



Sustainability (CSR) Report 2015





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Corporate Sustainability Committee

Chief Environmental Officer: Dr. Frank Myers, Senior Vice President, Operations

Members: Cornelius Koh (Corp), Ann Chen (UDG), Fajar Maulana Arifullah (UID), Lim Koon Guan (UMS), Jaffar Bin Sedik (UMS), Kamal Azam Bin Kamarudin (UMY), Alex Tao Ran (USC), Thennarasu C. (USG), Chen-Kun Chan (UTC), Siripong Kamonchaiwanit (UTL), Boonchai Jongjitaree (UTL).



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 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 at environmental summit in June 2015, and a team dedicated to sustainability, led by Dr. Frank Myers, 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% by 2017, taking 2012 as the base line, and reduce energy consumption by 3-6% year-on-year.

We are pleased to share that through our environmental efforts in 2015 – including maximize space utilization and energy efficiency, and capital investment of US\$2.251million in other energy efficiency improvement initiatives – UTAC was able to significantly reduce electricity consumption by 16.34 million kwh or a reduction of 3.7% 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\$11.395 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 Dr. Frank Myers, Senior Vice President of Operations, UTAC executed 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.

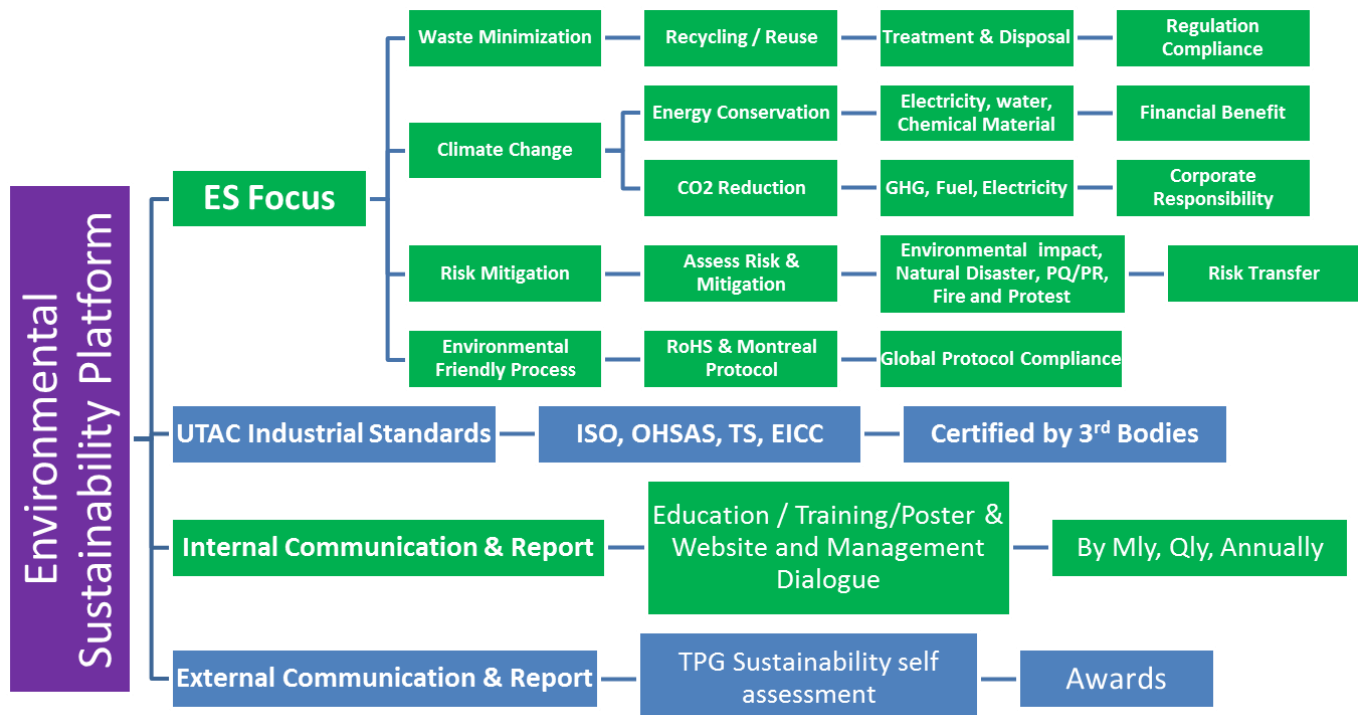
The global sustainability team, led by Dr. Frank Myers, Senior Vice President of Operations, is responsible for driving sustainable business practices throughout each of our offices or facilities, and a structure is in place to enable UTAC to:

- 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 are 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.

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Sustainability Platform:



3. Key Sustainability Programs and Achievements in 2015

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 is for social, environmental or business sustainability.

Our focus on comprehensive, quality sustainability programs has been guided by frameworks such as the Electronic Industry Citizenship Coalition (EICC) and our efforts have been recognized by international organizations such as the Environmental Management System (EMS) and the Occupational Health & Safety Assessment Series (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% by 2017, taking 2012 as the base line, and reduce energy consumption by 3-6% 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

i) **Employee engagement in sustainability initiatives**

EICC & Environmental Sustainability Summit 2015 was held on June 3-5, for group wide employees to discuss global sustainability initiatives and training at UTAC Malaysia site. Dr. John Nelson, CEO and Dr. Frank Myers, Senior Vice President, Operations addressed the meeting on UTAC's sustainability (CSR) commitment.

- 19 members and 10 sites attended
- Set target and objectives for 2016
- Update on EICC compliance status
- Set environmental sustainability KPI and plan
- Set risk assessment & mitigation plan
- Establish self-audit implementation





UTAC’s employee engagement programs and compliance FY2015

Engagement Programs around Sustainability	
Level	Objective
Corporate	EICC / sustainability initiative lead by SVP operation
Regional	EICC / Sustainability committee lead by regional coordinators
Site	EICC / Sustainability committee lead by site representative
	Energy and resources conservation - Through Energy conservation and EHS Committee.
	Environmental friendly process as lead free products
	Green initiative as Sony green partner
	100% RoHS compliance
	100% meet with UTAC industrial standards
	100% comply with local EHS regulations

ii) 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 Assessment Series (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.



iii) 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 2015:

Received Recognition / Award for Sustainability Initiative	
	Objective
1	AEO (Authorized Economic Operator) certification for safety standards of supply chain UTC
2	UTL obtained CSR-DIW Award (Department of Industrial Work) and CSR-DLPW Award (Department of Labor Protection and Welfare)
3	Clean production reward (since 2011 and recertification 2014) UDG
4	High efficient motor reward UID
5	Zero accident award 2015 UID
6	Clean and Green SG50 Mass Tree Planting UTAC USG
7	Children's cancer foundation appreciation to Hair for Hope 2015 UTAC

UTAC Group Industrial Standards						
Compliance Topic	Site	Linkage	Certified period	Expire Date	3rd. Body Used	Description
ISO9001	USG 1	NA	3 years	30-Nov-17	TUV SUD PSB Pte Ltd	
	UTL 1	Certified	3 years	30-Apr-16	URS	URS : United Registra of Systems
	UTL 2	Certified	3 years	30-Apr-16	URS	URS : United Registra of Systems
	UTL 3	Certified	3 years	30-Apr-16	URS	URS : United Registra of Systems
	UTC	Certified	3 years	3-Nov-16	TUV	
	UDG	Certified	3 years	16-Oct-16	BSI	
	USC	Certified	3 years	22-Dec-16	TUV SUD 管理服务有限公司	
	USG2	Certified	3 years	24-Oct-16	SGS	
	UMY	Certified	3 years	3-Sep-18	SIRIM QAS	
UID	Certified	3 years	1-Mar-17	SGS		
ISO14001	USG 1	Certified	3 years	16-Apr-18	TUV SUD PSB Pte Ltd	
	UTL 1	Certified	3 years	8-May-18	AJA Registrar	AJA : Anglo Japanese American
	UTL 2	Certified	3 years	8-May-18	AJA Registrar	AJA : Anglo Japanese American
	UTL 3	Certified	3 years	8-May-18	AJA Registrar	AJA : Anglo Japanese American
	UTC	Certified	3 years	9-Dec-17	SGS	
	UDG	Certified	3 years	29-Aug-18	BSI	
	USC	Certified	3 years	22-Dec-16	TUV SUD 管理服务有限公司	
	USG2	Certified	3 years	4-Aug-16	SGS	
	UMY	Certified	3 years	17-Dec-16	SIRIM QAS	
UID	Certified	3 years	27-Jul-18	SGS		
OHSAS 18001	USG 1	Certified	3 years	16-Apr-18	TUV SUD PSB Pte Ltd	
	UTL 1	Certified	3 years	8-May-18	AJA Registrar	AJA : Anglo Japanese American
	UTL 2	Certified	3 years	8-May-18	AJA Registrar	AJA : Anglo Japanese American
	UTL 3	Certified	3 years	8-May-18	AJA Registrar	AJA : Anglo Japanese American
	UTC	Certified	3 years	20-Jan-18	SGS	
	UDG	Certified	3 years	29-Aug-18	BSI	
	USC	Certified	3 years	19-Feb-18	TUV SUD 管理服务有限公司	
	USG2	Certified	3 years	4-Aug-16	SGS	
	UMY	Certified	3 years	4-Mar-16	SIRIM QAS	
UID	Certified	3 years	20-Apr-17	SGS		
TS 16949	USG 1	Certified	3 years	24-Nov-17	TUV SUD PSB Pte Ltd	
	UTL 1	Certified	3 years	30-Apr-16	URS	URS : United Registra of Systems
	UTL 2	Certified	3 years	30-Apr-16	URS	URS : United Registra of Systems
	UTL 3	Certified	3 years	30-Apr-16	URS	URS : United Registra of Systems
	UTC	Certified	3 years	3-Nov-16	TUV	
	UDG	Certified	3 years	16-Oct-16	BSI	
	USC	NA		NA		
	USG2	Certified	3 years	24-Oct-16	SGS	
	UMY	Certified	3 years	3-Sep-18	SIRIM QAS	
	UID	Completed audit process;		17-Dec-16	SGS	Certification is on the way



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

i) 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 (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 2015, UTAC's CO₂ discharge was 253,178 tons, representing a reduction of 10,065 tons or a significant 3.82% reduction over that in 2014, when measured both of UTAC and UMS over the year.

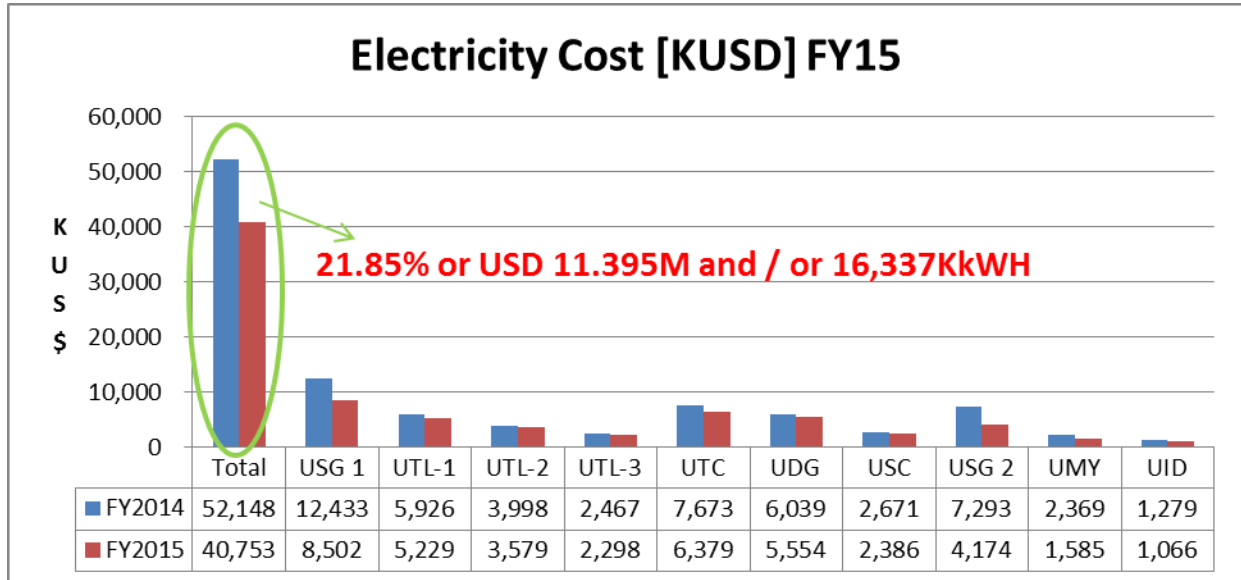
ii) Resource Management and Energy Conservation

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 2015, including maximize space utilization and energy efficiency, and capital investment of US\$2.251million in other energy efficiency improvement initiatives – UTAC was able to significantly reduce electricity consumption by 16.34 million kwh or a reduction of 3.7% 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\$11.395million globally.



iii) Financial benefit associated with sustainability efforts:



iv) Global Site Consolidation for Renewable:

UTAC acquired three manufacturing factories in Singapore, Malaysia and Indonesia from Panasonic which comes under UTAC Manufacturing Services (UMS) on July 1, 2014, UTAC has integrated UMS into its operations with combined operational accountabilities since April 2015.

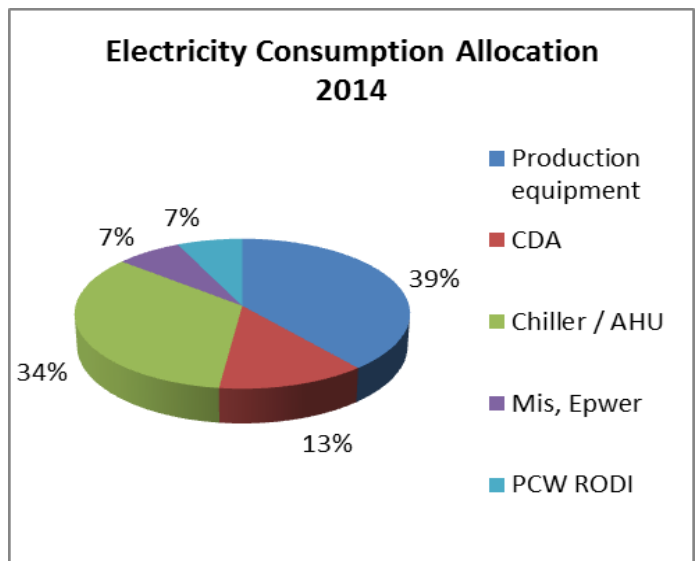
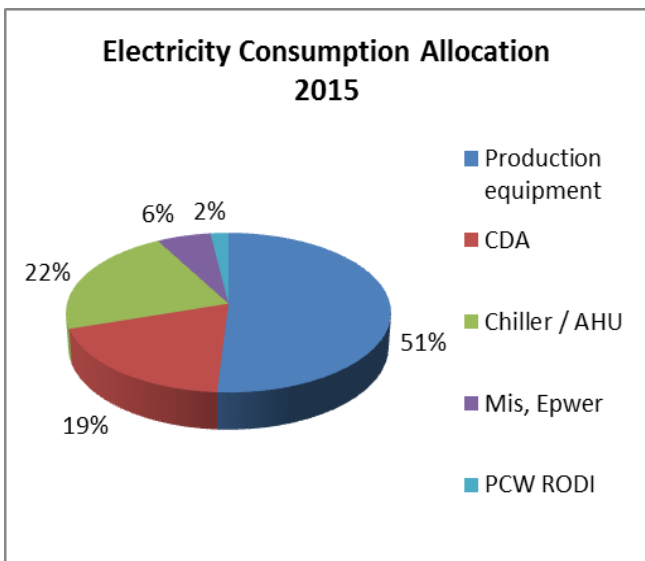
All three UMS sites have eliminated or reduced hazardous and non-hazardous waste, and in compliance with local regulations, all potential liability has been settled.

- 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 environmental sustainability performance focus and plan from 2015

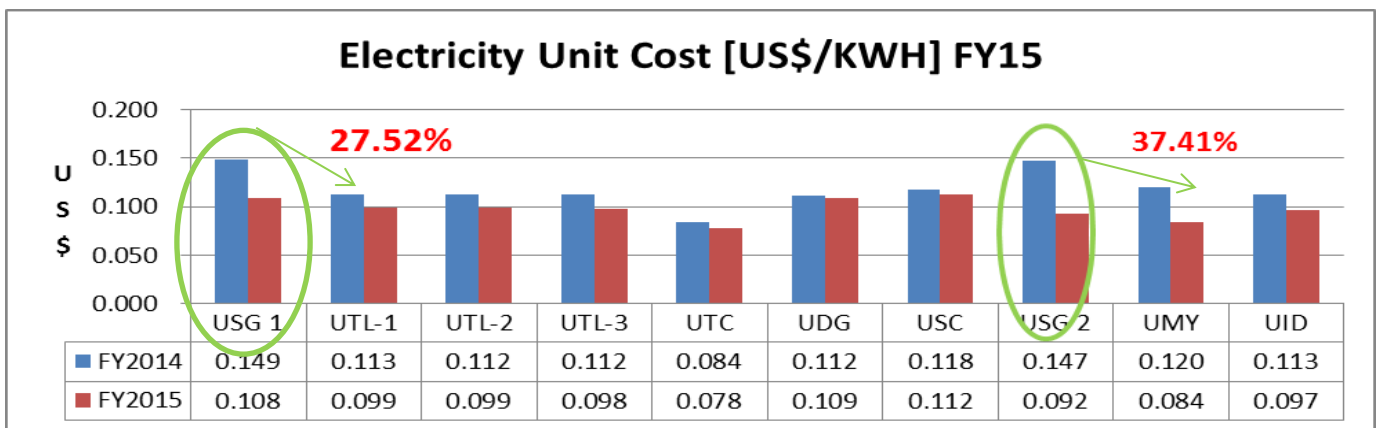


The global site consolidation project in Singapore that has enabled UTAC to maximize space utilization efficiency while developing operational capacity expansion and realize energy utilization and cost savings include:

- Electricity consumption minimization, e.g. 12% energy efficiency optimization to support consumption increment of process equipment at 51% from 39% and CDA at 19% from 13% due to testing equipment increment on USG site:



- Installed renewable consolidation efforts to reduce 27.52% to 37.41% electricity unit tariff at USG sites:





v) *Water Conservation*

To enhance water conservation, we utilized reclaimed water for 31.6% or 922,736 m³/year of our water usage through a micro filtration system in 2015. Water conservation is a key pillar in UTAC's 2016 environmental sustainability plan and we aim to further reduce our water consumption by 5% in 2016. Additionally, we endeavour to reduce our water consumption by 25% by 2018, against that in 2013.

vi) *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. We utilized recycling waste for 37.54% or 1,359 tons/year of our waste generation

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.