



The Advanced Semiconductor Engineering Group

2010 Corporate Social Responsibility Report



## ● TABLE OF CONTENTS

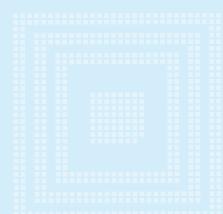
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● ABOUT OUR REPORTING		03
● MANAGEMENT'S IDEALS		05
LETTER FROM THE CHAIRMAN		05
THE CONCEPT OF SUSTAINABLE DEVELOPMENT		06
● ABOUT OUR COMPANY		08
OUR SERVICES		08
MAJOR PRODUCTS AND TECHNOLOGY		11
OPERATIONS AND MANAGEMENT		13
FINANCIAL RESULTS		15
EVALUATION OF OPERATIONAL RISKS		17
● COMMUNICATIONS AND ISSUE MANAGEMENT		19
STAKEHOLDER IDENTIFICATION AND COMMUNICATION		20
ASE OUTREACH		21
ELECTRONIC INDUSTRY CODE OF CONDUCT (EICC)		24
CARBON DISCLOSURE PROJECT (CDP)		24
● ENVIRONMENTAL SUSTAINABILITY		25
GREEN HOUSE GAS MANAGEMENT AND CARBON DISCLOSURE		26
CARBON FOOTPRINT		29
ENVIRONMENTAL PROTECTION		29
SOCIAL RESPONSIBILITY / ENVIRONMENTAL ACCOUNTING		31
RESOURCE MANAGEMENT AND ENERGY CONSERVATION		31
GREEN PRODUCT AND ECO-DESIGN		32
GREEN FACTORY		38
● EMPLOYEE CARE		39
EMPLOYMENT STATUS		39
EMPLOYEE CODE OF CONDUCT		42
CAREER DEVELOPMENT AND TRAINING		42
EMPLOYEE WELFARE		47
SAFETY AND HEALTH MANAGEMENT		48
MEDICAL CARE AND HEALTH PROMOTION		55

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● <b>CUSTOMER SERVICE</b>	60
ASE ONLINE SERVICE PLATFORM	60
CUSTOMER SATISFACTION STANDARDS	60
PROTECTION OF CUSTOMER CONFIDENTIALITY	62
PROTECTION OF CUSTOMER ASSETS	62
● <b>SUPPLY CHAIN AND CONTRACTOR MANAGEMENT &amp; COMMUNICATIONS</b>	63
SUPPLIER MANAGEMENT	63
GUARANTEE OF NON-USE CONFLICT METALS	63
GREEN SUPPLY CHAIN	64
● <b>SOCIAL PARTICIPATION</b>	65
INDUSTRY-UNIVERSITY COOPERATIVE	65
SOCIAL WELFARE	66
SOCIAL PARTICIPATION AND ACTION	67
SUMMARY OF SOCIAL PARTICIPATION IN 2010	74
● <b>APPENDIX</b>	75
ASE MILESTONES	75
ASE ACCOMPLISHMENTS	77
● <b>ASSURANCE STATEMENTS</b>	79
● <b>GRI INDEX</b>	83

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## ● About Our Reporting

Dear reader,

I cordially welcome you to peruse the Sustainability Report of the Advanced Semiconductor Engineering Group (the "ASE Group"). ASE Group has published the first CSR Report in Aug, 2010. Also we gained the recognition from the "Taiwan Institute for Sustainable Energy, TISE" in 2010. Sustainability development and Community responsibility are our important corporate policy for which our commitment to addressing sustainable development issues is highlighted.

In future, we plan to publish the report on an annual basis. The scope of this report includes ASE Inc. (Kaohsiung, ChungLi), ASE Test (Kaohsiung, ChungLi), ASE Electronics, and PowerASE in Taiwan, as well as ASE Assembly & Test (Shanghai), ASE Shanghai, ASE (Kunshan) Inc., Suzhou ASEN Semiconductors Co., Ltd, ASE (Weihai) Inc., ASE (Korea) Inc., ASE Japan Co., Ltd and ASE Electronics (M) Sdn. Bhd., but excludes our global representative offices and subsidiaries in Singapore and the United States. The duration covered in this report is from Jan. 1st, 2010 to Dec. 31st, 2010.

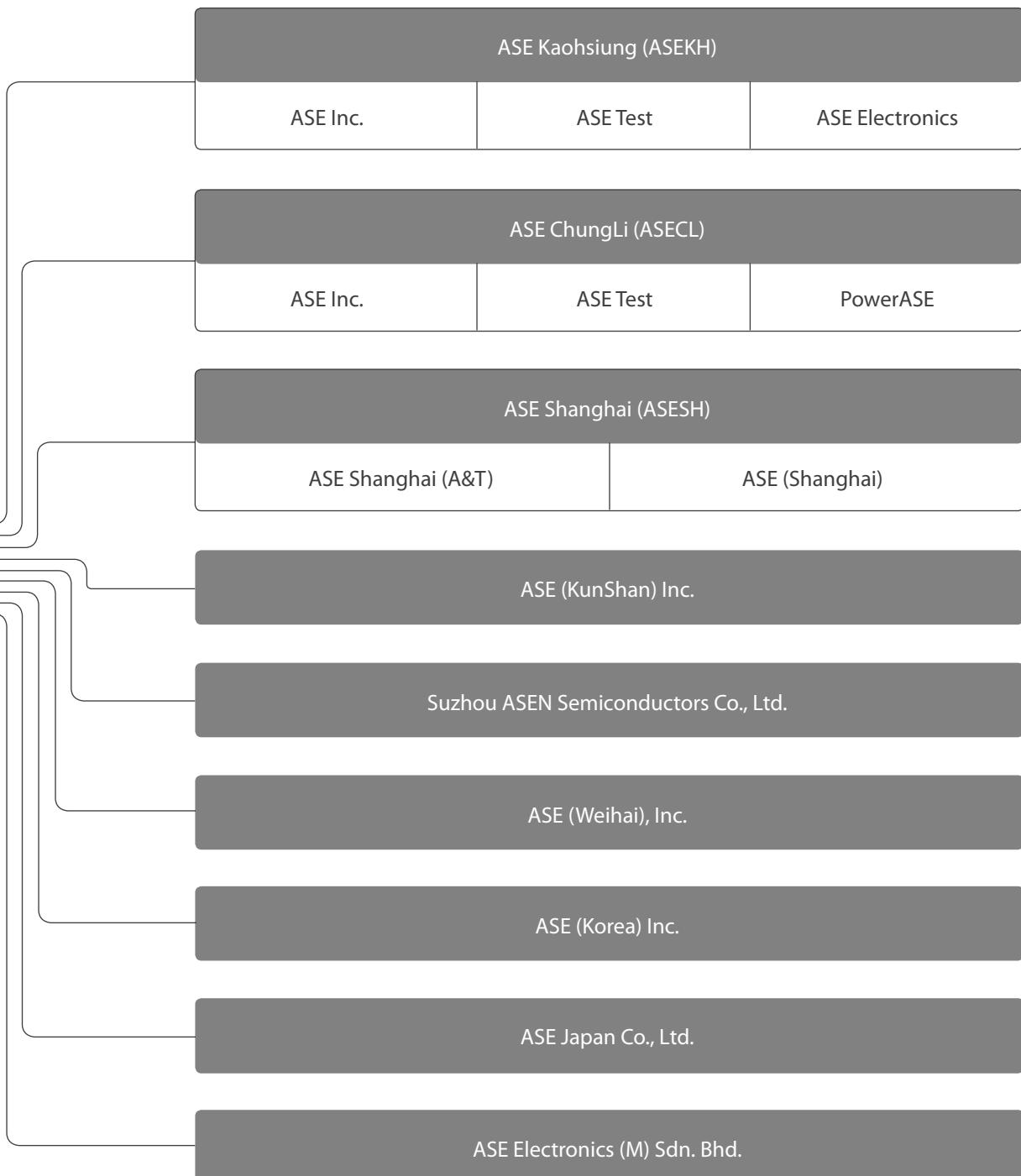
The 2010 sustainability information was the highlights of our accomplishments in addressing the various dimensions of sustainability issues including financial, environmental, customer service, supplier management and social participation.

Contents of this report were prepared in accordance with the GRI G3.1 guidelines published in 2011 and the new Accountability Principle Standards (AA1000APS) effective from 2008. The figures in this report were computed and disclosed in accordance with the GRI indicators. Also, the report had been assessed by a third-party agent as meeting the "G3.1 A+" Application Level. Please refer to the GRI G3.1 Content Index for further details.

This report is available in both Chinese and English. The PDF copy of the report may also be downloaded from our website, <http://www.aseglobal.com/>. Your comments and suggestions are most welcome.

This CSR report is made out in both English and Chinese versions. We hereby set Chinese version as standard and English version as a reference should any conflicts accrued.





## ● Management's Ideals

### Letter from the Chairman

Thanks to the collaborative efforts from employees and management, and a basic recovery of the world economy from the financial crisis, ASE Group has delivered a solid year 2010 performance and contributed to Taiwan's IC industry growth. In addition to our effort in product and application development and global market deployment, we are also putting more focus on corporate sustainability. Major flows in our business transactions have been reviewed to assess potential impacts from emergencies, and to devise improvement solutions in order to mitigate related risks. At the same time, needs from society, shareholders, customers, employees, and government institutions are also taken into consideration when conducting our daily business of delivering quality products & services.

Based on the corporate mottos of Integrity, Self-Awareness, Self-Motivation and Mutual Trust, ASE Group creates its economic values and upholds the interests of stakeholders. We also emphasize value to society for which programs of energy saving, green operation, waste reduction, and resource recycling have been set up, and charitable activities have been planned and eagerly participated.

On the other hand, ASE group pursues to develop employee capabilities in all fields. With regular progress work designed for experience sharing, developing knowledge management skills, and implementing of experts system so that employees can grow with the company and obtain satisfaction from their work accomplishments.

Looking into the future, ASE Group will continue to provide the best quality and services to meet the needs of stakeholders, and to fulfill its corporate social responsibilities. ASE Group will also continue to focus on making working environments safer for all employees and constructing energy saving green buildings. Environment-friendly materials are increasing included in new package design and development, to further contribute to the efforts to fulfill our social responsibilities.



Jason C.S. Chang  
Chairman and CEO

Richard H.P. Chang  
Vice Chairman and President



## The Concept of Sustainable Development

The ASE Group has always been upholding the concept of sustainable development. We are committed to green product design, materials and process management and reducing the level of potential impacts of our operations on the environment, people and management. We endeavor to offer our employees a secure and comfortable workplace environment.

### Our Sustainable Development Policy

On the dimension of operational management, environmental conservation and social responsibilities, we uphold our corporate spirit of continuously undertaking self-reviews, taking initiatives, sharing mutual trust and integrity.

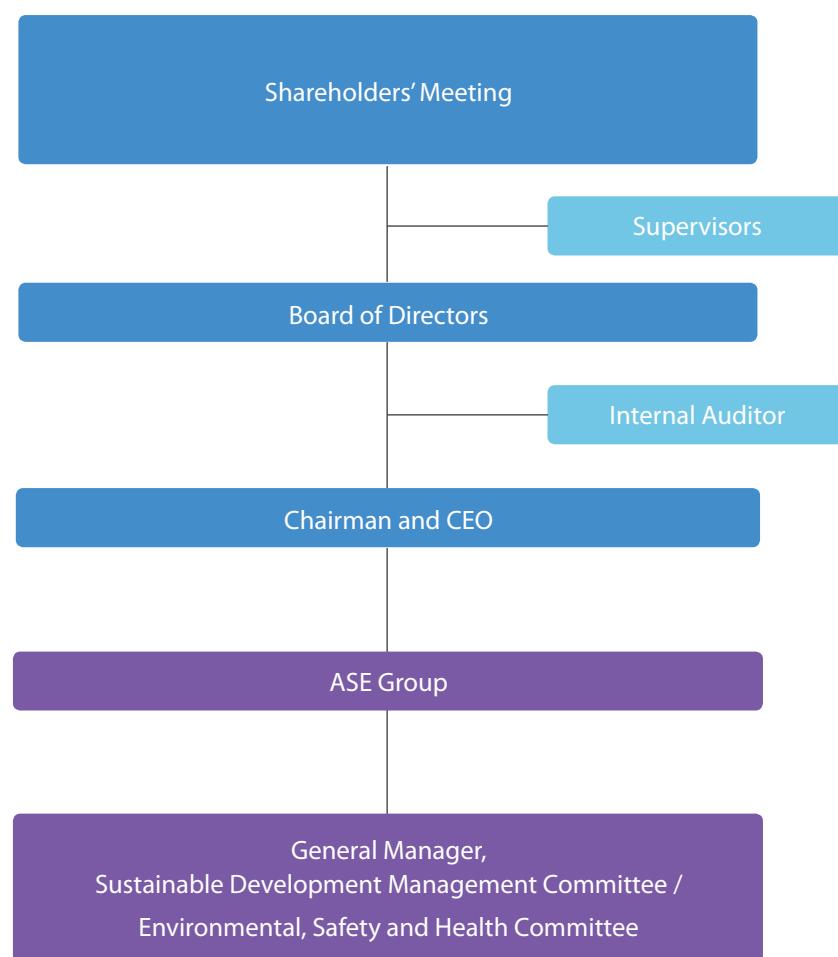
We are striving to achieve sustainable management with innovative thinking, a comprehensive management system, the spirit of continuous improvements and prudent and precise management attitudes. Our commitments are:

1. Strictly comply with regulatory requirements on environmental, safety, green product and corporate social responsibility issues relevant to sustainable development and show respect for international regulations and the corresponding interpretation.
2. In terms of labor rights, continue to improve the workplace environment and health & safety management policies, to ensure that employees work in a free and fair environment, and to prevent the occurrence of occupational accidents or diseases.
3. In the context of information confidentiality, respect and safeguard the interest of global business partners and clients by keeping any details of technology, technical expertise, documents and information strictly confidential. Request employees or suppliers to comply with related confidentiality agreements as well as ensure secure storage and management of the company's and customers' information.
4. On the dimension of environmental management, introduce the concept of green design, green materials and green process and manufacturing to effectively reduce the associated environmental impacts of the products. Continuously promote energy conservation, anti-pollution measures and resources recycling to enhance management results.
5. Appropriately utilize educational and training resources to enhance employees' awareness for and competencies in the various aspects of sustainable development including the environment, safety, green products and corporate social responsibilities. Communicate and consult with employees and their representatives on a periodic basis to ensure uninterrupted operation of the management system.
6. Continuously improve the sustainable management mechanism to accomplish the set management targets. Ensure that all issues are appropriately controlled through the operation of a comprehensive management system in order to protect rights of the corporation's stakeholders.
7. Actively organize and participate in public events and initiate communications with our stakeholders on our determination towards achieving sustainable development. Encourage up-stream and down-stream participants of the industry chain to promote the various sustainable management systems through guidance programs, communications and promotional events, with the optimal goal of promoting sustainable management of the industry chain.



## Management System for Sustainable Development

In order to actualize the sustainable development policy of the ASE Group and the Board of Directors' ideals for sustainable operations, entities of the ASE Group established the related management committees (Environmental, Safety & Health Management Committee, Sustainable Development Management Committee) in collaboration with the functions of their individual environmental safety and health and social responsibility management systems to undertake works and discussions on sustainable development issues. Each entity reports to the Board of Directors on a regular basis on results and performance of the respective management committees. The organizational framework of the ASE Group's sustainable development committee is as follows:



## ● ABOUT OUR COMPANY

The ASE Group is the world's largest provider of independent semiconductor manufacturing services in assembly and test. As a global leader geared towards meeting the industry's ever growing needs for faster, small and higher performance chips , the Group develops and offers a wide portfolio of technology and solutions including IC packaging; design and production of interconnect materials, front-end engineering test, wafer probing and final test as well as electronic manufacturing services through Universal Scientific Industrial Co Ltd.



### Our Services

ASE's services fall into two categories: ICs and systems

#### IC services

**Materials:** Substrate design and manufacturing

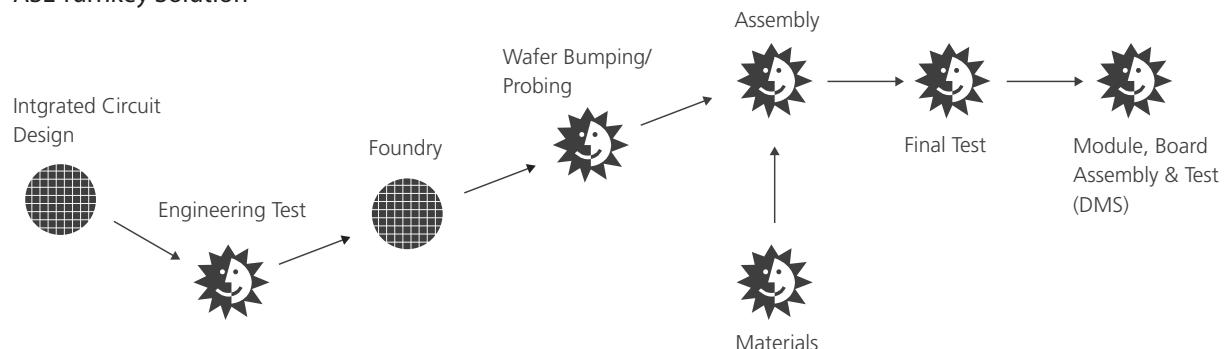
**Test:** Engineering test, wafer probing and final test

**Assembly:** Package and module design, wafer bumping, chip packaging (or assembly), multi-chip assembly, micro and hybrid module assembly, memory

#### System services

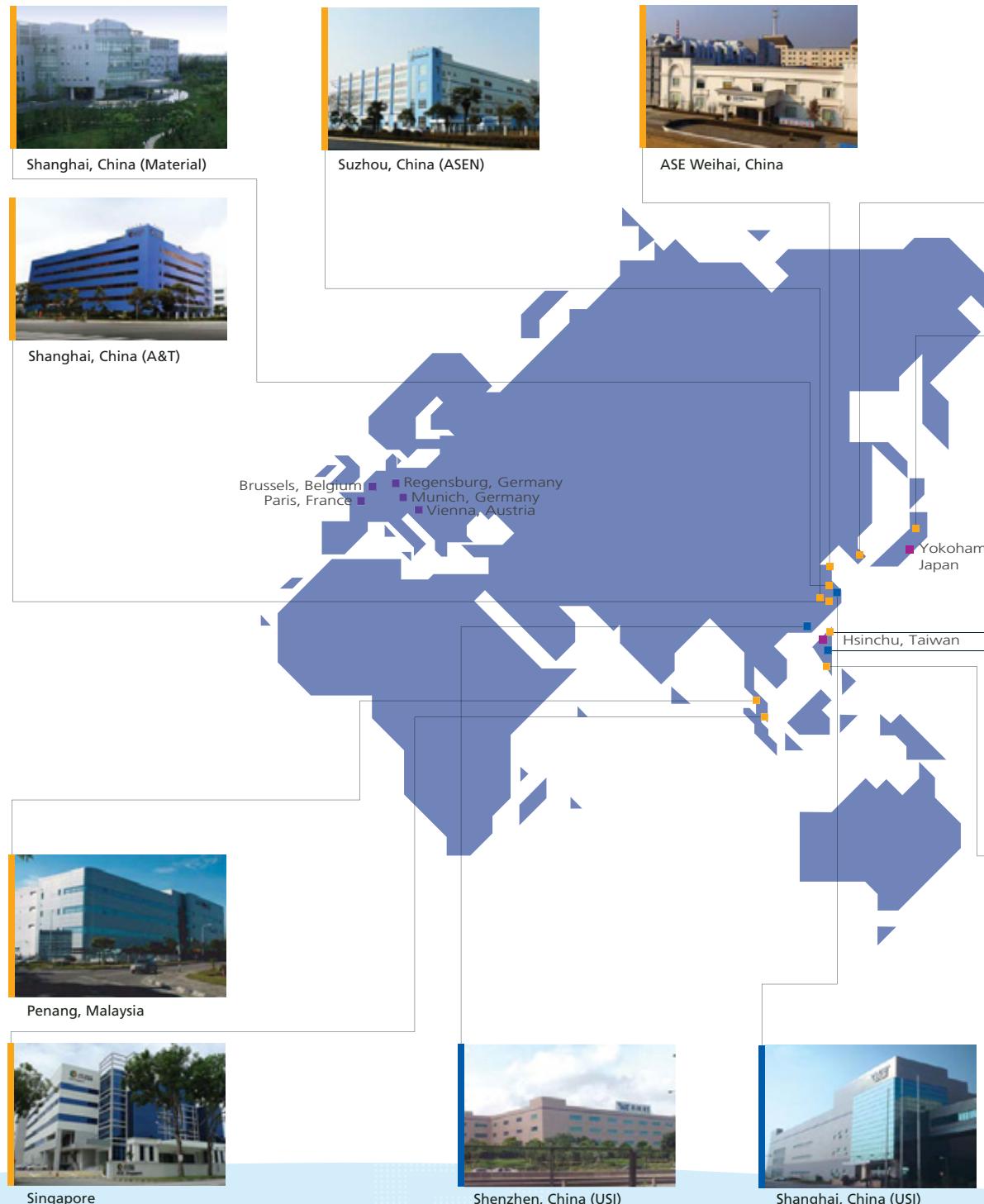
Module-to-systems product offerings and design-to-distribution total solutions

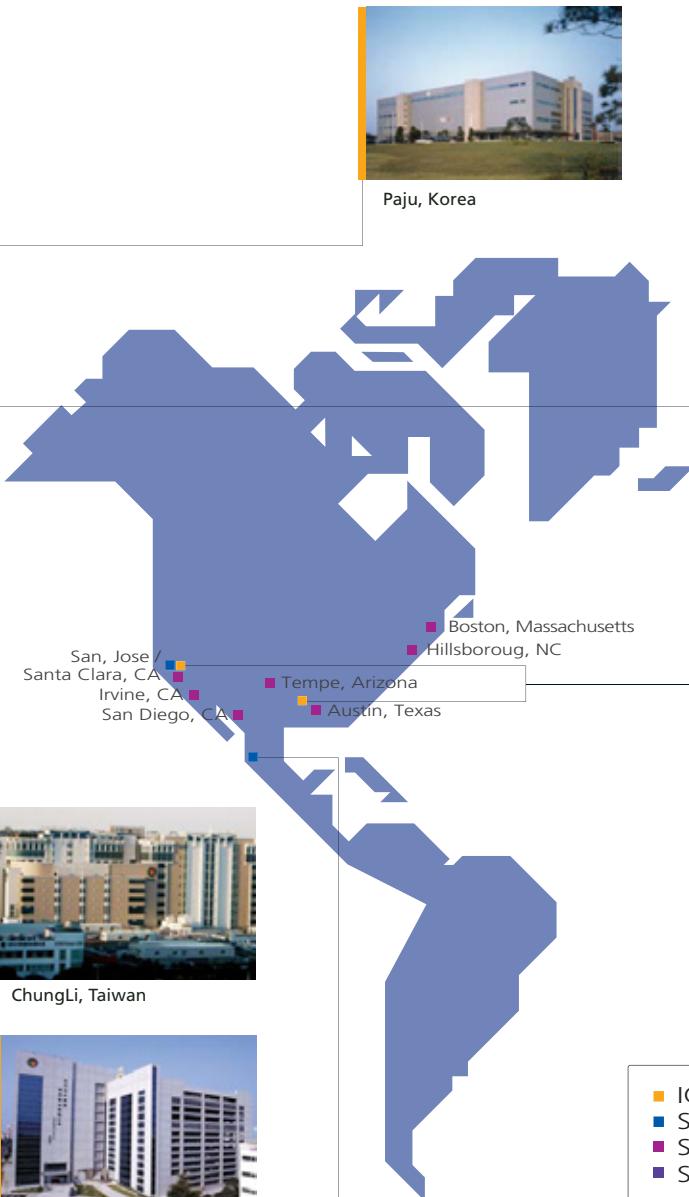
### ASE Turnkey Solution



## Global Deployment

With worldwide manufacturing bases and over 50,000 employees, ASE Group subsidiaries are strategically located in East Asia, and include facilities in Taiwan, South Korea, Japan, Singapore, Malaysia, China, as well as the Americas and Europe. In addition to our bases in the world's key centers for semiconductor manufacturing, our customer service and sales offices cover major semiconductor markets throughout the rest of the world.





- IC Services
- System Services
- Sales and Representative Offices
- Service Centers

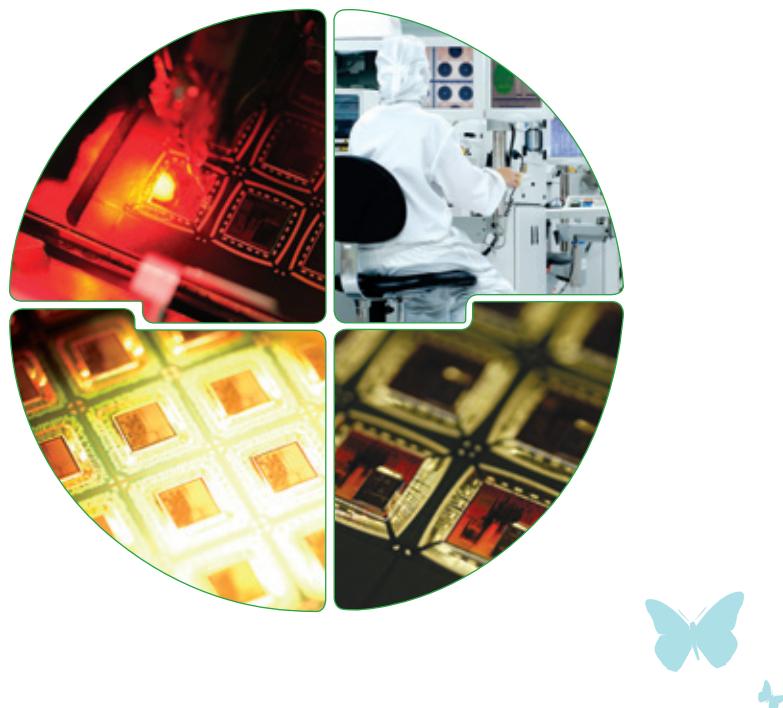


## Major Products and Technology

The ASE Group invests substantially in the research and development of cutting-edge semiconductor manufacturing process and technology while constantly keeping innovative thoughts. Our highly qualified team of researchers is continuously developing frontier technology and processes to match customers' demands for enhancement of product functions and cost reduction. Our long-term investments in R&D have won us patents in several new technologies, which further enhance our competitiveness in the high-end assembly and manufacturing process. We are proud to be the constant leader in the progress of R&D of technologies and the mass production schedule for certain products. For instance, we were ahead of our peers in a wide array of technologies including copper wire bonding, wafer bumping, flip chip, chip scale package (CSP), stacked die, system-in-package (SiP), optoelectronics packaging, green packaging, and our integrated service for final packaging and test of 12-inch wafers, which were put into mass production earlier than our peers' schedule. We create overall efficiencies and benefits for our customers through professional and cutting-edge processes and technologies.

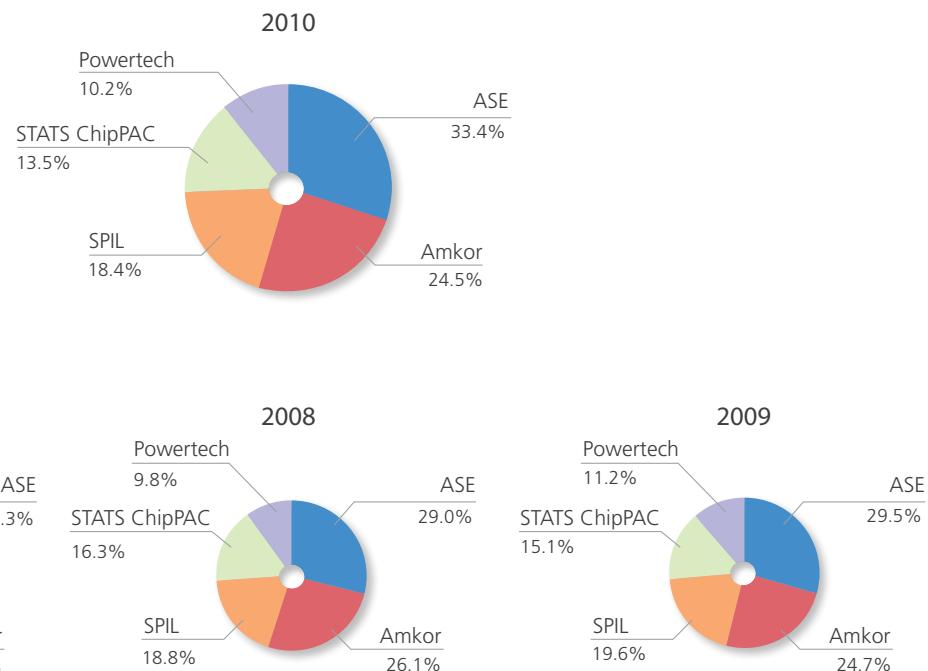
In order to enhance our expertise in semiconductor manufacturing services, we gradually increase our budget for R&D each year. Our R&D expenditure in 2010 was nearly \$2.78 billion, close to 4.12% of the operating revenue. We hope to assist our customers to score the best business returns with the least costs to confront intense market competition and to effectively address the contemporary environmental protection issues.

Besides continuously making self-improvements, we have been an active participant in R&D projects initiated by either the government or industry partners. Also, we apply our R&D experiences and results on the various aspects of our business including technology, system, and matching of customers' requirements to continue strengthening our green capabilities. Moreover, we seek to work in line with world semiconductor associations (ESIA/ TSIA/CSIA/USIA/ JSIA) through the Taiwan Semiconductor Industry Association (TSIA), while at the same time partnering with leading semiconductor firms in Taiwan, to pioneer innovation and development in Taiwan's semiconductor industry.



## Market Share

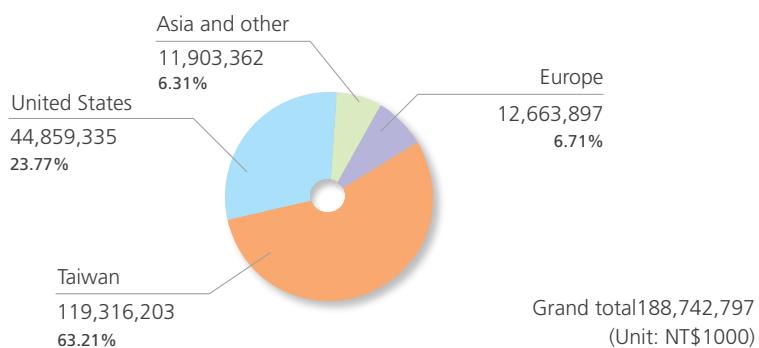
ASE, with a market share of 33.4%, was the market leader amongst other global assembly and test services providers in 2010.



Information source: Gartner (February, 2011) and ASE.

## Sales Region

In 2010, our products were mainly sold in the following geographical regions:



## Operations and Management

ASE is a TSEC (Taiwan Stock Exchange Corporation) listed company. The Board of Directors is the supreme commander of the corporation. According to the regulatory requirements, we have set up the Internal Audit Department, which operates as an independent unit under the Board. The Internal Audit Dept. is responsible for presenting audit results for reviews by the company's supervisors and Board of Directors periodically.

Subsidiaries of the ASE Group manage their employees, managers, and members of the Board in accordance with the local regulations and standards. The internal code of conduct and guidelines were formulated with the objective of promoting trustworthy and reliable business conducts in satisfaction with social ethical standards and in compliance with and in support of legal requirements. We have also put in place other relevant policies to govern the workplace environment, health and safety, gender discrimination, briberies, conflict-of-interest situations, and the protection of the company's assets and reputation.

The ASE management team is paying close attention to both local and foreign policies and regulations that may influence our financial status and business operations. Also, they put in place the relevant risk control procedures. As of the time of writing, we have not been subjected to any major monetary or non-monetary disciplinary actions due to non-compliance with corporate governance regulations.

Besides setting up our internal controls system in accordance with the "Regulations Governing Establishment of Internal Control System by Public Companies" enforced by the Financial Supervisory Commission, we have also instituted stringent internal control points in accordance with the provisions of the US Sarbanes-Oxley Act. In addition to conducting periodic self-assessments, group audits are conducted from time to time. Then, we authorize certified accountants, on the other hand, to conduct verifications of our compliance with the provisions of the Sarbanes-Oxley Act. Group audits are designed not only to check, but also to offer recommendations and suggestions for improvement with the optimal objectives of ensuring sound operation of the Group, security of corporate assets, reliability and completeness of financial information, and improving operational efficiency.

The Group Audit Dept. directly reports to the Board of Directors with the primary duty of assisting the management team to supervise and to evaluate the effectiveness of the internal controls system. In relation to the management of Board of Directors' meetings, a director shall exercise a high degree of self-discipline and shall voluntarily abstain from participating in discussion and voting, for himself or herself or as proxy for another director, on a proposal submitted to the board of directors, that involves the director's own interest and might put the interest of the company at risks.

In an effort to improve the completeness and effectiveness of our internal controls system and to enhance the results of corporate governance practices, we set out our internal audit functions as follows:

- (1) The annual audit plan provides for internal assessments on specific areas of the operation to ascertain the level of implementation and compliance with corporate policies.
- (2) Audits are conducted on investee companies over which the company exercises significant influence with the accompanying Statement of Internal Controls System issued upon completion of an audit pursuant to the Sarbanes-Oxley Act.
- (3) Special audits are conducted where required.
- (4) An audit report is issued upon completion of an audit. Deficiencies identified are followed up and rectified according to the plan.



## Comparison Between ASE's Corporate Governance Practices and Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies

Item	Implementation Status	Differences
1. Ownership Structure and Shareholders' Equity	<ul style="list-style-type: none"> <li>• ASE has designated appropriate departments, such as Investor Relations, Public Relations, and the Legal Department, etc., to handle shareholders' proposals and disputes.</li> <li>• ASE tracks the information on the identity of directors, officers, and shareholders holding more than 10% of the outstanding shares of ASE on a monthly basis through the "Statement of Changes in Major Shareholding" filed by the company and has command over the identity of the ultimate control persons of major shareholders through maintaining close contacts with major shareholders.</li> <li>• ASE has put in place and carries out the internal controls system and the relevant policies and regulations. The audit dept. monitors the status of policy execution on a regular basis.</li> </ul>	None
2. Composition and Responsibilities of the Board of Directors	<ul style="list-style-type: none"> <li>• Shareholders of ASE elected two independent directors in the 2010 annual general shareholders' meeting.</li> <li>• ASE regularly reviews the independence status of our external auditors. None of ASE's current external auditors is a related party of either the company or the company's directors and supervisors. The independence status of ASE's external auditors is not an issue of concern.</li> <li>• The members of board of directors are all male. The percentage of age younger then 50 years old is 14% and the percentage of age older then 50 years old is 86%.</li> </ul>	None
3. Establishment of Communication Channel with Stakeholders	<ul style="list-style-type: none"> <li>• ASE has designated departments responsible for handling communications with the company's stakeholders such as creditors, clients and suppliers. The employee union communicates with the company on a regular basis on employee related matters.</li> <li>• ASE has put in place the Sustainable Development Management Committee to discuss and carry out action plans for sustainable development.</li> </ul>	None
4. Information Disclosure	<ul style="list-style-type: none"> <li>• ASE's website is setup to disclose financial and operational information, which is maintained by the designated departments. The website address is <a href="http://www.tsmc.com">http://www.tsmc.com</a>.</li> <li>• Please refer to page 6 of ASE's 2010 Annual Financial Report for information on the experiences and backgrounds of our supreme governing members. The report can be downloaded from the company's website at <a href="http://www.aseglobal.com">http://www.aseglobal.com</a>.</li> <li>• ASE has designated persons responsible for filing periodic or special financial and operational information and publishing major announcements on the Market Observation Post System.</li> <li>• ASE has designated spokespersons and acting spokespersons of which the information is disclosed through the company's website.</li> </ul>	None
5. Operations of the Company's Nomination Committee, Compensation Committee, or Other Functional Committees	<ul style="list-style-type: none"> <li>• ASE has instituted the Audit Committee in accordance with the Sarbanes-Oxley Act. Directors and senior managers are remunerated in accordance with Articles of Incorporation. Please see page 11 of the ASE's 2010 Annual Financial Report for details. The report can be downloaded from the following website <a href="http://www.aseglobal.com">http://www.aseglobal.com</a>.</li> <li>• The Board of Directors has appointed independent directors who meet the criteria stipulated in Section 10A-3 of the US Securities and Exchange Act of 1934 to act as the members of the company's Audit Committee.</li> </ul>	None (The Audit Committee in compliance with the Securities and Exchange Act of the ROC is under evaluation and planning.)

## Financial Results

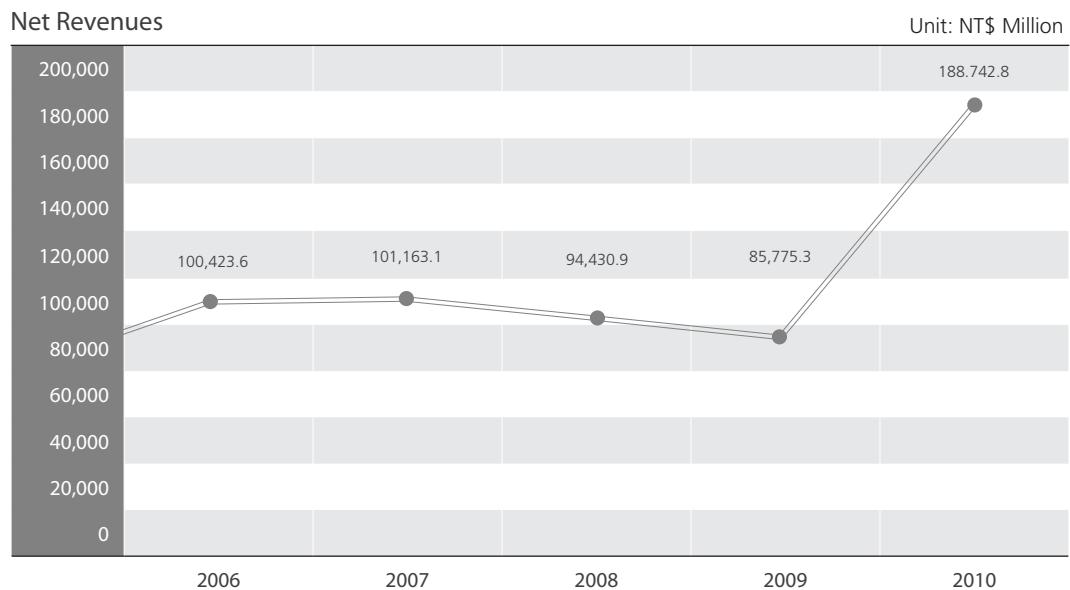
The Company's combined revenues for 2010 were NT\$188.7 billion, an increase of NT\$103 billion over 2009, equivalent to a 120% growth. For semiconductor assembly and testing services, the Company's revenue in 2010 was NT\$123 billion, a growth of 47%. Overall, 2010 was a very successful year for the Company. Apart from higher growth in performance compared to competitors and the industry as a whole, the Company's market share in the global assembly and testing foundry market increased by 2%. The proportion of IDM customers was also rising by the quarter and was now in the range of 38-39%. Meanwhile, a China-based chip maker has also become one of our top ten customers. Furthermore, major Japanese IDMs continued to engage the Company in back-end services, and they accounted for 10% of our revenues. The Company's capital expenditure in 2010 was a record high, pushing copper wire bond assembly revenue as high as 18% of total revenues. In addition, the Company also achieved substantial gains in the expansion of production sites: During the second half of 2010, the Company acquired the Singapore plant of EEMS to enhance our market share in Southeast Asia and strengthen our competitiveness in the region; The Kaohsiung operations also expanded production capacity by acquisitions and by constructing new plants; Our plans for the second half of the year include capital increase for the subsidiary ASE Weihai in China, and significantly expanding the assembly and testing capacity of discrete devices. We look forward to a substantial growth next year. Finally, the inauguration of the ASE Kunshan plant is also expected to contribute considerably to the Company's future profitability.

Summary of 2010 Operational Results (incl. Subsidiaries' Data)

Unit: NT\$ Million

Year	2006	2007	2008	2009	2010
Net Revenues	100,423.6	101,163.1	94,430.9	85,775.3	188,742.8
Gross Profit	28,780.4	28,243.3	21,769.5	18,341.7	40,544.6
Income (Loss) from Operations	20,446.4	18,662.7	11,245.4	9,209.8	24,099.0
Income (Loss) Before Tax	22,251.4	17,351.9	9,475.8	8,388.4	22,823.6
Net Income (Loss)	17,416.2	12,165.2	6,160.1	6,903.5	19,194.9
Earning (Loss) Per Common Share (NT\$/Share)*	2.85	1.98	1.02	1.17	3.04
Cash Dividends Per Common Share (NT\$/Share)	1.47932234	1.70582756	0.49989186	0.35965662	0.64942
Stock Dividends Per Common Share (NT\$/Share)	1.4793223441	0.289292391	-	0.9990461805	1.14897
Properties	73,543.8	81,788.3	84,758.0	79,363.9	99,853.9
Shareholder's Equity	66,019.9	75,173.4	69,672.0	74,713.7	91,839.3
Total Assets	137,040.9	152,377.5	152,190.0	161,974.8	208,139.8
Employees (Person)	26,986	29,942	26,977	29,538	48,901
ASE Market Value (Year Ended December 31)	170,618.5	177,646.0	67,150.8	158,352.7	203,482.7

\* Note:With retroactive adjustment.



Educational training subsidies, investment credits and tax concessions received by the government in 2010 were as follows:

Geographical Location	Amount (USD)
Kaohsiung	37,762,295
ChungLi	6,144,329
Shanghai	4,239,000
Kunshan	3,000,000
Suzhou (ASEN)	100,903
Weihai	32,803
Korea	4,170,220
Japan	24,263



## Evaluation of Operational Risks

ASE's shares are listed on the New York Stock Exchange, meaning that the company is required to comply with the Sarbanes-Oxley Act passed by US House of Representatives according to the US regulations. The Act regulates that an enterprise must, on an annual basis, conduct a survey to assess its enterprise's risks and issue a statement on the results of the assessment for disclosure in the company's financial statements.

In our annual enterprise's risk assessment survey, we include the preventive measures and the control mechanism to counter the various forms of fraud. As a requirement under the provisions of the Sarbanes-Oxley Act, we have set up the "General Manager's Mailbox" through which employees can directly voice their opinions. The Internal Audit Dept. will monitor and review the mailbox from time to time.

In relation to the enterprise's risk assessment, ASE has stipulated the relevant internal regulations required by law and performed assessments on the management of operational, financial and fraud related risks. In 2010, we found no incidence of bribery. In order to satisfy the Section 404 of the Sarbanes-Oxley Act to stipulate mandatory assessments of enterprise-level risks, ASE has established risk-assessment groups at our major operational bases to conduct our enterprise risk management. In 2010, the ASE Group carried out assessments on 135 risk items and has been effectively keeping the respective risk scenarios under control.

The risk-assessment groups at our various operational bases are primarily responsible for identifying potential risk scenarios that may result from various risk factors and departments or business units that may be involved in the risk scenarios, evaluating the level of risks and related measures and proposing an improvement plan according to the respective risk levels. The Head Office will compile and finalize the risk-assessment reports submitted by our operational bases and quantify the importance level of the improvement plans, weighted by five indicators including net sales, net income, total assets, equity and the total number of employees. The Head Office then uses the weighted results to decide on whether the specific risk scenarios should be incorporated into the enterprise's risk scenarios.

Scope of Risk Evaluation	Operational Bases Included In Assessment
Financial statements Fraud Transactions among related parties Group level	ASE Kaohsiung, ASE Chungli, ASE Shanghai, ASE Malaysia, ASE Singapore, ASE Korea, ASE Japan and ISE USA

In addition to complying with regulations required by the local governments within the jurisdiction of the places of operation, subsidiaries of the ASE Group also voluntarily take into account the related provisions and principles of the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies" jointly formulated by the Taiwan Stock Exchange Corporation and Gre Tai Securities Market, to manage the environmental and social risks associated with their business operations. The optimal goal is to promote balanced and sustainable developments within the economy, society and environment/ecology. Our efforts and actions reflect our full commitment to fulfilling our corporate social responsibilities.



**Comparison Between ASE's Sustainable Development Management Practices and Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies**

Item	Implementation Status	Differences
Chapter 1- General provisions, states the purpose for implementing the Principles, identifies companies to be governed by the Principles and stipulates implementing guidelines (Article 1 to Article 5)	ASE has established the Sustainable Development Management Committee and formulated the sustainable development policy.	None
Chapter 2- Exercising corporate governance (Article 6 to Article 11)	ASE has formulated the sustainable development policy and established a diverse array of communication channels to facilitate dialogues with stakeholders.	None
Chapter 3- Fostering a sustainable environment (Article 12 to Article 18)	ASE propels the relevant environmental safety and health management systems, instituted designated personnel and departments responsible for overseeing environmental safety and health issues, hosts periodic environmental safety and health training, seminars and events and promotes the various carbon-reduction projects.	None
Chapter 4- Preserving public welfare (Article 19 to Article 28)	ASE has put in place the Code of Conduct and the Value and Ethics to regulate employee's behaviors; a comprehensive career development mechanism; a complete customer confidentiality and information security mechanism; the ASE Foundation was established for the purpose of enhancing our social participation.	None
Chapter 5- Enhancing disclosure of corporate social responsibility information (Article 29 and Article 30)	Publish the sustainability report on a regular basis.	None
Chapter 6- Examining and improving corporate social responsibility programs established by the companies (Article 31)	Continue to track and participate in global sustainable and corporate social responsibility developments.	None



## ● Communications and Issue Management

### Goal:

- ASE fully recognize the necessity of constantly communicating with our stakeholders, through which we may gain sound understanding of the society to help us make the most appropriate decision to reduce conflicts between the corporation and the society.
- We actively organize and participate in public events and voluntarily communicate ASE's determination towards sustainable development with our stakeholders. We offer guidance, communicate and promote the concept of sustainability to encourage up-stream and down-stream members of the industry chain to jointly promote the various management systems for sustainable operation of the industry chain.

We place a high emphasis on communications with different stakeholders, through which we may obtain valuable ideas and thoughts for incorporation into our business plan and strategy. This year, we publish our first Sustainable Development Report with the main purpose of presenting ASE's efforts and accomplishments on carrying out the various sustainability issues to our stakeholders.

Stakeholders' participation can assist us to transform our commitments into actions and to make positive contributions to the society and environment. In spite of it being a long-term challenge, ASE undertakes to continuously working hard on integrating the supply chain through our various policy and management actions to achieve our sustainability objectives.



## Stakeholder Identification and Communication

In order to fully understand and compile all issues concerning both internal and external stakeholders, we sat down with representatives and senior management of the respective enterprise units and conducted surveys to find out key issues relevant to sustainable management and parties through which we may communicate to on the related issues. Interviews were held with our various enterprise units including R&D, procurement, plant affairs, quality control, human resources, customer services, the ASE Foundation, and more to determine the key issues. The departmental representatives of the respective production plants and the vice presidents listed and discussed the key sustainability issues in 2009 according to the industry's development trends, management requirements and interactions with stakeholders. Upon completing interviews with internal enterprise units, we analyzed and cross-compared the sustainability issues to obtain ones that got the highest consensus on. Besides disclosing and giving feedbacks on the sustainability issues in the report, this piece of information will be used as the foundation for developing future action plans.

We have new communication issues about managing conflict metals, emergency response and risk control in 2010. This report has described in details the new issues for stakeholder to understand.

Key Sustainability Issues	Stakeholders	Communication Channels
★★★★★	Customers	Designated teams, customer services platform
	Company Employees	Convene labor relations meetings, set up the General Manager's Mailbox, Comments & Feedbacks Box at each operational plant, forums, bulletin board, ASE correspondences, internal memorandum, training, e-Bulletin Board, staff counselling rooms and emails
	Contractors	Publish annual reports each year, shareholders' meetings and the government's public information disclosure channels
	Shareholders	Conduct surveys from time to time, perform audits, training, promotion events, seminars and online information sharing platform
	Contracting Enterprises	
	Community Residents	The ASE Foundation, volunteer groups, promotion events
	The Government	Attend industry development meetings from time to time, technology symposiums, related projects and initiatives
	Industry Unions, Associations	Attend members' meetings from time to time, industry & technology symposiums, collaborative alliances for project initiatives
	Media	CSR (Corporate Social Responsibility, CSR) rating, public relations department
	NGOs/NPOs	CSR (Corporate Social Responsibility, CSR) rating, promotion events, seminars and workshops
★★★★	Academic Organizations	Cooperative education programs, technology symposiums, corporate visits

★★★★★ Issues of highest consensus and importance

★★★★ Issues of high consensus and importance



## ASE Outreach

### 1. Taiwan Corporate Sustainability Forum (TCSF)

In 2008, ASE and other twenty leading firms from the respective industries in Taiwan formed the “Taiwan Corporate Sustainability Forum (TCSF)” with joint efforts. The core values of this forum are not merely voluntarily sharing information but also more on actively learning and realizing goals; not only about introducing best global practices but also more on local innovation.

As such, we are mutually committed to organize or co-organize forums on a periodic basis to discuss and communicate sustainability issues that are beyond the scope of prevailing regulations and to engage in cross-industrial learning and integrations within industries. Depending on the topic of each forum, we plan to extend our invitations to more attendees for discussion in the hope of becoming the most influential platform for sustainable developments within the respective industries in Taiwan. Certainly, we will seek to constantly work in tandem with other global corporate sustainability events. We will learn and share experiences with different industries the issues of sustainable developments and join our efforts to work towards sustainable developments.

### 2. Business Council for Sustainable Development, BCSD-Taiwan

The Taiwan Business Council for Sustainable Development was created in December 1995. After joining the World Business Council for Sustainable Development (WBCSD), it has become a bridge between enterprises in the world. ASE Group has played an active role in environmental sustainability and plans to join the BCSD-Taiwan in 2011.

BCSD-Taiwan has set goals which are briefly described as follows.

- To cooperate with enterprises in supporting pertinent national policy, regulations and infrastructure that will ensure economic and environmental sustainability.
- To encourage businesses to play an increasingly active role in elevating their environmental performance as well as adopting eco-efficient practices.
- To accumulate relevant environmental protection and natural resource information for business and public access.
- To organize and undertake activities which support the above objectives.

### 3. Taiwan Semiconductor Industry Association (TSIA)

The TSIA was formed in 1996 with “caring for industrial developments” as the starting point of the organization. The TSIA is an organization that seeks to accumulate industry participants’ consensus on the industry’s developments and to promote sound developments within the industry. Main missions of the TSIA include the following:

- Promote collaboration among participants of the semiconductor industry to improve sound developments of the industry’s system.
- Participate in global standard-setting projects and other events concerning the development of the semiconductor industry.
- Represent the industry to attend global consultation.
- Accept requests of the government and private enterprises to offer consultation and services with respect to the developments of the semiconductor industry.
- Establish good communication channels between the semiconductor industry and other industries.
- Give feedbacks on industry opinions and needs for the government to refer to when setting policies concerning the semiconductor industry.



At present, the TSIA comprises over 140 member firms from a wide array of fields including R&D, IC design, manufacturing, assembly, tests, equipment and materials. ASE has been representing the assembly and test industry group ever since our subscription to the TSIA in 1999. Besides interacting closely with local and foreign semiconductor organizations, we have also been an active participant of international collaborative events organized by the World Semiconductor Council (WSC) and International Technology Roadmap for Semiconductors (ITRS) to show our support for sound development of Taiwan's semiconductor industry through our actions.

#### 4. Global Semiconductor Association (GSA)

Ever since its establishment in 1994, the Global Semiconductor Association (GSA) had immense influences on the semiconductor industry and has been a key player in the global semiconductor industry's transformation to fabless operation. GSA remains active and committed to ensuring the growth and profitability of the semiconductor industry. Through collaborative arrangements, integration, and innovation, GSA seeks to foster a more efficient fabless-industry system. GSA has the mission to accelerate developments in the global semiconductor industry and improve the rate of return on investments.

GSA actively faces challenges such as intellectual property, electronic design, automation/design, wafer production and final assembly and tests confronting the supply chain and proposes solutions. GSA provides the platform for important global collaboration, identifies and affirms market opportunities, encourages and supports enterprises, and provides its members with full-dimensional, unique market research reports. Its members include up-stream and down-stream enterprises of the supply chains, from over 25 nations. Dr. Wu, the CEO of the ASE Group, is a member of the GSA Board.

#### 5. Semiconductor Equipment and Materials International (SEMI)

Semiconductor Equipment and Materials International (SEMI) is a global trade organization of manufacturers of equipment and materials, dedicated to promoting the overall development of several supply chains including semiconductor, micro-electro-mechanical systems (MEMS), flat panel display and photovoltaics. Members of the organization are composed of senior managers from manufacturing, equipment, materials and services companies in the abovementioned supply chains.

Currently, SEMI Taiwan has formed four major committees namely the IC Committee, Assembly and Test Committee, MEMS Committee and Photovoltaics Committee. The association plans to form new committees in the near future to serve the needs of other industries.

The Assembly and Test Committee of SEMI Taiwan was established in 2001. Currently, the Committee is chaired by Dr. Tang, Chief R&D Officer of ASE Group.

The SEMI Taiwan committees offer the Management Dept. of SEMI Taiwan and SEMI Taiwan Consultants Committee in-depth consultation services and suggestions for integrating industrial resources in Taiwan. Meanwhile, global enterprises including manufacturers of the semiconductor, MEMS, flat panel display and photovoltaics industries will be able to offer more professional resources to help develop and promote comprehensive public policy related issues, technical problems and professional comments and suggestions.

## 6. China Semiconductor Industry Association (CSIA)

China Semiconductor Industry Association was founded in 1990 with the primary mission of assisting China's semiconductor industry to operate in compliance with national regulatory requirements and national policies and acting as a channel of communications between the government and members in order to foster the development of China's semiconductor industry. Now, there are 520 members, including ASE Shanghai. The Association has the following missions:

- Carry out government-issued policy and regulation; provide consultations and suggestions to government on industry policy covering economy, technology and equipment.
- Provide sound information consultant.
- Extensively engage in the exchange of economic, technological and academic expertises. Conduct economic, technological, and academic exchange activities.
- Develop international exchange and cooperation.
- Assist government on drawing up (amending) industry standard, national standard and recommending standard.
- Protect member's legal rights and interests; oppose unfair competition; protect intellectual property; drive and organize the compiling of guild regulation; promote the establishment and perfection of economic system.

## 7. Others

- "Association of Environmental Protection Shanghai" : ASE Shanghai (Assembly & Test) has joined this association and its function is executing community responsibility.
- "Shanghai Integrated Circuit Industry Association" It is a non-profit organization. Its participants cover the design, production, assembly, test, materials and equipment fields in Shanghai.
- "Suzhou Integrated Circuit Industry Association" The association serves as a communication platform between enterprises and government.



## Electronic Industry Code of Conduct (EICC)

As a leader in the global semiconductor manufacturing services industry, we are in full support of the Electronics Industry Code of Conduct (EICC) initiated by the world's leading brands in the electronics industry. We uphold the highest corporate ethical standards. ASE Groups ensures that our supply chain also abides by safe working environment standards, their employees and their rights are respected, their business operations are environmentally responsible, and they also actively participate in community activities.

ASE Group requests major suppliers to comply with the laws of their locales, and encourages them to also meet international standards to shoulder more social and environmental responsibilities. ASE Group has completed EICC®-GeSI Validated Audit Process (VAP) and got validated by an external verification report. ASE Group will apply the spirit of continuous improvement to meet EICC requirements, and annually disclose EICC implementation performance in E-TASC to communicate to our global stakeholders our performance in the aspects of labor, health and safety, environment and ethics.

## Carbon Disclosure Project (CDP)

The development of the issues on global climate change so far has advanced from the mere communication of the concept towards greenhouse gas control. Industries and business enterprises are gradually taking on the thought as part of their management. Global mainstream institutional investors initiated the Carbon Disclosure Project (CDP) in 2003 to conduct a survey in the name of the investors to investigate the status of and strategies adopted by large corporations worldwide to reducing greenhouse gas emissions. Participating enterprises were required to disclose the risks and development opportunities associated with countering climate change.

CDP has now become the standards for "Disclosure of Carbon Management Information" worldwide. Starting 2008, ASE began to participate in the CDP survey, annually disclosing information on climate change and GHG emissions. The exercise required us to activate a full-scale greenhouse gas inventory across the entire group in order to offer complete and transparent information to meet the requirements of external stakeholders. We also made the greenhouse gas management information for ASE Kaohsiung, ASE Chungli and ASE Shanghai available over the CDP website. Our key disclosures in 2010 include the following:

- Analysis of risks and opportunities of climate change and strategies to address climate change.
- Computation of greenhouse gas emissions.
- Results of carbon-reduction plans and computation of greenhouse gas emissions.
- Management of greenhouse gas emissions.
- Status reports on each greenhouse gas emission.
- Suppliers' greenhouse gas management.
- Create opportunities for greenhouse gas reduction from products' life cycles.
- Greenhouse emissions and their comparisons to the base-year levels.



## ● Environmental Sustainability

The strategy for environmental sustainability at ASE is aimed at realizing a supply chain where everyone shares in the success through the implementation of green packaging. By introducing green design, green materials, green processes and green factories, ASE hopes to improve our resource utilization, decrease our carbon footprint and reduce the environmental impact of our operations.

It is our duty to protect the environment. ASE is committed to supporting the global environmental movement through our efforts in pollution prevention, green product design & manufacturing, and continuous improvements.



## Green House Gas Management and Carbon Disclosure

### Goal:

- To reduce the amount of green house gas (GHG) emissions per unit of production by 10% in 2017 compared to 2007.

The business development of ASE is directly affected by climate change. The main potential threats are increased energy costs, regulatory compliance and international conventions as well as the potential to lead to increased operating costs. Active investment in the development of low-carbon products will help to improve products' energy efficiency and reduce GHG emissions. Therefore, ASE has adopted a carbon management strategy focused on reducing the carbon footprint of products and minimizing the environmental impact throughout the product life cycle. The organization's GHG inventory in turn allows us to track our current performance and to plan further improvements.

We are working to effectively manage our GHG emissions to meet our reduction targets. Within ASE itself, we are now working to develop green products and implementing energy-saving initiatives to reduce the amount of indirect GHG emissions. Our external efforts include assisting our suppliers to implement GHG management as well as providing our clients and key stakeholders with transparent emission data to help transform the entire industry chain into a low-carbon economy.

The "10% reduction over 10 years" emission reduction plan was proposed in 2009 by ASE after careful analysis and evaluation. The plan calls for the average of GHG emissions per unit of production at ASE to be reduced by 10% in 2017 when compared to 2007. Setting such a challenging target for ourselves will benefit ASE's long-term business development and bring us in line with global trends. We have reduced the amount of green house gas (GHG) emissions per unit of production by 2% in 2010 compared to 2007.

### Green House Gas Inventory

### Goal:

- A GHG inventory of the previous year is conducted annually.
- GHG reduction targets are set for the company and each department.
- The statistics of the company and department-level improvement are integrated with ISO 14001 as part of routine management.

Even though there is currently no international consensus on a common carbon management mechanism or scheme, ASE has already begun responding to stakeholders' requests for information of GHG inventory/reduction effectiveness. We adopted the ISO 14064-1 standard in 2008, set up our own GHG inventory program and received the verification statement. We have also expanded the scope of the GHG inventory to set up a database on the ASE Group's basic emissions in order to respond to requests of customers and external stakeholders in a systematic manner.

The results of the GHG inventory indicated that total GHG emissions for the ASE Group in 2010 amounted to 914,201 tonnes. 94.5% (863,916 tonCO<sub>2</sub>e) could be attributed to externally purchased electrical power (Scope 2). Others such as vehical fuel, emergency power generators, steam boilers and waste disposal system (Scope1) accounted for just 5.5% (50,285 tonCO<sub>2</sub>e).

Due to the difficulty of collecting some of the data for indirect GHG emissions from outsourced activities (Scope3), our data is mainly based on fixed inventories. In 2010, our main Scope3 emission sources were outsourced activities not owned or controlled by ASE. These included: LPG (Liquefied Petroleum Gas)/LNG (Liquefied Natural Gas) used by the outsourced cafeterias, outsourced transportation, outsourced sludge and waste disposal, employee commuting, official visits, business trips and others.



**GHG emissions for the ASE Group in 2007 - 2010**

Item		ASEKH	ASECL	ASESH (A&T)	ASESH	ASEN	
GHG Emissions	Y 2007	Scope 1 (Ton CO <sub>2</sub> e /Year)	5,356	1,541	805	7,246	—
		Scope 2 (Ton CO <sub>2</sub> e /Year)	379,723	94,320	32,515	84,814	—
		Total (Ton CO <sub>2</sub> e /Year)	385,079	119,321	33,320	92,060	—
	Y 2008	Scope 1 (Ton CO <sub>2</sub> e /Year)	6,871	1,541	1,148	6,180	2
		Scope 2 (Ton CO <sub>2</sub> e /Year)	353,856	94,320	54,370	82,917	7,437
		Total (Ton CO <sub>2</sub> e /Year)	360,726	95,861	55,518	89,097	7,439
	Y 2009	Scope 1 (Ton CO <sub>2</sub> e /Year)	7,199	3,033	1,977	4,961	2
		Scope 2 (Ton CO <sub>2</sub> e /Year)	304,655	84,865	71,956	66,169	9,336
		Total (Ton CO <sub>2</sub> e /Year)	311,854	87,898	73,933	71,131	9,338
	Y 2010	Scope 1 (Ton CO <sub>2</sub> e /Year)	10,828	16,176	3,366	5,758	2
		Scope 2 (Ton CO <sub>2</sub> e /Year)	365,713	120,815	103,868	79,836	14,799
		Total (Ton CO <sub>2</sub> e /Year)	376,541	136,991	107,234	85,594	14,802
		Audit	YES	YES	YES	YES	No
Output	(USD/ year)	Y2007	1,342,088,533	436,451,402	155,657,576	173,793,667	—
		Y2008	1,263,741,800	463,430,419	263,999,394	171,277,845	33,082,776
		Y2009	1,190,810,633	365,741,805	290,410,758	148,600,013	33,031,241
		Y2010	1,687,787,167	621,809,497	446,728,788	200,524,049	57,778,462
	GHG Emissions (USD/kg CO <sub>2</sub> e)	Y2007	3.49	3.66	4.67	1.89	—
		Y2008	3.50	4.83	4.76	1.92	4.45
		Y2009	3.82	4.16	3.93	2.09	3.54
		Y2010	4.48	4.54	4.17	2.34	3.90

Note: Suzhou ASEN Semiconductors Co., Ltd and ASE (Weihai) operation in 2008 and ASE (KunShan) Inc operation in 2010.

Item		ASE Kunshan	ASE Japan	ASE Malaysia	ASE Korea	ASE Weihai	Total (ASE Group)	
GHG Emissions	Y 2007	Scope 1 (Ton CO <sub>2</sub> e / Year)	—	5,343	25	7,064	—	27,382
		Scope 2 (Ton CO <sub>2</sub> e / Year)	—	26,372	66,979	53,765	—	742,380
		Total (Ton CO <sub>2</sub> e / Year)	—	31,716	67,005	60,829	—	793,222
	Y 2008	Scope 1 (Ton CO <sub>2</sub> e / Year)	—	5,615	23	6,437	1	27,818
		Scope 2 (Ton CO <sub>2</sub> e / Year)	—	27,634	57,013	52,301	7,953	737,801
		Total (Ton CO <sub>2</sub> e / Year)	—	33,248	57,037	58,738	7,954	765,618
	Y 2009	Scope 1 (Ton CO <sub>2</sub> e / Year)	—	5,456	21	6,657	6	29,312
		Scope 2 (Ton CO <sub>2</sub> e / Year)	—	24,222	33,814	51,884	11,351	658,253
		Total (Ton CO <sub>2</sub> e / Year)	—	29,678	33,835	58,541	11,358	687,565
	Y 2010	Scope 1 (Ton CO <sub>2</sub> e / Year)	1,426	5,029	22	7,629	50	50,285
		Scope 2 (Ton CO <sub>2</sub> e / Year)	12,506	26,111	59,517	60,072	20,678	863,916
		Total (Ton CO <sub>2</sub> e / Year)	13,932	31,139	59,539	67,701	20,728	914,201
		Audit	No	No	No	No	—	—
Output	(USD/ year)	Y2007	—	153,251,848	143,000,000	384,084,919	—	2,788,327,945
		Y2008	—	169,703,240	121,400,000	355,172,259	19,068,539	2,860,876,272
		Y2009	—	102,592,379	87,300,000	304,755,184	23,401,625	2,546,643,637
		Y2010	8,262,000	130,100,808	131,900,000	438,897,679	81,261,000	3,805,049,449
GHG Emissions (USD/kg CO <sub>2</sub> e)	Y2007	—	4.83	2.13	6.31	—	3.52	
	Y2008	—	5.10	2.13	6.05	2.4	3.74	
	Y2009	—	3.46	2.58	5.21	2.06	3.7	
	Y2010	0.6	4.18	2.22	6.48	3.92	4.16	





## Carbon Footprint

After establishing a basic inventory of our GHG emissions, we introduced the ISO 14040 Life Cycle Assessment (LCA) system to establish the LCA data for ASE's four main packaging products (L/F, BGA, CSP, Flip Chip) and substrate products. The data provides us with an accurate accounting of the environmental impact throughout a product's life cycle from raw materials, manufacturing, transportation, consumption/use, to disposal.

In year 2010, we introduced PAS 2050 product carbon footprinting, and in year 2011 we plan to complete carbon footprint inventory for four main packaging product categories (L/F, BGA, CSP, Flip Chip). Moreover, ASE Group is assisting suppliers to meet the international carbon inventory requirements. In 2011, we plan to work with our suppliers to complete product carbon footprint inventory, further improving our supply-chain competitiveness.

In 2010, ASE Group participated in Good-health-and-low-carbon public awareness promotion held by Taiwan Business Council for Sustainable Development (BCSD-Taiwan) to advocate habit changes for a low-carbon life.



## Environmental Protection

Advances in technology have spurred on new developments in manufacturing technologies and materials. This also means that the production process inevitably produces some byproducts that are somewhat less than friendly to the environment. To prevent these products from impacting on the environment, ASE is committed to strengthening our control and prevention of wastewater, air pollution, solid waste, and noise that impact negatively on the environment. Also, we will actively invest in the development of green production processes and adopt a source-management approach to prevent pollution. With "zero" as our target, we intend to make "zero waste" and "zero pollution" our ultimate goal and will do everything we can to protect the environment that we depend on.

At ASE, our activities in the area of environmental protection go beyond complying with the relevant laws and regulations. ASE Group has also implemented the ISO 14001 environmental management system complemented by the use of Best Available Control Technology (BACT), monitoring of pollution prevention equipment and recycling of waste resources. Our proactive efforts are already effectively reducing our environmental impact. Management measures for each pollutant are detailed below:

### Air Pollution Prevention

We undertook a census of regional air pollution sources and installed equipment to optimize our air pollution prevention measures. The equipment is set up with multiple redundancies so it will not only meet regulatory limits and suppress volatile organic compounds (VOCs) and acidic/alkaline emissions but also immediately activate the backup system if necessary. Such a design ensures that no untreated emissions will be released into the atmosphere in the event of any equipment failure. Moreover, we have also adopted ozone scrubbers to treat VOC emissions. In addition to reducing the amount of wastewater produced by the scrubbing process, the high efficiency of ozone scrubbers ensures that our VOC emissions are at concentrations far lower than the regulatory limits.

### Water Pollution Prevention

The main source of wastewater at ASE is generated from our industrial manufacturing processes. We are now introducing a measure to separate wastewater for collection and treatment in addition to existing initiatives to reduce the amount of wastewater produced by each production process. Apart from collecting all highly concentrated chemical waste liquids for reuse or recycling by contractors as well as reusing gray water run-off from production processes, all

organic, inorganic, acidic and alkaline wastewater are disposed and processed properly. All ASE facilities are equipped with wastewater treatment systems that are controlled by automatic monitoring facilities to ensure that our wastewater are treated and tested before being discharged. All potential types of wastewater as well as their characteristics and volumes were taken into consideration during the initial facility planning stage. As a result, the water quality of our wastewater discharges is better than what is required by the regulations as part of our effort to minimize the impact on the ecological environment.

### **Waste Management**

ASE understands how precious our resources are; therefore, we have a comprehensive mechanism in place for waste disposal and recycling. All efforts are made to optimize and maximize our use of resources. We are now doing our best to continue reducing the amount of waste we generate by introducing waste reduction and improvement measures wherever the technology and costs permit.

In terms of waste disposal waste management, recycling is now our preferred method. Only if no other options are available, incineration and landfill are considered. Examples include metals in the waste liquids and copper sludge from production processes. The participation of all ASE units ensures that our wastes are properly disposed.

For waste reduction, we have now adopted an eco-design approach to reducing the amount of waste we produce. Examples include lightweight IC design and reducing the amount of waste plastic. We are also continuing to promote pollution reduction and waste recycling initiatives such as reducing the volume of wastewater treatment plant sludge through dehydration, recycling of waste liquids from BCC electro-plating machines, a ban on disposable eating utensils, categorizing wastes in detail, the acetone recovery program, and reducing the amount of wastewater produced by the copper-plating work station at our materials facilities.

We have noticed pallets used for shipping goods including all of inserts, plastics and aluminum foil vacuum bags. Those offer a way to reduce waste through recycling, management or industry cooperation (e.g. standardizing the specifications for logistics pallets). In the future, we will continue to monitor all recycling-related issues to ensure that we are using resources in a sustainable manner.

### **2010 Environmental Performance**

About air pollution, we never emit nitrogen NO<sub>x</sub>, SO<sub>x</sub> and ozone-depleting gases. Wastewater-wise, all wastewater we produced was treated before being discharged into disposal channels approved by the local environmental protection bureau. All pollution controls complied with local government regulations and there were no serious incidents of leaks. Also, the ASE Group didn't receive any fines or pernalties in results of violations of environmental laws in 2010. A table below illustrates AGS Group's environmental performance indicators for 2010: related to environmental performance is provided below:

#### **ASE Group's Environmental Performance in 2010**

Environmental performance	ASE Group Total	ASE Group Average
GHG Emissions (Ton CO <sub>2</sub> e / year)	914,201	—
Petrol Consumption (10 <sup>6</sup> MJ / year)	1.54	—
Diesel Consumption (10 <sup>6</sup> MJ / year)	6.29	—
Total Waste Output (Ton / year)	27,674	—
Waste Recycling (Ton / year)	13,013	—
Waste Recycling Rate (%)	—	47%
Waste Output Fluorescent Lamp (Ton / year)	3.3	—
Water Consumption (M <sup>3</sup> / year)	18,511,700	—
Wastewater Discharge (M <sup>3</sup> / year)	13,015,372	—
Waste Recycling (M <sup>3</sup> / year)	5,019,914	—
Water Recycling Rate (%)	—	27%
Environmental Expenditure (USD / year)	26,513,171	—



## Social Responsibility / Environmental Accounting

To calculate the company's sustainable development (social responsibility / environmental) spending, in 2010 we introduced social responsibility / environmental accounting. This system can be used for internal management purposes, as the internal performance indicators can help us communicate with outside stakeholders for them to understand ASE Group's efforts in social responsibility and environmental protection.

Our social responsibility / environmental accounting refer to Environmental protection bureau's "Industry guidelines for environmental accounting" which has six different categories:



## Resource Management and Energy Conservation

We have only one Earth. Therefore, the resources of the planet are very limited and precious. As a citizen of Earth and one of the leading enterprises in the semiconductor industry, ASE must take the responsibility for resource management and conservation. Consequently, we have set up mechanisms for managing electricity, water resources and consumables to meet and to fulfill our obligations. ASE Group monitors climate-change issues closely and has already taken actions in risks / opportunities assessments on climate change as well as setting up strategies to address issues related to it. Improvement in energy efficiency and in resources recycling rate (in the aspects of air conditioning, compressed air generation, electrical power usage, and waste-water disposal, etc.) is continuously pursued to consistently achieve goals on greenhouse gas emission reductions.

### Electricity resource management and energy conservation

The consumption of electricity is the main source of GHG emissions at ASE. So, measures for managing electricity naturally become the main focus. ASE has continued to upgrade the efficiency of our facility infrastructure and made improvements in module optimization over the last few years in order to meet our targets for reducing electricity consumption. To further efficiency improvement, we will introduce ISO 50001 energy management system in 2011.

The concrete measures include:

**Energy-saving for Air-Conditioning:** Air-conditioning is used in the facilities mainly to ensure a stable temperature of production equipment and maintain productivity. Air-conditioning in particular accounts for most of the electricity used in the buildings. Measures that we have taken to reduce the amount of electricity used in our facilities include temperature settings, AC inverters for compressors and water chilling systems, regular cleaning of cooling towers and controlling the air flow, progressive replacement of inefficient water pumps, turning off the water coolers in the offices at night, and switching to more efficient water chillers. High-efficiency chilling systems can support other nearby systems when needed. Power consumption can thus be reduced.

**Energy-saving for Lighting:** We now use energy-saving lamps for all lighting systems in our facilities. Individually controlled lights have also been installed above each employee's workstation for greater flexibility in meeting lighting needs. Sensor-activated lighting has also been installed in areas with less people traffic. The Kaohsiung manufacturing facility has now replaced 50% of its T5 light tubes. ASE MAL has also replaced existing T8 fluorescent tubes with T5 energy-saving tubes. It has already replaced 1500pcs. ASE Group has started using T5 light tubes for new facilities since 2010.

**Energy-Saving for Production Processes:** The energy-saving measures have adopted for production processes include turning off unused machines, improving the efficiency of production machinery and recovery of waste heat from production processes. Large vacuum equipment has also been installed with vacuum ducts run directly to the machines to replace the use of CDA, which has greatly reduced the amount of CDA gas required by the machines.

**Other Energy-Saving Measures:** Apart from the energy-saving measures described above, ASE also encourages our employees to use the stairs instead of the elevators, to set hibernation and shutdown timers for all computers and monitors, to turn off the office lights during the lunch break, and to host energy-saving activities to boost employees' support and understanding of energy-saving initiatives.

The implementation of our various energy-saving measures has seen power consumption at our various manufacturing facilities drop to a level lower than the preceding two years. For example ASECL has reduced energy consumption by 1,107,238 KWH per year, and reduced greenhouse gas emissions by 677.63 tons of CO<sub>2</sub> per year through process optimization. ASEMAL and ASEKH have also reduced energy consumption by 354,000 KWH and 20,506,818 KWH per year respectively. They (ASEMAL and ASEKH) have also reduced greenhouse gas emissions by 237.67 tons and 55,394 tons of CO<sub>2</sub> per year respectively. ASEKH has also been presented a 3rd-place award in energy-saving by Environmental Protection Bureau of Kaohsiung-City government .

#### Energy-Saving Performance of ASE Group in 2007 - 2010

CSR Indicators	Year	ASEKH	ASECL	ASESH (A&T)	ASESH	ASEN	ASE Kunshan
Output (K PCS/year)	2007	3,272,982	3,655,095	293,770	327,912	—	—
	2008	3,037,487	4,797,151	528,520	329,380	121,670	—
	2009	3,600,098	4,086,641	566,180	270,423	132,950	—
	2010	5,580,903	6,769,565	5,062,430	379,579	712,790	300,000
Electricity Consumption (KWH/year)	2007	596,111,983	161,443,273	34,703,899	90,026,666	6,157,120	—
	2008	556,376,931	148,300,956	86,028,775	86,914,937	11,768,160	—
	2009	489,013,390	137,774,374	81,586,050	74,979,440	14,772,138	—
	2010	592,904,632	194,195,918	114,545,196	92,919,415	23,416,890	113,000,000
Electricity Consumption Per Output (KWH/PCS)	2007	0.18	0.04	0.12	0.27	—	—
	2008	0.18	0.03	0.16	0.26	0.10	—
	2009	0.14	0.03	0.14	0.28	0.11	—
	2010	0.11	0.03	0.02	0.24	0.03	0.38

CSR Indicators	Year	ASE Japan	ASE Malaysia	ASE Korea	ASE Weihai	ASE Group	ASE Group Average
Output (K PCS/year)	2007	315,928	868,930	2,464,022	—	10,904,869	—
	2008	334,390	898,645	2,724,582	1,106,353	13,878,178	—
	2009	174,195	462,670	2,710,154	1,191,073	13,194,384	—
	2010	239,969	468,592	3,848,806	2,629,480	25,992,114	—
Electricity Consumption (KWH/year)	2007	59,800,391	99,671,825	115,551,216	—	1,163,466,373	—
	2008	58,421,837	84,841,199	112,404,651	12,765,130	1,157,822,576	—
	2009	51,645,916	50,318,708	111,507,624	18,220,480	1,029,818,120	—
	2010	55,792,295	88,567,287	129,104,712	33,190,320	1,437,636,665	—
Electricity Consumption Per Output (KWH/PCS)	2007	0.19	0.11	0.05	—	—	0.11
	2008	0.17	0.09	0.04	0.01	—	0.08
	2009	0.30	0.11	0.04	0.02	—	0.08
	2010	0.23	0.19	0.03	0.01	—	0.06

Note. Suzhou ASEN Semiconductors Co., Ltd and ASE (Weihai) operation in 2008 and ASE (KunShan) Inc operation in 2010.

## Water Resource Management

The water needs of all ASE facilities are met by tap water. In recent years, product upgrades and the expansion of production capacity have resulted in increased demand. Apart from implementing water-saving measures in our production processes and studying ways of optimizing water control and management, we have also devised water-saving measures such as recycling tap water, reducing water consumption and wastewater in order to reduce the environmental impact of our water consumption.

## Water Recycling and Reuse

ASE Group plans to reduce dependence on city water supply by introducing ISO 50001 energy management system step by step and setting up a "Facility Energy Management Committee" which carries out the planning and the monitoring of the overall water resources as well as promotes water and energy conservation implementation. The committee meets regularly for review, monitoring, control and auditing functions.

ASE Group has invested heavily in upgrading water treatment systems. We recycled and re-processed waste-water and RO concentrated-water for manufacturing use. Coupled with water-conservation activities in our process stations, these actions have overall enhanced wafer usage efficiency. The manufacturing waste-water reuse and recycling rate in ASECL and ASEKH has achieved 25% and 45% respectively. ASEKH aims to achieve 85% in 3 years.

ASEKH establish the waste water recovery system and work with Nan-Tze Export Processing Zone's treatment system. In 2010, it not only reduces the dependence to city water and relieved during dry season, but also save cost about 32.2 million NT in water, even predicted to be 50 million in 2011. The achievement of ASEKH awarded the honor of top 3 "The most Saving Water Company in 2010 by Kaohsiung City Government.

## Selection of Materials

The main materials used by ASE are all general or recycled materials that are easy to acquire or make available from multiple suppliers. Also, all materials are sourced from non-conflict regions. No rare and precious metals are used. The main materials used include:

## Selection of Materials

Materials	Unit	Total Consumption by ASE Group
Molding Compound	KG	6,532,827
Solder Ball	KP	839,358,000
LEAD FRAME	PC	13,664,912,381
SUBSTRATE	PC	3,552,093,543

## Use of Recycled Materials - Tray

Tray	Unit	Total Consumption by ASE Group
Used-Tray	(PC)	65,325,328
Recycled -Tray	(PC)	33,419,002
Recycle Rate-Tray		51%



## Green Product and Eco-Design

### Goal:

- 100%-compliance with customer-required green products

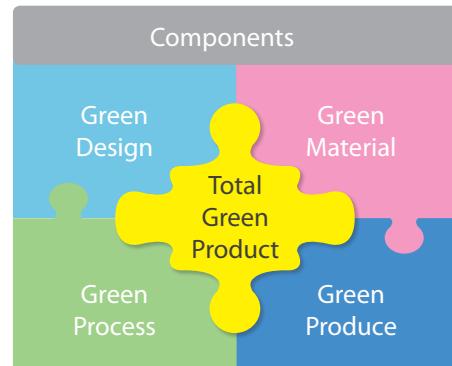
The publishing of the "Waste Electrical and Electronic Equipment Directive" (WEEE) and the "Restrictions on the use of Hazardous Substances" (RoHS) by the European Union has resulted in the passing of corresponding domestic legislations proposed by various European nations aimed at regulating and supporting the development of "green products".

While green products might have impacts on production processes and the use of materials, they also offer an important opportunity for development. The human element is critical in the development of technology so green products is merely a recognition of the need to return to basics. A clean environment is essential to the survival of mankind. If substances used to manufacture a product pollutes the environment and threatens mankind's survival, the product offers no benefit to the environment or mankind no matter how many functions it has.

ASE's approach to green products is to reduce the environmental footprint of our products as the goal. And our main strategy is green design. Source management is practiced with our suppliers in order to produce green products that conform to EU legislation and our customers' requirements.

In addition, ASE Group continues to observe international regulations trend and to meet EU's new chemicals policy (Regulation for Registration, Evaluation, Authorisation and Restriction of Chemicals, REACH came into effect on June 1, 2007), from which the survey and control of the published SVHC (Substance of Very High Concern, SVHC) are requested of our supply-chain, and feedback from suppliers is provided to our customers to comply with regulations and customer requirements. So far, the investigation results for SVHC indicate 100% compliance with regulatory requirements.

As to green product shipments, although there are still a few customers having non-green products demand, we have defined green product shipping indicators in response to international regulations and actual customers' requirements. Shown on the table below is the proportion of green and non-green products shipped by the ASE group manufacturing facility in 2009 and 2010 as well as the target set for 2010. So far there have been no fines or lawsuits against the ASE Group due to violation of relevant green directives or customers' requirements for products shipping. A summary of green products ratio shipped by the ASE Group's different facilities are provided below:



Item	Year	ASEKH	ASECL	ASESH (A&T)	ASESH	ASEN	ASE Kunshan
Green	2009	98.28%	99.86%	98.39%	100%	100%	0%
	2010	98.79%	100%	98.80%	100%	100%	100%

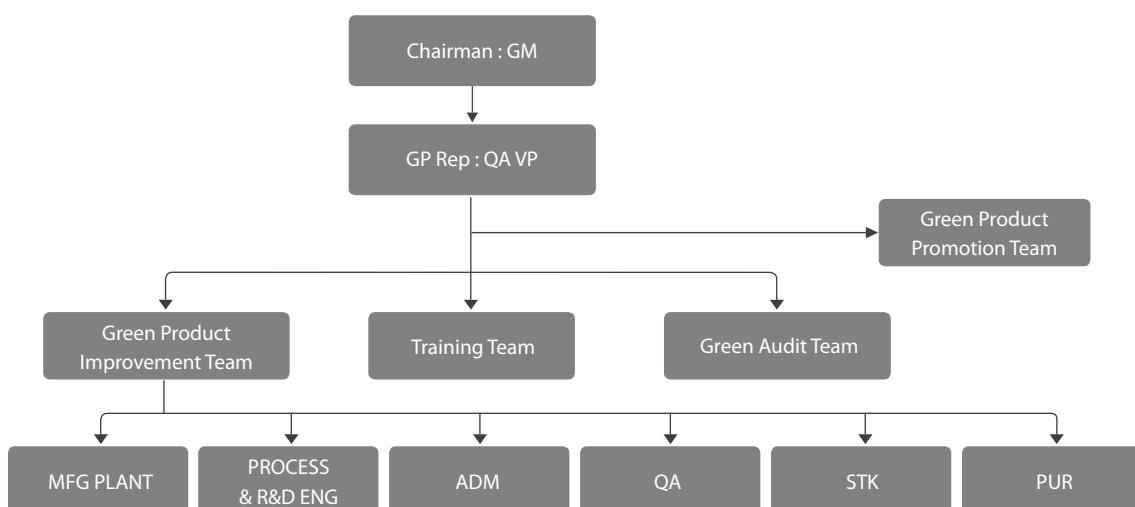
Item	Year	ASE Japan	ASE Malaysia	ASE Korea	ASE Weihai	ASE Group
Green	2009	83%	65%	100%	82.10%	82.66%
	2010	93%	68%	100%	95.60%	95.42%

In order to improve our management efficiency, we have established the trans-department "Hazardous Substance Process Management Committee" (HSPM Committee). The HSPM Committee defines the control indicators for each department and oversees their implementation and results.

We are also progressively introducing the HSPM system and have applied for IECQ QC080000 certification to ensure the proper regulation and management of hazardous substances. For hazardous substances that employees have not encountered before, comprehensive training is provided to educate operators about its hazards, protective measures and emergency response procedure. ASE Group has all received QC 080000 system certification.



### HSPM Committee Organization



For testing hazardous substances, we have also set up a dedicated ISO/IEC 17025 certified laboratory. The main task is to test for six hazardous substances (Lead (Pb), Cadmium (Cd), Mercury (Hg), Hexavalent Chromium ( $\text{Cr}^{6+}$ ), Poly Brominated Biphenyl (PBB), and Poly Brominated Diphenyl Ether (PBDE)) to ensure that the products that we provide are in compliance with international standards/regulations and customers' requirements. We now conduct 39 standard tests for green product, which is far more than the requirements set by all international standards.

Test Items	Test Equipment	Test Methods
Cr <sup>+6</sup>	UV-Vis	
Cd, Hg, Pb	ICP-OES	IEC62321 111/54/CDV
PBB, PBDE	GC/MS	

#### Test Types:

- Raw materials and products made of metal and metal alloy
- High polymer and composite materials: plastic high polymer
- Electronics: Electronic components, electronic materials, raw materials, parts

In terms of green product packaging and reduction, all the packaging materials that we use including paper, plastics and fillers are made from recyclable materials, which are in line with EU regulations on packaging materials (e.g. the total content of heavy metals such as lead, chromium, mercury, and hexavalent chromium must be less than 100ppm). The use of PVC for plastic packaging has now been proscribed as well. As the main principle being repeated use of materials, we have reduced the consumption of natural resources through the efforts of sorting and recycling wastes.

#### Total of Packaging Materials Recycled

Item	Total (PC)
Pallets	392,480
Package Box	449,932

#### SONY Green Partner

ASE had been certified as a SONY Green partner as early as 2003 because of our partnership with SONY Japan. We took the initiatives in implementing the certification as SONY Green Partner ever since.



## Product Eco-Design

### Goal:

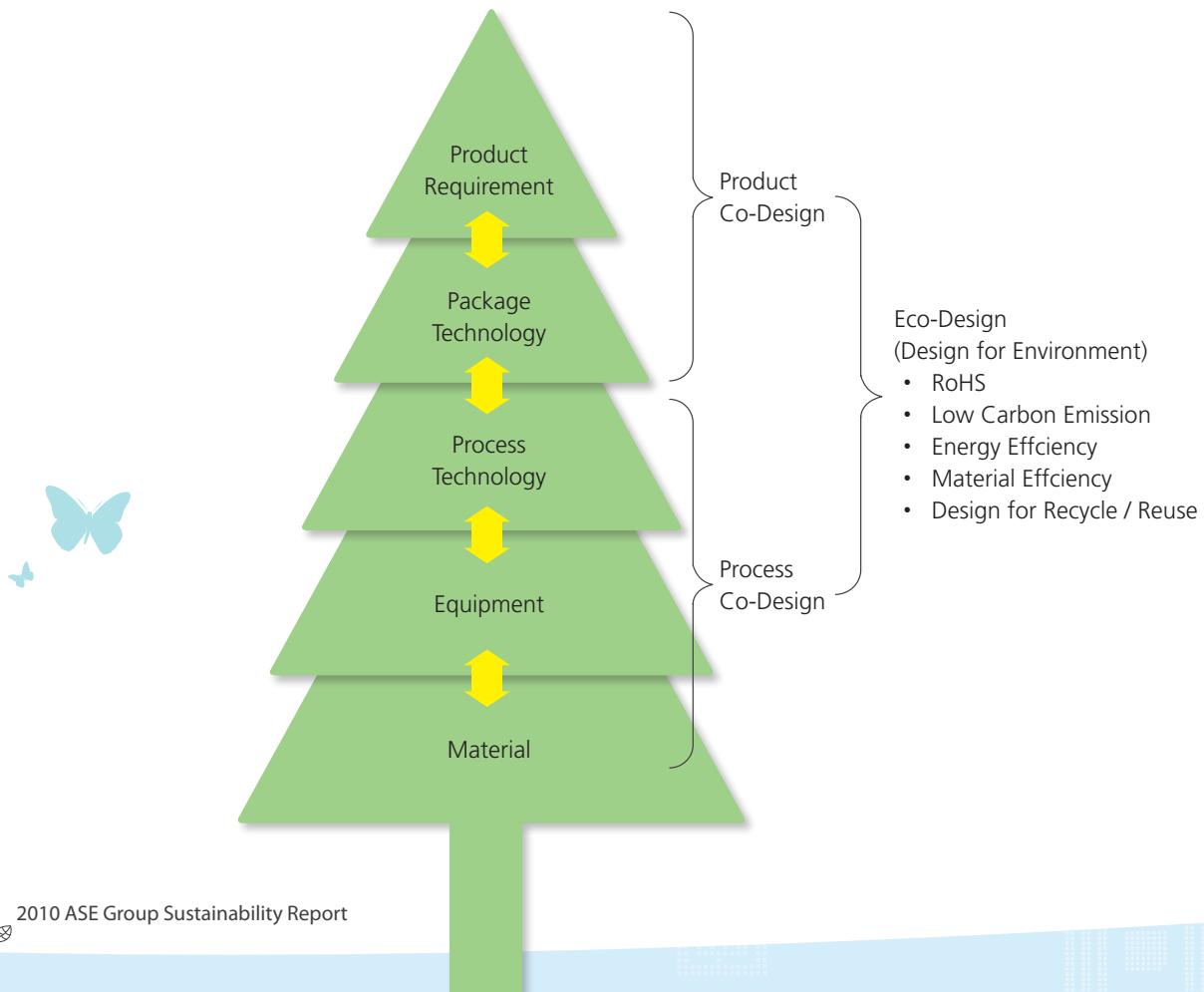
### The target for the first stage, 2012 ~ 2014

- Introduce Eco-Design

The development of packaging technology has moved towards the direction of high density, high Input/Output (I/O) quantity, low operating power, modular surface mounted components, and composite structures. The result has been a push towards high integration, high pin-count/miniatrization, lower thickness, multi-chip packaging and low cost. Due to the constantly growing demand for high-end packaging & testing capacity, our past investments in technology R&D and production capacity have now become the foundations for our future growth.

Faced with the growing demand for green products (e.g. not hazardous to human health, low carbon, low energy consumption, etc.) from global customers, technology and R&D have become a critical part of one enterprise's competitiveness and market growth. ASE has responded by continuing to invest in R&D and upgrading our technical capabilities in order to create the lighter, thinner, and smaller products to meet the market demands. We are also embracing green design to meet the expectations of the new green trend.

Our green design strategy will be based on the existing green product (packaging) achievement and to enhance it with an Eco-design concept. Environmental friendly considerations such as low pollution, low power consumption and water conservation as well as operational safety are taken into consideration during the new product design, continuous process improvement and the introduction of new technologies so that they can be incorporated into the production process, bill of materials (including alternative materials) and production machinery. For example, recently introduced advanced processes like Cu-wire bonding and Extra-large strip assembly processes not only enhance production efficiency, but also comply with Eco-design concepts. We are moving towards standardization to maximize savings in energy and materials. It is our commitment to continuously reducing any environmental risks through co-working with our customers and supplier partners in the Life Cycle Assessment / Carbon Foot Print Management and Eco-design implementation.



## Green Factory

All ASE Group operations are based inside industrial zones and none in environmentally sensitive areas. All emissions and pollution controls comply with the relevant regulations. They have not had a major impact on ecological diversity. All ASE Group operations are based inside industrial zones and none in environmentally sensitive areas. They have not had any major impact on ecological diversity.

The green building project was initiated for ASEKH K12 facilities. We set our goal as becoming the first packaging facility to receive the gold certification for "Green Building" in the Leadership in Energy and Environmental Design-New Construction (LEED-NC) from the U.S. as well as diamond certification for Taiwan's "Ecology, Energy Saving, Waste Reduction and Health" (EEWH) green building mark.

The K12 Green Building will have all hallmark features in energy supply, green roofing design, construction materials, painting, lighting, etc. that follow the Green Building Standards. The K12 Green Building will start its operation in 2012 and the tangible environmental benefits will include a 20% reduction in energy consumption, a water recycling rate of over 85% and CO<sub>2</sub> emissions being reduced by 11,000 tons a year. This reduction is equivalent to the amount of CO<sub>2</sub> that can be absorbed by 30 Da-An Forest Parks in a year.

Societal and economic benefits of the green factory are biodiversity and improved access and sharing with the local community to create a positive relationship and new employment opportunities. The ASE green factory is expected to achieve an output of hundreds of millions of revenues and create thousands of employment opportunities.

While the consumption of energy and resources is an unavoidable part of business operations, ASE Group is committed to providing a quality environment for employees in the pursuit of ecological balance, corporate development and enhancement in health & welfare, while at the same time keeping our business sustainable. Such an environment would allow our employees to work in an ecologically balanced and energy-efficient manner. Thus, the impact on environment can be minimized.

### ASE K12 Green Factory



#### ● Energy Saving Design

- Energy-saving air-conditioning and lighting
- Advanced energy-saving process
- Energy management system and function validation
- Highly reflective rooftop paving

#### ● Recycling and Reuse

- Increased recycling of construction waste
- Increased use of recycled and locally produced building materials

#### ● Sustainable Site Design

- Increased green coverage to reduce thermal convection
- Water retention: Increased water permeability and eco pond
- Bicycle stands, ride-sharing parking and green vehicle parking

#### ● Water Saving Design

- Recovery and reuse of rainwater, gray water and waste water
- Water-saving devices and use of recycled water in toilets

#### ● Indoor Environmental Quality

- Indoor air quality monitoring
- Low-emission healthy building materials



## ● EMPLOYEE CARE

### Goal:

- To provide a management system that meets the expectations of social responsibility, protects the rights and welfare of employees, and creates a safe and comfortable work-place environment.
- Improve employees' awareness and competency in sustainable development issues such as environmental protection, safety, green products and social responsibility through effective use of training resources; and to ensure the continued operation of the ma-nagement system through regular communication and consultation with employees and their representatives.

We are committed to provide our employees with reasonable care in order to create a comfortable environment that is conducive to employees' work and development. ASE has always followed the government requirements in providing guidance to our employees, managers and the members of the Board of Directors. We have also set up an internal code of ethics that promotes honesty, integrity and socially acceptable business practices. In 2008, we began introducing the corporate social responsibility management system (SA 8000) and had certificate and issued associated CSR policies that clearly defined our expectations on the work environment, health & safety, gender discrimination, bribery, conflicts of interest, and the protection of company assets and reputation.

### Employment Status

Our recruitment policy emphasizes the creation of job opportunities for our area of operations. Employees' rights are also protected in accordance with the Basic Labor Act and the Gender Equality Act. Not only do all new recruits undergo gender equality training, training for management level also emphasizes gender equality legislation. We have put our effort to build a working environment free from gender discrimination and sexual harassment. There were no incidents in employee rights violations in 2010. For recruiting, screening, hiring and assigning of employees, ASE does not discriminate on the basis of race, class, nationality, religion, disease/disability, sexual preference, union membership, political affiliation or age.

We do not employ children. As for hiring adolescents, it is limited to cooperative education programs in principle. Student workers are not allowed to work night shifts or responsible for hazardous tasks. Before any major changes in work conditions, prior notification and communication with employees are carried out so there are no instances of coercion. To protect employees' basic rights, every employee also receives 4.5 hours of training on human rights.

To protect employees' basic rights, each employee in ASE Group has received an average of 2.7 hours training. In ASEKH, the average training hours have even reached 6.8 hours per person on "human rights", gender equality, channels for making complaint and communication issues, etc.

In terms of employee communications, we have set up open channels for communications and complaints in order to build harmonious labor relations. Employees from all departments can use these channels to submit their opinions or suggestions. These channels include the General Manager's Mailbox, suggestion boxes at each facility, seminars, letters, bulletin boards, the ASE Bulletin, internal documents, education & training, electronic bulletin boards, counseling rooms, and e-mails. By listening intently and sincerely to voices and suggestions of our employees, we have brought the company and our employees closer together. ASE Group strives to fulfill its social responsibilities by employing disabled persons, and arranging for them appropriate positions and working environment s that match their physical and mental conditions.

### Statistics of ASE Employment in 2010

	Number of people	Total	Rate (%)
Regular Employees	27,821	34,058	82%
Contractor	6,237		18%

Note: Total number of handicapped personnel was 239 and it included regular employees.





## Total Workforce by Employment Type, Employment Contract, and Region Broken Down by Gender

	Type	Number of people	Rate(%)
Total Number of Employees by Gender	Management	Male	1,149
		Female	276
	Engineer	Male	6,602
		Female	988
	Technician	Male	3,538
		Female	12,784
	Clerical	Male	785
		Female	1,699
	Management	< 30 years old	0.5%
		30~50 years old	4.0%
		>50 years old	0.6%
Total Number of Employees by Age	Engineer	< 30 years old	12.1%
		30~50 years old	14.9%
		>50 years old	0.3%
	Technician	< 30 years old	31.1%
		30~50 years old	26.1%
		>50 years old	1.5%
	Clerical	< 30 years old	3.4%
		30~50 years old	5.1%
		>50 years old	0.4%
Number of New Staff	Gender	Male	4,285
		Female	6,286
	Age	< 30 years old	78.4%
		30~50 years old	21.3%
		>50 years old	0.3%
	Area	Asia	10,571
		Non-Asia	0

Notes:

Management - Managers whose level is above directors

Engineer - General technical specialists

Technician - Frontline factory workers

Clerical - General administration processing clerks



### Number of Resignations and Turnover Rate in 2010

	Type	NO. of people	Turnover Rate
Resignations	Gender	Male	2,068
		Female	4,575
	Age	< 30 years old	4,672
		30~50 years old	1,919
		>50 years old	52
	Duty	Management	97
		Engineer	1,168
		Technician	4,998
		Clerical	380
	Area	Asia	6,643
		Non-Asia	-

### Total Number of Maternity Leave and Parental Leave, by Gender in 2010

	Type	Total
Maternity Leave/ Paternity Leave	Gender	Paternity Leave
		430
Parental Leave	Gender	Maternity Leave
		1,019
	Gender	Parental Leave by Male
		97
		Parental Leave by Female
		164

### Ratio of Basic Salary of Women to Men in 2010

	Type	Indirect Employee	Direct Employee
Rate of Salary	Male	1.15	1.05
	Female	1	1

Notes:

1. Basic salary not include overtime pay.
2. Direct Employee, means the person who is in charge of production or inspection in the production line, such as operators, foremen. Indirect Employee, means the person who is in the back office, such as administrators, planners and designers.



## Employee Code of Conduct

To maintain a high standard of discipline among our employees, ASE has drafted a set of employee management guidelines. The guidelines define the commitment and expectations of ethical behaviors which should be followed by our employees. All forms of corruption, bribery, embezzlement, misuse or theft of company property or fraud are strictly prohibited. All new recruits are required to sign the company's ethics guidelines to ensure that we meet our commitment to honesty and integrity in business.

## Career Development and Training

ASE offers a wide range of learning opportunities to our employees including general, specialized, and management training courses. Training for employees includes:

- Providing new employees with orientation training, specialized training, and new employee assessment.
- Designing and implementing management skills training and competency development.
- Designing and implementing technical training courses for engineers.
- Providing employees with special skills training and second professional training.
- Cultivating internal instructors and trainers.
- Designing and implementing occupational safety and environmental protection related training.
- Providing employees with the opportunity to take part in external training or professional seminars.
- Employees who complete in-service education programs may apply to take exams to have their academic qualifications upgraded and are offered incentives such as increased salaries.
- Providing employees with channels for cooperative training programs with universities and organizing the Tai-Ger Vocational Training Project in concert with the Bureau of Employment and Vocational Training.



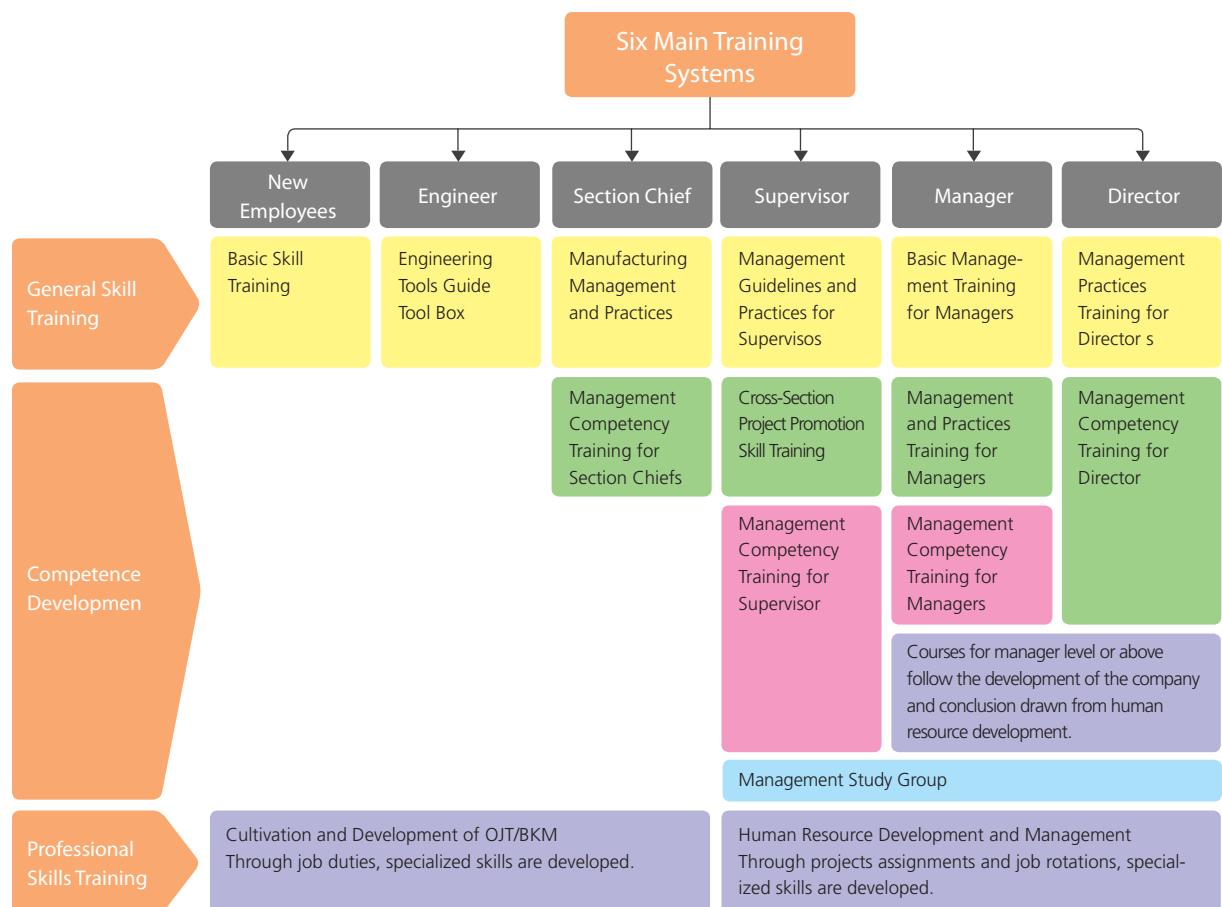
## ASE Training System

The mission and goal of the ASE training program is: "satisfying needs of human resource development of each department as well as becoming the strategic partner of each business unit by cultivating all managers into professional human resource managers, and training employees to become the elites in their professions."

We provide appropriate and proper training according to the needs of their duties. Training is divided into three components:

1. General Skill Training
2. Competency development
3. Professional skills

New employees, engineers and managers have different competency requirements so we have developed six main training systems, including "Facility/Section Manager Training", "Department/Assistant Manager Training", "Director Training", "Section Chief Training", "Engineer Training" and "Indirect Training for New Employees" to ensure that we have the right quality of manpower to support our operations and to assist employees with their self-development.



For new employees in the production teams and the engineering units, we have developed training courses that encompass company discipline, environmental safety & health, workplace health management, compensation, attendance, gender equality legislation and channels for employee complaints. The course content is intended to familiarize new employees with their work and basic rights as quickly as possible. ASE has also set up an internal E-training system to provide all employees with easy access to training information and resources.

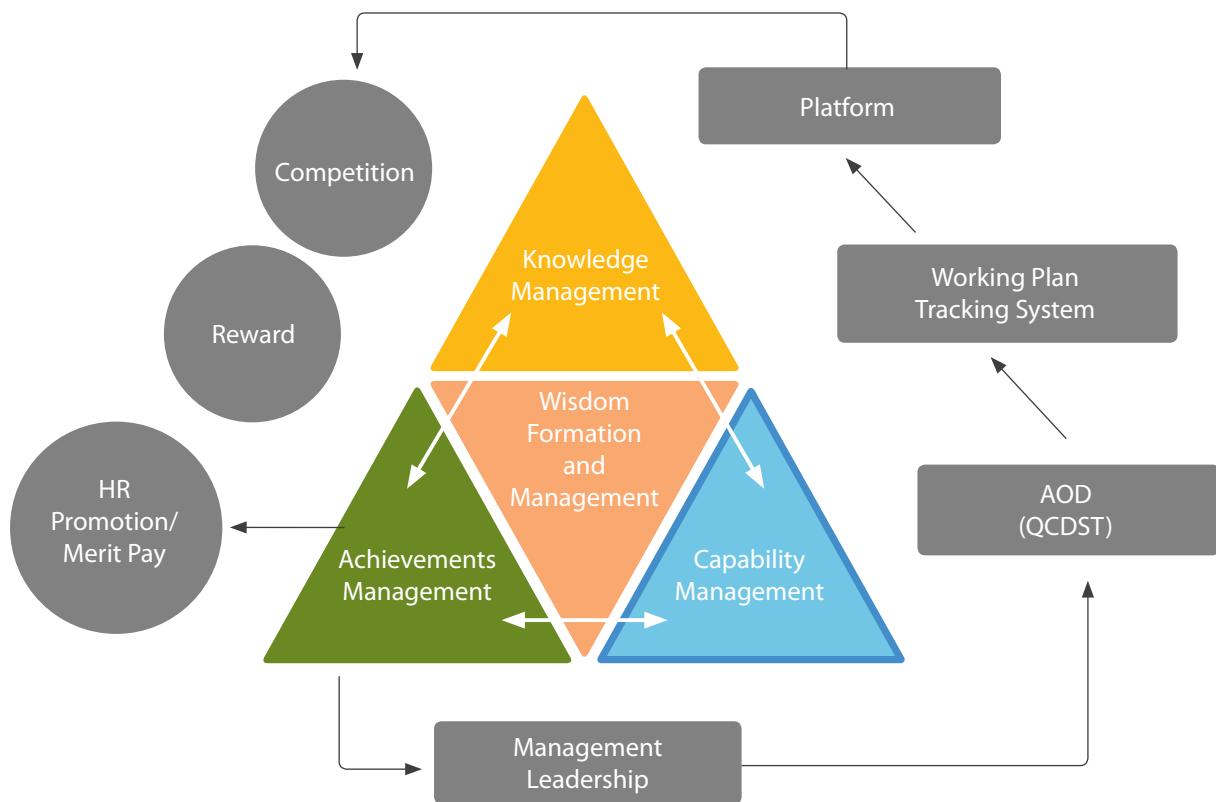


# Learning-type Organization and its Management

ASE is continually developing the following trainings like: TWI, internal base manager, coaching training method and guidance, etc. Its main purpose is to cultivate employees to have continuous and non-stop learning capability. And after employee already learned new wisdom or new technique, he/she can show and notify ASE internal Recognition management platform so that these can be implemented into working knowledge and technique, be preserved and simulated. After physical strength is shown by many, this can be organized and studied gradually for ASE.

E-Learning Platform

ASE Internal department established an E-Learning system to enable all employees to be able to acquire training resource anytime. They can choose from many diversified training courses. So that all important training permeates self-learning course and every employee can have a learning experience in ASE.



Internal Base Course

ASEKH Plants in 2010 started to open Internal Base course. This internal base manager guidance course emphasizes on management function start off. Make use of other unique guidance and assistance system-circulating achievement breakthroughs, helping business and organizations, bringing out human resource potentials, enhance organization's competitiveness, permeability of the course with corresponding function, develop correct attitude and habits of employees. Consolidate individual weaknesses and strengths, to reach organizational goal, to use learned wisdom and managerial capability into actual work. Lastly, obtain effective result and increase organizational profits.



## Employee Certification Subsidy Program

We strongly support self-development among our employees. In order to encourage employees to take advantage of external training or development courses to develop new skills or make up for deficiencies in internal training within the company in their spare time, ASE has therefore drawn up the "External Training and Certification Subsidy Guidelines" to provide financial subsidies for external training (assigned by their units) or certification (employees' self-learning).

## Performance Evaluation Scheme

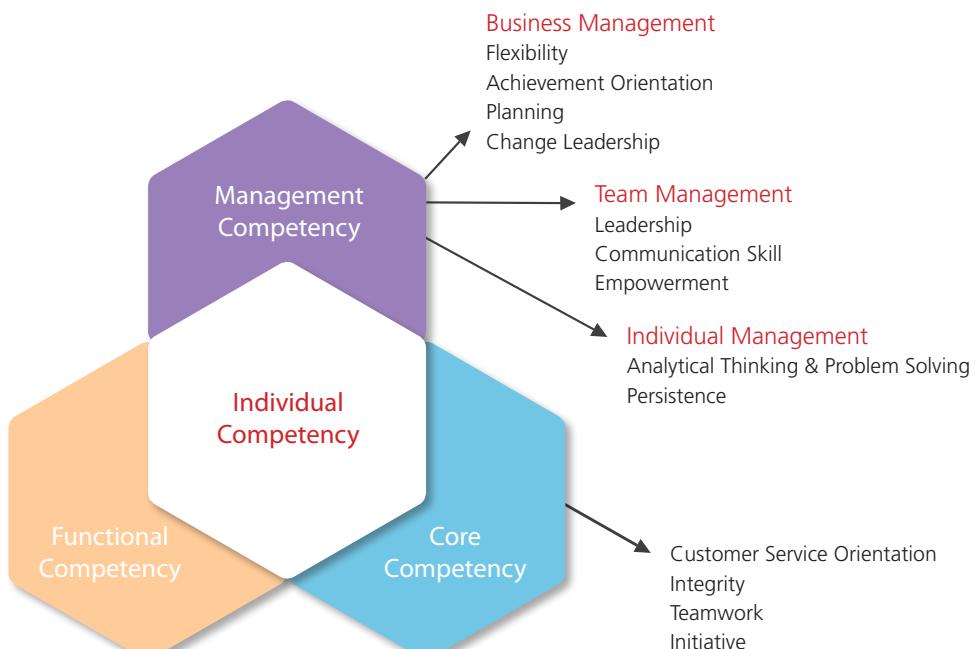
Periodic performance evaluations are conducted to provide a basis for promotions, training and changes in compensation. Managers work with employees to set development plans. And the focus of the evaluation is to review past performance and the setting targets for the future. For employees with poor performance, we work with the employee to identify ways of making improvements instead of penalizing them in order to increase work efficiency.

## Employee Competency Assessment

A competency assessment that takes employee performance into consideration gives us an objective way to learn about the employee's characteristics and areas where they may need further development. From the employees' point of view, if they can understand their own strengths and the organization's needs, they will become more competitive in their career development. From the company's point of a view, such an assessment scheme helps the company determine if the employees are suitable for their positions. Understanding of the employees and the organization's development will help the company better manage and allocate its human resources in the future as well.

## Security Guards Safety Training

All security matters at the ASE facilities are contracted to legally licensed and qualified security companies. Security staff is responsible for safety, monitoring employees, visitors, goods, access and information security, as well as emergency responses, disaster rescue & prevention, and enforcing company discipline. Due to the great pressure and responsibility of their roles, we treat our security staff like our employees and provide them with professional safety advice and necessary assistance. All security are carefully vetted and receive regular training to ensure security related duties are carried out properly.



### Average Hours of Training Per Year Per Employee by Gender and by Employee Category in 2010

Class	Type	Average hours of training per year per employee
Training for New Staff	Male	78
	Female	78
Training for Manager	Male	39
	Female	39
Training for Engineer	Male	46
	Female	43
Training for Technician	Male	88
	Female	88
Human Rights	-	2.7
Environmental Safety & Health	-	35.8

### Taiwan TrainQuali System, TTQS

Human Resource continual training is the key point that a business should not stop developing nor should be lacking. To encourage ascending business and have refined talented staff, Executive Yuan pushed for training on quality system (Taiwan TrainQualit System or TTQS FOR SHORT). ASE Kaohsiung Plant on 2010 received golden recognition from TTQS. We believe that "talented person" is the most important asset of ASE group. When you have good employee, the company will continuously expand its operation. Thus, we go through training, with the hope that we can strengthen and improve individual wisdom, capability and attitude. Also to increase individual, department and group's working ability and competitiveness. We already adopted ISO 10015 concept, had PDDRO: Plan Design Do Review Outcome which are the 5 major training cycle composition. To evaluate and design before training, all training implementation and monitoring during the process then at the end, to have proof of result.

After ASE Kaohsiung Plant became a member of TTQS, there was an obvious increase outcome from the training. Including the establishment of Standard Training Quality Management System, became a member, had a message platform, announcement of training result, equipped with training result and incorporate with working environment, assure business advancement and unity of training.

ASE Group hopes that after going through Training Quality Evaluation system launching, this will increase group training key point so that employee can become his/her domain's skilled hero, enhance group's competitiveness and proceed to the next step and continuously gain business goal.



## Employee Welfare

Talented employees are company's important assets. ASE places great importance on employee compensation and benefits. Therefore, we offer a very competitive compensation & benefits as well as wages that exceed the minimum wage required by the Labor Standards Act. There is no discrimination in employee compensation on the basis of gender, race, religion, political affiliations or marital status.

### Compensation, Benefits and Health Promotion Programs

ASE understands that the employer and the employees are all on the same team. So we offer a variety of benefits as reward for employees' hard work and to encourage employees to meet the business targets. Benefits include raises for good performance, bonuses and profit-sharing. We also offer stock options to attract and retain professional expertises needed by the company and to boost employees' loyalty.

Apart from the insurance and pension contribution required by law, ASE also offers group insurance as well as overseas travel insurance for business trips to protect the safety and livelihood of our employees. These employee benefits and labor relations measures include:

- Free group health insurance for employees and their dependents.
- Upgrades to the health and safety of facilities to maintain a clean and comfortable environment.
- Labor relations meetings.
- Forming of a welfare committee to manage various employees' benefits.
- Cafeterias and company grocery stores.
- Bonuses and subsidies for marriage, bereavement, hospitalization and scholarships.
- Comprehensive retirement scheme.
- Employee health exam.
- Shares and cash dividends.
- Holiday bonuses.
- Company trips and discount shopping.
- Travel insurance for business trips.
- Holiday daycare services.
- Free meals on holidays.
- Employee fitness & recreation center.
- Employee health clinic and health exam center.
- Employee stock options.

### Retirement Scheme

ASE setup a retirement scheme in 1986 in accordance with the Labor Standards Act overseen by the Pension Fund Supervisory Committee. Pension contributions are deposited in the banks each month and employees may apply for their pension entitlement when they retire.

In 2005, the new Labor Pension Act came into force. Consequently, ASE now deposits 6% of each employee's monthly salary into a dedicated account at the Labor Insurance Bureau. When employees reach the age of 60, they may collect their pension from their personal retirement fund account.

**Early Retirement:** Those who have worked for over 15 years and whose age and years of service combined is over 70 years, or those have worked for over 10 years and are over the age of 60, may apply for early retirement.

### Working Environment Improvement

Caring for Employees is ASE Group's consistent policy. ASEKH has refurbished dinning quarters, bathrooms, parking spaces and sidewalks, etc. using budgets ear-marked from annual operating profits. In addition, recreational facilities and exercise equipment are available in the company gym to relieve stress from work for our employees.



## Labor Relations

Maintaining harmonious labor relations is very important to the ASE Group. All of our facilities provide employees with a wide range of channels for obstacle-free communication, including labor relations meetings, facility suggestions boxes and seminars. In line with our philosophy of the employer and employees are all on the same team, any important matters or changes that affect employees' rights are discussed with the union representatives before implementation. Since its establishment, the "ASE Industrial Union" at ASE Kaohsiung has been devoted to providing the union members with emergency assistance, discounted insurance schemes for members and their families, protecting the rights of members, arbitrating on labor disputes and consultations. The union strives to get more benefits for the employees. Currently there are 9,238 employees with union membership, a 78.81% participation rate.

Each manufacturing facility and the union also host labor education seminars each year to improve employees' awareness of their rights and knowledge of local labor laws. In 2009, the seminars included the three labor laws as well as other seminars on new regulations implemented by the government, such as the new labor pension system and annuity insurance.

## Safety and Health Management

In year 2010, ASE Group worked with Council of Labor Association, Executive Yuan, Nantzu Export Processing Zone, Ministry of Economic Affairs, and supplier partners to promote environment safety awareness culture based on principles of mutual cooperation and mutual benefits.

ASE is committed to providing our employees with the best possible workplace that conforms to safety and health regulations. We aim to treat our employees like family. As the basis being love, care, and compassion, we establish a safe & healthy culture. "Zero" is the goal set by ASE to provide employees a sound, safe, and healthy working environment.

In order to prevent occupational hazards and ensure employee safety, each site of ASE Group has gradually established OHSAS18001 occupational safety & hygiene management system. Moreover, ASEKH and ASECL have been actively introducing TOSHMS Taiwan occupational safety & hygiene management system. And, in year 2010, we invited Council of Labor Association, Executive Yuan, Nantzu Export Processing Zone, Ministry of Economic Affairs, and supplier partners to promote environment safety awareness culture based on principles of mutual cooperation and mutual benefits. The aim is to greatly improve working environment safety, to raise overall health-and-hygiene standards in working environment, and to effectively prevent working hazards.

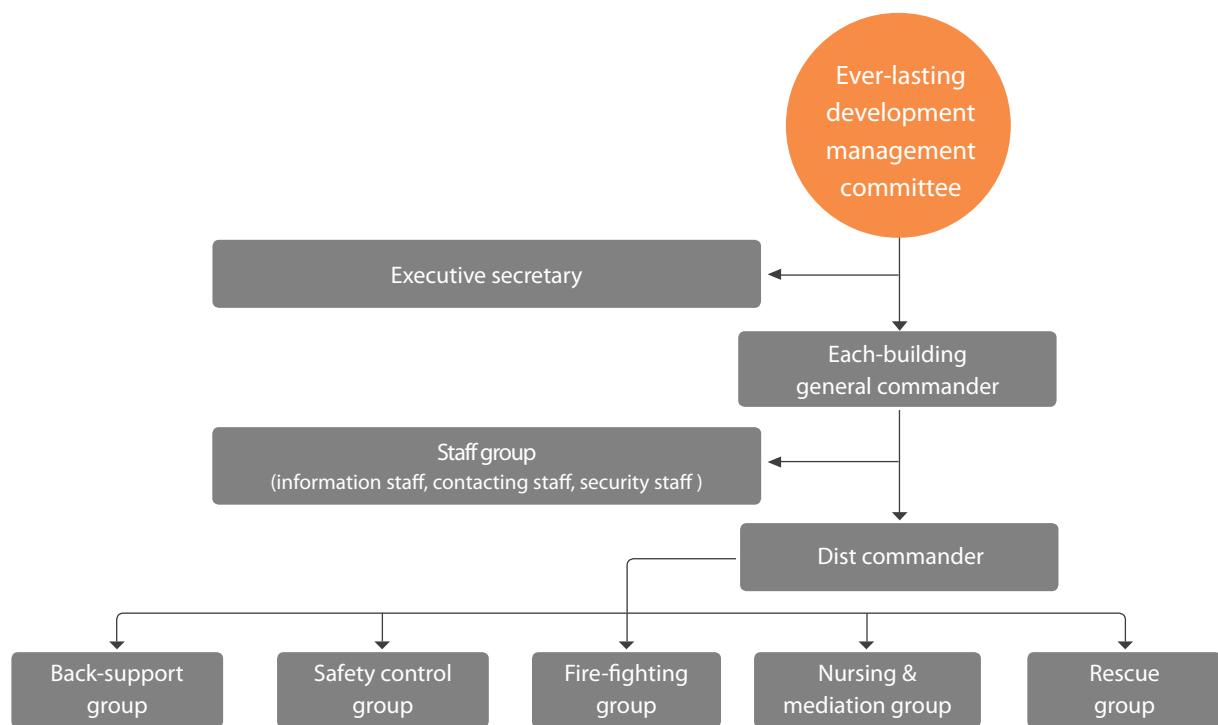
Though ASE Group has well-established safety & hygiene management and effective commanding-and-control mechanisms, we don't rest on current achievements. Advancing into 2011, ASE Group still continues to strengthen safety & hygiene management with prevention, pre-warning, and reaction as its foundations to effectively regulate standards for fire-fighting system, production/facilities equipment, electrical tools & machines, chemicals and hazardous substances, sub-contracting activities and emergency reactions. Standard operation procedures and on-job-training programs, along with commanding-and-control mechanisms, have been put in place to nurture a good "safe working environment" culture, and to further solidify our overall safe & hygiene management system.



## Commanding System Structure

The safety & health management system of ASE Group is led by Ever-lasting Development Management Committee for its planning and development. And, a general commander in each building executes daily routine operations and emergency responses. The organization chart is listed below: among them, one manager in each building takes the position as building general commander, one director in each region works as regional commander, and managers/assistant managers act as staff teams. Regional commanders are in charge of fire-fighting, safety control, rescue and medication teams. Regular meetings are held to review safety & hygiene performance and goal-achieving progress to ensure potential risks being monitored and addressed and responses can be activated timely should emergency occurs.

To objectively appraise safety & hygiene management performance, ASE Group uses ever-lasting development evaluation mechanism and factory safety & hygiene evaluation checklist to regularly review goal-achieving progress status. Public recognitions are then awarded to top performers by corporate executives annually based on monthly appraisal results.



## Strengthening Prevention & Pre-Warning System for Safety & Hygiene Management

It will be based by systemized plans, combining commander system design to expand running, which makes ASE execute safety & hygiene management system in more effective ways and establish whole-aspect prevention & warning measures, and so complete management system has been the best guarantee for the company's everlasting business and the employee's health.

### (1) On fire-fighting management category

The productivity in ASE grows by year because of combining tightly with the clients' development. Thus, we shall renew the factory equipments and expand the factory site continuously for corresponding to demands of continuous expanding, basic establishment on fire-fighting system during establishing and expanding process, besides with local fire-fighting laws, meanwhile we also take reference of international laws combining NFPA and FM, for establishing more complete factory fire-fighting safe system. Such as VESDA has been established in key districts as Bumping factory and MIS factory, devices-setting of redundant fire pump, setting of duct water-withdrawing system and doing strengthening on fire-fighting area planning. Besides, we also carry on daily examining on fire-fighting equipments to ensure its functions, empowering authorized person with coding the fire-fighting equipments, combining auto-check system on regular exams to ensure its functions.



## (2) On machinery equipments management category

The machinery equipments are important tools on ASE productivity, they are also the employee's close working partners on daily operation, in order to ensure the safety of the employees on daily operation and avoiding the occurring of serious abnormality, safety design on machinery equipments has been basic protection demands, besides present machinery equipment purchasing safety base and confirmed signature system after setting machinery equipments, doing reviews on reliability on high-risk components in the machines and doing setting base, such as regular change of relay on elevator controller system, regular maintenance on machinery safety components and active action on changing system.

## (3) On electrical equipments management category

ASE emphasizes much on fire-fighting and safety on machinery equipments, also takes management focus on safety on electrical equipments. Take Kaohsiung site as example, we empower sub-execution to do measuring on non-destructive infrared thermal imaging device and gas analyzing on oil-immersed transformer oil, on annual power-off maintenance period, the equipments and maintenance engineers will work together to do general cleaning on switchboards in whole-factory, checking and locking the connecting points, at usual time, we will combine insurance resources, invite the professors to hold electricity safety training courses inside the factory to strengthen electrical safety management. Besides, we also made temperature standard on components in year 2011 to guide in infrared thermal imaging device with appliance to daily maintenance on machinery equipments, this active action will be done to strengthen electrical safety & its pre-warning system which we expect to lessen the occurring percentage of electrical accidents in the factory-sit.

## (4) On chemicals and hazard substance management category

ASE continuously carries out hazard identifications and common understanding, purchasing, delivery, storage, usage and waste-dealing such periodical management, starting from year 2010, we thoroughly asks the suppliers to register the chemicals supplied on chemical substance listing and claiming platform in Council of Labor Association. Besides, we store by different areas in the warehouse on chemicals by incompatible characteristics, and strengthen on anti-leaking, fire-fighting, anti-explosion and safety protection on fire-fighting system. Besides, ASE wants to let all employees identify chemical hazard substance at immediate time, we continuously do hazard labeling and common-sense system, we also divide the chemicals into 3 category for labeling identification chart design by its hazard degrees, and clearly mark the safety protection device to wear on the signals to remind the employees to pay attention always, to achieve the goal of lessening risks caused by chemicals and hazard substance.

### Classification and Labelling of Chemicals



1st Level Chemical

The MSDS content of this kind of chemical is specified as being poisonous/carcinogenic (suspected carcinogen) and has an immediate lethality to human beings (cases ever reported in the industry)



2nd Level Chemical

The MSDS content of this kind of chemical has a PH value under 4 or over 9.



3rd Level Chemical

These are the chemicals which are not included in 1st level and 2nd level.



## (5) The Management Category of Outsourcing Contract

In 2010, Kaohsiung plant of ASE counseled 15 contractors to get OHSAS 18001 certification of Occupational Health and Safety Management System, so that to enhance contract management and conclude the relationship of cooperation.

The management of outsourcing contractors is also one of the important issues for ASE to pursue "Zero Disaster". Professional contractors' timely assistance and service are often relied on in order to maintain ASE's normal operation. Therefore, we also regard the contractors as our important partners. ASE build up the "Systemized Safety and Health Management" system with the PDCA (Plan, Do, Check and Action) management cycle, with the hope to allow everyone, from the management to employees, follow this management cycle to thoroughly implement the safety and health management. Only when this management system can be implemented, the job-related disaster can be effectively prevented, and the contractors can be led towards the goal of "Zero Disaster".

ASE have the sound management methods for contractor selection, contract content, start of work meeting, education and training, self-inspection, construction management, pre-acceptance test, performance evaluation, and other details. With this sound management system, the contractors' risk is effectively controlled, and everyone of the contractors' employee working at ASE zone is properly secured.

All ASE facilities have strict management measures in place to ensure proper implementation of environment, safety & health regulations by our contractors. Apart from regular coordination meetings and consultations with the contractor's person-in-charge when necessary, ASE has also established contractor review guidelines to evaluate safety & health performance annually and to recognize outstanding performance. The review looks at the following active indicators: participation in coordination meetings and the implementation of contractor self-management. Also, the passive indicators include frequency of contractor violations or incidents. An annual awards ceremony is held each year to recognize contractors with outstanding safety & health performance.



2010 ASE Kaohsiung factory will security health management system spread when contract partners, counseling 15 between long-term tie contract commercial through OHSAS 18,001 career security health management system of built reset and validation, let we of outsourcing contract management towards new of era, also let ASE out past negative passive of punishment type management, change for positive actively of encourages contract partners construction independent management ability, while also assist we of contract partners in security and health management system Shang continued growth.

### Contractor Management Flow



## To Strengthen the Management of the Contingency Mechanisms

The factory contingency mechanisms to strengthen disaster occurred, test whether the enterprise has the ability to calm-strain, can be disposed of at the first opportunity and effective disaster to avoid the expansion of management and control, enterprises can also the key to sustainable business. Moon light in order to strengthen the construction of emergency energy, still commanding system based, according to the types of disasters and accidents and hazards response procedures and establishment of different response strategies. In addition, in order to master disaster in real time and properly functioning strain, we will be synchronized in 2011 to build emergency Web page, to strengthen the function of the immediate response.

### 1. Fire emergency response system

Fire emergency response system to fire accident occurred, if it is not the first time an active control, often overwhelmed the enterprise operation. Faced with relentless fire today, Moonlight, in which fire-fighting, in addition to the regular Commander General and contingency group education and training, through the fire and emergency drills benchmarks, procedures and the establishment of assessment mechanisms, combined with the command system and guard the Fire Department, promoting autonomy fire a minute per month and inform walkthrough and combination fire department to handle large groups and evacuation drills each year.

### 2. Chemical disaster accident emergency mechanism

Chemical disaster accident often will caused personnel of casualties and production of loss, more very who will caused around environment of effect, although ASE using of chemicals of species and number does not more Yuan, harm degree also not high, but face chemical disaster of may occurred, we also built reset has life of emergency strain mechanism, in accordance with the different chemicals characteristics to defined different of evacuation grade, and processing program and returned to factory Qian security ensure mechanism. In addition, the chemicals unit also held each quarter chemical disaster response drills, to strengthen personnel faced with disaster response capabilities.

#### ▼ Fire education training pictures



### 3. The Mechanisms to Cope with and Prepare for Typhoon Season

The powerful storm brought by typhoon often causes disasters such as the breakage of the trees, collapse of objects and flood. To cope with the disasters caused by typhoon, we set a 3-step mechanism, which is internalized into a self-checking form for personnel's convenience to implement. The first step is the preparation before the typhoon season: before the typhoon season every year, check each building and improve the typhoon resistance. The second step is to prepare for the incoming typhoon and cope with any emergency when the typhoon is actually attacking by continuously checking the development of the typhoon, double-checking the safety of the building structure, arranging the transport and food, dealing with any problem in the factory, and so on. The third step is the action after the typhoon is gone, such as improving the influence or incident caused by the typhoon as well as examining and strengthening the company's software and hardware for typhoon resistance in order to ensure the employees' safety and secure the company's property.

### 4. The Mechanisms to Cope with and Prepare for Earthquake

Earthquake is a very powerful natural disaster which is nearly unable to be detected before happening. Besides fortifying the building structure, people can only try to find a shelter and evacuate right after the earthquake if the scale is very high. In order to effectively protect the personnel and factories, ASE has installed the earthquake detector. Once the earthquake is detected, the system will automatically send message to the supervisors as well as managers and combine the informing and broadcasting systems to expedite the reaction. Moreover, ASE arranges the trainings in and education of earthquake prevention and reaction for all staff in order to enable our staff to make correct judgment to get shelters and form groups to cop.

#### ▼ Annual large group strain and evacuation walkthrough pictures



## The Fortification of the Mechanism for Incident Investigation and Report

ASE care about every false alarm and incident. The problem or defect of the management system can be realized through examining those cases. Every incident in the factory, even only a false alarm, triggers the supervisors of the environment safety section and the section where the incident happens to together set the temporary remedial methods, investigate the incident, review and set the permanent precaution methods, and at the same time, standardize the corrections and put them into SOP or training materials to prevent the same incident.

The effective operation of our safety & health management system has resulted in very significant improvements to our safety & health performance. ASE's Frequency-Severity Indicator, FSI was better than the average for the semiconductor manufacturing industry. In addition to our success in self-management, we are now implementing road safety improvements in the processing zone. In expanding the scope of safety management, we hope to reduce the rate and severity of accidents in the industrial parks.



Item	Type	2010	semiconductor manufacturing industry *
Disabling Severity Rate, S.R.	Male	5.01	19
	Female	11.42	
Disabling Frequency Rate, F.R.	Male	0.50	0.57
	Female	0.67	
Frequency-Severity Indicator, FSI	Male	0.05	0.1
	Female	0.09	

(1) Semiconductor manufacturing industry\*: the average for the semiconductor manufacturing industry during the 2008-2010 periods.

(2) Disabling Frequency Rate (F.R): No. of disabling injuries per million work hours.

(3) Disabling Severity Rate (S.R): No. of days lost due to disabling injury per million work hours.

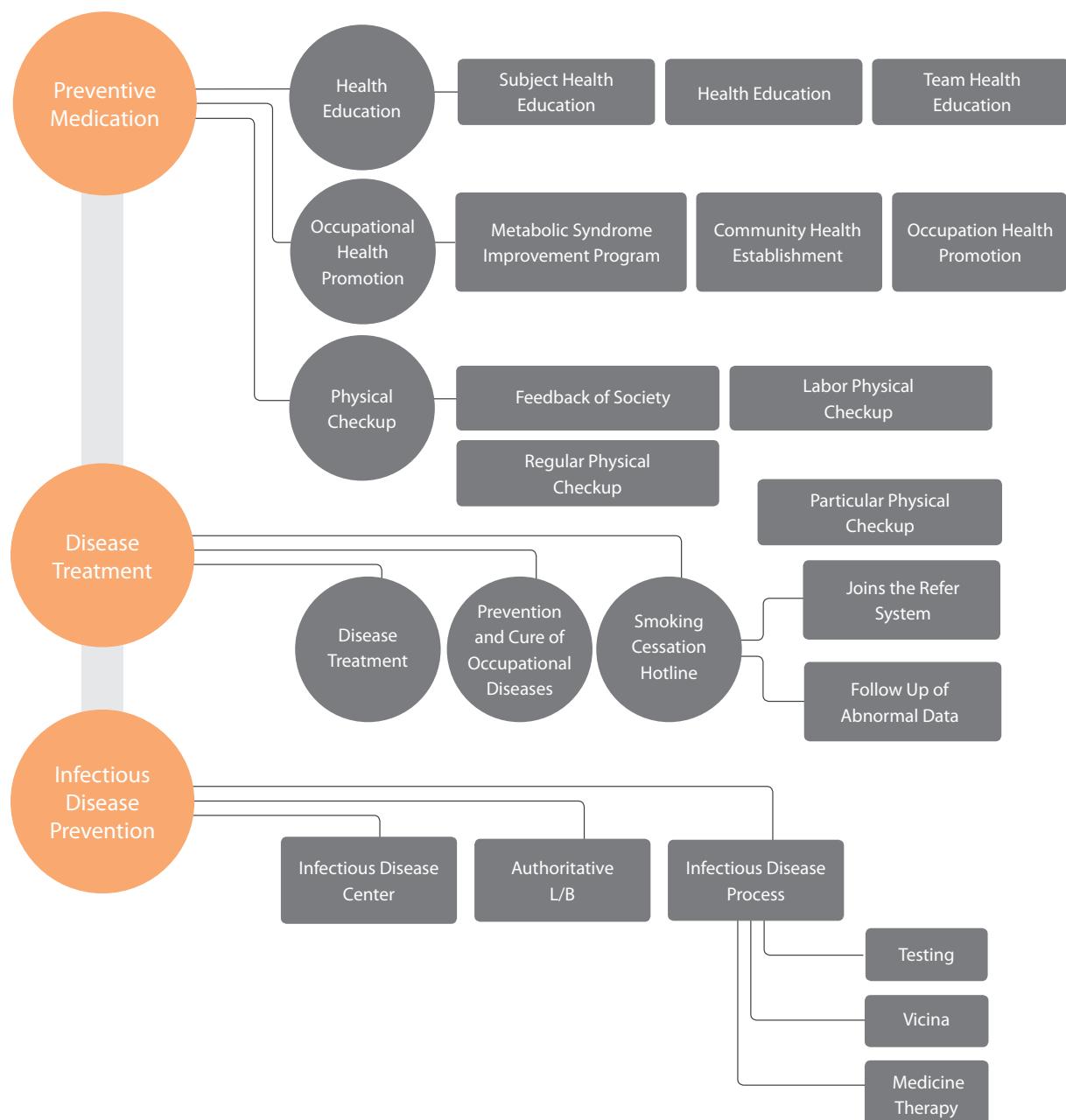
(4) Frequency-Severity Indicator(FSI) : Square root of (F.R\*S.R/100)



## Medical Care and Health Promotion

To provide employees and dependents with better medical and health services, we established the "ASE Employee Clinic" at the Kaohsiung manufacturing facility in 2003. The professional medical team and advanced medical equipment provide clinics for health insurance, quitting smoking and occupational injuries, as well as employees' health exams and health advice. ASE employees and dependents can enjoy the best and most comprehensive medical care.

ASE Medical Health Care Structure:





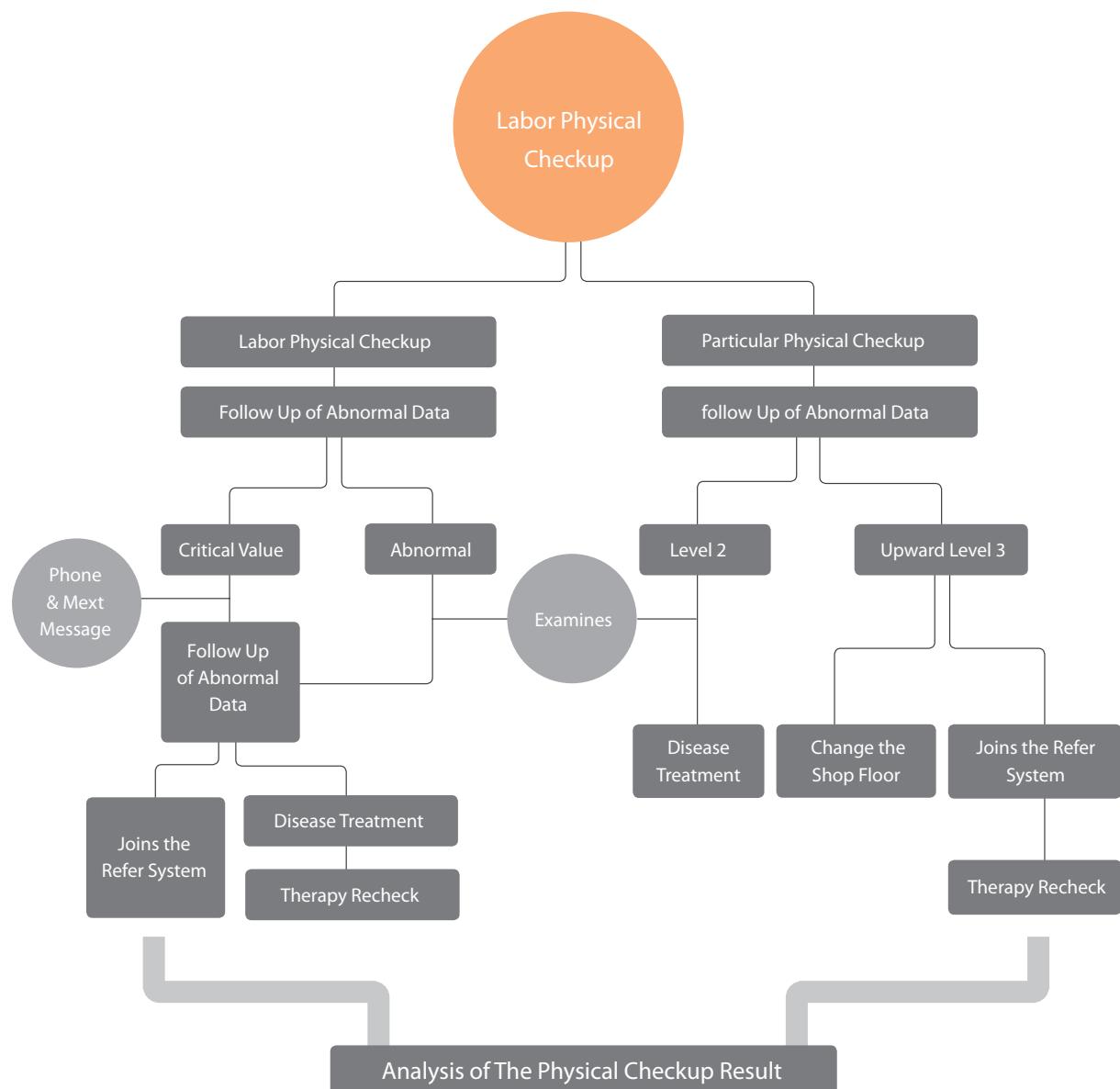
## Health Promotion Planning Based on Preventive Medication

ASE keeps promoting occupational health improvement based on community preventive medicine.

- Systemic health care net:
  - (1) We provide professional health care and personal medical record to employee and their family and the community with health care including health exam->follow up of abnormal data-> disease treatment->refer of serious illness.
  - (2) Our information system will send message by mobile phone to the patients if their reports are much higher than the normal range.
  - (3) "ASE Employee Clinic" joins the refer system of three medical centers in Kaohsiung, which can provide rapid transfer service and follow up of the patients' report and confirm of the results of treatment.



Program of Abnormal Data Improvement:



- Occupational health promotion planning:

We focus on the disease related predisposing factors according the yearly health exam and make the health promotion plan; The yearly subject of health promotion:

- (1) Y 2008: Metabolic syndrome improvement program.
- (2) Y 2009: Smoke cessation planning.
- (3) Y 2010: Malignant hypertension improvement program
- (4) Y 2011: Malignant hypertension improvement program & High risk of Karoshi improvement program.



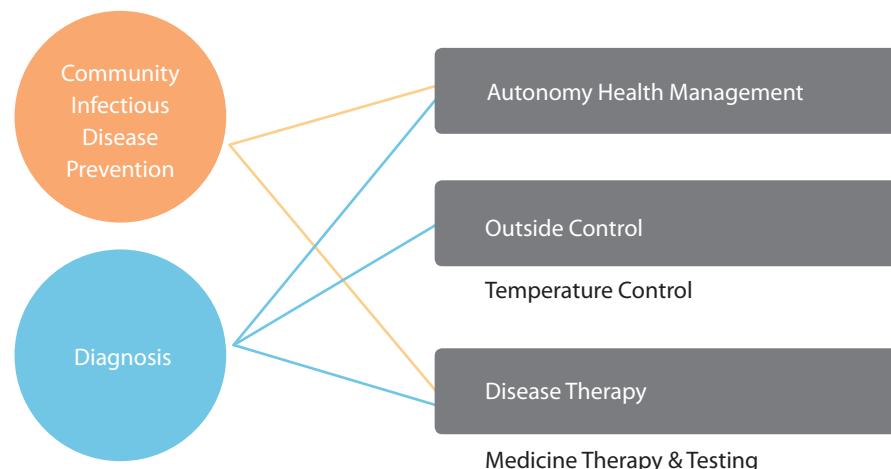
- Feedback of society:
  - (1) We offer free of registration fee to the people of society.
  - (2) We share the metabolic syndrome improvement program with the public health bureau and other industry departments.
- Our results of health promotion:
  - (1) We published the results of health promotion at Health Administration Research Institute of Chung-Shan University in 2009.
  - (2) The ASE Kaohsiung factory got the prize for occupation health promotion in 2008, 2009, 2010 by Department of Health, Executive Yuan.

## Infectious Disease Prevention

"Prevention is more important than treatment"

Under the influence of climate change and environment pollution, the infectious disease if spread widely. To keep the staff away from infectious disease which may influence their health and safety of work, we have disease prevention poster and promotion activity. Other wise, there are automatic sanitization machine, temperature control and other equipment which are under control. We also have disease prevention center for monitor and report the issues of our factory. "ASE Employee Clinic" is qualified as H1N1 exam and Tuberculosis screen center.

"ASE Employee Clinic" have infectious disease center to publish associated disease and health promotion.





### Emergency Medical Care

- Emergency care at ASE is provided by the emergency medical team at the ASE Employee Clinic (all team members are ACLS-qualified).
- ASE Employee Clinic" have emergency equipment and drugs (emergency box, AED, portable oxygen).
- We have training program for emergency cases which can enhance the ability of emergency team.
- We held the training program for CPR. We share the health information to the staff's family and other associated groups by classes of health and medication training.



## CUSTOMER SERVICE

ASE is committed to providing our customers with the best service. We believe that good customer service is the key to customers' loyalty. And their feedback provides us with the information we need for continuous improvement. For this reason, customer satisfaction is regularly checked by ASE to ensure that customers' requirements are being properly responded and met. Our efforts have won the acceptance of our customers around the world.

### ASE Online Service Platform

Customers' loyalty is crucial to strengthening customer relations, business expansion and sustainable development. To ensure that customer suggestions are being properly delivered and processed, ASE has a dedicated team in place for reporting feedback and customer communication. We have now developed an online customer service platform that uses the Internet for prompt interaction and exchange of information with our customers. The platform can be integrated with the customers' own network to provide information of a complete supply chain including order status, shipping date, design integration and engineering details. The system not only improves the flow of product information but also helps the environment by reducing the amount of energy spent on business transactions. In order to extend & better our service to Module business , we enhanced the ASERVICE Portal to include module order status, shipping date in 2010.

### Customer Satisfaction Standards

Abstains the cautious fear! Returns basically! The quality embarks the improvement from the terrain exercise now! ASE thinks of the quality basis and to through learning quality management tools (Poka-Yoke, TWI &FMEA). Therefore, to review factory in line weakness and find a control way for quality improving to promote the product quality.

ASE insist the spirit of quality service, takes the customer demand and the target. ASE carries out weekly / monthly / quarterly assessments on how we are perceived by the customers. The assessment is tailored to each customer's requirements and covers Quality, Cost, Delivery, Service and Technology. All issues are assigned to the corresponding units for improvement and must be reported at regular executive meetings within a certain amount of time. The reporting deadline ensures that customers' requirements and feedback are brought to the attention of ASE's top management. The year quality activity aims at the significant fatal quality exceptionally to prevent the early warning improvement activity and carry on company to deliberate that commands the quality risk control, advocated that the quality concept and consciousness, promote ASE quality appearance from customer.



Date	Customer	Event
2007	AMD	Customer Appreciate Award
2007	CSR	Strategic Partner Award Shipping 500Nillion CSR Devices
2007	CHIPX	Supplier of the Quarter
2007	MELLANOX	Outstanding Partnership and Support Award
2007	MICROSOFT	MICROSOFT Premier Vendor
2007	ON SEMI	Thank Your for Support Team
2007	ON SEMI	Superior Products and Services
2007	TOSHIBA	Thanks for Your Cooperation
2008	CSR	ONE Billion Wireless Devices Shipped
2008	FREESCALE	In Appreciation of Your Outstanding Performance
2008	GUC	The Best Partner
2008	QUALCOMM	NSP Readiness Manufacturing Excellence Award
2008	CSR	One Billion Wireless Devices Shipped
2009	Dune Network	Presented to ASE in Recognition for the Significant Contribution to Dune Business Success
2009	AMCC	Thank the ASET Team
2009	TOSHIBA	Certifficate of Appreciation
2009	ATMEL	Presented to ASE...
2009	ASUS	Wishes to Recognize 2009/12/01
2009	SIGMA	Awurd to ASE Kaohsiung
2009	CAVIUM	Key Manufacturing Partner Award
2009	PLX	Supplier Performance Award
2009	INTEL	Preferred Quality Supplier Award
2010	CSR	One Billion WLCSP Shipped Mar 2010
2010	CSR	In Appreciation of Consistent....Apr.2010
2010	CSR	Two Billion WLCSP Shipped Mar 2010
2010	TSMC	Appreciates the Partnership of ASE HP Turnkey Team Jul
2010	Silicon Image	Most Dedicated/ Comeback Supplier Award
2010	Infineon	In Appreciation of the Succesful Package Technology Transfer and Ramp Out of Yield & Mass Production
2010	PIXELWORKS	2010 Supplier Excellence Award Present to ASE Mar.2010
2010	QUALCOMM	2010 2H SMP Award
2010	SMIC	Excellent Service Provider Award
2010	VITESSE	Supplier Excellence Award
2010	Sigma Designs	Award to ASE Kaohsiung for Partnership in Excellence
2011	IKANOS	2010 Partner Recognition Award
2011	Mellanox	Outstanding Partnership & Support Award
2011	AMD	Customer Appreciate Award in Y2010
2011	Broadcom	In Appreciation of Outstanding Overall Delivery & Engineering Support in 2010
2011	MTK	2010 Best Assembly Project
2011	Marvell	Business Partnership Award Presented to ASE, Inc. In Appreciation of Your Excellent Dedication and Support in the Year 2010.



## Protection of Customer Confidentiality

The importance placed by ASE on protecting the confidential information and privacy of our customers is reflected in our confidentiality system. We respect and protect all technology, techniques, documents and information provided by our customers. And we require all of our employees and suppliers to abide by the relevant confidentiality agreements. We also have security controls in place to ensure the safety of ASE's and our customers' confidential information.

In terms of the management system itself, externally, we also have guidelines in place to protect our customers' intellectual property and sign non-disclosure agreements with our customers to ensure the safety of confidential information. Internally, within the company, all relevant employees are required to follow the PIP information security management policy to ensure the confidentiality of all exchanges between ASE Group employees and our customers.

The Document Control Center at ASE is responsible for storing and controlling access to customer-related documentation. Customer specifications and other documents are stored in the system and ASE employees are granted read-only access if necessary. Files may not be copied out of the system to prevent leaking of confidential information. Due to the implementation of document control measures, no incidents of privacy violations or loss of customer data occurred at ASE in 2009.

For supply chain information management, we have signed NDAs (Non-Disclosure Agreement, NDA) / GP(Green Product) Warranty Letters with our suppliers. Legally binding restrictions are also specified in purchasing contracts. By following a strict supplier screen process, ASE ensures that our suppliers can conform with our policies on protecting customers' requirements and information.

## Protection of Customer Assets

ASE has always adopted a very proactive attitude towards the protection of customers' assets and we follow customers' instructions on storage conditions closely, including temperature, humidity, fire prevention, vacuum packing, and nitrogen cabinets.

### Security Certification of Supplier Chain

To show our commitment to the protection of our customers' assets, we applied for supply chain security certification in 2009 on our own initiative and received the Global Security Verification (GSV) certificate in 2009. The GSV certificate is aimed at upgrading security controls on supply chain processes including the management procedure, information/data processing, security of physical facilities, transportation security and employee training. The certification process helped us improve the security and management of our supply chain operations.

ASEKH expects to acquire AEO (Authorized Economic Operator) in 2011. AEO enhances the security of physical facilities, entrance control security, employee security, process security, business partner security, cargo security, container security, transportation security, information technology security, safety training and accident prevention and implement. ASE has assurance to provide customer more strong protection standard service.



## ● Supply Chain and Contractor Management & Communications

We consider our suppliers and contractors to our important partners. We require all of our local and regional partners to treat their employees fairly and equally in line with local legislations. Contractors working on our premises are required to provide written proof of compliance with local labor laws (e.g. labor insurance) as well. If evidence is provided that a supplier or contractor has violated human rights, ASE will immediately investigate the claim. If the claim is found to be true, the supplier or contractor will be given a deadline for corrective actions. In severe cases, their services will no longer be used by ASE.

### Supplier Management

Over 76% of ASE purchasing by value is conducted in Asia so we make an important contribution to the development and growth of local suppliers. ASE also hosts training courses for our supply chain partners at different intervals. The courses not only educate and communicate to suppliers our policies, methods and requirements but also serve to build up rapport with our suppliers on sustainable development. We hope to grow together with our suppliers and join in creating a green semiconductor supply chain cluster that will promote the sustainable development of the industry as a whole.

ASE Kaohsiung conducted a "Green Supply Chain and Sustainable Development" survey to learn about our suppliers' progress on environment, safety, health and sustainability management systems. The results of the survey showed the ASE's suppliers are now able to effectively meet the requirements of international environmental legislation and ASE.

Item	Year	Avg.
Porportion of Asian Suppliers (%)	Y2009	75%
	Y2010	76%

### Guarantee of Non-use Conflict Metals

Conflict metals are metals such as gold (Au), tantalum (Ta), tungsten (W), cobalt (Co), palladium (Pd) and tin (Sn) derived from minerals being sourced from mines in Democratic Republic of Congo (hereinafter "DRC") conflict areas which are controlled by non-government military groups, or unlawful military factions. Armed groups to take the mineral profits in exchange for war materials, war with government, press civilian to mine and kidnap child to be soldiers etc.

ASE Group has taken actions to request our suppliers to comply with ASE's conflict metals policy and EICC-GeSI Conflict-Free Smelter Program. Suppliers are required to provide non-conflict-metals guarantee on sources of the smelter / mining to ensure materials are not sourced from mines in conflict areas.



## Green Supply Chain

Being green is now considered a basic requirement for product and market development by global brand-name vendors and manufacturers. As ASE being positioned in the middle and lower part of the semiconductor supply chain, we considered the green trend to be an opportunity for industry upgrades and innovation. Even before the European Union issued the RoHS directive, we made the construction of a green supply chain a focus of our key development.

An important responsibility for our products is helping our customers reduce their environmental impact. Everything from the purchasing of raw materials, production management, to employee mindset, market developments and customer requirements are the main consideration. Today, ASE is working with our supply chain to develop green and low carbon footprint products through internal R&D and system management. Our vision of a low carbon economy is now gradually taking shape.

For this reason, we not only work to conform with relevant legislation in building and managing the green supply chain but have also incorporate the green concept into our purchasing guidelines. Suppliers are required to follow the ASE green product policy when developing or apply substitute materials. Having a transparent and organized process in place from the bill of materials through to production management ensures that everything from the materials used to the final products in line with requirements and expectations of our customers and relevant regulations.



## ● Social Participation

### Industry-University Cooperative

ASE Group joined Industry-University Cooperative with all universities and business resources to nurture country's especially talented individual. With regards to students, nationals and business staffs. To join exchange student and training cultivation, cultivate those with conforming property required talents and enable continuous business operation. In 2010 ASE Group invested NT\$4,345,000 in cooperation with the National Cheng Kung University, National Sun Yat Sen University and National University of Kaohsiung. Total beneficiaries who participated were about 15,000 persons.

#### Cultivation of talents

School assigned professors to guide students to participate in business. Business leaders make property introduction and visitation to let students understand property trends. In 2010, with the cooperation of National University of Kaohsiung set into action "Start Manpower Rooting Plan". This training and exercise method is to cultivate future talents. Business also provides scholarship to encourage excellent students and to help the school establish a large lecture room.

#### Society cultivates talent

Open nationwide registration. School and business establishments together will select students to be trained. Arrange professor and business leaders to serve as lecturers. This is to increase nationwide skilled abilities and after training to arrange business interview. Select staff that conforms to enter business services.

#### Business cultivates talent

With regards to business employees, ask skilled professors to conduct lectures and proceed to make exchange students. Permeate learning knowledge to enhance working capacity, to agitate learning and actual affairs thereby increasing business employee ability and provide business efficiency.

#### "ASE scholarship creates double winning"

In order to carry out business social responsibility, ASE with regards to Kaohsiung top Universities in the South (Chung San University and Cheng Kung University) engineering institutes, gives monthly subsidy for excellent professors and students. Hoping that scholarship grants would also help increase education quality. At the same time, cultivate more excellent students such that when they venture into business, they would strive and become society's economic advancement thus making a double winning moment.

#### "Business goes to college, College goes to business"

To encourage excellent students; those who are doing academic research and distinguished professors in the field of community services, ASE Group granted scholarship to 3 professors of Chung San University and 36 students to help these students as well as professors to develop more on academic researches and be able to reach the goal of specialized talent.

ASE Group utilizes its resources by donating to schools and to establish a good example of business. With the hopeful success in "Business goes to college, College goes to business" pattern in the future. With the advantage in the integration of ASE Group property and the excellent professors and students, we could make more competitive techniques. At the same time to be able to cultivate a successful engineering university and have actual integrated services of its graduates.

## Social Welfare

ASE has a longstanding commitment to give back to the community. We participate in community and charitable events through the "ASE Charitable Foundation" and the "ASE Charity". Our employees have also generously donated their time, money and expertise through the charities in emergency assistance and children's education. The support of our employees is crucial to fulfilling our social responsibility. We hope to build trust, rapport and harmony with our neighbors around the manufacturing facilities and the society at large through long-term cooperation and communication to create a positive and proactive business environment that is beneficial to the society.

The history of charitable activities at ASE began in 1986 when our employees formed the Charity Club on their own initiative. For more than 20 years, we have won general approval by providing assistance to more than ten thousand individuals and families. The number of club members also grew from just a few dozen to more than three thousand today. To expand the reach and depth of our charitable efforts, the Charity Club began planning for the consolidation of the "ASE Charity" and "ASE Charitable Foundation" in 2009. Once the merger is complete, all ASE charitable activities will be channeled through the ASE Charitable Foundation. The Foundation hopes to adopt a business-based approach to community contributions and reach more people in need. Preparations for an ASE Volunteer Group commenced in 2009, with the group officially established in 2010. Training is now under way so our employees and retired employees can give back to our society in a more professional way.

On July 2010, we set up the office in Shanghai, gathered together the contributions of more people and resources, deliver the love to needy people in every places without borders, without nationality discrimination. Since July the Shanghai Foundation was founded, there's already had 36 Taiwanese Supervisors and employees working at Shanghai Factory voluntarily join the Foundation, assisting those people who experience calamities or accident and poverty and provide emergency aid. We believe that the employee due to our active support will draw more people to love and enhance the centripetal force of the factory employees and makes the plant more stable. In the future, we will extend our services to other level, to care and relief more people who need help. We want to extend our gratitude to all the staff at Shanghai Branch for their support and dedication and growing up with the Foundation to let others feel the warmth and continuously pass the love to other.

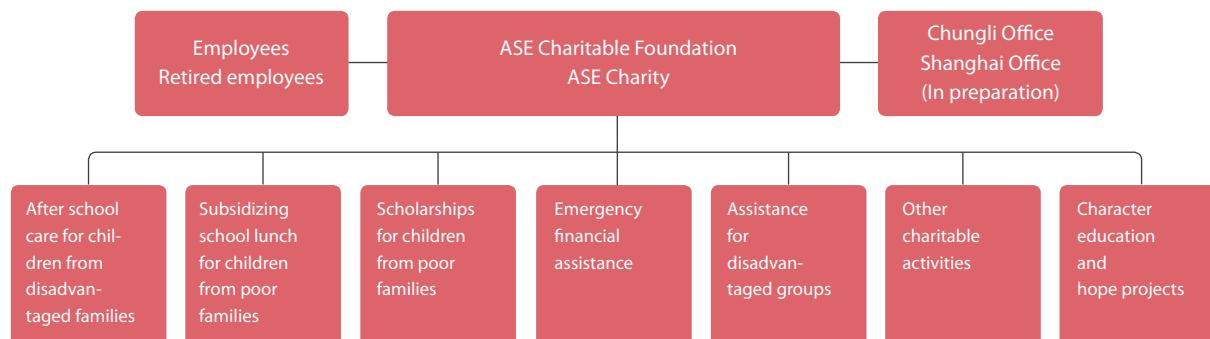
### ASE Charitable Foundation in Shanghai



## History of the ASE Charitable Foundation

Inspiration	Growth	Cultivation	Transformation
1986 CEO of the foundation witnessed how a tragic death of an old woman who was killed in a car accident left a family without any means of support. The "Charity Club" was established to help people like her.	2000 Charity Club reorganized into the ASE Kaohsiung Charitable Foundation.  2008 ASE charity set up an office in Chungli.  2009 Received an excellence award from Kaohsiung City in the charity category.	2009 "Happy Bear – the Nanzih Community Services Station for Children from Disadvantaged Families" receives a distinction award from the Social Affairs Bureau of Kaohsiung City.	2010 Plan to merge the ASE Charity and ASE Charitable Foundation.  Preparations for new ASE charity office in Shanghai. Expand social participation and results.  Award Kaohsiung charity foundation social welfare Premium.

## Structure of ASE Charity Activities



- 1. Donations to the government and local organizations.
- 2. Cooperation with universities and colleges.
- 3. Elite scholarship programs offered in Southern Taiwan.

## Social Participation and action

### Donation Statistics

Item	Payments (NTD/year)
School Lunch Subsidy for Children from Poor Families	350,658
Registration Fee	20,649
Allowance	15,733
Scholarships for Children from Poor Families	1,425,587
After School Care	3,003,395
Emergency Financial Assistance	477,060
Condolence Payments	51,000
Food Coupon	57,000
Organization	172,000
Total	5,573,082



## After school care for children from disadvantaged families

The trend towards an M-society in Taiwan means students from economically disadvantaged families fall increasingly behind their peers, which would have impacts on their future development in the society. It is one of ASE's missions to provide the children with a happy academic environment and we hope that a good education will help each student create a great future.

Due to the increasing number of high-risk families such as those with low/medium-incomes, single parents, grandparents as guardians, and immigrants, the ASE charity established an after-school study center in 2006 to provide free after school care and support. Through "love" and "caring", the center provides children with proactive care and the "key" to a better life.

We Services provided by the after school study center include after school care, tutoring, life education, family interviews, community resource development and networking, group activities and talent training. We also arrange for volunteer tutors to conduct family interviews and visits to encourage parental participation in their children's education.

We service mainly those poverty at the nearby factory, single parent, aboriginal children and other vulnerable families. Main sources of cases recommended by the primary school teachers or referred by other agencies. After assessment of our Staff, confirm that the case if meets the qualification then will provide services from the Foundation.

## Activity

Asides from the regular counseling after school, we also organize multiple courses so that the children can learn and experience more knowledge that was not written on the book. In year 2010, we held classes about environmental protection; puzzle games; Chinese knot teaching; life experience course; writing composition; reading at the library; paper clay; visit dinosaur museum; enjoy the theatrical play – like children's play; Children's concert; rhythm teaching; Hakka songs and cooking, etc.... so that the student can develop morally; intellectually; physically; socially and in beauty.

## After School Class "Happy Bear" and "Baby Bear"

ASE charitable foundation set up a "Happy Bear" and "Baby Bear" tutor class. Main purpose is to care the nearest poverty; single parent; aboriginal children and other vulnerable families. We provide academic counseling; character education to the student. Through services like the personal interview; home visit; telephone interview; after-school care; remedial instruction; shuttle bus service; dining services; integrated activities; volunteer services; resources and other multi-matching services. Asides care for the student, if have any unemployed parent, the social worker will provide and assist them employment information so that to enhance the ability and self-sufficiency of the parent.

Asides from regular after-school counseling, through the outdoor activities will allow the children to learn and experience. Year 2010 "Happy Bear" and "Baby Bear" tutorial class plan a lot of activities. To let those children who participate learn to recycle and understand the environment.



## ASE Charitable Foundation Teach Child Ten Things in 2010

Item	Activities	Gains
Concerned About the World	Mental Growth Camp	Unity in a team
	Painting Competition	Positive self and play your own life
Dream Be Come True	Outdoor Learning	Travel to the heart
	Take a Bus	Environmental awareness
Experience Nature	Eco Tour	Ecological treasure
	Life Experience Camp	The ability to learn with difficult situatio
Learn to Grow from Participating	Learningn Marine Ecosystem	Family Fun
	Discover-life Education	Understanding the wonders of the world
Learned the Spirit of Team	Character Education	Positive self
	Discover-life Education	Learn team worg and build relationships
Values of Life	Farm Experience	Cherish the food
	Community Clean-up	Social interaction in care
Cherish Life	Drawing a Family Map	Closer to family relationships and the emotional
	Respect for Life	Care of themselves and protect others
Find a New World by Read	Reading Activities	Learning to read
	Parenting Education Seminar	Learning care and empathy
Learning Is a Common Issue	Parenting Education Seminar	Grow up with children
	Summer Camp	Self-expression
Remember Smiling	Visit Conservation Center	Let love triumph
	Recreational Activities	Charitable contributions





## School lunch subsidy for children from poor families

To help these children, ASE Kaohsiung has an agreement in place with all nearby elementary and junior high schools. Any students with financial difficulties making payment can be referred to ASE by their schools and receive a full subsidy after an eligibility check. We hope this will ensure that all children can enjoy their school lunch and their time at school.



## Scholarships for children from poor families

There is no greater pain for parents than being unable to provide costs of their children's education. ASE helps these poor families to pay for school fees, registration fees and also offer scholarships.

Provide scholarships of elementary and junior high-school, to help poor family and reduce the tuition burden. Prevents children from going hungry and helping them concentrate on their studies. When they grow up, they can then contribute to society in their own way.



## Emergency financial assistance

Life is filled with uncertainties. Sometimes it's a delightful surprise, other times it's a painful event. In some cases, it can be too much for a person to bear alone. ASE reaches out to these people in needs through our foundation's social workers and volunteers. For individuals and families who are in difficult circumstances due to illness, traffic accidents or other special events, we extend a helping hand just when it's needed so they can get back on their feet and start fresh.





## Community Participation

### Food coupon

For economically disadvantaged families and extreme lack of material that due to the shortage of goods and material and suffered starvation, especially to those non-viability student. ASE Charitable Foundation carry out "To see hope delivery services – Food stub". We distributed food stub to poor families for exchange of food and to satisfy or meet the needs of the families.

### Donate and charity bazaar

To serve those lack of material families, ASE charitable foundation through the donation of the ASE employees and other warm hearted people, will send or deliver to the family that is in need. Every year, the foundation organizes variety of charity events, including sale of organic fruits and vegetables; name stickers or name stamp and other activities to help the poor and August 8th typhoon disaster.

## Vision and Mission

ASE Charitable Foundation was established on 1986 as "Love cooperative", after a "charity" period until year 2008, set up the ASE Foundation until now. Since founded, it almost 25th year of anniversary. Two objectives of 2011 ASE charitable foundation:

1. Set up junior high-school scholarships, to help those poor families for young children; physical and psychological counseling; personality development; self-exploitation; career development and enhance parental discipline and family function.
2. Operate "ASE Green living Museum", create complete supply of agricultural products and job opportunities for disadvantaged groups.

## New and Transformed

The operation of Charitable foundation conformed to time throbbing, continuously develop and innovate. Extend service to people. In the past, the concept of "to fish" has been outdated to "teach how to fish" so that the people who need to help learn the skills, has earning capacity and thus help themselves. This year we have two innovative objectives: set-up "fruit and vegetable stand"; also set-up junior high-school youth program as the starting point. Therefore, we have a "lion-hearted" and "bold tiger" actively walk thru the public then we must be "cute as rabbit".

<Extract information from the ASE charitable foundation periodical>



## Children's Garden

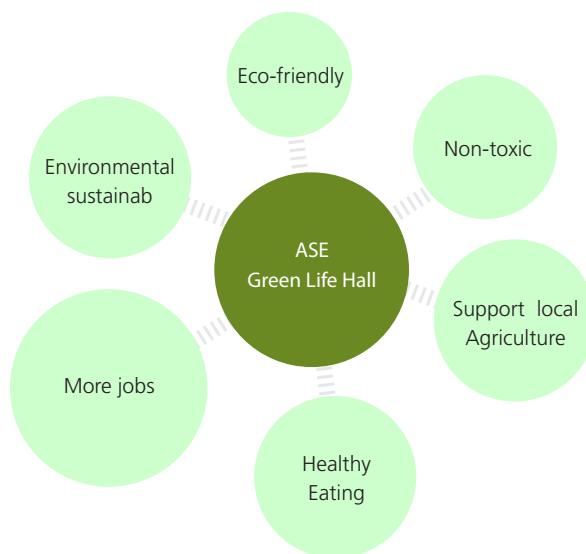
### Sustainable management of the public welfare

The Foundation was established stepping into 5th year. Starting 2004 with the ASE group "ASE scholarship", develop to the present elementary "Happy Bear" and "Baby Bear" care center. The aim is taking care of single parent; low-income families and other disadvantaged and marginalized children, helping families improve function and reduce the burden of parental care so that these children were forgotten by the society, not because of family background and low self-esteem can have better care and education.

In 2008, affirmed by the Bureau of Social Affairs, set-up an "Nantze Poor Family Care Community Service - Happy Bear" to provide more education and care to northern Kaohsiung. Our effort is to obtain more positive and affirmation from the social community. Year 2008 assessment of "Excellent" but also evaluate as "premium" on the year 2010. In this exciting occasion, we are more worried about the elementary graduates what course to follow or to take? Junior High-school is the important key for grown-up. Therefore, with the help of Country community care services, we will establish "Junior high-school Care service center" with read counseling; home visits; guidance and education counseling and other leisure activities to let our foundation establish the elementary foundation and extend to Junior high-school.

## ASE Green Life Store

On August 8th, 2009 typhoon, many farmers lost their properties due to the disaster. ASE charitable Foundation with the help of Kaohsiung County Government set-up Farmer Cooperation, to provide platform for home-grown farmer through the company intranet and test order food bazaar to let ASE employees eat nutritious healthy organic product. This promotion gains appreciative criticism from all over the world. Thus, on year 2011, we are planning of "Fruits & vegetables platform", we will set-up "ASE green living museum" through the store operation to let the disastrous farmer can direct sale, at the same time, the employees can eat fresh and nutritious fruits & vegetables which is to serve multiple and sustainable management of the public welfare.



## Business Support Agriculture

Green Living store provides platform for farmer to sell organic fruit and vegetables, pre-order pick-up basis, delivered to the house or outlet sale so that the employees and other consumer can buy healthy and nutritious foods, at the same time, encouraging everyone to plant. In the future, we will continue hire handicapped as Green living Museum staff to assist in specific ways to expand the level. To support the agricultural enterprises in promoting public welfare and consumer cater to the good side, also promote community businesses to purchase. Become promoter of health and welfare, and sustainable welfare of the Charity.



### Classification of the volunteers



## Volunteer Service Group

ASE charitable Foundation volunteer group includes students and community volunteers. Work content mainly to become the Guidance and counseling Bear and Happy bear courses; fetch and pick-up student driver; road team to lead children from school; free talent teaching; accompanied by social worker to visit families with emergency relief in case of participation in services. Besides, have elementary student formed a "Love volunteer group", to clean the environment in the nearby neighborhood after class.

## Used Computers Donation

The spirit of recycling, caring for environment and education for disadvantaged groups are important to ASE. In 2009, we took part in the "Used Computer Donation Hope Project", organized by the Tzu Chi Foundation and ASUSTeK Computer Inc., to donate obsolete but still serviceable computers, monitors and laptops. The donated computers are refurbished by technicians then sent to schools in remote regions and disadvantaged groups.

Each recycled computer may mean new learning opportunities for a child. ASE has donated over 4,000 recycled computer products through the "Recycled Computer Hope Project" to date. The project not only extends the computer's service life to maximize the utilization of resources but also helps to bridge the digital learning divide for people in remote communities and disadvantaged groups!

### ASE Contribution to the "Used Computer Donation Hope Project"

Donated Item	Quantity Donated (Set)	Environmental Benefits
Personal Computer	1,531	Reduce CO2 emissions by approximately 156.627 tonnes 13,052 fewer trees logged
Notebook Computer	593	
CRT Monitor	2,256	
LCD Monitor	944	
Other	101	
Total	5,425	

Source: <http://recycling.asus.com/AsusRecycle/PageContentShow.aspx?page=AboutSite>

## 2010 Kaohsiung City Dragonboat Race

The Dragonboat Festival is a holiday for remembering the patriot poet Chuyuan and dragon boat races are hosted by practically all Chinese-speaking communities all around the world. The dragon boat racing tradition is now over 200 years old and is an important part of the Chinese cultural heritage. ASE Kaohsiung has taken part in dragon boat racing since 2008 to support the World Games in Kaohsiung. ASE Dragonboat Team" made up of ASE employees and we entered the "Kaohsiung City Dragonboat Race" and took 3'th place. Dragonboat racing not only builds physical fitness and willpower but more importantly, requires everyone to work as a team to compete. ASE dragonboat team members all trained hard for the race and received much encouragement from their colleagues as well. Not only did they take part in a city's big event, the desire to win also helped to bring employees closer together and built up their loyalty to the company.



## Summary of Social Participation in 2010

Project Type/Name	Target
Charity Bazaar	<ul style="list-style-type: none"> <li>• Typhoon Morakot's disaster victims</li> <li>• Eden social welfare foundation</li> <li>• Building shrine</li> <li>• Others (Service for indigenous families)</li> </ul>
Commodity Donation	<ul style="list-style-type: none"> <li>• Indigenous families</li> </ul>
Blood Drive	<ul style="list-style-type: none"> <li>• Blood station(kaosung)</li> </ul>
Community Activities	<ul style="list-style-type: none"> <li>• "Hand in Hand" family seminars (Local resident)</li> </ul>
Family Activities	<ul style="list-style-type: none"> <li>• Happy Bear and Baby Bear's students and parents.</li> </ul>
Charitable Organization	<ul style="list-style-type: none"> <li>• St. Theresa Opportunity Center</li> <li>• Sacred Heart Home</li> <li>• Yogan Child Home</li> <li>• New Aspect Culture &amp; Creation</li> <li>• TMA-Taiwan</li> </ul>
Donations	<ul style="list-style-type: none"> <li>• Hakay Affairs Commission</li> </ul>
Sponsorships for Charitable	<ul style="list-style-type: none"> <li>• Charitable Concert</li> <li>• Youth Corps- Disabled Persons</li> </ul>
Industrial Vocational Training for Technical Expertise	<ul style="list-style-type: none"> <li>• Bureau of Employment and Vocational Training</li> </ul>
Semiconductor Association	<ul style="list-style-type: none"> <li>• Institute for information industry</li> <li>• ITRI Semiconductor Program</li> <li>• Semicon Taiwan</li> <li>• Taiwan Printed Circuit Association</li> </ul>
Commerce Association	<ul style="list-style-type: none"> <li>• Taiwan External Trade Development Council (TAITRA)</li> <li>• Chinese National Association of Industry and Commerce(CNAIC)</li> </ul>
Emergency Assistance and Visit	<ul style="list-style-type: none"> <li>• Visiting families in difficulties referred by social services then providing them with suitable assistance.</li> </ul>
Financial Assistance and Scholarships	<ul style="list-style-type: none"> <li>• Students from poor families</li> </ul>
After School Care	<ul style="list-style-type: none"> <li>• Students from poor families in Kaohsiung City elementary and junior high schools.</li> </ul>
Association Visited	<ul style="list-style-type: none"> <li>• Junior high schools in Kaohsiung City</li> <li>• (ex. UCAKS Taiwan, Mood Association and Ackerman Children &amp; Teenager Association for Experiential Learning.)</li> </ul>
School Visited and Donated	<ul style="list-style-type: none"> <li>• Elementary in Kaohsiung City</li> <li>• (ex. Kaohsiung Municipal Nanzih Primary School, Youchang Elementary School Nanzih District Kaohsiung City, Kaohsiung Municipal Houjing Junior High School, Kaohsiung Municipal Cuei-Ping Junior High and Elementary School, National Kaohsiung Marine University, Yuan Sheng Elementary School and Nei Li Elementary School)</li> </ul>
School Lunch Subsidy	<ul style="list-style-type: none"> <li>• Students from poor families in Kaohsiung City elementary and junior high schools.</li> </ul>
Charity Garden Party	<ul style="list-style-type: none"> <li>• Indigenous families</li> </ul>

### Total of ASE Group donate

CSR Index	Year	Kaohsiung	ChungLi	Japan	Malaysia	Korea	Weihai	ASE Group
donation (USD/year)	2009	1,071,925	3,664	5,645	700	19,699	7,505	1,109,138
	2010	1,318,319	2,591	5,524	678	25,463	10,234	1,362,809

## ● Appendix

### ASE Milestones

The ASE Group was founded by Jason Chang and Richard Chang upon their return from overseas. ASE was intended as a way to contribute to Taiwan through industrial development and support the government's policy of cultivating high technology. Specilized technology and money were the base of the ASE.Today, ASE is one of the leading companies in the manufacture, assembly, processing, testing and sale of integrated circuits. Important company events are listed below:



1984	Advanced Semiconductor Engineering, Inc. was established.
1987	Began exporting of high-quality PGA and PPGA products to Europe and the U.S.
1989	ASE Inc. began trading on the Taiwan Stock Exchange.
1990	Acquired ASE Test Ltd. to enter the semiconductor testing market.
1991	Established packaging and testing facilities in Penang, Malaysia.
1996	<ul style="list-style-type: none"> <li>ASE Test Ltd. listed on Nasdaq, becoming the first Taiwan-based company to be publicly offered in the U.S.</li> <li>ASE Material Inc. formed to establish in-house inter-connection materials (substrates) capabilities.</li> </ul>
1998	<ul style="list-style-type: none"> <li>ASE Test Ltd. Listed on the Taiwan Stock Exchange.</li> <li>Established Flip Chip assembly and test capabilities.</li> </ul>
1999	<ul style="list-style-type: none"> <li>Acquired Motorola's manufacturing facilities in Chungli (Taiwan) and Paju (Korea). The acquisitions helped ASE form a long-term strategic alliance with Motorola, strengthen vertical integration within the group and expanded ASE's product portfolio.</li> <li>Acquired ISE Labs, the largest independent IC testing company in the US, consolidating ASE's position as a global leader in IC testing services.</li> </ul>
2000	<ul style="list-style-type: none"> <li>ASE Inc. listed on the New York Stock Exchange.</li> <li>Started volume production of flip chip packaging.</li> </ul>
2001	<ul style="list-style-type: none"> <li>Established ASE Chungli Intelligent Industrial Park offering comprehensive turnkey services under one roof in North Taiwan.</li> <li>Completed development and opened facility to handle 12" wafer bumping.</li> </ul>
2003	<ul style="list-style-type: none"> <li>Combined subsidiaries ASE (Chung Li) Inc. and ASE Material Inc., setting an efficient and effective perform for overall resource utility.</li> <li>In a joint venture with Compeq Manufacturing Co., Ltd., Taiwan's largest substrate manufacturing service supplier, the company formed ASE-Compeq Technologies Inc. specialized in IC substrate to further reinforce the capability of substrate design and manufacturing.</li> <li>Development of 12" wafer bumping technology completed and readied for volume production.</li> <li>Became the world's largest IC backend manufacturing company with annual revenues surpassing the nearest competitor.</li> </ul>
2004	<ul style="list-style-type: none"> <li>Acquired the NEC packaging &amp; testing facility in Takahata, Japan, successfully establishing a business foothold for ASE in the Japanese semiconductor market.</li> <li>Set up substrate material and IC module manufacturing facility in Shanghai, China, under the name of ASE (Shanghai).</li> </ul>
2005	Started volume production of WLCSP technology.
2006	<ul style="list-style-type: none"> <li>ASE Electronics Inc. formed as a spin-off enterprise to strengthen the division of labor within the ASE Group and boost the group's core competitiveness.</li> <li>ASE Group earnings reached record high of US\$3.1 Billion.</li> <li>PowerASE established as joint venture between ASE with Powerchip to enter the memory packaging and testing market.</li> </ul>
2007	<ul style="list-style-type: none"> <li>ASE and NXP Semiconductors launched ASEN, a joint venture providing IC packaging and test services in Suzhou, China, and offering a variety of package types, such as low pin count QFN, LFBGA, SO, TSSO, and other common packages for mobile applications.</li> <li>GAPT Shanghai acquired and renamed "ASE Assembly &amp; Test (Shanghai) Ltd."</li> </ul>
2008	<ul style="list-style-type: none"> <li>ASE revenues in China reached US\$50 Million.</li> <li>Acquired "Aimhigh Electronics" in Weihai, Shandong., China.</li> <li>ASE Group began R&amp;D on copper wirebonding technology.</li> </ul>
2009	<ul style="list-style-type: none"> <li>25th anniversary of ASE's founding.</li> <li>Over 50 customers had the copper wirebonding process in volume production.</li> <li>Started volume production of aWLP and aQFN</li> </ul>
2010	<ul style="list-style-type: none"> <li>Acquired EEMS Singapore Pte Ltd. To strengthen ASE Singapore services.</li> <li>Acquired Universal Scientific Industrial Co., Ltd, to build up worldwide.</li> </ul>
2011	ASE awarded "Top 100 Technology 3th in Taiwan and 6th in Asia by Business Next Publishing Corp.



## ASE Accomplishments

1998	ASE Kaohsiung awarded ISO 14001 certification
2000	ASE Kaohsiung awarded SAC Level 1 certification by the Semiconductor Assembly Council
2000	ASE Kaohsiung received "2000 Excellence Award of Employee Welfare"
2000	ASE Kaohsiung named "Team Role Model (Excellence in Disaster Prevention 2000)"
2000	ASE Kaohsiung awarded "8th Annual MOEA Awardfor Industrial Technology"
2000	ASE Kaohsiung awarded "MOEA Industrial Technology Advancement Award Certificate"
2001	ASE Assembly & Test (Shanghai) awarded ISO 14001 certification
2002	ASE Group named Best Packaging and Testing Services Provider by the Fabless Semiconductor Association.
2002	ASE Kaohsiung awarded "the 10th MOEA Industrial Technology Advancement Award"
2002	ASE Kaohsiung received "Export Processing Zone Award for International Trade"
2002	ASE Chungli awarded ISO 14001 certification
2003	ASE Kaohsiung awarded TS-16949 certification
2003	ASE Kaohsiung awarded "the 4th MOEA Industrial Sustainable Excellence Award"
2003	ASE Kaohsiung awarded "Nanzih EPZ Landscaping & Beautification Distinction Award"
2004	ASE Kaohsiung awarded "Distinction in Resource Recycling"
2004	ASE Kaohsiung awarded "EPZ Research & Development Award"
2004	ASE Kaohsiung awarded OHSAS 18001 certification
2005	ASE Kaohsiung awarded "13th MOEA Industrial Technology Advancement Award"
2005	ASE Kaohsiung received "Award for International Trade"
2005	ASE Kaohsiung awarded "Enterprise Innovation Award"
2005	ASE Chungli awarded OHSAS 18001 certification
2005	ASE Assembly & Test (Shanghai) awarded OHSAS 18001 certification
2006	ASE Kaohsiung awarded "EPZ Golden Role-Model Award"
2006	ASE (Shanghai) awarded OHSAS 18001 certification
2006	ASE (Shanghai) awarded ISO 14001 certification
2007	ASE Kaohsiung received award for "Excellence in Human Resources Development"
2007	ASE Kaohsiung received award for "Excellence in Water Conservation"
2007	ASE Kaohsiung awarded QC 080000 certification
2007	ASE Test (Kaohsiung) received award for excellence in labor safety & health.
2008	ASE Kaohsiung awarded SA 8000 (social responsibility management system) certification
2008	ASE Kaohsiung received EPZ Award for excellence in labor relations



2008	ASE Chungli awarded TOSHMS (Taiwan Occupational Safety & Health management System) certification
2009	ASE Group published the world's first "Integrated Circuit Product Category Rule (IC PCR)"
2009	ASE Group released the world's first "IC EPD" for Carbon Footprint in the world.
2009	ASE Electronics received national award for cooperation on labor safety & health.
2009	ASE Electronics received award for excellence in labor safety & health.
2009	ASE Kaohsiung introduced TOSHMS verification.
2009	ASE Kaohsiung constructed GHG management system and IS 14064 certification.
2009	ASE (Shanghai) named "Safe Production Unit"
2009	ASE (Shanghai) named "Model Enterprise in Clean Production in Shanghai City"
2009	ASE (Shanghai) awarded TS-16949 certification
2009	ASE Group named one of the Top 70 CSR Enterprises selected by the Global Views Monthly magazine.
2009	ASE Weihai received" ISO 14001 Certification"
2010	ASEE awarded "Excellent unit of Labor Safety and Health"
2010	ASE Kaohsiung awarded " 3'rd place in saving electricity" by Environmental Protection Bureau Kaohsiung City Government .
2010	ASE Kaohsiung awarded "3'rd place in saving water" by Environmental Protection Bureau Kaohsiung City Government.
2010	ASE Korea received the excellent fire protection award from Gyeonggi Province
2010	ASE Korea received the excellence award from Ministry of Knowledge Economy
2010	ASE Korea received the excellence award from Ministry of Labor
2010	ASE Korea received "EHS Exemplary Superintendent Award"
2010	ASE Weihai received "OHSAS 18001 Certification"
2010	ASE Weihai received "Environment Award" by Weihai city
2010	ASE Weihai awarded"best supplier" from EU customer
2010	ASE awarded "Taiwan Corporate Sustainability Report Honorable Mention" by TISE.
2011	ASE Group named one of the Top 12 Excellence Corporate Social Responsibility by the CommonWealth magazine.
2011	ASE Kaohsiung awarded" Excellent unit of green purchase" by Kaohsiung City Government.



## ● Assurance Statements

### INDEPENDENT ASSURANCE OPINION STATEMENT

#### 2010 ASE Group CSR Sustainability Report

The British Standards Institution is independent to ASE Group (hereafter referred to as ASE in this statement) and has no financial interest in the operation of ASE other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of ASE only for the purposes of verifying its statements relating to its sustainability, more particularly described in the scope, below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This Independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by ASE. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this Independent assurance opinion statement or matters relating to it should be addressed to ASE only.

#### Scope

The scope of engagement agreed upon with ASE includes the followings:

1. The assurance covers the whole report and focus on systems and activities during the 2010 calendar year including ASE Inc.(Kaohsiung, ChungLi), ASE Test(Kaohsiung, ChungLi), ASE Electronics, Power ASE in Taiwan, as well as ASE Assembly & Test(shanghai), ASE shanghai, ASE (Kunshan) Inc., Suzhou ASEN Semiconductors Co., Ltd, ASE (Weihai) Inc., ASE (Korea) Inc., ASE Japan Co., Ltd. and ASE Electronics (M) Sdn. Bhd.
2. The Evaluation of the nature and extent of the ASE's adherence to all three AA1000 AccountAbility Principles in this report as conducted in accordance with type 1 of AA1000AS (2008) assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

#### Opinion Statement

We conclude that the 2010 ASE CSR Sustainability Report Review provides a fair view of the ASE programmes and performances during 2010. We believe that the 2010 economic, social and environment performance indicators are fairly represented.

Our work was carried out by a team of (CSR) report assurors in accordance with the AA1000 Assurance Standard (2008). We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that ASE's description of their approach to AA1000 Assurance Standard and their self-declaration of compliance with the GRI guidelines were fairly stated.

#### Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- review of issues raised by external parties that could be relevant to ASE's policies to provide a check on the appropriateness of statements made in the report
- discussion with managers and staff on ASE's approach to stakeholder engagement. However, we had no direct contact with external stakeholders
- interviews with 14 staffs involved in sustainability management, report preparation and provision of report information were carried out
- review of key organizational developments



- review of the findings of internal audits
- review of supporting evidence for claims made in the reports
- an assessment of the company's reporting and management processes concerning this reporting against the principles of inclusivity, materiality and responsiveness as described in the AA1000 AccountAbility Principles Standard (2008)

## Conclusions

A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness and the GRI G3.1 guidelines is set out below:

### Inclusivity

ASE continually commits to its stakeholders in this report. The effort has been shown in conducting the participation of stakeholders for developing and achieving an accountable and strategic response to CSR. The 2010 report reflects this. The reporting systems are being developed to deliver the required information. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the ASE's inclusivity issues, however, the future report should be further enhanced by the following areas:

- Developing the group-level social responsibility policies enable all employees within the group to follow and understand

### Materiality

ASE has prioritized the issues which were identified by all departments according to the extent of impact and applicable criterion for sustainable development of company. Therefore, material issues were completely analyzed and the relative information of sustainable development were disclosed to enable its stakeholders to make informed judgments about the company's management and performance. In our professional opinion the report covers the ASE's material issues, however, the future report should be further enhanced by the following areas:

- Documenting the methodology to identify and prioritize ASE's material issues to systematically enhance the process

### Responsiveness

ASE has continuously committed to implement the CSR practice and demonstrate relative performance information to respond to the expectations and perceptions of its stakeholders as appropriate. In our professional opinion the report covers the ASE's responsiveness issues, however, the future report should be further enhanced by the following areas:

- Continually encouraging to work towards a type 2 of AA1000AS (2008) engagement with a view to providing the reliability of sustainability performance information that stakeholder concerns

### GRI-reporting

ASE provided us with their self declaration of compliance within GRI G3.1 Guidelines and the classification to align with application level A+. Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI index are reported, partially reported or omitted. In our professional opinion the self declaration covers the ASE's social and sustainability issues, however, the future report will be improved by the following areas:

- Encouraging to benchmark CSR performance indicators from Peers' best practices in the future report

### Assurance level

The moderate level assurance provided is in accordance with AA1000 Assurance Standard (2008) in our review, as defined by the scope and methodology described in this statement.

### Responsibility

This CSR report is the responsibility of the ASE's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

### Competency and Independence



The assurance team was composed of Lead Auditors and Carbon Footprint Verifiers experienced in engineering sector, and trained in a range of sustainability, environmental and social standards including AA1000 AS, ISO14001, OHSAS18001, ISO14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Peter Pu  
Managing Director BSI Taiwan  
10 Aug, 2011



AA1000  
Licensed Assurance Provider  
000-4

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## ● GRI Index

GRI Index	Exposition	Page
1. (Strategy and Analysis)		
1.1 Statement from the most senior decision-maker of the organization.	F	5~7
1.2 Description of key impacts, risks, and opportunities.	F	17~20
2. Organizational Profile		
2.1 Name of the reporting organization	F	8~10
2.2 Products and/or services	F	8~12
2.3 Operational structure	F	6~10
2.4 Headquarter location	F	8
2.5 Countries in operation	F	8~10
2.6 Nature of ownership	F	13
2.7 Markets served	F	12
2.8 Scale of the organization	F	9, 10, 12, 15
2.9 Significant organizational changes	F	No major organizational changes
2.10 Awards received	F	75, 76
3. Report Parameters		
3.1 Reporting period	F	3
3.2 Previous report	F	3
3.3 Reporting cycle	F	3
3.4 Contact point for questions	F	3, 83~84
3.5 Content definition	F	19~20
3.6 Boundary of the report	F	3~4
3.7 Limitations on the report's scope	F	3~4
3.8 JVs, subsidiaries, and outsourcing	F	3~4
3.9 Data measurement techniques	F	3
3.10 Effects of information re-statement.	F	No re-statement
3.11 Changes from previous reports	F	3~4
3.12 Standard disclosures	F	79~82
3.13 External assurance	F	77~78
4. Governance, Commitments, and Engagement		
4.1 Governance structure	F	7, 14
4.2 Indicate whether the Chair of the highest governance body is also an executive officer.	F	7
4.3 Independent members at the board	F	13~14
4.4 Mechanisms for Shareholder/ employee participation	F	19~20
4.5 Executive remuneration and performance	F	13~14
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.	F	13~14
4.7 Process to determine board expertise on sustainability	F	13~14



GRI Index	Exposition	Page
4.8 Mission and value statements	F	6
4.9 Procedures for board governance on management of economic, environmental, and social performance	F	13, 14, 17, 18
4.10 Processes for evaluation of the board's economic, environmental, and social performance	F	6
4.11 Precautionary approach principle	F	17~18
4.12 External charters / principles	F	21~22
4.13 Association memberships	F	20~22
4.14 List of stakeholders	F	20
4.15 Stakeholder identification	F	20
4.16 Approaches to stakeholder engagement	F	20
4.17 Topics raised by stakeholders	F	20
Economic		
EC1 Direct economic value	F	15
EC2 Financial implications due to climate change	F	17, 18, 22
EC3 Benefit plan	F	45~46
EC4 Financial government assistance	F	16
EC5 Entry level Wage (Add)	F	45
EC6 Local suppliers	F	61
EC7 Local recruitment	F	38
EC8 Infrastructure investment and services for public benefit	F	63~72
EC9 Indirect economic impacts (Add)	F	23~24
Environmental		
EN1 Volume of materials used	F	31
EN2 Percentage of materials used that are recycled input materials.	F	31
EN3 Direct primary energy consumption	F	28
EN4 Indirect primary energy consumption	F	30
EN5 Energy conservation (Add)	F	29~31
EN6 Initiatives for energy-efficiency and renewable energy (Add)	F	29~31
EN7 Initiatives for reducing indirect energy (Add)	F	29~31
EN8 Total water withdrawal by source.	F	28
EN9 Water sources significantly affected by withdrawal of water (Add).	F	31
EN10 Water recycled (Add)	F	28
EN11 Land assets in sensitive areas	F	36
EN12 Impacts on biodiversity	F	36
EN13 Habitats protected or restored (Add)	F	36
EN14 strategies for biodiversity (Add)	F	36
EN15 Endangered species (Add)	F	36



GRI Index		Exposition	Page
EN16	Total direct and indirect greenhouse gas emissions by weight.	F	24~26
EN17	Other relevant indirect greenhouse gas emissions by weight.	F	25~26
EN18	Initiatives to reduce greenhouse gases (Add)	F	29~30
EN19	OZone-depleting substance emissions .	F	28
EN20	NOX, SOX and other air emissions.	F	28
EN21	Total water discharge by quality and destination.	F	27~28
EN22	Waste by disposal method.	F	28
EN23	Total number and volume of significant spills.	F	28
EN24	Movements of hazardous Waste (Add)	F	28
EN25	Habitats affected by discharge and runoff (Add)	F	27~28, 31
EN26	Environmental impact mitigation	F	23~24, 29~30
EN27	Packaging materials	F	34
EN28	Non-compliance sanctions	F	28
EN29	Environmental impact of transport (Add)	F	27
EN30	Environmental protection expenditure (Add)	F	28
Social: Labor Practices and Decent Work			
LA1	Breakdown of Workforce	F	37~38
LA2	Employee turnover	F	39
LA3	Benefits to full-time employees (Add)	F	45~46
LA4	Employees With collective bargaining agreements	F	46
LA5	Minimum notice periods	F	37
LA6	Workforce in joint health committee (Add)	F	46~47
LA7	Occupational injuries	F	52
LA8	Education on serious diseases	F	53~57
LA9	Trade union agreements on health(Add)	F	53~57
LA10	Training per employee	F	40~44
LA11	Programs for lifelong learning(Add)	F	41, 42
LA12	Career development (Add)	F	41
LA13	Composition of governance bodies	F	38
LA14	Genderpay disparity	F	37, 39
LA15	Return to work and retention rates after parental leave, by gender.	P	39
Social: Human Rights			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	F	Y2010 No significant investment matters
HR2	supplier screening on human rights	F	61
HR3	Training on human rights (Add)	F	37, 44
HR4	Discrimination	F	37
HR5	Association and collective bargaining	F	46



GRI Index		Exposition	Page
HR6	Child labour	F	37
HR7	Forced labour	F	37
HR8	Training for security personnel (Add)	F	43
HR9	Violations of rights of indigenous peoples (Add)	F	No human rights violations
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	F	13, 14
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	F	37
Social: Society			
S01	Impact on communities	F	63~72
S02	Corruption risks	F	17
S03	Anti-corruption training	F	40
S04	Actions against corruption	F	17
S05	Lobbying	F	20~22
S06	Political donations (Add)	F	72
S07	Anti-competitive behaviour (Add)	F	No Violations
S08	Regulatory non-compliance sanctions	F	13
S09	Operations with significant potential or actual negative impacts on local communities.	F	27~28
S010	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	F	27~36
Social: Product Responsibility			
PR1	Health and safety impacts along product life cycle	F	32~34
PR2	Non-compliance With health and safety standards (Add)	F	No Violations
PR3	Product information	F	32
PR4	Non-compliance With product information standards (Add)	F	No Violations
PR5	Customer satisfaction (Add)	F	58~59
PR6	Communication programmes	F	32~33, 58~60
PR7	Non-compliance in marketing practices (Add)	F	No Violations
PR8	Complaints regarding customer privacy (Add)	F	No Violations
PR9	Product non-compliance	F	32

Exposition: F: Full, P: Partial, N: None



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