ASUS 30 YEARS

WISER TOGETHER

2018
Corporate Social Responsibility Report

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Message from Chairman

This year marks the 30th anniversary of ASUS. In 1989, we developed our first motherboard in Taiwan, and today we are ranked among the world's leading technology companies. We have also been recognized as Taiwan's most valuable international brand for six consecutive years and selected by Fortune magazine as one of the World's Most Admired Companies four times. These achievements exemplify the ASUS brand vision of becoming the world's most admired and innovative leading technology enterprise in the new digital era.

ASUS has always been In Search of Incredible technology innovations to create the most ubiquitous, intelligent, heartfelt, and joyful smart life for everyone. Recently, we have also been conducting a sustainability transformation, where we are developing greener products, supporting social causes, and instituting a "triple-bottom-line" accounting model with sustainability as an important part of our business strategy.

"Digitizing data, adopting scientific management, and optimizing our core competencies" are the fundamentals to further develop and transform our sustainability effort and initiatives. In addition to the financial indicators of operations, we aim to leverage our corporate strength to ensure the greatest positive infl ence from all of the resources invested in our products, operations, supply chains, and community involvement. Through this effort, and in response to the United Nations Sustainable Development Goals (SDGs), we established the ASUS 2020 Sustainability Goals. This set of practical goals will guide us to make positive contributions to both society and the environment, while managing sustainable performance with quantitative indicators.

ASUS has faced headwinds over the past two years. When facing future challenges, Team ASUS will continue to be persistent, becoming stronger together as we work through each challenge with our collective strength and wisdom. On the journey toward sustainability, we will also uphold the same philosophy that, despite the challenges that await, our joint determination and evolution will allow us to continue to dream big and create endless possibilities for the future.

Chairman
Jonney Shih

Message from the Chief Executive Officers

In 2018, ASUS launched the largest organizational restructuring plan since its establishment, returning focus back to the ASUS brand essence — products, quality, and experience — to accelerate its transformation and meet industry challenges with firm determination

ASUS has never wavered in its commitment to sustainable operation and efforts at transformation. Adhering to the principles of data-driven measurement, technology-based management, and sustainable corporate values based on core competitiveness, we have achieved sustainable results and benefits that can be measured and managed more easily through data-driven and monetary amount-based verification, thus ensuring the value generated by the company for society is truly presented. According to the ASUS 2020 Sustainability Goals set in response to the United Nations Sustainable Development Goals, ASUS has implemented various sustainability strategies in a step-by-step manner. In 2018, we quickly achieved one of our sustainability targets of obtaining 100% of the gold, tantalum, tin and tungsten used in production from legal, conflict-free metal processing plants. Additionally, our laptops are 100% Energy Star compliant and their energy efficiency has increased by 37% since 2013. We also became the world's first company to obtain Circularity Fact certification and took he lead in the industry by publishing our Environmental Profit and Loss report, which showed favorable sustainability results.

At ASUS, we constantly challenge ourselves and strive to fully utilize team synergy as we continue to develop the most innovative products, applications and services as well as maximize our values for our investors, customers, employees, and other stakeholders. With a focus on fundamentals and results, we will continue to exert our corporate influence and fulfill our responsibility of contributing to society while pro ecting the environment.

Co-CEOs
S.Y. Hsu

Co-CEOs
Samson Hu

2018 Sustainability Highlights

Morgan Stanley Global Sustainability Index (MSCI) for 5 consecutive years (2014-2018)

FTSE4Good Emerging Index for 3 consecutive years (2016-2018) and the TIP Taiwan ESG Index for 2 consecutive years (2017-2018)

"Top Regarded Companies" in "Forbes" Magazine, and the only Taiwan Company in Top 100 for 2 consecutive years (2017-2018)

"One of the World's Most Admired Companies" in the Fortune magazine for the 4th time (2015, 2016, 2018, 2019)

The Best Taiwan Global Brands Awards for 6 consecutive years (2013-2018)

TCSA "The Most Prestigious Sustainability Awards-Top 10 Domestic Corporates", "Supply Chain Management Awards", "Social Inclusion Awards", "Climate Leadership Awards", "Growth through Innovation Awards", "Circular Economy Leadership Awards", "Top 50 Corporate Sustainability Report Awards" and Platinum in Service industry.

2018 Asia Sustainability Reporting Award - winner of the Asia's Best Supply Chain Reporting and the finalist of Asia's Best SDG Reporting

The 3rd Social "Value Co-Creation" Outstanding Corporate Social Responsibility Practices in China in 2018

Top 10 in "Excellence in Corporate Social Responsibility Award" in "CommonWealth" Magazine for 2 consecutive years (2017-2018)

Published First Environmental Profit and Loss Report

The World's First Company to receive UL Environment's Circularity Facts Program Validation

▶ Disclaimer ◀

2018 Material Topics and Responses to the UN Sustainable Development Goals

In 2015, the United Nations adopted the Sustainable Development Goals (SDGs), which were along with 17 Goals and 169 targets to end poverty, protect the planet, and bring property to all human beings for the next 15 years. The SDGs have opened up a new era of sustainable development. This ambitious blueprint for change relies on the unprecedented cooperation of all sides in the hope that governments, international organizations, enterprises, and individuals will contribute to the SDGs with actions.

As a leading consumer electronics company, ASUS supports the development directions of the SDGs and regards them as an opportunity for sustainable transformation for enterprises. We take three steps, namely “identification of the priorities of SDGs,” “measurement and performance evaluation,” and “reporting, integration, and action,” with reference to “Integrating the SDGs into Corporate Reporting: A Practical Guide.” These steps are taken to analyze the positive and negative impacts from the value chain. Then we develop relevant countermeasures and action plans based on our core competitiveness and influence. We will work with suppliers, employees, clients/consumers, and other stakeholders to achieve the SDGs.

Positive impacts: Products, services, and investments are beneficial to SDGs and business markets

Negative impacts: Risks to people, the environment, or business operations.

1.Identification of the Priorities of SDG

We have reviewed all the SDGs and targets, screened and included relevant issues in the process of stakeholder engagement and materiality assessment, and comprehensively examined the ASUS’ value chain. We have identify 2 categories for relevant SDGs:

Commitment: the SDGs that are highly relevant to ASUS are integrated into our corporate sustainability strategy. We are committed to making changes and creating maximum impact, including SDG 3(Good Health and Well-Being), SDG 4(Quality Education), SDG 7(Affordable and Clean Energy), SDG 8(Decent Work and Economic Growth), SDG 9(Industry, Innovation and Infrastructure), SDG 12(Responsible Consumption and Production), and SDG 13 (Climate Action).

Contribution: ASUS’ business direction can contribute, but at this stage with less influence or is viewed as business as usual, including SDG 5(Gender Equality), SDG 6(Clean Water and Sanitation), SDG 16(Peace, Justice and Strong Institutions), and SDG 17(Partnerships for the Goals).

2.Measurement and Performance Evaluation

After identifying highly relevant SDGs, we have integrated the resources and strengths of different departments to jointly launch the “ASUS 2020 Sustainability Goals,” which are based on the life cycle and built on the direction of the sustainable management of products, supply chains, and operations and commitment to the human community. A qualitative approach is adopted for these 10 goals to describe the specific actions to be launched; meanwhile, quantitative indicators are used to track the annual implementation results to respond to SDGs with practical actions.

3.Reporting, Integration, and Action

SDGs have been integrated into the material topics assessment process. The material topics identified have corresponded to the SDGs targets; then, an explanation has been given of the management performance and measures launched, and disclosure and continuous communication have been conducted to stakeholders. Meanwhile, reviews and corrections have been conducted constantly in the hope that ASUS’ actions will be in accordance with international sustainability trends and make substantive contributions.

According to the stakeholder engagement and analysis results of materiality, the material topics in 2018 included:

- Climate action
- Product stewardship
- Responsible manufacturing
- Labor health, safety, and rights
- Product and service innovation

For material topics, ASUS has established the direction of responses and formulated the “ASUS 2020 Sustainability Goals” to track and manage sustainable performance. At the same time, we will disclose relevant management approaches and achievements that are strong concerns for stakeholders or have a greater impact on the sustainable operations of the company as well as the impacts with SDGs.

Note: Please see Chapter 7 for Stakeholder Engagement and Analysis of Materiality

Material Topics	ASUS’ Direction of Response
Product stewardship	Starting with green product design, ASUS will ensure health and environmental safety and obtain corporate sustainable competitiveness.
Responsible manufacturing	Through life cycle management, prevention, reduction, recycling, and other methods, ASUS will avoid negative impacts on people and the environment in the value chain and use natural resources efficiently to create sustainable production and circular economic benefits.
Climate action	ASUS will analyze the risks and opportunities caused by climate change, strengthen the ability in addressing climate change, improve the energy efficiency of operations and products, reduce greenhouse gas emissions, and synchronize with international climate actions.
Labor health, safety, and rights	ASUS will work with the supply chain to strengthen the health and safety of labor sites, safeguard labor rights and interests, and share corporate social responsibility and sustainability values.
Product and service innovation	ASUS will develop innovative digital technology in all aspects with people at the center and create a wonderful digital life for consumers with an unparalleled experience.

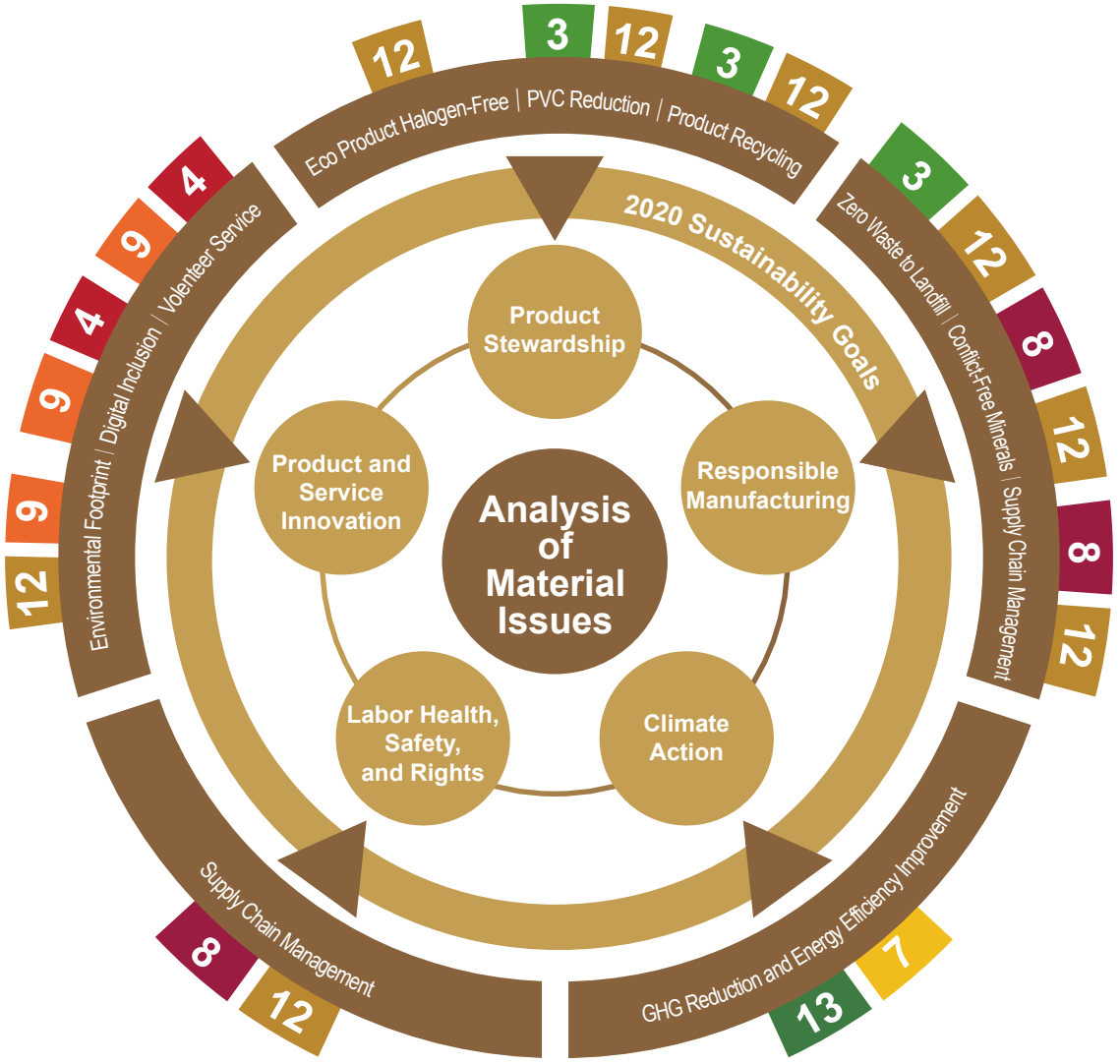
2018 Materiality and SDGs

Dimension	Material Topics	Materiality	Relevant Subjects	SDGs
Governance	Corporate Governance		Regulation Compliance, Business Ethics	
	Information Security		Information Security, Personal Data Protection	
Environment	Climate Action	●	Operating Energy consumption, Greenhouse gases emission and reduction	
	Product Stewardship	●	Eco Design, Hazardous Substance Management, Circular Economy, E-waste Recycling	
	Responsible Manufacturing	●	Conflict Minerals, Pollution Prevention in Supply Chain	
	Water Resource Management		Water Usage Management	
Social	Labor Health, Safety, and Rights	●	Occupational Safety, Employee Diversity and Tolerance, Child Labor	
	Social Contribution of the Technology Industry		Social Application of the Technology Industry	
	Talent Development, Welfare and Performance		Talent Attraction, Talent Development, Appraisal, Benefits	
Others	Product and Service Innovation	●	Talent Attraction, Talent Development, Appraisal, Benefits	
	Product Compliance and Product Safety		Consumer Health and Safety, Marketing and Labelling	
	Customer Satisfaction		Service Satisfaction	

ASUS 2020 Sustainability Goals

The "ASUS 2020 Sustainability Goals" are formulated based on ASUS' core competencies in response to SDGs, setting strategies and actions to implement the targets that ASUS may have the greatest contributions. 2020 Sustainability Goals allows different departments in the enterprise to work together, thereby transforming to the sustainable operation and creating the competitiveness. We expect to use the power of commerce to create a world in which society and the environment can continue to develop.

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.



Green Product

- 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.

Supply Chain Management

- 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.

2020 Sustainability Goals

Sustainable Operation

- 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.

Social Involvement

- 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.

Performance of ASUS 2020 Sustainability Goals

Dimension	Green Product			Supply Chain Management		
2018 Milestone	10% Target / 14.4% Actual	80% Target / 83% Actual	3% Target / 18.2% Actual	98% Target / 100% Actual	100% Target / 100% Actual	60% Target / 60% Actual
ASUS 2020 Sustainability Goals	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.	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.
2018 Performance	All series of commercial models were awarded the Green Mark.	Reduced the usage of halogen flame retardant in cases wherein (1) there is alternative technology, (2) it is economically feasible, and (3) the product's performance and quality are not affected.	Banned PVC on connectors. Gradually phased out PVC usage in internal wires.	Obtained **100%** of bismuth, tin, tungsten, and gold from qualified smelters.	Completed annual audits on key suppliers. Assisted the suppliers to improve their unsatisfactory performance.	Completed calculation of the environmental profit and loss for desktop products.
Progress	**On schedule**	**On schedule**	**Complete**	**Complete**	**Complete**	**On schedule**
2019 Plan	Increase the number of product lines with Green Mark certification. Adopt the latest specifications for the global Green Mark and introduce them into design specifications.	Strengthen cooperation with the supply chain to develop alternative materials. Continue to replace PVC and halogen in internal wires where considerations for technology thresholds and cost factors can be ignored.		Obtain new key supplier for cobalt. Conduct survey on responsible mica sourcing.	Complete audit on suppliers and increase the unsatisfactory performance improvement rate to 90% according to the Responsible Business Alliance (RBA) Full Member responsibilities.	Complete the environmental profit and loss report for phones and motherboards.

Dimension	Sustainable Operation				Social Involvement	
2018 Milestone	Target 29% / Actual 21.7%	Target 21% / Actual 37%	Target 88% / Actual 85.4%	Target 14% / Actual 14.5%	Target 4 / Actual 5.34	Target 5,000 hr / Actual 6,400 hr
ASUS 2020 Sustainability Goals	Reduce the impact of global warming from ASUS. The greenhouse gas emissions are reduced by **50%**.	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	Global product recycling rate reaches **20%** by 2025.	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 benets of social service participation. The service hours contributed by local employees reaches 5,000 hours annually and accumulates to **30,000** hours by 2020.
2018 Performance	Achieved a **21.7%** reduction in greenhouse gas emissions compared to 2008 according to the ISO 50001 energy management system architecture.	Achieved a **37%** increase in energy efficiency for laptops compared to 2013 through innovative software and hardware development.	Improved waste management through material flow, achieving an **85.4%** recycling rate through waste sorting.	Expanded recycling service. Encouraged consumers to recycle waste products through environmental education, resulting in a global recycling rate of **14.5%**.	Established a digital learning center and compiled several digital teaching materials to expand the influence of the Digital Inclusion Program; SROI reached **5.34**.	Organized a number of social service activities and provided volunteer service leave to encourage colleagues to participate. Total service hours in Taiwan reached **6,400** hours.
Progress	**Behind**	**On schedule**	**On schedule**	**On schedule**	**Complete**	**On schedule**
2019 Plan	Obtain the highest platinum rating of LEED Green Building for the new building and improve energy efficiency.	Continuously improve products' energy efficiency through innovative software and hardware development.	Improve waste recycling and conversion rate according to the Plan-Do-Check-Act(PDCA) structure for waste management.	Expand the recycling service to cover other countries based on the corporate marketing strategy.	Establish a digital learning center, set up a volunteer teaching team, and expand the influence on society.	Continue to organize social service activities and provide attractive volunteer service leave to encourage colleagues to participate.

Company Profile and Culture

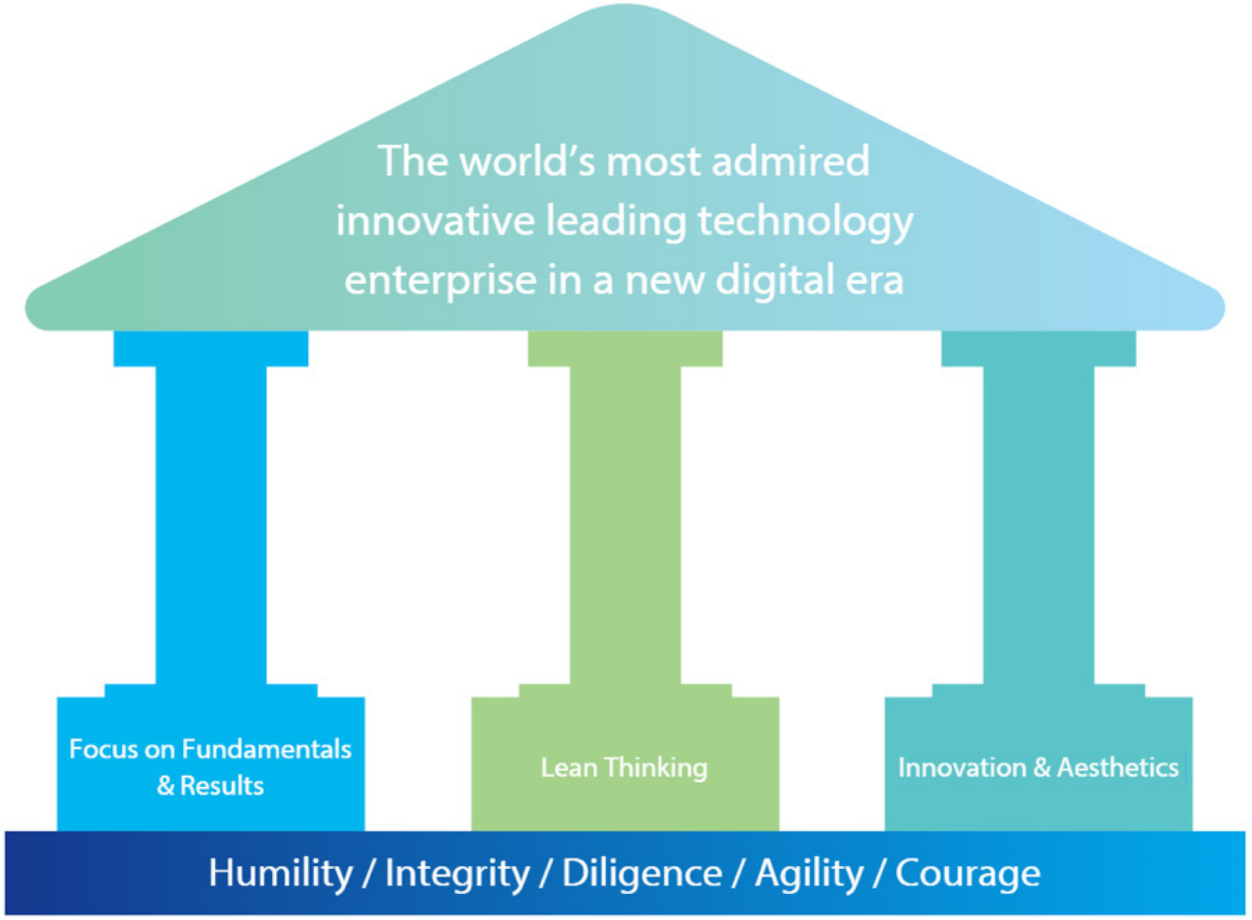
ASUS (TPE: 2357) is a leading innovator in mobile and computing solutions headquartered in Taipei, Taiwan. Formed in 1989 and listed on the Taiwan Stock Exchange in 1996, the company's customer base includes consumers, businesses, schools and government agencies. Passionate about technology and driven by innovation, ASUS is guided by the In Search of Incredible brand spirit of aspiring to deliver the incredible in every pursuit to create an effortless and joyful digital life for everyone. To achieve this goal, the company has a steadfast commitment to developing Internet of Things (IoT) products, components and services, as well as helping to usher in a hyper-aggregated new digital economic era that combines artificial intelligence (AI), big data and cloud computing. Through the Republic of Gamers (ROG) sub-brand, the company is also committed to offering gamers a full range of innovative products to deliver incredible gaming experiences.

ASUS is one of Fortune's "World's Most Admired Companies," Forbes' "Global 2000 Top Regarded Companies," and Thompson Reuters' "Top 100 Global Technology Leaders." With a brand value of USD 1.619 billion, ASUS has been awarded the No. 1 spot in the Best Taiwan Global Brand Awards by Interbrand for the past six years. In 2018, ASUS won 18 prestigious iF Design Awards, 16 Red Dot Design Awards, nine Good Design Awards, and 35 Taiwan Excellence Awards. These awards serve as an affirmation of the company's commitment to stellar design and innovation.

ASUS operates in more than 70 countries and employs more than 14,500 people worldwide, including more than 5,000 world-class R&D professionals. The company's revenue reached NTD $354.19 billion in 2018.

Corporate Culture

ASUS has developed a unique framework that unites our global workforce and helps all ASUS employees excel in both their professional and personal lives. It establishes a common language for bringing together our international and diverse workforce all over the world. We call this framework ASUS DNA. In the ASUS DNA framework, there are 4 pillars that provide touchstones for success as individuals and as an organization. When combined, they help keep our global organization focused on its primary goal of becoming the world's most admired innovative leading technology enterprise in a new digital era.



Focus on Fundamentals & Results

To ensure a holistic approach to design and innovation, ASUS encourages every employee to pursue each project by looking at it from every possible angle, which ultimately results in incredible quality and user-friendly functionality.

Lean Thinking

ASUS encourages open communication across all levels of the organization, in a continuous effort to improve efficiency throughout the different stages of design, development and production. We've also incorporated the principles of Lean Six Sigma, which help create efficiencies and conserve resources, in turn leading to lower costs.

Innovation & Aesthetics

Like the perfection-seeking artist, ASUS seeks to create solutions that are both beautiful and practical. This meticulous attention to detail, along with a customer-focused approach, enables us to fulfill our commitment of delivering incredible experiences to people everywhere.

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.

Adherence to this brand promise is one of the factors that enables ASUS to continue to grow steadily, despite a rapidly changing and highly competitive environment. As the world economy rapidly develops into a consumer-centric value network, both hardware and software must quickly change and adapt to meet the immediate and unique needs of consumers. This new market calls for bold strategies and incredible customer experiences.

ASUS is one of the world's leading providers of consumer electronics and employs a world-class R&D team. ASUS is driven by innovation, and it permeates the company down to the smallest details — from the development of hardware and software to the choice of materials and manufacturing processes — in the pursuit of creating groundbreaking products and user experiences. Going forward, ASUS will trend towards AI to create highly interconnected experiences that provide the greatest value to users.

These past 30 years have seen ASUS strive to bring together talent, expertise and passion. ASUS creates the latest technology to enable an increasing number of people to enjoy an advanced digital life. In the future, ASUS will continue to pursue incredible innovations in technology by leveraging the company's technological expertise and operational capabilities. In addition to focusing on existing products, ASUS will further develop gaming as well as various new applications in AIoT so that the company can traverse a broader path in the new digital era. The ASUS brand vision and company mission are:

- Vision: To become the world's most admired innovative leading technology enterprise in the new digital era
- Mission: In search of incredible innovations to create the most ubiquitous, intelligent, heartfelt, and joyful smart life for everyone

1 Sustainable Innovation

2018 Sustainability Project - Value Creation on Sustainability Integration

ASUS adhere to our philosophy to provide valuable contributions to humanity. Beginning with the product life cycle, ASUS drives the whole value chain to practice corporate social responsibility. ASUS further extends the core spirit of sustainable management to social care, and continues to create sustainable competitiveness through innovative thinking. In 2018, ASUS' sustainability management approaches moved towards the new milestone: the sustainable integration model of "digitizing data and adopting scientific management." Shared value has been created in the spirit of "Wiser Together."

The sustainability unit leverages the internal and external resources to expand and integrate the inputs and outputs of "Six Main Capital": finance, manufacturing, intelligence, human resources, environment, and society capitals from a single direction of traditional financial capital. We also assess the overall impact of ASUS' corporate operation and the product value chain on the economy, environment, and society. ASUS carry out our corporate's sustainable value management model based on the Triple Bottom Line (TBL). Internally, the management model is used as the cornerstone of the organization to promote sustainable integration decision making and key performance indicator management so that the corporate value creation can be maximized. Externally, the model refers to the international Integrated Reporting (IR) framework from the International Integrated Reporting Council (IIRC); it demonstrates the sustainability impact created by ASUS using monetized value and shows the results to stakeholders.

In 2018, we launched several sustainability projects, including Circularity Fact Program, ASUSCare Cloud Healthcare, Task Force on Climate-related Financial Disclosures (TCFD), Environmental Profit and Loss (EP&L) Program, and Sustainable Value Creation, in response to our 2020 Sustainability Goals, material topics, and SDGs.

Six Main Capital

Finance
- Total assets $250,584,531 thousand NTD
- Number of shares issued: 742,760,280 shares

Manufacturing
- Partnering with more than 700 suppliers globally
- Electricity used in supply chain 142,543,182 MWH
- Water used in supply chain 182,950 ML
- Sustainable Value Chain Management

Environment
- Electricity used in operation 19,140 MWH
- Water used in operation 145.8 ML
- Waste in operation 389 tons
- Establish product recycling service, covering 70% of sales revenue

Intelligence
- Shared Circularity practice and involved in the development of circularity standards
- Established ASUS Intelligent Cloud Service Center (AICS)
- Innovation on energy saving software and hardware
- 5,000 R&D talents

Human Resource
- Global employees 14,500
- Talent Development System

Society
- The ASUS Foundation was founded 10 years and is committed to bridge digital divide
- 2,482 computers were donated worldwide for Digital Inclusion Project
- Provide full-paid leave for volunteer services, and total service hours reached 24,952 worldwide

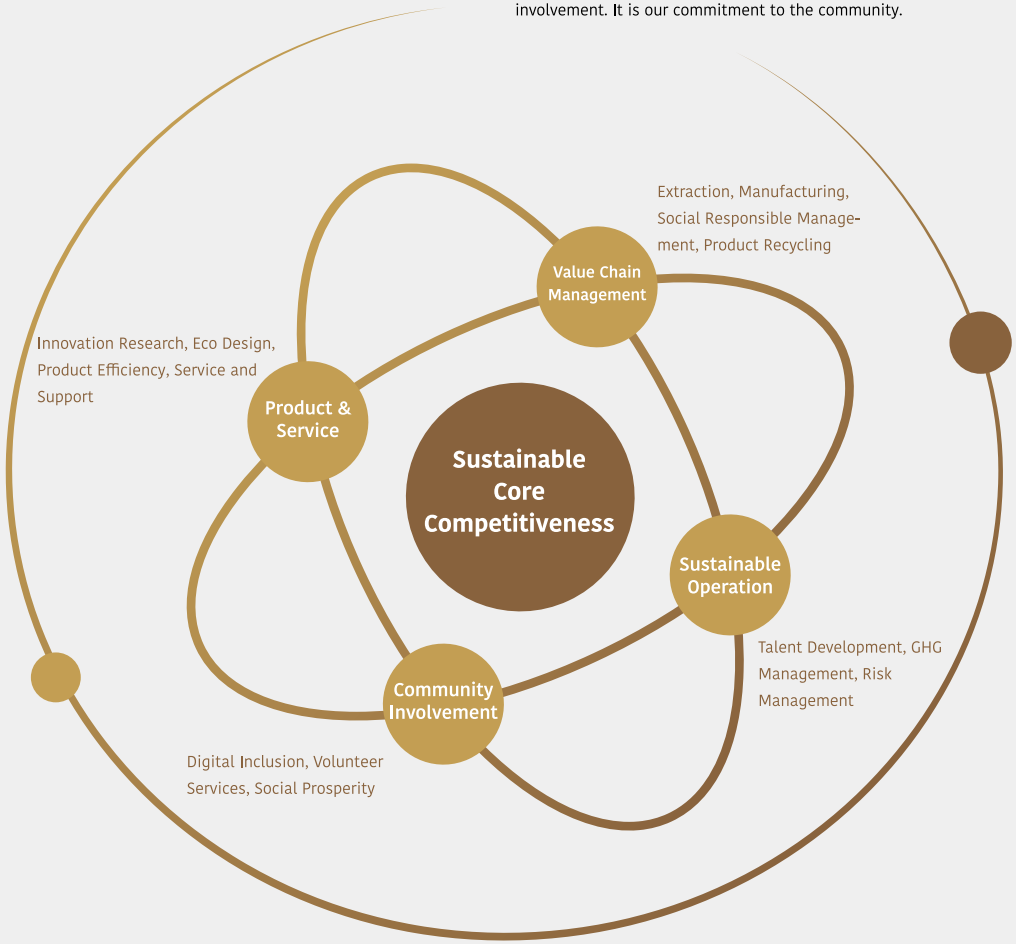
Business Activity

Vision:
To become the world's most admired innovative leading technology enterprise in the new digital era.

Mission:
In search of incredible innovations to create the most ubiquitous, intelligent, heartfelt, and joyful smart life for everyone.

Sustainable Strategy:
Data measurement, technological management, and constructing sustainable value of enterprises with core competitiveness.

Sustainability Goals:
ASUS 2020 Sustainability Goals is based on the life cycle, demonstrating the sustainable core values and management performance of products, supply chain, operations and community involvement. It is our commitment to the community.



Outcome

- Revenue $273,282,876 thousand NTD
- Cash dividend per share $15 NTD
- EPS $5.7 NTD

Corporate Operation

- The proportion of halogen-free components accounted for 83.2%
- Sales of Eco Products accounted for 76.1%
- 3T1G minerals were from qualified smelters
- 100% key suppliers pass audits
- About 24,000 employees' labor rights and safety had been duly protected

Environmental Profit and Loss Program (EP&L)
Value Chain Sustainability

- GHG emission reduced by 25% (2008 baseline)
- Waste conversion rate in headquarter was 85%
- Weight of recycled products reached 14.5%

Circularity Fact Program
Environmental Responsibility
Task Force on Climate-related Financial Disclosures (TCFD)

- The World's First Company to receive Circularity Facts Program Validation
- New laptops were 100% in compliance with Energy Star and the average energy consumption was 29% better
- 3,787 patents were obtained worldwide in 2018

ASUS Medical Cloud Environmental Responsibility
Corporate Governance

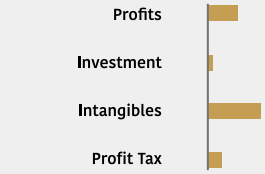
- Salary and benefit were better than regulation, ranked among the top 100 high-paying companies in Taiwan
- Average training hours per employees were 13 hours
- Employee ROI was 5.7

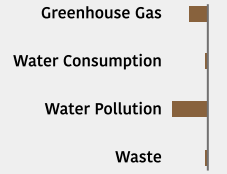
Fostering Talent

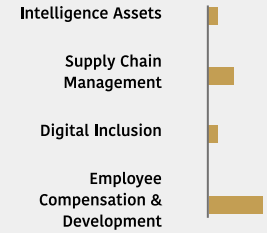
- SROI for Digital Inclusion reached 5.34:1 in 2018
- Helped 38 countries establish digital opportunity centers with more than 500 learning centers and over 0.55 million people benefitted

Community Involvement

Value Creation

Economy


Environment


Society


Employee | Investor | Supply Chain | Customer | Media | Community | Government

Circularity Fact Program

In the past, most industries employed the linear economic model, "take, make, and discard." This process and consumption behavior continuously consumed global resources, as well as created serious environmental problems, such as worsened ecological environments, climate change, and mass waste production. ASUS understands that the linear business model would not only increase the cost of processing wastes and pollutions, but also raise the cost of purchasing raw materials and the risk of an unstable supply.

“Wastes are misplaced resources.”

We need to rethink the way we consume resources, and expect to extending the product lifecycle from “cradle to grave” to “cradle to cradle” by providing another new life for the product. According to the concept of a circular economy, when a product loses its original function, that is not the end of it; instead, it is 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 circular economy cannot be achieved at a glance, but gradually. With systematic thinking, we review each phase of the lifecycle and start with eco-friendly designs. Through a proper recycling processing system, we will move toward the goal of zero pollution and zero waste, and open up new business opportunities. Details are described in chapter 2 Environmental Responsibility.

In addition to product environmental design, ASUS also gradually moves towards a circular economy through projects every year.

In 2016, ASUS became the first consumer IT headquarters in the world to receive the Zero Waste to Landfill validation. To an enterprise, proper waste management is not only part of its social responsibility. Through 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 improve the value chain to achieve industrial transformation, creating working opportunities 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 the environmental impact of waste can be minimized throughout the process of storage, transportation, recycling, and eventual incineration and landfill. Additionally, through the increase in the recycling and reuse rate, we can minimize the waste that enters the incineration or landfill process.

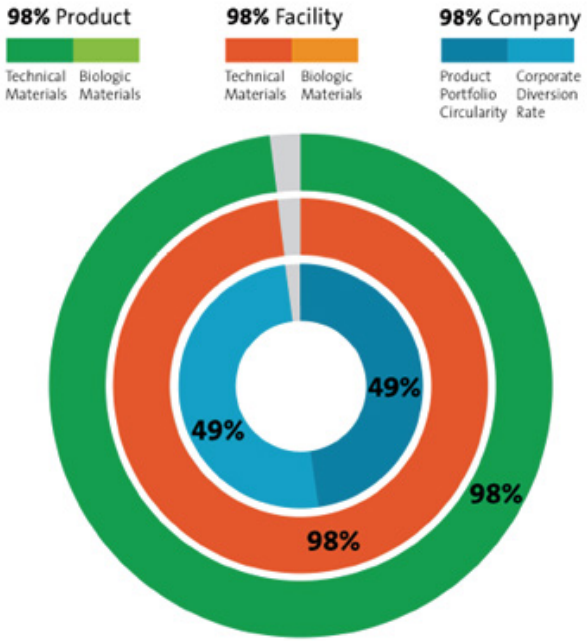
Polylactic Acid (PLA) Innovation and Reuse

Through the Zero Waste to Landfill project, we found that the recycling practice in Taiwan has not established the market of PLA recycling and reuse, and the compost processing facilities are not popular in Taiwan. This means the PLA is mostly going to incineration after recycling, losing its green natures. To solve this problem, ASUS worked with suppliers to develop consumer products made from recycled PLA. We recycled waste PLA containers in the headquarters, including cups of cold drinks from Starbucks and from MOS Burger, and turned them into PLA pellets via crushing, rinsing and dyeing. Injection molding was then used to produce small official supplies. Wastes which would be incinerated were turned into new commodities, showing good examples of circular economy.

In 2018, ASUS became the first corporation in the world to obtain Circularity Facts Program alidation.

The circular economy is diverse. Each issue has the characteristic of mutual influence. The corporation needs to establish a quantitative way to track the achievements when promoting the transition to circular economy so that decision makers can have the appropriate data for resource allocation and performance tracking management. In response to this, ASUS participated in the UL 3600 Circularity Fact Validation program. The scope of the program included the corporation's operation, product recyclability, re-used rate of recycled material, and a zero-disposal assessment of the production line. The overall circulation of the corporate or project was evaluated in a data-based manner.

The ASUS computer-recycling project recycles wasted computers in a reverse logistics manner. The recycled computers are donated to vulnerable groups after restoration to create a vision of digital inclusion. It is not only one of the company's most socially influential projects, it is also a good practice scope for the circular economy. This program is used to participate in the UL recycle coefficient verification. The verification covers the products' early-stage design concepts, which include chemical substance control management, toxic substance reduction, easy-to-disassemble design, and easy-to-recycle design. The verification also covers the later-stage of the product's life cycle, which includes the establishment and management of the product's recycling process. ASUS also extends its role in social responsibility to assist its cooperative recycling and refurbishment plant into achieving a zero-waste landfill. Finally, the circulation degree of this project, based on quantitative indicators, is 98%. This result has also been verified through an impartial third-party UL



ASUS Medical Cloud

Over the years, ASUS has been deepening its applications in various vertical fields. We have 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 supporting sustainable economic development. Among them, the application of cloud computing to medical care is one of ASUS' key innovation points.

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

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 a field service in Chiayi City. We set up “Smart and Health Stations” in 24 community pharmacies in the city to provide blood pressure measurements to people and uploaded the data to the cloud in real time.

In 2018, ASUS joined the Swiss medical data company, Clinerion, to develop the global medical service network system, PhenoFinder. ASUS also built a big data platform called OmniCare to help with medical measurement and tracking. ASUS uses these two platforms as the means to develop new forms of smart medical materials, AI robots, and precision medical solutions

OmniCare - Building the IoT Medical Internet Ecosphere

OmniCare big data platform connects a variety of smart medical devices for measurement and tracking. It helps hospitals and healthcare centers master the physiological status of patients, strengthens telemedicine/care and health management services, and assists hospitals with developing precision medicine. If hospital systems are connected to OmniCare, the clinical demand information can be obtained using big data algorithm. Last year, ASUS partnered with 8 companies to integrate smart medical devices in the medical exhibition.

PhenoFinder - Decentralized Medical Data Platform for Clinical Trials

PhenoFinder is a global medical service network system developed by ASUS and Clinerion. With its unique global cloud infrastructure, PhenoFinder can solve multi-country clinical trial information integration problems and improve the efficiency of clinical trial implementation through the data integration platform. On the other hand, drug factories that develop new drugs can obtain statistical reports from the platform, which can effectively improve the effectiveness of clinical research, shorten the development time of new drugs, and ensure that drugs enter the market in time. At present, there is a medical center in Taiwan that has joined the PhenoFinder service network. Overall there are nearly 150 hospitals from eight countries around the world that have joined this platform.

ASUS collaborated with IBM Watson to launch AiNurse technology. This gave ASUS' firs robot, Zenbo, basic medical monitoring function. The Zenbo robot's medical care application program has been applied to at least five medical centers in Taiwan. This includes Mackay Hospital, Taipei Veterans Hospitals, Linkou Chang Gung, China Medical University Hospital, and Kaohsiung Medical University Chung-Ho Hospital.

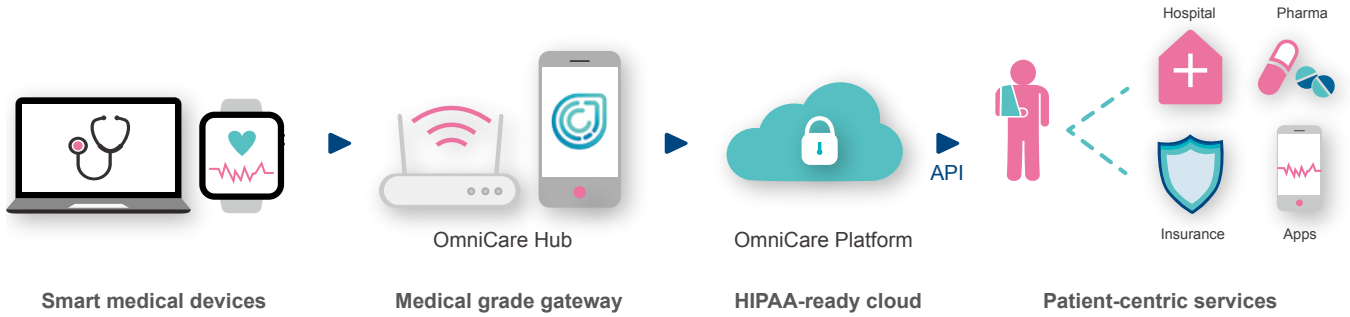
At present, AiNurse is able to integrate electronic medical records. This assists medical staff in their work specialization. As well, all measured physiological information is synchronously integrated to the OmniCare data platform and the final solutions are offered through AiNurse. AiNurse makes remote hospital care more convenient and effective and gradually improves personalized care services. In the future, it will meet the needs of more medical care systems in terms of functions.

In addition to the original positioning of Zenbo - companionship, as the key to the internet of things (IoT), or a smart gateway, the most important role for Zenbo is to connect the IoT devices. Whether it is to integrate home appliances or facilities with institutional public spaces, Zenbo is able to perform various applications based on specific needs. For example, if a healthcare organization wants to provide healthcare education to residents, it can insert digital information related to health into Zenbo. The organization can also transmit relevant information through the robot during the activities. As a result of this characteristic, Zenbo has gradually been introduced into the medical and long-term healthcare field

Participatory Urban Living for Sustainable Environments, PULSE

The PULSE project originated from the EU Horizon 2020. This plan seeks to develop a public hygiene policy based on big data. It was hosted by the Polytechnic University of Madrid, Spain and connects 12 teams across different countries. The project proposes to combine urban environment, wearable devices, and lifestyle (which can act as data sources) to analyze and establish three models of disease risk, urban health level, and air pollution forecast. It transforms public hygiene from a reactive system to a predictive system of risk and elasticity. Active forecast system is generated to improve urban public health, thereby accelerating the realization of big data vision.

ASUS cloud has been part of the PULSE project since April 2018. With years of experience in the operation of smart healthcare, ASUS has brought more innovative applications and diversified smart medical devices to the project through the OmniCare Medical IoT Platform, AI virtual healthcare assistant, and medical data integration technology. Keelung has been listed as a city test site together with Birmingham, New York, Singapore, Barcelona, Paris, and Pavia. A series of pilot services and collaborations have been conducted. These include a study on the relationship between air pollution and asthmatic respiratory diseases as well as a study on the relationship between lack of exercise and Type 2 diabetes.

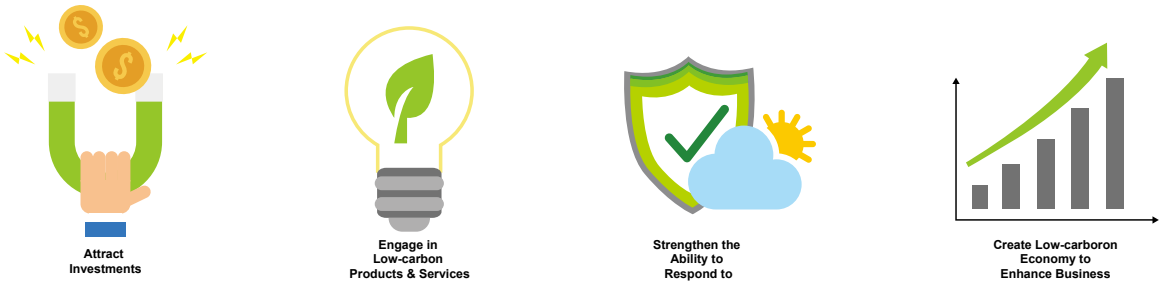


As a result of the changes in society and lifestyle, the ageing of population is becoming a trend. Therefore, using innovative technologies can not only change the traditional medical care model and improve efficiency and quality, it can also combine the information technology industry to explore market and business opportunities. This will help contribute to human society in the sustainable blueprint of the global SDGs planning.

Task Force on Climate-related Financial Disclosures (TCFD)

Considering that the Paris Agreement aims to keep global warming below 2℃ above pre-industrial levels, global industrial development is expected to shift toward a low-carbon economy. To protect the global financial system from serious impacts during this transition period, the Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosures (TCFD) in early 2016. In June 2017, the TCFD officially released the “Recommendations of the Task Force on Climate-related Financial Disclosures” to provide more explicit guidelines on climate change’s financial e fects on global businesses.

The disclosure framework of TCFD consists of four core elements: governance, strategy, risk management, and metrics and targets. Each element involves a range of climate-related financial disclosures. ASUS believes that TCFD recommendations can promote long-term strategic management and mitigate risks. TCFD’s focus on climate resilience also encourages firms to develop forward-looking targets and adopt appropriate governance structures to monitor progress toward meeting them.



ASUS Supports Paris Agreement and TCFD framework

ASUS publically supports TCFD, and we follow the framework to disclose 4 core elements: governance, strategy, risk management, and metrics and targets.

Governance

On the issue of climate change, although ASUS is not in an energy-intensive industry, it still maintains a “no regrets policy” and exerts its influence on the IT industry in terms of climate change mitigation. In 2009, ASUS took the lead in assessing the carbon footprint of the product life cycle, released the world’s firs laptop with carbon footprint certification. And through software and hardware innovations, we also completed the world’s first carbon-neutral laptop. Based on the results of the life cycle assessment, we established the carbon emission reduction for the operations and energy effic ency improvement target for the products.

Strategy

ASUS has integrated climate change-related issues into its operational strategy and tracks and manages them in a qualitative and quantitative manner. We support the targets set out in the Paris Agreement, meaning that in addition to our innovation efforts to mitigate the effects of climate change, we have developed strategic responses in the following areas based on the identifie material climate risks and opportunities.

2DC Scenario Analysis

According to a report released by International Energy Agency (IEA), in the 2℃ scenario, the global annual increase of 3% in energy use needs to be reduced by half per year. That is to say, under the growth in “business as usual”(BAU) conditions, the energy efficiency of products needs to increase by 54% by 2030. Under such circumstances, ASUS expects that the global product energy efficiency laws will become increasingly strict and pose potential risks; on the other hand, investing in the development of energy-efficient products will also expand the green product market and create business opportunities.
As a result, ASUS has integrated its product energy efficiency target into its operational strategy; it aims to increase product energy efficiency by 50% by 2025.

On the other hand, the Nationally Determined Contribution (NDC) target set by the Taiwanese government is to reduce greenhouse gas(GHG) emissions in BAU by 50% before 2030. Although ASUS is not in an energy-intensive industry with high GHG emissions, we also take responsibility for reducing said emissions and saving energy. To demonstrate ASUS’ ambition, we have set an absolute target of a 50% emissions reduction by 2025.

Electricity consumption in our offices accounts for 99% of our GHG emissions. We started to introduce the ISO 50001 energy management system in 2015 to identify high-energy consuming hotspots and equipment, with the aim of gradually improving the energy efficiency to reduce 1% of electricity consumption annually. Meanwhile, as for the choice of location for ASUS’ new building, we chose one that is accessible for mass transportation to reduce the GHG emissions from employees commuting, while also taking the platinum level-the highest level of green buildings-as the requirement for the construction of the building to reduce the overall environmental impact.

Risk Management

ASUS integrates climate-related risks and opportunities into the overall identification, assessment, and management process within the company. We consider the risks associated with climate change over the short-, mid-, and long-terms and continuously monitor government decrees, international trends, industry practices, and so on to propose future viable directions; these include ISO 5001 energy management systems, the improvement in products’ energy efficienc , solar system installations, Renewable Energy Certificates, and other programs to reduce impacts and manage the potential risks of climate change.

For management indicator and targets, please refer to Chapter 2 Environmental Responsibility. For detail TCFD report, please visit ASUS CSR website.

Environmental Profit and Loss Program (EP&L)

Besides the corporation's financial performance, the environmental impact of its operation and manufacturing processes has become the focus of many stakeholders. However, during the discussion, we found that uncovering various environmental impacts such as carbon emissions, waste, and wastewater volume is only meaningful to those with relevant knowledge background. As for the general stakeholders, they may have doubts in those parameters. For example, when corporations commit to environmental protection, they ask questions such as: What is the most important source of pollution? How to compare the pollution severity resulted by one ton of waste, one ton of wastewater, and one ton of GHG? Is the company's prevention direction correct? Are the countermeasures perfect?

ASUS has adopted the concept of "digital measurement, technological management" to allow stakeholders to understand the corporation's sustainability achievement. Moreover, this concept provides decision makers and managers with the reference to conduct resource allocation and performance tracking. By using monetized value to evaluate the environmental profit and loss of a product in their life cycle, a net loss or profit to the environment as a result of the company's operation can be shown. This helps the corporation review its sustainability achievement year by year.

The environmental profit and loss are assessed based on life cycle. It measures the environmental and social impacts of the products from raw material extraction, component manufacturing, and product assembly. Different environmental consequences can be compared using the monetized results. This includes the loss values that result from climate change due to GHG in the agricultural and ecological field. These kinds of environmental effects become comparable. Internally, it serves as an important reference for decision-making units in the future when developing products or managing supply-chain. Externally, simple language can be used to deliver ASUS' environmental sustainability achievement to stakeholders.

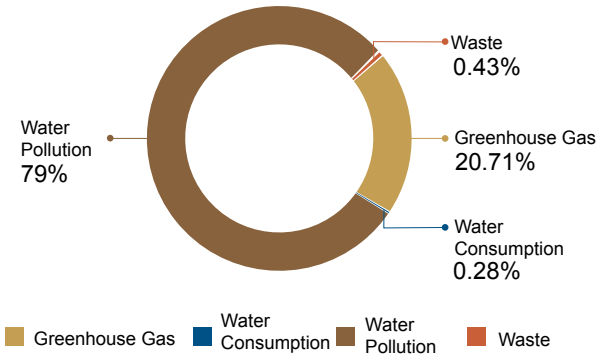
In 2018, ASUS became the first brand in the global IT industry to publish an environmental profit and loss assessment report. Using the experience from this project, ASUS plans to incorporate this method into the current procurement process and establish its sustainability procurement performance indicator in the supply chain.

After completing the evaluation program for the first time, ASUS continues to expand its product range for evaluation. The environmental impact of the supply chain, which contributes 60% of the revenue, will be evaluated. Based on the manufacturing process characteristic of the product, 4 environmental indicators (GHG, water resource, waste, and water pollution) are selected to evaluate environmental profit and loss. The analysis result shows that the impact of products supply chain is approximately $387 million US Dollars, and the environmental impact in different phase is shown below:

Unit: US$ million

	Tier 0 ASUS Operation	Tier 1 OEM Assembly	Tier 2 Manufacturing of Major Components	Tier 3 Mining and Manufacturing of Raw Materials	Total	%
Greenhouse gases emissions	0.09	0.22	19.32	60.64	80.26	20.71%
Water Consumption	0.001	0.001	0.14	0.93	1.07	0.28%
Water Pollution	0.03	0.01	12.15	292.29	304.47	78.58%
Solid waste	0.001	0.0003	0.19	1.49	1.68	0.43%
Total	0.12	0.23	31.79	355.35	387.48	100%
%	0.03%	0.06%	8.20%	91.71%	100%	

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:

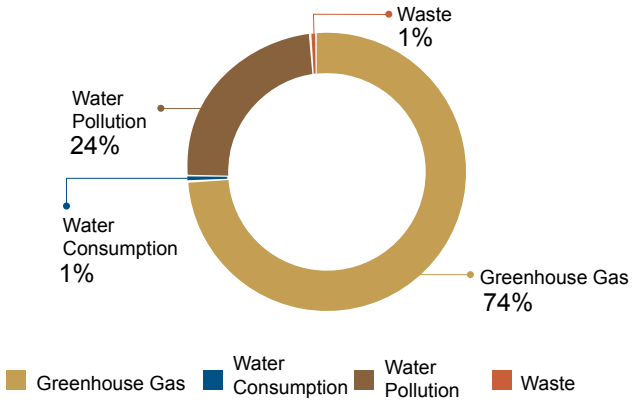


Analysis of the environmental impact in different phase of supply chain

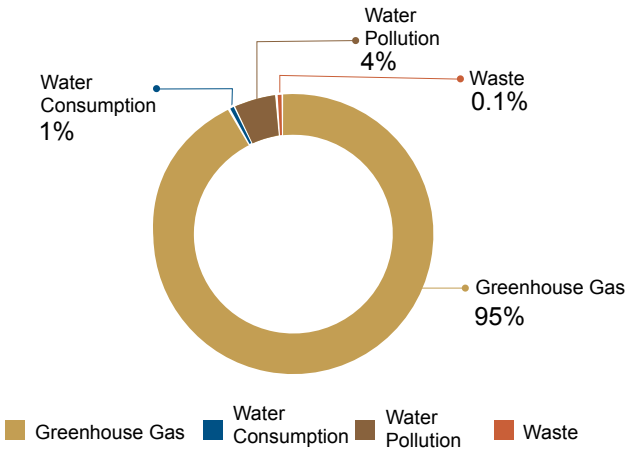
In Tier 0 ASUS Operation and Tier 1 OEM Assembly, and Manufacturing of Major Components, GHG emission had the greatest environmental impact.

In Tier 3 Mining and Manufacturing of Raw Materials, water pollution had the greatest environmental impact.

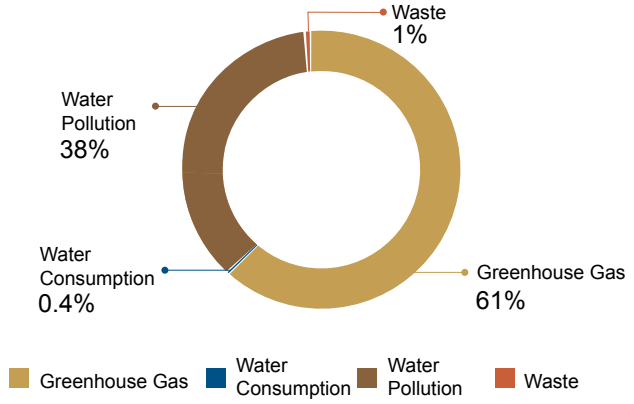
Tier 0 ASUS Operation



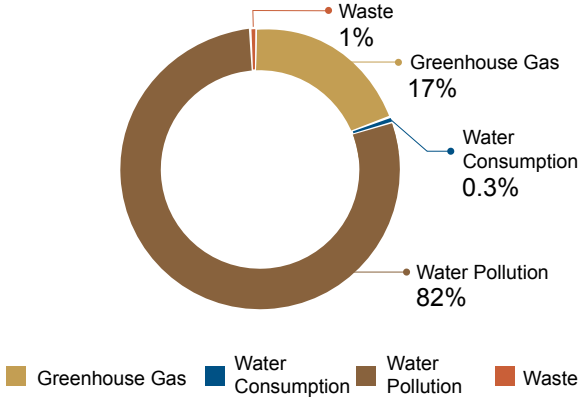
Tier 1 OEM Assembly



Tier 2
Manufacturing of Major Components



Tier 3
Mining and Manufacturing of Raw Materials



The environmental profit and loss assessment program is an important milestone in ASUS' transition to sustainable operations. This program undertakes ASUS' 2016 Social Return on Investment approach, and transforms social influence and results from qualitative descriptions to quantitative and monetized tracking and management. This program quantifies various environmental and social impacts by the products' life cycle assessments.

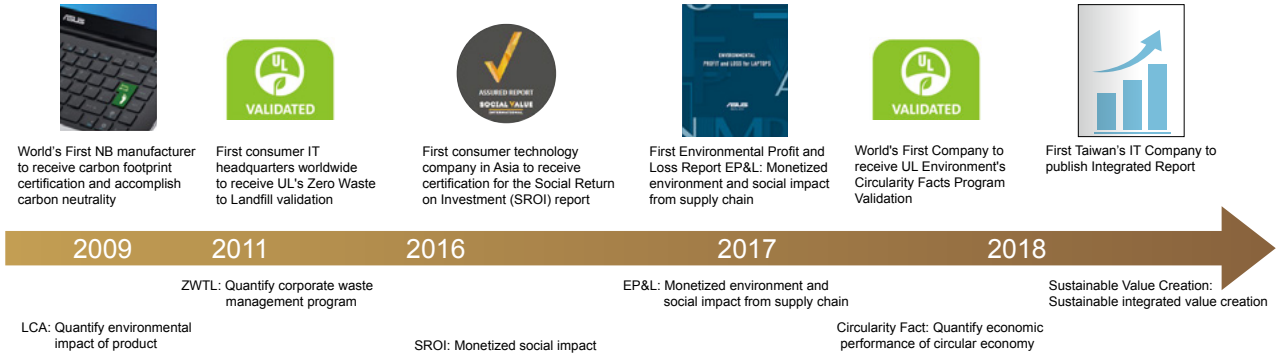
The analysis result demonstrates that greenhouse gas and water pollution on supply chain operations create the greatest environmental impact. Therefore, ASUS has raised its eligibility requirements for qualified suppliers. From 2019, suppliers must possess ISO 14001 environmental management system verification in addition to ISO 9001 quality system verification to avoid the environmental impact of the supply chain.

On the other hand, this also highlights the importance of environmental factors (in addition to traditional factors such as cost, quality, technology, delivery, and service) when selecting suppliers. With the above included, the actual life cycle costs (LCC) can be obtained. Therefore, ASUS further promotes the ISO 20400 sustainability procurement plan by adding sustainability as a condition for supplier selection. ASUS plans to use purchasing power to drive the supply chain to promote its sustainability transformation.

We will gradually expand the scope of the environmental profit and loss program to cover the product supply chain that contributes to 90% of the revenue. At the same time, the annual environmental profit and loss intensity of each product will be continuously calculated to confirm that the resources and the green product strategies allocated to the supply chain environmental management achieve actual benefits. A complete supply chain environmental profit and loss assessment will be established simultaneously.

Sustainable Value Creation

ASUS continuously cares about sustainable trend development and is highly passionate about promoting sustainable innovation projects. We published our Type III Environmental Product Declaration and announced the world's first carbon-neutral laptop in 2009. The Product Declaration quantifies t e impact of various products on the environment in order to easily track, manage, and continually improve their environmental performance. In 2016, we used the British government's Social Return on Investment guidelines to monetize the influences f the value of digital inclusion program. Subsequently, we received accreditation from Social Value International and published an SROI report that was the firs Taiwanese report to be accredited by a global organization within the Asian technology industry. In 2018, referring to the Natural Capital Protocol, we monetized the impact of the supply chain on the environment and society. In addition, we published our Environmental Profit nd Loss Evaluation Report on laptops, leading the industry to consider more deeply the issue of the monetization of the natural environment. ASUS believes that its efforts will raise awareness of this issue. We not only value financial performance but are also committed to using a stable methodology to construct a model to measure the value of money on environmental and social aspects. We are pleased to see that more companies in Taiwan are embracing the management of monetization along with us. Currently, ASUS persistently moves to a new sustainable and integrated model of "digitizing data and adopting scientific management." Through this model, ASUS will view sustainable business performance from a stakeholder perspective with the spirit of "Wiser Together" to create shared value.



[1] A Guide to Social Return on Investment, Cabinet Office, U.K., 200 , 2012 reprint.
[2] PwC, "Valuing corporate environmental impacts," 2015, Natural Capital Coalition(NCC), Nature Capital Protocol(NCP), 2016

ASUS leverages the internal and external resources to drive the overall value chain into sustainable responsibility and further establishes a sustainable management model based on the Triple Bottom Line, social, environmental, and financial parts. ASUS makes the creation and analysis of monetization for the internal sustainable decisions and key management indicators to pursue further maximum of sustainable value creation

In terms of Information and Communication Technology(ICT), the key factor for sustainability management is to thrive with the supply chain. We are deeply aware that we cannot ignore the external impact on the environment that results from the product manufacturing process; this was one of the key findings of our 2018 Environmental Pro-fit and Loss Evaluation project. Therefore, ASUS' integrated evaluation analysis focuses on operation management and product supply chains which includes factory assembly lines, parts and components manufacturing, and raw material suppliers. At Asus, we have fully reviewed the impact of economy, tax, environment, and society; created an impact pathway approach; and identified the relevant influences. We wish to monetize the externalities and benefits caused by ASUS and the supply chains, further enhancing our sustainability management.

By referring to the monetization methodology from Total Impact Measurement and Management(TIMM) proposed by PwC, ASUS launched the Sustainable Value Creation project in 2018. Evaluating Sustainable Value Creation is used for analyzing the source and results of sustainable value. We evaluated the influences on the perspective of stakeholders, including the economy, tax, the environment, and society, and also measured the sustainable value of ASUS operation and product supply chains. Through this project, we calculated the values of the impact of economy and taxes according to ASUS' Parent-Only Financial Statements in 2018, which were NTD$10.67 billion and NTD$10.8 billion, respectively. In terms of the environment, the negative impact of ASUS operation and the supply chain of laptops and desktops consisting of 60% of sales in a year is valued at NTD$11.7 billion. The social impact of ASUS operation is valued at NTD$10.34 billion. Overall, in 2018, the sustainable value was equal to nearly NTD$10.39 billion[Note]. The value sources are based mainly on employee compensation and development, intangible assets, profits, and the sustainable value created by sustainable supply chain management.

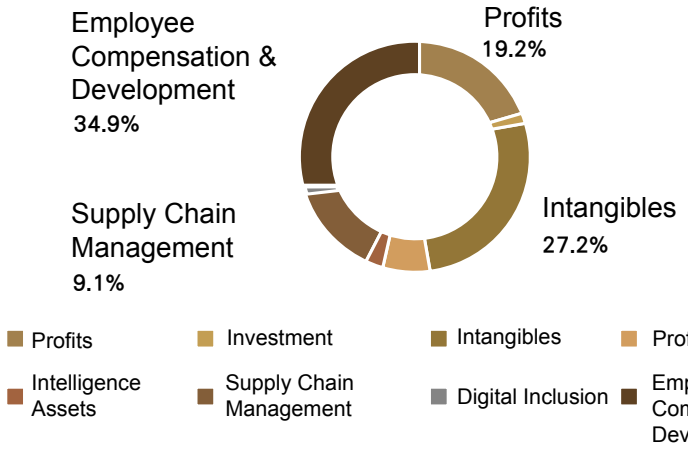
Note: Please note that this value is shown in the monetization measure and uses the influence of ASUS' sustainable development from the perspective of stakeholders. This differs from the basis of financ al statement preparation and financial performance measurement in ASUS' past, present, and future. The relevant data from the 2018 Sustainable Value Creation project is not applicable to the analysis or forecast from a financial report perspective nor to the criteria for investment, measures, and decision-making for stock.

The economy and tax impacts mainly use profits, research and development costs, intangible assets amortization, and profit-seeking enterprise annual income tax in ASUS' individual company financial statements. These express the financial satisfaction and livelihood maintenance that enterprise management brings to shareholders as well as the financial support for local governments to increase the national welfare. The environmental impact arises mainly from the emission of pollutants and consumption of resources produced by the supply chain, which negatively affect both natural ecosystems and society. The evaluation results show that water pollution is the major impact, followed by greenhouse gases. Regarding the social impact, the evaluation includes employees' and development, sustainable supply chain management, intellectual capital, and digital inclusion, thereby revealing the social impact on employees, supply chain, and society activities. For employees, this sources includes the compensation and welfare and educational training to meet employees' livelihood maintenance and increase their career competence.

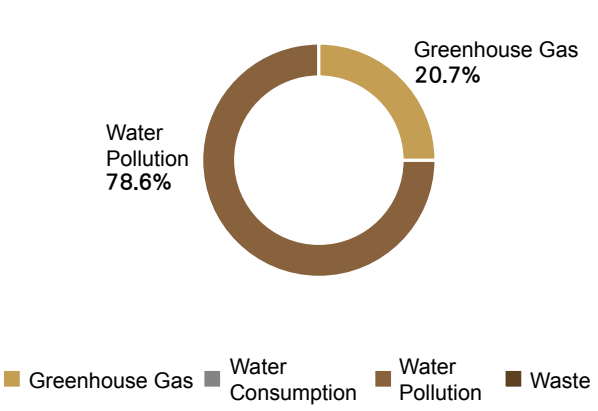
We analyzed the sources and results of sustainable value and identified that the main sources of a negative impact on the environment are the greenhouse gases and wastewater pollution that are generated in the supply chain's operational process. Aligning with the Environmental Profit and Loss Evaluatio project and considering the popularity of environmental management systems that import supply chains, ASUS has increased its qualification requirements for suppliers. Starting in 2019, suppliers must not only have ISO 9001 quality management certification but also ISO 14001 environmental management certification. We hope to phase in the comprehensive management systems to reduce the environmental impact of supply chains. We have also improved the supply chains' water pollution management and are asking suppliers for reports on water pollution testing and its prevention and inspection management. The major positive impact include the intangible assets that employees compensation and development. For a business, employees are the most important asset. ASUS deeply believes in a people-centered corporate philosophy, regulating reasonable and competitive salary and welfare rules and providing diverse and flexible educational training plans. Intangible assets include the expenditure of research and development personnel and research and development equipment and material costs. These assets demonstrate a company's determination and willingness to invest in innovation and develop its people's skills.

In addition, from a stakeholder perspective, the analysis shows that beyond ASUS employees, supply chain is the key role of the environmental and social impact. We expect that this impact will expand due to ASUS sustainable supply chain management. Consequently, ASUS plans to engage in sustainable procurement from cooperation with new suppliers and continuous operation management and quarterly supply chain reviews. These strategies will help ASUS fully implement the supply chain's sustainable procurement management. We hope to work with our supply chain partners to continue growing and improving, gradually increasing ASUS' overall positive impact and sustainable value creation.

Proportion of Positive Impact of Value Creation



Proportion of Negative Impact of Value Creation



This year, the implementation of the Sustainable Value Creation project identified the major paths of four impact: the economy, tax, the environment, and society. We also showed the impact value in the way of monetization. This not only shows a consistent communicative language for stakeholders to compare the impact of diverse sustainable activities but also gives managers effective guidelines for integrated decision-making and management within a company's limited resource allocation. Please visit the CSR website to refer to the full version of the 2018 Sustainable Value Creation report, which outlines the project's methodology and research limitations.

In the future, ASUS will continue to stay ahead and overcome research limitations. We wish to cover more completed aspects of ASUS products and services, with the goal of further expanding our influences to exhibit the sustainability that ASUS sees as one of its fundamental responsibilities.

2

Environmental Responsibility

Technology brings a rich and comfortable lifestyle to human beings. However, the environmental pollution brought about by its development has jeopardized our health and survival. Overcoming this problem has become an important issue in technology. Since being founded thirty years ago, ASUS has become a leading brand in the digital technology industry worldwide. In the face of severe competition and challenges, we have never forgotten the original intention of our business philosophy: “Strive to be among the world-class green high-tech leaders.”

While using innovative technology to develop products in the new digital era, we are also considering how to use forward-looking thinking to integrate sustainable ideas into the core of our operations, allowing us to contribute to the environment substantively and create sustainable competitiveness for ASUS. After numerous engagement sessions with the government, research institutes, NGOs, consumers, media, and other stakeholders, based on the commitments from ASUS management team to Sustainable Development Goals (SDGs), our environmental responsibility will be focused on the three directions: product circular economic transformation; development of green and safe products; and continuous efforts to reduce environmental footprint.

Key Performance in 2018:

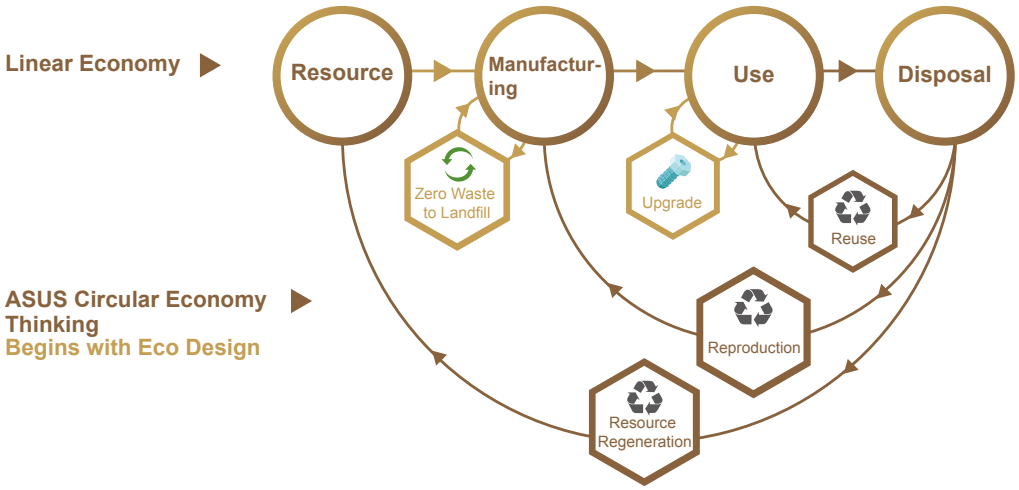
- 83.2% of total components were halogen-free components.
- Number of ECO Products sold accounted for 65.57%[Note 1] of ASUS‘ net numbers of total products sold, and was accounted for 76.1% of the operating revenue.
- Global recycling rate of waste electronic products reached 14.5 %.
- 100% of Laptops under new projects which were sold in 2018 met the Energy Star 7.0 requirements, and the average energy consumption of the laptops was 29% better than that set forth by Energy Star[Note 2].

Note 1: Please visit 2-9 for definitio
Note 2: Please visit 2-6 for definitio

Circular Economic Transformation in Product

In the past, many industries adopted a linear economy, with the process of raw material extraction, product manufacture, and disposal. However, this model not only causes inefficient use of resources and energy, but also leads to mass waste and attendant 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 such enterprises.
ASUS believes that if we do not change this model of production and consumption, we will not be able to leave a sustainable future for the next generation. Therefore, companies need to rethink how they use resources and transform themselves toward a circular economy, which can not only effectively improve the efficiency of resource utilization but also reduce operational risks and bring new business opportunities.

The circular economy includes various development concepts such as Regenerative Design, Cradle to Cradle, and Natural Capitalism. Although each concept has been in place for many years, the main goal is to maximize the efficiency of resource use and find a business development model that can achieve environmental, social, and economic inclusion. Therefore, we are also thinking about how to integrate the concept of circular economy into ASUS corporate strategy and operational structure, as well as how to find the key items to make a shift toward the circular economy model.
More than 80% of the environmental impacts of a product are determined at the design phase of the lifecycle. As such, the best solution to avoid products causing damage to the environment is to introduce the idea of environmentally friendly at the design stage. Starting with life cycle assessments, through redesigning products, processes, and services; changing consumers' and businesses' habits; and the approach of repairing, refurbishing, and reusing, we aim to use resources more efficiently. After the assessment, we build a prototype of the ASUS product circular model by "using safer chemical substances," "enhancing product energy efficienc ," "designing lightweight packaging materials," "extending life cycle," and "providing takeback and recycling service."



Circular Economic Viewpoints

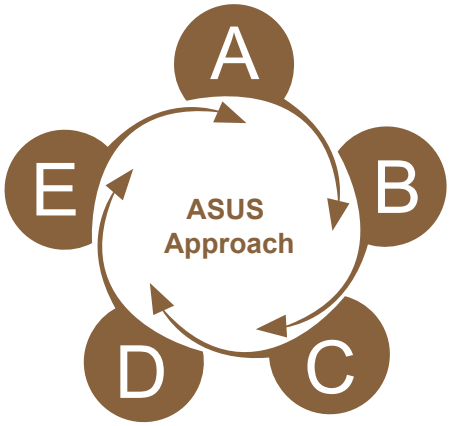
A. Using safer chemical substances
The chemical substances that can be used now may be banned in the future as technology develops, resulting in ineffective recycling and reusing of materials.

B. Enhancing product energy efficiency
Efficiency can be optimized to allow energy use to have more economic benefits.

C. Designing lightweight packaging materials
Wastage of packaging materials can be reduced to improve energy efficiency in the transportation process.

D. Extending life cycle
The life of products and components can be extended by modular design, maintenance, and updates to maximize the benefits of resources.

E. Adopting sound and complete recycling service
Based on the extended product responsibility of the producer, the discarded products should be recycled and treated properly to improve the recycling rate.



Use of Safer Chemical Substances

A variety of chemical substances are added to products to ensure their quality and safety. However, with the advancement of scientific hazard risk analysis, although the use of certain chemical substances is an acceptable risk today, a judgment may be made in the future that they must be regulated or banned, obviating the possibility of product or part recycling. Therefore, the use of safer chemical substances will help in the recycling of resources.

ASUS has formulated internal Hazardous Substances Free (HSF) standards by integrating global chemical substance control trends. Since it complied with the Restriction of Hazardous Substances Directive (RoHS) in 2004, it has been engaged with stakeholders to gradually tighten self-requirements and autonomously ban substances, including beryllium, antimony, and red phosphorus that are of concern and pose potential risks to the human body or environment. In 2018, we further demonstrated our determination to promote green products by raising the technological standards to the high threshold of the Green Mark. In general, the Green Mark requires the use of safer substances for products to endow them with better environmental characteristics. We are adopting stricter self-requirements, which will drive the supply chain to improve the processes and carry out corporate sustainable transformation.

Meanwhile, we have established a sound and complete hazardous substance management system; through the inspection and testing of third-party laboratories; review of ASUS' specialized personnel; and auditing and final review of the management system, products are designed based on the environmentally friendly concept and are safe for both the human body and the environment when provided to consumers.

ASUS 2004–2018 Chemical Substance Management Progress

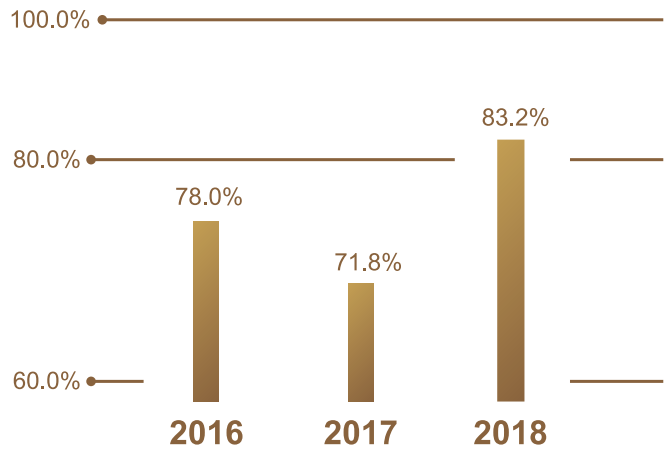
With this complete management system, ASUS products can meet the global requirements on chemical substance management; in addition, because they comply in advance with the regulations on hazardous substances, ASUS products enjoy the preferential treatment of environmental tax reduction in some countries, which has enhanced the competitiveness of green products. This not only contributes to the safeguarding of the environment but also brings benefits to ASUS' operations. For example, ASUS' long-term halogen-free strategy has enabled it to enjoy a reduction in environmental taxes in Sweden of more than $2 million [Note 3].

Note 3: Electronic products sold to Sweden can have a 50~90 % tariff reduction without the use of specific halogen flame retardant

Halogen-Free Policy

The halogen fla e retardants have application in extensive fields due to their low dosage, high fla e-retardant efficienc , good compatibility, and relatively low cost. However, halogen flame retardants have been proven harmful to the environment and human health under incomplete combustion; halogen-containing parts cannot be reused due to the erosion of halogen acid, which is also contrary to the idea of the circular economy goal.

Since ASUS introduced the halogen-free policy in 2010, we have required suppliers to comply with the requirements of the basic laws and regulations. We have also removed the halogen flame retardants in certain materials and applications voluntarily. We are committed to reducing the use of these retardants under the premise of feasibility of alternative technology and cost, without affecting the performance and quality of products. We have also included the halogen-free policy in the 2020 Sustainability Goals, with steady reduction of at least 3 % per year as the basic target and 5 % as the direction of our efforts, the overall goal being that more than 85 % of the parts in the shipments in 2020 will be made without using halogen flame etardants.



The Proportion of Halogen-Free Components over Years [Note 4]

Note 4: The proportion of components that meet the halogen-free requirements to the total number of parts.

In addition to the products, we are also working toward PVC reduction and removal of chlorine bleach processes for paper packaging materials. Before the shortcomings of PVC substitute materials in the wires are overcome, including easy yellowing, reduced elasticity, and being easy to break, ASUS still treats quality as a priority for clients. Therefore we started by eliminating PVC in the internal wires in notebooks, which will be extended to other product parts gradually in the future. More than 80 % of the internal wires of the notebooks sold in 2018 no longer contained PVC. In 2018, the overall PVC consumption decreased by 18.2 % compared to 2016.

If chlorine is used in the paper-bleaching processes, it will produce toxic chlorine-containing organic compounds such as chloroform, dioxin, and other carcinogens. The accumulation of these in the environment will pose a risk to the organisms, environment, and human body. To promote the reduction of the total amount of chlorine used and the chlorine-free bleaching technology and policy in upstream pulp and paper mills, ASUS began to require paper packaging material manufacturers to ban the use of chlorine-bleached papers in 2018.

Full Material Declaration

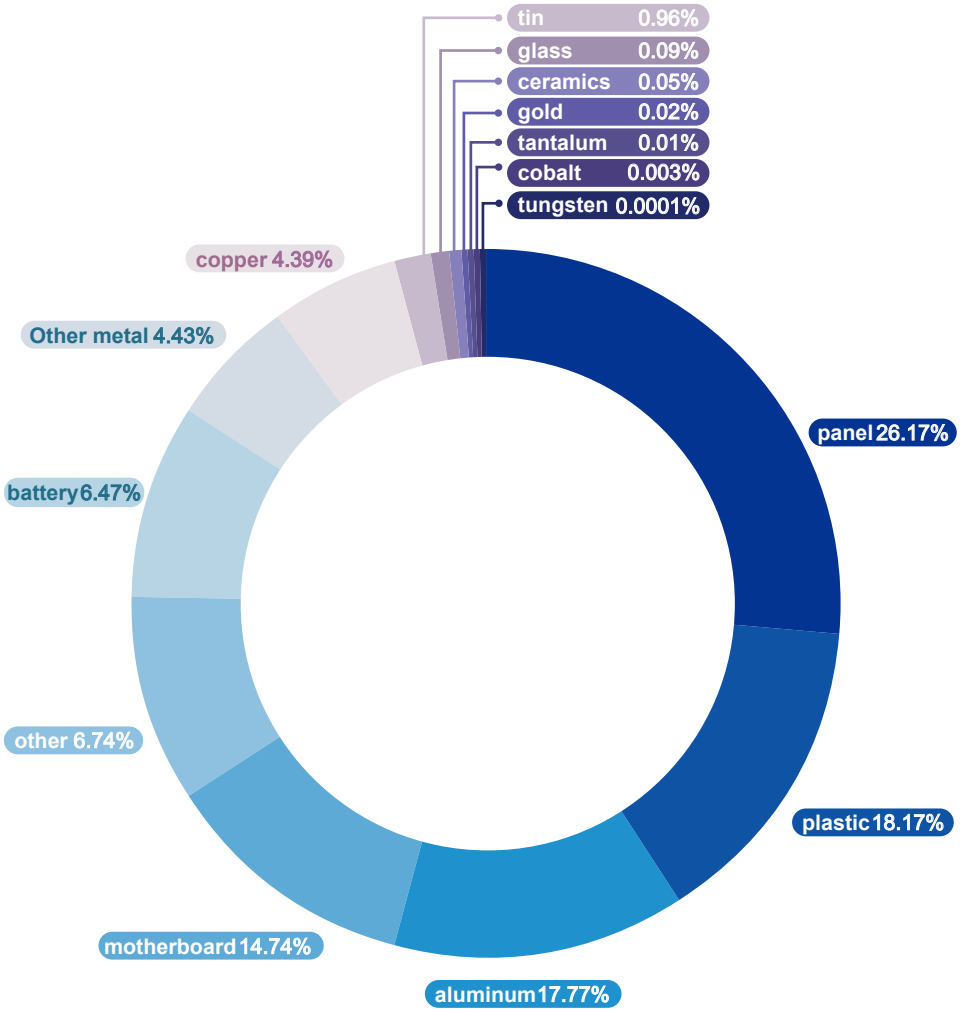
Meanwhile, we also predict that the global regulations will become stricter and that the chemical substances to be regulated will continue to increase. When we encounter a new requirement for a substance to be controlled, we are obliged to carry out the procedures of source investigation and analysis, and such a passive response requires higher labor costs to manage ASUS' vast supply chains.

Therefore, in 2018, ASUS launched a full material declaration mechanism to upgrade the original passive control of banned substances' active management strategies; we have completed the full material declaration of notebooks through cooperation with partners in the supply chain.

The full material declaration can help ASUS:

- Understand the distribution of substances used in products
- Prevent the blending of harmful materials to achieve the purpose of controlling hazardous substances by collecting information on the chemical composition and content of products and materials
- Integrate chemical management into product design and select environmentally friendly materials
- Further use material assessment tools, such as GreenScreen, to identify risk levels with the aim of helping adopt safer substances as a replacement for potentially hazardous chemicals

To increase the effective management period, the full material declaration will be gradually expanded to personal computer product line to gradually reducing the impact of products on the environment and actively achieving the goal of sustainable self-management of chemical substances.



Proportion of Materials Used in Notebook Computer[Note 5]

Note 5: Take C4 Series for Example

Improvement of Product Energy Efficiency

Although renewable energy is the optimum solution for achieving energy use in a circular economy, improving energy efficiency is the most cost-effective solution when renewable energy is not yet fully available.

For many years, energy saving has been an essential appeal of ASUS products. As early as in 2013, ASUS required all notebook computers to comply with the strictest energy efficiency program - the Energy Star Program - in the world. Energy Star has been updated for several instances and increased performance in energy efficienc , and ASUS still exceeds the requirements.

The performance of energy efficiency of ASUS products has resulted from the R&D on energy efficient software and hardware. For hardware, ASUS has an R&D center for power supply to continuously reduce 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, reducing wasted energy. The overall result showed improvement in energy efficienc , achieving reduction of carbon footprint of products. 100% of laptops under new projects[Note 6] which were sold in 2018 met the Energy Star 7.0 requirements, and the average energy consumption of the laptops was 29% better than that set forth by Energy Star.

Note 6: New project is defined as projects that kicked o f between 2017/7/1 and 2018/12/31.
Basis of Calculation: the average of((energy consumption limit - energy consumption)/ energy consumption limit) of all products.

Lightweight Design of Packaging Materials

Packaging materials serve the purposes of transportation, protection, and marketing, but compared with the main item inside, most packaging materials are discarded after purchase, resulting in a waste of resources. Therefore we incorporate the ideas of reduction, green materials, recyclable materials, and environmental sustainability into our packaging design to maximize the reuse of these materials.

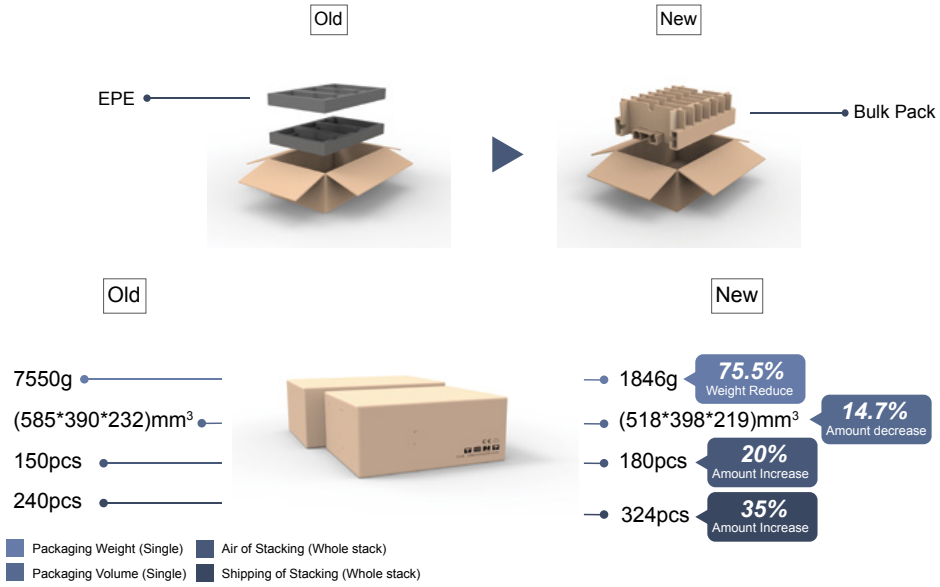
Take the product VivoPC, for example; through the optimization and adjustment of the packaging structure design, the volume of the package is reduced, the weight of the packaging material is lowered, and the transportation energy utilization efficiency is improved, achieving optimized stacking of shipments. The carbon emissions generated during transportation or recycling are also indirectly reduced.

The weight of a single package has been lowered by 12.6 %, the area of packaging paper for a single package has been reduced by 17.5 %, the volume of stacked goods by air has increased by 35 %, and the volume of stacked goods by sea has burgeoned by 26.5% (excluding accessories such as keyboard or mouse).

VGA MINING-P104-4G

For this product's packaging material, the foam material expandable polyethylene (EPE) has been replaced by corrugated cardboard, and the spaces generated by folding the cardboard are used as buffers, which can effectively save materials and volume space. This is highly beneficial in terms of our responsibility toward global environmental protection and recycling.

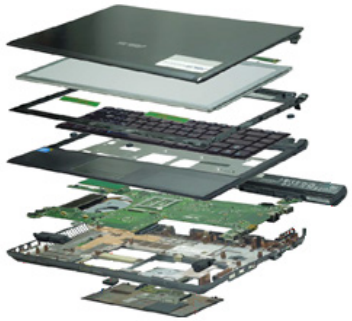
The total weight of the packaging for a carton has been decreased by 75.5 %, the packaging volume for a carton has dropped by 14.7 %, the stacking volume by air has been increased by 20 %, and the stacking volume by sea has risen by 35 %.

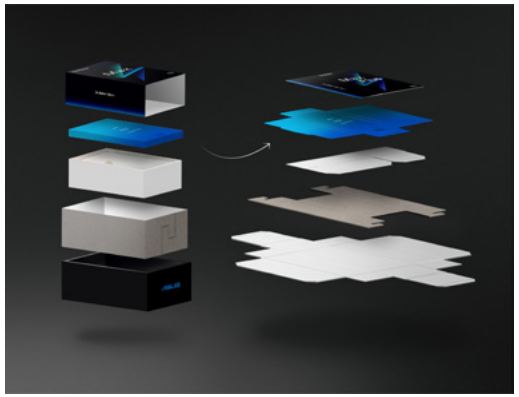


Extension of Life Cycle

Extending the life cycle can improve the efficiency of resource use and has the effect of promoting a circular economy. Through a design that is easy to disassemble and recycle, when a product needs to be upgraded to improve the computing performance, consumers can replace individual parts without being forced to replace the entire product. In the event of product failure, the part can also easily be dismantled for repair and replacement to extend the life cycle of the product. If a product needs to be eliminated and replaced, the easy-to-disassemble and easy-to-recycle features also help the recycling industry to classify it and reduce the cost of recycling operations while increasing the recycling value of discarded electronic products.

At present, the outer covering of ASUS products is designed to be fixed with simple screws, and in addition to the easy-to-disassemble feature, the colored packaging boxes for mobile phone products are made of 100 % recycled paper. With the new structural design for the collection of Zenfone Max, the cardboard and paper can be buckled together, replacing the old box with its need for adhesive to be formed; this environmental design can reduce the cost of materials and recycling and has economic and environmental benefits





Take Back and Recycling Services

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

In supporting the concept of producer responsibility, in Taiwan, the location of the headquarters, and primary markets including Europe, North America, Mainland 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.

Based in Taiwan, ASUS has long promoted the “Refurbished Computer and Digital Training Program”; cooperated with various entities to recycle waste electronic products; and provided recycling services at the ASUS Royal Service Center and Sunfar 3C stores to expand the recycling rate. After the products are recycled, their components will be tested, and the ones that can still be used will be refurbished into regenerative computers, which will be donated to non-profit rganizations at home and abroad to extend the life of the products and promote digital learning. The unusable equipment will be properly recycled to minimize the impact of harmful substances contained in waste electronic products on the environment.

In 2018, ASUS global recycling service covered more than 70% [Note 7] of the sales markets, and the proportion of recycled electronic products to global sales was 14.5% [Note 8].

ASUS Global Product Recycling Service Locations

Note 7: Global recycling service coverage rate = total revenue of countries/regions providing recycling service divided by total global revenue

Note 8: Countries/Regions provided with recycling service include Taiwan, Germany, Spain, United Kingdom, France, Netherlands, United States, Australia, and India. Global recycling rate = recycled weights from countries/regions with recycling service of certain year divided by the product quantities sold worldwide in each type for a certain year multiplied by the average product weight of each type. The packaging materials were not calculated.

In addition to the partnership with qualified recyclers to ensure that electronic wastes are adequately handled, ASUS also applies more stringent requirements from the United States EPA Plug-In to eCycling Guidelines, e-Stewards, REUSE & RECYCLING (R2), and European LABel of Excellence (WEEELABEX) in the annual recycler audits. We strengthen the tracking the flow of waste and ensure our partners comply with ASUS' electronic waste recycling management guidelines.

The recycling audit guidelines cover 8 dimensions:

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

In 2018, ASUS completed annual audits of 10 recyclers in Taiwan, the United States, and Europe. We demanded the recyclers with critical findings correct within the allowed period, or the partnership would be terminated. 5 recyclers failed to correct all findings of the 2017 audit, and thus ASUS executed their replacement in 2018.

Develop Green and Safe Products

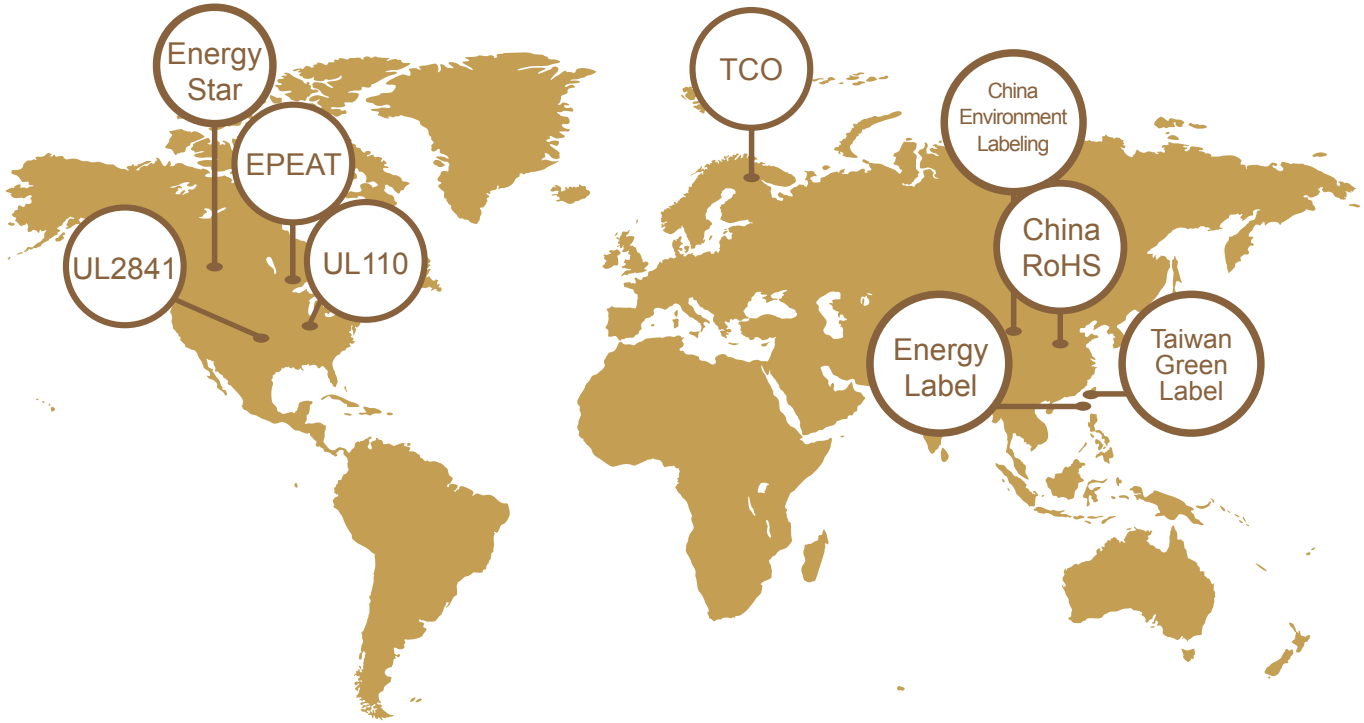
The proportion of sales of green product in corporate revenue can be used as one of the indicators of corporate green investment. ASUS brings innovation and sustainability into green environmental protection activities, and contributes to environmental protection by involving consumers to use green products. In 2018, ASUS has obtained eight environmental labels in Europe, North America and Asia.

Eco Label	LOGO	Primary Purpose
EPEAT		Requirements over a complete life cycle, including environmental properties of the products and organization behaviors
Taiwan Green Mark		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
Taiwan 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

Number of ECO Products sold accounted for 65.57%[Note 9] of ASUS' net number of total products sold, and was accounted for 76.1% of the operating revenue. We have continued to introduce sustainable innovation products and services, and thus increased dramatically.

Note 9:
ECO Products are models that receive at least one of the following eight eco labels: Energy Star, EPEAT, TCO, UL, China Environmental Labeling, Taiwan Energy Label, Taiwan Green Mark, or China RoHS.

Calculation Base:
Denominator = Number of net sales by count of all products subtract those which were not eligible for any ECO Product Certific tion (For example, accessories and semi-finished goods) in 2018
Numerator = Number of net sales by count of all ECO Products that have ever received an eco-label as of December 31, 2018.



In addition to the Type I environmental labels, ASUS has also launched Type III Environmental Product Declaration, quantifying the environmental impact of products as the basis for continuous improvement, including product carbon footprint and product life cycle assessment.

Carbon Footprint

In 2009, ASUS obtained the world's first carbon footprint label and carbon-neutral certificat on. Since 2016, it has published product environmental profi es every year to disclose products' carbon footprint data. To implement the green product target in the 2020 Sustainability Goals and fulfill its commitments to greenhouse gas reduction, all product carbon footprint reports from 2018 are verified through third-party impartial entities to disclose ASUS' greenhouse gas reduction performance. Through the report results, key suppliers of carbon emissions are identified, who need to cooperate with ASUS to carry out emission reduction operations for the achievement of reduction targets.

Life Cycle Assessment (LCA)

Based on the 2018 results of the EP&L project for notebooks, significant environmental impacts have been identified as occurring during the life cycle of ASUS products, including greenhouse gas emissions, water resources, water pollution, and waste. To fully understand the environmental impact of ASUS major products on revenues, the plan is to publish an LCA report for its main type 1 products, including notebooks, mobile phones, motherboards, screens, and desktop computers. Through this report, the environmental impact data will be disclosed to enhance the transparency of ASUS' operations and information on suppliers' processing environment.

Continuous Reduction in Environmental Footprints

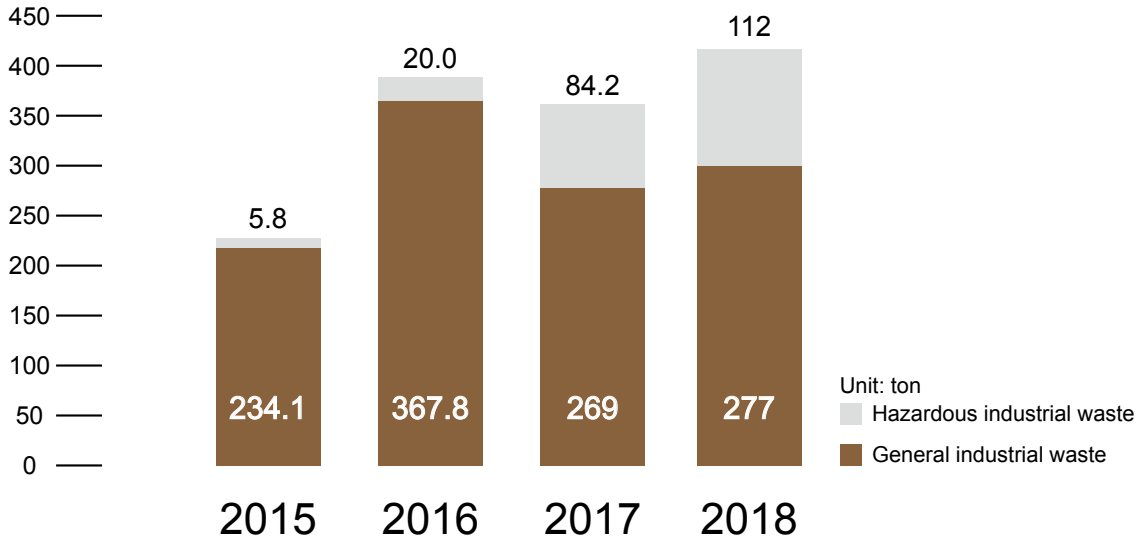
ASUS has a designated team for environmental safety and health to assess possible environmental impacts from corporate activities, ensuring ASUS is in compliance with environmental regulations. At the same time, to enhance the environmental protection performance, the team sets strict rules and continuously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

Waste Management and Zero Waste to Landfill

In addition to the product design towards the circular economy, we also expect to achieve zero waste in business operations.

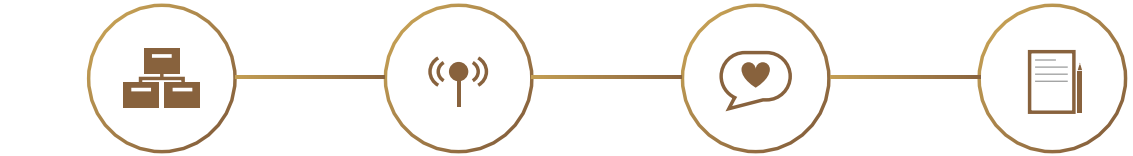
Waste can bring serious environmental and hygienic burden, as a lack of adequate management incurs enormous costs to government, corporations, and society. In ASUS, waste is categorized into general industrial waste and hazardous industrial waste. The general type primarily comes from ordinary materials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

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



ASUS launched the Zero Waste to Landfill Program at the headquarters in 2015. The program applied UL Zero Waste to Landfill alidation (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 landfi¬ll. 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 Land¬fill 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.



Validation of internal wastes
A. Internal collection process
B. Identification on internal duties
C. Identification for reuse

Validation of waste flows
A. Waste flows
B. Compliance in venders
C. Audits on venders

Reduction plan
A. Education and training
B. Promotions
C. Reuse of waste materials

Standardized process and documentation
A. Statistical data
B. Process and duties
C. Establishment of random inspecion mechanism

2020 Objective
90% Waste Conversion Rate

Compost
Reuse coffee ground and fallen leaves as compost to avoid incineration

Reuse
Recycle pallets or to craft second-hand furniture to avoid incineration

Regeneration
Innovate and remanufacture Polylactic Acid

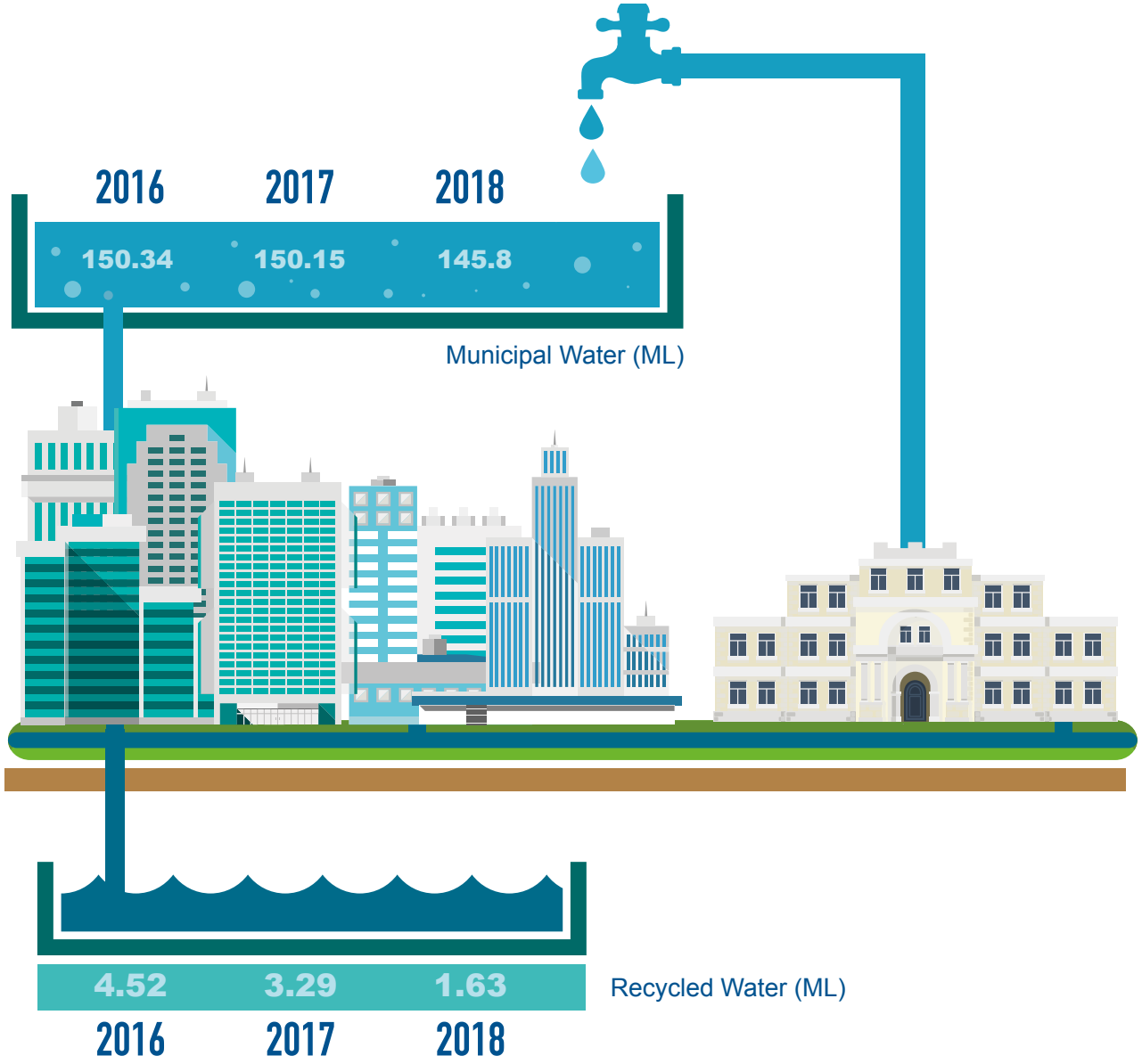
*Polylactic Acid (PLA)

Water Resource Management

As need of water resources in daily life or for corporate operations increases, so does water scarcity and the associated risks. In ASUS, water is primarily of domestic purposes by office employees, suggesting that the operational risks from water resources are relatively low.

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

The source of wastewater is mainly the general sewage of the office, and it is discharged into the designated sewage treatment system according to government regulations, and thus will not cause significant impact on the water bod .



Energy Management and Responses to Climate Change

Climate change is a contemporary global issue that has profound and far-reaching impacts on, and poses challenges to, human beings. The unfavorable effects are not limited to the economy but also involve many other areas, including society, environment, and politics, and the issue may even seriously affect regional security. For example, the shortage of drinking water resources, the destruction of the ecological environment, and the extinction of species all pose a major threat to the well-being and public health of human beings.

ASUS has recognized that climate change is an urgent issue and a matter of economic, environmental, and social concern. It supports the Paris Agreement and is committed to mitigating the effects of climate change through innovative information and communications technologies.

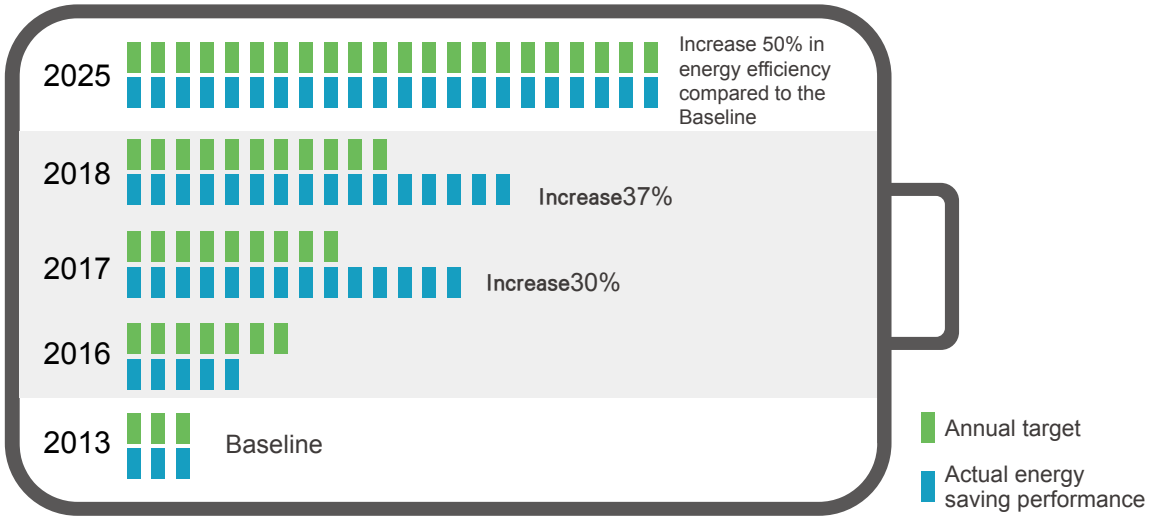
We made the initial reduction target in 2009, promising to reduce greenhouse gas emissions by 15% by 2015 compared to baseline 2008. This goal was reached in advance in 2010 with the cooperation of all employees. To support the Paris Agreement and participate in the global greenhouse gas reduction initiative, we have set a second phase of greenhouse gas reduction targets, promised 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

2DC Situation Analysis

According to a report released by International Energy Agency (IEA), in the 2℃ scenario, the global annual increase of 3% in energy use needs to be reduced by half per year. That is to say, under the growth in “business as usual”(BAU) conditions, the energy efficiency of products needs to increase by 54% by 2030. Under such circumstances, ASUS expects that the global product energy efficiency laws will become increasingly strict and pose potential risks; on the other hand, investing in the development of energy-efficient products will also expand the green product market and create business opportunities. As a result, ASUS has integrated its product energy efficiency target into its operational strategy; it aims to increase product energy efficiency by 50% by 2025, which is also included in ASUS 2020 Sustainability Goals.



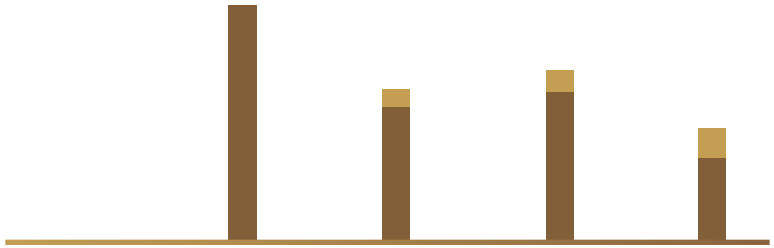
To avoid the risks of the laws regarding global energy efficiency and to create competitiveness in the green product markets, each ASUS laptop needs to meet the requirements of the world’s most stringent Energy Star Program before leaving the factory; even though the Energy Star Program has been updated multiple times and its efficiency requirements have been tightened, ASUS has still adhered to these standards. The latest version of Energy Star came into effect in November 2018, and the requirements in energy efficiency are 50% stricter than the previous version. With the technology of the R&D team, ASUS’ new models of notebooks sold in 2018 were not only 100 % compliant with the Energy Star’s requirements, but the average energy consumption performance was also 29% better than that set forth by Energy Star and was 37% higher than the 2013 baseline.

On the other hand, the Nationally Determined Contribution (NDC) target set by the Taiwanese government is to reduce greenhouse gas emissions in BAU by 50% before 2030. Although ASUS is not in an energy-intensive industry with high greenhouse gas emissions, we also take responsibility for reducing said emissions and saving energy. To demonstrate ASUS' ambition, we have set an absolute target of a 50% emissions reduction by 2025, and this goal is also integrated into ASUS 2020 Sustainability Goals.

Electricity consumption in our offices accounts for 99% of our greenhouse gas emissions. We started to introduce the ISO 50001 energy management system in 2015 to identify high-energy consuming hotspots and equipment, with the aim of gradually improving the energy efficiency to reduce 1% of electricity consumption annually. Meanwhile, as for the choice of location for ASUS' new building, we chose one that is accessible for mass transportation to reduce the greenhouse gas emissions from employees commuting, while also taking the platinum level-the highest level of green buildings-as the requirement for the construction of the building to reduce the overall environmental impact.

Greenhouse Gasses Emission:

	2008	2016	2017	2018
Scope 1	322	98	98	89
Scope 2	15,272	12,149	12,346	12,120
Total	15,594	12,247	12,443	12,209
Reduction Rate	0.00%	21.46%	20.20%	21.71%



Emission intensity:

	2015	2016	2017	2018
Carbon Emission (1+2) metric tonnes	11,355	12,247	12,443	12,209
Area(M^2)	120,292	139,699	139,699	139,699
intensity	0.094	0.088	0.089	0.087

Energy Usage:

Natural Gas	unit	2008	2016	2017	2018
Diesel	M^3	131,424			
Gasoline	L	228	1,306	1,293	1,142
Electricity	L	9,201	9,056	9,056	6,012
Natural Gas	MWH	24,202	23,010	23,383	21,877

Megawatts Thermal	unit	2008	2016	2017	2018
Natural Gas	MWH	1,222			
Diesel	MWH	2.23	12.75	12.62	11.15
Gasoline	MWH	83.41	82.01	82.01	54.5
Electricity	MWH	24,202	23,010	23,383	21,877
Total		25,510	23,105	23,478	21,943

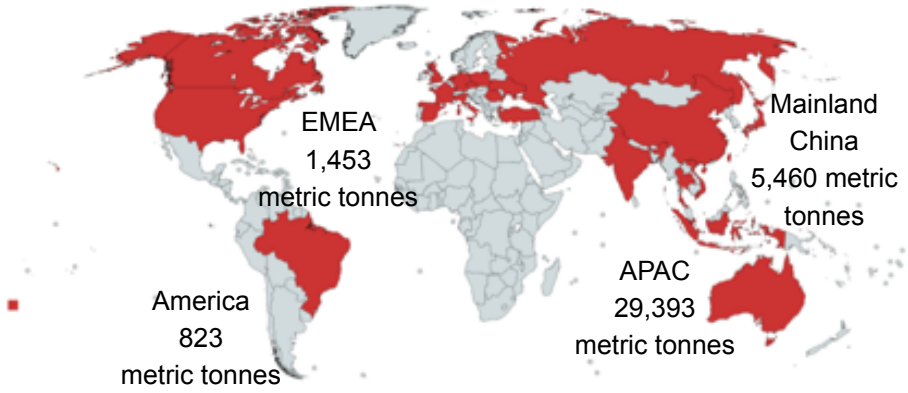
Note: Natural Gas: 0.0093 MWH/M3, Diesel: 0.0098MWH/L, Gasoline: 0.0091MWH/L

Business Travel Emission:

	2016	2017	2018
Mileage Passenger-thousandmile	33,928	38,475	32,773
Emission tone CO2e	9,771	11,081	9,439

Emission factor: 0.288 $kgCO_2$/mile, UK Government GHG Conversion Factors for Company Reporting

Global Operation Emission:



Note: Russia is not available due to technical issue

3

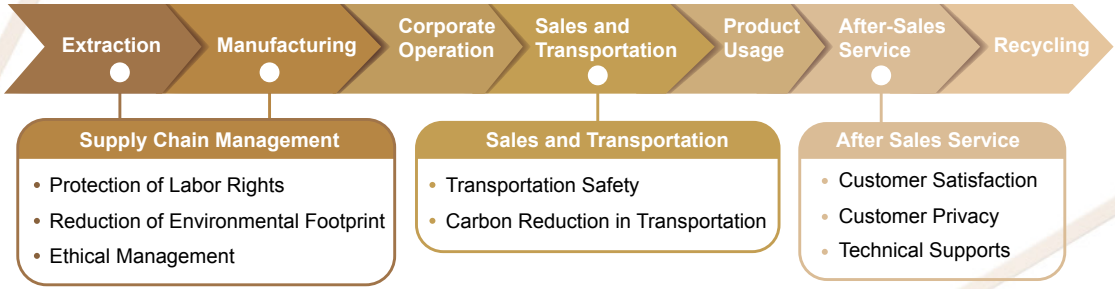
Value Chain Sustainability

Sustainable Supply Chain Management
Protection of Labor Rights
Reduction of Environmental Footprints
Ethical Management of Suppliers
Sales and Transportation
After-Sales Service

The United Nations have listed “partnership” as one of the seventeen SDGs, reflecting the fact that the need to achieve sustainable goals requires full participation of all government agencies, companies, organizations, and individuals to promote a tolerant and resilient society. Similarly, for companies, becoming reciprocal partners with the value chain and leveraging their strengths in their respective fields is one of the keys to achieving sustainable management.

ASUS’ value chain is made up of internal and external stakeholders at each stage, from raw material extraction to manufacturing and assembly; corporate operations; sales and transportation; product usage; after-sales service; and recycling. Through close cooperation with our partners in the value chain, we have not only built the core of ASUS’ research and development of innovative products and provision of digital services but also created competitive advantages and shared benefits. We are able to reduce the risks encountered during the sustainable operations at each stage and address relevant environmental and social problems through cooperation and resource sharing, allowing us to contribute to the sustainable goals.

Through engagement with stakeholders and based on materiality analysis results, we have incorporated the issues of concern in the value chain into the incidents and problems in the operations and taken countermeasures and management measures, as shown in the following figure:



Note: For information on each stage, from corporate operations to product usage and recycling, please refer to the chapters on Environmental Responsibility, Employees, and Corporate Governance of the report.

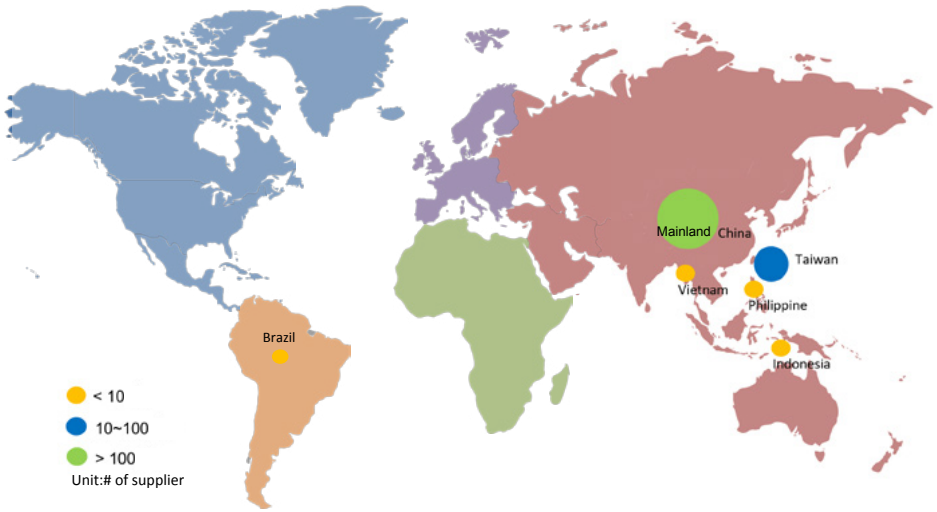
Key Performance in 2018:

- The proportion of tantalum, tin, tungsten, and gold from conformant smelters reached 100%.
- Labor rights were protected; the beneficiaries exceeded 350,000 Note 1.
- Supplier education and training hours exceeded 2000 Note 1.
- Based on the supplier process audits, the proportion of non-hazardous substances approved rate increased from 83 to 89% Note 2.
- Based on the supplier social responsibility audits, the proportion of ethical management approved rate increased by 65% from 87% Note 2.
- Customer satisfaction of maintenance service was 95%.

Note 1: Cumulative numbers since 2013
Note 2: Compared to 2017

Sustainable Supply Chain Management

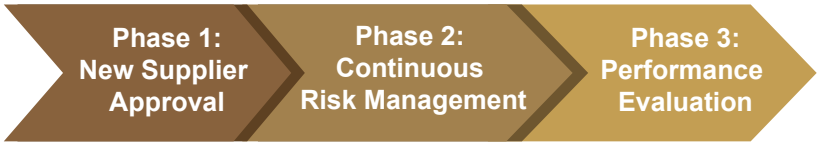
As a global leader in information products, ASUS cooperated with 365 suppliers in 2018 and has cooperated with more than 700 suppliers, including product assembly plants and part suppliers, in the past 3 years worldwide, with 90% located in Mainland China. Please see the figure below for regional distribution. A variety of projects are implemented at different stages of the life cycle to create a win-win situation and a reciprocal relationship with supply chain partners.



ASUS Supply Chain Management Framework

We have formulated the ASUS Supplier Code of Conduct based on the Responsible Business Alliance (RBA) Code of Conduct, the major protocol in the international community, and with reference to PAS7000 regarding youth labor protection and SA8000 concerning care for female employees. All of this encourages suppliers to shoulder the corporate social responsibility with a comprehensive management framework so we can build a sustainable supply chain together.

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 CSR requirements. Suppliers need to complete 4 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

Phase 2 Continuous Risk Management: Suppliers who complete the first phase and obtain the qualification for trades shall cooperate with surveys, including conflict minerals, carbon footprint, and water footprint. Based on the survey results, we will assess the potential risks of the supply chain, such as pollution prevention measures; labor safety; and rights and interests to avoid negative impacts on governance, environment, and society, which may affect the operations of the value chain.

Phase 3 Performance Evaluation: We include suppliers' performance in the second phase in the Quarterly Business Review (QBR) as an important basis upon which procurement departments can allocate orders and renew cooperation; suppliers with good performance will also be given more resources. ASUS' brand influence helps drive the supply chain to sustainable transformation to create sustainable shared value.

ASUS Supply Chain Management Strategy

ASUS has continued to communicate and cooperate with external stakeholders on supply chain management issues, proactively participated in international initiatives and become an RBA member, and achieved outstanding results in sustainable supply chain management. In 2018, ASUS was invited to become an RBA full member, reflecting its dedication to supply chain management. ASUS has promised to assume greater responsibility as a producer in the future to lead the supply chain's continued march toward sustainable transformation.

In 2018, the PwC's survey on global CEOs pointed out the agreement on the part of 91% that sound and complete supply chain management should be ensured. Meanwhile, the 2018 RBA annual report showed that labor, environment, and ethical management were the three main risks to the sustainable operations of the electronics industry.

Therefore, we have established a supplier risk identification process based on industrial characteristics, trading patterns, and geopolitical relations; included the main risk issues in the supply chain management strategy; and launched various projects to assist the supply chain in taking countermeasures. Meanwhile, we have graded suppliers in terms of their level of risk based on the scores in regulation compliance, brand reputation, brand management, continuous improvement, hazardous substances, and labor employment, with reference to an RBA approach. For those identified as high-risk suppliers, we arranged second- and third-party audits, while ensuring the completeness of the supply chain by continuously tracking its improvement progress.

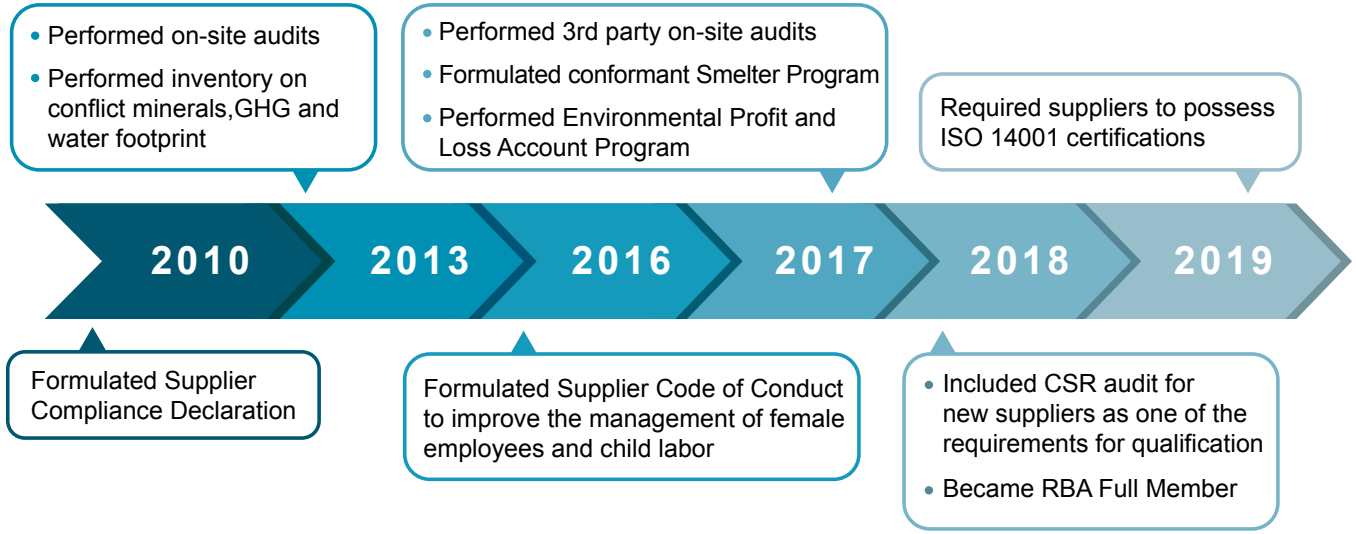


Figure 1 ASUS Supply Chain Management Progress

Protection of Labor Rights

Prohibition of Conflict Minerals

Tantalum, tin, tungsten, and gold, which are necessary materials for the functional operations of electronic products, are commonly used in resistor and inductor, CPU, hard disks, memory, motherboards, and connectors. However, in recent years, international organizations have found that metals obtained through forced labor and illegal use of child labor in the Democratic Republic of Congo in Central Africa and neighboring countries have been exchanged for weapons by local rebel organizations, causing regional turmoil; therefore, such metals are known as conflict minerals internationall .

As a brand that stands for human rights and environmental protection, ASUS has a social responsibility to avoid using metals from conflict zones. As such, it has formulated a supply chain based on a confli t-free mineral procurement policy that requires suppliers to gradually procure metals from conformant smelters to avoid illegal mining, which leads to human trafficking, arms coercion, child labor abuse, and ecological damage.

ASUS has worked with its suppliers to launch countermeasures based on the due diligence process of the Organization for Economic Cooperation and Development (OECD):

1. Establish a conflict-free mineral policy in the supply chain and require suppliers to cooperate in its implementation
2. Participate in international organizations and engage and exchange opinions with stakeholders to grasp the latest information in the industry
3. Convene the Supplier Conference to communicate the current situation in the industry and strengthen suppliers' awareness of responsible procurement
4. Perform an annual survey to understand the progress of suppliers' responsible procurement
5. Analyze suppliers' procurement models; identify high-risk activities; and execute assistance and counseling plans to increase the proportion of conformant smelters
6. Assess the penetration rate of conformant smelter certification and require suppliers to establish a conformant smelter conversion plan
7. Give suppliers who use conformant smelters weighted QBR to increase incentives for responsible procurement

With the implementation of the conformant smelter conversion plan year by year, the conformant proportion has been significantly improved from 22% in 2013 to 100% in 2018, thereby achieving the goal of using 100% conflict-free metals in ASUS products early. Meanwhile, the list of sources of conformant smelters is published on the CSR website of ASUS in the interests of disclosing relevant information. We will also maintain an annual supply chain survey and work with suppliers to ensure 100% mineral procurements were from conformant smelters.

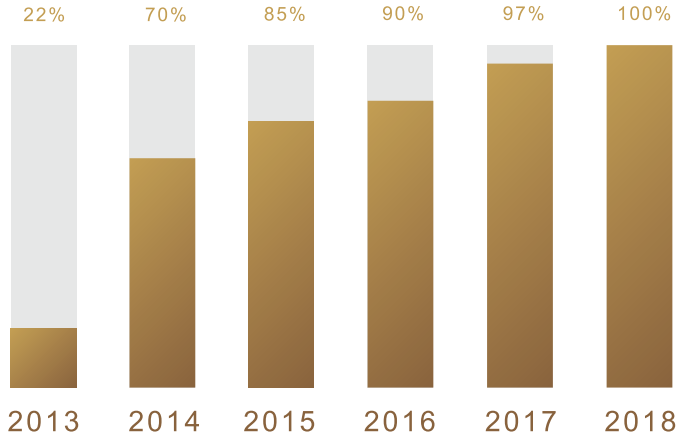


Figure 2 Proportion of Conformant Smelters

In addition to tantalum, tin, tungsten, and gold, we have also noticed the problem caused by the mining of cobalt, which is used in lithium batteries. Two-thirds of the world's cobalt mines are in the Democratic Republic of Congo, and according to an Amnesty International report, 20% of these mines are characterized by an unsafe work environment and illegal child labor. Mica is another issue pertaining to responsible mineral procurement. The value of mica is extremely high; because of its light-reflecting and -refracting properties, it is the main material of coatings; and it is mostly used for coating electronic products. However, while engaging with stakeholders, we learned that the mining of mica in some countries involves illegal production through low-paid child labor, which bears risks in supply chain management.

To implement the brand's social responsibility for international human rights protection, we will launch management measures in 2019 to incorporate cobalt and mica minerals into ASUS' conflict-free mineral procurement policy, set goals to convert to legal sources, organize small forums to communicate and exchange opinions with suppliers, and implement annual surveys to review the progress required of suppliers, so as to impel suppliers to increase the proportion of qualified procurement year on year through a series of management procedures.

Safeguard Labor Rights and Interests and Occupational Safety

Through performing audits, ASUS has ensured that suppliers meet the requirements of the management strategy for safeguarding labor rights and interests and preventing occupational safety hazards. We identified high-risk suppliers for auditing based on special labor employment, labor intensity in production lines, and ergonomics operations in the processes. In 2018, a total of twenty on-site audits were performed. The total number of findings identified was 260, and the proportion that passed the audits was 75% (Note). For the findings identified ASUS has required suppliers to continue to improve; tracked the progress until the completion of cases; and launched assistance and counseling improvement plans for unqualified suppliers, while including them in the list of on-site audits for the following year.

The analyzed audit results showed that the greatest number of findings were in the health and safety aspect:

Auditing Aspect	Major Findings	ASUS' Improvement Plan
Labor	Overtime hours over 60 hours/week	1. Reduce weekly work hours from the priority level to the major level 2. Monitor suppliers' records of working hours on a monthly basis
Health and Safety	Failure to assess potential emergenciesand incidents and minimize their impacts by implementinga response procedure	Establish a potential risk assessment mechanismand implement a response plan
Ethics	Failure to formulate a policy regarding conflict mineral policy	Develop conflict mineral management plans and conduct investigations

Under the continuous management over the years, more than 350,000 employees' rights and interests have been duly protected.

Note: To pass ASUS' audits, the scores of all five major aspects should be greater than 70%.

Reduction of Environmental Footprints

Safe Chemical Substances

We start with 3 major aspects: hazardous substance management; components approval and supplier management; and manufacturing process control to ensure the green quality of our products and to confirm our management strategies in compliance with the safe chemical substance policy through auditing operations. In 2018, a total of 22 on-site audits were performed. The total number of findings was 204, and the proportion that passed the audits was 100% (Note). The analyzed audit results showed that most findings were in the hazardous substance management system. The average passing rate of each aspect in the audits is shown in the figure below

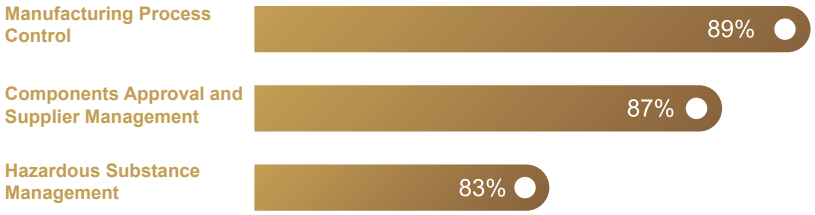


Figure 3 The Passing Rate of the Three Major Issues in Audits

Note: To pass ASUS' audits, the scores of all 3 major aspects should be greater than 80%.

For the findings identified, we launched assistance and counseling improvement plans, including provision of advice by third-party entities and holding of small forums for peer-to-peer exchanges in the same industry to share experience of excellent management, which would guide suppliers to make improvements. Through tracking and counseling, the suppliers' passing rate of the process control audit in 2018 improved from 83% to 89%, and all the findings identified in the audit were completely improve

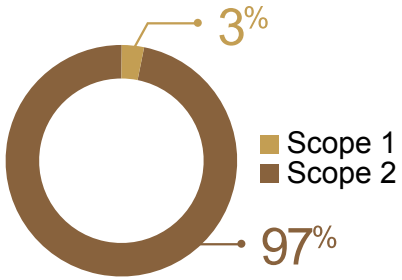
Auditing Aspect	Major Findings	Improvement Plan
Hazardous Substance Management	1. Hazardous substances free management system was incomplete 2. Hazardous substance free standard of the suppliers failed to meet ASUS' requirements	1. Establish a complete hazardous substances free management system for validation 2. Collect, review, convert, and transmit ASUS' "Hazardous Substance Free Technical Standard"
Components Approval and Supplier Management	The approval process of hazardous substances free components was incomplete	Implement hazardous substances free components approval mechanism and ensure that all implementations are monitored, audited, and recorded
Manufacturing Process Control	Insufficient implementation of hazardous substances free testing	Develop clear standard operating procedures and review implementation results on a regular basis

Energy and Water Resource Management

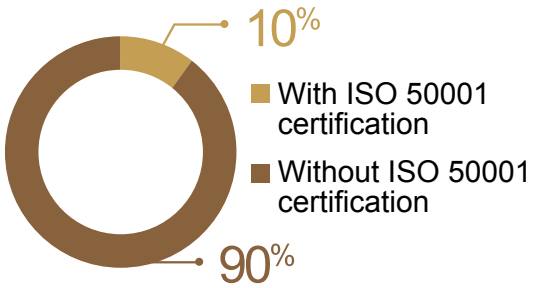
ASUS conducted inventories on suppliers and OEMs with significant greenhouse gas emission and with potential water risk according to "Corporate Value Chain (Criterion 3) Accounting and Report Standards" and "Water Footprint" section from "CDP Questionnaire".

The inventory parameters in 2018 were as follows:

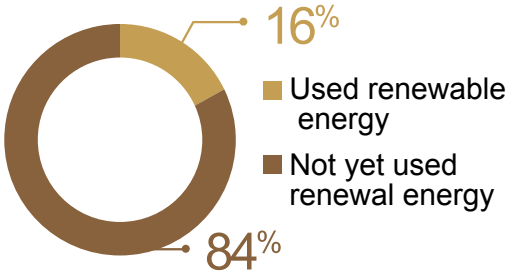
Greenhouse Gas:



Scope 2 is the largest source of carbon emissions

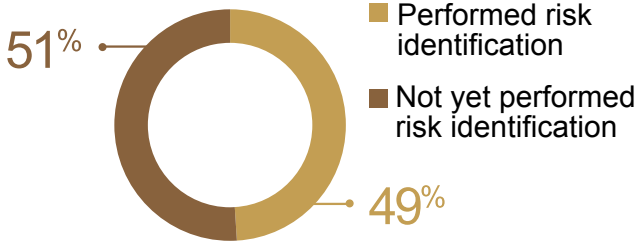


10% of key suppliers received ISO 50001 certification

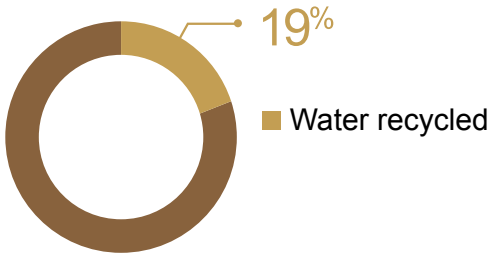


16% of key suppliers use renewable energy: solar, wind

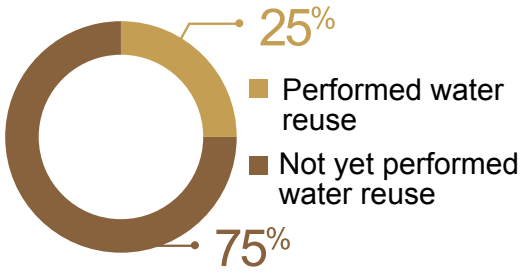
Water Footprint:



49% of the suppliers performed the risk identification. The major risk is unstable water supply.



19% of the total water intake was recycled and reused.



25% of the suppliers performed water reuse

We have included suppliers' CSR as one of the evaluation items for trading and procurement. The suppliers who have achieved the environmental criteria listed below are prioritized in the procurement list and given weighted QBR, including:

1. Acquisition of ISO 50001 Energy Management certificatio
2. Existing use of renewable energy
3. Previous development and implementation of a greenhouse gas and water footprint reduction plans

For key suppliers, ASUS has formulated cooperation plans and management operations to guide suppliers to continue to improve by:

1. Requiring suppliers and OEMs with Top 10 greenhouse gas emissions and water consumption to develop a reduction plan and continue to track the progress
2. Requiring suppliers and OEMs identified with risks in water resources identified to develop improvement plans and continue to track their performance
3. Encouraging suppliers and OEMs to purchase renewable energy and reduce F-GHG emissions

Ethical Management of Suppliers

Corporate Integrity and Ethical Management

We require all suppliers to sign the ASUS Code of Conduct Compliance Declaration to communicate the requirements of integrity governance and to review the extent to which it is implemented by suppliers through audits. In the assistance and counseling plan to strengthen the improvement of findings, we discuss the issue of integrity governance and share excellent management cases in the industry.

Auditing Aspect	Major Findings	Improvement Plan
Management System	Failure to communicate ASUS' request to its suppliers and monitor the compliance	Establish suppliers' Code of Conduct communication procedures and perform supplier audit management operations

Engagement and Communication

To enhance suppliers' awareness of sustainability issues and their ability to respond to risks, ASUS organizes supply chain conferences and education and training for individual suppliers on a regular basis to convey its management requirements in the interests of further deepening the partnership with the supply chain.

In, 2018, the supply chain conferences were held in Taipei, Shenzhen, Suzhou, and Chongqing, and all ASUS' qualified suppliers and OEMs were invited. With "ASUS 2020 Sustainability Goals" as the theme of year 2018, ASUS' sustainable management strategies were conveyed, including four 4 issues, namely corporate sustainability, green products, supply chain management, and daily management FAQs. Short-, mid-, and long-term goals were announced, and suppliers are invited to achieve these goals with ASUS.

Corrective Action Counselling

To assist suppliers in improving the findings identified through audits, ASUS holds a quarterly counselling meeting and requires all suppliers to send representatives to participate. At the meetings, impartial third-party RBA qualified auditors are invited to analyze the reasons for the findings and share excellent cases in the industry to enhance the suppliers' management awareness and ability to improve

Management Direction in 2019

Based on the analysis of the 2017 environmental profit and loss project, greenhouse gases and wastewater pollution were identified as the greatest environmental impact to the supply chain operation. This result highlighted the importance of environmental management. Considering the popularity of incorporating supply chains into the environmental management system, ASUS has increased the qualification requirements for qualified suppliers: starting in 2019, suppliers should have ISO 14001 Environmental Management System certification in addition to ISO 9001 Quality System certificatio

Sales and Transportation

Transport Safety

With the development of the technology, modern information products, including mobile phones, notebook computers, etc., are installed or equipped with lithium batteries. Lithium battery has the advantages of high energy density, high cycle life, no memory effect and fast charging. It can be combined with a dedicated smart charger and is currently the best battery type.

However, lithium batteries have unstable characteristics at high temperatures due to their special structure and materials. Once they encounter internal high voltage or other high temperature, they may cause accidents.

ASUS clearly understands the risks in safety associated with the use of lithium batteries and is committed to providing safe products to our customers. As a result, the products equipped with batteries comply with relevant safety regulations. At the same time, in order to provide consumers with innovative digital experience, we deliver the products to the global market in the most immediate way through air transportation. Therefore, we also formulated comprehensive management for transportation safety to ensure the safety of the products.

Carbon Reduction in Transportation

Through the life cycle assessment, we found that greenhouse gas emissions during transportation are one of the significant sources of carbon footprint of our products. Therefore, we expect to conduct a survey on the global carbon footprint of transportation in products in 2019 to establish management approaches.

After-Sales Service

Customer Satisfaction

We use different forms of satisfaction surveys and user feedback channels to collect and analyze the satisfaction of various supports, such as service centers, telephone customer service, on-line instant messaging customer service, technical support by emails, and technical support website, in major markets, including Asia Pacific, the United States, and Europe

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 a QR code which directs 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 are asked for feedback after the end of the service
- Interactive Voice Response: customer using call center service receives interactive system after the phone call

In 2015, the ASUS customer service center in the headquarters launched the perfection program to facilitate continuous improvement of key processes through the Plan-Do-Check-Act (PDCA) approach. In 2016 the Custer Service Center Management KPI were set; in 2017 the KPI standardization management mechanism was established; in 2018 the management tools were systemized. By improving the key processes, we believe that the service centers around the world could complete the maintenance process within the planned period to ensure customer satisfaction.

Project Milestone

Total control & correction period

- Daily review for Repair KPI (Key Performance Indicator)
- Review for all regions
- Ask worldwide provide root cause/ action if the discipline did not reach the target
- Leading the Dashboard for Work-In-Process cases on system

Systemized management & Advanced indicator

- Narrow target days for each final status
- KPIs UI systematization
- Separate key factors of current KPI
- Training & Cooperation

Phase I **Lean project start**

Weekly review for Repair KPI
Turn Around Time ≧ 7 Days

Phase II **Focused improvement period**

- Daily review for Repair KPI
- Focus on APAC/TWN/CHN/SA

Standardized management

- CSC 10 KPI Weekly Dashboard for each country
- Implement Red/Yellow/Green for color management
- e-Training progress
- Build up CSC SOP Platform
- ASP Live Dashboard
- Implement ASP KPI penalty and deduction on eAM system
  (ASP: Authorized Service Partner)
  (eAM: electronic Account Management)

CSC Management KPI

In order to create a better service experience, we track and analyze the results of weekly questionnaires to optimize the service quality or maintenance process, and set the global annual targets of reducing dissatisfaction to below 10% and improving satisfaction to over 80%. In 2018, over the total of 52 weeks, the satisfaction was 95.4% and the dissatisfaction was 0.1% for service in Taiwan.

Customer Privacy

To ensure the preservation of critical customer data when products are sent in for repairs, ASUS goes through the following procedure before accepting a 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 the ASUS privacy policy
- Ask the customer to sign the RMA form, indicating he or she agrees with all the contents in the disclaimer.

In addition, we also add the terms of service and privacy policy for email service and Live Chat.

When the customer sends the product to the Royal Club for repair, if the defective storage device is replaced, we will perform the function testing on it according to the standard procedure. If the device is workable, the data will be erased; if it is impossible to be used, it will be reported as waste and the physical destruction will be performed.

In 2018, ASUS did not have any legal cases related to the Personal Data Protection Act.

Technical Support

ASUS provides services such as product information and technical support. Customers can receive the assistance through different channels, such as physical service locations, 0800 customer hotline(0800-093456), online chat, email, and ASUS Technical Support Site.

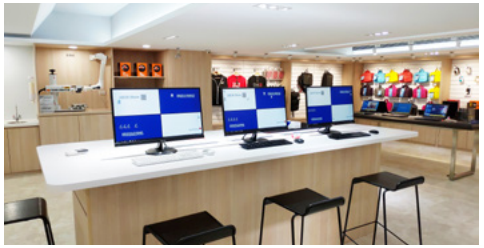
ASUS Support Site

Customer can visit ASUS Support Site (https://www.asus.com/support/Product/ContactUs/Services/questionform/?lang=en which provides the download of the latest drivers or firmware, product registration, warranty check, warranty extension, product repair status check, and Frequently Asked Questions (FAQ. Online customer service mailbox is also available for technical advice and complaints, as well as receiving product specifications and sales point consultations of the products interested for purchase.

At the end of 2017, ASUS provided "Live Chat", a 7-24 service that can serve them anytime in their countries, in 31 countries/regions around the world, and introduced the ICR (Interactive Chat Respond) menu function, which allows customers to access online resources through the quick menu. If customers could not find the answers, they will be directed to Live Chat. The mobile device application "MyASUS" App is also imported into ICR to provide online inquiries, technical documents and instruction videos.

With the rapid development of online shopping and social media information sharing, and thus driving consumer shopping habits, ASUS has created online O2O (Online To Offline) online and offline brand-wide consumer experience and promoting new retail reform projects.

In Q4 of 2018, ASUS completed the transformation of Guanghua and Banqiao Royal Club. Through creating a comfortable environment that allows customers to receive the professional services and at the same time experiencing the latest products in the direct physical service center, we attempt to transform the service center into the showroom and expect such value-added services to be closer to the needs and expectations of consumers.



Trade in Old for New

In Taiwan, customers who brought in smartphones, tablets, notebook computers of any brands to ASUS Royal Club would receive the coupon of NTD $400 for the online purchase in the online ASUS Store. The activity was to encourage customers to bring in their old devices for recycling to us for checking if those were available for reuse. If the devices are still good, we will refurbish and include them into the "Refurbished Computer and Digital Training Program", extending their product life cycle as well as to achieve the concept of circular economy.

4

Inspire, Motivate and Nurture Employees

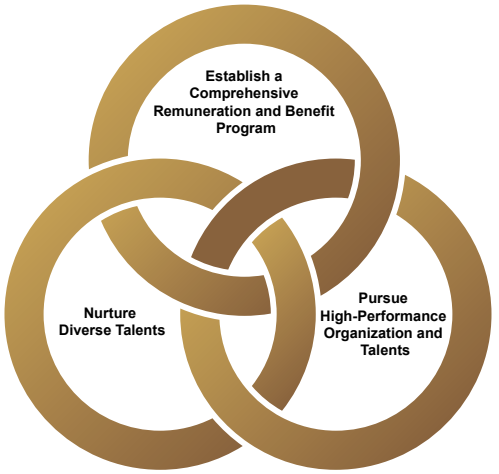
People are the bedrock of business operations. The Five ASUS Virtues of humility, integrity, diligence, agility, and courage shape the moral-based business culture. These virtues are not only requirements for recruitment, but also important indicators for assessing employee performance.

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. With the intention of fully unleashing potential and continuously develop professional capabilities, we provide trainings tailored to individual duties and development needs. Employee versatility is realized by not limiting them to duty rotations, and providing opportunities in project execution and overseas expatriate work; all these post and provide a sound foundation for continued corporate development.

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

ASUS believes in a people-oriented corporate philosophy of “Inspire, Motivate and Nurture Employees”; working with employees to give full play to their wisdom; helping to unleash individuals’ and teams’ potential; and putting their professional interests to good use, as well as planning for macro-career development to attract further talent in search of incredible.

ASUS Talent Development Strategy



Work Happy, Enjoy Life

Key Performance in 2018:

- LinkedIn’s Most Engaging Employer Brand and Most Innovative Employer Brand Awards (2017-2018)
- The “Award of Excellence” by Taipei City Government for 2 consecutive years (2017-2018)
- Top 20 in "Most Attractive Employer" in "Cheers" Magazine for 13 consecutive years
- National Occupational Safety Award - Corporate Outstanding Award
- The “Taipei City Labor Safety Award for Excellent Corporations” for 3 consecutive years (2015-2018)
- The "National Excellent Healthy Workplace"-Health Management

Human Resource Structure

By the end of 2018, there were more than 50 operation offices located in Asia Pacific, Europe, America, and Africa. ASUS in total had around 14,500 employees worldwide, with 6,700 employees in the headquarters in Taiwan, and the rest of them in China and overseas.

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

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.

ASUS has a male-to-female ratio of 1.5:1. This can mainly be attributed to the characteristics of the IT industry, in which most employees are males; however, there is no discrimination or unfair treatment due to gender. Furthermore, to implement the ASUS human rights policy, human rights-related education and training is conducted for employees around the world.

Region	% of employee training on human rights policies or procedures
Headquarters	96%
Mainland China	96%
Asia-Pacific	88%
America Region	84%
Africa & Milddle East & Europe	97%

Besides, ASUS takes care of female employees who are mothers and offers a friendly working environment. In 2018, the rate of return to work for females after parental leave in Headquarters and In Mainland China was 75% and 99%, accordingly; the retention rate for females after returning to work for 12 months in Headquarters and in Mainland China was 81% and 83%, respectfully. It shows that ASUS would not force females to leave due to pregnancy or parenting and that it is committed to providing a gender equality environment. For more statistics regarding ASUS' human resource structure, please see Appendix B.

Recruitment

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

To fulfill its corporate social responsibility, ASUS has also actively cultivated talents on campus. ASUS targets outstanding students with innovative ideas and ambitions and provides them with top-level internship platforms, giving each student the opportunity to be assigned to projects related to the field in which they are majoring and to communicate with and learn from senior students. By having the chance to experience the workplace, college students are able to learn and have further interactions and exchanges with the ASUS team.

In addition to recruitment companies and job fairs in campus, ASUS is also partnered with LinkedIn to improve visibility in the online social network as an employer. In 2018, 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 to “in search of incredible.”

In addition, ASUS received the LinkedIn Award for “Most Engaging Employer Brand” in 2017-2018, as well as for “Most Innovative Employer Brand Awards”. We were ranked No.1 among Taiwanese companies, with a total number of 162,000 followers, and received particularly strong attention from student followers. We continue to actively expand our influence on social networks

In 2005, we began to invest in the internship program “Campus Executive Officer” (ASUS Campus CEO). Over the years, it has trained more than 1,000 outstanding students and won the Taipei City Government’s “Award of Excellence” for 2 consecutive years.

Since 2017, ASUS has worked with the Taipei City Employment Service Office. Thanks to the efforts of both parties, more young people in school are continuing to enhance their workplace knowledge and strengths through diverse training and practical work experience before setting their personal development goals. ASUS hopes that through the complete internship program, which creates a win–win outcome for both the enterprise and the youths, it will cultivate more outstanding talents with whom it can work to contribute to the society and realize the promise of sustainable development.

The magazine “Cheers” has published the “Most Attractive Employer” survey since 2006, allowing companies to understand the logic behind young generations’ accurate job hunting while enabling fresh graduates to grasp the market trends, which is a focus for Taiwanese enterprises and the new generation of talents. ASUS has been listed among the top 20 in the survey for 13 consecutive years.

Remuneration and Benefits

Candidates with identical backgrounds 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 2018, the ratio of standard entry-level wage and remuneration by gender compared to local minimum wage was 1.31:1. Comparing the wage of women to men with same job level, for general employees it was about 1:0.88, while for management level it was 1:0.87. The benefits ASUS provided was listed below, and the total welfare expenditure was NTD $7,560,236,000.

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

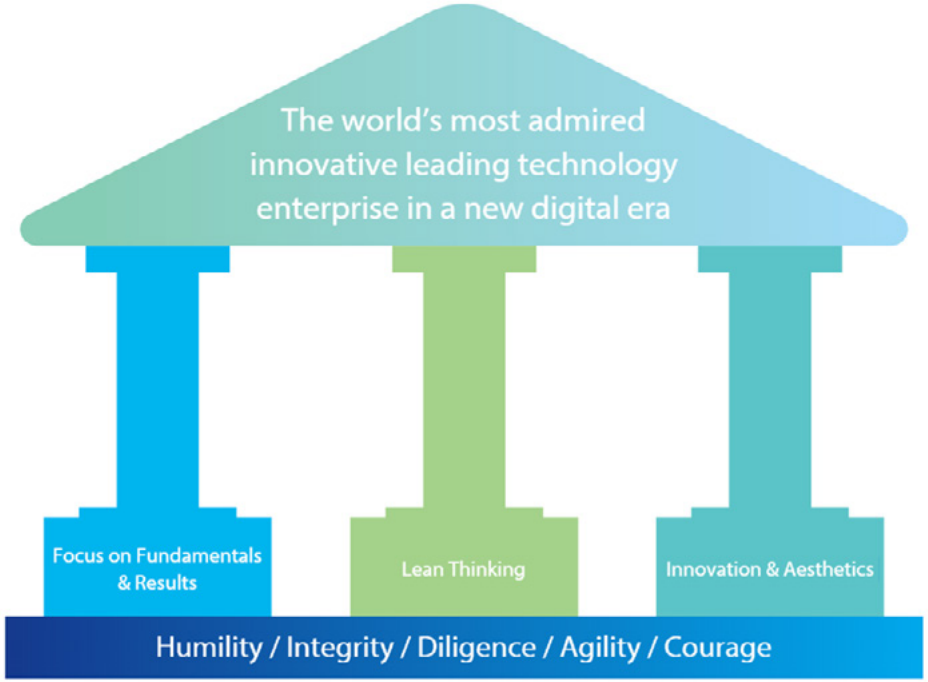
- Club activity
- Department gathering
- Family Day Activity
- Summer/Winter camp for employees' children
- Chinese New Year party and gifts
- Christmas party and sport competition for employee
- Arts and culture activity

Other

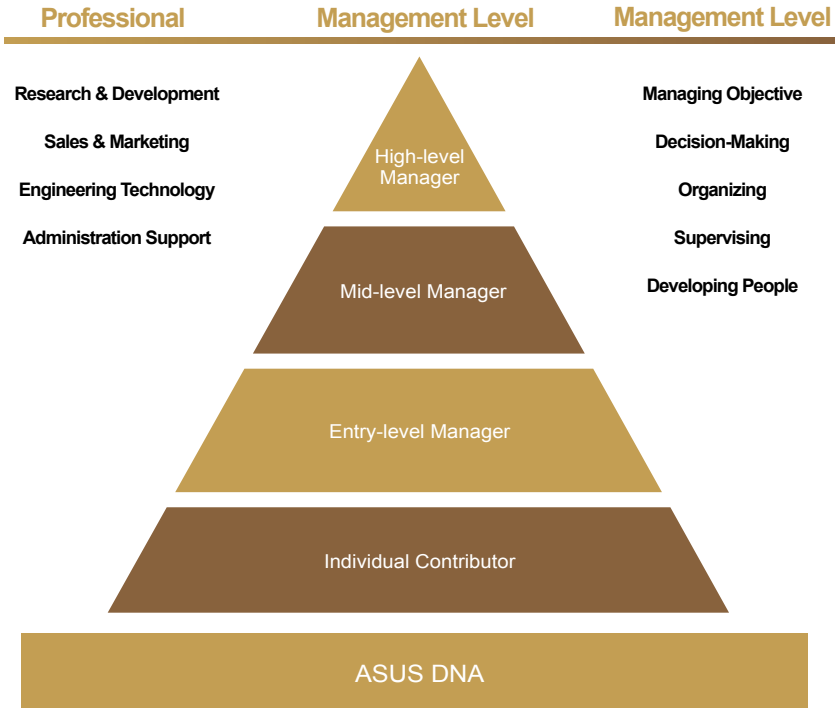
- Solatium of an employee's death to the family
- Parking subsidary
- Others

Fostering Talents

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



ASUS DNA



Competency Model

Core Value Training

Content

- Orientation
- Corporate culture training
- Work efficiency training

Objective

- 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

Content

- Management training for high-level managers
- Management training for mid-level managers
- Management training for entry-level managers
- Management training for newly promoted managers

Objective

Develop training activities tailored to the abilities and duties of managers for each level, including lectures, seminars, and practice programs. Systematic management training to improve the management abilities of all managers allows these managers to lead their subordinates and achieve organizational goals.

Professional Training

Content

- Newcomers professional training
- 4 fields of Professional training

Objective

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

Content

- Dr.ASUS Program
- Global Talent Program(GTP)
- AI/Tech Forum

Objective

Plan training sessions according to the needs and strategies of the organization.

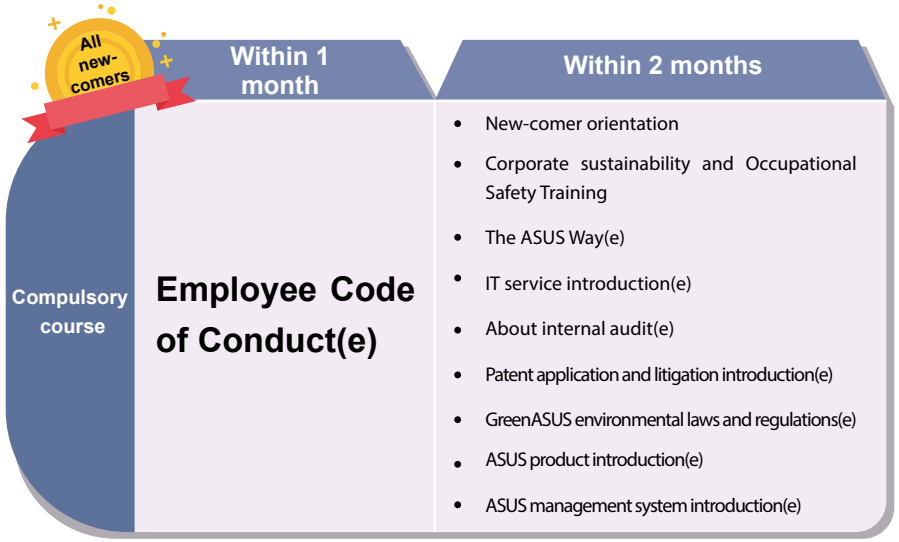
- Build up an internal lecturer base to continuously share and heritage the key knowledge of and valuable experience of ASUS success through the Dr. ASUS Program and lecturer management system
- In response to ASUS' business strategies and development, ASUS is urgently demanding for talent with international 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.
- In addition to grasping industrial trends and introducing advanced technologies, the AI/Tech Forum promotes cross-departmental communication and sharing, so as to stimulate more innovative energy to design thoughtful services and products with a human touch.

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

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 2018, the new comers completed the trainings acknowledged the value of the program with an average satisfaction of 4.8 (out of 5).

In 2018, the Mentoring Technical Courses were held 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.



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 multi-language version with a total of 13 languages in 2018 in addition to the Chinese and English versions. We also implement systematic global training to establish ASUS values, with the training participating rate of 97.95%.

We treat the establishment of our core values very seriously. We hope employees all over the world can share the same spirit with ASUS and comply with ASUS' moral standards. Therefore, we proactively promoted our "Employee Code of Conduct" and issued memo cards on "Unfair Competition and Bribery Prevention" to all our employees, including overseas. New comers will also receive the card as well as the online course, with the complete rate of 98.63%. A systematic annual training mechanism was established to remind employees to always review the code of conduct from time to time, ensuring ASUS' sustainable operation, and the retraining rate was 99.12%.

Mid- and High-Level Management Training

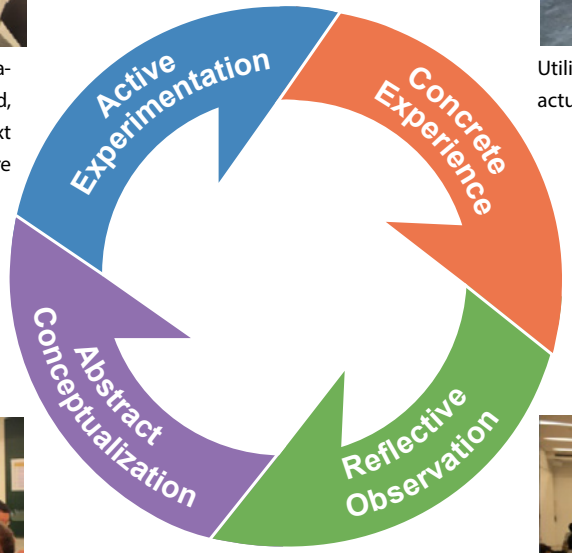
In order to establish and show management ability in the leader echelon of ASUTeKS elites, comprehensive and various training resources will be provided for newly promoted managers. Meanwhile, Chairman Jonney Shih will personally convey the management concept and spirit in the seminar for the new managers.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

ASUS uses "Action Learning" to shape the concrete concept of management skills through actual experiences with the follow-up discussions. The trainees can apply and verify what they learn afterwards. A three-month action plan has been designed to track and enhance such practice.

Experiential management training focuses on not only learning and applying the practice at the same time, but also on cultivating the artistic sense of the manager. It reinforces the combination of technology and art and to deepen the "Innovation and Aesthetics" as an aspect of the ASUS DNA. Parts of the courses are done outdoors instead of indoors, which allows the manager to get away from work temporarily to fully focus on and experience the course. Overall feedback on the management course was great in 2018. The satisfaction was high, with an average score of 4.69 (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

Professional Training

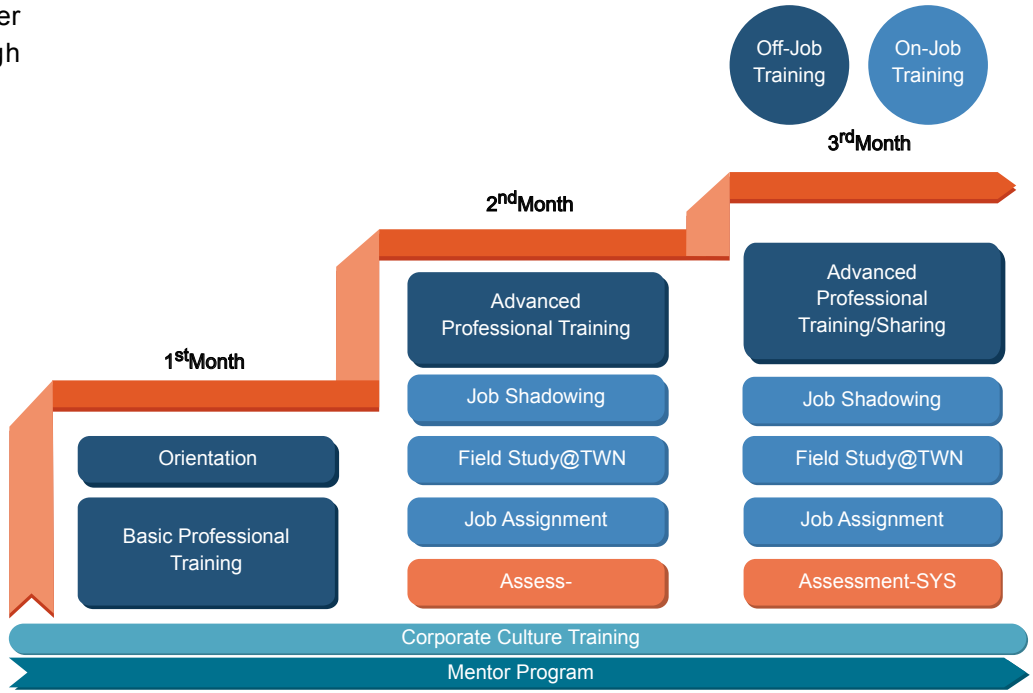
We provide relevant knowledge and skill in 4 professional fields to make the employees be aware of advanced technology and industrial trend. We also combine the know-how in each field to utilize the resources within the company and thus establish resources sharing culture. It could facilitate the renewal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

Global Talent Program (GTP)

ASUS strategically fosters international remote talent, operating a systemic training model that can effectively transfer and duplicate the successful experience in Taiwan to reserve talents. We works hard to expand this model globally. By integrating cross-business unit learning resources and by 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, internships, business mentors, and evaluation within 3 months. The program successfully establishes the employer brand, solves the shortage of overseas work force, and provides employees with the training to become a versatile sales specialist with the most current information on overseas markets, as well as appropriately assigning them to suitable positions. The efficiency of the sales team can be greatly improved to better achieve the business goals.

In 2018, 112 sessions (175 hours) were held. In addition to the positive feedback, the annual program quality goal was more than satisfied, with an average score of 4.62 (out of 5). 25 new international sales and customer service specialists completed their training and were certified through evaluation.

ASUS has launched the Global Talent Program for global business marketing and customer services to meet the needs brought by the expansion of international business in the new digital and economic generation. The project has entered its 5th year. Admitted applicants are trained at the ASUS headquarters for over a year and then assigned based on their suitability. After five to seven years, outstanding talents enjoy the opportunity to be assigned to markets in the Asia–Pacific, Europe, or other regions as professional managers or to work in the global planning department at the headquarters. W believes that employees are the foundation of the company; adheres to the business philosophy of “cherishing, cultivating, and caring for employees”; helps employees unleash their potential and put their professional interests to good use; and plans for macro-career development to enable employees to work with the company so both sides can build their dreams boldly and march forward hand in hand.



透過課程、實習等多元培訓方式，發揮綜效

AI/Tech Forum

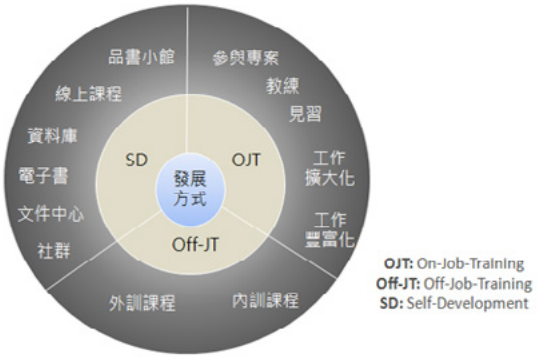
To connect with the company's key development strategies and grasp the industry's tendency and technology trends, in 2018, with the AIoT-related field as the main theme, the CEO of the Taiwan AI Academy and a group of consultants from NVidia Deep Learning were invited to introduce the overall concept and status of AIoT application, while sharing the latest technological developments and their practical experience of the same. A total of 903 people participated, with an average satisfaction score of 4.24 (out of 5).

Meanwhile, to promote cross-department exchanges and share the research and development momentum, a large-scale seminar tech forum was held in which a total of 223 middle- and high-level supervisors participated, with an average satisfaction score of 4.65 (out of 5). At the forum, outstanding employees from various departments presented advanced technologies that were under development and the results of their application, with the aim of promoting resource-sharing and inspiring further innovative ideas regarding the design of thoughtful services and products with a human touch.

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 operates reward 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, such as AR/VR and Deep Learning. This encourages employees to acquire the latest and most advanced knowledge and technology from excellent online courses; they also have a chance to share their learning experience and ideas with other ASUSers around the world.



多元學習資源

舉辦各項自我學習資源推廣獎勵活動，激勵同仁們善加使用自我學習資

Learning & Growth Plan and Performance Appraisal

The performance management in ASUS combines performance appraisal with learning development to improve employees' performance and ability to achieve the organization's goal. In addition, we emphasize 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 in providing training plans in accordance with the internal "Education & Training Approaches" documentation. 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 devise a tailor-made development plan.

ASUS executes performance appraisals in accordance with "Appraisal Standards". Other than those employees in probation periods, part-time internships, special hiring, and high-level managers, all employees have to participate in the routine performance reviews. Please see Appendix B for further information.

Employee Performance Counseling Program

For those whose performance is not in line with expectations, ASUS provides them with opportunities for improvement. The supervisors provide one-on-one counseling to encourage employees to make improvements, work hard, and grow with the company so that they can enhance their performance; when necessary, their work may be adjusted according to the situation. The Human Resources Office will also offer care and assistance in the process to help employees get back on the right track as soon as possible. For employees who fail to improve their performance, a placement plan will be implemented after sufficient communication.

Personnel Placement Assistance

To provide a positive channel of assistance for employees who wish to retire or resign, we conduct separation interviews centered around the help and resources required by the workers, such as career development consultation or job transfer to external entities. In addition, the company provides employee severance fees in accordance with relevant laws and regulations to protect employees' rights and interests.

In addition to providing diverse talent training and employee benefits, the top management of ASUS has taken the lead in promoting a corporate culture of "working happily and living life seriously" in recent years to assist employees to maintain their work–life balance via workplace safety improvements; health promotion activities; lectures on alleviation of physical and psychological stress; and parent–child activities, which will in turn enhance the team's commitment and corporate competitiveness.

華碩學習成長計畫流程

Workplace Safety

ASUS increases workers' safety awareness and ensures workplace safety through safety and health hazard identification; education; and training as well as disseminatio of the concept; disaster prevention simulation drills; cooperation with local fire brigades to hold first-aid training; and implementation of the "Workplace Relief and Reward System," which aims for full participation and "zero occupational disaster."

ASUS has long been committed to creating a safe, healthy, and comfortable work environment. It has adopted the spirit of pursuing excellence relentlessly in the field of occupational health and safety. It has not only won the Taipei City Safety Award - Excellent Unit for four consecutive years but also received the highest honor (the National Occupational Safety and Health Award - Corporate Standard Award) from the Ministry of Labor in 2018.

▲Awarded National Occupational Safety and Health Award - Corporate Outstanding Award

ASUS not only provides safe working environments for employees, but also cares about building safety. Since 2017, we cooperated with Taipei City Fire Department to promote the installation of fire alarms for old buildings, and donated 2,500 alarms to Beitou community by 2018. The residents in Beitou could apply for free installation to increase their home safety.

▲Receiving "Taipei City Labor Safety Award for Excellent Corporations" for 4 consecutive year

▲Fire Alarms Donation to Taipei City Fire Department

At Headquarters in 2018, there were no high-consequence work-related injuries, thus data relevant to fatalities and high-consequence work-related injuries were all 0. Please see the table below for detail:

ASUS Headquarters: Employees

Indicator	Overall	Male	Female
Employee count	6,730	4,477	2,253
Number of fatalities	0	0	0
Rate of fatalities	0	0	0
Number of high-consequence work-related injuries	0	0	0
Rate of high-consequence work-related injuries	0	0	0
Rate of recordable work-related injuries	0.3	0.08	0.23

Total working hours in 2018: 13,239,576

ASUS Headquarters: Contractor

Indicator	Overall	Male	Female
Employee count	238	98	140
Number of fatalities	0	0	0
Rate of fatalities	0	0	0
Number of high-consequence work-related injuries	0	0	0
Rate of high-consequence work-related injuries	0	0	0
Rate of recordable work-related injuries	0	0	0

Total working hours in 2018: 468,376

ASUSCloud: Employee

Indicator	Overall	Male	Female
Employee count	73	34	30
Number of fatalities	0	0	0
Rate of fatalities	0	0	0
Number of High-consequence work-related injuries	0	0	0
Rate of High-consequence work-related injuries	0	0	0
Rate of recordable work-related injuries	0	0	0

Total working hours in 2018 : 144,128

<Note>
1.Excluding traffic accident
2.High-consequence work-related injuries: cannot recovered within 6 months
3.Recordable work-related injuries: reported
4.Calculation base: (# of employees in Jan. +…+ # of employees in Dec.)/12. Take the average and rounding.
5.Working hours: (# of employees in Jan. X Working days in Jan. X8)+…..+ (# of employees in Dec. X Working days in Dec. X8)

Healthy Workplace

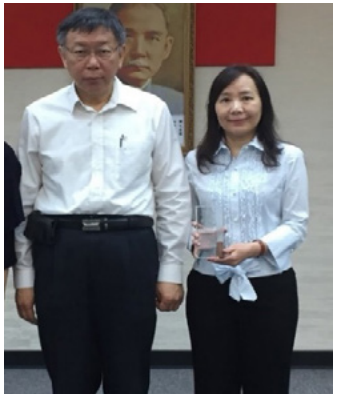
ASUS adheres to the business philosophy of “inspire, motivate, and nurture employees,” and its regulations are superior to the provisions set out in the “Regulations Governing the Labor Health Protection,” allowing each employee to enjoy annual health check-up services. Any abnormalities discovered in the check-up are analyzed and managed according to the level of severity. With regular tracking by occupational doctors and nurses; medical referrals; and the promotion of diverse healthy activities, the annual improvement rate of employees with highly abnormal health conditions is as high as 73%.

We employs occupational medicine specialists and has established a health management and overload management system to screen out high-risk groups; then, registered professional nurses, occupational safety personnel, and human resources personnel take the initiative to care for the employees. If necessary, consultations with doctors are arranged to track improvements so as to prevent and improve occupational diseases.

ASUS promotes a comprehensive health development plan, including climbing stairs, exercise, mountain climbing, walking, healthy eating, sleep, water drinking, exposure to sunshine, and psychological support, and more than 70% of employees are happy with these activities. In 2018, about 62.2% of employees participated in the health promotion activities, and about 45% of employees with metabolic syndromes experienced health improvement. Among them, employees with abnormal waist circumferences decreased from 25% to 19%, while about 16% of employees with abnormal blood pressure experienced improvement.

ASUS won the “National Healthy Workplace of Excellence - Health Management Award” and “Taipei City Healthy Workplace of Excellence” in 2018. We have also won the “Blood Donation Group of Excellence” for four consecutive years. In the future, we will continue to work hard to create a better and healthier environment for all employees.

▲Health Promotion Label



▲National Excellent Health Workplace

▲Taipei City Excellent Health Workplace

▲2018 Family Day Road Running

▲Physical Fitness Test

▲2018 Family Day Road Running

▲Sports Training Course

Caring for Female Employees

To protect employees' health and safety during pregnancy, ASUS offers pregnancy-related gifts, exclusive parking spaces, and healthy resting seats worth more than NTD $20,000 so that pregnant mothers can enjoy a comfortable lunch break.

In addition, since 2010, we have continuously obtained the "Excellent Breastfeeding Room Certification," and employees are notified of the location of the breastfeeding rooms and the user's right through employee orientation, training, maternal health consultation, and the maternity leave system, all of which creates a friendly environment in which employees can breastfeed.

▲Purchase of a healthy rest seat in 2018 for mothers over six months of pregnancy

Around-the-Clock "Five-Star Fitness Center"

To balance employees' work and life, ASUS has a combined court for different sports, heated swimming pools (adult pool, children's pool, and spa pool), gym, sauna chamber, aerobics classroom, shower rooms, and outdoor sunbathing site, which motivates employees to exercise before and after work and to exercise with peers on holidays to alleviate work stress.

Five-Star Psychology Caring

The employee caring hot line provides immediate assistance to employees. On the first day, employee will receive a small card (shown below) with an explanation of the service and its purpose. The 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 families.

We also encourages employees to present their opinions or ideas through internal channels such as the Opinion Box. Feedbacks are classified into four categories: product R&D, sales and marketing, administrative affairs, and personal opinions. In 2018, the comments were all responded to, and with the cooperation and supports of the relevant departments, 100% of the questions were responded to within 3 days.

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, the employee relationship division also provides emergency care referral and assistance to employees and their families.

(I) Employee Caring Service

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

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

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 2018, EAP was provided 301 person-times. The increase in the service usage rate showed ASUS' commitment to improving employee wellness, solving employees' issues, and allowing immediate and effective improvement of employee productivity, thereby ultimately improving the overall competitiveness of the organization.

We also establish the Employee Caring website, which includes but are not limited 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, achieve an optimal work-life balance. The information of employee caring relevant activities will be posted on the website.

According to the statistics of the issues in the employee assistance program in 2017, employees were troubled by the way they relieved stress in their work and daily life. In 2018, 2 seminars on physical and psychological stress alleviation and 3 seminars on increasing sensitivity and empathy were held, which not only helped employees develop the necessary knowledge and skills to cope with pressure at work but also addressed their needs in daily life. All this help alleviate the physical and psychological stress that employees often suffer from in their work and daily life.

Each month, we promote sleep quality testing in the monthly newcomer program to help employees sleep overnight. We use the assessment recommended by the World Health Organization from "Sleep and Health Global Project", and make some suggestions in diet and lifestyle to the employees if necessary. Employees with severe sleep problems will be assisted to transfer to professional physicians for further evaluation.

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 customized 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 2018, there was a case in which an employee was seriously sick and was suggested by the doctor to take a long rest. However, the employee was the only financial support for his family, and thus he worried about the medical expenses as well as the work. Designated personnel from the Humanity Team 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 feel the love and care from ASUS.

5 Community Involvement

Digital Inclusion Project
Volunteer Services
Contribution to the Society
Social Return On Investment

ASUS is aware that corporate operation behaviors should be responsible for both shareholders and all stakeholders. As a citizen enterprise, we expect to contribute to society while maintaining transparency and integrity in governance and ethical compliance, paying great attention to employees' working environment and welfare, as well as avoiding environmental pollution and creating sustainable shared value.

In addition to upholding the mentality of "take from society, give back to society," we are considering what role ASUS should play in social participation, how to combine corporate core operating values to maximize influ nce while planning the theme and form of corporate social responsibility, and how to create sustainable differential competitive advantages while also shaping our corporate image through resource investment and action implementation.

Therefore, taking the original specialization in information technology as the starting point, ASUS has been promoting a digital inclusion project as the chief core of our social participation for a long time. In 2016, Social Return On Investment (SROI) was introduced to evaluate project benefits and to implement the sustainable strategy of "Digitizing data, adopting scientific management .

Key Performance in 2018:

- The 3rd "Value Co-Creation" Outstanding Corporate Social Responsibility Practices in China
- Donated 13,228 refurbished computers benefiting 599 non-profit organizations both at home and abroad by 2018
- Helped 38 countries establish digital opportunity centers with more than 500 computer labs built and over 0.55 million people benefitted by 201
- Improved the SROI of refurbished computers from 3.16 to 5.34
- The employees of ASUS and its subsidiary companies[Note 1] performed 6,431.5 hours of volunteer services in total

Note 1: Please visit 5-12 for definitio

Digital Inclusion Project

The United Nations Educational, Scientific and Cultural Organization (UNESCO) published the "Guidelines for Designing Inclusive Digital Solutions and Developing Digital Skills". The United Nations suggested that higher digital literacy will be required in the digital era to work, live, learn, and communicate effectively. Without these digital skills, people will be marginalized in society and digitally disadvantaged individuals will develop social disadvantages.

Therefore, Digital Inclusion is used to establish policies and activities promoted by an information society without discrimination. Here, all individuals should have equal opportunity to access and utilize information, regardless of their education level, gender, age, ethnicity, or residency.

Since its inception in 2008 with the aim of bridging the digital divide, the ASUS Foundation has been establishing digital learning centers globally and resolving local digital divide issues in cooperation with non-profit organizations, volunteer groups, and government agencies. Moreover, the ASUS Foundation has been continuously giving back to society through practical and sustained actions with the expectation of cultivating international talent and practicing ASUS' ideal of global citizens.

ASUS Digital Inclusion Project consists of three main cores in the following sequence: 1) establishing basic hardware infrastructure, bridging the digital divide; 2) improving education and cultivating talent, creating digital opportunities; and 3) preserving and delivering cultures, practicing digital inclusion. Information technology measures are employed to improve the life quality of disadvantaged groups and carry forward and preserve the traditional cultures of various regions.

Establishing Basic Hardware Infrastructure: Bridging the Digital Divide

The rapid development of information technology has promoted the popularization of information appliances. However, not everyone has the opportunity to share in such an achievement. Different digital divides have been formed due to differences in economic income, residential area, age, education level, ethnicity, etc. This phenomenon has led to unequal information acquisition and reduced educational opportunities, resulting in expanded knowledge and wealth gaps between information appliance owners and others.

Meanwhile, the United Nations predicts that 50 million metric tons of electronic waste will be generated globally in 2021 due to the rapid replacement of digital products. On account of extended producer responsibility, ASUS promotes computer recycling services around the world to reduce the environmental impact of discarded electronic products. In the recycling process, we noticed that many discarded computers are either still usable or could be reused if repaired. Therefore, since the establishment of the refurbished computer program, we have been recycling computers regardless of brand and donating them to disadvantaged groups upon repair, thus bringing a new lifecycle to old computers.

The ASUS Foundation has been continuously promoting its “Refurbished Computer and Digital Training Program” since 2008. Through recycling and repairing discarded computers, usable components can be reassembled, and software can be updated. Through this, waste electronic products can be recycled through reverse logistics, the concept of environmental protection can be promoted, and an information product infrastructure can be established as the first step toward promoting digital learning and bridging the d gital divide.

Thus far, 400,593 discarded electronic products have been recycled in total. In 2018, 2,482 refurbished computers were donated (including overseas), contributing to a gross number of 13,228 up until now. Five hundred and ninety-nine non-profit organizations from 38 countries have benefite

▲The establishment of digital learning centers in Cambodian orphanages; the first step to bridging the digital divid

The ASUS Foundation has been working with the Ministry of Foreign Affairs in Asia-Pacific Economic Cooperation Digital Opportunity Center (APEC ADOC[Note 2]) project to assist ADOC member nations and non-profit organizations in other countries establishing digital learning centers in where digital resources are lacking, thus promoting digital learning and bridging digital divide due to nation, region, age and gender differences. This is done in the hope of improving the digital competency and quality of life of local residents.

The ASUS Foundation has contributed to the establishment of digital opportunity centers in 38 nations with over 500 computer classrooms, and the donation of about 15,000 devices, including new notebook computers, refurbished computers, and tablets. In addition to the donation of the devices, 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 difficult , and of women, and of the elderly. Work practice positions were also provided. Over 550,000 people are benefit from the project

In 2018, the ASUS Foundation worked with TDOC and the Department of Latin American and Caribbean Affairs to donate 701 brand new notebook computers 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 populations around the world, improving the digital competency of local vulnerable children and academic organizations.

Note 2: Renamed as Taiwan Digital Opportunity Center (TDOC in 2015

Countries/Regions received donation since 2009:

Asia-Pacific 10 countries/regions	Taiwan, Philippines, Cambodia, Vietnam, Indonesia, Thailand, Mainland China, Malaysia, Laos, Myanmar
Central Asia 4 countries/regions	India, Sri Lanka, Turkey, Nepal
Africa 7 countries/regions	Tanzania, South Africa, Zimbabwe, Swaziland, Kenya, Burkina Faso, Nigeria
Central and South America 15 countries/regions	Ecuador, Paraguay, Panama, Nicaragua, Dominica, Honduras, Belize, Haiti, Peru, Saint Vincent, Saint Kitts and Nevis, Mexico, El Salvador, Guatemala, St Lucia
Europe 2 countries/regions	Netherlands, Russia

▲Donation at El Menahil Syria school in Turkey

▲Computer lab donation to a professional education institute in Belize

▲Refurbished computer donation in Burkina Faso

Improving Education and Cultivating Talent Creating Digital Opportunities

"Digital Opportunity" refers to the potential for progress or development through the employment of information technology. Creating "digital opportunities," can narrow the knowledge gap and improve people's economy and social development, thereby enabling the sharing of the achievements in information technology development by all people.

Education is one of the best ways to create digital opportunities. During the process of establishing information infrastructure, we noticed that the recipients' service groups are mainly volunteer services, supplementary educational centers for disadvantaged school children, seniors, handicapped people, and new residents. They lack opportunities to access hardware and may not have learned the relevant software applications. Therefore, the ASUS Foundation worked together with the Digital Phoenix Association to maximize the benefits of the donated hardware equipment by providing software courses for recipients, enhancing the non-profi organizations' administrative capabilities, expanding their international horizons, and cultivating their future competitiveness. The supply of software courses and textbooks benefitted approximately 27,000 people both directly and indirectly in 2018

▲Utilizing ASUS refurbished computers, a computer hardware repair seeded teacher training program was held in Myanmar. Students from various provinces in Myanmar came to learn about information technology.

In addition to the cooperation with external organizations, we also encouraged our colleagues to actively participate in social services. Therefore, we established the ASUS Volunteer Club to encourage our colleagues to participate domestic and overseas services, share their knowledge and experience, and cultivate new scientific and technological talents. Meanwhile, we are trying to improve the social influence of digital learning centers; please refer to the volunteer services in the report for further details.

On the other hand, we hold NOP to Day-Smart NOP which works as a learning and interacting platform for non-profit organizations. Moreover, it became one of the primary communication platforms for donors and recipients. The donors will know to whom the donated equipment go, whereas the recipient could learn how to use digital tools efficiently to elevate its digital power. To enable effective exchanges between the recipient units, the ASUS Foundation builds a Facebook fan page to share the benefits of refurbished computers

Preservation and Transmission of Culture: Practices of Digital Inclusion

The goal of digital inclusion is to create an information society shared by all people so that everyone can understand the benefits of information and communication technology and obtain useful information on education, the economy, the environment, and society.

We find that although the development of information technology brings convenience, it makes people spend more time on information devices and reduces the interaction between them. Therefore, it is our hope that, at the time when digital gaps are gradually being narrowed and digital opportunities created, culture may also be preserved and transmitted through digital means.

◀ NPO Day - Smart NPO Tea Party in Taipei

Image Transmission and Culture Preservation

The environmental and sustainable educations are integral parts of ASUS corporate social responsibility. We understand that in the current highly digitized environment, the network platform has become the main channel for most people to obtain information, and image communication is one of the most effective ways to communicate. Therefore, we have engaged in long-term cooperation with external organizations to promote digital image communication, preservation of a good culture, and the concept of sustainability.

99-Second Film

Starting from 2009, the "99-Second Film Selection Event", co-sponsored by the ASUS Foundation and Public Television Service, is having its ninth session this year. In the past, it has held many short film campaigns, such as "Environment 99 for Long-lasting Beauty of the Earth", "Touching 99 • Discover Taiwan's Vitality", "Touching 99 • Discover Taiwan's Truth, Goodness, and Beauty", "Touching 99 • My Home under the Roof", "Touching 99 • Happy Heart Movement", "Touching 99 • Twilight" and "Touching 99 • My Continued Generation", all of which have received great responses.

In 2018, with the theme of sustainability, which had received attention from all walks of life in recent years, "Touching 99 Sustainability ∞ Discovery" was named as the subject for solicitation for the ninth session. It is hoped that, through this campaign, young students can use images to record the sustainable actions of our generations and expand their lasting influence. In recent years, in order to respond to the core value of cultivating domestically the new “image power” of the next generation, the ASUS Foundation and Public Television Service have organized a free "Mobile Phone Video Workshop" and "ASUS International Volunteer Image Workshop" for different target groups during the recruitment period. The events encourage beginners to use their mobile phones to record the stories around them, to be aware of moving details in life, and to transform them into passionate service or positive energy in the future, as well as to continue and expand the influence of images in different ways.

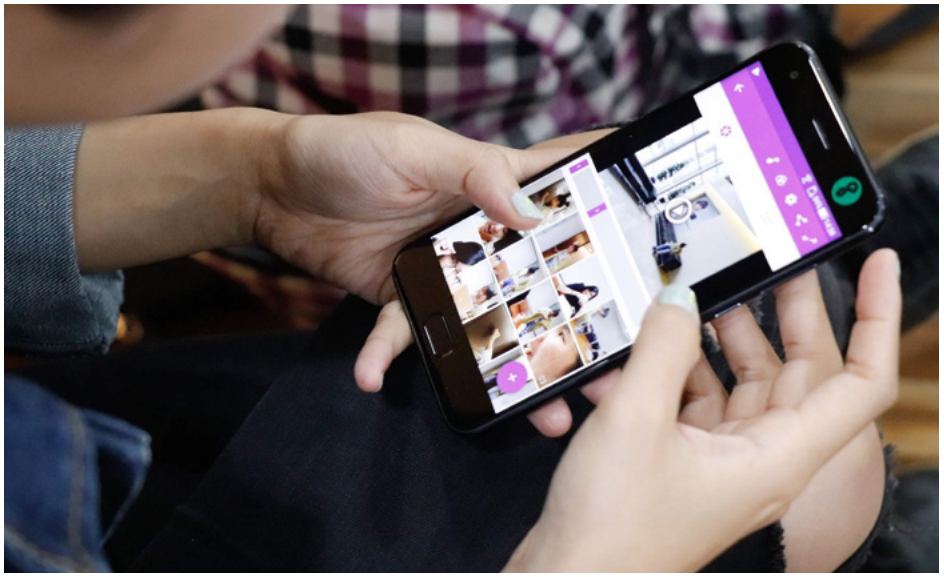
In the ninth year of Touching 99, the number of participants has exceeded 10,000, and the total number of entries over the years of campaigns has reached almost 3,000, with diverse topics in the entries. This year’s session attracted students from 108 schools and departments. A total of 63 schools signed up to participate, spanning high schools, vocational colleges, and universities. The judges gave high praise to the entries for this year. Film director Kok Lok-Hin said that maybe "environmental protection" could easily be linked with "sustainability", but several pieces did much in thinking and discussing sustainability from spiritual level, such as films with the theme of inheritance, organ donation, family, senior care, etc., saying that "some of the works are even better than the advocacy short films that are generally shown on TV channels." Film director Shaun Su believed that this year's work made much progress compared with previous years’. He pointed out that both the choice of subject and the execution of the film were the most diverse and comprehensive of all seen in the past years, though maintaining "students have amazing performances every year".

The award-winning films will be edited into a teaching plan by a professional team of teachers. It will be free for primary school teachers in Taiwan to apply for or download and use, making it possible for many stories about sustainability to be deeply rooted in campuses through the guidance of primary school teachers.

Mobile Phone 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 hoping that students would 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.

Each year, over one hundred people from all over Taiwan signed up for the “Mobile Phone Video Workshop” in the past three years. In order to create more learning opportunities for the students, we moved the camp to Kaohsiung in 2017. Moreover, an image workshop for ASUS international volunteers was held this year. Volunteers could bring these touching memories and share them with more students in Taiwan, creating a virtuous domino effect.



Volunteer Services

ASUS encourages employees to participate in volunteer service. For overseas teaching service volunteers, two weeks' vacation, plus board, lodging, and travel, are provided. Volunteers for domestic service are given one day's leave, with financial subsidies for related activities, thereby stimulating the potential of our employees and fulfilling its social responsibilities

Education Volunteers

In 2018, the ASUS Foundation cooperated with nine international volunteer teams. A total of 121 international volunteers were recruited from among students and instructors of various colleges and universities, as well as ASUS employees. They traveled to impoverished areas of seven countries—Malaysia, Thailand, Indonesia, Myanmar, Vietnam, India and Tanzania—to provide education services on subjects such as information and communication, Chinese language, ecological conservation, science, and technology. The ASUS Foundation also shares the process of volunteer service and interesting or touching stories through results-sharing conferences, Facebook, and volunteer websites using videos, photos, and written records. In 2018, volunteers served a total of 6,221 persons-time in the above service units, and stories and related messages shared through Facebook reached about 110,000 people.

▲Course Delivery at Tanzania International Volunteer Corps

▲2018 International Volunteer Achievement Exhibition

▲International Volunteer Computer Workshop in India

ASUS not only recruits international volunteers to serve in remote areas abroad every year, but also actively provides care for vulnerable groups in Taiwan. Volunteer activities include self-propelled car learning camps for orphans, the Secret Base Digital Learning and Environmental Education Camps for Dayuan Catholic Church's children and, the Secret Base Digital Learning Camps for children in Tamsui, and charity sales for Zenan Homeless Social Welfare, the winter warming program by Taiwan Fund for Children, and Families and Genesis Social Welfare Foundation, as well as the Fun Guandu Festival.

Since 2017, ASUS volunteers have been going deep into Nantou Fa-Zhi Elementary School and Changhua Tongan Elementary School for two consecutive summers to hold four-day digital learning camps. The camps train children's logical thinking through lively programmed courses, teach them to make their own toys by 3D printing, and enable them to experience information technology in practical operation, so that the children in remote areas can have different learning opportunities.

Self-Propelled Car Fun Learning Camp for Orphans

In 2018, ASUS saw lack of learning resources for many orphan children. As a result, we started an eight-month self-propelled car fun learning camp at the Yilan Branch of the Orphan Welfare Foundation. We integrated program learning into games, through modules such as programmed robots, 3D printing, laser, Bluetooth and gyroscope, so as to enhance children's interest in learning.

▲Changhua Tongan Elementary School Digital Fun Learning Summer Camp

▲Self-propelled Car Operating Program Writing and Teaching

Adopt-A-Coastal and Clean-Up Event at Wazihwei Coast

Since 2017, ASUS has responded to the “Adopt-A-Coastal and Clean-Up & ” initiated by the Environmental Protection Administration and has adopted a 500-meter-long coastline in the “Wazihwei Nature Reserve,” Bali District of New Taipei City. The place adjacent to the Mangrove Nature Reserve, is the last bend of the Tamsui River. It has gradually changed under the influence of environmental impacts and human activities, forming a lagoon terrain that bends towards the land and contains a precious wetland ecosystem. Due to its location at the estuary, or the end of the lagoon, the area is an important base for bird watching in the autumn and winter of Taipei. One can find many species of migratory birds, resident birds, small crabs, and coastal plants. It is a natural ecosystem classroom that is perfect for a family tour.

ASUS has focused on the issue of sustainability for a long time and believes that environmental protection and community prosperity are important topics along with business growth. Therefore, we invite our ASUSers, together with their relatives, friends, and even other external stakeholders to join, from time to time, the coastal clean-up volunteer service in spring and winter, avoiding the migratory bird restoration period from April to July. In the past two years, we have collected 1,648.7 kilograms of marine garbage, cleaned up the comfortable environment for the birds in the reserve area, practiced environmental education through our actual efforts, and demonstrated the enthusiasm of ASUSers in the form of social good.

One of the 2020 Sustainability Goal is to enhance the benefits of social service participation and reaches 5,000 service hours annually by local employees and accumulates to 30,000 hours by 2020 worldwide.

In 2018, employees of ASUS and of its subsidiaries[Note 3] dedicated a total of 6,413.5 hours to volunteer services.And volunteer services accumulated to 24,952 hours worldwide.

Note 3:The scope of ASUS and its subsidiaries included ASUS headquarter, ASUS Technology Incorporation (ASUTC) and ASUS Global Pte., Ltd. (ASGL). Volunteer service refers to the volunteer activities and pre-event trainings held by ASUS in Taiwan.
http://www.asusfoundation.org/article_achievements.aspx?id=8

Mainland China Volunteer Service - ASUS e-Entrepreneurship Volunteer Action

2018 is the tenth year of the “ASUS e-Entrepreneurship Volunteer Action.” The theme of the action this year is “Technology-Connected Villages: Care for Left-behind Children,” which continues the theme of the previous year. Care and Internet technology are used to enhance the ability of left-behind children to communicate with their parents and the outside world so that they can become closer to their families and see the vast world with their hearts.

In 2018, on-site recruitment was conducted at 70 colleges and universities in 70 cities of Mainland China, with the online promotion covering 300 colleges and universities. All enthusiastic young college students could participate in the on-site recruitments or register on the official website. Selected candidates participated in a two-day exclusive training, and instructors, who were enthusiastic about public interest with certain influence, were invited to conduct training online and offline. In 16 cities and 70 colleges and universities, a total of 45 training sessions were conducted, in which 3,677 volunteers were trained.

From July to August, elite volunteers, who were selected from the 30,000 college student volunteers through redeemed points and interviews, participated in the e-Entrepreneurship Elite Volunteer Summer Camp. These elite volunteers went to Anshun, Guizhou, together with the charity ambassador NZBZ, and brought a variety of interesting courses to the local children. They walked into the villages with the children and considered and proposed ideas to help the village improve. Meanwhile, we launched "Dream Action" in 2018. e-Entrepreneurship volunteers communicated to bring the left-behind children to the cities in which their parents were working and let them witness their parents' contributions to the cities—thereby helping the children feel proud of their parents. The self-esteem and self-confidence of left-behind children could thus be further established, encouraging them to study hard and realize their dreams.

At the same time, we also strived to expand the influence of the activities using images and videos. In 2018, the e-Innovation public service materials were edited into five public service short films. Among them, the documentary “Stones' Vocations” won the Philanthropic Movie Award in the 2018 China Charity Festival.

Contribution to the Society

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 – Promote Local Culture

ASUS and Taipei National University of the Arts collaborated to hold the annual “Fun Guandu Festival” event from 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, the 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.

Guandu is located at the confluence of the rivers. It has been the key node for water transportation in the Tamsui River Basin since ancient times. Because it is located at the junction of saltwater and freshwater, Guandu is also rich in fish resources. After the Guandu Plain formed due to alleviation, residents have diverted water to irrigate their rice fields. The river brings vitality, feeding Guandu people generation after generation. After decades of changes in the environment, industry, and population, they are still tightly connected to water. In addition to evoking the deep memories of the people with the land and water, the past stories of the land also help us realize how Guandu is influenced by the Tamsui River. We can also reflect on how important water is to modern life. Hence, we need to further examine the ecological and environmental issues, highlight local features, concentrate community awareness, and shorten the distance between modern people. Lifestyles that promote sustainable coexistence with the river, natural ecosystem, and Guandu people can thereby be developed.

The “Fun Guandu Festival” is not just a happy carnival but also a "green, environmentally-friendly, zero garbage" cultural festival. We hope that this will be an international cultural event that enables the world to see Guandu. Guandu people would like to create a special style that is different from the urban style of downtown Taipei. Therefore, it is necessary for the world to see not only the beautiful environment and the charming cultural customs of Guandu but also the harmonious, happy, green, and environment-friendly lifestyle of Guandu people.

In 2018, led by Chief Sustainability Officer, hundreds of ASUSers staged a street show, together with more than 30 local groups and 60 local businesses. As the fourth year of the Fun Guandu Festival, this year has the theme of “My River, My Home,” which evokes the coexisting experience of settling along the water. It also reflects how important the water resource is to modern life, even after years of environmental and industrial changes. We can thereby further examine the environmental protection issues, highlight local features of Guandu, and together build a sustainable lifestyle among the river, nature, and people.

Fun Guandu Festival Official Site:
http://www.guandu.tw/
Facebook Fan Page:
https://www.facebook.com/guandu.tw/

Charity Donations and Sponsorships

On top of concrete actions and participation in various social events, ASUS also has an annual budget for the sponsorship of various charity organizations. Moreover, our employees also take the initiative to organize fundraising and donations. In 2018, ASUS contributed NTD $18,912 thousands for public interest in the ASUS Foundation and social welfare caring.

Category	Details
Cash Donation	Company donation (including donation from The ASUS Foundation and business units)
Cash Donation	Salaries of disabled employees
Cash Donation	Counter profits from Children Are Us Bakery
Cash Donation	Salaries of employees with special caring and death benefits (caring for the employee' families to maintain social stability)
Cash Donation	Monetary or material donation activities initiated by the company
Service Hours	Value converting from volunteering service hours
Material Donation	The revenue of charity shops and donated
Material Donation	The value of the refurbished computers
Material Donation	The value of the donated of ASUS computers

Fundraising and Material Donation

ASUS supports vulnerable groups with actions. We invite shelter workshops and social welfare organizations to ASUS sites in the Dragon Boat Festival, Mid-Autumn Festival, on ASUS Family Day, as well as every month, to set up a booth for sales, and at the same time promote social welfare practices to gain recognitions and direct support from our employees.

We also build an IT charity fundraising platform for donation and fundraising. In 2018, through the platform, employees donated NTD $4,283,561 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 $14,574 thousands as of now and 18 social welfare groups received the funds.

In addition to the charity fundraising platform, we also provide a materials collection platform. Employees are encouraged to donate any new or old items no longer needed. Some of the materials raised in 2018 were sold in the charity fair to extend the use life of the objects, while some were donated to African entities with diplomatic relations with Taiwan, such as Swaziland and Kenya, to provide school-age children with clothes and shoes.

Social Return On Investment (SROI)

In the past, enterprises participated in public welfare activities and merely focused on the investment of resources. They omitted the effects or impacts that the activities might have on targeting minorities. 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 unifie measurement method and the reporting principles, non-profit ctivities can also generate information on performance measurement with decision-making and management values.

ASUS has invested in the "Refurbished Computer and Digital Training Program" since 2008. The recycled communications products are refurbished and donated to non-profit rganizations, thus establishing a "Sound Material-cycle Society." To measure the performance of the program, according to the calculation process and principles in the SROI guide (2009)[Note 4], ASUS used a 6-step model to determine the Theory of Change in the input, output, and result, where currency was used as the measuring unit. The final analysis of the SROI of the program showed that each dollar invested generated a social value of NTD $3.61.

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

Note 4: A Guide to Social Return on Investment, Cabinet Office, U.K., 2009, 2012 Revise


SOCIAL VALUE
INTERNATIONAL

Statement of
Report Assurance

Social Value International certifies that the report "AsusTek Computer Inc. Computer Recycling and Education Project - Social Impact", published in November 2016, satisfies the requirements of our report assurance process.

The assurance process seeks to assess whether or not a report demonstrates a satisfactory understanding of, and is consistent with, the Seven Principles of Social Value. Reports are independently reviewed by qualified assessors and must demonstrate compliance with the Social Value assessment criteria in order to be certified. The Social Value assessment criteria document can be downloaded from the website socialvalueuk.org.

Assurance here is against the Social Value principles only and does not include verification of stakeholder engagement, report data and calculations.

Awarded 24 January 2017

Jeremy Nicholls
Chief Executive Officer
Social Value International

In the SROI project, we can understand not only the social value created by the program but also identify the management that still need Improvement in the evaluation process, thereby expanding the social influence. Therefore, we continue to develop digital teaching materials so that the recycled computers are no longer just a “donation” but also an intermediate that helps the recipients and users to master digital skills taught by volunteers and cooperative organizations—thus enhancing their social influence .

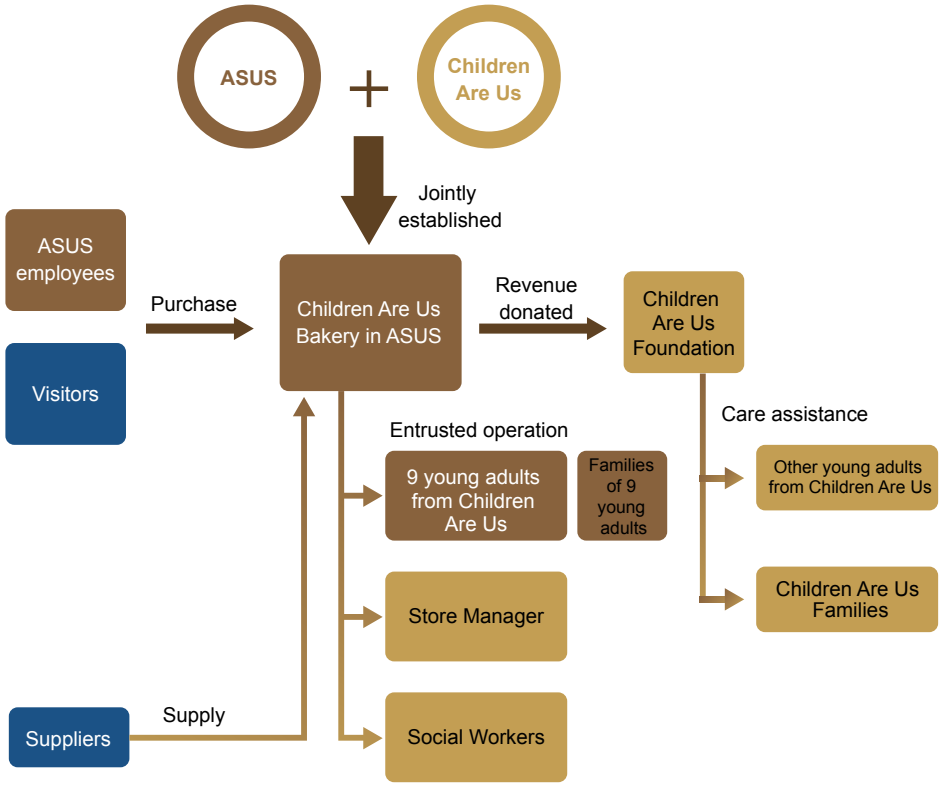
In 2018, when we did an evaluation on the influence of the program, the SROI increased from 3.61:1 in 2016 to 5.34:1

After establishing a model for SROI, ASUS extended the scope on measuring the effectiveness of the CSR activities, hoping to create greater social value through the planning and managing of public welfare. Therefore, in 2017, we evaluated a program that ASUS had been working on for years: the Growth and Training Program of "Children Are Us."

ASUS has always paid attention to disadvantaged minorities. In addition to reduce the digital divide and provides monetary support to organizations for disadvantaged minorities, ASUS also cares about their lifelong development. Since 2008, ASUS has hired 9 mentally handicapped young adults from the Children Are Us Foundation as full-time employees and set up a bakery in the employee cafeteria where they can sell their baked goods and hand-made drinks, and the revenue generated is donated to the Children Are Us Foundation to nurture more young adults as well as teach them new skills to enable them to become more confid nt in their personal and professional lives. The close collaboration among ASUS, young adults from "Children Are Us," and the Children Are Us Foundation creates an intangible influence. ASUS looks forward to this model to create a win-win situation for all parties, as it enables these young adults to receive support from counseling agencies, families, and enterprises, cultivate professional skills, and improve their quality of life, establishing a complete career support system.

2017 was the 10th year for the Children Are Us Bakery. We used the SROI guidelines to further analyze whether the program exerted the desired infl ence and review the relevance of the social services we have been providing to them, hoping the collaboration among the three parties will be more efficient

Stakeholders for Children Are Us Bakery



As mentioned, ASUS has hired 9 young adults from Children Are Us as full-time employees, and the relevant and influen ial 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 all stakeholders and gathered the most authentic feedback and results. According to the SROI management framework, all the important values for the stakeholders were measured, including the non-economic rewards; thus, the analysis could be more comprehensive and objective.

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

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

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

1. Physical and mental health: The physical and mental performance of the young adults in ASUS locations was higher than that of those working in external sheltered workshops. We could create a safer physical and psychological workplace for them and host events to make their lives more diverse, serving as a model for other workshops.
2. Profit: The 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 public welfare projects

In the past, the impressions of most people on the social responsibilities of companies were limited to social goods such as charity, donations, or road and bridge construction. In recent years, more and more companies have gradually combined social activities with their own operations and expertise when promoting social responsibility. However, considering the limited resources of companies, decision-makers must consider how to effectively allocate resources and evaluate the effectiveness of the implementation.

As a leading company in Taiwan, ASUS has continued to increase its influence after the introduction of the SROI project. It is expected that such a demonstration can encourage domestic companies to communicate and grow together, so as to build a sustainable social environment.

6 Corporate Governance

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.

- Morgan Stanley Global Sustainability Index (MSCI) for 5 consecutive years (2014-2018)
- FTSE4Good Emerging Index for 3 consecutive years (2016-2018) and the TIP Taiwan ESG Index for 2 consecutive years (2017-2018)
- "Top Regarded Companies" in "Forbes" Magazine, and the only Taiwan Company in Top 100 for 2 consecutive years (2017-2018)
- The Best Taiwan Global Brands Awards for 6 consecutive years (2013-2018)
- TCSA "The Most Prestigious Sustainability Awards-Top 10 Domestic Corporates", "Supply Chain Management Awards", "Social Inclusion Awards", "Climate Leadership Awards", "Growth through Innovation Awards", "Circular Economy Leadership Awards", "Top 50 Corporate Sustainability Report Awards" and Platinum in Service Sector
- 2018 Asia Sustainability Reporting Award - Best Supply Chain Reporting and the finalist of Best SDG Reporting
- "One of the World's Most Admired Companies" in the Fortune magazine for the 4th time (2015, 2016, 2018, 2019)
- Listed as " Top 100 Global Technology Leaders " by Thomson Reuters

Business Ethics

ASUS formulated the "Employee Code of Conduct" based on the Code of Conduct by the Responsible Business Alliance (RBA, formally known as the Electronic Industry Citizenship Coalition, EICC) and "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies." The Employee Code of Conduct includes but is not limited to corruption and bribery, insider trading, intellectual property rights, and the proper preservation and disclosure of information. We created the online Employee Code of Conduct course, which is mandatory for all employees and translated into various languages; new employees need to complete the course within their first month. Furthermore, we retrain our employees annually as well as provide an “Unfair Competition and Bribery” card to strengthen their principles, hoping they will demonstrate high ethical standards in their actions. Questions regarding the contents of the code and its legality can be directed to the legal department for interpretations.
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 type of fraud regarding demands, contract, bribery, or any other improper benefi s. Should anyone discover a potential violation of the Employee Code of Conduct of ASUS employees, a report can be made to us through our public mailbox, audit@asus.com. We will provide protection for the whistleblower from unfair and disrespectful treatment. In case of a 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 2018, there was 1 violation of the Employee Code of Conduct in the ASUS group. The employee who was found to receive a commission was dismissed and was requested to return the commission according to the internal "Work Rule." Afterward, we reinforced employees' compliance with the Work Rule and Employee Code of Conduct. We regularly promote the correct concept to internal and external distributors, request them to sign “Account Confirmatio Letter” every year, as well as implementing irregular audits and proactively providing the reporting line and email to supervisors and distributors if necessary.

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

Regulation Compliance

Regulatory compliance is not only a practice ensuring 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 a potential influence on ASUS and tracks, 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 identify and manage operational, environmental, and service-related regulations. We disclose public criminal or administrative law cases that involved fines of more than NTD $1.5 million or seriously affected the operation of the company's major events in the CSR report to comply with the balance and transparency principles of the GRI Standards.

In 2017, the European Commission opened a proceeding against ASUS for imposing fixed or minimum resale prices on its online retailers, in Germany and France between 2011 and 2014, in breach of EU competition rules. This case was closed in 2018, and ASUS was fine $63 million euros (about $2.25 billion New Taiwan dollars).

We have always attached great importance to compliance and complied with relevant regulations. In the face of the antitrust issue, we promote the "Employee Code of Conduct" to employees around the world regularly and put it into practice in employee education and work procedures to ensure that similar mistakes will not occur again. In addition to the employees at the Taiwan headquarters, in 2018, the focus was placed on the employee training in Europe, and external antitrust attorneys were appointed to lecture in each European subsidiary. In 2019, the anti-monopoly regulations will apply to other regions; the Code of Conduct and training contents are updated constantly in response to the latest laws and regulations management platform. All the training materials and records are integrated into the ASUS School training management platform.

Operation-Related Regulations	Environmental-Related Regulations	Service-Related Regulations
Business and Taxation Act	Environmental Protection Act	Personal Information Protection Act
Product Labeling and Warranty Act	Occupational Safety and Health Act	
	Fire Services Act of Building	
	Labor Rights Act	

Internal Audit System

The Audit Office is set up with one chief auditor under the Board of Directors; a complete audit and reporting system is established. The Audit Office is in charge of the internal auditing business and enables the board of directors and senior management to assess the completeness, effectiveness, and implementation of the ASUS group's internal control system independently and objectively, so as to fulfill its corporate governance responsibilities

Information Security Management

In the era of information technology and the Internet of Things, enterprises must ensure that information security and personal data protection are incorporated into the company's management and governance goals, establish relevant policies, system management, and prevention mechanisms, and ensure security of information infrastructure, information application systems, and product information, as well as safeguard client data security and implement information security management as required.

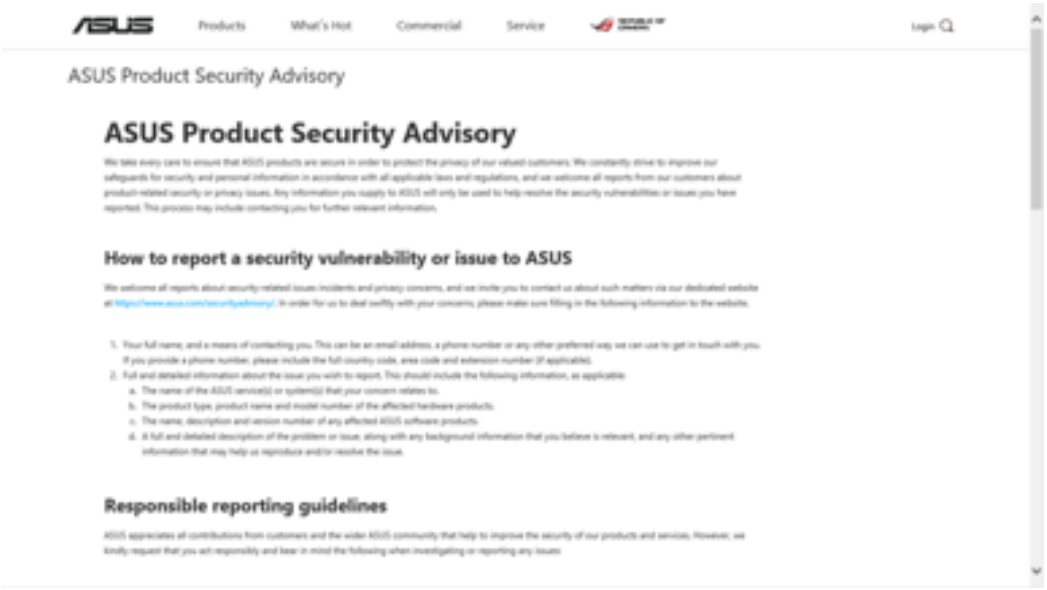
We has formulated the “Information Security Policy” in compliance with relevant laws and with reference to ISO27001/CNS27001 and relevant regulations as a basis for compliance. This policy aims to protect information assets, including data, software, and hardware equipment from alteration, disclosure, destruction, or loss due to external threats or improper management and use by internal personnel, so as to ensure the confidentiality, integrity, and availability of all business information and reduce operational risks reasonably. The effectiveness of this policy is extraordinary.

To implement the Information Security Policy, a security management system is established:

1. Establish an information asset evaluation mechanism; conduct information asset evaluation at least once a year, and deal with matters with risks to properly protect the information assets and prevent any damage to the assets caused by unauthorized or operational negligence at work.
2. All information security incidents or suspicious security weaknesses shall be reported via appropriate reporting procedures and investigated and handled properly to ensure that the weaknesses are repaired early and will not be taken advantage of.
3. Review, test, and examine the business continuity plan at least once a year to ensure that the core operational system will be available throughout the year.
4. Regularly implement information security education and training every year, and implement irregular education and training depends on the situation to ensure that all employees at the company have the information security knowledge that is up to date and can be applied to daily work.
5. Review the Information Security Policy and management system annually to ensure that information security measures or regulations are in compliance with current laws and regulations.

Results of promoting information security management in 2018:

- Risk Assessment:
  The management goals of information security—confidentialit , integrity, and availability—can be adopted to identify the value of the assets and conduct risk assessment, so as to have a clear picture of the possibility of potential threats and vulnerabilities, analyze relevant impacts, and determine risk levels. Risks are divided into four levels from A, the highest risk to D, the lowest risk. There is no level-A risk portfolio in the 2018 assessment results of information assets.
- Business Impact Assessment:
  Business impact assessment is conducted with the asset value and availability of information assets considered. Based on the identified business processes, how critical each business process is, how great an impact is allowed, and recovery needs are analyzed to prioritize the company's emergency responses in the event of complete business disruption, while a relevant business continuity manual is being developed.
- Product and Information Security Reporting Management Platform:
  We make every effort to ensure the security of our products to protect the privacy of our valued customers. We are committed to improving our security and personal information protection practices in accordance with all applicable laws and regulations, and we welcome clients to provide all reports on product-related security or privacy issues. Therefore, a product and information security reporting management platform was established for clients and security experts or researchers to have exclusive channels for reporting security loopholes or problems in ASUS products or information systems.
  The automatic case management system has been incorporated into this platform to maintain the management quality of case reporting and response. Through this platform, ASUS issues an announcement on the security of our products from time to time, allowing consumers to have a channel to understand the upgrade in the security of the products, and enabling ASUS to maintain positive communication and interaction with security experts or researchers on the social media through this platform.



- Information Service System Monitoring Operations:
  To maintain the high availability of the information service system, the monitoring operations included servers, network nodes, and their devices associated with the information service system, so that the maintenance personnel can be notified and alerted immediately when the information system is interrupted abnormally.
- Operational Continuity of Information Services:
  Important information service system is set up in both the information service room at the company's headquarters and a rented backup information service room in a different location and operates in the active-active mode, to ensure that when there is an operational interruption at one site, the information service at the other information service room will start running immediately without interrupting the operation of the service.
- Exercise on Email Usage Security:
  In recent years, the rampant ransomware, commercial email frauds, and APT attacks that adopt the social engineering and email phishing technology have more extensive impact. To enhance the awareness of information security with regard to malicious email, 4 exercises on email social engineering were carried out in 2018 Relevant incidents and fraud techniques were announced to teach employees how to report and handle them.
- Statement on the Security Incidence of the ASUS Live Update Tool Program in Early 2019
  Live Update is an automatic update software for ASUS notebooks. One version of the software on certain notebooks was loaded with malicious code uploaded to the download server by hackers in an attempt to launch attacks on a few specific objects. ASUS took the initiative to contact the impacted users and provided them with product testing and software version update services. The customer service personnel assisted the customer to solve problems and continued to track the process to ensure that there was no problem with the product.
  In response to this attack, ASUS upgraded the new multi-authentication mechanism of the Live Update software to enhance end-to-end key encryption for all the possible loopholes in software version updates and transmission paths, while updating the server-end and user-end software architectures, to make sure that such an attack will not happen again. We also provided a test program for consumers to check on their own.

Personal Data Protection and Information Security Committee

To continue to promote personal data protection and management among global consumers and ASUS employees, we established the “Personal Data Protection and Information Security Committee” (PI Committee) in April 2012 in accordance with the instructions of the top management. In response to changes in the law, the new version of ASUS' guideline "General Personal Data Protection Policy" on the management of personal data was formulated and implemented in the ASUS Group in 2018 on collecting, processing, and using personal data and establishing and implementing information asset security protection.

To ensure the implementation of the company's policies, the PI Committee currently meet every 2 weeks to implement and review the annual work and adjust the methods of implementation, as well as to handle matters related to personal data and security through ad hoc meetings. By the end of 2018, 197 regular meetings have been held.

The major performances of the PI Committee in 2018:

- Management operations in response to the European General Data Protection Regulation (GDPR):
  - ▶ Data inventory review
    Review the nature of the category of all data collected, processed and used by the company to confirm the scope of compliance
  - ▶ Process Improvement
    The PI Committee discussed with each relevant department of the company the procedures that needed to be adjusted and improved in accordance with the provisions of GDPR. From November 2017 to the end of 2018, 90 workshops were held for 15 departments. The procedures at the departments that needed to be improved were also completed by the end of May 2018.
  - ▶ Update on ASUS Privacy Policy
    In response to changes in the law, the necessary information to be disclosed to data subjects were added into the ASUS Privacy Policy, which updated version was launched at the end of May 2018, and a notification letter was sent to the global ASUS member regarding the update of the ASUS Privacy Policy.
  - ▶ Education and Training
    In response to changes in the law, in 2018, the new ASUS “General Personal Data Protection Policy” was announced, and employee education and training was launched simultaneously. In addition to the employees at the headquarters, in 2018, the main targeted training audience was employees in the European region. The PI Committee and the external attorneys went to the offices in Europe and completed 9 education and training sessions.
  - ▶ Joint audit of cooperation partners
    To ensure that ASUS’ cooperation partners understand and implement its policy on personal data protection, the PI Committee conducts on-site audits with the customer service center at cooperation partners’ work site and proposes improvement suggestions and tracks the process of making improvements.

- Annual internal audit
  In conjunction with the company's internal auditing operations, the business or functional units involved in the management of personal data has been included in the scope of audit. With the self-assessment within departments and audits by the PI Committee, the audit findings at each department will be assisted to perform corrective action, ensuring the implementation of the company's personal data-related policies and management regulations.
- Annual vulnerability scan on websites collecting personal data
  To strengthen the security of websites and consumers' data, the PI Committee provides the lists of public websites collecting personal data to the MIS department to implement vulnerability scan of the websites. Based on the vulnerability scan evaluation report produced by the MIS department, the progress of the vulnerability correction process will be tracked, and the management of the vulnerabilities is inspected. If there is a defici ncy, the responsible department will be required to improve it.

- Education and training
  - In response to the new version of ASUS "General Personal data Protection Policy", in 2018, the main targeted training audience was employees in the European region. The PI Committee and the external attorneys completed nine training sessions in the offices in Europe
  - Education and training for new employees: New employees are provided with education related to the knowledge of personal data and information security. By the end of 2018, a total of 19 classes of employees completed education and training courses. The total number of trainees were 1,143.
  - Periodic physical class: At least one awareness training course on personal data and information security is offered to all employees every year.
  - Irregular class: courses focusing on personal data protection and information security are offered based on the business needs of each department.

The 2019 plan of the PI Committee:

- Improve the personal data-related interface available for data subjects to apply and exercise their rights under applicable laws as well as the internal data processing procedures.
- Review and improve the degree of compliance in response to the new personal data-related laws and regulations in the United States and Brazil.
- Increase personal data-related auditing at ASUS overseas offices and assist relevant departments to conduct audits on cooperation partners.

Intellectual Property Management

We are committed to innovative research and development, with intellectual property rights are one of the key achievements. The number of patent applications filed worldwide is increasing stably every year. By the end of 2018, 3,787 patents have been obtained in countries around the world. In 2018, the number of patents we obtained in Europe and the United States increased by 67% compared with 2017. In addition, efforts has been made to the development in the high-end communications market recently, and the number of patent applications in the communications field in 2018 is 342. Of them, there are a total of 21 cases of standard essential patents in line with the promulgation by the European Telecommunications Standards Institute (ETSI). It is expected that the number of patent applications for standard essential patents filed in 2019 will exceed one hundred.

Governance

Board of Directors

The ASUS Board of Directors values high efficiency, transparency, diversifica ion, and professionalism to strengthen the company's administration. After considering professional skills, including 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. 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 of President.

All members of the Board of ASUS are highly disciplined to avoid any conflicts of interest, and the relevant statement is clearly provided 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 9 board meetings in 2018, with an average attendance rate of 89.74%.

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

Audit Committee

To promote quality and integrity in the supervision of accounting, auditing, the financial reporting process, and the financial control of board members, ASUS established the Audit Committee composed of three independent Boards of Directors. There were a total of 5 Audit Committee meetings in 2018, with an average attendance rate of 100.00%.

Remuneration Committee

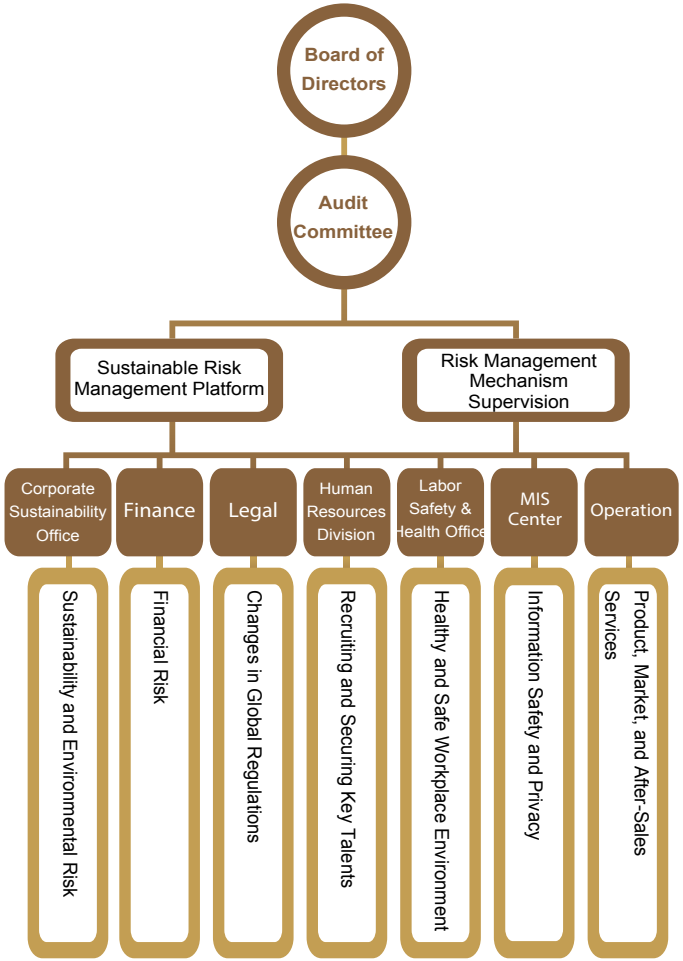
The Remuneration Committee aims to assist the Board of Directors in the implementation and evaluation of the company's overall remuneration, benefits policies, and remunerations of Directors and Managers and to ensure that the company's remuneration arrangements comply with the relevant laws and are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

There were 3 Remuneration Committee meetings in 2018 with, with an average attendance rate of 88.89%.

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 will strengthen the counter-measures in response to risks, thus reducing the chance of major operational risks turning into crises.

The sustainability risk management platform follows the ASUS internal governance structure and internal control mechanism, including 2 teams: 1) the sustainability risk management-promoting team, including the sustainability development office, financial department, occupational safety d artment, legal department, human resources department, computing center, and operational units responsible for identifying risk issues and managing the 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 delivers the annual risk management reports to the Audit Committee. 2) The risk management mechanism supervisory team: The audit office is in charge of monitoring whether the sustainability risk management follows regulations, while the Chief Auditor reports to the Audit Committee. The Audit Committee will decide whether to report information to the board according to the materiality of the risk reports.



Sustainability Risk Management Platform

In 2017, the risk management platform systematically conducted the risk identification, risk evaluation, and risk-addressing and -monitoring mechanisms for the first time. The promotion of the risk management platform in 2018 mainly covered three major directions: continuous monitoring of the response strategies and management operations of the major risk issues in 2017; integration of risk management of ISO 9001; emerging risk issues and presentation on the annual risk management report to the Audit Committee in January 2019.

2018 ASUS Risk Management Planning

- Continuous Management - 2017 Material Risks

Issue	2018 Approach
I. Employee Health and Occupational Safety	• Established an environmental safety information platform and launched the Workplace Relief Project
II. Anti-Tax Avoidance Legislation	• Provided education and training on antitrust and disseminated the concept at the operational bases in European countries
III. Supply Chain Sustainability Management	• Developed indicators of sustainable supply chain management and established a systematic management platform
IV. Risk on Climate Change	• Identified and assessed the impact of climate change issues on the finance in line with the framework of TCFD

- Operational Risks – Newly Added Management Systems
  - Integrated ISO management system for risk management at 33 departments at the headquarters and overseas locations.
  - Established risk control standard documents: ASUS Risk Management Regulations and Risk and Opportunity Assessment Management Regulations.

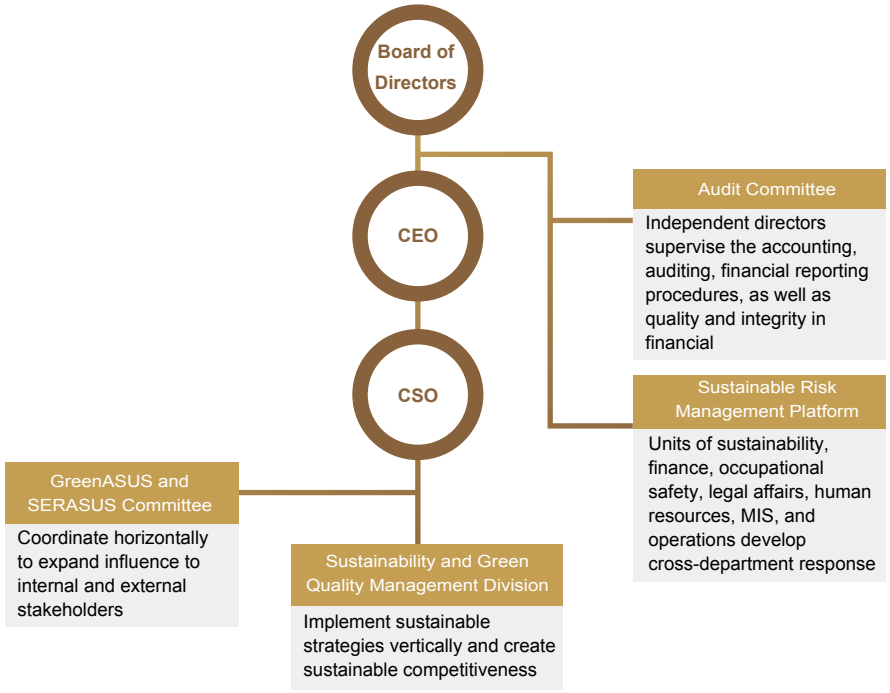
- New Risk Issues

Issue	Risk Level	2018 Approach
GRI Standards update: 303 Water 403 Occupational Health and Safety	Middle	• Establish water policy and management indicator • Disclose information required by GRI
Fraud emails in the form of commercial email or socializing email	Middle	• Emails on fraud techniques and prevention were sent to all employees. • The Management Information System (MIS) Department purchased a SPAM email filter program. • Three sessions of email social engineering exercises and review were conducted in 2018.

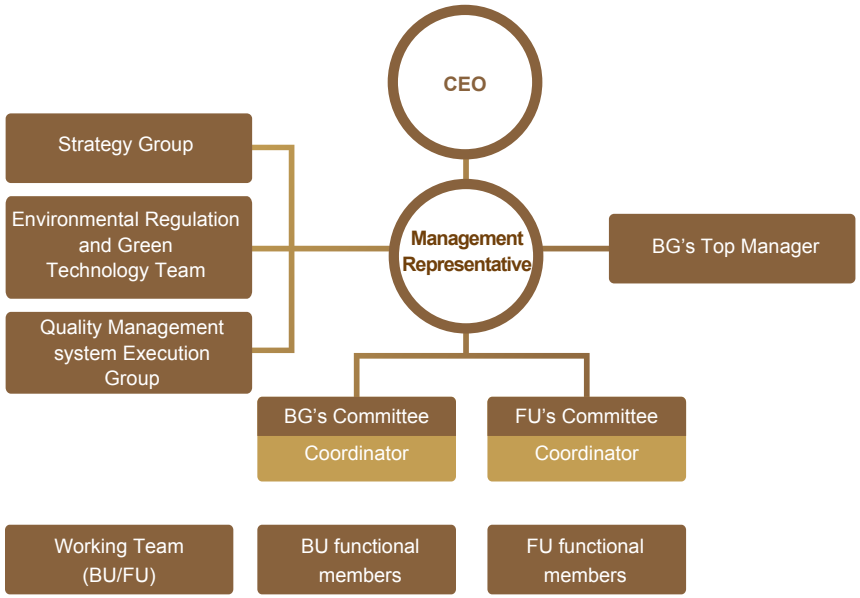
The ASUS Risk Management Platform is the first step in developing internal risk culture, to implement corporate risk management through a rigorous risk management system and tracking actions. The risk management promoting team continues to collect information regarding the international sustainability tendency and changes in the development trend in the electronics industry. In the next year, it is planned to link emerging trends and have an overall planning and discussion regarding the integration of the issues, such as cloud, the Internet of Things, and information security. Faced with the impact of emerging risks, it is hoped that internal and external resources will be integrated effectively to create the ability to adapt to changes, thereby creating more potential opportunities for development, through the linkage to the risk control platform.

Sustainability Governance Structure

"To become among world-class green high-tech leaders and to provide valuable contributions to humanity" is the business philosophy of ASUS. Thus in 2009, the body established a dedicated unit for sustainable development to grasp the global trends of sustainable development and analyze sustainability issues such as governance, environment, and society, and integrating business core, product innovation and service to promote and formulate sustainability strategy. The unit is named "Sustainability & Green Quality Management Division" with a Chief Sustainability Officer who is responsible for grasping the global continuation of pulsing, managing sustainability policy, objectives and actions, and regularly submitting the annual key projects and performances to the Board of Directors for verification



ASUS has been focused on key issues such as products, supply chain and organization operations that are highly influential to corporate sustainable operation. We have established the "GreenASUS & SERASUS Steering Committee", which is authorized by the CEO to be the management representative and is held every 2 months. The members of the Committee come from the business operation unit, procurement department, customer service, administration, legal and other departments. The horizontal communication and coordination are carried out across the units, thus the resources can be effectively allocated. All ASUS people can work in a consistent and sustainable direction and combine the sustainability and business core to become one of the competitiveness advantage.



On the other hand, ASUS Board of Directors has an Audit Committee with 3 independent directors who oversee accounting, audit, financial/non-financial reporting processes, quality and integrity in operational control. The Risk Management Platform was under the Audit Committee. In addition to independent directors conducting the risk assessment to the issues of concern from external stakeholders, the Risk Management Platform holds regular cross-sector meetings to research the approaches on the topics identified as material risks. The Audit Committee would decide whether to report to the Board of Directors according to the materiality of the risk reports.

Association

To fulfill CSR and comply with the expectations of stakeholders, we have fully assessed and aggressively participated in various domestic and international organizations and programs to resolutely assume our CSR with corporations from within or outside the industry, contributing to sustainability issues. The table below lists the associations ASUS participates in and values, providing 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	✓			
Taiwan Cradle to Cradle Strategic Alliance	✓		✓	
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 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.

7

About ASUSTeK Computer Inc. Corporate Sustainability Report

We appreciate for your reading of ASUSTeK (ASUS) 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 11th year. The previous report was published in June, 2018. 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 2018. To ensure the completeness of the reporting, some of the contents also covered information in 2017 and in 2019.

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 95% 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/tw/Pages/Investor/#Financials

Contact Information

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

Email: stakeholder@asus.com

Analysis on Materiality and Stakeholder Engagement

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

Identification Process for Materiality

IDENTIFICATION

Collect Sustainability Topics
Refer to sustainability topics defined in international standards (GRI, ISO, and RBA), in sustainable investment institutions (DJSI, FTSE4Good, MSCI ESG index, and CDP), in industrial development, and in SDGs

PRIORITIZATION

Stakeholder Engagement
Establish stakeholder communcation channels, and prioritize the material issues according to the level of concern and of impact on the organization.

VALIDATION

Validate the approaches in response to material issues
Develop the short-, mid- and long-term goals, as well as the management approaches and project in accordance to the material issue by the desigated unit

REVIEW

Review the material issues and response from stakeholders
Work as a basis for continuous strengthening of stakeholder communication, and then develop the sustainability strategies.

Changes in 2018

At the identification stage, we found that international trends and stakeholder concerns have expanded from customer privacy to information security, thus we conducted a materiality analysis on this topic this year. At the same time, in response to the updates on GRI Standards in GRI 303: Water & GRI 403: Occupational Health and Safety, we simultaneous investigated the level of concern from stakeholders and the level of impact on the organization.

Stakeholder Engagement

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

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

2018 Materiality

After going through the analysis of the above procedures and reviewed by the corporate sustainability unit and senior managers, the materiality matrix for 2018 was defined and the topics for which both the level of concern from stakeholders and the level of impact on the organization were in the top 1/3 were listed as Material Topics. We used the result to determine the priority and set short-, medium- and long-term goals including:

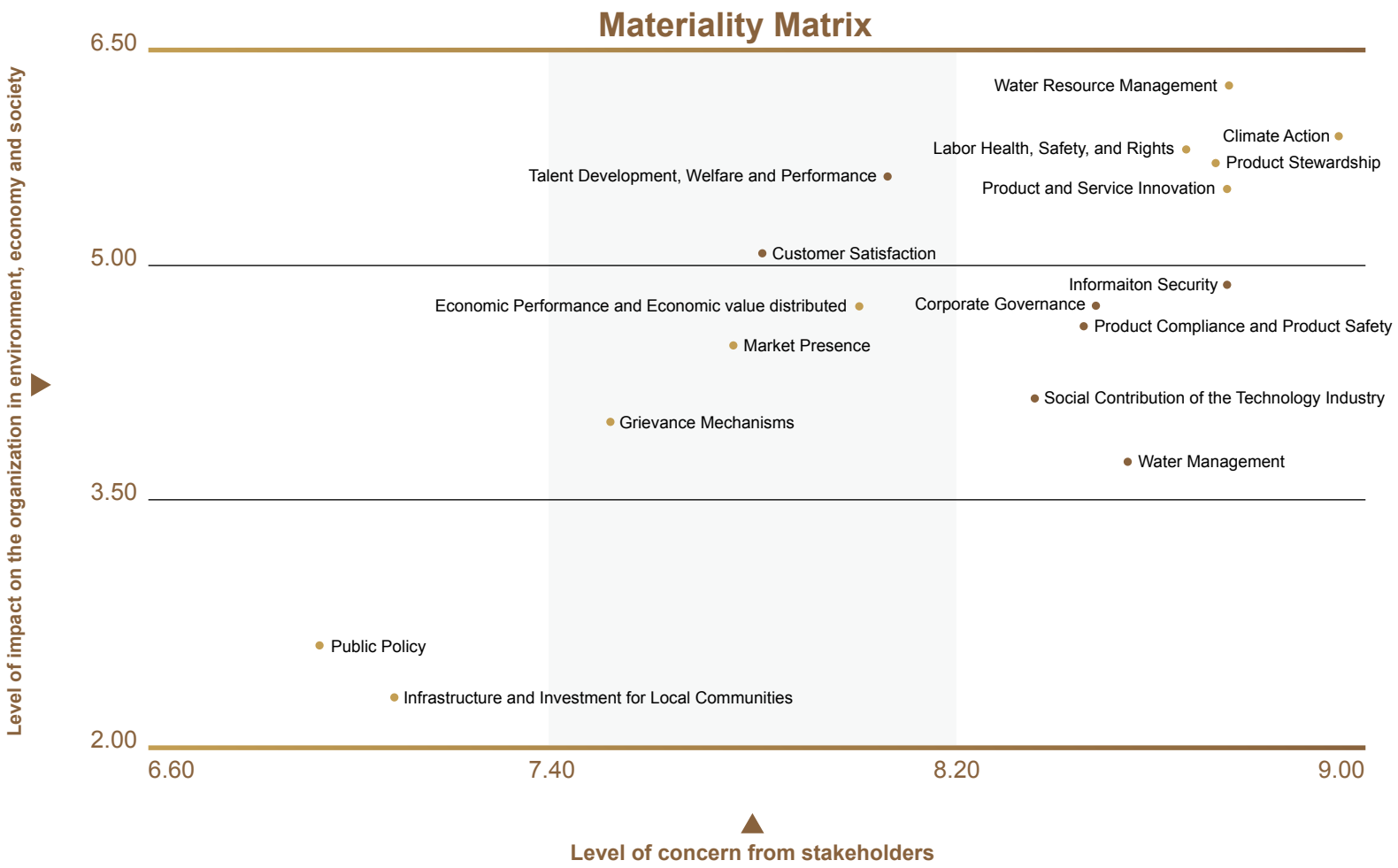
- Climate action
- Product stewardship (including circular economy)
- Responsible manufacturing
- Labor health, safety, and rights
- Product and service innovation

We formulated “ASUS 2020 Sustainability Goals” in response to material issues and for tracking the management of sustainable performance. Regarding topics that receive high level of concern from stakeholders or have high level of impact on the sustainable operation of the company, we voluntarily disclose relevant management approaches and performances, as well as the relationship with SDGs.

Dimension	Material Topics	Relevant Subjects	Material Issue	Suppliers	ASUS	Consumer
Governance	Corporate Governance	Regulation Compliance, Business Ethics		●	●	●
	Information Security	Information Security, Personal Data Protection		●	●	●
Environment	Climate Action	Operating Energy consumption, Greenhouse and reduction	●	●	●	●
	Product Stewardship	Eco Design, Hazardous Substance Management, Circular Economy, E-waste Recycling	●	●	●	●
	Responsible Manufacturing	Conflict Minerals, Pollution Prevention in Supply Chain	●	●	●	
	Water Resource Management	Water Usage Management		●	●	
Social	Labor Health, Safety, and Rights	Occupational Safety, Employee Diversity and Tolerance, Child Labor	●	●	●	
	Social Contribution of the Technology Industry	Social Application of the Technology Industry			●	●
	Talent Development, Welfare and Performance	Talent Attraction, Talent Development, Appraisal, Benefits			●	
Others	Product and Service Innovation	ICT Technology and Service Innovation, Digital Inclusion	●		●	●
	Product Compliance and Safety	Consumer Health and Safety, Marketing and Labelling			●	●
	Customer Satisfaction	Service Satisfaction			●	●

Boundary of Each Material Topic

Materiality Matrix



Appendix A Boundary Covered in the Report

Name	Region
ASUS COMPUTER INC.	Taiwan
ASUS Cloud Corporation	Taiwan
ASUS Technology Incorporation	Taiwan
ACBZ IMPORTACAO E COMERCIO LTDA.	America
ASUS COMPUTER INTERNATIONAL	America
ASUS India Private Limited	APAC
PT ASUSINDO SERVISTAMA	APAC
ASUS JAPAN INCORPORATION	APAC
Asus Global Pte., Ltd.	APAC
ASUS SERVICE (THAILAND) CO., LTD.	APAC
ASUS MARKETING (THAILAND) CO., LTD.	APAC
ASUS TECHNOLOGY (VIETNAM) COMPANY LTD.	APAC
ASUSTeK Computer (Shanghai) Co., Ltd	Mainland China
ASUS Computer (Shanghai) Co., Ltd.	Mainland China

Name	Region
ASUSTEK COMPUTER (CHONGQING) CO., LTD.	Mainland China
ASUS Technology (Suzhou) Co., Ltd.	Mainland China
ASUS COMPUTER Czech Republic s.r.o.	EMEA
Asus Czech Service s.r.o.	EMEA
ASUS France SARL	EMEA
ASUS Computer GmbH	EMEA
ASUSTeK Italy S.R.L.	EMEA
ASUS EUROPE B.V.	EMEA
ASUS POLSKASP.Z O. O.	EMEA
ASUS IBERICA, S.L.	EMEA
ASUS BILGISAYAR SISTEMLERI TICARET LIMITED SIRKETI	EMEA
ASUS Ukraine (ACUA)	EMEA
ASUS COMPUTER INC.	Taiwan
ASUS Cloud Corporation	Taiwan

Appendix B Other Performance Indicators

102-8 Information on employees and other workers

ASUS Group

Region	Category	Type	Male		Female	
			#	Proportion within that type	#	Proportion within that type
Headquarters	Labor force composition	Employee	4498	66.41%	2275	33.59%
		Worker	0	0.00%	0	0.00%
	Contract	Permanent	4469	66.65%	2236	33.35%
		Temporary	29	42.65%	39	57.35%
	Employment type	Full-time	4469	66.65%	2236	33.35%
		Part-time	29	42.65%	39	57.35%
	Employee type	General Employee	3085	61.63%	1921	38.37%
		Manager	1413	79.97%	354	20.03%
Mainland China	Labor force composition	Employee	1935	53.75%	1665	46.25%
		Worker	9	21.43%	33	78.57%
	Contract	Permanent	1918	53.25%	1684	46.75%
		Temporary	26	65.00%	14	35.00%
	Employment type	Full-time	1921	53.27%	1685	46.73%
		Part-time	23	63.89%	13	36.11%
	Employee type	General Employee	1517	50.20%	1505	49.80%
		Manager	427	68.87%	193	31.13%

Region	Category	Type	Male		Female	
			#	Proportion within that type	#	Proportion within that type
America Region	Labor force composition	Employee	398	57.10%	299	42.90%
		Worker	1	100.00%	0	0.00%
	Contract	Permanent	397	57.04%	299	42.96%
		Temporary	2	100.00%	0	0.00%
	Employment type	Full-time	397	57.04%	299	42.96%
		Part-time	2	100.00%	0	0.00%
	Employee type	General Employee	304	55.58%	243	44.42%
		Manager	95	62.91%	56	37.09%
Asia-Pacific	Labor force composition	Employee	1016	65.72%	530	34.28%
		Worker	0	0.00%	0	0.00%
	Contract	Permanent	964	66.48%	486	33.52%
		Temporary	52	54.17%	44	45.83%
	Employment type	Full-time	964	66.48%	486	33.52%
		Part-time	52	54.17%	44	45.83%
	Employee type	General Employee	888	65.01%	478	34.99%
		Manager	128	71.11%	52	28.89%
Africa & Middle East & Europe	Labor force composition	Employee	1166	65.40%	617	34.60%
		Worker	52	57.14%	39	42.86%
	Contract	Permanent	1138	65.55%	598	34.45%
		Temporary	80	57.97%	58	42.03%
	Employment type	Full-time	1138	65.55%	598	34.45%
		Part-time	80	57.97%	58	42.03%
	Employee type	General Employee	1031	63.76%	586	36.24%
		Manager	187	72.76%	70	27.24%

ASUS Cloud

Region	Category	Type	Male		Female	
			#	Proportion within that type	#	Proportion within that type
Headquarters	Labor force composition	Employee	45	60.81%	29	39.19%
		Worker	0	0.00%	0	0.00%
	Contract	Permanent	41	59.42%	28	40.58%
		Temporary	4	80.00%	1	20.00%
	Employment type	Full-time	41	59.42%	28	40.58%
		Part-time	4	80.00%	1	20.00%
	Employee type	General Employee	32	59.26%	22	40.74%
		Manager	13	65.00%	7	35.00%

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

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

ASUS Group

Region	Male	Female
Headquarters	1:1.31	1:1.31
Mainland China	1:1.60	1:1.60

* The data of subsidiaries in other countries other than in Headquarters and Mainland 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

ASUS Cloud

Region	Male	Female
Headquarters	1:1	1:1

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

ASUS Group

Region	Percentage
Headquarters	100.00%
Mainland China	33.00%
America Region	66.67%
Asia-Pacific	0.00%
Africa & Middle East & Europe	50.00%

ASUS Cloud

Region	Percentage
Headquarters	100.00%

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

ASUS Group
1) Headquarters: Center Manager and above
2) Oversea: General Manager and above

ASUS Cloud
Division Manager and above

401-1 New employee hires and employee turnover

ASUS Group

Region	Item	Age Group	Male		Female	
			#	Proportion of the male employees within that age group	#	Proportion of the female employees within that age group
Headquarters	Number and Rate of New Employee	<30	311	28.89%	278	37.82%
		30～50	194	5.71%	114	7.46%
		>50	2	1.74%	0	0.00%
	Number of Rate Employee Turnover	<30	192	17.84%	213	28.98%
		30～50	482	14.17%	208	13.60%
		>50	13	11.30%	2	5.56%
Mainland China	Number and Rate of New Employee	<30	294	40.79%	137	25.95%
		30～50	84	6.62%	48	4.31%
		>50	0	0.00%	0	0.00%
	Number of Rate Employee Turnover	<30	302	41.35%	219	36.67%
		30～50	280	21.45%	183	16.24%
		>50	6	34.03%	10	71.43%
America Region	Number and Rate of New Employee	<30	46	49.46%	21	25.61%
		30～50	52	20.72%	32	17.49%
		>50	1	1.82%	3	8.11%
	Number of Rate Employee Turnover	<30	34	37.36%	18	23.08%
		30～50	63	25.61%	42	23.08%
		>50	12	21.18%	5	13.51%

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	147	53.07%	106	49.30%
		30～50	189	25.96%	90	28.66%
		>50	2	11.11%	1	25.00%
	Number of Rate Employee Turnover	<30	261	75.10%%	120	56.87%
		30～50	337	47.80%	100	32.26%
		>50	5	27.78%	0	0.00%
Africa & Middle East & Europe	Number and Rate of New Employee	<30	119	39.27%	73	39.89%
		30～50	95	11.70%	64	16.71%
		>50	5	8.92%	3	5.77%
	Number of Rate Employee Turnover	<30	69	42.57%	54	45.90%
		30～50	115	15.39%	63	18.54%
		>50	2	1.67%	4	4.71%

ASUS Cloud

Region	Item	Age Group	Male		Female	
			#	Proportion of the male employees within that age group	#	Proportion of the female employees within that age group
Headquarters	Number and Rate of New Employee	<30	8	72.73%	4	33.33%
		30～50	9	30.00%	4	22.22%
		>50	0	0.00%	0	0.00%
	Number of Rate Employee Turnover	<30	7	63.64%	4	33.33%
		30～50	8	26.67%	4	22.22%
		>50	0	0.00%	0	0.00%

* 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 en

401-3 Parental leave

ASUS Group

Region	Item	Male	Female
Headquarters	Numbers of employee qualified for parental leave in 2018	713	361
	Numbers of employee apply for parental leave in 2018	6	40
	Numbers of employees who actually returned to work after parental leave ended in 2018	3	30
	Numbers of employees who worked 12 months after their return from parental leave by 2018	4	26
	Return to Work Rate in 2018	50.00%	75.00%
	Retention Rate in 2018	80%	81%
Mainland China	Numbers of employee qualified for parental leave in 2018	439	523
	Numbers of employee apply for parental leave in 2018	136	204
	Numbers of employees who actually returned to work after parental leave ended in 2018	135	202
	Numbers of employees who worked 12 months after their return from parental leave by 2018	113	191
	Return to Work Rate in 2018	99.26%	99.02%
	Retention Rate in 2018	68.18%	83.33%

* Region/Country other than Headquarters and Mainland China does not have parental leave, thus the data was not disclosed.

ASUS Cloud

*There was no parental leave in 2017-2018, thus the data was not disclosed.

* Numbers of Employee qualified for parental leave = Numbers of Employee who applied for paternity leave in the period of year 2016-201
* Return to Work Rate for Male(Female) Employee = Numbers of Male(Female) Employee who returned to work after parental leave in 2018/Numbers of Male(Female) Employee who should return to work after parental leave in 2018 X 100%
* Retention Rate for Male(Female) Employee = Numbers of Male(Female) Employee took the parental leave in 2017 and returned to work for at least 12 months in 2018/Numbers of Male(Female) Employee who should return to work after parental leave in 2017 X 100%

404-1 Average hours of training per year per employee

ASUS Group

Region	Item	Type	Average hours of training per year per employee
Headquarters	Gender	Male	16.11
		Female	17.44
	Employee type	General Employee	17.16
		Manager	14.77
Mainland China	Gender	Male	24.57
		Female	15.18
	Employee type	General Employee	20.74
		Manager	18.60
America Region	Gender	Male	2.23
		Female	1.75
	Employee type	General Employee	2.16
		Manager	1.67
Asia-Pacific	Gender	Male	1.42
		Female	2.46
	Employee type	General Employee	1.85
		Manager	0.98
Africa & Middle East & Europe	Gender	Male	0.92
		Female	0.89
	Employee type	General Employee	0.86
		Manager	1.17

ASUS Cloud

Region	Item	Type	Average hours of training per year per employee
Headquarters	Gender	Male	7.32
		Female	8.43
	Employee type	General Employee	7.92
		Manager	7.18

404-3 Percentage of employees receiving regular performance and career development reviews

ASUS Group

Region	Item	Type	Male			Female		
			#	Actual	Percentage receive review	#	Actual	Percentage receive review
Headquarters	Employee type	General Emploee	3085	2908	94.26%	1921	1777	92.50%
		Manager	1413	1317	93.21%	354	344	97.18%
Mainland China	Employee type	General Employee	1517	1338	88.20%	1505	1414	93.95%
		Manager	427	371	86.89%	193	190	98.45%
America Region	Employee type	General Employee	304	303	99.67%	243	242	99.59%
		Manager	95	95	100.00%	56	56	100.00%
Asia-Pacific	Employee type	General Employee	888	888	100.00%	478	478	100.00%
		Manager	128	127	99.22%	52	52	100.00%
Africa & Middle East & Europe	Employee type	General Employee	1031	1027	99.61%	586	586	100.00%
		Manager	187	185	98.93%	70	69	98.57%

*The followings are excluded from review:
1.Senior managers and above
2.Special hired (i.e. Children Are Us)
3.Intern/Trainee
4.No attendance during the review period
5.New hired in probation period
6.Representative

ASUS Cloud

Region	Item	Type	Male			Female		
			#	Actual	Percentage receive review	#	Actual	Percentage receive review
Headquarters	Employee type	General Employee	32	26	81.25%	22	21	95.45%
		Manager	13	12	92.31%	7	7	100.00%

*The followings are excluded from review:
1.Senior managers and above
2.Intern/part-time
3.New hired in probation period
4.Onsite representative from partnering company

Note: For Taiwan region, since ASUS Cloud has its own independent HR database, the statistic for ASUS Group does not include ASUS Cloud, and ASUS Cloud is listed separately.

In Taiwan, the listed company should disclose the number of full-time employees who are not in the manager position, and the average and the median salary of the full-time employees who are not in the manager position, as well as and the difference of each compared to the previous year:

ASUSTeK Computer Inc.

Year/Item	# of Full-time Employees	Average Salary of Full-time Employees (NTD)	Median Salary of Full-time Employees (NTD)
2018	5,908	1,359,776	1,086,047
2017	6,385	1,280,716	1,028,018
Difference Compared to 2017	-477	79,060	58,029

*The table only shows ASUSTeK Computer Inc. in Headquarters
*Excluding employees under 6 months

Appendix C GRI Content Index

GRI Content Index	Disclosure	Page numbers(s) and URL(s)
General Disclosures		
GRI 102: General Disclosures 2016	102-1 Name of the organization	XI
	102-2 Activities, brands, products, and services	XI
	102-3 Location of headquarters	XI
	102-4 Location of operations	XI, Appendix A, Annual Report 356~358
	102-5 Ownership and legal form	XI
	102-6 Markets served	Annual Report 108
	102-7 Scale of the organization	Annual Report 143~151
	102-8 Information on employees and other workers	Appendix B
	102-9 Supply chain	3-2
	102-10 Significant changes to the organization and its supply chain	No significant changes
	102-11 Precautionary Principle or approach	6-10~6-11, 2-2~2-5, 2-14
	102-12 External initiatives	2-14, 3-5, 4-2
	102-13 Membership of associations	6-14
	102-14 Statement from senior decision-maker	I, II
	102-16 Values, principles, standards, and norms of behavior	6-2, 4-2
	102-18 Governance structure	6-12
	102-40 List of stakeholder groups	7-3

GRI Content Index	Disclosure	Page numbers(s) and URL(s)
General Disclosures		
GRI 102: General Disclosures 2016	102-41 Collective bargaining agreements	Each subsidiary complies with the collective bargaining agreement in accordance with national laws and regulations.
	102-42 Identifying and selecting stakeholders	7-2~7-3
	102-43 Approach to stakeholder engagement	7-3
	102-44 Key topics and concerns raised	7-4~7-5
	102-45 Entities included in the consolidated financial statements	7-1, Appendix A
	102-46 Defining report content and topic Boundaries	7-2
	102-47 List of material topics	7-4~7-5
	102-48 Restatements of information	Comparison of historical data
	102-49 Changes in reporting	95% of sales revenue according to Annual Report
	102-50 Reporting period	7-1
	102-51 Date of most recent report	7-1
	102-52 Reporting cycle	7-1
	102-53 Contact point for questions regarding the report	7-1
	102-54 Claims of reporting in accordance with the GRI Standards	7-1
	102-55 GRI content index	This table
	102-56 External assurance	Statement of Assurance

GRI Content Index	Disclosure	Page numbers(s) and URL(s)
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	2-14
	103-2 The management approach and its components	2-14~2-15, 3-9~3-10
GRI 302: Energy 2016	302-1 Energy consumption within the organization	2-16
	302-2 Energy consumption outside of the organization	2-14, 2-16
	302-4 Reduction of energy consumption	2-14, 2-16
	302-5 Reductions in energy requirements of products and services	2-16
GRI 305: Emission 2016	305-1 Direct (Scope 1) GHG emissions	2-15
	305-2 Energy indirect (Scope 2) GHG emissions	2-15
	305-3 Other indirect (Scope 3) GHG emissions	2-15
	305-5 Reduction of GHG emissions	2-15
	Supply Chain GHG Emission	3-9
Product Stewardship		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	2-1
	103-2 The management approach and its components	2-2~2-9
GRI 301: Materials 2016	301-3 Reclaimed products and their packaging materials	2-8
GRI 302: Energy 2016	302-5 Reductions in energy requirements of products and services	2-6 2-14
	Zero Waste to Landfill	2-12
	Hazardous substance management	2-3~2-5, 3-8
	Eco Label Product	2-9
	Recycling Service	2-8~2-9

GRI Content Index	Disclosure	Page numbers(s) and URL(s)
General Disclosures		
Responsible Manufacturing		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	3-5, 3-8
	103-2 The management approach and its components	3-5, 3-8~3-10
	Conflict Minerals	3-5~3-6
	Supply Chain Pollution Prevention	3-8~3-10
Labor Health, Safety, and Rights		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	4-2, 4-14, 4-17~4-21
	103-2 The management approach and its components	4-2, 4-14, 4-17~4-21
GRI 403：Occupational Health and Safety 2018	403-1 Occupational health and safety management system	4-14, 4-17
	403-3 Occupational health services	4-18~4-21
	403-5 Worker training on occupational health and safety	4-14
	403-6 Promotion of worker health	4-17~4-21
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4-17
	403-9 Work-related injuries	4-16
	403-10 Work-related ill health	4-16
	Safe work environment	4-14
	Employee health care and caring	4-17~4-21

GRI Content Index	Disclosure	Page numbers(s) and URL(s)
General Disclosures		
GRI 201: Economic Performance 2016	201-3 Defined benefit plan obligations and other retirement plans	Annual Report 219
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	4-4, 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	4-4
	401-3 Parental leave	4-2, Appendix B
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Appendix B
	405-2 Ratio of basic salary and remuneration of women to men	4-4
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	3-4~3-7
Product/Service Innovation		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	1-5, 1-8, 1-10, 1-13
	103-2 The management approach and its components	1-5~1-13
	Product innovation	1-5~1-19

GRI Content Index	Disclosure	Page numbers(s) and URL(s)
Other Concerns		
Governance		
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	6-3
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	No significant violation
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	No significant violation
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	No significant violation
Information Security		
	Information Security	6-4~6-8

GRI Content Index	Disclosure	Page numbers(s) and URL(s)
General Disclosures		
Water Management		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	2-13
	303-2 Management of water discharge-related impacts	2-13
	303-3 Water withdrawal	2-13
	303-4 Water discharge	2-13
	303-5 Water consumption	2-13
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	2-13
	Water footprint of supply chain	3-9~3-10
Talent Development, Welfare and Performance		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	4-2, Appendix B
	404-2 Programs for upgrading employee skills and transition assistance programs	4-5~4-12
	404-3 Percentage of employees receiving regular performance and career development reviews	4-13, Appendix B

GRI Content Index	Disclosure	Page numbers(s) and URL(s)
General Disclosures		
Product Compliance and Safety		
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
Customer Satisfaction		
	Customer satisfaction survey measures and results, customer service management, product repair services	3-12~3-13
Social Contribution of the Technology Industry		
GRI 203:Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	5-2~5-9

* There is no non-disclosures and thus no omission

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		Each subsidiary complies with the collective bargaining agreement in accordance with national laws and regulations.
	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	Circular Economic Transformation in Product Use of Safer Chemical Substances Energy Management and Responses to Climate Change	2-2, 2-3~2-4, 2-14
	Undertake initiatives to promote greater environmental responsibility	Use of Safer Chemical Substances Energy Management and Responses to Climate Change Safe Chemical Substances	2-3~2-4, 2-14, 3-8
	Encourage the development and diffusion of environmentally friendly technologies	Circular Economic Transformation in Product	2-2~2-9
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery	Business Ethics	6-2

Appendix E Disclaimer

Morgan Stanley Global Sustainability Index

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AA1000AS Assurance Statement

ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ASUSTeK COMPUTER INC.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2018

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 2018 (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 2018 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 2018.

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 of the sustainability performance information based on the materiality determination 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 requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

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's CSR Report of 2018 verified is accurate, reliable and provides a fair and balanced representation of ASUS sustainability activities in 01/01/2018 to 12/31/2018.

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 CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, ASUS' CSR Report of 2018, 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 future reporting, it is recommended to have more descriptions of ASUS' involvement with the impacts for each material topic (103-1) and integrated the SDGs in related to selected material topics, and how efforts were given to mitigate the impacts. When reporting on goals and targets for each material topic, the expected results are suggested to be set, if applicable, with quantitative objectives.

Signed:
For and on behalf of SGS Taiwan Ltd.

AA1000 Licensed Assurance Provider 000-8

David Huang
Senior Director
Taipei, Taiwan
24 May, 2019
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Summary of Subject Matters Assured

No.	Subject matter information	Page	Applicable Criteria
1	Number of ECO Products sold accounted for 65.57% (Note) of ASUS'net number of total products sold. Note: ECO Products are models that receive at least one of the following eight eco labels: Energy Star, EPEAT, TCO, UL, China Environmental Labeling, Taiwan Energy Label,Taiwan Green Mark, or China RoHS. Basis of Calculation: Denominator = Number of net sales by count of all products subtract those which were not eligible for any ECO Product Certification (For example, accessories and semi-finished goods) in 2018 Numerator = Number of net sales by count of all ECO Products that have ever received an eco-label as of December 31, 2018.	2-9	Number of ECO Products sold by ASUS in 2018 as a percentage of the net number of total products sold. Basis of Calculation: Denominator = Number of net sales by count of all products subtracted those which were not eligible for any ECO Product Certification (For example, accessories and semi-finished goods) in 2018 Numerator = Number of net sales by count of all ECO Products that have ever received an eco-label as of December 31, 2018. Note: ECO Products are models that receive at least one of the following eight eco labels: Energy Star, EPEAT, TCO, UL, China Environmental Labeling, Taiwan Energy Label, Taiwan Green Mark, or China RoHS.

No.	Subject matter information	Page	Applicable Criteria
2	100% of laptops under new projects which were sold in 2018 met the Energy Star 7.0 requirements, and the average energy consumption of the laptops was 29% better than that set forth by Energy Star. Note: New project is defined as projects that kicked off between 2017/7/1 and 2018/12/31. Basis of Calculation: the average of ((energy consumption limit - energy consumption)/ energy consumption limit) of all products.	2-6	According to the third party test report of the laptop that was under new projects which were sold in 2018. The Basis of Calculation: percentage of average energy consumption being better than the standard: the average of ((energy consumption limit - energy consumption)/ energy consumption limit) of all products.
3	In 2018, employees of ASUS and its subsidiaries (Note) dedicated a total of 6413.5 hours to volunteer services. Note: The scope of ASUS and its subsidiaries included ASUS headquarter, ASUS Technology Incorporation (ASUTC) and ASUS Global Pte., Ltd. (ASGL). Volunteer service refers to the volunteer activities and pre-event trainings held by ASUS in Taiwan.	5-12	The total number of volunteer service hours dedicated by employees of ASUS and its subsidiaries (include ASUS headquarter, ASUS Technology Incorporation (ASUTC) and ASUS Global Pte., Ltd. (ASGL). Volunteer service refers to the volunteer activities and pre-event trainings held by ASUS in Taiwan.

Limited Assurance Report of Independent Accountants

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會計師有限確信報告

資會綜字第 18010456 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，對　貴公司選定 2018 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 2018 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 2018 年度企業社會責任報告書第 G-1 至 G-2 頁之「確信項目彙總表」。

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，以發現前述資訊在所有重大方面是否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。

本會計師係依據所辨認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設計及執行下列確信程序：

- 對參與編製確信標的資訊之相關人員進行訪談，以瞭解編製前述資訊之流程、所應用之資訊系統及攸關之內部控制，以辨認重大不實表達之領域。
- 基於對上述事項之瞭解及所辨認之領域，對確信標的資訊選取樣本進行查詢、觀察、檢查及重新執行測試，以取得有限確信之證據。

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此報告不對 2018 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　張瑞婷　張瑞婷

中華民國 108 年 6 月 28 日