Sustainability Report 2016

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1. Executive Summary

At UTAC, our mission is to build a sustainable business, providing value to all of our 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 develop and implement responsible business practices across our global footprint, and establish 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 management team led by CEO Dr. John Nelson, each and every employee is required to abide by our Corporate Social Responsibility (CSR) Policy. This policy is aligned with 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, and a team dedicated to corporate social responsibility in our global supply chain, led by Senior Vice President of Quality Mr. Darren Colin Smith, is responsible for CSR / EHS activities coordination at the corporate level. 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 goal to mitigate carbon emission, taking 2012 and previous year consumption as the baseline, and set safety performance factor (SPF) KPIs to ensure a reliable safety practice and environment is in place**.**

Dedicated Capital Investment in 2016		
Site	**KUS$**	**Objectives**
UTAC	**1,633.5**	**Utilities expansion for new W/B at 3rd floor cleanroom**
		Chiller's ball cleaning system
		Utilities expansion for UTL2 upside to 11 MU/Day
		Deep Vacuum pump
		Recondition Chiller no.4
		Scrubber for EOL process
		Chemical sump and pump for QFN Assy & EOL
		Waste water treatment plant
		D.I. Water plant
		Replace Cooling tower
		New Coldroom
		RoHS XRF analyser
		LED Lamp replacement
		Replace air conditioning 2 sets at Aging room
		Water meter and sensors installation
		Install FM200 for Server room

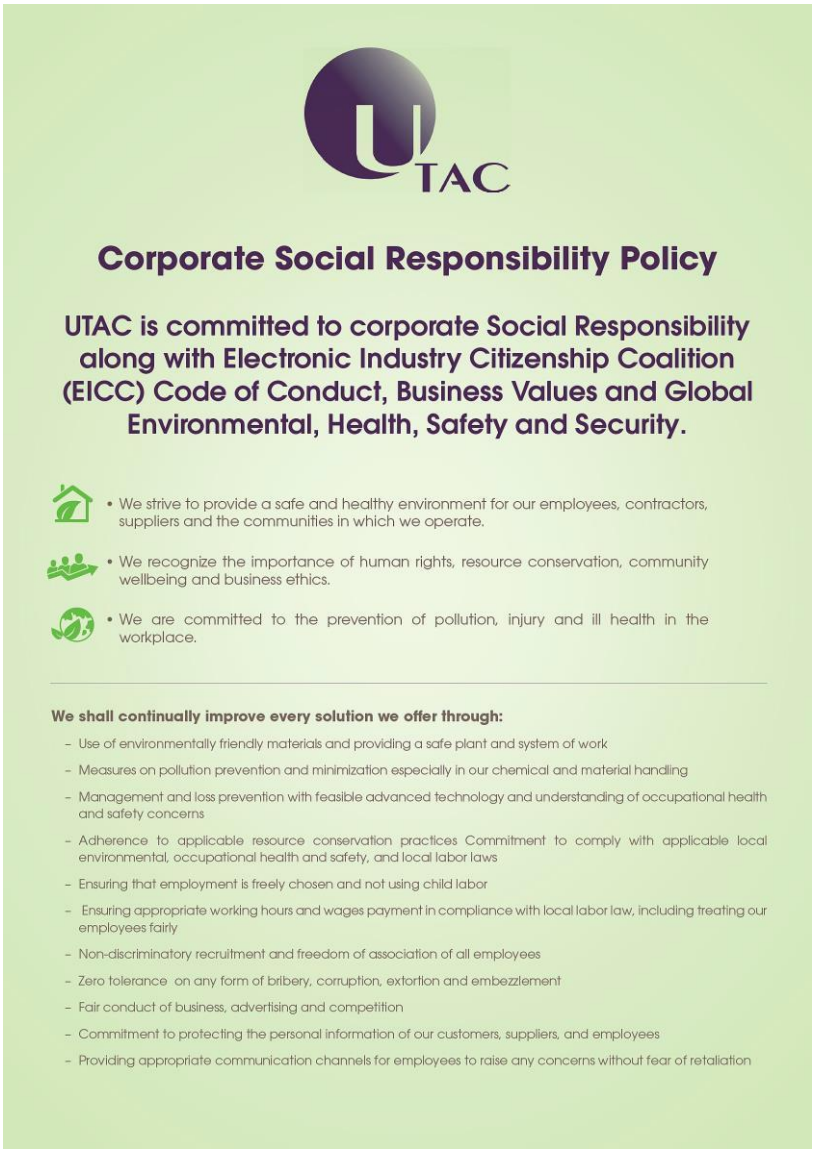
Our sustainability systems, processes and practices have also been certified to meet the ISO14001 and OHSAS18001; and TS16949 industrial standards, and have also received recognition by government agencies and international industry associations.

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 the CEO, 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.

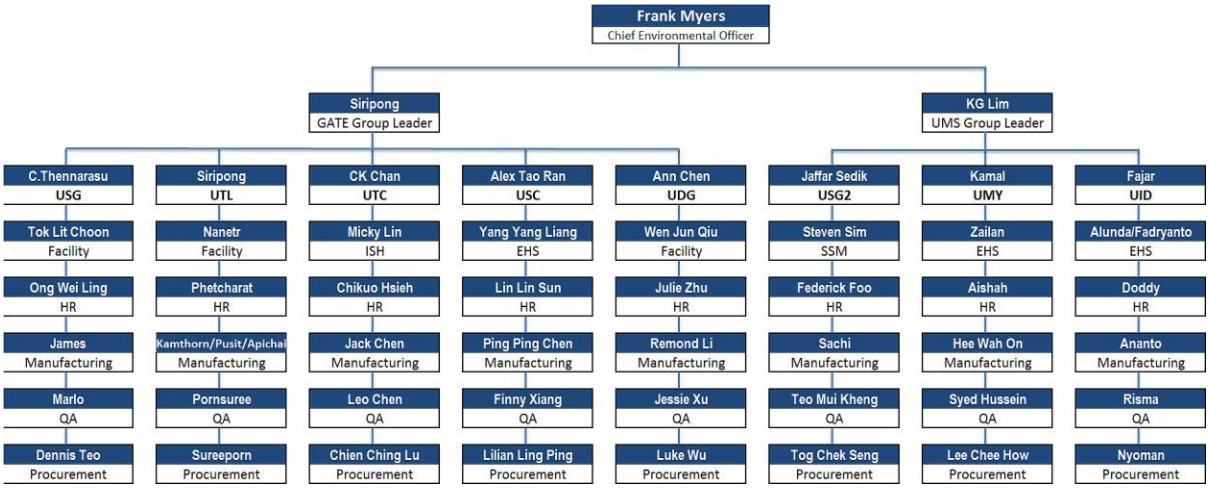
- We strive to provide a safe and healthy environment for our employees, contractors, suppliers and the communities in which we operate.
- We recognize the importance of human rights, resource conservation, community wellbeing and business ethics.
- We are committed to the prevention of pollution, injury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

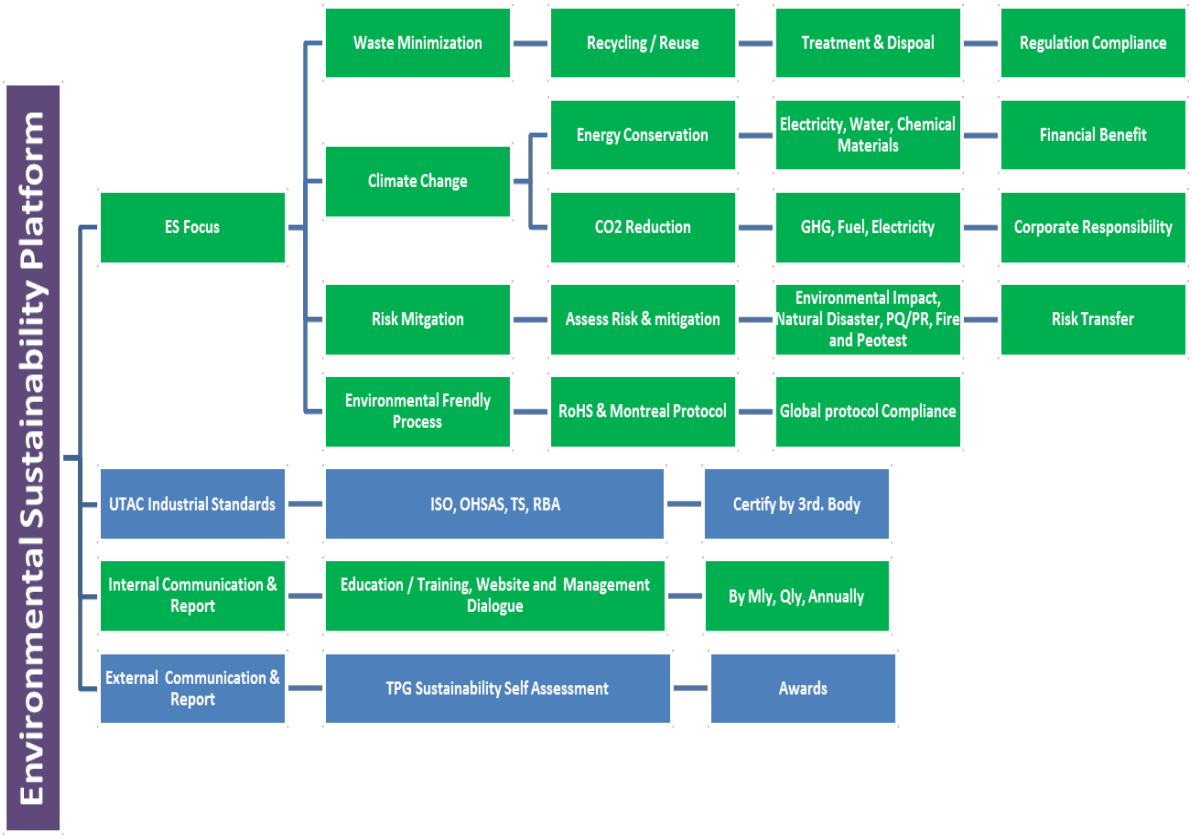
In order to effectively execute UTAC's commitment across all offices, UTAC has established a Sustainability Platform led by a global sustainability team who is responsible for driving and implementing initiatives within their local communities.



The global sustainability team, led by a Senior Vice President of Operation as the corporate environmental officer, 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 2016

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).

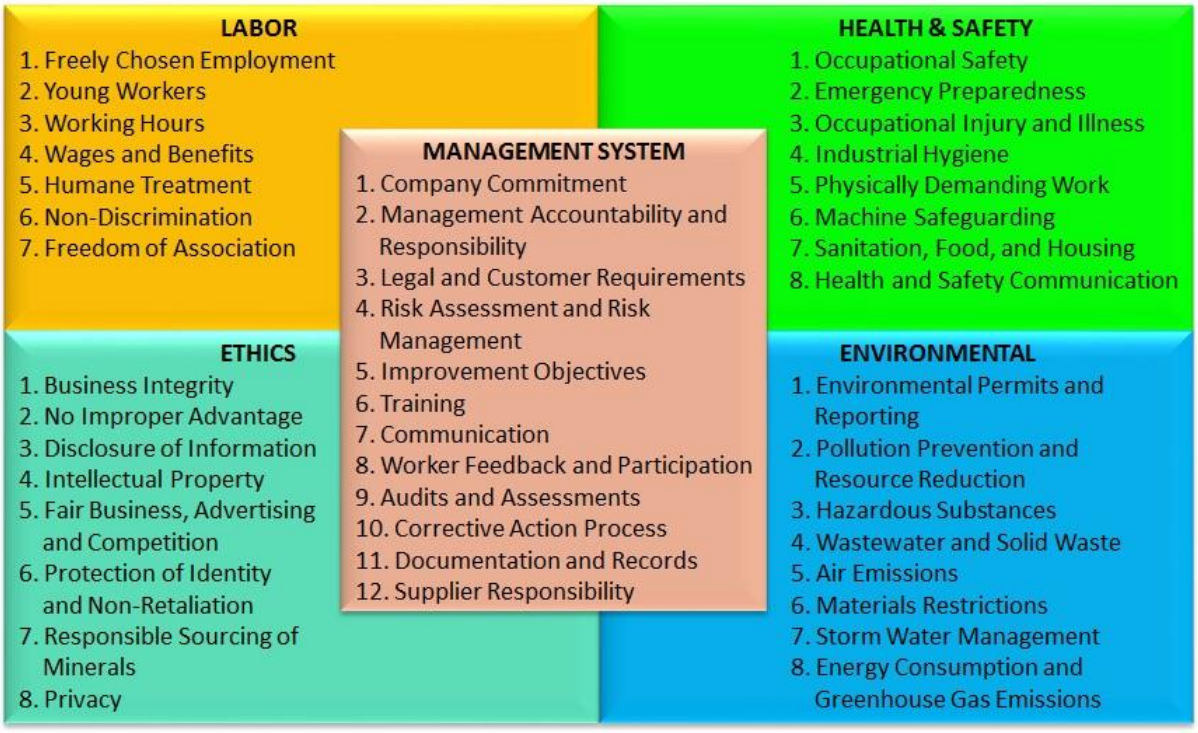
Across our global operations, UTAC makes all reasonable efforts to minimize use of resources including energy, water and raw materials. We have reduced carbon footprint by 13.5% taking 2012 as the base line, and reduce energy consumption by 3-5% year-on-year.

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 Labor, Health & Safety, Environmental, Management 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.

UTAC potential risk Classification & management; and plan

UTAC Risk management classification and plan		
Equipment risk assessment:		
Risk Classicifation		Risk Management Plan
High (As risk ranking 1&2)	1. Equipment is from a single source with no alternative site	1. Work with supplier for business continuity plan
	2. No alternative supplier capable to manufacture the same equipment	2. Immediate qualification (within1-2 quarters) of alternative source
	3. No same equipment / capability in UTAC (same or other site)	
Medium (As risk ranking	1. Have alternative source or supplier site with the same capability but located in	1. Qualification of alternative source or material (within 2-3 quarters)
	2. No same equipment in other UTAC sites	
Low (As risk ranking	1. Have alternative source or site with the same capability and are located in a	No immediate action needs
	2. Site have more than one equipment. Other UTAC sites have the same	
Material risk assessment:		
Risk Classicifation		Risk Management Plan
High (As risk ranking 1&2)	single source with no alternative site. No alternative supplier with similar capacity	1. Work with supplier for business continuity plan
		2. Immediate qualification (within1-2 quarters) of alternative source
		3. Regular review inventory level / commitment to 13 weeks rolling forecast
Medium (As risk ranking	1. Have alternative source or supplier site with the same capability but located in the same region	1. Regular review of supplier's inventory level
		2. Qualification of alternative source or material within (2-3 quarters)
Low (As risk ranking 4)	1. Availaility of alternative source or site with the same capability, alternative source or site is located in a different region	1. No immediate action needs
		2. Regular review of supplier's inventory level
		3. Continue review of supplier's performance and support (Supplier business

Risk Classification Matrix					
		Severity			
		Low (1)	Moderate (2)	High (3)	Major (4)
Likelihood	Very High(5)	2	2	1	1
	High(4)	3	2	2	1
	Moderate (3)	3	3	2	2
	Low (2)	4	3	3	2
	Very low (1)	4	4	3	3

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, OHSAS18001 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:

UTAC Group Industrial Standards							
Compliance Topic	Site	Linkage	Certified period	Expire Date	3rd. Body Used	Description	Remark
ISO9001	USG 1	NA	3 years	30-Nov-2017	TUV SUD PSB Pte Ltd		
	UTL 1	Certified	3 years	14-Sep-2018	URS	URS : United Registra of Systems	
	UTL 2	Certified	3 years	14-Sep-2018	URS	URS : United Registra of Systems	
	UTL 3	Certified	3 years	14-Sep-2018	URS	URS : United Registra of Systems	
	UTC	Certified	3 years	14-Sep-2018	TUV SUD	Certificate No. 12 100 52869 TMD	
	UDG	Certified	3 years	14-Sep-2018	BSI		
	USC	Certified	3 years	14-Sep-2018	TUV SUD 管理服务有限公司		
	USG2	Certified	3 years	7-Sep-2019	TUV SUD PSB Pte Ltd		
	UMY	Certified	3 years	3-Sep-2018	SIRIM QAS		
	UID	Certified	3 years	1-Mar-2017	SGS		
ISO14001	USG 1	Certified	3 years	16-Apr-2018	TUV SUD PSB Pte Ltd		
	UTL 1	Certified	3 years	8-May-2018	TUV SUD Thailand		
	UTL 2	Certified	3 years	8-May-2018	TUV SUD Thailand		
	UTL 3	Certified	3 years	8-May-2018	TUV SUD Thailand		
	UTC	Certified	3 years	9-Dec-2017	Being change from SGS to TUV SUD		We have pass TUV SUD surveillance audit already and waite for the new certificate
	UDG	Certified	3 years	29-Aug-2018	BSI		
	USC	Certified	3 years	14-Sep-2018	TUV SUD 管理服务有限公司		
	USG2	Certified	3 years	4-Aug-2019	TUV SUD PSB Pte Ltd		
	UMY	Certified	3 years	17-Dec-2019	TUV-SUD		
	UID	Certified	3 years	27-Jul-2018	SGS		
OHSAS 18001	USG 1	Certified	3 years	16-Apr-2018	TUV SUD PSB Pte Ltd		
	UTL 1	Certified	3 years	8-May-2018	TUV SUD Thailand		
	UTL 2	Certified	3 years	8-May-2018	TUV SUD Thailand		
	UTL 3	Certified	3 years	8-May-2018	TUV SUD Thailand		
	UTC	Certified	3 years	20-Jan-2018	Being change from SGS to TUV SUD		We have pass TUV SUD surveillance audit already and waite for the new certificate
	UDG	Certified	3 years	29-Aug-2018	BSI		
	USC	Certified	3 years	19-Feb-2018	TUV SUD 管理服务有限公司		
	USG2	Certified	3 years	4-Aug-2019	TUV SUD PSB Pte Ltd		
	UMY	Certified	3 years	4-Mar-2019	SIRIM QAS		
	UID	Certified	3 years	20-Apr-2017	SGS		
TS 16949	USG 1	Certified	3 years	24-Nov-2017	TUV SUD PSB Pte Ltd		
	UTL 1	Certified	3 years	14-Sep-2018	URS	URS : United Registra of Systems	
	UTL 2	Certified	3 years	14-Sep-2018	URS	URS : United Registra of Systems	
	UTL 3	Certified	3 years	14-Sep-2018	URS	URS : United Registra of Systems	
	UTC	Certified	3 years	14-Sep-2018	TUV SUD	Certificate No. 12 111 52869 TMS	
	UDG	Certified	3 years	14-Sep-2018	BSI		
	USC	NA		NA			
	USG2	Certified	3 years	14-Sep-2018	TUV SUD PSB Pte Ltd		
	UMY	Certified	3 years	3-Sep-2018	SIRIM QAS		
	UID	Certified	3 years	14-Sep-2018	SGS		

Site	Recognition & Awards (2016)
USG1	Water Efficient (Basic) Building Appreciation by PUB
USG2	Community Chest 2015 Gold Award for the "Exemplary Participation in the SHARE Program
USG1,2	Visitation & Donation to Senior Citizen Home
UTL	Charity work & Donation to Baby Home, School & various Monasteries
	Technical Support & Equipment Donation to Local University
	Best Industrial Development of Supply Chain Security Management Award
	'Gold Level' award for zero accident campaign 2016
	Drug Management Model by Dept. of Labor Protection and Welfare
	Good Corporate Governance Award 2016 by Thai Chamber of Commerce
	Labor Standard (TIS 8001-2010) on Labor & Welfare Protection Certification
UTC	Charity work at Children's Home – Michael Page CSR
	Lunch Boxes donation - Children Are Us Foundation
	Christmas Gift sending to Myanmar
	International Trade Outstanding Export/Import Business Certificate Award
	Taiwan AEO Certification on Enhancement of Supply Chain Security & Facilitate Legitimate Trade
UDG	2016 Government Grant for Employees Satisfaction Enterprise & Workforce Stabilization
UMY	Friend of the Environment Recognition (DOE)
	Composting & 3R Program Certification on Efforts to Reduce, Reuse and Recycling

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 with the relevant 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; and
- The Montreal Protocol on Substances that Deplete the Ozone Layer

Carbon Footprint and Environmental Protection

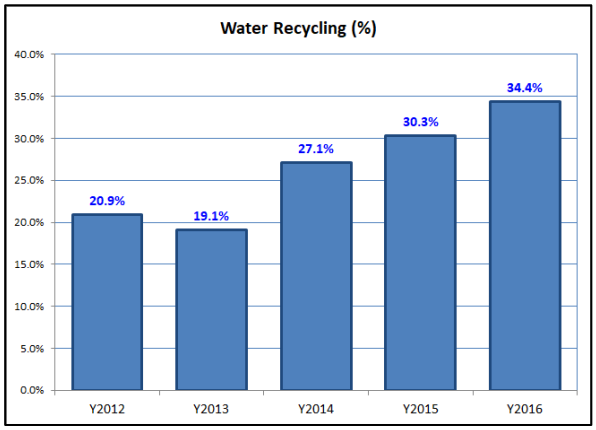
Environmental protection is a fundamental requirement in all that we do. UTAC is committed to address climate change challenges through measures and initiatives to proactively minimize our carbon footprint and greenhouse gas emissions (scope 1 and 2 refer to Greenhouse Gas Protocol: GHGP), and to continuously enhance environmental-friendly processes and practices that are in line with industry standards throughout our operations in Singapore, Thailand, Taiwan, China, Indonesia and Malaysia.

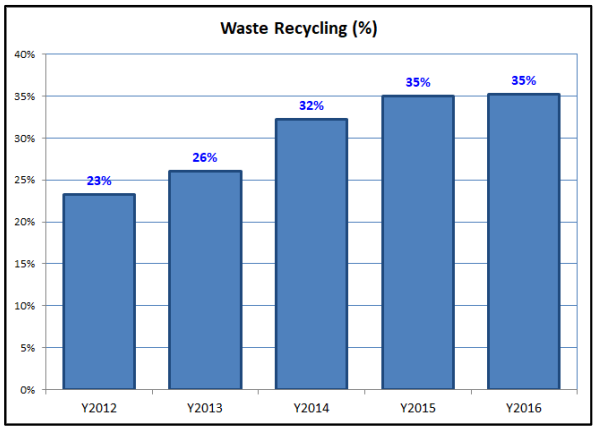
In 2016, UTAC's CO2 emission was 250,657 tons, representing a reduction of 45,262 tons or a significant 15.3% reduction, taking 2012 data as the baseline when measured against business output volume in each year.

CO_2 Emission Reduction Vs Y2012 Base Year (%)				
Year	CO_2 Emission (Tons)	% Reduction vs Pre-Year	CO_2 Reduction vs Pre-Year (Tons)	% Reduction vs Y2012 as Base
2012	295,919	-----	-----	-----
2013	271,268	-8.3%	-24,652	-8.3%
2014	263,362	-2.9%	-7,905	-11.0%
2015	252,552	-4.1%	-10,810	-14.7%
2016	250,657	-0.8%	-1,895	-15.3%

Resource Management and Energy Conservation

At UTAC, environmentally responsible behavior 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 behavior 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.





Water Conservation

To enhance water conservation, we utilized reclaimed water for 34.4% or 1,113,201 m^3/year of our water usage through a micro filtration system in 2016. Water conservation is a key pillar in UTAC's 2016 environmental sustainability plan.

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 7.4% in 2017. 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
- Promote and support educational and training programs around waste responsibility