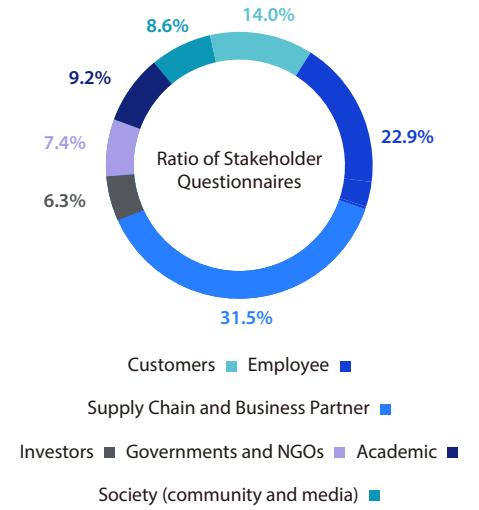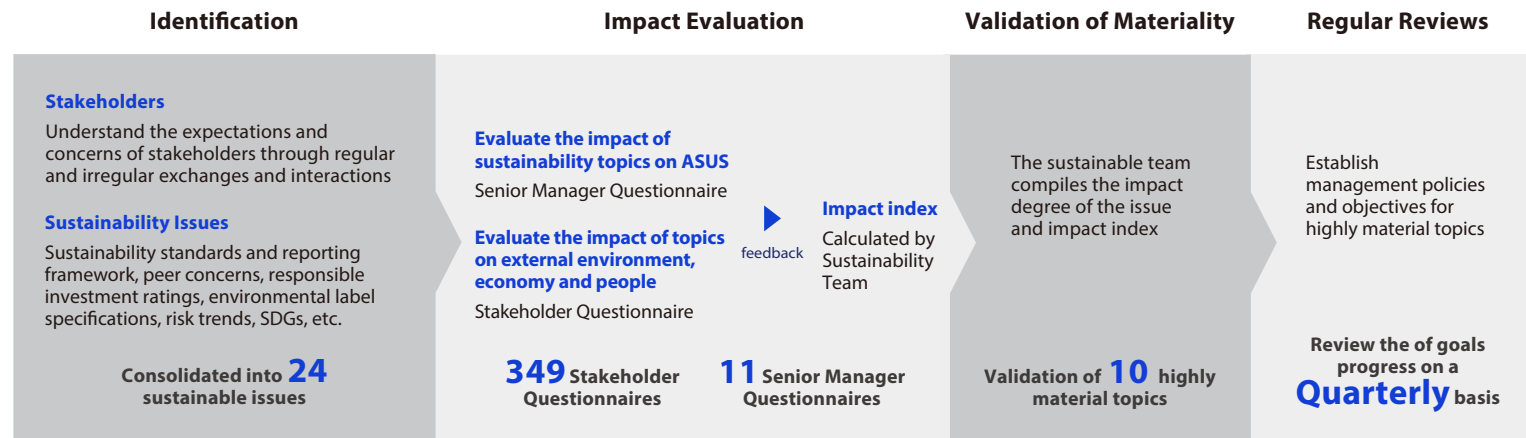# 03
Identification of Material Issues

Identification Process

ASUS follows the process of GRI Standards (2021) for materiality identification and adopts the Double Materiality principle proposed by the European Union to identify highly significant issues that have a significant impact on ASUS and on the external economy, environment, and people. Double Materiality refers to the identification of issues that should be managed as a priority, taking into account the views of stakeholders and the impact of the issue on the company's profitability, reputation and operational risk. It is beneficial for ASUS to integrate the sustainability strategy with the company's business policy, so that ESG performance can bring long-term impact to the company.

Stakeholder's input is an important reference for ASUS in identifying material issues. We collect a wide range of sustainability issues through regular stakeholder interactions, as well as by referring to external norms such as sustainability standards and reporting frameworks, responsible investment and eco label indicators, trend in risks and 169 targets of UN SDGs, as a basis for materiality analysis. A senior executive questionnaire and a stakeholder questionnaire were used to collect the positive and negative impacts and effects of each issue. The ASUS sustainability team then compiles and calculates the impact index, identifies highly significant issues, and sets management guidelines and targets for regular management.

ASUS used a two-year cycle to review materiality issues and their impact. In the first year, we extensively collect changes in external attention to issues and stakeholder's opinions to evaluate the impact of the issues. In the second year, we used qualitative interviews to gain a deeper understanding of stakeholder perspectives, and through regular reviews of the impact of the issues, managers can effectively allocate resources and plan sustainable development strategies for the short, medium and long term.

Identification	Impact Evaluation	Validation of Materiality	Regular Reviews
Stakeholders Understand the expectations and concerns of stakeholders through regular and irregular exchanges and interactions **Sustainability Issues** Sustainability standards and reporting framework, peer concerns, responsible investment ratings, environmental label specifications, risk trends, SDGs, etc.	**Evaluate the impact of sustainability topics on ASUS** Senior Manager Questionnaire **Evaluate the impact of topics on external environment, economy and people** Stakeholder Questionnaire *feedback* ▶ **Impact index** Calculated by Sustainability Team	The sustainable team compiles the impact degree of the issue and impact index	Establish management policies and objectives for highly material topics
Consolidated into 24 sustainable issues	**349 Stakeholder Questionnaires** **11 Senior Manager Questionnaires**	**Validation of 10 highly material topics**	**Review the of goals progress on a Quarterly basis**

Ratio of Stakeholder Questionnaires

- 14.0%
- 8.6%
- 9.2%
- 7.4%
- 6.3%
- 22.9%
- 31.5%

Customers ■ Employee ■
Supply Chain and Business Partner ■
Investors ■ Governments and NGOs ■ Academic ■
Society (community and media) ■

Stakeholders Engagement

ASUS established its quantitative index based on five features under AA1000 SES, "Dependency, Responsibility, Influence, Diverse Perspective, and Tension." Related parties with major influences on ASUS are identified from multiple stakeholders, including seven stakeholder categories of employees, customers, supply chain, and business partners, investors, governments and NGOs, academic units and society (i.e., community and media). Through diverse channels, we carry out exchanges and engagements regularly and from time to time to understand stakeholders' expectations.

Employee

Importance to ASUS
ASUS considers employees as the most important stakeholders. ASUS cultivates employees' professional skills and provides sound occupational environments for employees based on its business philosophy and becomes an employer favored by employees.

Engagement Method and Frequency
【Regularly】CEO On-Live : Quarterly
【From Time to Time】Information portal website, website/ system announcement, meetings

Customers

Importance to ASUS
ASUS aims to become the world's most admired and innovative leading technology enterprise in the new digital era, ASUS observes the customer-oriented principles, sparing no effort in providing unparalleled digital life experiences for customers.

Engagement Method and Frequency
【Regularly】Information technology exhibition, Business Submit : Yearly
【From Time to Time】Product launch, website and email, customer satisfaction survey

Supply Chain and Business Partner

Importance to ASUS
Business partners and ASUS has built a value chain of mutual benefits; by improving the cooperation relationships with a balanced ESG, we jointly create new business models and enhance our sustainable competitiveness.

Engagement Method and Frequency
【Regularly】
• Supplier conference : Yearly
• Business review : Quarterly
【From Time to Time】
Audits on suppliers, on-site consultation and audits, various information sessions, website

Investors

Importance to ASUS
ASUS focuses on its golden triangle strategy of "design thinking", "net recommendation value" and "market position" to create stable profits and return on equity and exert its achievements in sustainable governance.

Engagement Method and Frequency
【Regularly】
• Shareholders' meeting, annual report, sustainability report : Yearly
• Investors' conference, financial statement : Quarterly
【From Time to Time】
Markets Observation post system (MOPS)

Governments and NGOs

Importance to ASUS
ASUS complies with laws and regulations, follows governmental policies, and responds to NGOs' high-standard expectations to exert exemplary and guiding characteristics as a leading brand.

Engagement Method and Frequency
【From Time to Time】
Information sessions, forums, seminars, and other meetings

Academic

Importance to ASUS
Through industrial-academic cooperation, we cultivate and explore professional talents for the future. Meanwhile, we have built communication channels to introduce new ideas and conduct cooperation to develop innovative technologies.

Engagement Method and Frequency
【From Time to Time】
Official correspondence/ Information sessions, forums, seminars, research interviews, Collaboration in academic publications, course tutors

Society (community and media)

Importance to ASUS
ASUS contributes to the society with core business to solve environmental and social problems and generate positive influences.

Engagement Method and Frequency
【From Time to Time】
Press release, dedicated unit for media and PR, social media

Case1 **Business Submit : ESG Issues and Resource Sharing**

Enable the distributors in partner with ASUS in global operations to be in line with the company's sustainability strategy. ASUS shared its commitment goals for sustainability and the results of its actions in four key focuses at the 2022 European Business Submit. Also, we feedbacked management suggestions on key issues from sales market , including eco label standards, recycling programs, use of recycled materials, climate action, supply chain management, etc. ASUS uphold the spirit of sustainable branding to provide distributors with the materials and information needed for sustainable marketing and issue communication.

Case2 **Interaction with Colleges and Universities : Academic and Practical Dialogue**

Corporate sustainability management has become an important curriculum and research topic in College of Business & Management. ASUS Sustainability Division has been invited to be the course instructor for many colleges and universities. We received research interviews from academic institutions to share practical experience in promoting corporate sustainability and learn about the most cutting-edge academic research trends and achievements through interaction. Meanwhile, ASUS also collaborated with colleges and universities to publish academic articles to share how ASUS excels in using data-based measurement tools to optimize sustainability management decisions, with the aim to help companies implement sustainable management and create a positive impact.

Identification Results of Material Issues
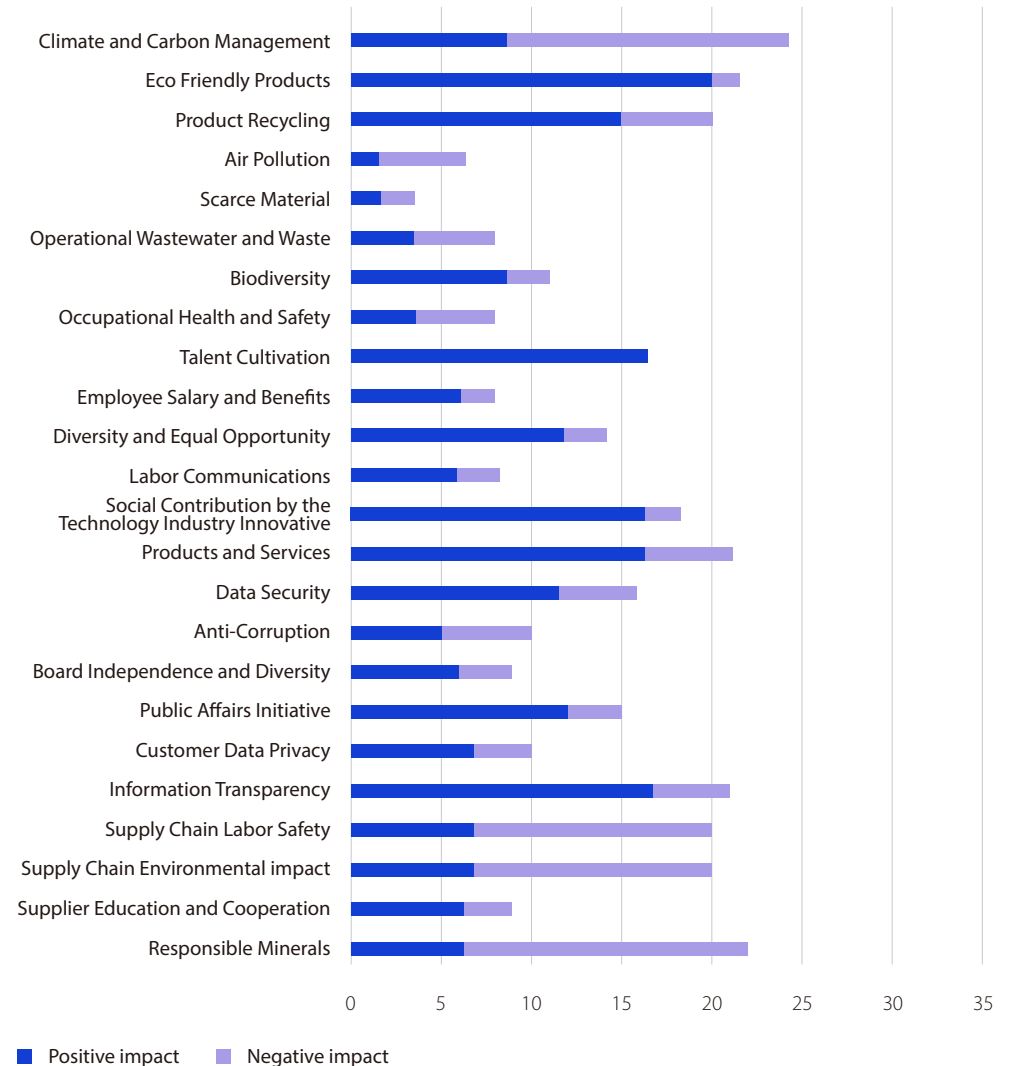
Impact on ASUS

Positive impact : increase revenue, enhance brand reputation
Negative impact : cost increase, damage to brand reputation
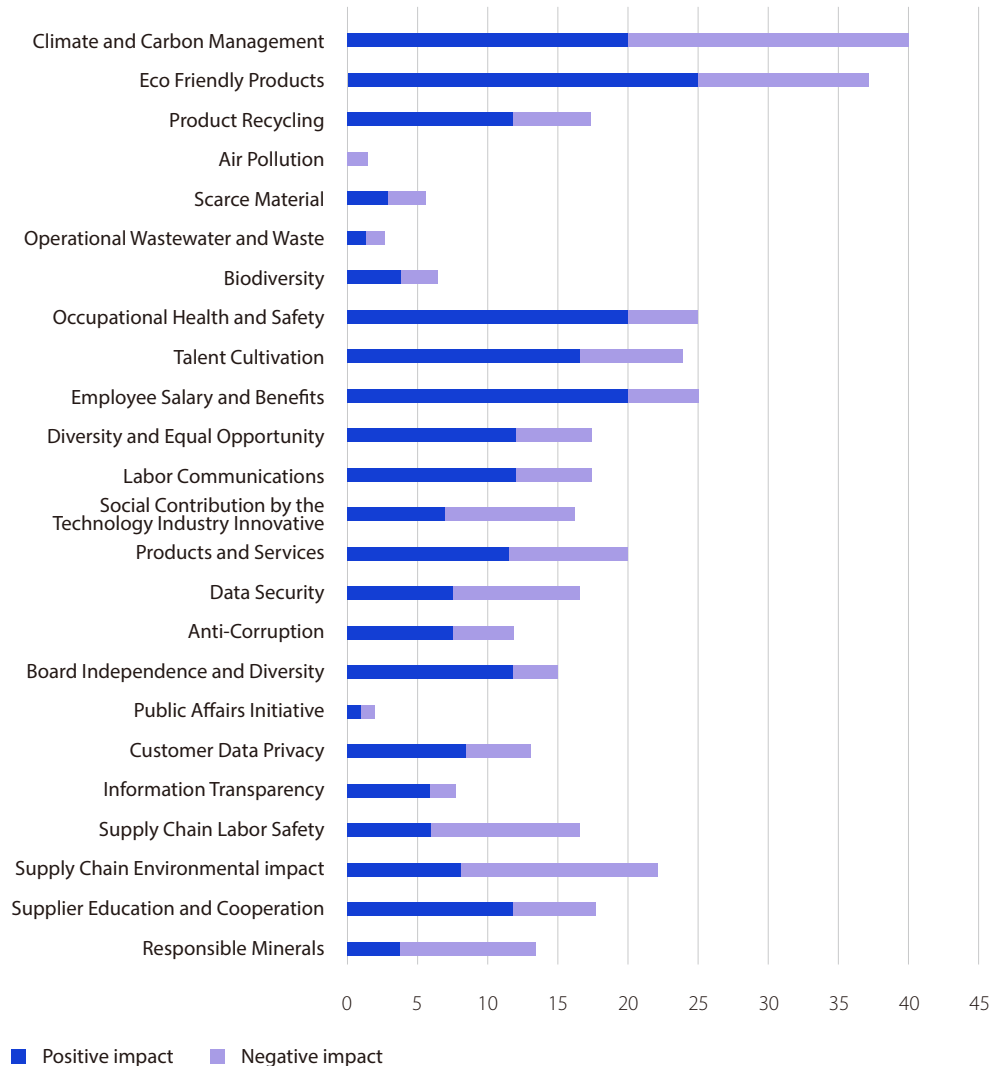
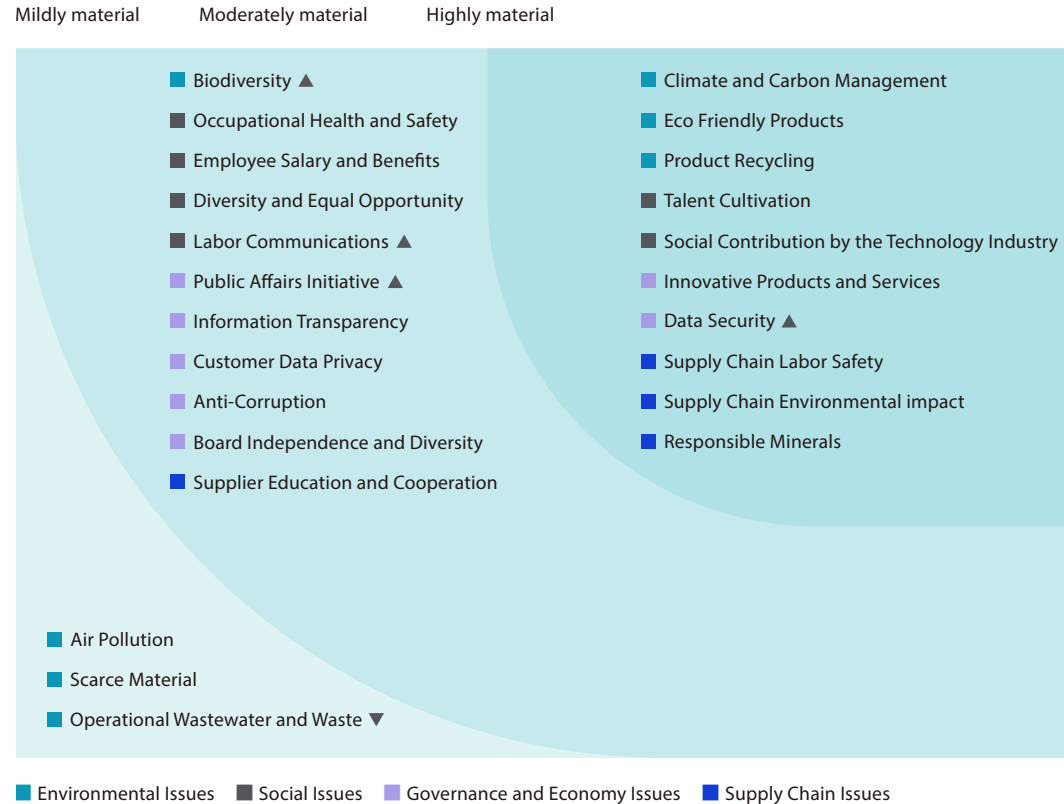**Impact on Environment, Economy and People**

Positive Impact : creating Overall External Influence
Negative impact : the externality of illegal events, the neglect of environmental, social, human rights and other conflicts due to economic incentives

Chart 1 — Impact on ASUS (categories top to bottom): Climate and Carbon Management, Eco Friendly Products, Product Recycling, Air Pollution, Scarce Material, Operational Wastewater and Waste, Biodiversity, Occupational Health and Safety, Talent Cultivation, Employee Salary and Benefits, Diversity and Equal Opportunity, Labor Communications, Social Contribution by the Technology Industry Innovative, Products and Services, Data Security, Anti-Corruption, Board Independence and Diversity, Public Affairs Initiative, Customer Data Privacy, Information Transparency, Supply Chain Labor Safety, Supply Chain Environmental impact, Supplier Education and Cooperation, Responsible Minerals. Legend: ■ Positive impact ■ Negative impact

Chart 2 — Impact on Environment, Economy and People (same categories). Legend: ■ Positive impact ■ Negative impact

Materiality Matrix

Combining the calculation of impact indexes and the results of stakeholder engagement, we defined topics with significant impacts on "ASUS" and "economies, environments, people" as   "highly material topics." The definition and management strategies of topic materiality are as follows :

- Highly material : Establish targets and perform regular follow-up management
- Moderately material : Establish management policies and impose dedicated unit to for management
- Mildly material : Possess a low degree impact in short-term; observe continuously

Mildly material   Moderately material   Highly material

■ Biodiversity ▲
■ Occupational Health and Safety
■ Employee Salary and Benefits
■ Diversity and Equal Opportunity
■ Labor Communications ▲
■ Public Affairs Initiative ▲
■ Information Transparency
■ Customer Data Privacy
■ Anti-Corruption
■ Board Independence and Diversity
■ Supplier Education and Cooperation

■ Climate and Carbon Management
■ Eco Friendly Products
■ Product Recycling
■ Talent Cultivation
■ Social Contribution by the Technology Industry
■ Innovative Products and Services
■ Data Security ▲
■ Supply Chain Labor Safety
■ Supply Chain Environmental impact
■ Responsible Minerals

■ Air Pollution
■ Scarce Material
■ Operational Wastewater and Waste ▼

■ Environmental Issues   ■ Social Issues   ■ Governance and Economy Issues   ■ Supply Chain Issues

Materiality Issue Changes in 2022 :

- **Increase in Materiality**

Information security (medium → high) :
The occurrence of Information security incidents has imposed a significant impact on enterprises. ASUS has established Information Security Committee to enhance the Group's information security protection capability.

Biodiversity (low → medium) :
Evaluated the low impact on the environment and operations, and raised the level of concern for the issue

Public Affairs Initiatives (low → Medium) :
ASUS actively participates in domestic sustainability advocacy organizations, drives the entire value chain to place more emphasis on climate and information security issues.

Labor communication (low → medium) :
ASUS implements employee satisfaction survey to facilitate bi-directional labor-management opinion communication

- **Decline in materiality**

Operational wastewater and waste (medium → low) :
ASUS headquarters has only domestic wastewater and waste, which has a low impact on the environment and operations.

Impact of Material Issues

For material issues, ASUS has established its management policies and formulated action plans and set targets and indexes based on the digitalized measurement strategies to periodically track the achievements. For other issues that are not material, we disclose existing management procedures and measures for stakeholders to understand the overall sustainability achievements of ASUS.

Sustainability Focus	Material Issues	Impact Hotspots and Descriptions on Value Chain				Impact Evaluations				ASUS Actions	Contributions to SDGs
		Upstream		Downstream		on ASUS		on Environment, Economy and People			
		Raw Material Description Procurement/ Product Manufacturing	Corporate Operation	Customer Usage	Recycling	Positive	Negative	Positive	Negative		
Climate Action	Climate and Carbon Management	●	●	●		4	4	1.8	4	• Supplier Carbon Reduction Project • Introduce renewable energy • Increase the product energy efficiency	7 AFFORDABLE AND CLEAN ENERGY / 13 CLIMATE ACTION
	Eco Friendly Products	●	●	●	●	5	2.4	4	0.4		
Circular Economy	Product Recycling			●	●	2.4	1.2	3	1	• Conduct chemical material management • Use environment friendly materials • Global Recycling Service System • Introduce International Information Security Standards in operations	3 GOOD HEALTH AND WELL-BEING / 8 ECONOMIC GROWTH / 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Data Security		●	●		1.6	1.6	3.2	1		
Responsible Manufacturing	Supply Chain Environmental Impact	●			●	1.2	2.4	1.6	2.4	• Add additional security provisions to Supplier contracts • Supplier Human Rights Due Diligence • Supplier Environmental Survey and Management • Responsible minerals from qualified smelters	3 GOOD HEALTH AND WELL-BEING / 8 ECONOMIC GROWTH / 12 RESPONSIBLE CONSUMPTION AND PRODUCTION / 17 PARTNERSHIPS FOR THE GOALS
	Supply Chain Labor Safety	●			●	1.8	2.4	1.6	2.4		
	Responsible Minerals	●				0.8	1.8	1.2	3.2		
Value Creation	Talent Cultivation	●	●	●	●	3.2	1.6	3.2	0	• Industrial-Academic Cooperation with colleges and universities • Employer Branding Campus Program • Digital Inclusion Program • Develop Smart Healthcare	4 QUALITY EDUCATION / 8 ECONOMIC GROWTH / 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
	Social Contribution by the Technology Industry		●		●	2.4	1.6	3.2	0.4		
	Innovative Products and Services	●	●	●		2.4	1.6	3.2	1		

Sustaining an incredible future

On this incredible journey towards sustainability, we continually leverage our technological leadership, data-driven rigor, and human-centered philosophy, to create a net-zero enterprise that drives the shift towards a circular economy, with a responsible supply chain creating shared values for each and every one of us.

We always search for the incredible. Rooted in our engineering heritage, we never cease to remold traditional ways of doing things with perseverance and innovation in order to reach new heights.

Climate Action

We collaborate with stakeholders across the value chain to target net zero through increasing energy effectiveness, utilizing clear energy and fostering innovation, helping to create a cleaner environment and mitigate the impact of climate change that affects every life on earth.
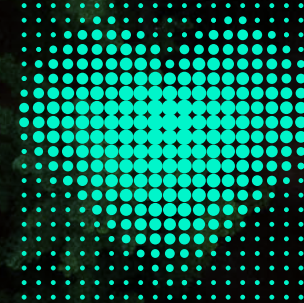
Circular Economy

We leverage Design Thinking and technological advancement in sustainability to introduce eco-friendly product, which in turn, minimizes our impact on the planet and helps to make our business model more environmentally-friendly.
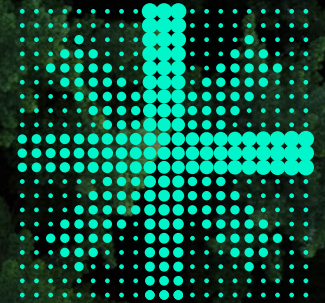
Responsible Manufacturing

We work together with our business partners to ensure environmental, labor, and human rights responsibility in the supply chain, which not only raises the standards of our industry as a whole, but also protects the rights of everyone we touch in our business.

Value Creation

We explore innovations in digital inclusion, cross-sector collaborations, and sustainable business models that can truly create shared value for all – bringing new technologies, new opportunities, and new talents that will benefit the community for generations to come.