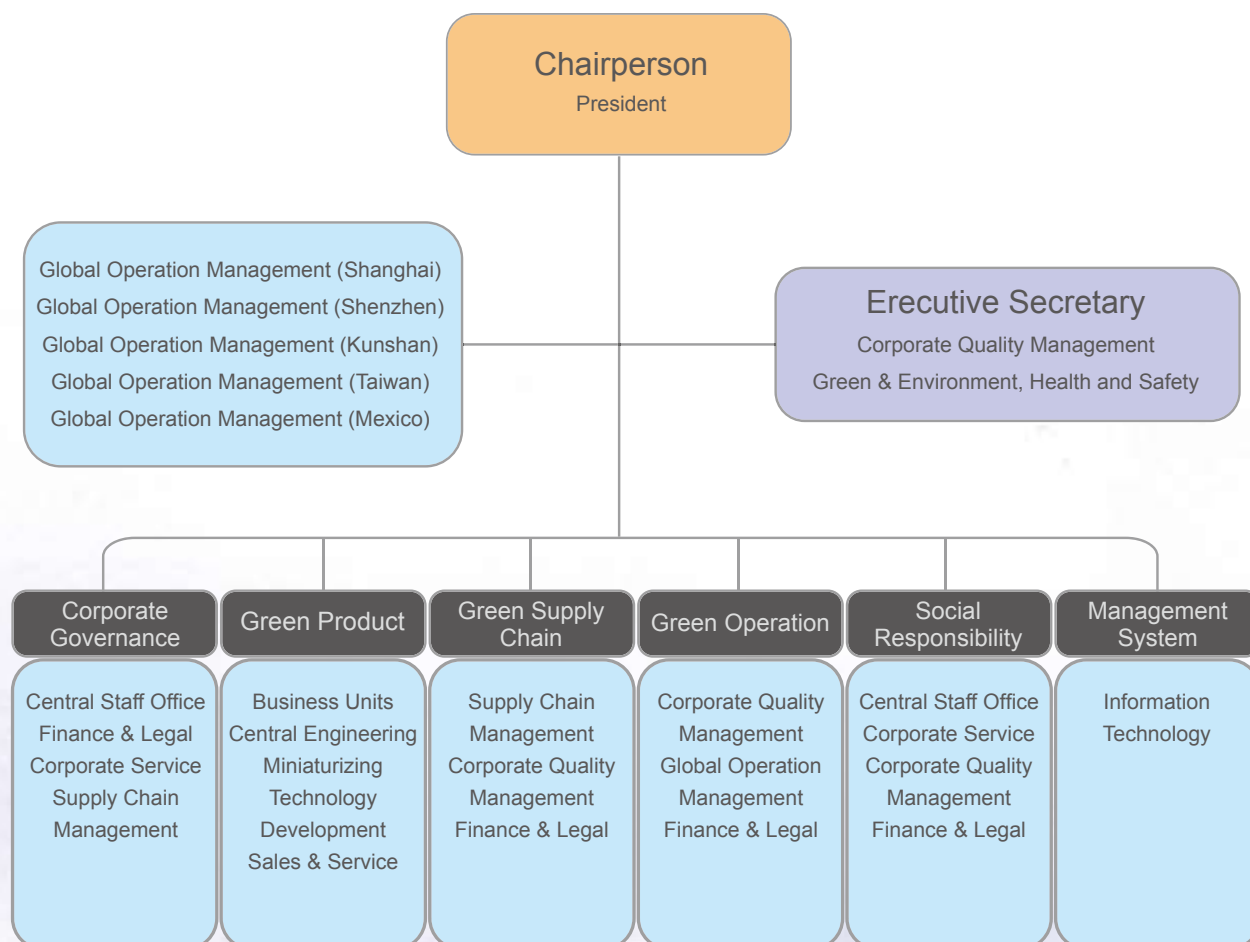
USI extends industrial core values of “Practical Innovation” and “Enthusiastic Service” to corporate social responsibility. By integrating core values into the corporate policy and operation management, USI pursues the vision of sustainable development.

We commit to:

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

USI CSR Promotion Committee

To smoothly promote the company's social responsibilities, to make the report content fully comply with Global Reporting Initiative (GRI), and to respond to requirements of GRI new G4.0 version, USI has reorganized the “USI CSR Promotion Committee” to promote CSR related affairs with relevant departments. It also provided information related to coping index in order to systematically facilitate relevant operations.



1.2 Policy and Operation

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

- Comply with regional, national and international laws; and regulations signed by USI.
- Labor Assurance:
 - i. Freedom of employment and association; humane treatment and non-discrimination.
 - ii. Legalize working hours, wages and benefits. Deductions from wages as a disciplinary measure shall not be permitted.
 - iii. Prohibit child labor* in any stage of manufacturing.
- Ensure safe and healthy workplace, and minimize environmental impact on manufacturing, activities, and products.
- Emphasize business ethics of respect for intellectual property, business integrity and disclosure of information. Besides,
 - i. Prohibit to provide or to receive bribes and other improper advantages.
 - ii. Conduct fair and free competition; carry out honest and fair corporate activities.
- Participate in community activities.
- Do not procure metals and raw materials originating in conflict regions (e.g. Democratic Republic of the Congo) by following measures:
 - i. Encourage suppliers to mandate this requirement to their supply chain.
 - ii. Implement supplier verification process if necessary.
 - iii. Collaborate with partners such as NPO, and trade organizations to provide solutions.
- Strictly prohibit slavery and human trafficking; the supplier shall also comply.
- Improve CSR achievement continually through effective management and public announcement.

* Child labors under the age of 16.

1.2.1 Promotion of EICC

USI became part of the EICC-On platform of EICC (Electronic Industry Citizenship Coalition) in 2012 in order to evaluate the performance of company in terms of human rights of workers, health and safety of workplace, corporate ethics and environmental protection. The company follows EICC (Electronic Industry Code of Conduct) guidelines, and asks the facilities around the world to realize the corporation's social responsibilities. Currently, the Self-Assessment Questionnaire (SAQ) assessment results of Shanghai, Shenzhen and Kunshan factories on the EICC-ON platform are "Low Risk". In 2013, facilities in Shanghai, Shenzhen and Kunshan went through clients' EICC auditing and were found conforming to relevant requirements. Internal audits are carried out every year in the company.

1.2.2 Other Promotions

All worldwide facilities have passed ISO14001 environmental management system, ISO9001 quality management system, energy management system, and OHSAS18001 occupation health and safety assessment series. These authentications ensured the product quality and ESH management of USI correspond with international standards. USI cooperated with upstream and downstream companies to establish sustainable green supply chains. USI applied green environmental protection to raw material purchase, product designing, and production to meet EU environmental protection directives.

2013, clean production was in place at Taiwan facility and was evaluated as qualified to the "Cleaner Production Assessment System of the Green Factory Label". Preventive environmental protection policies were implemented to minimize effectively the impacts of process, products and service to the environment. Also, USI is dedicated to protect the health of employees and ensure the health and safety at workplace. The Taiwan facility was awarded as the "More Exercises for a Good Health – 2013 Exemplary Workplace for Losing Weight (Nantou)" and "Zero-accident work hour record from 05/2011~03/2013" by Council of Labor Affairs.

1.3 Identification and Selection of Stakeholders

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

1. Identification of the Stakeholders: USI has identified stakeholders, who are closely connected to our company, such as the investor, employee, customer, media, supplier/partner, public interest group/NGO, government department and community.
2. Analysis of Topics that the Stakeholders are interested in:
An investigation and analysis were conducted based on questionnaires filled by identified stakeholders, where economic, environmental and social topics interested by the stakeholders were summarized relatively.
3. Analysis of Materiality Topics: A materiality evaluation and analysis were conducted based on the importance of topics concerned by stakeholders, and on issues that may impact the company. The analysis results are then divided into the primary and secondary topics, where the primary topics are included in the major task of the year.
4. Analysis Result and Follow-Up Plan: This report is constructed on the foundation of the materiality topic analysis result. It has, by focusing on major topics concerned by stakeholders, fully reported USI's current policy and future plan for implementing the company's social responsibilities. For detailed information, please refer to "Materiality Aspects and Boundaries".



1.4 Communications with Stakeholders

To respond to the demand of stakeholders and fulfill their expectations, we also established a good communications platform and adopted relevant coping strategy to maintain and enhance each other's relationship.

Regarding appeal cases classified in different types, there is one environment related appeal happened in the factory of Taiwan in 2013: Citizens living in downstream of the irrigation ditch reflected that the water volume was becoming smaller and the irrigation work was affected. To solve this issue, the factory in Taiwan has dredged and improved the irrigation ditch located inside the factory for smooth flowing water.

Stakeholders	Materiality Topics	Communication Channels	Practice
Investors	<ul style="list-style-type: none"> Financial Performance Corporate Governance 	<ul style="list-style-type: none"> Annual Report Investor section on corporate website Annual meetings of shareholders 	<ul style="list-style-type: none"> USI reveals the company's financial information through stock exchange websites and annual financial statements, and review constantly the company's business status and data Shareholder meetings are held regularly for explaining managing performance to investors and responding to their concerned issues
Employees	<ul style="list-style-type: none"> Employees' Welfare Attracting and Keeping Talents 	<ul style="list-style-type: none"> Employees' Welfare Committee/Staff congress Employee relationship website "Meet the President" session Industrial relations meetings Training programs 	<ul style="list-style-type: none"> Hold the principle of justice and anti-discrimination. Provide employees equal employing chances Set up complete salary and welfare systems. Give employees reasonable treatment and reward Establish USI University to provide various training courses for employees on an irregular basis as an effort to improvement their professional skills
Customers	<ul style="list-style-type: none"> Customer Relation Management Product Innovation Supply Chain Management 	<ul style="list-style-type: none"> EICC-ON Platform After-sales service system Customers' satisfaction questionnaire 	<ul style="list-style-type: none"> To report the Self-Assessment Questionnaire (SAQ) assessment status and results through the EICC-ON platform Design green products, reduce the usage of hazard substances in production, and increase the recycling rate of products
Media	<ul style="list-style-type: none"> Environmental Performance Financial Performance 	<ul style="list-style-type: none"> Company Website/E-mail 	<ul style="list-style-type: none"> To announce revenue related information every month, and publish operating results and development direction periodically
Suppliers/Partner	<ul style="list-style-type: none"> Supply Chain Management Product Innovation 	<ul style="list-style-type: none"> Quarterly QBR meetings Preferred supplier PSL assessment Purchase contracts On-site audit for suppliers Questionnaire investigation for suppliers. 	<ul style="list-style-type: none"> Continually promote green supply chain, ask and help suppliers to pass quality management system certifications. Control the usage of raw materials to ensure the products and materials correspond to the regulations of USI green products To irregularly request suppliers and USI to implement the EICC code and Conflict Minerals Policy
Public Interest Group/NGO	<ul style="list-style-type: none"> Corporate citizens and public interests Environmental Performance 	<ul style="list-style-type: none"> To participate in forums and guilds/ associations To sponsor and held activities 	<ul style="list-style-type: none"> To actively participate in relevant forums and guilds/ associations (Taiwan Electrical and Electronic Manufacturers' Association, Industrial Safety and Health Association, and Industrial Development and Investment Promotion Committee) Keep donating new books to elementary schools in Nantou County every year. Sponsor the tour of artist groups and join in emergency service and rescue
Communities	<ul style="list-style-type: none"> Environmental Performance Corporate citizens and public interests Communications with Stakeholders 	<ul style="list-style-type: none"> Attendance at the meetings Company Website/E-mail 	<ul style="list-style-type: none"> Draw up environmental protection, occupational safety & health (ESH) SOP and measures of environment safety communication, consultancy, and participation. Keep friendly relationships with community residents To sustainable sponsor road adoptions and maintenance works
Government	<ul style="list-style-type: none"> Environmental Performance Corporate Governance 	<ul style="list-style-type: none"> Official document Participation in conferences 	<ul style="list-style-type: none"> Actively participate in conferences held by competent authorities on an irregular basis



02 USI and the Economics



2.1 Corporate Operation

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

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

2.1.1 Corporate Introduction

Company Name	Universal Scientific Industrial (Shanghai) Co. Ltd.
Headquarter Location	No.1558, Zhang Dong Road, Zhangjiang Hi-Tech Park, Shanghai, P.R. China
Registered Capital	RMB 1,011,723,801
Location of Stock Issue	Shanghai Stock Exchange
Stock Number/ Name	601231/USI Shanghai
Date of Stock Issue	Feb 20 2012
Main Products and Services	Development and design, material purchase, production, manufacturing, logistics and maintenance of communication products, consumer electronics, computer products, storage products, industrial products and car electronics
Number of Employees	12,113 (As of 2013/12)
Area of Operation	Shanghai, Shenzhen, Kunshan, Taiwan, Japan, USA, Mexico, India

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

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

At present, USI has R&D centers and manufacturing plants in China and Taiwan with a group of clients from all over the world. Our major production network includes facilities in Shenzhen, Shanghai and Kunshan, the first and second factories at Caotun, Taiwan, and the facility in Mexico. The global service network covers Asia and Americas.

2.1.2 Global Operative System

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



2.1.3 Financial Performance

In 2013, USI reported consolidated sales revenue of RMB 14.272 billion with a growth of 7.03% comparing with 2012; the net profit was RMB 564 million with a decrease of 12.84% comparing with 2012; the net sales was RMB 14.248 billion; its total capital is divided into liabilities and equity, which are RMB 4.677 billion and RMB 3.801 billion; Besides, the company has provided 231.365 million products or services.

Unit: in RMB

Items	2013	2012
1. Operating Revenue	14,272,346,742.83	13,335,294,595.52
2. Operating Costs	12,570,727,506.56	11,516,220,956.89
Business Taxes and Surcharges	12,222,217.55	7,123,371.53
Selling Expenses	217,944,096.29	204,654,034.57
Management Fee	855,429,773.38	844,359,899.32
Financing Expenses	14,528,162.46	11,210,818.47
Asset Devaluation	13,233,134.53	19,407,158.72
Add: Income from Changes in Fair Value (loss is filled with "Negative")	(167,259.38)	(774,161.20)
Investment Income (loss is filled with "Negative")	28,436,325.23	11,275,772.90
3. Operating Profit	616,530,917.91	742,819,967.72
Add: Non-operating Income and Expense	14,641,185.83	20,254,855.95
4. Total Profits	631,172,103.74	763,074,823.67
5. Net Profits	564,213,068.19	647,333,739.09

Note: Consolidated results shown

● Dividend Payout

In 2013, USI has distributed cash dividend for year 2012, where every 10 shares receive a cash dividend of RMB 1.92 (tax included). The total amount of cash dividend was RMB 194.251 million.

● Interests paid to loan providers

Unit: In RMB 1,000

Shanghai Facility	Shenzhen Facility	Kunshan Facility	Taiwan Facility	Total
6,126	442	1,980	1,930	10,478

Note: The Facility in Mexico has no interest expenses.

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

Unit: In RMB 1,000

Shanghai Facility	Shenzhen Facility	Kunshan Facility	Taiwan Facility	Mexico Facility	Total
67,395	63,044	8,387	9,271	1,580	149,677

● Employee Salary and Employee Welfare Expenses

Unit: In RMB 1,000

Shanghai Facility	Shenzhen Facility	Kunshan Facility	Taiwan Facility	Mexico Facility	Total
377,589	270,859	116,279	358,950	35,744	1,159,421

● Donation Outlay

Unit: In RMB 1,000

Shanghai Facility	Shenzhen Facility	Kunshan Facility	Taiwan Facility	Total
100	454	9	450	1,013

2.1.4 External Participation

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

Shanghai Facility	Shenzhen Facility	Kunshan Facility	Taiwan Facility
Shanghai Pudong New Area Accounting Association	Shenzhen Taiwan Business Association*	Kunshan Taiwan Business Association (KSTBA)*	Chinese National Association of Industry and Commerce
Shanghai Foreign Investment Enterprises Association	Shenzhen Hi-tech Industry Association*	China Quality Management Association For Electronics Industry	Taiwan Industrial Technology Association
Shanghai Integrated Circuit Industry Association*	Shenzhen Foreign Investment Enterprise Association*	EICC-ON	SMT, Surface Mount Technology Association*
Shanghai Securities and Futures Commission	Shenzhen Electronic Chamber of Commerce		Taiwan Electrical and Electronic Manufacturers' Association*
EICC-ON	Federation of Shenzhen Industries*		Industrial Safety and Health Association of the R.O.C.
	Shenzhen Corporate Social Responsibility Development Association		Taiwan Telematics Industry Association*
	Guangdong Shenzhen Customs Brokers Association*		
	EICC-ON		

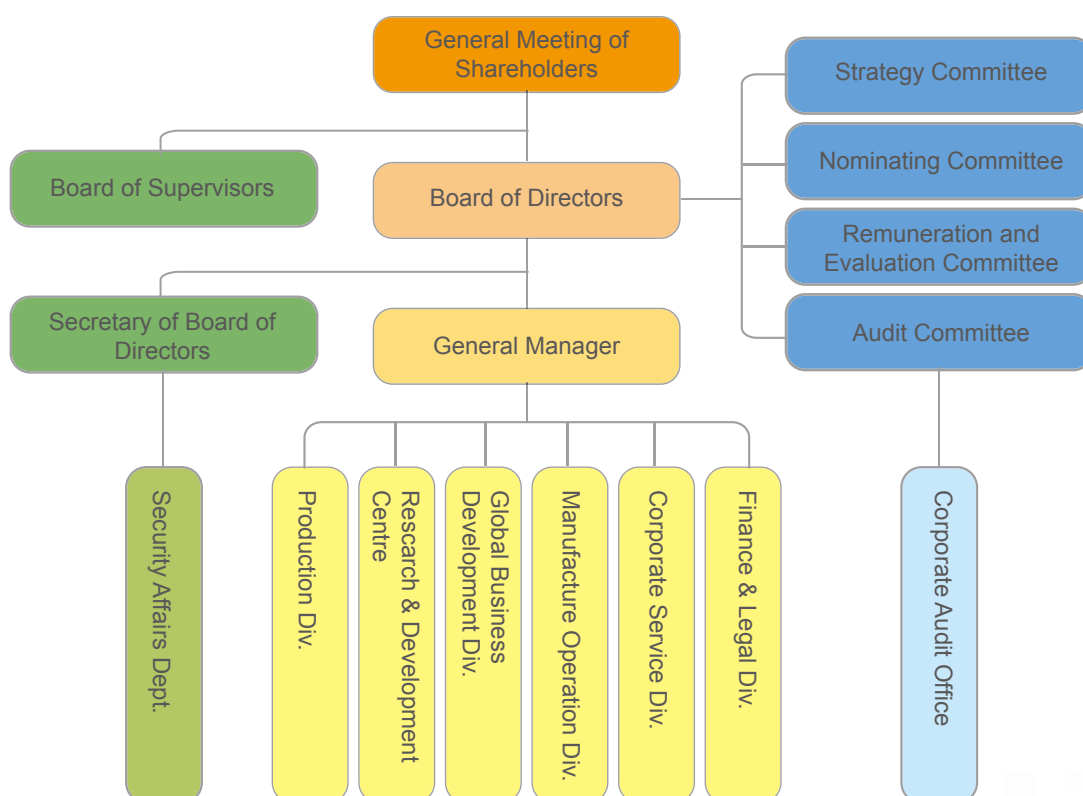
*Represent the position of Director / Supervisor

2.2 Corporate Governance

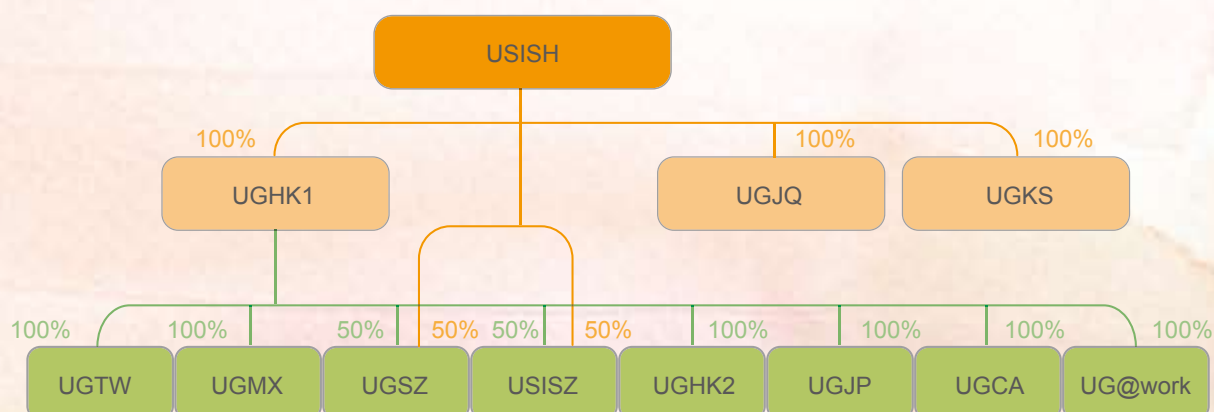
Successful industrial operation depends on the common contribution of employer and employees, and on all-out support from investors. Therefore, we established managing mechanisms in charge for respective responsibility and publish the operative condition. All departments worked as one, creating the highest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

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

Managing Structure



Association Organization Map

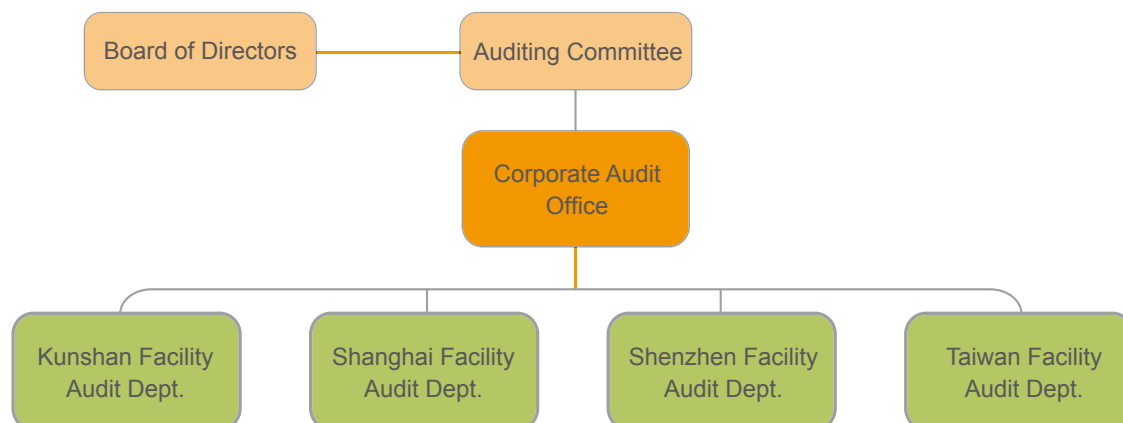


Note: In October of 2013, the decision of merging USI Electronics (Shenzhen) and Universal Global Technology (Shenzhen) was made and, until 31 DEC 2013, the merging activity was currently under the progress.

● The Organization and Operation of Internal Audit

Internal Audit Organization

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



The Operation of Internal Audit

Range of audit all financial and operational business and management are included. According to related regulations, there are nine divided circles responsible for respective audit.

Object of audit all institutes and legal branches around the world of USI.

Audit strategy the regular audit is practiced based on the annual audit project decided by the board of directors. Special case audit will be practiced if needed. The goal is to prevent the possible mistake of internally controlled systems and present improving suggestions. Besides, the audit office urges all departments to practice self examination and assessment and to evaluate the rationality and effectiveness of the outcomes. The audit office produces an auditing report after the auditing is performed. The report, once compiled, is submitted to the President and board of directors as the realization of the company's governance spirits.

● Salary Policy

The salary for general manager and vice general managers includes salary and bonus. Salary and bonus are given based on USI's regulations of personnel bylaws. The standard is based on each manager's seniority, duty, position, and performance.

2.2.1 Risk Management

USI and its subsidiaries promise to use active and cost-effective manner to integrate and manage potential strategic, operational, financial and harmful risks that may influence the company's operations and profits. Concerning its vision and the sustainable responsibilities to the industry and society, USI has also stipulated enterprise risk management measures. The purpose is to offer adequate risk management for all the stakeholders and to lower impacts on USI caused by accidents.

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

Mechanism One (undertakers of administrative institutes and managers of all levels) they are responsible for detecting, evaluating, and managing the initial risk in the operation. They are in charge of operation designing and risk prevention, working out the solutions based on their authority.

Mechanism Two (general managers and vice general managers of all institutes) they host monthly (seasonally) operation meetings or examination or evaluation committee of special cases. Besides reviewing all operational outcomes and estimating the possibility of future operative strategies, they are in charge of discussing various risks.

Mechanism Three (legal affairs and audit office) detective examination and discussion with directors and supervisors.

● Risk Management Organization Chart

Important risk assessment elements	Direct Institutes of risk management	Risk discussion and management	Board of directors and supervisors and audit office
1. Interest rate, exchange rate, and financial risk	General office of finance	Special investment case meeting (General Manager, general office of finance)	Board of directors and supervisors: decision and final control of risk evaluation and management Audit office: risk examination, evaluation, supervision, improvement, tracing, and report
2. High risk loaning capital to others, derivative trade, financial management and investment	General office of finance		
3. All offices	All offices	R&D general office	
4. Change of policy and law	General manager office, legal affairs department	Monthly (seasonally) meeting	
5. Change of technology and industry	All offices, general manager office		
6. Change of industrial image	General manager office		
7. Effectiveness of investment, spin-off, and incorporation	General manager office, general office of finance		
8. Expansion of plants or production	All offices, global sales, general manager office, global operation and management general office, general office of finance	Monthly (seasonally) meeting, annual operative strategy meeting	
9. Concentration of stock or sales	Supply Chain Management, all offices		
10. Concentration of stock or sales	Legal affairs department	Monthly (seasonally) meeting	
11. Other operative business	General manager office		
12. Behavior, morality, and virtue of employees	Managers of all levels and corporate service general office	WW Management Meeting	
13. Following SOP and regulations	Managers of all levels	Legal affairs, audit office	
14. Discussion and management of board of directors	Office of board of directors	Legal affairs, audit office	

2.2.2 Anti-Corruption and Anti-Bribery

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

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

● Examination Policy of Integrity Deeds

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

● Employee Codes of Conduct

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

2.2.3 Regulations Abidance

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

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

2.2.4 Government Subsidy

As one of global leaders in DMS, USI has well recognized R&D capability and manufacturing service. The following table provides the data of major financial estimations in 2013, for example, tax exemption/reduction, investment subsidies, R&D subsidies and other relevant subsidies.

Unit: In USD

Facility	Item	Amount
Shanghai	Financial Subsidies for Staff Trainings in Pudong New Area	6,419
	Financial Subsidies	138,808
	Government Subsidies offered by Shanghai Technology Center	129,124
	2012 Financial Interest Subsidies for Technology Imports	98,312
	Tax Subsidies offered by the Zhangjiang Government in 2012	466,460
	Subsidies for Intellectual Property Rights Exemplary Enterprises	112,983
	KS Technical Service Fees as a Deduction of Output Tax	200,995
Subtotal		1,153,101
Shenzhen	SMBF (Shenzhen Municipal Bureau of Finance) Pengcheng Waste Reduction Award	3,228
	SSB (Social Security Bureau) Award for Advanced Industrial Injury Prevention Organization	8,070
	SMBF Import Interest Discount	345,181
	2012 SMBF Export Growth Subsidies	217,889
	SNDBF (Shenzhen Nanshan District Bureau of Finance) Subsidies for Renovating and Transforming Production Facilities and Technology	80,702
	Subsidies for Teenage Internships offered by Nanshan District Employment Management Services Center	1,743
	2012 Incentives offered by the Employment Center for Labors with Physical and Mental Difficulties	6,779
	Subsidies for Employee Vocational Trainings offered by Nanshan District Employment Management Services Center	4,487
	Special Property Tax Refund for High- and New-Technology Industries	97,507
	SMBF Subsidies for Research and Development	193,686
Subtotal		959,272
Kunshan	Research and Development Expenses as a Deduction of Income Tax	34,640
	Complying with Research and Development Institutions	8,237
	Rapid Growth on the Import and Export Amount	29,655
Subtotal		72,532
Taiwan	Using the USI-developed Miniaturization Technology (Applicable to Rugged Notebooks in a Medical Environment)	939,330
	Continued Development of the Miniaturized Wireless Communication Modules	2,325,850
Subtotal		3,265,180
Total		5,450,085



03 USI and the Environment



3.1 USI and Climate Change

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

Climate change has taken its tolls on USI. For example, carbon quota management is now in place in Shenzhen China, and legislation regarding greenhouse gas (GHG) reduction is in progress in Taiwan. Cap and trade system for GHG and possible energy or carbon taxes are issues USI is always paying attention to. In addition to the continuous efforts in energy efficiency improvement, the following measures will be in place 2014 in specific facilities to minimize risks from climate change and improve corporate competitiveness:

- Establishment of Energy Management System;
- Implementation and certification of clean production

3.2 EHS & Energy Policy of USI

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

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

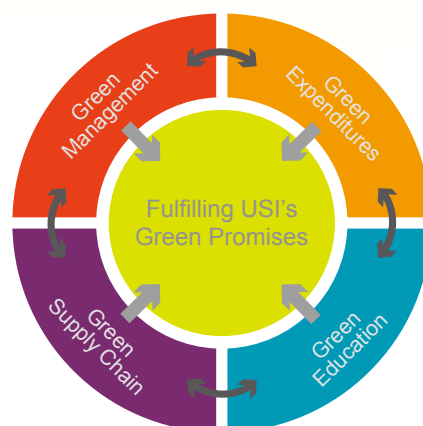


- Comply with EHS and Energy regulations, and participate in related global environmental campaign.
- Communicate, participate and consult the knowledge and the requirements of EHS and Energy Policy continually with all employees, suppliers and contractors. And implement trainings and drills to reduce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

3.3 Green Promise of USI

To fulfill industry green responsibility, USI established Green & Environment, Health and Safety Management Department, implementing Green Quality Management System to assure products and operating systems comply with international environmental regulations. Within the green supply chain, from product materials procurement to product final disposal, a series of preventive green-management measures were implemented in order to reduce the environmental impact of the product and production process.

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



● Four Green Promises of USI

Green Management	Build a comprehensive Green Management System Introduce Designs for Environment (DFE) Introduction of Green Product Management System (GPMS) Build an EHS database (EHS) Implement auditing for the hazardous substances management system (HSPM System Audit) Implement cleaner production in each facility
Green Supply Chain	Control the quality of materials with suppliers Product design and manufacturing will both comply with environmental standards and power saving concepts (such as hazardous substance free designs, low halogen designs and power saving designs) To request suppliers to provide component testing report(s) and declaration of conformity To carry out annual examination of green product suppliers
Green Education	Provide employees, suppliers and contractors with environmental training, hold forums and meetings to underscore USI eco-friendly values
Green Expenditures	Provide funding for pollution prevention initiatives, cut resource consumption, properly dispose industrial waste, build an environmental management system and obtain certifications

3.3.1 Green Management

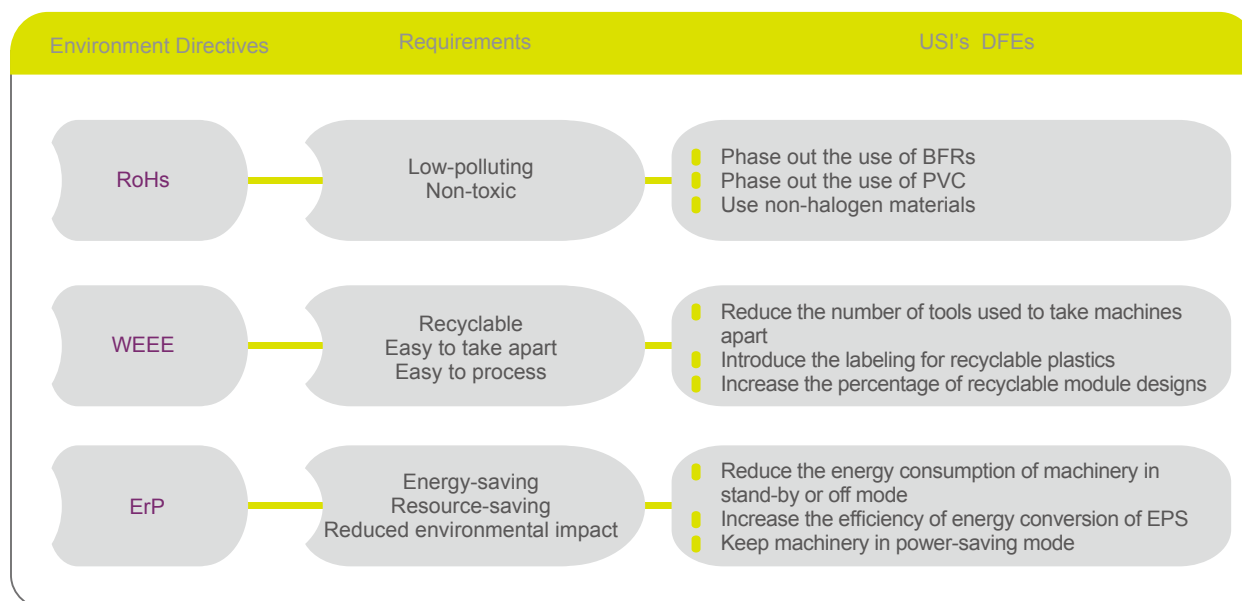
USI was aware of the international trend toward environmental protection and established a Green & Environment, Health and Safety Management Department under the Corporate Quality Management Division in 2002. The department actively promoted Green Product Management System (GPMS) and continually improved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

- RoHS Directives for Electronic Products: Such as Restriction of Hazardous Substances (RoHS), EU's REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulations with respect to SVHC (Substances of Very High Concern) and China RoHS.
- Regulations Concerning the Recycling and Management of Waste Electronic Products: EU's Waste Electrical and Electronic Equipment (WEEE) Directive.
- Regulations of the Product Eco-Design and Energy Management: Such as EU's ErP (Eco-design Requirements of Energy-using Products) Directive and US's CEC (California Energy Commission).
- Other Green Regulations: Such as battery and packaging material related regulations.

USI's design and R&D personnel are qualified with eco-design capability. They are able to design green products complying with regulations around the world and respond to the development trend of green products.

● USI's DFE Strategy

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



● Carbon Footprint Verification

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

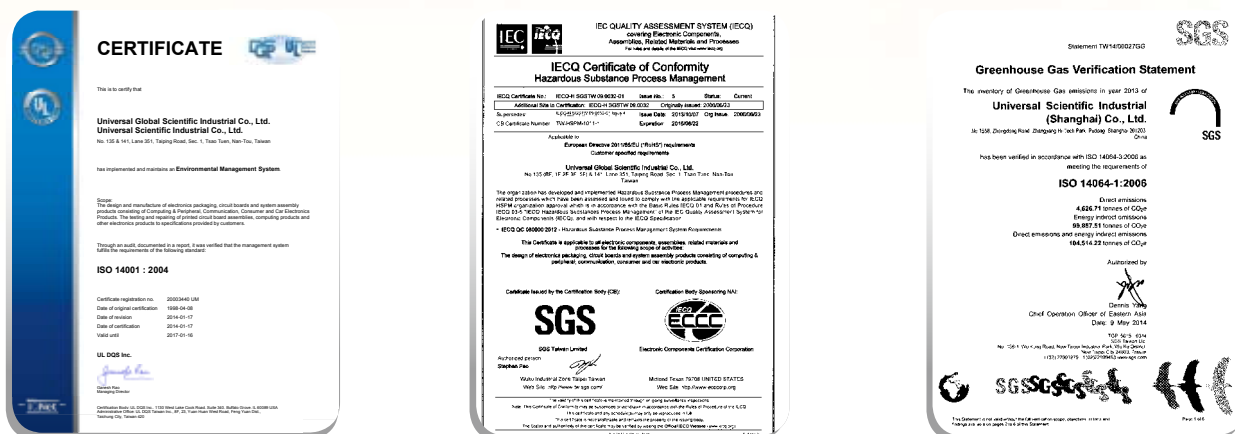
To be in line with international carbon footprint standards and trends, USI has introduced and promoted the concept to the internal departments; meanwhile it established a system for collecting information on product level, stage of product life cycle and product boundary via internal management system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

The cry for energy saving and carbon reduction is now a worldwide movement. For the company's sustainable development, we aim to combine energy saving and carbon reduction with production development. The carbon footprint inventory checks have been started at our facilities around the world. The data of these facilities are compiled and used for the control of current carbon footprint of our production activities and the development direction and strategies of the company.

● Schedule for the Introduction of Green Management System

Management Systems	Shanghai	Shenzhen	Kunshan	Taiwan	Mexico
ISO 14001	2004	2001	2012	1998	2006
IECQ QC080000	2007	2007	2012	2006	2007
ISO 14064-1	2010	2010	2011	2009	

● ISO14001, IECQ QC080000 and ISO14064-1 Certificates



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

Our facility in Taiwan has passed the Cleaner Production Assessment and received the certificate in 2013, made it our third certified facility after Shanghai and Shenzhen. This call for a series of precautionary environmental measures applied to manufacture process, products and service to achieve the goal of cleaner production by, for example, reducing the use of organic solvent, lowering the company's energy consumption, greenhouse gas emission and total generation of wastes.

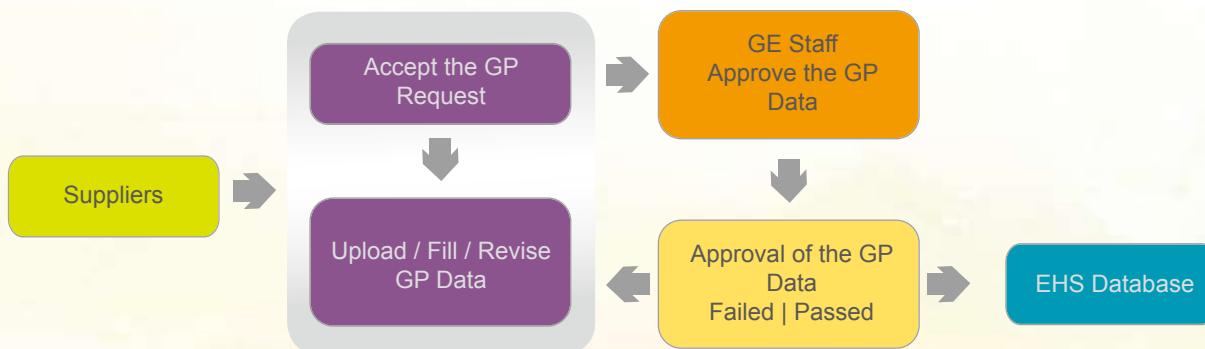
3.3.2 Green Supply Chain

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

USI introduced a halogen-free manufacturing process in 2008, which helped reduction of the hazardous substances volume in products, increased the recycling/reusing rate and low energy-consuming designs of products. In the meantime, it also requested suppliers to provide low halogen (or free halogen) components. These efforts have won many praises from customers.

USI has introduced the GPMS (Green Product Management System) platform since 2011. Through this platform, suppliers will be able to receive the up-to-date information and requests for component investigations as well as download relevant regulations. Furthermore, this platform was mainly designed to help suppliers to upload environmental information more rapidly and to manage green information more conveniently.

● GPMS System



● Conflict Minerals

In 2012, USI has initiated the investigation of conflict minerals (gold, tin, tantalum and tungsten) used in its products based on Article 1502 of the U.S. Dodd-Frank Act. In the meantime, it also educated its suppliers the necessity of assisting the corporate due diligence investigation to ensure that the USI supply chain does not purchase conflict minerals exported from Congo and its surrounding countries.

● Results of the Green Product Design

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

Product Category	Key Feature(s) of the Green Design	Benefits
Desktop- Mother Board	Reduce the power consumption	During the product development process, motherboards shall be designed based on the reduction of power consumption, enhancement of products' energy use efficiency and decrease of the standby power consumption as the primary design index. Under the premise of not sacrificing the product efficiency, products shall have their energy consumption minimized before EOL (end of life). Project items of 2013 have all complied with international regulations such as Energy-Star and EU's ErP. That is, to fulfill the company's responsibilities as a citizen of the world in terms of reducing the greenhouse gas emission.
Smart Handheld Device	<ol style="list-style-type: none"> 1. Adopt low power consumption wireless device 2. Use wireless devices with process progress 3. Adopt audio devices with lower power consumption 	<ol style="list-style-type: none"> 1. Adopt BLE wireless device in the product. Current Bluetooth power consumption is still big and BLE can effectively lower the power consumption. 2. Use wireless devices with updated version. Process progress can effectively lower the power consumption. 3. Adopt the Class D or G audio amplification devices in the product. The service power will be increased and efficiency will be enhanced with low power consumption.
Smart Handheld Device - Mechanical Design	RoHS & 3R spec	Mechanical parts meet the RoHS & 3R spec
Smart Handheld Device -Adapter	<ol style="list-style-type: none"> 1. Increase the efficiency under average loading 2. Reduce the no load power consumption 	<p>The Energy Star level-V was enhanced to Level-VI with benefits of:</p> <ol style="list-style-type: none"> 1. Efficiency > 87% ----> 88% 2. Power consumption without loading < 0.3W ----> 0.1W
Smart Handheld Device - System Part	<ol style="list-style-type: none"> 1. The best antenna 2. Loudspeakers with a lower power consumption design 3. Traceability of the wires 4. Decrease the use of PVC 	<ol style="list-style-type: none"> 1. Use the smart antenna design to effectively lower the use of material such as antenna's user service and radio-frequency transmission line. 2. Use the high-efficiency loudspeaker design to effectively lower the power consumption of sound amplifier devices. 3. Cables used inside and outside the system shall be designed based on the UL orange label or VZQC2 regulations, and have the warehouse in inspection controlled. 4. Cables used inside and outside the system shall have their PVC amount lower than 1000 ppm.
JBOD system	<ol style="list-style-type: none"> 1. High efficiency power (AC / DC) design 2. The HDD solitary switch technology 	<ol style="list-style-type: none"> 1. The DC / DC conversion efficiency is over 85%; AC power has “gold conversion efficiency” (90%), whereas the lowest conversion efficiency is 80%. 2. Turn off a HDD to save 12W if it is allowed from the sales perspective.
HBA card	High efficiency power (DC) design	The DC / DC conversion efficiency is over 85%.
NAS system	<ol style="list-style-type: none"> 1. Reduce the standby power consumption 2. Use the low voltage memory chip 3. Enhance the power conversion efficiency of DC / DC 	<ol style="list-style-type: none"> 1. Product development shall not only comply with the power consumption standards of Eco-Design, but also reduce 20% to 50% standby power consumption. 2. Low voltage memory is used on compatible products. For example, by changing the memory chip from 1.5V to 1.35V, 20% to 50% memory power can be saved. 3. The DC / DC power conversion efficiency is increased from 80% to 87% in average. Taking an example of the 2-bay NAS, it saves 6 degrees of power every year. 4. Only the 100% RoHS compliant components will be selected in order to reduce environmental pollutions.
SSD	<ol style="list-style-type: none"> 1. Introduce the 20nm NAND, which has the same efficiency but smaller power consumption 2. High efficiency power (DC) design 3. Support Device Sleep 	<ol style="list-style-type: none"> 1. Introduce the most advanced production technology for NAND to further reduce the power consumption. The operating power for SD is only 500mw (depends on the capacity and testing methods). 2. The DC / DC conversion efficiency is above 85% 3. Has complied with the DevSlp standards of SATA International Organization, where the power consumption of SSD under the sleep mode is only 2mw. This can largely increase the time of using the equipment battery.

Product Category	Key Feature(s) of the Green Design	Benefits
Server system	<ol style="list-style-type: none"> 1. Enhance the power efficiency 2. Replacement for lead-free materials 3. Reduce the use of stoving varnish and plating 4. Put on the recycling symbol 	<ol style="list-style-type: none"> 1. The DC / DC power conversion efficiency reaches 93% in average. 2. Adoption of high efficiency PSU (with average of Gold 90%, Platinum 92% and Titanium 93%). 3. Cable, chassis and components have adopted lead-free, halogen-free, and RoHS compliant products in order to reduce environmental pollutions. 4. Chassis shall use metals and plastics with less stoving varnish and plating as these two techniques used to process products' surface can easily contaminate the environment. 5. Plastic and metal components shall be marked with the recycling symbol to facilitate the recycling work.
Wireless Communications Module	Adopt key component with the most advanced wireless communications technology	The wireless communications modules produced in 2013 have their power consumption reduced around 40% comparing with products of the last generation (produced in 2012).
POS Desktop	<ol style="list-style-type: none"> 1. The product design shall take the eco-environmental index and efficiency under consideration. 2. At the product planning and design stage, it is a must to take eco-environmental protection factors under the consideration and reduce the power consumption. 3. Do not produce hazardous substances. 	<ol style="list-style-type: none"> 1. Since 2011, all POS designs have adopted 100% PVC free and low halogen cables. 2. Since 2011, all AC Adaptors of POS designs are created in accordance with the Energy Star Level 5 regulations. That is, not only to decrease the standby power lower than 0.5W, but also to increase the power conversion efficiency higher than 87%. 3. Designs since 2005 shall be 100% RoHS compliant.
SHD2	<ol style="list-style-type: none"> 1. Recycle component / material resources to increase the material recycling rate. 2. Materials used in electronic components must meet the European Union RoHS Directive 2002/95/EC 3. Product design must comply with EU's EuP Lot6 (power consumptions under the standby and off modes) requirement for power consumption. 4. Use recyclable and low-pollution material packages; adopt package design that can decrease the transportation volume. 	<ol style="list-style-type: none"> 1. The product has adopted the Micro USB design for its charging connector, which It's compatible with chargers of the mobile phone. 2. Plastic materials with a lower SPEC are replaced and the new ones have passed the low-temperature and ruggedness tests. Besides, not only the material resources are saved, but also the material commonality is increased. 3. Increase the 3R (Reduce, Reuse and Recycle) recycling rate to more than 90%. 4. Economic and Eco Benefits / Customers' Health and Safety: The implementation of EU's RoHS Directive (standard) aims to prevent the use of substances listed in Environmental Substance Management, substances to be phased out and reduction substances (usually refer to hazardous substances) in electronic and electrical equipments; to protect our earth's environment; and to mitigate negative influences on our eco-system. 5. Used package materials shall comply with European Union RoHS Directive 2002/95/EC. Besides, the concept of having an easy-to-open and recyclable package shall be proactively promoted to: ensure that the product satisfies the demand of customers and environmental regulations at the design, production, use and service stages; prevent and reduce negative influences on the environment; and minimize impact to earth's ecology caused by electronic products.

3.3.3 Green Expenditures

● Expenditures of Environmental Protection

Unit: USD

Expenditure Items	Details	Amount of Expenditure in 2013
Cost of pollution prevention	Prevention of air, water and other forms of pollution	434,741
Cost of investing in energy-saving equipment	The investment in resource conservation (e.g. energy and water resources)	261,772
Cost of disposing industrial waste		133,534
Cost of building an environmental / environmental protection management system, and obtaining the certification	ISO14001, ISO14064 & IECQ QC 080000...etc.	85,176

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

3.3.4 Green Education

Besides implementing the green management internally, USI made stakeholders further aware of the importance of environment protection, and applied the correct environmental concepts to various steps in production process (i.e., the product planning, raw material control and greenhouse gas emission reduction).

USI keeps communicating with its employees, suppliers and contractors regarding USI's ESH-associated principles, knowledge and requirements. An e-learning program was added to USI's internal training that informed the employees of GP-related regulations, requirements, operating procedures and eco-friendly materials.

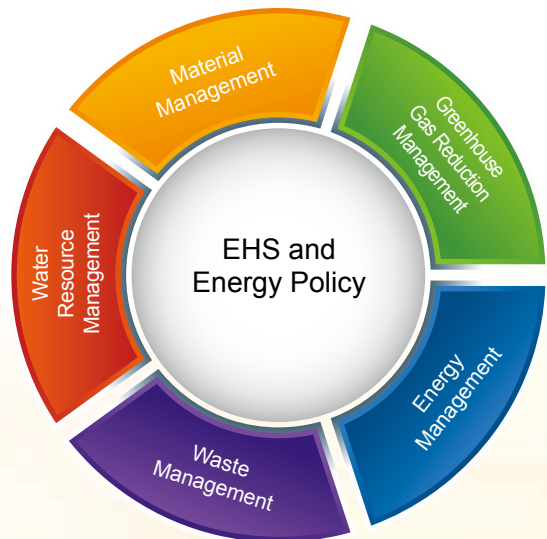
To meet customer requirements, USI was not only keen to participate in international forums that disclose carbon emission details, but also carried out plans for energy conservation and carbon emission reduction. By instilling the Green concepts at internal training programs while drawing from external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

● The Green Education Training Program for Employees

Courses	Course Content
Introduce the GP Quality Management System	<ul style="list-style-type: none"> International environmental regulations and requirements for green products Framework of green management system The operating procedure for GP design/manufacture
Assess the Specs of GP and Parts	<ul style="list-style-type: none"> Require the data about green parts Keep track of Green raw-materials inventory Recognition and change of Green raw materials Recognition of the green environmental products

3.4 Environmental Protection of USI

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



3.4.1 Material Management

USI always performs ecologic assessment while developing products and confirms the efficiency of material use. For example, we use materials that are low in environmental impacts, recycled or reproduced, and select materials of low pollution and no toxicity, such as halogen-free materials. At USI, about 257 environment-related substances are currently under control. Among them, 8 are restricted substances (6 are RoHS restricted), 249 have limited use and require reports, and some are EU's REACH 151 SVHC substances. A plan to increase the control over materials of environmental influence is being developed in order to increase the environmental performance of production process and the environmental value of hazardous materials of limited used in the process shared with clients and supply chain partners.

To effectively increase the material use efficiency, decrease the use of raw materials and reduce the waste of environment resources, the company has compiled statistics of major raw materials used in 2013.

● Consumption of Main Materials

Category	2012 Total weight (Tons)	2013 Total weight (Tons)
IC, Chip, Resistors, Conduct Cords	2,112	2,858
PCB Boards	1,084	1,848
Package Materials	3,804	2,137
Metals	787	1,719
Solder Bars/Paste, Ink and Adhesive	1,177	1,052
Organic Solvent	188	192

Note1:

The consumption data covered Shanghai, Shenzhen and Kunshan facilities.

Note 2:

Data of IC, Chip, Resistors, and Conduct Cords of year 2013 only covered Shanghai and Shenzhen facilities.

Note 3:

Data of Shenzhen facility of year 2013 is calculated based on official weight conversion rate.

3.4.2 Greenhouse Gas Emission Reduction Management

Global warming and climate change are now very important issues of sustainable development. Being a corporation that is willing to do its part as a world citizen for sustainable development, USI continues to launch greenhouse gas reduction policy. The greenhouse gas emission inventory check was performed in 2007 according to ISO14064-1. Another check was conducted in 2010 on our worldwide production bases and the results were verified by third party institution for the establishment of USI inventory benchmark data.

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

● Greenhouse Gas Emissions

USI's lately published report has covered the 2013 data and information of 4 facilities located in Shanghai, Shenzhen, Kunshan and Taiwan. Regarding the emission, USI has increased 13,863 tons of CO₂e- (15%) comparing with the baseline year (2010), and reduced 1,186 tons of CO₂e- (-1.12%) comparing with previous year (2012). In terms of revenue, every USD 1 million has reduced 1.6 tons of CO₂e- (-6.18%) in 2013 comparing with the baseline year.

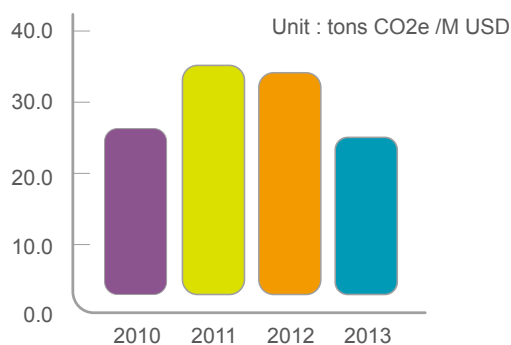
The third party certification was secured from 2010 to 2013, and the certification statement of a reasonable level of certification was acquired.

Table 3.4.2.1 All Greenhouse Gas Emissions

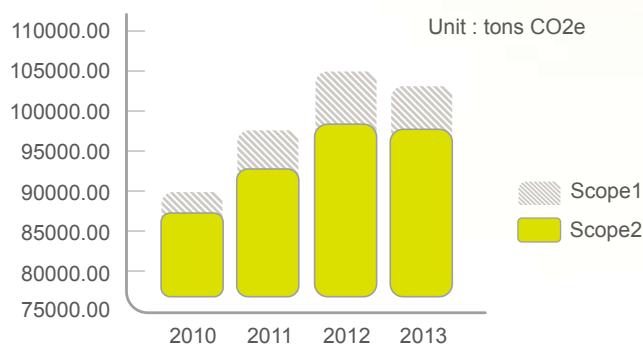
Year	Greenhouse Gas Emissions (Tons, CO ₂ e/year)				
	Fixed Burning Emission	Mobile Burning Emission	Fugitive Emission	Processing Emission	Indirect Energy Emission
2010	1,194	212	1,037	0	88,208
2011	3,249	254	1,079	0	94,140
2012	3,934	283	1,104	0	100,379
2013	3,215	297	1,114	0	99,888

Table 3.4.2.2 Categories of Greenhouse Gas Emissions

Year	Emissions of Each Category (Tons, CO ₂ e/year)		
	Category 1	Category 2	Total
2010	2,443	88,208	90,651
2011	4,582	94,140	98,722
2012	5,321	100,379	105,700
2013	4,626	99,888	104,514



3.4.2.1



3.4.2.2

Note: Data illustrations:

1. The data collected above were rounded
2. GWP data source: IPCC AR4(2007)
3. The 2010 data included Shanghai(ZJ), Shenzhen and Taiwan facilities; Kunshan facility was added after 2011.
Data collected at the boundaries of the organization have adopted the Regulations of the Operation Control Right.
4. The conspicuous threshold is set at 3%, whereas the materiality threshold is set at 5%.
5. The greenhouse gas emission includes various categories such as CO₂, CH₄, N₂O, HFC and SF₆.

USI has, based on the greenhouse gas examination results, drawn up the greenhouse gas emission reduction target for the incoming 3 years. Details as shown below:

● 2014: 23.5 tons CO₂-e /M USD ● 2015: 23.0 tons CO₂-e /M USD ● 2016: 22.8 tons CO₂-e /M USD

3.4.3 Energy Management

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

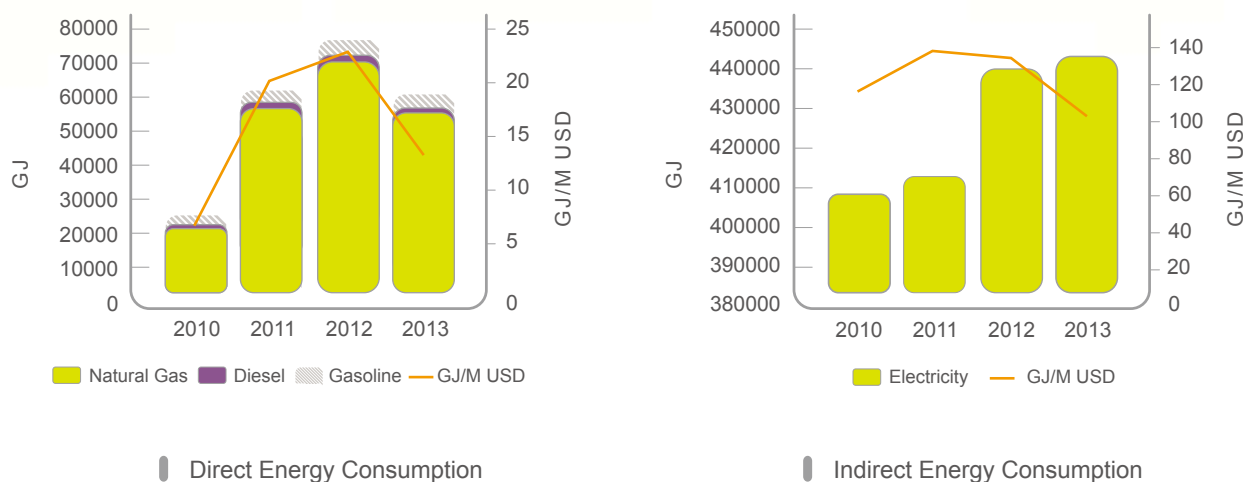
● Energy Consumption

	Direct Energy Consumption			Indirect Energy Consumption
	Diesel	Gasoline	Natural Gas	Electricity
	GJ	GJ	GJ	GJ
2010	711	2,223	21,198	407,622
2011	941	2,560	57,750	411,132
2012	1,251	2,786	69,856	439,572
2013	897	3,188	57,151	443,132

Note: Data illustrations:

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

The total energy consumption of 2013 is 504,368GJ, which has decreased 9,097 GJ (with a decrease of 1.77%) comparing with 513,465 GJ in 2012. In terms of the revenue, every USD 1 million has reduced 8GJ (with a decrease of 36%) of direct energy consumption in 2013 comparing with 2012, whereas the indirect energy consumption also decreased 29 GJ/M USD (with a decrease of 22%). A relevant analysis is shown below:



● Measures Taken to Save Energy and the Results

Energy Consumption Projects in 2013:

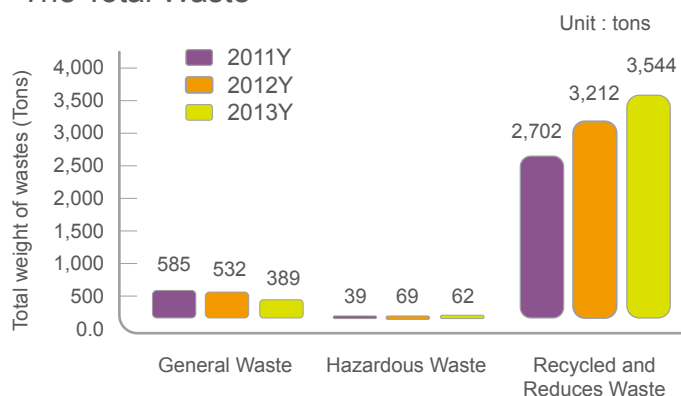
Facility	Electricity-Saving Measures	Results
Shanghai	Emission Reduction Plan for High Nitrogen and Nitrogen Generating Systems	Saving approximately per year 10,308 MW-hr (37,070 GJ) Reduced around 8,349 tons of CO ₂ e.
Shenzhen	Recycling Residual Heat of the Compressor	Saving approximately per year 400 MW-hr (1,438 GJ) Reduced around 373 tons of CO ₂ e.
Taiwan	Replacing the Reflow Oven	Saving approximately per year 152 MW-hr (547GJ) Reduced around 81 tons of CO ₂ e.
Taiwan	Replacing the Road Lamps to Power Saving Lights.	Saving approximately per year 60 MW-hr (215GJ) Reduced around 32 tons of CO ₂ e.

3.4.4 Waste Management

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

Statistics show that compared to 2012, the generation of industrial wastes in 2013 was reduced by 26.88%, hazardous industrial wastes reduced by 10.14% and recycled wastes increased by 10.34%. In addition, more than 88% of wastes were recycled in 2013, an increase by 4.46% compared to 2012. USI will continue to realize the waste reduction policy and achieve the sustainable goal of recycling and reuse of resources. The target for waste recycling in 2014 is set at 84%.

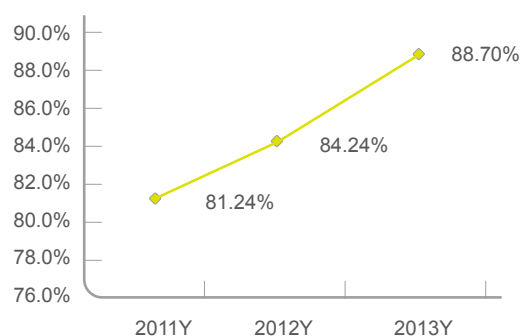
● The Total Waste



Note 1: Wastes are given to licensed recyclers for recycling and reuse; hazardous wastes are given to qualified waste processing companies for disposal; and general wastes are shipped to local licensed incinerators for incineration.

Note 2: Wastes to be recycled or reused include metal wastes, PC trimmings, plastics, package materials, pallets and waste paper/paper boxes; hazardous wastes include electronic wastes, soldering slag and waste solutions (the only hazardous waste of Taiwan facility is waste solutions).

● Percentage of Waste Recycled



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

3.4.5 Water Resource Management

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

USI collects data of drainage reduction and water saving at all 5 facilities around the world (Shanghai, Shenzhen, Kunshan, Taiwan and Mexico) on a regular basis for the control of water consumption at these facilities. The statistics show that the water consumption of USI in 2013 increased by 3.20% compared to 2012 (525,816 tons). The average water consumption per person in 2013 was 3.03 m³/person (this number consists of Shanghai, Shenzhen and Mexico facilities). For realization of water resource control, the water use target set for 2014 is 2.6 m³/person in average.

(Note: The water comes from utility water and groundwater; groundwater is used only at Taiwan facility. The quantities of utility water and groundwater used are 29,666 tons and 47,076 tons, respectively.)

To adequately use our water resources, we have planned to further enhance our work on recycling and reusing water resources by upgrading our facilities and technology. For example, recycled water will replace the underground water and become toilet water. In the future, we will make a better control and management on water resources in daily operations and activities in order to minimize impacts brought to our environment.

3.5 Green Prospects of USI

USI will continue to incorporate customers' environmental requirements into both the green management system and green manufacturing process, so as to facilitate the growth of green industry. USI will also disclose environmental data regularly, discuss USI Green Promise (as well as the results) with stakeholders, and collect the stakeholders' opinions for quick adjustments in green management strategies. Meanwhile, USI will require the entire staff to participate in environmental protection and recycling actions while saving money on utilities, not only to lower the operating costs at worldwide sites, but also to boost the economic benefits of eco-friendly initiatives. USI hopes to reach a balance between business expansion and environmental protection to fulfill CSRs, and eventually achieve the sustainable development of both the company and the ecological environment.



04 USI and Its Employees



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



- USI Promises for Employees From Five Aspects

4.1 Employee Composition Profile

4.1.1 Employee Structure

USI has a workforce of 12,113 in total up to the end of 2013, including 10,127 in Shanghai, Kunshan and Shenzhen; 1,472 in Taiwan and 514 in Mexico. It consists of 589 at the management level, 1,330 administration personnel, 9,510 technical personnel, and 584 engineering personnel. 6,600 or 54% of USI's workforce composes of women.

78%, 94%, 84%, 100% and 96% of management-level workers are hired locally in Shanghai, Shenzhen, Kunshan, Taiwan and Mexico, respectively, and the rest are managers assigned from Taiwan. On the other hand, the local hiring rate of senior management in Taiwan facility is 100%, whereas other plants are 0%.

- Based on Hiring Types

Gender	Hiring Types	Shanghai		Shenzhen		Kunshan		Taiwan		Mexico		Total in No. of People	Total in Percentage
		No. of People	%	No. of People	%	No. of People	%	No. of People	%	No. of People	%		
Male	Management	157	1%	110	1%	65	1%	136	1%	14	0%	482	4%
	Administration Personnel	110	1%	66	1%	67	1%	63	1%	23	0%	329	3%
	Technical Personnel	1,725	14%	1,349	11%	751	6%	272	2%	103	1%	4,200	35%
	Engineering Personnel	89	1%	11	1%	4	0%	398	3%	0	0%	502	4%
	Subtotal	2,081	17%	1,536	13%	887	7%	869	7%	140	1%	5,513	46%
Female	Management	60	0%	75	1%	31	0%	20	0%	21	0%	207	2%
	Administration Personnel	201	2%	267	2%	101	1%	160	1%	272	2%	1,001	8%
	Technical Personnel	2,001	17%	2,137	18%	719	6%	372	3%	81	1%	5,310	44%
	Engineering Personnel	31	0%	0	0%	0	0%	51	0%	0	0%	82	1%
	Subtotal	2,293	19%	2,479	20%	851	7%	603	5%	374	3%	6,600	54%
Total		4,374	36%	4,015	33%	1,738	14%	1,472	12%	514	4%	12,113	100%

● Based on Contract Types

Gender	Contract Types	Shanghai		Shenzhen		Kunshan		Taiwan		Mexico		Total in No. of People	Total in Percentage
		No. of People	%	No. of People	%	No. of People	%	No. of People	%	No. of People	%		
Male	Official	1,555	13%	1,398	12%	774	6%	868	7%	140	1%	4,735	39%
	Contracted	526	4%	138	1%	113	1%	1	0%	0	0%	778	6%
Subtotal		2,081	17%	1,536	13%	887	7%	869	7%	140	1%	5,513	46%
Female	Official	1,725	14%	2,312	19%	745	6%	544	4%	374	3%	5,700	47%
	Contracted	5688	5%	167	1%	106	1%	59	0%	0	0%	900	7%
Subtotal		2,293	19%	2,479	20%	851	7%	603	5%	374	3%	6,600	54%
Total		4,374	36%	4,015	33%	1,738	14%	1,472	12%	514	4%	12,113	100%

● Based on Age Range

Employee Types	Age	Gender		Total
		Male	Female	
Board of Directors	<30	0	0	0
	30~50	1	0	1
	>50	8	0	8
	Subtotal	9	0	9
High-Level Management	<30	0	0	0
	30~50	4	0	4
	>50	11	0	11
	Subtotal	15	0	15
Management	<30	77	67	144
	30~50	373	136	513
	>50	17	4	32
	Subtotal	467	207	674
Administration Personnel	<30	160	538	698
	30~50	163	422	585
	>50	6	41	47
	Subtotal	329	1,001	1,330
Technical Personnel	<30	3,502	4,606	8,108
	30~50	677	687	1,364
	>50	21	17	38
	Subtotal	4,200	5,310	9,510
Engineering Personnel	<30	168	24	192
	30~50	322	57	379
	>50	12	1	13
	Subtotal	502	82	584
Total		5,513	6,600	12,113

● Minority Group

Minority Group	Shanghai	Shenzhen	Kunshan	Taiwan	Mexico	Total
No. of Employee(s) from the Minority Group	260	493	60	0	0	813
No. of Manager(s) from the Minority Group	3	3	1	0	0	7

4.1.2 Employee Retention

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

Facility	No. of People Leaving the Service (Voluntary / Dismissal / Retirement / Death in Line of Duty)		
	Age	Male	Female
Shanghai	<30	1,249	2,561
	30~50	64	198
	>50	0	0
	No. of People Leaving the Service	1,313	2,759
	Total Amount of the Employees	2,081	2,293
	Percentage of People Leaving the Service	63%	120%
Shenzhen	Age	Male	Female
	<30	871	2,407
	30~50	54	161
	>50	0	0
	No. of People Leaving the Service	925	2,568
	Total Amount of the Employees	1,536	2,479
	Percentage of People Leaving the Service	60%	104%
Kunshan	Age	Male	Female
	<30	416	509
	30~50	2	0
	>50	0	0
	No. of People Leaving the Service	418	509
	Total Amount of the Employees	887	851
	Percentage of People Leaving the Service	47%	60%
Taiwan	Age	Male	Female
	<30	14	11
	30~50	12	3
	>50	0	0
	No. of People Leaving the Service	26	14
	Total Amount of the Employees	869	603
	Percentage of People Leaving the Service	3%	2%
Mexico	Age	Male	Female
	<30	38	128
	30~50	7	69
	>50	2	4
	No. of People Leaving the Service	47	201
	Total Amount of the Employees	140	374
	Percentage of People Leaving the Service	34%	54%

4.1.3 Parental Leave

	Male	Female	Total
No. of people qualified to apply for parental leave that year	52	28	80
No. of people actually applied for parental leave that year	1	6	7
No. of people expected to be reinstated that year	1	10	11
No. of people actually reinstated that year	0	7	7
No. of people reinstated in previous year and continued to work for more than one year	1	5	6
Percentage of people applied for parental leave (%)	2%	21%	9%
Reinstatement rate for parental leave (%)	0%	70%	64%
Percentage of people holding their post due to parental leave (%)	100%	83%	86%

Note: Above data is only for the Taiwan facility as locations of other facilities do not have parental leave.

4.2 Equal Employment Opportunity

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

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

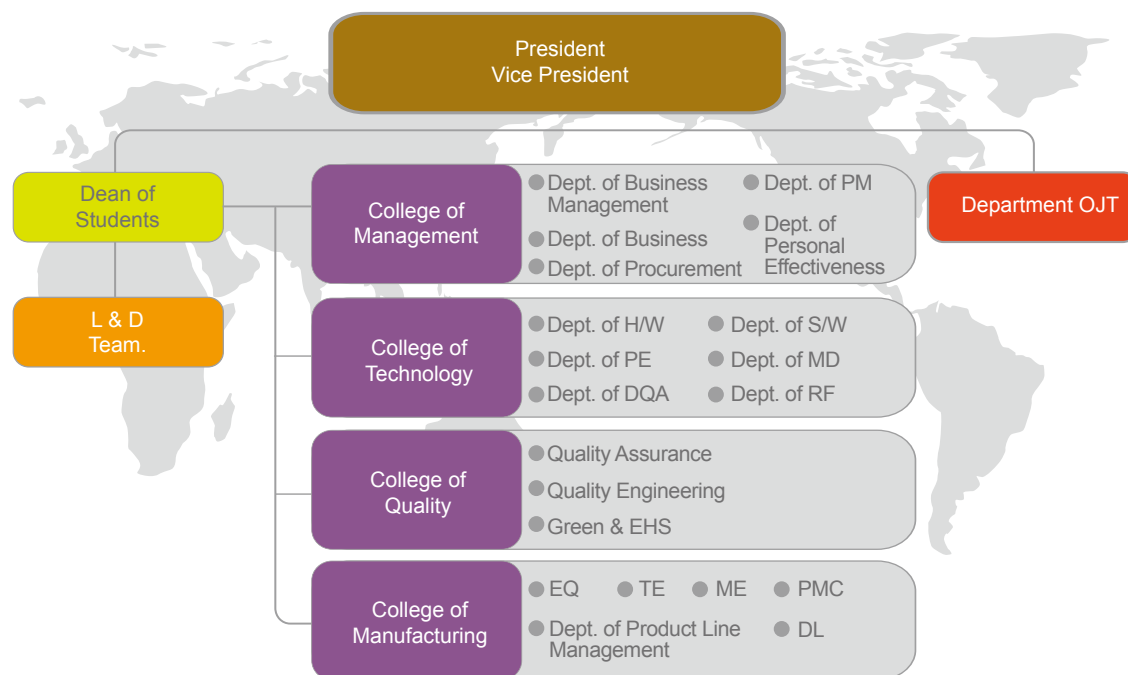
4.2.1 Employee Recruitment

Facility	No. of New Employees		
Shanghai	Age	Male	Female
	<30	1,889	3,231
	30~50	80	149
	>50	2	0
	No. of New Employees	1,971	3,380
	Total Amount of the Employees	2,081	2,293
	Percentage of New Employees	95%	147%
Shenzhen	Age	Male	Female
	<30	803	2,056
	30~50	48	133
	>50	0	0
	No. of New Employees	851	2,189
	Total Amount of the Employees	1,536	2,479
	Percentage of New Employees	55.4%	88.3%
Kunshan	Age	Male	Female
	<30	581	603
	30~50	33	28
	>50	1	0
	No. of New Employees	615	631
	Total Amount of the Employees	887	851
	Percentage of New Employees	69%	74%
Taiwan	Age	Male	Female
	<30	32	47
	30~50	39	14
	>50	1	1
	No. of New Employees	72	62
	Total Amount of the Employees	869	603
	Percentage of New Employees	8%	10%
Mexico	Age	Male	Female
	<30	71	216
	30~50	8	118
	>50	0	8
	No. of New Employees	79	333
	Total Amount of the Employees	140	374
	Percentage of New Employees	56%	89%

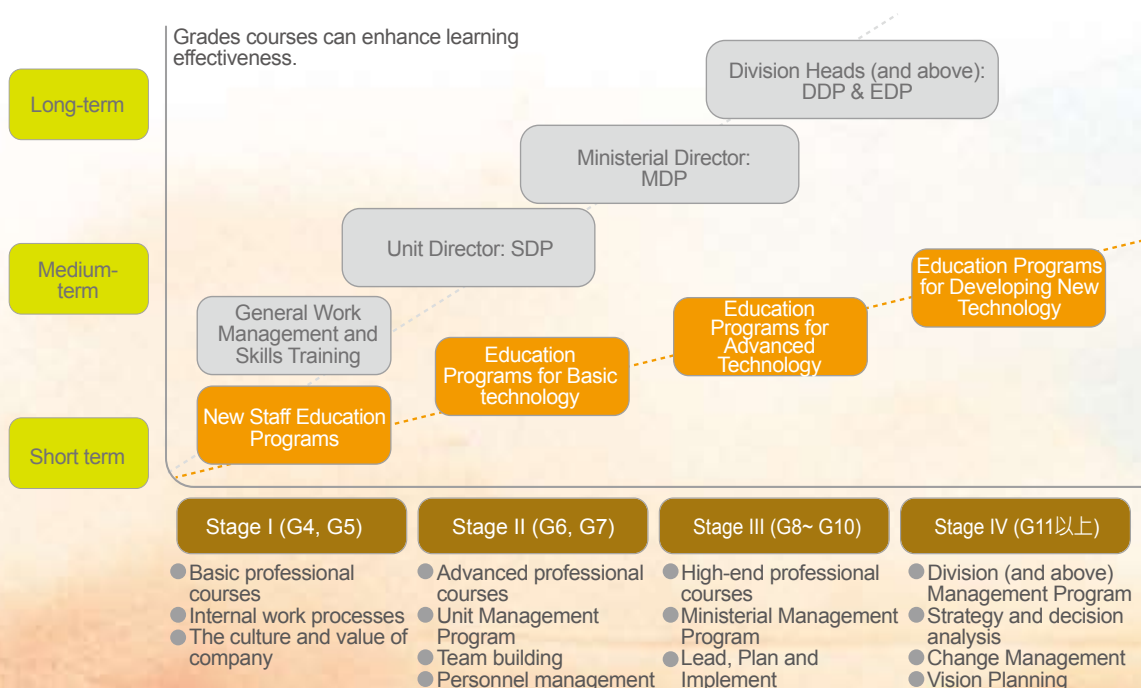
4.3 Integral Learning and Development Program

4.3.1 Employee Learning and Development

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



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



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



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

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

● Various Employee Education and Training Courses of USI

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

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

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

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

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

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

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

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

● Average Time of 2013 Employ Education and Training (hour)

Facility	Employee Types	Management		Professional		Direct Employees
		Above Grade 10	Below Grade 9	Above Grade 6	Below Grade 5	
Shanghai	Male	20	145	167	582	1,227
	Female	0	66	110	317	1,778
	Accumulated Training Hours for Male Employees	186	2,714	946	3,973	25,868
	Accumulated Training Hours for Female Employees	0	1,067	540	2,193	50,987
	Average Hours of Training for Male Employee	9.30	18.72	5.66	6.83	21.08
	Average Hours of Training for Female Employee	0	16.17	4.91	6.92	28.68

Facility	Employee Types	Management		Professional		Direct Employees
		Above Grade 10	Below Grade 9	Above Grade 6	Below Grade 5	
Shenzhen	Male	5	106	109	289	1,064
	Female	1	74	67	263	1,962
	Accumulated Training Hours for Male Employees	16	1,081	1,319	4,595	24,898
	Accumulated Training Hours for Female Employees	5	925	866	4,208	48,253
	Average Hours of Training for Male Employee	3.17	10.20	12.10	15.90	23.40
	Average Hours of Training for Female Employee	5.30	12.50	12.92	16.00	24.59
Kunshan	Male	5	61	55	210	557
	Female	0	31	15	134	671
	Accumulated Training Hours for Male Employees	38	1,389	1,221	5,078	9,719
	Accumulated Training Hours for Female Employees	0	237	344	2,320	11,624
	Average Hours of Training for Male Employee	7.60	22.77	22.20	24.18	17.45
	Average Hours of Training for Female Employee	0	7.65	22.93	17.31	17.32
Taiwan	Male	55	127	617	181	66
	Female	5	24	199	191	269
	Accumulated Training Hours for Male Employees	480	1,567	6,866	1,684	238
	Accumulated Training Hours for Female Employees	4	274	1,510	1,073	1,666
	Average Hours of Training for Male Employee	8.73	12.34	11.13	9.30	3.61
	Average Hours of Training for Female Employee	0.80	11.42	7.59	5.62	6.19
Total	Male	85	439	948	1,262	2,914
	Female	6	195	391	905	4,680
	Accumulated Training Hours for Male Employees	720	6,751	10,351	15,330	60,723
	Accumulated Training Hours for Female Employees	9	2,503	3,260	9,794	112,530
	Average Hours of Training for Male Employee	8.47	15.38	10.92	12.15	20.84
	Average Hours of Training for Female Employee	1.55	12.84	8.34	10.82	24.04

4.3.2 Employee Performance Appraisal

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

Gender	Hiring Types	Amount of the Employees	No. of Employees accepted Regular Examinations on the Performance and Competence Development	Percentage
Male	Management	482	482	100%
	Administration Personnel	329	268	81%
	Technical Personnel	4,200	826	20%
	Engineering Personnel	502	500	100%
Subtotal		5,513	2,076	38%
Female	Management	207	207	100%
	Administration Personnel	1,001	463	46%
	Technical Personnel	5,310	249	5%
	Engineering Personnel	82	77	94%
Subtotal		6,600	996	15%
Total		12,113	3,072	25%

4.4 Enforcement of Human Rights Policy

The spirit of EICC was incorporated in USI's corporate social responsibility policy in June 2008 in order to protect workers' freedom of employment, humane treatment, freedom of assembly and for prevention of discrimination. Employee information database is carefully maintained, and workers are informed of changes in their works according to local laws and regulations. Employees located in Taiwan and the Mainland of China must learn Employee Codes of Conduct online for at least 0.5 hours and be trained for 5,800 hours every year. Besides, USI are also educated with some concepts related to human rights. In 2013, USI did not receive any complaint about discrimination or violation of human rights of employees; i.e. no complaint about human rights was received by any official channel of complaint.

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

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

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

4.5 Perfect Welfare System

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

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

● Welfare Systems of USI

Bonus	Full attendance bonus, birthday gift certificate, annual bonus, overtime wage, R&D incentive bonus, patent incentive reward, performance bonus, three festival gift certificate and DL senior bonus.
Holiday and Vacation	Besides national holidays and weekends, there are accompanying maternity leave for male employees, female employees to take prenatal visit leave, maternity leave for female employees, parental leaves, nursing leave, menstrual leave, earned paid sick leave, annual leave and paid-time off.
Insurance	Labor insurance, health insurance, employee comfort and compensation, employee/dependants group insurance

Dining	There is broad and sanitary employee restaurant and meal subsidy.
Accommodation	Different types of accommodations with household appliances, air-conditioner, hot-water heater, wireless net, and furniture. USI pays for all full-time employees' housing accumulation funds and provides housing subsidies. Employees of Grade 3.1 or lower are provided with accommodations free of charge.
Transportation	USI provides comfortable and convenient transportation between plants and well-equipped exclusive parking lots for employees.
Recreation	Domestic and foreign employee travels, family day, parent-child activities, end-of-the-year banquet and drawing lots Birthday celebration, athletic meet, singing competitions, and chorus.
Health	USI sets up professional dispensary providing free health consultancy. USI holds free health examination for employees annually.
Other	Other employees' welfare bonuses include wedding subsidies, subsidies for continued education at a domestic or foreign institution, child birth subsidy, education subsidies and scholarships for employees' children, hospitalization benefits for employees and their families, communications expenses, care for work groups, and application of residence permits for current employees.

4.5.1 Employee Recreation

Shanghai Facility



Shenzhen Facility



Kunshan Facility



Taiwan Facility

The year of 2013 started with “Fat to Slim Transformation – Weight Loss Challenge”, a popular activity among employees based on the theme of “Health”. After this competition, not only “A Sporty Summer” was taken place strategically as a continuation, but also the annual USI Cup of 4 ball games (softball, basketball, badminton and bowling), hiking, Sun Moon Lake International Swimming Carnival and Zhongtan Provincial Highway Marathon were systematically added on this series of activities. So that the employees can participate in all types of sports, have some self-challenges, get sweated and keep healthy.

The second theme of the year is “Happiness”, which is the most popular activity registered by most people. Apart from the annual BBQ activities, DIY workshops, movie shows and Mosquito Theater, USI has launched the parent-child science summer camp, parent-child magic summer camp, theater shows for parents and children, and experience harvesting in 2013. This series of activities not only makes participant employees happy and being able to bring the happiness into their families, but also helps them work happily and have fun at work.

The third theme – “Learning” – is mainly based on edutainment lectures from celebrities, who are outstanding talents from the industry. Whether it is related to health, financial planning or photography, every lecture is always full of people. This series of activities enables employees not only to receive new knowledge, but also to have a close contact with celebrities. Therefore, employees always look forward to joining the celebrity lecture every year.

- No. of Participants: Totally 8,140 participants in 2013 (employees + employees' families) with a growth of 56% comparing with 2012 (totally 4,493 participants in 2012).
- No. of Activity Items: Totally 30 items in 2013 with an increase of 10 items comparing with 2012 (totally 20 items in 2012).
- Activity Innovations: Added 15 new items in 2013, where the innovation rate is 50%.
- Activity Satisfaction: The overall level of satisfaction of 2013 is 4.40 with an increase of 0.2% comparing with 2012.

Health



- 2013 Zhongtan Provincial Highway Marathon
Big hands in small hands – family marathon not only helps everyone in the family to do some exercises, but also enhances the parent-child relationship.



- 2013 Sun Moon Lake International Swimming Carnival
Swimming across the Sun Moon Lake is a test not only for your swimming skills, but also your courage and willpower. The distance of 3,300 meters is not far away.

Happiness



- Good Feet and Good Scenery – Hiking Funs at Tiger Mountain (Activity location: Tiger Mountain Trail, Zhongxing New Village, Nantou)

Hiking is a meaningful activity and USI will continue to motivate our staffs to take the ride on the trend of leisure activities. We will make sentimental moments into real actions, so that our staffs will walk into the nature and work out a healthy life.



- The Musical and BBQ Moon Festival

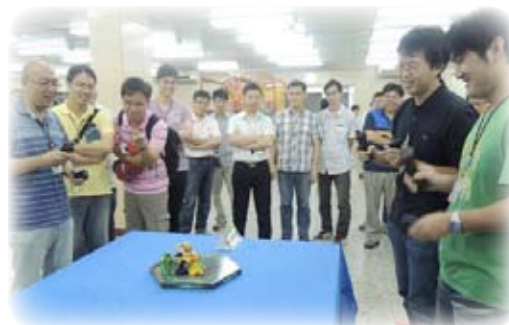
When the moon is round at the moon festival, it is also the time for people to get reunited with their family. Apart from relishing the beauty of the moon, BBQ is another important task that shall never be missed from USI's list. As the matter of fact, the BBQ activity has now become the main show of this annual event. This year, USI has not only held the BBQ party, but also arranged a series of interactive games (such as the "Da Vinci Code" and "The King of Baby's Bottle with Coke"), live band and star imitation show. Accompanied by all of these laughter and music, USI's employees truly enjoyed the fun of BBQ and daintiness of great food until they wished their colleagues a happy Moon Festival before saying good bye.



- Watching the Children Theater "The Unforgettable Legend II – Bushy Tales"
The first time to hold an activity of watching theater drama has received a positive feedback that we hear laughter of happiness.



- Watching the Movies "Iron Man 3" and "Monsters University"
"Camera"! Whether watching the Iron Man or Sulley from the Monsters University, it is a great opportunity for our busy staffs to spend some times with their family: Watch a movie, feel the family love and get their mind relaxed.



- Engineers' Festival – Real Steel
USI has held the "Real Steel" robot competition during this year's Engineers' Festival. The competition was exciting and bustling as the cheering, screaming and hailing from the cheer team brought the entire event to life. More excited than the participants, the cheer team members and audience are looking forward to seeing the next Engineers' Festival!



- DIY Activities: Wool crafts, healthy low-calorie meal, crème brûlée cake and DIY skin care products. It is expected that, through these DIY activities, the USI staffs will be able to make some simple handicrafts or food. This helps them not only to have a new talent, but also to bring a harmonious atmosphere and happiness to their family.

- Parent-Child Summer Camps –The Science and Magic Summer Camps

With an expectation of not to have a differentiated education in cities and townships, the company has invited a well-known educational institution in northern Taiwan to hold "Children's Science Summer Camp" and "Magic Summer Camp". Besides saving parents' time in planning and finding appropriate summer camps for their children, the camps allow children to learn science and magic happily, to build a proper learning attitude, to develop a good literacy of science and magic, and to have a sense of logic.





● Science Summer Camp



● Magic Summer Camp



Learning

Lecture Content: Lectures of sports, health, photography and finance.

The company offers abundant and diverse lectures that enable employees to learn some common senses and knowledge shared by celebrities or specialists after work.



● Lecture of Sports: The Million Challenge – Miracle of Walking
The lecture teaches you to walk 10,000 steps per day to keep you fit and healthy.



- **Lecture of Sports: 365 Miles of Road – Let's Run Together!**
To prevent any sports injury, the lecture teaches you how to jog with the right methods and posture.



- **Lecture of Photography: Portrait Photography**
The lecture teaches you how to manipulate your photography skills and select the light source to create beautiful portraits.



- **Lecture of Finance: Learn to Speak the Right Words, Build Up a Good Network, and Be Sensible in Finance**
The lecture teaches you how to speak the right words and expand your network, so that you will have good relationships and be sensible in finance.

To Encourage Employees to Participate in Club Activities

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

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



● 2013 USI Bowling Competition



● Badminton Club – 2013 “China Life” Invitational Competition



● Badminton Club – 2013 USI Badminton Competition



● 2013 USI Bowling Competition



● 2013 USI Basketball Competition



● 2013 USI Basketball Competition



● USI Bicycle Club



● 2013 USI Softball Competition



● 2013 USI Softball Competition



● USI Camping Club



● USI Camping Club



● USI Fishing Club



● USI Swimming Club

4.5.2 Employee Insurance and Retirement

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

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

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

Facility	Employee contribution %	Employer contribution %
Shanghai	8%	21%
Shenzhen	8%	13%
Kunshan	8%	20%
Taiwan	0~6%	6%
Mexico	0%	2%

4.6 Harmonious Industrial Relations

4.6.1 Salary Management Strategy

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

USI not only complies with requirements of local labor laws, but also actively participates in salary investigations held by local well-known business consultancy firms and regional wage and salary association to ensure its competitiveness in the personnel market.

USI's male and female salary percentage in worldwide plants is 1:1.1 for direct employees and 1:1.3 for indirect employees (female employees: male employees).

Note: Direct employee refers to employees at the production line, whereas indirect employee refers to employees not at the production line.

- 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.

4.6.2 Industrial Relations Communication Mechanism

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

Interviews with employees are arranged at every department of Shanghai and Shenzhen Facilities on a regular basis. Counselors have conversation with employees to help them with their problems. Employees' comments and suggestions, including employees' needs, law and regulations and company's regulations, are collected through various channels. Also, the management level of Shanghai Facility helps basic-level foremen and leaders to make arrangement of excursions for relief of work stresses, and there are company vacations and movies for employees regularly.

USI's Shanghai facility has on 17 JUN 2013 established the Trade Union Committee of Universal Scientific Industrial (Shanghai) Co., Ltd.. The establishment of this Committee not only maintains major employees' legal rights, but also mobilizes major employees' motivation, initiative and originality, increases the company's cohesiveness and competitiveness, and creates a trusting relationship and communications channels between the company and the employees. At the moment, both the Shanghai and Mexico facilities have Union Committee and the percentages of participated employees are: 20% for the Shanghai facility; 51% for the Mexico facility.

Conversation Session with General Manager



● Shanghai Facility



● Shenzhen Facility



● Kunshan Facility



● Taiwan Facility



● Taiwan Facility

4.7 Excellent Working Environment

4.7.1 Safety and Health Management

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

Below are the Set Targets:

- Injury rate is maintained at zero
- Occupational diseases rate is maintained at zero
- Occupational death rate is maintained at zero

- In 2013, USI's related rates of injury, occupational diseases, lost day and absentee are as followed: (There is no death related to occupational diseases and work.)

	Injury Rate(IR)		Occupational Diseases Rate(ODR)		Lost Day Rate(LDR)		Absentee Rate(AR)	
	Male	Female	Male	Female	Male	Female	Male	Female
Shanghai	0.00	0.00	0.00	0.00	0.00	0.00	0.14	2.63
Shenzhen	0.07	0.00	0.00	0.00	0.26	0.00	0.60	1.02
Kunshan	0.00	0.00	0.00	0.00	0.00	0.00	0.27	2.44
Taiwan	0.00	0.33	0.00	0.00	0.00	1.10	3.96	1.83
Mexico	0.00	0.00	0.00	0.00	0.00	0.00	0.61	1.02

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

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

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

In addition, Taiwan Facility participated in the zero accident man-hour record promoted by the “Council of Labor, Executive Yuan” from May 17 2011 to March 31 2013, and was recognized with the certificate of “zero accident man-hour record.” Besides, it also participated in “Work Plan for Physical Fitness plus Metabolic Syndrome and Obesity Prevention” held by Health Bureau of Nantou County Government and received the title “More Exercises for a Good Health – 2013 Exemplary Workplace for Losing Weight (Nantou)”.



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

Fire Evacuation Drill



● Shanghai Facility



● Shenzhen Facility



● Kunshan Facility



Fire Drill



● Taiwan Facility

Evacuation Drill



● Taiwan Facility

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

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

4.7.2 Physical and Mental Health Care

In line with company employees' physical and mental health as the first priority, USI has drawn health management plan and held relevant health promoting activities on the foundation of abnormal sequences for the annual health check, performing operations particularly hazardous to health, high risk operations and investigation of the willingness of health promoting activities to promote employees' overall health.

● On the Level of Health Management

To prevent the happening of chronic and occupational diseases, the USI infirmary offers ordinary change dressing service, blood pressure gauge and scale, resting room, consulting room and nursing room for female staffs in hardware; as for software, it has full-time registered nurse, contracted doctor of Family Medicine Department, contractor doctor of Occupational Medicine Department and psychological counselors to provide workplace service. Apart from consultations on the prevention of ordinary diseases, the company has also strengthened the safety and health management of workplace, enhanced its ability of identifying health risks, and assisted to prevent and cure occupational diseases.

● On the Level of Health Check

Concerning employees' health issues, the professional medical team has adapted more preferable terms than those stated in regulations on the yearly general health check, health check for special hazardous substances, high-level health check, new employee health check and so on. Regarding the tracking of major anomalies and infectious disease management, although the examination rate was unfavorable in the past, USI's employees are actually paying more attention to their health as their health literacy is gradually increasing after joined the team. Besides, the company has adjusted some health check items and made them better than legislative terms. It is therefore found out that the employee examination rate is increasing year-by-year and even reached 98% this year.

● On the Level of Mental Health

Employee Assistance Programs (EAPs) offered by human resources relevant departments take a good care of the employees' families, works, life, pressures and so on.

● On the Level of Promoting Employees' Health

To prevent the happening of metabolic syndrome, three hyper diseases and cardiovascular disease, USI has design two activities based on the themes of "Fat to Slim Transformation" and "The Million Challenge".

The healthy weight loss challenge "Fat to Slim Transformation" has arranged numerous activities including the DIY low calorie diet meal and sports classes. With a participation rate of 15%, there were 193 people joined this activity and 72.4% of them had a BMI higher than 24. This challenge is divided into two stages with a total length of 5 months and these participants have totally lost 484.4 KGs, reduced 10% of BMI and improved 15% of waistline. Besides, the Company was awarded as the Exemplary Workplace from the Health Bureau of Nantou County, and the champion of this competition also lost the most weight in the entire County.

The walking activity "The Million Challenge" has specially invited Chi Cheng to give a lecture and lead the activity declaration. There were totally 308 people joined this three-month activity with a participation rate of 22% and there were 164 people, which counted 53.2% of the participants, reached the target of 1 million steps. Apart from aforesaid project activities, "Prevention of Muscle Ache" was also taken place in the company to prevent possible musculoskeletal injuries. The company also invited traditional Chinese physicians to teach employees how to do the stretching exercise and acupressure to ease their pain and take a good care of their body.



The doctor is inspecting the factory's working environment





Besides, the company not only holds cancer screening activities such as mammography, pap smear and colorectal cancer screening, but also provides bone density detection, flu vaccination and physical fitness test to its employees. In ordinary days, the company's diverse internal resources such as newsletters and emails are also the media of spreading health related information to its employees and their families, even to the society.

The Shenzhen facility has in 2013 held 3 health lectures including: "Oral Care", "Prenatal Care" and "Scented Tea and a Good Health", which have broadened employees' knowledge in health.



● Shanghai Facility - Blood Donation Activities



● Kunshan Facility- Emergency Rescue Trainings



● Shenzhen facility - Oral Care Lecture



● Shenzhen facility - Scented Tea Lecture



● Shenzhen facility - Prenatal Care Lecture



● Shenzhen facility- Emergency Rescue Trainings



05 USI and Its Customers



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

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

5.1 Production and Quality Management

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

• Management System Certifications

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

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

USI considerably emphasizes on the voices of customers, and consequently introduces a mechanism that incorporates customers' demands into product design. The company's products and operating system are also in line with international standard requirements. For example, it adopts stringent rules and uses only the low-pollution, non-toxic raw materials. For product planning, USI ensures products meets the specifications required by environmental regulations, and then conducts the life cycle assessment and eco-design evaluation. Meanwhile USI generates eco-profile in response to EU's Energy-related Products (ErP) Directive and ensure the fine quality and safety of products. USI did not receive any complaint about products harmful to human health and safety in 2013. Products are labeled and service information provided in accordance with applicable laws and no violation is found.

Eco-labels	Percentage of USI products bearing the label
EU RoHS	Wireless Product (WP): 100% Computing & Vertical Solutions (CVS): 100% Storage & Server (S&S): 100% Automotive & Visual Product Devices (AE/VPD): 100% Miniaturized Product (MP): 100%
GP/HF	Wireless Product (WP): 73% Storage & Server (S&S): 60% Automotive & Visual Product Devices (AE/VPD): 37%
CHINA RoHS	Wireless Product (WP): 100% Computing & Vertical Solutions (CVS): 100% Storage & Server (S&S): 100% Automotive & Visual Product Devices (AE/VPD): 100% Miniaturized Product (MP): 100%

5.2 Product Marketing Management

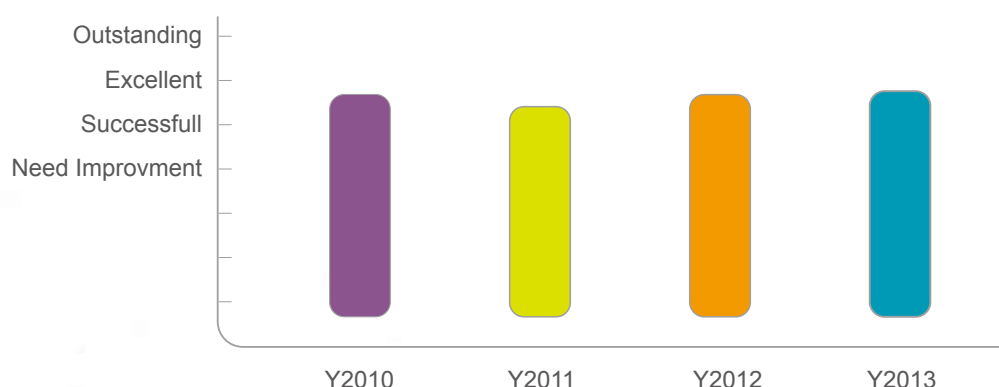
USI provides clients with high-quality, high-efficiency, and flexible after-sales comprehensive services so as to satisfy clients' requirements. Also, USI has dedicated units that deal with clients' services, hold regular and irregular meetings and questionnaires to collect clients' responses, constantly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

Driving up Customer Satisfaction

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

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

In 2013, the satisfaction of major customers with products supplying, manufacturing and customer service has been among the best which fully showed USI's competitiveness.



All-Encompassing After-Sales Service

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

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

• Categories of USI After-Sales Services

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

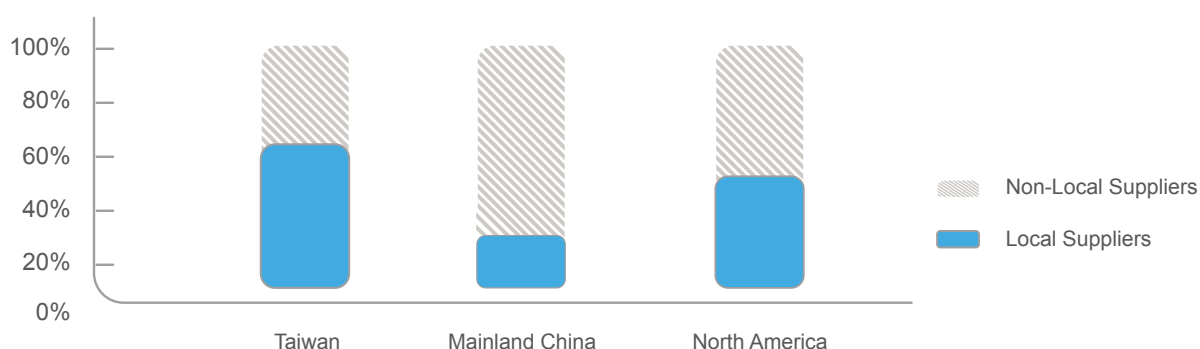
06 USI and Its Suppliers/Contractors



6.1 The Suppliers of USI

USI's main production facilities are located in Shanghai, Kunshan, Shenzhen, Taiwan and Mexico. In 2013, more than 60% of the global raw materials purchased by USI came from local suppliers of these production sites (64% of the raw materials in Taiwan facility came from Taiwan; 52% of the raw materials in Mexico came from North America; and 27% of the raw materials in the Mainland of China came from China). This has not only efficiently saved energy and time cost during the transportation, but also reduced environmental pollution. With over 1,300 suppliers in 2013, USI's source of suppliers includes original factories, agent, spot suppliers etc..

Percentage of Local Suppliers at All Facilities



Number of Suppliers and Percentage of Transaction Amount at All Facilities

Facility	Shanghai	Shenzhen	Kunshan	Taiwan	Mexico
Number of Suppliers	659	751	503	430	102
Percentage of the Transaction Amount	45%	26%	8%	17%	3%

6.2 Supplier Management

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

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

The evaluation of new suppliers must be conducted by an evaluation team composed by personnel of the purchasing, quality, R&D and engineering departments. A questionnaire will be offered to suppliers and have the evaluation team to confirm the final examination results. The evaluation range shall cover the basic company information, product information, major customers and financial status, suppliers' green management procedures and green product commitment, suppliers' social responsibilities, and the environment safety and health investigation. In 2013, 100% of the supplier applicants in Taiwan have passed this examination.

To ensure that the suppliers' influences on the environment and community are also evaluated and controlled, new manufacturers developed by USI are also requested to sign an agreement of not using RoHS materials or to provide a QC080000 certification.

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

USI establishes standard appraisal system and result assessments of suppliers, so USI chooses suppliers in accordance with related regulations, constantly keeps close partnership with suppliers, and mutually establish stable and sustainable green supply chain, in order to maintain human rights, protect environment, supply consumers with healthy and safe products, and take corporate social responsibility.

USI's Supply Chain Management (SCM) Division is responsible for the global purchasing activities. To ensure that the suppliers' quality system management and raw material life cycle management comply with international regulations, USI also requested the suppliers to follow local laws and relevant regulations in their business operations. With an expectation that our suppliers do respect corporate ethics as the way we do, we have therefore drawn the supplier code of conduct based on EICC (Electronic Industry Code of Conduct) and requested the suppliers to fulfill their social responsibilities. USI also set the EICC audit criteria for suppliers including prohibition of child labor, human right protection, non-discrimination, fair treatment, legal working hours and salary and environmental management. In this way, the suppliers will ensure benefits and rights of their employees, implement human right policies and promotes the corporate social performance. USI has so far not discovered any case of violating human rights, standard working conditions, corporate ethics and environment; besides, no suppliers have so far give feedback or bring up appeal cases.

Most of suppliers have obtained certificates for their quality management system and environment, safety and health management system, and they have kept a long term sound partnership with USI. Supply Chain Management Division of USI deploys the procurement strategies flexibly in response to industry development. Procurement strategy is varied with material being procured to ensure our material cost can be competitive. To reduce the procurement risk, we have developed multiple sources to ensure reasonable and competitive purchasing cost, good quality and on time delivery of the procured parts to support our business need.

6.2.1 Conflict Minerals Investigation

USI has clearly in CSR policy stated that it does not purchase gold, tin, tantalum, tungsten or other conflict minerals from Republic of the Congo or its surrounding countries. In the mean time, it has included this policy in the supplier management mechanism and requested our suppliers to have this policy delivered and applied in the supply chain.

Since 2012, USI has quickly conducted a conflict mineral investigation on products of all Business Units. It has not only requested the suppliers to cooperate with this due diligence investigation, but also revealed information related to mineral components of its products and smelters. At the moment, about 85% of the suppliers have provided compliant information.

6.3 Supplier Communication

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

6.4 Contractor Management

Companies outsource technical and professional projects to contractors have become an inevitable trend. Besides the requisition of contract project quality and schedule, USI values contractor's safety and health management. Environment safety and health policy clearly commits "on a continuous basis, employees, suppliers and contractors must conduct environmental safety and health policy, knowledge and requirements through communication, participation and consultation. USI also provides training and exercise to reduce safety and health risks & incidents". And by implementing safety and health management evaluation, contractors could enhance their safety and health performance. Taking an example of our facility in Taiwan:

● Contractor Management

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

● Assessment of Contractors

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

Through training and evaluation by USI Green & Environment, Health and Safety Management Department in 2013, 256 contractors had successfully obtained the construction licenses, and no contractors were involved in any industrial accident at USI facilities.

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





07

USI and the Community



Under the three pillars of “Invest in education”, “Promote artistic events” and “Contribute to the community”, USI has been a long-term sponsor of the Taiwan Literacy and Culture Foundation. Not only did USI set up the country’s first corporate-sponsored “Library of Love”, USI also funded the “annual autumn tours of Cloud Gate Dance Theatre” and countryside tour of Ming Hwa Yuan Arts & Cultural Group” on a continuous basis. Such efforts have won USI recognitions as well as a wide range of awards, a sign of successful participation in public issues.



7.1 Invest in Education

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

7.1.1 Sponsorship of the Taiwan Literacy and Culture Foundation (Taiwan Facility)

Talents are important growth momentum for companies and reading is the foundation of building up the innovative research and development capability. Elementary schools located in mountainous areas of Nantou have comparatively less resources than urban schools. We believe that, apart from conventional textbooks, it is important for children to read diverse textbooks to broaden their knowledge and enlighten their curiosity. USI therefore assisted the foundation to establish “Taiwan Literacy and Culture Foundation” to purchase extracurricular books, to install the “Library of Love” and to manage these books. This has not only helped to shorten the divide between townships and cities, but also offered disadvantaged minority groups and groups living in remote areas more reading resources to increase their competitiveness in the society.

Starting Year 2005

Recipient Taiwan Literacy and Culture Foundation



台灣閱讀文化基金會

Benefited Stakeholders Recipient schools since 2005, including Hu-Shan Elementary School (Nantou County), Tong-Fu Elementary School (Xinyi Township, Nantou County), Guo-Xing Elementary School (Nantou County), Ren-Ai Elementary School (Nantou County), Yu-Chi Elementary School (Nantou County), Ping-He Elementary School (Nantou City), Xi-Ling Elementary School and Shui-Li Elementary School.

Mid- and Long Term Goals To extend the school reading club (class co-reading) concept to community reading club in order to enhance citizens’ reading habit and literacy as well as to initiate their creativity and connecting ability during the discussion. It is also expected that every township / village / district will have a “Library of Love” installed. In this way, a civil society with diverse values, mutual respects, social norms and pleasantness will be created through the sharing of circulating resources. Besides, the company has expanded the activity of having teachers and volunteer groups to participate in reading teaching to enhance their reading teaching ability.

Implementation Methods Supporting diverse reading promotion activities of the foundation’s “Library of Love” project, which has made Nantou County an excellent co-reading exemplary city. Over the years, USI has been continuously supported the foundation’s reading project (such as installing the book shelves of love, replacing books inside the co-reading box, conducting parent-child co-reading activities, carrying out advanced reading classes for teachers and filming reading classes) and helped Nantou becoming the first County (City) that has completed the “one township, one library” goal. As the consequence, not only the circulating rate of the co-reading box increases year by year, but also: the number of parent-child co-reading activities and reading seminars held by Nantou County was the No.1 among all Cities and Counties; enterprises have started to pay attention to the fulfillment of their social responsibilities; teachers are supported to advance their knowledge; good books are circulated for different applications; and the reading teaching methods have been continuously innovated.

Implementation Results 40 boxes of new books have been delivered to Nantou City Ping-He Elementary School, Xi-Ling Elementary School and Shui-Li Elementary School in 2013. Invited by Nantou County Government, USI has participated in the “2013 Bookstart – Press Conference of the Book Donation of Nantou County Government and Non-Governmental Communities, and Publication of the Reading Teaching Videos” and received a Certificate of Appreciation from the Acting County Mayor of Nantou County Chen Chih-Ching; Taiwan Literacy and Culture Foundation has shared the videos on the website and the teachers who filmed this video were also invited to join the co-reading teaching strategy seminars to share their concepts. All of these were made on an expectation of ameliorate teachers’ reading materials and teaching methods. On the other hand, the “Library of Love” parent-child co-reading seminar was held once; the co-reading teaching strategy seminar was held twice in the first semester of 2013 with totally 198 participants, and is expected to be taken place 5 times in the second semester of 2013.

Sponsored Projects

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



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

USI believes that the power of innovative R&D comes from imagination and creativity, and that's why USI has been working with Mingdao Literature and Arts by combining the power of “culture” and “technology” to encourage students to create and help them improve their literacy in literature and come up with inspiration of creation.

Starting Year 2007

Recipient



Benefited Stakeholders Winners since 2007

Mid- and Long Term Goals In response to the development trend of Chinese language, it is expected to promote this contest in the U.K., the U.S., Hong Kong, Macau and the Mainland of China for students above high school level to participate.

Implementation Methods Since 2006, USI has donated money for this creative writing contest as the co-organizer of this event. The annual amount sponsored by the company was NTD500,000 from 2007 to 2012, which were used as the contest rewards. Although this literature award is no longer opened to colleague / university students, overseas high school students (Peking, Shanghai, Singapore and Malaysia) are now eligible to join this contest, which is officially renamed as the “Literature Award for Chinese-Speaking Students around the World”. Besides, the company also revised the amount of its annual donation to NTD300,000.

Implementation Results “Literature Award for Chinese-Speaking Students around the World” is reputed as the cradle of dreams for student writers. It encourages teenagers to focus on literature creation and supports literature creation as a compulsory factor to enhance all citizens’ cultural literacy, helping Taiwan to train more talents with creativity!

Sponsored Projects

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



7.2 Promote Artistic Events

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

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

By supporting and sponsoring artistic events, USI wishes to enhance the artistic appreciation of people, accumulate the energy of innovation and creativity, and establish a nice social convention. Therefore, USI has been promoting to the promotion of artistic events.

Starting Year 2005

Recipient Cloud Gate Dance Foundation

Benefited Stakeholders Cloud Gate Dance Foundation

Mid- and Long Term Goals To sponsor Cloud Gate to perform in the Mainland of China.

Implementation Methods USI not only sponsors NTD1 million every year, but also promotes arts inside the company and holds the "Cloud Gate Gathering" activity regularly.

Implementation Results Sponsored Cloud Gate's performance "The Rice" in 2013. Rice is the core culture of Asia and the waves of rice in paddy fields is the spiritual homeland of Taiwanese People. Inspired by their visit to Chihshang to experience the autumn harvest, the Cloud Gate dancers have transformed farmers' postures and bodies of working into dance moves. This is a dance without a scenario that shows an interpersonal harmony and the harmony between human and the nature as well as the conflicts and the following reconciliation. This is also a sentimental dance that eulogizes the farming culture of Taiwan: through Cloud Gate's performance of "The Rice", we would like to express our gratitude to Taiwan and to the farmers who have always respected this land in the age of global warming with disastrous pollutions. More importantly, we would also like to show the company's respect to protect the nature and to fulfill our responsibilities to the environment.

Sponsored Projects

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



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

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

2013 is the 12th year that USI continued to sponsor the “Rice Public Welfare Cultural Festival” held by Caotun Township. With estimated visitors of 80,000 person times over the 12 years, this festival always receives an enthusiastic response from local people every year. As thousands of people are attracted to watch “Ming Hwa Yuan Arts & Cultural Group – Scene: Bao Zheng the Inquisitor”, this event has become a year-end pageant in local and governmental institutions at all levels also highly appreciate USI's effort on promoting the Taiwanese drama culture. As a support of Nantou County Caotun Township Office's year-end party, the public performance of “Ming Hwa Yuan Arts & Cultural Group” sponsored by the USI is loved by thousands of local citizens and all of the seats are always occupied every year.

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

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



7.2.3 Taiwan – Japan Drum Dance Festival (Taiwan Facility)

Opened on 5 APR 2013 and lasted for three days, the “2013 Taiwan – Japan Drum Dance Festival” was taken place in Nantou County Chung Hsing New Village and Puli.

This festival has gathered Japan's national treasure-class Akita Kanto Festival, Somaro Maiko Dance (Yamagata), Oga Taiko Drummers, Morioka Sansa Odori Festival and the exceptional Akita Kanto Festival for exchanges and experiencing opportunities of the Taiwanese and Japanese festival cultures. Despite of the rain, thousands of people were attracted to watch the shows performed extraordinarily by the Japanese groups, who wished to thank Taiwan for its support to the 2011 Tōhoku Earthquake, with their culture. The audience also felt the reviving power that led Japan to recover from the disaster and returned with enthusiastic applauds. As a great opportunity for people to experience the essence of Tōhoku rituals, this festival has continued the spirit of “2011 Taiwan – Japan Drum Dance Festival” to sustainably encourage earthquake affected areas in Tōhoku to revive and to promote the innovative tourism industry “Long Stay with Love” in Taiwan.



7.2.4 “Raise Your Hand and Sing for your Love” – The Large-Scale Public Welfare Activity of Qiandeng and Dianshanhu branches (Kunshan Facility)

This is a large-scale public welfare activity based on the theme of love. The purpose is to raise funds to purchase teaching equipments for Da-De Hope Elementary School located in Zhangfeng Village (Nayong Township, Guizhou) and to subsidize poor elementary school students living in Qiandeng and Dianshanhu for emergencies.

The most sensational part in this activity was the touching “Sing for Love” charity concert held by the USI Chorus (Kunshan Facility), Kunshan Hui-Ju Cross-Strait Chorus and Classic Orchestra.

Solely held by the Kunshan Facility of USI, this charged concert donated all of its ticket revenue – RMB 23,640 – for charity. Besides, the Site General Manager of Kunshan Facility Lin Da-Yi also joined this event as the choral conductor and made this event even more splendid.



7.3 Contribute to the Community

With the belief in caring about the society and friending the community, USI gathers the power of employees and participates in public affairs and social activities of public welfare. In the meantime of seeking corporate growth, USI wishes to repay the community and devotes itself to the society. In 2013, USI participated in the affairs listed as follows:

Shanghai Facility

“The Million Tree Planting Project”

The large amount of greenhouse gas released from human's economic activities is the main cause of greenhouse effect, which has resulted in a dramatic climate change around the world with an increasing number of wind disasters and floods year by year. Apart from controlling the greenhouse gas emission passively, USI has realized the need of fighting against global climate change more proactively and therefore decided to launch “The Million Tree Planting Project” in 2013.

Recipient

Shanghai Roots & Shoots



Starting Year

2013

Mid- and Long Term Goals

With a duration of 10 years, USI shall donate at least 4,000 trees every year. The long-term goal is to invite the top 3 industrial supply chain players outside the company to join this program and to initiate the non-commercial forest adoption activity among employees internally.

Name of the Activities

2013 Million Tree Planting Project – The USI 2013 Non-Commercial Forest

Benefited Stakeholders

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

Implementation Methods

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



The healthy new leaves, 21 JUN 2013



Site training conducted by Professor Robin 8 SEP 2013

Implementation Results

- Surface: 44.9 Mu (Chinese are; 2.99 hectares)
- Quantity / Species: 5,228/ Poplars
- Location: Located in Bahutasumu of Zhaogensumogacha (Horqin Left Back Banner), this forest belongs to the entire village, where local citizens will be responsible for the planting and following maintenance activities.
- Density: 1.5 m * 5m, 89 trees per acreage (1,335 trees per hectare)
- GPS Coordinates / Diagram(s):

年份 /Year	GPS 坐标/Coordinate	林地示意图/Forest Map
2013	Located in Plot 2013-1. 位于 2013-1 林地 N43 12 38.3 E122 06 29.4 N43 12 38.1 E122 06 31.8 N43 12 38.4 E122 06 34.0 N43 12 47.4 E122 06 35.3 N43 12 47.6 E122 06 32.8 N43 12 47.6 E122 06 30.7	

- Plant Cultivation: In overall, USI's non-commercial forests grow pretty well. As the location has bigger dust storms, trees that grow faster may have some survival issues (lower survival rate of afforestation) during the first two years. On the other hand, newly planted seedlings can grow well with health leaves for the first year. In September of 2013, Roots and Shoots Shanghai Teenager Activity Center has specially invited the U.S. afforestation specialist Professor Robin Rose to monitor the site, and to instruct and train surveyors.



Monument of the non-commercial forest land

Shenzhen Facility

Upholding the mission of “Caring the society and be friendly in the community”, Shenzhen facility has gathered employees’ strength to proactively walk into the society and participate in all kinds of public welfare activities.

As the first legal volunteer association registered in the Mainland of China in April 1990, Shenzhen Volunteer Association is a social mass organization with considerable service strength. Not only people from all levels of the society proactively join this association, but also the association itself offers services to all domains of the society. In 2013, Shenzhen facility has cooperated with community organizations to encourage employees to apply for the volunteer card and more than 400 employees have applied for it.

Shenzhen facility has assisted people with physical difficulties for a long time. It not only offers them the monthly salary, but also sends them their greetings every moon festival and on their birthday. In 2013, it has offered more than RMB440,000 to support 23 people with physical difficulties; at the end of the same year, the Sahe Street Community has led these people to make a report-back performance on the birthday party held by the company and received positive feedback. In the meantime, the Nanshan Sahe Association for People with Physical Difficulties also sent the Company a flag and medal to express their gratitude.

Shenzhen facility has proactively participated in all kinds of public welfare activities by Taiwanese business associations and organizations. For example, it has donated RMB5,000 to patients with autism through the Taiwanese Business Association and held clothes and books donation activities in the company to support poor children living in mountainous areas.

Taiwan Facility

“Farming Life and Smell of the Rice” – The Rice Seedling Transplanting Experience Activity and Charity Donation

For the first time, the USI Employee Welfare Committee and Caotun Farming Association have cooperated to hold the “Farming Life and Smell of the Rice” activity. Through the experience activity of transplanting rice seedling and purchasing rice, this event has integrated the marketing concepts of “contract farming, public welfare and adoption” and received enthusiastic feedback from the USI staffs. For example, one of the “big customers of the rice” has purchased 60KGs of rice and these rice will be donated to family support centers through care association after the harvest.

The company has organized a series of activities including “transplanting seedlings in early morning, celebrating the harvest in autumn, and enjoying the funs of traditional BBQ in winter”. Apart from bringing back some good old memories of the adults, it is also expected to give the children an opportunity of experiencing the funs and hard works of farming, so that they will learn to cherish all of the resources gifted by the land.





Led by the Chairperson of the Employee Welfare Committee Mr. Zhuang Ming-Cheng, the USI employees totally donated 833 KGs of rice to Nantou Family Support Center at the end of 2013. It is USI's wish not only to make feedback to the community through real actions, but also to fulfill its social responsibilities and distribute this love to corners of the County.



7.3.1 Sponsorship of Road Maintenance Program

Taiwan Facility

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

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

In 2014, USI has planned to improve the overall view of the channelization island below Maoluo Bridge and the National Highway No. 3 access road on Provincial Highway No. 14b. Besides, it will set landscapes for the lantern festival held by Nantou County government.



7.3.2 Beautifying the City Roads with Plants

Taiwan Facility



To cooperate with Caotun Township's strategy of beautifying the region with plants, USI has adopted the maintenance work of the city roads. Over the last few years, USI has continuously sponsored regional office to maintain the scenery of adopted roads in order to beautify the environment. The adopted roads are 50m long with an annual maintenance budget of NTD50,000.



7.3.3 Groups of Public Welfare

Taiwan Facility

USI employees volunteered to establish groups of public welfare, such as Club of Tzu Chi and Club of Compassion, which care for minority groups and regularly donate to Tzu Chi Foundation. In 2013, the amount of donation came to more than NTD130,000. With the belief in "Everyone Saves NTD100 and Saves the World," volunteers will be deducted a fixed amount of money from their monthly payroll to be compassion funds. More than 100 employees have participated in this activity.

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



Third Party Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S INDEPENDENT ASSURANCE STATEMENT ON SUSTAINABILITY ACTIVITIES IN THE UNIVERSAL SCIENTIFIC INDUSTRIAL (SHANGHAI) CO., LTD.'s CORPORATE SOCIAL RESPONSIBILITY REPORT OF 2013

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by UNIVERSAL SCIENTIFIC INDUSTRIAL (SHANGHAI) CO., LTD. (hereinafter referred to as USI) to conduct an independent assurance of the Corporate Social Responsibility Report (hereinafter referred to as CSR Report) of 2013. The scope of the assurance, based on the SGS Sustainability Communications Assurance methodology, included the text, and data in accompanying tables contained in this report.

The information in the USI's CSR Report of 2013 and its presentation are the responsibility of the superintendents, CSR committee and the management of USI. SGS has not been involved in the preparation of any of the material included in the USI's CSR Report of 2013. Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance set out below with the intention to inform all of USI's stakeholders.

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

This report has been assured using our protocols for:

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

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

STATEMENT OF INDEPENDENCE AND COMPETENCE

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

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

Third Party Assurance Statement

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 2013 verified is accurate, reliable and provides a fair and balanced representation of USI sustainability activities in 01/01/2013 to 12/31/2013.

The assurance team is of the opinion that the report can be used by the Reporting Organization's Stakeholders. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting. The report is the second to be assured by an independent assurance team and USI has taken a bold step by offering the report to evaluation against both GRI G4 guidelines and the AA1000 Assurance standard. This shows a deserved confidence in their reporting process.

In our opinion, the contents of the report meet the requirements of GRI G4 Core Option and AA1000 Assurance Standard (2008) Type 1, Moderate level assurance.

AA1000 ACCOUNTABILITY PRINCIPLES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

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

Materiality

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

Responsiveness

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

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, USI's CSR Report of 2013, is adequately in line with the GRI G4 Core Option. The material aspects and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material aspects and boundaries, and stakeholder engagement, G4-17 to G4-27, are correctly located in content index and report. More disclosure on organization's governance, supply chain management and material aspects having boundaries outside of the organization are encouraged in future reporting. The address of Disclosure on Management Approach may be further enhanced.

Signed:

For and on behalf of SGS Taiwan Ltd.



Dennis Yang, Chief Operating Officer
Taipei, Taiwan
18 June, 2014
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GRI Index

• General Standard Disclosures

Standard Disclosures		Chapter	Page	Additional Illustration	External Assurance Page
Strategy and Analysis					
G4-1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and strategy	Letter from President	5		103
Organization Profile					
G4-3	Name of the organization	2.1.1 Corporate Introduction	13		103
G4-4	Primary brands, products, and/or services	2.1.1 Corporate Introduction	13		103
G4-5	Location of organization's headquarters	2.1.1 Corporate Introduction	13		103
G4-6	The number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	2.1.1 Corporate Introduction	13		103
		2.1.2 Global Operative System	13		
G4-7	Nature of ownership and legal form	2.1.1 Corporate Introduction	13		103
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	2.1.2 Global Operative System	13		103
G4-9	Scale of the reporting organization	2.1.1 Corporate Introduction	13		103
		2.1.3 Financial Performance	14		
G4-10	a. The total number of employees by employment contract and gender b. The total number of permanent employees by employment type and gender c. The total workforce by employees and supervised workers and by gender d. The total workforce by region and gender e. Whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors	4.1.1 Employee Structure	33		103
G4-11	The percentage of total employees covered by collective bargaining agreements	4.6.2 Industrial Relations Communication Mechanism	51		103
G4-12	Describe the organization's supply chain	6.1 The Suppliers of USI	61		103
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	2.2 Corporate Governance	16	USI has in 2013 established the subsidiary "Universal Global Technology (Shanghai) Co., Ltd.".	103
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	3.3.1 Green Management	22		103
		3.4.1 Material Management	27		
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	1.2 CSR Policy and Operation	9		103
		1.2.1 Promotion of EICC	9		
		3.3.1 Green Management	22		
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations	2.1.4 External Participation	15		103

Standard Disclosures		Chapter	Page	Additional Illustration	External Assurance Page
Identified Material Aspects and Boundaries					
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	Introduction of the Report	3	There are totally 10 companies in the organizational structure chart and this report has only revealed 5 of them. The reason of not revealing these companies is that: These companies are operated as service centers with lower impacts on the environment and our community.	103
		2.2 Corporate Governance	16		
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries b. Explain how the organization has implemented the Reporting Principles for Defining Report Content	1.3 Identification and Selection of Stakeholders	10		103
		Materiality Aspects and Boundaries	6		
G4-19	List all the material Aspects identified in the process for defining report content	1.3 Identification and Selection of Stakeholders	10		103
		Materiality Aspects and Boundaries	6		
G4-20	For each material Aspect, report the Aspect Boundary within the organization, as follows: • Report whether the Aspect is material within the organization • If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: 1. The list of entities or groups of entities included in G4-17 for which the Aspect is not material or 2. The list of entities or groups of entities included in G4-17 for which the Aspects is material • Report any specific limitation regarding the Aspect Boundary within the organization	Materiality Aspects and Boundaries	6		103
G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: 1. Report whether the Aspect is material outside of the organization 2. If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified 3. Report any specific limitation regarding the Aspect Boundary outside the organization	Materiality Aspects and Boundaries	6		103
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements			None	103
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	Materiality Aspects and Boundaries	6	Categories disclosed in this report include material aspects as well as the total of boundaries inside and outside the organization. As this is the first time to write this report with G4, we have therefore emphasized on the impacts inside the organization, whereas impacts outside the organization will be described more year by year.	

Standard Disclosures		Chapter	Page	Additional Illustration	External Assurance Page
Stakeholder Engagement					
G4-24	Provide a list of stakeholder groups engaged by the organization	1.3 Identification and Selection of Stakeholders	10		103
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	1.3 Identification and Selection of Stakeholders	10		103
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	1.4 Stakeholder Communication	11		103
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	1.4 Stakeholder Communication	11		103
Report Profile					
G4-28	Reporting period (such as fiscal or calendar year) for information provided	Introduction of the Report	3		103
G4-29	Date of most recent previous report	Introduction of the Report	3		103
G4-30	Reporting cycle	Introduction of the Report	3		103
G4-31	Provide the contact point for questions regarding the report or its contents	Introduction of the Report	3		103
G4-32	a. Report the 'in accordance' option the organization has chosen b. Report the GRI Content Index for the chosen option c. Report the reference to the External Assurance Report, if the report has been externally assured. (GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.)	Introduction of the Report	3		103
		GRI Index	76		
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided c. Report the relationship between the organization and the assurance providers d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report	Introduction of the Report	3		103
Governance					
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	1.1 Vision and Promise	8		103
		2.2 Corporate Governance	16		
Ethics and Integrity					
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	2.2.2 Anti-Corruption and Anti-Bribery	18		103

• Specific Standard Disclosures

Management Approach & Indicators			Chapter	Page	Additional Illustration	Omissions	External Assurance Page
Economic Category							
Economic Performance	Management Approach		2.1 Corporation Operation	13			103
	G4-EC1	Direct economic value generated and distributed	2.1.3 Financial Performance	14			103
	G4-EC3	Retirement plans	4.5.2 Employee Insurance and Retirement	50		The old mechanism of the Labor Retirement Fund still exists in our Taiwan facility and the fund is allocated to addressed account in accordance with local regulations.	103
	G4-EC4	Financial assistance received from government	2.2.4 Government Subsidy	19			103
Market Presence	Management Approach		4.1.1 Employee Structure	33			103
			4.6.1 Salary Management Strategy	51			
	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage	4.6.1 Salary Management Strategy	51			103
	G4-EC6	Proportion of senior management hired from the local community	4.1.1 Employee Structure	33			103
Procurement Practices	Management Approach		6.1 The Suppliers of USI	61			103
	G4-EC9	Proportion of spending on local suppliers	6.1 The Suppliers of USI	61			103
Environmental Category							
Materials	Management Approach		3.4.1 Material Management	27			103
	G4-EN1	Materials used by weight or volume	3.4.1 Material Management	28			103
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	G4-EN3	Energy consumption within the organization	3.4.3 Energy Management	29			103
	G4-EN5	Energy intensity	3.4.3 Energy Management	30			103
	G4-EN6	Reduction of energy consumption	3.4.3 Energy Management	30			103
	G4-EN7	Reductions in energy requirements of products and services	3.3.2 Green Supply Chain	25			103
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	G4-EN8	Total water withdrawal by source	3.4.5 Water Resource Management	31			103

Management Approach & Indicators			Chapter	Page	Additional Illustration	Omissions	External Assurance Page
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	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	3.4.2 Greenhouse Gas Emission Reduction Management	28			103
	G4-EN18	Greenhouse gas (GHG) emissions intensity	3.4.2 Greenhouse Gas Emission Reduction Management	29			103
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	3.4.2 Greenhouse Gas Emission Reduction Management	30			103
			7.3 Contribute to the Community	70			
Effluents and Waste	Management Approach		3.4.4 Waste Management	30			103
	G4-EN23	Total weight of waste by type and disposal method	3.4.4 Waste Management	30			103
	G4-EN24	Total number and volume of significant spills			No serious leakage events happened in any facility.		103
Products and Services	Management Approach		3.3 Green Promise of USI	22			103
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	3.3 Green Promise of USI	22			103
			3.3.1 Green Management	22			
			3.3.2 Green Supply Chain	25			
Compliance	Management Approach		3.2 EHS & Energy Policy of USI	21			103
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations			Shanghai facility was penalized once in 2013 and the total amount was RMB 35,000.		103
Overall	Management Approach		3.3 Green Promise of USI	22			103
	G4-EN31	Total environmental protection expenditures and investments by type	3.3.3 Green Expenditures	26			103
Supplier Environmental Assessment	Management Approach		6.2 Supplier Management	62			103
	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	6.2 Supplier Management	62		The collected information is incomplete and the suppliers will be screened in 2015 comprehensively.	103
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	6.2 Supplier Management	62		The collected information is incomplete and the suppliers will be assessed in 2015 comprehensively.	103

Management Approach & Indicators			Chapter	Page	Additional Illustration	Omissions	External Assurance Page
Environmental Grievance Mechanisms	Management Approach		6.2 Supplier Management	62			103
	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	1.4 Stakeholder Communication	11		The collected information is incomplete and the suppliers appeal mechanism will be investigated in 2015 comprehensively.	103
			6.2 Supplier Management	62			103
Labor Practices and Decent Work Category							
Employment	Management Approach		4 USI and Its Employees	33			103
	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	4.1.2 Employee Turnover Rate	35			103
			4.2.1 Employee Recruitment	36			
	G4-LA2	Benefits provided to full-time employees	4.5 Perfect Welfare System	40			103
G4-LA3	Return to work and retention rates after parental leave, by gender	4.1.3 Parental Leaves	35			103	
Labor/ Management Relations	Management Approach		4.4 Enforcement of Human Rights Policy	40			103
	G4-LA4	Minimum notice periods regarding operational changes			The notice period of major operational changes is defined by local regulations.		103
Occupational Health and Safety	Management Approach		4.7 Excellent Working Environment	52			103
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	4.7.1 Safety and Health Management	52			103
Training and Education	Management Approach		4.3 Integral Training Program	37			103
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	4.3 Integral Training Program	37			103
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	4.3.2 Employee Performance Appraisal	39			103
Diversity and Equal Opportunity	Management Approach		4 USI and Its Employees	33			103
	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	4.1.1 Employee Structure	33			103
Equal Remuneration for Women and Men	Management Approach		4.6.1 Salary Management Strategy	51			103
	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category	4.6.1 Salary Management Strategy	51			103

Management Approach & Indicators			Chapter	Page	Additional Illustration	Omissions	External Assurance Page
Supplier Assessment for Labor Practices	Management Approach		6.2 Supplier Management	62			103
	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	6.2 Supplier Management	62		The collected information is incomplete and the suppliers will be screened in 2015 comprehensively.	103
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	6.2 Supplier Management	62		The collected information is incomplete and the suppliers will be assessed in 2015 comprehensively.	103
Labor Practices Grievance Mechanisms	Management Approach		6.2 Supplier Management	62			103
	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	6.2 Supplier Management	62	There were no related cases in 2013.	The collected information is incomplete and the suppliers appeal mechanism will be investigated in 2015 comprehensively	103
Human Rights Category							
Investment	Management Approach		4.4 Enforcement of Human Rights Policy	40			103
	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	4.3.1 Employee Learning and Development	38		The Mexico facility has in 2014 started to use the e-learning system and employees trainings hours are also registered on-line.	103
			4.4 Enforcement of Human Rights Policy	40			
Non-discrimination	Management Approach		4.4 Enforcement of Human Rights Policy	40			103
	G4-HR3	Total number of incidents of discrimination and corrective actions taken	4.4 Enforcement of Human Rights Policy	40	There were no discrimination cases in 2013.		103
Freedom of Association and Collective Bargaining	Management Approach		4.4 Enforcement of Human Rights Policy	40			103
			6.2 Supplier Management	62			
	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	4.4 Enforcement of Human Rights Policy	40	There were no related cases in 2013.		103
			6.2 Supplier Management	62			
Child Labor	Management Approach		4.4 Enforcement of Human Rights Policy	40			103
			6.2 Supplier Management	62			
	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	4.4 Enforcement of Human Rights Policy	40	USI hires no child labor, and it is also prohibited to recruit child labor under 16 years of age.		103
			6.2 Supplier Management	62			

Management Approach & Indicators			Chapter	Page	Additional Illustration	Omissions	External Assurance Page
Forced or Compulsory Labor	Management Approach		4.4 Enforcement of Human Rights Policy	40			103
			6.2 Supplier Management	62			
	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	4.4 Enforcement of Human Rights Policy	40	There were no related cases in 2013.		103
			6.2 Supplier Management	62			
Assessment	Management Approach		1.2 CSR Policy and Operation	9			103
	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	1.2 CSR Policy and Operation	9	Operating activities on facilities all consider the local situation of human rights.		103
			1.2.1 Promotion of EICC	9			
Supplier Human Rights Assessment	Management Approach		6.2 Supplier Management	62			103
	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	6.2 Supplier Management	62		The collected information is incomplete and the suppliers will be screened in 2015 comprehensively.	103
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	6.2 Supplier Management	62		The collected information is incomplete and the suppliers will be assessed in 2015 comprehensively.	103
Human Rights Grievance Mechanisms	Management Approach		6.2 Supplier Management	62			103
	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	6.2 Supplier Management	62	There were no related cases in 2013.	The collected information is incomplete and the suppliers appeal mechanism will be investigated in 2015 comprehensively.	103
Society Category							
Local Communities	Management Approach		7 USI and the Community	65			103
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	7.1 Invest in Education	65	All operating activities take part in community development.		103
			7.2 Promote Artistic Events	67			
			7.3 Contribute to the Community	70			
Anti-corruption	Management Approach		2.2.2 Anti-Corruption and Anti-Bribery	18			103
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	1.2.1 Promotion of EICC	9	Internal audit of anti-corruption and anti-bribery contains the whole company (nine cycles of sales, procurement, production, payroll, asset and etc.), and USI found no major issues within audit sampling results in 2013.		103
			2.2.2 Anti-Corruption and Anti-Bribery	18			
		G4-SO4	Communication and training on anti-corruption policies and procedures	2.2.2 Anti-Corruption and Anti-Bribery	18	All USI employees have signed 'USI Staff Code of Conduct'	Supplier related investigations will be taken place in 2015

Management Approach & Indicators			Chapter	Page	Additional Illustration	Omissions	External Assurance Page
Anti-corruption	G4-SO5	Confirmed incidents of corruption and actions taken	2.2.2 Anti-Corruption and Anti-Bribery	18	None		103
Compliance	Management Approach		2.2.3 Regulations Abidance	19			103
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	2.2.3 Regulations Abidance	19			103
Supplier Assessment for Impacts on Society	Management Approach		6.2 Supplier Management	62			103
	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	6.2 Supplier Management	62		The collected information is incomplete and the suppliers will be screened in 2015 comprehensively.	103
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	6.2 Supplier Management	62		The collected information is incomplete and the suppliers will be assessed in 2015 comprehensively.	103
Grievance Mechanisms for Impacts on Society	Management Approach		6.2 Supplier Management	62			103
	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	6.2 Supplier Management	62	There were no related cases in 2013.	The collected information is incomplete and the suppliers appeal mechanism will be investigated in 2015 comprehensively.	103
Product Responsibility Category							
Customer Health and Safety	Management Approach		5.1 Production and Quality Management	58			103
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement			Before we produce mass system products, such as cash register, mobile devices, memory unit, server, wireless router, wireless networking equipment, etc, we always obtain safety certification of the machines in accordance with related laws and regulations of each country; As for parts products, such as motherboard, wireless module, auto parts, etc, we always verify relevant safety regulations and apply for certification at customers' final system assembly.		103

Management Approach & Indicators			Chapter	Page	Additional Illustration	Omissions	External Assurance Page
Customer Health and Safety	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	5.1 Production and Quality Management	58	In 2013, USI did not violate any regulations.		103
Product and Service Labeling	Management Approach		5 USI and Its Customers	58			103
	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	5.1 Production and Quality Management	58	Regarding system products with the safety certification, relevant safety warnings and the correct instructions of use will definitely be marked on the products and in user's manual.		103
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	5.1 Production and Quality Management	58	In 2013, USI did not violate any regulations.		103
	G4-PR5	Results of surveys measuring customer satisfaction	5.2 Product Marketing Management	59			103
Marketing Communications	Management Approach		2.2.3 Regulations Abidance	19			103
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	2.2.3 Regulations Abidance	19			103
Customer Privacy	Management Approach		2.2.3 Regulations Abidance	19			103
	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data			In 2013, USI was not accused for invasion of customers' privacy or losing customers' data.		103
Compliance	Management Approach		2.2.3 Regulations Abidance	19			103
	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services			In 2013, USI did not violate any regulations.		103
Other Issues							
Conflict Minerals	Management Approach		1.2 CSR Policy and Operation	9			103
			6.2 Supplier Management	62			
	Investigation on Conflict Minerals		6.2.1 Investigation on Conflict Minerals	62			103
Water conservation	Management Approach		3.4.5 Water Resource Management	31			103
	Reduction of water consumption		3.4.5 Water Resource Management	31			103

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