Sustainability Report 2014

Contents

Corporate Sustainability Committee

Chairman: Frank Myers, Senior Vice President, Operations
Members: Lee Ken Chou (Corp), Yang Liu (UDG), Siripong Kamonchaiwanit (UTL), Carson Cao Qiang (USC), Looi Choon Poh (USG), Thennarasu C. (USG), Chen-Kun Chan (UTC), Fajar Maulana Arifullah (UID), Kamal Azam Bin Kamarudin (UMY), Lim Koon Guan (UMS), Jaffar Bin Sedik (UMS).

1. Executive Summary

At UTAC, our mission is to build a sustainable business, providing value to all of customers, partners and stakeholders, while ensuring the integrity of our global supply chain and delivering on our commitment to make a positive impact to our industry and the community and environment in which we operate. We devote focus to developing and implementing responsible business practices across our global footprint, and have established systems and processes for continuous improvement in our operations.

Our approach to sustainability is centred on identifying and managing potential environmental impact through initiatives aimed at maximising energy efficiency, effective resource management, and reducing carbon emissions. In addition, we hold ourselves to high levels of corporate governance, adhering to all relevant local and international regulations, standards and guidelines, and putting in place systematic monitoring and risk management for business sustainability.

It is our belief that strong governance and leadership are the foundations for growth and sustainable business development. Under our new management team led by CEO Dr John Nelson, we have developed a Corporate Social Responsibility (CSR) Policy that each and every employee is required to abide by. This policy is aligned with the Electronic Industry Citizenship Coalition (EICC) Code of Conduct, and serves to provide clear guidance on UTAC's business values and policies with regard to the environment, health, safety and security.

A group-wide directive on our CSR Policy and Commitment Statement was communicated to all employees in March 2014, and a team dedicated to sustainability, led by a Senior Vice President of Operations, is responsible for driving sustainable business practices throughout UTAC. We regularly monitor and conduct audits of our sustainability performance to ensure compliance and identify opportunities to do even better.

In addition, we have set a five-year goal to reduce energy consumption by 20 percent by 2017, taking 2012 as the base line, and reduce energy consumption by 5-8% year-on-year.

We are pleased to share that through efforts in 2014 – including a US$14 million site consolidation project to maximize space utilization and energy efficiency, and capital investment of US$246,000 in other energy efficiency improvement initiatives – UTAC was able to significantly reduce electricity consumption by 54.8 million kwh or a reduction of 15.2% year-on-year. Through the execution of sustainability programs and the completion of our renewable project in Singapore, UTAC was able to realize cost savings of US$4.55 million globally.

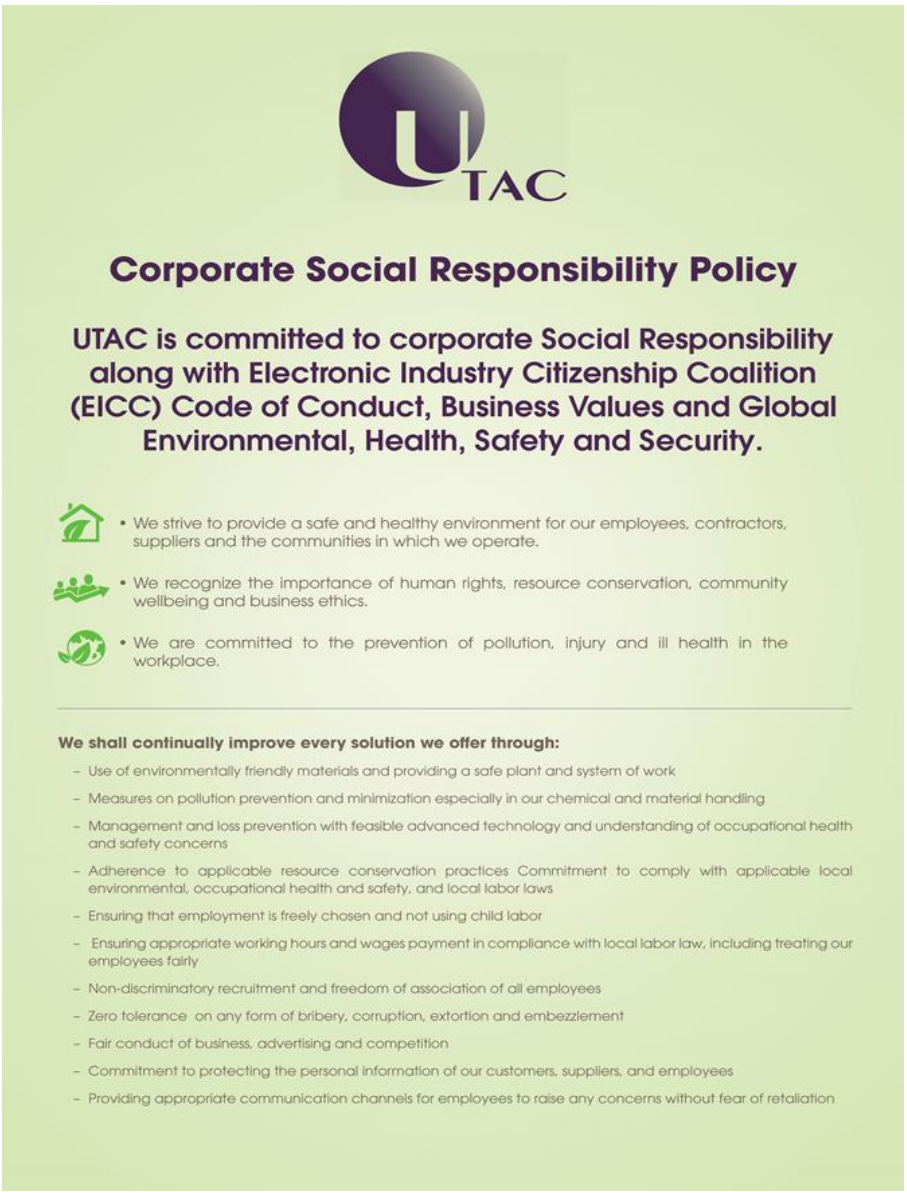
Our sustainability systems, processes and practices have also been certified to meet the ISO14001 and OHSAS18001 industrial standards, and have also received recognition by government agencies and international industry associations.

2. CSR Commitment and Strategy

UTAC is committed to being a good corporate citizen and a socially responsible organization. Our dedication to our CSR Policy ensures that employees are able to work in a safe and healthy environment. Similarly, in communities where we operate, we understand the value of creating a healthy eco-system where everyone can thrive.

A. Corporate Social Responsibility Policy

Under the leadership and direction of a Senior Vice President of Operations, in March 2014, UTAC issued a company-wide "Corporate Social Responsibility Policy and Commitment Statement" directive to all employees to provide clear guidance on UTAC's sustainable business practices. UTAC continuously works towards being a company that embeds environmental and social responsibility and sustainability in all aspects of our business, from product and service development to employee education initiatives.



Corporate Social Responsibility Policy

UTAC is committed to corporate Social Responsibility along with Electronic Industry Citizenship Coalition (EICC) Code of Conduct, Business Values and Global Environmental, Health, Safety and Security.

- We strive to provide a safe and healthy environment for our employees, contractors, suppliers and the communities in which we operate.
- We recognize the importance of human rights, resource conservation, community wellbeing and business ethics.
- We are committed to the prevention of pollution, injury and ill health in the workplace.

We shall continually improve every solution we offer through:

- Use of environmentally friendly materials and providing a safe plant and system of work
- Measures on pollution prevention and minimization especially in our chemical and material handling
- Management and loss prevention with feasible advanced technology and understanding of occupational health and safety concerns
- Adherence to applicable resource conservation practices Commitment to comply with applicable local environmental, occupational health and safety, and local labor laws
- Ensuring that employment is freely chosen and not using child labor
- Ensuring appropriate working hours and wages payment in compliance with local labor law, including treating our employees fairly
- Non-discriminatory recruitment and freedom of association of all employees
- Zero tolerance on any form of bribery, corruption, extortion and embezzlement
- Fair conduct of business, advertising and competition
- Commitment to protecting the personal information of our customers, suppliers, and employees
- Providing appropriate communication channels for employees to raise any concerns without fear of retaliation

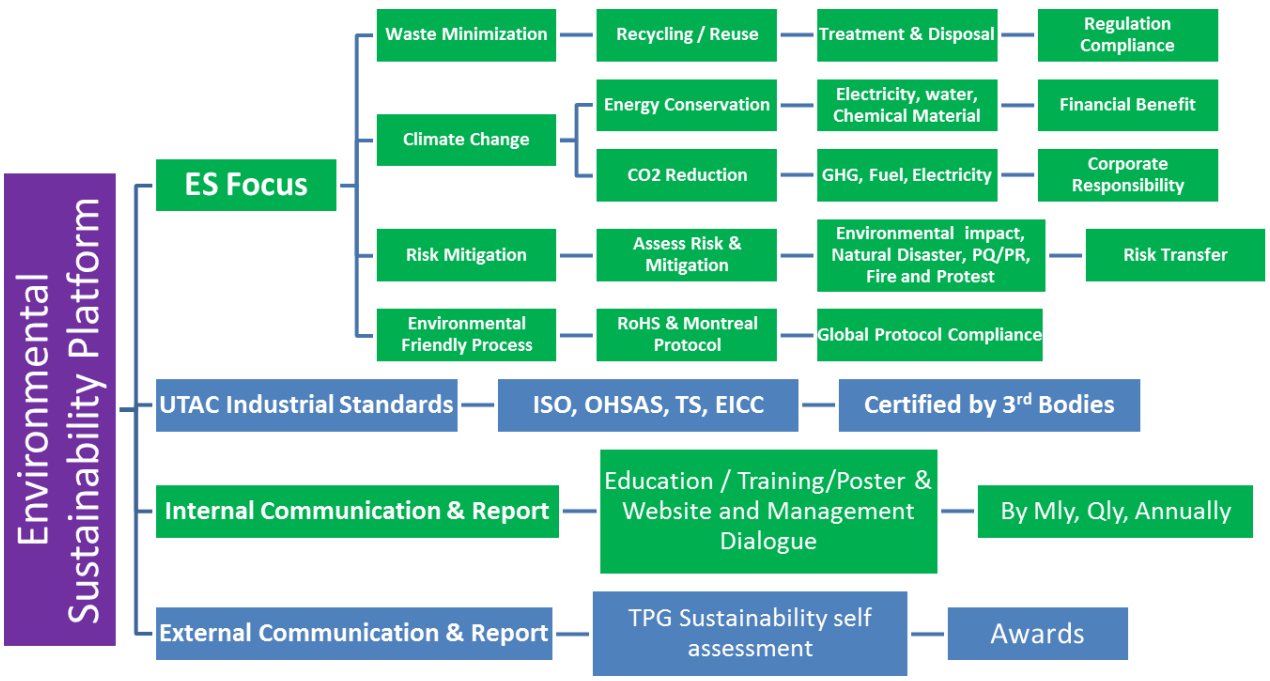
B. Strategy and Structure

In order to effectively execute UTAC's commitment across all offices, UTAC has established a Sustainability Platform led by a global sustainability team who is responsible for driving and implementing initiatives within their local communities.

The global sustainability team, led by a Senior Vice President of Operations, is responsible for driving sustainable business practices throughout each of our offices or facilities, and a structure is in place to enable UTAC to:

- Assess environmental aspect and risk; and Identify significant environmental impact; and initiate control and/or mitigation procedures.
- Build a platform to focus on significant sustainability risk mitigation; and quantify financial benefit associated with sustainability programs.
- Enhance internal and external environment education, to not only adopt environmental sustainability approaches within UTAC, but also advocate and promote sustainable practices with contractors and suppliers.

Education and enablement is key to ensuring that each employee understands the importance of sustainability. As such, beyond the organizational adoption of environmental sustainability, every employee will learn the value and significance of these concepts through educational workshops, our informative UTAC Sustainability webpage and over town hall dialogues with senior management.



3. Key Sustainability Programs and Achievements in 2014

At UTAC, we believe that our focus on sustainability creates value and a healthy and robust environment for our employees, contractors, suppliers, and the communities in which we operate. This is why UTAC places a strong emphasis on continually developing, reviewing and improving our sustainability programs, whether it be for social, environmental or business sustainability.

Our focus on comprehensive, quality sustainability programs has been guided by frameworks such as the EICC and our efforts have been recognized by international organizations such as the Environmental Management System (EMS) and the Occupational Health & Safety Advisory Services (OHSAS).

Across our global operations, UTAC makes all reasonable efforts to minimize use of resources including energy, water and raw materials. We have set a five-year goal to reduce energy consumption by 20 percent by 2017, taking 2012 as the base line, and reduce energy consumption by 5-8% year-on-year.

As part of our commitment to sustainability, UTAC also prioritizes risk mitigation and business continuity planning to proactively address and prepare for any vulnerabilities and potential risks to our business operations.

A. Corporate Governance and Compliance

As a leading semiconductor testing and assembly services company, UTAC is committed to corporate social responsibility and complies with the EICC Code of Conduct.

The EICC Code of Conduct provides a set of principles on social, environmental and ethical issues in the electronics industry supply chain. As a company that adheres to the EICC Code of Conduct, we welcome a third-party assessment every three years to ensure our policies and procedures are in line with the code that we have pledged commitment to.

UTAC's operations are in compliance with the EICC and Environmental, Health and Safety (EHS) guidelines, and we have put in place a system compliance matrix:

Risk Mitigation and Business Continuity Plan

As a global business with operations around the world, UTAC recognizes the importance of being prepared for and equipped to respond to risks to minimize any potential impact on our business. To achieve this, UTAC has developed comprehensive business continuity plans with detailed measures to manage risks and mitigate the impact of potential risks, as well as put in place recovery plans should a situation occur.

In order to ensure the value of UTAC's business continuity plan, UTAC conducts regular audits of our systems and processes, including a third-party audit from the Environmental Management System (EMS) and the Occupational Health & Safety Advisory Services (OHSAS). The EMS and OHSAS provide the framework for UTAC to determine appropriate environmental, health and safety regulations; and assess the environmental and hazards impact and to identify significant impact, subsequently, initiate control procedure. UTAC has been granted ISO14001, OHSAS18008 and TS16949 certifications.

Key Certifications and Recognition

In an effort to continuously improve UTAC's sustainability plan and health and safety performance, the company has enforced a "plan-do-check-act" (PDCA) model to encourage ongoing enhancement of UTAC's systems, processes and platforms.

Through this method of consistent development, UTAC has secured the following awards and certifications:

EHS Awards and Recognition Obtained in Past 3 Years

Site	Awards	Grant body	Day/Year
UTL	SAMSUMG ECO-Partner Certificate	Samsung Electronics	Dec 1st, 2012
	SONY Green Partner Certificate	Sony Procurement Group	Oct 31th, 2013
	Recycle Paper Certificate	Thai Environment Institute and 'Kimberly-Clark'	July 10th. 2014
UDG	Annual Energy Saving Special Funds	Dongguan Economy & Information Technology Bureau	2011
	"Twelfth Five Year Plan" 1 kind of enterprises energy saving	Dongguan Economy & Information Technology Bureau	2011
	Dongguan City Clean Production Enterprise	Dongguan Economy & Information Technology Bureau	2012
	Dongguan Environmental Friendly Enterprise	Dongguan City Environmental Protection Bureau	2012
	Changan Town Energy Saving Good Corporate	Changan Economy & Information Technology Bureau	2012
	Prominent Heavy Metal Treatment Enterprise	Department of finance of Guangdong Province	2014
	Dongguan City Clean Production Enterprise	Dongguan Economy & Information Technology Bureau	2014
USC	Work Safety Standardization Certificate	Safety Production Association of Shanghai	January, 2014
USG 2	Appreciation Award & Certification for Water Efficient Building	The Public Utility Board (PUB), Singapore	October, 2014
UMY	Melaka Chief Minister Award - Safety Health & Environmental Category 2012)	Melaka State Government	March, 2012
	Melaka Best Factory Award - Manufacturing Category	Melaka State Development Coporation (PKNM)	May, 2013
	Takakura Composting Fetilizer Award	Solid Waste Management & Public Cleansing Coporation (PPSPPA)	October, 2013
UID	Silver Prize for Recycling and Resources Category	Panasonic Coorporation	June, 2012

UTAC GROUP INDUSTRIAL STANDARDS

Site	Compliance Topic	Linkage	Certified period	Expire Date	3rd. Body Used
USG 1	ISO9001	NA			
UTL 1		Certified	3 years	2016/4/30	URS
UTL 2		Certified	3 years	2016/4/30	URS
UTL 3		Certified	3 years	2016/4/30	URS
UTC		Certified	3 years	2016/11/3	TUV
UDG		Certified	3 years	2016/10/15	BSI
USC		Certified	3 years	2016.12.22	TUV SUD 管理服务有限公司
USG2		Certified	3 years	2016/10/24	SGS
UMY		Certified	3 years	2015/9/7	SIRIM QAS
UID		Certified	3 years	2017/3/1	SGS
USG 1	ISO14001	Certified	3 years	2015/4/16	TUV SUD PSB Pte Ltd
UTL 1		Certified	3 years	2015/5/8	AJA Registrar
UTL 2		Certified	3 years	2015/5/8	AJA Registrar
UTL 3		Certified	3 years	2015/5/8	AJA Registrar
UTC		Certified	3 years	2017/12/9	SGS
UDG		Certified	3 years	2015/8/30	BSI
USC		Certified	3 years	2013.12.22	TUV SUD 管理服务有限公司
USG2		Certified	3 years	2016/8/4	SGS
UMY		Certified	3 years	2016/12/17	SIRIM QAS
UID		Certified	3 years	2015/7/27	SGS
USG 1	OHSAS 18001		3 years	2015/4/16	TUV SUD PSB Pte Ltd
UTL 1		Certified	3 years	2015/12/12	AJA Registrar
UTL 2		Certified	3 years	2015/12/12	AJA Registrar
UTL 3		Certified	3 years	2015/12/12	AJA Registrar
UTC		Certified	3 years	2018/1/20	SGS
UDG		Certified	3 years	2015/8/30	BSI
USC		Certified	3 years	2015.02.19	TUV SUD 管理服务有限公司
USG2		Certified	3 years	2016/8/4	SGS
UMY		Certified	3 years	2016/3/4	SIRIM QAS
UID		Certified	3 years	2017/4/20	SGS
USG 1	TS 16949	Certified	3 years	2017/11/24	TUV SUD PSB Pte Ltd
UTL 1		Certified	3 years	2016/4/30	URS
UTL 2		Certified	3 years	2016/4/30	URS
UTL 3		Certified	3 years	2016/4/30	URS
UTC		Certified	3 years	2016/11/3	TUV
UDG		Certified	3 years	2016/10/15	BSI
USC		Certified	3 years	2013.12.22	TUV SUD 管理服务有限公司
USG2		Certified	3 years	2016/10/24	SGS
UMY		Certified	3 years	2015/9/7	SIRIM QAS
UID		On - Going	Plan to certify August 2015		

B. Environment and Climate

UTAC strives to reduce the environment and climate impact of our operations through active efforts in boosting energy efficiency while reducing our carbon footprint and managing resources effectively to lower energy consumption. We do this through technological innovations to provide customers with energy efficient and environmentally-friendly products and solutions, as well as working with our partners and suppliers to reduce environmental impact throughout the product lifecycle.

We focus on using resources wisely and promoting environmental-friendly process application to conserve energy and reduce consumption of electricity, water, raw materials; reduce carbon footprint; minimize waste generation and avoid intractable waste generation; maximize waste reuse and recycling; and treat and dispose waste responsibly in accordance to laws and regulations.

UTAC's assembly and testing processes and products are in full compliance with:

- The RoHS (Restriction of Hazardous Substances) Directive, which originated in the European Union, and restricts the use of six hazardous materials found in electrical and electronic products.
- The Montreal Protocol on Substances that Deplete the Ozone Layer

Carbon Footprint and Environmental Protection

Environmental protection is a fundamental requirement in all that we do. UTAC is committed to addressing climate change challenges through measures and initiatives to proactively minimize our carbon footprint and greenhouse gas emissions, and to continuously enhance environmental-friendly processes and practices that are in line with industry standards throughout our operations in Singapore, Taiwan, China, Indonesia and Malaysia.

In 2014, UTAC's CO2 discharge was 215,890 tons, representing a reduction of 4,226 tons or a significant 19.6% reduction over that in 2013, when measured against business output volume in each year.

UTAC CARBON FOOTPRINT										
Year	MMTCE Electricity	MMTCE Fuel	MMTCE LPG	MMTCE (Fuel + LPG)	MMTCE GHG	MMTCE Energy	Total MMTCE	KWBonds / kBall	Total MMTCE (Compansation)	% Rduction
2012	0.065166810	0.000014253	0.000093026	0.000107279	0.000000892	0.065274090	0.065274981	477330707.3	0.065274981	Base
2013	0.060106561	0.000008690	0.000092921	0.000101611	0.000000598	0.060031126	0.060031724	456137844.7	0.062820890	3.76%
2014	0.058878446	0.000000008	0.000000036	0.000000044	0.000000442	0.058878541	0.058878984	531733064.5	0.050508299	19.60%
Year	MTCE Electricity	MTCE Fuel	MTCE LPG	MTCE (Fuel + LPG)	MTCE GHG	MTCE Energy	Total MTCE	KWBonds / kBall	Total MMTCE (Compansation)	% Rduction
2012	65,167	14	93	107	1	65,274	65,275	477330707.3	65,275	Base
2013	60,107	9	93	102	1	60,031	60,032	456137844.7	62,821	3.76%
2014	58,878	0.008	0.036	0.044	0.442	58,879	58,879	531733064.5	50,508	19.60%
Year	MTCO2E Electricity	MTCO2E Fuel	MTCO2E LPG	MTCO2E (Fuel + LPG)	MTCO2E GHG	MTCO2E Energy	Total MTCO2E	KWBonds / kBall	Total MMTCE (Compansation)	% Rduction
2012	238,945	52	341	393	3	239,338	239,342	477,330,707	239,342	Base
2013	220,391	32	341	373	2	220,114	220,116	456,137,845	230,343	3.76%
2014	215,888	0.02946	0.13033	0.15979	1.62150	215,888	215,890	531,733,065	185,197	19.60%

Resource Management and Energy Conservation

At UTAC, environmentally responsible behaviour is an essential part of our philosophy. We take action to minimize our impact on the environment in every facet of our business. By efficiently and effectively managing UTAC's resources, we aim to minimize our carbon footprint, maximize energy conservation and improve water management. Furthermore, we realize that environmentally-responsible behaviour can only be achieved if employees at every level play their part. This is why we have ongoing programs to raise awareness and encourage UTAC employees to participate in energy conservation, recycling and responsible waste management initiatives.

In 2014, through efforts including a USD14 million one site consolidation project and capital investment of USD246,000 in other energy efficiency improvement initiatives, UTAC was able to significantly reduce electricity consumption by 54.8 million kwh or a reduction of 15.2% year-on-year. Through the execution of sustainability programs and the completion of our renewable project in Singapore, UTAC was able to realize cost savings of USD4.55 million globally.

Energy efficiency initiatives such as the installation of several electrical test equipment, including desiccant air dryers, PVC strips and variable speed drivers to air compressors, chillers and heavy duty pumps, have enabled us to achieve a 15 to 20% savings in electricity consumption. At the same time, the replacement more energy-efficient fluorescent tubes enabled us to reduce our consumption of electrical energy without compromising on the quality of brightness in the facility.

A. UTAC Electricity Consumption / Cost

Year	Electricity (KWH)	Electricity Cost (US$)	KWBonds / kBall	Electricity reduction (KWH) Conpansation)	% Consumption reduction	Total Cost reduction
2012	393,330,089	46,755,750	477,330,707	Base	Base	Base
2013	360,893,440	43,068,972	456,137,845	30,996,504	7.88%	3,523,089
2014	313,877,166	41,207,438	531,733,065	54,808,230	15.19%	2,170,044

Total Electricity consumption reduced 54,808,230 KWH or 15.19% 2014; or equal to 61 days electricity consumption in UTAC group wide.

B. UTAC USG1 One Site Consolidation Efforts into Electricity Unit Cost Structure

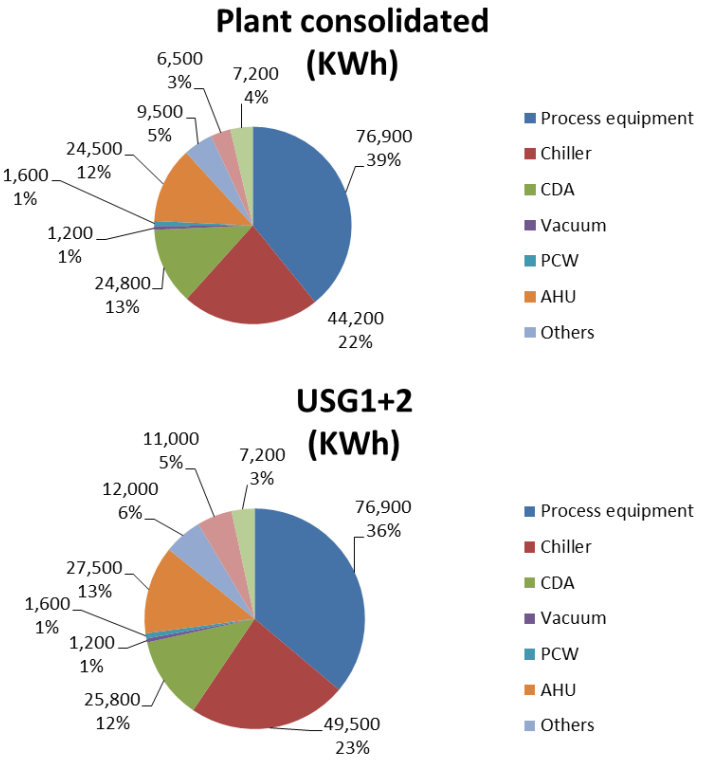
Site	Electricity (KWH)	Electricity Cost (US$)	Unit Cost of Renewable			
			2013	2014	% Reduction	Total cost reduction
USG1	80,954,628	12,432,714	0.183	0.154	15.847%	2,381,983
					Total Reduction A+B	4,552,027

Global Site Consolidation for Renewable

In 2014, UTAC invested USD14 million in a one site consolidation project in Singapore that has enabled us to maximize space utilization efficiency while sustaining the same operational capacity and realize energy and cost savings including:

- Reduce energy consumption by 7.67% or 5.87 million kwh/year; and
- Reduce electricity unit tariff by 11% through consolidation of electricity contract

Plant Consolidated		Saving
Area	Kwh	kWh
Equipment	76,876	-
Prod / Cleanroom	37,525	4,706
Chillers	44,095	5,315
Compressors	24,822	923
Offices & Others	12,715	5,721
Total (per day)	196,033	16,664
	8,168	694
kWh per month (30 days)	5,881,001	499,915
Amount S$ (Rate:S$0.226)	$ 1,329,106	**$ 112,981**
	Saving per year S$	$ 1,355,769



In addition, UTAC took over three manufacturing factories and business as part of UTAC Manufacturing Services (UMS) in Singapore, Malaysia and Indonesia, and completed the successful transition on July 1, 2014.

All three UMS sites have eliminated or reduced hazardous and non-hazardous waste, and in compliance with local regulations, all potential liability have been settled.

- UTAC mitigated 17 potential risk exposure items in property protection and business interruption.
- UMS industrial standards have been consolidated and are consistent with UTAC's Corporate Social Responsibility Policy.
- The UMS sites will also align all operations with the group's environmental sustainability performance focus and plan from 2015.

Water Conservation

To enhance water conservation, we utilized reclaimed water for 24% or 560,218 m^3/year of our water usage through a micro filtration system in 2014. Water conservation is a key pillar in UTAC's 2015 environmental sustainability plan and we aim to further reduce our water consumption by 6% in 2015. Additionally, we endeavour to reduce our water consumption by 25% by 2018, against that in 2013.

Waste Management

UTAC's approach to waste management starts with using resources wisely and applying environmentally-friendly process to avoid intractable waste generation, minimize waste through recycling and reuse, and responsible treatment and disposal of waste in compliance with regulations where waste cannot be eliminated.

Through UTAC's waste management strategy, we aim to minimize waste generation by 5% in 2015. We have developed a strategy to control waste generation and ensure that waste is treated and disposed responsibly that encompasses the following:

- Avoid generation of intractable wastes;
- Encourage waste minimization;
- Encourage waste reuse, recovery and recycling;
- Regulation collection, treatment, and disposal;
- Monitor and audit collection, treatment and disposal; and
- Promote and support educational and training programs around waste responsibility.