2020 Sustainability Report
Detailed Report

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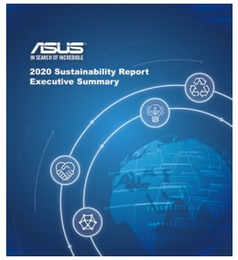
About This Report

The ASUS Sustainability Report for year 2020 details strategies, management structures and achievements made by ASUS, in relation to various sustainability initiatives. It also demonstrates how we have addressed the expectations of our stakeholders in regard to sustainability initiatives that have been established to protect the environment and to benefit society.

Annual Report



Executive Summary Report

Detailed Report

For year 2020, key information related to sustainability efforts is being presented in two reports: An Executive Summary Report provides an overview of the ASUS sustainability strategy and vision as well as key achievements and material topics, and a Detailed Report includes information that provides stakeholders with a clear understanding of ASUS governance, environmental and social policies and initiatives and the positive impacts that they are effecting across the value chain and on the environment, employees and society.

Financial data and other related information, including financial summaries and annual reports, are available on the ASUS investor Relations website.
https://www.asus.com/tw/Pages/Investor/

For other sustainability-related information, please visit the ASUS CSR website.
http://csr.asus.com/english/

Report Structure

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, and the Sustainability Accounting Standards Board (SASB) Index. The reporting boundries are align with the organization boundaries based on consolidated financial statements while excluding subsidiaries that are established for investment purposes within the corporate or issue independent CSR reports.

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 SASB, to ensure ASUS meets the principles for defining report quality of GRI Standards - Accuracy, Balance, Clarity, Comparability, Reliability, and Timeliness.

Contact Information

To provide feedback or to contact us with questions, please email us at:
stakeholder@asus.com

Message from the Chairman

The year 2020 was a year full of turmoil. In addition to threatening lives and livelihoods, the COVID-19 pandemic greatly affected the global economy, presenting unprecedented challenges for companies everywhere. As the world joins hands to fight the pandemic through economic policies and administrative measures, we are finally able to see progress against the pandemic in the vaccine rollout. As we look forward to the post-pandemic era, ASUS is strengthening our operational resilience and leveraging our core capabilities to aid the world in its return to normal.

The pandemic has not only reshaped the life and work patterns of people around the world, it has also accelerated the transformation of companies' digital capabilities. For example, to ensure business continuity, most companies have adopted remote work practices, and business activities and product announcements have also changed to a virtual format. Many believe that in the future, products and services that are user-centric and modeled after the digital economy will flourish, and that the trend toward digitalization in individual lives, enterprises, and in society at large will continue to strengthen. Bolstered by our firm leading position in the motherboard, computer and gaming industries, ASUS will further expand into the commercial market and smart application fields, accelerate digital transformation, develop a dynamic portfolio of artificial intelligence, cloud computing and AIoT solutions, and strive to become the world's most admired innovative leading technology enterprise in the new digital era.

In addition to threats to human life and well-being, the global economic and social problems caused by the pandemic have created challenges for implementing the U.N. Sustainable Development Goals (SDGs). To return to normal as soon as possible, ASUS has identified SDGs that we can contribute to with our own core competencies and has set 2025 sustainability goals. We have incorporated these goals into the corporate decision-making process to make positive contributions to society and the environment through practical action.

Looking ahead to 2021, ASUS has become an organization capable of continuous self-learning, evolution and innovation. We hold an optimistic view of our operations outlook and plan for robust growth targets — to strengthen the leading position of our current core businesses and to harness user needs in the new digital era. We will also continue to implement a progressive strategy for developing artificial intelligence and AIoT solutions, which will solidify our position as a leading innovation enterprise. Thus are the aspirations and commitments of the ASUS management team and all ASUS colleagues.

Jonney Shih

ASUS Chairman

Message from the co-CEOs

ASUS co-CEOs S.Y. Hsu

ASUS co-CEOs Samson Hu

Starting in 2020, the pandemic caused unprecedented upheavals in markets and across supply chains, which in turn brought many challenges for ASUS. Although we were temporarily affected by fluctuations in consumer demand and supply chains in early 2020, we rapidly adjusted operational plans and resource allocation to effectively handle these changes. In this challenging environment, we relied on the proactive efforts of management teams and colleagues, as well as close collaboration with industry partners, to accomplish incredible results.

The pandemic has been a crisis, yet it has also provided opportunities for businesses to transform. Over the past year, ASUS implemented the Business Continuity Program to survey our talents, core technologies and required resources; then we launched a series of simulations to help prepare for future crises. We have also taken notice that research indicates that the increase in the frequency and scale of disasters caused by climate change are expected to cause even greater harm than the pandemic has. With this in mind, ASUS has committed to mitigating our environmental impacts by setting the goal of using 100% renewable energy sources by 2035. ASUS will leverage the experience and knowledge obtained in implementing the Business Continuity Plan, as well as our climate-change preparations and risk-management practices, to strengthen our operational resilience, ensuring quick recovery when incidents do occur.

Since the global outbreak of COVID-19, telemedicine programs have become an area of focused innovation, to help improve the safety and capabilities of medical workers as they worked during the pandemic. ASUS has cooperated with partners from other industries and hospitals to foster a smart mobile medical program, which assists medical personnel in diagnosing and caring for patients remotely. The program enables medical care to be deployed in remote areas and reduces the risk of infection through physical contact. Building on this experience, ASUS will continue to deliver positive contributions to society by developing innovative technologies and services, leveraging our core competitiveness.

An important aspect of the ASUS business philosophy involves a focus on having a positive impact on society. We are committed to corporate sustainability and environmental protection, and we have championed the strategy of utilizing data and scientific management methodologies to optimize sustainability practices via core competencies as part of a long-term strategy. We are proactively incorporating the United Nation's Sustainable Development Goals to demonstrate our leadership in sustainability, as recognized by various industry organizations. For example, in 2020 ASUS was awarded Asia's Most Socially Responsible Company of the Year by the Asia Corporate Excellence & Sustainability Awards. ASUS also received the Best Supply Chain Report award from the Asia Sustainability Reporting Awards, plus the Taiwan Corporate Sustainability Award. ASUS will continue to actively foster strategic collaborations with industry and academic partners to cultivate talent, and we encourage all ASUS colleagues to embrace sustainability to create shared value, together.

2020 Achievements in Sustainability

Asia's Most Socially Responsible Company of the Year
(Asia Corporate Excellence & Sustainability Awards)

In response to the United Nations Sustainable Development Goals (SDGs), ASUS has identified the 2025 Sustainability Goals. These goals are based on four key dimensions: Green Product, Supply Chain Management, Sustainable Operation and Social Involvement. They aim to incorporate environmental, social and governance issues into operational decision-making and management processes, and they specifically reflect the influence of ASUS leadership. Asia Corporate Excellence & Sustainability Awards is one of the region's most prestigious accolades, and ASUS was the first Taiwanese company to receive the award.

Asia's Best Supply Chain Reporting: Gold award
(2020 Asia Sustainability Reporting Awards)

The Asia Sustainability Reporting Awards (ASRA) recognize and honor ESG reporting leaders in Asia and celebrate best practices in sustainability reporting.

The Asia's Best Supply Chain Reporting award recognizes transparent and comprehensive supply chain disclosure. The winning report describes the supply chain, critical impacts along the supply chain, and ways in which a company is ensuring sustainable and ethical supply chain management.

FTSE4Good Emerging Index (2016-2020)

FTSE4Good TIP Taiwan ESG Index (2017-2020)

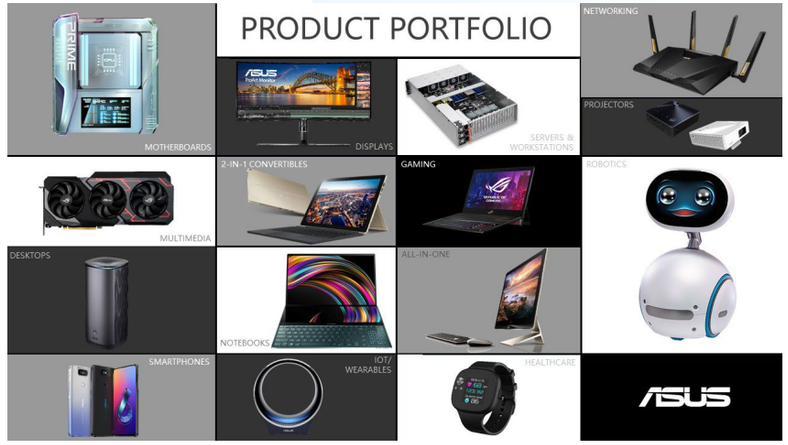
ISS (Institutional Shareholder Services)
ESG Corporate Rating: Prime Level

One of the World's Most Admired Companies, as designated by Fortune magazine for the 6th time (2015, 2016, 2018-2021)

The World's Best Employers,
as designated by Forbes magazine (2020)

Top 100 Global Innovators,
according to Clarivate (2021)

1 Business Philosophy and Sustainability Strategy



ASUS is a multinational company known for the world's best motherboards, PCs, monitors, graphics cards and routers, and is ranked by Laptop Mag as the best laptop brand in 2020. Along with an expanding range of superior gaming, content-creation and AIoT solutions, ASUS leads the industry through cutting-edge design and innovations made to create the most ubiquitous, intelligent, heartfelt and joyful smart life for everyone. ASUS had about 38 operation offices located worldwide with a total of around 14,700 employees that included around 5,000 R&D professionals, and we are driven to become the world's most admired innovative leading technology enterprise. Inspired by the In Search of Incredible brand spirit, ASUS won more than 11 awards every day in 2020 and ranks as one of Fortune's World's Most Admired Companies.

ASUS Group consolidated revenue for 2020 was NT$412.8 billion, and net profit after tax was NT$28.4 billion.

Business Philosophy

Inspire, motivate and nurture our employees to explore their highest potential

Commit to integrity and diligence; Focus on Fundamentals & Results

Endlessly pursue the No. 1 position in quality, speed, service, innovation and cost-efficiency

Strive to be among the world-class green high-tech leaders and to provide valuable contributions to humanity

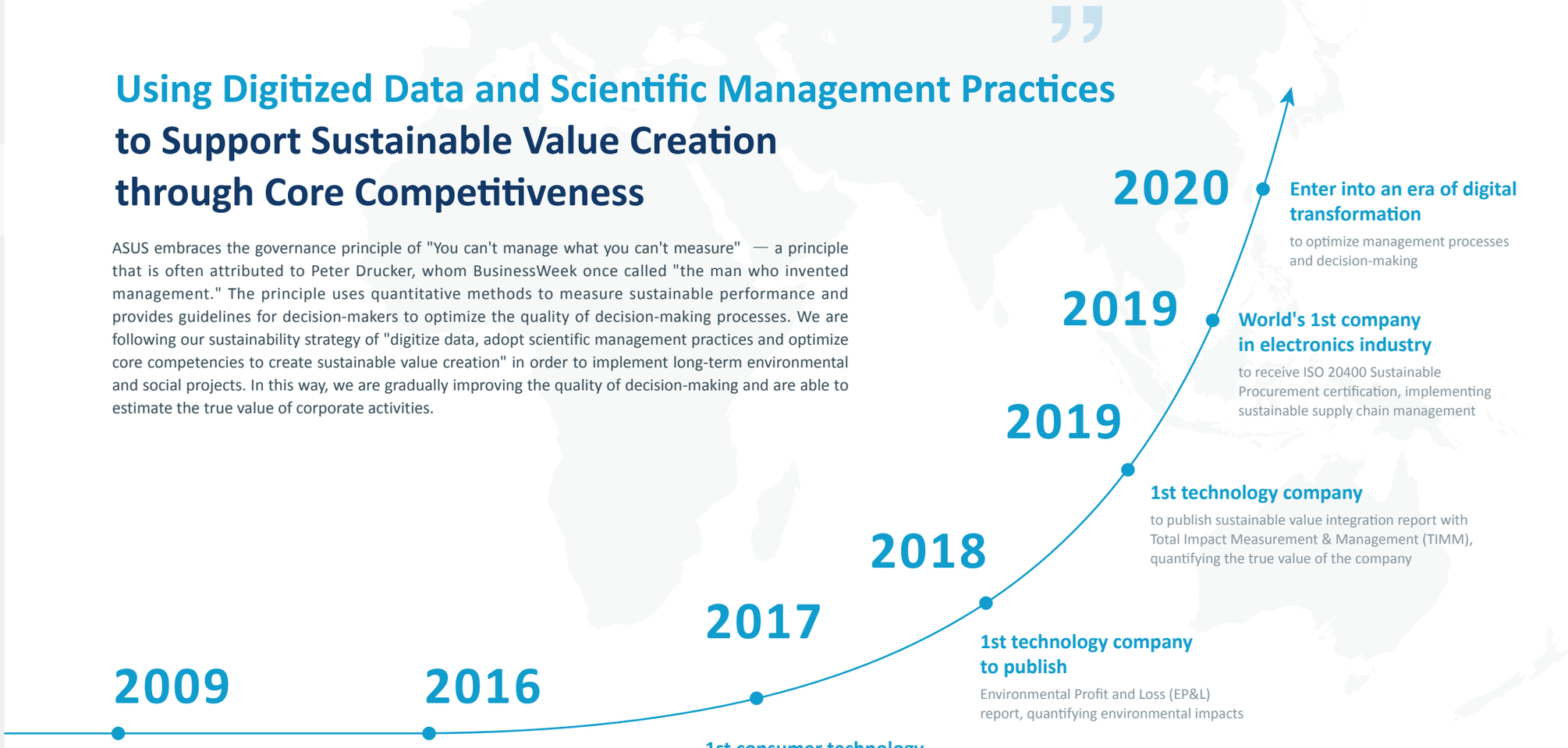
Sustainability Strategy

With the concept of sustainability, investment institutions consider the performance in corporate governance, environment and social as one of the prioritized evaluation items when selecting investment targets. In 2020, a report issued by the McKinsey group pointed out that 83% of corporate executives and investors believe that environmental, social and governance programs will create higher value for shareholders.

ASUS has a designated sustainability unit that has been responsible for related efforts since 2000. At ASUS, we strive to be among the world-class green high-tech leaders and to provide valuable contributions to humanity. In order to fulfill the ASUS vision of becoming the world's most admired innovative leading technology enterprise, we advocate that sustainability performance should involve strategic indicators that can be objectively measured. By adopting the sustainability strategy of "digitize data, adopt scientific management practices and optimize core competencies," every decision-making process incorporates environmental and social factors to help keep our competitive advantages focused on sustainability.

Using Digitized Data and Scientific Management Practices to Support Sustainable Value Creation through Core Competitiveness

ASUS embraces the governance principle of "You can't manage what you can't measure" — a principle that is often attributed to Peter Drucker, whom BusinessWeek once called "the man who invented management." The principle uses quantitative methods to measure sustainable performance and provides guidelines for decision-makers to optimize the quality of decision-making processes. We are following our sustainability strategy of "digitize data, adopt scientific management practices and optimize core competencies to create sustainable value creation" in order to implement long-term environmental and social projects. In this way, we are gradually improving the quality of decision-making and are able to estimate the true value of corporate activities.



2 COVID-19

The COVID-19 pandemic has disrupted the lives and livelihoods of people everywhere. Though progress has been made in reducing infection rates, many places in the world still remain in lockdown. This difficult time has reminded business managers that they need to be prepared for operational risks, as things can change at any time.

In addition to pandemics, businesses face other increasingly complex risks, including trade wars, effects of extreme weather, information security incidents, etc. In this environment, ASUS decided to expand the Risk Management Platform to the Business Continuity Management Committee(BCM) in 2020. The BCM committee is supervised by the Chariman to oversee the development of strategies. The co-CEOs, the chief operating officer, and senior sales managers serve as the decision-making team to monitor the effectiveness of the operations, the key risk indicators (KRI) established by each Taskforce team, and the risk prevention plans, and the team periodicaly report to the board of directors.

ASUS builds up the corporate risk culture and capabilities to manage risks through the BCM committee. It regularly collects international sustainability risk issues and changes in industrial trends, develop risk contingency plans for cross-departmental key risks, and monitor daily key risk indicators in order to take actions in advance. We can also identify the challenges or risks likely to occur in various fields and establish a good protection mechanism to develop a comprehensive risk management structure. Please see chapter Governance for more details.

Business Continuity Plan in Response to COVID-19

In this extraordinary period, ASUS has done everything possible to protect the health of employees, partners and consumers, and through proactive economic policies and administrative measures to properly reduce and reverse the impact of COVID-19. In order to allow employees to be able to maintain the operation of business even when they are unable to work normally, ASUS launched a series of drills to test readiness. One drill tested how to continuously serve customers through virtual meetings and remote work; or to take turns working in the office to prevent cluster infections within the company. These drills have the aim of helping the company prepare, so if an incident occurs the business can quickly resume normal operations.

Use Data as the Solution for Medical Institutions

ASUS has donated a variety of ASUS products to medical institutions to help their staff, and provided digital infrastructure to assist in their operations. One example is the donation of ASUS smartphones and smart watches to help medical workers in Taiwan fight COVID-19. With the health data tracking function of our smartwatches, potential cases can be monitored in real time, so that direct contact between medical staff and patients is minimized, thereby greatly reducing the risk of infection. Medical staff will be able to analyze changes in patients' physiological conditions, and make timely and effective decisions to manage the patients' health.

Social Responsibility under COVID-19

During the pandemic, many countries adopted a lockdown policy. According to UNESCO's statistics, about 1.5 billion students were affected by the closure of schools, and students were allowed to study remotely from home. Countries that lack infrastructure, and students who do not have access to digital devices, suffer from what is known as the digital divide. To help close this divide, ASUS has strengthened our digital inclusion projects. Through collaboration with external parties, we continue to donate equipment to schools in disadvantaged regions of the world to ensure that more children have access to education.

3 Stakeholder Engagement

Sustainability has become a major trend across industries of all types. In August of 2019, the Business Roundtable organization in Washington, D.C., announced that 181 Chief Executive Officers (CEOs) had signed a Statement on the Purpose of a Corporation, signaling a commitment to leading their companies for the benefit of all stakeholders, including customers, employees, suppliers, communities and shareholders.

ASUS is committed to nurturing and caring for employees; to demonstrating the principle of accountability in regard to laws, regulations and investors; to meeting the expectations of consumers and business partners with ASUS products and innovations; and to showing our vision for promoting sustainability and effecting positive social impacts.

Listening to the voices of stakeholders helps ASUS establish a clear path forward and confirm our role in society, thereby advancing our sustainability strategy to create shared value. ASUS identified material topics with significant impacts, risks, and opportunities through stakeholder engagements. This allowed managers to effectively allocate resources, plan short-, medium-, and long-term sustainability strategies. We also disclosed both positive and negative information to provide a basis for stakeholders to optimize the quality of decision-making process.

Based on the 5 major principles (dependency, responsibility, influence, diverse perspective, tension) of the AA1000 Stakeholder Engagement Standard, ASUS identified 7 major categories of stakeholders, including employee, customer, supply chain and business partner, investor, government and NGO, academic and society (ex. community and media), and used multiple channels to communicate in a regular/irregular manner to understand the expectations of stakeholders.

	Description	Communication Channel/ Frequency
Employee	ASUS considers employees as the most important stakeholder. ASUS cultivates employees' professional skills based on its business philosophy and provides them with a good workplace environment.	Employee opinion box, enterprise information portal website, meeting: irregular
Customer	ASUS aims to become the world's most admired and innovative leading technology enterprise in the new digital era, following the customer-oriented principle, and trying to create the most ubiquitous, intelligent, heartfelt, and joyful smart life for everyone.	Information technology exhibition: annual Product launch, website and email, customer satisfaction survey: irregular
Supply Chain and Business Partner	Business partners have interwoven with ASUS to form a mutual benefits value chain, and bolster the cooperative relation in environmental, governance and social issues to create a new business model for enhancing sustainable competitiveness.	Supplier workshop: annual Business Review: quarterly Supplier audit, onsite consultation, seminar, website: irregular
Investor	ASUS focuses on the golden triangle strategy of "design thinking", "net recommendation value" and "market position" to create a stable profit and return on investment, while demonstrating a sustainability governance	Shareholders meeting, annual report, CSR report: annual Investor conference, financial statement: quarterly Market observation post system: irregular
Government and NGOs	ASUS complies with regulations and follows government policies, and responds to NGOs' high-standard expectations at the same time. We serve as a model of an outstanding brand and lead the industry to upgrade.	Government document: irregular Conference, seminar: irregular
Academic	Through industry-academic collaboration, ASUS cultivates and discover future professionals, establishes communication channels to introduce new ideas, and cooperates in the development of innovative technologies.	Document: irregular Conference, seminar: irregular
Society (Community and Media)	ASUS contributes to the society with core business to solve environmental and social problems, and create positive impacts.	Press: irregular Public relation: irregular Social media: irregular

Materiality

Identification

Based on the Global Reporting Initiative (GRI) reporting framework, UN Sustainable Development Goals (SDGs), responsible investment, industry trends and stakeholder engagements, ASUS extracted 16 topics and investigated the level of concern from stakeholders and its impacts to ASUS' operation.

Source	Description
GRI Standards	33 topics from GRI 200, 300, and 400 series
SDGs	SDGs 17 Goals with a total of 169 Targets
Responsible Investment	Dow Jones Sustainability Index(DJSI), Morgan Stanley Capital International (MSCI) ESG Leaders Indexes, FTSE4Good Index, Sustainability Accounting Standards Board(SASB)
Industrial Trends	Topics concerned by international sustainability leadership, IT peers and other industries
Topics concerned by stakeholders	Topics collected from employee, customer, supply chain and business partner, investor, government and NGO, academic and society

Sustainable Development Goals

The United Nations adopted the Sustainable Development Goals (SDGs) that include 17 goals and 169 targets in environmental, economic and social dimensions with the vision of collaboratively promoting the survival of humankind and sustainable development by 2030. They have opened up a new era of sustainable development which rely on the cooperations among worldwide governments, organizations, enterprises, and even individuals to achieve the goals.

The Sustainable Development Goals (SDGs) which sets forth the world's most urgent environmental, social and economic issues become increasingly importance to stakeholders, and thus have become the focus of governments and companies around the world. SDGs contain opportunities for corporate growth. If enterprises deploies SDGs in advance, they could gain a first-mover advantage. On the other hand, those that follow up late or ignore SDGs may damage the brand image. In order to integrate SDGs into our corporate development strategies, we deeply analyzed them and closely linked the Global Reporting Initiative (GRI) reporting structure, the United Nations SDGs, Responsible Investment questionnaires, industry trends, and feedback collected through stakeholder engagements during the materiality process. We will be able to focus on specific goals that ASUS could make substantial contributions to.

Prioritization by Level of Concern and Level of Impact

ASUS distributed more than 1,200 questionnaires to collect the concerns of all stakeholders on the aforementioned 16 topics. During the engagement process, we made sure they fully understand the scope and significance of each topic, and finally received 526 valid questionnaires.

Within ASUS, more than 15 first-level managers were invited to evaluate the impact of each issue on ASUS on a scale of 1 to 10, based on the following three principles:

1. The environmental and social impacts of ASUS' activities on specific issues
2. The environmental and social events of specific topics that could impact ASUS operations
3. Although specific issues have no direct influence on ASUS, ASUS's actions will become the benchmark, exemplary or driving influence.

Validation of Material Topics

After consolidating the questionnaires, we defined the materiality matrix. Topics with both high level of concern and high level of impact were: circular economy, climate action, responsible manufacturing, and innovation and value creation. In addition, senior-level managers consider that we must accelerate the digital transformation and determine ASUS' corporate responsibility in a digital society, talent cultivation and training become crucial. Therefore, ASUS decided to raise the level of impact of social contributions of the technology industry and talent cultivation and set further goals and measurements to demonstrate how our sustainable development strategy is rooted in our core competitiveness.

For material topics, ASUS establishes management policies and action plans, sets goals and indicators accodring to data measurement strategies, and regularly track the performance. For general topics, we apply existing management processes and measures, and disclose relevant indicators to allow stakeholders to understand ASUS' overall sustainability performances.

Review

We regularly review the strategy, management, and indicators of the material topics in order to strengthen the communication with stakeholders, and their feedbacks will be used as the basis for the next sustainability report. Our experiences tell us that even through including the opinions of stakeholders may be time-consuming, it helps companies explore from different points of view that they haven't thought about before. The issues that stakeholders concern about are more likely to change due to the external environment, while those concerned by the companies are relatively steady. In order to remain sensitive to external signals and focus on the long-term corporate strategy, we conduct the materiality assessment every two years.

Develop Strategy and Take Action on Material Topics

Taking SDGs into the materiality assessment process will affect both ASUS activities in the value chain and SDGs. The positive impacts include the contributions of products, services and investment to SDGs and the corporate market, while the negative impacts bring risks to people, the environment or business operations. Such analysis helps companies integrate key SDGs and material topics to formulate relevant strategies and take actions in advance, and to allocate resources in areas that have long-term impact.

Material Topic	Strategy/Action	Corresponding SDGs
Circular Economy	The circular economy is regarded as an important method of realizing SDGs. Our products are designed with this in mind, and extensive recycling and reuse is applied to improve efficiency of resource utilization and to reduce environmental impacts.	
Climate Action	We continue to work to improve energy efficiency across operations and in our products. We also continue to take proactive steps to reduce greenhouse gas emissions, in line with the Paris Agreement.	
Responsible Manufacturing	We continue to work in cooperation with strategic partners to strengthen labor, health and human rights policies, as we also work to address social issues.	
Innovation and Value Creation	Digital technology is a key element in the advancement of SDGs. It encompasses the core competitiveness of a company and the issues that stakeholders care about, such as using the Internet of Things and big data to develop smart healthcare and smart manufacturing solutions. Through innovation and transformation in our sustainability efforts, we can impact the environment, economy and society while achieving maximum positive value creation.	
Talent Cultivation	Through cooperation with industry and academic partners we will continue to cultivate future talents.	
Social Contribution of the Technology Industry	We will collaborate with NGOs to provide effective and affordable ICT equipmet and services to disadvantaged groups in order to help bridge the digital divide with digital inclusion projects and sharing platforms.	

4 Our Sustainability Goals

Achievement in 2020 Sustainability Goals

In 2018, ASUS consolidated inter-departmental resources to launch the 2020 Sustainability Goals, which were important to our sustainability transitions. The 2020 Sustainability Goals covered entire product lifecycles to accurately measure sustainability in regard to products, the supply chain, operations and social involvement. We adopted qualitative methods to describe specific actions and also used quantitative indicators to track annual performances as well as the achievements when 2020 came to the end.

Reach a growth rate of 20% with eco product revenue, compared with 2016

Products with eco labels represent that they have better environmental performances. Among the market, only 25% to 30% of products could achieve such strict level of environmental performance. ASUS has invested in the research and development of green products over a long period, hoping to reduce the environmental impacts during the entire life cycle. Products obtaining those international eco labels could strengthen the green competitiveness of the company.

The requirements of eco labels have become more stringent, such as the EPEAT standard since its revision in 2018, ASUS still actively registers mainstream products such as notebook computers, desktop computers, and liquid crystal displays as EPEAT products.

In 2020, we received eight types of eco labels worldwide, and the revenue from Eco Products was 81.3% of our total product revenue, with 26% increase since 2016.

Halogen-free components account for 85% of new qualified components

The halogen flame retardants have application in extensive fields due to their low dosage, high flame-retardant efficiency, good compatibility, and relatively low cost. However, halogen flame retardants have been proven harmful to the environment and human health under incomplete combustion.

ASUS reduces the use of halogen-free flame retardant materials when technically and economically feasible. With the support from our supply chain, all hard disks and batteries were made with halogen-free materials since 2019, and the use of halogen-free components reached 86.7%.

Reduce the use of PVC by 10% compared to 2016

Polyvinylchloride (PVC) is one of the widely used plastic. However, plasticizers and stabilizers that mostly contain environmental hormones or heavy metals that are harmful to the human body must be added during the PVC manufacturing process, and dioxin may also be generated during incineration. Therefore, from extraction, manufacturing, usage, and disposal, PVC causes harm to both the environment and human health.

In the past, PVC was widely used in electronic products due to its advantages in price and stability. ASUS had set a goal to phase out the use of PVC. In 2020, the Type-C charging cable of the new generation of mobile products uses PVC-free material, and this action will continue to be expanded in the future.

In 2020, the overall PVC consumption had reduced by 10.6% compared to 2016.

Achieve waste conversion rate in headquarters of 90%

The traditional linear economic model built on a "take-make-dispose" model requires the use of large amounts of raw materials and resources. However, this model causes serious environmental problems such as ecological deterioration, climate change, waste and pollution, and will brings great risks to the sustainable operation of enterprises.

ASUS had initiated the "Zero Waste to Landfill" program for the Headquarters since 2015 to establish a waste flow diagram through the material flow model and implemented various projects such as composting, resource reuse, recycling and remanufacturing. We recycled waste plastic cups made of Polylactide (PLA) to produce business card holders, mobile phone holders and other products through a remanufacturing process, and further prohibited the use of disposable plastic tableware.

Even though the waste conversion rate in headquarters achieved 88%, the relocation of the new headquarters at the end of 2019 and the COVID-19 outbreak led to use of disposable plastic tableware again in 2020 caused an increase in scrapped equipment and thus the conversion rate did not improve as targeted.

On the whole, we have established waste flow management and source improvement measures through this goal.

Achieve global product recycling rate of 20% by 2025

E-waste is the fastest growing household waste but with a low recycling rate in the world. Different from general household waste, e-waste contains toxic substances, such as mercury, lead and flame retardants, that are harmful to health and the environment. Inappropriate incineration or landfill could causes serious pollution to the environment and ecology, and greatly affects human health. On the other hand, e-waste contains valuable substances. The resource regeneration procedures of these raw materials form a green recycling industry, which is significant to economic development, human rights and environmental protection.

In promoting extended product responsibility, ASUS global recycling service in 2020 covered more than 77% of the sales market and recycled more than 12,000 tons of e-waste, reaching the recycling rate of 13.4%. We continue to work toward the target of a 20% recycling rate.

Reduce emissions in operations by 50% and increase energy efficiency of major products by 50% by 2025

Environmental change caused by climate change has had impacts on global economic and social stability, and is considered as the major risks in the world. Companies need to face the impacts brought by climate change on their sustainable development, and develop their mitigation and adjustment policies. ASUS supports the goals of the Paris Agreement along with the empirically created targets and solutions. Although we are not in an energy-intensive industry, we persist with a no-regret policy and seek to influence change across the industry to mitigate climate change. In addition to contributing to the environment and to society through innovation, we have integrated climate action into our operations policies by creating corresponding strategies that address major climate risks and opportunities.

ASUS headquarter buildings were managed through ISO 50001 Energy Management System and obtained LEED green building certification to reduce environmental footprint from operations. The carbon emissions in Taiwan operations were reduced by 20% from 2008 to 2020. At the same time, ASUS invested in energy-saving software and hardware development to increase the energy efficiency of main products by 29% with 2013 as the baseline year. Expected results have been achieved for the goals. Considering that renewable energy and the supply chain for low-carbon manufacturing have been adopted as strategies for climate action around the world, ASUS will launch new goals to demonstrate our ambition in mitigating climate change.

100% of tantalum, tin, tungsten and gold procured from qualified smelters

Conflict minerals refer to minerals mined in situations of armed conflict and human rights violations, especially the armed groups in the Democratic Republic of Congo and neighboring countries adopt forced labor, child labor, and other illegal mining practices for minerals such as tantalum, tin, tungsten, and gold (3TG) and later sell these minerals in exchange for weapons, resulting in directly or indirectly funding of the groups.

ASUS has implemented due diligence and assisted suppliers to trace the source of materials, and coordinated with suppliers to carry out a conversion plan to use materials from qualified smelter. In 2013, the procurement rate from qualified smelters was only 22% and gradually increased, and achieved 100% at the beginning of 2018.

100% of key suppliers pass the audit performed by a 3rd party and are in compliance with the ASUS Supplier Code of Conduct

Stakeholders have begun to pay more attention to whether companies consider fair labor, environmental protection, and cost reductions, as well as risks related to potential damage to the brand or supply disruption during the procurement and manufacturing processes. To build a more sustainable supply chain, corporations must consider environmental, social, and governance (ESG) factors. They must do this in addition to considering the five conventional aspects of quality, delivery, technology, cost and service when selecting suppliers, in order to improve sustainability performance across the supply chain.

ASUS reshaped its supply chain management in accordance with the ISO 20400 sustainable procurement guidelines, making sustainability one of the key considerations for procurement. We conducted third-party audits on key suppliers and assisted them in continuous improvement to reduce potential sustainability risks in the supply chain. The performance of the supply chain management framework was evaluated by a third-party certification body, resulting in ASUS receiving the world's first ISO 20400 Sustainable Procurement Certification.

Establish an environmental footprint roadmap with the data coverage rate reaching 90% of product revenue

The product life cycle - from extraction, manufacturing, transportation, usage, and disposal - has impacts on the environment, and companies have the responsibility to mitigate the impacts. By performing an Environmental Profit and Loss (EP&L) project, we quantify the environmental impact and estimate the repair costs, and it is helpful to understand the hot spots of environmental pollution.

EP&L project monetizing environmental impacts to make them comparable and thus identify environmental hot spot and allocate management resources. Based on the evaluation results, new suppliers must obtain ISO14001 Environmental Management System certification to drive the supply chain to reduce the environment impact on the supply chain.

In 2020, ASUS completed the environmental footprint with data coverage reaching 90% of product revenue of notebook computers, desktop computers, motherboards, displays, and mobile phones, and the environmental impact of monetization will be approximately US$642 million.

The Social Return On Investment of the digital inclusion program reaches 5

Not everyone has been able to enjoy the benefits that technology has to offer. Barriers due to income, location, age, educational level, gender or race continue to exist. According to an evaluation by the United Nations Educational, Scientific and Cultural Organization (UNESCO)[1] , the next generation needs greater digital literacy to effectively work, live, study and communicate. Without these digital skills, people will be marginalized in society because they have fewer opportunities to participate in the digital economy.

Since its inception in 2008 with the aim of bridging the digital divide, the ASUS Foundation has been building digital learning centers worldwide to solve domestic digital divide issues in cooperation with non-profit organizations, volunteer groups, and government agencies, promoting Digital Inclusion project. ASUS continues to develop digital teaching materials so that refurbished computers are no longer just a "donation" but also a medium that helps the recipients and users to master digital skills. In 2019, when we evaluated the influence of the program over recent years, we saw an SROI increase from 3.61:1 in 2016 to 5.7:1 by 2019.

Contribute 30,000 hours in volunteer service worldwide

ASUS is one of the "World's Most Admired Companies" evaluated by Fortune magazine. In addition to business activities, we also combine voluntary services with our core competitiveness to create connections with local consumers and deepen the market.

The ASUS Foundation cooperates with domestic and overseas school associations or non-profit international volunteer organizations to travel abroad to rural areas and provide education services in fields such as information and communication, Chinese language, ecological conservation, scientific and technology, to fulfill our social responsibilities. ASUS encourages employees to participate in volunteer service. Two weeks' vacation plus meals, lodging, and travel are provided to employees going for overseas volunteer services. In 2020, due to the COVID-19 pandemic around the world, ASUS paused the overseas volunteer program under the premise of protecting the health and safety of colleagues and volunteers. Therefore, the hours in 2020 decreased, and the cumulative hours reached 29,482 hours.

[1] Guidelines for Designing Inclusive Digital Solutions and Developing Digital Skills, UNESCO, 2018

2025 Sustainability Goals

After achieving the 2020 Sustainability Goals, ASUS reviewed the accomplishments and the changes in material issues, and then planned for the next five years with 2020 as the baseline year. We launched the ASUS 2025 Sustainability Goals to extend our commitment to the environment and society. With our core competitiveness and expertise, our focus was on four material topics: Climate Action, Circular Economy, Responsible Manufacturing, and Value Creation. Through positive changes that improve sustainability and protect the environment, ASUS will improve our green competitiveness, creating shared value within society while making substantial contributions to SDGs.

Climate Action

- Reduce **50%** of carbon emissions from ASUS global operations centers by 2030
- Use **100%** renewable energy in Taiwan-based operations centers by 2030, and in global operations centers by 2035
- Ensure that each year's key products demonstrate energy-efficiency that's **30%** above the Energy Star standard
- Ensure that key suppliers achieve a **30%** reduction in carbon intensity rates by 2025

Environmental changes caused by climate change continue to have impacts on the global economy and society. With the Paris Agreement, countries around the world reached a consensus to jointly mitigate climate change. In consideration of a changing climate, ASUS applies scenario simulations to analyze possible future impacts on the business and is taking forward-looking, proactive climate actions, including incorporating renewable energy as part of the operational strategy, and also using software and hardware to improve the energy efficiency of products. At the same time, we are driving the supply chain to carry out transformation to low-carbon manufacturing to reduce the carbon footprint across operations.

Circular Economy

- Promote sustainable procurement and increase the use of environmentally friendly materials in products and packaging by **100%**
- Boost green competitiveness to increase the proportion of green product revenue by more than **50%**
- Improve information security by following ISO 27001 Information Security Management System guides to reach **100%** compliance across applicable product lines
- Encourage a circular economy by achieving a global recycling rate of **20%** for ASUS products

Setting aside the linear economy of take-make-dispose and instead moving to a circular model is a key factor for sustainability. ASUS takes the impacts of product lifecycles into consideration during the design phase, expanding the use of environmentally friendly materials and developing green products to enhance business competitiveness. ASUS also continues to expand recycling services around the world, improving the efficiency of resource use. In addition, digital tools are being introduced to accelerate the move to a circular economy and to provide a safe R&D environment.

Responsible Manufacturing

- Achieve labor and human rights goals by completing **100%** of RBA third-party audits of key suppliers and ensure that any necessary corrective actions are taken
- Use responsible minerals by sourcing **100%** of tantalum, tin, tungsten, gold, and cobalt from qualified smelters
- Strengthen information security across the supply chain by ensuring that key suppliers demonstrate **100%** compliance with information security regulations

Sustainability efforts are no longer limited to the enterprise itself: they now also extend to the supply chain and are coordinated with upstream and downstream business partners to create shared value and drive positive changes in society. ASUS includes the sustainability performance of suppliers in evaluating procurement processes, and has become a full member of the Responsible Business Alliance (RBA) to ensure that the supply chain processes meet environmental standards as well as labor safety and human rights standards across the workplace, and information security management has also been applied to the supply chain.

Value Creation

- Intensify digital transformation and innovation efforts with the goal of a **100%** increase in sustainable value creation
- Strengthen industry/academia cooperative projects to cultivate more than **1,000** talents

In addition to fulfilling our corporate social responsibility as a leading technology provider and achieving our growth goals, ASUS expects to exert its core competitiveness in digital information to help protect the environment and society and create shared value for society. In the journey of sustainability transformation, we will drive the next wave of corporate growth and innovation momentum and explore new commercial markets to create a new growth curve. Along the way, we hope to nurture and recruit key talents who have the same goals as ASUS, further promoting social development and positive changes.

5 Circular Economy

The linear economy of "take-make-dispose" led to growth and prosperity in many parts of the world. It is, however, also one of the reasons for current sustainability problems because the linear model implies using resources in an unsustainable way and producing large quantities of waste that destroy the environment further. It leads to a contradiction that both "resource scarcity" and "resource waste" threaten our economic and environmental system. Among them, the characteristic of rapid replacement in electronic products has made the problem even more serious.

ASUS believes that companies shall transform into a more circular model. It not only could help prevent the risk for resource scarcity and price fluctuation, but also leave a sustainable future for next the generation. Toward to the goal of sustainable development, ASUS adopts environmental-friendly and approaches, through re-design of materials, products, manufacturing process and business model, to extend the product life cycle of "cradle to grave" as to "cradle to cradle," to increase the efficiency of resource utilization, and further creates new business model.

Goal/Performance

In order to integrate ASUS products into the circular economy policy, we aim to develop green and safe products and continue to reduce the environmental footprint of our products. We formulated the "ASUS 2020 Sustainability Goals" to monitor performance every year for improvement.

Eco products account for 81.3% of product revenue.

Halogen-free components account for 86.7%

Achieve global product recycling rate of 13.4 %

The circular economy model is an environmentally friendly business model. However, this model could not be achieved with one step. Combined our experience with developing digital technologies that facilitate the circular economy and analyzing the trend of international development and referred to the research from Accenture[1], for our product design and services we start with five concepts: Circular Supply Chain, Extension of Product Lifecycle, Products as a Service (PaaS), Sharing Platform, and Recycle for Regeneration. We also have adopted numerous measures to improve resource efficiency.

Circular Supply Chain

More than 80% of environmental impacts in the product lifecycle is determined at the design phase. We believe that integrating the concept of circular into the product design stage, introducing environmentally friendly design, and more actively managing the use of chemicals in the production process could improve the circularity of products and substances.

Life Cycle Assessment (LCA)

In accordance with the ISO 14040 and 14044 Life Cycle Assessment Standards, we started from LCA and used the Environmental Product Declaration (EPD) method to calculate the environmental impact of notebook computers in extraction, manufacturing, transportation, usage, and disposal, and the results were presented on five indicators such as acidification, eutrophication, global warming, photooxidation, and ozone depletion. The report was verified by a third-party certification body SGS.

Based on the results of the LCA, we redesign products, processes and services, and improve product repairability, refurbishment and reuse, so that resources can be reused more efficiently. Meanwhile, we apply global eco labels for our products to create the business opportunities of green procurement and thus enhancing the green competitiveness of products.

Safer Chemicals

Numerous chemicals would be added to the product to ensure quality and safety. Along with advancing analysis on scientific hazards and risks, however, some chemicals that are currently approved for use may be determined as necessary to control in the future, which could interrupt the circularity of the products or components. The use of safer chemicals will help the circulation of resources and reduce environmental pollutions at the end of the product's life cycle, and create a safer disposal process to protect the personnel.

The ASUS Hazardous Substances Free(HSF) standard has aligned with RoHS (Restriction of Hazardous Substances Directive) since 2002, and it also proactively takes the stringent regulations into consideration to include substances such as beryllium, antimony and red phosphorus, that exist risks for potential hazards to the human body or the environment. After several revisions, the standard goes far beyond the international regulations and also covers IEC 62474[2] Material Declaration Standard, which could help exchange chemical information between different suppliers. Since 2018, we have revised the standard to align with global eco-labels which set stricter requirements for prohibited substances, improving environmental performance of the product.

ASUS has introduced ISO 9001 Quality Management System since 1999, supplemented by IECQ QC 080000 Hazardous Substance Process Management System Requirements for chemical management. Through the third-party testing laboratory, the onsite audit performed by ASUS personnel, the audit and re-audit of the management system and else, the development of the entire product starts from a truly environmentally friendly design, and we are able to provide consumers with products that are safe for both the human body and the environment.

In recent years, plastic pollutions has attracted the most attention. ASUS' approach is to improve the recyclability of plastics, and one of the key elements is the flame retardants. In order to protect users and improve the fire resistance characteristics of the product, flame retardants are added to the plastics of electronic products. Among them, halogen flame retardants have the advantages of wide application fields and high flame retardant efficiency, which are the main reasons for their widespread use. However, it has been confirmed internationally that halogen flame retardants will produce extremely toxic dioxin, which is harmful to the environment and human health, if improperly recycled and processed, and the parts containing halogen cannot be reused due to halogen acid.

ASUS is committed to reduce the use of halogen flame retardant materials when technically and economically feasible. We has adopted the halogen-free policy since 2010 and strive to achieve the goal of using halogen-free flame retardants in 85% of the products shipped in 2020. All hard disks and batteries were made with halogen-free materials in 2019, and the use of halogen-free components reached 86.7% in 2020. We will continue to move towards higher goals.

ASUS reduces the use of halogen-free flame retardant materials when technically and economically feasible. The charging cables of our new generation of mobile products do not contain PVC materials. At the same time, all hard disks and batteries are made with halogen-free materials.

[1] Circular Advantage - Innovative Business Models and Technologies toCreate Value in a World without Limits to Growth, Accenture, 2014

[2] IEC 62474: With the electrical and electronic standards set by IEC (International Electrotechnical Commission), we used the supply chain material declaration to track and declare information of material composition for electrical and electronic products, which enhanced the efficiency of data exchange in the world and the supply chain.

Due to the proactive management of the chemical control, ASUS was rewarded the environmental tax reduction by Sweden since 2017 at an amount exceeding US$3.9 million cumulatively. It proves that we can contribute to the environment and receive benefits when enhancing the competitiveness of green products.

In addition to controlling hazardous substances in products, ASUS cares about whether the materials or auxiliaries used in the manufacturing process pose hidden hazards to the production line workers and the environment. Besides controlling the use of benzene and n-hexane in the cleaning and decontamination solutions in the process, in 2020, ASUS has cooperated with Mainland China's "Blue Sky Program" to gradually introduce low-VOCs (Volatile Organic Compounds) raw materials, such as paints and inks, to reduce the factors in manufacturing processes that are likely to affect the human body or indirectly cause environmental hazards and fulfill social responsibilities.

Regarding the control of halogen substances, in addition to restricting the use of chlorine in the bleaching process of paper packaging materials from 2018, the use of Polyvinyl Chloride (PVC) in the Type-C charging cable of mobile communication products was eliminated in 2020. The overall consumption of PVC in 2020 reduced by 10.6% compared with 2016.

In the past, with the passive response to international regulations or customer requests, we frequently conducted surveys on supply chain and product. We have gradually moved towards active substance management since 2018 by adapting the Full Material Disclosure (FMD) program in 2018. By investigating all materials used from the extraction to the assembly line, we could analyze the data and evaluate the risks of using a material

FMD (Full Material Disclosure) is the method of enhancing the transparency of the chemical supply chain in the production process. We closely collaborate with our supply chain and prioritize the FMD of mainstream products. In order to implement the program, we explained the operation process at the annual supplier workshops and further invited key component suppliers - such as module suppliers, to conduct supervision meeting assisting suppliers to establish operating procedures of internal substance flow, and cooperate with ASUS' existing material control system. The current FMD respose rate is more than 90%.

Take the notebook computer as an example. With FMD, we can realize that it uses more than 300 chemical substances, which can be classified into plastic (about 38.1%), metal (about 28.9%), glass (about 11.3%) and other ingredients (about 21.7%). During the analysis process, high-risk substances can be immediately identified, and resources can be concentrated to look for alternative materials to ensure environmental and social safety.

ASUS shifts to an active substance management approach, which can accurately grasp the information of chemicals used in products, making chemical usage data the most valuable intellectual property of ASUS. The data will help ASUS to expand the management scope to upstream, immediately manage the risk in materials, and respond to the policy and environmental regulations worldwide more quickly. For example, Waste Framework Directive (WFD) requires products with SVHC (substances of very high concern) content higher than 0.1% to complete the reporting of the SCIP(Substances of Concern In articles as such or in complex objects (Products)) by January 5th, 2021. Before the enforcement of the Directive, ASUS had completed the submission of 115 products. Even with the frequent list update, ASUS is well prepared.

Environmental Friendly Materials

Besides improving the recyclability of resources, we gradually apply sustainable materials in the products. The World Economic Forum (WEF) has estimated that plastic products would grow at an annual speed of 3.5% before 2050. With such speed, 2.8 Gt of CO_2e will be discharged in 2050, which is equivalent to the total emissions of 615 coal-fired power plants. Among ASUS products, mainstream products contain more than 30% plastic of total weight. Therefore, we cooperate with the suppliers to explore the opportunities that increase the recycled content as much as possible without affecting quality, function and durability.

In the last few years through product design, ASUS has replaced virgin plastics with recycled plastics. The amount of recycled plastics used was up to 565 tons since 2017[3], which was equivalent to approximately 1,017 tons of CO_2e reduction in carbon emissions . We will include more sustainable materials in products in response to circular economy and fulfill our commitment in sustainability.

In addition, when selecting packaging materials, priority is given to those containing recycled materials, such as the cartons with more than 80% recycled materials. At the same time, in response to the global trend of plastic reduction, the foam was reduced and the keyboard was covered with non-woven fabric. Not only the product itself but also the accessories achieve the goal of environmental friendliness.

Reduction in Packaging Volume

Packaging materials carry the purpose of protection during transportation and marketing. Compared to the products, however, most of the packaging materials were discarded by consumers after purchase, and caused resource wastage. According to the WEF and research report from Ellen MacArthur Foundation in 2016, most of the packaging was only used once; where the massive plastic junk produced after use was only recycled effectively at a mere 5%.

Therefore, under the premise of maintaining safe transportation, we reduce the waste of the internal space of the packaging and the packaging volume to decrease the use of materials. We also consider the way of stacking. It not only could improve transportation efficiency, but also could prevent damage caused by transporting products of different sizes.

Packaging Materials of Notebook Computer X415/X515

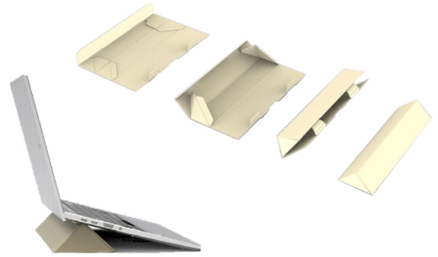
In addition to the carton made of 85% to 90% recycled paper, we redesign the packaging structure and reduce the weight as well, decreasing 8.9% and 11.5% accordingly.

Accessary Box of Notebook Computer B9400

Incorporating the reuse element to let consumers easily turn the accessory box into a laptop stand, thus extending the life cycle of the packaging.

Packaging Materials of Notebook Computer X435

Consumers can turn the clapboard into laptop stand.



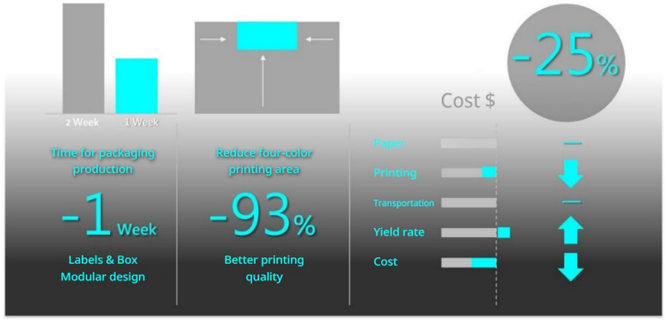
[3] "Post-Consumer Plastic" by the Plastic Industry Technology Development Center in 2010. For the calculation of carbon footprint benefits, please see page 5-10

Modular Design for Display Gift Box

1. Through the modularization of the size of the printing layout, product-related information can be printed without using a label, which can greatly improve the economic benefits of the printing layout in the packaging design and application.
2. There are 2 sets of size specifications for printing layout corresponding to 4 types of boxes, in 24", 27", 32" and 34", to reduce the number of materials to be controlled and improve the efficiency of packaging design management.

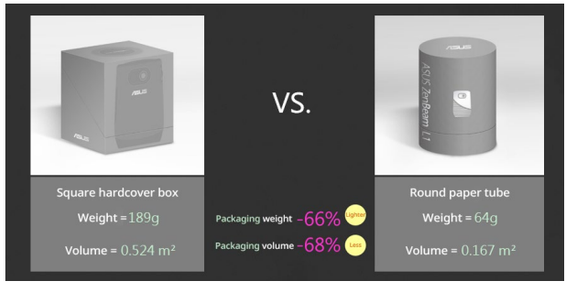
Reduction of Printing Ink

1. Improve the current practice of large-area printing on packaging color boxes and adopt small-area printing layout to achieve refined label design and reduce the use of four-color oily ink
2. Use environmentally friendly water-based inks on carton for modular printing to fulfill environmental responsibility



Packaging Materials of ZenBeam LATTE

Changing the square hardcover box to a round paper tube packaging that conforms to the shape of the product itself can reduce the weight and the volume of the packaging significantly, resulting the reduction in transportation costs and carbon emissions.



Life Cycle Extension

Design for Easy Disassembly

The recycling and reuse are considered during the design phase in order to improve the efficiency of resource usage and to facilitate circular economy. Through the easy disassembly for recycling, the consumer can update spare parts to accommodate with the usage when the product needs to upgrade for improving the computing performance, thus there is no need to replace the entire product. When the product failure occurs, it can be repaired and replaced with new components easily, extending the life of the product. When the product has to be eliminated, it can be classified by the recycling industry and thus reducing the processing costs for recycling and increasing the recycling value of waste electronic products. US iFixit scored 9 out of 10 points for the repairability of ASUS Chromebook C202 (10 points is the easiest for disassembly).

Asus
Chromebook C202
2016

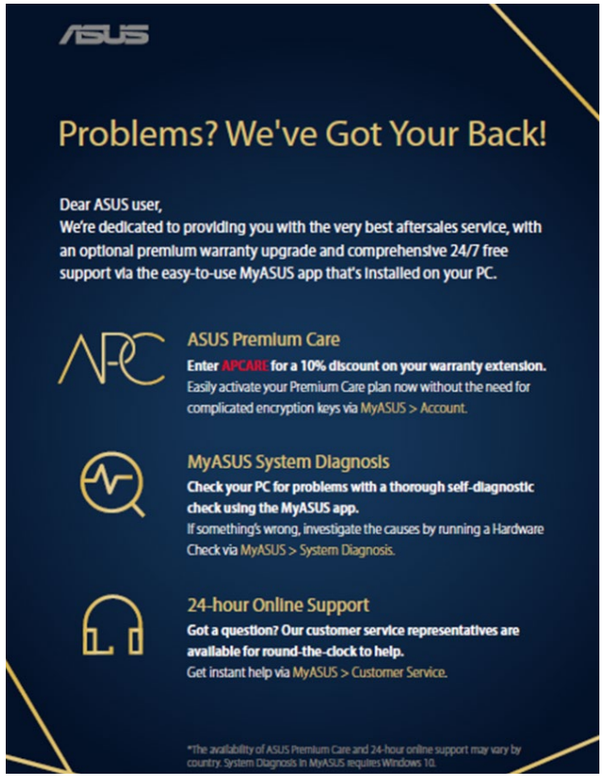
- Intuitive, uncomplicated design makes disassembly straightforward and reversible.
- Modular components means many repairs can be carried out by quickly swapping a failed part.
- Only Phillips #1 and #00 screws are used.

9

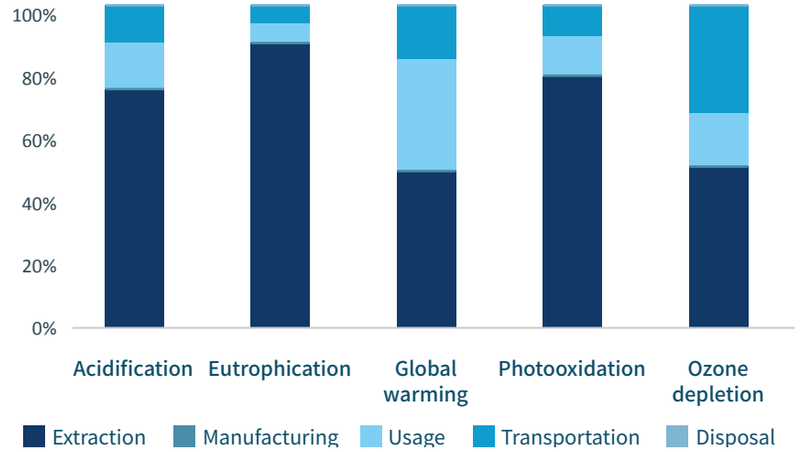
Technical Support

ASUS has established the technical support website to provide software and firmware updates for optimizing product performances. At the same time, we also provide diversified customer services such as physical stores, timely service and support website to solve questions on product use or provide maintenance service for the consumers. Moreover, we have developed the "self-diagnostic check" to optimize product performances and solve problems, as well as allowing users to know the health status of their computer equipment at any time, thereby extending the product life.

For products that are discarded and unusable, ASUS provides a comprehensive recycling service. In Taiwan, we have a "Refurbished Computer and Digital Training Program" to extend the product life.



LCA Results



From the perspective of the life cycle, extreme weather was mainly caused by extraction and product usage, and the water pollution were caused by extraction. In order to identify major pollution hotspots and prioritize issues, we extended the LCA project to implement an Environmental Profit and Loss (EP&L) program. Through the program, we identified the environmental hot spot in the supply chain life cycle was the water pollution, followed by greenhouse gas. Therefore, we required all new suppliers must have ISO 14001 in place. Please see chapter Responsible Manufacturing for more details.

Green Products

The Green Mark helps consumers to identify products or services with better environmental quality. It is deemed as one of the most suitable methods to implement a circular economy. For example, the Type I Ecolabel defined under ISO 14024 requires that the product must comply with the requirements in the whole life cycle, and be verified by the independent third party. Among the market, only 25% to 30% of products could achieve such a level of environmental performance.

ASUS has invested in green product R&D over a long period and acquired green certification under strict review by international ecolabel, which proves that in addition to its high quality, our product also presents excellent environmental performance. Take the EPEAT[4] ecolabel for instance, ASUS products, manufacturing process and operation could comply with the requirements on ten aspects, namely substance management, material selection, product design, energy usage, product & corporate footprint, regenerated energy, CSR (Corporate Social Responsibility), conflict minerals and packaging reduction, which reduced environmental impact over the entire life cycle.

However, the requirements of eco labels have become more stringent, such as the EPEAT standard since its revision in 2018, ASUS still actively registers mainstream products such as notebook computers, desktop computers, and liquid crystal displays as EPEAT products. The ASUS ExpertBook B9 adopted a magnesium-lithium alloy body with an ultra-narrow bezel design, and thus it weighed less than one kilogram. It meets strict environmental standards throughout its product life cycle. In addition to the Energy Star 7.1 certification and the elimination of halogen flame retardants in the PCB board, it was registered at EPEAT Gold level.

[4] The EPEAT (Electronic Product Environmental Assessment Tool) was jointly initiated by the EPA and IEEE in the USA. The Tool follows ISO 14024 structure and acts as a representative global eco-label in the IT industry.

[5] For the ratio of the revenue from eco products, please see page 5-10

[6] For the ratio of the revenue from products in compliance with EPEAT or equivalent standards, please see page 5-10

[7] For the ratio of the revenue from products in compliance with Energy Star, please see page 5-10

Taking products receiving EPEAT label in 2020, we use the GEC (Green Electronics Council) assessment tool and get the environmental impact reductions of EPEAT products sold in 2020 as followed: reducing more than 10,971 tons of CO_2e and 1,366 tons of solid waste, saving 320,000 tons of water and 55,280 mWh of electricity. It demonstrates that products with EPEAT label perform better as well as our commitment to reducing environmental impacts through ASUS products.

GHG reduction	Solid Waste reduction	Water consumption Savings	Energy Savings
10,971 Tons	1,366 Tons	320,000 Tons	55,280 mWh

In addition to EPEAT, ASUS also actively participated in the application of various eco labels. In 2020, we acquired a total of 8 types of eco labels worldwide, and the revenue from ASUS products with eco labels was 81.3%[5] of our total product revenue. We also adopt the method of Sustainability Accounting Standards Board (SASB) to calculate the proportion of sales on eco label products over corporate revenue as one of the reference indicators for investors. It was also important for ASUS to demonstrate green competitiveness. Among them, annual revenue from sold products compliant with EPEAT or equivalent standard was 8.6%[6] of the total revenue, the revenue from products compliant with Energy Star was 52.1%[7] of the total revenue. For energy consumption of the product, please see chapter Climate Action for more details.

Sharing Platform

Since the consumers showed greater concern over privacy and personal data in the IT products. It makes the difficulty to promote the sharing of products. We dealt with it from another perspective by establishing a sharing platform that optimized the efficiency of idle items. ASUS has built digital learning centers around the world, where we strived in promoting digital education to reduce the digital divide. By utilizing the sharing platform, we utilized idle items to establish digital infrastructures to enhance material efficiency.

Recycling and Reuse

Global Recycling Service

E-waste is the fastest growing household waste but with a low recycling rate in the world. Different from general household waste, e-waste contains toxic substances, such as mercury, lead and flame retardants, that are harmful to health and the environment. Inappropriate incineration or landfill could causes serious pollution to the environment and ecology, and greatly affects human health. On the other hand, e-waste contains valuable substances or Critical Raw Material[8]. The resource regeneration procedures of these raw materials form a green circulation industry, which is significant to economic development, human rights and environmental protection.

According to the third edition of "The Global E-Waste Monitor 2020" [9] , 53.6 million metric tons of e-waste were generated worldwide in 2019, with only 17.4% was recorded recycled and 21% increase in five years. The report also predicts that the weight of global e-waste by 2030 will be doubled the 2014 figure. Therefore, in addition to proper recycling, with recycling and resource circulation, an unusable product is given new value and new life, which is the key to the circular economy.

ASUS supports the extended product responsibility and promotes circular economy through providing recycling services in Asia, Europe and North America.

In Taiwan, recycling services are provided at ASUS Royal Club Service Center and consumer electronics retailer Sun Far, and consumers could bring in all kinds of discarded electronic products (computers, mobile phones, monitors and peripherals) regardless of brand. Through ASUS' "Refurbished Computer and Digital Training Program", discarded computers and components are turned into refurbished computers and are donated to remote regions and disadvantaged groups at both domestic and abroad. In 2020, ASUS donated 1,850 refurbished computers, and the reuse rate reached 3%[10]. In addition to giving new life to the product, the program promotes digital learning to solve the digital divide, and the unusable equipment are properly recycled to minimize the impact to the environment from hazardous substances contained in waste electronic products.

ASUS also responded to the mobile phone recycling promotion activities initiated by the government and provided services at the customer service center to guide consumers to clear information in the phone to ensure that personal data would not leak out. In addition, ASUS provided eshop discounts to encourage consumers' willingness to recycle their phones. The total weight of mobile phone recycled in 2020 increased by 34.6% from 2019.

We realize that electronic waste often flows to less developed countries due to lack of regulatory, processing costs and second-hand markets. To prevent improper handling that brings harms to human health and causes environmental pollutions, and to ensure the treatment processing is compliance with the Basel Convention, ASUS partners with recycling vendors approved by local governments, or comply with electronic recycling standards or certification, such as the Responsible Recycling (R2), e-Stewards Standards, or WEEELABEX. We conduct annual audits on items including the compliant procedures for treatment, tracking of downstream and pollution prevention, which ensures that electronic waste is dismantled into valuable resources that can be reused, to avoid improper or illegal disposal.

ASUS global recycling service in 2020 covered more than 77% of the sales market and recycled more than 12,000 tons of e-waste, reaching the recycling rate of 13.4%[11].

[8] Raw materials that are economically important, high import dependence, high-risk associated with their supply and uniqueness in application, but are lacking viable alternatives.

[9] The report was published by the Global E-waste Statistics Partnership (GESP); GESP is a joint project of the United Nations University (UNU), the International Telecommunication Union (ITU), the International Solid Waste Association (ISWA) and the United Nations Environment Programme (UNEP).

[10] The scope covered the data from "Refurbished Computer and Digital Training Program" in Taiwan, and the value was calculated by the total weight of donated refurbished computers/total weight of recycled products in 2020.

[11] For the calculation on recycling rate, please see page 5-10

[Case] Big Data Driving Lean Management

With the increasingly stricter international environmental protection laws and regulations, companies are facing challenges in their management models, strategies and methods for hazardous substances. Digitization is an inevitable trend for sustainable business operations in the digital era. ASUS has successfully created a number of digital services, including but not limited to smart medical devices and medical data platforms. ASUS believes that the use of digital technology to manage hazardous substances will be our future direction. Therefore, in order to find a more effective management model for hazardous substances, ASUS has collaborated with external organizations who possesses huge amount of data of hazardous substances recorded from the laboratory testing through establishing databases for various materials, using real-time analysis, combining with ASUS' own supply chain components approval platform and the characteristics of materials provided by the supply chain to tailor an effective, fast and accurate review process

ASUS applies its own set of data analysis process by using the existing and historical data to analyze the results, which showed that the top three high-risk substances among the ten major RoHS substances are lead, 2-ethylhexyl phthalate (DEHP), and dibutyl phthalate (DBP), and the top three components with the concentration of RoHS substances exceeding the threshold are mechanical parts, wires, and power supplies. In addition, in the homogeneous analysis, the top three materials with high risk of exceeding the threshold are metals, wire insulation and plastics.

In addition to using data analysis trends to predict and assess the risks of substances, components and materials, we further fine-tunes the management process by analyzing the data trends and obtains useful management information under the premise of compliance to escape the traditional review thinking, making quick data feedback to tailor an effective, fast and accurate review process, and increasing the overall review efficiency by 20%.

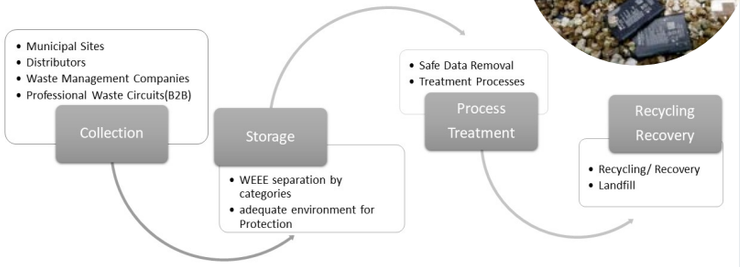
More Accurate Review
Lock on high-risk materials to improve overall efficiency

Enhance Manpower
Optimize the review process to maximize the manpower

[Case] Analysis of Disposal Treatment after End of Life Cycle

In 2020, ASUS cooperated with Spanish recycling and processing company to study the flow of e-waste and processing technology. We learned from this study that the main recycling pipelines for European e-waste come from product distributors (40%), waste management companies (30%), municipal recycling and a small amount of B2B commercial recycling.

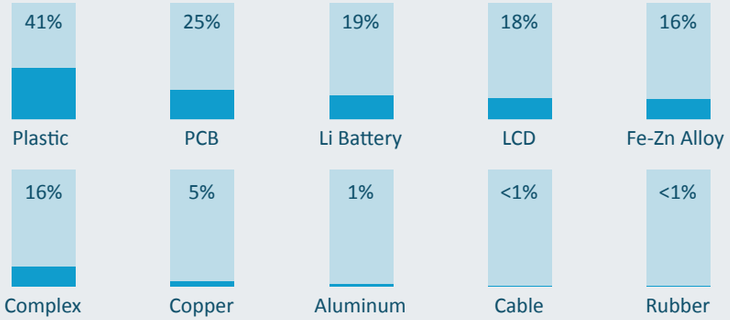
After recycling, e-waste is sorted and placed in a government-qualified storage, and then sent to the recycling facility for disassembly and disposal. Take a notebook computer as an example. After the data is cleared, it is split into hard drives, external cables, batteries, printed circuit boards, LEDs, and plastics. After dismantling, each component will be given a code of Recovery Processes and Disposal Process according to the nature and attributes, and is processed with the best available techniques (BAT), including but not limited to various types of machinery, heat treatment (including smelting, vacuum heat recovery, and incineration), and chemical treatment for further reuse, energy recovery or conversion.



In this study, we realize the distribution of the main materials of electronic products from the end of the life cycle, and fully evaluate the recycling process as well as the processing technology. The current implementation status is higher than the recycling rate required by the EU WEEE regulations. For example, the notebook computer Recycling/preparing for Reuse Rate is 92.7%, and the Recovery Rate is 96.2%.

Nowadays, the development and application of environmental friendly materials are becoming more and more popular, which can reduce the hazardous waste removal procedures in the WEEE treatment process. As the fractionation technology continues to improve, the next stage we are heading toward is the cross-industry collaboration on the technology development and feasible application such as the reuse of valuable substances.

Notebook Assessment Report



Reuse, Recycling and Recovery Rate

Product	Recycling/ Preparing for Reuse (%)		Recovery (%)		Disposal (%)
	This study	EU WEEE Directive Target (%)	This study	EU WEEE Directive Target(%)	This study
Display	89.1	70	91.9	80	8.1
Notebook	92.7	55	96.2	75	3.8

Remark: The Calculation Base of Environmental Indicators

The Ratio of Halogen-free Components

Numerator: Number of Halogen-free components used in products available for shipment in 2020

Denominator: Number of all components used in products available for shipment in 2020

The Ratio of Revenue from Eco-Products

Numerator: Revenue of products are eligible for the eco labels up to December 31, 2020

Denominator: Total revenue of product deducting the revenue of products (such as accessories and assembled semi-product) what were not applicable for eco-label in 2020

The Ratio of Revenue of Products Complies with EPEAT or Equivalent Standards

Numerator: Revenue of products are eligible for Type I Eco Labels, such as EPEAT, TCO, Taiwan Green Mark and China Environment Labelling, up to December 31, 2020

Denominator: Total revenue of products that could apply for Type I Eco Labels (EPEAT, TCO, Taiwan Green Mark and China Environment Labelling) in 2020

The Ratio of Revenue of Product Complies with Energy Star

Numerator: Revenue of products are eligible for the Energy Star up to December 31, 2020

Denominator: Total revenue of products that could apply for Energy Star in 2020

Recycling Rate

Numerator: The weight of recycled equipment, which sourced from governments/recycling vendors, estimation on ratio of responsible recycling charge, weighted collected from customer service centers recycling in 2020

Denominator: Total weight of delivered products in 2020

The Reduction in Carbon Footprint for Recycled Plastic

(Total weight of recycled plastic used X percentage of recycled materials)
X Reduction in carbon footprint of recycled plastic per kilogram

6 Climate Action

Climate change is a contemporary global issue that has profound impacts and presents challenges to humankind, ecology, and the earth. Over the past decade, according to the Global Risks Report that is published annually by the World Economic Forum (WEF), extreme climate is now the primary threat the modern world is facing. Research by Stanford University[1] indicates that failure to achieve the goal of mitigating climate change, as specified in the Paris Agreement under the UN, may lead to the global economy losing trillions (USD) by the next century.

ASUS supports the goals of the Paris Agreement together with the targets and solutions drafted through scientific means. Although we are not in an energy-intensive industry, we persist with a no-regret policy and facilitate industrial influence on the topic of mitigating climate change. In addition to contributing to the environment and to society through innovation, we have integrated climate action into our operations policies by creating corresponding strategies set against major climate risks and opportunities. We use qualitative and quantitative methods to track progress.

Goal/Performance

The average energy efficiency of our new notebook computers was 28.2% better than notebooks that followed the minimum Energy Star requirements.

New climate action goals announced in 2021:

Reduce 50% of carbon emissions from ASUS global operations centers by 2030

Ensure that key suppliers achieve a 30% reduction in carbon intensity rates by 2025

Use 100% renewable energy in Taiwan-based operations centers by 2030

Use 100% renewable energy in global operations centers by 2035

Ensure that each year's key products demonstrate energy-efficiency that's 30% above the Energy Star standard

[1] Large potential reduction in economic damages under UN mitigation targets, nature, 2018

In order for investors and stakeholders to understand our corresponding actions, we adopted the TCFD (Task Force on Climate-related Financial Disclosures) issued by FSB (Financial Stability Board) to disclosed governance, strategy, risk and opportunities and indicators to address climate change.

Please visit the Carbon Disclosure Project website for further information: https://www.cdp.net/

Climate Risk

A report[2] published by World Meteorological Organization highlighted that "continuing climate change, an increasing occurrence and intensification of extreme events, and severe losses and damage, affects people, societies and economies." On the other hand, the world reached a consensus in the Paris Agreement to accelerate the movement towards a low-carbon economy. The goal is to hold the increase in global average temperature below 2° C above pre-industrial levels, and preferably limit the increase to 1.5 °C. This means that regardless the success of actions in response to climate change around the world, companies will face certain risks.

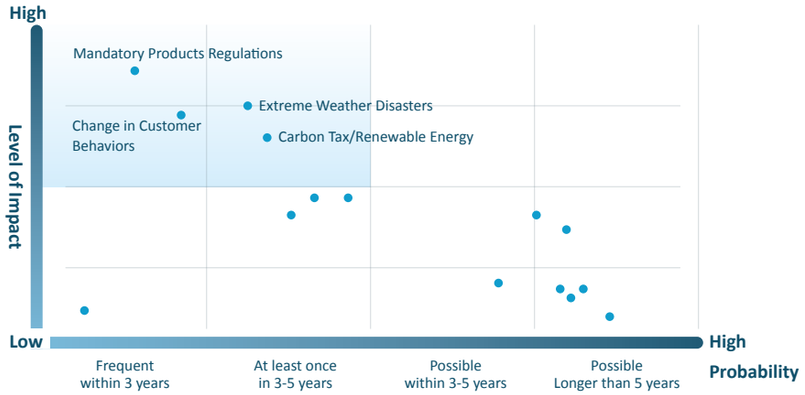
ASUS identifies physical and transition risks based on the impact and frequency/probability of the risks, including:

Temperature rises above 2°C

As the concentration carbon dioxide and the temperature rise, the frequency and severity of extreme weather disasters increase, causing physical risks to the operations.

Temperature rises below 2°C

Mitigation measures taken around the world, resulting transition risks in economy, legal and technology.



What we learn from COVID-19

The pandemic is not an emerging risk. However, in the past, most companies adopted the short-termism and thus were less prepared for future assumptions.

The economic shutdown caused by COVID-19 let companies to re-examine their business continuity plan. Furthermore, the increase in the frequency and scale of disasters caused by climate change are expected to cause even greater harm than the pandemic has.

Therefore, in addition to strengthen operational resilience, ASUS will also respond to the green recovery call by United Nations by taking more active mitigation measures.

Risk Factor	Scenario Simulation
Transition Risk – Product/Service Energy Efficiency Regulations	Global energy efficiency laws have become stricter. If products could not comply with the requirements, they could not be sold in the market, resulting in the decrease in revenues, or facing penalties and lawsuits.
Transition Risk – Change in Customer Behaviors	Revenue loss caused by the increase in energy prices in the market, the increase in environmental awareness, and products failure to meet customer expectations.
Transition Risk – Increase in Costs due to Carbon Tax/Renewable Energy Policies	In order to comply with the Paris Agreement, or to achieve its Intended Nationally Determined Contribution(INDC) by using policy tools such as carbon tax, resulting in the increase in production costs, the government requires companies to achieve a certain percentage of renewable energy or to use renewable energy as one of the competitive strategies. Therefore, ASUS must switch to renewable energy and the costs increase.
Physical Risk – Extreme Weather Disasters	Heavy rains, floods, typhoons and other extreme weather disasters increase in frequency and scale, affecting supplies, logistics and other operations, and will not be able to cope with market demand and cause ASUS losses in revenue.

[2] https://public.wmo.int/en/media/press-release/climate-change-indicators-and-impacts-worsened-2020

Scenario Simulation

For the climate risk of priority concern, ASUS adopted a data-measurement sustainability strategy and used scenario simulations to quantify climate risks as the basis for climate action.

- **Increase in costs due to carbon tax/energy policy**

  ASUS main supplier are located in Mainland China. In order to assess the risk of carbon tax, we used the carbon tax scenario with Mainland China INDC: reduce carbon emission intensity (CO_2 emissions/GDP) by 60-65% in 2030 compared with 2005. and another scenario with carbon emissions limited in the context of 2DS. We simulated two types of carbon taxes with exceeding the limit (regardless of whether they were assessed directly or passed through completely) and both will increase operating and production costs. **Potential financial impact**: in Business As Usual (BAU) scenario, when the scale of production increases, carbon emissions were estimated to double in 2030 compared to 2019. If Mainland China updated its INDC target to be consistent with the strict 2DS scenario, the carbon tax would have a higher economic impact.

- **Product/service energy efficiency regulations led to change in customer behaviors**

  In IEA 2DS scenario, in addition to encouraging the use of renewable energy, governments around the world must regulate the energy efficiency of products. In BAU scenario, the annual growth rate of energy demand was 3%, and in 2DS scenario, it could be controlled within 1.5% by improving energy efficiency of products. Therefore, ASUS expected governments around the world to formulate stricter product energy efficiency regulations, and customers' requirements for energy-saving products would also increase.

  Potential financial impact: we observed that all energy efficiency laws around the world were based on Energy Star. For example, the European legislation ErP Directive for Computer adopted the previous version of the Energy Star as the basis for revision. Since ASUS' main products have been compliant with Energy Star since 2013, even if Energy Star has undergone several revisions and the restrictions have become stricter, ASUS product still adheres to this principle for design, so there is no potential risk.

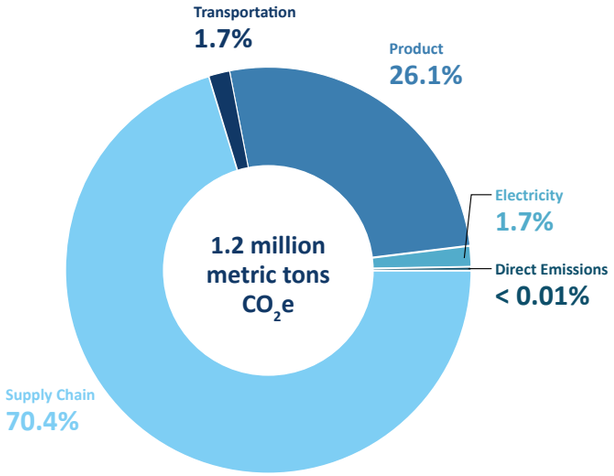
Action Taken

In response to the mitigating of climate change as a long-term strategy, ASUS formulated new climate action target based on the analysis results of scenario simulations and the carbon reduction pathway through scientific basis in early 2021, with 2020 as the baseline year:

Operation	• Reduce **50%** of carbon emissions from ASUS global operations centers by 2030 • Use **100%** renewable energy in Taiwan-based operations centers by 2030 • Use **100%** renewable energy in global operations centers by 2035
Supply Chain	Ensure that key suppliers achieve a **30%** reduction in carbon intensity rates by 2025
Product	Ensure that each year's key products demonstrate energy-efficiency that's **30%** above the Energy Star standard

Activity Data

ASUS' overall GHG emissions mainly come from the supply chain, followed by product use. The total carbon emissions in 2020 was 1,221,355 tons CO_2e.



Direct Emissions

ASUS does not have an assembly plant, and the main direct emission sources are the use of fire-fighting equipment, backup generators and office vehicles.

Category	Type of Energy	Activity Data	Carbon Emission (Ton CO_2e)	Total Carbon Emission (Ton CO_2e)
Stationary Source	(Emergency generator) Diesel	228 L	0.6	50.9
	(Boiler) Natural gas	17,411 M^3	32.7	
Mobile Source	(Office vehicle) Diesel	487 L	1.3	
	(Office vehicle) Gasoline	7,211 L	16.3	

Indirect Emission - Energy input

According to the list in the financial report, after excluding companies that ASUS does not have control rights, the statistics on electricity consumption and carbon emissions of ASUS Group are as follows:

The carbon emissions came from the use of electricity for office operations. Since 2015, we build up the ISO 50001 Energy management system to identify hot spots of high energy consumption, gradually improve energy efficiency and reduce power consumption towards a goal of 1% annually. Moreover, the ASUS buildings are located in the area that close to public transportation system for reducing CO_2 emission from staff commuting. Both of our operation headquarters have received the LEED Platinum certification, the top class of green buildings that reduces environmental impacts.

On the other hand, we realized that the office-based operation model has reached the marginal benefit in improving energy efficiency, and thus the development of renewable energy will be a necessary method. Therefore, ASUS signed a memorandum regarding renewable energy. ASUS will gradually increase the usage ratio of renewable energy.

	Headquaters	Mainland China	Overseas	Total
Electricity Usage (MWH)	24,658	9,831	4,236	38,725
Carbon Emission (Ton CO_2e)	12,551	5,456	2,372	20,379

Indirect Emission - Supply Chain

Emissions in supply chain emissions were 862,972 tons CO_2e.

Supply chain is the major source of greenhouse gas emissions for ASUS. Analyzing more than 100,000 data from environmental footprint surveys over the years, we identified 90% of emission was from 9 types of key component suppliers in the manufacturing process, including: panels, motherboards, IC, wires, power supplies, mechanical components, keyboards, batteries, hard drives, as well as OEMs for notebook computers, desktop computers, monitors, and motherboards.

ASUS introduced Environmental Profit and Loss assessment project to monetize environmental impact of water pollution, greenhouse gas, and waste, allowing comparability of different environmental impacts by using the same unit to optimize the quality of decision making. Please see Chapter Responsible Manufacturing for more details.

After analysis and evaluation, we require suppliers to have ISO 14001 environmental management system certification. According to the ISO 14001 framework, companies must take necessary climate actions and formulate related mitigation and adjustment plans. Continuous improvement through the PCDA cycle can reduce the negative impact of suppliers due to climate factors.

For key suppliers, ASUS formulated a plan to guide suppliers to continuously improve through the following methods:

1. Establish a list of greenhouse gas emissions data and complete third-party verification
2. Require suppliers to achieve a 30% reduction in carbon emissions by 2025 (with baseline 2020)

Indirect Emission - Product Use

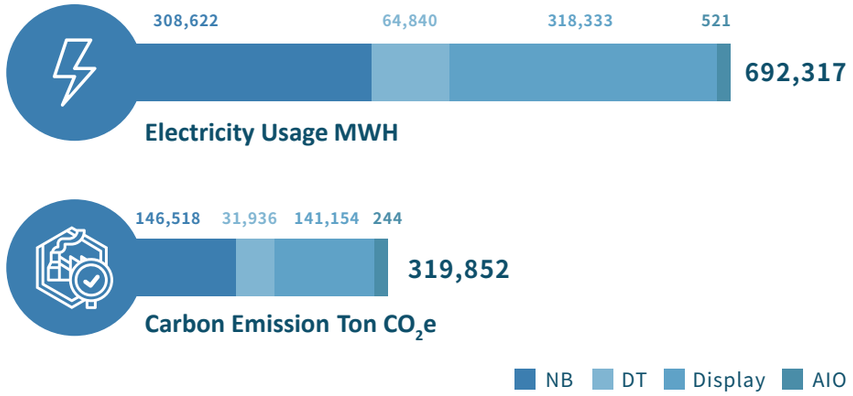
The world is moving towards the goal of the Paris Agreement. One of the management actions is to achieve the goal of reducing carbon emissions by improving the energy efficiency of products and meet the requirements. According to the estimation of Energy Technology Perspectives 2017, in order to achieve the 2° C target, the growth rate of energy consumption must be reduced from an annual increase of 3% to 1.5%. This means that the energy efficiency of products must be greatly improved.

After ASUS obtaining the world's first carbon footprint certificate in 2009, we have devoted in green design and have invested resources in improving the energy efficiency of hardware and software, as well as reducing carbon emissions during the use phase. Therefore, low-carbon products have always been one of ASUS' appeal. In ASUS 2020 Sustainability Goals, one of the goals was "increase energy efficiency of major products by 50%" and thus we had been tracking the performance over the years.

ASUS adopted a more aggressive product goal: "ensure that each year's key products demonstrate energy-efficiency that's 30% above the Energy Star standard", and the goal was more transparent and easy to measure. The Energy Star Program is the world's most stringent energy efficiency program. Before each revision, it will investigate the current best available technology and refer to global laws and regulations to maintain its high energy efficiency threshold. Setting a target of 30% above the Energy Star standard not only can we avoid sales obstacles caused by failure to meet global energy efficiency laws, but also create competitiveness in the green product market.

ASUS has adopted external power supplies with the highest energy efficiency level on the market, Level VI . At the same time, we set the internal specifications of 10% stricter than the law when the product is in the power off status to reduce power consumption. ASUS' new notebooks launched in 2020 were on average 28.2% better than the Energy Star standard.

The data covered 90% of the product revenues of each product line.



Indirect Emission - Transportation

Business travel and upstream transportation of products were material.

- **Business Travel**

  We calculated the carbon emissions of employees' business travel on planes. Business travels on land trips were not included in the calculation due to low significance. Due to the impact of the COVID-19 epidemic, emissions of business travel were 607 tons CO_2e, with a significant reduction of 85% from previous year.

- **Upstream Transportation of Products**

  The carbon emissions of products shipped from OEMs to markets around the world were 21,146 tons CO_2e

  Product lines included notebook computers, desktop computers and monitors.

Energy Data

GRI 302-1	GRI 302-2
Non-renewable Energy Consumption within the Organization	Energy Consumption Outside of the Organization
137.88 (TJ)	1,733.40 (TJ)

GRI 305-1	GRI 305-2
Direct (Scope 1) GHG emissions	Energy Indirect (Scope 2) GHG emissions
51 (Ton CO_2e)	20,379 (Ton CO_2e)

7 Responsible Manufacturing

Stakeholders have begun to pay more attention to whether companies consider fair labor, environmental protection, and cost reductions, as well as risks related to potential damage to the brand or supply disruption during the procurement and manufacturing processes. To build a more sustainable supply chain, corporations must consider environmental, social, and governance (ESG) factors. They must do this in addition to considering the five conventional aspects of quality, delivery, technology, cost and service when selecting suppliers, in order to improve sustainability performance across the supply chain.

We have established a responsible and transparent supply chain management framework that incorporates suppliers' ESG performance in the procurement decision process. The framework requires suppliers to have a safe working environment, no forced labor or child labor, respect and protection for employees, avoidance of environmental degradation, and compliance with business ethics. We also ensure suppliers' compliance with ASUS's Code of Conduct through annual audits and supervision projects, leading the supply chain towards sustainability transition. This will reduce potential risks in the supply chain while contributing to the UN SDGs.

Goal/Performance

Social responsibility on-site audits for high-risk suppliers were 100% completed, protected the labor rights of more than 370,000 person-time[1].

100% of tantalum, tin, tungsten, and gold sourced from qualified smelters.

Supervision and training projects reached a total number of more than 4,037 person-time and a total number of more than 669 hours.

2020 Asia Sustainability Reporting Awards - Asia's Best Supply Chain Reporting: Gold award

[1] Accumulated since 2013

The Impact of COVID-19 on ASUS Responsible Manufacturing

As the world continues to face challenges brought by the COVID-19 pandemic, we had made labor health the top priority in our supply chain management in 2020. We took a comprehensive inventory of our suppliers' plans to respond to the COVID-19 pandemic and developed appropriate protective measures according to the different risk levels in the respective regions, including restrictions on the flow of people, visitor control, health screenings, social distancing at manufacturing plants, distribution of personal protective masks and disinfectant alcohol, and disinfection and cleaning at our sites. ASUS audit teams and suppliers continue to work together to implement the prevention plan and are able to deal with the impact of the complex and rapid evolution of COVID-19 pandemic, ensuring that workers are able to return to work safely while working in a safe and secure environment.

Sustainable Procurement

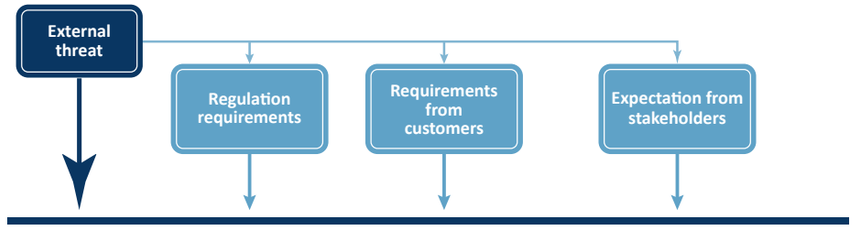
According to the Global CEO Survey conducted by PricewaterhouseCoopers, supply chain disruption is one of the top 10 threats to companies. Likewise, more than 50% of CEOs have begun to adjust their supply chain management and pro-curement strategies. A sustainable supply chain has become an important part of business continuity. According to The Electronics Industry Procurement Analysis Report, more than 60% of enterprise spending is on the supply chain. Procurement management is an aspect of showing corporate social responsibility and is a critical mechanism for driving the supply chain forward to achieve the goal of sustainability. The Supply Chain Risk Management Practices published by US National Institute of Standards and Technology (NIST 800-161) identify sustainability as a vital aspect of risk management.

As a global leader in information communication technology industry, ASUS has cooperated with more than 700 suppliers, including product assembly plants and component suppliers, mainly located in Mainland China.

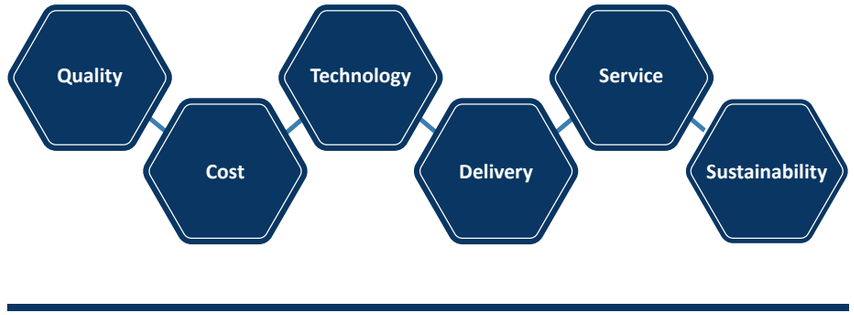
ISO 20400 Sustainable Procurement

ASUS reshaped its supply chain management in accordance with the ISO 20400 Sustainable procurement guidelines, making sustainability one of the key considerations for procurement. We identify that perpetual risks such as human rights, labor safety, environment, and integrity operations exist in extraction, component manufacturing, and product assembly stage based on factors such as supply chain industry characteristics, cooperation strategies, procurement models, and geographic relationships, and we later formulate sustainable management strategies for the environment, society, and governance to drive the sustainability transition of the supply chain.

ASUS sustainable procurement has been certified by the third party SGS, to prove that ASUS has implemented sustainability in its procurement policy and practice, and has been issued the world's first ISO 20400 certification with high rating, becoming a benchmark case of sustainable procurement. We are building up a sustainable supply chain with the influence of ASUS' purchasing power.



ASUS Supply Chain Management Framework



ASUS Supply Code of Conduct

Based on the Code of Conduct of the Responsible Business Alliance (RBA), we includes the PAS7000 and SA8000 standards and set the ASUS Supplier Code of Conduct to strengthen the protection of young and female employees. We require not only the suppliers but also their upstream to comply with the same requirements. All new suppliers who wish to become our business partners must sign the ASUS Supplier Code of Conduct, showing that they understand and will comply with ASUS' sustainability requirements.

We continue to engage with external stakeholders on supply chain management issues, and actively participate in international initiatives. In 2018, we became a RBA Full Member, demonstrating our commitment to supply chain management and to greater producer responsibility.

Environmental Profit and Loss (EP&L)

In assessing the environmental impact of operations, such as carbon emissions and waste, companies can only determine how much greenhouse gas or how much weight of waste is generated, which is limited by the fact that different substances cannot be compared with each other and thus it is difficult to determine which pollutants have a greater social and environmental impact.

The concept of EP&L assessment is to map the impact of business activities on the environmental and social Impact Pathway and then monetize the environmental impact, such as the amount of agricultural ecological loss caused by greenhouse gas of climate change, and the impact of water pollution in reducing regional recreational value. The EP&L assessment allows comparability of different environmental impacts to optimize the quality of decision making.

Risk Evaluation and Classification Management

The latest Responsible Business Alliance Annual Report indicates that labor, the environment, and partnerships are the main risks to sustainable operations in the electronics industry. We have established risk identification procedures based on factors, including RBA self-assessment, hazardous substance management system and manufacturing process management, brand management, brand reputation, labor protection, continuous improvement, management systems, and labor intensity. Each year, we perform the risk identification on more than 300 suppliers and OEMs with quarterly procurement amounting to NT$2.5 million or more, and conduct on-site audits and supervision projects to help the supply chain take appropriate measures.

The management consists of three phases: new supplier approval, continuous risk management, and performance evaluation. The targeted suppliers cover tier 1 product assembly, tier 2 component manufacturing, and tier 3 mining of raw material.

Phase 1 New Supplier Approval

- System Certification: ISO 9001, ISO 14001
- Signing Compliance Declaration
- Initial Quality, Sustainability Audit

Phase 2 Continuous Risk Management

- Annual Sustainability Audit
- Annual Survey: Responsible Minirals, Greenhouse Gases, Water Footprint, Waste

Phase 3 Performance Evalution

- Querterly Business Review: Quality, Cost, Technology, Delivery, Service, Sustainability

Phase 1 New Supplier Approval

The entrance barrier for becoming ASUS' qualified suppliers are: possessing ISO 9001 and ISO 14001 certifications, singing the compliance declaration, and passing the audits on Quality and Sustainability[2].

Phase 2 Continuous Risk Management

We manage suppliers with continuous business relations by risk level. Suppliers classified as high risk will be subject to onsite audits by ASUS and the third party. Suppliers classified as moderate to low risks will be audited by document review. All suppliers must complete the annual survey on responsible minerals, greenhouse gas, water footprint, and waste. The potential risks of the suppliers in labor, health and safety, environment, and ethics are managed through audits to avoid posing an impact on governance, the environment, and society, which in turn affects the operation of the supply chain.

Phase 3 Performance Evaluation

Besides the quality, cost, technology, delivery, and service, we also includes sustainable indicators such as ethics, environmental protection, labor rights and health and safety in the Quarterly Business Review (QBR) as an important basis to allocate orders and determine whether to continue the partnerships; suppliers with good performance will be given more resources. ASUS uses its influence to drive the supply chain for continuous improvements.

[Case] Human Rights Management

Respecting for human rights is the core value of ASUS, as demonstrated in our Corporate Code of Conduct policy, which applies to our global operations, including our supply chain. All ASUS employees are treated with respect and fairness, and suppliers are required to comply with all relevant legal, social and environmental standards. We comprehensively review the employment conditions of our suppliers and set high standards for labor rights by publishing the ASUS Human Rights Statement:

1. Formulate The ASUS Supplier Code of Conduct as the high-risk assessment criteria to elevate labor employment and does not allow any form of forced labor.
2. Transparent disclosure of annual supply chain management performance, including conducting due diligence, risk assessment, audit management and supplier negotiations.
3. Require all suppliers to sign the ASUS Supplier Code of Conduct Declaration, committing to comply with the RBA Code of Conduct with first-tier suppliers and industry regulations where they operate.
4. RBA-qualified auditors conduct audits on high-risk suppliers, reviews human rights management and labor hiring and randomly interviews workers to review working conditions. After the interview, ASUS provides direct contact information to avoid retaliation.
5. Hold regular supervision projects with qualified auditors from third party entities providing best practices to assist suppliers in continuous improvement.
6. The audit results are included in the quarterly business evaluation as the basis to allocate orders and determine whether to continue the partnerships.

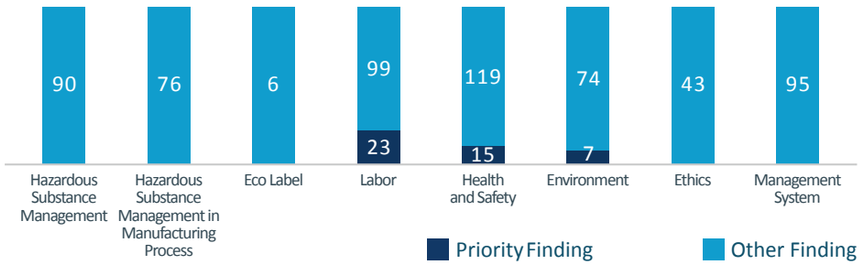
[2] Sustainability Audit includes Hazardous Substance Free and RBA Code of Conduct

Audits and Continuous Improvement

ASUS performs audits to ensure that suppliers meet the requirements in labor rights, occupational hazards prevention, and environmental protection. In 2020, a total of 36 high-risk suppliers were selected for onsite audits, with dimensions in labor employment, occupational health and safety, and environment, and with supplier categories such as labor intensive outsourcers, mechanisms, monitors, motherboards, power supply, and battery. Due to the pandemic, we used mobile phones to hold video audits on suppliers in high-risk regions, and conducted on-site audits on those medium and low-risk regions.

A total number of findings identified were 647, and the average improvement rate was 99%. The audit results showed that the largest number of findings was in the health and safety. Details are presented as followed:

Item	Labor	Health and Safety	Environment	Ethics	Management System	Hazardous Substance Management	Hazardous Substance Management in Manufacturing Process	Eco Label
Total Number of Priority Findings	23	15	7	0	0	0	0	0
Total Number of Other Findings	99	119	74	43	95	90	76	6
Total Numbers of Finding	122	134	81	43	95	90	76	6
Non-conformance Rate of Priority Findings	5%	3%	1%	0%	0%	0%	0%	0%
Non-conformance Rate of Other Findings	21%	25%	16%	9%	20%	100%	100%	100%
Improvement Rate of Priority Findings	95%	100%	100%	100%	100%	100%	100%	100%

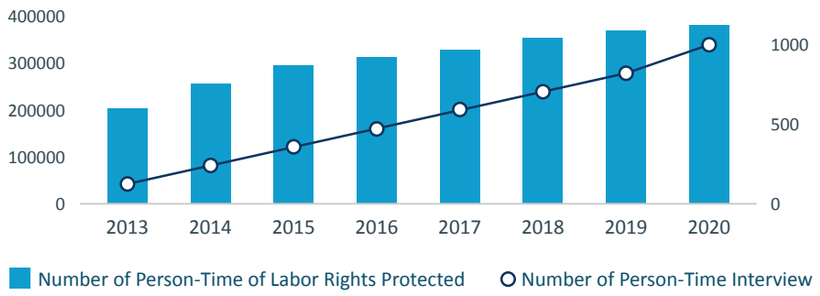


Dimension	Description of Finding	Improvement Plans
Labor	Weekly working hours exceeded 60 hours	Monthly reporting on working hours; enhancing the labor awareness
Health and Safety	Insufficient personal protection equipment for positions in special manufacturing process.	Immediate correction within one month.
Environment	Chemicals were not stored properly	Immediate correction within one month.
Hazardous Substance Management	The latest requirements in ASUS hazardous substance management were not included in the control documents.	Regularly update on ASUS' latest requirements to include them into the documents
Hazardous Substance Management in Manufacturing Process	Fail to implement self-testing on hazardous substance management	Establish a self-testing mechanism or measures within a time limit, as well as the active reporting mechanism to ASUS

We launched supervision projects to help suppliers correct the findings by working with experts from third party entities to provide best practices, and established a communication platform for experience sharing. All findings were corrected, and the high risk in working hours was reduced to low risk identified by RBA.

Under the continuous audits over these years, more than 1,000 person-time were interviewed, and the labor rights of 370,000 person-time were protected.

Historical Data of Number
of Person-Time of Labor Rights Protected and Interview

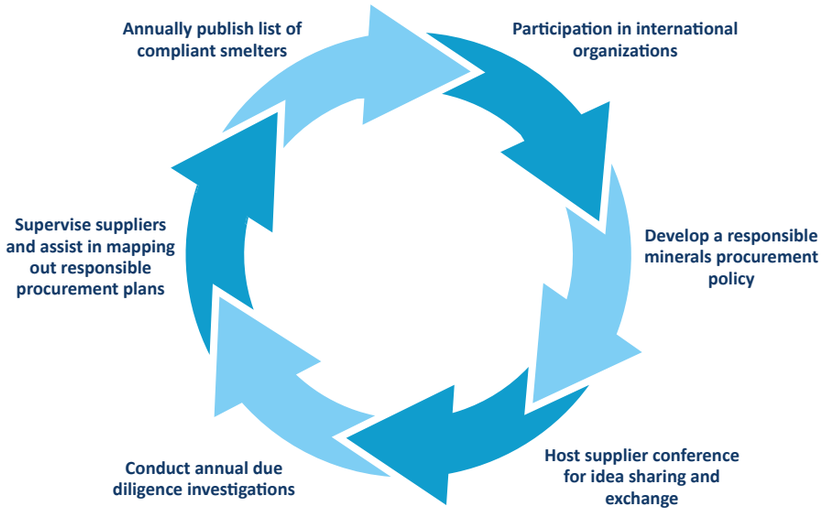


Based on the International Labor Organization (ILO) and the study published by The Lancet, we monetized the impact of the supply chain management, including the medical cost after the reduction of working hours, the investment in improving occupational safety and health deficiencies, and the acquisition of ISO 14001 system certification, and received the result of exceeding NT$33 million. Impact assessment helps us prioritize the resources invested in which supply chain management to optimize the management processes.

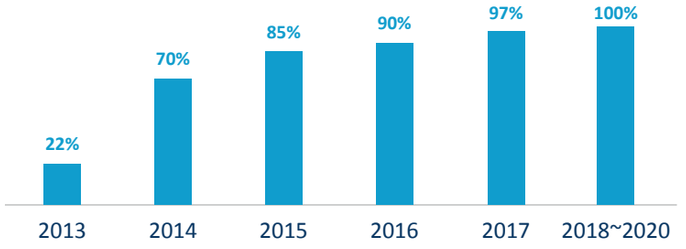
Responsible Mineral Procurement

The findings of a survey conducted by Responsible Mineral Initiatives (RMI) indicates that the rebel groups in the Democratic Republic of Congo and adjoined countries adopt forced labor, child labor, and other illegitimate means in mining for minerals such as tantalum, tin, tungsten, and gold (3TG) and sell these minerals in exchange for weapons, which eventually cause regional disturbances. Four minerals harvested from illegal operations are called conflict minerals.

Tantalum, tin, tungsten, and gold, which are necessary materials for the functional operations of electronic products, are commonly used in resistor, inductor, CPU, hard disks, memory, motherboards, and connectors. ASUS is a brand that stands for human rights and environmental protection; as such, ASUS has a social responsibility to avoid the use of conflict minerals. To meet this responsibility, the ASUS Responsible Mineral Sourcing Policy was formulated which establishes a set of measures and has required suppliers to procure metals from qualified smelters to avoid illegal mining, which leads to human trafficking, arms coercion, child labor abuse, and ecological damage.



Percentage of tantalum, tin, tungsten, and gold
came from qualified smelters



We conducted analysis on the distribution of qualified smelters. They are located mainly in Asia and Europe, and none are located in known conflict regions. We will continue to participate in the quarterly meeting of qualified smelter group held by Responsible Minerals Initiative to obtain the latest information, provide suppliers with qualified procurement sources, assist new suppliers to ensure the implementation of qualified smelter conversion plans, and maintain the goal of achieving 100% of tantalum, tin, tungsten, and gold sourecd from qualified smelters.

One-third of the world's cobalt comes from the Democratic Republic of Congo and the nearby regions, and thus it was listed as the fifth conflict mineral by Responsible Minerals Initiative (RMI) in 2019.

Cobalt is the key material to manufacture the battery. ASUS also includes cobalt into the management of responsible mineral procurement and conducts annual due diligence investigation. Considering that the number of qualified smelters for cobalt at this stage has not been popularized, in order to avoid the outages, ASUS develops a five-year conversion plan which requires suppliers to increase the proportion of cobalt purchased from qualified smelters and reach 100% by 2025.

Besides, when performing the stakeholder engagement, we realize that some countries have employed child labors with low wages for engaging in illegal operations of mica mining, which has emerged as an issue that attracts the attention of human rights organizations. Mica is the main material of paint, and is mostly used for the external part of electronic products. For the mining of mica brings risk in the supply chain management, we continue to pay attention to the management requirements of mica by international organizations and will communicate with the supply chain in a timely manner.

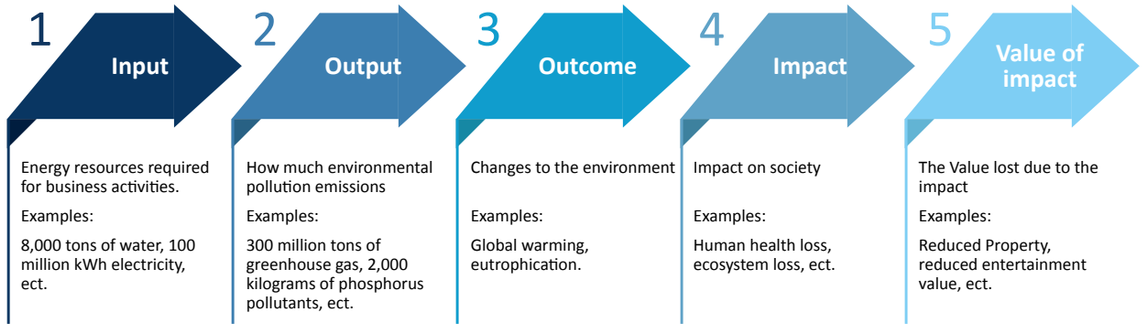
[Case] Analysis of Presponsible Minerals in Products

Through the full material disclosure to analize the allocations of tantalum, tin, tungsten, and gold in products, we are able to identify key suppliers as targets for implementing the procurement of responsible minerals. The total amount of tantalum, tin, tungsten, and gold used in a notebook computer is about 11.6g, accounting for about 0.6% of the total weight of the product. The main uses are as follows:

Responsible Mineral	Tantalum	Tin	Tungsten	Gold
Main Component	Capacitator	Motherboard	Panel	IC Chip
Main Application	Anodes	Solder	Metal Layer	Pins
Total weight used for notebook computers in 2020	0.4 tons	164 tons	0.5 kilograms	16 tons

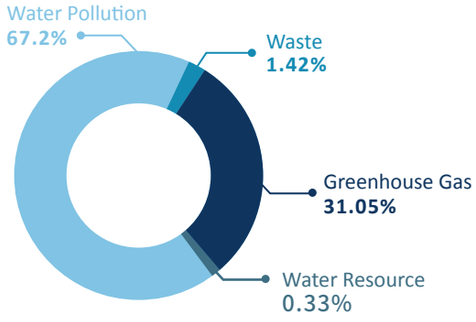
Results of Environmental Profit and Loss Assessment

In 2018, ASUS and PwC collaborated the first environmental profit and loss assessment project with a notebook computer. According to the characteristics of the product manufacturing process, four environmental indicators - greenhouse gas, water resources, waste, and water pollution - were selected, and the total environmental impact of the product life cycle, from extraction, componenet manufacturing, product assembly, and ASUS operations, was calculated to be approximately US$347 million. ASUS also became the 1st technology company to publish Environmental Profit and Loss (EP&L) report.

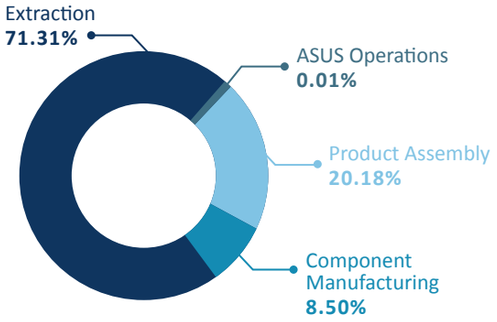


In order to fully realize the overall environmental impact of ASUS operations and suppliers, in 2020 we expanded the data coverage rate to 90% of the products revenue, including: notebook computers, desktop computers, mobile phones, motherboards, displays. The total environmental impact of greenhouse gases, water resources, waste, and water pollution was approximately US$642 million.

According to the analysis, water pollution had the largest impact among all environmental aspects, followed by greenhouse gas, and water resource the least. The details were as below:



For the analysis of the impacts on the supply chain, Tier 3 extraction was the largest, followed by Tier 1 product assembly, and Tier 0 ASUS operations the least. The detailed was as below:



Based on the results, we identified the environmental hot spots in the product life cycle was the water pollution in extraction and thus we decided to put the resources in management and formulated the management strategies;

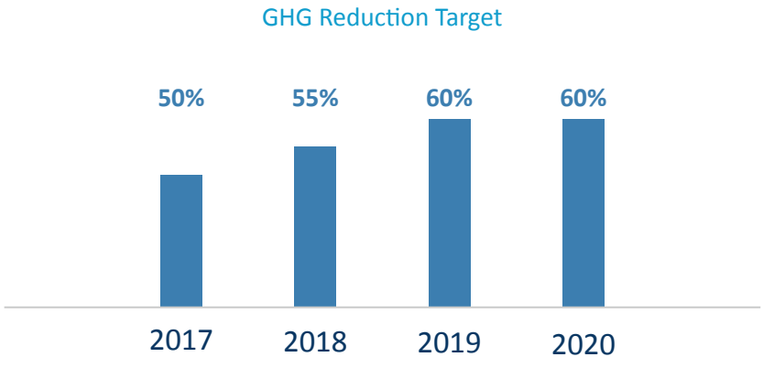
- New suppliers must have ISO 14001 in place, and we will assist existing suppliers who do not have it to obtain the ISO 14001 system
- The motherboard manufacturers are required to provide an annual wastewater test report to show compliance to the regulation

Reduction of Environmental Footprints

Analyzing more than 100,000 data from environmental footprint surveys over the years, we identified significant emission sources in the manufacturing process of 9 key components, including: panels, motherboards, IC, wires, power supplies, mechanical components, keyboards, batteries, hard drives, as well as OEMs for notebook computers, desktop computers, monitors, and motherboards. According to the "Carbon Disclosure Project (CDP) Greenhouse Gas and Water Resources Questionnaires", key vendors were surveyed. The results of the 2020 inventory were as follows:

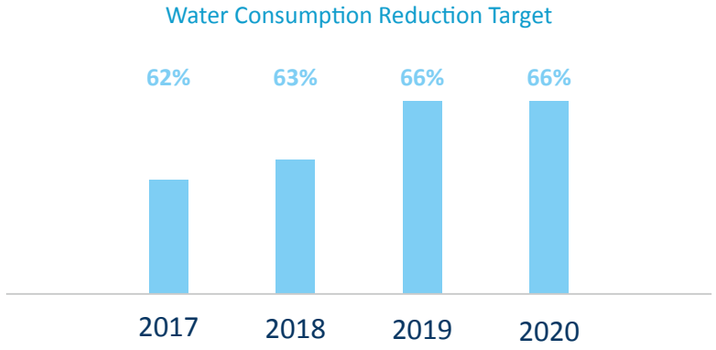
Greenhouse Gas

- ✓ The total emissions of Scope 1 and Scope 2: 587,663 metric tons/CO_2e
- ✓ 13% of ASUS production lines used renewable energy - solar
- ✓ 60% of suppliers set greenhouse gas reduction targets, and the percentage of suppliers who set reduction targets over the years was as follows:



Water Resource

- ✓ Total water consumption of manufacturing process: 20.5 million cubic liters
- ✓ 100% of the waste water of motherboard supplier met the legal standards
- ✓ 66% of suppliers set water reduction targets, and the percentage of suppliers who set reduction targets over the years was as follows:



Waste

Total amount of industrial waste generated: 35 million metric tons

100% of suppliers entrust qualified waste disposers

In order to reduce the environmental footprint, we have formulated 2025 Sustainability Goals to promote various management plans

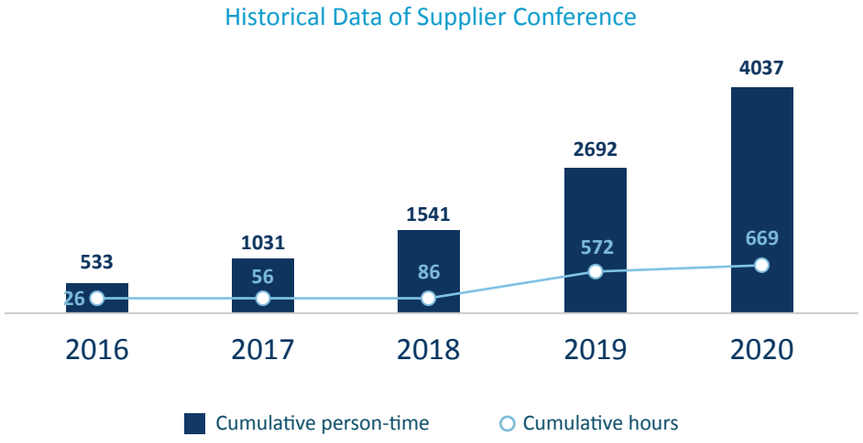
- Greenhouse Gas: Ensure that key suppliers achieve a 30% reduction in carbon intensity rates by 2025
- Water Resource: Assist all suppliers to receive ISO 14001 certification by 2025
- Waste: Extend the Zero Waste to Landfill program to key suppliers and set the waste conversion rate

Strengthening Partnership

Engagement and Communication

To enhance suppliers' awareness of sustainability issues and their ability to respond to risks, ASUS organizes supply chain conferences 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 2020, due to COVID-19 pandemic, the supply chain conferences were held online, and all ASUS' qualified suppliers were invited. With "ASUS Sustainability Strategy: Data measurement and technology-based management practices" as the theme, we conveyed ASUS' requirements for green products and supply chain management, and explain ASUS' 2025 Sustainability Goals. At the same time, we invited experts from third-party to present the latest sustainability topics such as labor rights, carbon management trends and challenges, and the application of big data.

The supplier conference and training have benefited accumulatively a total number of more than 4,037 person-time and a total number of more than 669 hours:



Supervision Project

ASUS holds quarterly counseling meetings to assist suppliers to correct findings by inviting third party RBA qualified auditors to analyze the causes of the findings and share outstanding cases, as well as to enhance supplier management awareness and counsel manufacturers to improve their abilities. In addition to the meetings, we also establish a WeChat Group with the suppliers under supervision for the timely sharing and exchange of information.

Online Courses

To encourage our suppliers to receive ISO certification and be familiar with the RBA Code of Conduct, we prepare online courses (in Chinese) available at CSR website - Online Learning. The courses include:

- ISO 14001 Environmental Management System
- ISO 45001 Occupational Health and Safety Management System
- IECQ QC 080000 Hazardous Substance Process Management System
- Introduction to RBA organization, and the requirements of five dimensions in CSR management: labor, health and safety, environment, ethics, management system

Through various promotions, courses have been viewed more than 340 times. We will continue to produce more online learning resources to help strengthen supplier sustainability management.

8 Innovation and Value Creation

ASUS Design Thinking looks at customer pain points to make breakthroughs in products. Through a systematic innovation management system to guide the innovation and development of the organization, we achieve a balance among the strategic objectives of the company, resource allocations and the organizational culture. "Innovation" is considered by ASUS as the core tenet of its foundation for evolution, sustainable development and enhancing its competitiveness. By combining ASUS's core competitiveness with strategic sustainability and operations with the concept of contributing to human society, ASUS meets the needs of stakeholders, society and the environment to create corporate shared value.

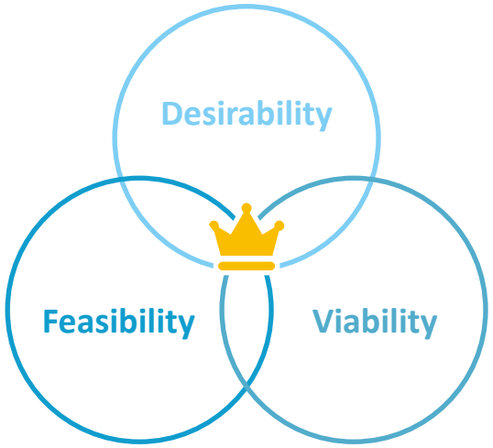
ASUS Design Thinking is a driving force behind innovation. In response to rapid changes in industries around the world, ASUS has promoted bottom-up industrial collaboration and strategic investments to stimulate evolutionary innovation for the growth in our core business. We are actively expanding and creating new business through investments and mergers, in-depth industry-academia collaborations, and strategic alliances, while we continue to promote growth across the original core business. We use the core competitiveness to promote sustainable digital transformation, open innovation and process innovation, and adopt a comprehensive impact assessment framework to disclose corporate value creation which was shared and built with our stakeholders.

Goal/Performance

Recognized as Top 100 Global Innovators, according to Clarivate (2021), especially in indicators of Influence and Globalization.

Ranked No. 1 in 2020 Laptop Mag, especially receiving full points in indicators of Innovation and Product Design

Design Thinking



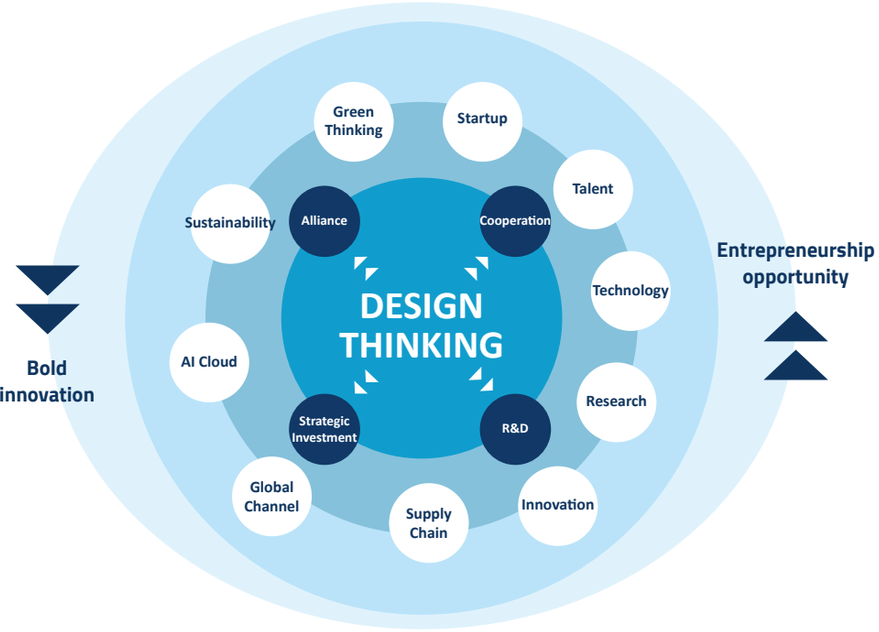
The important basis for ASUS to carry out any innovative products and services is the concept of Design Thinking. Design Thinking includes three aspects: desirability, feasibility, and viability.

Traditionally, Design Thinking comes from the need to solve problems. However, ASUS Design Thinking strategy is anchored on human-oriented and consumer experience as the starting point. The sequence of Design Thinking starts with desirability. However, if we only consider desirability and commercial viability but lack of technical feasibility, it is too unrealistic. If we only consider desirability and technological feasibility, it may be a hit, but we are missing the business model. If we only consider commercial viability and technological feasibility, we do not solve users' problems. ASUS Design Thinking is to find the intersection of all three elements and to provide meaningful and feasible user happiness experience by understanding their needs.

[Case]

Our research found that the Generation Z group pursues the latest technology and desires thin and light products with high performance, but also attaches great importance to environmental protection, which is their "desirability." With this in mind, we consider using environmentally friendly materials to design and manufacture our products. Take Post-Consumer Recycled (PCR) plastic as an example, it faces challenges in terms of structural hardness and thin and light design compared to the non-environmental plastic PC+ABS, and it is necessary to make good use of the technological ability to bring the best solution that could meet all three parameters of weight, thickness and environmental protection.

Innovation Management Framework



With Design Thinking as the driving force of innovation, we developed entrepreneurship opportunities through start-up strategic collaboration and strategic investment.

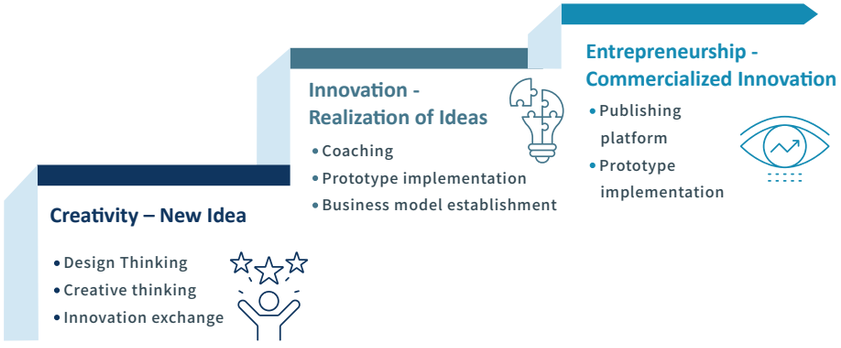
ASUS Design Thinking is a driving force behind innovation. We encourage a spirit of innovation and collaboration with cross-industrial partners and start-up companies. In response to rapid changes in industries around the world, ASUS has promoted bottom-up industrial collaboration and strategic investments to stimulate evolutionary innovation for the growth in our core business. We are actively expanding and creating new business through investments and mergers, in-depth industry-academia collaborations, and strategic alliances, while we continue to promote growth across the original core business.

Innovation Development Office

In 2020, ASUS established the Innovation Development Office, which is subordinate to the Chief Executive Office, to encourage a spirit of innovation and collaboration with cross-industrial partners and start-up companies. It is responsible for establishing a systematic innovation management system and innovation proposal platform for new ventures, and expanding R&D energy through in-depth industry-government-academic cooperation.

ASUS attaches importance to the cohesion of innovation energy and actively cultivates entrepreneurship within the company by setting up the "Creative Proposal Process Platform," which encompasses the employees' inspiration and encouragement of creativity, counseling on the shaping of innovation, and the establishment of a platform to maximize the value and impact of innovation. We encourage employees with creativity, ambition and the entrepreneurial spirit to join the event, and to further embed the culture of innovation through exchanging ideas and hands-on work, and this will expand the whole company.

The Trilogy of Creativity, Innovation and Entrepreneurship



Innovative and Creative Events

Innovation Technology Exhibition

Invite world-class manufacturers to demonstrate foresight technologies and hold special sharing sessions

Tech Talk

Elites introduced the latest development technology of the team to promote the integration of vertical and horizontal communication

Roadshow

Business unit displayed innovative products for exhibition to strengthen inter-departmental communication and internal innovation capacity

We Talk

Convene employees to present creative ideas, encourage bold practice and innovation, and shape internal innovation culture

In addition to the development roadmap set by the company strategy, ASUS also encourages innovations from the bottom-up. The company can continue to generate innovative momentum from within to let employees get the best out of their work, and the younger generation with breakthrough and compelling ideas become the water of a fountain to inject endless vitality and growth momentum into the company.

[Case] Creativity Competition by ASUS Technology (Suzhou) Co., Ltd.

In 2019, the final round of the first Creativity Competition was held successfully in January 2020 in Suzhou. In order to let colleagues in the headquarters discover more business possibilities, the headquarters and ASUS Technology (Suzhou) held the first online presentation in June 2020 to showcase the projects of six teams from the first Creativity Competition.

The second Creative Competition started in January 2020 and there were 84 submissions, a 41% increase from the first time, and the members of technical committee guided the case for six months.

Six teams were selected and the final R&D results were presented to CEO, judges from headquarters, members of technical committee, and ASUS creative lovers online in January 2021. The competition received an average satisfaction of 4.83 (out of 5), which is the most important grand event of ASUS Technology (Suzhou) in 2020.

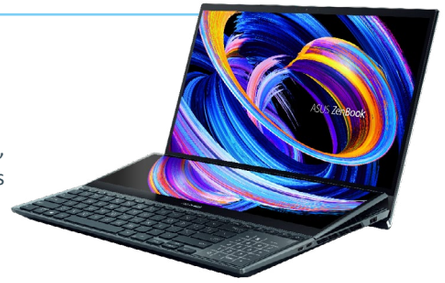
This competition will serve as one of the creativity cultivation courses of innovation to encourage internal innovation energy to allow employees to play to their fullest.

Innovative Product and Service

Besides the existing personal computers (PC) and the gaming product category, we are looking for a "third growth engine" with AIoT as the core. The current AIoT application solutions mainly focus on smart manufacturing and smart medical care.

LAPTOP Magazine

ZenBook dual-screen notebook computers, hailed as a killer innovation, greatly enhances multitasking performance and productivity.



The world's original flip-lens ZenFone

An innovative 180° flip camera and unique applications allows users to take one-of-a-kind photos or videos from extraordinary perspectives.

AI-assisted Production

ASUS incorporates AI analysis tools in the manufacturing process to look for material defects across the supply chain.

In 2021, ASUS and Portwell will collaborate to establish an Industrial IoT R&D Center to accelerate the evolution of the AIoT industry by connecting IPC hardware development capabilities, customer scenarios and AI software applications to establish an IPC alliance platform through joint investment in the AIoT ecosystem.

Smart Medical and Health Care

Images, text, lab testing, environmental data ect.

For data mining

For precision medicine

Application in Smart Medical and Health Care

AI-Data Platform

ASUS has cooperated with many medical institutions such as Zhenxing, Xiu Chuan, Tzu Chi, to invest in AI foresight research which sorts, structures and standardizes electronic medical records to establish medical big data. AI assists in performing various medical interpretations and making treatment decisions, and will enable many more possibilities in precision medicine.

Smart Medical Vehicle

Since the outbreak of the coronavirus pandemic around the world, the medical industry has continued to improve the capabilities of medical staff to fight the pandemic, and telemedicine solutions have been one of the priorities. ASUS and Intel have teamed up with Taipei City Hospital to jointly promote a smart mobile medical project to create efficient and safe telemedicine solutions.

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 2020, 4,646 patents have been obtained cumulatively around the world. In 2020, the number of patents obtained worldwide was 554, increased by 49%; in Asia was 250; in Europe and America was 304, increased by 130%.

In addition, efforts had been made to the development in the high-end communications market, and the number of patent applications in the communications field was 568. From 2018 to 2020, there were a total of 166 patent applications (excluded the extended ones) of standard essential patents (SEP) in line with the European Telecommunications Standards Institute (ETSI).

ASUS was recognized as Top 100 Global Innovators, according to Clarivate in 2021.

In 2021, ASUS was listed in Clarivate's Top 100 Global Innovators list, which recognizes the company's innovation, sustainable management and impact on society. According to Clarivate's assessment, ASUS has continued to focus on improving user experience in recent years, has actively expanded into AIoT, gaming and commercial fields, with the influence of patents in these fields ranked the first quantile in the world and with the technology capabilities ranked among the top in the world.

Sustainable Value Creation

In 2011, the term "creating shared value" proposed by Michael E. Porter, known as the father of modern management theory, redefined the role that "sustainability" should play in an enterprise. In the course of business operations, enterprises should pay attention to the impact on all stakeholders, the society, and the environment in order to create long-term sustainable benefits.

In the early stages of implementing corporate sustainability, companies often view sustainability and core business development as two separate things. But to view sustainability through the lens of public relations or media and attempt to create the corporate reputation has a very limited relationship to the core of operations. Leveraging the core competitiveness and resources of the company to meet the needs of the environment and society is the true sustainable development strategy that could really create a corporate shared value.

ASUS integrated sustainability strategy into our operational plans and set mid- to long-term sustainability goals. We believe that managing sustainability performance should be the same as managing financial performance, using a quantified assessment tool to understand and measure the progress of the plan to provide guidelines to decision makers, as well as establishing a communication bridge among stakeholders from different fields to jointly create the sustainability of the enterprise and society. ASUS follows the sustainability strategy of "digitizing data, adopting scientific management practices, and optimizing core competencies", and builds up the basic evaluation capability for monetization[1] by quantifying the impacts of our environmental and social projects over the years, together to construct the sustainable value management model based on the Triple Bottom Line (TBL) which consists of society, economic, and environmental factors. The true value of corporate activities surveyed by a systematic management makes the overall sustainable performance easy to track, manage, and seek for continuous improve.

In 2019, ASUS released its first Sustainable Value Integration Report, based on the Total Impact Measurement & Management (TIMM) methodology, which monetizes corporate value creation generated to the environment and society from a macro perspective. In our past experience, we observed that TIMM is a corporate overview methodology framework that captures all positive and negative impacts of business activities, thus we are able to pursue the maximizing net sustainable value creation.

[1] In 2009, ASUS began to quantify the impact of products on the environment since we announced the type III environmental declaration and the world' s first notebook computer to achieve carbon neutrality. In 2016, in accordance with the Social Return on Investment (SROI) guidelines published by the British government, we monetized the social impact of the digital inclusive program, and in 2017 published the SROI report which was the first in Asia technology company certified by the Social Value International. In 2018, we referred to the Natural Capital Protocol to monetize the impact of the supply chain on the environment and society, and released the environmental profit and loss assessment (EP&L) report of notebook computer, leading the industry to monetize the natural environment. And finally we became the 1st in the information technology company to publish the Total Impact Measurement & Management (TIMM) report, which quantifying the true value of the company.

This year, we further integrate Sustainability Goals to measure the sustainable shared value created by ASUS' relevant actions and management activities. This allows stakeholders and ASUS management team to observe and track changes in corporate shared value. Setting up the definition of creating shared value was an important milestone for ASUS in 2020. At the beginning we considered legal compliance, and later focused on the core competitiveness such as technical power, innovative power, and digitization.

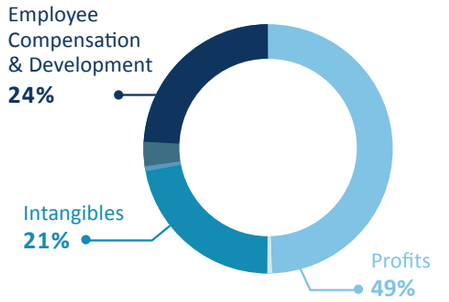
- **Shared Value Creation**

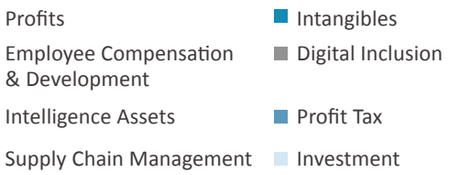
  We adopt a parallel approach of TIMM assessment and shared value matrix to present the overall sustainable value and core shared value. Through the TIMM assessment, we present the performances and values of overall corporate operations. In addition, we use the shared value matrix to present each aspect of impact value creation and relevant stakeholder group in conjunction with ASUS's core business and sustainability goals. We would be able to grasp ASUS' input in sustainable development and the impact on the environment and society.

- **Legal Compliance is the Baseline for Sustainable Development**

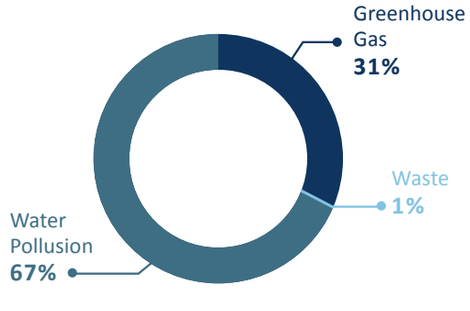
  In the past, we included compliance with local laws and regulations as one source of the sustainable values. For the new calendar year regarding value recognition, legal compliance is the basis for sustainable corporate development. Therefore, we no longer define legal compliance as positive value, but this does not mean that we will exclude compliance from our management.

Proportion of Positive Impact of Value Creation





Proportion of Negative Impact of Value Creation



The value creation in 2020 reached NT$35.1 billion[2] , which increased by 80% from 2019. The increase in positive impacts came from the increase in profits, intangibles, and employee compensation and development. In 2020, the scope of the EP&L program covered product categories with the data coverage rate reaching 90% of product revenue[3], with the negative impacts from greenhouse gas and water pollution.

[2] ASUS' influence in sustainable development was converted into a monetary value as a way to measure and express the performance from the perspective of stakeholders. It is very different from the preparation of financial statements and the measurement of financial performance. Data related to sustainable value creation in 2018 - 2020 is not applicable to analysis or forecast using the perspective of financial statements, nor to benchmark for investment targets or stock measurement and judgment.

[3] In 2020, the program covered product categories with the data coverage rate reaching 90% of product revenue, including: notebook computers, desktop computers, monitors, cell phones, motherboards, and graphic cards.

Sustainable Value Creation

Six Main Capitals Input

Finance
- Total assets: NT$265,033,696 thousand
- Number of shares issued: 742,760,280 shares

Manufacturing
- Partnering with more than 700 suppliers globally
- Implement eco product management
- Implement sustainable value chain management

Environment
- Electricity used in operation 21,504 MWH
- Water used in operation: 194 ML
- Waste generated in operation: 338 tons
- Establish product recycling service, covering 77% of sales revenue

Intelligence
- Establish Innovation Development Office.
- "Share Circularity practice and involved in the development of circula"rity standards"
- 5,000 R&D talents
- Invest NT$11.23 billion in R&D

Human Resource
- Global employees 14,700
- Academic-industry collaborations

Society
- 1,850 computers were donated worldwide for Digital Inclusion Project in 2020
- Provide 2-day full-paid leave for volunteer services
- Social Investment with NTD $27.87 million

Business Activity

Philosophy:
Strive to be among the world-class green high-tech leaders and to provide valuable contributions to humanity.

Vision:
The World's Most Admired Innovative Leading Technology Enterprise.

Sustainability Strategy:
Digitize data, adopt scientific management practices and optimize core competencies.

Sustainability Goals:
ASUS 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.

Core Value Drivers

Product and Service Innovation	Value Chain Management	Sustainable Operation	Value Sharing
Innovation R&D, Eco Design, Product Effciency, Service and Support	Extraction, Manufacturing, Social Responsible Management, Product Recycling	Talent Development, Greenhouse Gas Management, Risk Management	Digital Inclusion, Volunteering Service, Social Prosperity

Corporate Governance

THE ASUS WAY

Output / Outcome

- Taiwan's International Brand Value: US$1.524 billion
- Consolidated revenue NT$412.8 billion
- Cash dividend per share NT$26
- EPS NT$35.8

- Sales of eco products accounted for 81.3%
- The proportion of halogen-free components accounted for 86.7%
- 100% key suppliers pass audits
- 100% of gold, tantalum, tin and tungsten sourced from qualified smelters
- Greenhouse gas emission in supply chain: 526,707 metric tons CO_2e
- Receive ISO 20400 Sustainable Procurement Certification

- New corporate headquarters building received a green building certification Leadership in Energy and Environmental Design (LEED) Platinum certification
- Greenhouse gas emission reduced by 20% (2008 baseline)
- Waste conversion rate in headquarter reached 88%
- Weight of recycled products reached 13.4%

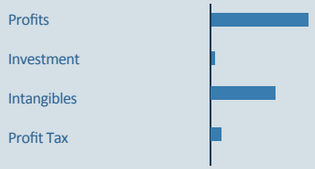
- All Notebook computers comply with Energy Star, and the energy-efficiency of ASUS notebooks exceeded by 28.2%
- 4,646 patents were obtained worldwide until 2020
- Top 100 Global Innovators, according to Clarivate (2021)

- Salary and benefit were beyond the regulations, ranked among the top 100 high-paying companies in Taiwan
- Average training hours per employees in Taiwan were 37.6 hours

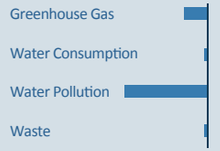
- Social Return on Investment (SROI) for Digital Inclusion reached 5.7:1 in 2019
- 4,453 volunteer service hours in 2020
- Establish more than 500 digital opportunity centers in 39 countries cumulatively

Value Creation

Economy



Environment



Society

Historical data (2018-2020)

Description of TIMM Dimension and Impact Consideration

Dimension	Stakeholder	Material Topics	Impact Factor	Description on Value Creation
Economic	Shareholders, customers, supply chains, employees	Economic performance	Profits, investment, intangibles	Financial livelihood and satisfaction of shareholders.
Tax	Government	Economic performance	Profit tax	The profit tax is directly paid to the local government to support the government's finances, and the government invests in public construction to enhance the welfare of the people.
Environment	Supply chain, employees, customers, society	Climate action, responsible manufacturing, circular economy	Greenhouse gas, water consumption, water pollution, waste	Four types of environmental impact, including different pollution, emissions and resource consumption generated from ASUS operations and products, measure the impacts on society and natural ecology.
Society	Supply chain, employees, communities	Responsible manufacturing, circular economy, innovation and value creation, employee development	Supply chain management, digital inclusion, intelligence assets, employee compensation & development	The social impact of operations on the supply chain, employees, and communities, including the improvement in performances of supply chain, the support of digital education for the disadvantage, the upgrade of AI technology of the business partners, and the increase in employees remunerations and benefits.

Shared Value Matrix

Management Topic	Operation	Supply Chain	Customer	Society	Sustainability Goal
Greenhouse Gas	◎		●		Climate Action Circular Economy Responsible Manufacturing
Water Consumption	◎				Circular Economy
Waste	◎	●		●	Circular Economy Responsible Manufacturing
Digital Inclusion					Circular Economy Value Creation
Human Health					Value Creation
Supply Chain Management		●			Climate Action Responsible Manufacturing

Positive Impact			
Shared Value (New Taiwan Dollar)	>50 million	10 million ~ 50 million	<10 million

Analysis of Shared Value Matrix for year 2020

In environmental aspect, ASUS invested in energy-saving software and hardware development to improve product energy efficiency. 100% of notebooks were Energy Star compliant, with the average performance was 28% better than the requirements. Improvement of energy efficiency does not only reduce carbon foot-print, but also assist with saving electricity expense for consumers. By offering products that perform better than those meet ENERGY STAR energy efficiency standards, it will result in a total carbon reduction of 39,170 metric tons used in notebook computers and displays.

ASUS worked with its supply chain to promote sustainable procurement and the use of environmentally friendly materials in its products. To reduce the use of halogen-free flame retardants as far as technically and economically feasible, the use of halogen-free components reached 86.7% in 2020. To measure the environmental impact of halogenated flame retardants in plastics, we estimated the weight of flame retardants to calculate their environmental impact of air pollutions - dioxin and heavy metals (CTUh) - when incinerated after being discarded. In addition, we introduced ISO 50001 Energy Management System to manage the energy used in the corporate headquarters and obtained LEED green building certification to reduce their environmental footprints. The total carbon reduction of daily electricity consumption, water consumption and household waste was calculated to be 2,950 metric tons. According to the monetization method of environmental profit and loss (EP&L), the total value of the environmental impact was NT$63,399,293.

In the social aspect, we optimized the value creation model of supply chain management and thus could identify that labor protection and management system had significant impacts on the supply chain. For labor protection, we included the improvement costs for overtime, prevention of occupational accidents, and environmental safety projects as proxy variables for impact. In addition, the inputs of requiring the supply chain to establish ISO 14001 environmental management system were measured, and the impacts on the supply chain were mainly in terms of procurement policies, energy efficiency and employee behavior.

The Digital Inclusion program addressed the key social issues arising from the digital divide and was monetized at NT$47,272,010 based on SROI. In addition, development in smart medical care was an important innovation area for ASUS to enter for the next generation, combining with the financial proxy conversion value of a wearable smart medical watches to derive satisfaction of the quality of life from autonomous health management. The total value of the social impact was NT$296,604,134.

As we complete our 2020 Sustainability Goals, we are committed to **intensify digital transformation and innovation efforts as one of our 2025 Sustainability Goals for next phase, with a 100% increase in sustainable value creation by 2025**, using 2020 value creation as the baseline. We will continue to focus on the areas of concern and strengthen the data objectivity, as well as to fully engage with stakeholders, to help manage and realize these goals in the long term. In an environment where sustainability risk has played an increasingly significant impact on business operations, we plan to incorporate sustainability risk into our data analysis framework in the future. Through business continuity management, we measure the potential loss and impact brought by different risks, so that operational resources and time can be devoted to the most prioritized risk impacts. The shared value matrix is seen as a microcosm of ASUS' core competitiveness and a dashboard for achieving the 2025 Sustainability Goals. We measure risks and value creation opportunities in the next phase through different dimensions of overall sustainable value and core shared value.

9 Talent Cultivation

Talent management is the most important factor that empowers the world's top companies to outperform their peers. Critical talents are an important strategic resource for enterprises, and they are enterprise value creators and an important cornerstone for companies' continuous operation and growth. Considering its employees as its most important assets, ASUS works with them to elaborate on collective wisdom and develop potential and professional interest of individual and team. We shape the corporate culture, cultivate key talents, acquire technologies and capabilities in key areas. We also create an open and innovative R&D culture and a creative environment to stimulate the vitality and imagination of our employees.

ASUS believes in a people-oriented corporate philosophy of “Inspire, Motivate and Nurture Employees”. We are committed to pursuit high-performance organization and outstanding talents, establish a comprehensive remuneration and benefit program, and cultivate and develop diverse talents as a human resource development strategy to create shared value for enterprises.

Goal/Performance

No. 1 in the total number of followers among Taiwanese brands on the LinkedIn platform

Offer remunerations and benefits beyond the statutory requirements and ranked among the top 100 high-paying companies in Taiwan

More than 500 person-time participate in industry-academy cooperation, Enterprise Academy, and career lectures and consultations on campus

Promote various types of digital learning resources, and the number of users reached 19,086, cumulatively

Human Resource Structure

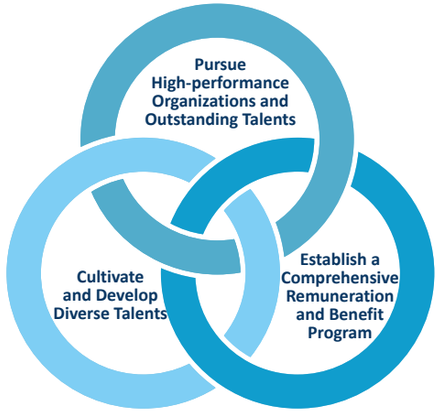
ASUS has established operation offices located in Asia-Pacific, Europe, America, and Africa. ASUS in total had around 14,700 employees worldwide, with 6,900 employees in the headquarters, and the rest of them in China and overseas.

The proportion of Asus's global female employees is 38.5%, and the proportion of global female managers is 26.3%. 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.

Category	Type	Gender	Headquarters		Mainland China		Africa & Middle East & Europe		America		Asia-Pacific		Global	
Labor Force Composition	Employee	Male	4,438	64.58%	1,809	53.07%	1,162	66.02%	350	53.44%	1,225	64.34%	8,984	61.53%
		Female	2,434	35.42%	1,600	46.93%	598	33.98%	305	46.56%	679	35.66%	5,616	38.47%
	Worker	Male	0	0	1	9.09%	37	66.07%	1	100.00%	40	67.80%	79	62.20%
		Female	0	0	10	90.91%	19	33.93%	0	0.00%	19	32.20%	48	37.80%
Contract	Permanent	Male	4,367	64.69%	1,795	53.26%	1,137	65.95%	350	53.44%	1,159	63.93%	8,808	61.54%
		Female	2,384	35.31%	1,575	46.74%	587	34.05%	305	46.56%	654	36.07%	5,505	38.46%
	Temporary	Male	71	58.68%	15	30.00%	62	67.39%	1	100.00%	106	70.67%	255	61.59%
		Female	50	41.32%	35	70.00%	30	32.61%	0	0.00%	44	29.33%	159	38.41%
Employment Type	Full-Time	Male	4,367	64.69%	1,795	53.26%	1,137	65.95%	350	53.44%	1,159	63.93%	8,808	61.54%
		Female	2,384	35.31%	1,575	46.74%	587	34.05%	305	46.56%	654	36.07%	5,505	38.46%
	Part-Time	Male	71	58.68%	15	30.00%	62	67.39%	1	100.00%	106	70.67%	255	61.59%
		Female	50	41.32%	35	70.00%	30	32.61%	0	0.00%	44	29.33%	159	38.41%
Employee Type	General Employee	Male	3,222	60.83%	1,447	50.24%	1,022	64.28%	268	50.85%	1,040	63.65%	6,999	58.68%
		Female	2,075	39.17%	1,433	49.76%	568	35.72%	259	49.15%	594	36.35%	4,929	41.32%
	Manager	Male	1,216	77.21%	363	67.22%	177	78.32%	83	64.34%	225	68.39%	2,064	73.74%
		Female	359	22.79%	177	32.78%	49	21.68%	46	35.66%	104	31.61%	735	26.26%

Recruitment and Development

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.



Work Happy, Enjoy Life

Pursue High-Performance Organization and Outstanding Talents

Demand for Key Technical Talents

AI Talent

Four AI Medical Technologies to Accelerate the Implementation of Smart Healthcare

To gain a firm foothold in smart healthcare, ASUS has invested quite early and recently has accelerated its pace in the development of this industry. The ASUS Intelligent Cloud Services Center (AICS) includes public artificial intelligence platform, data platform and medical Internet of Things platform. The four major applications on the technology side, includes intelligent coding, medical big data search engine system, unplanned re-admission patient vector analysis technology, adverse reaction drug history and medication safety system, which will greatly assist hospitals in data consolidation and digitization. By leveraging core AI technologies such as natural language processing, medical image analysis, and big data analysis, we help hospitals implement smart healthcare.

ASUS Joins Forces with National Taiwan University Center for Artificial Intelligence and Advanced Robotics

ASUS Zenbo Junior, the first business robot from ASUS, helped create specific applications quickly and easily through rich and easy-to-use development tools and Application Programming Interface (API). By combining the technology and resources of both parties, we will jointly develop multiple applications in the fields of health care and education, and create robotic solutions that can be managed flexibly and in a more realistic real-world applications context.

MEET UP R&D Talent Exchange

ASUS hosted sharing and exchange sessions on artificial intelligence to introduce the hottest applications, natural language processing, as well as sharing the challenges and insights of practical implementation in the medical field. The sharing focused on different AI topics and was suitable for AI beginners or those who were interested in learning AI on their own.

Open House Event

The AICS team set up a product exhibition area, an interactive communication area and used a form of Office Tour to let the general public get to know the team and the working environment, bridging the distance between people and AI and at the same time immerse in the open working environment of ASUS.

MOST NCHC

Promoted by the Ministry of Science and Technology (MOST), the National Center for High-Performance Computing (NCHC) of the National Applied Research Laboratories (NARLabs), together with ASUS, Quanta and National Taiwan University, had jointly developed and built the Taiwania 2 Supercomputer and TWCC Taiwan AI Cloud for the past three years, which have benefited many scientific and commercial applications. ASUS has been laying out cloud software and scenario applications for more than 10 years, accumulating its own cloud and IoT (Internet of things) and AI technologies and investing in AI cloud platforms with the national team to jointly promote the digital transformation of Taiwan's industry, government, academia, research and new start-up companies.

The Taiwania 2 Supercomputer is ranked 20th in the world in terms of computing power and is 100% Taiwan-built. In addition to having the computing and storage platforms needed for digital transformation, we helped to build core strategic industries and enhance the forward-looking infrastructure for Taiwan's digital development and information security.

Building a Smart Future City with Taichung City Government and National Center for High-Performance Computing

ASUS Cloud integrated the Smart City Cloud Platform (SCCP) developed by Taiwan Computing Cloud (TWCC) and the DAS (Data Acquisition System) cloud data analysis service from the NARLabs' NCHC to explore the impact of mobile pollution sources on air quality through air quality and traffic flow data at key intersections in Taichung City, which served as an important reference for urban governance.

Academic-Industry Cooperation Training Program

Taiwan Tech Enterprise Academy

ASUS has been holding the "Taiwan Tech Enterprise Academy" jointly with the National Taiwan University of Science and Technology for five consecutive years. This year, 31 students were enrolled and the lecturer was a department head from ASUS. From planning a series of courses, going to campuses to discuss theories with students, and designing practical case discussions and presentations, this program aims to allow students to experience the perspectives of enterprises in problem solving, analysis and real-world applications. The program also assists students in creating customized career exploration courses to understand their personal strengths and areas for development, and helps clarify and advise them on their prospective career development.

ASUS and National Yang-Ming Chiao Tung University have established the "Huayang Project" Industry-Academia Cooperation Research Center.

Starting from the usage scenario of the healthcare industry, the project seeks to help Yang-Ming University Hospital to build a structured and standardized clinical database with the integration and innovation ability of artificial intelligence. Both parties plan to launch the "AI for Medical" internship and doctoral program. From programming courses and research directions to clinical applications, ASUS has formed a complete training process for interdisciplinary talents in information science and biomedicine.

ASUS actively cooperates with universities in various fields of expertise and academic exchanges, e.g., cooperates with professors from National Taiwan University and National Yang-Ming Chiao Tung University to research and develop solutions to practical problems in 5G/communication fields. We hope to recruit and nurture more outstanding talents by helping students to deepen and develop their skills and by combining theory with practice.

Cultivating Employer Brand

In addition to recruiting talents from recruiting companies and campuses of colleges and universities, we also cooperates with LinkedIn to stabilize the employers branding to improve recruitment accuracy. In 2020, we successfully recruited suitable talents for 60 branches worldwide and the number of followers were increased by more than 124,000 on LinkedIn. We have extended the brand power to talent recruitment, and ASUS has become the most popular Taiwanese brand with the most followers.

ASUS has won the LinkedIn: "Most Engaging Employer Brand" for four consecutive years (2017-2020), and has been praised by the Top Talent Team. At present. ASUS is the No. 1 in the total number of followers among Taiwanese brands on the LinkedIn platform, and the number of Taiwanese students following also led the pack. We continually expand the influence in the global talent community.

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 four consecutive years.

Since 2017, ASUS has worked with the Taipei City Employment Service Office. More and more students in school continue to improve their career experiences and strength the skills through diversity training and practical work experience methods to further establish personal development goals. It is hoped that through a complete internship plan, we can cultivate more outstanding talents while creating a win-win situation for the enterprise and the youth.

The "Cheers" magazine has published the "Most Attractive Employer" listing since 2006, allowing companies to understand the way of thinking of the young generation when they are looking for jobs, and college and university students who have just graduated to grasp the market dynamics. ASUS has been listed in the "Top 100 Most Attractive Employers" for years.

Talent Recruitment and Talent Pools

In May 2020, we established a multinational recruiting team to assist in recruiting and building talent pools for key positions across Asia-Pacific, Europe and the America region. We will continue to strengthen the recruitment process and enhance the regional talent pool in order to select the right talents to join the company's global operations.

Comprehensive Remuneration and Benefit Program

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 order to retain key position personnel and high-performance talents with outstanding performance and development potential, we trains ASUS management staff and professional functional talents, thereby enhancing the competitiveness of the company, and specially formulates key talent retention bonus plans.

Benefit Package that Exceeds the Law

We have a diversified and flexible benefit system. In addition to the labor insurance required by law, we also plan group comprehensive insurance, which includes life insurance, accident insurance, medical insurance, cancer insurance, etc. and extend the coverage of group insurance to employees' families, so that employees and their dependents can receive better protection for their lives and safety.

Regarding the leave, we provide a variable number of days of welfare leave each year for employees to plan their own vacation schedule.

The starting wage of entry-level personnel is better than the statutory wage. In Taiwan, in 2020, the ratio of standard entry-level wage and remuneration by gender compared to local minimum wage was 1.04:1. Comparing the wage of women to men with same job level, for general employees it was about 1:0.79, while for management level it was 1:0.79. The retirement system of ASUS employees is governed by the Labor Standards Act and the Labor Pension Act. According to the law, the retirement fund is allocated on a monthly basis, and the Company allocates a special account for the labor retirement reserve supervision committee for storage and expenditure.

Salary and Bonus

- Basic salary
- Holiday bonus
- Performance bonus
- Patent bonus
- Employees of the Year bonus

Subsidy

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

Insurance and Pension

- Labor insurance and health insurance
- Employee insurance
- Pension

Activity and Reward

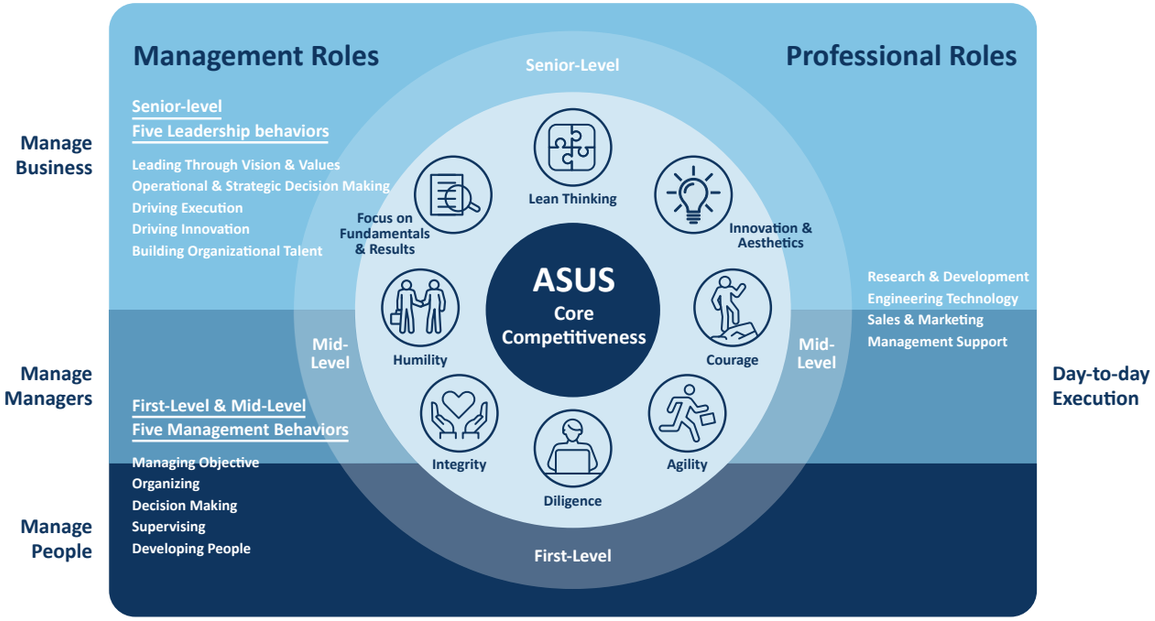
- Club activity
- Department gathering
- Family Day Activity
- Summer / Winter camp for employees' children
- Chinese New Year party and gifts
- Christmas party and sport competition for employee
- Arts and culture activity

Other

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

Cultivate and Developing Diverse Talents

Talent is the cornerstone of a company's success. ASUS believes that only every employee can fully demonstrate ASUS DNA: ASUS 5 Virtues, Focus on Fundamentals & Results, Lean Thinking, Innovation and Aesthetics, and the strengths in his or her job can achieve the vision of "becoming the world's most admired innovative leading technology enterprise in the new digital era," and provide valuable contributions to humanity.



We have established a diversified system, including a talent development system oriented by core values, management competencies, and technical competencies. In addition, a system is designated to different levels of managers and general employees, aligning with specific competencies.

I. Core Values and Culture Promotion

In order to establish a common language for ASUS global employees, we clearly defines behavior indicators for core value and management leaders, and plans related training courses to achieve the purpose of cultural inheritance.

ASUS Culture Communication Series Activities

In 2020, the ASUS "Appreciation Week" was organized and led by the Chairman and co-CEOs to express gratitude to ASUS employees around the world. The campaign interviewed project teams who shared ASUS core values and leadership behaviors as demonstrated in their work. These stories became case studies. Through interesting and vivid approaches, the campaign established a common language for global employees to move toward common goals. More than 8,000 person-time joint the online event, and more than 100 participants in each physical event.

Core Value Training Courses

Newcomers	Technical staff	Management staff
Through the newcomer training, we introduce ASUS core value in the company profile, enhance their understanding of the corporate culture, and earn employee recognition.	Through core value (The ASUS Way online course) and ASUS DNA manuals and stories to strengthen employees' understanding of corporate culture and brand recognition.	Through the practice of functional leadership courses to the managers' understanding and consensus on management functions, thereby enhancing the observation and review of the employees' core values, which help them to effectively develop their core functions.

Design Thinking and Talent Cultivation

Design Thinking is a human-oriented design spirit and method that considers the needs of users and the feasibility of technology and business, using bold innovation, embracing the concept of beauty, and constantly creating a pleasant full-life experience for users. This is how ASUS practices "Innovation & Aesthetics" - one of the core values of the ASUS DNA framework.

The development of Design Thinking across ASUS talents aligns with various employee categories and management level, including Design Thinker, Professional Design Thinker, and Design Thinking Leader. We turns Design Thinking into the culture, ability and common language of all ASUS people.

In 2020, we invited a team of professors from National Taiwan University who are experts in Stanford University's design thinking approach to hold a Design Thinking Workshop to turn "innovation" from a vague expectation into a concrete action plan that can solve users' pain points and lead employees from different positions and functions through a complete design thinking and agile development process to transform creative concepts into product prototypes. The trainees then received feedbacks from users and internal investors to quickly iterate and optimize product design to produce innovative products that were in line with human nature and strike a chord with users.

II. Cultivation on Management Ability

ASUS integrates corporate culture into the management practice. We clearly define the meaning of first-level, mid-level and senior-level managers and the five management behaviors or five leadership behaviors to develop a complete management training plan. Furthermore, we link the core value and the five behaviors with various management systems such as target management, performance appraisal, promotion, model selection, talent development, and training.

III. Senior Talent Development Plan

In order to enhance the business and leadership thinking of executives, we cooperated with National Cheng Kung University to offer Mini-EMBA for high-potential talents. Through case studies, group projects and cross-team discussions, we strengthened the leadership, interpersonal and management skills of our executives. We also provided Individual Development Plan (IDP) and eDISC[2] to help our supervisors to develop themselves.

Due to the impact of the COVID-19 pandemic in 2020, the first-level management training plan combined online and physical "blended learning" programs. In the online courses, employee can learn management concepts and skills to make learning just-in-time, and the courses were accompanied by physical workshops to exchange and discuss daily management cases, so that they can learn from experience in management issues and apply them to management immediately after the classes, making the learning more closely related to practical needs.

IV. Development of Professional Skills

ASUS has divided the professional skills into four major areas: research and development, sales and marketing, engineering technology, and management support. We clearly defined skills that each position was required and provided corresponding professional training. In addition, experts and scholars in professional fields are invited every year to host seminars on technologies and trends to strengthen professional know-how.

Blueprint for Professional Job Training

Through job analysis, we define the key competencies and knowledge required to perform respective duties, and build training blueprints and systematic training models, hoping to integrate learning resources of cross-operating unit and reduce the cost of repetitive training on manpower and time.

Training Blueprint of Key Position

1.Build JDCAKE[3]

2.Plan a training blueprint

3.Develop training resources

4.Design ability evaluation

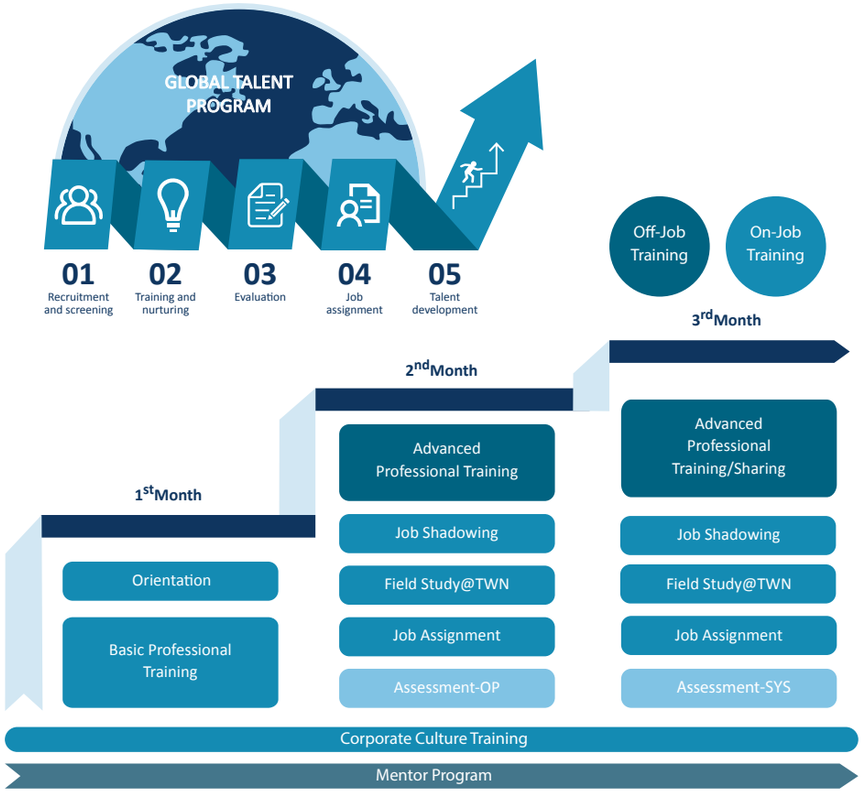
[2] Dominance, Influence, Steadiness, Compliance

[3] JD-Job Description; CAKE-Competence, Attitude, Knowledge, Experience

Global Talent Program

In terms of cultivating international talents, ASUS strategically implements its international talent training- Global Talent Program (GTP), and establishes a comprehensive and systematic training model to effectively pass down and replicate successful experiences and quickly prepare talents to expand to the global market.

International talents with potential undergo a variety of training sessions in three months, include training courses, reading clubs, internship, company mentors and evaluation, to elaborate on the synergy. The program trains employees to become international business talents who understand the overseas market and possess leadership skills. They are assigned to suitable positions to effectively improve the readiness of business teams and achieve the operational goals.



The Global Talent Program entered its seventh year in 2020, and has continued to adhere to its 70-20-10 ratio in learning guidelines; 10 is for the offline courses, 20 is for counseling and feedbacks and 70 is -on-job training. In 2020, a total of 27 new international business marketing talents passed the evaluation. Since 2014, the GTP has trained 176 employees who served as overseas sales, marketing and customer service professionals. Among them, 66 overseas sales professionals are deployed to the Asia-Pacific, European and Latin American countries to engage in market development and operations, and they have become the professional managers in various regional markets. The heads of overseas branches highly recognize the GTP elite who are able to quickly connect with their assigned regional markets and take on challenges.

[Case] ASUS Global Talent Program

The primary goal of the Global Talent Program (GTP) is to recruit talents from all walks of life and cultivate them into regional executives who can take charge in the global market. The sense of accomplishment of a native Taiwanese who travails the globe to open up new markets for enterprises is a daily routine for ASUS, a multinational enterprise proudly based in Taiwan.

As a sales, the core purpose of our work is to connect the enterprise and consumer sides. Wherever we go in the world, the most important task is to enable consumers to deeply understand the human-oriented design concept of ASUS products and to ensure the products meet their needs. Therefore, it is very important to quickly cope with the local culture and communicate the advantages of the products in a way that local consumers can understand.

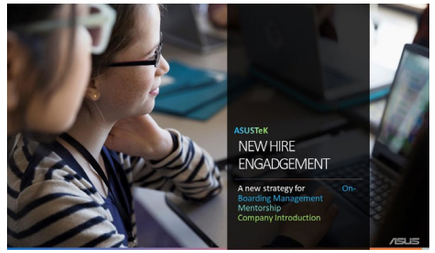
Cross-departmental or even cross-country teamwork is a common occurrence at ASUS. Communicating the purpose of the task in detail and gaining the approval of co-workers is the basic attitude of GTP elites in interacting with their teams. Such a close and pleasant cooperation atmosphere is not unique to overseas branches, but is a corporate culture that has been built up from top to bottom by ASUS.

Overseas assignments are never easy, but they do lead to rapid personal growth. "Selling products to consumers in India is only part of the job," said Wang. "The real challenge is to actually understand the local market needs, develop a product strategy and seek support from the parent company." "So he highly encourages young people like him who are eager for the international stage to enroll in ASUS GTP, because the complete training and the robust experience gained on overseas postings can enhance one's vision and broaden the scope, which in turn can enrich and elevate one's career.

Human Resources Professional Training

In response to the globalization of organizational management, we cultivate global human resources professionalism to enhance the overall quality of human resources services. We have established a full range of online courses in HR to provide the necessary basic knowledge and operational management methods for new HR employees both in Taiwan and abroad.

In addition, we have launched a recruiting training course for HR staff in all branches around the world and we also provide 1-to-1 coaching time, through which senior staffs share with trainees the HR practices in different regions and strengthen the professional learning in recruiting to achieve the goal of selecting the right talents to join the team, improving the recruiting process and enhancing talent retention.



Digital Transformation of Learning and Development

Digital Lecturer Training

Since 2007, ASUS has held a digital lecturer training program, where they learn teaching principles and digital course production skills, produce digital teaching materials with key knowledge points and pass the digital lecturer certification through evaluation and feedback from domain experts, education and training specialists, and students. Up to now, ASUS has successfully trained 198 digital lecturers and developed more than 65 hours of professional courses covering R&D, product planning, business marketing, quality assurance, customer service and other fields, helping departments to implement knowledge sharing and transfers, establishing diversified learning methods, and continuously improving the work efficiency of our colleagues.

Digital Learning Application

1. The ASUS Way and Employee Code of Conduct - Global

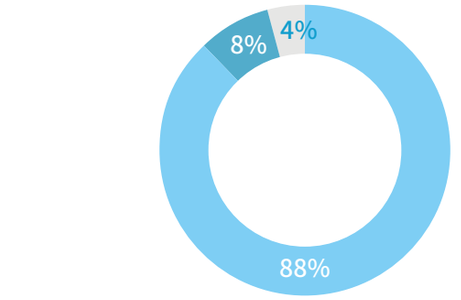
To deepen employees' understanding of corporate culture and brand resonance worldwide, we provide The ASUS Way digital courses in multiple languages to convey ASUS culture and values. The ASUS Way is a multi-language digital course that conveys the ASUS culture and values. The ASUS Code of Ethical Conduct and the "ASUS Prevention and Control of Unfair Competition and Bribery Awareness Card" have been issued to employees and employees are reminded to comply with them through regular training.

2. Overseas Employee Training - Sales & MKT

ASUS has developed a series of 57 online courses on marketing knowledge, marketing and channel management, e-commerce, supply chain management, customer service, etc., totaling about 30 hours, which helps HQ and overseas subsidiaries master their work roles and tasks and demonstrate their excellent capabilities. At the same time, the courses help promote the efficiency and effectiveness of communication and collaboration between the sales and marketing teams to create the best performance as well as organizational synergies.

Digital Learning Resources

ASUS introduces diversified digital self-learning resources to encourage employees to learn and grow independently. The number of users reached 19,086, cumulatively.



Online Course	ASUS E-learning, EMBA Learning Platform, Cloud School
Electronic Book	HyRead, Harvard Business Review
Database	Digitimes, Institute of Engineering and Technology Database

Individual Development Plan and Appraisal

Individual Development Plan

ASUS implements the "Individual Development Plan" for all employees in developing the competences of our employees and providing training plans in accordance with the internal "Education & Training Approaches" documentation. Based on ASUS DNA, the competences required for employees in each level, and individual performance, a manager will discuss with every employee to devise a tailor-made development plan closer to personal needs, more systematic and more efficient, so as to maximize their potential.

Appraisal Management and Development

ASUS executes performance appraisals in accordance with "Appraisal Standards". Employees are required to participate in regular appraisal to implement annual performance target and development tasks.

Region	Type	% receive review in Male	% receive review in Female
Headquarters	General Employee	88.95%	90.16%
	Senior Management	92.05%	97.21%
Mainland China	General Employee	88.94%	94.77%
	Senior Management	99.72%	100.00%
Africa & Middle East & Europe	General Employee	93.93%	94.72%
	Senior Management	84.18%	95.92%
America Region	General Employee	99.63%	100.00%
	Senior Management	92.77%	93.48%
Asia-Pacific	General Employee	89.81%	92.59%
	Senior Management	92.89%	96.15%

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 improvement; 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 exit interviews centered around the assistance and resources required by the workers, such as career development consultation or job transfer to external entities. In addition, the company provides employees severance pays in accordance with relevant laws and regulations to protect employees' rights and interests.

Employee Communication

Create A Diverse, Equal and Open Communication Culture

ASUS attaches great importance to two-way communication with employees, provides multiple and open communication channels, and promotes a harmonious relationship between labor and management. ASUS values gender equality. The proportion of ASUS' global female employees is 38.5%, and the proportion of global female managers is 26.3%. 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. In order to implement ASUS Human Rights Policy, we provide related education and training to employees around the world. The training hours and proportions are as follows:

Region	Headquarters	Mainland China	Africa & Middle East & Europe	America Region	Asia-Pacific
Total number of hours in the reporting period devoted to training on human rights policies	41,350	7,205	3,141	873	3,325
Percentage of employees trained during the reporting period in human rights policies	99.30%	99.46%	93.20%	98.00%	92.50%

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.

Open Communication Culture

ASUS values the voice and rights of employees and provides multiple communication channels internally to ensure that their opinions can be delivered in the most efficient manner for different aspects.

Communication Channel	Content	Person in Charge
CEO On-Live	Significant issues, business management strategies	CEO Office and Human Resource
CEO Afternoon Tea	Issues within the company	CEO Office and Human Resource
Employee Opinion Box	Work and life related issues within the company	Corporate Sustainability Development Office
Labor-Management Committee	Benefits and labor rights related issues	Human Resource
Employee Caring Hotline	Personal work, life, and health related issues	Human Resource
Unlawful Infringements Reporting Hotline and Email	Violence and sexual harassment	Unlawful Infringements Committee
Whistleblower Email	Violations in Code of Conduct	Human Resource

[Case] CEO On-Live & CEO Afternoon Tea

In 2020, the co-CEOs upholds truthfulness and transparency, and held CEO On-Live (Q1& Q3) & CEO Afternoon Tea (Q2& Q4) after the Shareholder meeting. They shared the company's quarterly operating performance and the significant goals with employees through online live broadcast and physical interaction accordingly.

They welcomed questions from employees and would answer in real time, and the topics were diversified: from the company's business direction, strategy, COVID-19 anti-epidemic response, development direction of future products, cross-organizational resources, promotion, salary, benefits, encouragement and views to young generation, etc. Regardless the Space constraints, communicate with employees in person immediately and listen to their voices.

10 Society

In the 1970s, the Nobel Prize laureate economist Milton Friedman once pointed out that "The social responsibility of business is to increase its profits." However, with the development of capitalism, companies with resources and capabilities that even surpass many governments are expected by stakeholders to take on social responsibility, playing more positive and active roles in environmental sustainability and social harmony when the business grows. Today, companies that have not implemented corporate social responsibility can no longer attract consumers or investors. Social responsibility has become one of the requirements for the sustainable development of enterprises.

According to a CECP[1] study, foresight companies gradually combine social investment with business operations, assets, and corporate functions, and deeply integrate them into social responsibility plans. We also notice that consumers show higher brand loyalty to the companies with CSR practices. Therefore, we adopt strategic social responsibility. When planning social activities, we think about how to execute long-term social activity strategies in addition to short-term and one-time public welfare activities such as charitable donations, and solve the social problems through the combination of social investment and ASUS core competitiveness as an IT company. It will not only shape the corporate image but also create differentiation.

Goal/Performance

The SROI of the digital inclusion program increased from 3.61 to 5.7

Volunteer service hours over 4,453 hours in 2020

Establish more than 500 digital opportunity centers in 39 countries, cumulatively

[1] Chief Executives For Corporate Purpose(CECP): A global organization that is composed of the CEOs of the world's top 500 companies and aims to achieve the goal of sustainability with the power of the CEO

Social Investment Strategy

ASUS creates positive impact on community through its three mainstay focuses of environmental protection, digital inclusion, and community involvement. At the same time, we agree with management guru Peter Drucker's truism of "You cannot manage what you cannot measure." Therefore, we established indicators in social activities to analyze whether each social activity achieved the expected goal, aroused what kind of ripples in society, and how to create greater social value. To this end, in 2019, ASUS extended the social management spirit of Social Return on Investment (SROI), adopting the LBG framework to converge and survey the expenditures of social activities to further establish an assessment framework based on the quantitative indicators used to evaluate benefits. This framework was developed by London Benchmarking Group which can help ASUS and our partners to understand clearly why and how the resources and operating methods of community investment to be adjust in a systematic way, making social activities in line with corporate strategies and at the same time be more transparent.

We expect that our social activities in the future will be based on the LBG structure. When we need monetization evidence to evaluate an important decision-making or to analyze a specific plan in depth, the SROI method will be applied to quantify the social impact.

How we do

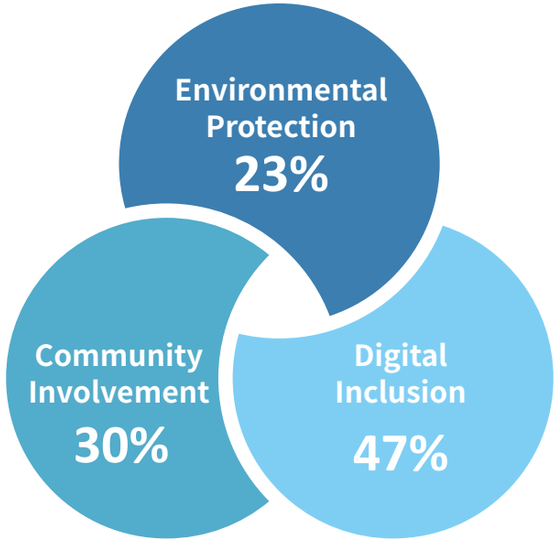
Sponsor 37%	Donation 49%
Time Devotion 6%	Management Cost 8%

2020 Social Investment NT$27,886,647

Why we do

- Charity 21%
- Community Investment 41%
- Business Intiative 38%

What we do



Quantitative Benefit Tracking

- 1,850 refurbished computers
- 853 volunteers
- 422 cooperative organizations
- 62,680 people reached

Qualitative Confirm the results

- Enhance brand value
- Optimize the quality of life
- Inherit knowledge and culture

The Impact of COVID-19 on ASUS Social Participation

The COVID-19 pandemic has disrupted the lives and livelihoods of people everywhere. COVID-19 not only infected tens of millions of people and takes the lives of millions of people around the world, but also caused economic turmoil and social unrest. United Nations Department of Economic and Social Affairs stated that "This is much more than a health crisis. It is a human, economic and social crisis."

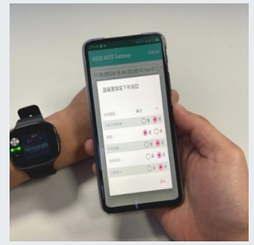
During the pandemic, many countries adopted a lockdown policy. According to UNESCO's statistics, about 1.5 billion students were affected by the closure of schools, and students were allowed to study remotely from home. Countries that lack infrastructure, and students who do not have access to digital devices, suffer from what is known as the digital divide.

At the same time, due to the socio-economic recession and the decrease in the corporate and personal income, many social groups that relied on corporate and public donations faced the funding gap. On the other hand, people try their best to avoid people-to-person interactions or gatherings, which caused organizations that rely on volunteers for public welfare services fell into troubles. A pandemic made the situation of disadvantaged groups even more vulnerable.

In the past year, ASUS paused the overseas volunteer program that lasted for years to protect the health of the employees. However, we were still committed to our social activity strategy to giving back to the society through other activities. At the same time, we supported the government's Epidemic prevention events, using ASUS' core competitiveness to establish an AI epidemic prevention system to assist medical staff.

ASUS Worked with Taoyuan General Hospital, Ministry of Health and Welfare to Establish an AI Epidemic Prevention System

ASUS joint Taoyuan General Hospital to use the smart phone ZenFone Max Pro and the wearable watch ASUS VivoWatch, which was built in with the one-to-many remote clouding health management technology. The medical staff could monitor the physiological data of a suspected case remotely all day and just-in-time to avoid direct contact with the patient, which greatly reduced the risk of infection. In addition, through the collected data, a digital model was built to help the staff have a better understanding of the trends and changes in physiological conditions of the wearer and make decisions as soon as possible, effectively manage their health status.



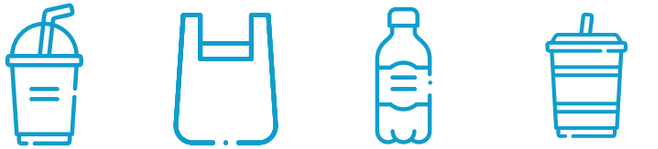
Environmental Protection

In the "Environmental Responsibility" chapter of the report, we mentioned many of ASUS's ideas and actions in green manufacturing and products. We have also launched campaigns such as "recycled computers," "plastics reduction in companies," and "beach cleaning and conservation" to echo our green transformation and extend our influence to social welfare.

Plastic Reduction

With the increasing awareness of reduction in plastic waste, ASUS spares no effort in mitigating the widespread plastic crisis. In order to reduce plastic waste and change the habits of using disposable plastics, we have banned all disposable tableware in all cafeterias, convenience stores, and coffee shops within ASUS building since 2019.

The annual disposable tableware could be reduced by 47.8 tons.



Say No to plastic cups | **Say No to plastic bags** | **Say No to plastic bottles** | **Say No to plastic straws**

Marine Conservation

ASUS responded to the "Adopt-a-Beach" program initiated by the Environmental Protection Administration and adopted the 500-meter coastline of the Wazihwei Nature Reserve in New Taipei City, where is close to the mangrove forest reserve and also has a precious wetland, diverse species of ecology, and is an important habitat for many migratory birds and aquatic animals and plants. Avoiding the period of migratory birds from April to July, we invited our colleagues, their families and friends to participate in our beach cleaning activities in spring and autumn.

More than 400 volunteers helped to clean up approximately 3,500 kilograms of marine debris over four years.

Computer Recycling

In supporting the concept of extended producer responsibility, ASUS provides recycling services worldwide to reduce the impact of electronic products on the environment. Based in Taiwan, ASUS is doing more than just complying with government regulation. We have long promoted the "Refurbished Computer and Digital Training Program", which recycles computers of any brand and refurbishes them to give them new lives, thus establishing a circular society. Consumers or corporate customers are welcome to contact the ASUS Foundation for details regarding the recycling of your unwanted computers.

Digital Inclusion

Due to the rapid growth in technology development, the technology equipment seems easy to reach; however, not everyone can have it because of factors such as economical income, area of living, age, educational level, and race. According to UNESCO's assessment[2], people need to possess higher digital skills to effectively work, live, learn and communicate with others in the digital era. Those without the skills will be marginalized in the society, turning from digital disadvantages to real society disadvantages.

"ASUS has promoted the digital inclusion project for a long time and hopes that everyone will not have different opportunities to access and use information regardless of differences in education, gender, race, etc." We believe that the establishment of equal digital education will not only help to solve the poverty, create employment opportunities and promote innovation and economic development, but we were also provided opportunities to discover potential talents with technological skills and reduce social problems which could bring risks to the operation in the future.

Refurbished Computer and Digital Training Program

During the process of recycling discarded computers, we found that many of them are still in function, or can be reused after refurbishment. To continue and expand the influence of reverse logistics recycling computers, since 2008, the ASUS Foundation began the "Refurbished Computer and Digital Training Program". By installing reusable components and software updates to give new life to scrapped computers, and donate to disadvantage groups lacking digital equipment, the refurbished computers become the first step to promote digital learning and bridge the digital divide.

1,850 refurbished computers were donated in 2020.
A total of over 17,500 refurbished computers have been donated to 1,800 non-profit organizations cumulatively.

Digital Learning Center

The ASUS Foundation has been working with the Ministry of Foreign Affairs in Asia-Pacific Economic Cooperation Digital Opportunity Center (APEC ADOC) project that helps ADOC member countries and non-profit organizations in countries to establish digital learning centers in where digital resources are lacking, thus promoting digital learning and bridging digital divide. The project not only to improve the quality of life of local residents through digital learning but also help scout the future digital talents.

Donated 597 new computers and 1,850 refurbished computers in 2020
Established more than 500 digital opportunity centers in 39 countries, and donated a total of 18,000 new and refurbished notebook computers and tables over 12 years, benefiting more than 550,000 people.

[2] Guidelines for Designing Inclusive Digital Solutions and Developing Digital Skills, UNESCO, 2018

Since the outbreak of the Syrian Civil War in 2011, at least 66,000 civilians are traveling from Syria to the Jordanian border. Governments around the world, international organizations, and NGOs have cooperated to promote a number of humanitarian projects to assist Syrian refugees in spiritual reconstruction, educational facilities, and drinking water problems. ASUS has taken specific actions to assist local and refugee children in Jordan with our concept of digital inclusion by donating computers to the Jordanian government and educational institutions to enable digital learning.

Digital Learning Program

We believe that non-governmental/non-profit organizations are an important driving force for social welfare. In order to assist these important partners in social activities, ASUS established the information equipment to enable them to focus on cultivating talents in specific fields. At the same time, in order to make use of the benefits of the digital learning center and information equipment, ASUS also developed digital teaching materials and provided basic computer training courses for the recipients.

In 2020, ASUS together with Intel co-sponsored the "2020 Draw My Dream Camp" held by Taipei Orphan Welfare Foundation in order to convey the brand concept and spirit of the ProArt creator series "Create the Uncreated Ones". In addition to donating ASUS laptops for the camp and major events, we also called on professional designers from ASUS Design Center to serve as art assistants in the camp to help students in thinking, creating and applying media. It was hoped that this would stimulate the imagination and creativity of school children, so that children can cultivate their own interests, express their creativity and dreams through rich curriculum content, and at the same time bridging the digital gap and had the opportunity to turn their lives around. This time, ASUS and Intel co-sponsored Taipei Orphan Welfare Foundation a new program. Through industry partners and various organizations, we hope to use technology to solve challenges caused by the COVID-19 pandemic, including supporting educators and schoolchildren's innovative ideas and plans.

International Volunteer Programs

In 2020, due to the COVID-19 pandemic around the world, ASUS paused the overseas volunteer program under the premise of protecting the health and safety of colleagues and volunteers. For historical information, please visit International Volunteer Programs website.

Digital Happy Learning Camp

To advocate with the government's vision of the technology-oriented island making, ASUS has continued to promote its digital fun learning camp program since 2017. After recruiting volunteers and training within the company, they will go to rural areas or disadvantaged social welfare groups to hold courses to cultivate the next generation of digital talents.

"Otto Robotics Program for Loss of parental child" and "Line Stamp Lesson" in 2020 became learning courses for children of ASUS' employees, Taipei Youth Corner, Taipei Orphan Welfare Foundation, and students in rural areas. The Otto Robotics Program trained the participants the thinking ability in programming logic, basic electrical knowledge, and structural mechanics concepts through simple circuit and mechanical structure teaching with graphical programming course. The participants further used 3D printing and laser engraving to create their own characteristics robot. A total of 31 volunteers participated in the program, and reached 25 person-time.

Through the teaching of open-source vector drawing software, the course of Line sticker helped students to develop computer drawing skills. Teaching from basic geometric pattern drawing to the line sticker that might be used in life, it did not only enhance the sense of students but also digitize the artwork to allow their unique creations to be spread out and recorded easily to increase visibility. A total of 51 volunteers participated in the course and reached 57 person-time.

Summer Digital Happy Learning Camp was held in Shulin Elementary School in Tainan, Shan-Jia Elementary School in Miaoli, Fa-Zu Elementary School in Nantou, and Tong An Elementary School. Students and teachers could gradually learn the relevant knowledge of program logic and computing thinking, as well as the basic capabilities of simple hardware circuits through program software and 3D modeling software, and further increase students' interest and understanding of STEAM education by games playing. A total of 411 volunteers were involved, serving 190 teachers and students.

"Heartfelt 99" Project of Public Television Service

The "99-second (pronounced the same as "lasting" in Mandarin) film selection campaign co-organized by the ASUS Foundation and Taiwan Public Television Service started in 2009 and headed towards the 11th campaign this year. The campaign was the first activity in Taiwan that allowed youth to tell stories via films, so younger generations could express their caring towards society through their film. In order to convey the core spirit of "heart-touching for a long time", this year we put aside the traditional framework of the theme and simply took "heart-touching" that broke the restrictions and constraints, thus young students were free to present "emotional" films.

During the filming of the promotional video, Chairman Jonney said, "I have traveled all over the world, but the most beautiful thing is the human touch of Taiwan." No matter where you are, as long as you feel it with your heart, you will discover many good stories. Therefore, I hope that more young people will come to join us in the creation of images, and to discover the truth, goodness and beauty that belong to Taiwan through the filming.

There were 409 submissions which set a new high in the past five years, and the contents were diverse, including but not limited to COVID-19, LGBT equality, air pollution, animal friendly, and parent-child interaction.

394 teams from 83 schools participated, reached 6,458 person-time
90% of colleges and universities in Taiwan participated, with more than 100,000 students benefited over ten years

Community Involvement

If a corporate creates a balanced social development, it could stabilize the society and reduce external social costs, and it is one of the important factors of ESG.

ASUS believes in a people-oriented corporate philosophy of "Inspire, Motivate and Nurture Employees" and extends the concept through giving back to the society. By donation, providing education, creating job opportunities, and promoting local prosperity, we attempt to improve people's living standards, especially to allow those from the bottom of the social pyramid or excluded groups to participate in various activities in the society, and thus create a society of mutual benefit and harmony.

The Growth and Training Program of "Children Are Us"

ASUS collaborates with the "Children Are Us Foundation" in an innovative employment program and has hired 10 people with intellectual disability as full-time employees since 2008. A Children Are Us Bakery is established in the employee cafeteria, and 100% of the profits are donated to the Children Are Us Foundation to help more children in need. Through a stable work environment, professional occupational therapy and job guidance and continuous individual development plans, 10 people have delayed their aging and improved intelligence, physical fitness and work capabilities. Their stable income can also help to improve their own families. From the role of being served, they turn into be service providers and from resource consumers to resource creators.

Fun Guandu Festival

GuanDu, where the corporate headquarters of ASUS is located, is the only place in Taipei City that has natural wetlands, migratory bird habitats, fishing ports, and docks. It has a rich natural ecology and history. In order to appreciate the support of local residents for Asus and to gather the community awareness and centripetal force of schools, enterprises, communities, and residents at all levels in the Guandu area, the ASUS Foundation has collaborated with the Taipei National University of the Arts, Guandu Temple, and other local organizations since 2015 to organize the "Fun Guandu Festival" every year. The festival incorporates the unique art and culture elements in this area, Integrate the unique artistic and cultural atmosphere of Guandu area, connect local resources to jointly develop unique characteristics, maintain local natural resources, drive and combine local groups and schools at all levels to jointly cultivate the community and transfer historical culture.

The "Fun Guandu Festival" is held on the last Saturday of October after the autumn equinox and before winter. It reproduces the scenes of rural harvest in Guandu, where people bring the harvest of the year to the streets and share it with everyone. In 2020, due to the epidemic, large-scale street activities was cancelled and changed into the combination of art and nature conservation, which advocated the harmonious coexistence of heaven, earth, and people, hoping to convey the concept of ecological conservation. We used our influence to appeal to people from different ethnic groups to visit and fell the beautiful life and humanity in Guandu, and to educate them with the nature and wild lives.

Charity Donations and Sponsorships

In addition to participating in various social activities, ASUS also supports different organizations every year in accordance to our core value to provide contributions to humanity." In 2020, ASUS committed a total of NT$2,568,000 which was mainly for ASUS Foundation and other social welfare matters. ASUS also encourages employees to initiate fundraising by establishing the fundraising platform. In 2020, NT$3,379,314 were collected through the platform, reaching a cumulatively amount of NT$21,020,708, over 29 social welfare organizations and more than 5,000 schoolchildren, families, and the elderly were helped since 2012.

Fundraising and Goods and Materials 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 their booth for sales, and at the same time promote social welfare practices to our employees. In 2020, 7 NGOs were invited to the charity sell with proceeds of NT$583,782. The Andrew Charity Association, which has been cooperating since 2014, promotes the "Andre Food Bank" project to provide the most convenient and long-term preservation of food as the "food package", which could assist poor school children in the growing stage and families. The med- and long-term care is supplemented by food package assistance, to help children from poverty and disadvantaged families grow up healthy and free from hunger. This concept has been highly recognized and supported by ASUS employees and good c can be achieved at the end of each year. The cumulative proceeds from 2014 to 2020 reached NT$1,000,595.

In addition to the fundraising platform, ASUS also provides a goods and materials collection platform. Employees are encouraged to donate any new or old items no longer needed. Some of the materials received in 2020 were sold in the charity fair held in Fun Guandu Festival. In response to the Christmas shoebox gift solicitation plan held by Bravo FM91.3 radio station, our employees donated 150 boxes of materials to children in rural areas. The proceeds from the charity sale were donated to the Taiwan Disability-Free Association and Taipei Youth Corner to support various activities that benefit the disabled and young people.

Social Return on Investment

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 of return on investment of current financial accounting and practical operations. Through a unified measurement method and reporting principle, non-profit activities can also generate performance information with decision-making and management value.

ASUS has invested in the "Refurbished Computer and Digital Training Program" since 2008. The recycled communications products are refurbished and donated to non-profit organizations, 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)[3], ASUS used a six-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 NT$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 first Asian technology-based corporation to receive this international certification.

[3] A Guide to Social Return on Investment, Cabinet Office, U.K., 2009, 2012 Reprint

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 influences.

In 2019, when we did an evaluation on the influence of the program, he SROI increased from 3.61:1 in 2016 to 5.7:1.

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." We used the SROI guidelines to further analyze whether the program exerted the desired influence 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.

We analyzed the SROI of the program and determined that each dollar invested generated a social value of NT$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, we plan to promote a cooperation model of multi-party resource sharing and also serve as a demonstration to continue to enhance and expand the scope of influence.

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 society and environment.

11 Governance

Governance Structure

The foundation of an enterprise's sustainable management is built on a robust governance system, which we believe coming from ASUS DNA - humility, integrity, diligence, agility, and courage. ASUS value governance and safeguard the rights and interests of various stakeholders in the environmental and social dimensions.

In order to strengthen the corporate governance, ASUS formulated its own "Best Practice Principles of Corporate Governance" according to "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" and corporate governance principles by OECD. Besides the provision and regulation regarding the governance, it also covers the contents such as protecting the rights of shareholders, strengthening the functions of the board of directors, exercising the functions of a supervisor, respecting the rights and interests of stakeholders, and enhancing information transparency.

Board of Directors

The ASUS Board of Directors values high efficiency, transparency, diversification, 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, including 3 independent directors, for the 12th Board Members according to the Regulations on Board Member Election in the shareholders meeting held in June 2019. It is hoped that through their superb professional knowledge and the viewpoints of external stakeholders, the quality of business operations can be improved. 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 "Rules and Procedures of Board of Directors 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 85%. There were a total of 6 board meetings in 2020, with an average attendance rate of 100%.

In order to enhance the governance and the efficient operation of the Board of Directors, the document "Self-Evaluation Evaluation of the Board of Directors" was formulated, stipulating that the board of directors shall conduct an internal board performance evaluation on itself, its members, and functional committees every year, and the performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every 3 years.

The results of the 2020 board performance evaluation presented to the Board of Directors in March 2021, were as follows:

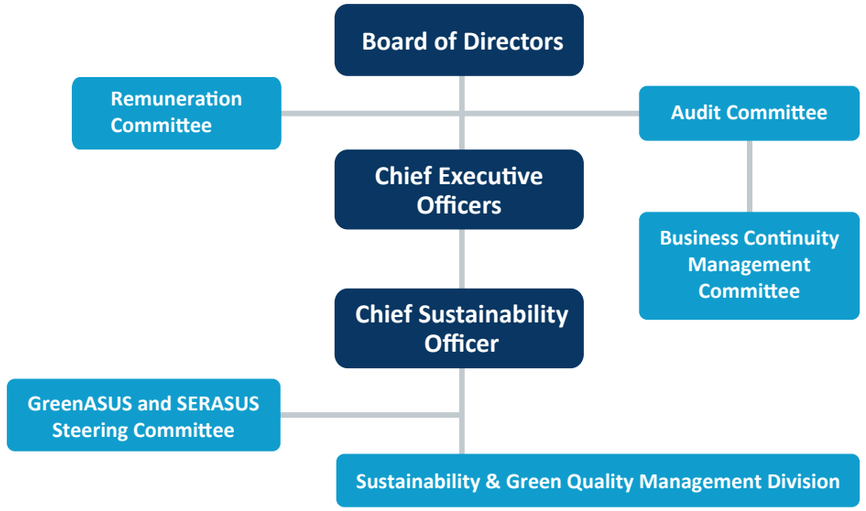
1. Board of Directors: the Board of Directors as a whole operated smoothly and was in the spirit of corporate governance.
2. Board Members: the Board members received positive evaluations on each of the evaluated indicators.
3. Functional Committees: The functional committees generally operated smoothly and was in line with the spirit of corporate governance.

[1] Organization for Economic Cooperation and Development, OECD
[2] 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. Under the Audit Committee, there is a Business Continuity Management Committee (BCM, formerly "Risk Management Platform") which performs the risk assessment of concerns from external stakeholders, holds periodic risk management meetings, and develops measures for cross-department key risks. The Audit Committee will report to the Board according to the materiality of the risk.

There were a total of 4 meetings in 2020, with an attendance rate of 100%.



Remuneration Committee

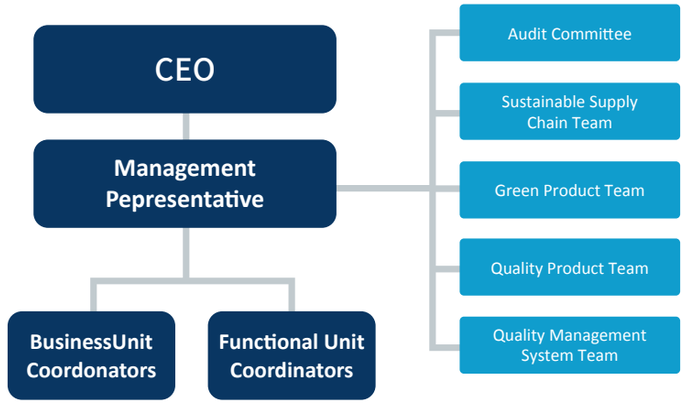
The Remuneration Committee aims to assist the Board of Directors in the implementation and evaluation of the company's overall remuneration, benefits policies, and remunerations of Directors and Managers and to ensure that the company's remuneration arrangements comply with the relevant laws and are sufficient for attracting talented people. There were 3 Remuneration Committee meetings in 2020, with an attendance rate of 100%

Sustainability & Green Quality Management Division

In 2009 ASUS established a designated unit to monitor the trend of sustainability through analyzing the issues in governance, environment and society. It integrated the core of operation with our innovation in product and service to form strategic sustainable direction to execute relevant programs. The unit is led by the Chief Sustainability Officer who is responsible for analyzing the trend of global sustainability, managing sustainability policy, objectives and actions, and regularly submitting the annual key projects and performances to the Board of Directors for verification.

GreenASUS and SERASUS Committee

In order to communicate across the units on key issues such as products, supply chain and organization operations that are highly influential to corporate sustainable operation, ASUS establishes the "GreenASUS & SERASUS Steering Committee" with Chief Sustainability Officer (CSO) as the management representative is authorized by the CEO. It holds periodic meetings and sends e-newsletters with contents including but not limited to company-wide sustainable development information, the recent activities of management system, the latest legal announcements. The members of the Committee come from the business units, procurement department, customer service, administration, legal and other departments. The communication and coordination are carried out across the units, and the resources can be effectively allocated throughout the company. All ASUS people can work together in a consistent direction to combine the sustainability and core of operation to become one of the competitiveness advantage.



Risk Management

Enterprises are facing risks that become complex and thus the ability to prevent risks and recover from emergencies are tested. A well-structured risk management mechanism could form a good protection through identifying possible future challenges and ensuring that it can response to the threats and have the ability to perform continuous operations, demonstrating organizational resilience. According to the "Global Risks Report 2021" recently published by the World Economic Forum (WEF), the major risks that may affect the world in the next decade include economic confrontation between major powers, political fragmentation, extreme climate change, cyber attacks, etc. Businesses must take adequate measures to protect themselves from these risks as early as possible.

Looking back at 2020, it was a year of challenges due to the global COVID-19 pandemic, the US-China trade war, political instability and the worsening climate crisis worldwide. ASUS decided to expand the Risk Management Platform to the Business Continuity Management(BCM) Committee in 2020. The Committee aims to proactively respond to the challenges of an uncertain external environment and minimize the impacts and disruptions through an operational continuity management mechanism.

Milestone of Risk Management

2016
- Establish Risk Management Platform

2017
- Systematic approach to risk identification, assessment, treatment and monitoring mechanism

2019
- Integrate the risk management of four ISO management systems

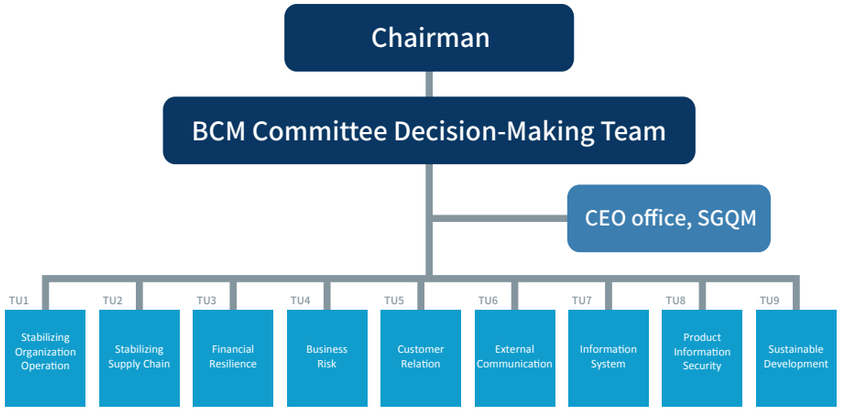
2020
- Activate the COVID-19 War Room Response Team
- Establish Business Continuity Management (BCM) Committee.
- Formulate a risk management policy
- Establish Key Risk Indicators and prevention plan

Risk Management Policy
- Proactively deploy management measures in response to risk threats.
- Demonstrate organizational resilience and ensuring operational continuity

Goals
- Establish Key Risk Indicators (KRI) for real-time monitoring
- Establish short-, medium- and long-term risk prevention plans, and review and improve them on a regular basis
- Continuously strengthen various emergency response strategies and execute regularly drills

Organizational Structure and Operation of BCM Committee

1. To strengthen the Board's oversight of ASUS's risk management mechanisms, the strategic development of the BCM Committee is supervised by the Chairman
2. The BCM Committee is overseen by a decision-making team consisting of the Co-Chief Executive Officers, Chief Operating Officer and various business executives. The decision-making team ensures that the protection mechanisms are integrated into day-to-day operations, so that the business can still operate during crises, demonstrate organizational resilience, and regularly report to the Board of Directors.
3. The BCM committee consists of nine Taskforce Units (TU). Each TU establishes quantitative KRI and various risk prevention plans to strengthen a comprehensive risk management framework. Each year, the BCM Committee will present an annual risk management report to the Audit Committee.
4. CEO Office and Sustainability & Green Quality Management Division (SGQM) are supportive units to assist each TU in setting goals, executing plans, and integrating management systems.



The TUs of the BCM committee monitor the risk trend reports of international organizations and corporate risk data, identify possible future risks through senior executive interviews, and are responsible for developing quantifiable KRI and risk prevention plans. They shall also conduct regular reviews and improvement plans, and provide quarterly feedback to the decision-making team on the implementation results. The performance of BCM was reported annually to the Audit Committee, which will report to the Board according to the materiality of the risk.

Taskforce Unit	Responsibility
Stabilize Organization Operations	Provide a safe and healthy working environment and ensure the flexible operation of the organization
Stabilize Supply Chain	Monitor supply chain and ensure long-term supply
Financial Resilience	Ensure financial liquidity is sufficient to withstand a crisis
Business Risk	Respond to market demands to stabilize sales
Customer Relation	Respond to customer maintenance services and manufacturing
External Communication	Maintain communication with relevant organizations and declare due diligence to consumers
Information System	Ensure the uninterrupted operation of information systems
Product Information Security	Prevent and urgently handle product information security
Sustainability Development	Monitor and respond to international sustainability risk issues

Risk Management Implementation for 2020

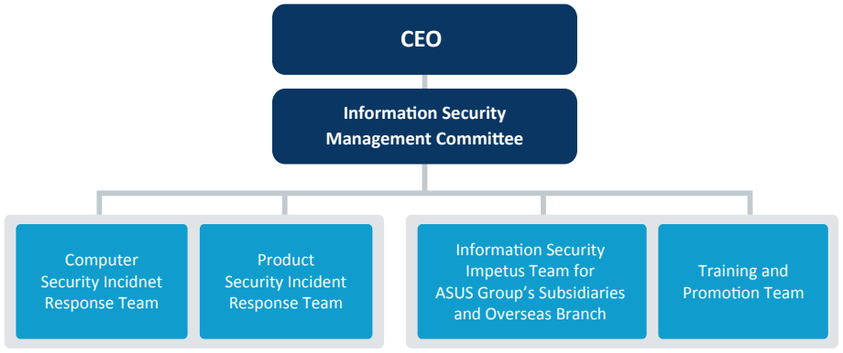
1. Monitor the risk trend reports of international organizations and corporate risk data, identify possible future risks through senior executive interviews, develop KRI and risk prevention plans, and provide regular feedback on the implementation results.
2. Use systematic approach for risk identification, assessment, and mitigation mechanisms. In 2020, the management initiative covers three dimensions - Climate Action, Sustainability Procurement, and Information Security - and the risk management report will be presented to the Audit Committee on March, 2021. Further details can be found in the respective chapters.

ASUS reshapes its risk management system and establishes an internal risk culture and robust risk response capability through the BCM Committee. We collect sustainability risk issues around the world and the changes in industry development trends periodically to adjust the materiality of the issues, and daily monitor KRI to be prepared for the occurrence or to mitigate the impacts. Encountering more impacts coming from unpredictable emerging risk, we hope to effectively consolidate internal and external resources through risk management platform to better predict, prepare for, respond to and adapt to the continuous changes in the environment. In the event of sudden operational interruption, the company will be able to survive and make breakthroughs and grow, and the capability to adapt will create more potential opportunities.

Information Security Management

Organizational Structure and Policy

In order to reinforce the sustainable operation, ASUS established an information security management committee that is supervised by the CEO. The Information security management committee promotes ISO 27001 Information Security Management System(ISMS), establishes the management procedures that complies with international standard, planned, executed and reviewed internal activities on information security, as well as verifying various activities and relevant results to meet the requirements of ISMS. The management system is used to identify possible findings which should be timely corrected, tracked and confirmed to ensuring validity and continuous improvement. The committee is composed of experts from business unit/ functional unit/common unit in various fields. With members share their experiences through regular meetings and the committee is monitored based on information security strategy by CEO, the committee could quickly establish the new policies and the communication channels among all units.



To ensure that information security measures or specifications comply with requirements of existing laws, the information security policy is reviewed annually:

- Ensure confidentiality of relevant business information, prevent sensitive information and customer private information from various threats and damage due to internal or external, deliberate or accidental factors, which exposes business information under risks such as modification, exposure, damage or missing.

- Ensure the completeness and availability of relevant business information and thus correctly carrying out the operation, and to protect security of information assets.

Performances of 2020 Information Security Management

ASUS establishes the information security management system certified by ISO/IEC 27001:2013 and CNS 27001:2014. The scope covers ASUS' internal IT core system, key external services websites and e-commerce systems, and will extend to SaaS AI cloud services.

In response to the increasing threats to information security, the R&D process needs to comply with security design principles, and the supply chain information security management during the manufacturing stage is also very important. In order to continue providing customers with more secured products, we add information security targets into our 2025 Sustainability Goals, including the improvements of research and development environment safety and also information security management of supply chain. The information security process is no longer just a one-way specification and monitoring, but a two-way joint collaboration with the supply chain to protect ASUS information assets from internal and external risks, and ensure the confidentiality, integrity and availability of our information security management system.

Targets and Performances of 2020

1. In response to the impact of the COVID-19 pandemic, high-security equipment, multiple authentication methods, and periodical review of authorization status are used to strengthen the security of information system services and network for employees working from home.
2. To enhance employee information security awareness and preventing email fraud, we provided education and training on information security to all employees, with a completion rate of 99.9%, and conducted 3 social engineering drills.
3. The remote backup and switchover drill for the business continuity capability of the core information system had completed in October, 2020.

Structure of Information Security Management

The framework of ASUS ISMS was built according to the Cybersecurity Framework of NIST (National Institute of Standards and Technology), which included 5 core aspects, namely risk assessment, protection of information security, information detection, notification and response on product security, as well as continuous operation of information service. The risks on information security were checked and managed through the above-mentioned 5 aspects, which corresponded to links before, during and after the event, as well as covering management strategy on life cycle of information security management.

1. Risk assessment

The valuation and risk assessment on information assets is performed at least once per annum. The value of assets is calculated according to confidentiality, integrity and availability of the information assets; the ones with high value undergo risk assessment and all items with high risk are compiled into business impact analysis and finally applied with improvement measures for risk reduction. This ensures adequate protection for information assets with great significance and reduces risk of operation interruption.

2. Protection on information security

- **Product safety lifecycle management**

ASUS provides a variety of products and services to users around the world, including hardware devices such as personal computers, mobile devices, home network equipment, commercial computers, notebook computers, enterprise workstations and servers, and corporate software solutions. Among the variety of software and hardware products and services, ASUS provides users with various functions that can enhance data security based on different levels and specifications, such as trusted platform module (TPM), multifactor authentication (MFA), network smart security and protection AiProtection, and software asset management (SAM).

Security must be observed in every link. ASUS continues to promote product security development internally, incorporating security considerations into both the system life cycle (SLC) and the software development life cycle (SDLC). The analysis stage in the product life cycle conforms to the requirements engineering framework of the NIST 800-160 Systems Security Engineering, and the security specifications required by the product can be fully defined. In the design stage, threat identification and impact analysis are conducted to calculate the risk value with respect to the threat items, and related risks are mitigated in the design and development stages. In the deployment/launch stage, personnel's responsibilities are divided and controlled, and dynamic testing and host vulnerability scanning are performed before the service is officially launched to ensure the security of the running service software itself and the hosting system.

During the manufacturing stage, ASUS confirmed maturity of the information security management of the suppliers by requesting their ISO 27001 certificate to further check the scope and the validity of the certification and the relevance of the business collaboration, as well as working together to manage the information security. During the sales and product use stages, we provided customers and users with instant problem reporting, response, and handling channels. In order to provide better customer service, we established a global service hot-line, information security consultation page, and the technical support team.

- **Improvement on information security awareness and the formulation of information security rules**

To ensure information security measures were in place, we conduct information security education training every year. In 2020, we continued to raise awareness of information security among employees by implementing an information security course, with 6,701 participants and a completion rate of 99.9%. Furthermore, we conducted three social engineering drills regarding the security of email use, and focus on the trainings and eductions of high-risk groups identified by the drill reports to be careful on emails from unknown sources.

We formulated ten rules of information security that covered the targets and measurement from ISO 27001, and at the same time printing small cards with the rules which could be easily carried by the employees.

3. Detection of information security

As forward-looking detection can reduce potential security threats, ASUS introduced its threat discovery service to quickly and efficiently respond to malicious program intrusion through smart network protection and virus pattern comparison mechanism. With the introduction of ACC (ASUS Control Center), which is self-developed by ASUS, all computers can be managed with one-stop collective system. Employees using any software from unknown sources will receive warning notifications, which also reminded them to comply with the intellectual property rights and relevant internal regulations. Managers will confirm the usage and the necessity of softwares installed by the collague to mitigate cyber attacks.

ASUS participated in the 2020 Hacks In Taiwan Conference (HITCON) held by the Industrial Development Bureau of the MOEA in Taiwan, providing wireless router products for testing to identify potential vulnerabilities through hackers' mindsets. ASUS will continue to participate in this event and provide more products to be tested to find potential vulnerabilities before they are exploited by criminals; leverage the technical capabilities of white hat (ethical) hackers in the information security community to conduct penetration tests through information security attack and defense scenarios to strengthen product security and enhance the ability to develop subsequent products.

4. Information security notification and response

- **ASUS Security Advisory**

We strive to ensure safety of ASUS products at all costs for protecting the privacy of our valued clients. We always strive in improvement of our safety and protective measures on personal information according to all applicable laws and regulations. We also welcome clients to notify us on safety or privacy issues related to the product. As a result, the product and information security notification and management platform were established as an exclusive channel for the consumers, information security experts or researchers to report security vulnerabilities or problems with ASUS products or information systems. This Platform automates the management of notified cases, has a product safety response team for horizontal communication and maintain the management quality on case notification and response. Through the Platform, we would make random announcements on security of ASUS products, so consumers could understand security updates of ASUS products, as well as keeping good communication and interaction with information security experts or researchers over the internet community.

- **Information security trends and joint defense mechanisms**

Regarding the latest trend on information security, ASUS introduced the warning notification provided by an external consulting company, which can provide preventive measures of handling through notification once the new type of attack appears. This prevents important information assets of the Company from new types of external attacks on information security. In addition, we regularly participate in information security research forums, such as the Taiwan Information Security Conference and the joint defense mechanism, to learn from industry practices and share the latest trends to improve the vulnerability prevention and problem solving capabilities.

Vulnerability identification was conducted through three major aspects: product safety engineering, joint defense of intelligence and information, and external notification. We focused on product development and testing stages incorporating multiple automated detection tools to identify known vulnerabilities as early as possible, and also established a trustworthy joint defense mechanism with the National Information Sharing and Analysis Center (ISAC) and the Taiwan Computer Emergency Response Team / Coordination Center (TWCERT/CC), so that new cyber security incidents or exploited loopholes could be reported as soon as possible to rapidly implement effective countermeasures.

5. Business Continuation of information service

The continuous operation capacity of the core information system for Company operation was improved. In addition to the information facility located at our headquarters, we hired the facility that passed ISO 27001 information security certification as an extended facility provided to the core information system for establishing structure of remote backup. At present, the important operation core information system of the Company has been completed with establishment of backup structure and operated with application of Active-Active loading balance structure. This ensures that the information system of the remote backup facility can take over the operation within the shortest time when a major accident occurs. Moreover, in 2020, the remote backup and switchover drill for the business continuity capability of the global core information system were completed to ensure that risk of operation interruptions reduced to a minimum.

- **Information security management of AI cloud software services**

The AI cloud software services provided by ASUS Intelligent Cloud Service Center (AICS) was certified by ISO/IEC 27001:2013 in December 2020, and the smart medical services also passed the information security management assessment for Health Insurance Portability and Accountability Act (HIPAA), demonstrating ASUS' comprehensive efforts to strengthen

information security and ensuring that service processes comply with the most advanced and complete world-class medical and health privacy protection regulations, thus setting a new industry benchmark.

AICS utilizes natural language processing, computer vision, deep learning, and big data analytics as the core of its AI cloud-based software as a services (SaaS) which applies in data-driven precision healthcare and medical treatment, and management in manufacturing Environmental Safety and Health (ESH) to help business customers solve their most challenging problems and propel the development of Taiwan's next world-class industry leader. Smart healthcare is a major trend. In terms of opportunities of related applications, services such as the collection, transmission, storage and analysis of health information present two major challenges in information security and privacy. The capabilities of protecting the electronic Protected Health Information (ePHI) from internal and external threats and ensuring the confidentiality, availability and integrity of the data will be keys to the future development of smart medicine. AICS actively establishes a program safety and quality culture in the development environment, and sets quantifiable quality indicators for program quality management as well as designing multiple review mechanisms. Detection services are also carried out in the software development process, scanning each service code that will be launched to check for possible errors and security loopholes. These measures greatly reduce data loss, improve the overall information security condition and the availability of the service system, ensuring that safety and efficiency of the products and services can satisfy customers.

As information security risks increase significantly, the most important benefit of introducing the ISO 27001 is to build the mechanism on the management of information security and goals to reach a consensus of information security and thus enhancing the awareness in the organization. The introduction of ISMS-based risk inventory, secure software development life cycle (SSDLC), outsourcing management and information security incident handling help reduce the possibility and impact of information security incidents such as malware infections, data leakage and operational interruption, and enhances the confidence of customers and interested parties in the stable operation of the company.

2021 Main plans for information security management

1. Continue to expand the scope of ASUS information security system for ISO 27001 certification
2. Strengthen information security management in the supply chain
3. Continue to deepen the awareness of information security
4. Actively participate in the company's joint defense to enhance the early warning and defense capabilities

Personal Data Protection Committee

ASUS established the "Personal Data Protection and Information Security Committee" in April 2012 according to the instruction from the top management to formulate the company's policy on personal data use and handle relevant matters. In response to regulatory changes and reorganization, the above committee has changed to the "Personal Data Protection Committee" (Hereinafter referred to as "the Committee") in 2018, and the Committee has released a new company's policy named the "General Personal Data Protection Policy" and implemented it internally. The Policy is used as guideline on the collection, processing and use of personal data collected through ASUS products and services (such as computers, software, official websites, customer support services and others). The Committee published the "ASUS Privacy Policy" on ASUS official website to let the general public and consumers aware of how ASUS protects and manages their personal data.

In order to ensure the full implementation of the company's policies, the Committee holds regular bi-weekly meeting to implement and review annual objectives, and calls irregular meetings from time to time to adjust implementation measures and handle personal data relevant events. By the end of 2020, the Committee has held 246 regular meetings.

Main accomplishments of the Personal Data Protection Committee in 2020:

- **Regulatory compliance management for the personal data protection laws:**
  - ✓ **Data inventory review**
    Continue to examine the nature of data collected, processed and used by the company to ensure the scope of regulatory compliance.
  - ✓ **Process improvement**
    The Committee elaborates to the relevant departments on the data processing procedures that shall be modified and improved to be in accordance with personaldata protection laws in response to the update of products or services.
  - ✓ **Privacy policy review**
    Adjust the ASUS Privacy Policy for each country in response to regulations from different jurisdictions if needed.
  - ✓ **Education and training**
    Education and training sessions are held annually to ensure all employees understand the company's policy. In 2020, 4 sessions were provided to employees in headquarters and in overseas offices.

✓ **Handle the request and inquiry of data subjects and supervisory authorities**
The Committee is the central contact point for handling requests and inquiries of data subjects and supervisory authorities. ASUS shall respond to the requests from data subjects within the statutory period by law. The Committee collaborates with the relevant departments to handle requests and responds to the data subjects to fulfill the regulatory obligations. Inquiries from the supervisory authorities are also handled with the same approach to mitigate legal risks.

✓ **Annual internal audit**
The responsible departments involved in the management of personal data are included in the scope of audit to cooperate the company's internal audit. With internal self-assessment conducted by the departments, examination of service providers' practices conducted by the departments, and audits conducted by auditors, the Committee provides corrective measures and improvement approaches on non-compliant items to assist the responsible departments or service providers to improve their practices to ensure the full implementation of the company's policies and relevant management procedures.

✓ **Annual vulnerability scanning on personal data related websites**
In order to reinforce security of websites and consumer data, the Committee requires the Enterprise Intelligence Data Development Center to implement vulnerability scanning on websites which provide external services and collect personal data. Based on vulnerability scanning evaluation report issued by the Center, the Committee conducts the tracking of vulnerability correction progress and audits the implementation of vulnerability management. The responsible department is required to improve on non-compliant items within a limited time period.

✓ **Education and training**
- Regular in-person classes: Training courses on personal data protection are offered to all employees annually.
- Non-scheduled classes: Provide specific sessions on personal data protection based on the needs of each department.

- **Main plan for Personal Data Protection Committee in 2021**

✓ Improve the interface used by data subjects to file personal data requests and its internal process procedure.

✓ Review and improve the company's regulatory compliance in accordance with the new regulations in the U.S., Brazil, and Thailand.

✓ Add overseas audits and assist related departments to conduct audits to service providers.

Business Ethics

ASUS formulated the "Employee Code of Conduct" based on the Code of Conduct by the Responsible Business Alliance (RBA) 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 is required to be retrained every year.

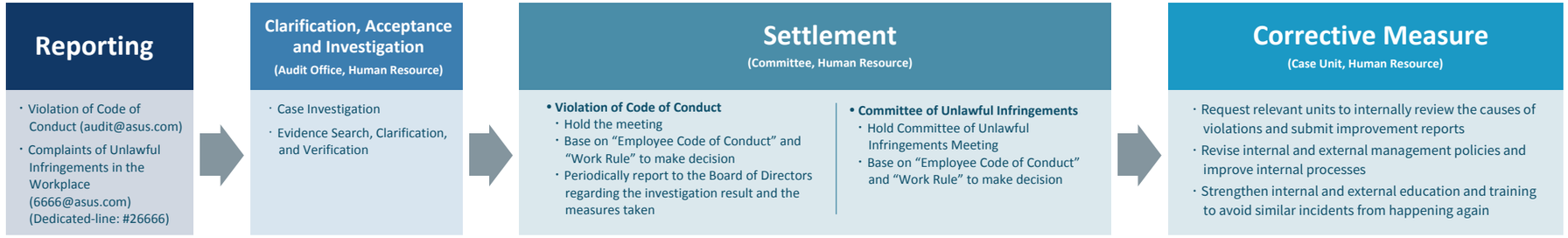
ASUS has always engaged in all business activities with honesty and forbids corruption and any form of fraud. With a system of rewards and punishments, we make sure that employees do not accept any type of fraud regarding demands, contract, bribery, or any other improper benefits. Should anyone discover 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. In accordance with the Occupational Safety and Health, the Sexual Harassment Prevention Act, and the Personal Data Protection Act, any personal information and other full-funded identification information of the whistleblower shall be kept confidential and shall not be provided to third parties not related to the investigation. In order to avoid unfair and unfavorable treatment, the whistleblower can also propose necessary precautions against possible damage in accordance with the law.

Regarding cases that violate the "Code of Ethical Conduct", they will be dealt with appropriately based on the severity. ASUS will severely punish illegal acts and transfer them to judicial authorities for investigation if necessary.

For detailed instructions for reporting, please visit "Internal Audit" under "Corporate Governance" on the Investor Relations website.

In 2020, there were 1 violation of the Employee Code of Conduct in the ASUS group, and the employee was dismissed according to the severity of the event classified in the internal "Work Rule" and "Employee Code of Conduct". We reinforce the concept of business ethics to our employees, modify the price review mechanism, establish warning functions, and establish a regular job rotation system.

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 anticorruption 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 NT$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. There was no major violation in regulation compliance in 2020.

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

Customer Satisfaction

For each key service process, such as service timeliness, material and parts management, service quality, cost control and systemization, it is tracked and analyzed through weekly management reports to identify rooms for improvement or optimization.

In order to create a better service experience, ASUS Service Center tracks and analizes the results of the questionnaires every month to optimize the service quality or process of telephone services. ASUS set a global annual customer dissatisfaction target of less than 10%, and the target was achieved for the dissatisfaction ranged from 0.13% to 0.45% over the total of 52 weeks in 2020.

North America had the highest dissatisfaction among all regions. ASUS regularly trains the staffs of telephone service to ensure that they had sufficient professional knowledge to provide good service, reducing the average of 8.82% in the first quarter to 7.41% per year.

In addition, ASUS occasionally organizes product inspection activities, including software updates, functional testing, simple troubleshooting, appearance cleaning and maintenance services, which can extend the product life cycle and enhance consumers' personal attachment to our brand.

12 Workplace Environment

Performance

- Excellent Healthy Workplace by Departmentof Health, Taipei City Government
- Taiwan i Sports Accreditation by Sport Administration, Ministry of Education
- Flood Resilience and Self-Resilience Community Promotion by Taipei Hydraulic Engineering Office
- Held eight large-scale emergency drills

We uphold the culture of "happy work and enjoy life". Through the improvement of workplace safety, health promotion activities, physical and mental stress relief lectures, parent-child activities, etc. we aim to maintain work and life balance, and thereby enhance the corporate cohesiveness and competitiveness. ASUS has long been committed to creating a safe, healthy, and comfortable working environment, and applies the spirit of perseverance and the pursuit of excellence to the field of occupational safety and health. The Company won the highest honor of the "2018 National Occupational Safety & Health Award - Enterprise Benchmark Award" by the Ministry of Labor.

ASUS has self-managed and cooperate with local fire departments to organize emergency training through safety and health hazard identification[12], education and training promotion, and disaster prevention simulation exercises. The Company also promotes the "Workplace GO Relief Reward System", with the goal of full participation and "zero disaster" to enhance worker safety awareness and ensure workplace safety.

In addition, in order to achieve effective communication, ASUS forms the Occupational Safety and Health Committee composed of 18 labor-management members[3] and hold quarterly meeting[4].

[1] OH&S hazard identification, risk assessment procedure: In the fourth quarter of each year, members of all departments are invited to identify the environmental considerations and safety and health risks of internal operations, processes and activities, and take preventive control measures based on the level of risk.

[2] In 2020, there were 9 major intolerable risks in the risk identification of Occupational Safety and Health. Among them, safety and health accounted for 89% and most of them related to mechanical equipment operations. We established standard operating procedures, provided personnel education and training, performed operation inspection, and executed on-site audits to manage the situations.

[3] Including 10 labor representatives

[4] Due to re-election of members in the first quarter of 2020, the first quarter meeting was held in conjunction with the second quarter meeting.

Healthy Workplace

ASUS adheres to the business philosophy of "inspire, motivate, and nurture employees," by providing annual health check-up service, which is superior to the provisions set out in the "Regulations Governing the Labor Health Protection,"to its employees. In addition, any abnormality discovered in the check-up is analyzed, managed and tracked according to the level of severity. Doctors and nurses regularly monitor the abnormality, assist in medical referrals, and promote various health promotion activities. We believe this could help employees to have a healthy body.

In 2020, 94%[5] of employees at headquarters received annual health check-up. With health management and treatment, 80% of those who were classified as highly abnormal alerts completed the reinspection or improved their health conditions. ASUS continuously offers health courses and activities to build up a healthy work environment, achieve a sustainability workplace.

ASUS hires occupational medicine specialists to provide prevention and consultation of occupational diseases, and develops a health management platform with management of ergonomic hazards, maternity protection, overwork and abnormal health check-up to filter groups according to risk level. Nurses, occupational safety personnel, and human resource personnel will help schedule the physician consultation when necessary, achieving prevention and management of occupational disease. In 2020, there is no case for occupational disease.

ASUS attaches great importance to the physical, mental, and spiritual health of its employees, and promotes a comprehensive health development plan. The content includes but not limited to:

Physical including exercise, sleep, drinking, weight loss

Mental including psychological care services, employee assistance program (EAP), sleep, psychological lectures

Spiritual including parent-child day, family day, departmental good day, beach cleaning

CEO and COO Lead the TABATA Flash Mob

Strength training courses

[5] The denominator was the total number of employees within the month receiving annual health check-up.

Employee Relation

Five-Star Psychology Caring

The EAP incorporates multiple communication channels and assistance and counseling solutions. It assists employees to solve personal issues that may affect work productivity and offers supervisors with professional management consultation services to help them resolve crisis and management issues. In order to improve the comprehensiveness of employee care, the employee relations also provide emergency medical referrals and assistance for employees and their families.

The employee caring hotline provides immediate assistance to employees, and the joint consultation services provided by professional colleagues and external consultant experts give employees psychological and emotional support or stress relief solutions related to employees' work, life and health. In the event that employees suffer from accidental injuries, hospitalization or major disasters, we also activate emergency relief and assistance depending on the circumstances of each case and give employees and their family appropriate care.

We have established an employee caring website, which contains beneficial information on work stress relief, positive thinking and work and life balance. There is also the emergency relief service. In addition to providing consolation money, ASUS also develops customized care plans for colleagues who need long-term care, and provides necessary personal assistance and support.

During the COVID-19 pandemic, we reminded our employees through Employee Intranet Portal (EIP) website that they can seek assistance from the employee caring hotline if they encounter issues that require assistance in work, life, or health. In addition, relevant information and articles about epidemic prevention life were placed on the employee caring website.

Caring for Female Employees

Since 2010, ASUS has continuously obtained the "Excellent Breastfeeding Room Certification". In order to take care of the health and safety of employees during pregnancy, we offer pregnancy gifts and courtesy parking spaces, and settle special rest chairs in the room to help pregnant mothers feel comfortable and relax during their lunch breaks. In 2019, we optimized the environment of the breastfeeding room through access control and independent compartments, providing a friendly environment for breastfeeding.

In 2020, the return to work rate for females after parental leave in headquarters and after maternity leave in mainland China was 84% and 94%, accordingly; the retention rate for females after returning to work for 12 months in headquarters and in mainland China was 84% and 81%, respectfully. The high return to work rate and retention rate in headquarters and in Mainland China show that ASUS would not force females to leave due to pregnancy or parenting and that it is committed to providing a gender equality environment.

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.

Continuous Reduction of Environmental Footprints

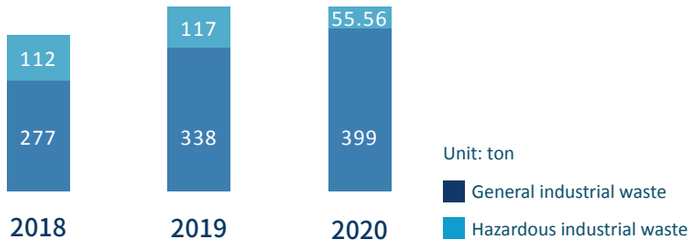
ASUS has established an exclusive EHS (Environment, Health & Safety) team to assess the possible environmental impact from company activity for compliance with relevant regulations. To improve corporate performance for environmental protection, the administration team has set strict specifications and continued to promote improvement programs, which helped us to reduce environmental impact to a minimum and head towards the goal of "Zero pollution." As ASUS overseas offices are leased offices, information on waste, waste water, and water is not available. Therefore, the reporting boundaries of the following information are the headquarters and repair centers in Taiwan.

Waste Management and Zero Waste to Landfill

Waste is a heavy burden. Failure to deal with it properly will cause huge costs to the government, enterprises and society. Therefore, we expect to achieve zero waste and move toward the direction of the circular economy. ASUS waste could be classified into general wastes and hazardous wastes. The hazardous wastes mainly include R&D materials and waste, which are treated and recycle by qualified recyclers; the general wastes mainly include daily garbage from employees, which are main reused after adequate recycling. The portion that cannot be recycled will be finally processed with incineration or land-filling.

Since 2015, ASUS had initiated the "Zero Waste to Landfill" program in the Headquarters by adopting UL ECVP 2799- Zero Waste to Landfill standard, which tracks waste flow with quantified index and confirms adequate procedures on waste recycling, reuse and conversion instead of direct land-filling.

Headquarters and Royal Club Repair Centers



Water Resource Management

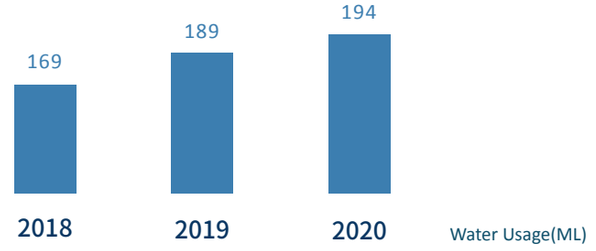
Regardless of whether it is to maintain life or business operations, the dependence and demands for water resources have grown, but the problem of insufficient water resources and risks has have also increased over the years. In ASUS, the consumption of water resources mainly covers daily water for general office staff and the source comes from municipal supply while the risk of operation affected by water resources is relatively lower. Based on CSR, numerous water-saving measures were conducted for effective administration on water resources.

To achieve these, as well as improving usage efficiency and reducing wastage on water resources, we have implemented numerous measures in software and hardware. Hot spots of higher water consumption in headquarters undergo analysis and statistics on significance, which will serve as records for long-term tracking. Moreover, a water recycling and reuse facilities were erected at the Headquarter, which collected overflowing water for toilet use and plant maintenance.

The source of waste water is mainly office sewage, which is normally drained into a specified sewage treatment system as per government regulations, thus it is not in the scope of disclosure.

Due to activation of the new building since 2019, the water consumption increased by 2.6% compared to 2019.

Headquarters and Offices



Appendix

Appendix A : GRI Content Index

GRI Content Index	Disclosure	Disclosure Section or Description	Page Number(s)
102-1	Name of the organization	Business Philosophy and Sustainability Strategy	1-1
102-2	Activities, brands, products, and services	Business Philosophy and Sustainability Strategy	1-1
102-3	Location of headquarters	Business Philosophy and Sustainability Strategy	1-1
102-4	Location of operations	Annual Report 2020: ASUSTeK Computer Inc. and subsidiaries	AR 159~162
102-5	Ownership and legal form	Business Philosophy and Sustainability Strategy	1-1
102-6	Markets served	Annual Report 2020: Overview of Business Operation	AR 116
102-7	Scale of the organization	Annual Report 2020: Special Disclosures	AR 163~167
102-8	Information on employees and other workers	Talent Cultivation: Human Resource Structure	9-2
102-9	Supply chain	Responsible Manufacturing	7-2
102-10	Significant changes to the organization and its supply chain	No significant change	
102-11	Precautionary Principle or approach	Governance: Risk Management	11-3~11-4
102-12	External initiatives	TCFD - Climate Action RBA - Responsible Manufacturing	6-2~6-6 7-3
102-13	Membership of associations	Appendix A: GRI Content Index	A-6
102-14	Statement from senior decision-maker	About This Report: Message from the Chairman, Message from the co-CEOs	II~III
102-16	Values, principles, standards, and norms of behavior	Governance: Business Ethics	11-9~11-10
102-18	Governance structure	Governance: Governance	11-1~11-2
102-40	List of stakeholder groups	Stakeholder Engagement	3-2
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	Stakeholder Engagement	3-1~3-2
102-43	Approach to stakeholder engagement	Stakeholder Engagement	3-2
102-44	Key topics and concerns raised	Stakeholder Engagement	3-3
102-45	Entities included in the consolidated financial statements	Annual Report 2020: ASUSTeK Computer Inc. and subsidiaries	AR 159~162
102-46	Defining report content and topic Boundaries	About This Report	I
102-47	List of material topics	Stakeholder Engagement	3-3
102-48	Restatements of information	No significant change	
102-49	Changes in reporting	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. The scope of the report covers over 95% of total revenue.	
102-50	Reporting period	This report discloses the approaches and performances of our company from January 1 to December 31, 2020. To ensure the completeness of the reporting, some of the contents also covers performances in 2019 and in 2021.	
102-51	Date of most recent report	July 2020	
102-52	Reporting cycle	Annually	
102-53	Contact point for questions regarding the report	About This Report	I
102-54	Claims of reporting in accordance with the GRI Standards	About This Report	I
102-55	GRI content index	This table	I
102-56	External assurance	Appendix D: AA1000AS & SASB Assurance Statement	D-1

GRI Content Index	Disclosure		Section, Description or Website	Page Number(s)
Material Topics				
Climate Action				
GRI 302 Energy 2016	103 Management Approach	103-1 Explanation of the material topic and its Boundaries	Climate Action	6-1~6-3
		103-2 The management approach and its components	Climate Action	6-1~6-3
		103-3 Evaluation of the management approach	Climate Action	6-1~6-3
	302-1 Energy consumption within the organization		Climate Action	6-6
	302-2 Energy consumption outside of the organization		Climate Action	6-6
	302-3 Energy intensity		Undisclosed	
	302-4 Reduction of energy consumption		Climate Action	6-3~6-4
	302-5 Reductions in energy requirements of products and services		Climate Action	5-7, 6-3~6-5
GRI 305 Emissions 2016	103 Management Approach	103-1 Explanation of the material topic and its Boundaries	Climate Action	6-1~6-3
		103-2 The management approach and its components	Climate Action	6-1~6-3
		103-3 Evaluation of the management approach	Climate Action	6-1~6-3
	305-1 Direct (Scope 1) GHG emissions		Climate Action	6-6
	305-2 Energy indirect (Scope 2) GHG emissions		Climate Action	6-6
	305-3 Other indirect (Scope 3) GHG emissions		Climate Action	6-6
	305-4 GHG emissions intensity		Undisclosed	
	305-5 Reduction of GHG emissions		Undisclosed	
	305-6 Emissions of ozone-depleting substances (ODS)		ASUS has no relevant process. Not Applicable.	
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		ASUS has no relevant process. Not Applicable.	

GRI Content Index	Disclosure		Section, Description or Website	Page Number(s)
Material Topics				
Responsible Manufacturing				
GRI 308 Supplier Environmental Assessment 2016	103 Management Approach	103-1 Explanation of the material topic and its Boundaries	Responsible Manufacturing	7-2~7-7
		103-2 The management approach and its components	Responsible Manufacturing	7-2~7-7
		103-3 Evaluation of the management approach	Responsible Manufacturing	7-2~7-7
	308-1 New suppliers that were screened using environmental criteria		Suppliers have to pass HSF and CSR audit. 100% of suppliers are in compliance with the requirements.	
	308-2 Negative environmental impacts in the supply chain and actions taken		Responsible Manufacturing: Continuous Reduction of Environmental Footprints	7-9
GRI 414 Supplier Social assessment 2016	103 Management Approach	103-1 Explanation of the material topic and its Boundaries	Responsible Manufacturing	7-2~7-7
		103-2 The management approach and its components	Responsible Manufacturing	7-2~7-7
		103-3 Evaluation of the management approach	Responsible Manufacturing	7-2~7-7
	414-1 New suppliers that were screened using social criteria		Suppliers have to pass HSF and CSR audit. 100% of suppliers are in compliance with the requirements.	
	414-2 Negative social impacts in the supply chain and actions taken		Responsible Manufacturing: Responsible Minerals	7-6~7-7

GRI Content Index	Disclosure		Section, Description or Website	Page Number(s)
Material Topics				
Circular Economy				
GRI 301 Materials 2016	103 Management Approach	103-1 Explanation of the material topic and its Boundaries	Circular Economy	5-8
		103-2 The management approach and its components	Circular Economy	5-8
		103-3 Evaluation of the management approach	Circular Economy	5-8
	301-1 Materials used by weight or volume		This indicator could not be tracked because the technology is not feasible.	
	301-2 Recycled input materials used		No information on 301-1 and thus the ratio could not be calculated. On the other hand, we disclose the management of circular economy and the weight of recycled plastic.	
	301-3 Reclaimed products and their packaging materials		Circular Economy	5-8
Innovation and Value Creation				
	103 Management Approach	103-1 Explanation of the material topic and its Boundaries	Innovation and Value Creation Annual Report 2020: Overview of Business Operation	8-1~8-2, 8-6~8-10 AR 112~116
		103-2 The management approach and its components	Innovation and Value Creation Annual Report 2020: Overview of Business Operation	8-1~8-2, 8-6~8-10 AR 112~116
		103-3 Evaluation of the management approach	Innovation and Value Creation Annual Report 2020: Overview of Business Operation	8-1~8-2, 8-6~8-10 AR 112~116
	Intellectual property rights		Innovation and Value Creation	8-6
	Research & Development Investment		Annual Report 2020: Overview of Business Operation	AR 114~115

GRI Content Index	Disclosure	Section, Description or Website	Page Number(s)
General Topics			
GRI 201 Economic Performance 2016	201-1 Direct economic value generated and distributed	Annual Report 2020: Consolidated Financial Statements	AR 191
	201-2 Financial implications and other risks and opportunities due to climate change	Climate Action Annual Report 2020: Corporate Governance	6-2~6-5 AR 68~74
	201-3 Defined benefit plan obligations and other retirement plans	Talent Cultivation: Recruitment and Development Annual Report 2020: Consolidated Financial Statements	9-6 AR 213~214, 231~234
	201-4 Financial assistance received from government	Research and development expenditure. The information is undisclosed.	
GRI 202 Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Appendix A: GRI Content Index	A-7
	202-2 Proportion of senior management hired from the local community	Appendix A: GRI Content Index	A-7
GRI 203 Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Society: Digital Inclusion	10-5~10-7
	203-2 Significant indirect economic impacts	Society: Digital Inclusion	10-5~10-7
GRI 204 Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Annual Report 2020: Overview of Business Operation	AR 121
GRI 205 Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	The scope of anti-corruption risk assessment is all operating locations	
	205-2 Communication and training about anti-corruption policies and procedures	Governance: Business Ethics	11-9~11-10
	205-3 Confirmed incidents of corruption and actions taken	Governance: Business Ethics	11-9
GRI 206 Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No significant violation Governance: Regulation Compliance	11-10

GRI Content Index	Disclosure	Section, Description or Website	Page Number(s)
General Topics			
GRI 207 Tax 2019	207-1 Approach to tax	CSR Website: Governance Structure	
	207-2 Tax governance, control, and risk management	Undisclosed	
	207-3 Stakeholder engagement and management of concerns related to tax	Undisclosed	
	207-4 Country-by-country reporting	Undisclosed	
GRI 303 Water and Effluents 2018	303-1 Interactions with water as a shared resource	ASUS locations are offices and the discharge water complies with legal regulations.	
	303-2 Management of water discharge-related impacts	ASUS locations are offices and the discharge water complies with legal regulations.	
	303-3 Water withdrawal	Workplace: Continuous Reduction of Environmental Footprints	12-4
	303-4 Water discharge	ASUS locations are offices and the discharge water will go to the municipal sewer system, thus we do not track it.	
	303-5 Water consumption	Workplace: Continuous Reduction of Environmental Footprints	12-4
GRI 304 Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	ASUS activities have no significant direct impact on this issue, and no relevant information is available.	
	304-2 Significant impacts of activities, products, and services on biodiversity	ASUS activities have no significant direct impact on this issue, and no relevant information is available.	
	304-3 Habitats protected or restored	ASUS activities have no significant direct impact on this issue, and no relevant information is available.	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	ASUS activities have no significant direct impact on this issue, and no relevant information is available	

GRI Content Index	Disclosure	Section, Description or Website	Page Number(s)
General Topics			
GRI 306 Effluents and Waste 2016	306-1 Water discharge by quality and destination	ASUS locations are offices and the discharge water will go to the municipal sewer system, thus we do not track it.	
	306-2 Waste by type and disposal method	Workplace: Continuous Reduction of Environmental Footprints	12-4
	306-3 Significant spills	No significant spill	
	306-4 Transport of hazardous waste	ASUS generates a small amount of hazardous business waste which are mainly from research and development progress. Waste is processed and recycled in accordance with local government regulations. The transportation of waste is tracked and counted by approved disposal vendors, and is not exported to other countries.	
	306-5 Water bodies affected by water discharges and/or runoff	ASUS locations are offices and the discharge water will go to the municipal sewer system, thus we do not track it.	
GRI 307 Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	No significant violation Governance: Regulation Compliance	11-10
GRI 401 Employment 2016	401-1 New employee hires and employee turnover	Appendix A: GRI Content Index	A-7
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Talent Cultivation: Recruitment and Development	9-6
	401-3 Parental leave	Appendix A: GRI Content Index	A-8
GRI 402 Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	If there is significant change in corporation, we will provide notice at lease no less than a month.	

GRI Content Index	Disclosure	Section, Description or Website	Page Number(s)
General Topics			
GRI 403 Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Workplace CSR Website: SER Management Systems	12-1~12-2
	403-2 Hazard identification, risk assessment, and incident investigation	Governance: Risk Management	11-13~11-14
	403-3 Occupational health services	Workplace: Healthy Workplace	12-1~12-3
	403-4 Worker participation, consultation, and communication on occupational health and safety	Each subsidiary complies with collective bargaining agreements in accordance with local regulations. ASUS respects the right to freedom of association and collective bargaining. In headquarters, we holds labor-management committee quarterly in accordance with the regulation.	
	403-5 Worker training on occupational health and safety	CSR Website: Environmental Safety Management	
	403-6 Promotion of worker health	Workplace: Healthy Workplace	12-1~12-2
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	CSR Website: Environmental Safety Management	
	403-8 Workers covered by an occupational health and safety management system	All ASUS employees and contractors	
	403-9 Work-related injuries	Appendix A: GRI Content Index	A-8
	403-10 Work-related ill health	Workplace: Healthy Workplace	12-1
GRI 404 Training and Education 2016	404-1 Average hours of training per year per employee	Appendix A: GRI Content Index	A-9
	404-2 Programs for upgrading employee skills and transition assistance programs	Talent Cultivation: Recruitment and Development	9-6~9-11
	404-3 Percentage of employees receiving regular performance and career development reviews	Talent Cultivation: Individual Development Plan and Appraisal	9-11
GRI 405 Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Talent Cultivation: Human Resource Structure	9-2
	405-2 Ratio of basic salary and remuneration of women to men	Talent Cultivation: Talent Pool	9-5

GRI Content Index	Disclosure	Section, Description or Website	Page Number(s)
General Topics			
GRI 406 Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No incident	
GRI 407 Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Each subsidiary complies with collective bargaining agreements in accordance with local regulations. ASUS respects the right to freedom of association and collective bargaining. In headquarters, we holds labor-management committee quarterly in accordance with the regulation.	
GRI 408 Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	CSR Website: Human Rights Responsible Manufacturing	7-3~7-5
GRI 409 Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	No incident	
GRI 410 Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Same as ASUS employees	
GRI 411 Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	No incident	
GRI 412 Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	Undisclosed	
	412-2 Employee training on human rights policies or procedures	Appendix A: GRI Content Index	A-10
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Undisclosed	
GRI 413 Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Undisclosed	
	413-2 Operations with significant actual and potential negative impacts on local communities	No significant impact on local communities	

GRI Content Index	Disclosure	Section, Description or Website	Page Number(s)
General Topics			
GRI 415 Public Policy 2016	415-1 Political contributions	Undisclosed	
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 Governance: Regulation Compliance	11-10
GRI 417 Marketing 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 Governance: Regulation Compliance	11-10
	417-3 Incidents of non-compliance concerning marketing communications	No significant violation Governance: Regulation Compliance	11-10
GRI 418 Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No complaint regarding breach of customer privacy or lose in data	
GRI 419 Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	No significant violation Governance: Regulation Compliance	11-10
	Social contribution by the technology industry	Innovation and Value Creation Society	8-1~8-10 10-1~10-10

102-13 Membership of associations

To fulfil CSR and comply with the expectations of stakeholders, we have fully assessed and aggressively participated in various 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:

Association	Member	Projects or committees involvement
Business Council for Sustainable Development (BCSD) of Taiwan	■	■
Taiwan Climate Coalition	■	■
Taiwan Institute for Sustainable Energy	■	□
Center for Corporate Sustainability	■	□
Taiwan Computer Emergency Response Team / Coordination Center	■	■
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)	■	□

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

ASUS Group [1]

Region	Male	Female
Headquarters	1.04	1.04
Mainland China	1.61	1.61

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

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

ASUS Group

Region	Percentage
Headquarters	100.00%
Mainland China	88.00%
Africa & Middle East & Europe	0.00%
America Region	0.00%
Asia-Pacific	0.00%

* The word "local" in this indicator is defined as "nationality" or possessing "permanent residence permit"
* Senior Management in ASUS Group is defined as followed:
Headquarter: (Main) Center, HQ Manager, Unit Head and above
Overseas-Regional Offices: Division, Center Manager and above
Overseas-County level Offices: Department, Division/Center Manager and above

[1] For Taiwan region, since ASUS Cloud has its own independent HR database, and the number of employees is not significant, ASUS Cloud is not included.

401-1 New employee hires and employee turnover

ASUS Group

Region	Item	Age Group	Male		Female	
			Number of Employee	Proportion of the male employees within that age group	Number of Employee	Proportion of the female employees within that age group
Headquarters	Number and Rate of New Employee	<30	390	46.37%	346	53.40%
		30 ~ 50	313	9.63%	144	8.90%
		>50	5	3.13%	2	3.67%
	Number and Rate of Employee Turnover	<30	140	16.65%	151	23.30%
		30 ~ 50	229	7.05%	109	6.74%
		>50	7	4.39%	1	1.83%
Mainland China	Number and Rate of New Employee	<30	211	62.80%	118	50.21%
		30 ~ 50	94	13.76%	44	6.85%
		>50	0	0.00%	1	10.00%
	Number and Rate of Employee Turnover	<30	202	60.12%	74	31.49%
		30 ~ 50	100	14.64%	61	9.50%
		>50	1	15.38%	3	30.00%
Africa & Middle East & Europe	Number and Rate of New Employee	<30	56	24.56%	29	24.79%
		30 ~ 50	47	5.25%	23	5.44%
		>50	0	0.00%	1	1.30%
	Number and Rate of Employee Turnover	<30	41	17.98%	29	24.79%
		30 ~ 50	77	8.60%	45	10.64%
		>50	3	3.95%	5	6.49%
America Region	Number and Rate of New Employee	<30	13	18.31%	11	12.64%
		30 ~ 50	11	4.89%	5	2.73%
		>50	1	1.82%	1	2.86%
	Number and Rate of Employee Turnover	<30	16	22.54%	9	10.34%
		30 ~ 50	24	10.67%	11	6.01%
		>50	2	3.64%	2	5.71%
Asia-Pacific	Number and Rate of New Employee	<30	36	13.14%	41	17.75%
		30 ~ 50	47	4.95%	18	3.92%
		>50	2	4.88%	0	0.00%
	Number and Rate of Employee Turnover	<30	32	11.68%	35	15.15%
		30 ~ 50	88	9.26%	40	8.71%
		>50	390	46.37%	346	53.40%

* Male(Female) Employee New Hired Rate of the Age Group= Numbers of New Male(Female) Employee of the Age Group hired during the year / Average Number of Male(Female) Employees of the Age Group during the year
* Male(Female) Employee Turnover Rate of the Age Group= Numbers of Male(Female) Employee of the Age Group quitted during the year / Average Numbers of Male(Female) Employees of the Age Group during the year

401-3 Parental leave

ASUS Group

Region	Item	Male	Female
Headquarters	Number of employee qualified for parental leave in 2020	595	359
	Number of employee applied for parental leave in 2020	6	45
	Number of employees who actually returned to work after parental leave ended in 2020	4	37
	Return to Work Rate in 2020	50.00%	84.09%
	Number of employees who worked 12 months after their return from parental leave by 2020	5	26
	Retention Rate in 2020	83.33%	83.87%
Mainland China	Number of employee applied for maternity/ paternity leave in 2020	70	117
	Number of employees who actually returned to work after maternity/paternity leave ended in 2020	70	91
	Return to Work Rate in 2020	100.00%	93.81%
	Number of employees who worked 12 months after their return from maternity/paternity leave by 2020	78	119
	Retention Rate in 2020	90.70%	80.95%

* There is no parental leave in Mainland China, thus we took maternity/paternity leave as parental leave for calculation.
* The benefits of maternity/paternity in Europe, Asia and America are different, and the collection is not easy, thus it will not be disclosed
* In headquarters, number of Employees qualified for parental leave = Numbers of Employee who applied for paternity leave in the period of year 2018-2020
* Return to Work Rate for Male(Female) Employees = Number of Male(Female) Employees who returned to work after parental(maternity/paternity) leave in 2020/Number of Male(Female) Employees who should return to work after parental(maternity/paternity) leave in 2020 X 100%
* Retention Rate for Male(Female) Employees = Number of Male(Female) Employees took the parental(maternity/paternity) leave in 2019 and returned to work for at least 12 months in 2020/Number of Male(Female) Employees who should return to work after parental(maternity/paternity) leave in 2019 X 100%

403-9 Work-related injuries

In Taiwan in 2020, there was no high-consequence work-related injury, thus data relevant to fatalities and high-consequence work-related injury were all 0.

Please see the table below for detail:

ASUS Taiwan: Employees

Indicator	Overall	Male	Female
Number of injured employees	6,515	4,260	2,255
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	0.16	0	0.45

Total working hours in 2020: 12,733,392

ASUS Taiwan: Contractor

Indicator	Overall	Male	Female
Number of injured contractor	262	110	152
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 2020: 510,992

<Note> Scope of data: ASUS and ASUS Technology Incorporation (UTC), excluding traffic accidents
1. Calculation base: (Number of employees in Jan. +…+ Number of employees in Dec.)/12. Take the average and rounding.
2. Rate of fatalities: (Death toll/Total working hours)X1,000,000
3. High-consequence work-related injuries: cannot recovered within 6 months
4. Rate of high-consequence work-related injuries: (Number of employees serious injuries / Total working hours)X1,000,000 (excluding death toll)
5. Recordable work-related injuries: 2 (regardless whether there were lost days)
6. Rate of recordable work-related injuries: ：(Number recordable work-related injuries/ Total working hours)X1,000,000
7. Working hours: (Number of employees in Jan. X Working days in Jan. X8)+…..+ (Number of employees in Dec. X Working days in Dec. X8)
8. Definition of Contractor: onsite workers (Ex. Catering, cleaning, security, repair and travel personnel)

404-1 Average hours of training per year per employee

ASUS Group

Region	Category	Type	Average hours of training per year per employee
Headquarters	Gender	Male	37.90
		Female	37.20
	Employee type	General Employee	37.50
		Senior Management	39.70
Mainland China	Gender	Male	22.27
		Female	18.62
	Employee type	General Employee	20.34
		Senior Management	22.48
Africa & Middle East & Europe	Gender	Male	7.90
		Female	7.00
	Employee type	General Employee	7.60
		Senior Management	7.30
America Region	Gender	Male	6.90
		Female	10.90
	Employee type	General Employee	8.80
		Senior Management	8.60
Asia-Pacific	Gender	Male	8.00
		Female	8.80
	Employee type	General Employee	7.70
		Senior Management	11.60

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

ASUS Group

Region	Type	Percentage receive review in Male	Percentage receive review in Female
Headquarters	General Employee	88.95%	90.16%
	Senior Management	92.05%	97.21%
Mainland China	General Employee	88.94%	94.77%
	Senior Management	99.72%	100.00%
Africa & Middle East & Europe	General Employee	93.93%	94.72%
	Senior Management	84.18%	95.92%
America Region	General Employee	99.63%	100.00%
	Senior Management	92.77%	93.48%
Asia-Pacific	General Employee	89.81%	92.59%
	Senior Management	92.89%	96.15%

*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

412-2 Employee training on human rights policies or procedures

ASUS Group

Region	Headquarters	Mainland China	Africa & Middle East & Europe	America	Asia-Pacific
Total number of hours in the reporting period devoted to training on human rights policies	41,350	7,205	3,141	873	3,325
Percentage of employees trained during the reporting period in human rights policies	99.30%	99.46%	93.20%	98.00%	92.50%

[Taiwan Stock Exchange Corporation] 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)
2020	5,716	1,612,000	1,243,000
2019	5,426	1,481,000	1,173,000
Difference Compared to 2018	290	131,000	70,000

*The table only shows ASUSTeK Computer Inc. in Taiwan
*Full-time employees who are not in the manager position=General Employee
*Excluding employees under 6 months

Percentage of employees represented by an independent trade union

Region	Headquarters	Mainland China	Africa & Middle East & Europe	America	Asia-Pacific	Global
Percentage of employees represented by an independent trade union	0.00%	80.56%	2.86%	22.10%	0.00%	37.85%

Appendix B: SASB Index

SASB Index：Hardware

Code	Accounting Metric	Reference	Page Number(s)
Product Security			
TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	Governance: Information Security Management	11-5~11-8
Employee Diversity & Inclusion			
TC-HW-330a.1	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	SASB Index: Hardware	B-2
Product Lifecycle Management			
TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Circular Economy: Green Products	5-2
TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	Circular Economy: Green Products	5-7
TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria	Circular Economy: Green Products	5-7
TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	Circular Economy: Green Products	5-8
Supply Chain Management			
TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent (Customer Managed Audit, CMA), by (a) all facilities and (b) high-risk facilities	SASB Index: Hardware	B-2
TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent (CMA), and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	SASB Index: Hardware	B-2
Materials Sourcing			
TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	SASB Index: Hardware	B-2

TC-HW-330a.1

Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees

Table 1. Gender Representation of Global Employees (%)

Global	Female	Male
Management	26%	74%
Technical staff	16%	84%
All other employees	48%	52%

Table 2. Racial/Ethnic Group Representation of U.S. Employees (%)

ASUS does not believe a single percentage of foreign countries is a useful metric to represent a company with global business model, thus we decide not to disclose.

TC-HW-430a.1

Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent (Customer Managed Audit, CMA), by (a) all facilities and (b) high-risk facilities

(a) Tier 1 supplier facilities audited by CMA/ all facilities with continuous business relationship =5/298=1.7%

(b) Tier 1 supplier facilities audited by CMA/ high-risk facilities =5/36=14%

TC-HW-430a.2

Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent (CMA), and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances

(1) Non-conformance rate with CMA:

Number of findings in each dimension by category/ Total number of findings

Category \ Dimension	Labor	Health and Safety	Environment	Ethics	Management System
% of Priority Finding	8%	5%	0%	0%	0%
% of Other Finding	25%	33%	14%	5%	10%

(2a) Number of Improvement in Priority Findings / Total Number of Priority Findings =7/8=88%

(2b) Number of Improvement in Other Findings / Total Number of Other Findings=55/55=100%

TC-HW-440a.1

Description of the management of risks associated with the use of critical materials

ASUS develops a three-phase critical materials management process as below:

Risk Identification	Identify 13 types of rare metals used in ASUS products through a full substance survey, covering 10 types of components
Strategic Procurement	Select at least 2 suppliers for similar components and decentralize the geographical location of the factory to ensure delivery
Adaptation Management	Start a cooperation with component suppliers and recyclers, which recycle and recover the critical materials at the back end to manufacture the components. It could establish the recycle and reuse pattern, and reduce the risk of shortage of critical materials.

SASB Index: Voluntary

Code	Accounting Metric	Reference	Page Number(s)
Data Privacy, Advertising Standards & Freedom of Expression			
TC-IM-220a.1 TC-TL-220a.1	Description of policies and practices relating to behavioral advertising and user/customer privacy	SASB Index: Voluntary	B-4
TC-IM-220a.2 TC-TL-220a.2	Number of users/customers whose information is used for secondary purposes	SASB Index: Voluntary	B-4
TC-IM-220a.3 TC-TL-220a.3	Total amount of monetary losses as a result of legal proceedings associated with user/customer privacy	SASB Index: Voluntary	B-4
TC-IM-220a.4 TC-TL-220a.4	(1)Number of law enforcement requests for user/customer information, (2) number of users/customer whose information was requested, (3) percentage resulting in disclosure	SASB Index: Voluntary	B-4
TC-IM-220a.5	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	SASB Index: Voluntary	B-4
TC-IM-220a.6	Number of government requests to remove content, percentage compliance with requests	SASB Index: Voluntary	B-4
Data Security			
TC-IM-230a.1 TC-SI-230a.1 TC-TL-230a.1	(1)Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	SASB Index: Voluntary	B-4
TC-IM-230a.2 TC-TL-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	Governance: Information Security Management	11-5 ~ 11-8
Recruiting & Managing a Global & Skilled Workforce			
TC-SC-330a.1 TC-SI-330a.1	Percentage of employees that are (1) foreign nationals and (2) located offshore	SASB Index: Voluntary	B-4
Product End-of-Life Management			
TC-TL-440a.1	(1) Materials recovered through take back programs, percentage of recovered materials that were (2) reused, (3)recycled, and (4)landfilled	SASB Index: Voluntary	B-4
Intellectual Property Protection & Competitive Behavior			
TC-IM-520a.1 TC-SC-520a.1 TC-SI-520a.1 TC-TL-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Governance: Regulation Compliance	11-10
Managing Systemic Risks from Technology Disruptions			
TC-SI-550a.2	Description of business continuity risks related to disruptions of operations	Governance: Risk Management	11-3—11-4

TC-IM-220a.1/TC-TL-220a.1

Description of policies and practices relating to behavioral advertising and user/customer privacy

ASUS' Privacy Policy Article 5 "Cookies and similar technologies", and cookies banner have relevant instructions and options for users to choose.

TC-IM-220a.2/TC-TL-220a.2

Number of users/customers whose information is used for secondary purposes

NONE. ASUS collections the information as the main purpose, and we will explain clearly to the users in advance and obtain their consent.

TC-IM-220a.3/TC-TL-220a.3

Total amount of monetary losses as a result of legal proceedings associated with user/customer privacy

NONE

TC-IM-220a.4/TC-TL-220a.4

(1) Number of law enforcement requests for user/customer information, (2) number of user/customer whose information was requested, (3) percentage resulting in disclosure

(1) Number of law enforcement requests for user/customer information: 3

(2) Number of user/customer whose information was requested: 3

(3) Percentage resulting in disclosure: 100%

TC-IM-220a.5/TC-TL-220a.5

List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring

NONE

TC-IM-220a.6/TC-TL-220a.6

Number of government requests to remove content, percentage compliance with requests

NONE

TC-IM-230a.1/TC-SI-230a.1/TC-TL-230a.1

(1)Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected

NONE

TC-SC-330a.1/TC-SI-330a.1

Percentage of employees that are (1) foreign nationals and (2) located offshore

Global	
foreign nationals	1.27%
located offshore	1.18%

TC-TL-440a.1

(1) Materials recovered through take back programs, percentage of recovered materials that were (2)reused, (3)recycled, and (4)landfilled

(1) Materials recovered through take back programs: 96.25%

(2) Percentage of recovered materials that were reused: 3%

(3) Percentage of recovered materials that were recycled: 92.77%

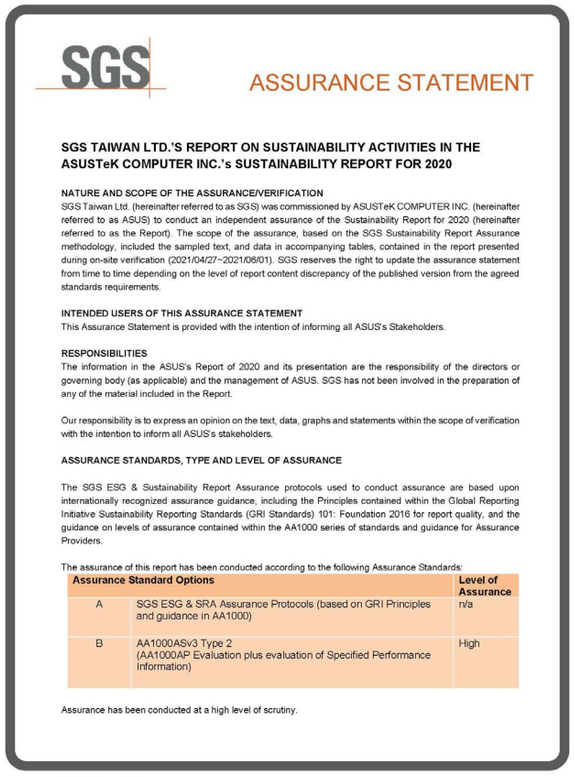
(4) Percentage of recovered materials that were landfilled: 3.75%

For details, please see "[Case] Analysis of Disposal Treatment after End-of-Life Cycle" in "Circular Economy".

Appendix C: 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	CSR Website: Human Rights	
	Make sure that they are not complicit in human rights abuses	CSR Website: Human Rights	
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	CSR Website: Human Rights	
	The effective abolition of child labour	CSR Website: Human Rights	
	The elimination of discrimination in respect of employment and occupation	CSR Website: Human Rights	
Environment	Businesses should support a precautionary approach to environmental challenges	Circular Economy Climate Action	5-1 ~ 5-3 6-1 ~ 6-3
	Undertake initiatives to promote greater environmental responsibility	Circular Economy Climate Action	5-2 ~ 5-8 6-1 ~ 6-3
	Encourage the development and diffusion of environmentally friendly technologies	Circular Economy	5-2 ~ 5-8
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery	Governance: Business Ethics	11-9 ~ 11-10

Appendix D: AA1000AS & SASB Assurance Statement



SGS

ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ASUSTeK COMPUTER INC.'s SUSTAINABILITY REPORT FOR 2020

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 Sustainability Report for 2020 (hereinafter referred to as the Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during on-site verification (2021/04/27~2021/06/01). SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all ASUS's Stakeholders.

RESPONSIBILITIES

The information in the ASUS's Report of 2020 and its presentation are the responsibility of the directors or governing body (as applicable) and the management of ASUS. SGS has not been involved in the preparation of any of the material included in the Report.

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's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

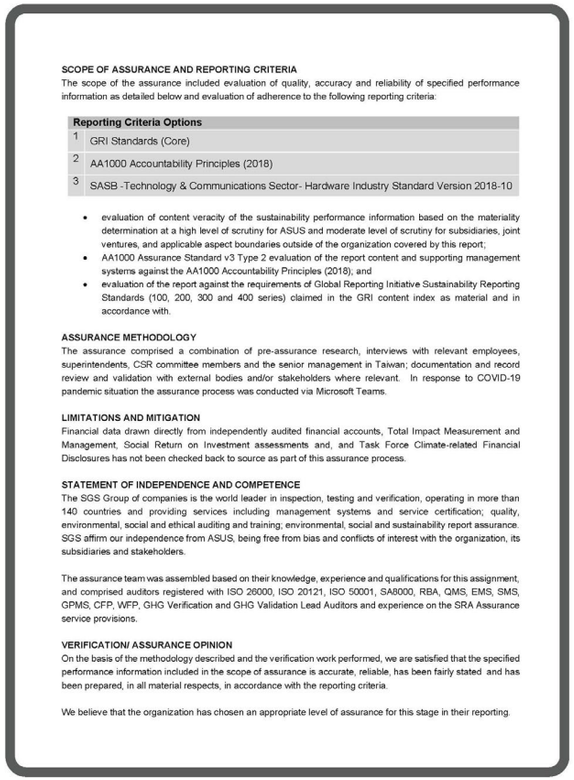
The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options		Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)	n/a
B	AA1000ASv3 Type 2 (AA1000AP Evaluation plus evaluation of Specified Performance Information)	High

Assurance has been conducted at a high level of scrutiny.

TWLPP500Ø Issue 2104



SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options	
1	GRI Standards (Core)
2	AA1000 Accountability Principles (2018)
3	SASB -Technology & Communications Sector- Hardware Industry Standard Version 2018-10

- 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 v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018); 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.

ASSURANCE METHODOLOGY

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. In response to COVID-19 pandemic situation the assurance process was conducted via Microsoft Teams.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts, Total Impact Measurement and Management, Social Return on Investment assessments and, and Task Force Climate-related Financial Disclosures 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 organization, its subsidiaries and stakeholders.

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, RBA, 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 specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting.

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AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

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.

Impact

ASUS has demonstrated a process on identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, ASUS's Report of 2020, 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 deep descriptions of ASUS's sustainability goal achieved through the management approach for each material topic.

SASB CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

ASUS adopted SASB's TECHNOLOGY & COMMUNICATIONS SECTOR- HARDWARE INDUSTRY STANDARD, VERSION 2018-10 to communicate their sustainability accounting performance to their investors. ASUS has determined which disclosure topics and associate metrics are financially material to its business and has responded in an appropriate manner in the content index. By using both GRI and SASB standards together, the efficiency of communication and the identification of material issues are substantially increased during the whole reporting preparation process.

Signed:
For and on behalf of SGS Taiwan Ltd.

AA1000
Licensed Report
000-8/V3-Y990P

David Huang
Senior Director
Taipei, Taiwan
30 June, 2021
WWW.SGS.COM

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IN SEARCH OF INCREDIBLE