2017

ASUS®

IN SEARCH OF INCREDIBLE

Corporate Social Responsibility Report

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About ASUSTeK Computer Inc. Corporate Sustainability Report

We appreciate for your reading of ASUSTeK (ASUS) 10th Corporate Social Responsibility (CSR) report. The report is compiled in accordance to GRI Standards, published by Global Reporting Initiative (GRI), Core Option for reporting framework, as well as to the United Nations (UN) Global Compact. The reports disclose ASUS' actions regarding strategies, targets, management approaches and performances of our sustainable operations.

Reporting Frequency

Since 2008, we publish our annual CSR report, and this is our 10th year. The previous report was published in July, 2017. We will continue to disclose our management approaches of material topics. Historical CSR reports are available to all our stakeholders for download at ASUS CSR website: http://csr.asus.com/english/article.aspx?id=4

Scope and Boundary

This report discloses the approaches and performances of our company from January 1 to December 31, Fiscal Year 2017. To ensure the completeness of the reporting, some of the contents also covered information in 2016 and in 2017.

The organization boundaries were based on consolidated financial statements, while excluding subsidiaries that are established for investment purposes within the corporate or issue independent CSR reports. Subsidiaries included in this report were listed in Appendix A, and the scope of the report covers over 80% of total sales.

Report Assurance

The information and data of this report were collected by the colleagues from all departments and checked by the supervisors before submitting to Corporate Sustainability Office (CSO) for compiling and further review. In addition, the suggestions from external experts were also referred for improvement.

To ensure ASUS meets the six principles for defining report quality of GRI Standards - Accuracy, Balance, Clarity, Comparability, Reliability, Timeliness - ASUS entrusts SGS Taiwan Ltd. (SGS) to review the materiality of the report and data against the AccountAbility AA1000 Assurance Standard (2008) Type II High Level and GRI Standards Core Option, and PricewaterhouseCoopers (PwC) Taiwan to assure selected information and issue a limited assurance report in accordance with the Statement of Assurance Standard No.1 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" in the Republic of China. The Assurance Statements, Limited Assurance Report of Independent Accountants, and Summary of Information Assured can be found at the end of the report.

The financial data is referred from the Financial Statement certified by a qualified accountant. Please visit the link to download relevant information:
https://www.asus.com/Pages/Investor/#Financials

Contact Information

Please feel free to provide feedback or to contact us regarding any corporate social responsibility (CSR) issue.

Corporate Sustainability Office
Jennie Lin Manager
Email: stakeholder@asus.com

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Message from Chairman

To ASUS, 2017 was a turbulent year as we foresaw the toughest situation of the industry since the financial crisis. We were therefore determined to initiate the most dramatic organization changes of downsizing and optimizing the processes, as well as reallocating resources, enabling the organization to quickly respond to market changes and consumer's experiences.

At the same time, with regard to corporate social responsibility, ASUS did not slow down the transition to sustainability due to the operational difficulties, but instead continued to proactively propel various projects with innovative concepts. For a long time, ASUS has been practicing what we advocate and becoming the power to promote a progressing society. Through the practice of environmental friendly and caring our society, ASUS is capable of progressing steadily in the changing market. Independent Survey ranks ASUS the 26th place among the Top Regarded Companies in the Forbes 2017 Global 2000 list. We were the only one Taiwanese corporate being ranked in the top 100 which should mostly be contributed by the persistence in implementing the sustainable strategy.

In order to make the most effective use of resources, we identified the most relevant targets to the core of our operations from the United Nations Sustainable Development Goals (SDGs) and launched "ASUS 2020 Sustainability Goals." This is the first time that ASUS has set the quantified goals of environment and society not related to operations. We expect to have the greatest impact on the stakeholders to substantially echo to the SDGs through the facilitation of our model brand.

Striding on the road of sustainable development is endless. We do not only have to keep innovative thinking when we face the changing market, but also have to know what the stakeholders expect of ASUS in terms of governance, environment, and society. Despite of the challenges and changes in front of us, I believe we can keep dreaming bold and create unlimited possibilities as long as we collaboratively keep evolving and blend the sustainable concepts into ASUS people's DNA.

Chairman Jonney Shih

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Message from Chief Sustainability Officer

ASUS has been committed to corporate sustainability and environment protection over the years. To us, the achievement of corporate social responsibility should be the combination of "sustainable strategies and competitiveness" where we can have the greatest impact.

Under the traditional linear "manufacture-make-discard" model, it not only generates a lot of waste, but also causes wastes in the use of energy and resources. In order to move toward a circular economy that extends the product life cycle from "Cradle to Grave" to "Cradle to Cradle", we started from the green design, including the control and management of chemical substances and the reduction of toxic substances, design for easy disassembly and easy recycling, and the comprehensive development and management of recycling process when the product enters the later stage of its life cycle, to extend the product life and maximize the value of resource reuse.

After being certified with Zero Waste to Landfill of UL ECVP 2799 in 2016, ASUS further expanded the influence on the society and industry value chain to enhance the concept and capability of sustainable operation of our partners in the "Digital Inclusion Project". By doing so, we allowed the focus of this project to be expanded from the previous nature of public welfare to the effect of environment protection. In 2017, we achieved the goal of 100% adaption of the recycled and refurbished parts for the whole refurbished computer, and this achievement let ASUS obtain the world's first certificate of Circularity Facts Program Validation.

Apart from the factors that we have traditionally considered for procurement such as the quality of purchased parts and the yield rate of manufacturing process, ASUS also pays attention to the suppliers' performance in environmental protection. To that end, we extend the spirit of Social Return on Investment project of 2016 through initiated the Environmental Profit and Loss Account (EP&L) program to evaluate the environmental impact of a product during its life cycle starting from raw material mining. The result was presented and managed by the method of monetary valuation and would become the reference for sustainable procurement. ASUS became the first in the technology industry in Asia to publish the Environmental Profit and Loss report.

ASUS has been focusing on fundamentals and results and committed to its corporate social responsibility. We shall be continuing to have "sustainability" as the basis for corporate competitiveness and differentiation, and have ourselves be a member among the world class green high-tech leaders.

Chief Sustainability Officer Sandy Wei

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2017 Sustainability Highlights

MSCI 2017 Constituent MSCI ESG Leaders Indexes

Selected as Morgan Stanley Global Sustainability Index (MSCI) for 4 consecutive years

FTSE4Good

Selected for the FTSE4Good Emerging Index for 2nd consecutive year and the TIP Taiwan ESG Index for the first year

Forbes 2017 GLOBAL TOP REGARDED COMPANIES 2000

Listed as "Top Regarded Companies" and the only Taiwan Company in Top 100 in "Forbes" Magazine

Received "Global Green Impact Award" at the first CSR Impact Award of Cannes Lions International Festival Of Creativity – Taiwan

Interbrand 2017 BEST TAIWAN GLOBAL BRANDS

Received the first place for 5 consecutive years at the Best Taiwan Global Brands AwardsA

TCSA Taiwan Corporate Sustainability Awards

Awarded the TCSA "Top 50 Corporate Sustainability Awards" and Gold in "Corporate Sustainability Report Awards" for Services Sector

2017 天下CSR企業公民獎 大型企業 第4名 華碩電腦

Received the sixth place in "Excellence in Corporate Social Responsibility Award" in "Common-Wealth" Magazine

100 商周百大引響力品牌

Awarded the fifth place for “Taiwan Original Brand” in “Business Weekly” Magazine

Cheers 雜誌 2017 100 MOST ATTRACTIVE EMPLOYER 新世代最嚮往企業

Awarded Top 20 in "2017 Most Attractive Employer" in "Cheers" Magazine

Received the first "Elite Award" by Taipei City Government

First consumer technology company in Asia to receive certification for the Social Return on Investment (SROI) report from Social Value International

Disclaimer

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Analysis on Materiality

ASUS analyzed and screened the risks on sustainable development or corporate influence through the identification process of materiality on a wide range of topics to further allocate the resources and plan the short-, mid- and long-term strategies. At the same time, this process could help us correctly respond to stakeholder concerns and thus focus on the relevant CSR performances.

Identification Process of Materiality

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Stakeholder Engagement

In ASUS, Corporate Sustainability Office assesses global sustainable trends and ASUS operating development goals, analyzes major aspects in governance, environmental and social dimensions to further integrate departments within the organization, including but not limited to Legal, Finance Department, Customer Service Center, Environment, Health and Safety, Human Resource, and ASUS Foundation. We refer to the principles such as Inclusive, Materiality, and Responsiveness of AA1000 Stakeholder Engagement Standard to establish the engagement process, identify the stakeholders and further communicate with them.

Stakeholder	Communication Channel	Frequency
Employee	■ Enterprise Information Portal ■ E-paper/email ■ Employee opinion box ■ Welfare Satisfaction Online survey	Immediate Irregular Immediate Irregular
Shareholder/ Investor	■ Shareholders meeting ■ Investor website/email ■ Market Observation Post System ■ Quarterly Report/Annual Report	Quarterly/Annually Immediate Irregular Quarterly/Annually
Suppliers/ Outsourcer	■ Global Supply Chain Management (SCM) Portal ■ Supply Relationship Management (SRM) Portal ■ Annual Workshop ■ Supplier Assessment/Onsite Audit Supplier ■ Questionnaires	Immediate Immediate Annually Annually Annually
Customer	■ Product/Technical Support Website ■ Customer Satisfactory Survey ■ Social Networking ■ Consumer activities ■ ASUS CSR Website/Email ■ Stakeholders' Survey	Immediate Irregular Immediate Irregular Immediate Immediate
Media	■ Press Conference ■ Press Release	Irregular Irregular
Community	■ Join Local Activities ■ Volunteering Activities ■ ASUS CSR Website/Email ■ Stakeholders' Survey	Irregular Irregular Irregular Annually
Government/ Non-Profit Organization/ Non-Governmental Organization/Academic	■ Investor Relation Website/Email ■ ASUS CSR Website/Email ■ Stakeholders' Survey	Immediate Immediate Annually

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2017 Materiality

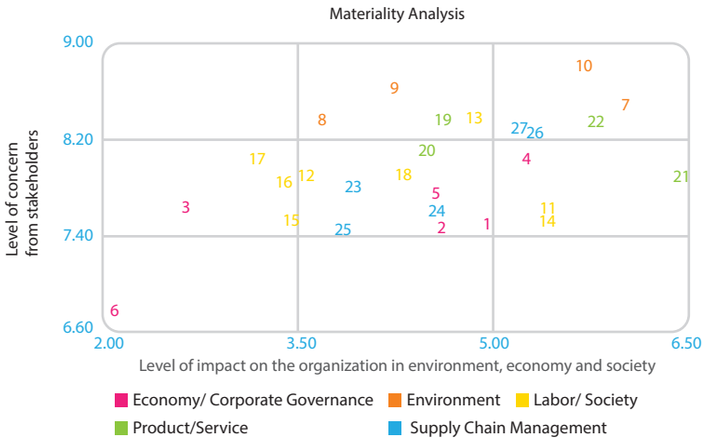
After going through the analysis results of the above procedures and reviewing by the Corporate Sustainability Office and senior managers, the materiality matrix for 2017 was defined, and the topics with both the level of concern and the level of impact as the top 1/3 were listed as Material Topics. We used the result to determine the priority, and set the short-, medium- and long-term goals, including:

- Product Stewardship
- Climate Change and Energy Management
- Product/Service Innovation
- Supply Chain Labor Rights
- Supply Chain Energy/ Natural Resource Management

For the completeness and richness of the report, ASUS voluntarily disclosed the management approach and achievements of the following topics:

- Customer Satisfaction
- Legal Compliance
- Employment and Employee Benefits
- Personnel Training and Performance Management
- Pollution Control over Corporate Operation
- Water Management
- Occupational Safety and Health
- Responsible Mineral Procurement
- Community Communication, Community Care and Involvement

Materiality Matrix



1	Economic Performance and Economic value distributed
2	Market Presence
3	Infrastructure and Investment for Local Communities
4	Legal Compliance
5	Ethical Management and Disclosure
6	Public Policy
7	Climate Change and Energy Management
8	Water Management
9	Pollution Control over Corporate Operation
10	Product Stewardship
11	Employment and Employee Benefits
12	Labor/Management Relationship
13	Occupational Safety and Health
14	Personnel Training and Performance Management
15	Diversity and Equal Opportunity
16	Free Labor and Human Rights
17	Grievance Mechanisms
18	Community Communication, Community Care and Involvement
19	Product Safety
20	Customer Privacy
21	Customer Satisfaction
22	Product/Service Innovation
23	Ethical Management
24	Responsible Mineral Procurement
25	Diversity
26	Energy/ Natural Resource Management
27	Labor Rights

Boundary

Material Topics		GRI Standards Considerations	Supplier	ASUS	Consumer
Economy/Corporate Governance	Legal Compliance	Compliance with laws and regulations regarding to environment, social and economy	✓	✓	✓
Environment	Climate Change and Energy Management	Energy, emission	✓	✓	✓
	Water Management	Water source, usage, and wastewater		✓	
	Pollution Control over Corporate Operation	Pollution and waste		✓	
	Product Stewardship	Raw materials, energy	✓	✓	✓
Labor/ Society	Employment and Employee Benefits	Market-presence , employment, diversity and equal opportunity		✓	
	Occupational Safety and Health	Safe working environment, emergency prevention and treatment		✓	
	Personnel Training and Performance Management	Training and education		✓	
Product and Service	Product Safety	Consumer health and safety		✓	✓
	Customer Satisfaction	Result on customer satisfaction		✓	✓
	Product/Service Innovation	Innovation of products or services		✓	
Supply Chain Management	Energy/ Natural Resource Management	Water, wastewater, waste, emission, energy	✓		✓
	Labor Rights	Child labor, forced labor, CSR assessment	✓		

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Response to Sustainable Development Goals (SDGs)

After extensive discussions and consultations with members, the UN officially passed the SDGs in 2014. 17 goals in three aspects, namely, environment, economic and society with a total of 169 targets listed to confirm the direction of approaches to reach the vision, which is to promote both human survival and sustainable development before 2030. The SDGs have opened a new era of sustainable development. Under this ambitious blueprint for change, it is expected that governments, international organizations, enterprises and individuals can contribute to the SDGs. For enterprises, it is bound to have a huge impact on their operating structure and strategy.

As a leader in consumer electronics products, ASUS supports SDGs by fulfilling corporate social responsibility and considers it as an opportunity for sustainable corporate transformation. We analyze the risks, challenges and business opportunities that may be faced by the development of SDGs, and combine our business strategies with a forward-looking vision.

In a comprehensive review of the relationship between SDGs and ASUS operations, ASUS has the most influential power to the following 5 goals: SDG 3-Good Health and Well-Being, SDG 4-Quality Education, SDG 11-Sustainable Cities and Communities, SDG 12-Responsible Consumption and Production, and SDG 13-Climate Action. Therefore, we decide on the direction to invest in those targets to maximize our contributions.

	Start with green design, prohibit the use of hazardous chemicals, and establish circular economy through recycling system to ensure health and environmental safety
	Reduce the digital divide as the purpose to promote digital inclusion project, which provide digital education and learning opportunities to cultivate international talents
	Develop the Internet of Things, construction smart city, and create environmental efficiency as well as positive society development, enhancing the sustainability of the city
	Manage with life cycle and avoid negative impacts to mankinds and to the environment through prevention, reduction, recycling and reuse, and at the same time make efficent use of natural resouces to create sustainable production and circular economy
	Analyze the risks and opportunities caused by climate change, strengthen the response capability to climate change, enhance the efficient use of energy in operation and products to create sustainable value and market benefits

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ASUS 2020 Sustainability Goals

In order to respond to the SDGs with practical achievements, we integrated the cross-functions resources and launched "ASUS 2020 Sustainability Goals", trying to transform ourselves to sustainable operations and create corporate competitiveness, in hopes of creating a world with sustainable society and environment with the business power.

The "2020 Sustainability Goals" starts with the life cycle to establish the directions of our products, supply chain, and operations, in terms of sustainable management and our commitment to the society. The 10 goals not only take a qualitative approach and providing narratives of the specific actions that we are about to launch, but also track our annual achievements with quantitative indicators.

- Expand green competitiveness. The Eco Product Revenue compared to 2016 reaches the growth rate of **20%** by 2020.
- Reduce the use of raw materials with high environmental impact. Newly qualified halogen-free components are accounted for **85%** of total new qualified components by 2020.
- Increase the use of friendly materials. Reduce the use of PVC by at least **10%** by 2020 compared to 2016.
- Reduce the impact of global warming from ASUS. The greenhouse gas emissions are reduced by 50% and the energy efficiency of major products increased by **50%** by 2025.
- Respond to the circular economy to increase the resources efficiency. The waste conversion rate in headquarter reaches **90%** by 2020, and global product recycling rate reaches **20%** by 2025.
- Use conflict free minerals for our products. **100%** of tantalum, tin, tungsten and gold are procured from qualified smelters by 2020.
- Enhance the corporate social responsibility in supply chain. **100%** of key components suppliers pass the audit performed by the 3rd party and are in compliance with the ASUS Supplier Code of Conduct by 2020.
- Strengthen the supply chain environmental management and establish a supply chain environmental footprint roadmap. The data coverage rate reaches **90%** of the products making revenue by 2020.
- Eliminate the inequality of digital information and realizing the vision of digital inclusion. The SROI of the digital inclusion plan reaches **5** by 2020.
- Enhance the benefits of social service participation. The service hours contributed by local employees reaches 5,000 hours annually and accumulates to **30,000** hours by 2020.

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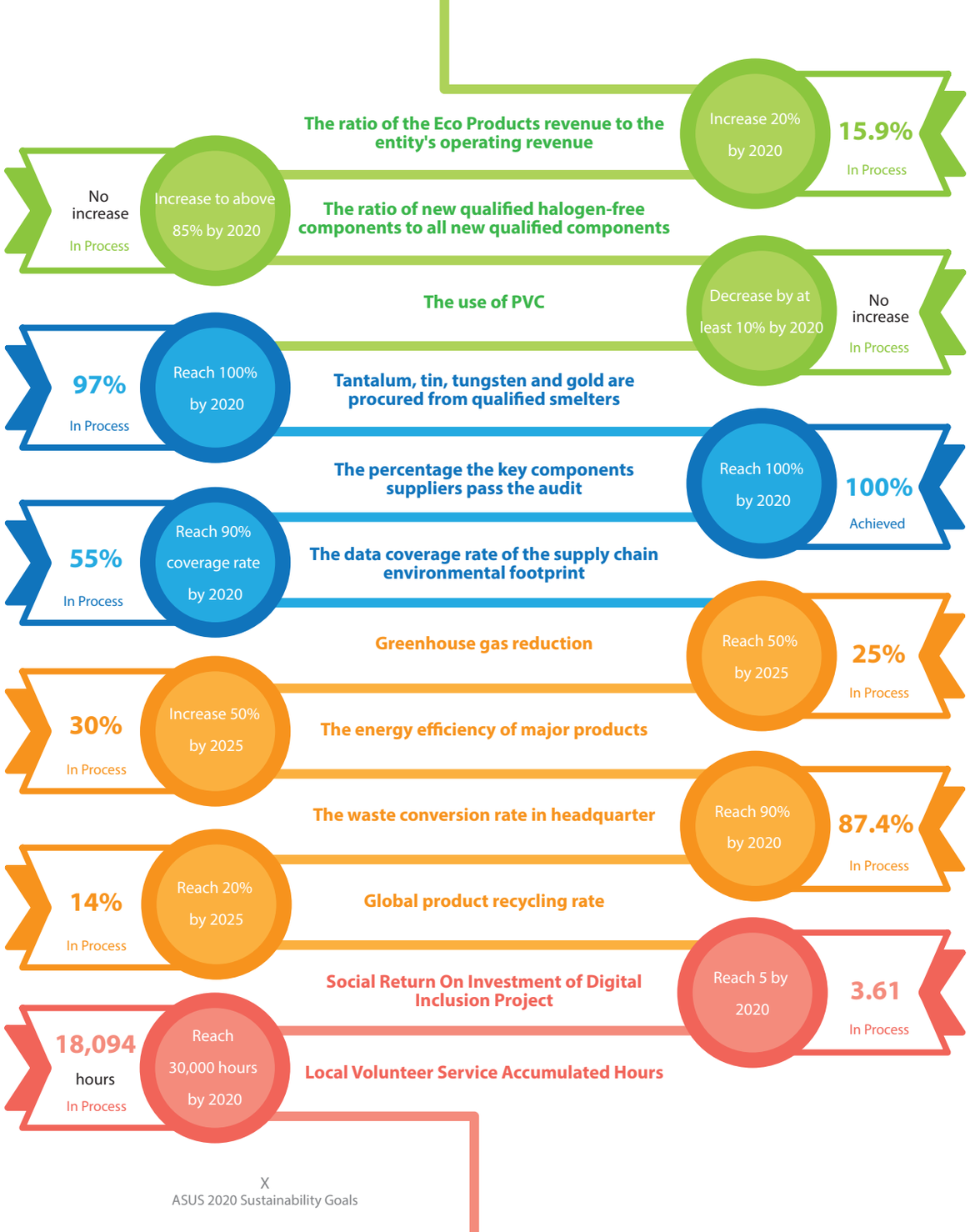
Establishing "ASUS 2020 Sustainability goals" is our first step that we respond to SDGs. It is also the first time we have set the specific direction for sustainable development. We will continue to learn from the stakeholders from various fields and gradually establishing the overall framework of sustainability to integrate SDGs into ASUS' corporate transformation and business decisions, in hope of making contributions to the next generation and the environment.



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Expand green competitiveness. The Eco Products Revenue compared to 2016 reaches the growth rate of 20% by 2020

In general, the Eco Label represents the top 20% to 30% of the products with the best environmental characteristics. The green certificate for products, obtained after the strict review, proves that the product not only has excellent quality, but also reduces the environmental impact through the concept of life cycle, thus has real environmental benefits. ASUS has been pursuing green product design and R&D for years. Since ASUS laptop was registered as the first EPEAT Gold product in Taiwan and received the first EU Flower certificate among the world's top ten IT companies in 2008, we kept on increasing the proportion of products with eco labels. We also expect to increase its revenue share by the development of Eco Product, enabling our consumers also contribute to environmental protection while using ASUS products.

Policy

While we are developing high-performance electronic products, the concept of life cycle is applied to produce high-quality green products, taking into account both performance and environmental protection. Over the years, ASUS has spared no effort in green products. Apart from the existing commercial products that continue to comply with requirements of high standard Eco Labels, we continue to enhance the performance of Eco Products, actively acquire new international standards to expand our green competitiveness.

Objective

Take the ratio of Eco Products revenue to the entity's operating revenue, generated from system products[1] in 2016 as the baseline:

- 2018: Increase at least 10%
- 2019: Increase at least 15%
- 2020: Increase at least 20%

Achievement in 2017

Besides continuously working on obtaining international eco labels for all new commercial PC products, in 2017, we also expanded our product lines complying with eco labels to include mobile phones and tablets. Through managements in environmentally sensitive materials, energy consumption monitoring, manufacturing and operational processes, impact on human health and environment, product performance, and packaging and product control, we emphasizes on the environmental protection characteristic and performance of the handheld products, and thus ASUS successfully received another eco label to mark an important milestone for ASUS green products. In 2017, the Eco Products revenue was 75.1% of the entity's operating revenue, with an increase of 15.9% compared with that of in 2016.

Note 1: System products include: notebook computer, desktop computer, mobile phone, display, tablet, and networking

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Reduce the use of raw materials with high environmental impact. New qualified halogen-free components are accounted for 85% of total new qualified components by 2020

Due to the characteristic of wide applications in different areas, high flame-retardant efficiency, and good compatibility, halogenated flame retardants have been widely used in electronic products. However, many scientific studies suggested that halogenated flame retardants have considerable hazardous risk to human health and biological environment. Since ASUS is moving forward to the direction of a circular economy and the corporate social responsibility, we proactively address the issue of halogen-free products and collaborating with the supply chain to systematically reduce the use of chlorine and bromine flame retardants.

Policy

Apart from enhancing the product performance when developing new product, ASUS also continuously seeks for green materials. We have committed to increase the ratio of halogen-free components and products with alternative technology without compromising product efficiency, quality, health and environment.

Objective

Take the ratio of new qualified halogen-free components to all new qualified components in 2016 as the baseline:

- 2018: Increase at least 3%
- 2019: Increase at least 6%
- 2020: Increase at least 9%

Achievement in 2017

Other than the technology and economically-implausible materials, such as system module, printed circuit board, adaptor and wires, ASUS has applied the halogen-free requirements to all components and seeks continuous increase of at least 3% annually. In 2017, ASUS encountered a headwind in the operations, the compliance rate decreased slightly to 71.8%.

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Increase the use of friendly materials. Reduce the use of PVC by at least 10% by 2020 compared to 2016

Polyvinylchloride (PVC) is one of the widely used plastic. Before PVC is made into variable finished products, different quantity of plasticizer needs to be added according to the required softness. At the same time, due to its poor thermal stability, in order to avoid the cracking in the sun or in high temperature, stabilizers must be added as well. These plasticizers and stabilizers are usually substances that are harmful to human health, including environmental hormones and heavy metals. In addition, when PVC is discarded, dioxins, known as the "century poison", may also be generated during incineration. Therefore, from raw material mining, manufacturing, using, to discarding, PVC will cause harm to the environment and human health.

When ASUS develop the new products, we try to maintain the product performance when seeking for friendly green materials. We have committed to gradually phase out PVC-containing materials under the precondition that alternative technologies are feasible without affecting product performance, quality, health and environment.

Take the total amount of PVC used in 2016 as the base line:

- 2018: Decrease at least 3%
- 2019: Decrease at least 6%
- 2020: Decrease at least 10%

At present, except for technically and economically infeasible materials such as wire and connectors, ASUS has introduced PVC free in all other parts and components, and required that the materials used to make connectors shall be changed to PVC free materials by 2019. Although the amount used did not reduce in 2017, we had invited a number of raw material suppliers to introduce alternative materials in the application, and include the PVC replacement plan in the technical roadmap, allowing the product design team to discuss on feasible solutions at the planning phase.

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Use conflict free minerals for our products. 100% of tantalum, tin, tungsten and gold are procured from qualified smelters by 2020

Conflict minerals refer to the metals, namely tantalum, tin, tungsten and gold, mined in the context of armed conflict and human rights violations, particularly from the Democratic Republic of Congo and its neighboring countries in Central Africa. The minerals in these areas are mined by abusing the people who are forced to carry out inhumane mining works in the harsh environment, resulting in problems such as the exploitation of labor, child abuse, environmental damage, and more seriously, direct or indirect funding the military turmoil in Central African region.

Tantalum, tin, tungsten, and gold are the four materials essential to the functioning of electronic products. Therefore, corporate shall take its social responsibilities, and through the establishment of management measures to avoid these four metals from originating from conflict minerals.

ASUS has promised to not using conflict minerals from illegal mining in the products, and will safeguard the rights and safety of international mining workers. Through formulating a conflict-free mineral procurement policy, we requires suppliers to preferentially purchase metals from qualified smelters and cooperate with ASUS due diligence investigation to disclose procurement status regarding conflict minerals.

Considering that the status of certifying smelters is becoming more mature and there are sufficient certified smelters for market demand, we hence developed the plan of introducing qualified smelters, and set the target for 100% use of qualified smelters in the supply chain by 2020.

2018: 100% of tantalum is procured from qualified smelters
2019: 100% of tin is procured from qualified smelters
2020: 100% of tungsten, and gold are procured from qualified smelters

After ASUS has continued to request the purchase of conflict free minerals, the percentage of using conflict free minerals in the supply chain has increased from 22% to 90% in the past four years; the percentage increased to 97% in 2017. To fulfill ASUS 2020 Sustainability Objectives, we set up the target of 100% of tantalum is procured from qualified smelters. According to the results of the 2017 survey, only 7% of tantalum was from unqualified sources. The suppliers that did not use qualified suppliers would complete the conversion to qualified smelters by the end of 2018.

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Enhance the corporate social responsibility in supply chain. 100% of key components suppliers pass the audit performed by the 3rd party and are in compliance with the ASUS Supplier Code of Conduct by 2020

The supply chain is the stakeholder that allows ASUS to have the greatest impact on corporate social responsibility, as well as the strategic partner being relied heavily on manufacturing products and services. Any risk occurring in the supply chain can cause disruptions in supply, and affect not only business operations but even ASUS brand image. Therefore, ASUS has established a Supplier Code of Conduct to reduce risks and strengthen partnerships through the processes of sustainable risk management, including the procedures of identifying, auditing, continual improving, and capacity building.

ASUS has implemented corporate social commitment to protect the labors' human right in the supply chain, maintain operational safety, and reduce environmental pollution. Considering the procuring pattern with the suppliers, characteristics of the industry, and geographical factor, we identify the key suppliers and set the goal of 100% compliance with ASUS Supplier Code of Conduct through onsite audits, continual improvements, and the management of capacity building.

2020: 100% of the key suppliers pass the 3rd party audit

In 2017, a total of 10 CSR onsite audit were performed by third-party. In 2017, a total of 10 CSR third-party audit operations were performed. Through continuous tracking and the improvement counseling, 10 suppliers corrected the findings.

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Strengthen the supply chain environmental management and establish a supply chain environmental footprint roadmap. The data coverage rate reaches 90% of the products making revenue by 2020

The product life cycle impacts the environment in each stage: raw materials, manufacturing, transportation, usage, and disposal, and the enterprise shall take its social responsibility to reduce the impact. The enterprise shall quantify the environmental impact and estimate the maintenance cost through performing the Environmental Profit and Loss (EP&L), and then set the short-, mid-, and long-term management goals for the items with significant impact.

ASUS is committed to reducing the environmental footprint and creating green high-tech leadership. We execute a thorough inventory on the environmental impacts from suppliers' production processes, and calculate the recovery cost through the monetary valuation of environmental profit and loss, in order to plan for the management programs and set the reduction goals.

2018: Complete the EP&L for Notebook Computer, Mobile Phone, and Motherboard
2019: Complete the EP&L for Display
2020: Complete the EP&L for Tablet

Taking the notebook computer as the subject, ASUS completed the environmental profit and loss report, which showed that the impact of the supply chain for notebook computer in 2016 was approximately US$347 million, and the greatest environmental impact came from the water pollution generated during the Tier 3 raw material mining and manufacturing. For more information, please visit ASUS CSR website.

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Reduce the impact of global warming from ASUS. The greenhouse gas emissions are reduced by 50% and the energy efficiency of major products increased by 50% by 2025

The environmental changes caused by climate change have impacted the stability of the global economy and society, and are considered a major global risk. The enterprise needs to address the impact of climate change on its sustainable development and develop the mitigation and adaptation measures.

ASUS supports the climate change management policy by the government and will work with external parties to participate in various mitigation and adaptation programs. In order to respond to climate change, we will research and develop new products with high energy efficiency, drive the supply chain to transform to low-carbon manufacturing, develop the Internet of Things to build sustainable cities, and use information and communication technologies to assist government, customers, consumers and other stakeholders to address the challenges set by climate change.

By 2025, greenhouse gas emission reduced by 50% (baseline year 2008)
By 2025, energy efficiency of major products improved by 50% (baseline year 2013)

For many years, energy saving has been an essential appeal of ASUS products. As early as in 2011, ASUS required all notebook computers to comply with the strictest energy efficiency program - the Energy Star Program - of the world. Energy Star has been updated for several instances and requests for better performance in energy efficiency, and ASUS still follows the principle. All notebook computers manufactured in 2017 met the Energy Star requirements, and the average energy efficiency of the notebook computers was at least 58% better than that of set forth by Energy Star. It was also 30% better than the 2013 baseline.

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Respond to the circular economy to increase the resources efficiency. The waste conversion rate in headquarter reaches 90% by 2020, and global product recovery rate reaches 20% by 2025

The traditional linear economic model of "take, make, discard" causes waste of resources and generates large amount of waste that will damage the environment. With the gradual depletion of natural resources and the sharp fluctuations in the prices of raw materials, this model brings a great risk to the sustainable operations to the enterprise.

ASUS takes the concept of the circular economy and extended producer responsibility to enhance the resource efficiency through the recycling and reuse, which could reduce the waste output and at the same time adds new value to the waste.

The waste conversion rate in headquarter:
2018: 88%
2020: 90%

Global product recycling rate:
2020: 15%
2025: 20%

Through ASUS headquarters Zero Waste to Landfill program, ASUS established the waste flow map in the form of material flow, and then promoted various projects such as composting, reusing and recycling, and remanufacturing. For example, recycled plastic cups made from Polylactic Acid (PLA) were reproduced business cardholders and mobile phone holders, resulting in a waste conversion rate of 87.4% in 2017.

In order to increase global product recycling rate, we continued to expand our voluntary and mandatory recycling services to places such as India and Australia, and we held recycling campaigns to increase the recycling weights. ASUS recycling service market coverage increased from 63% in 2016 to 68% in 2017, and the products recycling rate was 14.65%.

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Eliminate the inequality of digital information and realizing the vision of digital inclusion. The SROI of the digital inclusion project reaches 5 by 2020

According to the World Development Report 2016 by the World Bank, digital information is rapidly spreading across the globe. However, among the total of 7 billion people in the world, there are still 4 billion people who do not have access to the Internet, which means the information penetration rate is only around 50%. As one of the global leading brands of personal computer, ASUS takes the corporate social responsibility and utilizes our core capacity to shorten the digital gap and enable people at all levels to enjoy the convenience of life through equal access to the digital information.

Policy

Since its establishment in 2008, the ASUS Foundation has been working on the goal of reducing the digital divide and build digital learning center around the world in collaboration with non-profit organizations, volunteer group and governmental agencies. Digital inclusion refers to policies and activities exercised for creating a non-discriminatory information society, which means that chance of information access and use does not differ with the degree of education, gender, age, race and residence of individuals. ASUS helps deal with local digital divide issues with the connection of green technology and humanity, and gives back to the society with concrete and continuous actions to nurture international talents and realize the ideals of the ASUS world citizen.

Objective

To expend the social influence. The Social Return on Investment of the digital inclusion project reaches 5 by 2020.

Achievement in 2017

According to the calculation process and principle in the SROI guide (2009) revised in 2012 by Office of the Third Sector, Cabinet Office, UK, ASUS used a 6-step model to determine the Theory of Change in input, output and result, where currency was used as the measuring unit. The final analysis of the social return on investment of the program showed that each dollar invested generated a social value of 3.61 NTD. In 2017, the "ASUS Social Return on Investment Report of Refurbished Computer and Digital Training Program" was certified by Social Value International, making it the first Asian technology-based corporation and the first in Taiwan to receive such international certification. This would also serve as the sample for ASUS Social Involvement Program.

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Enhance the benefits of social service participation. The service hours contributed by local employees reaches 5,000 hours annually and accumulates to 30,000 hours by 2020

ASUS has been listed by the US "Fortune" magazine as one of the most respected corporations in the world. We have more than 16,000 employees around the world, serve in more than 70 countries and establish operating bases in more than 50 of them. Other than business operations, we also use our core competency to create links with local consumers through volunteer services.

Policy

ASUS believes that companies should give back to society when making profits for the resources are taken from the community for corporate operations. As a global citizen, we appreciate the support from the community and from the world, and thus in return we combine our business with the core value to continuously involving in short-, middle- and long-term charity efforts. ASUS people have established positive relationships with consumers in all corners of the world, enhancing ASUS brand competitiveness and social influence.

Objective

2018: expanding volunteer services to Asia Pacific, accumulated to 10,000 hours.
2019: expanding volunteer services to European and other country, accumulated to 20,000 hours.
2020: expanding volunteer services to worldwide subsidiaries, accumulated to 30,000 hours.

Achievement in 2017

With the collaboration with domestic and overseas school clubs or non-profit organizations, the ASUS Foundation sent international volunteers to visit rural regions to provide information and communication training, Chinese language education, ecological protection awareness, and technical training. This excited the potential of ASUS employees and fulfilled the social responsibilities. ASUS encourages volunteer service participation by offering 2 weeks of official leave as well as meal and travel compensation.

In 2017, the total service hours of 8,751 hours was contributed to the domestic and international volunteer service, and the service hours accumulated to 18,094 hours.

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2017 Sustainability Project

With the belief of contribution to human society, every year, ASUS promotes sustainable projects with innovative thinking to response to SDGs and focuses on 2020 sustainability objectives, meanwhile creating the sustainable competitiveness of the company.

Circular Economy Project

In the past, most of the industries employed the linear economic model "take, make, discard". This process and consumption behavior continuously consume the resources on Earth, as well as creating serious environmental problems like worsened ecological environment, climate change and the mass production of waste.

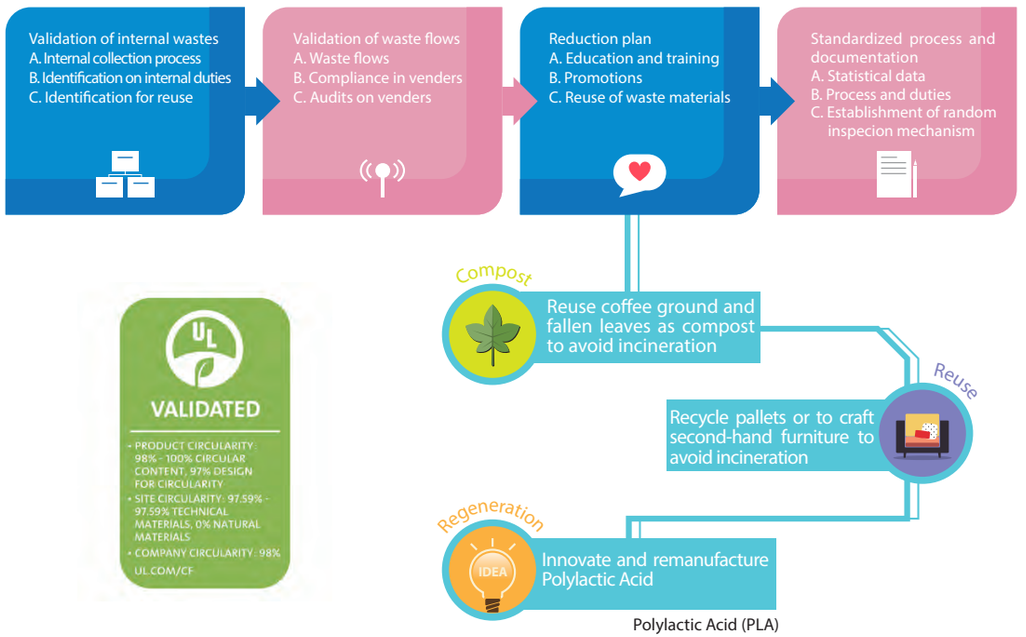
ASUS understands that the linear business model would not only increase the cost of processing wastes and pollutions, but also elevate the cost of purchasing raw material and the risk of unstable supply. Therefore, we need to reconsider the way that we consume resources. We change the product life cycle from "cradle to grave" into "cradle to cradle". Under the concept of circular economic, when a product loses its original function, that is not the end of it; instead, it will be the start of another purpose. There will be a new cycle of "resource, product, recycled resource" that will produce very little waste for the whole system. This cycle will solve the conflict between economic development and environmental impact.

The establishment of a recycling economy cannot be achieved at a glance but transformed gradually. With systematic thinking, we review each phase of life circle and start with the eco-friendly designs. Through a proper recycle processing system, resources can be utilized for reuse repeatedly. We also establish various projects to promote circular economy.

In 2017, ASUS became the first consumer IT headquarters worldwide to receive the Zero Waste to Landfill validation.

To an enterprise, proper waste management is not only a part of social responsibility. Through the waste management and resources recycling and reuse, we can not only decrease the cost of waste processing, but also increase our business competitiveness, as well as facilitate the value chain to carry on the industrial transformation, creating working opportunity and developing a new business model.

The major sources of ASUS wastes are mainly R&D materials, waste products, packaging materials, and domestic waste. With strict categorization and management mechanisms, we ensure that environmental impact of the waste can be minimized throughout the process of storage, transportation, recycling, or eventual incineration and landfill. Also, through the increase in recycling and reuse rate, we could minimize the waste that go into the incineration or landfill process.



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In the Zero Waste to Landfill project, the waste flow must be tracked as the material flow to trace the final flow from the output, the clearing and transportation, recycling, and even to the final destination, so as to ensure that the waste is recycled and reuse. Through clear calculation formulas, we calculate the weight of the waste converted during the elimination, reduction, reuse, recovery, composting, anaerobic, power generation, and biodiesel, and then calculate the reuse rate.

After the waste conversion calculation at the first stage, although ASUS waste did not go directly to landfill, 48% of it was incinerated, and 52% of it was reuse (including 29% of biological treatment and 23% of recycling and reuse). The waste conversion rate increased to 85% after the optimization of internal management process, waste reduction plan, and creative waste reuse project. UL adopted a rigorous audit process to confirm the substantial waste generated in ASUS headquarters did not go to landfill, and thus ASUS became the first consumer IT headquarters worldwide to receive the Zero Waste to Landfill validation. Please refer to Environment Responsibility of this report.

ASUS became the world's first company to receive UL Environment's Circularity Facts Program validation.

The method of introducing a circular economy is highly diverse. Enterprise should consider various options such as product reuse, repair, refurbish, remanufacture, and recycle. What is the best method to integrate with core competence and to optimize the efficiency of material use, and at the same time how to track the environmental and social impact of the introduction of the process? Therefore, establishing performance indicators as a management tool is one of the key factors for enterprises to pursue a circular economy.

In order to promote the sustainable development, UL launched the Circularity Facts Program, and ASUS was invited to participate in the formulation of the project with its rich experiences in circular economy. UL consulted ASUS the historical circular economy project, opinions and experiences and jointly completed the formulation of the standard for the program.

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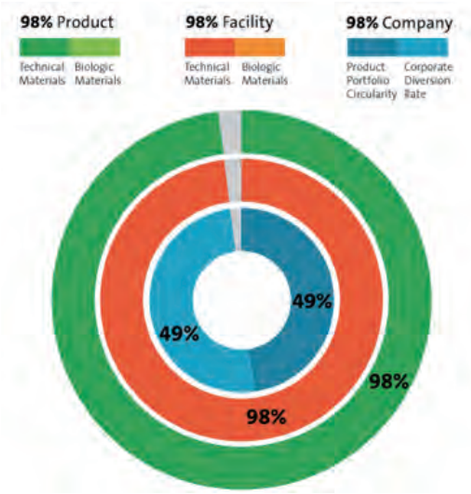
The Circularity Facts Program evaluated the efforts an enterprise made for the transformation from linear economy into circular economy. Quantitative assessments were made on the circularity and sustainability of products, factories, and enterprises, and the scope covered the amount of recycled materials (including closed loop), bio-based content, recyclability, minimization of waste, and zero waste to landfill, working as quantitative indicators for an enterprise's circularity effort on its products, facilities, and actions.

ASUS participated in the project with "Refurbished Computer and Digital Training Program". The validation covered the concept of the front-end design that ASUS has promoted for years, including chemical substances management and reduction of hazardous substances, easy disassembly and easy recycling designs, and a comprehensive recycling process for the product's life cycle. ASUS further exercised its influence on social responsibility to assist the refurbished plant to achieve zero waste to landfill. The waste conversion rate reached 97%, reducing the potential impact on the environment.



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Global Recycling

In order to promote global recycling activities, in 2017 on June 5, the World Environment Day, ASUS launched a series of recycling event around the world, including the Netherlands, the United States, India and Taiwan, to raise awareness around environmental protection.

In the Netherlands, ASUS worked with local elementary schools and recyclers to organize a four-week waste electronic product recycling contest on the campus. Through the environmental education in schools, the awareness of environmental protection among children would be brought to the family and community. During the contest, each elementary was a team, and the children collected waste electronic products in the community to win the contest. ASUS donated ZenPads which were for digital education purpose to the winner school to support the development of digital education. In the United States, ASUS worked with the high and elementary schools and recycler to host waste electronic products recycling event to enhance the awareness of the residents, as well as reduce the waste.

In other countries, we also organized recycling events through distribution channels, communities, campuses, and recyclers. A total of approximately 22,000 kilograms of waste electronic products were collected during the period.

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Social Return on Investment (SROI)

In the past, enterprises participated in social welfare activity and focused merely on the investment of resources. They omitted the effects or impacts that the charity or CSR projects might bring to the caring ones. Was the expected effect achieved? This ignorance prevented enterprises from evaluating the actual effects and outcomes of an activity, thus they were unable to quantify the information and help optimize the effects and outcomes of their actions.

The concept of SROI is similar to the concept and practice of investment in current financial accounting. Through the unified measurement method and the reporting principles, non-profit activities can also generate information of performance measurement with decision-making and management values.

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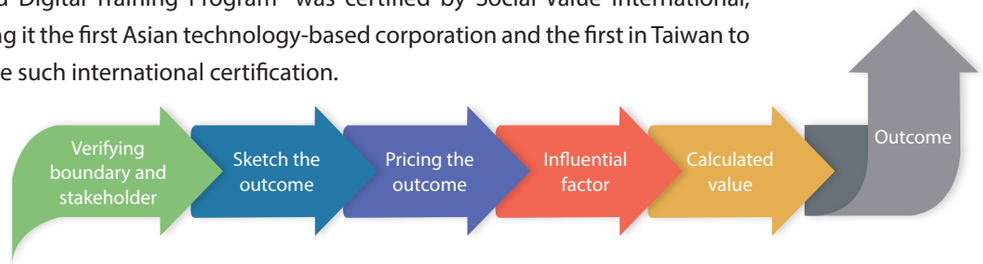
ASUS has been investing in the "Refurbished Computer and Digital Training Program" since 2008. The recycle information communications products are refurbished and are donated to the non-profit organizations, and thus establishing a "Sound Material-cycle Society". In order to measure the performance of the program, according to the calculation process and principle in the SROI guide (2009)[2] revised in 2012 by Office of the Third Sector, Cabinet Office, UK, ASUS used a 6-step model to determine the Theory of Change in input, output and result, where currency was used as the measuring unit. The final analysis of the social return on investment of the program showed that each dollar invested generated a social value of 3.61 NTD.

In 2017, the "ASUS Social Return on Investment Report of Refurbished Computer and Digital Training Program" was certified by Social Value International, making it the first Asian technology-based corporation and the first in Taiwan to receive such international certification.



Note 2: A Guide to Social Return on Investment, Cabinet Office, U.K., 2009，2012 Revised

After establishing a model for SROI, ASUS extended the measurement on the effectiveness of the invested CSR activities, and hoped to create greater social value through the planning and managing of social welfare projects. Therefore, in 2017, we evaluated a long-term social welfare project ASUS has been working on: Growth and Training Program of "Children Are Us".

ASUS has always been looking out for the disadvantaged minorities. On top of ongoing efforts to reduce the digital divide through training and education, ASUS also provides monetary support to organizations that seek to provide support for disadvantaged minorities. Through the collaboration with Children Are Us Foundation, since 2008, ASUS has hired 9 mentally handicapped young adults as our full-time employees. We also offer them a booth in the employee cafeteria where they can sell their baked goods and make drinks. All revenue generated by the booth is donated in full to the Children Are Us Bakery to nurture more young adults as well as to teach them new skills that enabled them to become more confident in their personal and professional lives. Close collaboration among ASUS, "Children Are Us" and the Children Are Us Foundation generate intangible influence. ASUS looks forward to this model that enables these young adults to receive supports from counseling agencies, families and enterprise, and to cultivate professional skills and enhance the quality of life, establishing a complete career support system to create a win-win situation for all parties.

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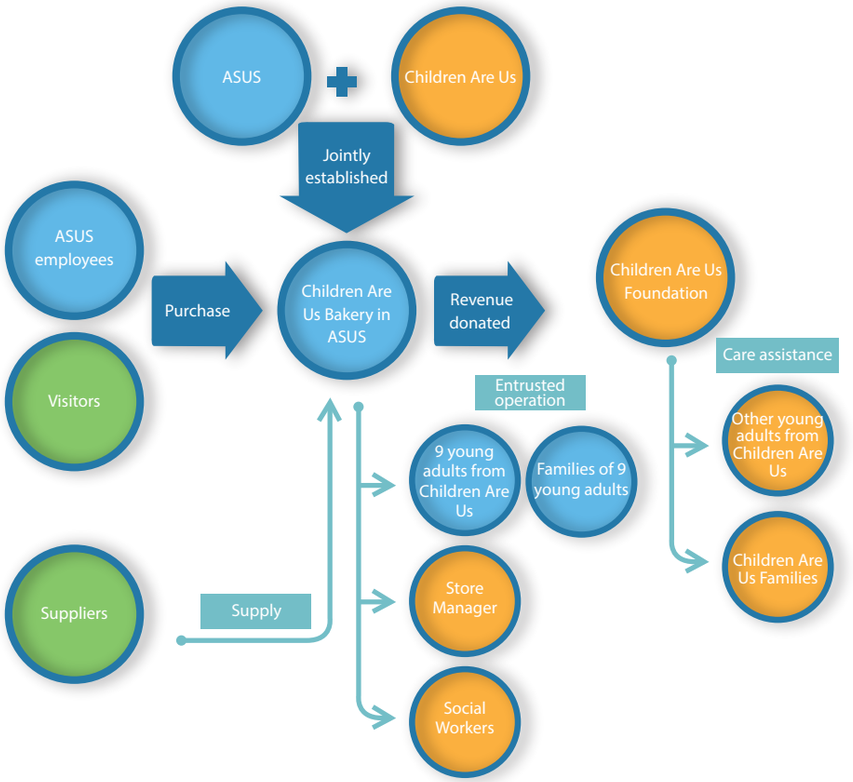
2017 was the 10th year for Children Are Us Bakery. We also use the SROI guidelines to further understand whether the Children Are Us Bakery program exerts the desired influence to review the relevance of the social services we has been providing to them, hoping the collaboration among the three parties to be more efficient.

ASUS has hired 9 mentally handicapped young adults as our full-time employees, and the relevant stakeholders include their families, the Children Are Us Foundation, social workers, and ASUS employees. Through the interviews, we fully understood the tangible and intangible inputs and outputs of stakeholders, and gathered the most real feedback and results. According to the SROI management framework, all the important values for the stakeholders were measured, not only the economic rewards, thus the conclusions of the analysis could be more complete and objective.

Not long after starting their jobs at ASUS, the young adults became accustomed to the people. They acquired specific skills that enabled them to become more confident in their personal and professional lives. Additionally, their family members were able to assure that their loved ones had a safe and happy work environment, and the burdens on families and society were relieved. The daily operation of the bakery was managed by 2 social workers who teach them the professional skills. They set up cognitive and functional management goals for each child, including health management, standard operating procedures, emergency response, stress management and performance recognition. They also planned different marketing activities such as: one-day store manager, and salesperson interactive promotion activity that the young adults would interact with and provide discounts to the customers. A lot of activities were designed to make them feel more confident and happier during work.

We analyzed the SROI of the program and figure that each dollar invested generated a social value of 1.37 NTD. Although the Bakery had a good reputation, its influence was limited to 9 mentally handicapped young adults and their families. Even if they could not work in ASUS, there were external sheltered workshops as alternative solution. Therefore, the value was mostly derived from the salaries of sheltered workshops.



Stakeholders for Children Are Us Bakery

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After understanding the social changes this project brought in, we immediately invested in the direction where ASUS had more influence:

1. Physical and mental health: The physical and mental performance of the young adults worked in ASUS positions was higher than that of worked in external sheltered workshops. We could create a safer physical and psychological workplace for them, and host events to make their lives more diversified, serving as a model for other workshops.
2. Freshly brewed coffee and tea were highly profitable. This business model could be promoted to other workshops. Although it was more difficult to learn, ASUS could help the Children Are Us Foundation to establish teaching sites and nurture the seeded coaches to expand the profit model.
3. Operational model: The collaboration model among ASUS, "Children Are Us" and the Children Are Us Foundation could become a sample business model and be promoted to other enterprises, expanding the scope of influence in social welfare projects.

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Environmental Profit & Loss Project

ASUS applied SROI to monetize the social value generated by public welfare activities, and further uses the monetary valuation method to assess environmental profit & loss (EP&L), which included environmental pollution into operational performance considerations. EP&L can measure the total cost and value of direct and indirect environmental impacts caused by the operation of the industry chain, and provide important reference for decision makers in future product development and supply chain management strategies. We plan to incorporate this method into the current procurement process. In addition, we actively implement the concept of green supply chain and hope to arouse the industry to face the issue of monetizing the natural environment. By working together with the supply chain, we could provide contribution to the sustainable development for humanity.

In the past, when enterprise assessed the environmental impacts of operations such as carbon emissions and waste, they could only survey on the amount of greenhouse gas emitted or on the amount of waste generated. This expression is clear to those with relevant knowledge. However, the general public, investors, and the manager without the background knowledge have no idea on whether the environmental impact is high or law. Through the monetary valuation on the impacts (i.e. greenhouse gas causes the climate change and further leads to the lost in agricultural industry or in ecology), different environmental impacts become comparable so that it could reflect the environmental net loss or profit of the operation to help the enterprise to review the sustainability performance.

ASUS Publishes First Environmental Profit and Loss Report

ASUS choose the industry chain of notebook computer and analyzed based on the Valuing Corporate Environmental Impacts: PwC Methodology Document published by PwC in 20151 and referred to the evaluating process of natural capital impacts in "Nature Capital Protocol" (NCP) posted by the Natural Capital Coalition (NCC)2 in 2016 to identify the environmental profit and loss in the following 4 tiers: mining and manufacturing of raw material, manufacturing of major components, OEM assembly, and ASUS operation.

In view of the characteristics of manufacturing process of laptop computers, and based on the results from previous life cycle assessment projects, we identified that the environmental impact of the manufacturing process of laptop supply chain was primarily from the components manufacturing and energy and resources usage for product assembly, which included electricity usage, water used for manufacturing process, wastewater, and waste discharge. Therefore, the Project chose 4 environmental indicators, namely greenhouse gases emissions, water consumption, solid waste, and water pollution, for EP&L assessment.

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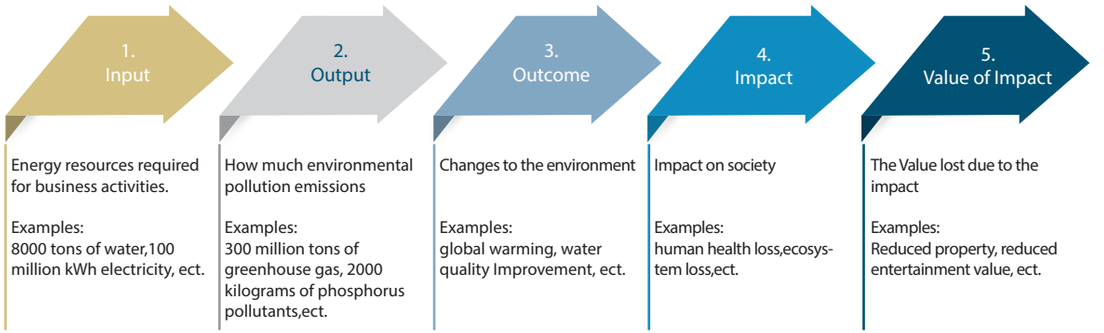
For example, in the past, only the number of tonnes of greenhouse gas produced by the operating activities was investigated. After applying the EP&L methodology, we can further calculate the social impact by climate change due to the emission of greenhouse gases, and consider the loss of the overall economic value such as the loss of the agricultural industry, the destruction of construction assets and the impact on the ecology caused by extreme weather events (such as drought or flooding) due to climate change. In other words, in the past, the "value" of a company's environmental impact, or the externality, was not considered. Calculating EP&L allows us to better understand the externalities (i.e., water consumption, water pollution, greenhouse gas emission and solid waste), and thus use the same monetary value (US dollars in this project) to measure these impacts and communicate with stakeholders. The overall monetary valuation assessment process is shown in the figure below.

According to our analysis, the impact of ASUS laptop computers supply chain for the full 2016 was approximately US$347 million. The monetary valuation results of various environmental impacts at different stages are shown in the table below.



Unit: US$ million

Environmental Impact Category	Tier 0 ASUSTeK Operation	Tier 1 OEM Assembly	Tier 2 Manufacturing of Major Components	Tier 3 Mining and Manufacturing of Raw Material	Total	%
Greenhouse gases emissions	0.04	1.79	25.96	63.81	91.06	26.38%
Water Consumption	0.01	0.01	0.16	0.96	1.14	0.33%
Water pollution	0.01	0.08	6.31	245.72	252.13	72.62%
Solid waste	0.00	0.00	0.13	2.20	2.33	0.67%
Total	0.07	1.88	32.56	312.68	347.19	100%
% of each Tier	0.02%	0.54%	9.38%	90.06%	100%	

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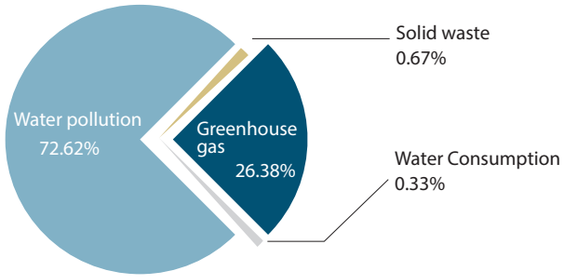
According to the analysis of the project, water pollution had the largest impact among all environmental aspects, followed by greenhouse gas emission, and water consumption the least. The details were as follows:



From this project, we learn that in the production of ASUS laptop computer, mining and manufacturing of raw material had the most significant environmental impact in the context of the organization's operations and supply chain, and water pollution was the largest source among the environmental impact categories. The result of this Project enabled us to identify the environmental hot spot of the ASUS supply chain, proving that the priority considerations in the supply chain environment management were Tier 3 and the water pollution issue. Monetary valuation also provided ASUS with the maintenance costs for environmental impacts, and served as an important reference for the reduction strategy.

From this project, we learn that in the production of ASUS laptop computer, mining and manufacturing of raw material had the most significant environmental impact in the context of the organization's operations and supply chain, and water pollution was the largest source among the environmental impact categories. The result of this Project enabled us to identify the environmental hot spot of the ASUS supply chain, proving that the priority considerations in the supply chain environment management were Tier 3 and the water pollution issue. Monetary valuation also provided ASUS with the maintenance costs for environmental impacts, and served as an important reference for the reduction strategy.

In the next stage, the scope of the environmental profit and loss project will expand and include the calculation of monetary valuation of other products, including handheld devices, motherboards, desktop computers and monitors. At the same time, we will continue calculating the annual environmental profit and loss intensity of each product to confirm that the resources invested and the implementation of green product strategies in the supply chain environment management can achieve actual benefits, and gradually establish a complete supply chain environmental gain and loss assessment.

On the other hand, the result of the Project highlighted the importance of externalities in addition to the traditional factors such as cost, quality, technology, delivery and service when choosing a supplier, so as to obtain the true life cycle cost (LCC), which is the new concept of the ISO 20400 International Sustainable Procurement Standard. In the future, ASUS plans to incorporate this method into its current procurement process, establish the sustainable procurement performance indicators of ASUS for the supply chain, and realize the vision of Total Impact Measurement and Management (TIMM) for the sustainable development of Asus.

The complete EP&L report can be downloaded from ASUS CSR website.

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Smart Medical Material Sharing Platform

Over the years, ASUS has been deepening its applications in various vertical fields. We cooperated with external parties to improve the quality of life of citizens and driven commercial investment through innovative technologies such as cloud, big data analysis, and the Internet of Things, building smart cities and driving sustainable economic development. Among them, the application of cloud computing to medical care is one of ASUS' innovation key points.

With the continuous demographic growth towards an ageing population, the demand for medical care increases significantly, resulting in the exclusion of medical resources and the shortage of manpower. Therefore, the combination of emerging technologies such as cloud computing, electronic medical records management, hospital information systems, remote care, and even preventive medicine, assisted surgery/care robots, with the information and communication technologies, can improve medical efficiency and quality and decrease the cost.

In 2013, ASUS Cloud partnered with the Taipei City Government to launch five cloud service projects such as “Health Cloud” that enabled citizens to upload information such as home self-care and physical measurements. In 2016, we cooperated with the Health and Welfare Department to implement “Health Care Cloud” and piloted the field service in Chiayi City. We set up “Smart and Health Stations” in 24 community pharmacies in the city to provide blood pressure measuring to people and uploaded the data to the cloud in real time.

In 2017, ASUS teamed up with IBM to introduce the user interface of the cloud-based application. With the understanding and learning ability of cognitive computing technology, ASUS' home robot Zenbo was imported into hospital field applications. During the close beta testing, through robotic interviews and analysis of graphical data, Zenbo was able to assist diabetics in registering and inquire patients, disease tracking management, and provides personalized medical services. Meanwhile, it also accumulated knowledge of the diseases in the field. In the future, robots will not only be used for remote care, but also serve as virtual assistants for wards. They will assist patients in the introduction of environment, work on medical questionnaires, and provide education services, becoming communication bridges among patients, families, and medical personnel. "Not only welcoming guests, but also replacing human resources in medical services."

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ASUS HealthCare

ASUS, China Peace Memorial Hospital of Kaohsiung Medical University, CruxHealthtecH, and Sun Yat-Sen University together combined medical care, academic research and technology industries to promote intelligent health management services. ASUS HealthCare aimed to provide protection for the family health. In the future, it would be able to plan intelligent health management solutions according to different person. With the smart wearable devices that connect to ASUS HealthCare, the health information such as blood pressure, blood glucose, and body temperature could be transmitted to the remote health care system through the cloud, and the Remote Health Care Center of Kaohsiung Medical University would provide smart health management services to the users.

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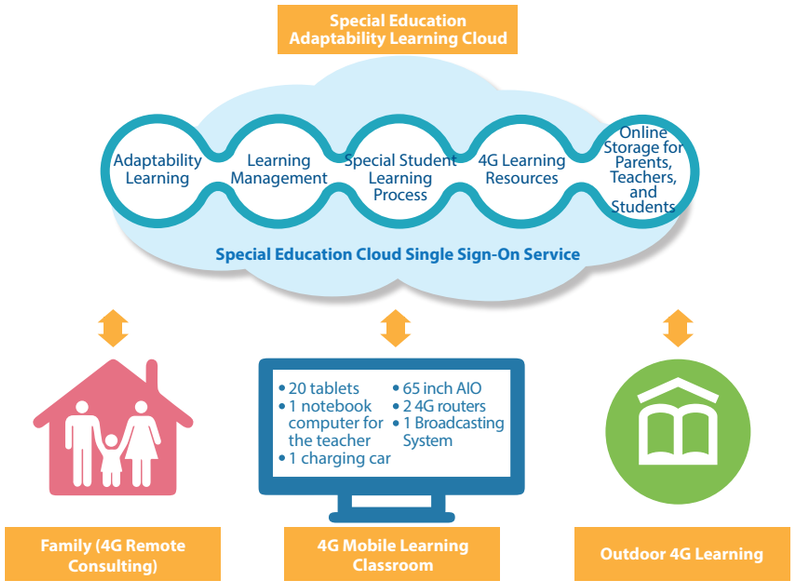
ASUS Cloud Partners with Changhua and Nantou to Build the First Special Education Cloud in Taiwan

Integrate personalized and adaptable learning platform, digital education materials and distance consultation to deepen the application of smart education

In recent years, the popularization of information and communication technologies has made domestic and international education institutions and government agencies list IT as an important direction in developing education applications. Digital learning brings the traditional education model to a new level. In a rapidly changing society, education reaches to a situation that it is highly flexible and assessable at anytime and anywhere, thus promoting the improvement in education.

However, in the increasingly popular online education, the resources for special education are relatively insufficient. In view of this, ASUS Cloud teamed up with Changhua County and Nantou County to jointly create "Changhua Nantou Special Education Cloud". The main purpose was to build a learning environment by using various types of information and digital technologies that developed platforms, such as special education adaptability learning platform, education application platform, 4G mobile classroom. Teachers could use these platforms to provide special educations, communicate with the parents, and adaptability, along with the teaching materials for special education. This would create an innovative special education cloud-based learning channel to enhance the interactive relationship and learning motivation among the parents, teachers and students.



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The special education cloud in Changhua Nantou connected the municipal government education offices, schools, teachers and students, and parents. It also integrated consulting professions to provide the contact, remote consulting, adaptability, and classroom cloud with virtual education and visual graphic charts. Among these functions, the adaptability was jointly developed by ASUS Cloud and National Taichung University of Education. Teachers could grasp the reading comprehension ability of students, evaluate individual learning situations, and use other functions to further tailor the appropriate teaching programs.

In 2017, Special Education Cloud team mainly involved in the development of the platforms, and planned lessons for the demonstration schools with Changhua County and Nantou County governments. It is expected to be officially launched in early 2018 and will initially introduce 20 seeded schools from Nantou County and Changhua City into daily demonstrations, and later promoted to other schools through the teaching experience of seed schools. More than a thousand teachers and students of special education will gain benefits from the project, and teachers for special education have more abundant digital learning resources.

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ASUS embody the five virtues of humility, integrity, diligence, agility, and courage that shape our corporate culture which is based on morals. ASUS strictly follows regulations and meets moral guidelines to achieve the vision of becoming the most admired enterprise leader in the world.

ASUS has integrated the concept of sustainability into our business strategies, creating new sustainable business models through innovative products and services. At the same time, ASUS actively communicates with stakeholders, responding to the expectations of stakeholders from all stakeholder groups and taking the initiative to plan and implement a variety of social responsibility activities. We carry out sustainable transformation in response to various risks and challenges as an opportunity to create competitive advantages.

MSCI 2017 Constituent MSCI ESG Leaders Indexes

Selected for the Morgan Stanley Global Sustainability Index (MSCI) for 4th consecutive year

Forbes 2017 GLOBAL TOP REGARDED COMPANIES 2000

The only Taiwan Company named in the Top 100 of the 2017 Forbes Global 2000: Top Regarded Companies

FTSE4Good

Selected for the FTSE4Good Emerging Index for 2nd consecutive year and the TIP Taiwan ESG Index for the first year

Interbrand 2017 BEST TAIWAN GLOBAL BRANDS

Awarded 1st place for 5th consecutive year in Best Taiwan Global Brands Awards

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Company Profile

ASUS (Listed in 1996, Taiwan Stock Exchange: No.2357) was formed in 1989, locating at Peitou District, Taipei, Taiwan. ASUS sets "In Search of Incredible" as the brand spirit and has invested efforts in developing the intelligent robot Zenbo, smart phone ZenFone, ultimate notebook computer ZenBook, among other comprehensive products, components and service that link with Internet of Things (IoT) technology, as well as moves on the development of a new, super-aggregated digital economy that combines AI (artificial intelligence), Big Data, and Cloud Computing, focusing on service thinking, and creating a new look for modern and future smart life for consumers. In addition, the brand "Republic of Games" (ROG) is established for the gaming market section, creating innovative and incredible gaming experiences for players. ASUS' customers include but not limit to consumer product users, business-men, small and medium enterprises, large enterprises, schools, and government agencies.

ASUS has been listed by the US "Fortune" magazine as one of the most respected corporations in the world, by US "Forbes" magazine as Top Regarded Companies, and by UK "Reuters" news agency as "Top 100 Global Technology Leaders". We have more than 16,000 employees around the world, and 5,000 are world-class research and development elites, setting the foundation for innovations and high quality. ASUS serves in more than 70 countries and establishes operating bases in more than 50 of them, plowing deep in the local market using distribution models. The turnover of 2017 reached 434 billion New Taiwan Dollars (NTD).

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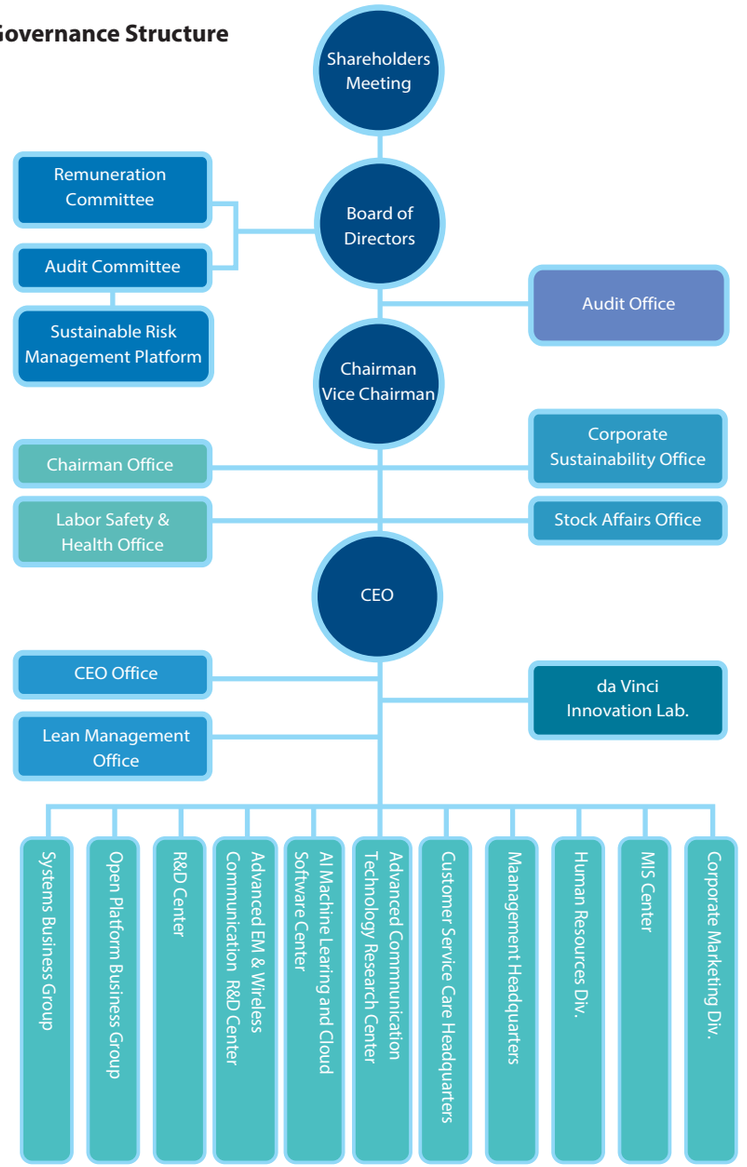
Governance Structure



Business Philosophy

- Inspire, motivate and nurture our employees to explore their highest potential
- Commit to integrity and diligence; focus on fundamentals and results
- Endlessly pursue to be number 1 in the areas of quality, speed, service, innovation and cost-efficiency
- Strive to be among the world-class green high-tech leaders and to provide valuable contributions to humanity

Brand Promise - In Search of Incredible

ASUS is passionate about technology and driven by innovation. We dream, we dare and we strive to create an effortless and joyful digital life for everyone. We're always in search of incredible ideas and experiences – and we aspire to deliver the incredible in everything we do. Therefore, ASUS could grow continuously and steadily even though we are in a rapid change and high competitive environment.

The world economy rapidly evolves into a consumer-oriented value network. Under this trend, the hardware and software should be quickly changed and be adapted to meet the immediate and unique needs of consumers. Thus, in such a new market, adventurous strategies and incredible customer experience are the only way to winning road. ASUS as a 3C solution leader in all dimensions possesses the world's top R&D team and values innovations.

Innovation is ASUS' vitality existing in our entire business operation and deepens into the finest details：in the development of hardware and software, to the choice of materials and manufacturing procedures, while continuing to focus on solutions with creative and changeable rules. We will move toward the direction of creating the best user experience and intelligent terminal networking, and combining them with the artificial intelligence to draw the future in the digital era, achieving the vision of becoming the world's most admired leading enterprise.

In 2017, ASUS products received various recognitions, with a total of 4,511 awards.

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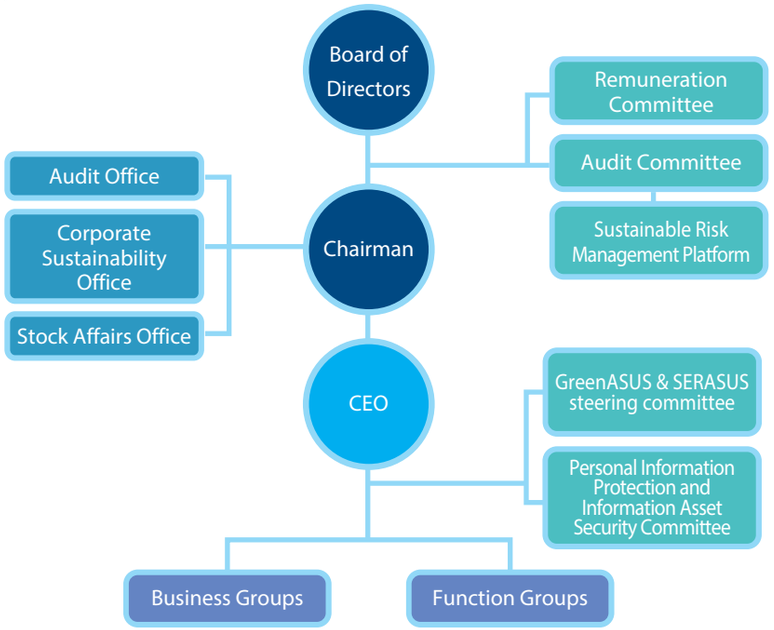

Board of Directors

ASUS Board of Directors values high efficiency, transparency, diversification, and professionalism to strengthen the Company's administration. After considering professional skills including the operation judgments, accounting and financial analysis, operation and management, crisis handling, industrial knowledge, international market outlook, leadership, and decision-making, as well as avoiding blind spots in decision-making, the shareholders selected 13 board members for the 11th Board Members according to the Regulations on Board Member Election in the shareholders meeting held in July, 2016, and 3 members are independent directors who will enhance the quality of management with their superb professional knowledge and input the viewpoints of external stakeholders. All members are male. Chairman Jonney Shih does not hold the position as President.

All members of the Board of ASUS are highly disciplined to avoid any conflict of interest, and the relevant statement is clearly stated in "ASUS' Rules Governing the Conduct of Board Meetings ". In case the Directors or Managers of ASUS undertake the business operation within the scope of business run by ASUS for themselves or in favor of a third party, they are required by law to obtain the approval of the General Meeting of shareholders in advance.

According to the "Corporate Governance Evaluation System" of Taiwan, the average attendance rate for board meetings needs to reach 80%.

There were a total of 6 board meetings in 2017 with an average of 88.46% attendance rate.

Audit Committee

To promote quality and integrity among the supervision of accounting, audit, the financial reporting process, and financial control of Board members, ASUS established the Audit Committee composed of 3 independent Board of Directors.

There were a total of 4 Audit Committee meetings in 2017 with an average of 83.33% attendance rate.

Remuneration Committee

The Remuneration Committee aims to assist the Board of Directors in the implementation and evaluation of the Company's overall remuneration, benefits policies, and remunerations of Directors and Managers, and to ensure that the Company's remuneration arrangements are in compliance with the relevant laws and are sufficient to attract talented people.

There were a total of 2 Remuneration Committee meetings in 2016 with 100% attendance rate.

Note: The name and education of each Board member as well as the holding positions of other companies are shown in the Annual Report .

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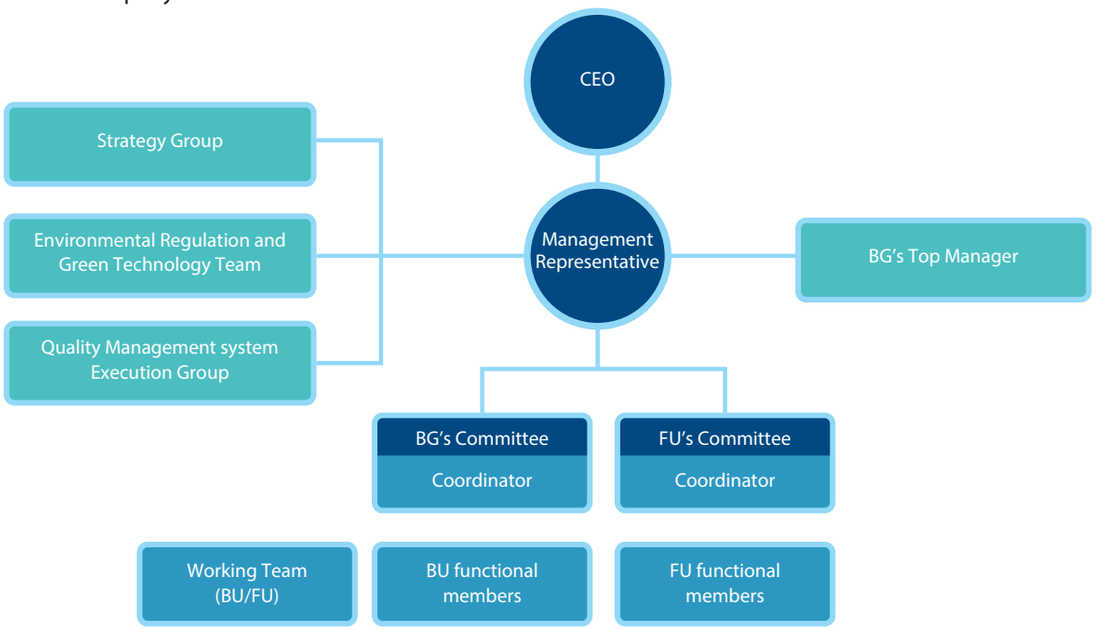
Corporate Sustainability Office

ASUS believes that sustainable competitiveness must combine with the core of operation and business, thus in 2009 ASUS established the Corporate Sustainability Office (CSO), an affiliated unit under the jurisdiction of the president with a Chief Sustainability Officer.

All members of the CSO are full-time employees who analyze the risks and opportunities arising from the global sustainable development trend, combine the development in governance, environment and society with core of operation, product innovation and business growth to form strategic sustainable direction. The CSO is in charge of the following five aspects: green quality of product, performance of the corporate sustainability, social responsibility management in the supply chain, employee caring, and social involvement, covering sustainability issues in governance, environment, and society.

GreenASUS & SERASUS Steering Committee

ASUS is gradually moving towards a sustainable business transformation. We realize that horizontal(cross-functional) cooperation is equally important to the vertical (top-down) implementation within the organization. Therefore, ASUS established GreenASUS & SERASUS Steering Committee, with the management representative for the Committee is appointed by the Chief Executive Officer (CEO), and members of the Committees come from different units, including the business units, functional units, and other working teams. The Committee is held regularly to track the management performance of products and the organization relevant to environment (Green ASUS) and social (Social and Environmental Responsibility, SER ASUS) issues. It also coordinates the participating units and integrates resources to create maximum benefits for the company.



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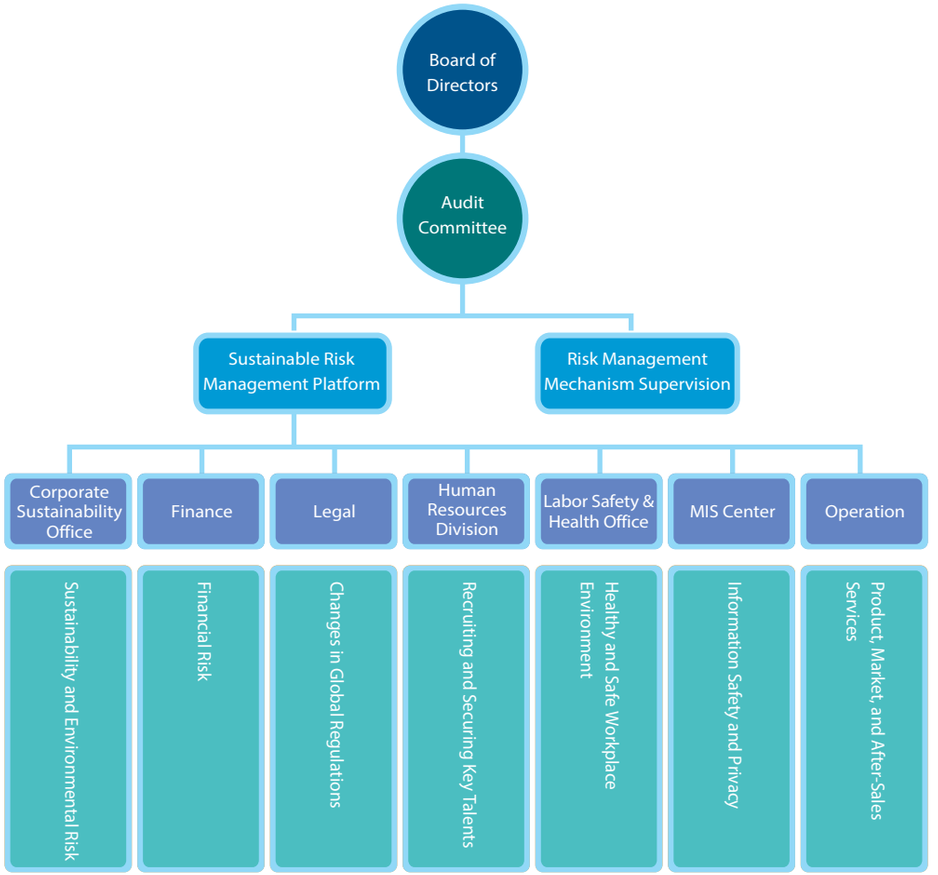
Sustainability Risk Management

To improve the governance and implement risk management that should receive attention in corporate operations, ASUS established the sustainability risk management platform at the end of 2016. We believe a systematic risk management approach would strengthen the counter-measures in response to risks, thus reducing the chance of major operational risks turning into crisis.

The sustainability risk management platform follows ASUS internal governance structure and internal control mechanism, including 2 teams:

(1) The sustainability risk management promoting team: including sustainability development office, financial department, occupational safety department, legal department, human resources department, computing center, and operational units, responsible for identifying risk issues and managing approaches in response to risks. The Chief Sustainability Officer acts as the convener and oversees regular cross-department risk management meetings, drafting approaches for relevant risk issues, and report the annual risk management reports to the Audit Committee.

(2) The risk management mechanism supervisory team: audit office is in charge to monitor whether the sustainability risk management follows regulations, while the Chief Auditor reports to the Audit Committee. The Audit Committee will decide whether to report to the Board according to the materiality of the risk reports.



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In 2017, the risk management platform had systematically conducted risk identification, risk evaluation, and risk addressing and monitoring mechanism for the first time. The annual risk report was presented in the audit committee to demonstrate the coping strategy and management operations of major risks in January, 2018.

7 major risk issues of 2017 with specific management plans and achievements of implementation for each risk were reviewed. Afterwards, the supervisors of each unit are responsible for monitoring the effectiveness of the implementation while the platform shall continue to monitor the major risk issues and reduce the impact to a manageable level.

The sustainability risk management promoting team continues to collect intelligence on international trends and on risks that may be faced by the electronics industry. It plans to expand the coverage of risk issues by including operational risks such as after-sales services and quality management in the following year. We hope to build up a corporate risk culture that would proactively cultivate the ability to adapt to changes through the establishment of the risk management platform, and to implement corporate risk management through strict risk management system and follow-up actions.

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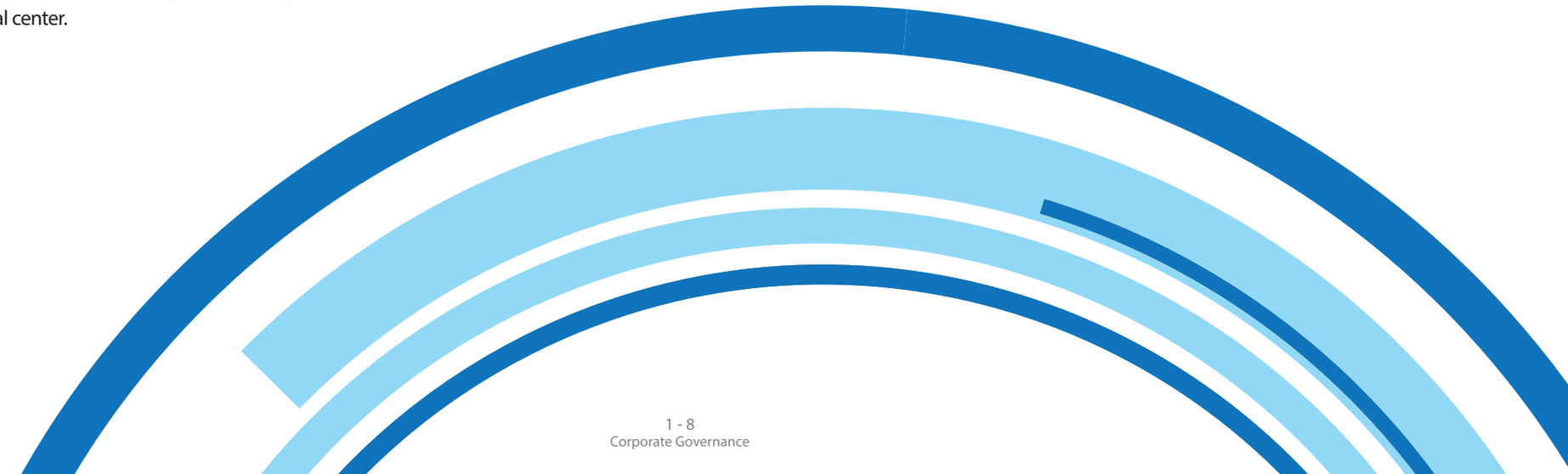
Business Ethics and Code of Conduct

ASUS formulates the "Employee Code of Conduct" based on Code of Conduct by Responsible Business Alliance (RBA, formally known as Electronic Industry Citizenship Coalition, EICC), and "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies". The "Employee Code of Conduct" including but not limited to corruption and bribery, insider trading, intellectual property rights and proper preservation and disclosure of information. We create the online course of "Employee Code of Conduct" which is mandatory to all employees and is translated into various languages; new employees will need to complete the course within their first month. Furthermore, we retrain our employees annually as well as provide "Unfair Competition and Bribery" card to strengthen their moralities, hoping them to show their behaviors in high ethical standards. Questions regarding the contents of the code and the legality can be directed to the professional opinions of the legal center.

ASUS has always engaged in all business activities with honesty and forbids corruption and any form of fraud. With a system of rewards and punishments, we make sure that employees do not accept any form of fraud regarding demand, contract, bribery, or any other improper benefits. Should anyone discover information of potential violation of the "Employee Code of Conduct" of ASUS employees, reporting can be made to ASUS through our public mailbox audit@asus.com. We will provide protection for the whistleblower from unfair and disrespectful treatment. In case of violation of the "Employee Code of Conduct", the employee will receive a penalty according to case scenarios and regulations. ASUS severely punishes incidents where regulations are violated, and the case will be reported to judicial units for investigation.

In 2017, there was 1 violation of "Employee Code of Conduct" in ASUS group. The employee who was found to take the advantage of the position to receive commission was dismissed according to the internal "Work Rule", and we reserved the right to pursue the matter through legal actions. Afterward, we reinforced employees' compliance with "Work Rule" and "Employee Code of Conduct", and all supervisors disseminated the correct concepts within the department.

Regarding the business partners, ASUS requests them to sign the "Code of Conduct Compliance Declaration". ASUS will take necessary legal actions in accordance with the provisions of the conduct to partners who violate anti-bribery and anti-corruption policy and thus cause damages to the business.



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Regulation Compliance

Regulatory compliance is not only the practice of integrity, but also the core of decreasing operational risks and sustainable developments. To ensure ASUS products and services meet the global regulations, we have a designated legal department that pays close attention to the development of regulations that might have potential influence on ASUS, tracks and evaluates, and establishes the compliance mechanism of policies and regulations, assisting relevant departments to conform to and implement relevant regulations.

ASUS has formulated the "ASUS Internal Regulation Identify Management Measures" which identifies and manages operational, environmental, and service-related regulations. We discloses public criminal law cases or administrative law cases that are fined more than 1.5 million NTD or are seriously affected the operation of the company's major events in the CSR report to comply with the balance and transparency principles of GRI Standards.

There was no major violation in regulation compliance in 2017.

Internal Audit System

For the Board of Directors and top management to conduct an independent, objective evaluation on the completeness, effectiveness, and implementation of the internal control system, ASUS has a comprehensive audit and report system. An audit office is established under the Board of Directors with a Chief Auditor in charge of internal audits and supervising the work within the office. The appointment and removal of the Chief Auditor require the consent of the Board of Directors. There are other designated auditors responsible for jobs such as the execution of internal audits and project review.

Also, with the appointment of the Board of Directors and top management, the audit office provides related investigations, evaluations, or consulting services that assist them to fulfill their duties in managing the company.

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Association

To fulfill corporate social responsibility and comply with the expectation of stakeholders, we have fully assessed and aggressively participated in various domestic and international organizations and programs to resolutely assume our corporate social responsibility with corporations from within or outside the industry, making contributions to sustainability issues. The table below lists the associations ASUS participates in and values, and also provides an overview of ASUS' involvement:

Associations	Member	Position in governance body	Projects or committees involvement	Substantive funding
Business Council for Sustainable Development (BCSD) of Taiwan	✓		✓	
Computer Association	✓			
Corporate Green Competitive Association (CGCA)	✓		✓	
Taiwan Stock Affairs Association	✓			
The Institute of Internal Auditors - Chinese Taiwan	✓			
Responsible Business Alliance (RBA, formally EICC)	✓			
Responsible Minerals Initiative (RMI, formally CFSI)	✓			
The Sustainable Trade Initiative (IDH) - Tin Working Group (TWG)	✓			

ASUS joins BCSD, Computer Associations in Taiwan, and CGCA to learn about sustainable issues with others. In addition to seeking opportunities for sustainable cooperation from companies within or outside the industries, ASUS also provides industry resources to and share the experiences to extend the brand influence and thus drives domestic enterprises to enhance their sustainable competitiveness.

In ASUS, we value the corporate governance and internal management. We join The Institute of Internal Auditors and have been attending the regular meeting, seminars, and experience sharing conference. These help us to strengthen the theories and practices of corporate governance in all aspects, as well as the integration of risk management and system to help reduce operational risks.

ASUS is the member of Responsible Business Alliance (RBA) and is committing to give full support to its Code of Conduct and promoting CSR to the supply chain, including but not limited to: respecting for labor and human rights, establishing a healthy and safe work environment, promoting eco-friendly processes. In addition, we request our tier-one suppliers to comply with the RBA Code of Conduct together and continuously monitor and measure their performance, so as to achieve the RBA vision and objective.

For the issue of conflict minerals, ASUS joins RBA to form Responsible Minerals Initiative (RMI) with Global e-Sustainability Initiative (GeSI) and supports Conflict-Free Smelter Program (CFSP). In addition, the conflict minerals reporting template is used to perform due diligence and disclose the information on the investigation of the supply chain, and ASUS will provide questions specific to industry and recommendations to address the problems.

The scope and issue of conflict minerals have expanded across the world. We apply for membership of the Sustainable Trade Initiative (IDH) and join Indonesian Tin Working Group (ITWG), teaming up with enterprises within the information and communication technology (ICT) industry to reduce the ecological impacts caused by the tin mining in Indonesia.

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Environment Responsibility

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ASUS integrates sustainable thought into business operations strategy. While pursuing operational growth, we also fulfill our corporate environmental responsibility. We take green design as a starting point, consider the entire product life cycle, and establish a stricter management system and standards than the international mandatory decrees to continuously introduce environmentally friendly products and thus create green competitiveness.

As the world's leading brand in information technology, when we encounter global environmental issues such as climate change, water resources and energy, ASUS uses risk identification to sets various environmental strategies and targets, strengthens organization and management to strictly control and implement them, striving to be among the world-class green high-tech leaders.

71.8% of new components were halogen-free

All notebook computers complied with energy efficiency regulations set forth by "Energy Star", and the energy efficiency was 58% better than the standards

Products received 31,068 eco labels across the world

The scope of products applying for eco labels extended to mobile phones and tablets in 2017.

Global recycling rate increased from 12.2% in 2016 to 14.65%

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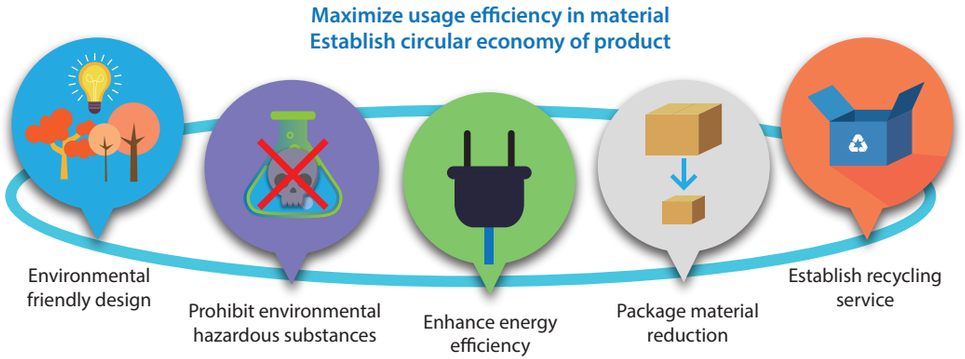
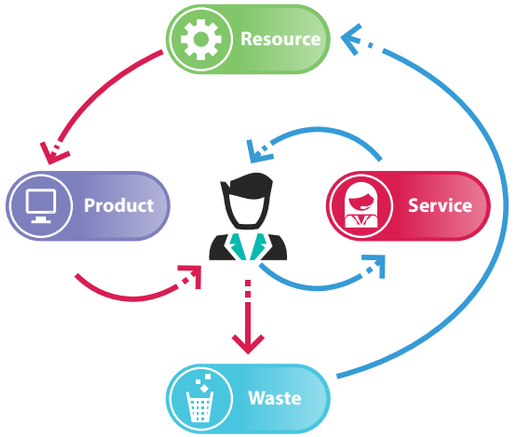
More than 80% of the environmental impacts of a product are determined at the design phase of the life cycle. As such, the best solution to avoid products causing damage to the environment is to merge the idea of environmental friendly at the design stage. ASUS continues to move towards a circular economy and incorporates concepts, such as "renewable recovery", "use of renewable energy resources", and "refusal to use hazardous substances that hinder the environment" into the product design to eliminate waste and make the use of resources more efficiently, heading toward the goal of zero pollution and zero waste, and create new business opportunities.



Circular Economy

In the past, many industries adopted linear economy with the process of raw material extraction, product manufacture, and disposal. However, this model does not only cause inefficient use of resources and energy, but also lead to mass waste that lead to environmental problems. With the scarcity of natural resources, it is foreseeable that the supply and the price of raw materials will become operational risks of the enterprises. ASUS believes that a change in the production and consuming model must be taken to create a sustainable future. This requires the corporate to carefully reconsider resource utilization and evolve to circular economy, which could not only effectively enhance resource efficiency, but also reduce operational risks and bring new business opportunities. This is also the goal of ASUS' product environmental responsibilities.



To change the product life cycle from "cradle to grave" to "cradle to cradle", which prevents the use of toxic chemicals, improves the efficiency of energy and resource, improves the design as easy maintenance and upgrades, and extends the product life cycle through refurbishment. When the product finally reaches the end of life stage and becomes waste, a proper recycling system could turn it into reusable materials.

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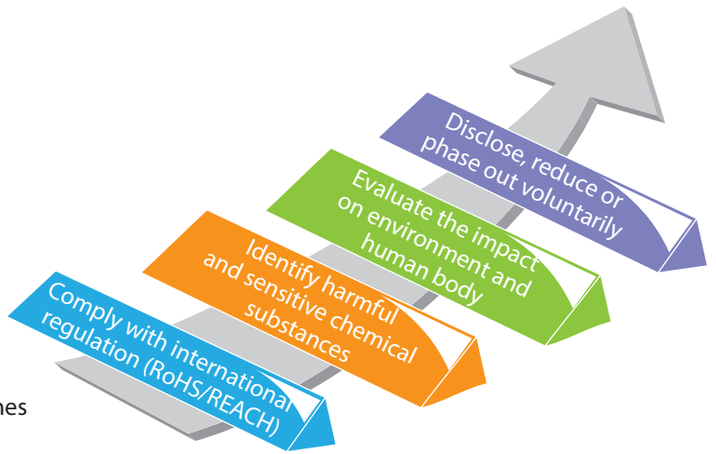
Environmental Friendly Materials

A variety of chemical substances are added to the product to ensure product quality and safety. However, with the development of science and technology, the risk analysis on how the hazards chemical substances affect the human body and the environment is gradually improving. When the usage of a certain chemical substance is currently an acceptable risk, it may become a controlled one in the future.

As an international well-known brand of electronic products manufacturer, ASUS upholds the idea of producer responsibility and supports the precautionary principle set forth in the Rio Declaration of United Nations Conference on Environment and Development (UNCED). We expect that the regulations on chemical substances will become stringent. On the other hand, existing products or parts may contain potentially harmful chemical substances, and it might fail to comply with the regulations when they are discarded for recycling and thus could not enter the circular economy. Therefore, in addition to comply with the global regulations on chemicals substances, we also voluntarily control chemicals that possess potential risks to humans and environment.



Hazardous Substances Reduction Approaches

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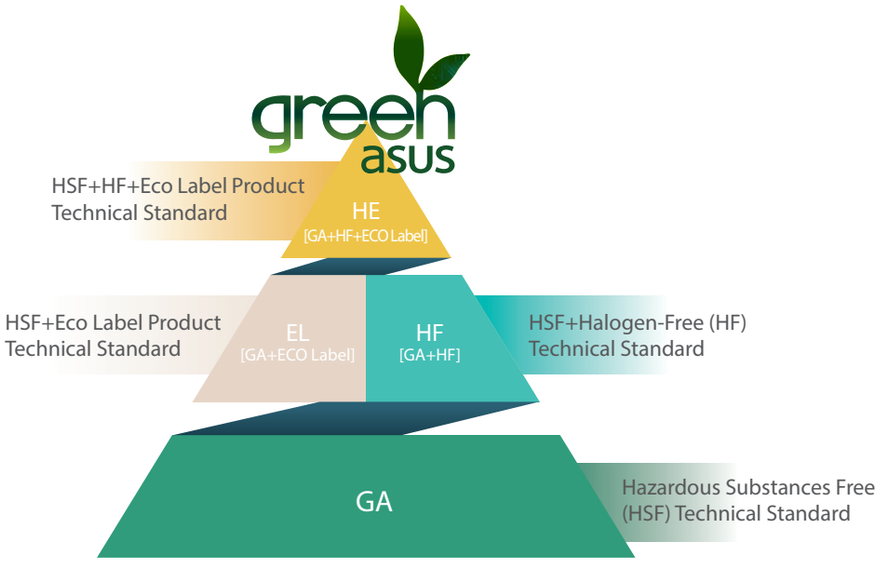
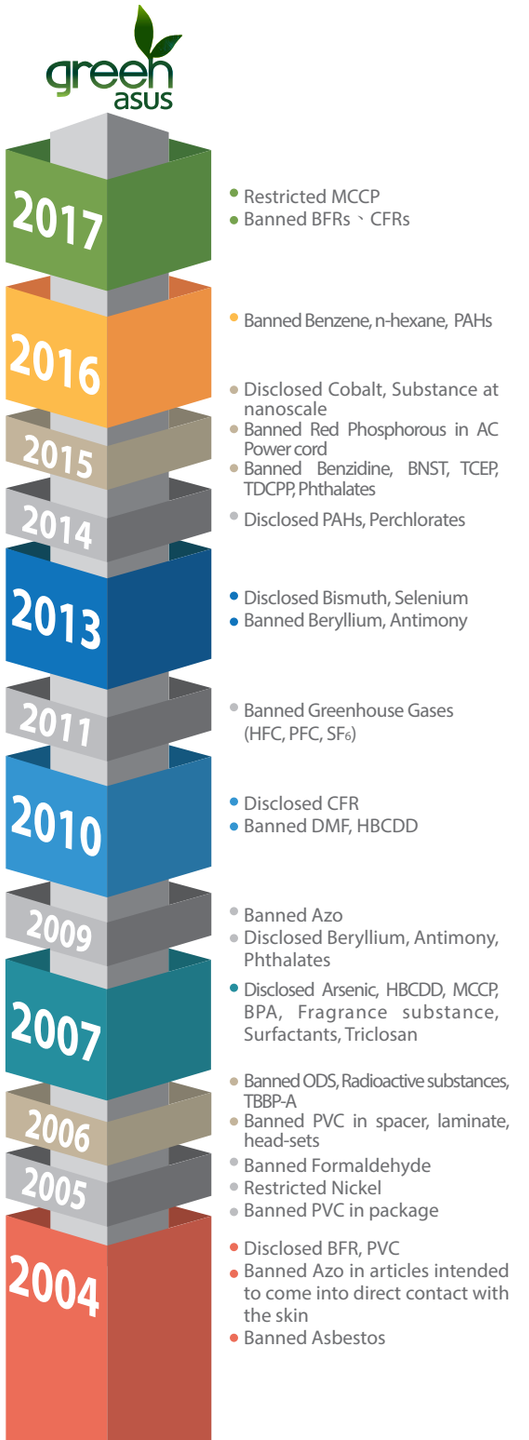
By using environmental friendly materials at product design phase, we not only drive the industry to enhance in the supply chain, but also improve the reuse value of and applicability of product wastes, facilitating the new material cycle. ASUS uses 4 management levels - GA, HF, EL and HE - to control the hazardous substances.

"GA" is the fundamental requirements of ASUS. We combine industry regulations and trends of relevant non-mandatory control on chemical substances to formulate an internal technical standard which covers and manages more than 300 chemical substances, and further control the use of beryllium, antimony and red phosphorous in advance. In addition to restricting the use of hazardous substances, we also cooperate with our supply chain to evaluate the alternative chemicals to further reduce the environmental impact brought by the current usage.





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"HF" is short for halogen-free, which is one of the key target of ASUS' chemical management. To reduce the flammability of plastic materials, fire retardants are added into the manufacturing process to prevent fire from spreading or to reduce spreading, and this capability has saved many lives. Halogen-based fire retardants are versatile, economic, highly efficient and highly compatible with base materials, making them widely used. However, research shows that halogen-based fire retardants cannot be recycled and reused, and waste incineration can generate fume, dioxin and haloid acids that damage the immune system, posing threats to human health and environment. Also, haloid acids can infiltrate halogen-containing components and render them non-reusable. This will gradually increase the risks to humans and to the environment, and contradict the goal of circulating economy.

To this end, we established "GreenASUS Halogen-Free (HF) Technology Standard ". Starting with the first halogen-free motherboard in 2004 and the first halogen-free display (VW247H-HF) in 2011, ASUS has been continuously endeavored in halogen-free materials and technology and further introduced halogen-free policy in 2010. Each year, the compliance rate of new halogen-free components continues to rise, from 60% in 2012, 75% in 2014, and 78% in 2016. Meanwhile, we have committed to increase the ratio of halogen-free components and products with alternative technology without compromising product efficiency, quality, health and environment. Other than the technology and economically-implausible materials, such as system module, printed circuit board, adaptor and wires, ASUS has applied the halogen-free requirements to all components and seeks continuous increase of at least 3% annually, preferably 5%, with the goal of more than 85% halogen-free components by 2020. In 2017, ASUS encountered a headwind in the operations. Under the consideration of operation and of environmental factors, the compliance rate decreased slightly to 71.8%.

Improving Energy and Resource Efficiency

In a circulating economy, energy and resource utilization must be optimized without compromising product performance and service, thus enhancing energy and resource efficiency is the best solution.

For many years, energy saving has been an essential appeal of ASUS products. As early as in 2011, ASUS required all notebook computers to comply with the strictest energy efficiency program - the Energy Star Program - of the world. Energy Star has been updated for several instances and increased performance in energy efficiency, and ASUS still follow the principle.

The performance of energy efficiency of ASUS products was resulted from the research and development of energy efficient software and hardware. For hardware, ASUS has a Research and Development (R&D) center for power supply to continuously reduce the energy loss in the components. For software, ASUS has developed different modes of application in line with user behaviors for performance adjustment of the components, achieving effective allocation of electricity and thus reduce waste in energy. The overall result showed the improvement in energy efficiency and thus achieved the reduction of carbon footprint of products. All notebook computers manufactured in 2017 met the Energy Star requirements, and the average energy efficiency of the notebook computers was at least 58% better than that of set forth by Energy Star.

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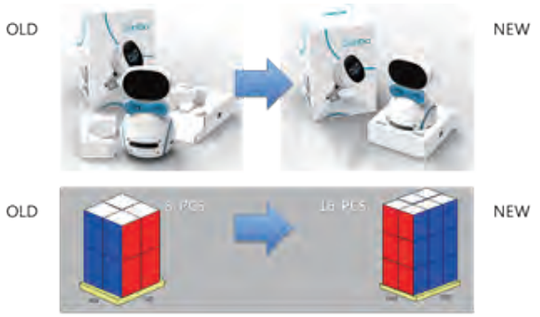
Package Material Reduction

Package materials provide protection during transport and are for marketing purposes, but most are disposed by consumers after purchase, leading to a waste of resources. To address this problem, we not only secure the compliance to international laws and regulations, but work on package design to reduce material usage, achieve toxic-free, and improve energy and resource efficiency.

ASUS upholds the goal of green and sustainable environment through 3R (Reduce/Reuse/Recyclable) concept and packaging design, targeting for the reduction in weight and in material used as the direction. In order to decrease the materials and resources used by overpackaging, the packaging for Zenbo was 26.5% lighter when compared to the first sold in the market. In addition, due to the reduction in volume, the volume of transported packaging materials was reduced by 35%.

The Gift box of the notebook was made of recycled paper, and was redesigned to reduce the weight even more. Taking model X530 and model X560 as examples, compared with the old carton, the new carton of X530 is 15.1% lighter in weight and 13.6% smaller in volume, when of X560 is 16.9% lighter in weights and 9% smaller in volume.



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Easy Disassembly and Easy Recycling Design

The easy disassembly and easy recycle design could facilitate circular economy. Products and components easy to disassemble allow consumers to upgrade the products according to their needs, thus avoiding the purchase of the entire product; allow easy repair and replacement of parts and components at the time of product failure; allow recycling vendors to classify the materials and hence reduce the cost of recycle processing and enhance the value of recycled electronic items.

Global Recycling

With recycling and resource circulation, an unusable product is given new value and new life to create opportunities for next economic development, which becomes the key to circular economy.

In supporting the concept of producer responsibility, in Taiwan, the location of the headquarters, and primary markets including Europe, North America, China and India, ASUS works with recyclers qualified by local government or could comply with international electronics recycling standards such as Responsible Recycling (R2) or e-Stewards Standards to set up free product recycling service and recycling sites.

In Taiwan where the headquarter locates, we continue the "Refurbished Computer and Digital Training Program" program. This year, in addition to cooperating with various government agencies to recover waste electronic products, we also provides recycling service at the ASUS Royal Service Center and 68 Shunfa 3C stores to increase the penetration rate of recycling service. The recycled products will be refurbished and then donated to domestic non-profit organizations for promotion of digital learning, or it will be properly recycled.

In 2017, ASUS recycling service covered 68%[1] of the market, and the electronic products recycling rate was 14.65%[2] of the product weights sold worldwide of the year.

ASUS Global Product Recycling Service Locations

Note 1:Global recycling service coverage rate = recycling fee/ global total sales

Note 2:Countries provided with recycling service include Taiwan, Germany, Spain, United Kingdom, France, Netherlands, United States, Australia, and India. Global recycling rate = recycled weights from countries with recycling service of certain year/(the product quantities sold worldwide in each type of certain year multiplied by the average product weight for each type). The packaging materials were not calculated.

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In addition to the partnership with qualified recyclers to ensure that electronic wastes are adequately handled, we have applied more stringent requirements from the United States EPA Plug-In to eCycling Guidelines and European WEEELABEX in the annual first to third tier recycler audits, tracking the flow of waste to ensure our partners comply with ASUS' electronic waste recycling management guidelines.

ASUS recycling audit guidelines cover 7 dimensions:

- Requirements for processing and recycling for designated materials
- Compliance in transportation, processing, and management of WEEE
- Requirements for reuse or refurbishment of designated materials
- Incineration and land disposal
- Compliance in export
- Downstream vendor management
- Records keeping

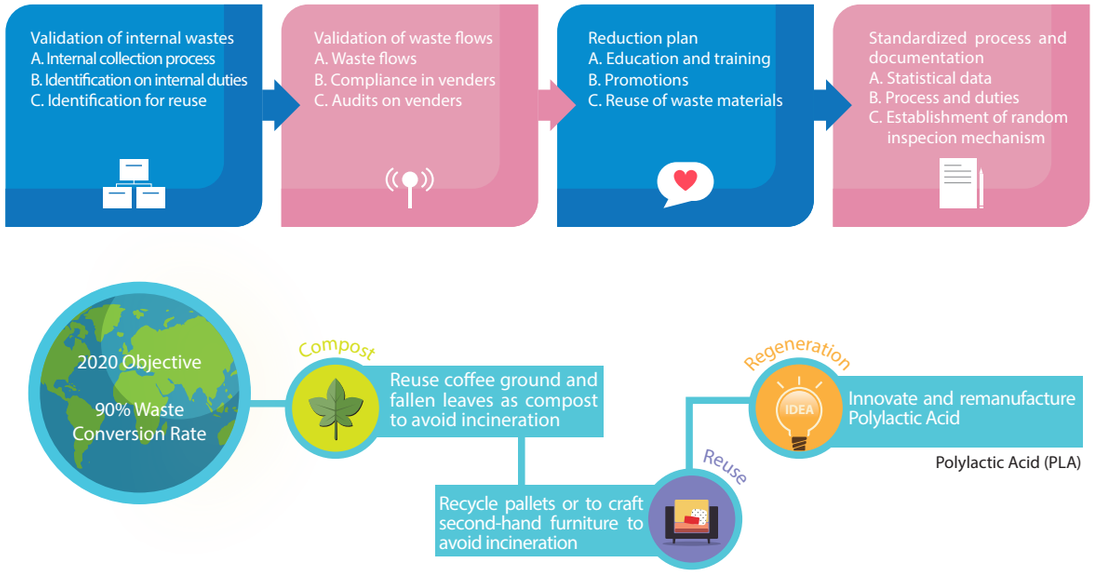
In 2017, ASUS completed annual audits of 21 recyclers in Taiwan, the United States and Europe. We demanded the recyclers with findings to correct the findings within the allowed period; or the partnership would be terminated. There was 1 recycler from each area failed to correct all findings of 2016 audit, thus ASUS executed the replacement of the recycler in 2017. Our current partners can meet ASUS recycler requirements.

ASUS Headquarters Zero Waste to Landfill Program

In addition to applying circular economy through product design, we also expect to achieve zero waste in the operation. We launched the Zero Waste to Landfill Program at the headquarters in 2015. The program applied UL Zero Waste to Landfill Validation (UL ECVP 2799) requiring that all waste flows within the enterprise were subject to compliance management and recycler audit to ensure that waste materials were properly recycled, reused or converted instead of direct landfill. The validation was granted when the overall waste diversion rate reaches over 80%.

In 2016, ASUS headquarters' waste diversion rate reached 85% (10% via incineration and recycling included). With enhancing the waste recycling and reuse, ASUS was recognized as the first consumer electronics company with headquarters receiving UL Zero Waste to Landfill validation, and we further committed to reach a 90% waste conversion rate by 2020. In order to achieve this goal, we have started several extension programs to create new value for waste materials, preventing them from going to incineration.

By 2017, the waste conversion rate reached 87.4%. ASUS will set the next target for accomplishment by 2020 with the commitment of 90% waste conversion rate.



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Eco Label Products

The system of Environment-friendly label (usually known as Eco Label) helps consumers identify green products, and governments across the world define the Eco Labels as one of the qualification of green procurement.

ASUS analyzes the requirements of eco labels and identifies significant programs to actively apply for or registers the product to promote green products. By the end of 2017, ASUS products received 31,068 environment-friendly labels.

Eco Label	LOGO	Primary Purpose
EPEAT		Requirements over a complete life cycle, including environmental properties of the products and organization behaviors
Taiwan Environmental Protection Label		Energy-saving, low pollution
TCO		Requirements over a complete life cycle, including environmental properties of the products, safety specifications, organization behaviors, and the CSR in supply chain
China Environment Label		Requirements over a complete life cycle, including environmental properties of the products, safety specifications, and environmental requirements on the manufacturing facility
Energy Star		Energy-saving and efficiency
Energy Label		Promote energy efficiency and technologies as well as to encourage energy saving in daily life
China RoHS		Voluntary chemical management
UL ECOLOGO		Environmentally sensitive materials, energy consumption monitoring, manufacturing and operational processes, impact on human health and environment, product performance, packaging and product control

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Number of Global Eco Labels Received

31,068

Number of Global Eco Labels Received	
EPEAT	55
Energy Star	79
UL2841	1
UL110	3

Number of Global Eco Labels Received	
China RoHS	29
Taiwan Green Lable	26
TCO	427
China Environment Label	30,338
Energy Label	110

In 2017, ASUS actively expanded the competitiveness of its green products. In addition to continuing to obtain various existing international eco labels, ASUS also extended the scope of products to mobile phones and tablets, which ASUS had products apply for UL ECO LOGO. Through managements in environmentally sensitive materials, energy consumption monitoring, manufacturing and operational processes, impact on human health and environment, product performance, and packaging and product control, we emphasizes on the environmental protection characteristic and performance of the handheld products, and thus ASUS successfully received another eco label to mark an important milestone for ASUS green products.

For these years, our efforts on Eco Labels have gradually shown. We not only succeed in product differentiation in consumer products segment and fulfilled the growing demand of green consumers, but also the profits associated with innovative and sustainable products and services increased substantially in 2017. The turnover of Eco Products accounted for 75.1%[3] of the total revenue from all product lines.

Note 3 Calculation Base:
Denominator = Net revenue of all Products subtracted those were not applicable to applying for any Eco Label (For example, accessories and semi-finished products) in 2017
Numerator = Net revenue of all ECO Products that have received Eco Label as of December 31, 2017

ECO Product includes models that received certification from the following 8 Eco Labels: Energy Star, EPEAT, TCO, UL, China Environmental Labeling, Energy Label, Green Mark, or China RoHS. Those who received any of them are considered as ECO Products.

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ASUS Environmental Footprint

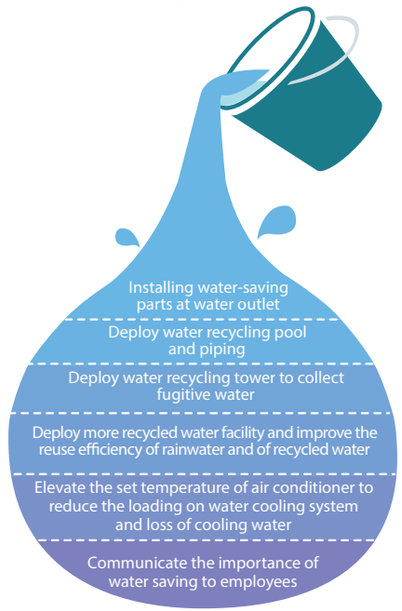
ASUS has a designated team for environmental safety and health to assess possible environmental impacts from corporate activities, ensuring ASUS is in compliance with environmental regulations. At the same time, to enhance the environmental protection performance, the team sets strict rules and continuously promotes improvement action plans to minimize the impact on the environment, moving towards the goal of "zero pollution".

Water Resource Management

The need of water resource in daily life or for corporate operation increases, so do the water resource depletion and the associated risks. In ASUS, water is primarily of domestic purposes by office employees, suggesting that the operational risks from water resource are relatively low.

To achieve the effective water resource management, optimized usage and reduced wasting of water resource, we took several measures in hardware and software. We conducted long-term recording of the water usage and wastewater in office with more employees including the Taiwan headquarters, Luzhu Readiness Yard and Chengde Office. In headquarters, we also deployed water recycling and reuse facility to collect rainwater and fugitive water to supply the toilet and for plant watering.

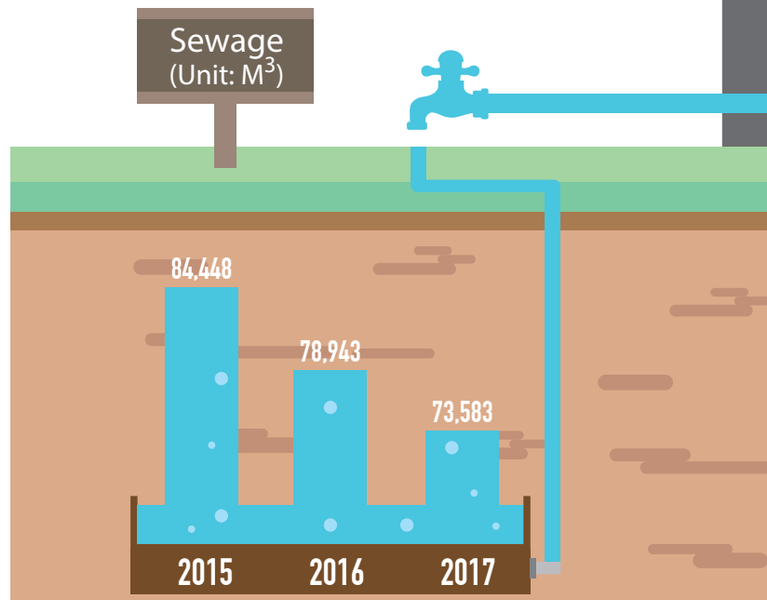
The source of sewage is primarily domestic sewage, which will be discharged to the designated sewage treatment system to avoid environmental damages. Sewage monitoring, system maintenance and the creation of operation manual are conducted by designated personnel and sewage management partners to ensure that the water released comply with environment laws and regulations .



Note 4: Recycled water used in 2017 was accounted for 2.15% of total water usage

	2015	2016	2017
Recycled Water	2828	4520	3294
Usage	159468	150341	150149

Volume of Water Discharged in Taiwan for the Past 3 Years (Unit: M^3)



Note 5: The sewage records of Taiwan headquarters and Luzhu Readiness Yard were from actual sewage meter. Chengde Office did not equipped with sewage meter and was estimated 80% of the water usage.
Note 6: The Qiyan Building is a temporary office and all employees will be relocated after the completion of the second ASUS building. The amount of related sewage was not included in the calculation.

Test Item/Year	2015	2016	2017	Regulation
Temperature (℃)	23.6	25.8	30.2	May to Sep: below 38℃ Oct. to Apr.: below 35℃
pH value	7.4	7.1	6.8	6~9
BOD (mg/L)	13.2	5.3	5.6	50(mg/L)
COD (mg/L)	43.0	26.9	12.9	150(mg/L)
SS (mg/L)	4	5.6	7.0	50(mg/L)
E-coli (CFU/100mL)	3.6*10	$1*10^3$	<10	$3*10^5$ (CFU/100mL)
Test Result	Compliance[7]			-

Note 7: The data recorded for Taiwan Headquarters only. The source of sewage is primarily domestic sewage; no industrial wastewater. The total volume of sewage is much larger for Headquarters, thus it would be the representative data for the quality of sewage.

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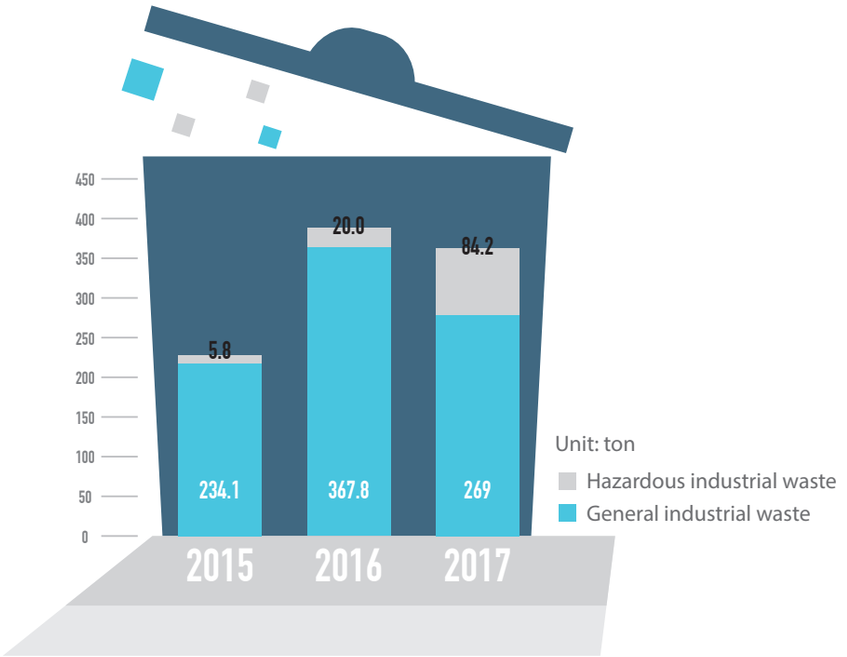
Waste Management

Waste can bring serious environmental and hygienic burden, as a lack of adequate management incurs enormous costs to government, corporate and society. In ASUS, waste is categorized into general industrial waste and hazardous industrial waste. The general type primarily comes from ordinary materials for research and development, rejected products, package materials and the domestic wastes from employees. The waste is strictly categorized and managed, then subject to storage. The reusable materials will be properly recycled, and the non-recyclable parts are incinerated or delivered to landfill. The hazardous industrial wastes will be handled by qualified recycler for reuse.

Other than the limitations, our efforts can minimize the environmental impacts, and the increase in reuse and recycling will also decrease the wastes going to incineration or landfill. The historical data of type and weight of waste in Taiwan are as follows:

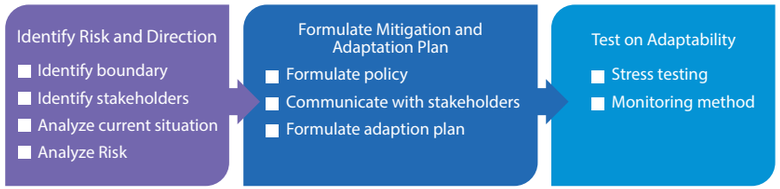


Energy Management and Actions on Climate Change

Climate change is the natural cycle of the Earth for tens of millions of years. However, the greenhouse gases produced by human activities since the industrial revolution were discharged into the atmosphere in large quantities and quickly, leading to an increase in the average temperature of the Earth. The increase in the global average temperature has caused changes in the climate, weather, and the environment. This impact has finally returned to affect human economic, social, and living conditions.

"Mitigation" and "adaptation" are the proactive actions taken by governments and enterprises around the world to adapt to climate change. “Mitigation" refers to reducing greenhouse gas emissions to make changes in climate change more gradual. "Adaptation" means to plan and implement the measures and actions to adjust to the impacts on and changes in climate in the future, thus adapting to the challenging new environment.

ASUS is not in energy-intensive industry and thus will not face the immediate impact caused by greenhouse gas reductions. However, we have been paying attention to the issue of global warming and have spared no effort in slowing down the greenhouse effect, formulating approaches for mitigation and adaptation.



ASUS supports the Low-Emission Development Strategies of the UN Framework Convention on Climate Change (UNFCCC) as well as the voluntary commitment of the Copenhagen Accord: Industrial countries will achieve a target to reduce at least 30% of the total greenhouse gas emissions to meet business-as-usual (BAU) by 2020; the Paris Agreement: to control the global warming within 2 degrees Celsius, which is based on the average temperature before the industrial revolution, by 2100, and further control the increase in temperature by less than 1.5 degrees Celsius.

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Reduction Target

We made the initial reduction target in 2009, promising to reduce greenhouse gas emissions by 15% compared to baseline 2008 by 2015. This goal was reached in advance in 2010 with the cooperation of all employees. At the end of 2013, the target exceeded the baseline by as much as 30%.

By 2015, we defined the reduction target for the second stage:
ASUS supports the goal of greenhouse gas reduction proposed in the UN Climate Summit, including:

- The global rise in temperature should be controlled to less than 2°C on average
- Global carbon reduction by 50% by 2050 (baseline 2008)

In addition, ASUS spares no effort in reducing the environmental footprint and commits to the following by 2025:

- Greenhouse gas emission volume must be reduced by at least 50% (baseline 2008)
- Energy efficiency of major products must be improved by 50% (baseline 2013)

Mitigation and Adaptation Plan

According to the operation of the organization and energy conservation of products, the mitigation and adaptation plan were formulated to reduce the risks associated with climate change.

Organization operation:
ASUS conducted greenhouse gas investigations based on ISO 14064-1 to establish a database to calculate year-by-year information. We got the analysis that 99% of greenhouse gas emissions came from the use of electricity for office operations. Therefore, in 2015, we introduced ISO 50001 Energy Management System to identify high-energy-consuming hotspots and equipment in order to improve their energy efficiency, reducing the use of electricity by 1% per year.

Unit: metric tonne CO_2-e

	2008	2015	2016	2017
scope 1	322	100	98	98
scope 2	15,272	11,255	12,149	12,346
reduction	0%	27%	21%	20%

CO_2	24
CH_4	73
N_2O	0

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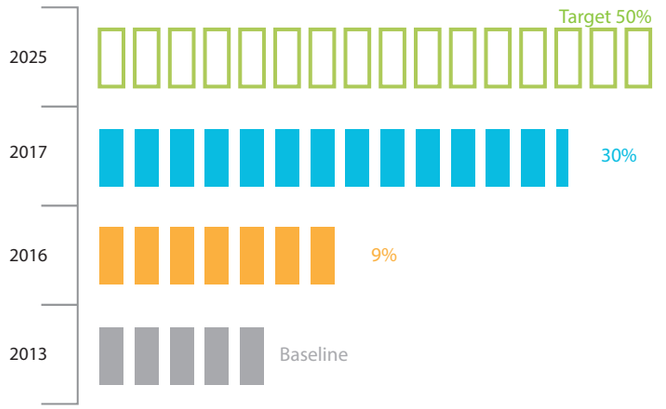
	unit	2015	2016	2017
Diesel	L	228	1,306	1,293
	KJ	8	46	45
Gasoline	L	9,161	9,056	9,056
	KJ	299	296	296
Electricity	MWH	21,603	23,010	23,383
	KJ	77,771	82,836	84,179

*Factors: Diesel 35.17 J / L; Gasoline 32.66 J / L; Electricity 3600J/MWH

Product energy efficiency:

The improvement on energy-saving of the product is where ASUS would contribute the greatest impacts to global greenhouse gas reduction. We integrate the concept of green design into product development to develop energy efficient software and hardware, as well as to formulate own internal energy standards which are based on Energy Star and are stricter than those of the ordinance. As a result, our products are in line with the global market in advance.

Energy Savings in 2017:



The scope of GHG reduction goal and inventory includes energy used in transportations, in generators, in sewage equipment, and electricity used by ASUS and of Royal Clubs, and was calculated based on GWP (Global Warming Potential) defined in IPCC 2007 AR4. No bio-based fuel was used in 2017. Oversea subsidiaries were mostly sales offices, and were not owned by ASUS, thus we only disclosed the emissions.

Employee business travel: 38,475 passenger-thousandmile, producing 11,081 metric tonnes CO_2-e. It slightly increased by 13% compared to 2016.

For more information, please visit ASUS CSR website or CDP website:
http://www.cdp.net/

*Emission factor: 0.288 kgCO2/mile, UK Government GHG Conversion Factors for Company Reporting

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Value Chain Sustainability

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The boundary of our value chain in this report is based on the product life cycle, covering the upstream suppliers and the downstream clients and consumers.

Observing the sustainable development trend in recent years, we notice that stakeholders no longer only pay attention to the company's own sustainable practices, but also expect companies to lead the upstream and downstream of the value chain to jointly solve environmental and social issues. ASUS extends its strategies and actions for sustainable development to the value chain to drive suppliers to transform their sustainable business models. On the other hand, ASUS listens to the voice of consumers, provides highly satisfactory service quality, and communicate with them through environmental educations and information sharing, changing the consumer behavior to the circular economy.

ASUS has been working with over 700 suppliers worldwide to provide product and customer service. The major suppliers are located in Asia and the types include component suppliers, software suppliers, and assembly manufacturers. As a global leading enterprise in information technology, we exercised our brand influence on our suppliers and led them in sustainability transition by prohibiting the use of conflict minerals, securing labor rights, improving production efficiency, reducing environmental impacts, and enhancing the industry sustainable competitiveness.

Meanwhile, we provide comprehensive after-sales services such as user instruction, product maintenance, and upgrades to our global customers. In addition to extending product life, improving material use efficiency, and improving customer satisfaction, we are also in the process of conveying ASUS' sustainable business philosophy.

ASUS seeks for more collaboration in dealing with environmental and social issues to build a sustainable future.

97% of tantalum, tin, tungsten and gold are supplied by qualified conflict-free smelters

70% Approval rate for CSR audit in supply chain

96.1% in customer satisfaction for repair and maintenance

China 2016 top 10 customer service satisfaction enterprise in consumer electronics industry in China

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Supplier Management Strategies

ASUS expects the cooperation with the supply chain to be based on long-term interests to create the win-win partnership. Therefore, we now do not focus on only traditional supply chain management models such as quality, cost, and trading procedures to choose our partners. In addition, we look for the possibility of establishing a supply chain with sustainable competitive advantage to create a new business model for sustainable development through identifying and managing risks of supply chain in governance, the environment and society.

Risk Identification and Management

According to the analysis by the latest international sustainable situation report and by RBA[1], labor, environment, and governance are the major risks for the sustainable operation of the electronics industry. As a result, ASUS identified the most relevant risk issues with ASUS through the stakeholder engagement, the consideration of international laws, NGO organizations, and requirements of sustainability from customers, including: conflict mineral and labor protection in labor area, and the use of hazardous substance, greenhouse gas emissions, and water footprint in environment area.

At the same time, supplier risk identification procedures are established based on factors such as industry characteristics, procurement model, and geographical relationships. Through the evaluation on RBA compliance, brand reputation, brand management, continuous improvement, hazardous substances, and labor hiring, we classified our suppliers with continuous partnership by different level. Those identified as high-risk suppliers will be arrange for second and third-party audits to reduce related risks through continuous improvement tracking.

Note 1: RBA was formally known as Electronic Industry Citizenship Coalition (EICC)

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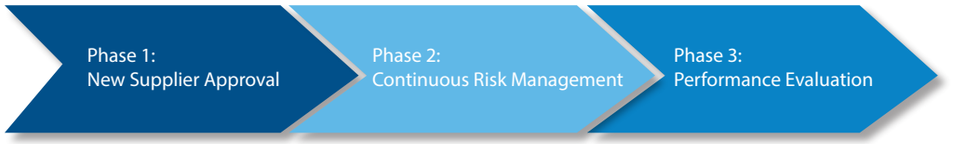
Supply Chain Management Process

ASUS not only actively participates in international initiatives and joins RBA, it also adopts RBA code of conduct as the basis for ASUS' supply chain management. At the same time, in order to further strengthen the protection of female and young labors, we also refer to other international standards, including PAS7000 protection for young labors and SA8000 for female labors, to formulated the "ASUS Supplier Code of Conduct ", which requires suppliers to comply with stricter standards and work with ASUS closely to fulfill their corporate social responsibilities.

The supply chain management process consists of three phases: new supplier approval, continuous risk management, and performance evaluation:



- Phase 1 New Supplier Approval: ASUS requests those who would like to become ASUS suppliers to comply with quality, hazardous substance free, and corporate social responsibility requirements. Suppliers will need to complete the following fours audits - Quality System Assessment (QSA), Quality Process Assessment (QPA), GreenASUS HSF Assessment (GA), and Corporate Social Responsibility (CSR) - and then sign the "Code of Conduct Compliance Declaration", to become qualified suppliers.
- Phase 2 Continuous Risk Management: Suppliers who have completed Phase 1 and are qualified as business partners must cooperate with investigations on conflict minerals, carbon footprints, and water footprints in order to reduce any risk on sources of supply.
- Phase 3 Performance Evaluation: ASUS assesses the performance of suppliers in accordance with ASUS continuous risk management and includes the result into the Quarterly Business Review (QBR), which will provide an important basis for sales to allocate the order and determine future partnership.

Through the above phases, ASUS expects to reduce the possible risks to sustainability in the supply chain, and at the same time to screen suppliers with sustainable competitiveness by including the audit results into the business review.

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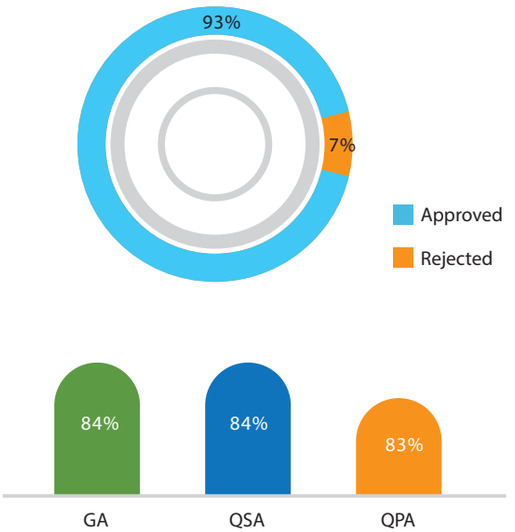
Value Chain Performance Management

Hazardous Substance Free Assessment

ASUS identified high-risk suppliers based on risk factors such as hazardous substance free test in finished products and components, daily management, and high risk in material and production process, and then performed audits according to ASUS GreenASUS HSF Standards. A total of 29 onsite audits were conducted, with an average approved rate of 93%. The audit results showed that the dimensions of QPA contributed the most findings. The average approved ratio was shown as below:



In order to assist suppliers in correcting the findings, ASUS holds corrective action counselling to share industrial cases, enhancing supplier management awareness and improvement capabilities. The findings in 2017 were completed. The details of the findings and corrective actions were shown below:

Dimension	Major Finding	Recommended Corrective Action
GA	No clear target for Hazardous Substances Management System and no regular adjustment	Formulate target for Hazardous Substances Management and report the progress in the regular inspection meetings
QSA	No treatment process on abnormal situation for hazardous substances, including any abnormality at the supplier side/inspection/production process/finished product shipment/-customer feedbacks from market	Establish the treatment process on abnormal situation for hazardous substances, and report to ASUS according to ASUS abnormal situation for hazardous substances
QPA	Did not follow the frequency defined in the operating procedure to inspect each patch	Confirm the implementation of the inspection and establish a random check mechanism

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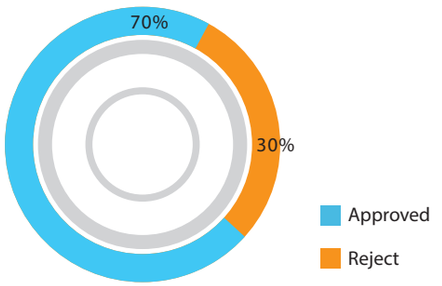
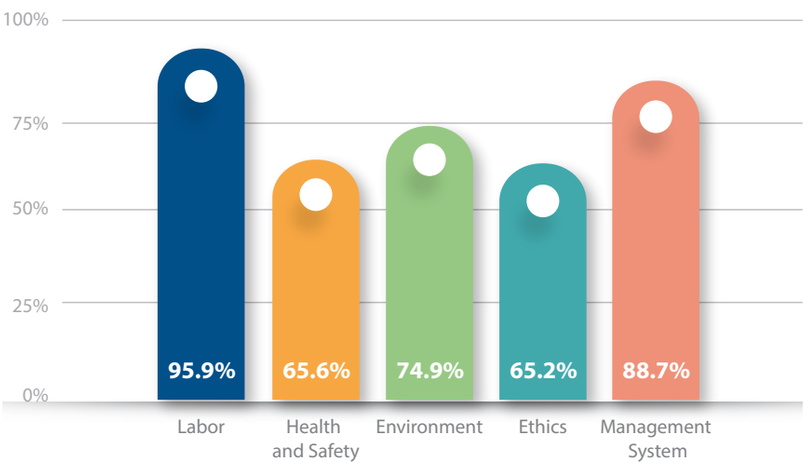
Corporate Social Responsibility (CSR) Assessment

In 2017, ASUS and the third party completed CSR onsite audits on 20 OEM providers and key component suppliers. The result showed that 45% (9) of them were approved, 25% (5) were conditionally approved, and 30% (6) was rejected; the average approved rate was 70%.The audit results showed that the dimensions of Health and Safety and of Ethics contributed the most findings. The average approved ratio was shown as below:



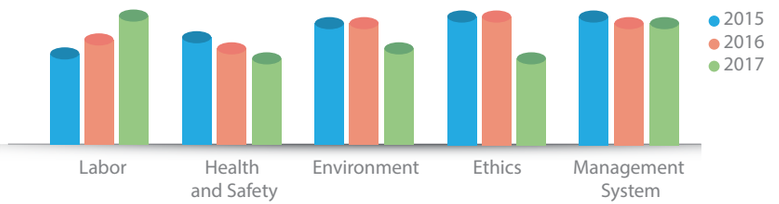
Note 2: The scoring 80% or above is considered "Approved", 70%~80% is "Conditional Approved", and less than 70% is "Rejected".



The findings in 2017 were completed. The details of the findings and corrective actions were shown below:

Dimension	Major Finding	Recommended Corrective Action
Labor	Over-time exceeded 60 hours/week	Demand suppliers to establish monitoring mechanism for over-time
Health and Safety	No risk evaluation procedures have been established to assess the onsite potential risk of chemical, biological or physical factors on employees' health	Request to establish a risk evaluation mechanism and implement regular risk identification operations
Environment	No identification of chemical substances that may cause harm, and no measures to ensure that these materials were safely handled, transported, stored, used, recycled, reused, and disposed	Request to establish the procedures for the identification of chemical substances and implement identification operations
Ethics	Policy for conflict minerals is missing	Demand the establishment of conflict mineral management and execution of relevant investigations
Management System	There were no procedures in place to communicate ASUS requirements to its suppliers and to monitor the compliance of their suppliers	Request to establish the communication procedures and implement supplier audit management operations

Per the statistics of 2015~2017 CSR audit findings, the dimension with the worst performance was still health and safety management as some of the suppliers have not introduced Occupational Health and Safety Management Systems (OHSAS 180001) or developed the similar management procedures. In order to improve those findings, ASUS shared the benefits and management cases of the establishment of the management system during the onsite auditing. At the same time, ASUS shared technical information and industrial cases of various management systems through the quarterly forum, the supplier workshop, and the corrective action counselling.



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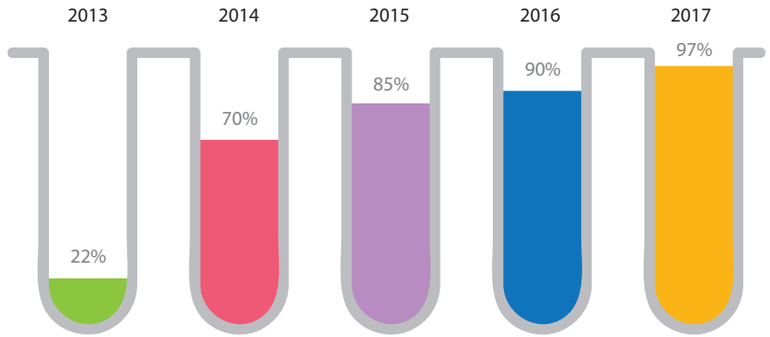
Conflict Minerals

Tantalum, tin, tungsten and gold are necessary in electronic products. Valuing the social responsibilities regarding Human Rights and environmental protection, ASUS establishes conflict-free minerals procurement policy that demands suppliers to prioritize the use of conflict-free minerals in order to avoid the use of conflict minerals and indirect associated problems such as mistreatment of laborers, threatening with force, mass usage of child labor and destroyed ecology.



Through the standardized due diligence investigation by Responsible Mineral Initiative (RMI), we require our suppliers to reveal the status of procurement on conflict-free mineral every year. Through ASUS purchasing power, the rate of using conflict-free minerals by ASUS' supply chain had increased from 22% to 97%.

Further considering the effectiveness of conflict mineral management, ASUS established a target on responsible metal procurement: 100% of tantalum, tin, tungsten and gold are procured from qualified smelters by 2020, and would gradually accomplish it.

To ensure the transparency of the information regarding conflict minerals, ASUS updates the list of qualified smelters annually on the ASUS CSR website .

With regard to tin, one of the conflict minerals, we not only forbid the use from conflict areas, but also pay attention to the non-sustainable harvest in Indonesia. Tin is one of the essential metals for electronic products; however, the poor mining management and the ignorance of international corporate results in the undesirable mining condition and create serious environmental damages. ASUS joined Indonesian Tin Working Group (TWG), an organization of electronic product providers, tin mine companies, industry groups and social movement personnel, in the hope of addressing the impacts of unsustainable mining on local environment.

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Greenhouse Gas Management

ASUS conducts greenhouse gas inventory on suppliers and OEMs with significant greenhouse gas emission according to "Corporate Value Chain (Criterion 3) Accounting and Report Standards". The inventory parameters were as follows:

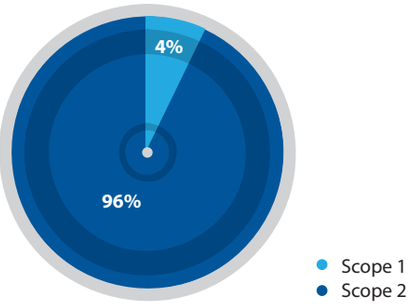
Component Supplier	Central processor (CPU), memory, chipset, graphic card, motherboard, resistor, capacitor, connector, component, power cord, optical drive, monitor, hard drive, power supply, battery, keyboard
OEM Provider by Product Line	Notebook computer, hand phone, desktop computer, monitor, motherboard

Scope of Inventory:

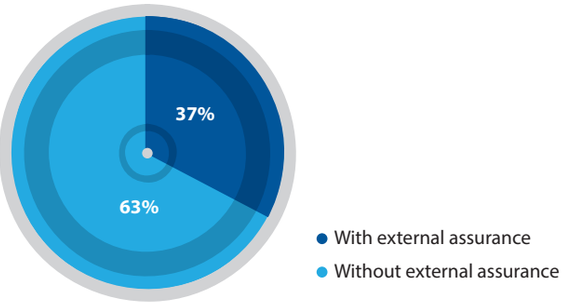
- Duration of data collection: January to December 2017
- Business boundary: Scope I and II
- Data allocation: based the proportion of ASUS products in total shipment
- Global warming potential (GWP) emission coefficient: 2007 IPCC AR4 100-yr

In 2017, greenhouse gas inventory was done for 160 component suppliers and OEM providers, and the results were showed below:

- Overall emission volume of Scope 1 and 2: Scope 1 was 4% when Scope 2 was 96%. The primary source of Scope 2 indirect emission was the procured electricity.



- Greenhouse gas verification: 37% implemented external verification.



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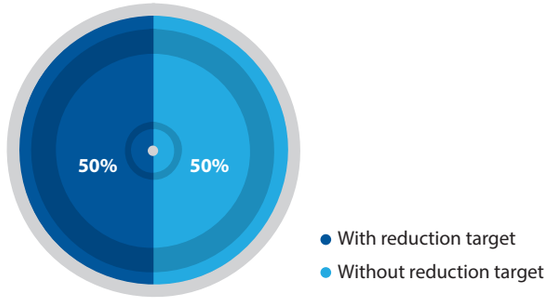
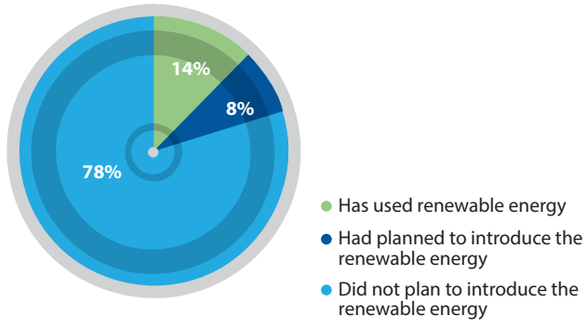
■ Greenhouse gas reduction management: 50% of them had established GHG reduction programs and targets.



■ Renewable energy management: 14% of them had used renewable energy, 8% of them had planned to introduce the renewable energy.



The analysis result will be the basis for developing the short-term and mid-term management strategies of greenhouse gas:

1. Request the OEM providers and suppliers with the highest greenhouse gas emissions ratio to set energy saving plans and targets.
2. Encourage OEM providers and suppliers to introduce renewable energy, and for those who have been using renewable energy should receive more weighting for QBR.

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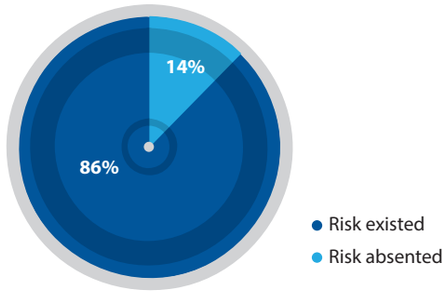
Water Resource Management

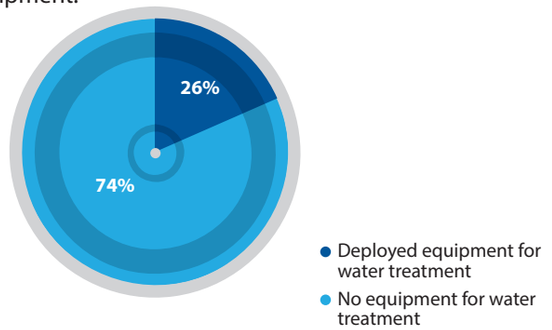
Water management is another concerned issue of environmental footprint. The consumption of water resources are mainly from component manufacturing process and product assembly process in supply chain. The parameters of water resource inventory were consistent with the greenhouse gas inventory.

In 2017, water resource inventory was done for 160 component suppliers and OEM providers, and the results were showed below:

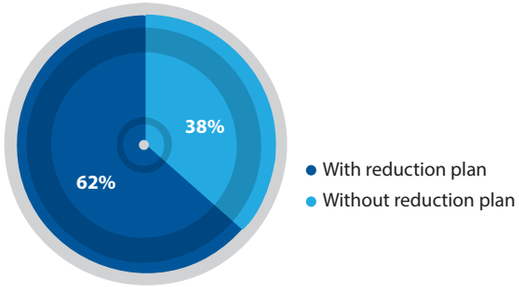
- Risk identification: 86% of them performed the risk identification. 96% of them identified no risk when 4% (4) of them did.



- Equipment invested for water treatment: 26% of them had deployed water treatment equipment.



- Reduction plan of water resource: 62% had setup reduction plan and target to decrease the use of water.



The analysis result will be the basis for developing the short-term and mid-term management strategies of water resource:

1. Request the OEM providers and suppliers with the water usage ratio to set water saving plans and targets.
2. Monitor the risk on delivery for those who had identified water risks.
3. In line with the environmental profit and loss project, the wastewater pollution survey would be conducted next year.

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Enhance Suppliers Capabilities

In order to enhance the awareness of suppliers on sustainable issues and the ability to respond to risks, we hold regular supply chain workshops as well as the individual supplier training to convey ASUS management requirements and further deepen the partnership with our supply chain.

2017 supplier workshops were held in Taipei, Shenzhen, and Suzhou, and we invited all ASUS qualified key component suppliers and OEMs to attend. The theme of 2017 was "ASUS Sustainable 2020 Objectives", conveying ASUS' sustainable management strategies, and the agenda was planned with four sections: green products, supply chain management, corporate sustainability, and social involvement, as well as to communicate the short-term, mid-term, and long-term goals with all suppliers, inviting them to achieve the goals together with ASUS.

- Green Products: increase the percentage of using Halogen-free materials, reduce the use of PVC, and increase the percentage of products with green mark.
- Supply chain management: promote accountable metal purchasing, ensure key component suppliers complied with ASUS Supplier Code of Conduct, and evaluate the environmental profit and loss of the primary products.
- Corporate sustainability: achieve the goal of reducing greenhouse gas in terms of ASUS organization and products, increase products recycle rate globally, and enhance the rate of waste conversion.
- Social participation: increase the value of SROI for Digital Inclusive Project, and implement the volunteering service hours of local employees and suppliers globally.

Snapshots of Supplier Workshops

Corrective Action Counselling

In order to assist suppliers with findings to improve, ASUS holds quarterly counseling and requests them to send personnel to attend. We invited RBA qualified third-party independent party auditors to analyze the causes of the findings and share industrial cases, enhancing supplier management awareness and improvement capabilities.

Sustainable Management Evaluation

ASUS uses its branding influence and sustainable procurement to require the supply chain to work with ASUS to achieve 2020 sustainable Objectives, enhancing the performance relevant to sustainability. We will award or punish the supplier according to their level of performance, including:

- Establish a supplier classification system: we actively implement annual risk identification on suppliers for all tiers, and the risk categories are management system, labor employment, environmental impact, and product liability. We carry out different levels of management approaches according to the level of risk. Through the supplier classification system, we encourage suppliers to invest resources in sustainable issues and continue to improve the performance.
- The results on audit and annual survey will be included in the QBR which will be provided to the sales management team as an important reference of order allocation and evaluation on further partnership. We would decrease the amount of orders for bad suppliers when increase for good ones.

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Customer Satisfaction

ASUS values user's experiences and customer's satisfaction and our final goal is to enhance the users' satisfaction to our service. The design of the satisfaction questionnaire survey focused on knowing customer's experience in each service process. We allow the users to rate and provide feedback through various questions and then proceed to the analysis and process improvement to create the better service experiences. The scope of the questionnaire covers various service channels, telephone customer service, on-line instant messaging customer service, technical support by e-mails and service centers.

The services are provided in major markets in the world, including Asia Pacific, the United States and Europe. The management proves is certified by the ISO 9001 quality management system. Customer satisfaction surveys are carried out in accordance with our internal process of "Customer Service After-Sales Support Customer Satisfaction Management". Internal and external audit units conduct audits every year to continue to improve the process.

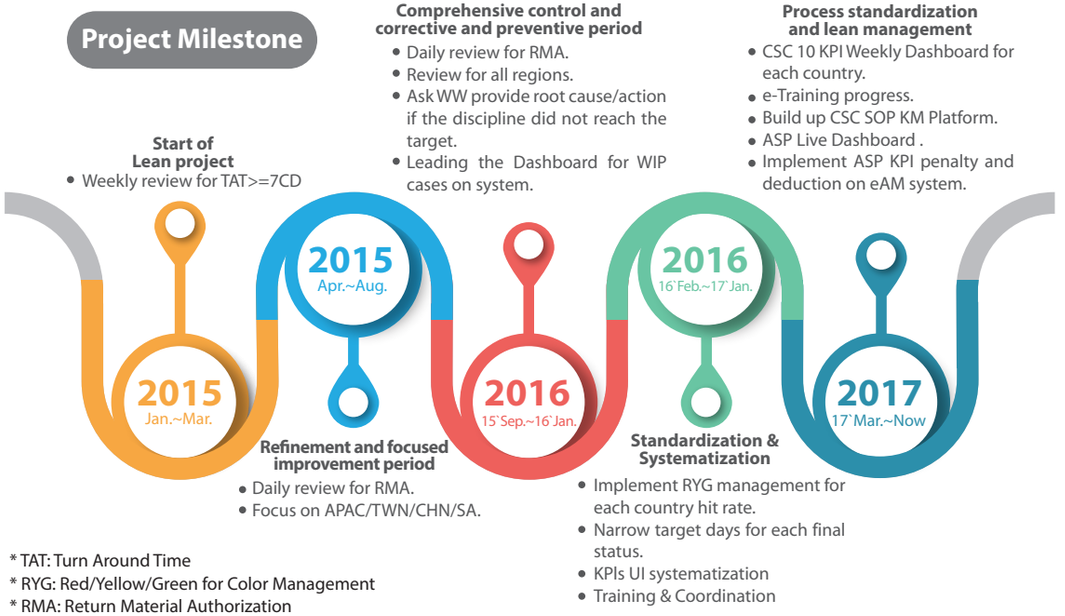
Customer Satisfaction Survey on After-Sale

Customers that use our service will receive our satisfaction survey according to the type of service received:

- Online survey: put CQ code which will lead the customer to the online survey in the Return Material Authorization (RMA) form
- e-Survey: sent via email
- Live Chat survey: customer using Live Chat will be ask after the end of the service
- Interactive Voice Response: customer using call center service will receive interactive system after the phone call

In 2015, ASUS customer service center in Headquarters launched the perfection program to facilitate continuous improvement of key processes affecting turnaround time (TAT) through PDCA approach. As of 2017, the process of improvement could be divided into 5 phases, and the management group would review the target of this phase and plan the KPIs for the next phase at phase review. In 2017, we continuously monitored the KPIs of service centers around the world. With the persistent perfection of key processes, the establishment of customer service knowledge platform, process standardization to ensure no interruption of the service, we kept the TAT within the timeframe, thus improving the customer satisfaction.

In Taiwan, the dissatisfaction rate was kept at below 10%, when the satisfaction rate was increased to above 80%. We track and analyze the weekly result of the satisfaction survey to optimize our maintenance service. The satisfaction was 96.1%, and the dissatisfaction was 0.2% in 2017.



* TAT: Turn Around Time
* RYG: Red/Yellow/Green for Color Management
* RMA: Return Material Authorization

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Customer Privacy

To ensure the preservation of critical customer data when products are sent in for repairs, ASUS will goes through the following procedure before accepting the product for actual repairs:

- Remind the customer to backup data
- Explain the risk and likelihood of data loss
- Inform the customer to go over a disclaimer, which lists all attentions and terms of service, as well as ASUS privacy policy
- Ask the customer to sign the RMA form, indicating he or she agrees with all the contents in the disclaimer

We also add the terms of service and privacy policy for email service and Live Chat.
In 2017, ASUS did not have any data missing or errors, breech of user information, or related complaints due to negligence. In addition, there were no legal actions involving the Personal Information Protection Act.

Comprehensive Customer Services

ASUS also provides services such as product information and technical support. In response to different feedback habits, customers can choose from various ASUS online service, such as: 0800 customer hotline(0800-093456), MY ASUS app online chat, Email, ASUS Support Site (https://www.asus.com/support/Product/ContactUs/Services/questionform/?lang=en)

For customers who are unable to visit service centers, the ASUS Support Site and MyASUS App for mobile devices provides users with technical documents and videos to help immediately solve related problems. By the end of 2016, we introduced Interactive Chat Respond (ICR) menu function to "MyASUS" and "Live Chat". When using online service, customers could access Frequently Asked Questions (FAQ) and service functions through simple and clear menu. If the information they search for does not exist in ICR, ICR could also lead them to an online specialist for further assistance.

ASUS Support Site

The ASUS Support Site (http://www.asus.com/support/) provides the download of the latest drivers or firmware, product registration, warranty check, warranty extension, product repair progress check, and FAQ.

ASUS introduced the instant messenger service "Live Chat" in North America, Taiwan, China, Asia, and parts of Europe at the end of 2012. The link is placed at an eye-catching place of the webpage so that consumers can easily access this service. This allows them to provide or describe the problems in full details. By the end of 2017, there were 31 countries provided with Live Chat service.

By the end of 2016, we introduced Interactive Chat Respond (ICR) menu function to "Live Chat". Customers could access online resources through the quick menu, and Live Chat is the 7-24 service that could serve them anytime in their countries.
Consumers can communicate with ASUS staff through the general forum, ZenTalk forum, Live Chat (ICR), or MyASUS. ASUS customer service staff will provide information in words, graphics, or video, to help solve issues more efficiently.

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Free Diagnosis for Products and the Service Information

In Taiwan, ASUS had hosted free diagnosis events that provide the users of notebook computer, mobile phone, tablet, and mobile power bank to have hardware and software maintenance services, as well as check the quality of products.

Free Diagnosis for Notebook Computer, Mobile Phone, and Tablet

During the event held from 2017/3/1 to 2017/3/31, we provided professional services and technical consultation on body maintenance, firmware upgrade, inspecting hardware functions, stability and thermal testing, as well as technical consulting to all brands.

Free Diagnosis for Mobile Power Bank

ASUS Royal Clubs launched the free diagnosis for ZenPower to celebrate the sales of ZenPower for over one million. During the event held from 2017/9/18 to 2017/10/16, we provided free health check such as body appearance integrity confirmation, flashlight function/charging, discharge test, and case/connection port/USB wire cleaning for ASUS ZenPower.

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Green Packaging Transportation Project

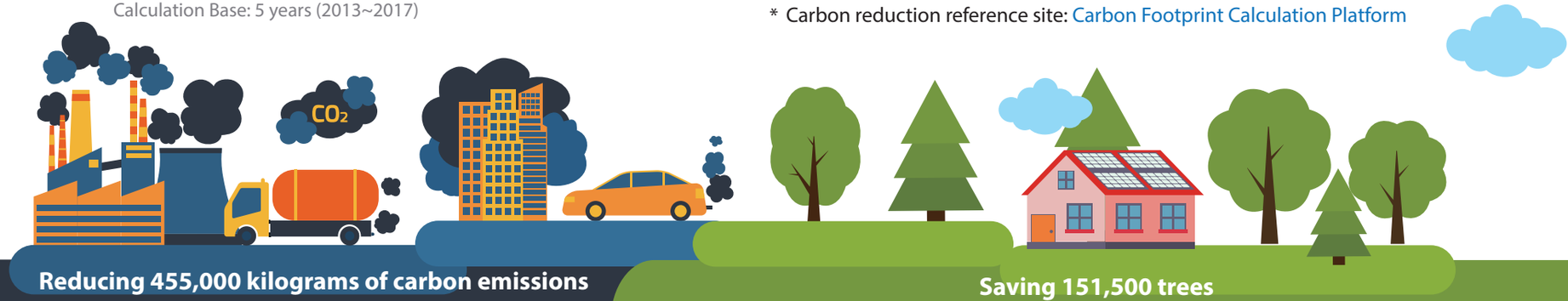
In Taiwan, we phased in transport boxes (static boxes) to replace cartons for service centers with large demand for maintenance materials since 2013. We believe it could reduce waste on resources through decreasing the use of cartons and packaging.

By the end of 2017, the maintenance materials sent by static boxes accounted for 90% of the total maintenance materials used.
During year 2013 to 2017, it is equivalent to saving 151,500 trees with an average height of 12 meters and a diameter of 15 to 20 centimeters, and reducing 455,000 kilograms of carbon emissions.

* Estimation was baes on the average daily use of static boxes between 2016/1/6 to 2016/2/5
* No new purchase of static boxes during the period
* Calculation reference sites: Construction and Planning Agency Ministry of the Interior & Environmental Quality Protection Foundation
* Carbon reduction reference site: Carbon Footprint Calculation Platform

Energy saving and carbon reduction

Calculation Base: 5 years (2013~2017)



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Inspire, Motivate and Nurture Employees

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People are the bedrock of business operations. The Five ASUS Virtues of humility, integrity, diligence, agility, and courage, shape the moral-based business culture. The virtues are not only the requirements for recruitment, but also important indicators for assessing the employee performance.

A well-founded goal comes from dreams. When leading continued business outreach, we take the initiative in developing the nature and abilities of employees through the efforts of their direct managers. Aimed at fully unleashing potential and continuously develop professional capabilities, we provides trainings tailored to individual duties and development needs. Employee versatility is realized by not limited to duty rotations, project execution and overseas expatriate, and all these post and provide a sound foundation for continued corporate development.

ASUS provides employees with a fair and healthy environment encouraging excellence, reasonable and competitive salary, bonus and compensation, and a complete yet flexible welfare portfolio. With creativity fostering motivation and imagination, employees can achieve the balance between work, family and health.

We believe that basing on moral and following the business philosophy of "Inspire, motivate and nurture our employees to explore their highest potential" is the key to our global visibility.

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Human Resource Structure

By the end of 2017, there were more than 50 operation offices located in Asia Pacific, Europe, America and Africa. ASUS together had around 15,500 employees worldwide, with 7,000 employees in Headquarter, Taiwan and the rest of them in China and overseas.

ASUS emphasizes on gender equality. There is no discrimination or unfair treatment against gender. Besides, ASUS takes care of female employees as mothers and offers a friendly working environment. In 2017, the return to work for female after parental leave was 72.97% when the retention rate for female after returning to work and work for 12 months was 78.95%, showing that ASUS would not force the female to leave due to pregnancy or parenting and is committed to provide the gender equality environment. For more statistics regarding human resource structure, please see Appendix B.

ASUS does not discriminate against people based on race, sex, age, political affiliation, religion, and disability status. We follow the local minimum age requirement, local regulations, RBA Code of Conduct and other relevant provisions as well as announce our Declaration on Human Rights policy in accordance with the United Nations Universal Declaration of Human Rights. ASUS Declaration on Human Rights is as follow:

Human Rights Policy	Description
No child labor	Comply with local minimum age laws and requirements and do not employ child labor.
Minimum wages	Compensate our employees with wages and benefits that meet or even exceed the local legally required minimum.
Working hours	Provide employees with periodic holidays with pay. Do not force our employees to work more than the maximum hours of daily labor set by local laws. Comply with overtime pay requirements or compensations where required.
Non-discrimination	Prohibit discrimination based on race, color, age, gender, sexual orientation, ethnicity, religion, disability, union membership or political affiliation. All are entitled to equal protection against any discrimination.
No harsh or inhumane treatment	Prohibit physical abuse, harassment or the threat of either.
Freely-chosen employment	Ensure no forced, bonded or involuntary prison labor is used in the production of ASUS products or services. Ensure that the overall terms of employment are voluntary.
Health and Safety	Provide all our employees with a healthy and safe working environment with mutual trust and respect
Employee training and development	Provide facilities, training programs, time and subsidies to support our employees' career development.

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Recruitment

ASUS recruitment follows the principles of public recruitment, fair selection, and hiring the best. Information on vacancies, conditions for employment, and related procedures is also transparent. All applicants must take required examinations and interviews, and the selection will be made based on their performance in the examinations and the interviews. Qualified candidates who come from various fields of specializations and satisfy the conditions, requirements, and expectations will be chosen.

In addition to recruiter companies and job fairs in campus, ASUS is also partnered with Linkedin to improve visibility in the online social network as an employer. In 2017, competent talents were recruited for 60 subsidiaries globally and the number of followers increased to over 30,000. ASUS has become the Taiwanese brand with the most followers, and we welcome all talents "in search of incredible."
In addition, ASUS received the award of Linkedin: Most Engaging Employer Brand. We ranked No.1 among Taiwanese company with the total number of 113,000 followers, and received high attentions from student followers. We are expanding our influence on social network.

Remuneration and Benefits

The candidates with identical background will have identical starting salaries regardless of gender, religion, political view, and marital status. We review the remuneration against the industry level, ensuring that the pay is competitive and attractive to the talents .

In Taiwan, in 2017, the ratio of standard entry level wage and remuneration by gender compared to local minimum wage was 1.29. Compared the wage of women to men with same job level, for general employee was about 1:0.79 when for management level was 1:0.84. The benefits ASUS provided was listed below[1].

Salary and Bonus

- Basic salary
- Holiday bonuses for specific holidays
- Performance bonus
- Patent bonus
- Employees of the Year bonus

Insurance and Pension

- Labor insurance and health insurance
- Employee insurance
- Pension

Subsidy

- Meal expense
- Health examination
- Wedding and funeral
- Fertility
- Scholarship for employee's child
- Employee voucher
- Birthday voucher
- Season voucher

Activity and Reward

- Club activity
- Department gathering
- Family Day Activity
- Summer/Winter camp for employees' children
- Chinese New Year party and gifts
- Christmas party and sport competition for employee
- Arts and culture activity

Other

- Solatium of an employee's death to the family
- Parking subsidary
- Others

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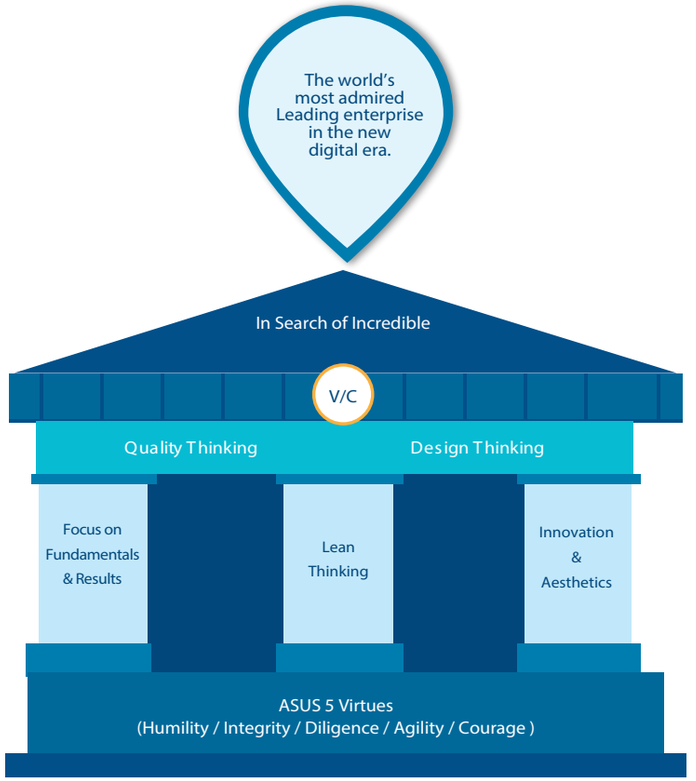
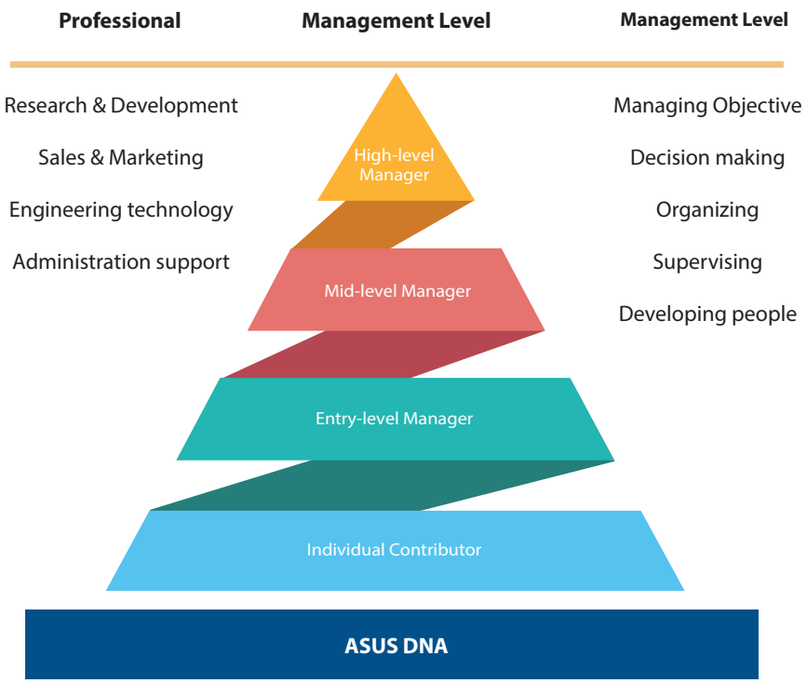
Fostering Talent

Talent is the cornerstone of business success. We believe that if every employee could well demonstrate ASUS DNA, we would be able to achieve the vision of "The world's most admired leading enterprise in a new digital era". Therefore, based on the ASUS DNA, we analyze managerial and professional competencies that are necessary for employees in every level and establish the learning and development system based on these competencies.



ASUS DNA



Competency Model

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ASUS establishes the training roadmaps, including the following categories: core value training, management training, profession training, and customized training, with details below:

Categories	Content	Objective
Core Value Training	■ Orientation ■ Corporate culture training ■ Work efficiency training	■ Guide new employees to settle into their work environment and systems as well as internal language and culture ■ Create shared values throughout the company for the recognition of organization culture and adaptation ■ Systematically improve work abilities through general training for better attitude, knowledge and skills
Management Training	■ Management training for high-level managers ■ Management training for mid-level managers ■ Management training for entry-level managers ■ Management training for newly promoted managers	■ Develop training activities tailored to the abilities and duties of managers for each level, including lectures, seminars, and practice programs. Through systematic management training to improve the management abilities of all managers, it allows these managers to lead their subordinates and achieve organizational goals.
Professional Training	■ New comers professional training ■ 4 fields of Professional training	■ Provide employees with an understanding of the latest technology and trends to expand and further improve their professional knowledge and skills in order to achieve better efficiency.
Customized Training	■ Dr. ASUS Program ■ ASUS Maker Program ■ Global Talent Program(GTP)	Plan training sessions according to the needs and strategies of the organization ■ Build up an internal lecturer base to continuously share and heritage the key knowledge of and valuable experience of ASUS success through the Dr. ASUS Program and lecturer management system ■ Inspire employees through the ASUS Maker Program to create more innovations ■ In response to ASUS' business strategies and development, ASUS is urgently demanding for talent with international views. The Global Talent Program provides systematic screening, training and evaluation processes to further expand the talent database, which is required to achieve business strategies and goals.

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Interactive New Comer Orientation

In order to assist new comers to acknowledge and recognize ASUS culture and system and to establish positive and outstanding work attitude, we design various learning methods mainly based on their needs and in forms of classroom lecturing, digital courses, and new employee handbook. By designing a mission with interactive learning method, we let newcomers explore the ASUS headquarter. It helps to deepen their memories and makes the course more practical. In 2017, the trainees acknowledged the value of the program with an average satisfaction of 4.76 (out of 5).

Also, a Mentoring technical course was developed in 2017 to improve the leadership skills of the senior employees and managers. It helped to establish the correct concept to coach new comers, and to pass on skills and help the new comers adopting their jobs and working environment more quickly.

All new-comers

	Within 1 month	Within 2 months	
Compulsory course	•Employee Code of Conduct(e)	• New-comer orientation • Corporate sustainability and Occupational Safety Training • The ASUS Way(e) • IT service introduction(e) • About internal audit(e) • Patent application and litigation introduction(e) • GreenASUS environmental laws and regulations(e)	• ASUS product introduction(e) • ASUS management system introduction(e)

Establish Global Employees Core Value Aspect

To reinforce the recognition of ASUS brand and organizational culture with the oversea subsidiaries, we translated The ASUS Way course into 11 more languages in 2017 in addition to Chinese and English version. We will implement global training to establish ASUS value.

We treat the establishment of core value very seriously. We hope employees all over the world can share the same spirit with ASUS and comply with ASUS moral standard. Therefore, we proactively promoted "Employee Code of Conduct" and issued memo card of "Unfair Competition and Bribery Prevention" to all our employees, including overseas. We also plan to give the card to newcomers in the future, and design the annual training mechanism to remind employees to always follow through the code of conduct from time to time, ensuring ASUS sustainable operation.

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Experiential Management Training

In order to establish and show management ability in the leader echelon of ASUS elites, a complete and various training resources will be provided for newly promoted manager. Meanwhile, Chairman Jonney Shih will personally convey the management concept and spirit in the seminar for the new managers. We expect these managers to lead their teams to accomplish the goals, thus maintaining the ASUS' competitive advantages.

ASUS uses "Action Learning" to shape the concrete concept of management skills through actual experiences with the follow-up discussions. And then the trainees can apply and verify afterwards. A three-month action plan was designed to track and enhance the practice.

Experiential management training focus on not only learning and applying the practice at the same time but also cultivate artistic sense of the manager. It reinforces the combination of technology and art and to deepen the "Innovation and Aesthetics" of one of ASUS DNA. Parts of the courses are done outdoor instead of indoor, which allows the manager to get away from work temporarily to fully focus and experience the course. Overall feedback to the management course was great in 2017. The satisfaction was high with the average score of 4.66 (out of 5) .

The skills obtained from concretization learning are directly applied, reviewed and improved in the next session. The keys of learning are discussed in real-life situation.

Utilize management skills through actual experience

The trainer guides the trainees in the concretization process to pinpoint the goals of learning

Reflection and discussion is held after each experiential activity to improve learning

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Professional Training

We provide relevant knowledge and skill in 4 professional fields to make the employees be aware of advanced technology and industrial trend. We also combine the know-how in each field to utilize the resources within the company and thus establish resources sharing culture. It could facilitate the renewal and innovation of knowledge of the employees, enhance the depth and breadth of the profession, and help employees achieve their goals effectively.

Dr. ASUS Program Internal Lecturer Training

ASUS is committed to build up an internal lecturer pool through systematic screening, training and evaluation processes to create excellent lecturers that would continuously share and heritage the knowledge and skills. We have cultivated for 10 years, with a total of 256 lecturers for classroom courses and 151 lecturers for online digital courses since 2007. In addition, we hold annual certificate awarding ceremony to new, excellent and honor lecturers as the recognition to their contributions.

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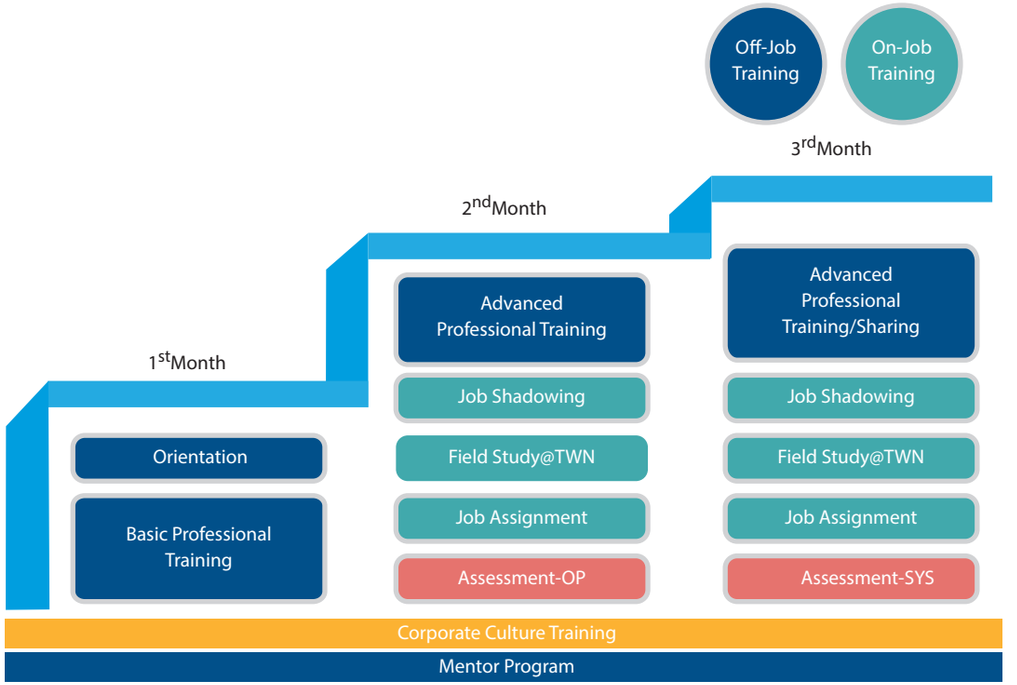
Global Talent Program (GTP)

ASUS strategically fosters an international remote talent, establishes a systemic training model that could effectively transfers and duplicates the successful experience in Taiwan to reserve talents and expand this model globally. By integrating cross-business unit learning resources, and reducing workforce and time cost incurred by repeated training, international talents with high potentials can acquire good overall development through multiple channels such as training courses, reading groups, internship, business mentors and evaluation within 3 months. The program successfully establishes the employer brand, solves the shortage of overseas manpower, as well as provides employees with the training to become a versatile sales specialist with the most current information of overseas market, and appropriately assigns them to suitable positions. The efficiency of the sales team can be greatly improved to better achieve the business goals.

In 2017, 94 sessions (163.5 hours) were held. In addition to the positive feedback, the annual program quality goal was satisfied with the average score of 4.91 (out of 5). 19 new international sales and customers service specialists completed their training and were certified through evaluation.



Through a variety of training methods such as courses and internships

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ASUS Maker Program

In order to inspire the innovation and implementation power, since June 2016, ASUS has been holding monthly innovative conference to invite entrepreneurs from different fields to share their stories, key to success and industrial observations. 12 conferences held were attended by 1,954 persons with an average satisfaction score of 4.44 (out of 5).

Multiple Learning Resources

In order to keep every employee learning from work, ASUS not only improves the internal training courses, but also provides various learning resources, so that employees can choose the applicable learning resources according to individual interests from various learning methods. These include On-Job-Training (projects, coaching), Off-Job-Training (internal/external courses) and self-development (database, e-books and document center). ASUS holds reward programs in place for different self-learning methods to facilitate the recognition and utilization of these resources, and even the habit of proactive learning, to create a self-learning atmosphere as well as a learning organization.

In addition to domestic resources, the ASUS MOOC Site has been created to develop sales-related topics, for example AR/VR and Deep Learning. This encourages employees to acquire the latest and most advanced knowledge and technology from excellent online courses, and they also have a chance to share their learning experience and ideas with ASUSers around the world.

OJT : On-Job-Training / Off-JT : Off-Job-Training / SD : Self-Development

Various learning resources

The self-learning material promotion reward encourages employees to access and utilize these resources

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Learning & Growth Plan and Performance Appraisal

The performance management in ASUS combines performance appraisal with learning development to improve employee's performance and ability to achieve the organization's goal. In addition, we emphasize on continuous communication between managers and employees to establish clear objectives aligned with the organizational goals.

ASUS implements the "Learning & Growth Plan" for all employees to assist managers in developing the competences of our employees and provide training plans in accordance to the internal documentation "Education & Training Approaches". Based on ASUS DNA and the competences required for employees in each level, a manager would evaluate individual performance and personal developmental needs, and then discuss with every employee to plan out a tailor-made development plan.

In Taiwan, ASUS executes performance appraisal in June and December in accordance to "Performance Appraisal Standards". Other than those employees in probation period, part-time internship, special hiring and high-level managers, all employees have to participate in the routine performance reviews.

The Flow of ASUS Learning & Growth Plan

Employee Growth Assistance and Coaching

For those who are under performance or breaks internal regulation, we provide opportunities for improvement. During the process of improvement, first-line managers will provide one-on-one coaching, and human resource department will provide caring and support for helping employee enhance performance and devote themselves to the team when necessary. For those who cannot enhance performance, we will provide settlement after thorough communication. If the employee cannot find proper position in the organization, we will provide support during the career transition period.

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Workplace Safety

Providing a safe and friendly workplace environment is our commitment, and it is also the basic protection to employees. ASUS provides continuous trainings, holds fire drill simulations, organizes traffic safety promotions, as well as cooperates with the local fire department to organize rescue training to improve the emergency response capabilities of our employees and reduce accidents. Through the above proactive self-managements, ASUS has received Taipei City Labor Safety Award for 4 consecutive years.

Taipei City Labor Safety Award for 4 consecutive years

ASUS not only provides safe working environments for employees, but also cares about building safety. In 2017, we cooperated with Taipei City Fire Department to promote the installation of fire alarms for old buildings, and donated 1,500 alarms to Beitou community. The residuals in Beitou could apply for free installation to increase their home safety.

Free Safety Check on Locomotive and Virtual Reality Experience

Fire Alarms Donation to Taipei City Fire Department

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In Taiwan in 2017, the type of occupational injury was mostly the traffic accident. The absentee rate was 0.73% for male when 3.43% for female. The following tables show the disabling frequency rate and disabling severity rate for ASUS in Taiwan in 2017:

ASUS Taiwan: Employees

Item	Overall	Male	Female
Disabling Frequency Rate	2.10	2.05	2.21
Disabling Severity Rate	39	27	65
Occupational Disease Rate (ODR)	0	0	0
Work-related Fatalities	0	0	0

ASUS Taiwan: Contractor

Item	Overall	Male	Female
Disabling Frequency Rate	0	0	0
Work-related Fatalities	0	0	0

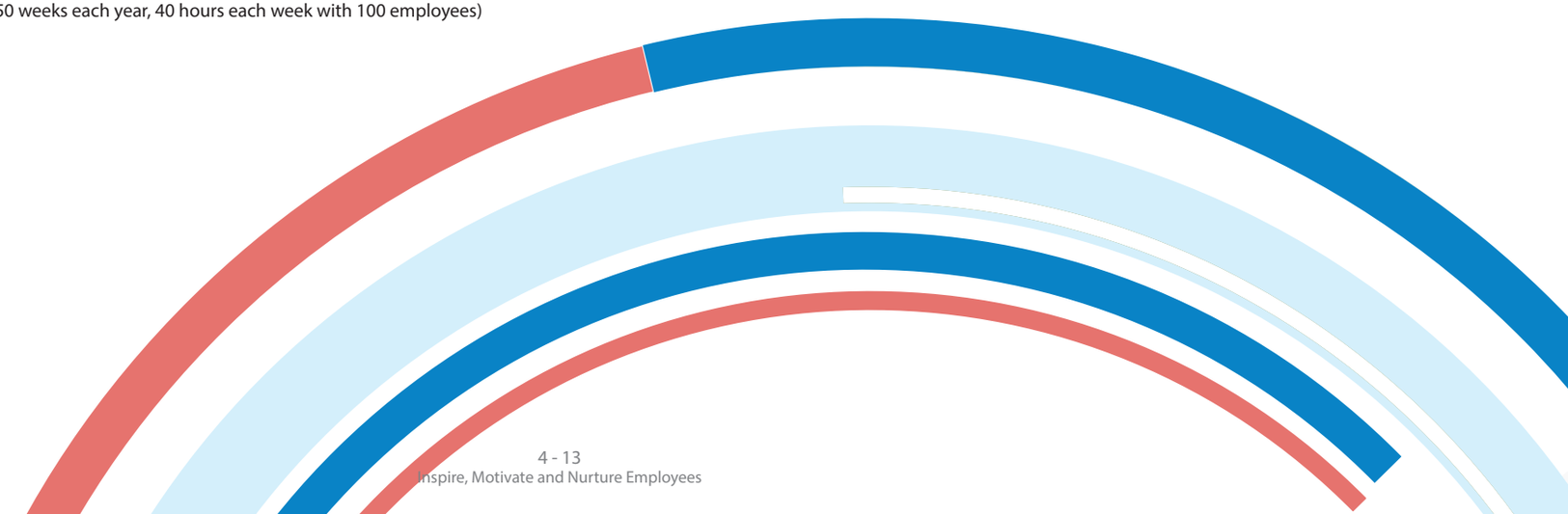
* ASUS defines "Absent" as employee not able to perform work due to including but not limited to occupational accident or disease.
  The leave includes: sick leave, occupational accident, personal leave, and absenteeism.
  Male(Female) Absentee Rate (AR) = Total Male(Female) Absent Hours/Total Male(Female) Working Hours x 100%

*When calculating the AR for female, menstrual leave is excluded from sick leave.

*Male(Female) Disabling Frequency Rate (FR) = Numbers of Disabling Occurrence for Male(Female) $x10^6$ /Total Male(Female) Working Hours

*Male(Female) Disabling Severity Rate (SR) = Total Lost Days for Male(Female) $x10^6$ /Total Male(Female) Working Hours

* Male(Female) Occupational Disease Rate (ODR) = Total Numbers of Occupational Diseases for Male(Female)/ Total Working Hours for Male(Female) x 200,000
  (200,000 is calculated from 50 weeks each year, 40 hours each week with 100 employees)



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Happy Workplace

ASUS values not only employee benefits and growth, but also the relief of workplace stress. We provide a happy working environment to allow our employees to achieve a work-life balance via taking care of family and health to maximize their potential.

ASUS provides employees with annual free health examinations and forms a joint workforce with hospitals to analyze the causes of abnormalities, provide medical consultation and assistance as well as further monitoring. In addition, we hire occupational disease specialists for prevention and intervention related to overload, ergonomic hazards and maternal protection approaches, and care for employees with abnormal working hours each month as well as arrange physician and psychologist intervention to reduce their stress. Employees with high risk of soreness will receive musculoskeletal assessment, and those with moderate level or above will be scheduled one-on-one interview to solve the problems. Work safety assessment and health management are provided to pregnant female employees in order to offer these future mothers a friendly work environment.

ASUS upholds the business philosophy of "nurture, cherish, and care for employees", and promotes better health for employees. We encouraged six healthy goals every day and held events such as stair climbing, road running, fitness slimming, cancer prevention, and smoke quitting. Every 1 out of 5 employees joined the stair climbing event whereas every 1 out of 9 employees joined an exercising club. The total weight loss was over one thousand kilograms and abnormal rate decreased by 40%. Physical test result showed 74% of the employees had done enough exercises. ASUS won the Best Award in the national dynamic workplaces creative golden idea in 2017, "Second" for national creative promotion for anti-smoking, betel nut, and drugs, and Best Partner award for cancer prevention. ASUS had been receiving special praises as blood donation groups for 3 consecutive years. We still work hard to build a better, healthier working environment for all employees.

Highlights of Health Awards

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Caring of Female Employs

In order to take care of the female employees as mothers, ASUS provides spacious and comfortable breast feeding rooms for their need. Since 2010, ASUS had been accredited with the Good Breast Feeding Facility certification. ASUS actively informs related employees of the facilities for breast-feeding and the rights of the employees through different channels, including orientation for new employees, motherly concern consultation, the maternity leave system to advocate the advantage of breast-feeding.

Recreational facilities

To provide employees with a positive and healthy work environment with proper balance of work and recreation, the gymnasium in headquarter equips with employee restaurant but also indoor court, fitness center, aerobics room, billiards room, swimming pool, SPA, steam room, and outdoor sunbathe area that open to our employees before and after work to keep physical fitness to the best condition. These facilities are also open to employees and their families during holidays.

Five-Star Class Psychology Caring

Employee caring hot line provides immediate assistance to employees. On the first day, employee will receive a small card (shown below) with explanation on the purpose. Human Resource Department of ASUS and Focus and Forecast Consultant Company from external professional consultants work together to provide immediate psychological and mood support as well as stress relief in work, daily life and health. For employees experiencing accidental injuries, hospitalizations due to sickness or disasters, the specialist from CSO provides emergency relief and care to employees and their family.

ASUS also encourages employees to present their opinions or ideas through internal channels such as Opinion Box. Feedbacks are classified into four categories: product R&D, sales and marketing, administrative affairs, and personal opinions. In 2017, the advices were all responded, and with the corporation with and supports of the relevant departments, 100% of the questions were replied within 3 days.

The contents of the website includes but not limits to tips of how to relieve the stress, positive thinking, other information that may be helpful to daily life, and schedules of self-growth seminars. The purpose is to encourage our employees and help relieve their job stress and thus reaching the work-life balance status.

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Employee caring events were posted on the website, and there were 4 seminars held in 2017. The proportion of the male to female employees was doubled, and most of these employees were single. Therefore, we planned the stress release courses and good health series seminars that covered not only on how to deal with stress from work, but also on living needs aspect to resolve communication problem between genders.

Furthermore, we held 4 internal seminars to promote sleep quality check and assist for a better sleep. An evaluation chart recommended by the "Worldwide Project on Sleep and Health" by World Health Organization was used during the testing. The trained Human Resource employee would explain and assist on filling out the form, and later advise on diet or style of life after the evaluation. Employees with serious sleeping problem will be, with his permission, transferred to a professional physician for further evaluation.

ASUS hires counseling psychologists to provide an Employee Assistance Program (EAP) compliant with international standards to assist employees in dealing with personal issues affecting productivity, and provides managers with professional management counseling to solve crises and management issues. To ensure employee wellness, employee relationship division also provides emergency care referral and assistance to employees and their family.

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(I) Employee Caring Service

Service	Content
Professional psychological counseling/consultation	■ Offer guidance to each consulting employee ■ Assist the organization in solving employees' problems to improve their productivity
Enhance employee care	■ Provide psychosomatic healthcare resource (timetable of hospital psychosomatic clinic)
Enhance overall quality of employee care	■ Periodically verify treatment processes with external psychologists ■ Provide psychological education to the employees' families when necessary
Diagnosis and assessment	■ Provide professional assessment and referral to employees when indicated ■ Provide employees with resources benefiting their physical and psychological health
Support ASUS subsidiary in Shanghai	■ Provide local psychological counseling service and resources ■ Assist employees and managers in solving issues between the organization and employees

(II) Management Counseling Service

Service	Content
Professional management counseling service	■ Assist and guide managers by providing action guidelines ■ Enhance managers' abilities to care for employees ■ Enhance self-awareness of managers ■ Assist managers in solving issues between the organization and employees
Assess management issues	■ Assist managers with adjusting self-management model ■ Assist with planning to improve the atmosphere of the unit

(III) Crisis Management

Service	Content
Risk management guideline	■ Assist managers in caring for employees ■ Guide employees in responding to risk events
Group psychological education	■ Assist managers in guiding other employees in their unit ■ Provide appropriate suggestions to lower employees' anxiety
Psychological education and instruction	■ Provide psychological education and instruction to employees' families and the units, including stress management and crisis management
Utilize psychologist association resources	■ Provide employees with association referrals for professional counseling services
Crisis and suicide risk assessment	■ Carry out professional guidance program ■ Facilitate and improve employee productivity ■ Address individual issues affecting performance

In 2017, EAP was provided 280 person-times. The increase in the service usage rate showed ASUS commitment in improving employee wellness, solving employees' issues, allowing immediate and effective improvement of employee productivity, and thus ultimately improving the overall competitiveness of the organization.

Besides employee caring, ASUS also provides emergency assistance and care, which is carried out by the Humanity function of the CSO. The scope of service not only includes emergency Solatium, but also develops customizing care programs for employees requiring long-term care. The latter provides the employees with the required assistance and support, and shows them and their family ASUS' widespread love.

In 2017, there was a case which an employee was seriously injured by accident and was suggested by the doctor to take a long rest. However, the employee was the only financial support in the family, thus he worried about the medical expenses as well as the work. Designated personnel from Humanity function of the CSO immediately initiated a customized caring project when realizing his worries and concern. We made work arrangement with the help from Human Resource and his manager, and applied a special project for one-year paid sick leave to support the employee to rest and heal. The personnel also visited the employee regularly during his recovery. This truly made the employee felt the love and caring from ASUS.

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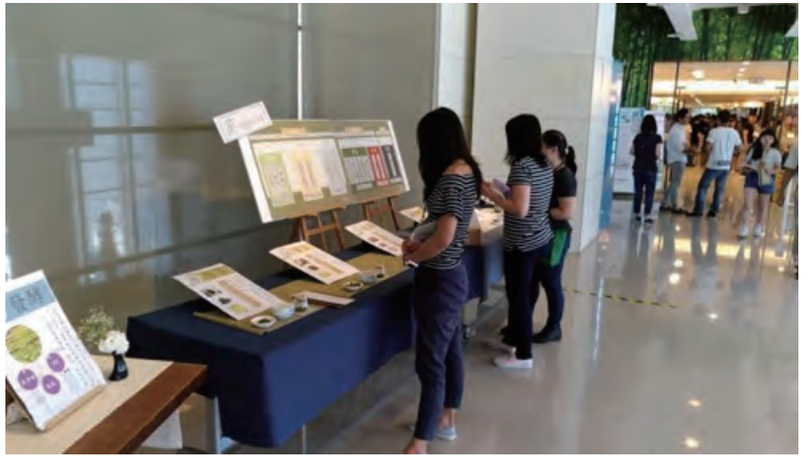
LOHAS Workplace

ASUS holds seminars and games on LOHAS lives at regular intervals. Employees are invited to participate for the release of their stress from work and reinforce their self-actualization. Happy traveling seminars have been organized to guide them to find happiness from different facets of lives and to enjoy lives. ASUS also plans for a variety of arts and cultural events, such as children folk game DIY (Do It Yourself) in related festivals or pictures exhibitions at the art gallery by the employee from ASUS Design Center with the making of customized cards on the scene on exhibition. Employees can also demonstrate their talents in this area in the exhibitions.



Parent-child Relationship

ASUS believes that a harmony in family will lead to psychological health. Taking care of the employees and their families will gain family support, so the employees can concentrate on making their best efforts. The gymnasium is opened to family members on holidays to encourage family participation in sports and games. This helps to reinforce parent-children relationships and share the same hobby, and nurture positive family interactions. There are also family days and department gathering days for the family members to join. Summer camp and winter camp are also organized for the children.

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ASUS considers that it is natural to share the profit in return to the community for the resources are taken from the community for corporate operations. As a global citizen, we appreciate the support from the community and from the world, and thus we combine our business with the core value to continuously involving in short-, middle- and long-term charity efforts, implementing the business philosophy of "Strive to be among the world-class green high-tech leaders and to provide valuable contributions to humanity".

ASUS combines the business with the core value to promote digital inclusion project as a social feedback to the society. Through providing digital equipment and learning environment to reduce the digital divide, it would develop the digital skills of the vulnerable groups and thus improve the quality of their lives. We fulfill our corporate social responsibility by participating in the social welfares to bring better lives to the community.

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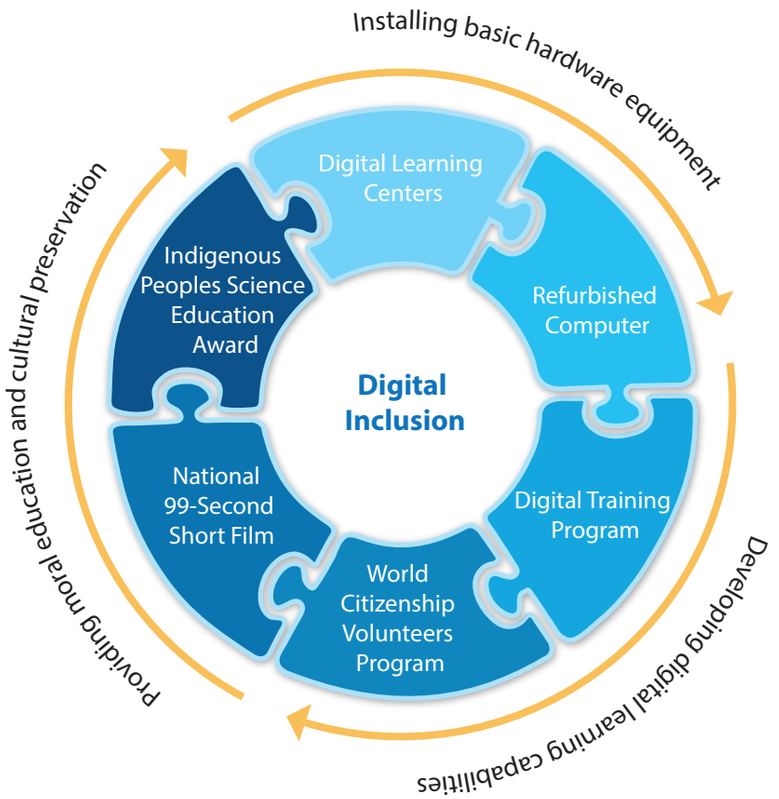
Digital Inclusion Project

Since its establishment in 2008, the ASUS Foundation has been working on the goal of reducing the digital divide and sets up digital learning center around the world in collaboration with non-profit organizations, volunteer group and governmental agencies. Digital inclusion refer to policies and activities exercised for creating a non-discriminatory information society, which means that chance of information access and use does not differ with the degree of education, gender, age, race and residence of individuals. ASUS helps deal with local digital divide issues with the connection of green technology, society and humanity, and continues the charity efforts to fulfill the role of the corporate as a global citizen and reveal the potential of people around the world.

There are 3 main aspects of the project of reducing digital divide: installing basic hardware equipment, developing digital learning abilities, and moral education and cultural preservation. 6 sub-projects are also designed to gradually improve the life quality of disadvantaged groups through digital learning, while promoting and preserving traditional culture.



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Infrastructure Build Up - Digital Learning Center

Since 2009, the ASUS Foundation has been working with the Ministry of Foreign Affairs in Asia-Pacific Economic Cooperation Digital Opportunity Center (APEC ADOC[1]) 2.0 project and assisting the non-profit organizations of ADOC member nations or entities with diplomatic relations with Taiwan in creating digital learning centers, promoting digital learning and bridging digital divide due to nation, region, age and gender differences in the hope of improving the digital competency and quality of life of local residents.

In 9 years, the ASUS Foundation has contributed to the establishment of digital opportunity centers in 36 nations with over 450 computer classrooms, and the donation of 14,402 new notebook computers, refurbished computers and tablets. In addition to the donation of the equipment, we also provided support service through our volunteers as well to promote digital learning, improve the digital skills of children in rural regions, of students and young adults of economic difficulty, and of women and of elderly. Work practice positions were also provided. Over 550,000 people are benefit from the project.

In 2017, the ASUS Foundation worked with TDOC and the Department of Latin American and Caribbean Affairs to donate 661 brand new notebook computers, 192 tablets, 20 Zenbos, 42 mobile phones, and 1,904 refurbished computers to the rural schools or organizations in 24 nations. The joint effort of governmental organization and private company helps spread the warmth and resources to rural regions or vulnerable population around the world, improving the digital competency of local vulnerable children and academic organizations.

Note 1: Renamed as Taiwan Digital Opportunity Center (TDOC) in 2015

Nations received donation since 2009:

Asia-Pacific 10 nations	Taiwan, Philippines, Cambodia, Vietnam, Indonesia, Thailand, China, Malaysia, Laos, Myanmar
Central Asia 4 nations	India, Sri Lanka, Turkey, Nepal
Africa 6 nations	Tanzania, South Africa, Zimbabwe, Swaziland, Kenya, Burkina Faso
Central and South America 14 nations	Ecuador, Paraguay, Panama, Nicaragua, Dominican Republic, Honduras, Belize, Haiti, Peru, Saint Vincent, Saint Kitts and Nevis, Mexico, El Salvador, Guatemala
Europe 2 nations	Netherlands, Russia

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Donation to Humanity school, Thailand

Donation to SONADEZI Technology Management Institute, Vietnam

Donation to Daw Khin Kyi Foundation, Myanmar

Donation to Job Training Center in Vientiane, Laos

Donation to El Menahil Syria school, Turkey

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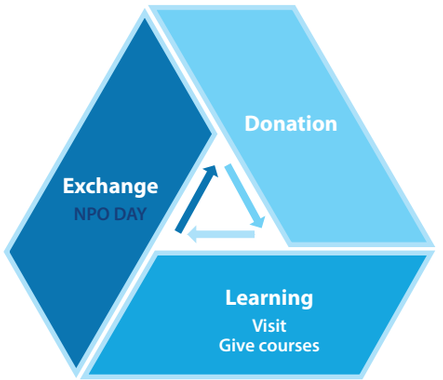
Development of Digital Learning Ability - Digital Cultivation Project

Starting from 2008, the ASUS Foundation has launched "PC Recycling for a Brighter Future" program that recycles discarded computers and refurbishes them by reusing available components and updating the software. The program not only recovers discarded electronic products through reverse logistics to promote the concept of eco-friendly but also establishes the basic infrastructure of information products, becoming up the first step towards the promotion of digital learning to reduce the gap of digital divide. By the end of 2017, a total of 345,900 waste electronic products had been recovered, 10,746 refurbished computers had been donated to 36 countries and 472 non-profit organizations worldwide, affecting more than hundred thousand people.

Recipients of these refurbished computers were mainly non-profit service providers such as volunteers, learning enrichment centers for disadvantaged students, seniors, physical/mental handicaps, new immigrants, and so forth. Besides hardware, the ASUS Foundation cooperated with Digital Phoenix Association to provide relevant software trainings, such as social network building (creating fan page on Facebook, posting and sharing contents), file management (using cloud drive, making questionnaires and surveys on cloud), word processing, promotional platform (introductory video editing) and so forth. Such supplementary courses not only help to boost the administrative capabilities of our partners in non-profit organizations but also enable them to broaden their international views and rendering them more competitive in the future. In 2017, the provision of these software training and teaching materials had benefitted approximately 21,120 users directly and indirectly.

Since 2016, we expanded NOP Day-Smart NOP which created a learning and interacting platform for non-profit organizations. Moreover, it became one of the primary communication platforms for donators and recipients. The donators would know to whom the donated equipment went; whereas the recipient could learn how to use digital tools efficiently to elevate its digital power. ASUS held a NPO Day in Kaohsiung, Changhua, and Taipei in 2017, with total of 61 recipient units and 7 donating corporations participated in this event, as well as local government agencies such as Social Affairs Bureau of Kaohsiung City Government and Changhua County Government. We also Invited Loss of Parental Child Welfare Foundation, Information Society Promotion Association, Chinese Culture University, professors from Chienkuo Technology University, and together with ASUS software planner as speakers in digital lectures. Topics included but not limited to: Office 365 cloud introduction, internet marketing for non-profit organization, website design concept introduction, and the introduction and application of mobile APP. 99 people were directly benefit from this event, and 9,760 people indirectly.



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Since 2015, the ASUS Foundation, on the mission of reducing digital divide, has worked with ASUS Volunteer Club in providing onsite digital content training at the receiving organizations of refurbished computers. In the fieldwork, ASUS employees could observe the needs of users and reflect them in product and service design, which further improves the relationship between ASUS products and users.

In order to ensure effective communication and exchange between the recipient organizations, we create our Facebook fan page to promote the benefits of these refurbished computers and the program. For more information on the ASUS Foundation's "Refurbished Computer and Digital Training Program", please visit: http://www.asusfoundation.org/

NPO Day-Smart NPO

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Development of Digital Learning Ability - ASUS World Citizenship/Volunteer Program

The business philosophy of ASUS is to nurture, cherish, and care for employees. This allows ASUS people to fully maximize their potential. We encourage employees to proactively participate in volunteer services, and we achieved great success in 2017.

The ASUS Foundation has been recruiting international volunteer group that provides opportunities for ASUS employees seeking international service experience. With the collaboration with domestic and foreign school clubs and non-profit organizations, the international volunteers visit rural regions to provide information and communication training, Chinese language education and technical training, as well as raising ecological protection awareness. This excites the potential of ASUS employees and fulfilled the social responsibilities. In 9 years, more than 700 volunteers participated. ASUS encourages volunteer service participation by offering 2 weeks of official leave as well as meal and travel compensation. In 2017, 106 volunteers were sent to 9 countries, namely the Philippines, Cambodia, Malaysia, Thailand, Myanmar, Vietnam, Nepal, India, and Tanzania.

Through achievement presentation, Facebook, and volunteer website, with videos, photographs and text records, the ASUS Foundation is able to share the experiences of volunteer services and interesting/heart-touching moments with people around the world.

Achievements of international volunteer service: http://www.asusfoundation.org/article_achievements.aspx?id=3

2017 International Volunteer Achievement Presentation

Yuan Ze University Volunteer Service in Nepal

National Taipei Business University Volunteer Service in Myanmar

In addition to selecting international volunteers to perform services in rural regions abroad, ASUS has paid equal attention to local disadvantaged minorities. In order to encourage employees to actively participate in relevant voluntary services and charity events, the company offers 1 day of volunteer leave per year for each employee and subsidy for related event funds.

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In 2017, for the first time, ASUS Volunteer Club held a four-day digital learning fun camp for two elementary schools in the countryside in Taiwan. One of them was in Fa-Ji elementary school in Nantou, and the other was in Tong-An elementary school in Changhua. During the camp, we introduced the students to the proper use of digital technology and to the actual practice with the equipment, and it became a very different summer vacation experience for them. Those children who participated in this camp were not necessarily in top of their classes. However, their focus looks and thirst to learn were shown with a learning experience. Because the children were given the learning opportunities and companionships, their futures are full of hopes.

ASUS Digital Learning Fun Camp - Ardunio Car Race

Your Action, China's Future - ASUS e-Entrepreneurship Volunteer Program

2017 is the 9th consecutive years for the "ASUS e-Entrepreneurship Volunteer Program". The theme of the year was: light up the love and care with technology, and prove your youth with footprints. We hope to help and care for the left behind children to increase their communication and interaction with their parents and the world through technology, and this would make them get closer to their families and see the world with their hearts.

We began the recruitment in 45 colleges and universities in 15 cities in 2017. Students with enthusiasm were welcome to register through recruitment event or the official website. Selected candidates would participate in a two-day exclusive training. We invited teachers with enthusiastic and influence in the country to conduct both online and offline training. Contents include: knowledge of grow in safety for left behind children (self-safety for girls, property safety, law protection), self-elevation for college students, leadership in public welfare, speech and communication, social etiquette, career planning, and computer science. Total of 45 sessions of training were held in 70 colleges in 16 cities. 3557 volunteers were trained and served in the nearby local social welfare institutes and nursing homes, or they conducted social practice in countryside and cared for minority groups such as left behind children. It would arouse public spirits of the college students, enhance team work skills, and bring up their social responsibilities.

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In July and August, volunteers teamed up by themselves and made public welfare plans. They went to the countryside and provide full-range volunteer service for left behind children to make them feel loved and provide counselling for mentality. It helped them to make progress in learning and reach a stage of healthy mind and upright behavior, leading them to become independent, strong, and confident people. Or, volunteers could explain how to improve the life of the left behind children through crowdfunding. Every student could become an initiator or a broadcaster for public welfares. There were 280 teams formed by 2,900 volunteers in 2017 to participate in more than 300 summer-term practices. It completed the 2017 ASUS e-create Volunteer Work and assisted and influenced nearly 600 thousand people.

Besides, there are other opportunities for public welfare offered in China:

1. E-Create Club: formed in 16 cities with 1820 volunteers participate in regular self-planned public welfare activity.
2. Elite Practice Club: elite group of the e-Entrepreneurship Club. It held a 5-day elite group practice camp in the South and the North during the summer vacation, including movie playing for the left behind children, country music festival, a public welfare system with three classes and one concert (science class, safety class, music class, and a concert), and work with the celebrity volunteers.

After the practice, all teams would be presented with a certification granted by China Association for Science and Technology and ASUS. Based on the accumulated score, the outstanding volunteer representative was selected to be presented the honor certification in the award ceremony in the Tsinghua University. He or she would become the public welfare partner of ASUS and had the chance to visit Taiwan for exchange learning, visit ASUS headquarter, and be the public welfare messenger between Taiwan and China.

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Digital Content and Cultural Preservation

99-Second Film and Micro Movie Contest

Beginning in 2009, the ASUS Foundation has held "National 99-Second Film Contest" with Taiwan Public Television Service (PTS) for 8 consecutive years. The theme of the 8th contest was "My Sustainable Generation", which was based on the sustainable issues that had received attention in recent years. We hoped that young students will use images through the lens to record the acts of our generation to expand the influence. For products of Information and communications technology underwent rapid development, the ASUS Foundation worked with PTS to hold "Mobile Device Video Workshop" that provide training on the design and application of mobile phone in hope of fostering the future video makers.

Over 100,000 participants and 2,800 pieces of work were submitted throughout these years. Various topics were covered, such as environmental conservation, community renovation, cultural preservation, resource recycling, and stray animals. It recorded the stories for those who pursuit the sustainability of Earth with their actions, and also with ideal and the courage to change. In the eighth year of "Touching Moment 99 My Sustainable Generation", we continued to recruit 99-second video and also added "Documentary Micro Movie Filming Sponsorship Program". We invited Director Chi-Jan Ho to supervise a documentary micro movie called "Cooking", which was based on students' production of "left-over food". The movie was released on campus, which received great feedback in after-screening discussion. "Fight for a breath", the film that won the gold award of 99-second video, was based on a confession from a documentary worker who had been concerned about air pollution issue for a long time. It showed more people about the air pollution issue. These works inspired everyone to take the sustainability issue seriously.

List of Winners:

感動99 我的續世代

獎項	作品名稱	得獎人
金 獎	《爭一口氣》	江芷婷.吳宜蓁.羅月琳.蘇綏雯
銀 獎	《留浪》	王孟研.王思萍.陳吟鳳.黃依雯.劉純佑
銅 獎	《未完待續》	周佩鈺.林品汝.章雅筑.彭俞瑄
華碩特別獎	《無聲末日》	王盈方.林蕙舜.張琦琦.黃文麗.魯庭芸
優選獎	《關山鎮部落健康營造》	胡人元
	《溪州尚水「養寵物」-生態永續》	陳宜亨
	《Some Day》	張 魯
	《瓶的n次方》	吳亞玲.張雅涵.黃品蓁.黃禹菜.黃航雪
	《飯盒反撲》	王泰翔.王淳永.李佳萱.劉家軒.戴以婕
佳作獎	《洲美美人腿-老人家的後花園》	郭琬琤
	《垃事知多少》	王育梅.張祐瑄.陳意伊.鐘敏綺
	《無痕綠生活》	邱意娟.張子芸.曾威郡.劉家妤
	《Return》	吳孟恩.林愷薇.張于欣.許紫緹.彭佳怡
	《大地的守護者》	徐崇哲.黃可欣.廖中銘
	《守住溫度，從小開始》	吳秉謙.楊宜芳.汪喜得.許馨方.詹偉杰
最佳指導獎	景文科技大學 視覺傳達設計系	廖兆斌
網路人氣獎	《續食代》	朱婉榛.周欣誼.林宜樂.鄧丞均

ASUS FOUNDATION 華碩文教基金會

Event Page: https://www.pts.org.tw/2016heartfelt99/
Event Fan page: https://www.facebook.com/touching99/?fref=ts

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Mobile Device Video Workshop

ASUS combined professional video processing technology from Chinese Public Television and the latest ASUS handheld device "Zenfone4" to hold the workshop, not only attempting to improve the video competency of students, but also hope students to share their unique life experiences with more refined video creations with the public, and contribute to the efforts of requesting resources for people in need.

Over hundreds of people from all over Taiwan signed up for the Mobile Creation Camp for the past three years. In order to create more learning opportunities for the students, we moved the camp to Kaohsiung for 2017. Moreover, an image workshop for ASUS international volunteer was held this year. Volunteers could bring these touching memories from the services involved back to Taiwan and share with more students in Taiwan.

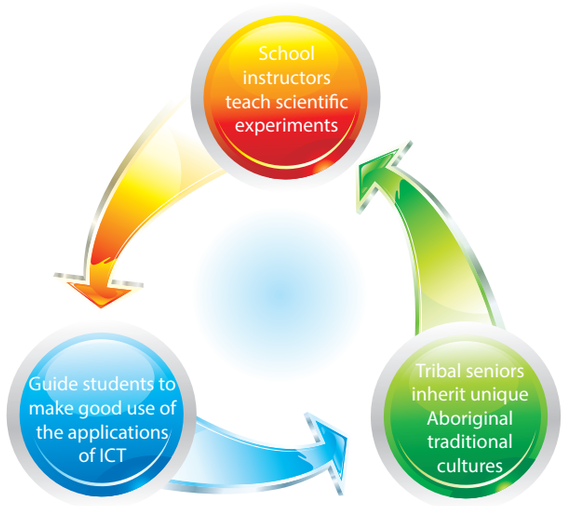
Highlights from the ASUS international volunteer image workshop

ASUS Indigenous Peoples Science Education Award

The Indigenous People Science Education Award focuses on cultural heritage and scientific verification. This award combines traditional indigenous scientific knowledge, culture, and ecological environment with modern scientific, technological and innovative research activities to promote the information and science accomplishment among elementary and junior high school students. With the use of cloud platforms and the company of elders and parents, elementary and junior high school students of indigenous areas conduct science projects relating to phenomenon and incidents relating to the tribal environment. The wisdom of indigenous tribes and culture are preserved through scientific verification methods.

The ASUS Indigenous Cloud Technology Education started from 2009 was in the joint effort of National Tsing Hua University, Taiwan Indigenous Television, Council of Indigenous Peoples, and ASUS Foundation. It also received support from ASUSTeK Computer Inc., Department of Information and Technology Education of the Ministry of Education, National Tsing Hua University "Yabit Tribe" website, government of counties and cities dwelled with indigenous people, and Tsing-Hua Foundation for Web Culture and Education. 2017 marks the 8th year of the award, with more than 2000 direct participants including indigenous teachers, students, elders and family members.

Website: http://www.yabit.org.tw/index.php



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Other Volunteer Services

Apart from ASUS Digital Learning Fun Camp, the 2017 volunteer services included but not limited to: Yu-Yin elementary school information club; digital learning camp for Southern Taipei Taiwan Fund for Children and Families, for Northern Taipei Taiwan Fund for Children and Families, and for Taipei Orphan Welfare Foundation; Ta-yuan Church children's Secret Base Digital Learning Camp and Environmental Education; Andrew Charity Food Bank, Zen-an Homeless Social Welfare Foundation, Warm Concern in Winter Taiwan Fund for Children and Families, Charity Sale in Busy Guandu Market; mountain cleaning, beach cleaning, and coast and river adopting activities. The enthusiasm and involvement of the ASUS volunteers were shown in every activity. Our volunteers tot only demonstrated the passion about public welfare, but also enhanced their recognition in self-value and achievement. In 2017, total hours of volunteer service around the world were 8,351 hours.

Public Welfare Platform - Public Welfare Good for All

In order to encourage ASUS people to involve with volunteer services and truly understand the value created, we promote public welfare lecture and public welfare good for all events through ASUS public welfare platform. We hope to call for our employees to participate in public welfare activities. It helps to increase coherence of the team and corporation value by completing non-work related mission through teamwork and building common language and non-official connection. In 2017, with great efforts of 150 people in 6 teams, they participated in the following activities: mountain cleaning, beach cleaning, helping out in food bank and in nursery school.

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ASUS and the ASUS Foundation have continued to sponsor literary and art events to support the local communities, expand our international horizons and fulfill our social responsibility by taking actions in various social activities.

Fun Guandu Festival

Despite having our facilities in the Guandu area for more than 20 years, ASUS has had limited connections to the local community. As such, ASUS and Taipei National University of the Arts collaborated the "Fun Guandu Festival" event in 2015. The goal of the event was to foster and strengthen the bonds of the neighboring villages while caring for the people and affairs of Guandu as we transform Guandu into a cherished venue of arts and technology in Taipei. Thanks to the effort of all the collaborating organizations, Fun Guandu Festival became one of the major events of World Design Capital Taipei 2016, and one of the major annual activities of the year in Taipei City. In 2017, Zenny and over 200 employees participated in street acts and charity sales market. They danced "Say ASUS" with the crowd and partied all over the streets of Guandu. Other ASUS employees joined the canoe river team who paddled from Sun-Shi pier along the KeeLung River to Guandu fisherman's wharf and met up with the street team. They made tribute to everyone's beloved land of Guandu. All the charity income from this activity went to Northern Taipei Taiwan Fund for Children and Families and other long-term cooperated welfare organizations to help the minority children.

Activity website: http://www.guandu.tw/
Facebook fan page: https://www.facebook.com/guandu.tw/

Hundreds of ASUS Employees, Relatives and Friends, Zenny and More Than 20

Assisted development of the intellectually challenged

ASUS is keen in providing assistance to the vulnerable population through the digital education for reducing divide and vulnerable group sponsorship. Lifelong support is also provided: Since 2008, ASUS has hired 9 intellectually challenged full-time employees to run the "Children-Are-Us" bakery ASUS branch in the employee restaurant. All the profit is provided to the Children Are Us Foundation so that assistance is available to more intellectually challenged individuals in need, and they can learn new skills for living and gain confidence from empowerment.

Charity Donations and Sponsorships

On top of concrete actions and participation in various social events, ASUS also plans annual budget for the sponsorship of various charity organizations. Moreover, our employees also take the initiative to organize fundraising and donations.

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ASUS Philippine Operation Smile "Show Your Smile" Action

ASUS Philippine together with NGO "Operation Smile" initiated "Show Your Smile" action to recruit selfie or wefie smiling photos. People would just need to upload the photo to the social media and give the tag "#4theSmile". For each photo uploaded, ASUS Philippine would donate one peso to the organization "Operation Smile Philippines" to help the cleft lip and palate children in poverty to perform repair surgery, so they and their families could show their smiles and gain confidence again.

"Operation Smile" was established in 1988 and has been actively helping cleft lip and palate children in poverty in Philippine through fund raising and conducting medical activities. According to the research by "Operation Smile", there is one child born with cleft lip and palate every three minutes. These children need social assistance desperately. The charity event "#4theSmile" that ASUS Philippine involved raised 1.3 million peso (about 750,000 New Taiwan Dollars). Local employees and media were called for a two-day volunteer work in QualiMed General Hospital in Iloilo in mid-Philippine to make contribution to local public healthcare. Pilipino likes to take selfie. For most people, taking a selfie with a smile is the most common thing to do. However, it might be the deepest sorrow for those with cleft lip and palate. ASUS Philippine hopes to bring up the public awareness to care for children with cleft lip and palates and their families by the spirit "We Love Selfie & Wefie" of ASUS product ZenFone 4 Selfie. Let's spread and expand the love through "#4theSmile".

Cooperation with Da-Ai Television

Since 2008, ASUS has sponsored the production of spiritual purification-related programs by Radio Da-Ai. The theme of the charity advertisement for 2017 was "Sustainability and Creativity", which was based on actual cases of the donations of refurbished computers. First half of the year focused on the disadvantaged children in Yunlin, whereas second half of the year focused on the international pen pal relationship between Swaziland ad Tafon elementary school. We wished more people could know the significance and connotation of "Refurbished Computer and Digital Training Program" through the advertisement and would join us to support the program.

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Charity Shop

ASUS supports the vulnerable groups with actions. We invite shelter workshops and social welfare organizations to ASUS sites on Dragon Boat Festival, Mid-Autumn Festival, on ASUS Family Day, as well as every month, to set up the booth for sales, and at the same time promote social welfare practices to gain recognitions and direct supports from our employees. In 2017, the revenue of charity shops was NTD 650,951.

Crowd Funding, Fundraising, and Charity Sale Donations

In 2017, ASUS contributed NTD 107,651 thousands for public interest with the followings: The ASUS Foundation and social welfare caring.

Category	Amount Donated (Thousand NTD)
Cash Donation	61,596
Service Hours	20,470
Material Donation	22,085
Others	3,500

We also build an IT charity fundraising platform for donation and fundraising. In 2017, through the platform, employee donated NTD 2,835 thousands, and it was primarily used for supporting the vulnerable groups and for their New Year gifts. Started from 2011, the fundraising opens before Chinese New Year each year. We had been raising NTD 11,818,563 thousands as of now and 16 social welfare groups received the funds.

In addition to the charity fundraising platform, we also provide a material collection platform. Employees are encouraged to donate any new or old items no longer needed. Some of the materials raised in 2017 were sold in the charity fair to extend the use life of the objects, while some were donated to African entities with diplomatic relation with Taiwan such as Swaziland and Kenya to provide children of school age with clothes and shoes. ASUS also collaborated with World Vision Taiwan in assisting senior high school students in Penghu. Thanks to the charity moves, our employees now cherish their belongings and show altruism.

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Appendix A Boundary Covered in the Report

Name	Main business activities	Region
ASUSTeK Computer Inc. (ASUS)	Headquarters	Taiwan
ASUS Technology Incorporation (ASUTC)	Selling 3C products in Taiwan	Taiwan
Asus Global Pte., Ltd. (ASGL)	Selling 3C products	Taiwan & Singapore
ASUS Cloud Corporation	Selling and consulting about e-commerce service	Taiwan
ASUS COMPUTER INTERNATIONAL (ACI)	Selling 3C products in North America	Americas
ACBZ REPRESENTAIVE COMERCIAL LTDA. (ACBZ)	Selling 3C products in Brazil	Americas
Asus Computer International (ACICA)	Marketing 3C products in Canada	Americas
PT ASUSINDO SERVISTAMA (ACID)	Marketing 3C products in Indonesia	APAC
PT ASUS SERVICE INDONESIA (ASID)	Repairing 3C products in Asia-pacific and America	APAC
ASUS JAPAN INCORPORATION (ACJP)	Selling 3C products in Japan	APAC
ASUSTEK COMPUTER MALAYSIA SDN. BHD. (ACMY)	Marketing 3C products in Malaysia	APAC
ASUS Technology Private Limited (ACIN)	Marketing and repairing 3C	APAC
ASUS India Private Limited (ASIN)	Selling 3C products in India	APAC
ASUS TECHNOLOGY (VIETNAM) COMPANY LTD. (ACVN)	Repairing 3C products in Vietnam	APAC
ASUS MARKETING (THAILAND) CO., LTD.	Marketing 3C products in Thailand	APAC

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Name	Main business activities	Region
ASUS Australia Pty Limited (ACAU)	Marketing 3C products in Australia	**APAC**
ASUS Service Australia Pty Limited (ASAU)	Repairing 3C products in Australia	**APAC**
ASUSTeK Computer (Shanghai) Co., Ltd (ACSH)	Selling 3C products in China	**China**
ASUSTEK COMPUTER (CHONGQING) CO., LTD. (ACCQ)	Selling 3C products in China	**China**
ASUS Computer (Shanghai) Co., Ltd. (ACS)	Repairing 3C products in China	**China**
ASUS Technology (Suzhou) Co., Ltd. (ACSZ)	Researching and developing	**China**
ASUS France SARL (ACF)	Marketing 3C products in France	**EMEA**
ASUS Computer GmbH (ACG)	Marketing 3C products in German	**EMEA**
ASUS COMPUTER Czech Republic s.r.o. (ACCZ)	Marketing 3C products in Czech	**EMEA**
Asus Czech Service s.r.o. (ACCZS)	Repairing 3C products in Europe	**EMEA**
ACRU	Marketing 3C products in Russia	**EMEA**
ASUSTeK Italy s.r.l. (ACIT)	Marketing 3C products in Italy	**EMEA**
ASUSTEK (UK) Ltd. (ACUK)	Marketing 3C products in United Kingdom	**EMEA**
Asus Bilgisayar Sistemleri Tic.Ltd.Sti. (ACTR)	Marketing 3C products in Turkey	**EMEA**
ASUS IBERICA, S.L. (ACIB)	Marketing 3C products in Spain	**EMEA**
ASUS Polska Sp.z.o.o. (ACPL)	Marketing 3C products In Poland	**EMEA**

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Appendix B Other Performance Indicators

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Region	Category	Type	Male		Female	
			#	Proportion within that type	#	Proportion within that type
Taiwan	Labor force composition	Employee	4695	66.49%	2366	33.51%
		Worker	0	-	0	-
	Contract	Permanent	4669	66.64%	2337	33.36%
		Temporary	26	47.27%	29	52.73%
	Employment type	Full-time	4669	66.64%	2337	33.36%
		Part-time	26	47.27%	29	52.73%
	Employee type	General Employee	3348	62.24%	2031	37.76%
		Senior Management	1347	80.08%	335	19.92%
China	Labor force composition	Employee	2090	52.68%	1877	47.32%
		Worker	16	26.23%	45	73.77%
	Contract	Permanent	1321	51.26%	1256	48.74%
		Temporary	785	54.10%	666	45.90%
	Employment type	Full-time	2083	52.80%	1862	47.20%
		Part-time	23	27.71%	60	72.29%
	Employee type	General Employee	1731	49.37%	1775	50.63%
		Senior Management	375	71.84%	147	28.16%
America Region	Labor force composition	Employee	339	55.57%	271	44.43%
		Worker	1	100.00%	0	0.00%
	Contract	Permanent	335	55.37%	270	44.63%
		Temporary	5	83.33%	1	16.67%
	Employment type	Full-time	338	55.50%	271	44.50%
		Part-time	2	100.00%	0	0.00%
	Employee type	General Employee	297	54.10%	252	45.90%
		Senior Management	43	69.35%	19	30.65%

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			#	Proportion within that type	#	Proportion within that type
Asia-Pacific	Labor force composition	Employee	1100	69.58%	481	30.42%
		Worker	164	85.86%	27	14.14%
	Contract	Permanent	982	69.84%	424	30.16%
		Temporary	282	77.05%	84	22.95%
	Employment type	Full-time	1028	70.22%	436	29.78%
		Part-time	236	76.62%	72	23.38%
	Employee type	General Employee	1206	71.40%	483	28.60%
		Senior Management	58	69.88%	25	30.12%
Africa & Middle East & Europe	Labor force composition	Employee	846	63.85%	479	36.15%
		Worker	27	49.09%	28	50.91%
	Contract	Permanent	819	64.29%	455	35.71%
		Temporary	54	50.94%	52	49.06%
	Employment type	Full-time	834	64.20%	465	35.80%
		Part-time	39	48.15%	42	51.85%
	Employee type	General Employee	805	62.26%	488	37.74%
		Senior Management	68	78.16%	19	21.84%

Type	Definition
Employee	Employee: (1) Regular (2) Expatriate (3) Temp. Contractor (4) Intern/Trainee
Worker	Non-employee according to ASUS definition: (1) Dispatched Staff (2) Representative
Permanent	(1) Regular (2) Expatriate
Temporary	(1) Temp. Contractor (2) Intern/Trainee(3) Dispatched Staff (4) Representative
Full-time	(1) Regular (2) Expatriate
Part-time	(1) Temp. Contractor (2) Intern/Trainee(3) Dispatched Staff (4) Representative

*Please see the table below for the definition

Employee Type	ASUS Definition
Management Employee	Section Manager, Department Manager, Division/Center Manager, President, Vice President, Chief Executive Officer, Chief Strategy Officer
General Employee	Excluding above

Note: For Taiwan region, since ASUS Cloud has its own independent HR database, the statistic calculated above does not include ASUS Cloud

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202-1 Ratios of standard entry level wage by gender compared to local minimum wage

Region	Male	Female
Taiwan	1.29	1.29
China	1.89	1.89

* The data of subsidiaries in other countries other than in Taiwan and in China were still incomplete, thus the data was not disclosed
*Entry level employee: Regular employees but excluding Intern/Trainee and low-level administrative tasks or technical support personnel

202-2 Proportion of senior management hired from the local community

Region	Percentage
Taiwan	100.00%
China	74.47%
America Region	87.10%
Asia-Pacific	71.08%
Africa & Middle East & Europe	86.21%

* The word "local" in this performance indicator is defined as "nationality"

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401-1 New employee hires and employee turnover

Region	Item	Age Group	Male		Female	
			#	Proportion of the male employees within that age group	#	Proportion of the female employees within that age group
Taiwan	Number and Rate of New Employee	<30	241	18.19%	181	19.50%
		30～50	128	3.73%	73	4.69%
		>50	2	1.92%	0	0.00%
	Number of Rate Employee Turnover	<30	310	23.40%	265	28.56%
		30～50	550	16.02%	221	14.19%
		>50	15	14.42%	4	15%
China	Number and Rate of New Employee	<30	238	31.93%	189	35.15%
		30～50	69	5.87%	50	7.29%
		>50	0	0.00%	1	1.38%
	Number of Rate Employee Turnover	<30	377	68.10%	241	39.56%
		30～50	152	22.10%	134	16.60%
		>50	2	6.67%	0	0.00%
America Region	Number and Rate of New Employee	<30	41	48.81%	31	35.43%
		30～50	40	16.49%	31	17.92%
		>50	7	15.05%	4	13.79%
	Number of Rate Employee Turnover	<30	18	21.43%	25	28.57%
		30～50	51	21.03%	38	21.97%
		>50	5	10.75%	5	17.24%

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Region	Item	Age Group	Male		Female	
			#	Proportion of the male employees within that age group	#	Proportion of the female employees within that age group
Asia-Pacific	Number and Rate of New Employee	<30	181	32.41%	89	31.34%
		30～50	163	20.66%	29	12.83%
		>50	0	0.00%	1	100.00%
	Number of Rate Employee Turnover	<30	186	33.30%	89	31.34%
		30～50	238	30.16%	75	33.19%
		>50	1	10.53%	1	100.00%
Africa & Middle East & Europe	Number and Rate of New Employee	<30	68	28.04%	55	35.48%
		30～50	5	0.97%	4	1.23%
		>50	2	6.56%	6	15.19%
	Number of Rate Employee Turnover	<30	72	29.69%	58	37.42%
		30～50	6	1.16%	8	2.46%
		>50	3	9.84%	11	27.85%

* Male(Female) Employee New Hired Rate of the Age Group= Numbers of New Male(Female) Employee of the Age Group hired the whole year / Numbers of Male(Female) Employees of the Age Group at the end of the year
* Male(Female) Employee Turnover Rate of the Age Group= Numbers of Male(Female) Employee of the Age Group quitted the whole year / Numbers of Male(Female) Employees of the year of the Age Group at the end

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401-3 Parental leave

Region	Item	Male	Female
Taiwan	Numbers of employee qualified for parental leave in 2017	789	366
	Numbers of employee apply for parental leave in 2017	10	51
	Numbers of employees who actually returned to work after parental leave ended in 2017	3	27
	Numbers of employees who worked 12 months after their return from parental leave by 2017	12	54
	Return to Work Rate in 2017	21.43%	72.97%
	Retention Rate in 2017	100%	78.95%
China	Numbers of employee qualified for parental leave in 2017	406	447
	Numbers of employee apply for parental leave in 2017	147	214
	Numbers of employees who actually returned to work after parental leave ended in 2017	90	93
	Numbers of employees who worked 12 months after their return from parental leave by 2017	73	79
	Return to Work Rate in 2017	100%	100%
	Retention Rate in 2017	84%	87%

* Numbers of Employee qualified for parental leave = Numbers of Employee who applied for paternity leave in the period of year 2015-2017
* Return to Work Rate for Male(Female) Employee = Numbers of Male(Female) Employee who returned to work after parental leave in 2017 / Numbers of Male(Female) Employee who should return to work after parental leave in 2017 X 100%
* Retention Rate for Male(Female) Employee = Numbers of Male(Female) Employee took the parental leave in 2016 and returned to work for at least 12 months in 2017 / Numbers of Male(Female) Employee who should return to work after parental leave in 2016 X 100%

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404-1 Average hours of training per year per employee

Taiwan	Average hours of training per year per employee	Gender	Male	20.31
			Female	18.15
		Employee type	General	19.63
			Management	19.44
China	Average hours of training per year per employee	Gender	Male	13.80
			Female	9.35
		Employee type	General	10.10
			Management	10.30

* Most of the offices other than in Taiwan and in China are marketing or maintenance operations, thus no specifically recording of such information

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Appendix C GRI Content Index

GRI Content Index	Disclosure	Page numbers(s) and URL(s)	Omission
General Disclosures			
GRI 102: General Disclosures 2016	102-1 Name of the organization	1-2	
	102-2 Activities, brands, products, and services	1-2	
	102-3 Location of headquarters	1-2	
	102-4 Location of operations	1-2, Appendix A, Annual Report 321~324	
	102-5 Ownership and legal form	1-2	
	102-6 Markets served	Annual Report 102	
	102-7 Scale of the organization	Annual Report 135~138	
	102-8 Information on employees and other workers	Appendix B	
	102-9 Supply chain	3-2~3-3	
	102-10 Significant changes to the organization and its supply chain	No significant changes	
	102-11 Precautionary Principle or approach	1-6~1-7, 2-2~2-5, 2-12~2-13	
	102-12 External initiatives	2-13, 3-6, 4-2	
	102-13 Membership of associations	1-10	
	102-14 Statement from senior decision-maker	II, III	
	102-16 Values, principles, standards, and norms of behavior	1-8, 4-2	
	102-18 Governance structure	1-4	
	102-40 List of stakeholder groups	VI	

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General Disclosures			
GRI 102: General Disclosures 2016	102-41 Collective bargaining agreements	No union	
	102-42 Identifying and selecting stakeholders	VI	
	102-43 Approach to stakeholder engagement	VI	
	102-44 Key topics and concerns raised	VII	
	102-45 Entities included in the consolidated financial statements	I, Appendix A	
	102-46 Defining report content and topic Boundaries	V, VII	
	102-47 List of material topics	VII	
	102-48 Restatements of information	Comparison of historical data	
	102-49 Changes in reporting	80% of sales revenue according to Annual Report	
	102-50 Reporting period	I	
	102-51 Date of most recent report	I	
	102-52 Reporting cycle	I	
	102-53 Contact point for questions regarding the report	I	
	102-54 Claims of reporting in accordance with the GRI Standards	I	
	102-55 GRI content index	This table	
	102-56 External assurance	Statement of Assurance	

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Material Topics			
Climate Change Impacts, GHG Emission and Energy Management			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	2-12~2-13	
	103-2 The management approach and its components	2-12~2-13	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	2-14	
	302-2 Energy consumption outside of the organization	2-14	
	302-4 Reduction of energy consumption	2-14	
	302-5 Reductions in energy requirements of products and services	2-5	
GRI 305: Emission 2016	305-1 Direct (Scope 1) GHG emissions	2-13	
	305-2 Energy indirect (Scope 2) GHG emissions	2-13	
	305-3 Other indirect (Scope 3) GHG emissions	2-13	
	305-5 Reduction of GHG emissions	2-13	
Product Stewardship			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	2-2, 2-9~2-10	
	103-2 The management approach and its components	2-3~2-8, 3-3	
GRI 301: Materials 2016	301-3 Reclaimed products and their packaging materials	2-7	
GRI 302: Energy 2016	302-5 Reductions in energy requirements of products and services	2-5	
	Products comply with eco label requirements	2-9	
	Eco Product promotion - expand the scope of product lines	2-10	
	Hazardous substance management	2-3~2-5, 3-4	

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Product/Service Innovation			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	XXI~XXXIV	
	103-2 The management approach and its components	XXI~XXXIV	
	Product innovation	XXI~XXXIV	
Supply Chain Labor Rights			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	3-2~3-3	
	103-2 The management approach and its components	3-2~3-3	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	No violation in supply chain	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	No violation in supply chain	
	Whether supply chain meets ASUS CSR requirements	3-5	
Supply Chain Energy/ Natural Resource Management			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	3-7~3-9	
	103-2 The management approach and its components	3-7~3-9	
	Whether suppliers identify energy/natural resource risks and establish relevant policies, e.g., GHG or water footprint	3-7~3-9	

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Other Concerns			
Effluents and Waste			
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	2-12	
Occupational Health and Safety			
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	4-13	
	403-3 Workers with high incidence or high risk of diseases related to their occupation	4-13	
	Safe work environment	4-12	
	Employee health care and caring	4-14~4-18	
Environmental and Socioeconomic Compliance			
GRI 206: Anti-competitive Behavior 2016	**206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices**	1-9	
GRI 307: Environmental Compliance 2016	**307-1 Non-compliance with environmental laws and regulations**	1-9	

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GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	The impacts of a product on the environment and health and safety throughout the product life cycle are mostly decided at the design stage. When designing a product, ASUS follows international environmental and safety regulation as standards, and the product would enter into mass production stage only when it complies with those standards.	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	No significant violation	

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GRI 417: Market and Labeling 2016	417-1 Requirements for product and service information and labeling	ASUS is in compliance with the information disclosure of and labeling requirements of international regulations, as well as eco label criteria through the disclosure on or marking on product, in user manual, or at ASUS CSR website.	
	417-2 Incidents of non-compliance concerning product and service information and labeling	No significant violation	
	417-3 Incidents of non-compliance concerning marketing communications	1-9	
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	1-9	

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Customer Satisfaction			
	Customer satisfaction surveys and the results, service management, and product after-sale services	3-11	
Ethical Management and Disclosure			
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	1-8	Data collection was not yet complete and was expected to be disclosed in next year.
	205-3 Confirmed incidents of corruption and actions taken	1-8	
Water Management			
GRI 303: Water 2016	303-1 Water withdrawal by source	2-11	
	303-3 Water recycled and reused	2-11	
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	2-11	

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Employment and Employee Benefits			
GRI 202: Market Presence 2016	201-3 Defined benefit plan obligations and other retirement plans	4-3	
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	4-3, Appendix B	
	202-2 Proportion of senior management hired from the local community	Appendix B	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Appendix B	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	4-3	
	401-3 Parental leave	Appendix B	
Personnel Training and Performance Management			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Appendix B	
	404-2 Programs for upgrading employee skills and transition assistance programs	4-4~4-10	
	404-3 Percentage of employees receiving regular performance and career development reviews	4-11	
Responsible Mineral Procurement			
	Whether suppliers evaluate issues regarding to conflict minerals and establish management	3-2, 3-5~3-6	
Community Communication, Community Care and Involvement			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	5-3~5-7	

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Appendix D The 10 Principles of the United Nations Global Compact

Category	10 Principles	Section(s)	Page number(s)
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights	Human Resources Structure	4-2
	Make sure that they are not complicit in human rights abuses	Human Resources Structure	4-2
Labour	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Currently no union	Currently no union
	The elimination of all forms of forced and compulsory labour	Human Resources Structure	4-2
	The effective abolition of child labour	Human Resources Structure	4-2
	The elimination of discrimination in respect of employment and occupation	Human Resources Structure	4-2
Environment	Businesses should support a precautionary approach to environmental challenges	Environmental Friendly Materials Energy Management and Actions on Climate Change Supply Chain Management Process	2-3~2-5, 2-12~2-13, 3-3
	Undertake initiatives to promote greater environmental responsibility	Environmental Friendly Materials Energy Management and Actions on Climate Change Value Chain Performance Management	2-3~2-5, 2-12~2-13, 3-4
	Encourage the development and diffusion of environmentaly friendly technologies	Environmental Friendly Materials	2-6~2-7
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery	Business Ethics and Code of Conduct	1-8

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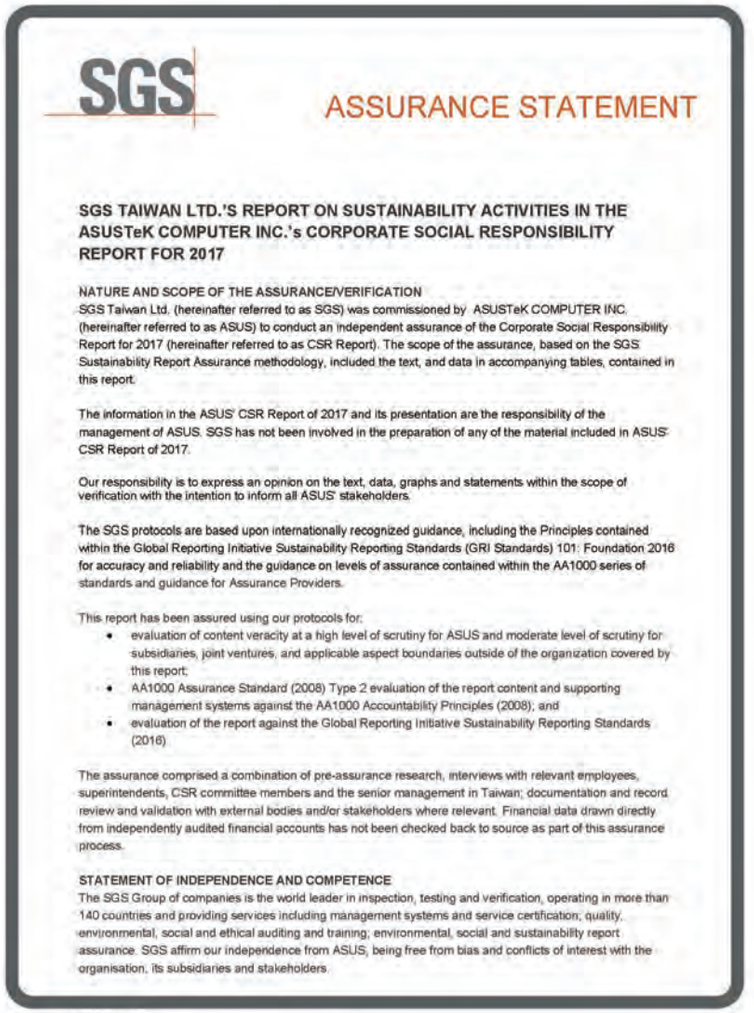

SGS

ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ASUSTeK COMPUTER INC.'s CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2017

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by ASUSTeK COMPUTER INC. (hereinafter referred to as ASUS) to conduct an independent assurance of the Corporate Social Responsibility Report for 2017 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in this report.

The information in the ASUS' CSR Report of 2017 and its presentation are the responsibility of the management of ASUS. SGS has not been involved in the preparation of any of the material included in ASUS' CSR Report of 2017.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all ASUS' stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured using our protocols for:

- evaluation of content veracity at a high level of scrutiny for ASUS and moderate level of scrutiny for subsidiaries, joint ventures, and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard (2008) Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008); and
- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Standards (2016)

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

STATEMENT OF INDEPENDENCE AND COMPETENCE

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

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The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, EICC, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within ASUS' CSR Report of 2017 verified is accurate, reliable and provides a fair and balanced representation of ASUS sustainability activities in 01/01/2017 to 12/31/2017.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting. In our opinion, the contents of the report meet the requirements of GRI Standards in accordance with Core Option and AA1000 Assurance Standard (2008) Type 2, High level assurance.

AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

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

Materiality

ASUS has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS (2016) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, ASUS' CSR Report of 2017, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For data collection, it is recommending ASUS to develop a data collection platform to manage and control the quality of performance data for future reporting.

Signed:
For and on behalf of SGS Taiwan Ltd.

David Huang, Director
Taipei, Taiwan
31 May, 2018
WWW.SGS.COM

AA1000
Licensed Assurance Provider
000-8

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Summary of Information Assured

No.	Item	Page	Applicable Criteria
1	In 2017, the Eco Products revenue is 75.1% of the entity's operating revenue. Note: Calculation Base: Denominator = Net revenue of all Products subtracted those were not applicable to applying for any Eco Label (For example, accessories and semi-finished products) in 2017. Numerator = Net revenue of all ECO Products that have received Eco Label as of December 31, 2017. ECO Product includes models that received certification from the following 8 Eco Labels: Energy Star, EPEAT, TCO, UL, China Environmental Labeling, Energy Label, Green Mark, or China RoHS. Those who received any of them are considered as ECO Products	2-10	As of the end of 2017, Eco Products revenue divided by entity's (ASUS Taiwan) operating revenue in the consolidated financial statements and report of independent accountants as of December 31, 2017.

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No.	Item	Page	Applicable Criteria
2	In 2017, ASUS electronic products recycling rate was 14.65% of the product weights sold worldwide of the year. Note: Countries provided with recycling service include Taiwan, Germany, Spain, United Kingdom, France, Netherlands, United States, Australia, and India. Global recycling rate = recycled weights from countries with recycling service of certain year/ (the product quantities sold worldwide in each type of certain year multiplied by the average product weight for each type). The packaging materials were not calculated.	2-7	The recycling % = recycled weights from various countries of certain year (Taiwan, Germany, Spain, United Kingdom, France, Netherlands, United States, Australia, and India) / (the product quantities sold worldwide in each type of certain year multiplied by the average product weight for each type). The packaging materials were not calculated. The followings are the detail calculations for different countries: (1) According to the local recycling mechanisms in each country, to sum up the recycling weight by a) the obligation assigned by the government, b) the conversion from recycling fee to the recycling weights, c) the market recycling weight multiplied by ASUS' market share which is announced by the government, or d) the paid recycling fund multiplied by the recycling rate and product weights. (Partial states in the U.S.A, Germany, Spain, the U.K., France, the Netherlands and Taiwan) (2) Actual recycling weights reported from the recycling partners (Australia, partial states in the U.S.A. and India) (3) Recycling quantities from "Refurbished Computer and Digital Training Program" and multiplied by the accordance average product weight for each type.

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No.	Item	Page	Applicable Criteria
3	In 2017, ASUS and the third party completed CSR onsite audits on 20 OEM providers and key component suppliers. The result showed that 45% (9) of them were approved, 25% (5) were conditionally approved, and 30% (6) was rejected. Note: The scoring 80% or above is considered "Approved", 70%~80% is "Conditional Approved", and less than 70% is "Rejected".	3-5	The information is based on the number of OEM providers and key component suppliers audited and the results of ASUS Taiwan CSR onsite audit. The audits were performed according to the "ASUS CSR Supplier Audit Management Measures", which covers the following 5 dimensions: labor, health and safety, environment, ethics, and management system.

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會計師有限確信報告

資會綜字第 17010013 號

華碩電腦股份有限公司　公鑒：

本事務所受華碩電腦股份有限公司（以下稱「貴公司」）之委任，就　貴公司選定民國 106 年度企業社會責任報告書所報導之績效指標執行確信程序。本會計師業已確信竣事，並依據結果出具有限確信報告。

確信標的資訊與適用基準

有關　貴公司選定民國 106 年度企業社會責任報告書所報導之績效指標（以下稱「確信標的資訊」）及其適用基準詳列於　貴公司民國 106 年度企業社會責任報告書第 G1 至 G2 頁之「確信項目彙總表」。　前述確信標的資訊之報導範圍業於企業社會責任報告書第 I 頁之「資料範圍」段落述明。

管理階層之責任

貴公司管理階層之責任係依照適當基準編製企業社會責任報告書所報導之績效指標，且維持與績效指標編製有關之必要內部控制，以確保績效指標未存有導因於舞弊或錯誤之重大不實表達。

會計師之責任

本會計師係依照確信準則公報第一號「非屬歷史性財務資訊查核或核閱之確信案件」，對確信標的資訊執行確信工作，以發現前述資訊是否在所有重大方面有未依適用基準編製而須作修正之情事，並出具有限確信報告。

本會計師依照上述準則所執行之有限確信工作，包括辨認確信標的資訊可能發生重大不實表達之領域，以及針對前述領域設計及執行程序。因有限確信案件取得之確信程度明顯低於合理確信案件取得者，就有限確信案件所執行程序之性質及時間與適用於合理確信案件者不同，其範圍亦較小。

本會計師係依據所評估之風險領域及重大性以決定實際執行確信工作之範圍，並依據本委任案件之特定情況執行下列確信程序：

- 對參與提供確信標的資訊的相關人員進行訪談，以瞭解並評估編製前述資訊之流程、所應用之資訊系統(若適用)，以及其攸關內部控制之設計及執行情形
- 基於上述瞭解與評估，對確信標的資訊進行分析性程序，如必要時，則選取樣本進行測試，以取得有限確信之證據。

資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan
11012 臺北市信義區基隆路一段 333 號 27 樓
27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 11012, Taiwan
T: +886 (2) 2729 6666, F: + 886 (2) 2729 6686, www.pwc.tw

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此報告不對民國 106 年度企業社會責任報告書整體及其相關內部控制設計或執行之有效性提供任何確信。

會計師之獨立性及品質管制規範

本會計師及本事務所已遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及盡專業上應有之注意、保密及專業態度。

本事務所適用審計準則公報第四十六號「會計師事務所之品質管制」，因此維持完備之品質管制制度，包含與遵循職業道德規範、專業準則及所適用法令相關之書面政策及程序。

先天限制

本案諸多確信項目涉及非財務資訊，相較於財務資訊之確信受有更多先天性之限制。對於資料之相關性、重大性及正確性等之質性解釋，則更取決於個別之假設與判斷。

有限確信結論

依據所執行之程序與所獲取之證據，本會計師並未發現確信標的資訊在所有重大方面有未依適用基準編製而須作修正之情事。

其它事項

貴公司網站之維護係　貴公司管理階層之責任，對於確信報告於　貴公司網站公告後任何確信標的資訊或適用基準之變更，本會計師將不負就該等資訊重新執行確信工作之責任。

資 誠 聯 合 會 計 師 事 務 所

會計師　徐永堅

中 華 民 國 107 年 6 月 7 日

IN SEARCH OF INCREDIBLE

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