

# IN SEARCH OF INCREDIBLE

2016 / Corporate Social  
Responsibility Report

ASUS



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## About ASUSTeK Computer Inc. Corporate Sustainability Report

Since 2006, ASUSTeK Computer Inc. (ASUS) has published non-financial reports that disclosed the management, goals, and approaches concerning the environment, health, and safety. Since 2008, we have followed the reporting guidelines published by the Global Reporting Initiative (GRI) when compiling the Corporate Social Responsibility (CSR) report. The reports disclose ASUS' actions regarding corporate governance, environmental protection, and social involvement, conveying ASUS' mindsets, determinations, and performances of sustainable development to stakeholders. The previous report was published in July, 2016. Historical CSR reports are available for download at ASUS [CSR website](#).

## Principle and Guidelines

The report is compiled in accordance to GRI Standards Core Option for reporting framework, and as well the United Nations Global Compact. The reference tables of GRI Standards and of the UN Global Compact are disclosed at the end of the report.

## Boundary

This report discloses the approaches and performances of our company from January 1 to December 31, Fiscal Year 2016, and at the same time responding to issues concerning ASUS' sustainable developments brought forth by stakeholders. The organization boundaries are based on consolidated financial statements, while excluding subsidiaries that are established for investment purposes within the corporate or issue independent CSR reports. Subsidiaries included in this report are listed in Appendix A, and the boundary of the report covers over 80% of total sales.

## Report Assurance

ASUS entrusts SGS Taiwan Ltd. (SGS) to review the materiality of the report and data against the AccountAbility AA1000 Assurance Standard (2008) Type II High Level and GRI Standards Core Option, and PricewaterhouseCoopers (PwC) Taiwan to assure selected information and issue a limited assurance report in accordance with the Statement of Assurance Standard No.1 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" in the Republic of China. The Assurance Statements, Limited Assurance Report of Independent Accountants, and Summary of Information Assured can be found at the end of the report. The financial data is referred from the Financial Statement certified by a qualified accountant.

## Contact Information

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

Email: [stakeholder@asus.com](mailto:stakeholder@asus.com)



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## Message from Chairman

In Search Of Incredible is more than a brand promise about making lives better through innovation — it also encompasses an inspirational global strategy to promote sustainability as we strive to be a leading green high-tech company.

ASUS celebrated many significant achievements in 2016. For the fourth consecutive year we were named the most valuable brand in Taiwan, and Fortune magazine again ranked us among the World's Most Admired Companies. We also won the Taiwan National Sustainable Development Award, and for the third consecutive year we were listed in the MSCI Global Sustainability indexes. Additionally, this year marked the first time we participated in the FTSE4GOOD index.

I am proud of our accomplishments over the past year, and I look forward to new challenges as we strive to exceed our sustainable development goals.

I sincerely appreciate the ongoing support of our stakeholders. ASUS will continue to listen to your suggestions and we will strive to incorporate the insights and ideas that help our core management team guide sustainable practices that align with and fulfill the United Nations Sustainable Development goals. We will also continue to expand our efforts in designing products that allow for easier recycling and repurposing of materials.

As we develop new technologies that extend product lifecycles and increase efficiency, we are committed to expanding our work in local communities around the world, where we are helping to improve lives through computer donations, technology education, and by establishing data centers.

In this new digital era, ASUS aspires to take part in the development and sustainability of an incredible future. Once again, I would like to personally thank each of you for your ongoing support. We look forward to a new year of challenges as we strive to improve lives through innovation.



Chairman

*Jonney Shih*



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## **Message From Chief Sustainability Officer**

At the core of the ASUS business philosophy is the idea of inspiring, motivating and nurturing employees in order to build a company that provides valuable contributions to humanity. Providing our employees with a safe, positive workplace creates an environment where individual strengths may flourish, and we believe that it also results in better products and services. The goal of creating safe, positive workplaces and communities naturally includes a respect for sustainable practices, so these core ASUS principles also impact the way we think about design and product life cycles.

ASUS has always been committed to corporate social responsibility. Over the years, we have focused on reducing environmental impacts while increasing the energy-efficiency of our products. Along with product- and service-related green efforts, we have also developed outreach programs that have positive social impacts in communities around the world. For example, in 2016 we adopted the Social Return on Investment (SROI) methodology in order to measure our success in reducing the digital divide. SROI provides a standardized system for assessing the social impacts that a specific project has on a community. ASUS is the first consumer technology company in Asia to receive SROI certification, and our SROI report has been certified by Social Value International.

As ASUS continues to expand and advance our sustainability goals we will also continue to invest in the well-being of our employees, environment and communities around the globe. We are committed to accepting our responsibility as a global citizen, and we pledge to continue to strive to develop exceptional environmental and social practices as a green high-tech leader.



**Chief Sustainability Officer**



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Index (MSCI) for 3 consecutive years



Selected as FTSE4Good Emerging Index for the first year



First consumer IT headquarters worldwide to receive UL's Zero  
Waste to Landfill validation



First consumer technology company in Asia to receive  
certification for its Social Return on Investment report



Introduced Taiwan's first domestic companion  
robot, an innovative technology



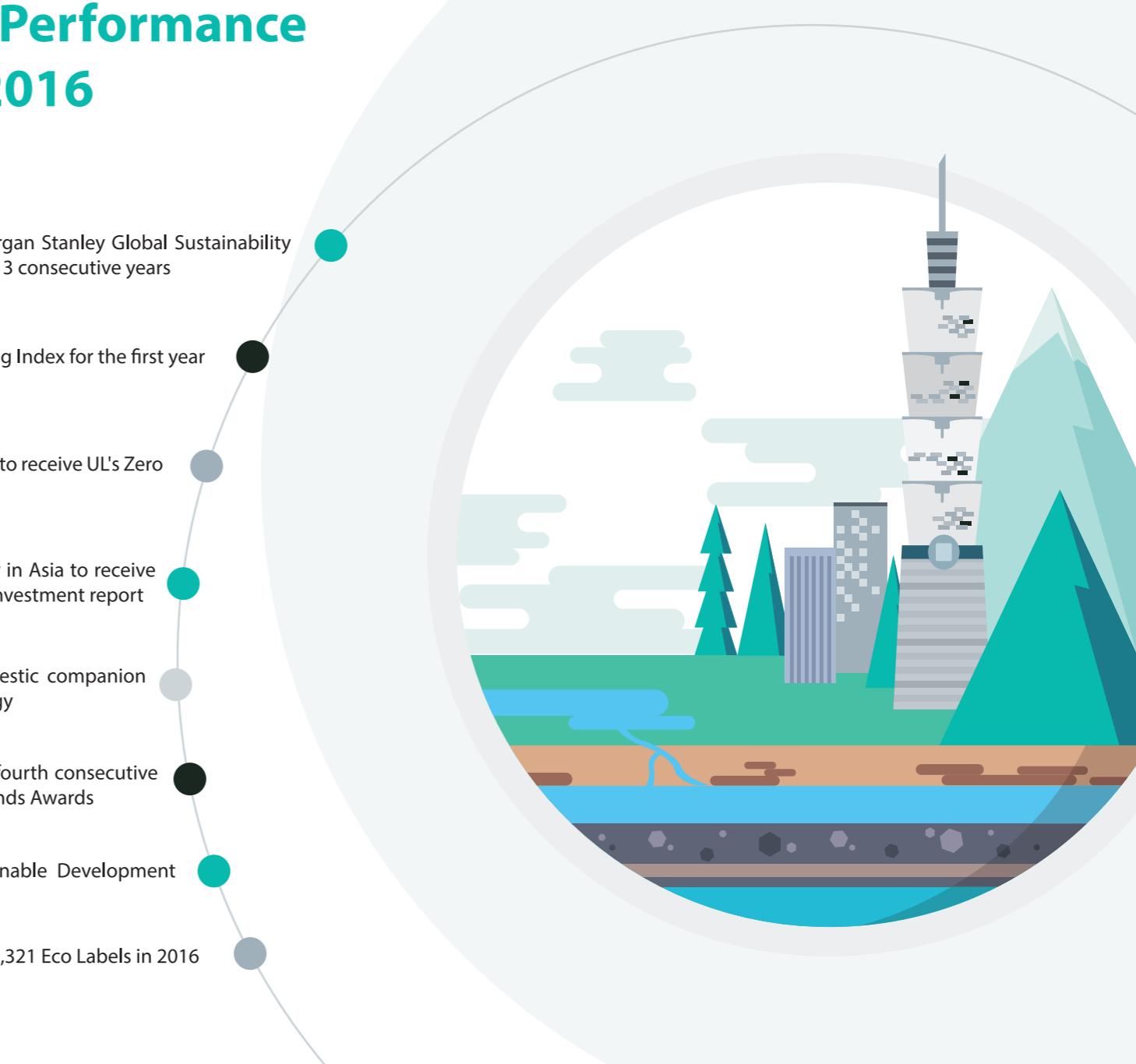
No. 1 international brand for the fourth consecutive  
year at the Best Taiwan Global Brands Awards



2016 Taiwan National Sustainable Development  
Awards for Corporates



31,321 Eco Labels in 2016



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## Sustainable Development Goals (SDGs)

As the environment continues to worsen and the issue of social and economic development is increasingly severe worldwide, the United Nations called for the United Nations Conference on the Environment and Development (UNCED) at Rio de Janeiro in 1992. This conference was known as the Earth Summit that lead the sustainability development of mankind to new mindsets and directions and thus find solutions to the issues. It has been two decades since the Earth Summit (Rio + 20). World leaders gathered together again to discuss and review the problems and prospects confronting the advocacy of sustainability for the whole world and all mankind. The meeting gave rise to series of documents bearing the title of "The Future We Want" based on which the SDGs were developed.

After extensive discussions and consultations, the SDGs have been officially passed by the UN in 2014. 17 goals in three aspects, namely, environment, economic and society with a total of 169 targets listed to confirm the direction of approaches to reach the vision, which is to promote both human survival and sustainable development before 2030.



The SDGs open a new age for sustainable development. With this ambitious blueprint for the future, cooperation between all fields, including governments of different nations, international organizations, enterprises, or individuals, all need to contribute to changing behaviors that cannot continue. For enterprises, facing the nearing attentions will certainly create great impacts on the operational structure and strategy.



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As a leading company in consumer electronic products sector, we support SDGs and take them as an opportunity for sustainable transformation in business, planning for a forward-looking vision.

ASUS looks at the demands of SDGs from the perspective of the enterprise, and take the actions in response to SDGs through the integration of management strategies and CSR strategies, the development of new business model, and the improvement on the process or program, making contributions to humanity and the environment and creating sustainable competition of enterprises.



Start with green design, prohibit the use of hazardous chemicals, and establish circular economy through recycling system to protect the human health and environmental



Reduce the digital divide as the purpose to promote digital inclusion project, which provide digital education and learning opportunities to cultivate international talents



Develop the Internet of Things, construction smart city, and create environmental efficiency as well as positive society development, enhancing the sustainability of the city



Manage with life cycle and avoid negative impacts to mankinds and to the environment through prevention, reduction, recycling and reuse, and at the same time make efficient use of natural resources to create sustainable production and circular economy



Analyze the risks and opportunities caused by climate change, strengthen the response capability to climate change, enhance the efficient use of energy in operation and products to create sustainable value and market benefits



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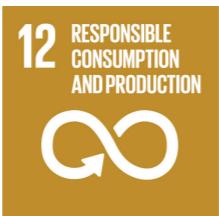
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Circular Economy Business Model



Ensure sustainable consumption and production patterns

- By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
- By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse



Ensure healthy lives and promote well-being for all at all ages

- By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination

Economic growth and development rely on services and products that improve the quality of life. Throughout the entire production and consumption process, decreasing the use of natural resources and the outputs of hazardous substances and of waste are the direction and goal of sustainable production.

As a world leading company in the information industry, ASUS realizes that the rapid introduction of new consumer electronic products and high frequency of product replacement will result in tremendous amount of electronic waste. Among the electronic wastes are large quantities of metal and chemical substances that will cause great harm to the human body and environment when not processed properly.



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Therefore, we have adopted the prevention principles of chemical substance management. Through continual innovation, we develop replacement materials that are environmentally friendly, which are used from the beginning in product design. A comprehensive chemical substance management system is also established along with clear product labeling that are in line with regulations. This encourages industrial upgrade in the supply chain, and promotes reusability through clear labeling when the products enter the waste and recycling stage, increasing the applicability and circular value of recycled products.



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Digital Inclusion



Ensure inclusive and quality education for all and promote lifelong learning

- By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations
- By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development



Build resilient infrastructure, promote sustainable industrialization and foster innovation

- Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020

Infrastructure and economic development rely on information and communication technology. The internet and information transport services, such as cellular mobile services, can be spread across the world rapidly, including people into the global information society. According to the statistics, children from the poorest 20% of households are nearly four times more likely to be out of school than their richest peers. Out-of-school rates are also higher in rural areas and among children from households headed by someone with less than a primary education. Equal education has always been an important issue for sustainability, while providing knowledge and skills of sustainable education are also key factors to achieve sustainable development.



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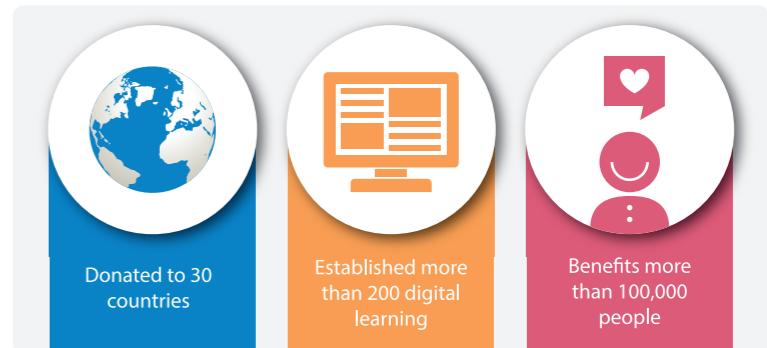
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We discover that many computers are disposed when they are still fit for use due to the rapid introduction of new electronic products. This situation leads to waste in resources, and the disposed products also damage the environment. At the same time, the widening of the gap between the rich and poor means that many underprivileged groups still have no opportunity to use electronic products. Therefore, ASUS started the project of shortening the digital divide not only through extending the years of used of electronic products and reducing the burden of the global environment, but also through providing digital education for underprivileged groups so that they can have a different future.

Education, vocational training, and the cultivation of skills are the best ways of helping underprivileged groups to break away from poverty and improve life. Digital education is the best method of surmounting the gap in urban and rural areas, distance, and rich and poor. Therefore, for many years, ASUS has steered the direction towards “shortening the digital divide”, introducing a series of activities to gradually introduce digital education to all around the world.





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**Cloud Technology**



Make cities inclusive, safe, resilient and sustainable

- By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

Since the Industrial Revolution, human activities, such as the use of fossil fuel, industrial emission and vehicle exhaust, have led to the deterioration of air quality. Among the air pollution factors, fine particulate matter (PM2.5) has received the most attention. Since harmful substances are easily attached to PM2.5, and the small in size makes them possible to penetrate the alveolar and enter the blood system, the inhalation may lead to allergies, asthma, cancer, and blood diseases, therefore harm to the health.

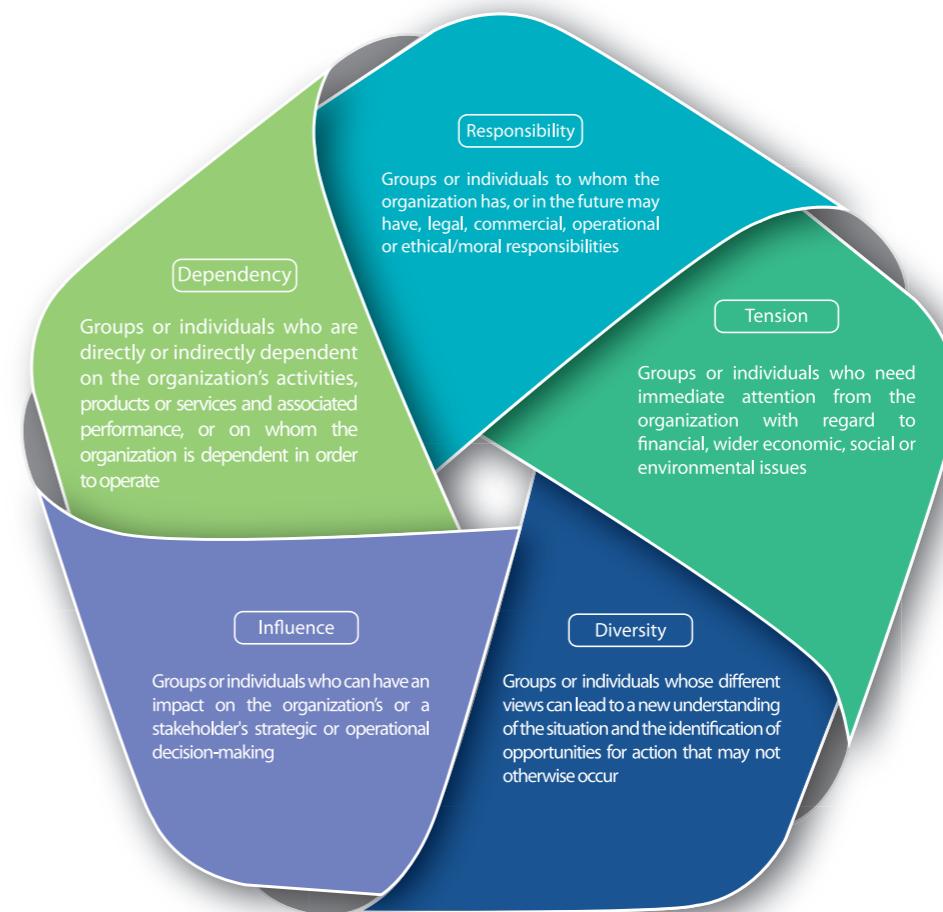
For immediate monitoring of air pollution and for people to adopt adequate protection measures, ASUS Cloud worked with the government, Academia Sinica, and the semiconductor industry to launch the first intelligent urban air pollution monitoring project in Taiwan: Air Box.

ASUS developed the Air Box with different industries. The Air Box was capable of detecting temperature, humidity, and the level of PM2.5. This information was uploaded to the cloud platform of ASUS Cloud, allowing citizens to view the latest environment data through the internet or APP after the information was processed by the specially developed big data analysis. Also, with the consent of citizens, the API of the platform was open to the public, thus data collected by the Air Box could go through further value-added applications and analysis to develop the 3 core values, “citizen participation,” “building a digital city,” and “open innovation,” of developing an intelligent city, truly implementing intelligent and healthy, big data application, and promoting the quality of urban life.

## Stakeholder Engagement

Stakeholders' demand is one of the keys to business sustainability and success. ASUS believes that by communicating with stakeholders to understand their needs and expectations and thus response to them, could not only help enterprises to review and plan short, medium and long-term strategies but also create our value to stakeholders and form the new business opportunities for sustainable operations.

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





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**Communication Channels and Frequency**

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

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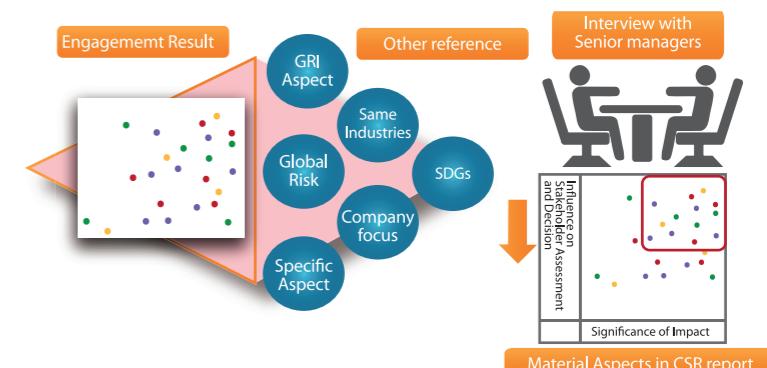
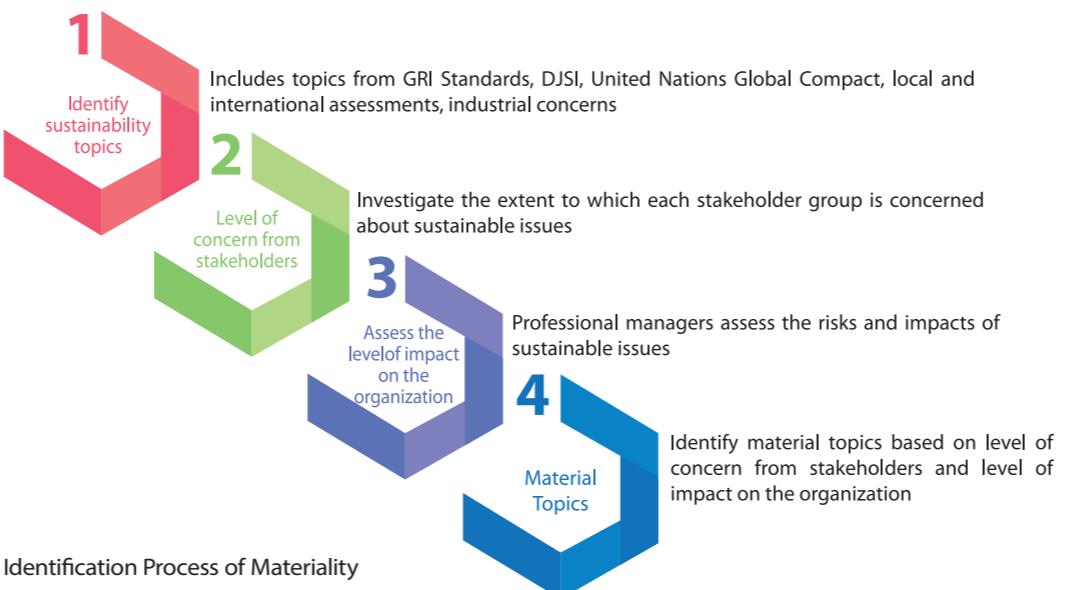
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### **Analysis of Materiality**

ASUS collected the stakeholder surveys through a variety of communication channels. We prioritized the topics according to the level of concern from stakeholders, and level of impact to the organization in operation, financial, corporate image and others, as well as risks and opportunities, identified by professional managers, and then determined material aspects.





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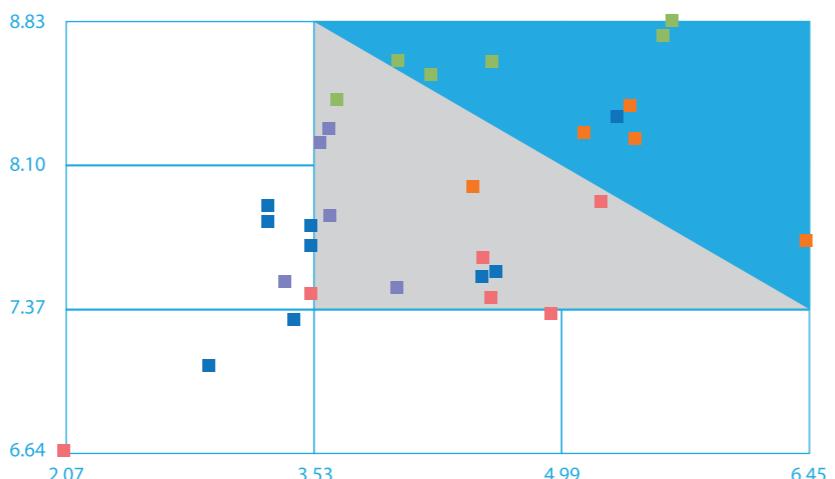
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## Materiality Matrix



ASUS identifies 10 Material Topics and 13 other concerns, and discloses them according to GRI Standards in order to response to stakeholders. Management approaches are indicated in GRI Content Index and described in the report.



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# Corporate Governance

ASUS embody the five virtues of humility, integrity, diligence, agility, and courage that shape our corporate culture which is based on morals. ASUS strictly follows regulations and meets moral guidelines to achieve the vision of becoming the most admired enterprise leader in the world.

ASUS has integrated the concept of sustainability into our business strategies, creating new sustainable business models through innovative products and services. At the same time, ASUS actively communicates with stakeholders, responding to the expectations of stakeholders from all stakeholder groups and taking the initiative to plan and implement a variety of social responsibility activities. We carry out sustainable transformation in response to various risks and challenges as an opportunity to create competitive advantages.



Selected as Morgan Stanley Global Sustainability Index (MSCI) for 3 consecutive years



Selected as FTSE4Good Emerging Index for the first year



Received 4,385 awards globally for innovative product design



Introduced Taiwan's first domestic companion robot, an innovative technology



Introduced 3 independent board of directors



An average of 93% attendance rate for Board of Directors





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## Company Profile

ASUS was formed in 1989. In 2008, the company separated its OEM (Original Equipment Manufacturer) business in order to focus the ASUS technology brand. ASUS continues to manage the brand and sets “In Search of Incredible” as the brand spirit. ASUS has invested efforts in developing the intelligent robot Zenbo, smart phone ZenFone, ultimate notebook computer ZenBook, among other comprehensive products and components that link with Augmented Reality (AR), Virtual Reality (VR), and the Internet of Things (IoT) technology, building new digital smart lives for consumers. In addition, the brand “Republic of Games” (ROG) is established for the gaming market section, creating innovative and incredible gaming experiences for players. ASUS’ customers include but not limit to consumer product users, businessmen, small and medium enterprises, large enterprises, schools, and government agencies.

Name of the Organization	ASUSTeK Computer Inc. ("ASUSTeK" or "ASUS")
Year of Establishment	1989
Address of Headquarter	No. 15, Li-Te Rd., Peitou, Taipei 11259, Taiwan
Year of Listed	1996 (2357: Taiwan Stock Exchange)
Synopsis	With a world-class Research and Development design team, it provides various electronic products with innovative technologies and solutions to the consumers and business users.
Subsidiaries	Please see the Annual <a href="#">Report</a>





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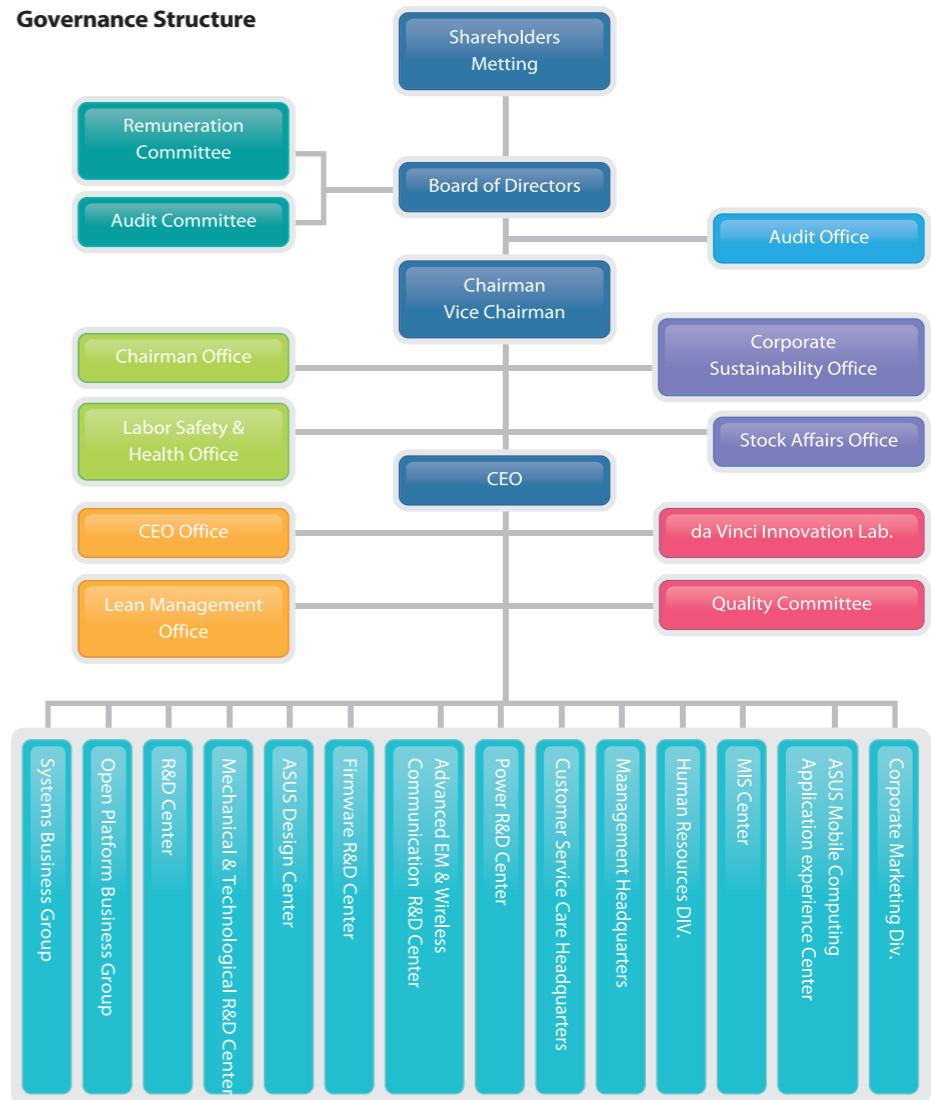
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In response to the information application needs of the cloud generation, starting from 2008, ASUS subsidiary “ASUS Cloud” had been using its own technology to develop a cloud IoT platform with massive storage and computing capability, promoting the integration and innovation of cloud, big data, and IoT. Data centers have been set up in Taiwan, the United States, China, and Luxembourg, serving 100 million end-users across the world and providing solutions for software and hardware integration for the users of ASUS products. ASUS Cloud at the same time introduces the world’s first corporate cloud service to help clients achieve a new form of smart storage structure, and further encourages the cooperation with partners in health and medical care, education, and smart cities through the sharing of the resources of the could platform, accelerating industrial integration and innovation to build a lifestyle where everything is connected to the smart technology, and the cloud.

ASUS has been listed by the US “Fortune” magazine as one of the world’s admired leading enterprises in the new digital rea. We have more than 17,000 employees around the world, and 5,500 are world-class research and development elites, setting the foundation for innovations and high quality. ASUS serves across 71 countries, and more than 50 of them have established operating bases, plowing deep in the local market using distribution models. The turnover of 2016 reached 13.3 billion USD.

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## 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

### Brand Promise - In Search of Incredible

ASUS is passionate about technology and driven by innovation. We dream, we dare and we strive to create an effortless and joyful digital life for everyone. We're always in search of incredible ideas and experiences – and we aspire to deliver the incredible in everything we do. Therefore, ASUS could grow continuously and steadily even though we are in a rapid change and high competitive environment.

The world economy rapidly evolves into a consumer-oriented value network. Under this trend, the hardware and software should be quickly changed and be adapted to meet the immediate and unique needs of consumers. Thus, in such a new market, adventurous strategies and incredible customer experience are the only way to winning road. ASUS as a 3C solution leader in all dimensions possesses the world's top R&D team and values innovations.

Innovation is ASUS' vitality existing in our entire business operation and deepens into the finest details : in the development of hardware and software, to the choice of materials and manufacturing procedures, while continuing to focus on solutions with creative and changeable rules. We will move toward the direction of creating the best user experience and intelligent terminal networking, and combining them with the artificial intelligence to draw the future in the digital era, achieving the vision of becoming the world's most admired leading enterprise.

In 2016, ASUS products received various recognitions, with a total of 4,385 product awards.

In 2016, ASUS took a big step in digital family life through the launch of a new domestic robotic "Zenbo". This revolutionized smart product is primarily designed for children's company, for elderly care, and for verbal chore assistance. Zenbo is designed to "speak" with the voice of a two-year-old boy and present 24 emotions, and is equipped with singing, dancing, games, incorporating in preschool educational media, as well as with a built-in app for educational programming.

Zenbo also provides verbal remote control of CIR home appliances, connection with some smart home products in the market, and even prescription delivery and emergency reporting for elderly population. With prescription delivery developed with iHealth.com.tw, user could receive the medicine 24 hours after taking and sending the picture of prescription to the pharmacy through Zenbo with verbal control. When an elderly falls at home, Zenbo could detect the incident and alert the family, but it is worth noting that the home emergency alert system currently only supports ASUS Zenwatch3. Zenbo is also a part of National Policy Agency's "Smart Home Safety Guard Network" and provides video police reporting. In addition to remote home safety monitoring, verbal control camera, video calls, children's company, smart home appliance control, and online shopping, Zenbo has also incorporated Cookpad recipe bank so that users could search the recipe verbally, and Zenbo could read out the step-by-step rehearsal. The multi-purpose domestic robotic Zenbo will bring brand new consumer experience with innovation!



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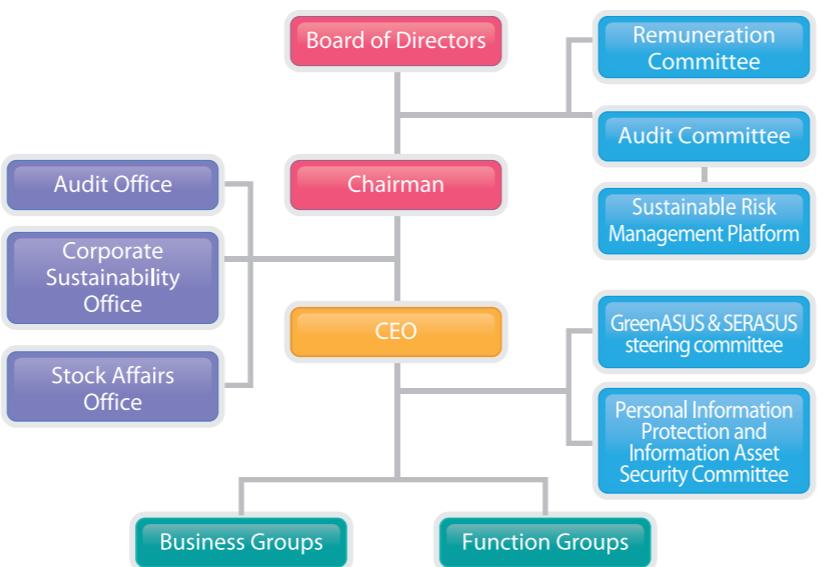
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Zenbo is subject to continuous improvement. Besides working on hardware, we hope to advance on technology, such as sight, voice identification, mobility, advanced learning and cloud technology. More importantly, these dimensions create an industrial ecology that establishes a direct partnership for ASUS, content providers and app providers. We expect this new trend in Taiwan to continue growing and create a new industrial value chain that benefits all.

### Sustainability Governance Structure



### Board of Directors

ASUS Board of Directors values high efficiency, transparency, and professionalism to strengthen the Company's administration. After considering professional skills including the operation judgments, accounting and financial analysis, operation and management, crisis handling, industrial knowledge, international market outlook, leadership, and decision-making, the shareholders selected 13 board members for the 11th Board Members according to the [Regulations on Board Member Election](#) in the shareholders meeting held in July, 2016, and all members are male. Chairman Jonney Shih does not hold the position as President.

To encourage diversity among the Board of Directors, promote administration transparency, and avoid blinds spots in strategies, 3 of the 13 board members are independent directors who will enhance the quality of management with their superb professional knowledge and input the viewpoints of external stakeholders.

### Responsibility of Board of Directors

The Board of ASUS convenes at least once quarterly. Under the leadership of Chairman Jonney Shih, the Board members hold a serious attitude in performing their duties of guidance and supervision in due diligence. In addition, all of them duly observe applicable legal rules, ensure financial transparency, and make timely disclosure of materiality for the best interest of the shareholders.

ASUS invites external professional every year to give lectures to the Board members so as to enrich their professional knowledge and legal awareness.

There were a total of 9 board meetings in 2016 with an average of 93% attendance rate.

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



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**The System of the Avoidance of Conflicts of Interest**

All members of the Board of ASUS are highly disciplined to avoid any conflict of interest, and the relevant statement is clearly stated in "ASUS' Rules [Governing the Conduct of Board Meetings](#)".

In case the Directors or Managers of ASUS undertake the business operation within the scope of business run by ASUS for themselves or in favor of a third party, they are required by law to obtain the approval of the General Meeting of shareholders in advance.

**Audit Committee**

To promote quality and integrity among the supervision of accounting, audit, the financial reporting process, and financial control of Board members, ASUS established the "Audit Committee" in July 2016 in place of supervisors. The Audit Committee is composed of 3 independent Board of Directors.

There were a total of 2 Audit Committee meetings in 2016 with an average of 83.33% attendance rate.

**Remuneration Committee**

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

There were a total of 2 Compensation Committee meetings in 2016 with 100% attendance rate.

**Corporate Sustainability Office**

ASUS believes that sustainable competitiveness must combine with the core of operation and business, thus in 2009 ASUS established the Corporate Sustainability Office (CSO), an affiliated unit under the jurisdiction of the president with a Chief Sustainability Officer.

All members of the CSO are full-time employees who analyze the risks and opportunities arising from the global sustainable development trend, combine the development in governance, environment and society with core of operation, product innovation and business growth to form strategic sustainable direction. The CSO is in charge of the following five aspects: green quality of product, performance of the corporate sustainability, social responsibility management in the supply chain, employee caring, and social involvement, covering sustainability issues in governance, environment, and society.

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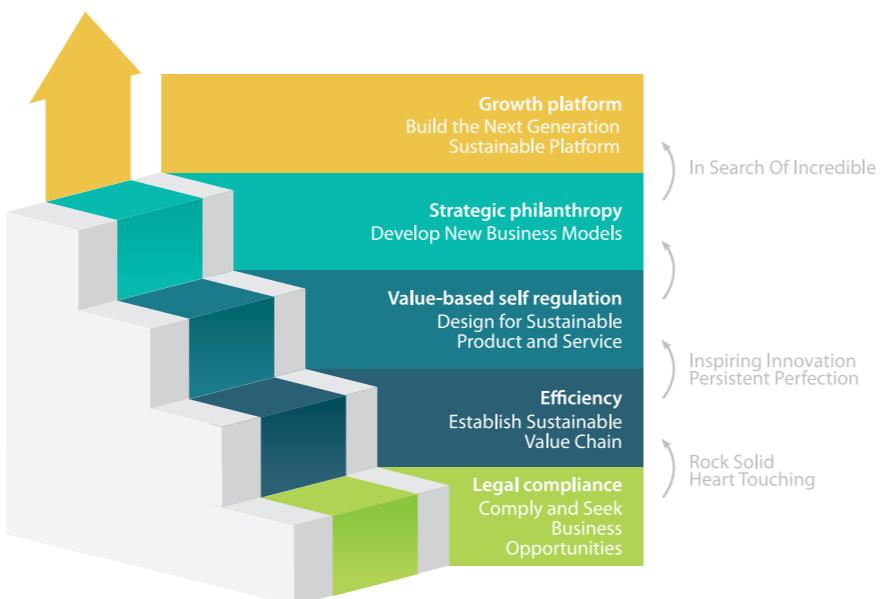
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## Transformation of Sustainable Corporate Development

ASUS firmly believes that prospective enterprises in sustainable development not only can create their own competitive advantage but also can contribute to the economy, environment and society as a whole in line with business growth. We also understand that corporate sustainability is not only confined to social charity and corporate image. It has to combine with core value and key business of the enterprises in order to transform sustainable corporate development into competitive advantage. As such, the focus of corporate social responsibility of ASUS undergoes different phases of transformation under the business strategy of ASUS.



ASUS' sustainable development began with regulation compliance. Before the Restriction of Hazardous Substance Directive ( RoHS) came into force, we had established the green technology department to monitor international environmental directives and regulations and ensure that all products were in conformance. ASUS is the pioneer in the industry in developing the first lead-free motherboard in the world, and this commitment showed the objective of “Rock Solid Quality”, as well as “green” quality, in that stage.

Then, ASUS expects global environmental regulations to become increasingly stringent, thereby established the “eGreen System”, a platform for managing hazardous substances. Through a strict review process, ASUS can ensure green quality of all parts and components used in the products. With this platform, ASUS can also communicate and cooperate with suppliers immediately and efficiently for the establishment of sustainable supply chain, transforming to another phase.

Under the corporate commitment of “Inspiring Innovation · Persistent Perfection”, ASUS enters into a new phase of sustainability transformation. The green technology department has been transformed into the CSO and includes the function of corporate sustainability performance, supply chain social responsibility, employee caring and community involvement. It covers the economic, environmental, and social aspects of sustainable development. We establish internal requirements stricter than the regulations, support the concept of producer responsibility by providing voluntary recycling services in various countries, invest in research and development to design high-performance, high environmental protection green products, and create a sustainable business opportunities.



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When ASUS began the phase with brand promise of “In Search of Incredible”, sustainable strategy faces new challenges. Through cross-department cooperation in life cycle assessment project, we review all possible issues that the organization and products may face in areas of environment, society, and governance, and thus we are able to identify possible risks and opportunities to enhance market efficiency.

ASUS continues to combine the core of operation to implement sustainable strategy, building a management platform for business continuity performance, product design, sustainable supply chain, and stakeholder engagement. ASUS products and services will lead to innovation through the integration of low-carbon, sustainable innovative technology. We will track the key issues of sustainable KPI and work with the supply chain to establish a sustainable production cooperation model, creating a differentiated competitiveness.

Sustainable operation is ASUS’ vision and an inevitable part of the competitive advantage of the enterprise. ASUS has adopted a sustainable strategy, that is not only to comply with laws and regulations and to avoid risks, but also bring innovative opportunities and competitive advantages. ASUS will live up with its original intention through the integration of the core competence and sustainable performance, in order to achieve the business philosophy of “strive to be among the world-class green high-tech leaders and to provide valuable contributions to humanity” .

## Sustainable Risk Management

To improve the governance and implement risk management that should receive attention in corporate operations, ASUS officially established the sustainability risk management platform at the end of 2016 to strengthen the responsive strategy and management when dealing with the risk using systematic methods through risk identification, risk evaluation, risk handling and monitoring mechanism.

The sustainability risk management platform follows ASUS internal governance structure and internal control mechanism, including 2 main promoting teams. First, the sustainability risk management promoting team: including sustainability development office, financial department, occupational safety department, legal department, human resources department, computing center, and operational units, responsible for identifying risk issues and managing approaches in response to risks. The Chief Sustainability Officer acts as the convener and oversees regular cross-department risk management meetings, drafting approaches for relevant risk issues, and report the annual risk management reports to the Audit Committee. Second, the risk management mechanism supervisory team: audit office is in charge to monitor whether the sustainability risk management follows regulations, while the Chief Auditor reports to the Audit Committee. The Audit Committee will decide whether to report to the Board according to the materiality of the risk reports.



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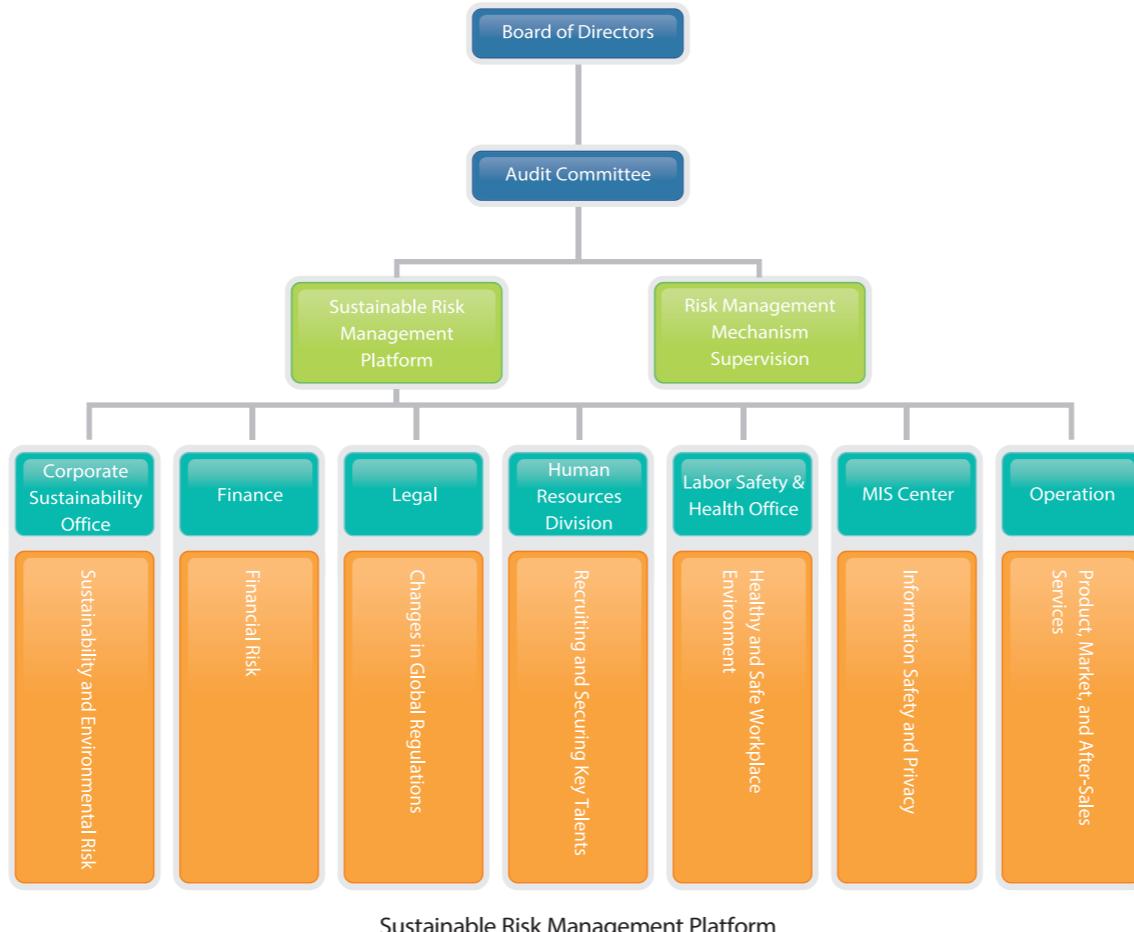
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The sustainability risk management platform promoting team extensively collects information on possible sustainability risks among international and electronic businesses to identify possible risks that ASUS may encounter. Each promoting team will further evaluate the possible chance of occurrence and influence level of identified risks, draw a risk map, and identify annual major risks of ASUS.

With reporting to the top management, reviewing risk management approaches through risk prioritization and continuing improvement of management operations, we hope to lower the chance of loss from risks and its influence. Preliminary reviews include anti-tax avoidance, information security, employee health management, key talent recruitment, sustainable supply chain management, and other major risk issues that are planned as priority promoted for 2017.

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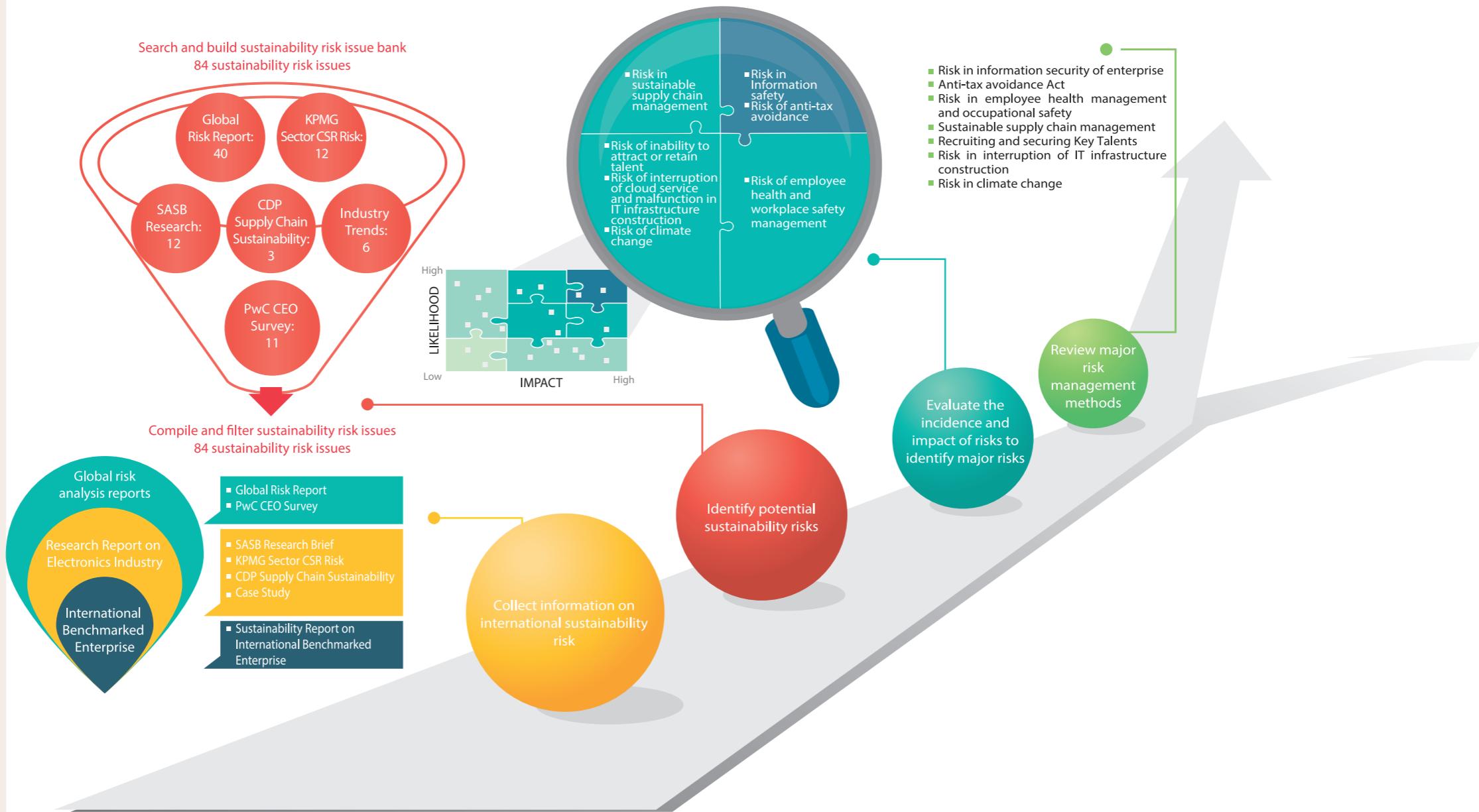
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## Business Ethics and Code of Conduct

Ethics and integrity have always been the most important core value of ASUS Group corporate culture. We embody the five virtues "humility, integrity, diligence, agility, and courage" to be the social and personal consensus of our people, as well as to meet one of ASUS' business philosophies "Commit to integrity and diligence; focus on fundamentals and results".

ASUS formulates the "Employee Code of Conduct" based on Code of Conduct by Electronic Industry Citizenship Coalition (EICC), and "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies". The "Employee Code of Conduct" covers corruption and bribery, insider trading and other regulations such as intellectual property rights. The online course is mandatory for all employees and is translated into various languages; new employees will complete the course within their first month. Furthermore, promotion and explanation of the Employee Code of Conduct are conducted irregularly to employees to strengthen the ethic of all ASUS employees, hoping that apart from professional skills, employees will also display required ethics. Questions regarding the contents of the code and the legality can be directed to the professional opinions of the legal center.

ASUS has always engaged in all business activities with honesty and forbids corruption and any form of fraud. With a system of rewards and punishments, we make sure that employees do not accept any form of fraud regarding demand, contract, bribery, or any other improper benefits. Should anyone discover information of potential violation of the "Employee Code of Conduct" of ASUS employees, reporting can be made to ASUS through our public mailbox [audit@asus.com](mailto:audit@asus.com). We will provide protection for the whistleblower from unfair and disrespectful treatment.

In case of violation of the "Employee Code of Conduct", the employee will receive a penalty according to case scenarios and regulations. ASUS severely punishes incidents where regulations are violated, and the case will be reported to judicial units for investigation.

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

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## Regulation Compliance

Regulatory compliance is not only the practice of integrity, but also the core of decreasing operational risks and sustainable developments. ASUS products and services are spread across the world. To ensure that the products and services meet the global regulations, we have a designated legal department that pays close attention to the establishment and development of regulations that have potential influence on ASUS, tracks and evaluates on regulations, and establishes the compliance mechanism of policies and regulations, assisting each department to conform to and implement relevant regulations.

To effectively monitor the regulations, ASUS has established the “ASUS Internal Regulation Identify Management Measures” which identifies and manages environmental, operational, and service-related regulations in 2016. Based on the balance principle, we disclose public criminal law cases or administrative law cases that were fined more than 1.5 million NTD or seriously affected the operation of the company in the corporate social responsibility report.



In 2015, ASUS smartphone product Padfone S was mislabeled as being able to support the electronic wallet on the official webpage and later was fined according to the Fair Trade Act in 2016. ASUSTeK Computer Inc. was fined for 2 million NTD, and ASUS Technology Incorporation for 600 thousand NTD.

ASUS immediately announced the return policy when noticing the mislabeled issue, and also thanked consumers for their supports in ASUS. We would review the case and improve internal management to avoid similar incidents.

## [PadFone S服務公告]

2015/02/04

ASUS PadFone S手機產品官方網頁誤植支援電子錢包功能，特此更正NFC(近場通訊技術)僅提供免接觸資料交換。  
以下為華碩提供之消費者服務方案，不便之處敬請見諒。

- 服務方案：消費者可申請PadFone S手機與其相關原廠配件退購。
- 適用對象：於華碩官網2015/1/7更新勘誤前購買PadFone S之消費者，可憑發票或購買證明，連同產品申辦退購。
- 申辦時間：2015年2月9日起到2015年5月8日止。
- 申辦地點：請於下列指定經銷商店點辦理退購。
- 退購方法：攜帶欲辦理退購之PadFone S手機與其相關原廠配件(含平板基座、手機翻蓋皮套、無線充電座)，及其發票或購買證明，於各指定店點營業時間內，前往辦理產品收回及退款手續。



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## Internal Audit System

For the Board of Directors and top management to conduct an independent, objective evaluation on the completeness, effectiveness, and implementation of the internal control system, ASUS has a comprehensive audit and report system. An audit office is established under the Board of Directors with a Chief Auditor in charge of internal audits and supervising the work within the office. The appointment and removal of the Chief Auditor require the consent of the Board of Directors. There are other designated auditors responsible for jobs such as the execution of internal audits and project review.

Also, with the appointment of the Board of Directors and top management, the audit office provides related investigations, evaluations, or consulting services that assist them to fulfill their duties in managing the company.

## Association

The table below lists the associations ASUS participates in and values, and also provides an overview of ASUS' involvement:

Associations	Member	Position in governance body	Projects or committees involvement	Substantive funding
Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)	✓			
Taipei Computer Association (TCA)	✓			
Corporate Green Competitive Association (CGCA)	✓		✓	
Business Council for Sustainable Development (BCSD) of Taiwan	✓		✓	
Conflict-Free Sourcing Initiative(CFSI)	✓			
The Sustainable Trade Initiative - Tin Working Group (TWG)	✓			
Electronic Industry Citizenship Coalition (EICC)	✓			

ASUS joins TEEMA, TCA and CGCA to provide industry resources to and opportunities for ASUS to share our experiences with others; joining BCSD of Taiwan offers us opportunities to actively join discussions regarding sustainability issues and share ASUS' experiences in CSR with other members.



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For the issue of conflict minerals, ASUS joined the Conflict-Free Sourcing Initiative (CFSI) established by EICC and GeSI (Global e-Sustainability Initiative)and works in conjunction with 300 enterprises in 7 industries to support Conflict-Free Smelter Program (CFSP). The conflict minerals reporting template is used to perform due diligence and disclose the information on investigation of the supply chain, and ASUS will provide questions specific to industry and further recommendations to address the problems.

The scope and issue of conflict minerals have expanded across the world. We have applied for membership to the Sustainable Trade Initiative's Indonesian Tin Working Group (IDH-TWG) and teamed up with information and communication technology (ICT) businesses to reduce the ecological impact and effect caused by environmentally harmful tin mining, so as to promote fair trade in all businesses and ensure more sustainable tin mining practices in Indonesia. The Sustainable Trade Initiative (IDH) is an international non-profit organization devoting to maintain fair trade in different areas. The Tin Working Group (TWG) aims to ensure more sustainable tin mining practices in Indonesia.

To fulfill corporate social responsibility and comply with the expectation of stakeholders, we have fully assessed and aggressively participated in various international organizations and programs to resolutely assume our corporate social responsibility and make substantive contributions to environmental issues. We applied for membership to the Electronic Industry Citizenship Coalition (EICC), committing to giving full support for the EICC Code of Conduct and promoting CSR to the supply chain, including respect for labor and human rights, establishment of a healthy and safe work environment, promotion of eco-friendly processes. In addition, we request that tier-one suppliers comply with the EICC Code of Conduct together and continuously monitor and measure their performance, so as to achieve the EICC vision and objective.



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# Environment Responsibility

ASUS commits to achieve a balance in economic, environmental and social dimensions, pursuing the growth of business while protecting the environment. In response to global climate change, water scarcity, and environmental pollutions, we use the green design as the starting point and take the product life cycle into consideration in reviewing the activities in extraction of raw materials, manufacturing, service, and recycling stage, as well as the impacts in society and environment. And then we establish relevant strategies and goals, and launches environment-friendly products, creating green competitiveness.



More than 70% of new components are halogen-free



All notebook computers comply with energy efficiency regulations by "Energy Star", and the energy efficiency was 53% better than the standards.



Products received 31,321 eco labels in 2016 worldwide.



The first global consumer IT headquarters received UL Zero Waste certification worldwide.



Reconstructed corporate headquarters received Green Building label, Intelligent Building label and the United States Leadership in Energy and Environmental Design (LEED) Platinum.



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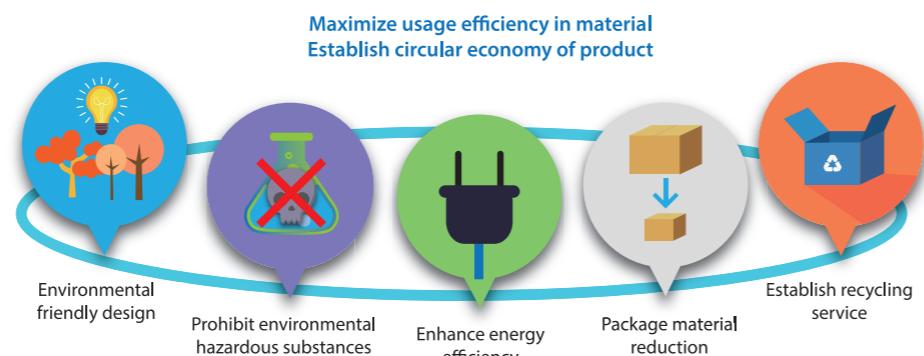
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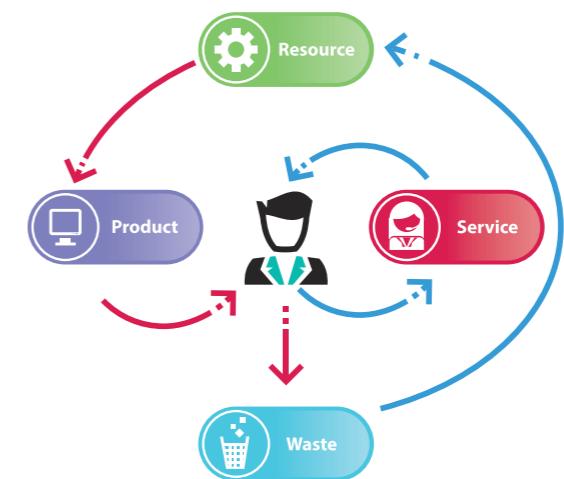
According to the research by the European Commission Directorate General of Enterprises and Industry, more than 80% of the environmental impacts of a product are determined at the design stage. As such, the best solution to avoid products causing damage to the environment is to merge the idea of environmental friendly at the design stage.

Based on the result of Life Cycle Assessment (LCA), ASUS uses these 3 key areas - "environmental friendly materials", "design for easy disassembly and easy recycling", and "energy efficiency" to manage the green quality in our products in order to implement eco design and reduce the environmental footprint from the beginning. With the development of global circular economy, we rethink how to extend the green design and further maximize the efficiency of resource used so that we are moving towards the goal of zero pollution and zero waste, and creating new business opportunities.



## Circular Economy

The “take, make, dispose” model seen in most industries and products is linear economy. However, the increase in the demand of raw materials and in extraction costs, along with resource depletion and mass waste that lead to environmental problems, will increase the operational risks and production costs. ASUS believes that a change in the consuming model must be taken to create a sustainable future. This requires the corporate to carefully reconsider resource utilization and evolve to circular economy, which could not only effectively enhance resource efficiency, but also reduce operational risks and bring new business opportunities. This is also the goal of ASUS' product environmental responsibilities.



ASUS hopes to make our products achieve circular economy that emphasizes restorative and regenerative and thus transforms the design and service of the product life cycle from "cradle to grave" to "cradle to cradle", which prevents the use of hazardous substances, improves the efficiency of

energy and resource, improves the design as easy repair and upgrade, and extends the product life through refurbishment. When the product finally reaches the end of life stage and becomes waste, a proper recycling system could turn it into reusable materials.

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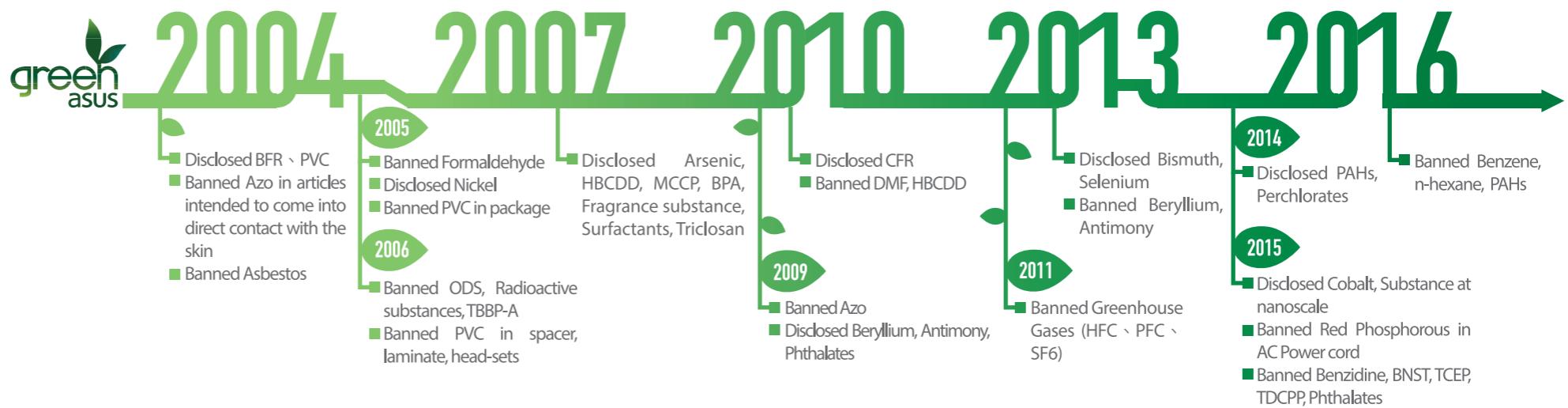
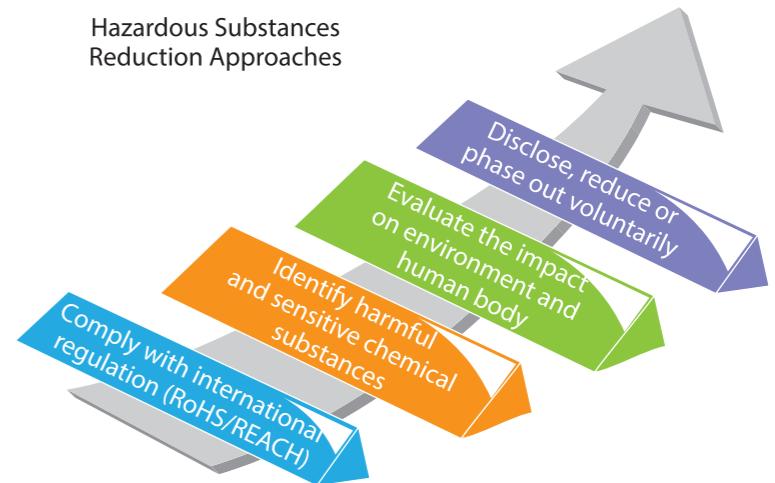
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## Environmental Friendly Materials

By using environmental friendly materials at product design phase, we not only drive the industry upgrade in the supply chain, but also improve the reuse value of and applicability of product wastes, facilitating the new material cycle.

As an international brand of electronic products manufacturer, ASUS upholds the idea of producer responsibility and supports the preventive approach mentioned in the Rio Declaration of United Nations Conference on Environment and Development (UNCED) by not only securing compliance to global environmental regulations, but also voluntarily managing the chemicals harmful to humans and environment in order to reduce environmental impacts of the products.

## Hazardous Substances Reduction Approaches



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ASUS classifies the components and products into 4 management levels - GA, HF, EL and HE - to facilitate management and market positioning as well as satisfies client needs. A comprehensive verification platform is established to systematically and effectively ensure that all components comply with more stringent regulations for chemical control.



"GA" is the fundamental requirements of ASUS. We combine industry regulations and non-mandatory control of chemical substances in the industry to institute an internal technical standard which covers and manages more than 300 chemical substances.

"HF" is short for halogen-free, which is one of the goals of ASUS' chemical management. To reduce the flammability of plastic materials, flame retardants are added into the manufacturing process to prevent fire from spreading or to reduce spreading, and this capability has saved many lives. Halogen-based fire retardants are versatile, economic, highly efficient and highly compatible with base materials, making them widely used. However, research shows that halogen-based fire retardants cannot be recycled and reused, and waste incineration can generate fume, dioxin and haloid acids that damage the immune system, posing threats to human health, environment, and the next generation. Also, haloid acids can infiltrate halogen-containing components and render them non-reusable. This will gradually increase the risks to humans and to the environment, and contradict the goal of circulating economy.

To this end, we established "GreenASUS Halogen-Free (HF) Technology Standard ". Starting with the first halogen-free motherboard in 2004 and the first halogen-free display (VW247H-HF) in 2011, ASUS has been continuously endeavored in halogen-free materials and technology and further introduced halogen-free policy in 2010. Each year, the percentages of new halogen-free compliance components continue to rise, from 60% in 2012, 75% in 2014, and 78% in 2016.

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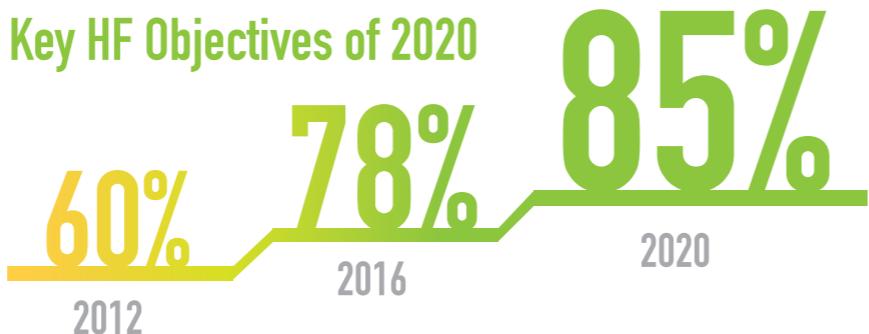
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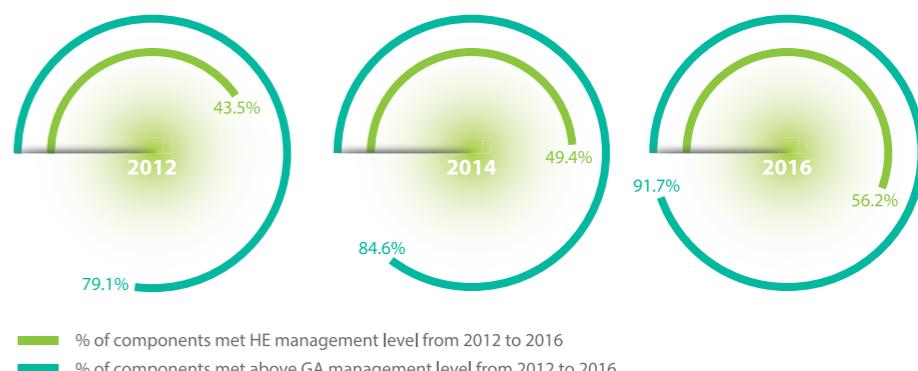
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Meanwhile, we have committed to increase the ratio of halogen-free components and products with alternative technology without compromising product efficiency, quality, health and environment. Other than the technology and economically-impractical materials, such as system module, printed circuit board, adaptor and wires, ASUS has applied the halogen-free requirements to all components and seeks continuous increase of at least 3% annually, preferably 5%, with the goal of more than 85% halogen-free components by 2020.

"EL" is the management level with requirements based on global Eco Label standards so that ASUS products could be qualified to join international green procurements.

We have been working with suppliers in developing innovative technology for years, urging them to improve the environmental properties of supplied components and products, and step up the management level. In 2016, 91.7% of newly approved components achieved compliance higher than the GA management level, and even more than 56% also reached HE, the highest management level.





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### **Improving Energy and Resource Efficiency**

In the way toward to circular economy, energy and resource utilization must be optimized without compromising product performance and service, thus enhancing energy and resource efficiency is the best solution.

For many years, energy saving has been an essential appeal of ASUS products. As early as in 2011, ASUS required all notebook computers to comply with the strictest energy efficiency program - the Energy Star Program - of the world. Energy Star has been updated for several instances and increased performance in energy efficiency, and ASUS still follow the principle.

The performance of energy efficiency of ASUS products was resulted from the research and development of energy efficient software and hardware. For hardware, ASUS has a Research and Development (R&D) center for power supply to continuously reduce the energy loss in the components. For software, ASUS has developed different modes of application in line with user behaviors for performance adjustment of the components, achieving effective allocation of electricity and thus reduce waste in energy. The overall result showed the improvement in energy efficiency and thus achieved the reduction of carbon footprint of products. All notebook computers manufactured in 2016 met the Energy Star requirements, and the average energy efficiency of the notebook computers was at least 53% better than that of set forth by Energy Star.



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### Package Material Reduction

Package materials provide protection during transport and are for marketing purposes, but most are disposed of by consumers after purchase, leading to a waste of resources. To address this problem, we not only secure the compliance to international laws and regulations, but work on package design to reduce material usage, achieve toxic-free, and improve energy and resource efficiency.



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### Design for Easy Disassembly and Easy Recycling

The easy disassembly and easy recycle design could facilitate circular economy. Products and components easy to disassemble allow consumers to upgrade the products according to their needs, thus avoiding the purchase of the entire product; allow easy repair and replacement of parts and components at the time of product failure; allow recycling vendors to classify the materials and hence reduce the cost of recycle processing and enhance the value of using recycled electronic items.

Using single and homogenous material for plastic, and avoids using bonding or welding materials to facilitate the recyclability

Disassembling or separating plastic and metallic parts of the products alone with simple tools

Adding postconsumer plastic materials to reduce the use of new resources

Applying modular design so that components can be dismantled, replaced or upgraded with general tools

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## Global Recycling Program

With recycling and resource circulation, an unusable product does not come to an end, but is given new value and new life to create opportunities for next economic development.

In supporting the concept of producer responsibility, we work with recyclers who could meet local environmental regulations and qualified by governments in ASUS primary markets, including Europe, North America, Australia, China, Taiwan and Japan. In addition to the recycling service required by local governments, we set up voluntary takeback program with recyclers possess the capability to comply with high international electronics recycling standards, such as Responsible Recycling (R2) or e-Stewards Standards, to provide convenient and free recycling service so that consumers could recycle the devices more easily. Also, we launched "Refurbished Computer and Digital Training Program" in Taiwan to recycle the waste electronic products from agencies and organizations. This allows proper recycling and management of aged electronic products, and the refurbished products can be donated to domestic non-profit organizations for the purpose of reducing digital divide.

In 2016, ASUS also actively expand the recycling service in emerging markets of Southeast Asia, and we took India as the beginning. In the future, consumers in major cities of India can drop off the waste electronic products to designated spots for recycling, or contact customer service for retrieval. ASUS called for the attention of electronics recycling in India via physical and non-physical marketing platforms, moving toward to environmental sustainability.

In 2016, ASUS' recycling service covered 63% of the market, and the electronic products recycling rate was 12.21% of total product weight of global sales volume of the year.

Goal Recycle 15% of global sales weight by 2020, and 20% by 2025.



ASUS Global Product Recycling Service Locations

### 2016 Product Recycling in Major Markets

Region	Weight (ton)	%
North America	2,610	24%
Europe	4,287	39%
Asia/Oceania	4,039	37%
Total	10,936	100 %

Note : ASUS joins the recycling schemes assigned by local governments as well as establishes voluntary recycling services in various countries. The products recycled include both ASUS and non-ASUS brands, showing our commitment in CSR. The recycling % = recycled weights from various countries of certain year/ (the product quantities sold worldwide in each type of certain year multiplied by the average product weight for each type). The packaging materials were not calculated.

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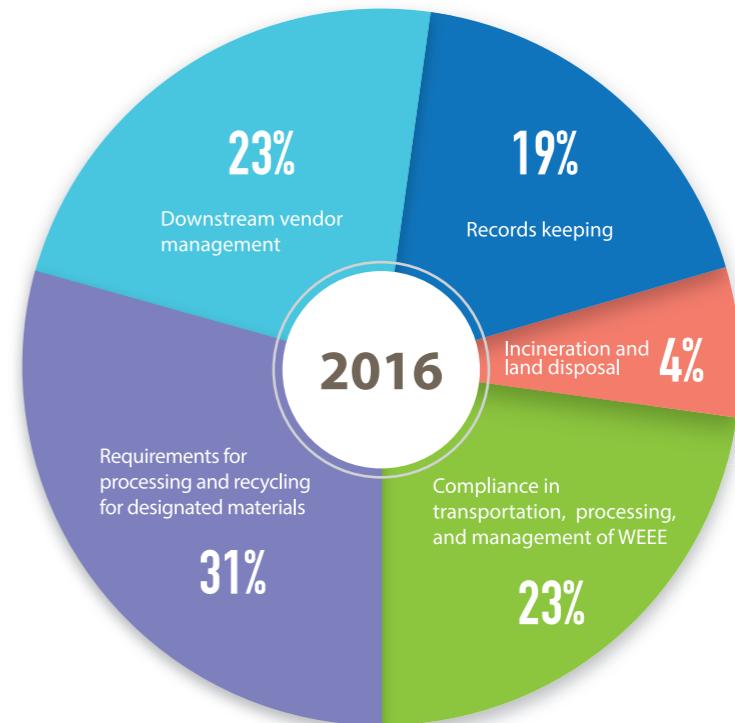
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In addition to the partnership with qualified recyclers to ensure that electronic wastes are adequately handled, we have applied more stringent requirements from the United States EPA Plug-In to eCycling Guidelines and European WEEELABEX in the annual first to third tier recycler audits, tracking the flow of waste to ensure our partners comply with ASUS' electronic waste recycling management guidelines.

ASUS recycling audit guidelines cover 7 dimensions:

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

In 2016, ASUS completed annual audits of 25 recyclers in Taiwan, the United States and Europe. We found that 68% of them were approved when 32% were not. ASUS demanded the unapproved recyclers to correct the findings within the allowed period, or the partnership would be terminated.



**Recyclers' findings in FY2016 audits:**

Dimension	Findings
Requirements for processing and recycling for designated materials	Lack of monitoring records on environment and employee health
Compliance in transportation, processing, and management of WEEE	Management flaws in electronic waste storage; lack of instrument calibration records
Incineration and land disposal	Evidence for landfill for sites were not sufficient
Downstream vendor management	No immediate update of downstream vendor lists
Records keeping	Lack of complete annual reports

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## **Eco Label Products**

The system of environmental-friendly label (usually known as Eco Label) helps consumers identify green products, and governments across the world define the Eco Labels as one of the qualification of green procurement.

ASUS analyzes the requirements of eco labels and identifies significant programs to actively apply for or registers the product to promote green products. In 2016, ASUS products received 31,321 environmental-friendly labels, 4.2 times relative to 2015.

Eco Label	LOGO	Country	Orientation
EPEAT		Multiple	Requirements over a complete life cycle, including environmental properties of the products and organization behaviors
Taiwan Green Label		Taiwan	Energy-saving, low pollution
TCO		Sweden	Requirements over a complete life cycle, including environmental properties of the products, safety specifications, organization behaviors, and the CSR in supply chain
China Environment Labeling		China	Requirements over a complete life cycle, including environmental properties of the products, safety specifications, and environmental requirements on the manufacturing facility
Energy Star		Multiple	Energy-saving and efficiency
Energy Label		Taiwan	Promote energy efficiency and technologies as well as to encourage energy saving in daily life
China RoHS		China	Voluntary chemical management



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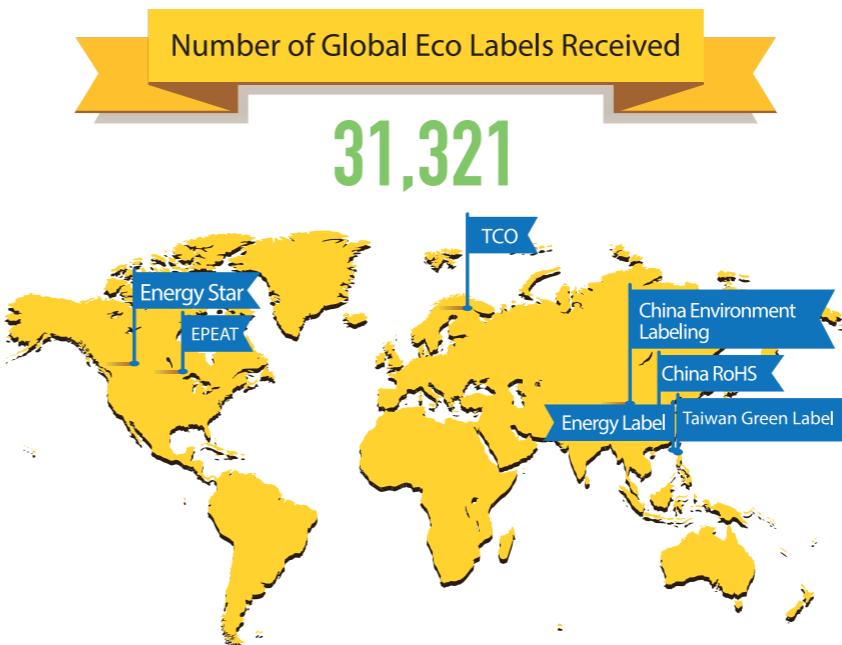
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In 2016, ASUS added 161 models as EPEAT registered products, where 73% are EPEAT gold level. To align with EPEAT optional criteria, 38% of the registered displays were introduced with post-consumer materials, and the percentage is expected to increase in the future. Please refer to the websites below for a detailed list of ASUS products registered for EPEAT.

ASUS EPEAT page:

<http://csr.asus.com/english/index.aspx#41>

Official site of EPEAT: <http://www.epeat.net/>



Number of Global Eco Labels Received
EPEAT 161
Taiwan Green Label 37
TCO 65
China Environment Labeling 30,694
Energy Star 129
China RoHS 102
Energy Label 133

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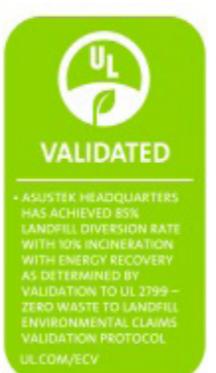
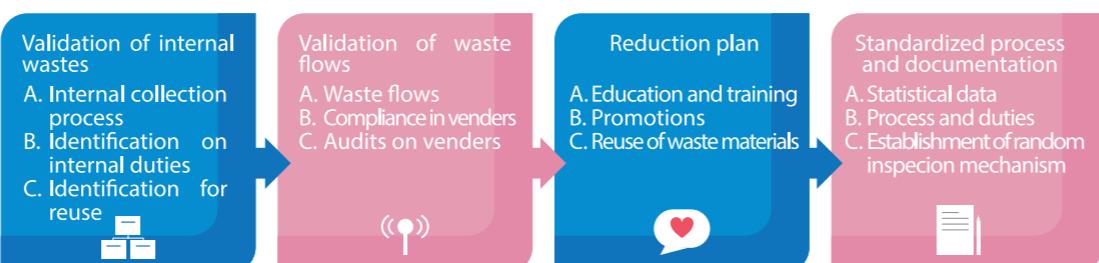
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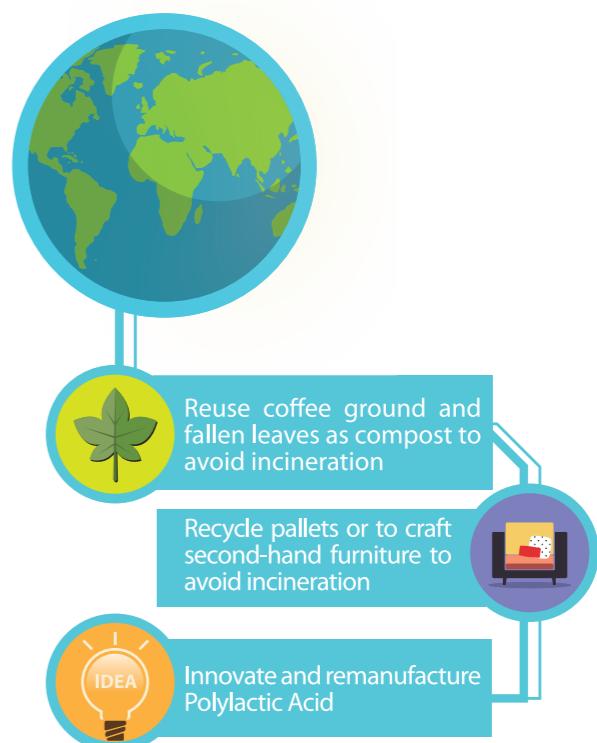
### ASUS Headquarters Zero Waste to Landfill Program

In response to circular economy, we launched the Zero Waste to Landfill Program at the headquarters. The program applied UL Zero Waste to Landfill Validation (UL ECPV 2799) requiring that all waste flows within the enterprise were subject to compliance management, inspection and auditing to ensure that waste materials were properly recycled, reused or converted instead of direct sent to landfill for disposal. The validation was granted when the overall waste diversion rate reaches over 80%.

ASUS headquarters' waste diversion rate reached 85% (10% via incineration and recycling included). With enhancing the waste recycling and reuse, ASUS was recognized as the first consumer electronics company with headquarters receiving UL Zero Waste to Landfill validation.



With the Zero Waste to Landfill validation, ASUS further committed to reach a 90% waste conversion rate by 2020. In order to achieve this goal, we have started several extension programs to create new value for waste materials, preventing them going to incineration.



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### Polylactic Acid (PLA) Innovation and Remanufacture Program

PLA is a polymer made from corn or other plant starch. As it can be degraded into water and carbon dioxide after use, and requires only a half of the energy to process compared to that of processing ordinary plastic, it is considered as an ideal green material. However, PLA does not degrade under ambient conditions but requires specific temperatures and humidity. When recycled with ordinary plastic materials, it may cause contamination and reduce the reusability of others.

Through the Zero Waste to Landfill project, we found that the recycling practice in Taiwan has not established the market of PLA recycling and reuse, and the compost processing facilities are not popular in Taiwan. This means the PLA is mostly going to incineration after recycling, losing its green natures.

To solve this problem, ASUS worked with suppliers to develop consumer products made from recycled PLA. We recycled waste PLA containers in the headquarters, including cups of cold drinks from Starbucks and from MOS Burger, and turned them into PLA pellets via crushing, rinsing and dyeing. Injection molding was then used to produce small official supplies. Wastes which would be incinerated were turned into new commodities, showing good examples of circular economy.



Other reuse programs:

- Coffee grounds reuse program: The coffee grounds from the shops and employees in headquarters used to be disposed of and incinerated. When collected and properly dried, they are an ideal deodorant or compost material for potting.
- Fallen leaves reuse program: The headquarters are deployed with several compost processing zones to collect and transform the twigs and leaves from plant trimming instead of sending to incinerators.
- Pallet reuse program: The pallets used for transport could be provided to second-hand furniture and carpentry, granting new life to waste materials.

### Corporate Headquarters Smart Green Building Project

ASUS has been committed to reduce the environmental impacts of corporate operation. In 2016, we reworked the corporate headquarters aged nearly 20 years old in the direction of green building and smart building and received certificates.



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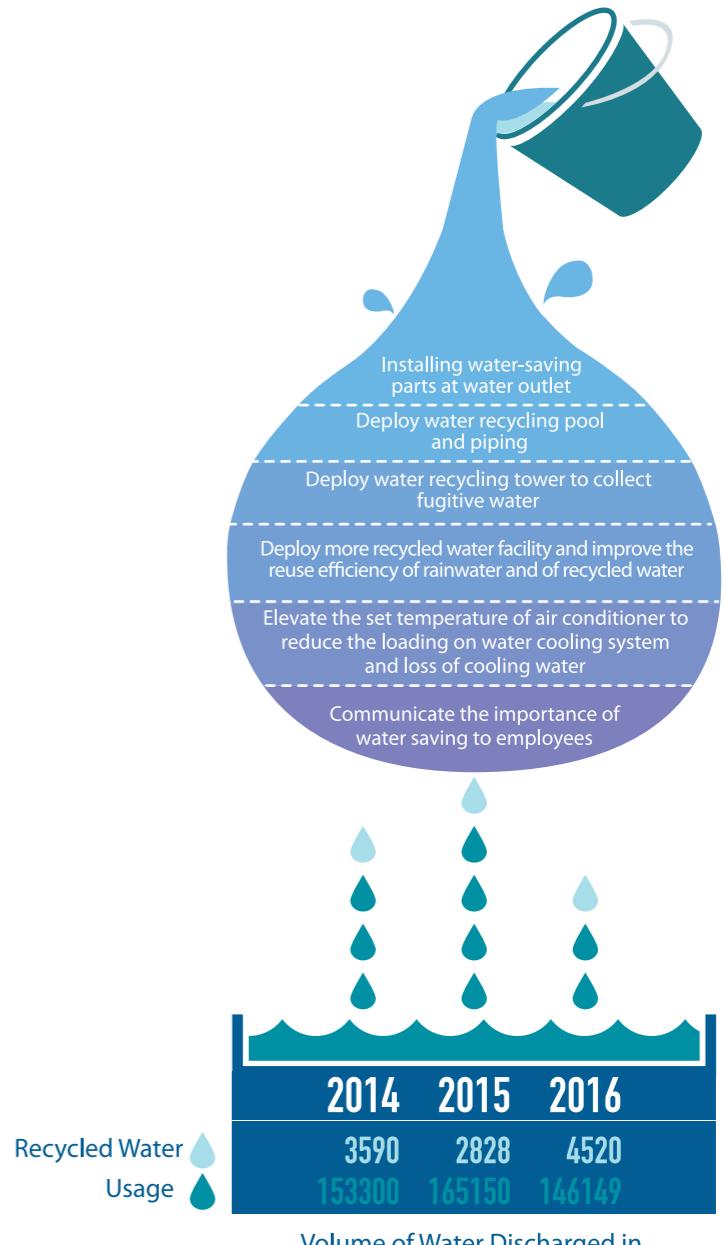
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ASUS has a designated team responsible for safety and health of the working environment. The team ensures ASUS complies to all relevant regulations through the assessment of the possible impact from corporate activities on the environment so as to comply with applicable legal rules governing environmental protection and the requirements of the government in environmental protection. In addition, ASUS will continue to establish and implement action plans for improvement so as to minimize the impact on the environment and continue to move towards the goal of “zero pollution” .

### Water Resource Management

The demand of water resource in daily life or for corporate operation increases, so do the water resource depletion and the associated risks. In ASUS, water is primarily of domestic purposes by office employees, suggesting that the operational risks from water resource are relatively low.

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



Volume of Water Discharged in Taiwan for the Past 3 Years (Unit: M<sup>3</sup>)

Recycled water used in 2016 was accounted for 3% of total water usage

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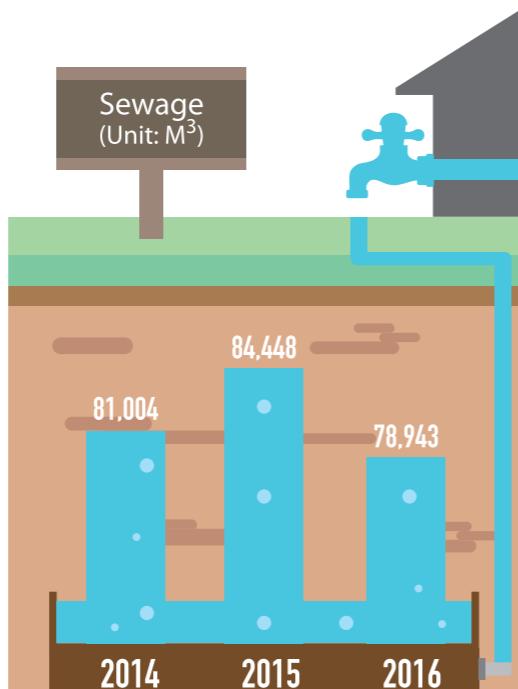
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Note: The sewage records of Taiwan Headquarters and Luzhu Readiness Yard were from actual sewage meter. Chengde Office did not equipped with sewage meter and was estimated 80% of the water usage.

The source of sewage is primarily domestic sewage, which will be discharged to the designated sewage treatment system to avoid environmental damages. Sewage monitoring, system maintenance and the creation of operation manual are conducted by designated personnel and sewage management partners to ensure that the water released comply with environment laws and regulations.

Test Item/Year	2014	2015	2016	Regulation
Temperature (°C)	20	23.6	25.8	May to Sep: below 38°C Oct. to Apr.: below 35°C
pH value	7	7.4	7.1	6~9
BOD (mg/L)	16.3	13.2	5.3	50(mg/L)
COD (mg/L)	-*	43.0	26.9	150(mg/L)
SS (mg/L)	20	4	5.6	50(mg/L)
E-coli (CFU/100mL)	$7.4 \times 10^3$	$3.6 \times 10^3$	$1 \times 10^3$	$3 \times 10^5$ (CFU/100mL)
Test Result	Compliance			-

Note1: The data recorded for Taiwan Headquarters only. The source of sewage is primarily domestic sewage; no industrial wastewater. The total volume of sewage is much larger for Headquarters, thus it would be the representative data for the quality of sewage.

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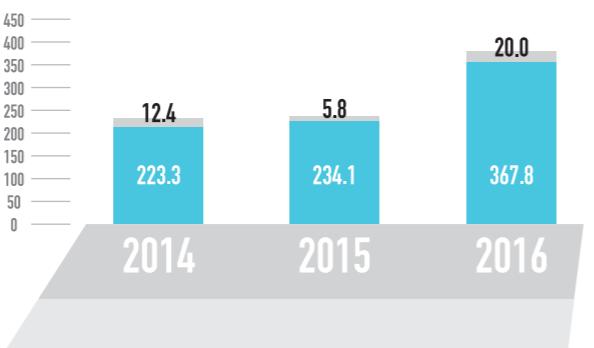
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## Waste Management

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

Other than the limitations, our efforts can minimize the environmental impacts, and the increase in reuse and recycling will also decrease the wastes going to incineration or landfill.

The historical data of type and weight of waste in Taiwan are as follows:



Unit: ton

■ Hazardous industrial waste

■ General industrial waste and package materials

As the business continues to expand, more wastes are generated and the management has become a major challenge. We promoted the importance of waste sorting to our employees to improve recycling rate and reduce industrial waste generated. In addition, by continuing to communicate with recyclers and research on the recovery technology, we expect the increase in waste recycling and reuse, and ultimately accomplish the goal of zero waste to landfill.

## Energy Management and the Response to Climate Change

Consistent energy supply is one of the key factors of sustainable business operation, indicating that optimizing the efficiency of energy usage is an immediate issue to enterprises. ASUS is not in an energy-intensive industry with most of the energy consumption coming from office administration, we still commit to fulfill our corporate social responsibility with several energy saving projects. In 2016, we first introduced ISO 50001 energy management system with the goal of reducing energy consumption by 1% annually.

	unit	2014	2015	2016
Diesel	L	228	228	1306
	KJ	8	8	46
Gasoline	L	8,671	9161	9056
	KJ	283	299	296
Electricity	MWH	21,488	22,051	23,489
	KJ	77,356	79,383	84560

Factors: Diesel 35.17 J/L; Gasoline 32.66 J/L; Electricity 3600J/MWH

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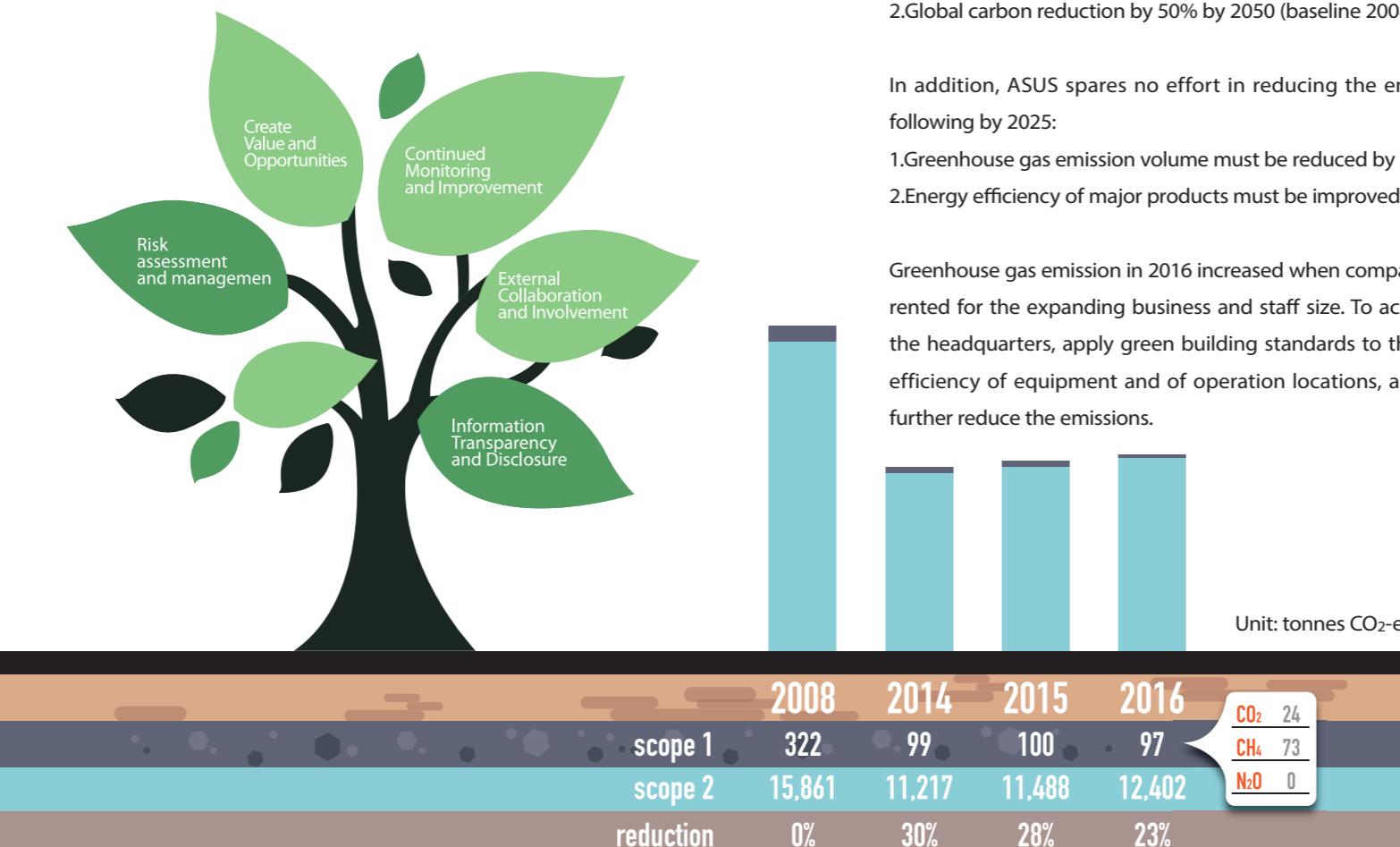
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ASUS considers climate change a significant risk requiring immediate response, and has formed a professional team to manage this issue. In 2009, the first stage goal was to achieve 15% reduction in greenhouse gas emission by 2015 relative to 2008. Thanks to the effort of all employees, the goal was achieved in 2010, and further achieved 30% reduction at the end of 2013. It was then we defined the goal of the second stage:

ASUS supports the goal of greenhouse gas reduction proposed in the UN Climate Summit, including:

- 1.The global rise in temperature should be controlled to less than 2°C on average
- 2.Global carbon reduction by 50% by 2050 (baseline 2008)

In addition, ASUS spares no effort in reducing the environmental footprint and commits to the following by 2025:

- 1.Greenhouse gas emission volume must be reduced by at least 50% (baseline year 2008)
- 2.Energy efficiency of major products must be improved by 50% (baseline year 2013)

Greenhouse gas emission in 2016 increased when compared to the previous year as more offices were rented for the expanding business and staff size. To achieve our goals, we have planned to expand the headquarters, apply green building standards to the new buildings, improve the energy usage efficiency of equipment and of operation locations, and increase the use of renewable energy to further reduce the emissions.

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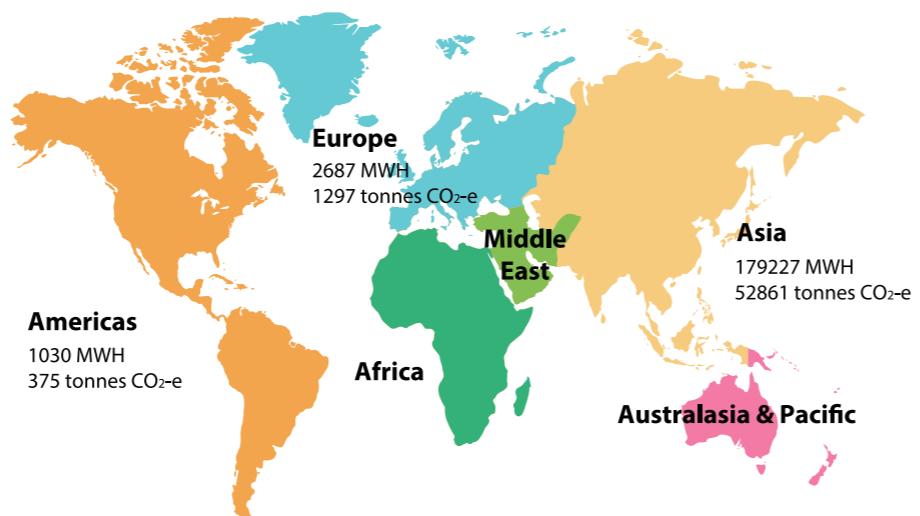
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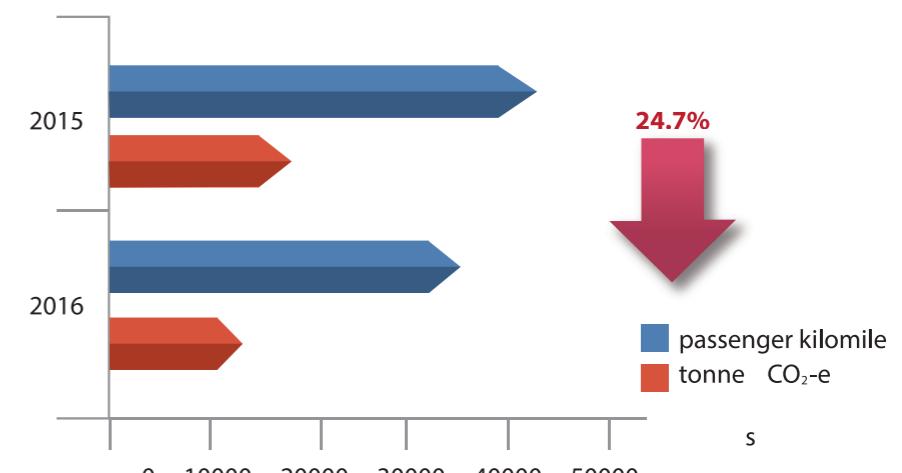
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The scope of GHG reduction goal and inventory includes energy used in transportations, in generators, in sewage equipment, and electricity used by ASUS and by the service centers in Taiwan. The emission was calculated based on GWP (Global Warming Potential) defined in IPCC 2007 AR4. No bio-based fuel was used in 2016. Oversea subsidiaries were mostly leased offices, thus we only disclosed the emissions.



Employee business travel: 33,928 passenger-thousand-mile, producing 9,771 metric tonnes CO<sub>2</sub>-e. It was 24.7% reduction compared to 2015.



Emission factor : 0.288 kgCO<sub>2</sub>/mile, UK Government GHG Conversion Factors for Company Reporting.

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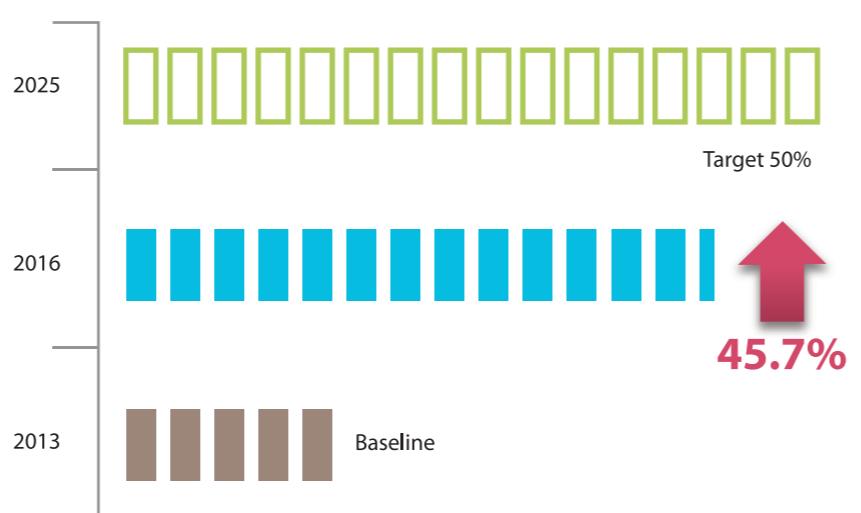
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Product energy efficient: in 2013, Implementing Ecodesign Design requirements for computers and computer servers went effective. It was introduced in 2 phases, and ASUS had been committed to meet requirements in Phase 2 in advance by setting those requirements as our product efficiency standards, demanding the energy efficiency of all notebook computers should perform better than the requirements. By 2016, through the energy saving designs in hardware and software, the energy efficiency of the notebook computers was 45.7% better than the standards. We will continue to move toward the 50% goal.



## Environmental Accounting

Environmental accounting records the financial information of the environment activities of the corporate. it can be used for the decision-making in environment management, and is viewed as an important information to communicate with external stakeholders. ASUS assigns specialists to routinely analyze environment costs to verify that environment accounting could accurately evaluate industrial expenditures on environment protection, environmental data and activity costs.

As ASUS has no manufacturing facilities, environment expenditure primarily comes from the procurements of office supplies and the budgets for preventing pollution arising from operation. In 2016, ASUS headquarters spent approximately USD 365.29 thousand in green procurements, and USD 86,394 in the pollution preventions. In the same year, the reported payment to Environment Protection Agency's Resource Recycling Management Fund as required by Article 16 of Waste Disposal Act was approximately USD3.8 million.



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# Value Chain Sustainability

ASUS has extended our sustainability strategies and actions beyond the corporate to cover all participants from upstream to downstream, including suppliers, clients and consumers. As a global leading enterprise, we exercised our brand influence on our suppliers and led them in sustainability transition by prohibiting the use of conflict minerals, securing labor rights, improving production efficiency, reducing environmental impacts, and enhancing the industry sustainable competitiveness.

On the other hand, we provide our consumers with products that are environmental friendly and responsible to laborers, making sustainability a fundamental element of our consumers' daily life. We also listen to our customers and provide high service quality that would bring high degree of satisfaction, and attempt to change consumer behaviors and thus extending the product life cycle via environmental education and information sharing, creating a circular economy.

Seeking more collaboration in dealing with environmental and social issues, ASUS is taking the initiative in building a sustainable future.



90% of tantalum, tin, tungsten and gold are supplied by qualified conflict-free smelters



83% passing rate for CSR audit in supply chain



85.2% in customer satisfaction for repair and maintenance



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ASUS has extended our sustainability strategies and actions to the whole value chain, including raw material extraction, manufacturing and assembly, distribution and transportation, marketing, product usage, after-sale service, and end of life recycling. The process not only creates ASUS' corporate value, but the niche of our sustainability efforts.

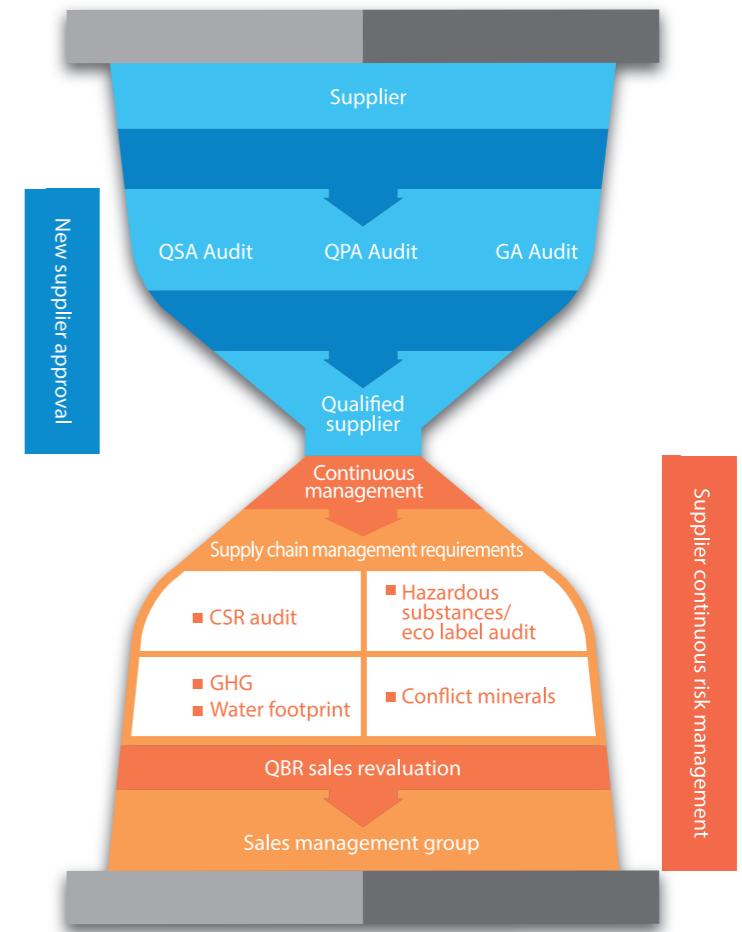
To align with the transition of sustainable strategy, we incorporated the sustainability requirements of international legislation, NGO and clients into the value chain management and procurement standards, further paying attention to labor rights, conflict minerals, hazardous substance and environment pollution beyond cost, quality, technology and punctual delivery. ASUS hopes to cooperate with our suppliers to create a sustainable opportunities.

## Supplier Management Strategies

All ASUS qualified suppliers must pass three evaluations - quality system assessment (QSA), quality process assessment (QPA), and GreenASUS Hazardous Substance Free (GA) assessment - and sign the "Code of Conduct Compliance Declaration" in advance. In addition, to ensure the stability in supply, for those that have continuous business relations with ASUS, we will perform the following evaluations including CSR audit, hazardous substances management audit, GHG inventory, water footprint survey, and conflict minerals survey.

These performance indicators are included in the quarterly business review (QBR), which provides important references when we consider the order placement and partnership continuation.

According to industry characteristics of our supply chain, procurement model, and geographical relations, we have identified some key issues such as conflict minerals, product compliance, sustainability risk management, and environment information transparency in our supply chain management.



Quality System Assessment, QSA  
 Quality Process Assessment, QPA  
 GreenASUS HSF Assessment, GA

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### **Conflict Minerals**

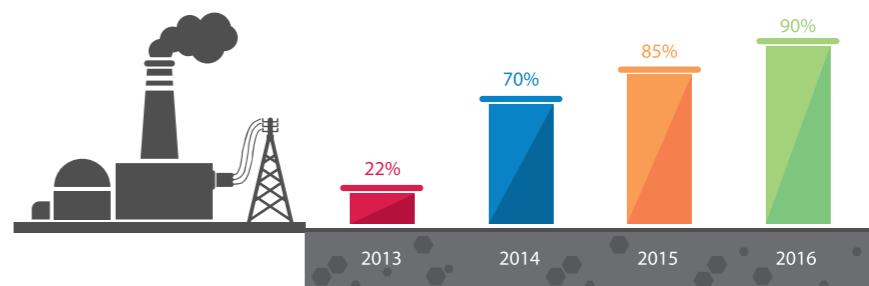
Conflict minerals refer to the metals, namely tantalum, tin, tungsten and gold, harvested illegally from the Democratic Republic of Congo and nearby Central African nations. These minerals are often the primary source of military funds of local armed rebels.

These metals are necessary in electronic products. Valuing the social responsibilities regarding Human Rights and environmental protection, ASUS establishes conflict-free minerals procurement policy that demands suppliers to prioritize the use of conflict-free minerals and to avoid causing the indirect associated problems such as mistreatment of laborers, threatening with force, mass usage of child labor and destroyed ecology.



Electronic Industry Citizenship Coalition (EICC) and Global e-Sustainability Initiative (GeSI) establishes Conflict-free Sourcing Initiative (CFSI) to conduct smelter qualification with Conflict-free Smelter Program (CFSP), helping enterprises avoid the use of conflict minerals.

ASUS has joined CFSI to provide substantial support to CFSP, and exercises standardized due diligence investigation to require our suppliers to reveal the status of conflict mineral procurement every year. Through ASUS purchasing power, the rate of using conflict-free minerals by ASUS' supply chain had increased from 22% to 90%. ASUS reveals and updates the list of qualified smelters annually on the [ASUS CSR website](#).



The Proportion of Qualified Smelters Used in the Supply Chain over the years

With regard to tin, one of the conflict minerals, we not only forbid the use from conflict areas, but also pay attention to the non-sustainable harvest in Indonesia. Tin is one of the essential metals for electronic products; however, the poor mining management and the ignorance of international corporate results in the undesirable mining condition and create serious environmental damages. ASUS joined Tin Working Group (TWG), an organization of electronic product providers, tin mine companies, industry groups and social movement personnel, in the hope of addressing the impacts of unsustainable mining on local environment.

## Quality Management Assessment

Product quality is positively correlated with the product life, consumer safety, customer satisfaction, and corporate reputation. ASUS applies stringent quality requirements, as all suppliers must pass in QSA, QPA, and GA, and audit of risk on the sustainability.

Quality system assessment was conducted based on 11 dimensions on ISO 9001 Quality Management to ensure suppliers have introduced a complete quality system.



Quality process assessment involves 5 dimensions in production process to ensure the capability of the production line of the supplier.



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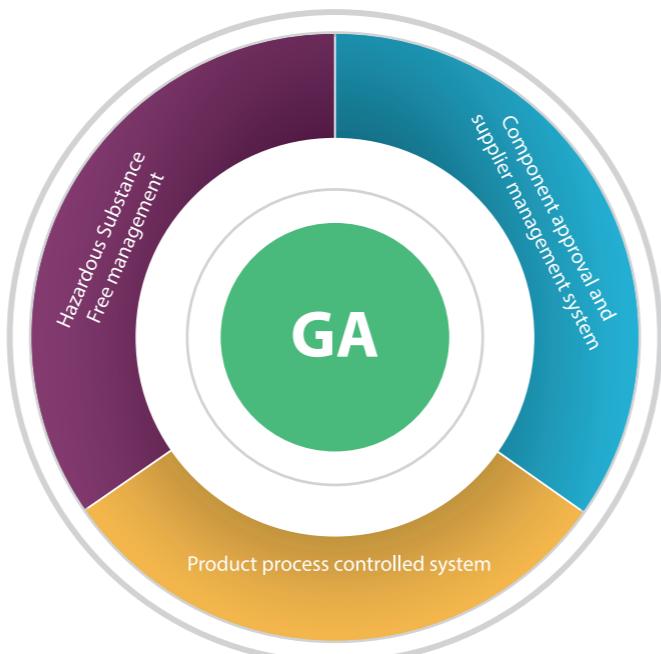
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GA assessment is based on the 3 dimensions in hazardous substance free management requirements in QC 080000 standard to ensure that all raw materials used in the components are comply with relevant international legislations.



As for qualified suppliers, we identify suppliers to perform annual GA audit according to environmental risk and abnormal condition in quality and hazardous substance free management. In 2016, a total of 169 new suppliers received quality management assessments, and the approval rate was 88%; we performed annual GA audit on 41 suppliers with abnormal conditions, and all of them pass the audits.

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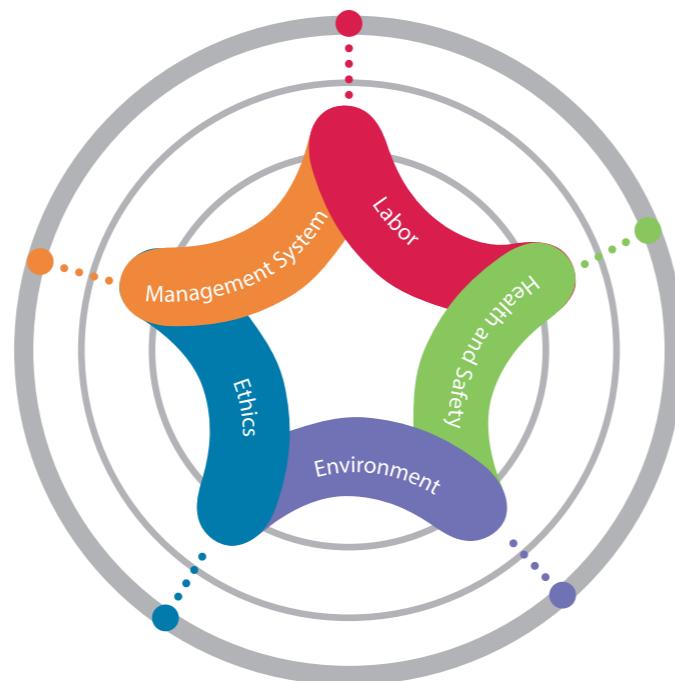
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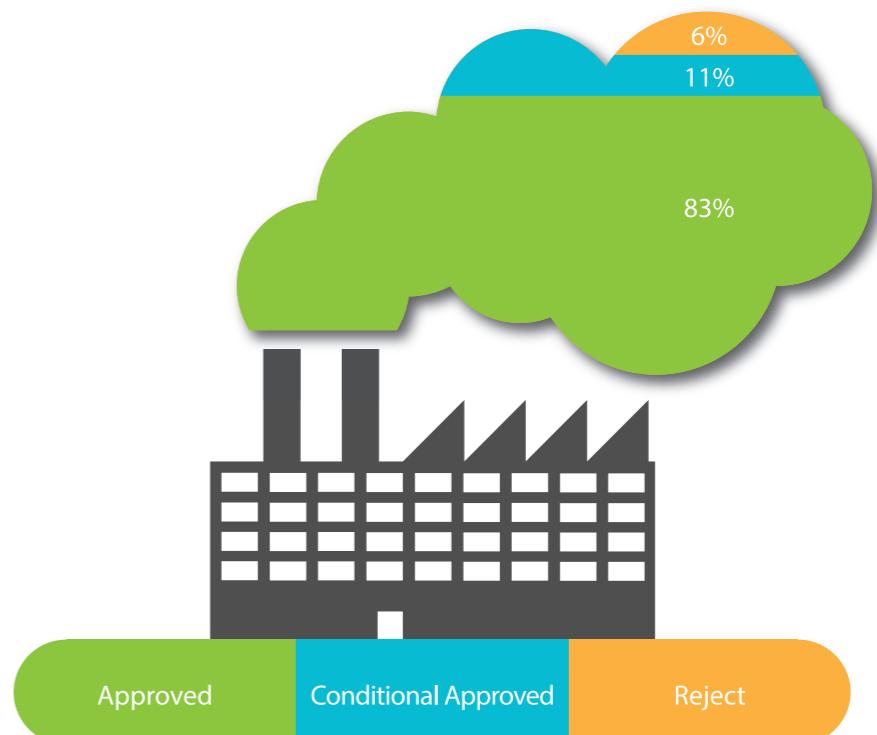
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## Corporate Social Responsibility (CSR) Assessment

Besides product quality, ASUS also emphasizes labor rights and operation safety in the production process. ASUS uses EICC Code of Conduct to perform CSR onsite audit, which covers the following 5 dimensions: labor, health and safety, environment, ethics, and management system.



In 2016, we completed CSR onsite audits on 18 OEM providers and key component suppliers. The result showed that 83% (15) of them were approved, 11% (2) were conditionally approved, and 6% (1) was rejected.



Note: The scoring greater than 80% is considered "Approved", 70%~80% is "Conditionally Approved", and below 70% is "Reject".

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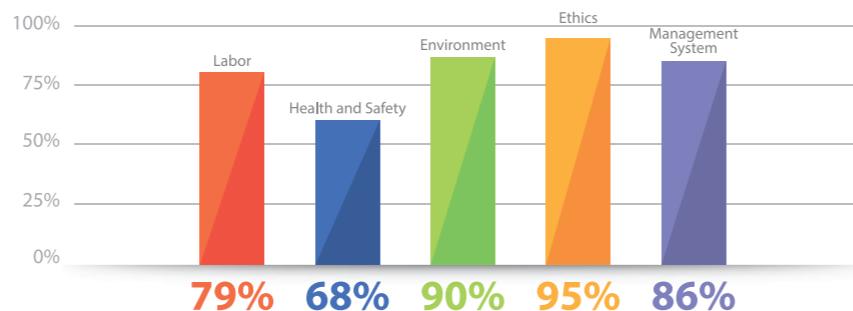
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According to the audit result, among the 5 dimensions, we found that health and safety management is the one with the most findings, followed by labor management. The average approval rate for all 5 dimensions was shown as follows:



ASUS requires suppliers to setup improvement plans for audit findings and schedules the audit next year to ensure corrective actions are taken. The major findings discovered in each of the five dimensions, and ASUS' recommended corrective actions are described below:

Dimension	Major Finding	Recommended Corrective Action
Labor	[A.3 Work hours] >60 hours/week of over-time	Demand suppliers to establish monitoring mechanism for over-time
Health and Safety	[B.1 Occupational Safety] Personal protection equipment is not tested as regulated [B.2 Emergency Preparation] Extinguishers were not inspected at the indicated frequency	Demand immediate remediation, and apply more stringent on-site inspections
Environment	[C.4 Sewage and Solid wastes] The hazardous waste management contract with contractor did not renew before the expiration date	Demand remediation within indicated deadline and a new contract to be signed
Ethics	[D.7 Responsible Mineral Procurement] Policy for conflict minerals is missing	Demand the establishment of conflict mineral management and execution of relevant investigations
Management System	[E.3 Requirements from Legislation and Clients] Latest EICC requirements are not identified	Demand regulatory identification specialist and conduct routine monitoring

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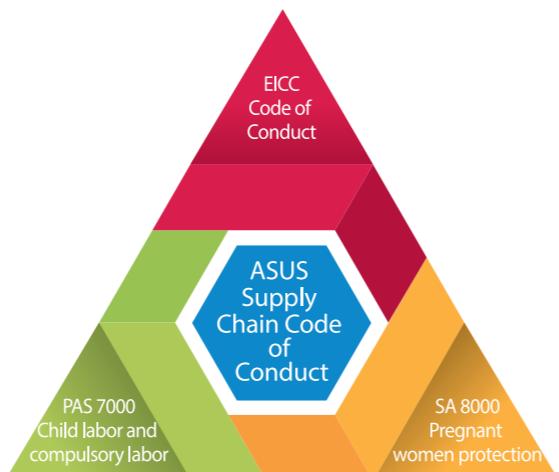
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According to ASUS' audit experiences, findings are mostly founded in labor management. In order to enhance the awareness of the labor rights in the supply chain, ASUS took the EICC Code of Conduct as the basis and included certain clauses from SA8000 and from PAS7000 to formulate and announce "ASUS Supply Chain Code of Conduct" by the end of 2016. In 2017, ASUS will use Supply Chain Code of Conduct to request our suppliers to formulate protection policy on child labor, female employee and pregnant employee, and at the same time prohibit the employment of child labor and forced labor.



### Prohibition of Child Labor

Many children lose their chances to receive education, are deprived of childhood, and are forced to enter workplace in advance in order to solve the family economic problems. Therefore, most countries around the world consider the employment of child labor is illegal. ASUS strictly requires suppliers not to employ child labor and conducts onsite audits to ensure that suppliers have implemented proper measures to prevent child labor. Audit criteria include: review the management mechanism of suppliers and human resources intermediaries, the effectiveness of forged identity prevention mechanism (such as: face identification system, identity authentication system, family background information check), and sampling interviews with workers onsite. ASUS pays serious attention to child labor issue and formulate the following management approaches:

1. ASUS reports to both ASUS' and supplier' sales management teams, and supplier shall immediately remove the children from the position as well as send them home
2. Supplier shall arrange health examination for the children, and bear the medical expenses for any affected health from the work
3. Supplier shall monitor the return home of children and their school attendance to legal age of employment
4. Supplier shall propose improvement plans in child labor management mechanism
5. ASUS arranges onsite audit and confirm the corrective action

According to 2016 CSR audit results, no child labor was identified in the supply chain.



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**Management of Underage Employees**

According to China legislation, employees of at least 16 but less than 18 years of age are underage employees. Specific protective measures have to be taken for these individuals still in puberty. ASUS requires suppliers to take the following measures when hiring underage employees to ensure their proper physical and mental developments:

1. Underage employees must not be assigned to duties requiring intensive labor and exposing to extreme temperature operation or to hazardous substance such as lead, benzene or formalin.
2. Conduct annual health examination on underage employees. ASUS will ensure the compliance by random interviews with underage employees and by reviewing their annual physical examinations.

According to 2016 CSR audit results, ASUS identified a case of overtime and night shift for underage employees. We demanded the supplier to immediately stop their night shifts and propose the improvement plan on the replacement of underage workers to adult workers. ASUS reviewed the quarterly target of the replacement and scheduled the onsite audit in 2017 to confirm the implementation of the plan.

**Safeguarding the Rights of Female Employees**

Female employees may experience pregnancy and breastfeeding while pursuing their careers, and ASUS pays great attention to the impacts of working environment on their health and thus proactively formulate protective measures for these future mothers. We include clauses that protect female employees from the voluntary social responsibility standard (Social Accountability 8000 International Standard, SA8000) into ASUS Supply Chain Code of Conduct and require our suppliers to take the following measures:

1. Underage employees must not be assigned to duties requiring intensive labor and exposing to extreme temperature operation or to hazardous substance such as lead, benzene or formalin
2. Change their job positions when any risk exists
3. No overtime and night shift for pregnant and nursing employees

According to 2016 CSR audits, no case in which the working environment had significant impacts on the health of female employees, and no pregnant and nursing employee was found to work overtime and night shift.

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## Environmental Footprints of Suppliers

ASUS identified that greenhouse gas and water footprints are the key risks in product production. In order to reduce the environmental impacts from them, ASUS has established supply chain environmental footprint management to survey greenhouse gas and water footprints to collect data and analyze the trends, providing reference for planning short, mid and long term reduction strategies.

### Greenhouse Gas Management

ASUS conducts greenhouse gas inventory on the more weighted "Category 1 Purchased Goods and Services" from 15 categories according to "Corporate Value Chain (Criterion 3) Accounting and Report Standards". 4 categories of suppliers were identified with significant greenhouse gas emissions based on the project analysis and software database for life cycle assessment. The inventory parameters were as follows:

Supplier category:

- Product assembly plant
- Motherboard manufacturing plant
- Display manufacturing plant
- External power supply manufacturing plant

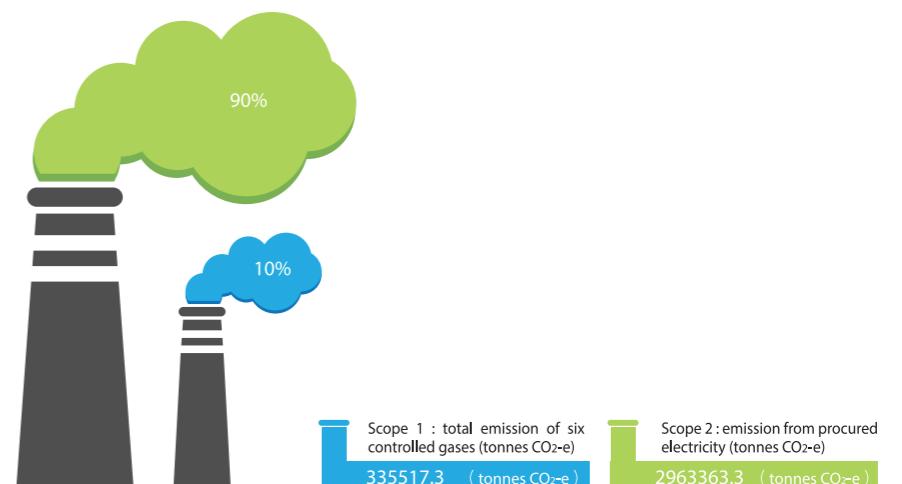
Scope of Inventory:

- Duration of data collection: January to December 2016
- Emission scope: Scope I and II
- Data allocation: based the proportion of ASUS products in total shipment, ratio of production line man-hours, production output, proportion of resources used, product value as a proportion of total output, and moreGlobal Warming Potential
- (GWP) emission coefficient: 2007 IPCC AR4 100-yr

Analysis of the data:

In 2016, GHG inventory was done for 30 suppliers, and the results showed below:

- Overall emission volume of Scope 1 and 2: Scope 1 was 10% when Scope 2 was 90%. The primary source of Scope 2 indirect emission was the procured electricity.



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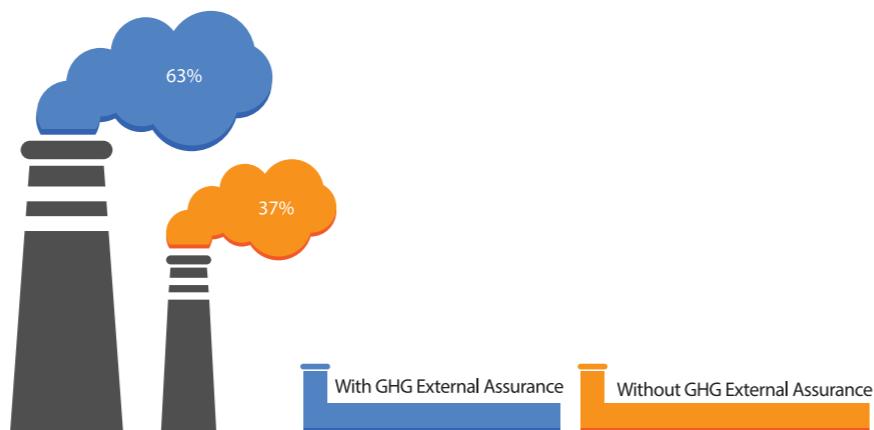
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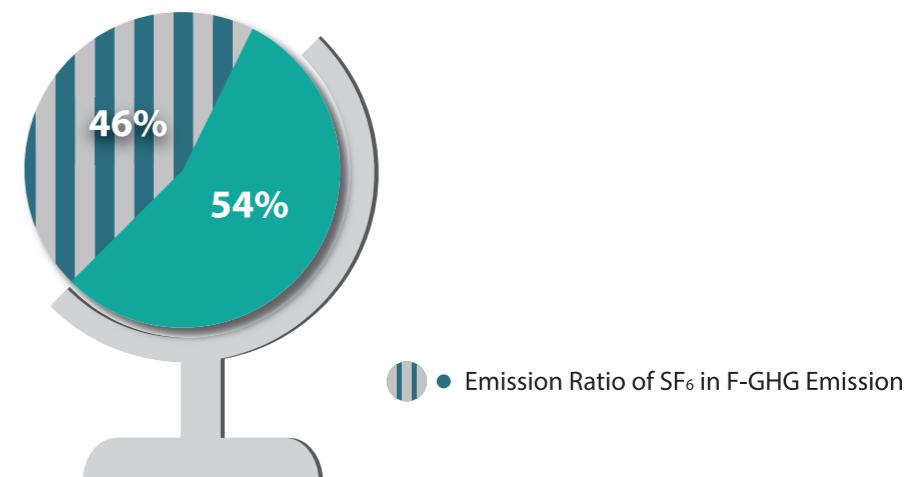
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- Supplier GHG verification: in 30 suppliers, 63% of them implemented external verification



- Fluorinated greenhouse gas (F-GHG) emission: for Scope 1, hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF<sub>6</sub>) are collectively called F-GHG, and are gases with top 3 GWP\*, indicating that they have the most prominent impacts in global warming. Of these 3 F-GHG, SF<sub>6</sub> with the greatest GWP was the most emitted, making up 46% of total F-GHG emissions. When we further analyzed the result, display manufacturing plant was the primary emission source of SF<sub>6</sub>.

\*Note: GWP is used to measure the impact of GHG on global warming



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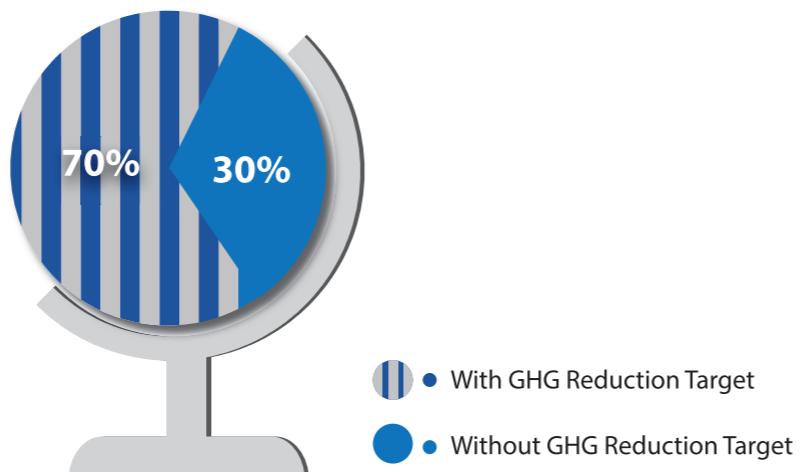
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GHG reduction management: in 30 suppliers, 70% of surveyed suppliers had established GHG reduction programs and targets.



ASUS will use the historical inventory data and also consider the capability of and current management status of suppliers to develop short-term and mid-term management strategies for greenhouse gases in supply chain, including:

1. Expand the scope of the inventory to include more key component suppliers and OEM providers
2. Request the OEM providers of primary products to propose energy-saving plans and targets in production process
3. Include new questions in the survey to investigate the current status of the use of renewable energy, as well as the plan to introduce the renewable energy

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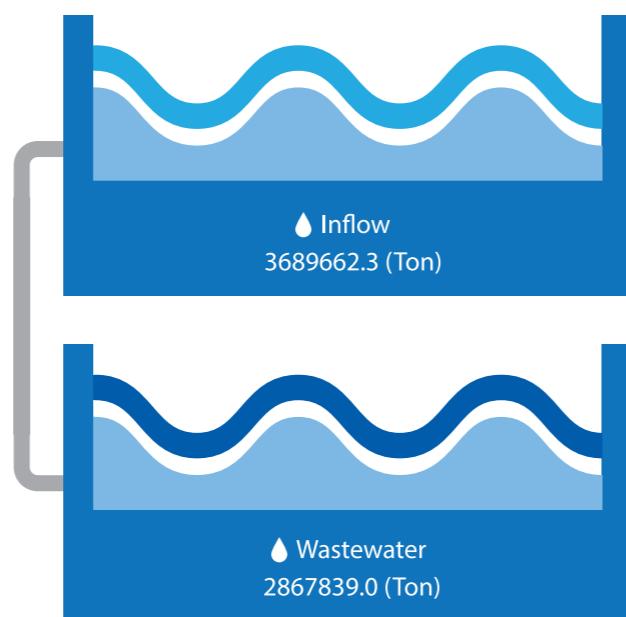
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## Water Resource Management

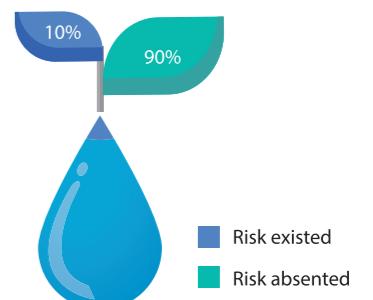
Water management is another concerned issue of environmental footprint. The consumption of water resources are mainly from component manufacturing process and product assembly process in supply chain. To further understand the risk of water resource in ASUS supply chain, we surveyed 30 suppliers who were also the targets of GHG inventory. The parameters of water resources inventory were consistent with the GHG inventory.

Analysis of data:

■ Status of Water Resources Reuse and Recycled: 78% of water intake was not recycled and discharged as waste liquid.



■ Risk identification of water resources: in 30 suppliers, 97% performed the risk identification. 90% of which identified no risk when 10% (2) of them did.



■ Risk type of water resource: we further analyzed the risk faced by those suppliers and found that 1 supplier with unreliable water supply and 1 supplier with both poor water quality and unreliable water supply.

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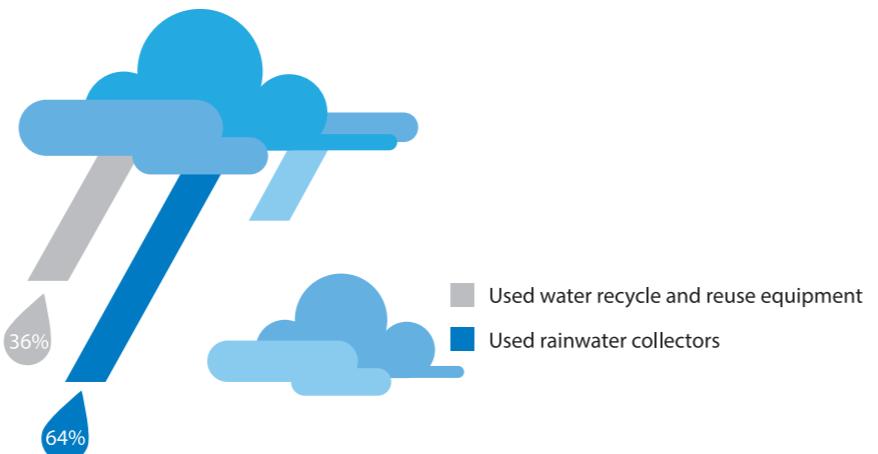
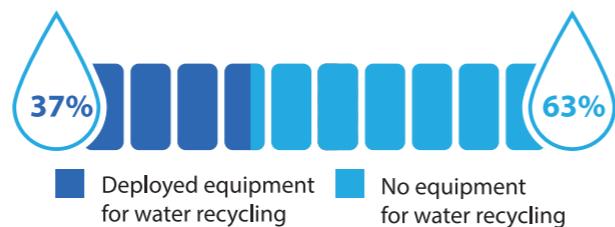
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- Equipment for water treatment: in 30 suppliers, 37% of them had deployed water treatment equipment. 64% of these suppliers used water recycle and reuse equipment when 36% of them used rainwater collectors.



- Reduction plan of water resource: in 30 suppliers, 60% had setup reduction plan and target to decrease the use of water.



ASUS will use the historical inventory data and also consider the capability of and current management status of suppliers to develop short-term and mid-term management strategies for water resource in supply chain, including:

1. Expand the scope of the inventory to include more key component suppliers and OEM providers
2. Continue to track suppliers identified with risk as well as their improvement progress
3. Include new questions in the survey to investigate the waste water pollution, such as the emission volume of nitrogen, phosphorus, and heavy metals to further identify environmental impacts

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### **Enhance Suppliers Capabilities**

In order to enhance the awareness of suppliers on sustainable issues and the ability to respond to risks, we hold regular supply chain workshops as well as the individual supplier training to convey ASUS management requirements and further deepen the partnership with our supply chain.

2016 supplier workshops were held in Taipei, Shenzhen, Suzhou and Chongqing, and we invited all ASUS qualified key component suppliers and OEMs to attend. The theme of 2016 was "Sustainable Management", and the agenda was planned with three sections: international sustainable trends and opportunities, ASUS supply chain management and revisions on Technical Standards, and industry management program and sharing. Attendees provided suggestions on and exchanged ideas on various topics, and the workshops were successful.



### **Consumer Experience**

New Mindset in Brand Marketing: Turn Consumers into Fans

ASUS values consumer experience and believes that "mind share" is the ultimate performance indicator. Therefore, many efforts have been placed on feedbacks on product use and on after-sale interaction with consumers. Taking Zen series as an example, ASUS creates ZenTalk forum to provide consumers with troubleshooting regarding product use, and at the same time collects the suggestions and needs from consumers of all kinds such as device expert, students and gamers through the posting of quality unboxing, reviews or photos of or taken by products. By creating and keeping in touch with the community, ASUS has achieved promising "mind share".

Besides, ASUS holds irregular offline events to provide means of interaction between ASUS product designers and fans. By discussing with the actual users, the designers and ASUS can gain better understanding of consumers' feelings and comments, and the fans can provide suggestions on product improvements to correct the functions, as well as ideas for the product of next and 96 offline events with about 2000 participations in total.

In these close interactions, the participants recognized ASUS' "people-oriented" philosophy in product design, the brand spirit of "inspiring innovation, persistent perfection", and the planning of Zen series. These give fans a clearer map of ASUS' strategies in the mobile market, and also infuse new thinking into the brand.



Now! "Persistent Perfection" Christmas Party



Innovation x Technology Summer Camp

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## Customer Satisfaction

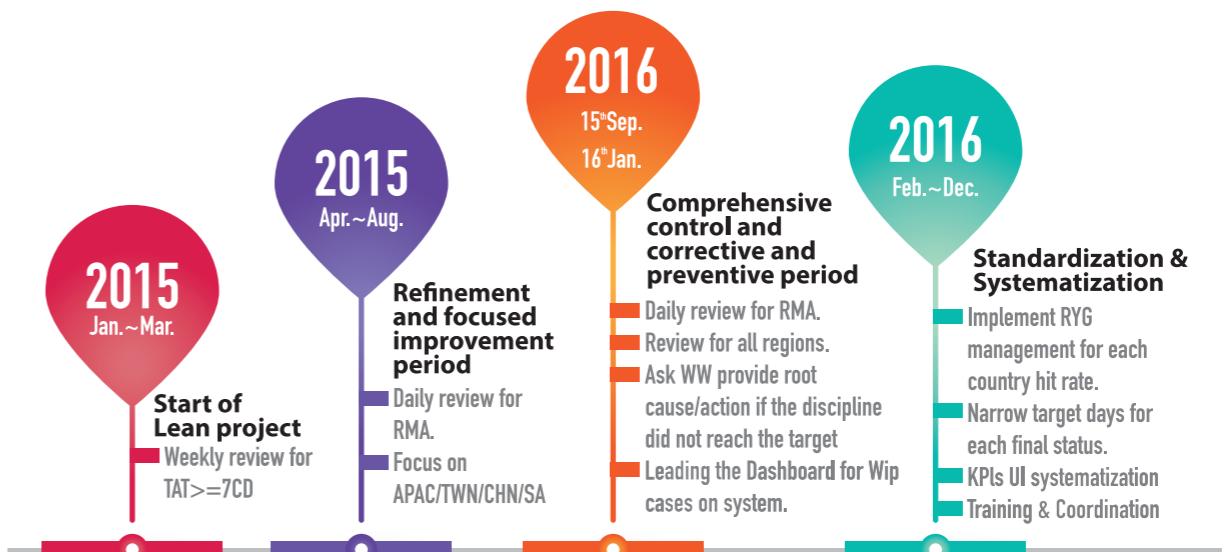
ASUS values customer satisfaction and enhances it as the ultimate goal. We monitor the user service experience and collect recommendations from service satisfaction indicators, which are used for the strict control of service channel and service quality for each step, and realize the best experience in product consultation, technical support or product service. ASUS provides customer service in major global markets, including Asia-Pacific, the United States and Europe, and exercises the best effort to protect rights of customers. ASUS receives ISO9001 Quality Management System certification, suggesting that service process, including but not limited to education/training planning, standard operating procedure (SOP) creation and implementation, and environment deployment and introduction, is one of the important indicators to us. Customer satisfaction surveys are carried out in accordance with our internal process of "Customer Service After-Sales Support Customer Satisfaction Management", and annual internal and external audits are performed to continuously improve service process.

## Customer Satisfaction Survey on After-Sale

Customers that use our service will receive our satisfaction survey according to the type of service received:

- e-Survey: sent via email
- Interactive Voice Response (IVR): is surveyed via phone after customer receives call center service

In 2015, ASUS customer service center in Headquarters launched the perfection program to facilitate continuous improvement of key processes affecting turnaround time (TAT) through PDCA approach. As of 2016, the process of improvement could be divided into 4 phases, and the management group would review the target of this phase and plan the KPIs for the next phase at phase review. With the persistent perfection of key processes, it is more likely to achieve or approach TAT goals, and thus improve customer satisfaction.



\* TAT: Turn Around Time (processing time for repair service)

\* RYG: Red/Yellow/Green for Color Management (color management)

\* RMA: Return Material Authorization (for repair service)



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The satisfaction via e-Survey is reviewed and analyzed. In 2016, the survey period was from 2016/01/01 to 2016/12/31. 85.2% of survey was answered as "Satisfied" or "Very Satisfied".

Note: the satisfaction is ranked with 5 levels (very satisfied, satisfied, ordinary, dissatisfied, very dissatisfied) in the e-Survey. Among the returned survey, we counted the surveys with question "Maintenance service as a whole" responded "very satisfied" or "satisfied" and divided by all returned surveys in 2016 to calculate the satisfaction.

### **Customer Privacy**

#### Customer Privacy of Products in Repair

To ensure the preservation of critical customer data when products are sent in for repairs, ASUS will go through the following procedure before accepting the product for actual repairs:

- Remind the customer to backup data
- Explain the risk and likelihood of data loss
- Inform the customer to go over a disclaimer, which lists all attentions and terms of service, as well as ASUS privacy policy
- Ask the customer to sign the Return Material Authorization (RMA) form, indicating he or she agrees with all the contents in the disclaimer

### **ASUS Cloud Satisfaction Tracking**

When consumers make inquiries through the online inquiry system, the ASUS Cloud will automatically send out the questionnaire to find out the status of the after the conclusion of the Q&A. In 2015, more than 60% of the customers in average were satisfied with the service.

### **ASUS Cloud Data Security**

ASUS Cloud devoted deeply in the operation of cloud technology to provide high-quality cloud services to global users. For the service has launched since 2008, we have always believed that a good information security mechanism will not only provide a good reason for users to embrace cloud services but also an important implication to accumulate brand reputation.



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ASUS Cloud takes the following approaches in managing process flow and service design to ensure our customers could use the cloud service with no security concerns:

- Has introduce ISO 27001 information security management system (ISMS) since February 2011, and is certified by a 3rd party
- Provide Secure Sockets Layer(SSL) encryption protection mechanism
- Use national security level Advanced Encryption Standard (AES) encryption technology to protect user data
- Use enterprise level virus scanning mechanism
- When the customer activate cloud service, he or she will have to agree the website statement regarding service contents and user privacy protection policy

ASUS Cloud had 53 employees completed relevant information security training in 2016, and each training lasted 2 hours.

### Mobile Application Security Project

The PIPIAS Committee of ASUS collects and studies information on the issues related to the mobile app developed for ASUS products, providing a Mobile Apps Development Checklist to internal relevant departments to comply with the requirements of the collection, processing, and use of personal information.

### Annual Internal Audit on Information Security

Departments involving personal information management are included in the internal audit. Through the self-examination of respective departments and the audits conducted by the internal auditors, nonconformities could be corrected with proper corrective actions and thus to ensure the implementation of personal data protection, information assets security policy, and related management approaches are properly perused.

To strengthen the information security of the websites and consumers, the PIPIAS Committee conducts an annual scanning on the vulnerabilities of the external websites containing personal information, executes corrective actions based on the evaluation of vulnerabilities report by computer center, and tracks the status of corrections. Related departments are required to take proper actions to rectify the findings within stipulated period.

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# Inspire, Motivate and Nurture Employees

People are the foundation of business operations, and the character traits of ASUS people shown are the key ASUS to be known around the world. The Five ASUS Virtues of humility, integrity, diligence, agility, and courage, shape the moral-based business culture reflected in our recruitment and performance assessment.

When leading continued business outreach, we take the initiative in developing the nature and abilities of employees through the efforts of their direct managers. Aimed at fully unleashing potential and continuously develop professional capabilities, we provides trainings tailored to individual duties and development needs. Employee versatility is realized by not limited to duty rotations, project execution and overseas expatriate, and all these post and provide a sound foundation for continued corporate development and truly reflects the business philosophy of "inspire, motivate and nurture our employees to explore their highest potential".

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





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## Human Resource Structure

By the end of 2016, there were more than 50 subsidiaries located in Asia Pacific, Europe, America and Africa. ASUS and ASUS Cloud together had around 16,000 employees worldwide, with 7,000 employees in Taiwan and the rest of them in China and overseas.

ASUS emphasizes on gender equality. There is no discrimination or unfair treatment against gender. Besides, ASUS takes care of female employees as mothers and offers a friendly working environment. In 2016, the return to work for female after parental leave was 66%, when the retention rate for female after returning to work and work for 12 months was 89%, showing that ASUS would not force the female to leave due to pregnancy or parenting and is committed to provide the gender equality environment. For more statistics regarding human resource structure, please see Appendix B.

ASUS 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 Code of Conduct 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. ASUS Declaration on Human Rights is as follow:

Human Rights Policy	Description
No child labor	Comply with local minimum age laws and requirements and do not employ child labor.
Minimum wages	Compensate our employees with wages and benefits that meet or even exceed the local legally required minimum.
Working hours	Provide employees with periodic holidays with pay. Do not force our employees to work more than the maximum hours of daily labor set by local laws. Comply with overtime pay requirements or compensations where required.
Non-discrimination	Prohibit discrimination based on race, color, age, gender, sexual orientation, ethnicity, religion, disability, union membership or political affiliation. All are entitled to equal protection against any discrimination.
No harsh or inhumane treatment	Prohibit physical abuse, harassment or the threat of either.
Freely-chosen employment	Ensure no forced, bonded or involuntary prison labor is used in the production of ASUS products or services. Ensure that the overall terms of employment are voluntary.
Health and Safety	Provide all our employees with a healthy and safe working environment with mutual trust and respect.
Employee training and development	Provide facilities, training programs, time and subsidies to support our employees' career development.

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## Recruitment

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

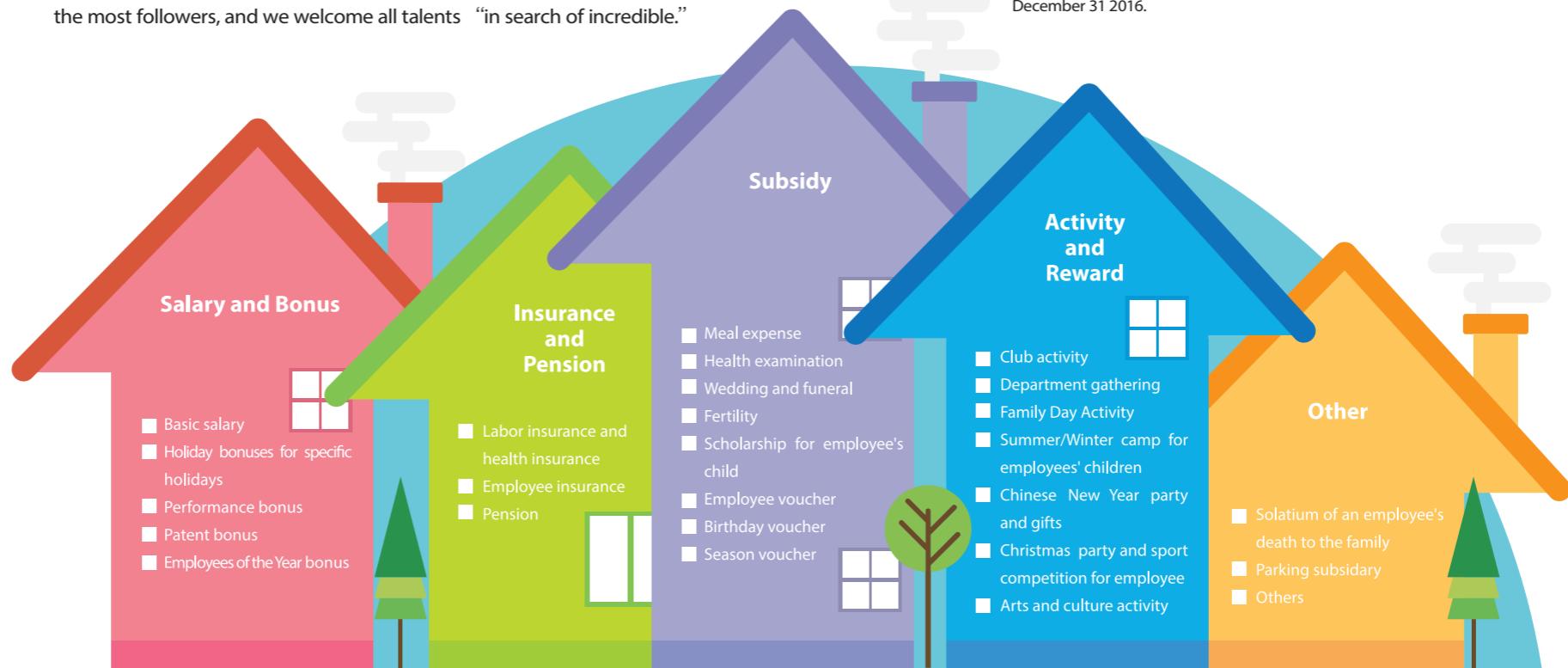
In addition to recruiter companies and job fairs in campus, ASUS is also partnered with LinkedIn to improve visibility in the online social network as an employer. In 2016, competent talents were recruited for 60 subsidiaries globally and the number of followers increased to over 30000. ASUS has become the Taiwanese brand with the most followers, and we welcome all talents “in search of incredible.”

## Remuneration and Benefits

The candidates with identical background will have identical starting salaries regardless of gender, religion, political view, and marital status. The relevant department will compare the remuneration with competitors within the industry and adjust it in the middle of the year if necessary to optimize the competitiveness in benefits . In Taiwam, in 2016, the ratio of standard entry level wage and remuneration by gender compared to local minimum wage was 1.36.

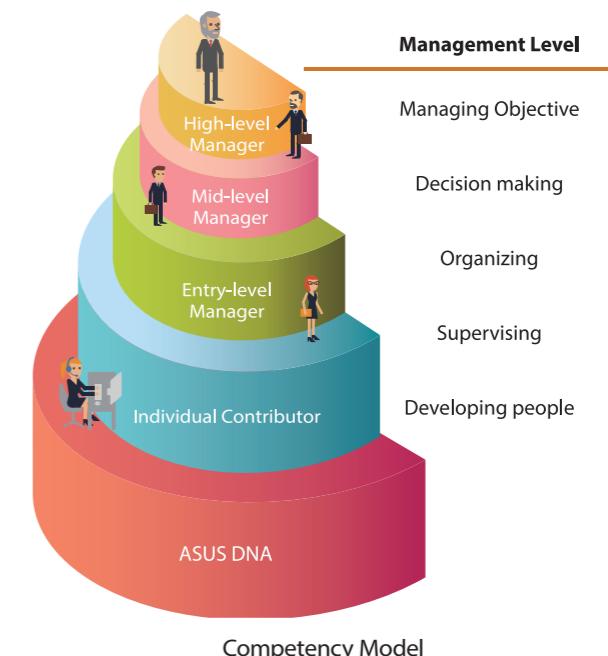
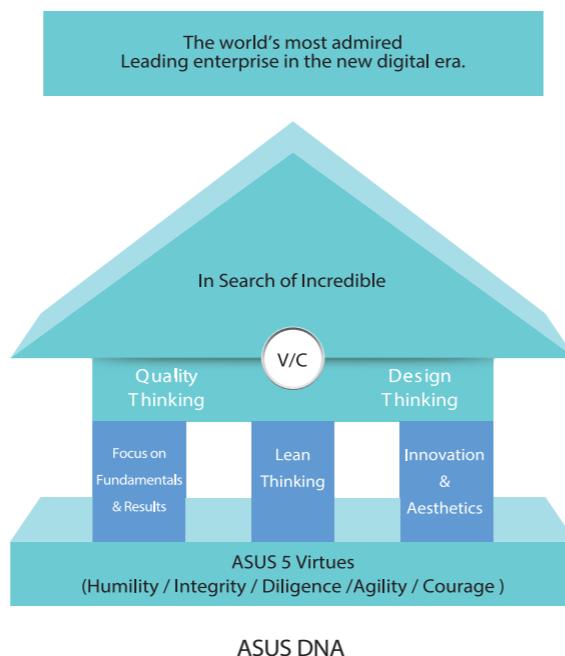
Compared the wage of women to men with same job level, for general employee was about 1:0.84 when for management level was 1:0.87. The benefits ASUS provided was listed below, and the total welfare expenditure was 9,027,203,500 NTD.

The subsidiary on employee parking was estimated with the median annual rental fee of parking lots in Beitou District multiplied by the number of parking permits issued as of December 31 2016.



## Fostering Talent

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





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ASUS establishes the training roadmaps for different targeted employees, including the required and selective training courses for high-level managers, mid-level managers, entry-level managers and professional duty employees, with details below:

Categories	Content	Objective
Core Value	<ul style="list-style-type: none"><li>■ Orientation</li><li>■ Corporate culture training</li><li>■ Work efficiency training</li></ul>	<ul style="list-style-type: none"><li>■ Guide new employees to settle into their work environment and systems as well as internal language and culture</li><li>■ Create shared values throughout the company for the recognition of organization culture and adaptation</li><li>■ Systematically improve work abilities through general training for better attitude, knowledge and skills</li></ul>
Management	<ul style="list-style-type: none"><li>■ Management training for high-level managers</li><li>■ Management training for mid-level managers</li><li>■ Management training for entry-level managers</li><li>■ Management training for newly promoted managers</li></ul>	<ul style="list-style-type: none"><li>■ Develop training activities tailored to the abilities and duties of managers for each level, including lectures, seminars, and practice programs. Through systematic management training to improve the management abilities of all managers, it allows these managers to lead their subordinates and achieve organizational goals.</li></ul>
Profession	<ul style="list-style-type: none"><li>■ New-comer professional training</li><li>■ Professional training</li></ul>	<ul style="list-style-type: none"><li>■ Provide employees with an understanding of the latest technology and trends to expand and further improve their professional knowledge and skills in order to achieve better efficiency.</li></ul>
Customized Training	<ul style="list-style-type: none"><li>■ Dr. ASUS Program</li><li>■ ASUS Maker Program</li><li>■ Global Talent Program(GTP)</li></ul>	<p>Plan training sessions according to the needs and strategies of the organization</p> <ul style="list-style-type: none"><li>■ Build up an internal lecturer base to continuously share and heritage the key knowledge of and valuable experience of ASUS success through the Dr. ASUS Program and lecturer management system</li><li>■ Inspire employees through the ASUS Maker Program to create more innovations</li><li>■ In response to ASUS' business strategies and development, ASUS is urgently demanding for talent with international views. The Global Talent Program provides systematic screening, training and evaluation processes to further expand the talent database, which is required to achieve business strategies and goals.</li></ul>

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**New-comer Orientation**

In order to assist the new-comers to be familiar with ASUS corporate culture and system, as well as fostering a positive and excellent working attitude, we design various training courses based on their needs and in forms of classroom lecturing, digital courses, and guidebook. In 2016, we redesigned the new-comer orientation as an experiential camp that required new-comers to visit all sites of the headquarters to achieve the missions. This could deepen the memory and increase the applicability of the course.

Compared to the previous year, the practical satisfaction of new-comer orientation improved by 1.12%

All new-comers	Within 1 month	Within 2 months
	Compulsory course	Employee Code of Conduct(e)
		<ul style="list-style-type: none"> <li>• New-comer orientation</li> <li>• Corporate sustainability and Occupational Safety Training</li> <li>• The ASUS Way(e)</li> <li>• IT service introduction(e)</li> <li>• About internal audit(e)</li> <li>• Patent application and litigation introduction(e)</li> <li>• GreenASUS environmental laws and regulations(e)</li> <li>• ASUS product introduction(e)</li> <li>• ASUS management system introduction(e)</li> </ul>



New-comers visit all sites of the headquarters to experience ASUS DNA and brand spirit

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### Experiential Manager Training

capacity, and effectively stimulate the potential of employees and thus leading the team to achieve the goal and maintain the competitive advantage, we hold the seminar for the newly promoted managers and invite our chairman Johnny Shih to talk about ASUS business philosophy and spirit, and managers are provided with comprehensive and diverse training resources.

Besides regular classroom lecturing and digital courses, ASUS also provides, and puts more emphasis on, action learning, in which management skills are practiced, reviewed and discussed to provide practical concepts in real-life contexts. To purposely make the managers stay away from work for a whole, the program is held outdoors to allow them to attend and experience without distractions. The experiential manager training emphasizes practical learning and artistic taste. By combining technology with art, managers are expected to be more align with ASUS' business culture of "Innovation and Aesthetics".

In 2016, the experiential program was held for section and department managers. The feedbacks were generally positive and the program quality goal was achieved. The average satisfaction score was 4.76 (out of 5).

The skills obtained from concretization learning are directly applied, reviewed and improved in the next session. The keys of learning are discussed in real-life situation.

- Utilize management skills through actual experience



- The trainer guides the trainees in the concretization process to pinpoint the goals of learning

- Reflection and discussion is held after each experiential activity to improve learning

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### **Dr. ASUS Program Internal Lecturer Training**

ASUS is committed to build up an internal lecturer base through systematic screening, training and evaluation processes to create excellent lecturers that would continuously share and heritage the knowledge and skills. In addition, we hold annual certificate awarding ceremony to new, excellent and honor lecturers as the recognition to their contributions.



### **Global Talent Program (GTP)**

ASUS strategically fosters an international remote talent, establishes a systemic training model that could effectively transfers and duplicates the successful experience in Taiwan to reserve talents and expand this model globally. By integrating cross-business unit learning resources, and reducing workforce and time cost incurred by repeated training, international talents with high potentials can acquire good overall development through multiple channels such as training courses, reading groups, internship, business mentors and evaluation within 3 months. The program successfully establishes the employer brand, solves the shortage of overseas manpower, as well as provides employees with the training to become a versatile sales specialist with the most current information of overseas market, and appropriately assigns them to suitable positions. The efficiency of the sales team can be greatly improved to better achieve the business goals.



In 2016, 67 sessions (132.67 hours) were held. In addition to the positive feedback, the annual program quality goal was satisfied with the average score of 4.84 (out of 5). 35 new international sales and customers service specialists completed their training and were certified through evaluation.

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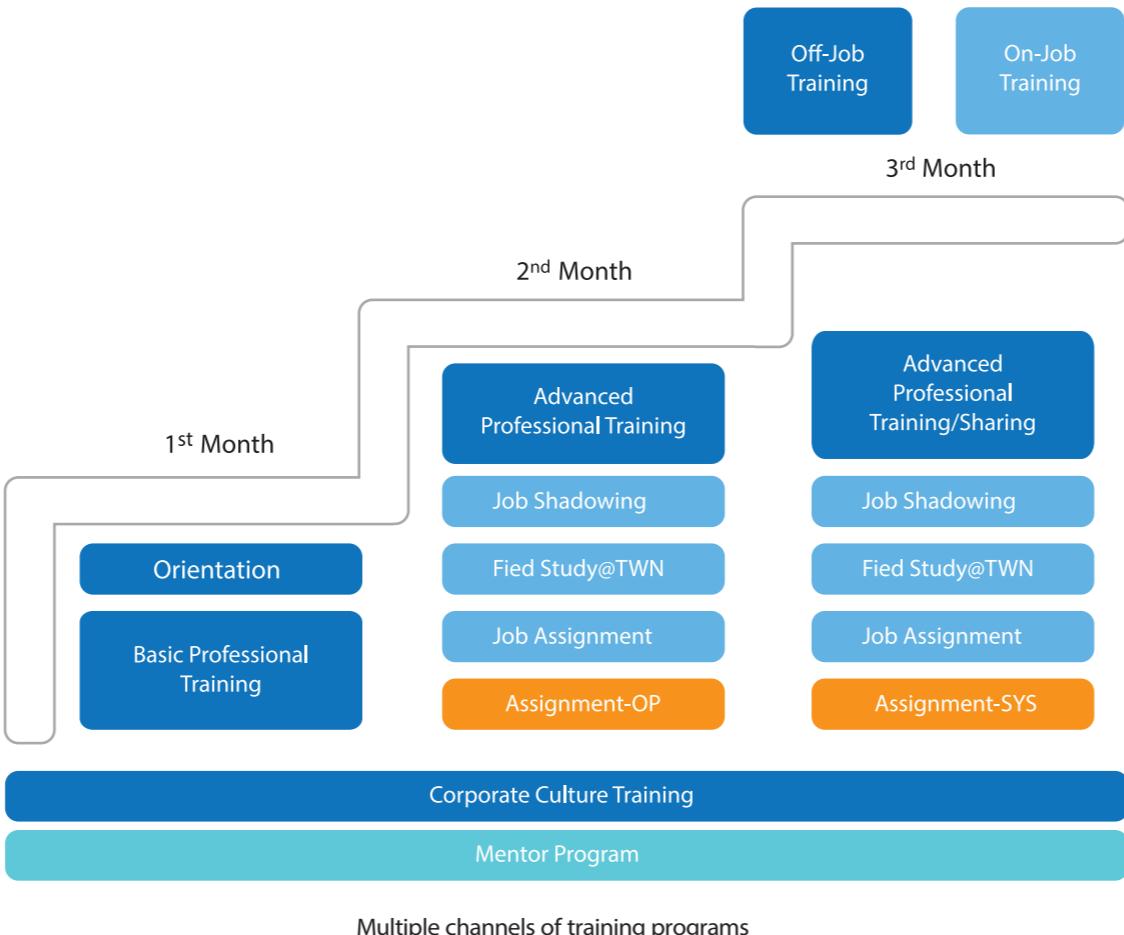
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Achieving overall development with multiple training channels such as training courses, reading groups and more



Understanding the market trends via contextual practice and real-life experiences at an information technology exhibition



Corporate mentors provide feedback to assist employees to work independently and efficiently

After completing the systematic training and evaluation, 35 high potential employees became international specialists

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## ASUS Maker Program

In order to inspire the innovation and implementation power, since June 2016, ASUS has been holding monthly innovative conference to invite entrepreneurs from different fields to share their stories, key to success and industrial observations. Ten conferences held were attended by 1,536 persons with an average satisfaction score of 4.4 (out of 5).

On the other hand, we also opened creativity workshops which based on “design thinking” as the learning structure and supported by corporate mentors and contests. The workshops aim to enhance the amount and quality of innovative proposals. Within a month, 24 department talents had completed the training with 4 innovative proposals as the outputs, and the relevant units were invited to share their experiences in the wrap-up presentation and evaluated the feasibility of commercialization.



Inspire the employees with monthly innovation conferences



Holding creativity workshops to enhance the amount and quality of innovative proposals

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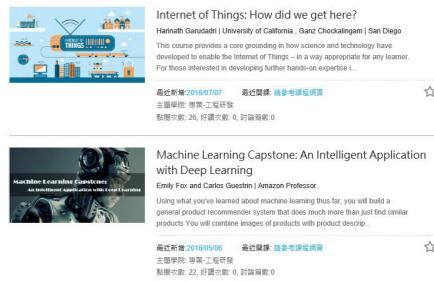
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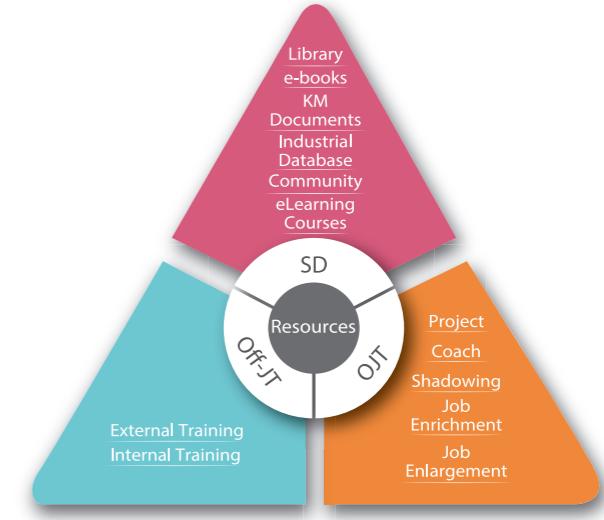


The self-learning material promotion reward encourages employees to access and utilize these resources

### Diversified Learning Resources

In order to keep every employee learning from work, ASUS not only improves the internal training courses, but also provides various learning resources, so that employees can choose the applicable learning resources according to individual interests from various learning methods. These include On-Job-Training (projects, coaching), Off-Job-Training (internal/external courses) and self-development (database, e-books and document center). To motivate the employees, ASUS has reward programs in place for different self-learning materials to facilitate the recognition and utilization of these resources, and even the habit of proactive learning.

In addition to domestic resources, the ASUS MOOC Site has been created to develop sales-related topics, for example AR/VR and Deep Learning. This encourages employees to acquire the latest and most advanced knowledge and technology from excellent online courses, and they also have a chance to share their learning experience and ideas with ASUSers around the world.



SD : Self-Development

OJT : On-Job-Training

Off-JT : Off-Job-Training

Various learning resources

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### **Learning & Growth Plan and Performance Appraisal**

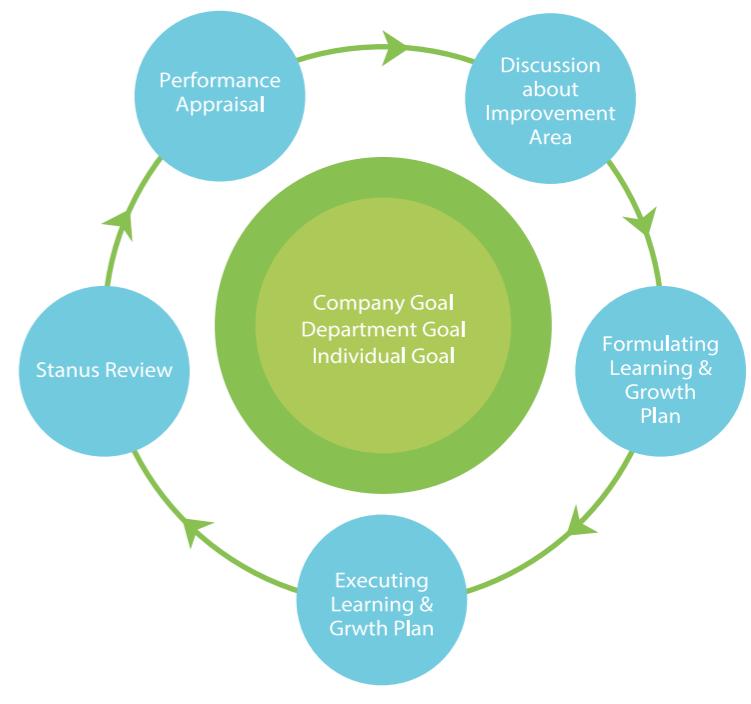
The performance management in ASUS combines performance appraisal with learning development to improve employee's performance and ability to achieve the organization's goal. In addition, we emphasize on continuous communication between managers and employees to establish clear objectives aligned with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

ASUS implements the "Learning & Growth Plan" for all employees to assist managers in developing the competences of our employees and provide training plans in accordance to the internal documentation "Education & Training Approaches". Based on ASUS DNA and the competences required for employees in each level, a manager would evaluate individual performance and personal developmental needs, and then discuss with every employee to plan out a tailor-made development plan.

In Taiwan, ASUS executes performance appraisal in June and December in accordance to "Performance Appraisal Standards". Other than those employees in probation period, part-time internship, special hiring and high-level managers, all employees have to participate in the routine performance reviews.

### **Employee Growth Assistance and Coaching**

For those who are under performance or breaks internal regulation, we provide opportunities for improvement. During improvement process, direct managers will provide one-on-one coaching and human resource department will provide caring and support to help employees enhance performance and devote themselves to the team. For those whose performance is not improved, we will provide necessary job rotation or thorough communication. If the employee cannot find proper position in the organization, we will provide support during the career transition period.





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## Workplace Safety

Providing a safe and friendly workplace environment is our commitment, and it is also the basic protection to employees. ASUS aims to establish a good working environment to ensure the workplace safety and physical and mental health of our employees. ASUS provides relevant training for employees to ensure their safety during the occurrence of emergency disasters and reduce the risk of injuries through simulation. Regarding safety practices for contractors, ASUS prepares different materials according to the nature of the operations and requires contractors to complete relevant health and safety education before entering the working area.

ASUS has received Taipei City Labor Safety Award for 3 consecutive years.





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In 2016, for ASUS in Taiwan, the type of occupational injury was mostly the traffic accident. The absentee rate was 2% for male when 3.43% for female. For ASUS Cloud in Taiwan, the type of occupational injury was mostly the traffic accident. The absentee rate was 1.1% for male when 2.3% for female.

The following tables show the disabling frequency rate and disabling severity rate for ASUS and ASUS Cloud in Taiwan in 2016:

#### ASUS Taiwan: Employees

Item	Overall	Male	Female
Disabling Frequency Rate	2.15	2.48	1.48
Disabling Severity Rate	11	9	15
Occupational Disease Rate (ODR)	0	0	0
Occupational Disease Rate (ODR)	0	0	0

#### ASUS Taiwan: Contractor

Item	Overall	Male	Female
Disabling Frequency Rate	0	0	0
Work-related Fatalities	0	0	0

#### ASUS Cloud Taiwan

Item	Overall	Male	Female
Disabling Frequency Rate	8.43	13.68	0
Disabling Severity Rate	67.48	109.42	0
Occupational Disease Rate (ODR)	0	0	0
Work-related Fatalities	0	0	0

\* ASUS defines "Absent" as employee not able to perform work due to including but not limited to occupational accident or disease.

The leave includes: sick leave, occupational accident, personal leave, and absenteeism

Male(Female) Absentee Rate (AR) = Total Male(Female) Absent Hours/Total Male(Female) Working Hours x 100%

\*When calculating the AR for female, menstrual leave is excluded from sick leave.

\*Male(Female) Disabling Frequency Rate (FR) = Numbers of Disabling Occurrence for Male(Female) x106 / Total Male(Female) Working Hours

\*Male(Female) Disabling Severity Rate (SR) = Total Lost Days for Male(Female) x106 /Total Male(Female) Working Hours

\* Male(Female) Occupational Disease Rate (ODR) = Total Numbers of Occupational Diseases for Male(Female)/ Total Working Hours for Male(Female) x 200,000

(200,000 is calculated from 50 weeks each year, 40 hours each week with 100 employees)

## Happy Workplace

ASUS values not only employee benefits and growth, but also the relief of workplace stress. We provide a happy working environment to allow our employees to achieve a work-life balance via taking care of family and health, and create greater cohesion to maximize potential.

### Innovative Welfare Committee

The Chief Sustainability Officer summons the senior managers of CSO, administration, human resources, occupational safety and health division to establish the Innovative Welfare Committee. In this routine meeting, employees provide innovative proposals including employee healthcare, workplace safety, reductions in operation costs, recreation and cultural activities, and such involvement should improve the employee satisfaction. In 2016, 77 proposals were implemented and the average satisfaction was over 90%.

Recreation and cultural activity

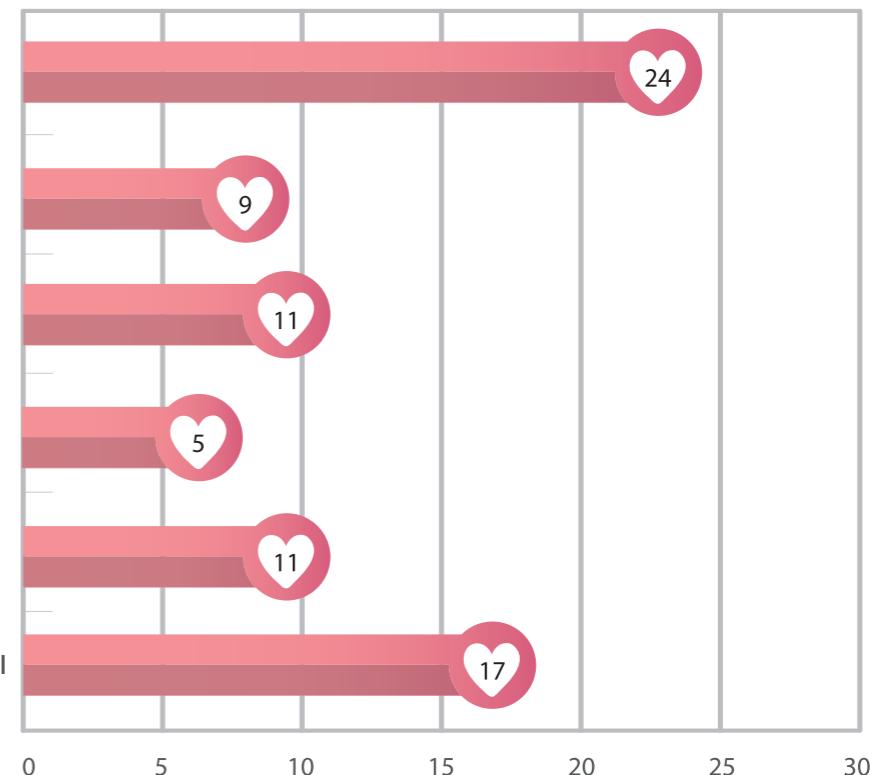
Workplace safety

Employee benefit

Reductions in operation cost

Employee healthcare

Other sustainable environmental  
improvement





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## Employee Healthcare

ASUS provides employees with annual free health examinations and forms a joint workforce with hospitals to analyze the causes of abnormalities, provide medical consultation and assistance as well as further monitoring. In addition, we hire occupational disease specialists for prevention and intervention related to overload, ergonomic hazards and maternal protection approaches. In 2016, we provided overtime work counseling for 2,107 employees and arranged physician and psychologist intervention as appropriate for risk and stress management. Employees could receive musculoskeletal assessment, and approximately 160 employees with moderate to serious soreness to facilitate work environment improvement were provided with one-on-one interviews. Work safety assessment and health management during pregnancy was provided to 100 pregnant female employees in order to offer these future mothers a friendly work environment.

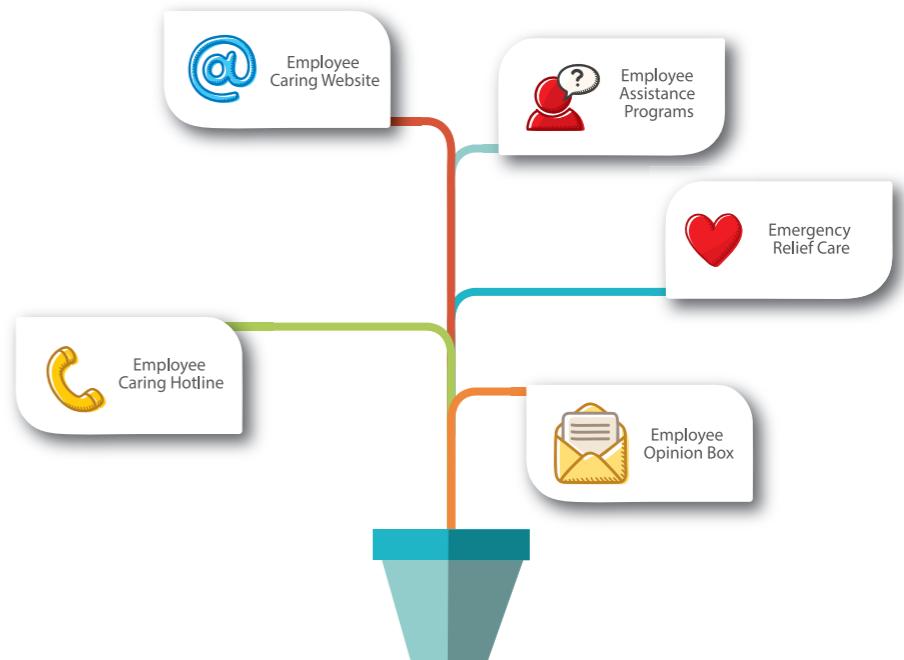
## Caring of Female Employs

In order to take care of the female employees as mothers, ASUS provides spacious and comfortable breast feeding rooms for their need. Since 2010, ASUS had been accredited with the Good Breast Feeding Facility certification. ASUS actively informs related employees of the facilities for breast-feeding and the rights of the employees through different channels, including orientation for new employees, motherly concern consultation, the maternity leave system to advocate the advantage of breast-feeding.

## Recreational facilities

To provide employees with a positive and healthy work environment with proper balance of work and recreation, the gymnasium in headquarter equips with employee restaurant but also indoor court, fitness center, aerobics room, billiards room, swimming pool, SPA, steam room, and outdoor sunbathe area that open to our employees before and after work to keep physical fitness to the best condition. These facilities are also open to employees and their families during holidays.

## Five-Star Class Psychology Caring



ASUS establishes a variety of channels available for the timely and best assistance of its employees to actively detect potential problems confronting the organization and the employees. Through online promotional materials, blogs, a caring hotline, and by other means, employees and their supervisors can engage in positive and transparent two-way communications. This helps to build a bridge for the communication and exchange between the employees, the work force, and senior managers both internally and externally. We established a psychological counseling service to provide immediate psychological and mood support as well as stress relief in work, daily life and health. For employees experiencing accidental injuries, hospitalizations due to sickness or disasters, the specialist from CSO provides emergency relief and care to employees and their family.



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ASUS encourages its employees to present their opinions or ideas through internal channels so that different voices can be heard. Feedbacks are classified into four categories: product R&D, sales and marketing, administrative affairs, and personal opinions. In 2016, the advices were all responded, and with the corporation with and supports of the relevant departments, 90% of the questions were replied within 3 days.

The contents of the website are designed by the human resource. The purpose is to encourage our employees and help relieve their job stress and thus reaching the work-life balance status. The website includes but not limits to tips of how to relieve the stress, positive thinking, other information that may be helpful to daily life, and schedules of self-growth seminars.

ASUS hires counseling psychologists to provide an employee assistance program (EAP) compliant with international standards to assist employees in dealing with personal issues affecting productivity, and provides managers with professional management counseling to solve crises and management issues. To ensure employee wellness, employee relationship division also provides emergency care referral and assistance to employees and their family.

**(I) Employee care service**

Service	Content
Professional psychological counseling/consultation	<ul style="list-style-type: none"><li>■ Offer guidance to each consulting employee</li><li>■ Assist the organization in solving employees' problems to improve their productivity</li></ul>
Enhance employee care	<ul style="list-style-type: none"><li>■ Provide psychosomatic healthcare resource (timetable of hospital psychosomatic clinic)</li></ul>
Enhance overall quality of employee care	<ul style="list-style-type: none"><li>■ Periodically verify treatment processes with external psychologists</li><li>■ Provide psychological education to the employees' families when necessary</li></ul>
Diagnosis and assessment	<ul style="list-style-type: none"><li>■ Provide professional assessment and referral to employees when indicated</li><li>■ Provide employees with resources benefiting their physical and psychological health</li></ul>
Support ASUS subsidiary in Shanghai	<ul style="list-style-type: none"><li>■ Provide local psychological counseling service and resources</li><li>■ Assist employees and managers in solving issues between the organization and employees</li></ul>

**(II) Management counseling service**

Service	Content
Professional management counseling service	<ul style="list-style-type: none"><li>■ Assist and guide managers by providing action guidelines</li><li>■ Enhance managers' abilities to care for employees</li><li>■ Enhance self-awareness of managers</li><li>■ Assist managers in solving issues between the organization and employees</li></ul>
Assess management issues	<ul style="list-style-type: none"><li>■ Assist managers with adjusting self-management model</li><li>■ Assist with planning to improve the atmosphere of the unit</li></ul>



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**(III) Crisis management**

Service	Content
Risk management guideline	<ul style="list-style-type: none"><li>■ Assist managers in caring for employees</li><li>■ Guide employees in responding to risk events</li></ul>
Group psychological education	<ul style="list-style-type: none"><li>■ Assist managers in guiding other employees in their unit</li><li>■ Provide appropriate suggestions to lower employees' anxiety</li></ul>
Psychological education and instruction	<ul style="list-style-type: none"><li>■ Provide psychological education and instruction to employees' families and the units, including stress management and crisis management</li></ul>
Utilize psychologist association resources	<ul style="list-style-type: none"><li>■ Provide employees with association referrals for professional counseling services</li></ul>
Crisis and suicide risk assessment	<ul style="list-style-type: none"><li>■ Carry out professional guidance program</li><li>■ Facilitate and improve employee productivity</li><li>■ Address individual issues affecting performance</li></ul>

In 2016, EAP was provided 215 times. The increase in the service usage rate showed ASUS commitment in improving employee wellness, solving employees' issues, allowing immediate and effective improvement of employee productivity, and thus ultimately improving the overall competitiveness of the organization.

Besides employee caring, ASUS also provides emergency assistance and care, which is carried out by the Humanity function of the sustainable development office of CSO. The scope of service not only includes emergency Solatium, but also develops a customizable care programs for employees requiring long-term care. The latter provides the employees with the required assistance and support, and shows them and their family ASUS' widespread love.

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**LOHAS Workplace**

ASUS holds seminars and games on LOHAS lives at regular intervals. Employees are invited to participate for the release of their pressure from work and reinforce their self-actualization. Seminars on this topic have been organized to guide the employees to realize happiness from different facets of lives and to enjoy lives. ASUS also plans for a variety of arts and cultural events such as children folk game DIY (Do It Yourself) in related festivals or pictures exhibitions at the art gallery by the employee from ASUS Design Center with the making of customized cards on the scene on exhibition. Employees can also demonstrate their talents in this area in the exhibitions.



**Farmer Market**

Taking care of the health of employees and allowing them to purchase fresh ingredients, fruits and vegetables and then taking home for cooking after work, ASUS puts together the best food materials from all over Taiwan to set up the "love the earth campaign" for promoting toxic-free organic produce by inviting 37 farmers every week. This market also provides convenient grocery shopping for the employees for eating local organic food with the peace of mind. The accumulated sale in this market totaled NT\$703,087 in 2016.





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### Parent-child Relationship

ASUS firmly believes that harmony in family can augment psychological health. As such, family members of the employees are also the target for caring. The gymnasium is opened to family members on holidays to encourage family participation in sports and games. This helps to reinforce parent-children relationships and share the same hobby, and nurture positive family interactions. There are also family days and department gathering days for the family members to join. Summer camp and winter camp are also organized for the children.





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# Community Involvement

ASUS considers that corporates have the responsibility to contribute and serve society. As a global citizen, we appreciate the support from the community and from the world, and thus we combine our business with the core value to continuously involving in short-, middle- and long-term charity efforts, implementing the business philosophy of "Strive to be among the world-class green high-tech leaders and to provide valuable contributions to humanity".

ASUS combines the business with the core value to promote digital inclusion project as a social feedback to the society. Through providing digital equipment and learning environment to reduce the digital divide, it would develop the digital skills of the vulnerable groups and thus improve the quality of their lives. We fulfill our corporate social responsibility by participating in the social welfares to bring better lives to the community.



Established digital learning centers in 30 countries and benefited more than 100,000 people in digital divide project



First consumer technology company in Asia to receive certification for its Social Return on Investment report



ASUS Cloud initiated the air monitoring program of the first Smart City in Taiwan



## Digital Inclusion Project

Since its establishment in 2008, the ASUS Foundation has been working on the goal of reducing the digital divide and build digital learning center around the world in collaboration with non-profit organizations, volunteer group and governmental agencies. Digital inclusion refer to policies and activities exercised for creating a non-discriminatory information society, which means that chance of information access and use does not differ with the degree of education, gender, age, race and residence of individuals. ASUS helps deal with local digital divide issues with the connection of green technology, society and humanity, and continues the charity efforts to fulfill the role of the corporate as a global citizen and reveal the potential of people around the world.

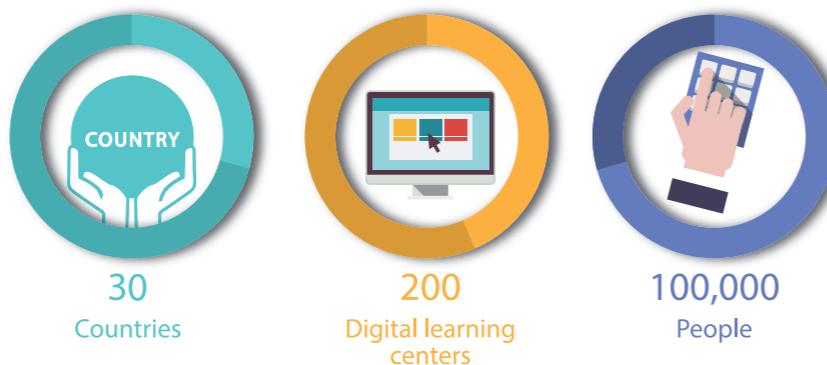
There are 3 main aspects of the project of reducing digital divide: installing basic hardware equipment, developing digital learning abilities, and moral education and cultural preservation. 6 sub-projects are also designed to gradually improve the life quality of disadvantaged groups through digital learning, while promoting and preserving traditional culture.



Digital Learning Center

For eight consecutive years, the ASUS Foundation has been working with the Ministry of Foreign Affairs in Asia-Pacific Economic Cooperation Digital Opportunity Center (APEC ADOC) 2.0 project and assisting the non-profit organizations of ADOC member nations or entities with diplomatic relations with Taiwan in creating digital learning centers, promoting digital learning and bridging digital divide due to nation, region, age and gender differences in the hope of improving the digital competency and quality of life of local residents.

Since 2009, the ASUS Foundation has contributed to the establishment of digital opportunity centers in more than 31 nations and has donated 2,708 new notebook computers and tablets with the support of ADOC (renamed as Taiwan Digital Opportunity Center [TDOC] in 2015) and the Ministry of Foreign Affairs. In addition to the donation of refurbished and brand new computers, support service was also provided by volunteers to promote digital learning to improve the digital skills of children in rural regions, of students and young adults of economic difficulty, of women and of elderly. Work practice positions were also provided.



In 2016, the ASUS Foundation worked with TDOC and the Department of Latin American and Caribbean Affairs to donate 405 brand new notebook computers, 200 brand new tablets, and 662 refurbished computers to the rural schools in 16 nations. The joint effort of governmental organization and private company helps spread the warmth and resources to rural regions or vulnerable population around the world, improving the digital competency of local vulnerable children and academic organizations.

### Countries received donation since 2009:

Asia-Pacific 10 countries	Taiwan, Philippines, Cambodia, Vietnam, Indonesia, Thailand, Myanmar, Malaysia, China, Russia
Central Asia 3 countries	India, Sri Lanka, Nepal
Africa 5 countries	Tanzania, South Africa, Zimbabwe, Swaziland, Kenya
Central and South America 12 countries	Haiti, Panama, El Salvador, Honduras, Ecuador, Paraguay, Nicaragua, Guatemala, Dominica, Belize, Peru, Mexico





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Philippines Love & Care Foundation's  
Mobile Digital Learning Vehicle



Donation from Philippines Department of  
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Donation from Khin Kyi Foundation of  
Myanmar



Donation from Bodhicitta Mandala  
Foundation of Indonesia

**Digital Learning and Training**

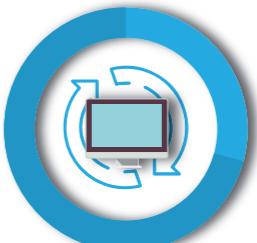
**Refurbished Computer and Digital Training Program**

Starting from 2008, the ASUS Foundation has launched "PC Recycling for a Brighter Future" program that recycles discarded computers and refurbishes them by reusing available components and updating the software. The program not only recovers discarded computers through reverse logistics to promote the concept of eco-friendly but also establishes the basic infrastructure of information products, setting up the initial step towards the promotion of digital learning to reduce the digital divide.



**275,420**

Waste electrical and  
electronic equipment  
recycled



**8,394**

Refurbished computers  
donated



**357**

Local and overseas  
non-profit organizations  
were donated

Recipients of these refurbished computers were mainly non-profit service providers such as volunteers, learning enrichment centers for disadvantaged students, seniors, physical/mental handicaps, new immigrants, and so forth. Furthermore, the recipients of these computers were also given relevant software trainings by the ASUS Foundation, such as social network (creating fan page on Facebook, posting and sharing contents), file management (using Google cloud drive, making questionnaires and surveys on cloud), word processing (Word/Excel/PPT), promotional platform (introductory video editing) and so forth. Such supplementary courses not only help to boost the administrative capabilities of our partners in non-profit organizations but also enable them to broaden their international views and rendering them more competitive in the future. In 2016, the provision of these software training and teaching materials had benefitted approximately 14,560 users directly and indirectly.

In 2016, NPO Day-Smart NPO was held and attended by 30 receiving organizations. 5 lecturers from external companies (or NPO), including Chunghwa Telecom Foundation, were invited to present digital curricula, as well as ASUS' software architect to give lecture on APPs of Zenfone. The events influenced 62 individuals directly, and 620 people indirectly.

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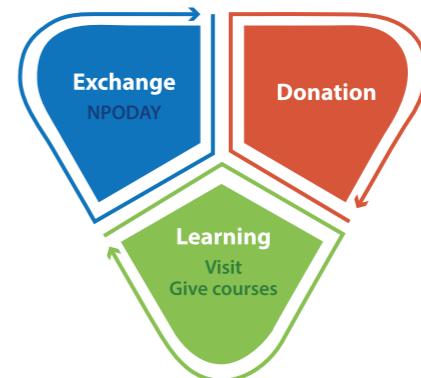
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**NPO Day – Smart NPO**

Since 2015, the ASUS Foundation, on the mission of reducing digital divide, has worked with ASUS Volunteers in providing onsite digital content training at the receiving organizations of refurbished computers. In the fieldwork, ASUS employees could observe the needs of users and reflect them in product and service design, which further improves the relationship between ASUS products and users.

In order to ensure effective communication and exchange between the recipient organizations, we create our Facebook fan page to promote the benefits of these refurbished computers and the program.

For more information on the ASUS Foundation's "Refurbished Computer and Digital Training Program", please visit: <http://www.asusfoundation.org/>

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**ASUS World Citizenship/Volunteer Program**

Since 2011, the ASUS Foundation started an international volunteer club inviting our employees to join oversea volunteering service. With the collaboration with domestic and foreign school clubs and non-profit organizations, the international volunteers visit rural regions to provide information and communication training, Chinese language education and technical training, as well as raising ecological protection awareness. This excites the potential of ASUS employees and fulfilled the social responsibilities. In six years, more than 500 volunteers participated. ASUS encourages volunteer service participation by offering 2 weeks of official leave as well as meal and travel compensation. In 2016, 130 volunteers were sent to nine countries, namely the Philippines, Malaysia, Indonesia, Thailand, Myanmar, Vietnam, Nepal, India and Tanzania.

Through achievement presentation, Facebook, and volunteer website, with videos, photographs and text records, the ASUS Foundation is able to share the experiences of volunteer services and interesting/heart-touching moments with people around the world.

Achievements of international volunteer service: [http://www.asusfoundation.org/article\\_achievements.aspx?id=3](http://www.asusfoundation.org/article_achievements.aspx?id=3)



2016 International Volunteer Achievement Presentation



Yuan Ze's service in Nepal

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In addition to selecting volunteers to perform services in rural regions abroad, ASUS has paid attention to local disadvantaged minorities as well. In order to encourage employees to actively participate in relevant voluntary services and charity events, the company offers 1 day of volunteer leave per year for each employee and subsidy for related event funds.

In 2016, the volunteer events included Taiwan Fund for Children and Families' digital learning camp, after-class instruction and company in "Zhuwei Little Sun" project, digital learning camp and environment education of Dayuan Christ Church's Secret Base of Children, traffic control in the Beitou rice harvest festival, Zenan Homeless Social Welfare Foundation, Taiwan Fund for Children and Families' winter visits, Yide Village's Mother's Day event, and charity sales in Fun Guandu event. In each event, ASUS volunteers actively engaged in volunteer activities which not only could show their passion in social service but also gain self-confidence and recognition. In 2016, a total of 3,131 hours were contributed in domestic and international volunteer service.

ASUS Jet Volunteer Club: <https://www.facebook.com/jet.asus.7?ref=ts>

【桃園觀音孩子的秘密基地數位學習日】  
7月30日盛夏的週六時光，華碩志工社夥伴們來到桃園孩子的秘密基地，華哥哥和華姐姐們活力充沛帶動團康遊戲，很快地與孩子們打成一片。運用再生電腦搭配遊戲化課程教導孩子們學習程式設計，看著他們認真專心詢問華哥哥、華姐姐如何運用程式邏輯設計迷宮，當每一個步驟操作完成時，我們也和孩子們一樣感到相當有成就感。讓孩子們快樂學習並接觸科技工具，是開啟他們邏輯思維的另一扇門，也是我們推廣數位學習的主要宗旨。  
#華碩志工社讓夢想起飛



Digital Learning Camp of Dayuan Christ Church's Secret Base of Children

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### Digital Content and Cultural Preservation

#### 99-Second Film and Micro Movie Contest

Beginning in 2009, the ASUS Foundation has held "National 99-Second Film Contest" with Taiwan Public Television Service (PTS) for 7 consecutive years. The theme of the seventh contest was "Sparkling", which was expected to present the genuineness, goodness and goodwill of Taiwanese through the films by students. Information and communication products underwent rapid development, and the ASUS Foundation worked with PTS to hold "Mobile Device Video Workshop" to provide training on the design and application of mobile video in hope of fostering the potential of future video makers.

In the seventh year of "Everlasting Touching 99-second Film Contest", besides the reputable 99-Second Film Contest, another free length contest was available for more ideas: micro movie contest was introduced for the first year. The organizers found that students, though full of creativity, tend to have less resources at hand. To ensure that the potential of the new generation can be fully unleashed, we decided to focus on the funding and assistance on campuses, meaning that only students were allowed to attend the contest, showing our direct support to students.

Event Fan page: <https://www.facebook.com/touching99/?fref=ts>



Event Fan page:

<https://www.facebook.com/touching99/?fref=ts>



點點的微光 遍佈在台灣各角落  
或許不為人知 却始終持續閃爍  
他們照亮了、也守護了我們這片珍貴的土地  
【感動99 綠。微光】

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**Mobile Device Video Workshop**

ASUS combined professional video processing technology from Chinese Public Television and the latest ASUS handheld device "Zenfone3" to hold the workshop, not only attempting to improve the video competency of students, but also hope students to share their unique life experiences with more refined video creations with the public, and contribute to the efforts of requesting resources for people in need.



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### ASUS Indigenous Peoples Science Education Award

The Indigenous People Science Education Award focuses on cultural heritage and scientific verification. This award combines traditional indigenous scientific knowledge, culture, and ecological environment with modern scientific, technological and innovative research activities to promote the information and science accomplishment among elementary and junior high school students. With the use of cloud platforms and the company of elders and parents, elementary and junior high school students of indigenous areas conduct science projects relating to phenomenon and incidents relating to the tribal environment. The wisdom of indigenous tribes and culture are preserved through scientific verification methods.

The ASUS Indigenous Cloud Technology Education started from 2009 was in the joint effort of National Tsing Hua University, Taiwan Indigenous Television, Council of Indigenous Peoples, and ASUS Foundation. It also received support from ASUSTeK Computer Inc., Department of Information and Technology Education of the Ministry of Education, National Tsing Hua University "Yabit Tribe" website, government of counties and cities dwelled with indigenous people, and Tsing-Hua Foundation for Web Culture and Education. 2016 marks the seventh year of the award, with more than 2000 direct participants including indigenous teachers, students, elders and family members.

Website: <http://yabit.et.nthu.edu.tw/2015yabit/rules.html>



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## Social Return on Investment

### 2015~2016: Refurbished Computer and Digital Training Program - Social Influence

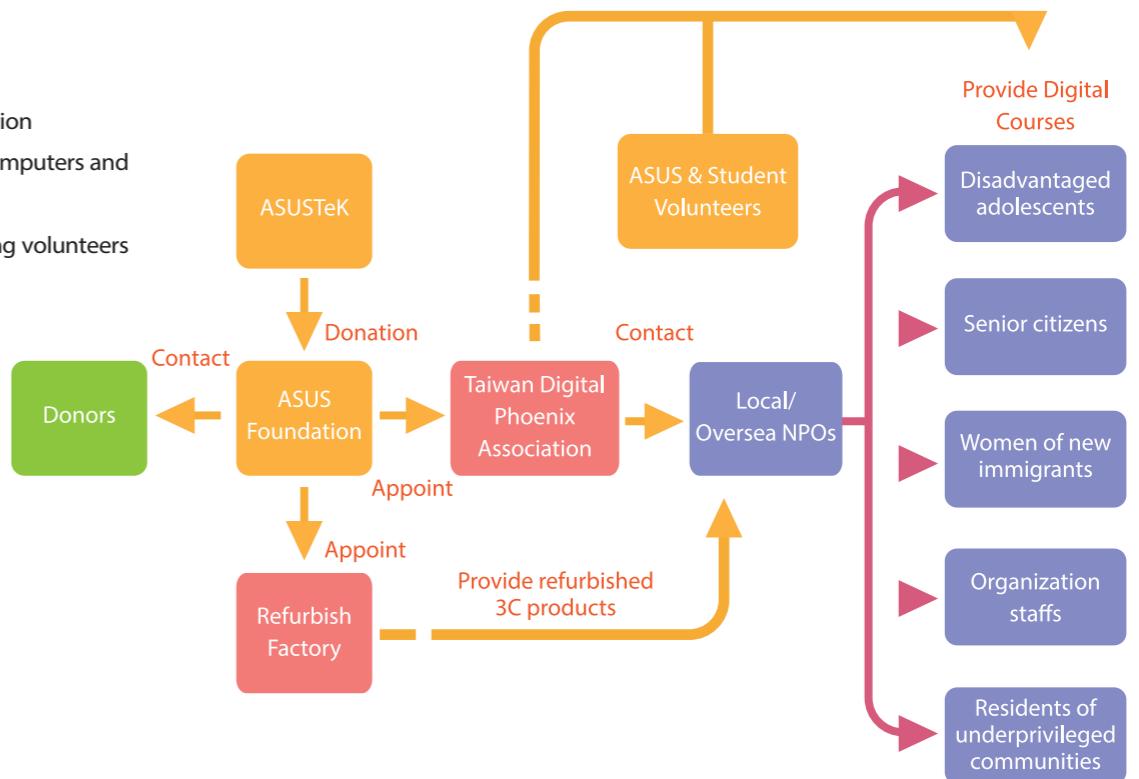
#### (Social Return on Investment, SROI)

Based on the core business in computers and digital products, ASUS has initiated "Refurbished Computer and Digital Training Program" in 2008 to create a "Sound Material-cycle Society" model through the recycling of information and communication products which are refurbished and are donated to charity organizations. We also send volunteers to assist in curricula arrangement and the deployment of basic digital environment in hope of reducing the digital divide to achieve digital inclusion. Our events aim for sustainable development and the reduction of economic difference and environmental impacts arising from the introduction of digital technology.

The short-term goal is to improve the digital competency of vulnerable groups to reduce digital divide; mid-term is to ensure everyone has equal digital opportunity; long-term is to fulfill the concept of digital inclusion.

This program comprises three subprograms:

- 1.Recycling old computers: reduces pollution for environment protection
- 2.Computer refurbishment and donation: granting new lifecycle to computers and promote digital learning
- 3.ASUS digital training program: helps with digital training by providing volunteers and learning materials



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Over 8 years, the scope of donation through "Refurbished Computer and Digital Training Program" covers more than 350 domestic and foreign non-profit organizations in 30 countries, and the program is widely welcomed. Meanwhile, ASUS expects the program to make changes happened instead of simply giving away, and also evaluates whether the program achieves the goal, brings changes to the society, as well as seeking any possible improvement and management for the program. As a result, we introduced SROI management model in 2016 to effectively manage the program and allocate limited resources to maximize the social value of the program and our influential power.

According to Chief Sustainability Officer Sandy Wei, "Social value reporting not only enables us to associate our corporate sustainability projects with a social value, but also provides us with an alternative measurement that we can use to improve our management of these projects targeted at bridging the digital divide, hence creating even more social value."

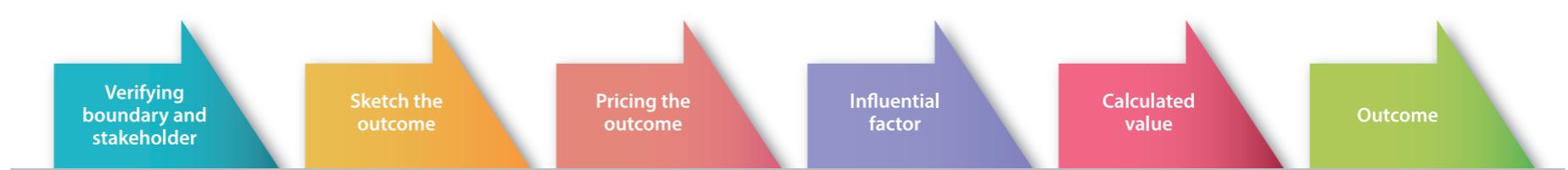
According to the calculation process and principle in the SROI guide (2009)\* revised in 2012 by Office of the Third Sector, Cabinet Office, UK, a 6-step model is used to determine the theory of change in input, output and result, where currency is used as the measuring unit. SROI guide points out that stakeholder involvement is important in order to obtain precise feedbacks and results, and we would need to take the tangible and intangible inputs and outputs of the stakeholder of each group into consideration. On the other hand, SROI framework measures all the value stakeholders care about, rather than purely economic payoff, thus making the conclusion complete and objective.

Between January 1 2015 and June 30 2016, ASUS assisted 527 public and private organizations in recycling nearly 30,000 old information products\*\*. These were refurbished by partners and a total of 1,252 devices were donated to 83 domestic and 13 foreign charity organizations\*\*\*. The final analysis of the social return on investment of the program showed that each dollar invested generates a social value of 3.61 NTD.

\* A Guide to Social Return on Investment, Cabinet Office, U.K., 2009, 2012 reprint

\*\* Volume of recycling between 2015.01-2016.06: 16,419 desktop computers, 9,544 LCDs, 3,847 notebook computers, and 189 All-in Ones

\*\*\* Refurbished computers donated: 650 desktop computers, 280 notebook computers and 332 AIOS



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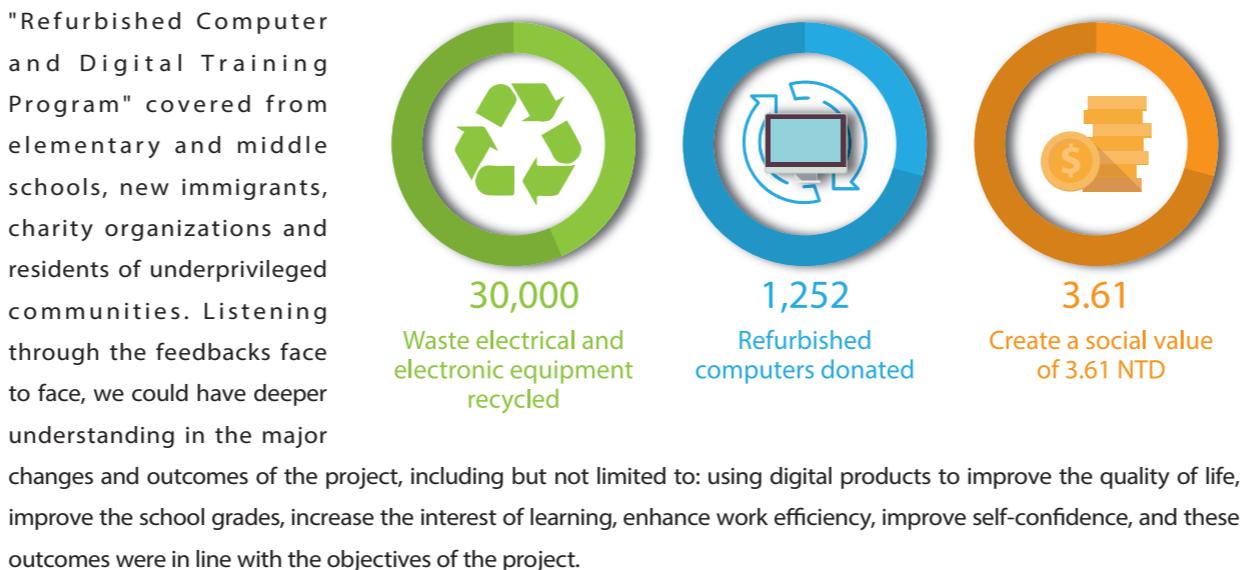
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Note that the calculated SROI value should not be used to compare with those of other projects. Using SROI as the self-review, we could develop follow-up management approaches for the project. We found that the SROI value could increase if we could: 1. establish user management system; 2. improve the applicability of refurbished computers; 3. communicating the correct manner of using refurbished computers; 4. tailored curriculum design; 5. strengthen the connection with charity organizations. This certification helped ASUS better assess the CSR goal of the project and ensure that non-governmental organizations, volunteer groups and digital learning center could effectively utilize ASUS' resources. During the process of stakeholder engagement, we also discovered the challenges of charity activities in Taiwan, and expected that through the disclosure of this report, more charity organizations would become more aware of the performance management and efficient resource distribution.

**SOCIAL VALUE INTERNATIONAL**

**Statement of Report Assurance**

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

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

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

Awarded 24 January 2017

  
 Jeremy Nichols  
 Chief Executive Officer  
 Social Value International

  
 ASSURED REPORT  
 SOCIAL VALUE

Social Value UK carries out the assurance service on behalf of Social Value International. Social Value International is the global association of practitioners who are committed to the development and application of the methodology for measuring social impact and social value. We work with our members to increase the accounting, measuring and managing of social value from the perspective of business, government and civil society. We believe that the measurement and management of social value will create a broader definition of value will change decision making and ultimately decrease inequality and environmental degradation.

Disclaimer: Social Value International will not be responsible for any actions that an organization takes based upon a report that has been certified. Social Value International and Accredited Practitioner states to the author/authors of the report unless it's part of a full application for Accredited Practitioner status.

The "ASUS Social Return on Investment (SROI) Report of Refurbished Computer and Digital Training Program" was certified by Social Value International, making it the first Asian technology-based corporation and the first in Taiwan to receive such international certification. This would also serve as the sample for ASUS Social Involvement Program. To read the complete report, please visit [Social Value International website](http://socialvalueuk.org).

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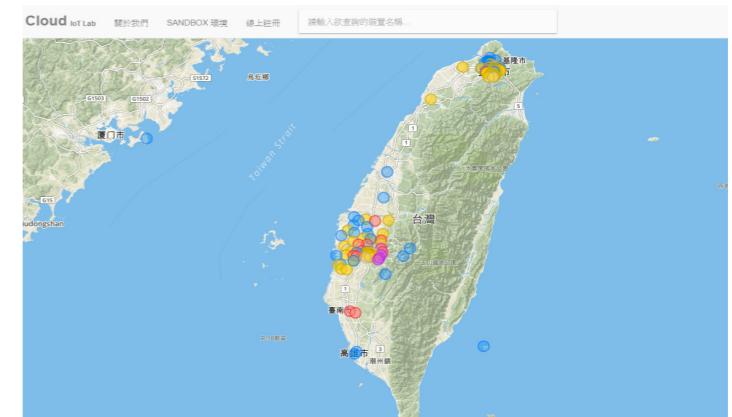
## Social Application of Cloud Service

The development of sustainable cities is one of the goals of the cities around the world. Through the Cloud technology, big data analysis, Internet of Things and other innovative technologies, these could enhance the quality of life of the citizens, drive business investment behavior, and promote the development of sustainable economy.

Over the years, ASUS has been promoted the digital education cloud, medical cloud and other cloud technologies with digital technology, and to establish the smart city which could enhance the quality of life of citizens through external collaboration. In March 2016, with Taipei City government, Academia Sinica and a semiconductor partner, ASUS launched the first smart city air pollution monitoring program: Air Box.

According to the World Health Organization (WHO) report published in 2016, approximately 8.2 million deaths annually around the world related to air pollution, and unfortunately the numbers continued to increase. Meanwhile, air and environment quality issues are starting to receive public attentions and concerns. The general public demands information about the environment as a health reference for outdoor activities.

Air Box can monitor environmental data such as temperature, humidity and the level of fine particle matter (PM 2.5) in the air. The project was planned to deploy 300 units of Air Box to some elementary schools and environment monitoring stations in Taipei City. Citizens could also apply to participate in the project and had the Air Box installed at outdoor balcony or window, keeping it plugged and connected to Wi-Fi. The data collected would be uploaded to ASUS' cloud platform. Citizens could access to and realize the surrounding environmental information via apps or website.



ASUS believes that one of the core values of a smart city is to improve convenience and comfort of our lives. The smart city air pollution monitoring program not only raises public awareness of air and environment quality and ensures information availability, but also provides citizens with the opportunity to participate in the development of the smart city. In the future, the Taipei City Government plans to further apply the environment information stored on the cloud platform in added-value application, analysis and research, as well as to provide new app developers with API to help improve the quality of life.

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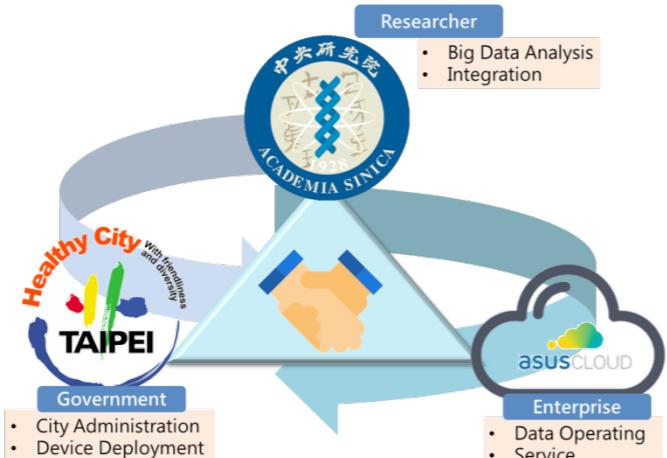
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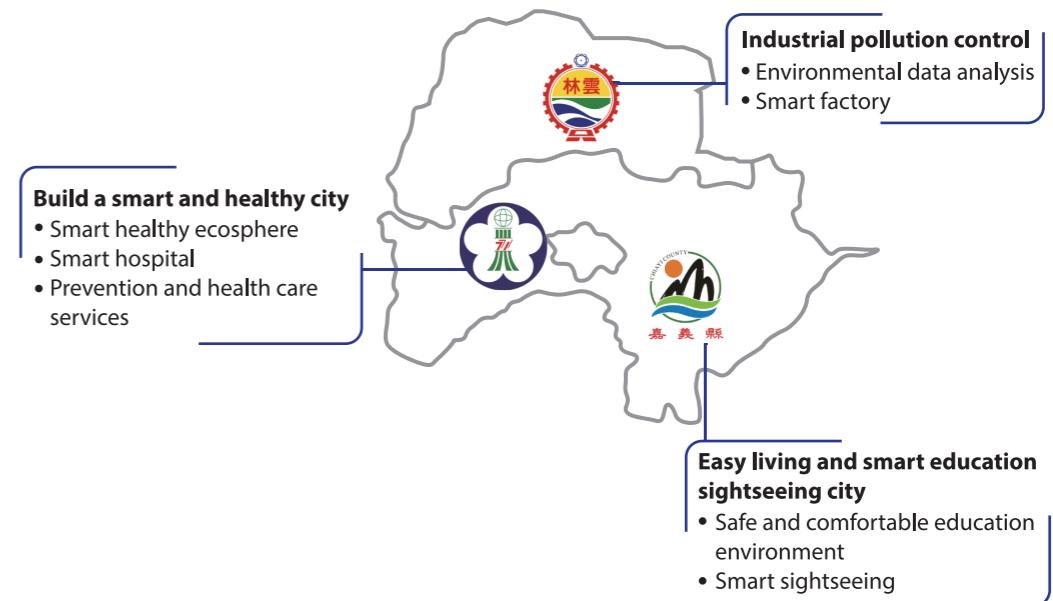
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The Operation of Air Box for Taipei City

In September, ASUS launched "Environment Data Visualization in Yunlin and Chiayi Project" through the governmental collaboration platform of Yunlin County, Chiayi County and Chiayi City, in which 200 units of Air Box were deployed to schools, public health centers or bazaars to monitor PM 2.5 level, humidity and temperature for better air pollution control. To build the foundation of the smart city in rural area with IoT, we expect to combine the environmental data through interdisciplinary integration to develop public health and healthcare, enhancing the comfort of our lives as smart living.



Air pollution is a major threat to humans. ASUS wishes to start from the needs of the citizens and further provide solutions through smart technology that could monitor the air quality, and the data could be used to develop public health, medical care, healthcare applications, and data analysis. The goal of these efforts is to raise public awareness about the surrounding environment thus safeguarding our own health.

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## Contribution to the Society

ASUS and the ASUS Foundation have continued to sponsor literary and art events to support the local communities, expand our international horizons and fulfill our social responsibility by taking actions in various social activities.

### ASUS Enterprise Academy with National Taiwan University of Science and Technology

To help young students to quickly cope with the workplace after graduation, make appropriate adjustment on learning while still in school, and apply the knowledge and skills in the workplace, ASUS had been worked with National Taiwan University of Science and Technology since 2014 to establish ASUS Enterprise Academy. We recruit 20 students each year and professional lecturers are from our professional managers. We expect to shorten the gap between different understandings and impressions of the industry as well as to nurture more talents for the community.



### Fun Guandu Festival

Despite having our facilities in the Guandu area for more than 20 years, ASUS has had limited connections to the local community. As such, ASUS and Taipei National University of the Arts collaborated the “Fun Guandu Festival” event in 2015. The goal of the event was to foster and strengthen the bonds of the neighboring villages while caring for the people and affairs of Guandu as we transform Guandu into a cherished venue of arts and technology in Taipei. Thanks to the effort of all the collaborating organizations, Fun Guandu Festival became one of the major events of World Design Capital Taipei 2016, and one of the major annual activities of the year in Taipei City. In 2016, more than 200 ASUS volunteers from ASUS Toastmasters, ASUS Chinese Orchestra Club, ASUS Tea Society, ASUS free agents, Monster Cheerleading and ASUS Volunteers Club joined the event to cruise the streets and perform street show, and manage booths in the charity bazaar. All income from the charity bazaar was donated to the Northern Taipei Branch of Taiwan Fund for Children and Families to help the vulnerable children.



Activity website: <http://www.guandu.tw/>

Facebook fan page: <https://www.facebook.com/guandu.tw/>



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### **Assisted development of the intellectually challenged**

ASUS is keen in providing assistance to the vulnerable population through the digital education for reducing divide and vulnerable group sponsorship. Lifelong support is also provided: Since 2008, ASUS has hired 9 intellectually challenged full-time employees to run the "Children-Are-Us" bakery ASUS branch in the employee restaurant. All the profit is provided to the Children Are Us Foundation so that assistance is available to more intellectually challenged individuals in need, and they can learn new skills for living and gain confidence from empowerment.



### **Charity Donations and Sponsorships**

On top of concrete actions and participation in various social events, ASUS also plans annual budget for the sponsorship of various charity organizations. Moreover, our employees also take the initiative to organize fundraising and donations.

### **Cooperation with Radio Da-Ai**

Since 2008, ASUS has sponsored the production of spiritual purification-related programs by Radio Da-Ai. The theme of charity advertisement of 2016 was bridge, a symbol of connection and heritage, introducing different point of views and thoughts to promote wisdom in education, honesty and integrity and hard work. These will in turn boost the power of benevolence in society and imbue every inch of the land with love and stories.



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**Crowd Funding, Fundraising, and Charity Sale Donations**

In 2016, ASUS contributed 17,455 thousand NTD for public interest with the followings: The ASUS Foundation and social welfare caring.

Event	Amount donated (NTD thousand)
Donation to ASUS Foundation	\$15,000
Education and social care charity	\$2,455



"Thank you" from Swaziland



Charity Bazaar in Fun Guandu Festival

We also build an IT charity fundraising platform for donation and fundraising. In 2016, through the platform, employee donated 3,002 thousand NTD, and it was primarily used for supporting the vulnerable groups and for their New Year gifts. Started from 2011, the fundraising opens before Chinese New Year each year. We had been raising 9,256 thousand NTD as of now and 16 social welfare groups received the funds.

In addition to the charity fundraising platform, we also provide a material collection platform. Employees are encouraged to donate any new or old items no longer needed. Some of the materials raised in 2016 were sold in the charity fair to extend the use life of the objects, while some were donated to African entities with diplomatic relation with Taiwan such as Swaziland and Kenya to provide children of school age with shoes. ASUS also collaborated with World Vision Taiwan in assisting senior high school students in Penghu by collecting and giving out a hundred Christmas and New Year shoe gift boxes as New Year gifts. Thanks to the charity moves, our employees now cherish their belongings and show altruism.

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**Charity Shop**

ASUS supports the vulnerable groups with actions. We invite shelter workshops and social welfare organizations to ASUS sites on Dragon Boat Festival, Mid-Autumn Festival, on ASUS Family Day, as well as every month, to set up the booth for sales, and at the same time promote social welfare practices to gain recognitions and direct supports from our employees. In 2016, 34 social welfare organizations were invited and the revenue of charity shops was 951 thousand NTD.



中秋節愛心伴手禮公益小棧，邀請同仁前往選購

攤位時間:

8/15~8/16	8/17~8/18	8/19
企總 二樓川廊	承德 二樓餐廳	奇岩 二樓餐廳

攤位廠商:育成基金會、糕菲庇護工場、自閉症總會  
心路基金會、愛盲庇護工場、人安基金會  
台灣公益CEO協會、里仁關渡喬大店、IMPCT



Charity shop on Mid-Autumn Festival: Gofe shelter workshop



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## **Appendix A Boundary Covered in the Report**

Name	Main business activities	Region
ASUSTeK Computer Inc. (ASUS)	Headquarters	Taiwan
ASUS Technology Incorporation (ASUTC)	Selling 3C products in Taiwan	Taiwan
Asus Global Pte., Ltd. (ASGL)	Selling 3C products	Taiwan & Singapore
ASUS Cloud Corporation	Selling and consulting about e-commerce service	Taiwan
ASUS COMPUTER INTERNATIONAL (ACI)	Selling 3C products in North America	Americas
ACBZ REPRESENTAIVE COMERCIAL LTDA. (ACBZ)	Selling 3C products in Brazil	Americas
Asus Computer International (ACICA)	Marketing 3C products in Canada	Americas
PT ASUSINDO SERVISTAMA (ACID)	Marketing 3C products in Indonesia	APAC
PT ASUS SERVICE INDONESIA (ASID)	Repairing 3C products in Asia-pacific and America	APAC
ASUS JAPAN INCORPORATION (ACJP)	Selling 3C products in Japan	APAC
ASUSTEK COMPUTER MALAYSIA SDN. BHD. (ACMY)	Marketing 3C products in Malaysia	APAC
ASUS Technology Private Limited (ACIN)	Marketing and repairing 3C	APAC
ASUS India Private Limited (ASIN)	Selling 3C products in India	APAC
ASUS TECHNOLOGY (VIETNAM) COMPANY LTD. (ACVN)	Repairing 3C products in Vietnam	APAC
ASUS MARKETING (THAILAND) CO., LTD.	Marketing 3C products in Thailand	APAC



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ASUS Service Australia Pty Limited (ASAU)	Repairing 3C products in Australia	APAC
ASUSTeK Computer (Shanghai) Co., Ltd (ACSH)	Selling 3C products in China	China
ASUSTEK COMPUTER (CHONGQING) CO., LTD. (ACCQ)	Selling 3C products in China	China
ASUS Computer (Shanghai) Co., Ltd. (ACS)	Repairing 3C products in China	China
ASUS Technology (Suzhou) Co., Ltd. (ACSZ)	Researching and developing	China
ASUS France SARL (ACF)	Marketing 3C products in France	EMEA
ASUS Computer GmbH (ACG)	Marketing 3C products in German	EMEA
ASUS COMPUTER Czech Republic s.r.o. (ACCZ)	Marketing 3C products in Czech	EMEA
Asus Czech Service s.r.o. (ACCZS)	Repairing 3C products in Europe	EMEA
ACRU	Marketing 3C products in Russia	EMEA
ASUSTeK Italy s.r.l. (ACIT)	Marketing 3C products in Italy	EMEA
ASUSTEK (UK) Ltd. (ACUK)	Marketing 3C products in United Kingdom	EMEA
Asus Bilgisayar Sistemleri Tic.Ltd.Sti. (ACTR)	Marketing 3C products in Turkey	EMEA
ASUS IBERICA, S.L. (ACIB)	Marketing 3C products in Spain	EMEA
ASUS Polska Sp.z.o.o. (ACPL)	Marketing 3C products In Poland	EMEA



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### 102-8 Information on employees and other workers

Region	Category	Type	Male		Female	
			#	Proportion within that type	#	Proportion within that type
Taiwan	Labor force composition	Employee	4941	66.39%	2501	33.61%
		Worker	0	-	0	-
	Contract	Permanent	4913	66.61%	2463	33.39%
		Temporary	28	42.42%	38	57.58%
	Employment type	Full-time	4913	66.61%	2463	33.39%
		Part-time	28	42.42%	38	57.58%
	Employee type	General Employee	4380	64.97%	2362	35.03%
		Senior Management	533	84.07%	101	15.93%
	Labor force composition	Employee	2396	54.67%	1987	45.33%
		Worker	0	-	0	-
China	Contract	Permanent	2382	54.80%	1965	45.20%
		Temporary	14	38.89%	22	61.11%
	Employment type	Full-time	2390	54.83%	1969	45.17%
		Part-time	6	25.00%	18	75.00%
	Employee type	General Employee	2026	52.12%	1861	47.88%
		Senior Management	364	77.12%	108	22.88%



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America Region	Labor force composition	Employee	329	55.57%	263	44.43%
		Worker	2	40.00%	3	60.00%
	Contract	Permanent	318	54.73%	263	45.27%
		Temporary	13	81.25%	3	18.75%
	Employment type	Full-time	328	55.50%	263	44.50%
		Part-time	3	50.00%	3	50.00%
	Employee type	General Employee	287	53.54%	249	46.46%
		Senior Management	44	72.13%	17	27.87%
Asia-Pacific	Labor force composition	Employee	1147	69.60%	501	30.40%
		Worker	164	85.86%	27	14.14%
	Contract	Permanent	1015	69.47%	446	30.53%
		Temporary	296	78.31%	82	21.69%
	Employment type	Full-time	1055	69.36%	466	30.64%
		Part-time	256	80.50%	62	19.50%
	Employee type	General Employee	1259	71.49%	502	28.51%
		Senior Management	52	66.67%	26	33.33%
Africa & Middle East & Europe	Labor force composition	Employee	895	64.20%	499	35.80%
		Worker	34	57.63%	25	42.37%
	Contract	Permanent	863	64.21%	481	35.79%
		Temporary	66	60.55%	43	39.45%
	Employment type	Full-time	877	64.01%	493	35.99%
		Part-time	52	62.65%	31	37.35%
	Employee type	General Employee	857	63.06%	502	36.94%
		Senior Management	72	79.12%	19	20.88%

\*For Taiwan region, since ASUS Cloud has its own independent HR database, the statistic calculated above does not include ASUS Cloud

\*There are no dispatched staff in Taiwan and China, thus all of them were employee

\*For Contract type, Intern/Trainee is permanent and dispatched staff is temporary

\* Senior management: The title with at least Director/Function Director and above in Taiwan / with at least Division and above in China and Overseas



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

Region	Male	Female
Taiwan	1.36	1.36
China	1.51	1.51

\*Many subsidiaries other than Taiwan and China were the first time to be included into the boundaries, thus the data was incomplete and not disclosed

\*The word "local" in this performance indicator is defined as "nationality".

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

Region	Percentage
Taiwan	99%
China	65%
America Region	79%
Asia-Pacific	73%
Africa & Middle East & Europe	82%

\* Senior management: The title with at least Director/Function Director and above in Taiwan, /with at least Division and above in China and Overseas





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**401-1 New employee hires and employee turnover**

Region	Item	Age Group	Male		Female	
			#	Proportion within that type	#	Proportion within that type
Taiwan	Number and Rate of New Employee	<30	494	10.00%	295	11.80%
		30~50	267	5.40%	109	4.36%
		>50	3	0.06%	0	0.00%
	Number of Rate Employee Turnover	<30	254	5.14%	211	8.44%
		30~50	360	7.29%	202	8.08%
		>50	11	0.22%	0	0%
China	Number and Rate of New Employee	<30	300	48.39%	233	45.78%
		30~50	105	14.83%	50	9.67%
		>50	0	0.00%	0	0.00%
	Number of Rate Employee Turnover	<30	329	53.06%	216	42.44%
		30~50	164	23.16%	64	12.38%
		>50	0	0.00%	0	0.00%
America Region	Number and Rate of New Employee	<30	25	7.55%	42	15.79%
		30~50	47	14.20%	32	12.03%
		>50	2	0.60%	4	1.50%
	Number of Rate Employee Turnover	<30	27	8.16%	30	11.28%
		30~50	51	15.41%	46	17.29%
		>50	4	1.21%	4	1.50%



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Region	Metric	<30	225	17.16%	89	16.86%
		30~50	244	18.61%	57	10.80%
		>50	3	0.23%	0	0.00%
Region	Metric	<30	173	13.20%	125	23.67%
		30~50	214	16.32%	90	17.05%
		>50	0	0.00%	0	0.00%
Region	Metric	<30	116	12.49%	73	13.93%
		30~50	6	0.65%	9	1.72%
		>50	3	0.32%	9	1.72%
Region	Metric	<30	89	9.58%	65	12.40%
		30~50	8	0.86%	11	2.10%
		>50	6	0.65%	8	1.53%

\* Male Employee New Hired Rate of the Age Group= Numbers of New Male Employee hired the whole year of the Age Group/ Numbers of Male employees at the end of the year of the Age Group

\* Male Employee Turnover Rate of the Age Group= Numbers of Male Employee quit the whole year of the Age Group/ Numbers of Male employees at the end of the year of the Age Group



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**401-3 Parental leave**

Region	Item	Male	Female
Taiwan	Numbers of employee qualified for parental leave in 2016	790	347
	Numbers of employee apply for parental leave in 2016	16	40
	Numbers of employees who actually returned to work after parental leave ended in 2016	4	25
	Numbers of employees who worked 12 months after their return from parental leave by 2016	5	8
	Return to Work Rate in 2016	31%	66%
	Retention Rate in 2016	100%	89%
China	Numbers of employee qualified for parental leave in 2016	343	473
	Numbers of employee apply for parental leave in 2016	155	196
	Numbers of employees who actually returned to work after parental leave ended in 2016	-	-
	Numbers of employees who worked 12 months after their return from parental leave by 2016	-	-
	Return to Work Rate in 2016	-	-
	Retention Rate in 2016	-	-

\* Many subsidiaries other than Taiwan and China were the first time to be included into the boundaries, thus the data was incomplete and not disclosed

\* Numbers of employee qualified for parental leave = Numbers of employees who applied for paternity leave within 3 years

\* Return to Work Rate for Male = Numbers of employees took the parental leave and actually returned for Male/Numbers of employees took the parental leave and should return for Male X 100%

\* Retention Rate for Male = Numbers of employees took the parental leave in previous year and actually returned to work for at least 12 months for Male/Numbers of employees took the parental leave in previous year and should return to work for at least 12 months for Male X 100%



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**404-1 Average hours of training per year per employee**

Country	Metric	Employee Type	Gender	Value
			Male	Female
Taiwan	Average hours of training per year per employee	General	Male	13.35
			Female	12.42
	Average hours of training per year per employee	Management	General	13.23
			Management	5.28
China	Average hours of training per year per employee	Male	Male	9.00
			Female	6.00
	Average hours of training per year per employee	Management	General	7.00
			Management	14.00



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GRI Content Index	Disclosure	Page numbers(s) and URL(s)	Omission
General Disclosures			
	102-1 Name of the organization	1-2	
	102-2 Activities, brands, products, and services	1-2	
	102-3 Location of headquarters	1-2	
	102-4 Location of operations	1-2, A-1~A-2, Annual Report 135~139	
	102-5 Ownership and legal form	1-2	
	102-6 Markets served	Annual Report 98	
	102-7 Scale of the organization	Annual Report 131~134	
	102-8 Information on employees and other workers	B-1~B-2	
	102-9 Supply chain	3-2	
	102-10 Significant changes to the organization and its supply chain	No significant changes	
	102-11 Precautionary Principle or approach	1-9~1-10, 2-2~2-4, 2-18	
	102-12 External initiatives	2-18, 3-3, 4-2	
	102-13 Membership of associations	1-13	
	102-14 Statement from senior decision-maker	II, III	
	102-16 Values, principles, standards, and norms of behavior	1-12, 4-2	
	102-18 Governance structure	1-5	



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GRI 102: General Disclosures 2016	102-40 List of stakeholder groups	XIII	
	102-41 Collective bargaining agreements	No union	
	102-42 Identifying and selecting stakeholders	XII~XIII	
	102-43 Approach to stakeholder engagement	XIII	
	102-44 Key topics and concerns raised	XV	
	102-45 Entities included in the consolidated financial statements	I, A-1~A-2	
	102-46 Defining report content and topic Boundaries	XIV~XV	
	102-47 List of material topics	XV	
	102-48 Restatements of information	Comparison of historical data	
	102-49 Changes in reporting	80% of FY 2016 sales revenue according to Annual Report	
	102-50 Reporting period	I	
	102-51 Date of most recent report	I	
	102-52 Reporting cycle	I	
	102-53 Contact point for questions regarding the report	I	
	102-54 Claims of reporting in accordance with the GRI Standards	I	
	102-55 GRI content Index	This table	
	102-56 External assurance	E-1~E-4	



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Material Topics			
Climate Change Impacts, GHG Emission and Energy Management			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	2-17~2-18	
	103-2 The management approach and its components	2-17~2-18	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	2-17	
	302-2 Energy consumption outside of the organization	2-17	
	302-4 Reduction of energy consumption	2-17	
	302-5 Reductions in energy requirements of products and services	2-6	
GRI 305: Emission 2016	305-1 Direct (Scope 1) GHG emissions	2-18	
	305-2 Energy indirect (Scope 2) GHG emissions	2-18	
	305-3 Other indirect (Scope 3) GHG emissions	2-18	
	305-5 Reduction of GHG emissions	2-18	
Effluents and Waste			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	2-17	
	103-2 The management approach and its components	2-17	
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	2-17	



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Environmental Sustainability Expenditures (freedom of speech)			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	2-20	
	103-2 The management approach and its components	2-20	
	Environmental expenditures and green procurement	2-20	
Product Stewardship			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	2-2	
	103-2 The management approach and its components	2-3~2-9	
GRI 301: Materials 2016	301-3 Reclaimed products and their packaging materials	2-9	
GRI 302: Energy 2016	302-5 Reductions in energy requirements of products and services	2-6	
Green Product			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	2-11	
	103-2 The management approach and its components	2-11~2-12	
	Products meet eco labels requirement	2-12	
	Green products promotion	2-12	



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<b>Occupational Health and Safety</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	4-13, 4-15~4-18	
	103-2 The management approach and its components	4-13, 4-15~4-18	
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	4-14	
	403-3 Workers with high incidence or high risk of diseases related to their occupation	4-13	
	Workplace safety	4-13	
	Employee health care and caring	4-16~4-18	
<b>Product Safety</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	2-2~2-5	
	103-2 The management approach and its components	2-2~2-5	
	Hazardous substance management	2-3~2-5	



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Product Compliance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	1-12	
	103-2 The management approach and its components	1-12	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	The impacts of a product on the environment and health and safety throughout the product life cycle are mostly decided at the design stage. When designing a product, ASUSTeK follows international environmental and safety regulation as standards, and the product would enter into mass production stage only when it complies with those standards.	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	No significant violation	
GRI 417: Market and Labeling 2016	417-1 Requirements for product and service information and labeling	ASUSTeK is in compliance with the information disclosure of and labeling requirements of international regulations, as well as eco label criteria through the disclosure on or marking on product, in user manual, or at ASUSTeK CSR website.	
	417-2 Incidents of non-compliance concerning product and service information and labeling	No significant violation	
	417-3 Incidents of non-compliance concerning marketing communications	1-12	



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Customer Satisfaction			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	3-16	
	103-2 The management approach and its components	3-16	
	Customer satisfaction surveys and the results, service management, and product after-sale services		3-16~3-17
Product Innovation			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	5-2, 5-14~5-15, 1-4	
	103-2 The management approach and its components	5-2~5-4, 5-14~5-15, 1-4	
	Digital Inclusion	5-3~5-10	
	Social Application of Could Technology	5-14~5-15	
Other Concerns			
Market Presence			
GRI 202: Market Presence 2016	201-3 Defined benefit plan obligations and other retirement plans	4-3	
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	4-3, B-3	
	202-2 Proportion of senior management hired from the local community	B-3	



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<b>Indirect Economic Performance and Impacts</b>			
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	2-17~2-18, 2-20	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	5-3~5-7, 5-14~5-15	
<b>Environmental and Socioeconomic Compliance</b>			
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	1-12	
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	1-12	
<b>Ethical Management and Disclosure</b>			
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	1-11	
	205-3 Confirmed incidents of corruption and actions taken	1-11	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	1-11	



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Water Management			
GRI 303: Water 2016	303-1 Water withdrawal by source	2-15	
	303-3 Water recycled and reused	2-15	
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	2-16	
Employment and Employee Benefits			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	B-4~B-5	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	4-3	
	401-3 Parental leave	B-6	
Labor/Management Relationship			
GRI 402: Labor/Management Relations 2016	GRI 402: Labor/Management Relations 2016	If there is significant change in corporate operation, we will provide notice at least no less than a month.	
Personnel Training and Performance Management			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	B-7	
	404-2 Programs for upgrading employee skills and transition assistance programs	4-4~4-12	
	404-3 Percentage of employees receiving regular performance and career development reviews	4-12	



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Free Labor and Human Rights			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No incident occurred	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	3-7~3-8 ASUSTeK, ASUS Cloud and overseas subsidiaries follow Human Rights Declaration , the local minimum age requirement, local regulations, and other relevant provisions for hiring, and prevent child labor from engaging in dangerous works. In Taiwan, ASUSTeK provides cooperative education and requires the student has to be at least age of 16. ASUSTeK performed CSR audit on first tier outsourcers to ensure that they complied with local minimum age requirement, local regulations, and other relevant provisions for hiring, and prevent child labor from engaging in dangerous works.	



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GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	ASUSTeK, ASUS Cloud and overseas subsidiaries follow Human Rights Declaration and ensure no forced, bonded or involuntary prison labor is used in the production of ASUSTeK products or services. ASUSTeK performed CSR audit on first tier outsourcers to ensure that no forced, bonded or involuntary prison labor is used in the production of ASUSTeK products or services.	
<b>Grievance Mechanisms</b>			
GRI 102: General Disclosures 2016	102-43 Approach to stakeholder engagement	XIII	
<b>Customer Privacy</b>			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	3-17~3-18	
<b>Supply Chain Energy/ Natural Resource Management</b>			
	Whether suppliers identify energy/natural resource risks and establish relevant policies, e.g., GHG or water footprint	3-10~3-14	
<b>Supply Chain Society Prosperity</b>			
	Suppliers' CSR involvement, ethical management and relationship with communities	3-6~3-9	



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## Appendix D The 10 Principles of the United Nations Global Compact

Category	10 Principles	章節	Page number(s)
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights	Human Resources Structure	4-2
	Make sure that they are not complicit in human rights abuses	Human Resources Structure	4-2
Labour	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Currently no union	Currently no union
	The elimination of all forms of forced and compulsory labour	Human Resources Structure	4-2
	The effective abolition of child labour	Human Resources Structure Child Labor Management	3-8~3-9, 4-2
	The elimination of discrimination in respect of employment and occupation	Human Resources Structure	4-2
	Businesses should support a precautionary approach to environmental challenges	Environmental Friendly Materials Energy Management and the Response to Climate Change Quality Management Assessment	2-3~2-4, 2-14~2-15, 3-4~3-5
Environment	Undertake initiatives to promote greater environmental responsibility	Environmental Friendly Materials Energy Management and the Response to Climate Change Supplier Management Strategies	2-3~2-7, 2-14~2-15, 3-2
	Encourage the development and diffusion of environmentally friendly technologies	Environmental Friendly Materials	2-6
	Businesses should work against corruption in all its forms, including extortion and bribery	Business Ethics and Code of Conduct	1-10
Anti-Corruption			



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**ASSURANCE STATEMENT**

**SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ASUSTeK COMPUTER INC. CORPORATION'S CORPORATE SOCIAL RESPONSIBILITY REPORT OF 2016**

**NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION**  
SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by ASUSTeK COMPUTER INC. (hereinafter referred to as ASUS) to conduct an independent assurance of the Corporate Social Responsibility Report for 2016 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables contained in this report.

The information in the ASUS's CSR Report of 2016 and its presentation are the responsibility of the superintendents, CSR committee and the management of ASUS. SGS has not been involved in the preparation of any of the material included in the ASUS's CSR Report of 2016.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance set out below with the intention to inform all ASUS's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative (GRI) Sustainability Reporting Standards (2016) for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured using our protocols for:

- evaluation of content veracity at a high level of scrutiny for ASUS, and moderate level of scrutiny for subsidiaries, and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard (2008) Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008); and
- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Standards (2016).

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant. Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

**STATEMENT OF INDEPENDENCE AND COMPETENCE**  
The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirms our independence from ASUS, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

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The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, EICC, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

**VERIFICATION/ ASSURANCE OPINION**  
On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within ASUS' CSR Report of 2016 verified is accurate, reliable and provides a fair and balanced representation of ASUS sustainability activities in 01/01/2016 to 12/31/2016.

The assurance team is of the opinion that the Report can be used by the Reporting Organization's Stakeholders. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting. In our opinion, the contents of the report meet the requirements of GRI Standards Core Option and AA1000 Assurance Standard (2008) Type 2, High level assurance.

**AA1000 ACCOUNTABILITY PRINCIPLES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**  
**Inclusivity**  
ASUS is committed to being accountable to its stakeholders and to integrating inclusivity into its strategic and management approach. A variety of engagement efforts such as survey and communication to employees, customers, investors, local communities, suppliers and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, ASUS may proactively consider having more direct involvement of stakeholders during future engagement.

**Materiality**  
ASUS has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders. It is recommended that the process and criteria applied to assess materiality to be formalized and documented to ensure better consistent result in future reporting.

**Responsiveness**  
The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. Future reporting would benefit from more reporting on the results of stakeholder feedback from this report.

**GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**  
The report, ASUS's CSR Report of 2016, is adequately in line with the GRI Standards Core Option. The material aspects and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics, boundaries, and stakeholder engagement are correctly located in content index and report. More engagements to involve NGOs and CSR experts for considering the full picture of ASUS's significant outward impacts on the economy, the environment, and society are encouraged for future reporting. More explanations on the boundaries of the identified material topics (103-1) may be further enhanced in next report.

Signed:  
For and on behalf of SGS Taiwan Ltd.

  
David Huang, Director  
Taipei, Taiwan  
26 May, 2017  
WWW.SGS.COM

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No.	Item	Page	Reporting Criteria
1	In 2015, ASUS smartphone product Padfone S was mislabeled as being able to support the electronic wallet on the official webpage and later was fined according to the Fair Trade Act in 2016. ASUSTeK Computer Inc. was fined for 2 million NTD.	1-12	The total amount fined and paid due to the violations of the Taiwan regulations which are seriously affected the operation of the company. Significant violation is defined in "CSR Regulation Identify Management Measures": public criminal law cases or administrative law cases that were fined more than 1.5 million NTD or seriously affected the operation of the company.
2	In 2016, ASUS' electronic products recycling rate was 12.21% of the product weights sold worldwide of the year.	2-9	The recycling % = recycled weights from various countries of certain year/ (the product quantities sold worldwide in each type of certain year multiplied by the average product weight for each type). The packaging materials were not calculated. The followings are the detail calculations for different countries:  (1) According to the local recycling mechanisms in each country, to sum up the recycling weight by ① the obligation assigned by the government, ② the conversion from recycling fee to the recycling weights, ③ the market recycling weight multiplied by ASUS' market share which is announced by the government, or ④ the paid recycling fund multiplied by the recycling rate and product weights. (Partial states in the U.S.A, Germany, Spain, the U.K., France, the Netherlands and Taiwan) (2) Actual recycling weights reported from the recycling partners (Australia and partial states in the U.S.A.) (3) Recycling quantities from "Refurbished Computer and Digital Training Program" and multiplied by the accordance average product weight for each type.



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3	<p>Satisfaction against maintenance service is surveyed via e-Survey system, which results are then reviewed and analyzed. In 2016, the survey period was from 2016/01/01 to 2016/12/31. 85.2% of survey was answered as "Satisfied" or "Very Satisfied".</p>	3-17	<p>The satisfaction is ranked with 5 levels (very satisfied, satisfied, ordinary, dissatisfied, very dissatisfied) in the e-Survey. Among the returned survey, we counted the surveys with question "Maintenance service as a whole" responded as "very satisfied" or "satisfied" and divided by all returned surveys in 2016 to calculate the satisfaction.</p>
4	<p>In 2016, we completed CSR onsite audits on 18 OEM providers and key component suppliers. The result showed that 83% (15) of them were approved, 11% (2) were conditionally approved, and 6% (1) was rejected.</p>	3-6	<p>The information is based on the number of suppliers audited and the results of CSR onsite audit. The audits were performed according to the "ASUS CSR Supplier Audit Management Measures", which covers the following 5 dimensions: labor, health and safety, environment, ethics, and management system.</p>
5	<p>The total welfare expenditure was 9,027,203,500 NTD.</p>	4-3	<p>The categories calculated for total welfare expenditure include Salary and Bonus, Insurance and Pension, Subsidy, Activities and Reward, and Other. The subsidy on employee parking was estimated with the median annual rental fee of parking lots in Beitou District multiplied by the number of parking permits issued as of December 31, 2016.</p>



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會計師有限確信報告  
資會綜字第 16010058 號

華碩電腦股份有限公司 公鑒：

本所受華碩電腦股份有限公司（以下稱「貴公司」）之委任，就選定民國 105 年度企業社會責任報告書（以下稱「社會責任報告書」）所報導之績效指標執行確信程序。本會計師業已確信竣事，並依據結果出具有限確信報告。

確信標的資訊與報導基準

有關 貴公司所選定民國 105 年度社會責任報告書所報導之績效指標（以下稱「確信標的資訊」）及其報導基準詳列於 貴公司民國 105 年度社會責任報告書第 E-2 至 E-3 頁之「確信項目彙總表」。

管理階層之責任

貴公司管理階層應依據適當報導基準編製及報導民國 105 年度社會責任報告書及其績效指標，並應建置相關流程、資訊系統及內部控制以防範民國 105 年度社會責任報告書及績效指標有重大不實表達之情事。

執業人員之責任

本執業人員依據確信準則公報第一號「非屬歷史性財務資訊查核或核閱之確信案件」，對確信標的資訊執行確信工作，以發現前述資訊是否在所有重大方面有未依報導基準評估而須作重大修正之情事，並出具有限確信報告。此報告不對民國 105 年度社會責任報告書整體及其相關內部控制設計或執行之有效性提供任何確信。

執業人員之獨立性及品質管制規範

本執業人員及本所已遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及盡專業上應有之注意、保密及專業態度。

本所適用審計準則第四十六號「會計師事務所之品質管制」，因此維持完備之品質管制制度，包含與遵循職業道德規範、專業準則及所適用法令相關之書面政策及程序。

資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan  
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所執行確信工作之彙總說明

本次確信工作依確信標的資訊，以 貴公司為工作執行範圍，執行之程序包括：

- 閱讀企業社會責任報告書
- 對參與提供績效指標的相關人員進行訪談，以瞭解並評估編製前述資訊之流程、內部控制與資訊系統；
- 基於上述瞭解與評估，對績效指標進行分析性程序，如必要時，則選取樣本進行測試，以取得有限確信之證據。

上述執行程序之選擇係基於本執業人員之專業判斷，包括辨認確信標的資訊可能發生重大不實表達之領域，以及針對前述領域設計及執行程序，以取得有限確信並作出執業人員之結論。有限確信所執行程序之性質及時間與適用於合理確信案件者不同，其範圍亦較小。有限確信所取得之確信程度明顯低於合理確信案件所取得者。

先天限制

本案諸多確信項目涉及非財務資訊，相較於財務資訊之確信受有更多先天性之限制。對於資料之相關性、重大性及正確性等之質性解釋，則更取決於個別之假設與判斷。

有限確信結論

依據所執行之程序與所獲取之證據，本執業人員並未發現確信標的資訊在所有重大方面有未依報導基準評估而須作重大修正之情事。

其它事項

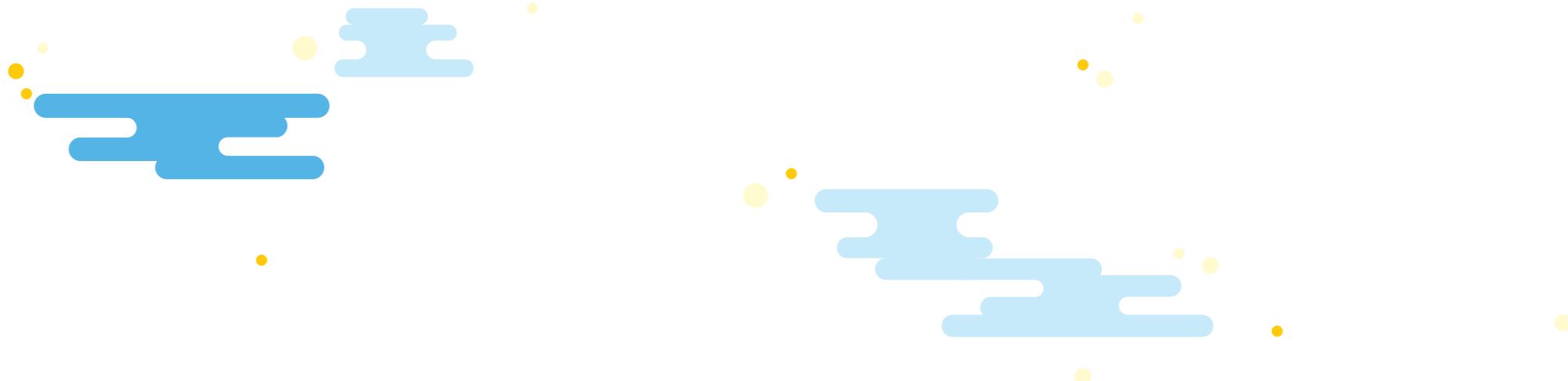
貴公司網站之維護係 貴公司管理階層之責任，對於確信報告於 貴公司網站公告後任何確信標的資訊或報導基準之變更，本執業人員將不負就該等資訊重新執行確信工作之責任。

資誠聯合會計師事務所

會計師 徐永堅



中華民國 106 年 6 月 19 日



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