



2010 ASUSTeK Corporate Sustainability Report

About This Report

ASUSTeK Computer Inc. annually publishes the corporate sustainability report, and this is the fifth year. This report discloses the strategies, goals, approaches and performances of our company from January 2010 to December 2010, Fiscal Year 2010. The previous report was published in July, 2010. 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.

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

Boundary, Scope and Principle

The report contains information and performance indicators of Headquarter and other three sites, and Royal Club service centers in Taiwan for Fiscal Year 2010. A portion of performance indicators regarding Labors, Environment, and Community Involvements of the following 4 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), and ASUS Computer Czech (ACZ).

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.

01 MESSAGE FROM THE CHAIRMAN AND CHIEF QUALITY OFFICER					
Message from Chairman	03				
Message from Chief Quality Officer	05				
02 ABOUT ASUSTeK COMPUTER INC.					
Company Overview	06				
Financial Information	08				
Corporate Governance	08				
Stakeholder Engagement	12				
03 ECO PRODUCTS					
Eco Design	14				
Eco Labels	17				
Carbon Footprint Certification	19				
04 GREENHOUSE GASES AND CLIMATE CHANGE					
Greenhouse Gases Strategy	20				
Greenhouse Gases Management at Organizational Level	20				
Greenhouse Gases Management for Product	22				
		05 SUPPLY CHAIN MANAGEMENT			
		Supplier Quality Management	24		
		Conflict Mineral Sources Investigation	25		
		CSR Audit Plan	25		
		06 INSPIRE, MOTIVATE AND NURTURE EMPLOYEES			
		Foster Talent	26		
		Recruiting and Cherishing Talents	29		
		Compensation and Benefits	30		
		07 COMMUNITY INVOLVEMENTS			
		Bridging The Digital Divide	31		
		Literature, Arts and Academic Sponsorship	33		
		Promoting Industry-Academia Partnerships	34		
		Caring for the Community	35		
		Promoting Environmental Protection	36		
				08 CUSTOMER SERVICE	
				Customer Service System	38
				Product Warranty and Quality Service	40
				Information Security Technology and Customer Privacy	41
				09 OTHER PERFORMANCE INDICATORS	
				Economic Indicators	42
				Environmental Indicators	42
				Social Indicators	44
				10 REPORT ASSURANCE STATEMENT	52
				11 GRI INDEX	
				Profile Disclosure	53
				Performance Indicators	54



Message from Chairman

INSPIRING INNOVATION•PERSISTENT PERFECTION

ASUSTeK has grown from a modest startup in 1989 into a global technology leader renowned for innovation and quality today, with a revenue of over 8 billion U.S. dollars and a brand value of 1.324 billion U.S. dollars.

We attribute our monumental growth in this fast-changing industry to two constants: our keen desire to create new user experiences and our unwavering commitment to quality. These values are encapsulated in our brand promise: "Inspiring Innovation • Persistent Perfection".

Inspiring Innovation

Innovation is the lifeblood of ASUS. Innovation flows through our entire operations, right down to the minutest detail: from hardware and software development to material selection and manufacturing processes. We have an intimate understanding of the needs of today's digital home, digital office and digital person, and are constantly on the lookout for creative, game-changing solutions to meet these needs. Our mission is to deliver truly innovative products that will inspire users to reach for greater heights of productivity and fun.

ASUSTeK products have won several prestigious awards in industrial design. In 2010, ASUSTeK won a total of 3,398 awards worldwide. This achievement was attributed to the hard work and efforts of our employees and is the best proof of the excellence and of the quality of our products. The Bureau of Foreign Trade, Ministry of Economic Affairs, Taiwan has appointed Interbrand to conduct "Top Taiwan Global Brands" Evaluation, and ASUSTeK was ranked as Top 3 for 8 consecutive years.

The innovative products of ASUSTeK have continued to shine in the international exhibitions. At the CES (Consumer Electronics Show) in January this year, ASUSTeK was awarded with eight CES product innovation awards that was recorded the most in the history of CES, and the awarded products came across in the field of personal electronics, computer hardware, home networking, and digital audio, proving the leading role of ASUSTeK in digital life. For iF product design in Germany that is known as "Design Oscar Award", ASUSTeK received eight awards this year and thus is

the biggest winner of the year.

The Gold and Silver List of the "Taiwan Excellence" was announced in April this year, and ASUSTeK was awarded with the record high of 45 awards. ASUSTeK is favored by the Review Committee year after year because of our innovative thinking, fine craftsmanship, and quality orientation in mobile technology, cloud computing, and digital life.

Persistent Perfection

At ASUSTeK, we strive for absolute perfection in everything we do. Through our disciplined adherence to the "ASUS Way of Total Quality Management" at every level of our organization, and across all functional units within our company, we are able to ensure that our customers consistently receive the best-designed and highest quality solutions cost-effectively. Our efforts have been recognized in the form of numerous industry and media accolades. ASUSTeK was, for example, ranked first in quality and innovation in the 2009 Wall Street Journal Asia 200 Survey. ASUS has also fared very well in reliability surveys, with both Rescuecom and SquareTrade hailing ASUS notebooks as the No.1 in reliability. ASUS products have had similar success on the industrial design front, garnering prestigious awards such as Japan's Good Design Award and Germany's iF Design Award and Red Dot Design Award.

In terms of environmental protection, energy-saving, and social involvement, ASUSTeK was awarded with the 2010 Corporate Citizenship Award by Commonwealth Magazine. ASUSTeK has narrowed down the digital gap with environmental protection and energy-saving by collecting end-of-life computers through the "reverse logistics" system and donating refurbished computers to remote areas. This does not only help reduce waste and give new life to a computer, but also provide opportunities to learn digital technology to the disadvantaged groups.

Two years ago, ASUSTeK faced with the worst defeat in the financial crisis. However, ASUSTeK completed the transformation for the second time with a humble attitude and through the effort of the management team and all employees. The impressive progress in products, marketing, innovation, and supply chain is observable.

01 MESSAGE FROM THE CHAIRMAN AND CHIEF QUALITY OFFICER

In recent years, some significant scholars, such as Paul Krugman, Nobel Memorial Prize in Economics in 2008, called for "Being Green". In response to the sustainability development of diverse ecosystems, Elinor Ostrom, Nobel Memorial Prize in Economics in 2009, constructed an analysis structure that could help different groups to face climate change. Being green and carbon reduction become a global trend.

"Inspiring Innovation • Persistent Perfection" is our formula to deliver our customer with an innovative and differentiated product and service that interpret what a perfect product and experience is. We will fulfill our commitment in corporate social responsibility, caring for the earth and the environment to pursue the sustainability of the company. The IT industry is unpredictable in the coming year, but it is also full with opportunities. I believe with the efforts from all ASUSTeK people, we can take up the best strategic position in IT industry and move forward to the goal of becoming "The World's Most Admired Leading Enterprise in a New Digital Era" through the innovative and outstanding products.



施崇棠 董事長 施崇棠

Message from Chief Quality Officer

The Financial crisis accelerates the topic on low carbon and sustainability. The experts consider Environment, Social and Governance (ESG) the three key areas to turn the crisis into opportunity and move toward green and sustainability. Environmental protection and carbon reduction has become the common issues and responsibilities to global citizens. Global economics will move toward the direction of low carbon, high energy efficiency and sustainability development.

ASUSTeK has introduced GreenASUS concept since 2000 with Jonney Shih the Chairman initiating "Four Green Home Runs", which are "Green Design, Green Procurement, Green Manufacturing, and Green Service & Marketing". By bringing the concept from the product design to the end of life of a product, we could help save the energy and reduce the waste through the product life cycle. We wish to protect the environment through "Inspiring Innovation" and at the same time fulfill the corporate social responsibility. ASUSTeK focus on becoming a Green IT enterprise based on "Focus on Fundamentals & Results", "Lean Thinking", and "Innovation & Aesthetics".

The world's first carbon footprint certificate for notebook:

ASUSTeK implements Life Cycle Inventory for notebook N51V, and the data was verified by DNV on October 16th, 2009. The Chairman receives the world's first carbon footprint certificate that is verified according to PAS 2050:2008 and 14067-1(CD):2010 in November 2010.

Low-carbon is just a concept. We believe that the first to implement low-carbon economy would create the advantage, as well as take care of environmental protection, enhance brand image and create real win-win competitiveness. We cannot stay out from this new economic trend.

 品質長 林全貴



02 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 April 2009, ASUSTeK reorganized the company and divided the product lines into three groups - system, open platform, and handheld – with each of them led by Jerry Shen the Chief Executive Officer (CEO), Jonathan Tsang the Vice Chairman, and Jonney Shih the Chairman accordingly. Product lines in system includes notebook and Eee Family such as Eee Pad, Eee PC, and Eee Box PC; open platform includes motherboard, VGA card, desktop, LCD (liquid crystal display), wireless, ODD (optical disk drive), and digital home equipment; handheld includes smartphone.



Figure 2.1 ASUSTeK Product Groups

By the end of 2010, there were 50 subsidiaries and over 400 service centers worldwide located in Asia Pacific, Europe, and America. There were 10,318 employees worldwide, with 4,283 employees in Taiwan and the rest of them in China and overseas.

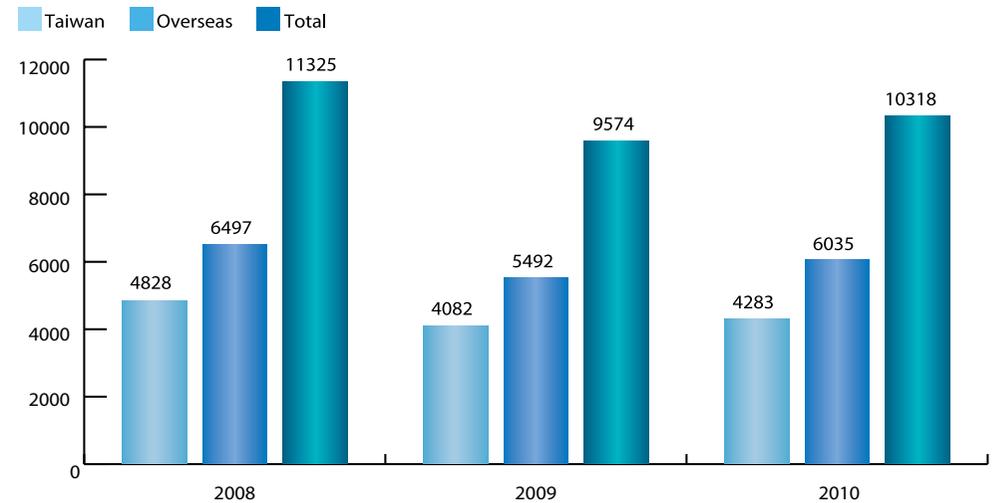


Figure 2.2 Numbers of Employees over The Past 3 Years

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 Awards

Corporate Performances

- Ranked the 1st in "Taiwan Excellence" (Formerly known as the "Symbol of Excellence") for 7 successive years with a total of 36 awards for almost all product lines, and Eee Keyboard received the Gold Award.
- Ranked the 1st place for Best Choice in COMPUTEX 2010 with 4 awards as followed: G51 3D notebook for "Best Choice of the Year" and "Display & Digital Entertainment", Eee PC 1015PE for "Green ICT Award", and AP-N53 for "Wireless"
- Participated in "CSR Taiwan Corporate Social Responsibility" of Global Views Magazine with the CSR Performance Excellence Award in technology industry awarded
- Participated in "Corporate Citizenship" of Commonwealth Magazine in 2010 and ranked as the Top 10 companies
- Received "2010 Energy Saving Outstanding Award" by Ministry of Economy Affairs of Taiwan
- Awarded by Taipei City Government with "Gold Award for Energy Saving" for the 1st place of Business Group A in 2010
- Ranked the 3rd place in "2010 Top Taiwan 20 Global Brands" by Foreign Trade Association of Ministry of Economic Affairs, Taiwan, and Interbrand
- Rated as the "Energy Saving and Carbon Reduction" outstanding company by Environmental Protection Administration of Taiwan
- Constructed Florabot in Pavilion of Dreams for "2010 Taipei International Flora Exposition"
- Received various international design awards from German iF Award, German Red Dot, Japan G-Mark, International Design Excellence Awards (IDEA) of America, and iF China.
- Ranked as the "Ideal 3C Brand" surveyed by distributors in Taiwan across the product lines
- Awarded in the category of industrial design and visual communication design for the Seashell Eee PC 1008P KR and NX90 screensaver at 2010 Golden Pin
- Received 3,298 awards from all over the world, about 9 awards per day

Green Achievements

- Became the 1st among global Top 10 IT computer manufacturers to receive Japan Eco Mark
- Presented the world's 1st completely halogen-free motherboard (P7P55D-E/HF)
- Presented the world's 1st completely halogen-free Full HD 1080p LCD monitor (VW247H-HF)
- Had Bamboo notebook U53Jc received PAS 2050/ISO14067 Carbon Footprint Certificate
- Had notebook UL30A and monitor VW247H-HF ranked as The Greenest Products for notebook and monitor in "2010 Greenpeace Electronics Survey"

02 ABOUT ASUSTeK Computer Inc

For more award information, please visit <http://www.asus.com/Award.aspx>

For Eco Label introduction page: <http://csr.asus.com/english/index.aspx#18>

2.1.4 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)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Taipei Computer Association (TCA)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business Council for Sustainable Development (BCSD) of Taiwan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The Institute of Internal Auditors (IIA-TAIWAN)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Climate Saver Computing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carbon Disclosure Project (CDP) Supply Chain (SCLC)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

=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 BCSD 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, our governance role in IIA-TAIWAN shows that ASUSTeK puts emphasis on governance and compliance of ethics, and the membership of Climate Saver Computing and CDP Supply Chain conveys ASUSTeK's interests in and the willingness to commit to climate change issue.

2.2 Financial Information

2.2.1 Financial Performance

Since 2008, the financial statements will only show the revenue of ASUSTeK the Brand company. In 2010, the consolidated sales revenue of ASUSTeK brand computer amounted to NT\$321.3 billions in 2010, representing 29% growth from the same period of 2009. The sales revenue of the parent company, ASUSTeK, amounted to NT\$296.4 billions (over USD\$8 billions), the net income before tax amounted to NT\$18.909 billions, and the net income amounted to NT\$16.448 billions, representing 32% growth from the same period of 2009.

2.2.2 The Spin off the ODM Assets and Business

ASUSTeK held its extraordinary shareholders' meeting on February 9, 2010, and passed a decision for the spin off of its ODM (original design manufacturer) business. Such decision required ASUSTeK to spin off the ODM assets and business (ASUSTeK 100%-owned long-term equity investment in Pegatron) to ASUSTeK's wholly owned existing subsidiary Pegatron International Investment Co., Ltd. Pegatron International Investment Co., Ltd. would issue new shares to ASUSTeK and the shareholders of ASUSTeK as consideration. ASUSTeK would have a capital reduction of approximately 85%. It was expected that ASUSTeK would acquire approximately 25% of the equity in Pegatron International Investment Co., Ltd. and that ASUSTeK shareholders would in total acquire approximately 75% of the equity in Pegatron International Investment Co., Ltd. The spin off date was on June 1, 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 2010, the Board of Directors of ASUSTeK was composed of 5 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 our Annual Report at ASUSTeK 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 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 for planning, coordinating, making decision and promoting the Quality Management System and Environmental Management System of ASUSTeK as well as executing the implementations.

Achievements in 2010 are as followed:

- Effectively monitored international environmental regulations and CSR guidelines, as well as introduced them into manufacturing process and business operation process to ensure the products were sold smoothly
- Phased in ecodesign, and various products received international eco labels such as EU Ecolabel, Japan Eco Mark, North America EPEAT (Electronics Products Environmental Assessment Tool), and Taiwan Green Mark, and introduced the world's 1st completely halogen-free motherboard and full HD 1080p LCD monitor. ASUSTeK was the 1st notebook computer manufacturer to receive PAS2050/ISO14067 Carbon Footprint certificate
- Participated in environmental and CSR evaluations. Received CSR Performance Excellence Award in "CSR Taiwan Corporate Social Responsibility" of Global Views Magazine and ranked the Top 10 companies in "Corporate Citizenship" of Common Wealth Magazine

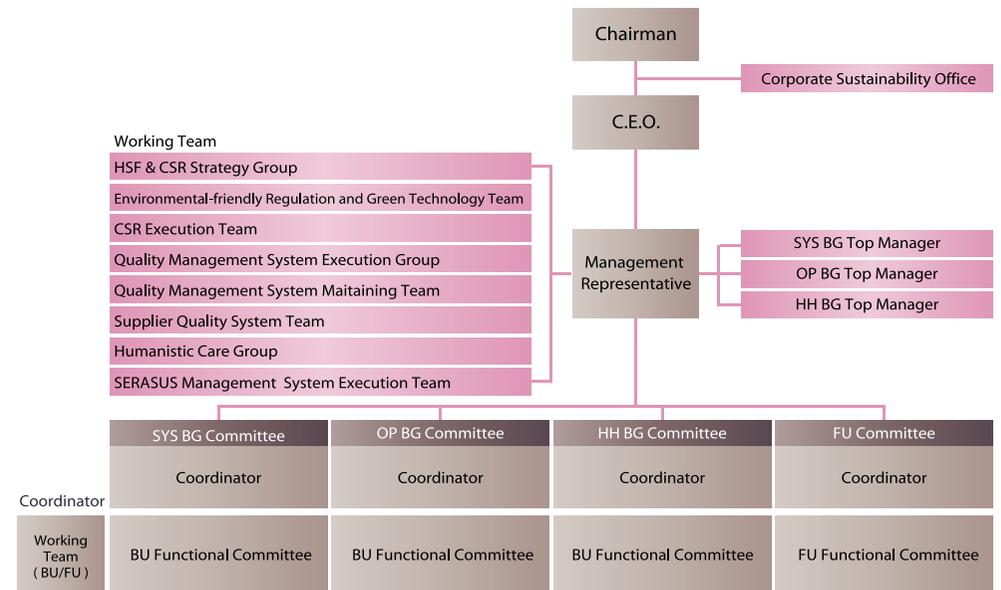


Figure 2.4 GreenASUS Steering Committee

02 ABOUT ASUSTeK Computer Inc

2.3.3 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, together with GreenASUS committee and SERASUS committee for Green and CSR accordingly to operate, plan, and execute measurements independently, and regularly report to the Chairman and top management team.

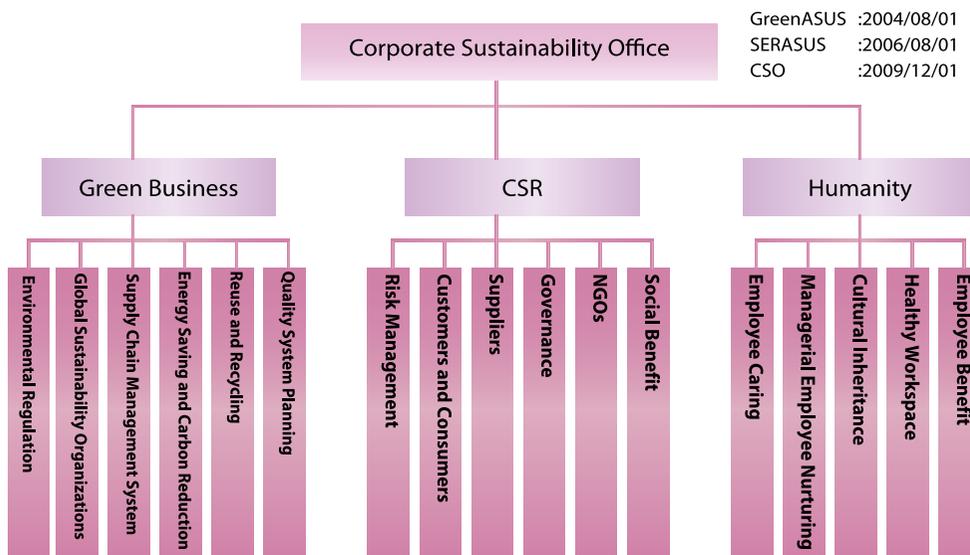


Figure 2.5 Organization Chart of Corporate Sustainability Office

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.

ASUSTeK has established the two-way communication between employees and managers for years, and in Taiwan we aggressively promote e-DM and BLOG as alternative communication channels. ASUSTeK provides various communication channels, including but not limited to, internal website EIP (Enterprise Information Portal), DigiTrend magazine, corner propaganda, 24-hour Emergency line "2119, Humanity service line "1799", and 24-hour Employee Assistance Program (EAP) service line to employees.

The function of each sector is as followed:

Employee Caring

Plan the caring program and take care of employees or the family members facing disasters, getting diseases or having accidents

Major disaster care and program planning staff

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

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.

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.

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.

Achievements in 2010 are as followed:

Employee Caring

- Offered job opportunities to a minority group "Children Are Us", a Taiwan Foundation for mentally retarded children. 9 people hired for the bakery were parts of ASUSTeK permanent employees.
- Held an internal fund raising event and collected about NTD \$1.72 millions as children's education fund for the family of a colleague died of illness in the beginning of the year. CSO continuously cares for the family to overcome the sadness.
- Provided special meals arranged by nutritionists for colleagues who got viral gastroenteritis to help quickly recover from illness.

Managerial Employee Nurturing

- Nurtured a higher managerial level successor for the next 10 years
- Turned top-level managers from "specialists" into "generalists"
- "Only to train the next successor could bring his/herself to the next level"
- Encouraged employees to become volunteers to create work life balances

Cultural Inheritance

- Established internal and external platforms to keep record on all documentations or events that link with social responsibility.
- Held corporate volunteer training program to promote social welfare, committing to business philosophy
- Held 5 Lohas seminars with a total of 650 participants
- Sponsored a charity movie "Twinkle Twinkle Little Stars" and a Taiwan-made animation movie "Ven. Jian Zhen", with total of 1240 participants

2.3.4 Risk Management Committee

ASUSTeK believes that the principle of information transparency, the respect for stakeholder rights, and the implementation of the internal control system are the basis of effective corporate governance. A corporate also needs to ensure the sustainable operation and fulfills the social responsibilities to stakeholders. Therefore, ASUSTeK formulated

the "Risk Management Policy and Emergency Measures" by the end of 2008 and established the Risk Management Committee under the Board of Directors. This designated body is to formulate, confirm and manage the corporate performance in economic, environmental and social sectors, as well as to adhere and ensure the compliance with internationally recognized standards, codes of conduct, and principles.

By establishing the Risk Management Committee, we wish to reduce the significant operational risks and would like to educate our employees what the risk management policy is and the related procedures. Our mid and long term goal is to build up the risk awareness in our employees and thus turning it into part of ASUSTeK culture. After identifying any potential risks ASUSTeK may face with, the committee will formulate the guidelines that would help avoid the risk, and then implement the measure. Besides, the committee plans and promotes the process improvement at organizational level and thus ASUSTeK will be in line with ISO 27000 Information Security Management System, ISO 20000 IT Service Management System, and BS 25999 Business Continuity Management (BCM).

Achievements in 2010 are as followed:

- Drafted and established the standard operating procedure (SOP) for product recall, report, and monitoring on defected products. °
- Draft the authorization process and consult with the research and development personnel regarding the sluggish or end of life products that may create safety issues to ensure those products will not cause any harm to the customers or to the environment.
- Promote BCM to the officers of overseas subsidiaries and appoint the contact window for each process and the time table
- Analyze potential violations on and formulate the management process regarding the marketing, information privacy and product labels to ensure ASUSTeK will be in compliance with the regulations
- Analyze the true cause of complaints on major cases regarding quality control issue and formulate the tracking and monitoring process.

2.3.5 Code of Moral Conduct

"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, an 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 make the stakeholders understand better on how our

02 ABOUT ASUSTeK Computer Inc

employees comply with moral standards when executing duties, ASUSTeK formulate 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 at Risk@asus.com has been established for employees to submit their grievance related to the issues. Human Resource Division and Legal Center periodically promote, provide training for and interpret "Code of Ethics" 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.

2.3.6 Anti-Corruption and Anti-Bribery

ASUS commitments to integrity, diligence, profundity, and practicality, and operates the business in a fair, honest and transparent way. All ASUSTeK employees have to follow Business Ethics and Code of Moral Conduct to ensure the integrity of the brand image and the company operates in a sustainable way. Therefore, we formulate "Business Ethics, Anti-Corruption and Anti-Bribery Policy" and assign Risk Management Committee to promote the policy to the organizational level.

For ASUSTeK considers the employees in procurement units had the highest possibility of facing this issue, we start with the procurement units to educate the anti-corruption policy through promotion activities and regular meetings. In addition, we also apply anti-corruption policy on our vendors and suppliers by sending them letters that clearly state the anti-corruption and anti-bribery policy and requesting them to sign and return the "Honesty Declaration Letter". We disclose the contact information of corruption reporting email and hotline in Supplier Relationship Management (SRM) platform and encourage suppliers to report any potential case to us, as well as regularly require the suppliers to fill out the anti-corruption survey in order to collect any potential violations from various channels. For other employees, we set up the violation reporting email and hotline and educate all employees through email and internal documentations.

In 2010, the percentage of employees in procurement units trained for anti-corruption policies and procedures was 100%. We plan to perform audit on and promote Anti-Corruption and Anti-Bribery policy to the major OEMs and raw materials suppliers whose trading frequency with ASUSTeK are the top 50 in 2011.

To ensure the effectiveness of promotion and training of anti-corruption, we plan to include the learning attitude into the appraisal system so that ASUSTeK employees to prevent any violation in any form. Besides, for the vendors 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 2010.

2.4 Stakeholder Engagement

ASUSTeK collects the voices of our stakeholders through various communication channels such as Email, telephone 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.



Figure 2.6 Materiality Matrix of Stakeholder Concerns

We define the following 6 stakeholder groups as our audiences for this report: investors, clients, suppliers/outsourcers, employees, consumers, and non-governmental organizations (NGOs). The following table shows the key issues in 2010 that will be further explained in the report and other responding methods as well as frequency of engagement:

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 ■ Climate Change and Greenhouse Gases 	<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 ■ Disclose GHG information on ASUS CSR website
Clients	Regular conference call, Time to time questionnaire, ASUS CSR website, Email	<ul style="list-style-type: none"> ■ Chemical Substances Management ■ Human Rights Screening on Suppliers ■ Eco Labels/Green Products ■ Energy Efficiency of Product ■ Climate Change and Greenhouse Gases 	<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	<ul style="list-style-type: none"> ■ Chemical Substances Management ■ Eco Design/Eco Products ■ Supplier Management 	<ul style="list-style-type: none"> ■ Work closely with and communicate with our distributors to ensure that our products are complied with the required regulations ■ 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
Employees	Enterprise Information Portal (EIP), E-paper, Email, Forum, Hotline. Online survey	<ul style="list-style-type: none"> ■ Compensation Benefits ■ Employee Nurturing 	<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"> ■ Data Privacy ■ Climate Change and Greenhouse Gases ■ Eco Labels/Green Products ■ Customer 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	ASUS website, ASUS CSR website, Spokesman, Email	<ul style="list-style-type: none"> ■ Chemical Substances Management ■ Eco Design/Eco Products ■ Climate Change and Greenhouse Gases ■ Human Rights Screening on Suppliers ■ Environmental Compliance 	<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

03 ECO PRODUCTS

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' 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.

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 certificate notebook. These achievements are the proofs of our innovations and efforts in green products, showing our green competitiveness.

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, ISO 14001 Environmental Management System, OHSAS 18001 Occupation Health and Safety Assessment 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 responsible for monitoring and responding to international environmental regulations 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

ASUSTeK formulates an internal ecodesign standard, "GreenASUS Energy Using Product Technical Standard", which includes requirements in 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.

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 the impacts.

EU has announced several environmental regulations such as RoHS, WEEE, ErP, and REACH in the past decade. To improve the energy efficiency of products in a product life cycle, in 2005, the EU government announced a framework for the setting of ecodesign requirements for energy-using products (2005/32/EC) which requires the energy-using products sold in EU to comply with ecodesign requirements. Furthermore, in 2009 the competent body announced 2009/125/EC Directive which extends the scope from energy-using products (EuP) to energy-related products (ErP).

ASUSTeK formulates an internal ecodesign standard, "GreenASUS Energy Using Product Technical Standard", which includes requirements in 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.

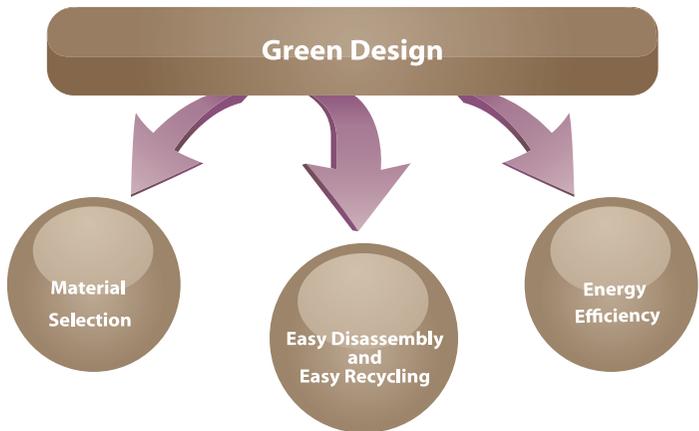


Figure 3.1 Three Key Areas for Ecodesign

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 2010 the Technical Standard reached 11th version. All new products manufactured after January 1st, 2006 are in compliance with RoHS Directive. ASUSTeK restricts not only the hazardous substances such as lead (Pb), cadmium (Cd), mercury (Hg), hexavalent chromium (Cr⁶⁺), polybrominated biphenylsn (PBBs), polybrominated diphenylethers (PBDEs), and other 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 2010, we rose the control level of beryllium (Be) and beryllium compounds, and antimony (Sb) and antimony compounds, as well as included the hazardous

substances and Substances of Very High Concern (SVHC) defined in EU REACH into the revision of "ASUSTeK GreenASUS HSF Technical Standard"; we newly added halogenated compounds such as flame retardants (BFRs and CFRs) and SVHCs of REACH into the technical standard. The latest candidates of SVHC will be included into our controlled list. ASUSTeK currently controls 136 chemical substances and the list will expands 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 and plastic parts greater than 25g. Beginning from September 1, 2010, we expanded our scope to all newly purchased components, except system modules, PCBs, connectors and cables that still possess technical difficulty and are not economical viable. In addition, we introduced a completely halogen-free motherboard P7P55D-E/HF and a Full-HD (1920x1080) halogen-free monitor VW247H-HF. P7P55D-E/HF is the world's 1st completely halogen-free motherboard with over 1,000 components are halogen-free, and it is verified by the 3rd party laboratory SGS. ASUSTeK is committed to manufacture completely halogen-free products by the end of 2011 if alternative technologies are feasible and the technologies will not affect product performance, quality, health and the environment.

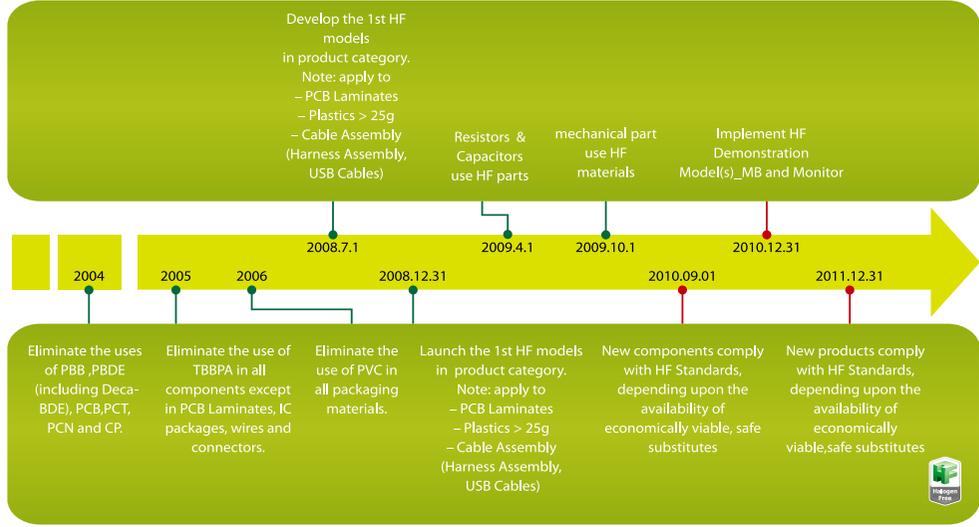


Figure 3.2 Timeline of ASUSTeK Halogen-Free Schedule

03 ECO PRODUCTS

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 meet 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. We use soy ink with 0%VOC (Volatile Organic Compounds) to print the giftbox



Figure 3.3 ECO BOX Mark



Figure 3.4 Soy Ink Mark

ASUSTeK set 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 are 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) 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
- If the product contains items listed in Annex II of EU WEEE Directive, it will need to be easily disassembled using common tools

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 Efficient

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 had invented the unique energy conservation technology Super Hybrid Engine (SHE). It combined "Power4 Gear" energy saving system, which could automatically adjust the CPU speed, LCD brightness and Windows power schemes according to the system loading, with energy saving chip EPU so that SHE which could automatically adjust the CPU (central processing unit) speed, Windows power schemes and LCD brightness according to the system loading. This innovation could extend the battery duration time for about 35%, differentiating our products from those of our competitors.

3.2 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. Besides, ASUSTeK followed PAS 2050:2008 announced by BSI and ISO 14067-1(CD):2010 to implement Life Cycle Inventory (LCI) for a notebook computer. ASUSTeK' notebook computer received the world's first carbon footprint certificate verified by DNV.

3.2.1 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.

		
<p>Product meets all required criteria.</p>	<p>Product meets all required criteria plus at least 50% of the optional criteria that apply to the product type being registered.</p>	<p>Product meets all required criteria plus at least 75% of the optional criteria that apply to the product type being registered.</p>

Table 4.1 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. There are 23 Eee PCs, 16 notebook computers, 10 desktop computers, and 21 displays registered as Gold level product in 2010. The numbers of the registered products may altered according to the on and off market of the product. For detailed list of registered models, please visit "Eco Products" at ASUS CSR website or visit EPEAT Official Website.

ASUSTeK Computer Inc.
880 Corporate Way
Fremont, CA 94539
Phone:
Fax:
<http://china.asus.com/>
Submission Effective Date: 6/23/2009

Product Registrations by Country

United States					Canada					Taiwan				
Product Type	Bronze	Silver	Gold	Total	Product Type	Bronze	Silver	Gold	Total	Product Type	Bronze	Silver	Gold	Total
Desktops	0	3	7	10	Desktops	0	0	7	7	Desktops	0	0	0	0
Displays	0	0	21	21	Displays	0	0	21	21	Displays	0	0	0	0
Integrated Desktop Computers	0	0	2	2	Integrated Desktop Computers	0	0	2	2	Integrated Desktop Computers	0	0	2	2
Notebooks	0	2	17	19	Notebooks	0	2	17	19	Notebooks	0	0	1	1
Thin Clients	0	0	0	0	Thin Clients	0	0	0	0	Thin Clients	0	0	0	0
Workstation Desktops	0	0	0	0	Workstation Desktops	0	0	0	0	Workstation Desktops	0	0	0	0
Workstation Notebooks	0	0	0	0	Workstation Notebooks	0	0	0	0	Workstation Notebooks	0	0	0	0
Total	0	5	47	52	Total	0	2	27	29	Total	0	0	1	1

ASUSTeK' Product Registration on EPEAT Official Website

EPEAT Official Website: <http://www.epeat.net/>
ASUS CSR Eco Products/EPEAT: <http://csr.asus.com/chinese/index.aspx#94>

3.2.2 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.

03 ECO PRODUCTS

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. The following are ASUSTeK's products receiving EU Flower certificates by the end of 2010:

Notebook

- U50 Series, UX50 Series, UL50 Series, U80 Series, UL80 Series, N10 Series, N20 Series, N50 Series, N80 Series, U2E Series, U30 Series, U33 Series, U35 Series, U53 Series, UL30 Series, U6V Bamboo

Desktop

- Eee Box : B201, B202, B203, EB1002
- Eee Box : B204, B206, B208, EB1006

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

3.2.3 Japan Eco Mark



The Eco Mark program was undertaken by the Japan Environment Association (JEA) in 1989. Eco Mark is one of the eco labels with a long lasting history and with highest accountability in the world, and it is designed for our wish to "protect earth and environment by ourselves". "e" stands for both "Environment" and "Earth" which are embraced by the hands surrounding the earth gently. The program is managed in accordance with the standard and principle ISO 14020 (An environmental label and declaration, a general principle) and ISO 14024 (An environmental label and declaration, a type I environmental-label display, a principle and procedure). There are 2 major criteria with the following 10 key requirements: 3R Design of PC, Chemical Substances in PC, Efforts in PC Manufacturing Plant, Life-Cycle Assessment, Energy-Saving PC Design, Noise, Providing Information on PCs, PC Instruction Manuals, PC Packaging Materials.

The following ASUS Notebook received Japan Eco Mark in 2010: ASUS Notebook Computer (U30 Series).

Japan Eco Mark Official Website: <http://www.ecomark.jp/english/index.html>

3.2.4 Korea Eco-Label



Korea Eco-Label was established in 1992 and is undertaken by The Korea Eco-Products Institute and KEITI (Korea Environmental Industry & Technology Institute). The Korea Eco-Products Institute carries out various operations related to improvement in eco-products and product environmental friendliness by setting up the eco-product standards, building an evaluation system, offering eco-products & environmental trend information to the public, facilitating production of eco-products, and constructing the eco-product consumption system. According to EL145-2000/6/2009-72 standard, Korea Eco-Label evaluates a product based on the following key requirements: Common Criteria, Environmental Criteria (Noise Emission, Power Consumption, Use of Chemical Substances, Recyclability of the Product, Lifespan Extension), Quality Criteria, and Information for Consumers.

In 2010, ASUS notebook computer U30 Series received Korea Eco-Label certification for its outstanding power-saving, low noise, and various environmental friendly designs. U30Jc also receives other certificates or is registered as an eco product.

Korea Eco-Label Official Website: <http://ecolabel.keiti.re.kr/>

3.2.5 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.

The following are ASUSTeK's products receiving Taiwan Green Mark in 2010:

- Notebook: B43J, B53J, Eee PC 1215N, U30J and other models
- Desktop: Eee Box EB20A, Eee Box EB1007 and other models
- Displays: VW193D, VB175S, VB196S and other models

Please visit the following websites for the list of products awarded Taiwan Green Mark:
 GreenLiving Information Platform of EPA of Taiwan: <http://greenliving.epa.gov.tw/greenlife/green-life/index.aspx>
 ASUS CSR Eco Products/ Taiwan Green Mark: <http://csr.asus.com/chinese/#97>

3.3 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.

With the global trend of carbon reduction, carbon footprint becomes the key promotion for many industries. However, many of them consider carbon footprint as a low carbon product, ignoring that the continuous improvement on product is the core of carbon footprint project. After completing the carbon footprint certification for N51V notebook computer, ASUSTeK analyzed the results according to ISO 14067 and implemented the improvement on eco design. We began the analysis and look for potential reduction at the design phase, and we came out with the bamboo notebook U53Jc with the achievement in carbon footprint reduction. ASUSTeK became the 1st in the computer industry to analyze the previous result and further present the improving product.

- ASUSTeK has established an independent product design unit and an energy research & development (R&D) department. In this project, the teams came out the innovative use of bamboo for case to replace the plastic part. Bamboo is known to be the fastest growing plants in the nature. ASUSTeK used the bamboo that received Forest Stewardship Council (FSC) certification as the external case and overcome the difficulties in manufacturing process, presenting this innovative green design to the public.
- In addition to material innovation, energy R&D developed exclusive energy saving technology SHE which combing the hardware and software and can significantly reduce the energy consumption, thus extending the battery duration time for about 80%. When many standards emphasize on the energy efficiency of a product itself, ASUSTeK instead provides a new application solution.

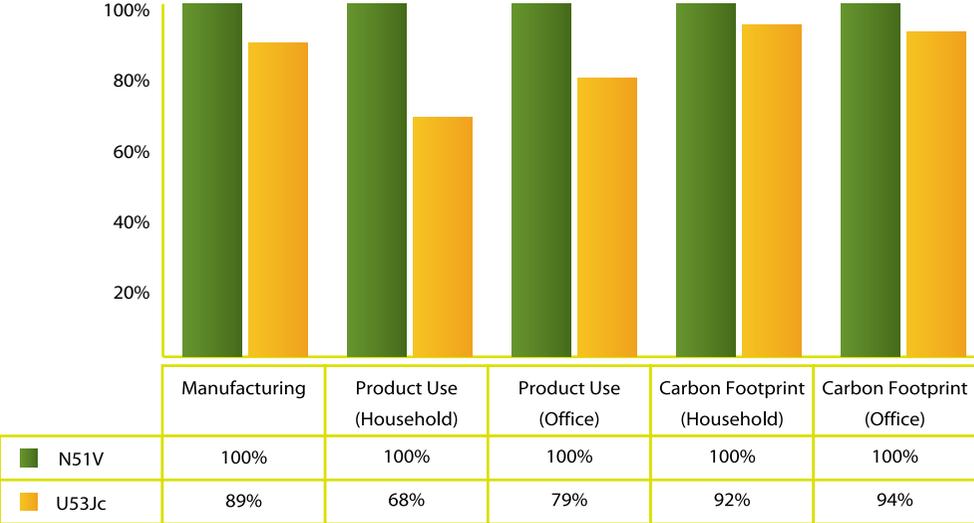


Figure 3.3 Carbon Footprint Comparison Chart between N51V and U53Jc

04 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.

4.1 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".

- 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, 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.

4.2 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 lease buildings in Headquarters, Taiwan. Therefore, it included all office sites and Royal Club service centers in Taiwan. The sources of emissions were identified as followed: Direct emission (Scope 1) included diesel oil used for emergency generators, gasoline used for transportation buses, natural gases by the facilities such as swimming pools and shower rooms in some office buildings, and air conditions and refrigerants in office buildings; Indirect emission (Scope 2) included electricity of office buildings/sites, service centers and the dormitory; (Other indirect emission) Scope 3 included employee business travel and natural gases and gases used for the cafeteria.

In 2010, ASUSTeK's GHG information on sources of emissions and the emission data for each scope in Taiwan were as followed:

Scope 1

- Natural gas: consuming 99,778 m³, producing 187.67 metric tonnes CO₂-e
- Diesel: consuming 228 liters, producing 0.6 metric tonnes CO₂-e
- Gasoline: consuming 12,553 liters, producing 29.59 metric tonnes CO₂-e
- Others: producing 49.73 metric tonnes CO₂-e

Scope 2

- Electricity: consuming 21,115 MWh, producing 12,922.65 metric tonnes CO₂-e

Scope 3

- Employee business travel: 12,703 passenger mile, producing 2,286.61 metric tonnes CO₂-e

Energy/Source of Emission	Volume Used	GHG Emissions Equivalent (metric tonne CO ₂ -e)
Natural gas	99,778 m ³	187.67
Diesel	228 liters	0.60
Gasoline	12,553 liters	29.59
Others	-	49.73

Table 4.1 The Breakdown of Source of Emissions in Taiwan in 2010

Scope	GHG Emissions Equivalent (metric tonne CO ₂ -e)	Ratio
Scope 1	267.59	2.03 %
Scope 2	12,922.65	97.97 %

Table 4.2 The Ratio of GHG Emission in Taiwan in 2010

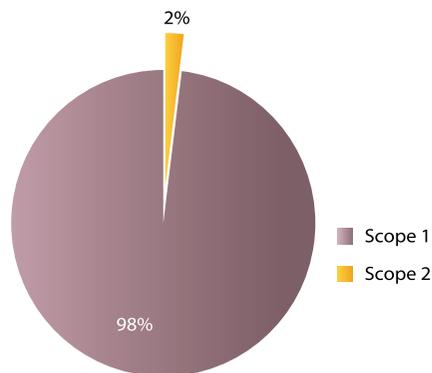


Figure 4.3 The Ratio of GHG Emission in Taiwan in 2010

ASUSTeK had announced the spin off of OEM (Original Equipment Manufacturer) and Brand and has become a Brand company since January 2008. Therefore, we set year 2008 as the baseline year for GHG inventory according to ISO 14064 part 1 - 5.3.1. In 2010, for we redefined the proportion of electricity allocations with the leasing unit, and we were aware that ISO 14064 defines that when the operating boundary or calculation method is changed, we will have to track back to the baseline year to see if there is significant change in emissions due to the change in boundary. Therefore, we recalculate the historical inventory data and modify accordingly, resetting the emission data for baseline year.

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.

04 GREENHOUSE GASES AND CLIMATE CHANGE

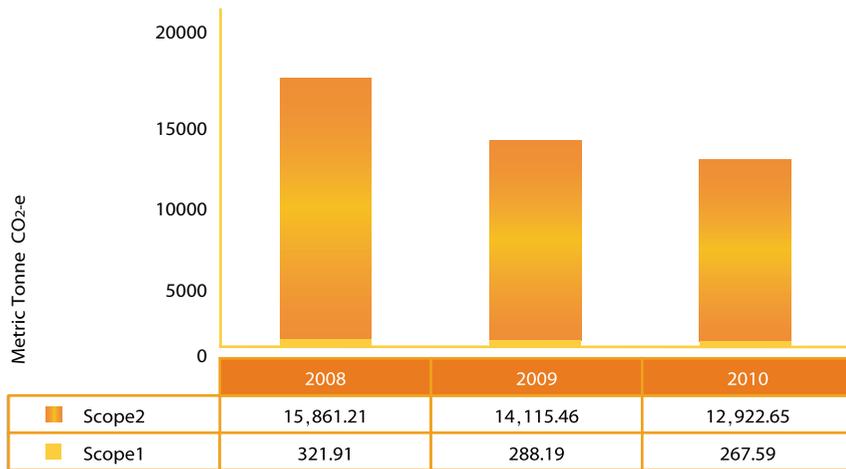


Figure 4.4 Historical GHG Emission Data in Taiwan

The electricity uses in 2010 was 1,799 MWH less than that used in 2009, which is equivalent to the reduction in 8.42% GHG emissions. The GHG emission in 2010 was 18.49% less than the baseline year.

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

Table 4.3 Historical Emission Data for Each Scope and Reduction Proportion in Taiwan

The annual GHG emission data for Scope 1 and Scope 2 were verified by DNV to ensure the accuracy of the data. In order to promote the idea of energy saving in daily life to the subsidiaries, ASUSTeK expanded the boundary of GHG Inventory and thus including the emission data of ACC, ACS and ASZ, ASUSTeK's China subsidiaries. The Total emission of these three subsidiaries was 4,802.5 metric tonnes CO₂-e.

4.3 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%.

In 2009, ASUSTeK had performed the LCI for a notebook and the notebook received the world's first carbon footprint certificate for notebook. We used the data to analyze the GHG emissions in each stage and began the improvement project, thus we would be able to reduce the carbon footprint for the next notebook. Please see section "3.3 Carbon Footprint Certification" for relevant information. To reduce the GHG emissions of our products, ASUSTeK combines ecodesign concepts with IPP and continuously develops some innovative technologies that help increase energy efficiency. Please see section "3.1 Eco Design" for relevant information.

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 2010, about 96.5% of our notebooks were in compliance with Energy Star, and the average energy consumption of the notebooks was 29% better than Energy Star Program for Computers V5.2 standard, bringing valuable environmental contributions. Please see Chapter "03 ECO PRODUCT" for more information.

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 during the product carbon footprint project 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>

ASUSTeK has answered CDP questionnaire annually. The details of ASUSTeK GHG inventory data of 2010 will be available at the CDP official website after September 2011.

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



05 SUPPLY CHAIN MANAGEMENT

ASUSTeK considers supply chain management a key to promote corporate sustainability. We develop the supplier policy as well as the management system to control the supply chain from the top, and we believe this will enhance our competitiveness. ASUSTeK sets up a strict selection and audit process to manage 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 them. Besides, we hold several annual supplier workshops to deliver our supplier policy and other relevant issues.

5.1 Supplier Quality Management

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). In 2010, all of the 114 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.

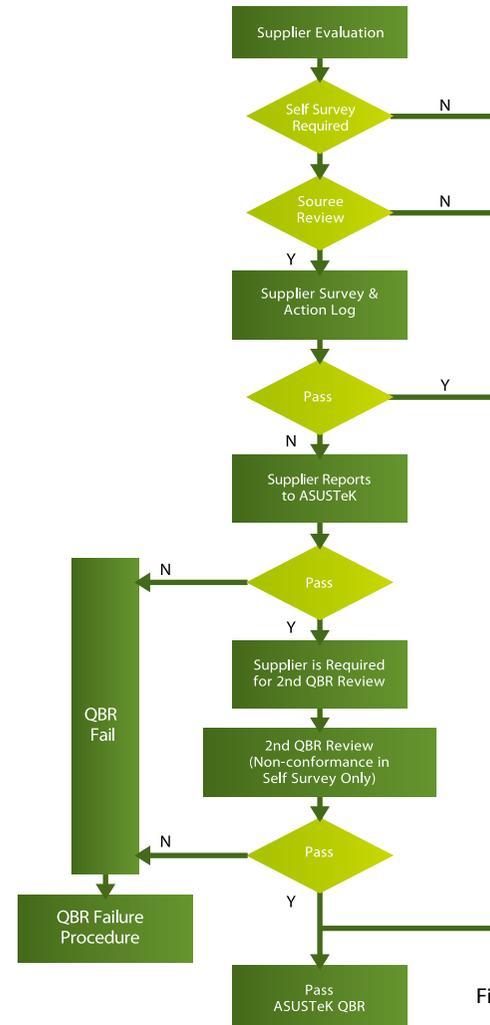


Figure 5.1 QBR Audit Process Flow

In August and September 2010, we held supplier workshops in Taiwan and China accordingly. Besides explaining ASUSTeK' supplier management policy, we updated them with the trend of International regulations. All relevant technical standards are disclosed on SRM and are available to our vendors for download.



Snapshot of Supplier Workshop

5.2 Conflict Mineral Sources Investigation

The illegal exploitations on mining cause serious social and environmental issues in some regions, and among those regions the Democratic Republic of the Congo (Democratic Republic of the Congo, DR Congo) faces the world's most serious conflict. Those minerals causing deadliest conflicts in DR Cong include cobalt, tantalum, tin, gold, palladium, and tungsten that may be used in Information Communications Technology (ICT) industry products such as mobile phones, digital cameras, and computers.

ASUSTeK does not accept illegally mined minerals and minerals from mines with inferior working conditions. We commit to uphold our social responsibility and deliver our practices to our supply chain. Therefore, in 2010, we conducted an investigation on the usage of and the source of the metals in the product, as well as the conditions under which metals were mined. The metals in the investigation include cobalt, tantalum, tin, gold, palladium, and tungsten. The response rate reached about 85%, and the result showed that the sources of the minerals were not from DR Congo or from illegal exploitations.

5.3 CSR Audit Plan

Starting form 2008, to make our suppliers aware of the CSR such as labor standard/Human Rights, environment, occupational safety and health, and code of conduct, ASUSTeK required them to sign the "Consent of ASUSTeK Code of Conduct". All of the new vendors in 2010 signed the consent, committing to be compliance with any law and regulation.

Other than promoting ASUSTeK's CSR Policy through the consent, we began the pilot run of CSR audit in second half of 2010. The results showed that some suppliers were found non-conformity for issues such as working overtime and not paying for overtime. We required corrections to the issues within a certain timeframe, and if the corrections are not met, we will decrease the amount purchased from or may end the business relation with suppliers.



Figure 5.2 Timetable for CSR Audit

ASUSTeK formulated the CSR Audit Policy and planned to begin regular CSR audit in 2011. The scope covers the following 5 categories: Labor, Occupational Health and Safety, Environmental, Management System, and Moral Standard & Corporate Sustainability Management. We would like to convey our CSR policy to our suppliers through the audit.

06 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.

6.1 Fostering Talent

The key factor for organization to success is employees' capability. In order to help employees achieve the vision of "The world's most admired leading enterprise in a new digital era", ASUSTeK dedicates itself to enhance quality, design, and efficiency capabilities, persistently fostering and developing the personalities which influence the three critical capabilities. The personalities are ASUS DNA - ASUS 5 Virtues, Focus on Fundamentals and results, Lean Thinking, and Innovation & Aesthetics.

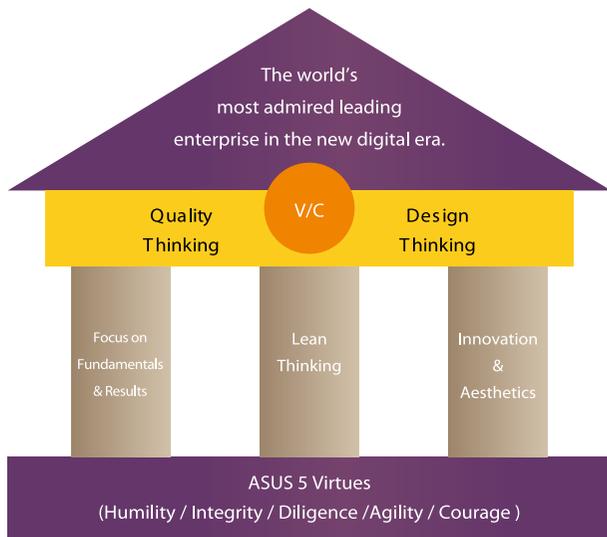


Figure 6.1 ASUS DNA

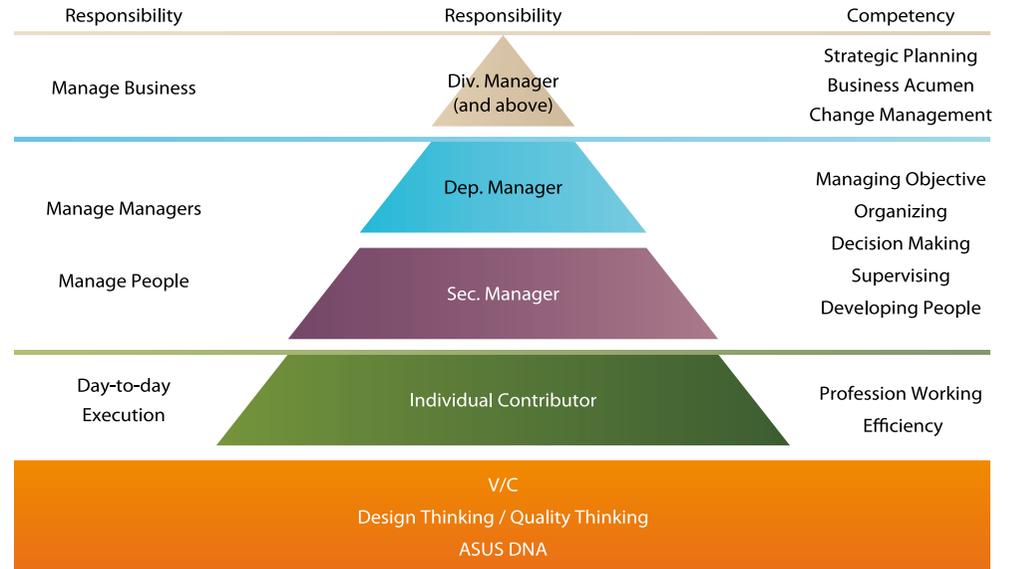


Figure 6.2 Competency Model

To equip employees with solid capabilities to achieve organizational goals, ASUSTeK analyzes required managerial and professional competencies for employees in every level and plans 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.

In 2010, we focus on culture cultivation, personal Learning and Growth Plan implementation and the completion of various learning resources. The followings are the achievements:

6.1.1 Introduction to the Culture and Education Programs

"The ASUS Way" has been created and promoted since May 2006 to establish a common language and value among all ASUSTeK employees. "ASUSTeK Culture and Education Program" were developed based on ASUS DNA. In 2010, the training roadmap was systematically developed and promoted. The following is the training roadmap:

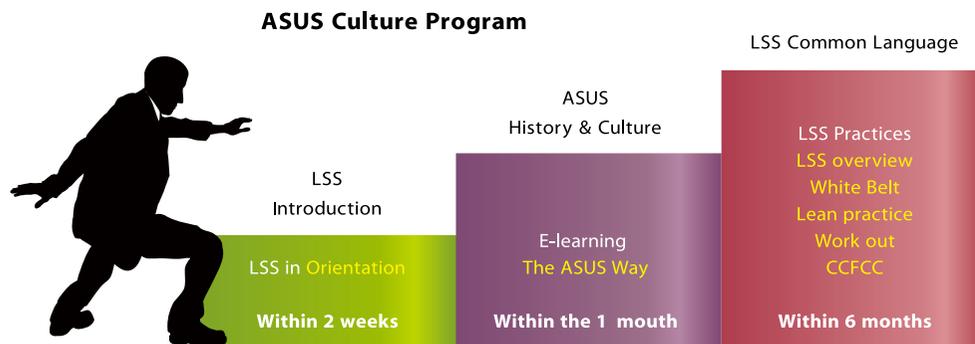


Figure 6.3 ASUSTeK Culture and Education

1.LSS (Lean Six Sigma) and You:

All new employees will have their first contact with LSS during orientation. It is also the first time they become familiar with ASUS DNA and culture.

2.The History and the Culture:

This part of LSS course - The ASUS Way - is an eLearning course. It helps employees get to know the history, and the future prospects of ASUSTeK.

3.The Common Language via LSS:

This part consists of five courses: LSS overview/LSS White Belt (DMAIC: Define, Measure, Analyze, Improve, Control)/Lean Practice/Work-Out/ CFCC (Crucial Conversation for Constructive Confrontation). All new employees must complete these five courses in six month since boarding day

6.1.2 Learning & Growth Plan

ASUSTeK has promoted "Learning & Growth Plan" to assist managers to develop the competences of their employees and provide training plans. Based on core values and the competences required for employees in each level, managers evaluate individual performance and personal developmental needs, and then discuss with every employee to plan out the training roadmap.

In Taiwan, about 2,485 employees participated in the Learning & Growth Plan in 2010. The following chart is the procedure of the Learning & Growth Plan:



Figure 6.4 Learning & Growth Plan Procedure

06 INSPIRE, MOTIVATE AND NURTURE EMPLOYEES



Figure 6.5 Personally Oriented 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.

In performance appraisal stage, managers generally review employee's performance against objectives and standards. Employee's objectives were derived from organizational objectives and unit objectives. Employees are evaluated on the basis of identified and standardized objective metrics. The appraisal is conducted twice per year, in mid-year and at year-end. Mid-year appraisal is based on the employee's performance from January to June, and year-end appraisal is based on the employee's performance from January to December.

Employees are classified into two categories: "exempt" (Managerial) and "non-exempt" (non-managerial, general). Because job functions are different, the criteria on each dimension are different. The performance criteria of an exempt employee are core competencies, managerial skill, professional skill, and job performance; the performance criteria of a non-exempt employee are core competencies, professional skill, and job performance.

The purpose of performance appraisal is to review employees' performance. It helps employees know how well he or she has achieved or even exceed his or her goal. It can also be used as a tool to determine employees' training needs and for planning employees' career path and development so that both the company and employees progress. Employees who lag behind performance requirement are required to participate in the "Performance Improvement Plan". In the plan, improvement area, evaluation criteria and execution schedule will be decided and sufficient resources and support will be provided to help employees improve performance and achieve targets.

6.1.3 Multiple Learning Resources

We believe that talents are the keys to business success. ASUSTeK always spares no effort in talent development. Our employees can keep learning during their work and bring potential into full play. We plan a series of training courses and provide learning resources for all employees, including soft and hard skill training. The courses include: new employee orientation, new manager orientation, core value training courses, managerial training courses, professional training courses, and so on. Besides internal courses, we also provide various training resources as you can refer in the following graph.

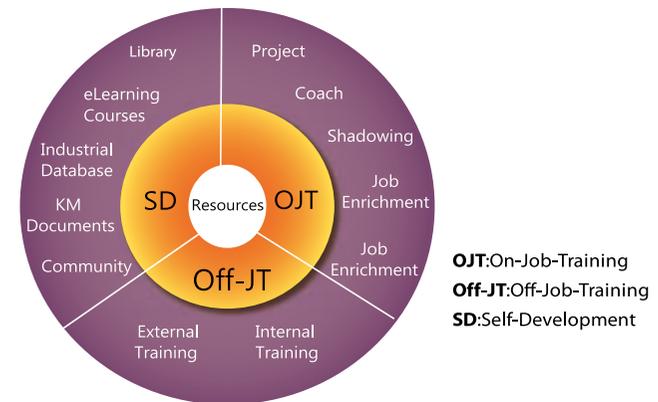


Figure 6.6 Multiple Learning Resources

■ Off-Job Training (Off-JT)

ASUSTeK establishes the training roadmaps for the 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 2010, we held a total of 177 classroom courses, including 151 classroom trainings and 26 e-learning courses, with overall 11,439 trainees. In terms of training quality, the overall satisfaction reached 4.36 which achieved the yearly target.



Figure 6.7 Internal Training Course

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 subsidized the external training programs if they are related to employees' work. In 2010, ASUSTeK's employees joined overall 332 external trainings, and the subsidy is NTD 1,765,100.

■ 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 in work. In 2010, supervisors planned and executed 533 on-job projects, consisting 9.3% of Learning and Development projects.

■ 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, industrial database, document sharing, and forums in various social networks. Employees can learn at anytime and anywhere.

6.1.4 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.

6.2 Recruiting and Cherishing Talents

6.2.1 Human Rights Declaration

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
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.

06 INSPIRE, MOTIVATE AND NURTURE EMPLOYEES

- 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.

6.2.2 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 publically 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.

6.3 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.

6.3.1 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.

6.3.2 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 provide various coupons in addition to holiday bonuses 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 and "ASUS Department Gathering Day" event. There are also "ASUS Family Day" and Christmas party which invite all employees from all departments to join and share joys.

We have medical clinics with 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, cosmetic medicine, Chinese medicine 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 yearly health activities such as annual health examination, and the health department will analyze the results causing unhealthy conditions, provide information consulting and keep track on the employees with abnormal results. Employees at the headquarter and Da Tong site may be offered vaccine injection, vision care program, women cancer examination, weight loss class, 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.

ASUSTeK has always made "bridging the digital divide", "enhancing innovation", "cultivating technology talent", "promoting industry-academia partnerships" and "promoting environmental protection and energy saving" the key goals to strive for. The ASUS Foundation was therefore founded in 2008 to encourage the general public to take a more active interest in charity and social welfare. ASUSTeK hopes that by giving back to society through tangible initiatives on a long-term basis, we can fulfil our corporate social responsibilities while realizing our medium-term goal of becoming a global citizen and an international volunteer. ASUSTeK not only invites employees to take part in many internally initiated community/environment activities but also contributes actively to charitable activities in different industries.

The ASUS Foundation has worked closely with many local non-profit organizations to inspire and invite the general public's interest in and support for social issues in different ways. For example, ASUSTeK Indigenous Technology Education Award offered in partnership with National Tsing Hua University will be in its third year in 2011. For this activity, university research resources are drawn on to realize true digital equality by providing learning opportunities based on indigenous culture that help to enhance the IT and science skills of indigenous elementary and junior high school students. Through an online platform, research projects on traditional natural knowledge, culture, environmental ecology and modern innovations in science and technology of indigenous peoples are used to help students learn how to make use of ICT applications. Learning about and presenting their own tribal culture and wisdom helps to enhance their self-confidence. In increasing the general public's understanding of indigenous culture, environment, ecology and traditional wisdom, the program promotes cultural exchange and mutual respect while also encouraging cooperation on environmental protection. Since 2008, ASUSTeK has also co-organized the 99-Second Short Film Competition with the Public Television Service for three consecutive years. This event provides a platform for creative presentations that encourage the application and study of digital technology. The competition allows everyone to promote environmental protection and share moving short stories about ordinary people in Taiwan through video footage. By producing meaningful environmental and moral education short videos, a positive influence can be exerted on society and a love of the land can be conveyed to all the Earth's citizens.

The ASUS Foundation hopes to take more effective actions to build up group supports and reach out to a broader variety of platforms. 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; (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. The connection with different organizations allows ASUSTeK to give more back to society, improve the standard of IT education in Taiwan, raise the quality of life in Taiwan and promote international exchange.

7.1 Bridging The Digital Divide

Taiwan

Promotion in Bridging The Digital Divide in Morakot Typhoon Disaster Areas

The ASUS Foundation worked with Microsoft/Intel/Acer to promote the digital bridging program. The ASUS Foundation donated some EeePC to help provide enhancement to teachers in the flooded areas of Morakot typhoon (August 8, 2009) through the Ministry of Education and TAECT, reinforcing the digital teaching and computer learning techniques as well as upgrading students' digital learning ability in the disaster areas. The donees included Information Society Promotion Association, Red Cross, Zhi-Shan Foundation, Yuan-Shay Solvation, Shou-Lin Salvation, Jieh Huey Social Welfare & Charity Foundation, and Taimali Reconstruction to assist with the biotech reconstructions.

Social Welfare Organizations

We donated refurbished computers to various NGOs, such as Taiwan Fund for Children and Families, Kuan-Shu Educational Fundation, Guandu Nature Park Management Office, Tzu Chi Hsinchu, to help elevate the computer skills and e-business of their members as well as to educate the importance of environmental protection. We believed promoting the digital learning can increase competitiveness.



Taiwan Fund for Children and Families

07 COMMUNITY INVOLVEMENTS

Indigene ASUS Science and Education Award

Work with National Tsing Hua University to arrange the 2nd Indigene ASUS Science and Education Award to unify and promote indigenous culture with science education.



2nd Indigene ASUS Science and Education Award

China

ASUSTeK Technology Library

Since 2007, ACC collaborated with China Association for Science and Technology (CAST) held "Technology Lights Golden Land, IT Science to Hundreds of Cities" event. In February 2009, CAST and the ASUS Group together built an "ASUS technologic library" and expected to invest \$50 million by 2012 to establish 1,000 technologic library in China, continued to carry out the popularization of science and information technology education. By September 2010, about 625 had been established.

ASUSTeK College Students in IT Science Volunteer Activities

In summer 2010, ACC held "College Students in IT Science Volunteer Activities" jointly with CAST. More than 1000 volunteers from national major universities were selected and trained for 3 weeks in various cities in July. A comprehensive study of volunteer tasks, basic computer knowledge and related applications, speech communication skills and lecturers introduction, which laid the foundation for the later practice of science and explore new ideas to grow into good IT science volunteers lecturer.



ASUSTeK College Students in IT Science Volunteer Activities

Overseas

ADOC

The ASUS Foundation worked with the secretariat of the ADOC (APEC Digital Opportunity Center) and local non-profit organization to donate computers in the following nations and help setup 12 digital centers:

- Bright Angel Call Center in Beijing, China
- Tzi Chi Red Creek Da-Ai Village, Indonesia
- Scripture School Digital Learning Center, Indonesia
- Two centers in Syiah Kuala University, Indonesia
- Syiah Kuala Sumatra Orangutan Center Vehicles, Indonesia
- Two centers at Malacca and Terengganu with Malaysia Ministry of Rural Development, Malaysia

- ZOA-Mae La Center, Thailand
- Zoa-Umphiem Mai Center, Thailand
- Two computer classrooms in Villa de los Niños vocational school and Esperanza de Vida middle school, Guatemala



Bright Angel Call Center in Beijing, China



Syiah Kuala Sumatra Orangutan Center Vehicles, Indonesia

7.2 Literature, Arts and Academic Sponsorship

ASUSTeK and The ASUS Foundation continuously sponsor local literature and arts to help enhance the quality of life for people.

Since 2008, ASUSTeK has sponsored equipments used in the exhibitions held in Museum of Contemporary Art Taipei. ASUSTeK together with Museum of Contemporary Art Taipei establish a common platform that will encourage the integration of art and digital technology at different levels and usages for different exhibitions. We had sponsored a total of 15 domestic and international contemporary art exhibitions in 2010 with more than 300,000 visitors. Some of the exhibitions were:

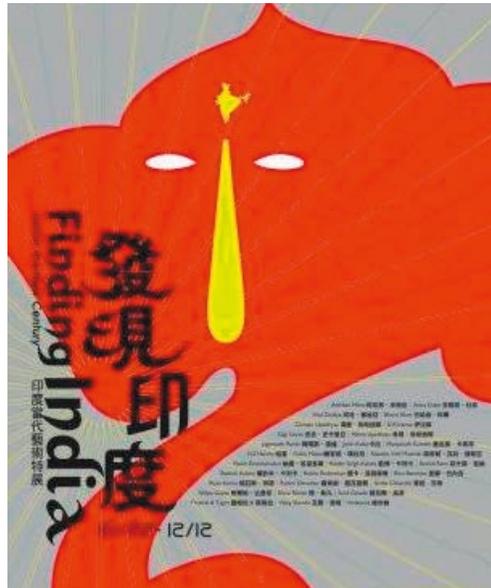
- Animamix Biannual "Visual Attract & Attack"
- Amitoufo - Zhang Huan Solo Exhibition
- Summer Holiday - A Solo Exhibition by Tim Yip
- Fights, Flights & Frights - Inside the Storm
- Finding India
- Mediaholic - Arts of Ni Tsai Chin
- Surplus Enjoyment
- Two Trees - New Work Show of Yang Na and Mu Lei
- Chinese Characters - Interactive Installation Exhibition

We also worked with the secretariat of the ADOC to arrange the international ADOC 2.0 Blog Contest, with 26 ADOC digital centers in 8 countries joined the contest and 18,536 members participated in the online voting.

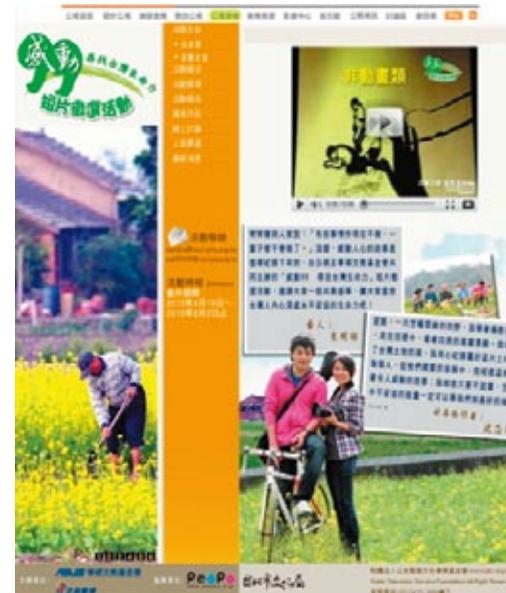


A Screenshot of Vietnam Team CWD at A Local Promotion Website RAOVAT

07 COMMUNITY INVOLVEMENTS



Posters of Exhibitions Held in Museum of Contemporary Art Taipei in 2010



"Touching99 - Search for The New Vitality of Taiwan" Website



Besides the partnership with the Museum of Contemporary Art Taipei, we also sponsored cultural festivals for China and Taiwan, a charity movie "Twinkle Twinkle Little Stars", a Taiwan-made animation movie "Ven. Jian Zhen", and continuously sponsor DaAi TV to engage in producing and promoting mini-purifying programs. Work with Public Television Service to organize the 2nd 99-series National Short Film Competition with the theme of "Touching99 - Search for The New Vitality of Taiwan".

7.3 Promoting Industry-Academia Partnerships

The ASUS Foundation collaborated with education institutes and industries to facilitate the exchanges of information and thus developed knowledge, professional skills, management, e-life, and talents in all dimensions. Some of the events in 2010 are as followed:

Taiwan

- Worked with Public Television Service to host 2010 Campus Speech activities to inspire the creativity and potential of young individuals and to talk about career planning

China

- Sponsored scholarships for Ph.D students, Master students and students major in technology in Tsinghua University.
- Sponsored scholarships for Ph.D students, Master students and students major in technology in Zhejiang University.
- ACC held professional elite series of public events on campus, "ASUSTeK Campus Tour" has been held for 11 consecutive years, accumulating more than 1 million students participate in various campus activities. ASUSTeK extended the talent training model to the campus where further workforces were from. This would not only attract new peoples to work for ASUSTeK but also help the graduates to be well prepared for their careers.
- ACC together with Zhaopin and RenRen Net initiated a project "ASUSTeK 2010 Campus Elites" to provided outstanding college students internships for 1 year as to prepare them with the real working capability. There were about 20,000 candidates from 31 cities participated in this project, and 160 of them were chosen as the finalists to join the summer camp held in August in Beijing. The students qualified would receive the internship positions.
- ACC initiated a future talents nurturing project "ASUSTeK Campus Master", targeting freshman to junior students in college. The purpose is to train outstanding, aggressive and stable future leaders and officers and at the same time help them to be prepared to enter the workforce. In 2010, there were 4500 students coming from 155 colleges in 46 cities participating in this project.



ASUSTeK Professional Elite Series of Public Events on Campus



7.4 Caring for the Community

Caring for the Minority Groups

Other than donating computers to help disadvantaged minorities to eliminate the digital divide, we also take care of them through other ways. Since 2008, a bakery was opened by "Children Are Us", a Taiwan Foundation for mentally retarded children, in headquarter, creating job opportunities for this minority group. The ASUS Foundation sponsored Rainbow Heaven Association arrange the "Angel Love Children Charity Concert" to help raise funds for the children and seniors institutions as well as for scholarships, lunch fees, and medical care. ASZ donated the funds to Suzhou Social Welfare House. ACZ has been cooperated with a Children's Home for Christmas gifts since 2009, and each child had at least three gifts in 2010.

ASUSTeK has sponsored events for minorities. We joined the event "Caring for Farmers" held by PayEasy by adapting crops planted on a 0.5 hectare of toxic-free land by a farmer since 2008. We adopted oranges in 2008 and toxic-free rice in 2009 and 2010. In addition, together with Hondao Senior Citizen's Welfare Foundation and Bicycle Development of Taiwan, we promoted digital fitness to senior citizens and also set up 2 digital fitness centers near the Morakot areas. We would continuously take care of the health of the senior citizens in remote communities. On the other hand, we continuously adopt the Biotech Reconstruction Project of Dashe Village, Sandimen for the second year. We believe the project would not only take care of the victims in Morakot but also help keep the traditional culture of The Paiwan Tribe and may develop a creative cultural industry for the tribe.



Snapshot of a Digital Fitness Center for Senior Citizens



Snapshot of the Biotech Reconstruction Project of Dashe Village, Sandimen

07 COMMUNITY INVOLVEMENTS

Charity Donation

ACC employees donated a total of 61 boxes of cotton clothes and comforters and tents to the disaster areas of Yushu Earthquake, and the volunteers arrived at the disaster areas to distribute 158 boxes of stationeries and 438 bags of rice.

7.5 Promoting Environmental Protection

Green Days Activities

ASUSTeK has held annual environmental protection events on "Green Days" such as on Arbor Day, Earth Day, and World Environment Day throughout the year for many years. We invite employees as well as local residents to join these events with us to show our commitments in protecting our homeland and the planet.

- On March 12th Arbor Day, ASUSTeK planted 1150 saplings for our Earth
- On April 22nd Earth Day, we held a series of environmental events. The funds rose from selling the end-of-life electronic products received during the "Recycling for Hazardous Electronic Waste" were donated to minority group, and we also recruit volunteers to regularly perform environmental community services
- On June 5th World Environment Day, we held Flee Market encouraging our employees to donate items they no longer use but may be useful to others for sales. The incomes were donated to minority groups



Tree Planting on Arbor Day



Flee Market on World Environment Day

Environmental Protection and Awareness Promotion

- Sponsored the "±2° C" documentary that talks about Morakot typhoon flooding to educate people about global warming, promote environment education, and form group cohesion force to spread environmental awareness
- Adopted areas to take care of and record the activities in response to the advocacy of the environmental protection by EPA of Taiwan, and also promote the Eco Life website (<http://ecolife.epa.gov.tw/Cooler/default.aspx>) to the employees
- Held a booth in the Guandu community to promote energy saving to our employees and the community residents in May in response to the environmental policy of EPA of Taiwan. ASUSTeK encouraged them to sign the declaration card and provided presents for those who were willing to commit as well as taught them to do a pen case. We also held a running activity and gave out eco bags in June
- Invited the employees and their children to the Wildlife and Nature Event at Guandu Nature Park to educate the next generation on the importance of environmental protection.
- Invited employees to maintain and safeguard the environment and eco system of the nearby park and community by cleaning the trashes, demonstrating ASUSTeK's commitment to the environmental protection to the publics to influence them becoming aware of the environment as well
- Taught restaurant vendors to use wasted oil to produce eco soap



Promotion on Energy Saving



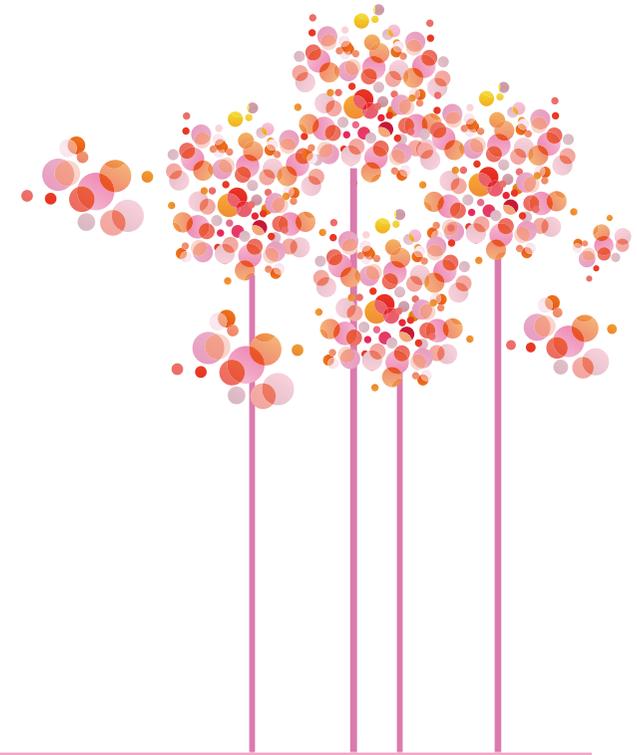
ASUSTeK Environmental Protection Volunteer Team



Wildlife and Nature Event at Guandu Nature Park



Eco Soap Class



08 CUSTOMER SERVICE

ASUSTeK has cared about not only product quality and performance but also perfect after-sales service. Our service networks reach out to all over the world to provide localized services. Friendly, professional, and prompt service and delivery are our service attitude. We strive for the highest customer confidence and satisfaction through improving in service process and pursuing perfect service quality.

8.1 Customer Service System

Listen to and hear the needs of the customers are important. In addition, by checking the quality of its service and enhancing customer satisfactions, an enterprise would be able to meet or exceed customers' expectations, ensuring the sustainability of an enterprise.

The figure below shows the service module and the concrete performance of our customer service system:

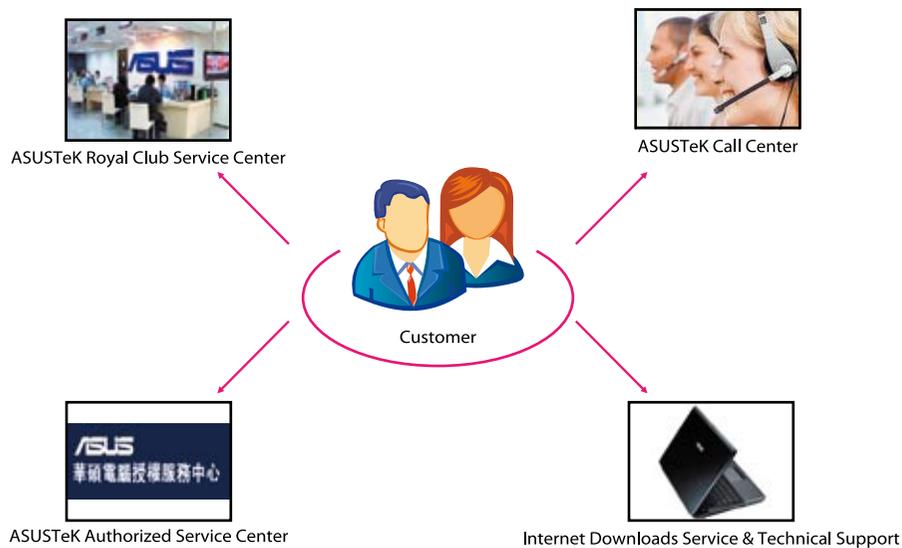


Figure 8.1 Customer Service System

8.1.1 ASUSTeK Royal Club Service Center

In 2001, ASUSTeK Computer set up service centers - Royal Club in Taiwan. Instead of sending the product back for repair through the agents or distributors, ASUSTeK's customers can take the product to Royal Club, and receive immediate consulting service and basic troubleshooting from professional engineers to confirm if repair service is required. By the end of 2010, ASUSTeK had set up 13 Royal Club service centers in Taiwan.

ASUSTeK Royal Club service centers provide consulting and fast repair service for products such as notebook, motherboard and other products. In Taiwan, there are more than one hundred professional engineers service in computer industry for many years, and many of them are DIY (Do It Yourself) computer players. Therefore, our engineers with bountiful experiences may provide the best solutions to the problem and could do the troubleshooting when receiving the product from the customers.

Notebook Health Care for All Brands

ASUSTeK hold notebook health care for all brands. Any computer brand users can bring their notebook to ASUSTeK Royal Club service centers for examination. ASUSTeK professional engineers provided consulting service for both software and hardware problems.

Charity Event "Hope 99" Product Health Care for All Brands in Taiwan Island

In order to provide service for greater publics, our computer engineers travel to the remote areas that may have limited resources in computer repair service, reaching out to the computer users all over Taiwan.

Through this charity event that provided free computer health care service to the areas with limited resources, users may had their problems solved without sending their computers back to the repair centers.

08 CUSTOMER SERVICE



Figure 8.2 Global Call Center Networks

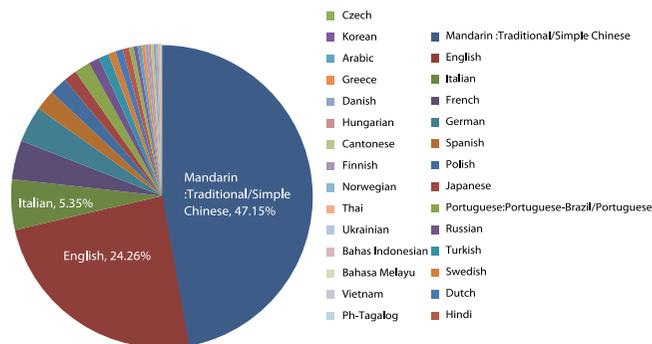


Figure 8.3 Language review for Global Call Center

8.1.3 Global Customers Satisfaction Survey System

ASUSTeK is striving on providing the best quality of product/service to our customers. In order to provide the services that fit customers' needs, ASUSTeK establishes various communication channels, including global customer care center (hotline service), repair centers, authorized repair centers and official websites, and the customers can choose the one they think may work the best for them.

After using one of the customer service channels, the customer will receive a satisfaction survey either through SMS (short message service), email, interview or e-survey form to ensure if he or she is satisfied with the service channel chosen and the quality received. ASUSTeK would then analyze the survey and apply improvements according to the results. ASUSTeK follows "After Sales Customer Satisfaction Management Guidelines" to implement the satisfaction survey, and customer service management receives the certification for ISO 9001 Quality Management System. This shows our promise on providing the best customer services to our customers. °

8.2 Product Warranty and Quality Service

Notebook Warranty

Since February 1, 2002, ASUSTeK provides 2-year global warranty to Notebook purchased in Taiwan. In addition, customers can still receive direct support and service from ASUSTeK by purchasing the extension warranty.

Bright Dot Free Guarantee for Notebook Display

Besides the 2-year global warranty, our customers purchasing the notebook in Taiwan can also have one-time free replacement on Notebook with bright dot as well as for traditional or simplified Chinese keyboard at ASUSTeK Royal Club service centers in Taiwan or China.

Power Cord Replacement Program for Notebook

From the supplier reports, ASUSTeK found out that the notebook power cord manufactured by one of the suppliers had safety concerns. Therefore, ASUSTeK took the highest standard, announcing the free replacement of the notebook power cord for the specific batch of notebooks. This replacement program started from the end of February 2009, and about 27,000 power cords were replaced by the end of December 2010. During the first 2 months of the program, the replacement rate reached 80%, about 22,000 power cords. ASUSTeK showed its responsibility to protect the rights and interests of our customers.

8.3 Information Security Technology and Customer Privacy

8.3.1 Exclusive Data Security Technology

The design concept of ASUSTeK is simple and humanized as well as data security, thus our notebook computers are equipped with data security technologies to make customers feel at ease using our products. The technologies are as followed:

ASUSTeK Smart Logon

This exclusive face capture and recognition software enables users to log into Windows without keying in any password. This may be a more convenience way to some users.



ASUSTeK CopyProtect - Data Reproduction Authorization

ASUSTeK CopyProtect prevents the unauthorized reproduction of data in the notebook. When the status is "locked", all contents in the notebook will not be replicated onto any external devices, such as CD/DVDs, floppy disks, external storage medium or network drives.



8.3.2 Complaints of Privacy Infringement or Data Lost

ASUSTeK understands how important the data to our customers. Therefore, we will remind our customers to perform data back up before handling the unit to the service centers for further repair and to explain the risk and the possibility of data lost during the repair process. As to ensure ASUSTeK delivers the message, we will only accept the unit once the customer signs the agreement as the acknowledgement of the risk mentioned. Based on this persistence, ASUSTeK had neither customer privacy infringement nor negligence of data lost case in 2010.

09 OTHER PERFORMANCE INDICATORS

9.1 Economic Indicators

EC4 Significant financial assistance received from government.

ASUSTeK is entitled to tax incentives, such as R&D tax credits for "Industrial Innovation Act", and 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%.

9.2 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 2010:

Material Type	2010
Plastic	3,410
Paper	21,968
Total	25,378

EN2 Percentage of materials used that are recycled input materials.

1. According to the requirements set for various eco labels such as Taiwan Green Mark, EPEAT and EU Flower, the percentage of materials used in paper that are recycled input materials is at least 80%.
2. The case used in ASUSTeK display contains 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 2010 was 172,104 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' headquarter is located at Guandu Plain which is near by Guandu Nature Park. °

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.

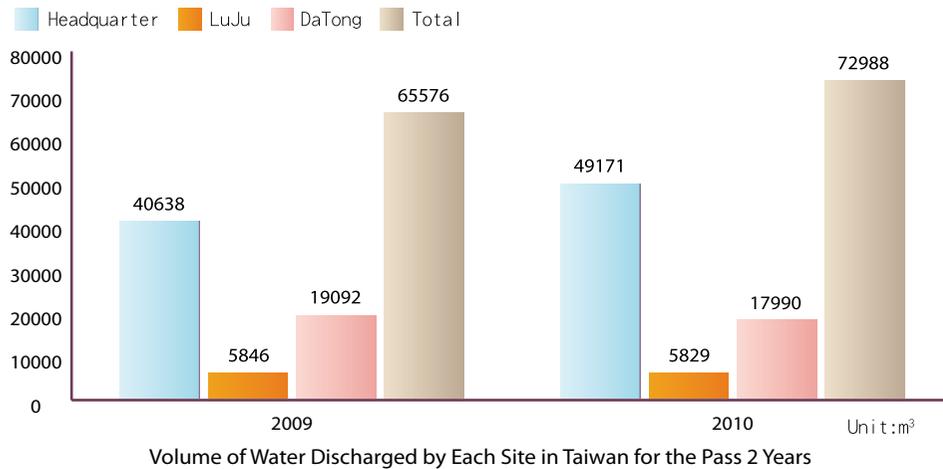
ASUSTeK is a brand company and the sites are mainly office buildings. The refrigerant is used for air conditions and thus no major ozone-depleting substance is emitted.

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.

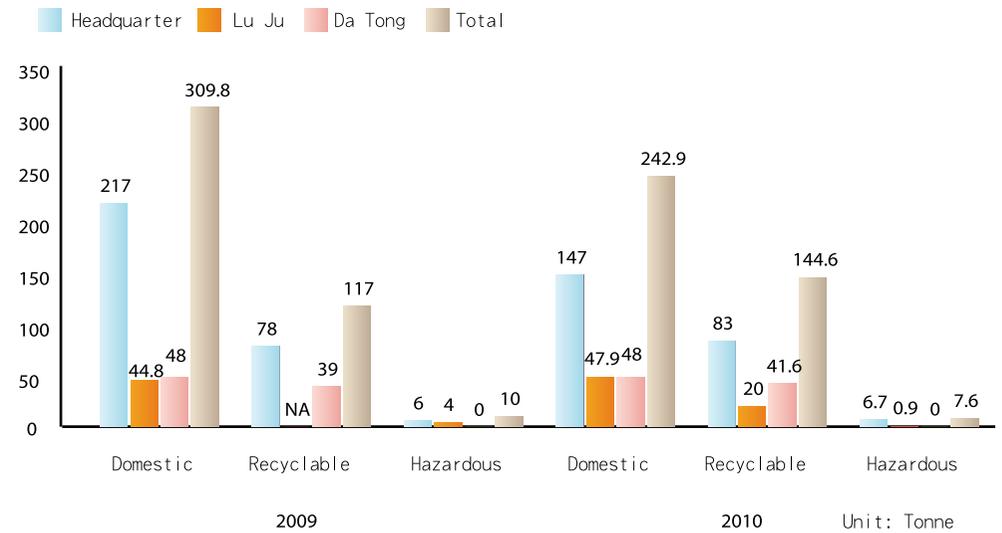
EN21 Total water discharge by quality and destination.

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 2010:



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 2010:



Total Weight of Waste by Type by Each Site in Taiwan for the Pass 2 Years

Note: The record of recyclable waste of Lu Ju site began in June 2010.

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.

09 OTHER PERFORMANCE INDICATORS

EN23 Total number and volume of significant spills.

There is no significant chemical spill in 2010.

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.

To actively take the manufacturer responsibility, ASUSTeK has worked with local recycling vendors to establish the free recycling system in Europe, North America, Taiwan and India to ensure the end of life computers are treated properly and thus reduce the impact on the environment. The recycling system will provide recycling service to customers as well as to meet the WEEE regulations in those areas. The percentage of end-of-life products reclaimed was 10.6%. 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 2010.

9.3 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 4 major overseas subsidiaries in 2010:

Headquarter, Taiwan

Contract Type/Gender	Male	Female
Permanent	2850	1433

ACC

Contract Type/Gender	Male	Female
Permanent	381	372

ACS

Contract Type/Gender	Male	Female
Permanent	134	146
Contract and Part time	1	5

ASZ

Contract Type/Gender	Male	Female
Permanent	2850	1433

ACZ

Contract Type/Gender	Male	Female
Permanent	176	147
Contract and Part time	44	9

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 4 major overseas subsidiaries in 2010:

Age Group	Taiwan	ACC	ACS	ASZ	ACZ
15~20	4.79%	2.44%	23.08%	0.15%	0.93%
21~30	18.47%	25.78%	44.41%	23.36%	10.53%
31~40	6.51%	2.31%	1.05%	1.85%	2.79%
41~50	0.65%	0.27%	2.45%	0.00%	0.62%
51~60	0.02%	0.00%	0.00%	0.00%	0.31%
Total	30.45%	30.80%	70.98%	25.37%	15.17%

Gender	Taiwan	ACC	ACS	ASZ	ACZ
Male	19.43%	16.01%	34.97%	14.11%	9.91%
Female	11.02%	14.79%	36.01%	11.26%	5.26%

The following tables show the turnover rates by age and gender in Taiwan and 4 major overseas subsidiaries in 2010:

Age Group	Taiwan	ACC	ACS	ASZ	ACZ
15~20	4.20%	0.41%	17.13%	0.08%	0.00%
21~30	10.74%	23.74%	56.29%	23.36%	11.76%
31~40	10.27%	2.99%	2.45%	2.00%	1.86%
41~50	0.86%	0.54%	0.35%	0.15%	1.24%
51~60	0.12%	0.00%	1.40%	0.00%	0.31%
Total	26.20%	27.68%	77.62%	25.60%	15.17%

Gender	Taiwan	ACC	ACS	ASZ	ACZ
Male	19.89%	14.93%	40.56%	15.96%	11.15%
Female	6.30%	12.75%	37.06%	9.64%	4.02%

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

The following tables show the return to work rates by gender after parental leave in Taiwan and 4 major overseas subsidiaries in 2010. The return to work rate is calculated by the numbers of employee took the parental leave over the numbers of employee returned to work in the same year:

Headquarter, Taiwan

Gender	2009	2010
Male	98.38%	96.50%
Female	82.14%	77.42%

ACC

Gender	2009	2010
Male	100.00%	100.00%
Female	100.00%	100.00%

ACS

Gender	2009	2010
Male	37.50%	50.00%
Female	33.33%	20.00%

ASZ

Gender	2009	2010
Male	100.00%	100.00%
Female	100.00%	98.28%

ACZ

Gender	2009	2010
Male	N/A*	N/A**
Female	N/A*	28.57%

09 OTHER PERFORMANCE INDICATORS

The following tables show the retention rates by gender after parental leave in Taiwan and 4 major overseas subsidiaries in 2010. The retention rate is calculated by the numbers of employee took the parental leave and returned to work for at least 12 months, over the numbers of employee took the parental leave and return to work

Headquarter, Taiwan

Gender	Employees took parental leave in 2009 and returned to work for at least 12 months by 2010
Male	71.43%
Female	58.70%

ACC

Gender	Employees took parental leave in 2009 and returned to work for at least 12 months by 2010
Male	76.92%
Female	100.00%

ACS

Gender	Employees took parental leave in 2009 and returned to work for at least 12 months by 2010
Male	100.00%
Female	100.00%

ASZ

Gender	Employees took parental leave in 2009 and returned to work for at least 12 months by 2010
Male	73.47%
Female	73.12%

ACZ

Gender	Employees took parental leave in 2009 and returned to work for at least 12 months by 2010
Male	N/A*
Female	N/A*

*The Human Resource Department of ACZ was established in 2010, thus the numbers of employee took parental leave in 2009 were not available and thus the retention rate of ACZ cannot be calculated.

**No male employees in ACZ took parental leave in 2010, thus the return to work rate of ACZ cannot be calculated.

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, when major changes in corporate 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	2008	2009	2010*
Disabling Frequency Rate***	1.50	2.21	1.73
Disabling Severity Rate***	15.07	8.78	16.84

Lu Ju	2008	2009	2010
Disabling Frequency Rate***	8.16	2.18	0.00
Disabling Severity Rate***	16.50	2.18	0.00

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

Headquarter/Da Tong	2008	2009	2010
Male Disabling Frequency Rate	1.23	0.96	1.01
Female Disabling Frequency Rate	0.27	1.25	0.72
Male Disabling Severity Rate	12.98	3.80	1.87
Female Disabling Severity Rate	2.09	4.98	16.27

Lu Ju	2008	2009	2010
Male Disabling Frequency Rate	6.00	0.00	0.00
Female Disabling Frequency Rate	2.16	0.00	0.00
Male Disabling Severity Rate	12.17	2.18	0.00
Female Disabling Severity Rate	4.33	2.18	0.00

*The cause of injuries for Headquarter/Da Tong in 2010 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.

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 2010 in Taiwan:

Category	Average Hours Per Year*
General Employee	5.32
Managerial - Manager	8.29
Managerial - Senior Manager	7.18
Managerial - Top Executives	2.13

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

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 2010:

Category	First Appraisal	Second Appraisal
Performance Appraisal for Male	91.86%	94.57%
Performance Appraisal for Female	88.39%	92.96%

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

09 OTHER PERFORMANCE INDICATORS

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 2009 in different sites:

Headquarter, Taiwan

All Employees by Age and Gender

Age Group	Male	女
15~20	2.67%	1.61%
21~30	39.09%	60.08%
31~40	49.61%	33.57%
41~50	7.61%	4.47%
51~60	1.02%	0.28%
Total	100.00%	100.00%

Employees at least Manager Level by Age and Gender

Age Group	Male	女
15~20	0.00%	0.00%
21~30	0.00%	0.00%
31~40	1.54%	0.70%
41~50	3.40%	0.42%
51~60	0.60%	0.07%
Total	5.54%	1.19%

ACC

All Employees by Age and Gender

Age Group	Male	Female
15~20	1.57%	0.81%
21~30	73.11%	79.19%
31~40	20.63%	17.30%
41~50	3.39%	2.43%
51~60	1.31%	0.27%
Total	100.00%	100.00%

Employees at least Manager Level by Age and Gender

Age Group	Male	Female
15~20	0.00%	0.00%
21~30	0.52%	0.54%
31~40	4.96%	0.54%
41~50	1.04%	0.00%
51~60	0.26%	0.00%
Total	6.79%	1.08%

ACS

All Employees by Age and Gender

Age Group	Male	Female
15~20	17.04%	12.58%
21~30	69.63%	71.52%
31~40	11.85%	11.26%
41~50	0.74%	2.65%
51~60	0.74%	1.99%
Total	100.00%	100.00%

Employees at least Manager Level by Age and Gender

Age Group	Male	Female
15~20	0.00%	0.00%
21~30	0.00%	0.00%
31~40	1.48%	0.00%
41~50	0.00%	0.00%
51~60	0.00%	0.00%
Total	1.48%	0.00%

ASZ

All Employees by Age and Gender

Age Group	Male	Female
15~20	0.13%	0.00%
21~30	84.79%	92.98%
31~40	13.89%	7.02%
41~50	0.93%	0.00%
51~60	0.26%	0.00%
Total	100.00%	100.00%

Employees at least Manager Level by Age and Gender

Age Group	Male	Female
15~20	0.00%	0.00%
21~30	0.00%	0.00%
31~40	0.53%	0.00%
41~50	0.26%	0.00%
51~60	0.13%	0.00%
Total	0.93%	0.00%

ACZ

All Employees by Age and Gender

Age Group	Male	Female
15~20	0.00%	0.00%
21~30	0.00%	0.00%
31~40	0.53%	0.00%
41~50	0.26%	0.00%
51~60	0.13%	0.00%
Total	0.93%	0.00%

Employees at least Manager Level by Age and Gender

Age Group	Male	Female
15~20	0.00%	0.00%
21~30	1.82%	0.00%
31~40	4.09%	0.64%
41~50	0.00%	0.00%
51~60	0.00%	0.00%
Total	5.91%	0.64%

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.

Our subsidiaries selection criteria include but not limited to geography, population, transportation, and environmental regulations.

09 OTHER PERFORMANCE INDICATORS

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 are trained.

For other employees, we will promote the "Sexual Harassment Prevention" and "Code of Moral Conduct" through internal website as well as provide the following e-learning classes as elective training courses:

- 1.Short film on "Sexual Harassment Prevention"
- 2.Refuse Sexual Harassment" at the workplace

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

No violation of non-discrimination laws in 2010.

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

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, thus 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, including but not limited to ASUS website, Investor Relationship email, and

GreenASUS email.

- 1.Headquarter received 2 grievances from international NGOs regarding the Human Rights violation of our suppliers in 2010. The grievances were addressed and closed.
- 2.Headquarter received 1 grievance from the Department of Labor of Taipei City regarding the overtime issue in 2010. The grievances were addressed and closed.

Society

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

ASUSTeK is a brand company and the sites are mainly office buildings, thus there is barely negative impact to the local communities. However, we still voluntarily participated in community activities, such as beach cleaning activity in by Headquarter and fund raising activity for a social welfare by ASZ.

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,

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. However, we still voluntarily participated in community activities, such as initiating beach cleaning activity by Headquarter and holding fund raising activity for a Suzhou Social Welfare House by ASZ.

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.

Regarding the overtime issue in 2010, ASUSTeK will hold the managerial level meeting and promote the followings at the overtime system website in 2011:

- 1.Adjust the Work load
- 2.Manage the working efficiency
- 3.Adjust the working method
- 4.Reallocate the staffs
- 5.Manage the employees' health

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.

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 in 2010.



10 REPORT ASSURANCE STATEMENT



ASSURANCE STATEMENT

Introduction
 DNV Business Assurance Co., Ltd. (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 2010 Corporate Sustainability 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 information and performance indicators presented in the Report, for the period of 12 months ending on 31 December 2010 and covering data on the Company's head office and 8 subsidiaries located Taiwan, China and the Czech
- Evaluation of the Accountability principles and specified performance information, described below, for a Type 2, high level of assurance, in accordance with the requirements of AA1000AS (2008):
 - Information relating to company's sustainability issues, responses, performance data and underlying systems for the management of such information and data;
 - Information relating to company's materiality assessment and stakeholder engagement processes;
 - Verification and endorsement of the GRI Application Level declared by ASUS.

Our verification has not covered data and information related to the financial. The data and information of financial data has been acquired from the verified financial report.

No limitations on the scope of the assurance engagement were encountered during the verification process.

Verification Methodology
 The Verification was conducted by DNV in May 2010, 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 set out in the AA1000AS 2008;
- Reliability of specified sustainability performance information mentioned above, as required for a Type 2, high level assurance engagement against 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 and 3 subsidiaries located in Taiwan;
- Conducted interviews with 25 company representatives, including senior managers and employees of various functions;
- Conducted interviews with external stakeholders (Non-government organization);
- Participated as an observer in a ASUS's supplier Green ASUS meeting organized by ASUS;
- 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 2010 Corporate Sustainability Report meets the content requirements of the GRI Application Level A+ and provides an accurate and fair representation of the level of implementation of

Page 1 of 2

This Assurance Statement is based on the information made available to us and the engagement conditions described above. DNV does not guarantee the accuracy or completeness of the information. DNV can not be held liable for any errors arising in connection with this Assurance Statement.
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related Corporate Sustainability policies. We have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement'.

AA1000 AS 2008 principles:
Inclusivity: Acceptable. The Company is engaged in dialogue with selected stakeholders through different channels. The material CSR issues emerging from this dialogue were collected and reflected in the Report.
Materiality: Acceptable. The Company has developed a process to identify material issues, and a risk matrix has been developed to evaluate the priority of these issues. The key CSR issues resulting from the dialogue were collected and reflected in the Report.
Responsiveness: Good. The Company has adequately responded to stakeholder concerns through its policies 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.
Neutrality: Acceptable. The Company has reported CSR related issues in a balanced manner, in terms of content and tone.

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 objective already in place.

- The materiality assessment process should be validated with more specific inputs for each business area to bring out material issues that reflect short, medium and long term impacts.
- Enhance the function of GreenASUS Steering Committee and SERASUS Steering Committee to integrate all relevant departments and prioritize the resources in response to material CSR issues.
- It is recommended to develop more specific targets for each identified materiality areas, so that in the future the Company can report performance against targets.

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 Det Norske Veritas,

Signed:  Name of Lead Verifier: Chun-Nan Lin	Signed:  Name of Reviewer: Antonio Astone Technical & Quality reviewer Global Service Responsible
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Det Norske Veritas
 Taiwan, R.O.C., 8 June 2011
 Statement Number: 00003-2011-ACSR-TWN


AA1000
 Licensed Assurance Provider
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Page 2 of 2

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GRI Index

Profile Disclosure

	GRI Index	Page Number
Strategy and Analysis		
1.1	Statement from the most senior decision maker of the organization about the relevance of sustainability to the organization and its strategy.	3
1.2	Description of key impacts, risks, and opportunities.	Annual Report P.58-67
Organizational Profile		
2.1	Name of the Organization.	6
2.2	Primary brands, products, and/or services.	6
2.3	Operational structure of the organization.	6, Annual Report P.193-194
2.4	Location of organization's headquarters.	6
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	6
2.6	Nature of ownership and legal form.	6
2.7	Markets served.	6
2.8	Scale of the reporting organization.	6
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	6
2.10	Awards received in the reporting period.	7
Report Parameters		
REPORT PROFILE		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	1
3.2	Date of most recent previous report.	1
3.3	Reporting cycle.	1
3.4	Contact point for questions regarding the report or its contents.	1

REPORT SCOPE AND BOUNDARY		
3.5	Process for defining report content.	12-13
3.6	Boundary of the report.	1
3.7	State any specific limitations on the scope or boundary of the report.	1
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.	21
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	21
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	21
GRI CONTENT INDEX		
3.12	Table identifying the location of the Standard Disclosures in the report.	This Table
ASSURANCE		
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	1,52
Governance, Commitments, and Engagement		
GOVERNANCE		
4.1	Governance structure of the organization.	8-9
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	8-9
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.	8-9
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	9-10,13
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).	8-11
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	9

11 GRI INDEX

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.	9, Annual Report P.16-18
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.	3,7-8,11-12,14,20
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.	8-12
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	8-12
COMMITMENTS TO EXTERNAL INITIATIVES		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	11
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	8, 12, 25, 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. <p>This refers primarily to memberships maintained at the organizational level.</p>	8
STAKEHOLDER ENGAGEMENT		
4.14	List of stakeholder groups engaged by the organization.	13
4.15	Basis for identification and selection of stakeholders with whom to engage.	12-13
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	12-13
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.	12-13

GRI Index

Performance Indicators

Performance Indicator	Title	Page Number
Economic		
Economic Management Approach		6,8,31
ECONOMIC PERFORMANCE		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	8, 31-35, Annual Report P.78-80
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	21-23, Annual Report P.64-65
EC3	Coverage of the organization's defined benefit plan obligations.	30
EC4	Significant financial assistance received from government.	42
MARKET PRESENCE		
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	30
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	42
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	42
INDIRECT ECONOMIC IMPACTS		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement.	31-35
Environmental		
Environmental Management Approach		14,20
MATERIAL		
EN1	Materials used by weight or volume.	42
EN2	Percentage of materials used that are recycled input materials.	42
ENERGY		
EN3	Direct energy consumption by primary energy source.	20
EN4	Indirect energy consumption by primary source.	20

EN5	Energy saved due to conservation and efficiency improvements.	22
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	19, 22
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	22
WATER		
EN8	Total water withdrawal by source.	42
BIODIVERSITY		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	42
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	42
EMISSION, EFFLUENTS, AND WASTE		
EN16	Total direct and indirect greenhouse gas emissions by weight.	21
EN17	Other relevant indirect greenhouse gas emissions by weight.	20
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	20-22
EN19	Emissions of ozone-depleting substances by weight.	42
EN20	NO, SO, and other significant air emissions by type and weight.	42
EN21	Total water discharge by quality and destination.	43
EN22	Total weight of waste by type and disposal method.	43
EN23	Total number and volume of significant spills.	44
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.	44
PRODUCTS AND SERVICES		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	14-16
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	44
COMPLIANCE		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	44

Labor Practices and Decent Work		
Labor Practices and Decent Work Management Approach		30
EMPLOYMENT		
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	44
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	45
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	30
LA15	Return to work and retention rates after parental leave, by gender.	45-46
LABOR/MANAGEMENT RELATIONS		
LA4	Percentage of employees covered by collective bargaining agreements.	46
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	46
OCCUPATIONAL HEALTH AND SAFETY		
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region and by gender.	46-47
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	47
TRAINING AND EDUCATION		
LA10	Average hours of training per year per employee by gender, and by employee category.	47
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	27-29
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	47
DIVERSITY AND EQUAL OPPORTUNITY		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	48-49
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	30

11 GRI INDEX

Human Rights		
Human Rights Management Approach		25, 29-30
INVESTMENT AND PROCUREMENT PRACTICES		
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.	49
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone screening on human rights and actions taken.	25
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.	50
NON-DISCRIMINATION		
HR4	Total number of incidents of discrimination and corrective actions taken.	50
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	50
CHILD LABOR		
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.	25, 29-30
FORCED AND COMPULSORY LABOR		
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.	25, 29-30
ASSESSMENT		
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	50
REMEDIATION		
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	50

Society		
Society Management Approach		10-12
COMMUNITY		
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	50
SO9	Operations with significant potential or actual negative impacts on local communities.	50
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	50
CORRUPTION		
SO2	Percentage and total number of business units analyzed for risks related to corruption.	12
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	12
SO4	Actions taken in response to incidents of corruption.	12
PUBLIC POLICY		
SO5	Public policy positions and participation in public policy development and lobbying.	50
COMPLIANCE		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	51
Product Responsibility		
Product Responsibility Management Approach		14, 38
CUSTOMER HEALTH AND SAFETY		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedure.	19, 22
PRODUCT AND SERVICE LABELING		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	51
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	40

MARKETING COMMUNICATIONS		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	11
CUSTOMER PRIVACY		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	41
COMPLIANCE		
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	51





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