



2011 ASUSTeK Corporate Sustainability Report



About This Report

ASUSTeK Computer Inc. annually publishes the corporate sustainability report since 2008. This report discloses the strategies, goals, approaches and performances of our company from January 2011 to December 2011, Fiscal Year 2011. The previous report was published in July, 2011. The report is compiled based on GRI G3.1 (Global Report Initiative Sustainability Reporting Guidelines Version 3.1), the latest version released in March 23, 2011, and the GRI G3.1 table is attached at the end of the report for reference.

Boundary, Scope and Principle

The report contains information and performance indicators of Headquarter and sites in Taiwan for Fiscal Year 2011. A portion of performance indicators regarding Labors, Environment, and Community Involvements of the following 7 major overseas subsidiaries are also included in the report: ASUSTeK Computer (Shanghai) Co., Ltd. (ACC), ASUS Computer (Shanghai) Co., Ltd. (ACS), ASUS Technology (Suzhou) Co., Ltd. (ASZ), ASUS Computer GmbH (ACG), ASUS France S.A.R.L. (ACF), ASUSTeK Italy srl (ACIT), and ASUS Computer Czech (ACZS).

Report Assurance

Det Norske Veritas (DNV) reviews the report against the AccountAbility AA1000 Assurance Standard and the GRI G3.1 guidelines on materiality, inclusivity and responsiveness, and the report is verified to meet the requirements of Application Level A+. DNV's Report Assurance Statement can be found at the end of the report. The financial data is referred from the Financial Statement certified by a qualified accountant.

Contact Information

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

Email: GreenASUS@asus.com

Starting from 2009, ASUSTeK has established Corporate Social Responsibility Online Survey, looking for more interaction with our stakeholders. We welcome and invite all our stakeholders to engage with our CSR issues more in depth. We appreciate your voice and will base on the priority to response to the inquiries or concerns through our corporate sustainability report.

Chinese Survey: <http://green.asus.com/survey/chinese/>

English Survey: <http://green.asus.com/survey/english/>



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MESSAGE FROM MANAGEMENT TEAM

Message from Chairman

Business Philosophy

Since established in 1990, with the help from all our employees committing in the five virtues of humility, integrity, diligence, agility, and courage, ASUSTeK endlessly pursues to be No. 1 in the areas of quality, speed, service, innovation and cost-efficiency, striving to be among the world-class green high-tech leaders and to provide valuable contributions to humanity and environment.

Strive Together

In the rapidly changing and competitive ICT industry, we cultivate our Brand Promise "Inspiring Innovation · Persistent Perfection" through the introduction of "User Happy Experience 2.0" and Innovative design thinking, as well as the firm belief in quality.

We work together to create up to USD\$12 billion in revenue, and bring about a brand value of USD \$1.637 billion. Moreover, we put a lot of efforts in green and energy efficiency, corporate social responsibility, and sustainability. We received the first carbon footprint and carbon neutrality certificates for notebook computer, showing how we fulfill our responsibility as a corporate citizen and provide valuable contributions to humanity and environment.

Expectations and Prospects

When striving to be among the world-class green high-tech leaders, we inspire, motivate and nurture our employees to explore their highest potential to pursue the model and brand promise "Inspiring Innovation · Persistent Perfection" and fulfill "The World's Most Admired Leading Enterprise in a New Digital Era".



Jonney Shih
Chairman



ABOUT ASUSTeK COMPUTER INC.

2.1 Company Overview

2.1.1 Company Profile

ASUSTeK Computer Inc. (hereafter referred to as "ASUSTeK" or "ASUS"), a leading 3C manufacturer in the new digital era, was established in 1989 with the headquarter located in No. 15, Li-Te Rd., Peitou, Taipei 11259, Taiwan. With a world-class R&D design team, it provides various electronic products with innovative technologies and solutions to the consumers and business users. It was listed on the Taiwan Stock Exchange in 1996.

ASUSTeK had announced spin off OEM (Original Equipment Manufacturer) and Brand in January 2008; thereafter, ASUSTeK became a Brand company, with notebooks and motherboards as the primary products. In 2011, ASUSTeK divided the product lines into two groups – system and open platform. Product lines in system includes notebook, tablet PC, Eee Family such as Eee PC and Eee Box PC, and handheld includes smartphone; open platform includes motherboard, VGA card, desktop, LCD (liquid crystal display), wireless, ODD (optical disk drive), and digital home equipment.



Figure 2.1 ASUSTeK Product Groups

By the end of 2011, there were 50 subsidies and over 400 service centers worldwide located in Asia Pacific, Europe, and America. There were 11,457 employees worldwide, with 4,719 employees in Taiwan and the rest of them in China and overseas. Information

such as the operation structure of the organization including main divisions, operating companies, subsidiaries, and joint ventures, please refer to annual stakeholder report for details: <http://www.asus.com/investor.aspx>

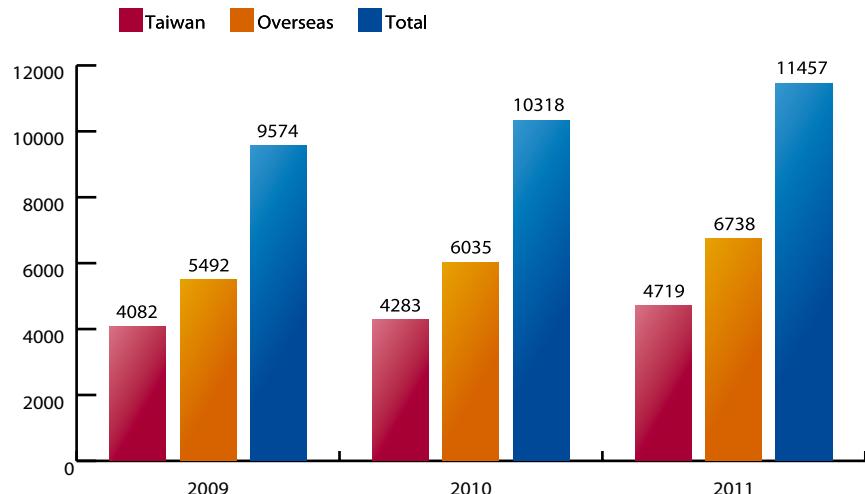


Figure 2.2 Historical Data of ASUSTeK Employees for Past 3 Years

ASUSTeK notebook is challenging for becoming the Top 4 brands worldwide and eventually on the Top 3 computer brands. ASUSTeK has declared to activate the "55 Project" aiming to take up 50% market share of motherboards in 2014.

2.1.2 Business Philosophy and Corporate Culture

Business Philosophy

- Inspire, motivate and nurture our employees to explore their highest potential
- Commit to integrity and diligence; focus on fundamentals and results
- Endlessly pursue to be number 1 in the areas of quality, speed, service, innovation and cost-efficiency

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

ASUS DNA

"The World's Most Admired Leading Enterprise in a New Digital Era"

ASUS embodies the five virtues of humility, integrity, diligence, agility, and courage. With these, we strive to become the world's most admired IT enterprise in the Digital Era.



Figure 2.3 ASUS DNA

Brand Promise

2009 was the 20th year of the establishment, and ASUSTeK began with the new brand promise "Inspiring Innovation · Persistent Perfection" (IIPP). It is our formula for exceeding expectations in everything we do, and delivering complete customer satisfaction consistently. It will chart the course for ASUSTeK to fulfill our vision of becoming the world's most admired leading enterprise in the new digital era, and will continue to serve as the blueprint for making our customers' dreams a reality in decades to come.

2.1.3 Associations

The table below lists the associations ASUSTeK participates in and values, and also provides an overview of ASUSTeK's involvement, such as if ASUSTeK has a position in the governance body of the associations, participates in projects or committees, and/or provides substantive funding to the associations.

Associations	Member	Position in governance body	Projects or committees involvement	Substantive funding
Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)	■	□	□	□
Taipei Computer Association (TCA)	■	□	□	□
Business Council for Sustainable Development (BCSD) of Taiwan	■	□	■	□
Carbon Disclosure Project (CDP) Supply Chain (SCLC)	■	□	□	□

■=Yes □=No

Table 2.1 ASUSTeK Memberships in Associations and Advocacy Organizations

For example, joining TEEMA and TCA provides industry resources to and opportunities for ASUSTeK to share our experiences with others; joining BSCD of Taiwan offers us opportunities to actively join discussions regarding sustainability issues and share ASUSTeK's experiences in CSR with other members. On the other hand, the membership of CDP Supply Chain conveys ASUSTeK's interests in and the willingness to commit to climate change issue.

2.2 Financial Information

Since 2008, the financial statements will only show the revenue of ASUSTeK the Brand company. In 2011, the turnover of ASUS headquarters was NTD317.7 Billion, profit before tax was NTD19.795 Billion, and the net income was NTD16.578 Billion, a growth rate of 1% as compared with 2010. The computer brands of ASUS were consolidated in 2011 (the Company's Financial Report) and the turnover reached NTD350.5 Billion, a growth rate of 9% as compared with 2010.

The consolidated net income was NTD16.578 Billion and although with a mere 1% growth rate in net income, the profits related to the main business line have in fact increased from NTD13.641 Billion to 17.830 Billion, a significant growth rate of 31% as compared



ABOUT ASUSTeK COMPUTER INC.

with 2010.

For information regarding the operation overview, annual stakeholder report and financial statements, please visit the following URL for details, and documents are available for download: <http://www.asus.com/investor.aspx>

2.3 Corporate Governance

2.3.1 Board of Directors

In 2011, the Board of Directors of ASUSTeK was composed of 7 Directors and 3 Supervisors. All of them are male and there is no independent Director. Shareholders have the ownership of the company; the Board of Directors is responsible for verifying and supervising decision-making. Directors and Supervisors are periodically elected by shareholders and perform their assigned duties according to the relevant regulation.

Jonney Shih, the Chairman of ASUSTeK since 2008, has been the Chairman of the Board of Directors since 1984, and he is not an executive officer of ASUSTeK.

The list of the members, details of their qualifications and background information are available in the annual stakeholder report on our Investor Relations Website:

<http://www.asus.com/investor.aspx>

The performances of the Board of Directors are determined by our shareholders at the Shareholders Meeting. The corporate performance and the job function of the Director are linked to the remuneration of the Board of Directors. According to the "Article of Incorporation", benefits of the members of the Board of Directors do not exceed 1% of the profit sharing.

Our shareholders could use the following communication channels to make recommendations to the ASUSTeK management team/Board of Directors:

1. Quarterly Investor Conference

2. Annual Shareholder Meeting or provisional meeting

3. Investor Relations Website/Email/Hotline

Investor Relations Department regularly pass the suggestions of shareholders to the ASUSTeK management team/Board of Directors for their references.

Regarding to avoiding the conflict of interests among the Board of Directors, Article 16 of ASUSTeK's "Rules Governing the Conduct of Board Meetings" clearly states: "When a Director will face the issue of conflict of interests that may harm the interests of the company, the director is allowed to express his or her opinions and answer inquiries but not to join the discussion and exercise the voting right". We will record the name of the Director, the topic, the reason for not participating the discussion, and the process of decision-making.

2.3.2 Anti-Corruption and Anti-Bribery

"Commit to integrity and diligence; focus on fundamentals and results" is one of ASUSTeK's business philosophies. We embodies the five virtues "humility, integrity, diligence, agility, and courage" to be the social and personal consensus of our people.

Besides, when the industry's moral and social responsibility gain more international attention, the enterprise that wins the trust and respect of the consumers, partners and general public will be able to sustain the business. To ensure employees comply with ASUSTeK's ethical standards and to let the stakeholders understand better on how our employees comply with moral standards when executing duties, ASUSTeK formulates the "Code of Moral Conduct" based on Electronic Industry Code of Conduct (EICC) and "Guidelines for Developing Moral Code of Conduct for Publicly Listed Companies". An email address Audit@asus.com has been established for employees to submit their grievance related to the issues. In 2011, Human Resource Division and Legal Center

ABOUT ASUSTeK COMPUTER INC.

wrote up situation examples in both Chinese and English versions and posted them in the internal website EIP (Enterprise Information Portal) as well as distributed examples to all employees through emails. In addition, we will have a digital online lesson available and assigned it as a required lesson to ensure the concept of anti-corruption and anti-bribery is clearly delivered to all the employees by early 2012. On the other hand, we also promote, provide training for and interpret "Code of Moral Conduct" so as to enhance moral and professional capabilities for all employees who are expected to demonstrate the behaviour with high moral standards as they should.

To ensure the effectiveness of anti-corruption training and promotion, we include the learning attitude into the appraisal system, and we would gradually modify the implementations to establish a rewarding system to prevent any violation happened in any form. Otherwise, we do not specifically analyze the risks related to corruption.

Besides, we also apply anti-corruption policy onto our suppliers. We send them the "Honesty Declaration Letter" that clearly states ASUSTeK's anti-corruption and anti-bribery policy, request them to sign and return the letter. For those that breach the business ethics and cause damage to our business, ASUSTeK will follow the provisions of good faith claimed on the agreement and take necessary legal actions. There is no violation in anti-corruption in 2011.

2.3.3 GreenASUS Steering Committee and SERASUS Steering Committee

The Chairman of ASUSTeK established GreenASUS Steering Committee in July 2004 and SERASUS (Social and Environmental Responsibility, SER) Steering Committee in July 2006. The Chief Quality Officer (CQO) is the Management Representative authorized by CEO to audit and supervise ASUSTeK Quality Management System, ensuring the quality management and hazardous substances management function properly and

effectively, as well as to communicate and assign responsibility when issues arose. The GreenASUS and SERASUS Steering Committee is held biweekly and chaired by the Management Representative who plans, coordinates, decides on and promotes the Quality Management System and Environmental Management System of ASUSTeK as well as executes the implementations. The meeting is held about 190 times by the end of 2011.

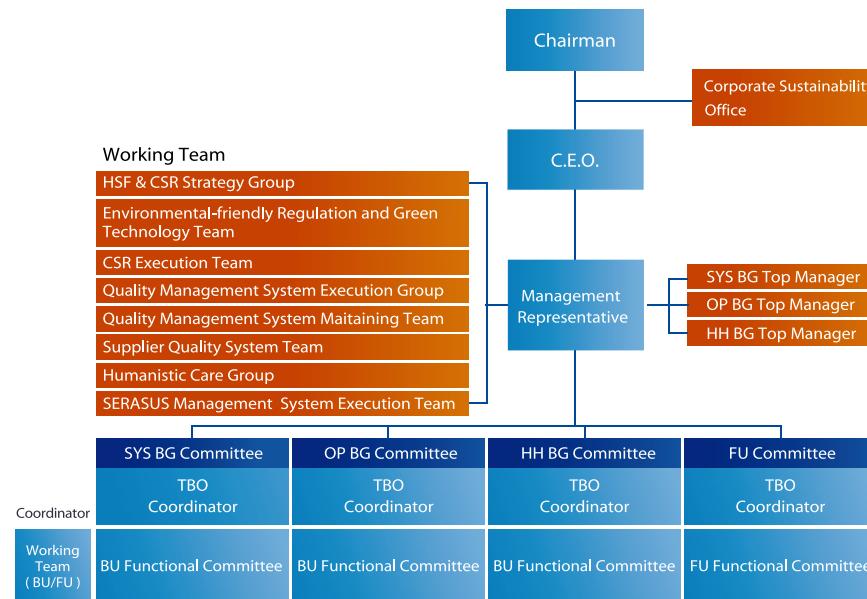


Figure 2.4 GreenASUS Steering Committee

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2.3.4 Corporate Sustainability Office

In December 1, 2009, ASUSTeK established Corporate Sustainability Office (CSO) covering Green, CSR, and Humanity functions, and the Chairman is in charge of CSO. CSO is responsible for Humanity while GreenASUS committee and SERASUS committee for Green and CSR accordingly. It operates, plans, and executes measurements, and regularly reports to the Chairman and top management team.

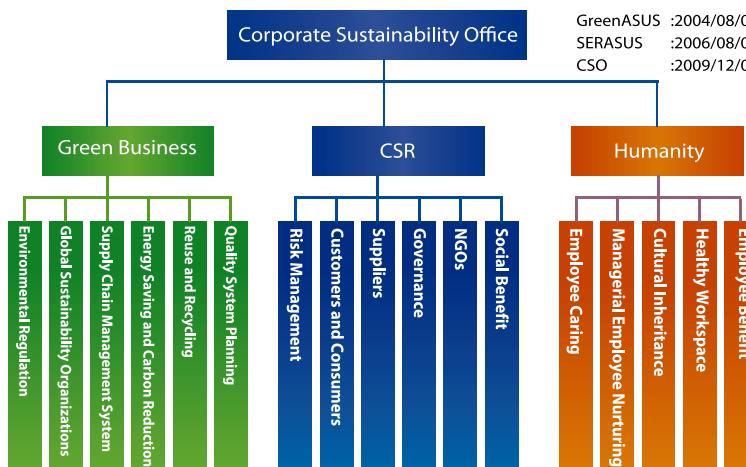


Figure 2.5 Organization Chart of Corporate Sustainability Office

Humanity includes the following five sectors: caring employee, managerial employee nurturing, cultural inheritance, healthy workplace, and employee welfare. CSO integrates these sectors to fulfill ASUSTeK Management Philosophy "Inspiring, motivate and nurture our employee to explore their highest potential". We devote all resources to care our employee and to establish good communication platforms for all of them.

The function of each sector is as followed:

Employee Benefit

Employee is one of ASUSTeK most important assets. We values employees by providing them with a competitive payment structure and various welfare benefits to attract talented people to join ASUSTeK, creating a brilliant future together. We devote ourselves to establish a free, open and two-way communication culture. More over, with a mutual trust, our employees will be willing to give us feedbacks, and we will be able to convey ASUSTeK's value and belief.

Healthy Workplace

Create a link between the workplace and personal life according to their needs and conveniences. For example, providing professional skills training or foreign languages courses may help to fulfill the needs in both workplace and personal life. ASUSTeK tries to create a healthy workplace that is good to employees in both physical and spiritual status. We are trying to make our employees enjoy their works.

Cultural Inheritance

Promote activities in areas such as experience sharing in research and development, brand management, human and industrial culture inheritance, spiritual improvement for employees, and competitiveness training to achieve the needs for sustainable business operation.

Managerial Employee Nurturing

Improve the competitiveness of and develop the international view of the employees, as well as to cultivate successors at all levels to avoid the risk for not having future leaders.

Employee Caring

Plan the caring program and take care of employees or of the family members when they encounter major disasters, diseases or accidents.

2.4 Stakeholder Engagement

ASUSTeK collects the voices of our stakeholders through various communication channels such as websites/emails, platforms and online survey. We integrates their interests, inquiries, and concerns with performance indicators to select and prioritize the topics, and then to response to our stakeholders. Issues that fall in the area "responded through the CSR report" are those concerns by multiple groups of stakeholders and may have high impact to our business, and these key issues will be further explained in details in the following chapters. Other information such as the performance indicators required by the according GRI application level and concerns that would not have great impact to our business will be talked about in brief or be explained in the chapter "OTHER PERFORMANCE INDICATORS", and some of the issues may be responded through our CSR website or other communication methods when necessary.

We define the following 6 stakeholder groups as our audiences for this report: investors, clients, suppliers/outsourcers, employees, consumers, and non-governmental organizations (NGOs)/academic units. The following table shows the key issues in 2011, as well as the responding methods and frequency of engagement, will be further explained in the report:

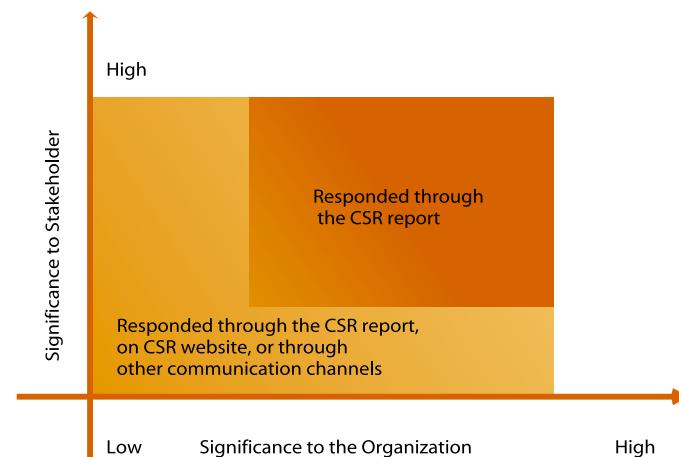


Figure 2.6 Materiality Matrix of Stakeholder Concerns

ABOUT ASUSTeK COMPUTER INC.

Stakeholders	Frequency of Engagement & Communication Channels	Key Interests & Concerns	Responding Methods
Investors	Quarterly investor conference, Annual shareholder meeting or provisional meeting, Investor Relations Website/Email/ Hotline, ASUS CSR website, Online survey	<ul style="list-style-type: none"> ■ Operations and Financial Performance ■ Community Involvements 	<ul style="list-style-type: none"> ■ Regularly hold investor conference and shareholder meeting to response to their interests and concerns ■ Disclose the latest financial reports/statements and investor activities (such as online broadcasts) on investor relations website
Clients	Regular conference call, Time to time questionnaire, ASUS CSR website, Email	<ul style="list-style-type: none"> ■ Chemical Substances Management ■ CSR Screening in Suppliers and Outsourcers ■ Eco Labels/Green Products 	<ul style="list-style-type: none"> ■ Communicate with clients the environmental compliance status and CSR information through ASUS CSR website, Email and clients' own surveys. ■ Work closely with and communicate with our distributors to ensure that our products are complied with the required regulations
Suppliers/Outsourcers	Supply Relationship Management (SRM)/Supply Chain Management (SCM) platform, Supplier workshop, Supplier Questionnaire	<ul style="list-style-type: none"> ■ Energy Efficiency ■ Chemical Substances Management ■ Energy Usage/ Energy Saving at Organizational Level ■ CSR Screening in Suppliers and Outsourcers 	<ul style="list-style-type: none"> ■ Announce and release the latest notice and technical standard through SRM/SCM platform ■ Acknowledge and educate suppliers/outsourcers our CSR policy and the trend of the latest regulations as well as to share our experiences on international eco labels through annual workshop, and also distribute questionnaires for feedbacks
Employees	Enterprise Information Portal (EIP), E-paper, Email, Forum, Hotline, Online survey	<ul style="list-style-type: none"> ■ Employee Nurturing ■ Compensation Benefits 	<ul style="list-style-type: none"> ■ Open classes and hold various activities throughout the year to make them feel rewarded and inspired ■ Use EIP platform and email to deliver importance message to and communicate with them
Consumers	Telephone, ASUS website, ASUS CSR website, Online survey, Email	<ul style="list-style-type: none"> ■ Green Products/ Eco Labels ■ Chemical Substances Management ■ Global Product Takeback Service 	<ul style="list-style-type: none"> ■ Disclose product information on ASUS website ■ Communicate our policy and achievements on eco products through ASUS CSR website ■ Communicate with them regarding products through Email and telephone
Non-Governmental Organizations/Academic Units	ASUS website, ASUS CSR website, Spokesman, Email	<ul style="list-style-type: none"> ■ Eco Products /Eco Design ■ Climate Change and Greenhouse Gases ■ CSR Screening in Suppliers and Outsourcers ■ Community Involvements 	<ul style="list-style-type: none"> ■ Response to the interests and concerns through the most appropriate channel in a timely manner.

Table 2.2 Frequency of Engagement with and Interests and Concerns of Stakeholder

ASUS has dedicated itself to environmental protection for years. We were in the lead of introducing green manufacturing and improve the product design in our industry. Jonney Shih the Chairman further promoted ASUSTeK's Green Concept "Four Green Home Runs", which are "Green Design, Green Procurement, Green Manufacturing, and Green Service & Marketing", bringing the concept from the product design to the end of life of a product.

Quality Policy and Quality Management System

Our GreenASUS quality policy states: "Continued pursuit of perfect quality and exciting innovation and Lean Six Sigma to strengthen personnel training. Precise and rapid development of green technology foresight immediate delivery products to win customer satisfaction up." ASUSTeK Quality Management System receives certifications for ISO 9001 Quality Management System and IECQ QC 080000 Hazardous Substances Process Management (IEC Quality Assessment System for Electronic Components, IECQ).

Regulation Monitoring

ASUSTeK has formed a GreenASUS Team monitoring, updating and phasing in the international environmental regulations into the corresponding product lines to ensure all products meet the requirements since 2004. The scope covers restriction of hazardous substance, end of life management, eco design and energy-related regulations, and others. Examples of each of the 4 areas are as followed:

- Restriction of Hazardous Substance of Electronic and Electrical Equipment

EU RoHS (Restriction of Hazardous Substances) Directive, EU REACH

(Registration, Evaluation and Authorisation of Chemicals) Regulation, and other

GHG related regulations

- End of Life Recycling Management

WEEE (Waste Electrical and Electronic Equipment) regulations in Europe, North

America, Taiwan and China

- Eco Design and Energy-related Regulations

ErP (Ecodesign Requirements for Energy-related Product) Directive, Energy Star,

China Energy Conservation Certification Criteria for Computer, China Energy

Label, Korean E-standby Program

- Others

Regulations on battery and packaging

The foundation of GreenASUS is to be in line with international regulations. However, we believe that we should move forward on the trends of global environmental regulations from mandatory regulations to voluntary standards, and thus having products meeting criteria of various eco labels. Furthermore, ASUSTeK formulates a voluntary environmental policy such as "Halogen-Free Policy" and develops the world's 1st completely halogen-free motherboard and a Full-HD (1920x1080) halogen-free monitor, as well as introduces the world's 1st carbon footprint and carbon neutral certified notebook. These achievements are the proofs of our innovations and efforts in green products, showing our green competitiveness.

3.1 Eco Design

All products cause environmental degradation in some ways, whether in raw material extraction, manufacture, distribution, use or disposal stage. According to a study, 80% of the environmental impacts of a product are determined at the design phase. Once a product is put on the market, it is difficult to reduce its impacts. In order to avoid environmental degradation by taking in the concepts of ecodesign, Europe Union uses Integrated Product Policy (IPP) to review the environmental impacts in each stage throughout a product life-cycle and thus to take the most effective approach to minimize

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ENVIRONMENTAL

the impacts.

After performing life cycle assessment, and compiling the documentations, we realized that the design phase is where critical impacts would happen. Therefore, we formulate an internal ecodesign standard, "GreenASUS Energy Using Product Technical Standard", which includes three key areas of eco design - "material selection", "easy disassembly and easy recycling design", and "energy efficiency" – and thus contains the concepts of hazardous substances management, design for easy reuse, recycling and disassembling, design for life cycle extension, and low energy consumption. We integrate voluntary standards and eco label requirements into the product design as well to mitigate the impacts to the environment.

ASUSTeK also develops "ASUS Ecodesign and Product's Life Cycle Assessment Checklist" based on "IEC 62075: Audio/video, information and communication technology equipment - Environmentally conscious design", and establishes ecodesign and energy management platform to improve the environmental performance of the products.



Figure 3.1 Three Key Areas of Ecodesign

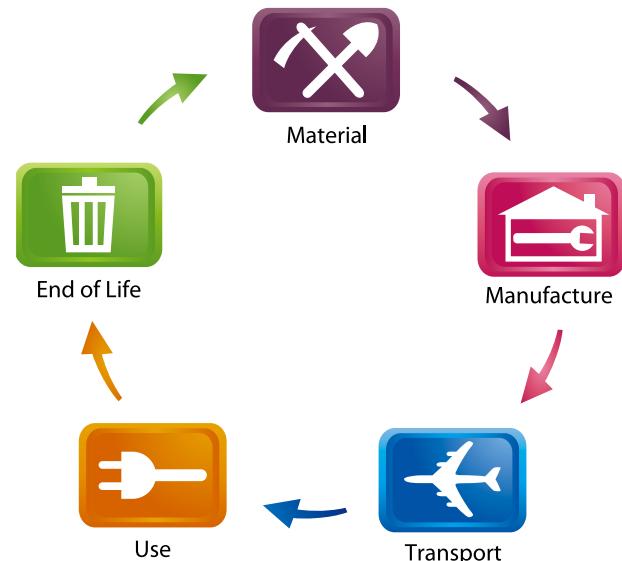


Figure 3.2 Concept of Product Life Cycle

3.1.1 Material Selection

Chemical Management

To safeguard human health and environmental safety, we pay detailed attentions to the use of chemicals and comply with all relevant technical standards for the specific chemical substances by strictly requiring our suppliers to avoid the used of any hazardous substance that are defined in the Council Directive 67/548/EEC of 27 June 1967 (Dangerous Substances Directive).

To manage hazardous substances, we formulate "ASUSTeK GreenASUS HSF (Hazardous Substance Free) Technical Standard" which classifies hazardous substances used in components and products into 4 levels. By the end of 2011 the Technical Standard reached 12th version. All new products manufactured after January 1st, 2006 are in compliance with RoHS Directive which regulates the usage and concentration of the following six hazardous chemical substances: lead (Pb), cadmium (Cd), mercury (Hg), hexavalent chromium (Cr^{6+}), polybrominated biphenyls (PBBs), and polybrominated diphenylethers (PBDEs). ASUSTeK restricts not only the chemicals defined in RoHS Directive, but also nickel (Ni) and nickel compounds, ozone depleting substances, radioactive substances, and other substances defined in other regulations; ASUSTeK controls more than what RoHS requires. ASUSTeK also controls chemical substances in batteries and packaging. In 2011, we included the latest hazardous substances and candidates of Substances of Very High Concern (SVHC) defined in EU REACH, as well as halogenated compounds such as flame retardants (BFRs and CFRs), beryllium (Be) and beryllium compounds, and antimony (Sb) and antimony compounds into the revision of "ASUSTeK GreenASUS HSF Technical Standard". ASUSTeK currently controls 171 chemical substances and the list will expand according to the trend of restriction on chemical substances.

Besides, ASUSTeK has formulated "ASUSTeK GreenASUS Halogen-Free Technical Standard" in 2008 and phased in halogen-free on components with high risk, such as PCB laminate, plastic parts greater than 25g, and cable assembly. Beginning from September 1, 2010, all newly purchased components, except system modules, PCBs, connectors and cables that still possess technical difficulty and are not economical viable, need to compile with halogen-free policy. ASUSTeK is committed to manufacture halogen-free products if alternative technologies are feasible and the technologies will not affect product performance, quality, health and the environment.

Packaging Design

In addition to meeting customer specification requirements and the relevant regulations, ASUSTeK's packaging design attempts to reach the green commitment by using environmental friendly materials, reducing in volume, and using sustainable materials. The packaging that meets our requirements are labeled with the "ECO BOX" mark, indicating the packaging material is 100% recyclable, used at least 80% of post-consumer materials, and printed with soy ink. Plastic packaging is made from 100% recycled material. We use soy ink with 0%VOC (Volatile Organic Compounds) to print the giftbox.

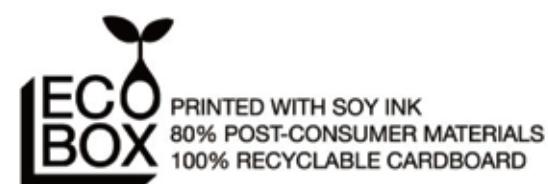


Figure 3.3 ECO BOX Mark

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ENVIRONMENTAL



Figure 3.4 Mark Indicating Plastic Packaging Is Made from 100% Recycled Material



Figure 3.5 Soy Ink Mark

ASUSTeK sets expectations in the improvements and innovations in the packaging design. Currently we prohibit the use of Pb, Cd, Hg, Cr⁶⁺, and Polyvinyl chloride (PVC) in the packaging materials, reduce the use of foam materials (EPS, EPE, EPP, EPO), and use bottom partition board to replace Polyurethane (PU) foam. In addition, the packaging is made with environmental friendly materials, printed with 0% VOC ink, and reduced in weight and volume. The printing area is reduced as well. In the future, we will make the light-weighted packaging, increase the use of post-consumer materials , and introduce sustainable materials such as plant fiber (of rice husk or coconut shell) and oxidatively degradable plastics to fulfill our commitment.

3.1.2 Easy Disassembly and Easy Recycling Design

ASUSTeK's guidelines for easy disassembly and easy recycling and for product life cycle extension require the product designers to consider the following:

1. Easy Recycling Design

- Label plastic parts > 25 grams or > 100 mm² in conformity with ISO 11469:2000
- Make plastic material components > 100 grams with a single resin
- Reduce the use of surface paintings or metal coatings that are not compatible with recycling or reuse on plastic parts >100 grams, or use the detachable coating treatment
- Consider the use of postconsumer recycled plastic
- Consider the use of recycled material
- Consider the use of renewable/biobased material
- Decrease the use of additive in the plastic
- Avoid the use of glue-on or welding to join different materials
- The back of the plastic parts should be without stickers or foam; if the sticker is necessary, it should be removable

2. Easy-Disassembly Design

- Plastic parts > 25 grams could be manually separable by one person alone with commonly available tools into recyclable resin streams
- The metals in plastic parts should be easily disassembled using common tools
- The parts should be easily and safely disassembled
- Use snap combination to the maximum extent possible, reduce using screw combination, stick combination and weld combination
- Reduce screw categories
- Product needs to be easily disassembled using common tools according to Annex II of EU WEEE Directive

3. Life Cycle Extension

- Use modular design that can be easily disassembled using common tools
- Components such as CPU (Central Processing Unit), memory, and interface card in the product should be easily disassembled using common tools
- Consider extension of spare parts for the product
- Consider extension of warranty for the product

3.1.3 Energy Efficiency

The analysis of carbon footprint shows that the energy consumed at the use stage takes up 40% of the GHG emissions during the product life cycle. Therefore, improving the energy efficiency at the use stage could not only help consumers save on the electricity fees but also reduce the carbon footprint of the product.

In regards to energy efficiency, ASUSTeK continuously develops energy conservation software and hardware based on the requirements set forth in the strictest energy efficient standard – Energy Star - and requires all notebooks to comply with the energy efficient standard. In 2011 ASUSTeK's notebook computers perform at least 35% better than those followed the least requirement of Energy Star.

3.2 Supply Chain Management

ASUSTeK sets up a strict selection and audit process to manage our suppliers, ensuring they comply with ASUSTeK's quality management, green policy/guidelines and requirements on CSR. We establish Supply Relationship Management (SRM) platform to have immediate communication with as well as hold several annual supplier workshops to deliver our supplier policy and other relevant issues to them.

ASUSTeK Supplier Quality Management includes the following 3 dimensions: Quality System Audit (QSA), Quality Process Audit (QPA), and GA (ASUSTeK Green Supplier

Standards). We require all suppliers to go through a series of self surveys before the audit, and only suppliers that pass the audit will be included in our Qualified Vendors List (QVL).

The following table shows the key performances related to supply chain management in 2011:

Objective	Performance in 2011
All new suppliers receive the self-surveys and audits	Performed onsite audits in 3 dimensions to all 164 new suppliers

In 2011, all of the 164 new suppliers received the self-surveys and audits conducted by ASUSTeK.

In addition to strict screening, we also perform annual Quality Business Review (QBR) on our major suppliers, including documentation review and annual on-site audit. Suppliers with superb performance will be our long-term partners. We hold on the idea of PDCA (Plan-Do-Check-Act) to continuously monitor and perform audits on our suppliers to ensure they comply with ASUSTeK's supply chain management.

3.3 Eco Labels

ASUSTeK has been aggressively promoting green products. Since 2008, we had N Series and Bamboo Series notebooks registered at EPEAT (Electronics Products Environmental Assessment Tool) Gold level notebooks, and these products were among the first awarded EU Ecolabel certificates and complied with Energy Star requirements. In 2009, ASUSTeK expended the products registered as EPEAT Gold level to all ASUSTeK product lines, thus now ASUSTeK has notebooks, displays, Eee PCs, and desktops registered as Gold level products. In 2010, we reached out to Eco Labels in Asia and had the product receive Japan Eco Mark and Korea Eco-Label, and in 2011 we received China Environmental Labeling.

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The following table shows the key performances related to eco labels in 2011:

Objective	Performance in 2011	
Increase numbers of registered country	Registered in France, Germany and other 8 new European countries, a total of 10 new countries	●
Apply for new eco label(s)	Received China Environmental Labeling in notebook computers, desktop computers and all-in-one	●
Declare carbon neutral commitment for notebook computer	Declared that U53SD Bamboo series will follow "PAS 2060:2010 Standard for Carbon Neutrality" published by BSI to reach carbon neutrality	●

3.3.1 EPEAT



EPEAT is an easy-to-used environmental procurement tool to evaluate a set of 8 environmental performances, which are: Reduction or Elimination of Sensitive Materials, Materials Selection, Design for End of Life, Product Longevity/Life Cycle Extension, Energy Conservation, End of Life Management,

Corporate Performance, and Packaging. In 2006, IEEE (Institute of Electrical and Electronics Engineers, IEEE) made those requirements become IEEE 1680 standard of the electronic products. In 2010, IEEE 1680 was revised and split into IEEE 1680 and IEEE 1680.1, with IEEE 1680.1 is now where the requirements are specified. Products must meet all required criteria for the lowest level. Furthermore, products meeting all required criteria plus different numbers of optional criteria are ranked differently, from the lowest to the highest are Bronze, Silver and Gold product.

The EPEAT BRONZE logo features a red checkmark with the word "epeat" in white and "BRONZE" in smaller letters below it.	The EPEAT SILVER logo features a blue checkmark with the word "epeat" in white and "SILVER" in smaller letters below it.	The EPEAT GOLD logo features a yellow checkmark with the word "epeat" in white and "GOLD" in smaller letters below it.
Product meets all required criteria.	Product meets all required criteria plus at least 50% of the optional criteria that apply to the product type being registered.	Product meets all required criteria plus at least 75% of the optional criteria that apply to the product type being registered.

Table 3.1 EPEAT Product Level Chart

In 2008, ASUSTeK was the first Taiwan IT manufacturer participating in EPEAT with N Series registered at the Gold level. In 2010, ASUSTeK has registered with more Gold level products across different product categories. In 2011, ASUSTeK expended the scope of the registered countries to France, Germany and other 8 new European countries, a total of 10 new countries. For detailed list of registered models, please visit "Eco Products" at ASUS CSR website or visit EPEAT Official Website.

ASUS CSR Eco Products/EPEAT: <http://csr.asus.com/english/index.aspx#41>

EPEAT Official Website: <http://www.epeat.net/>

3.3.2 EU Ecolabel

EU Ecolabel Program, or EU Flower Program, helps establish a set of standard environmental and performance criteria to evaluate all aspects of a product life cycle, starting from product design, manufacturing, use stage and final disposal. This Eco Label provides European consumers simple guidelines on choosing an environmental friend product. All EU Flower certified products are verified by the competent body to ensure the conformity of the products.



To establish a standard to reduce environmental impact, the EU Flower program developed a set of environmental and performance criteria for judging products based on all aspects of a product's life, from its production and use to its eventual disposal.

The 6 key requirements to achieve the EU Flower include: Consumes less energy during use and standby, Contains less substances that are dangerous for health and the environment, A free take-back service is provided by the manufacturer after use, Designed for easily disassembly and recyclability, Increased product durability through upgrades, and Batteries are efficient and less polluting.

In 2008, ASUSTeK's N series notebook was among the first awarded EU Flower certificate and at the same time the only ones awarded both EU Flower and Czech Eco Label certificates. In 2009, we had Eee Box receiving EU Flower certificate in desktop category. For detailed list of our notebook computers and desktop computers receiving EU Flower certificates by the end of 2011, please visit "Eco Products" at ASUS CSR website or visit EU Flower Official Website.

ASUS CSR Eco Products/EU Flower: <http://csr.asus.com/english/index.aspx#42>

EU Flower Official Website: <http://www.eco-label.com/>

3.3.3 Taiwan Green Mark

"Green Design, Manufacture, Marketing and Procurement" becomes the trend in 21st century. In order to not only tie in with the green consumption concept to make consumers clearly choose environmentally friendly products but also promote the sale and manufacture of production and thus encouraging the development of environmental friendly products, Environmental Protection Agency (EPA) of Taiwan designed the Eco Label system and presented the "Green Mark" to the selected products that went through rigorous review and ranked the first 20%~30% products in each product category in March 19th, 1992. The logo of the Taiwan Green Mark is designed as "a piece of green leaves wrapped with clean, unpolluted Earth", which is also a symbol of "recyclable, low pollution, the provincial resources", the concept of environmental protection. ASUSTeK takes the requirements of Taiwan Green Mark into the product design, so most of ASUSTeK's products are qualified for Taiwan Green Mark and thus ASUSTeK is able to join the Green Public Procurement. ASUSTeK will continue to devote to have more products applying for Ecol Label.



ASUSTeK has notebook computers, desktop computers and displays receiving Taiwan Green Mark in 2011. Please visit "Eco Products" at ASUS CSR website or visit Taiwan Green Mark Official Website for detailed list of products.

ASUS CSR Eco Products/ Taiwan Green Mark:

<http://csr.asus.com/english/index.aspx#44>

GreenLiving Information Platform of EPA of Taiwan:

<http://greenliving.epa.gov.tw/greenlife/green-life/index.aspx>

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3.3.4 China Environmental Labeling

The figure of China Environmental Labeling is composed of sun, verdant hill and water in the center. It is circled with ten rings. Its central construction stands for environment that human exists, and peripheral ten rings closely connect to each other, which expresses that the public participate in environmental protection. At the same time, the "ring" and the "environment" in Chinese share a Chinese character in common, which implies that "all the people unite together to protect our human environment".



ASUSTeK has notebook computers, desktop computers and all-in-one receiving China Environmental Labeling in 2011. Please visit "Eco Products" at ASUS CSR website for detailed list of products.

ASUS CSR Eco Products/ China Environmental Labeling:
<http://csr.asus.com/english/index.aspx#1551>

3.3.5 Carbon Footprint Certification

A "carbon footprint" is the total set of direct and indirect greenhouse gas (GHG) emissions caused by an individual, event, organization or product. At product level, each stage of the product life cycle will emit greenhouse gas emissions. We can get the "carbon footprint" of a product by calculating the total of direct and indirect greenhouse gases throughout its product life cycle. After analyzing the carbon footprint caused by human activities, we could plan the carbon reduction and offset the residual emissions by trading, and then achieve the "carbon neutrality" status, meaning there is no net increase in the global emission of GHG to the atmosphere.

To promote the research and development of low carbon products, ASUS has been

executed Life Cycle Assessment since 2008. In 2011, ASUS followed "PAS 2060:2010 Standard for Carbon Neutrality" published by BSI to implement the carbon neutrality project. For more information, please read "3.5.4 Carbon Neutral Certificate".

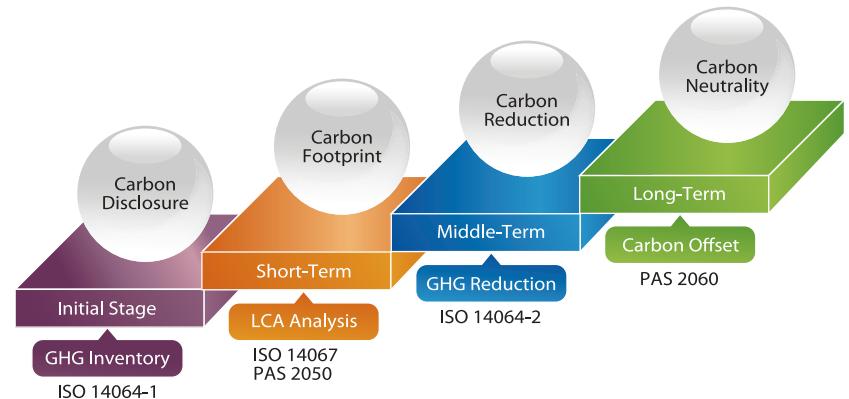


Figure 3.6 ASUSTeK Carbon Footprint Road Map

3.4 Product Takeback Service

Computers, notebook computers, and other electronic equipment contain hazardous chemicals that can be harmful to the environment when disposed in a landfill with trash. The metals, plastics, and components found in an old computer should be properly treated through recycling to decrease the impacts to the environment. When products reach the end of their useful life, ASUSTeK supports for Individual Producer Responsibility (IPR) and the involvement of the producer in the responsibility for proper end-of-life management by providing product takeback service.

To actively take the Extended producer responsibility (EPR), ASUSTeK has worked with qualified local recycling vendors to establish the free recycling system in Europe, North America, Taiwan, Indian and China to ensure that the end of life computers are treated properly in order to reduce the impact on the environment. The recycling system will provide recycling service to customers as well as to meet the EU WEEE Directive and recycling requirements in various countries.



Product Takeback

ASUS supports the involvement of the producer in the responsibility for proper end-of-life management.

[View more detail](#)

For more information on our Global Product Takeback Service, please visit the following URL: <http://csr.asus.com/english/Takeback.htm>

3.5 Greenhouse Gases and Climate Change

In recent years, climate change is one of the most important environmental issues. In 2007 IPCC (Intergovernmental Panel on Climate Change) released a report emphasizing that the rise in global average temperature is "very likely" contributed to Greenhouse Gases (GHG) emissions, which further cause the change in weather patterns, such as the uneven distribution of rainfall and the increase in rainstorm and drought. Therefore, various flexible GHG reduction mechanisms and relevant supporting tools are developed around the world, and they may help to achieve the goal of GHG management and reduction.

3.5.1 Greenhouse Gases Strategy

Since ASUSTeK is not in energy-intensive industry, we have no immediate risk of emissions restriction from Kyoto Protocol. However, we have been long concerned about the issue of global warming and are willing to spare no effort to help slow down the greenhouse effect. ASUSTeK developed the GHG Policy as followed:

ASUSTeK realizes that global warming is one of the most serious environmental impacts in the world. We are willing to devote ourselves to climate change issue and to promote energy saving and reduce carbon footprint of our products through innovation based on "no regret policy".

ASUSTeK continuously performs GHG inventory and reduction measures based on the above GHG policy:

- At organizational level, ASUSTeK performs GHG inventory according to ISO 14064-1 and establishes a database to keep the historical records. This will help ASUSTeK to identify sources of emissions and to analyze data, thus will be able to set up reduction plan and goal.
- For product, ASUSTeK integrates the green design into product development,

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and analyze the carbon reduction potential of each stage in a product life cycle, thus developing innovative technology to help reduce the carbon footprint.

- For suppliers management, ASUSTeK reduces product carbon footprint through providing educations to and communicating with suppliers so that suppliers will have better knowledge to find out alternative materials or to improve manufacturing process. By working with the suppliers, ASUSTeK is able to boost the overall industry to reduce carbon emissions.
- For information disclosure, ASUSTeK has answered CDP Questionnaire to disclose the GHG inventory data and environmental strategies since 2007. Besides, we also disclose the GHG emission data on our CSR website. We will continuously improve ourselves and contribute more to the topic of global climate change issue.
- For external involvement, ASUSTeK became a member of Business Council for Sustainable Development (BCSD) Taiwan and participates in the GHG Reduction Law working group of Taiwan Corporate Sustainability Forum (TCSF) in 2008 to show our support in GHG Reduction Law. We also aggressively participate in various international environmental surveys as the self assessments of our environmental performance.

3.5.2 Greenhouse Gases Management at Organizational Level

As one of the world's leading computer brands, ASUS is willing to devote itself to climate change issue. ASUSTeK commits to reduce 15% of the GHG emissions associated with energy use by 2015 (based on 2008 level). We have a dedicated team to perform GHG inventory based on ISO 14064-1 annually, to establish a database that will help identify sources of emissions based on historical emission data, and to monitor global climate change issues regularly, including international regulations on GHG reduction and the risks and opportunities the corporate may face. The climate change issues will be

discussed periodically in GreenASUS Steering Committee where GHG strategies are made.

The boundary defined was mainly all ASUSTeK owned or leased buildings in Headquarters, Taiwan. The sources of emissions were identified as followed:

- Direct emission (Scope 1): GHG emissions from sources owned or controlled by the entity within the organizational boundary
- Indirect emission (Scope 2): GHG emissions from consumption of purchased electricity by the organization
- Other indirect emission (Scope 3): other GHG emissions not covered by Scope 2

In 2011, ASUSTeK's GHG information on sources of emissions and the emission data for each scope in Taiwan were as followed:

Sources of Scope 1 emissions

- Natural gas: consuming 100,678 m³, producing 189.36 metric tonnes CO₂-e
- Diesel: consuming 228 liters, producing 0.6 metric tonnes CO₂-e
- Gasoline: consuming 9,919 liters, producing 23.42 metric tonnes CO₂-e
- Others: producing 44.22 metric tonnes CO₂-e

Sources of Scope 2 emissions

- Electricity: consuming 20,918 MWh, producing 12,801 metric tonnes CO₂-e

Sources of Scope 3 emissions

- Employee business travel: 13,992 passenger mile, producing 42,871 metric tonnes CO₂-e (emission factor: Climate Leaders, U.S. EPA. 2008)

Energy/Source of Emission	Volume Used	GHG Emissions Equivalent (metric tonne CO ₂ -e)
Natural gas	100 ,678 m ³	189.36
Diesel	228 liters	0.60
Gasoline	9,919liters	23.42
Others	-	44.22

Table 3.2 The Breakdown of Source of Emissions in Taiwan in 2011

Scope	GHG Emissions Equivalent (metric tonne CO ₂ -e)	Ratio
Scope 1	257.6	1.97 %
Scope 2	12,801.5	98.03 %

Table 3.3 The Ratio of GHG Emission in Taiwan in 2011

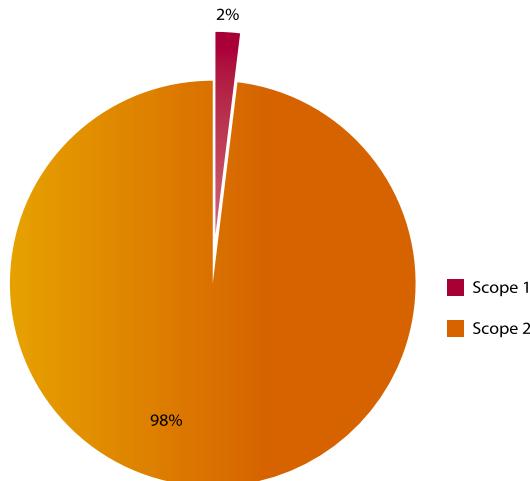


Figure 3.7 The Ratio of GHG Emission in Taiwan in 2011

ASUSTeK has annual energy efficiency improvement plans that help to reduce the use in energy and the GHG emission. The major plans include the following:

- Energy efficient setting on computers
- Improvement on Boiler
- Cooling water system at Lu Ju site
- Temperature adjustment for air conditioners
- Elevator shifts during high-peak hours

Besides, ASUSTeK provides incentives to our employees who join the GHG reduction activities, such as:

- Employees participating in "Stair Climbing" will receive awards.
- Some booths in the cafeteria will provide discount to employees who bring their own accompanied cup to buy drinks.
- The meeting rooms are ready with washable glass cups to replace plastic cup, reducing the GHG and waste.
- Food booths in cafeteria use cooking materials from local to reduce the GHG emissions from transportation.

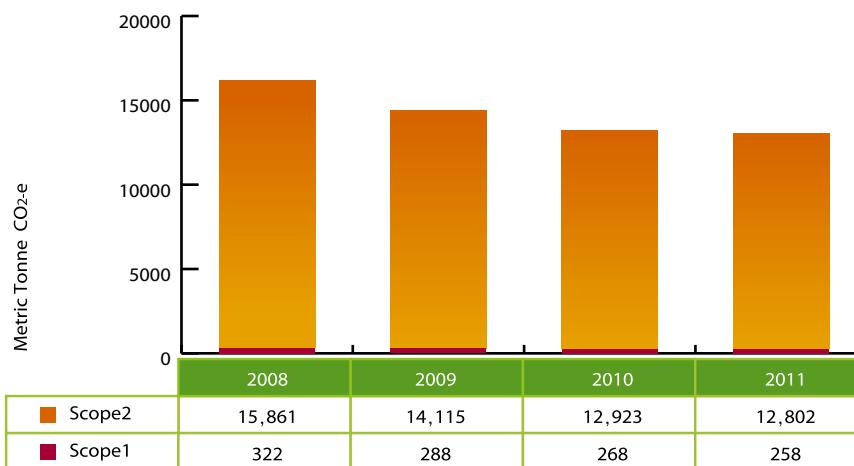


Figure 3.8 Historical GHG Emission Data in Taiwan

Indirect GHG Emissions

The electricity uses in 2011 was 198 MWH less than that used in 2010, which is equivalent to the reduction in 1% GHG emissions. The GHG emission in 2011 was 19.3% less than the baseline year.

	2008	2009	2010	2011
Scope 1	321	288	267	258
Scope 2	15,861	14,115	12,922	12,802
Total Emissions	16,183	14,403	13,190	13,059
Reduction Proportion (compared with 2008 baseline)	0.00%	11.00%	18.49%	19.30%

Table 3.4 Historical Emission Data for Each Scope and Reduction Proportion in Taiwan

In order to promote the idea of energy saving in daily life to the subsidiaries, ASUSTeK expended the boundary of GHG Inventory and thus including the emission data of some of our oversea subsidiaries

- China: ACC, ACS and ASZ. The Total emission of these three subsidiaries was 4,735.9 metric tonnes CO₂-e.
- Europe: ACG, ACF, ACIT, and ACZS. The Total emission of these four subsidiaries was 1,213 metric tonnes CO₂-e.

3.5.3 Greenhouse Gases Management for Product

Improvement in energy efficiency of product is where ASUSTeK can have the most impact in reducing global GHG emission. A study shows that although the GHG emissions from IT industry is only accounted for 2%, with the help by ICT industry, there is a great potential in GHG reduction for the overall society. The improvement in energy efficiency during the product life cycle can reduce the global GHG emissions for about 15%.

The analysis of carbon footprint shows that the energy consumed at the use stage takes up 40% of the GHG emissions during the product life cycle. Therefore, ASUSTeK continuously improves on energy saving design of the product. In 2011, all of our notebooks were in compliance with Energy Star, and the average energy consumption of the notebooks was 35% better than Energy Star Program for Computers V5.2 standard, bringing valuable environmental contributions.

ASUSTeK shares its experiences in GHG inventory with suppliers and becomes a driving force in both upstream and downstream supply chain:

Driven the Upstream Supply Chain

ASUSTeK has brought over 50 suppliers to perform GHG inventory when doing the carbon footprint project for a product and shared our experiences on how to execute GHG inventory on various conferences. Many parts suppliers who receive carbon footprint requests from other clients have contacted ASUSTeK to ask for further advice. We believe that this will not only help build our vendors' capability in GHG inventory but also discover any possible reduction in carbon footprint of the product.

Driven the Downstream Product Chain

Product is where ASUSTeK can have the most impact regarding climate change issue for the energy consumption during the use stage produces the most GHG emissions. Therefore, ASUSTeK will provide more green products with improvement in the energy efficiency to the consumers to help them save on electricity costs and reduce the use of energy and the GHG emissions. We also educate our consumers on how to save on electricity costs through creating the Energy Calculator. This tool could help them to estimate their energy consumption, electricity costs and GHG emissions according to their using habits, as well as promoting the idea of energy saving and environmental protection.

Please visit the Energy Calculator at the following URL:

<http://csr.asus.com/english/EnergyCalculator.htm>

For information regarding financial implications and other risks and opportunities for the organization's activities due to climate change, please refer to

<http://www.asus.com/investor.aspx>

ASUSTeK has answered CDP questionnaire annually. The details of ASUSTeK GHG inventory data of 2011 will be available at the CDP official website after September 2012.

Carbon Disclosure Project Official Website: <http://www.cdproject.net/>

3.5.4 Carbon Neutral Certificate

ASUSTeK has been devoting itself in sustainability development and innovation to help reduce environmental impacts for years. In 2009, ASUS had the world's first notebook received the carbon footprint certificate and has continued to combine Integrated Product Policy (IPP) with ecodesign concepts to proceed carbon reduction. The main events described as below:

2011 ASUSTeK declared the commitment of Carbon Neutrality

ASUSTeK plans to reduce the carbon footprint of U53SD up to 10 percent by using bamboo instead of plastics for parts of the notebook chassis, as well as by developing energy-saving hardware and software. The declaration was verified by DNV.

ASUSTeK will follow "PAS 2060:2010 Standard for Carbon Neutrality" published by BSI to reach the carbon neutrality through purchasing carbon credit from wind power for U53SD. For more information, please visit ASUS CSR website:

<http://csr.asus.com/english/>



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With the awareness of the concept of corporate social responsibility, the information disclosed in an enterprise's report expends from financial information to environment, and then CSR information. According to the definition by BCSD, an enterprise is responsible not only to shareholders by creating economic growth but also to all stakeholders for its CSR by improving the life of employees, the life and quality of local community and society.

Besides enhancing international competitiveness and maintaining financial stability, ASUSTeK established GreenASUS Steering Committee in July 2004 , SERASUS Steering Committee in July 2006, and CSO in December 2009 to carry out the sustainability development in economic, environmental and social areas.

4.1 Inspire, Motivate and Nurture Employees

"Inspire, motivate and nurture our employees to explore their highest potential" is ASUSTeK management philosophy. Since employees are regarded as the most important assets to ASUSTeK, each of them is a talent and has to be treated sincerely. Hence, the focus of Human Resource Management and Development is to establish a complete management system and environment to help our employees work to their full potential and work toward achieving organization's and personal growth and goals.

The following table shows the key performances related to the inspire, motivate and nurture employees in 2011:

Objective	Performance in 2011
Build relevant training courses on employee's career path and capabilities	We established the training roadmaps for different targeted employees, including the mandatory training courses for high level managers, medium level managers, entry level managers and professional duty employees, as well as defined courses the targeted employees should take within 3 years of their career path. We also developed and offered new courses annually.
Receive overall course satisfaction score greater than 4.40	In Taiwan, the overall satisfaction was scored 4.25.
The assigned rate of the Learning & Growth Plan reaches 60%	In Taiwan, about 58.69% of the employees were assigned by their managers the Learning & Growth Plan.
The execution rate of the Learning & Growth Plan reaches 60%	In Taiwan, the execution rate of the Learning & Growth Plan was 61.90%.

*Implemented in Taiwan and planned to be extended to China sites

4.1.1 Fostering Talent

Talent is the cornerstone of business success. ASUSTeK believes that unless every employee could well demonstrate ASUS DNA - ASUS 5 Virtues, Focus on Fundamentals and results, Lean Thinking, and Innovation & Aesthetics - and shows his or her potential in the job, ASUSTeK would be able to achieve the vision of "The world's most admired leading enterprise in a new digital era". Therefore, based on the ASUS 5 Virtues, we analyzed managerial and professional competencies that were necessary for employees in every level and planned to build the learning and development system based on these competencies in 3 to 5 years. We work toward systemizing managerial and professional training and expanding resources to develop a learning organization, so as to appeal and cultivate employees with ASUSTeK personalities and capabilities and, furthermore, make the organization strong.

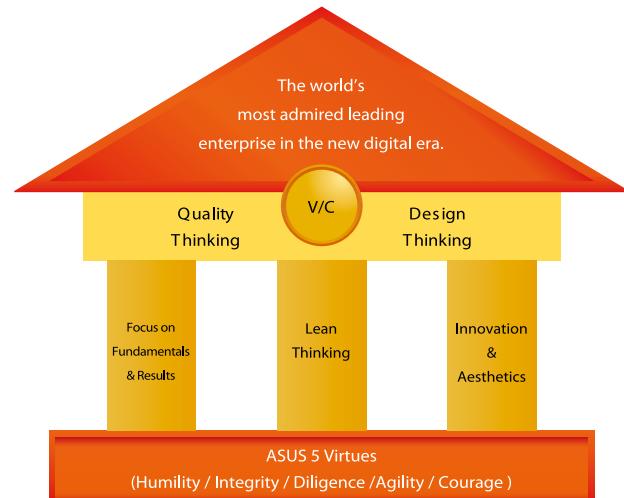


Figure 4.1 ASUS DNA



Figure 4.2 Competency Model

ASUSTeK establishes the training roadmaps for different targeted employees, including the mandatory training courses for high level managers, medium level managers, entry level managers and professional duty employees. Internal training is consisted of 5 categories: core value, management, work efficiency, language, and profession. In 2011, we further systemized the training roadmap to improve and revise the management courses and core value courses. In addition, we completed the course development as well as offered new courses for entry level managers and professional duty employees. Furthermore, in order to integrate professional courses, we established the framework for cross-department professional courses that could be offered to anyone. In Taiwan, we held a total of 256 classroom courses, including 226 classroom trainings and 30 e-learning courses with overall 10,440 trainees in 2011. In terms of training quality, the overall satisfaction was scored 4.25, which showed the quality of the courses were recognized by our employees but there was still room for improvement to the 4.40 yearly target.

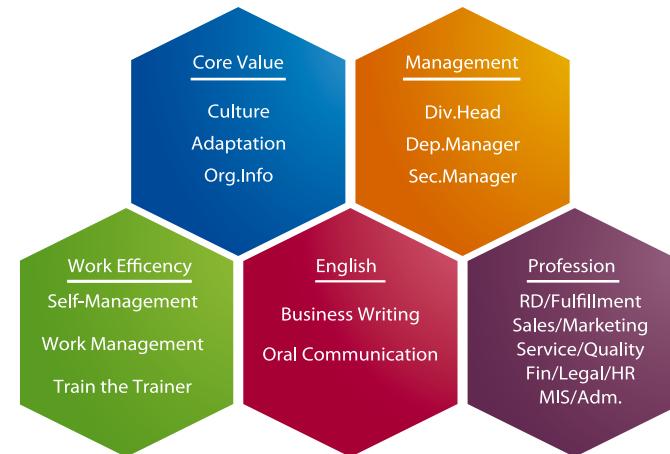


Figure 4.3 Internal Training Course

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Learning & Growth Plan

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

ASUSTeK has promoted "Learning & Growth Plan" to assist managers to develop the competences of our employees and provide training plans since 2009. Based on ASUS DAN and the competences required for employees in each level, a manager would evaluate individual performance and personal developmental needs, and then discuss with every employee to plan out the individual training roadmap.

In Taiwan, about 58.69% of the employees were assigned by their managers the Learning & Growth Plan, with the execution rate of 61.90% in 2011. The following chart is the procedure of the Learning & Growth Plan:



Figure 4.4 Learning & Growth Plan Procedure



Figure 4.5 Personally Oriented Learning & Growth Plan

Multiple Learning Resources

ASUSTeK always spares no effort in talent development. In order to let our employees keep learning during working, we plan a series of internal training courses and provide external learning resources to all employees. Each employee could choose appropriate learning resources according to his or her personal interests from various learning methods as described below:

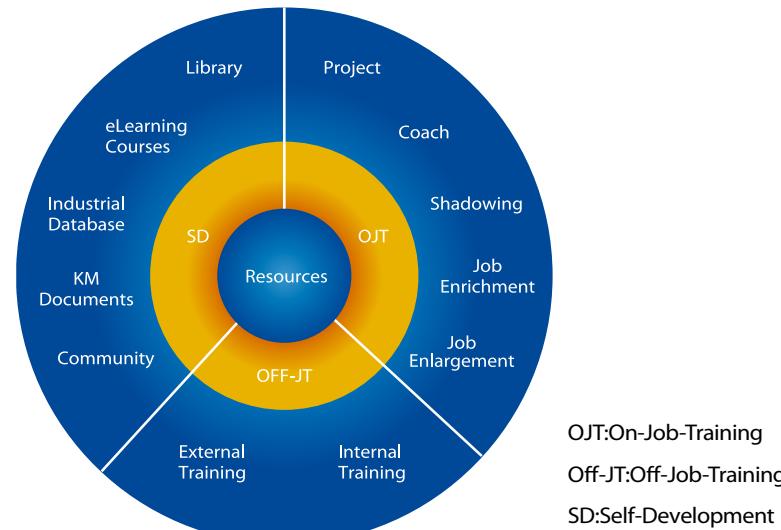


Figure 4.6 Multiple Learning Resources

■ Off-Job Training (Off-JT)

ASUSTeK has been learning new knowledge from the external market and also provide employees with external training opportunities that can help employees grow and learn persistently. We subsidize the external training programs if they are related to employees' work. In 2011, ASUSTeK's employees joined overall 284 external training courses.

■ On-Job training (OJT)

Managers plan on-job trainings according to the tasks assigned and personal development to enhance individual competency, and the trainings are supplementing with projects, coaching, job shadowing, job enlargement, and job enrichment. Employees are able to learn systematically in their daily work

and, meanwhile, apply what they learn into the work..

■ Self-Development

In order to encourage employees to learn continuously and autonomously, we provide a wide variety of self-development resources, such as e-learning courses, lectures, L&D library, e-books, industrial database, document sharing, and forums in various social networks. Employees can learn at anytime and anywhere.

Inspiring Innovation · Persistent Perfection

The key factor for efficient learning lies in trainees' learning motivations and quality of resources. Hence, besides various innovative learning methods which enable trainees to learn by doing and to internalize knowledge, we thoroughly analyze trainees' needs and conduct a pilot round when introducing new resources and development programs. Take internal courses as an example, if a new course does not reach the required assessment scores in demonstration, the course cannot be delivered to trainees. In this way, we can guarantee the quality of courses and resources so that trainees can invest time and effort with bountiful values.

4.1.2 Recruiting and Cherishing Talents

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

■ No child labor

Comply with local minimum age laws and requirements and do not employ child labor.

■ Minimum wages

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Compensate our employees with wages and benefits that meet or even exceed the local legally required minimum.

■ Working hours

Provide employees with periodic holidays with pay. Do not force our employees to work more than the maximum hours of daily labor set by local laws. Comply with overtime pay requirements or compensations where required.

■ Non-discrimination

Prohibit discrimination based on race, color, age, gender, sexual orientation, ethnicity, religion, disability, union membership or political affiliation. All are entitled to equal protection against any discrimination.

■ No harsh or inhumane treatment

Prohibit physical abuse, harassment or the threat of either.

■ Freely-chosen employment

Ensure no forced, bonded or involuntary prison labor is used in the production of ASUS products or services. Ensure that the overall terms of employment are voluntary.

■ Health and Safety

Provide all our employees with a healthy and safe working environment with mutual trust and respect.

■ Employee training and development

Provide facilities, training programs, time and subsidies to support our employees' career development.

Recruitment and Retention

Our recruitment follows the principles of public recruitment, fair selection, and hiring the best.

■ Public recruitment: we publish hiring positions, criteria, and procedure publicly

to widely appeal talents.

■ Fair selection: we insist the principles of fairness and equal opportunity to select the appropriate candidates according to the hiring criteria, rather than gender, race, religion, family background and reference.

■ Hiring the best: only candidates who pass the required exam and interviews with the highest satisfaction will be hired.

ASUSTeK retains talents in accordance with the company management philosophy, "Inspire, motivate and nurture our employees to explore their highest potential". For resigning managerial personnel or resigning talents, Human Resources Division conducts exit interview to realize reasons for quitting and will provide monthly reports regarding the exits to inform the managers and request for improvement on turnover rate. When the turnover rate reaches certain level, Human Resources Division will hold the meeting to discuss with high-level management about solutions to control the turnover rate.

4.1.3 Compensation and Benefits

ASUSTeK provides competitive salary structure, bountiful occasional activities and various benefits to attract talented people to join with us and at the same time to secure their basic livings by offering complete welfares and insurance systems so that they could also give consideration to family life and health while concentrating on work.

Remuneration Policy

ASUSTeK combines the corporate performance with payment structure closely, as well as individual responsibility, to strengthen the competitive advantages of enterprises. The candidates with identical background will have identical starting salaries regardless of gender. The relevant department will compare the remuneration with competitors within the industry and adjust if necessary. ASUSTeK had established a Remuneration Committee in 2011 to ensure that the remuneration offered complies with relevant laws

and is sufficient to attract talents.

Welfare

In Taiwan, full-time employees are guaranteed to have holiday bonuses for specific holidays and personal bonuses which are in accordance to individual performance and company achievement. There are also patent awards and model staff bonus.

ASUSTeK provides more than monetary benefits. According to local statutory requirements, new employees are provided with life insurance, labour insurance, health care, pension program, disability/invalidity coverage, and so on, and group medical insurance if applicable. Besides wedding and funeral grants, we send birthday card and provide various coupons in addition to holiday bonuses and birthday to our employees and offer discounted price if purchasing company's product. Moreover, we encourage our employees to pursue further educations by not only offering scholarships to them and their children but also planning internal and external training courses. Occasional activities are held during special holidays throughout the year, as well as cultural exhibitions, seminars, recreational activities, department gathering event, and talent show. There are also "ASUS Family Day" and the Christmas party which invite all employees from all departments to join and share joys.

We have medical clinics with specialized doctors and nurses at the headquarter and Da-Tong site to take care of the safety and health of our employees. We evaluate and select clinics in different sectors, such as medicine, orthopedics, ophthalmology, obstetrics, rehabilitation, dermatology, medical cosmetology, and pharmacy based on employees' recommendations, internet reviews, and excellent community medical clinic evaluations to be our contractual clinics. The purposes of having contractual clinics for our employees are not only to provide medical services to our employees at favorable prices but also to ensure that the quality of medical cares and services received are adequate.

Besides, in Taiwan, ASUSTeK promotes annual health activities such as offering annual health examination, and the health department will analyze the results causing unhealthy conditions to provide consulting and keep track on the employees with abnormal results. Employees at the headquarter and Da Tong site could participate in health activities, including but not limited to stair climbing, weight loss class, vaccine injection, vision care program, cancer screening, hepatoprotective activities, and health seminar throughout the year. We also have nutritionists to monitor the menu of the cafeteria and canteen and the balance of nutrition, as well as to control the calories. In our gymnasium, there are indoor court, fitness center, aerobics room, billiards room, swimming pool, SPA, steam room, sauna, and outdoor sunbathe area open to our employees and family on weekends.

4.1.4 Employee Caring

Employees are our most important assets and partners. To help our employees reach work-life balance, increase their satisfaction working with and build good interaction with us, we establish the following mechanism:

- Employee Assistance Programs (EAP): we collaborate with a consulting firm to establish a 24-hour EAP that could assist employees to address job stress, psychological distress, marital and family mental health issues. Employees can make the reservation with the consulting firm through toll-free number or email to have the one-on-one professional counseling. The personal profile and the content of the advisory are kept confidential.
- Employee Caring Website: the purpose is to encourage our employees and help relieve their job stress and thus reaching the work-life balance status. The content includes but not limits to tips of how to relieve the stress, positive thinking, other information that may be helpful to daily life, and schedules of self-growth seminars.
- Various two-way communication channels: in Taiwan, we aggressively promote

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e-DM and BLOG to encourage two-way communication between employees and managers for years. Besides, we also provide other methods to all employees as well as to external parties, including but not limited to internal website EIP, DigiTrend magazine, corner propaganda, 24-hour Emergency Line "2119, and Humanity Service Line "1799", bridging good internal and external communication.

- Spiritual events: we invited our employees to the viewing of a public service documentary and of a musical "The Impossible Times", as well as LOHAS and volunteer seminars to promote self improvement.
- Caring of employee's family: we would participate the funeral ceremony of employee's family member to show our love and care, and we could also help on temporary child care if necessary. Besides, we aggressively contacted the employees dispatched to Japan during Japan 311 Earthquake to help the family ensure that they were safe and sound.

4.2 Corporate Social Responsibility Management in Supply Chain

ASUSTeK considers supply chain management a key to promote corporate sustainability. We established supplier policy, management system and audit process to ensure our suppliers comply with ASUSTeK's quality management, green policy/guidelines and CSR requirements. We believe the implementation of "source management" which is to control the supply chain from the top will enhance our competitiveness.

The following table shows the key performances related to CSR management in supply chain in 2011:

Objective	Performance in 2011	
Reach 100% of first tier outsourcers on CSR audit.	Performed CSR audit on 93% of first tier outsourcers	

4.2.1 CSR Promotion

Starting from 2008, to make our suppliers and outsourcers aware of the CSR issues such as labor standard/Human Rights, environment, occupational safety and health, and code of conduct, ASUSTeK requires them to sign the "Consent of ASUSTeK Code of Conduct". All new vendors in 2011 signed the consent, committing to be compliance with any law and regulation.

In October 2011, we held annual supplier workshops in Taiwan and China accordingly. Besides explaining ASUSTeK' supplier audit process and management policy, we advocated our CSR policy and further updated them with the trend of International regulations and our technical standards. All relevant technical standards are disclosed on ASUSTeK SRM website and are available to our vendors for download.



Snapshot of Supplier Workshop

4.2.2 CSR Audit Plan

Other than promoting ASUSTeK's CSR Policy through the consent, we began the CSR audit on our first tier outsourcers (Electronic Manufacture Services, EMS) in 2011. The scope

of the audit covers the following 5 categories: Labor, Occupational Health and Safety, Environmental, Management System, and Moral Standard & Corporate Sustainability Management. We had performed the CSR audit on about 93% of first tier outsourcers. The results showed that the violation in working hours was the most common non-conformance with the pass rate only 36%. Others non-conformances included but not limited to the failure in performing regular check on the fire extinguishers, the missing of the first aid box and the lack of audit plan of its suppliers. ASUS would assist and advise the outsourcers the corrective actions on those on-conformances.

We plan to extend the targeted parties from first tier outsourcers to all of our outsourcers and component suppliers to ensure all ASUSTeK vendors are aware and comply with our CSR policy. Regarding the issue on the violation in working hours, we would have our Global Supply chain Management (GSM) team requesting them to follow the local legislation as well as would include the audit result into the supplier quality management system.

4.3 Community Involvements

ASUSTeK has always upheld the long term emphasis, efforts, directions, and goals of "reducing the digital divide", "increasing innovation", "cultivating technical talent", "stimulating industry-university cooperation", and "promoting environmental and energy conservation". In 2008, the ASUS Foundation was established in hopes of encouraging the public to proactively invest in public service and caring for the community. ASUSTeK hopes that by giving back to society through tangible initiatives on a long-term basis, we can fulfill our corporate social responsibilities while realizing our medium-term goal of becoming global citizens and international volunteers. ASUSTeK has not only invited employees to many internally initiated community/environment events, but has also actively initiated donation events with companies within and outside of our industry.

From its inception, the ASUS Foundation has inspired and invited the public to continue to emphasize and care about societal issues through different methods and activities with governmental and non-profit organizations in various regions. The ASUS Foundation also hopes to accumulate collective energy with more concrete actions, extended its influence into more diverse platforms, contribute more benefits to society through coordination with different organizations, enhance citizen information education, increase citizen standards of living, and promote the development of global exchange.

The following table shows the key performances related to community involvenemts in 2011:

Target	Performance
Assist domestic nonprofit organizations in promoting digital learning	Donated 770 refurbished computers to 33 domestic nonprofit organizations for computer education, provided disadvantaged groups with learning opportunities, strengthened digital and computer skills
Hold 3 digital promotion competition events	ASUS Indigenous Science and Education Award over 200 participants, better creation standards ADOC International ICT Competition : ADOC International photography competition received a total of 113 creations with 1545 participants Touching99 Short Film Competition : 423 registered creations with over 1000 participants
Assist foreign nonprofit organizations to establish digital education centers or engage in digital promotion events	Established 16 digital opportunity centers in Vietnam, Peru, Philippines, and Guatemala
Sponsor contemporary art exhibitions	Sponsored 11 art exhibitions with over 220,000 participants
Initiate international volunteer service event	Cooperated with National Tsing Hua University, National Chiao Tung University, and the Zhi-Shan Foundation to initiate 3 international volunteer groups in remote villages of Indonesia and environmental conservation education for 2 weeks

4.3.1 Reducing the Digital Divide

PC Recycling for a Brighter Future

Since 2008, ASUSTeK has promoted the "PC Recycling for a Brighter Future" project, which turns discarded computers into refurbished computers. In 2011, ASUSTeK donated 770 refurbished computers to 33 nonprofit organizations for computer education, provided disadvantaged groups with learning opportunities, strengthened digital and computer skills, and increased the learning ability of students and residents on digital materials to improve their lives. The nonprofit organizations collaborating with these donations included 6 religious organizations, 18 charities, 2 disaster reconstruction agencies, 6 schools, and 1 individual.

For detailed information regarding "PC Recycling for a Brighter Future", please visit the following website:

<http://recycling.asus.com/>

Digital LOHAS for Seniors

ASUSTeK participated in the "Digital LOHAS for Seniors" seminar organized by the ADOC 2.0 Project. The Institute for the Information Industry and the China Productivity Center supported volunteers, Chunghwa Telecom provided 3G network service, Acer and ASUSTeK provided discounts on the purchase of tablet computers, and D-link donated network equipments. The event called on a total of 200 volunteers to lead seniors in experiencing the internet through tablet computers. We wish to assist the ten thousand seniors that have had fewer opportunities to connect to the internet in the past to cross the digital divide and thus effectively reduce the digital gap.

ASUSTeK Indigenous Peoples Science and Education Award

Since 2009, this event has been planned and introduced by National Tsing Hua University

Professors, and 2011 was the third term. Indigenous teachers/students, tribal elders, and professors in the science fields participating in this competition not only learned from each other, but were also able to engage in scientific exploration together while combining cultural/digital learning and science education to promote indigenous culture. This event, merged with the academic research abilities, provided learning opportunities, created real digital learning equality, and, with indigenous culture as a foundation, enhanced the information and science literacy of indigenous primary school students. Along with the research project, through an online platform for natural knowledge, culture, environmental ecology of the indigenous tribe and modern scientific technologies and innovations, indigenous students from primary and secondary schools were led to make good use of the applied techniques on information communications technologies, and learn to express the culture and wisdom of their tribes, increase group confidence, enhance public knowledge of indigenous culture, ecology, and traditional wisdom, stimulate the exchange of culture among tribes and enhance mutual respect, thus commits to environmental conservation together. This event was deeply recognized by the Council of Indigenous Peoples, Executive Yuan, and the interviews, post-production, and the broadcasts of the 2nd and 3rd award ceremonies were funded by Taiwan Indigenous TV.

Promoting Reduction in Digital Divide for Morakot Typhoon Disaster Areas

ASUSTeK donated 75 Eee PCs to the Red Cross Society of the ROC and assisted in establishing community and livelihood reconstruction workstations in 13 disaster areas to counsel residents on various aspects of life reconstruction, basic computer operation, e-commerce, academic learning, environmental education classes, and the use of administrative operations.

ASUSTeK University Student in IT Science Volunteer Activities

This was a joint initiative between the Chinese government and Chinese enterprises to

support university students in promoting the work of popularizing science. The activities covered 31 cities and over 1,000 villages nationwide, working to train people.

The benefiting groups included villagers in remote areas, border soldiers, residents of the Sichuan earthquake disaster area, etc. They were taught about computer hardware knowledge and the application of software and the internet through lectures, road shows, home counseling, posters, etc. Leaders from all managerial levels and employees of the China Association for Science and Technology (CAST) gave their strong supports to these events across China, including cities such as Beijing, Nanjing, Zhengzhou, Jinan, Hangzhou, Chongqing, Xian... and even the villages of Dujiangyan in Sichuan.



ADOC (APEC Digital Opportunity Center)

ASUSTeK continues to participate in APEC's ADOC 2.0 project with the support from the Ministry of Foreign Affairs, assisting the local nonprofit organizations of ADOC member countries and countries with their diplomatic relations with Taiwan in establishing digital opportunity centers to promote digital learning to reduce the digital divide. We hope to provide fair learning opportunities to students in remote regions through equipment donation, volunteer training, educational promotion, etc. Reducing the digital divide between countries and cities, as well as between people of different ages and genders, could provide people with more convenient and happier lives. In 2011, 16 digital opportunity centers were established, with 7 in Vietnam, 2 in Peru, 1 in the Philippines, and 6 in Guatemala.



ADOC Photography Competition

In 2010, ASUSTeK collaborated with the ADOC secretariat to jointly organize the International ADOC Digital Opportunity Center Blog Competition to encourage each center to promote digital learning. In 2011, the ADOC Photography Competition was held to encourage each country to exchange digital learning experiences from students of digital opportunity centers. There was a total of 113 groups and 1,454 participants from Mexico, Thailand, Peru, Vietnam, the Philippines, Papua New Guinea, and India this time, and 7,339 people joined the online voting.

ASUSTeK World Citizenship/International Volunteer Project

ASUSTeK collaborated with foreign and domestic school clubs or nonprofit organizations providing volunteer services to link them in providing professional international volunteer service training and experience and in planning the provision of international services to give back to society and implement ASUSTeK's idea of world citizenship. By working with nonprofit organizations that had donated computers as part of the ADOC project, ASUSTeK tried to combine green technology with social humanities through actual involvement in international social participation to effectively link Taiwan and local social networks, and thus to assist the locals in solving the digital divide problem while promoting green technology and energy conservation. Furthermore, volunteers could share their interactions with local villagers and children and share their interesting stories

with the world in real-time through the ASUSTeK notebooks in the form of films, photos, and written records. The three international volunteer groups were the Indonesian Orangutan Conservation International Volunteer Group, the Aceh Indonesia International Volunteer Group, and the Hue Vietnam International Volunteer Group.



4.3.2 Literature, Arts and Academic Sponsorship

ASUSTeK and the ASUS Foundation have continued to sponsor literary and art events to care for the local community, take a global view, and fulfill their social responsibility. Hopefully, as a corporate citizen, ASUSTeK can increase its resources for culture and arts events and enhance the quality of spiritual life for the public.

Digital Art Promotion

In 2011, we kept our sponsorship relationship with the Taipei Museum of Contemporary Art in the form of lending products to artists invited by the museum and curatorial units for exhibitions. A total of 11 domestic contemporary art exhibitions were sponsored, such as "Invisibility is Visibility: International Contemporary", "Beyond Calligraphy A Contemporary Calligraphic Art Exhibition by Hsu Yung-Chin", with over 220,000 visitors.



Cultivating Artistic Talent

The "Too Touch 100 Photo Story Video Contest" shattered the previous competition model of social/student group competition to highlighting excellent creations. It increased awards and retained the online popularity prize to attract more participants and thus expand the event's influence. Additionally, in order to cultivate photographers, director, and creative talents, we included the Best Visual Creativity Award and the Plot Award. The Caring Award was also added to provide disadvantaged groups with equal opportunities for participation.



Sponsorship of Zhong Zheng High School Dance Class

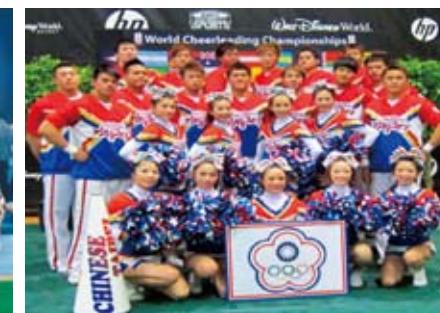
In 2011, ASUSTeK continued to sponsor the related costs of the Zhong Zheng Dance Exhibition. Students could learn how to produce a professional performance and earn experiences in leadership, communication, obedience, and problem solving skills through the setup of the exhibition. We also hoped to provide students with stage performance experience and to promote dance and art education in schools through the exhibition, thus promoting inter-school observation, enhancing teaching quality, and cultivating more outstanding future artists.



Sponsorship of MONSTER Cheerleading

In order to sponsor this commendable 10-year-old cheerleading team in continuing to promote cheerleading nationwide and thus participate in international competitions

for the glory of the nation, ASUSTeK has sponsored the daily training venue costs for the MONSTER cheerleading team, which has won various international and nationwide awards since 2011 to give these athletes a safer and more comfortable environment for practices and trainings. The MONSTER cheerleading squad was established in the summer of 2001 as Taiwan's most professional and the only registered cheerleading performance group. They have accumulated over 600 performances and have won the social category of the National Cheerleading Championships for 7 years straight. They have also participated in many international cheerleading competitions in Japan, Thailand, the United States, Finland, and Germany and have earned 2 gold medals, 3 silver medals, and 1 bronze medal.



Sponsorship of Futsal Club in the Czech Republic

ACZS sponsored a futsal club including ASUSTeK employees, Pegatron employees, and non-employees by purchasing related equipments and paying venue costs, training fees, competition fees, etc., to encourage employees to participate in artistic, cultural, and sporting events.

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4.3.3 Promoting Industry-Academia Partnerships

In order to promote exchange and collaboration between the industry and academia, to discuss the future trends of R&D technology, and to develop prospective views and comprehensive knowledge, techniques, management, digitization, and personnel training, the ASUS foundation has collaborated with education institutes and industries in the hopes of establishing close interaction with academia to enhance talent quality through activities such as sponsoring domestic and foreign scholarships and research grants, donating equipment and R&D cooperation funds, cultivating technology talent, and raising the creative potential of young students. Activities in 2011 included:

- Collaborated with National Tsing Hua University, National Chiao Tung University, and Chung Yuan Christian University in Taiwan to initiate the International Volunteer Project for cultivating international people.
- The Foundation continued to sponsor scholarships and financial aid to award outstanding students of Tsinghua University in China and Zhejiang University.
- ACC has held "ASUSTeK Campus Tour", a series of professional elite public events on campus, for 11 consecutive years, accumulating more than 1 million student participants across various campus activities. ASUSTeK extended the talent training model to campuses where further employees might come from. This can not only attract new people to work for ASUSTeK but can also help the graduates to be well prepared for their careers.

4.3.4 Caring for the Community

PayEasy Caring for Farmers

There are many events which ASUSTeK has continued to sponsor. From 2008, the Foundation has participated in the "Caring for Farmers" event held by PayEasy through the adoption of farmland. In 2011, 7,000 catties, or about 236 cases, of golden mangos grown according to safe farming methods were bought from the Liouguei Disaster Victims Reconstruction Association to assist Liouguei farmers in improving the application of conventional farming methods and to help them move towards safe and ecological crop management. Additionally, in order to assist farmers in establishing direct internet sales, ASUSTeK donated refurbished computers and collaborated with the Red Cross and the Information Promotion Association to help set up websites and related training. E-commerce reduced marketing and management costs and middlemen profits, and this also helped Liouguei farmers onto the path of livelihood/industry reconstruction.

Pingtung Sandimen Dashe Village Livelihood Reconstruction Project

In 2010, ASUSTeK adopted the Pingtung Sandimen Dashe Village Livelihood Reconstruction Project. This project entered its second year in 2011, and even more non-profit organizations such as the Indigenous People Culture Park Bureau, Council of Labor Affairs Bureau of Employment and Vocational Training, Pingtung County Government, and more, participated in the project, providing villagers with more choices and assisting them in skills training and reconstruction efforts. On the other hand, we also held regular village gatherings and published a tribal newspaper to help villagers understand reconstruction-related information, share village news, and improve communication among themselves.

Orphanage Christmas Event in the Czech Republic

ACZS has continued to give Christmas presents to the children of the Children's Home for

Christmas since 2009. These years, ACZS further participated in their Christmas party and had fun with the children.



4.3.5 Environmental Conservation

Education and Advocacy

- The "99 Series National Short Film Competition" successfully harnessed "youth power" to encourage young people to express their creativity and caring for the community. It also shared positive and touching stories through concrete creations. The third competition was lead by the Government Information Office as a National Centennial event, with ASUSTeK as the co-organizer and Taiwan Public Television as the implementing organization. The theme in 2011 was "Too Touch 100 Photo Story Video Creating Contest". This event not only provided a platform to show the creativity of the participants and to encourage the learning and the application of digital technology, but also to allow everyone to use cameras to express their creativities in protecting the earth and promoting environmental/energy conservation. Furthermore, the format allowed participants to share the touching stories of ordinary Taiwanese people and find a positive attitude to produce the most meaningful short films on environmental/energy conservation and moral education, conveying local environmental concerns to everyone in the global village.
- ASUSTeK collaborated with the Environmental Protection Administration to hold the International Disaster Reduction Festival. ASUSTeK was invited by the Taipei

Children's Recreation Center to establish an environmental conservation booth, the "Environmental Fishing Pond", and to invite the public. Through the game, adults and children gained deeper understandings of the concerns regarding the environmental conservation issue.

- In response to the goal of implementing environmental conservation in a clean home set by the Environmental Protection Administration of the Executive Yen, R.O.C., ASUSTeK took the initiative to adopt regions, enacting protocols for caring for the areas, recording the environmental cleanliness statuses, sharing the environmental conservation event achievements, and promoting the use of the Eco-life website to employees. (<http://ecolife.epa.gov.tw/Cooler/default.aspx>)

Green Days Event

ASUSTeK has held annual environmental protection events on Earth Day and on World Environment Day for years. We invite employees and local residents to join these events with us to show our commitments in protecting our homeland and the planet.

- A series of environmental conservation events were held in coordination with Earth Day on April 22, such as the "Recycling for Hazardous Electronic Waste" event, and funds were donated to disadvantaged groups; a video regarding environmental conservation recycling and reuse was made; the importance of recycling and recycling methods were promoted to our employees.
- The "Make the Best Use of Everything" Flea Market event was held in coordination with World Environment Day on June 5. Idle household items were donated for purchase by other colleagues who no longer needed them, thus implementing the concept of green living. Funds were donated to disadvantaged groups.
- Our employees were invited to view the film "Arctic Tale" together on June 7. Through exploring the polar world and experiencing the emotions of life, we were inspired by the glory of life, leading us to think about the concepts of energy conservation and carbon reduction and to love the Earth.

OTHER PERFORMANCE INDICATORS

5.1 Economic Indicators

EC4 Significant financial assistance received from government.

In Taiwan, ASUSTeK is applicable to apply for tax incentives, such as R&D tax credits for "Industrial Innovation Act". We also receives the funds to execute the "Innovative Technology Applications and Services Program" (ITAS) and thus receiving the funds from the Ministry of Economic Affairs, Department of Industrial Technology of Taiwan.

EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.

All ASUSTeK partners need to pass a series of self surveys and audits discarding where they come from.

EC7 Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.

The manager will have to submit the proposal if additional work force is needed and wait for approval by upper level manager. Human Resource department will then begin the recruitment activities. Recruitment methods must comply with local regulations, and we use examination, interview and reference check to confirm if the person is the suitable candidate.

In order to carry on ASUSTeK's corporate culture to each operating base, the top executives in major countries are mostly held by the Taiwanese managers. Even though we hire local senior managers, the business decisions are still made by Taiwanese managers. The proportion of senior management in Taiwan is 100%.

5.2 Environmental Indicators

EN1 Materials used by weight or volume.

The following table shows the estimated total weights of packaging materials in metric tonnes used in 2011:

Material Type	Weight
Plastic	3,508
Paper	27,959
Total	31,467

EN2 Percentage of materials used that are recycled input materials.

1. According to the requirements set forth in major international eco labels, the percentage of post-consumer materials used in paper packaging for the registered product is at least 80%.
2. The case used in ASUSTeK displays contain post-consumer recycled plastic which is at least 10% of total plastic (by weight) in the product.

EN8 Total water withdrawal by source.

The water used is from water company. The total water withdrawal in Taiwan in 2011 was 136,039 liters.

EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.

ASUSTeK's headquarter is located at Guandu Plain which is near by Guandu Nature Park.

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OTHER PERFORMANCE INDICATORS

EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.

ASUSTeK is a brand company and the sites are mainly office buildings, thus the impact is at the minimum level.

EN19 Emissions of ozone-depleting substances by weight.

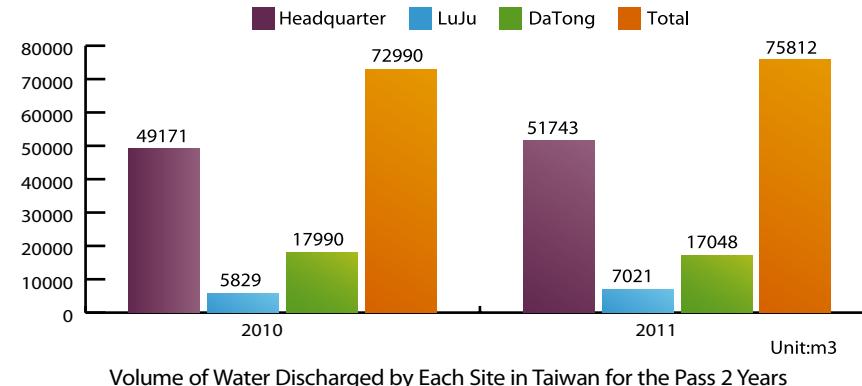
ASUSTeK is a brand company and the sites are mainly office buildings. The refrigerant is used for air conditions and thus no major ozone-depleting substance is emitted.

EN20 NO, SO, and other significant air emissions by type and weight.

ASUSTeK is a brand company and the sites are mainly office buildings. We do not have combustion engine and thus does not have NO, SO, and other significant air emissions.

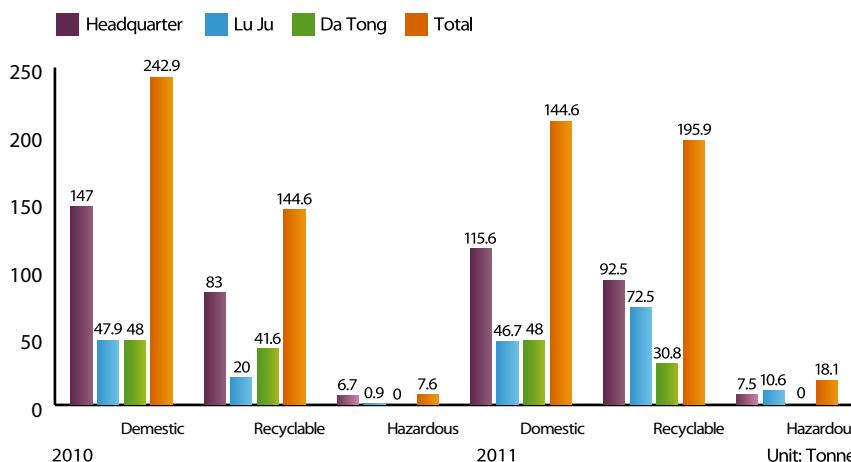
EN21 Total water discharge by quality and destination.

ASUSTeK sets up independent sewage treatment plants at Headquarter, Da Tong and Lu Ju sites. We maintain the system of the sewage treatment plant and perform the quality check of the effluent on a regular basis to ensure the effluent is properly treated and meet the regulation requirements. The leasing office sites are supervised by the Building Committee. Besides the periodical effluent testing and the system maintenance of the sewage treatment plant, we also hold regular meeting to review and monitor if any non-conformance occurs. The quality check of the effluent met the regulation requirements the whole year. The figure below shows the volume of water the sites in Taiwan discharged in recent years:



EN22 Total weight of waste by type and disposal method.

ASUSTeK produced 3 types of waste: domestic waste, recyclable waste, and hazardous waste, and the figure below shows the total weight of wastes by type and by each site in Taiwan in 2011:



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OTHER PERFORMANCE INDICATORS

The waste treatments are as followed: incineration for domestic waste, donation for recyclable wastes, physical treatment for hazardous waste. Recyclable wastes were all donated to Tzu Chi charity to benefit more people in need. Some items such as glass fiber, plastic, and metals such as iron, aluminum, gold, silver were proceed by licensed downstream recyclers for reuse purpose.

EN23 Total number and volume of significant spills.

There is no significant chemical spill in 2011.

EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.

ASUSTeK is a brand company and the sites are mainly office buildings. We do not have wastewater from manufacturing and thus the environmental impact is at the minimum level.

EN27 Percentage of products sold and their packaging materials that are reclaimed by category.

The percentage of end-of-life products reclaimed was 3.8%. The packaging materials came along with the reclaimed products were not recorded separately.

For more information on ASUSTeK Global Product Recycling Service, please visit <http://csr.asus.com/english/Takeback.htm>

EN28 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.

No violation for noncompliance with environmental laws and regulations in 2011.

5.3 Social Indicators

Labor Practices and Decent Work

LA1 Total workforce by employment type, employment contract, and region, broken down by gender.

The following tables show the employee type of male and female in Taiwan and other major overseas subsidiaries in 2011:

Headquarter, Taiwan

Contract Type/Gender	Male	Female
Permanent	3101	1618

ACC

Contract Type/Gender	Male	Female
Permanent	364	403
Contract and Part time	3	1

ACS

Contract Type/Gender	Male	Female
Permanent	95	160
Contract and Part time	3	3

ASZ

Contract Type/Gender	Male	Female
Permanent	805	576
Contract and Part time	5	2

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OTHER PERFORMANCE INDICATORS

ACG

Contract Type/Gender	Male	Female
Permanent	72	12
Contract and Part time	9	8

ACF

Contract Type/Gender	Male	Female
Permanent	32	19
Contract and Part time	4	8

ACIT

Contract Type/Gender	Male	Female
Permanent	48	20
Contract and Part time	1	7

ACZS

Contract Type/Gender	Male	Female
Permanent	169	136
Contract and Part time	27	14

LA2 Total number and rate of new employee hires and employee turnover by age group, gender, and region.

The following tables show the new hire rates by age and gender in Taiwan and other major overseas subsidiaries in 2011:

Greater China

Age Group	Taiwan	ACC	ACS	ASZ
20 and Below	4.34%	1.17%	7.28%	0.00%
21~30	16.51%	17.47%	51.72%	19.02%
31~40	5.45%	1.83%	3.07%	1.37%
41~50	0.51%	0.39%	0.00%	0.14%
51 and Above	0.04%	0.13%	0.38%	0.00%
Total	26.85%	20.99%	62.45%	20.53%

Gender	Taiwan	ACC	ACS	ASZ
Male	17.25%	7.82%	23.75%	13.47%
Female	9.60%	13.17%	38.70%	7.06%

Europe

Age Group	ACG	ACF	ACIT	ACZS
20 and Below	0.99%	1.68%	0.00%	0.00%
21~30	7.92%	28.57%	2.72%	9.00%
31~40	0.99%	11.76%	9.52%	2.57%
41~50	1.98%	0.00%	1.36%	1.61%
51 and Above	0.00%	0.00%	0.00%	0.00%
Total	11.88%	42.02%	13.61%	13.18%

Gender	ACG	ACF	ACIT	ACZS
Male	7.92%	20.17%	9.52%	9.65%
Female	3.96%	21.85%	4.08%	3.54%

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OTHER PERFORMANCE INDICATORS

The following tables show the turnover rates by age and gender in Taiwan and other major overseas subsidiaries in 2011:

Greater China

Age Group	Taiwan	ACC	ACS	ASZ
20 and Below	3.94%	0.00%	11.11%	0.00%
21~30	8.07%	16.43%	69.35%	14.84%
31~40	5.51%	2.61%	3.83%	0.86%
41~50	0.83%	0.26%	0.77%	0.00%
51 and Above	0.06%	0.13%	0.38%	0.00%
Total	18.41%	19.43%	85.44%	13.98%

Gender	Taiwan	ACC	ACS	ASZ
Male	12.59%	10.17%	41.00%	10.66%
Female	5.83%	9.26%	44.44%	5.04%

Europe

Age Group	ACG	ACF	ACIT	ACZS
20 and Below	0.00%	1.68%	0.00%	0.00%
21~30	4.95%	11.76%	0.00%	10.29%
31~40	5.94%	15.13%	4.08%	3.54%
41~50	0.99%	1.68%	1.36%	1.61%
51 and Above	0.00%	0.00%	0.00%	0.64%
Total	11.88%	30.25%	5.44%	16.08%

Gender	ACG	ACF	ACIT	ACZS
Male	7.92%	13.45%	2.72%	12.86%
Female	3.96%	16.81%	2.72%	3.22%

LA15 Return to work and retention rates after parental leave, by gender.

The followings show the Return to Work Rates after parental leave by gender in Taiwan in 2011:

Return to Work Rate in 2011 (male) = 97%

Return to Work Rate in 2011 (female) = 95%

The followings show the Retention Rates after parental leave and back to work for at least a year by gender in Taiwan in 2011:

Retention Rates after parental leave and back to work for at least a year by 2011 (male) = 94%

Retention Rates after parental leave and back to work for at least a year by 2011 (female) = 94%

*The Return to Work Rate in 2011 = number of employees took the parental leave and actually returned in 2011/number of employees took the parental leave and should return (resign+return) in 2011

**The Retention Rate in 2011 = number of employees took the parental leave and actually returned to work for at least 12 months by 2011/number of employees took the parental leave and should return (resign+return) to work for at least 12 months by 2011

LA4 Percentage of employees covered by collective bargaining agreements.

Employees can communicate their issues with Employee Benefit Department or to Employment Relation of Human Resource Department. Currently no Union is established and thus employees are not covered by collective bargaining agreements.

LA5 Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.

According to the "Labor Standards Act" of Taiwan, when major changes in corporate

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operations may affect the rights of employees:

1. The employees who have served for 3 months to 1 year should be informed no less than 20 days.
2. The employees who have served for 1 to 3 years should be informed no less than 20 days.
3. The employees who have served for more than 3 years should be informed no less than 30 days in advance.

The same required when the employee decides to leave the company.

LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region and by gender.

The following tables show the relevant injury rates in Taiwan for the past 3 years:

Headquarter/Da Tong	2009	2010*	2011*
Disabling Frequency Rate**	2.21	1.73	1.82
Disabling Severity Rate***	8.78	16.84	19.79
Lu Ju	2009	2010	2011
Disabling Frequency Rate**	2.18	0.00	0.00
Disabling Severity Rate***	2.18	0.00	0.00

The following tables show breakdown of the Disabling Frequency Rate and Disabling Severity Rate by gender:

Headquarter/Da Tong	2009	2010	2011
Male Disabling Frequency Rate	0.96	1.01	1.17
Female Disabling Frequency Rate	1.25	0.72	0.65
Male Disabling Severity Rate	3.80	1.87	12.24
Female Disabling Severity Rate	4.98	16.27	7.55

Lu Ju	2009	2010	2011
Male Disabling Frequency Rate	0.00	0.00	0.00
Female Disabling Frequency Rate	0.00	0.00	0.00
Male Disabling Severity Rate	2.18	0.00	0.00
Female Disabling Severity Rate	2.18	0.00	0.00

*The cause of injuries for Headquarter/Da Tong in 2010and 2011 were traffic accidents.

**Disabling Frequency Rate=Numbers of Disabling Occurrence/Million Working Hours

***Disabling Severity Rate=Total Lost Days/Million Working Hours

LA8 Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.

ASUSTeK will monitor the information on global infectious diseases and execute the prevention system according to the announcement by Centers for Disease Control of Taiwan. We will provide sufficient medical resources and educate our employees on the infectious disease concerned and take care of and track the victims until he or she recovers from the disease.

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LA10 Average hours of training per year per employee by gender, and by employee category.

The following table shows the average hours of training per year per employee by employee category in Taiwan and other major overseas subsidiaries in 2011:

Greater China

Category	Taiwan	ACC**	ACS	ASZ
General Employee	3.77	-	6	5.93
Managerial - Manager	6.82	-	10	9.14
Managerial - Senior Manager	10.63	-	12	—**
Managerial - Top Executives	1.27	-	12	—**

Europe

Category	ACG**	ACF	ACIT	ACZS
General Employee	-	0.58	19.00	8.65
Managerial - Manager	-	15.00	1.50	6.00
Managerial - Senior Manager	-	0.00	0.00	0.00
Managerial - Top Executives	-	0.00	0.00	0.00

*The hours reflected the hours from internal classroom courses and eLearning classes only; hours from other types of training such as on-job trainings and external courses were not included and thus not calculated into the average hour.

**Those subsidiaries did not have the data.

All ASUSTeK employees have equal opportunity for training, thus we do not specifically record the average hours of training per year per employee by gender.

LA12 Percentage of employees receiving regular performance and career development reviews, by gender.

The following table shows the percentage of employees receiving regular performance

and career development reviews by gender in Taiwan in 2011:

Category	First Appraisal	Second Appraisal
Performance Appraisal for Male	96.69%	97.51%
Performance Appraisal for Female	95.89%	99.73%

Note: The percentage did not include co-op students, foreign employees, and employees in probationary period which was less than 3 month from commence date of employment.

LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.

The following tables show the composition of and breakdown of employees in 2011 in different sites:

Headquarter, Taiwan

All Employees by Age and Gender

Age Group	Male	Female
20 and Below	2.16%	1.61%
21~30	38.05%	58.90%
31~40	50.08%	34.43%
41~50	8.45%	4.64%
51 and Above	1.26%	0.43%
Total	100.00%	100.00%

ACC

All Employees by Age and Gender

Age Group	Male	Female
20 and Below	1.37%	1.74%
21~30	64.29%	74.19%
31~40	28.85%	19.35%
41~50	3.85%	4.22%
51 and Above	1.65%	0.50%
Total	100.00%	100.00%

Employees at least Manager Level by Age and Gender

Age Group	Male	Female
20 and Below	0.00%	0.00%
21~30	0.00%	0.00%
31~40	3.22%	1.61%
41~50	4.71%	0.93%
51 and Above	0.97%	0.12%
Total	8.90%	2.66%

Employees at least Manager Level by Age and Gender

Age Group	Male	Female
20 and Below	0.00%	0.00%
21~30	0.27%	0.00%
31~40	4.67%	0.74%
41~50	1.92%	0.00%
51 and Above	0.00%	0.00%
Total	6.87%	0.74%

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ACS

All Employees by Age and Gender

Age Group	Male	Female
20 and Below	7.22%	1.22%
21~30	72.16%	82.32%
31~40	19.59%	12.80%
41~50	0.00%	1.22%
51 and Above	0.13%	2.44%
Total	100.00%	100.00%

ASZ

All Employees by Age and Gender

Age Group	Male	Female
20 and Below	0.12%	0.00%
21~30	84.53%	82.53%
31~40	22.50%	17.47%
41~50	1.73%	0.00%
51 and Above	0.12%	0.00%
Total	100.00%	100.00%

ACG

All Employees by Age and Gender

Age Group	Male	Female
20 and Below	2.44%	0.00%
21~30	23.17%	63.16%
31~40	58.54%	10.53%
41~50	15.85%	15.79%
51 and Above	0.00%	10.53%
Total	100.00%	100.00%

ACF

All Employees by Age and Gender

Age Group	Male	Female
20 and Below	6.25%	0.00%
21~30	68.75%	77.27%
31~40	21.88%	18.18%
41~50	3.13%	4.55%
51 and Above	0.00%	0.00%
Total	100.00%	100.00%

Employees at least Manager Level by Age and Gender

Age Group	Male	Female
20 and Below	0.00%	0.00%
21~30	4.12%	1.22%
31~40	3.09%	4.88%
41~50	0.00%	0.00%
51 and Above	0.00%	0.00%
Total	7.22%	6.10%

Employees at least Manager Level by Age and Gender

Age Group	Male	Female
20 and Below	0.00%	0.00%
21~30	1.11%	0.00%
31~40	5.19%	0.87%
41~50	1.61%	0.00%
51 and Above	0.12%	0.00%
Total	8.03%	0.87%

Employees at least Manager Level by Age and Gender

Age Group	Male	Female
20 and Below	0.00%	0.00%
21~30	0.00%	0.00%
31~40	2.44%	0.00%
41~50	3.66%	0.00%
51 and Above	0.12%	5.26%
Total	6.10%	5.26%

Employees at least Manager Level by Age and Gender

Age Group	Male	Female
20 and Below	0.00%	0.00%
21~30	3.13%	4.55%
31~40	9.38%	13.64%
41~50	0.00%	4.55%
51 and Above	0.00%	0.00%
Total	12.50%	22.73%

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ACIT

All Employees by Age and Gender

Age Group	Male	Female
20 and Below	2.16%	1.61%
21~30	38.05%	58.90%
31~40	50.08%	34.43%
41~50	8.45%	4.64%
51 and Above	1.26%	0.43%
Total	100.00%	100.00%

ACZS

All Employees by Age and Gender

Age Group	Male	Female
20 and Below	1.53%	0.67%
21~30	68.37%	23.33%
31~40	24.49%	36.00%
41~50	3.57%	28.00%
51 and Above	2.04%	12.00%
Total	100.00%	100.00%

Employees at least Manager Level by Age and Gender

Age Group	Male	Female
20 and Below	0.00%	0.00%
21~30	0.00%	0.00%
31~40	3.22%	1.61%
41~50	4.71%	0.93%
51 and Above	0.97%	0.12%
Total	8.90%	2.66%

Employees at least Manager Level by Age and Gender

Age Group	Male	Female
20 and Below	0.00%	0.00%
21~30	1.53%	0.00%
31~40	5.10%	1.33%
41~50	0.00%	0.00%
51 and Above	0.00%	0.00%
Total	5.91%	1.33%

Human Rights

HR1 Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.

ASUSTeK had a significant merging in the first half of 2011. AAEON merged with STY on June 1, 2011, with SYT as the surviving company. SYT later changed its name to AAEON on July 4, 2011, and ASUSTeK owned 65% shareholding of AAEON. The merging was invested by the third party and was review against the relevant labor regulations..

HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

ASUSTeK provides briefing on "Sexual Harassment Prevention" and "Code of Moral Conduct" during Orientation. All new employees were trained.

Orientation Agenda was as followed:

1. Code of Moral Conduct (online, required class/1 hr)
2. Introduction of Audit Office (online, required class/0.5 hr)
3. Employee Caring (actual classroom, required/0.5 hr)
4. Refuse Sexual Harassment at the Workplace (online, optional class/0.5 hr)

For other employees, we promoted the "Sexual Harassment Prevention" and "Code of Moral Conduct" through internal website as well as provided relevant e-learning classes.

HR4 Total number of incidents of discrimination and corrective actions taken.

No violation of non-discrimination laws in 2011.

HR5 Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at

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significant risk, and actions taken to support these rights.

We have established a two-way communication and all our employees are welcome to provide their comments. Employees could talk to their managers or to Human Resource Department, and we hold irregular Lunch Meetings between the Chairman and employees. Employees are free to set up a club and join the activities. Apart from this, we did not perform further risk assessment regarding freedom of association and collective bargaining on the operations.

We did not perform further risk assessment regarding freedom of association and collective bargaining on our first tier outsourcers.

HR6 Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.

ASUSTeK in Headquarter and overseas subsidiaries follow the local minimum age requirement, local regulations, and other relevant provisions for hiring, and prevent child labor from engaging in dangerous works. Apart from this, we did not perform further risk assessment regarding child labor on the operations.

ASUSTeK performed CSR audit on first tier outsourcers to ensure that they complied with local minimum age requirement, local regulations, and other relevant provisions for hiring, and prevent child labor from engaging in dangerous works.

HR7 Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.

ASUSTeK in Headquarter and overseas subsidiaries announce Human Rights Declaration and ensure no forced, bonded or involuntary prison labor is used in the production of ASUSTeK products or services. Apart from this, we did not perform further risk

assessment regarding forced or compulsory labor on the operations.

ASUSTeK performed CSR audit on first tier outsourcers to ensure that no forced, bonded or involuntary prison labor is used in the production of ASUSTeK products or services.

HR10 Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.

ASUSTeK follows the management philosophy "Inspire, motivate and nurture our employees to explore their highest potential" and provides employees with attractive benefits and has the , as well as announces the Declaration on Human Rights policy which is in accordance with the United Nations Universal Declaration of Human Rights in place. Apart from this, we does not perform further human rights reviews and/or impact assessments on the operations.

HR11 Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.

Stakeholders can communicate with ASUSTeK regarding any grievances and issue on Social and Environmental Responsibility through our public channels such as GreenASUS email.

Headquarter received 1 grievances from international NGOs regarding the Human Rights violation of our suppliers in 2011. The grievances were addressed and closed.

Society

SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programs.

Several factors are considered by the Foundation when selecting partners and planning charitable activities:

1. Is it in line with the Foundation's direction and service offerings for the year

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2. Whether the partner charity has the professional and operational capability to plan, execute, promote and review charitable activities
3. The sustainability of the activity, service and partner.

For the key performances related to community involvements, please see the table in 4.3.

SO9 Operations with significant potential or actual negative impacts on local communities.

ASUSTeK is a brand company since 2008, and the sites are mainly office buildings. The wastewater and waste treatments for Taiwan, ACC, ACS, ASZ, ACG, ACF, ACIT, and ACZS were in compliance with regulations, thus the environmental impact is at the minimum level.

SO10 Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.

ASUSTeK is a brand company and the sites are mainly office buildings, thus there is barely negative impact to the local communities. Sewage and waste treatments comply with local regulations.

SO2 Percentage and total number of business units analyzed for risks related to corruption.

ASUSTeK had promoted "Code of Moral Conduct" to all our employees, provided training courses, and coordinated it into the appraisal system. A part from this, we did not perform further risk assessment regarding corruption.

SO5 Public policy positions and participation in public policy development and lobbying.

According to ASUSTeK's corporate culture, we do not lobby on any public policy development.

SO8 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.

No violation of noncompliance with social laws and regulations in 2011.

Product Responsibility

PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.

ASUSTeK is in compliance with the information disclosure and labeling requirements of international regulations and/or eco label criteria through the disclosure or marking on product, in user manual, or at the website.

PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.

ASUSTeK has completed the establishment of automated global customer service satisfaction survey system which will send the email or Interactive Voice Response (IVR) message to collect feedbacks as our improvement references.

PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.

ASUSTeK has relevant departments to develop press release format, review the content of the press, and monitor the market activities of our business partners to ensure the compliance to the marketing regulations and various eco label promoting guidelines.

PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.

ASUSTeK had neither customer privacy infringement nor negligence of data lost case in 2011.

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PR9 Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.

No violation of noncompliance with laws and regulations concerning the provision and use of products and services in 2011.

5.4 Awards

- Received 3,886 awards from all over the world
- Ranked the 1st in "Taiwan Excellence" (Formerly known as the "Symbol of Excellence") for 8 successive years with a total of 45 awards for almost all product lines
- Received various international design awards such as German iF Award, German Red Dot, Japan G-Mark, International Design Excellence Awards (IDEA) of America, and iF China
- Ranked the 3rd place in "2011 Top Taiwan 20 Global Brands" by Foreign Trade Association of Ministry of Economic Affairs, Taiwan, and Interbrand
- Participated in "2011 Green Brand" of Business Next and won the 1st place in category of Information and Communication, and Annual Super Green award
- Ranked the 1st place for "Best Choice" in COMPUTEX 2011 with 5 awards; display VW247H-HF and bamboo notebook U43SD received Green ICT Award
- Received "2011 ENERGY STAR Award" for Energy Efficient Product Design
- Declared that the commitment on carbon neutrality would be accomplished through bamboo notebook U53SD, which was the first notebook to reach carbon neutrality
- Participated in "Corporate Citizenship" of CommonWealth Magazine in 2011 and ranked the first place in Home Appliances and Information Services sector
- CSR report was awarded "CSR Report Disclosure Model Company" by Taiwan Stock Exchange Corporation (TWSE)

- Received Climate Change Special Award and 3rd place for Non-manufacturing in "Taiwan CSR Report Program" in 2011
- Breastfeeding room was certified in 2011 by Department of Health, Taipei City Government

For more award information, please visit <http://www.asus.com/Award.aspx> and Eco Products <http://csr.asus.com/english/index.aspx#18>.

6

REPORT ASSURANCE STATEMENT

ASSURANCE STATEMENT



Introduction
DNV Business Assurance Co. Ltd. Taiwan (DNV) has been commissioned by the management of ASUSTek Computer Inc. (ASUS or the Company) to carry out an assurance engagement on the Company's 2011 Corporate Social Responsibility Report (the Report) against the AA1000 Assurance Standard (2008) (AA1000AS 2008) and the Global Reporting Initiative 2011 Sustainability Reporting Guidelines Version 3.1 (GRI G3.1).

The management of ASUS is responsible for the collection, analysis, aggregation and presentation of information within the Report. Our responsibility in performing this work is to the management of ASUS only and in accordance with terms of reference agreed with the Company. The management of ASUS are the intended users of this statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true.

Scope of Assurance
The scope of work agreed upon with ASUS included the following:

- The social, environmental and economic indicators presented in the Report, for the period of 12 months ending on 31 December 2011 and covering data on the company's head-office and other offices located in Taiwan, as well as sales offices in China and Europe.
- Evaluation of the reporting principles for defining the sustainability report content and the quality as expressed in the Sustainability Reporting Guidelines GRI G3.1.
- Evaluation of Accountability Principles and Performance Information (Type 2) with a High level of assurance, according to AA 1000 Accountability Principles Standard 2008 and AA1000 AS 2008.
- Evaluation of specific sustainability performance information:
 - reported Green House Gases emissions;
 - the core indicators set forth in the GRI G3.1.

Our verification has not covered data and information related to the financial data. The data and information of financial data has been acquired from the certified balance sheet.

Verification Methodology
The verification was conducted by DNV from May to June 2012, by suitably qualified and experienced professionals, and in accordance with the DNV Protocol for Verification of Sustainability Reporting. The verification was conducted based only on the Chinese version Report.

The Report has been evaluated against the following criteria:

- Adherence to the principles of Inclusivity, Materiality and Responsiveness, as well as reliability of the specified sustainability performance information mentioned above, as set out in the AA1000AS 2008.
- Adherence to additional principles of Completeness and Neutrality, as set out in DNV's Protocol.
- Adherence to principles and requirements of the GRI G3.1 for an application level A+.

As part of the verification, DNV has challenged the statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. For example, we have:

- Examined and reviewed documents, data and other information made available to DNV by ASUS;
- Visited the head-office, warehouse and other 2 offices located in Taiwan;
- Without visiting the external stakeholders.
- Conducted interviews with 25 company representatives, including senior managers and employees of various functions of the company, as well as NGOs involved in ASUS philanthropic activities;
- Performed sample-based reviews of the mechanisms for implementing the Company's own corporate responsibility-related policies, as described in the Report;
- Performed sample-based checks of the processes for generating, gathering and managing the quantitative and qualitative data included in the Report.

Conclusions
In our opinion, the ASUS 2011 Corporate Social Responsibility Report meets the content requirements of the GRI Application Level A+, and provides an accurate and fair representation of the level of implementation of related Corporate Social Responsibility (CSR) policies. We have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement':

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This Assurance Statement is based on the information made available to us and the engagement conditions detailed above. DNV does not guarantee the accuracy or completeness of the information. DNV can not be held liable by any party relying on acting upon this Assurance Statement.
立德國際檢驗有限公司(以下簡稱「立德」),地址:新北市226號總經理大樓2樓249號29樓

AA1000 AS 2008 principles:
Inclusivity: Acceptable. The Company has identified the expectations of stakeholders through internal mechanisms in dialogue with different groups of stakeholders. The key CSR issues identified through this process are reflected in the Report.

Materiality: Acceptable. The process developed internally has not missed out any significant, known material issues, and these issues are fairly covered in the Report.

Responsiveness: Good. The Company has adequately responded to stakeholder concerns through its policies, CSR Committee, and management systems, and this is reflected in the Report.

Additional principles:
Completeness: Acceptable. The Report covers performance against the GRI G3.1 core indicators that are material within the Company's reporting boundary. The information in the Report includes the company's most significant initiatives or events that occurred in the reporting period.

Neutrality: Acceptable. DNV considers that the information contained in the Report is balanced. The emphasis on various topics in the Report is proportionate to their relative materiality.

Finally, in accordance with Type 2, high level assurance requirements, we conclude that the specified CSR data and information presented in the Report is reliable. The Company has developed its own data management system for capturing and reporting its CSR performance. No systematic errors were detected.

Limitations
This statement is based upon the application of sample principles and professional judgment to certain facts, with resulting subjective interpretations. Professional judgments expressed herein are based upon the facts currently available within the limits of the existing data, scope of work, the budget and time schedule. Therefore we cannot provide guarantees that further relevant aspects may not arise in the future which were not known to us during the investigation.

Opportunities for Improvement
The following is an excerpt from the observations and opportunities reported back to the management of ASUS. However, these do not affect our conclusions on the Report, and they are indeed generally consistent with the management objectives already in place.

- As a brand name company, the materiality assessment may be further strengthened on putting more focus on the supply-chain sustainability.
- Enhance the function of GreenASUS Steering Committee and BERASUS Steering Committee to integrate all relevant departments and prioritize the CSR objectives/targets in response to material CSR issues. The results of the stakeholder dialogue may be included in the decision making process of Steering Committee.
- The risk assessment and control measures are not sufficiently described in the report. For instance, the effects of 2011 Japan nuclear crisis and Thailand floods on the company's supply-chain are not reported. Even though there was no impact on the Company during these two events, it is suggested to report the assessment of potential impacts and the plan for risk control of similar events.

DNV's Competence and Independence
DNV is a global provider of sustainability services, with environmental and social assurance specialists working in over 100 countries. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement.

For DNV Business Assurance Co. Ltd. Taiwan,

Signed: 	Signed: 
Name of Lead Verifier: Chun-Nan Lin DNV Business Assurance Co. Ltd., Taiwan, R.O.C., 25 June 2012 Statement Number: 00002-2012-ACSR-TWN	Name of Reviewer: Antonio Astone Global Sustainability Manager

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This Assurance Statement is based on the information made available to us and the engagement conditions detailed above. DNV does not guarantee the accuracy or completeness of the information. DNV can not be held liable by any party relying on acting upon this Assurance Statement.
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Profile Disclosure

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3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	1		
3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	20		
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ASSURANCE			
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4.3 For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	6		
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	6		
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	29-30		
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.	6		
4.7 Process for determining the compositions, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	6,Annual ReportP20,P22		
4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	5-7,11,27-28,30-31		

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4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	6-7
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	6-8
COMMITMENTS TO EXTERNAL INITIATIVES		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	6-7,11,30-31
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	5,11,15-20,24, 29-30
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none">• Has positions in governance bodies;• Participates in projects or committees;• Provides substantive funding beyond routine membership dues; or• Views membership as strategic.	5
This refers primarily to memberships maintained at the organizational level.		
STAKEHOLDER ENGAGEMENT		
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4.15	Basis for identification and selection of stakeholders with whom to engage.	9-10
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	9-10
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	9-10

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EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change.	19-23, Annual Report P.71
EC3 Coverage of the organization's defined benefit plan obligations.	28-29
EC4 Significant financial assistance received from government.	38
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EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement.	31-36
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EN5 Energy saved due to conservation and efficiency improvements.	22	
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EN7 Initiatives to reduce indirect energy consumption and reductions achieved.	22	
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EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	39	
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EN22 Total weight of waste by type and disposal method.	39-40	
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