



2 Sustainable Operation

Sustainability has become a major trend across industries of all types. In August of 2019, the Business Roundtable organization in Washington, D.C., announced that 181 chief executive officers (CEOs) had signed a Statement on the Purpose of a Corporation, signaling a commitment to leading their companies for the benefit of all stakeholders, including customers, employees, suppliers, communities and shareholders. The Statement outlined the direction of corporate responsibilities and acknowledges that investors are prioritizing sustainability and making decisions based on corporate governance and environmentally and socially responsible business practices. In 2020, a report issued by the McKinsey group pointed out that 83% of corporate executives and investors believe that environmental, social, and governance programs will create higher value for shareholders.

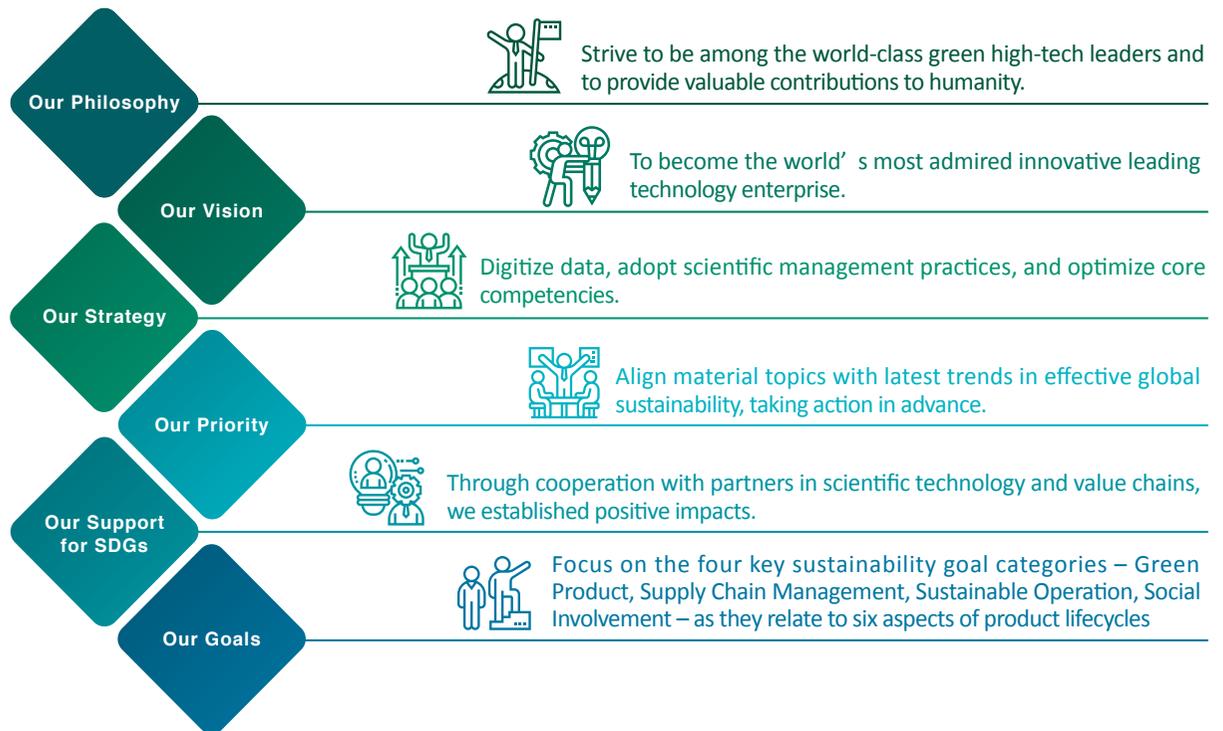
Sustainability Strategy

Sustainability Strategy

Stakeholder Engagement

Performance of 2020
Sustainability Goals

Sustainable Value Creation





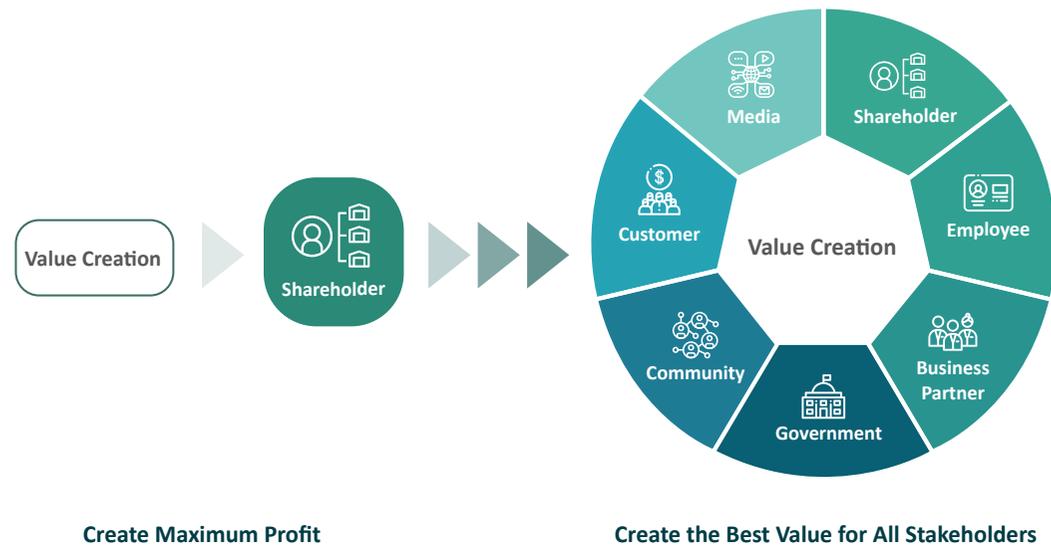
Use data measurement and technology-based management practices to support sustainable value creation through core competitiveness.

The idea that “you can’t manage what you can’t measure” is a governance principle often attributed to Peter Drucker, whom BusinessWeek once called “the man who invented management.” ASUS believes that sustainability performance should be measured along with economic performance. To do this, evaluation policies and tools have been put in place. This helps provide key information for decision-makers, on an ongoing basis, and it also provides data that accurately tracks environmental and social impacts over the long term.



Stakeholder Engagement

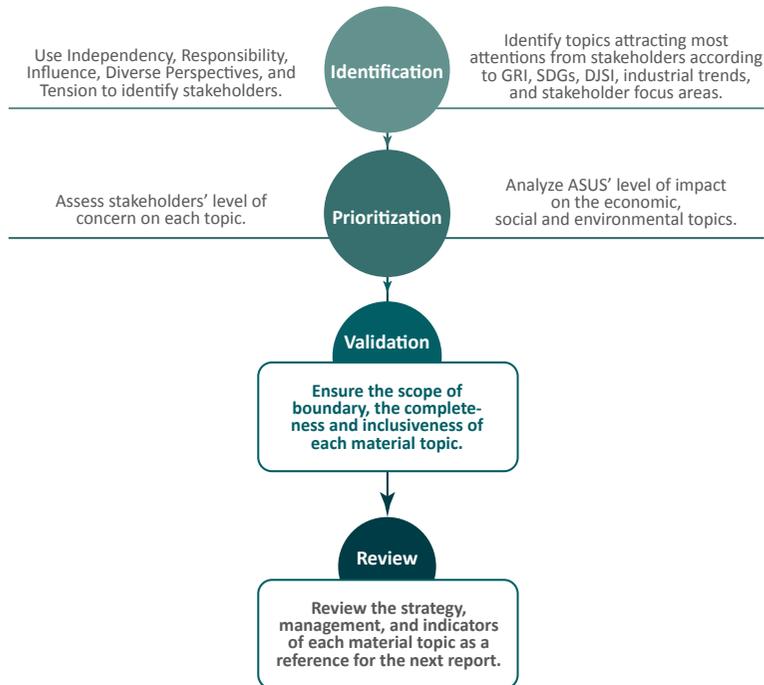
In the course of transformation to sustainable development, ASUS not only creates the best profit for the investors but also takes the influence from related stakeholders into its decision-making process. The shifting of the gravity of operation from shareholders and stock price may affect short-term profit, but the inclusion of the opinions from stakeholders in different domains will help to depict a clear vision, which helps to ascertain the social role that ASUS should play and hence to pursue a distinctive strategy for tackling the challenges ASUS confronts. We hope that we could create our competitiveness and long-term profit through corporate differentiation and will bring about common prosperity and sustainability for ASUS and the society as a whole.





Materiality

ASUS referred to the “Defining materiality” issued by GRI & RobecoSAM to identify material topics. We selected those that could bring potential risks to our sustainable development or significant impacts to ASUS. It helped to effectively allocate resources and plan short, medium and long-term sustainable strategies. At the same time, during the stakeholder engagement, we could respond to the concerns of stakeholders about ASUS and focus on our activities on corporate social responsibility.



● Identification

We refer to the method recommended by AA1000 Stakeholder Engagement Standard 2015 to establish a quantitative evaluation method to screen out relevant stakeholders, including employees, customers, business partners, shareholders/investment agencies, government agencies, communities and media, based on five attributes: Dependency, Responsibility, Influence, Diverse Perspectives, and Tension. We ensure our stakeholders could communicate with us through various channel which we use to respond to the expectations of stakeholders.

	Description	Communication Channel/ Frequency	Topics
Employee	Employees are the cornerstone for sustainable development and the key to corporate growth and innovation. ASUS considers its employees as vital stakeholders.	<ul style="list-style-type: none"> ● Employee opinion box: irregular ● Enterprise information portal website: irregular ● Meeting: irregular 	<ul style="list-style-type: none"> ● Talent cultivation and development ● Employee health and safety, remuneration and benefits ● Innovative products and services
Customer	ASUS aims to become the world's most admired and innovative leading technology enterprise in the new digital era, following the customer-oriented principle, and trying to create the most ubiquitous, intelligent, heartfelt, and joyful smart life for everyone.	<ul style="list-style-type: none"> ● Information exhibition: annual ● Product launch: irregular ● Website and email: irregular ● Customer satisfactory survey: irregular 	<ul style="list-style-type: none"> ● Information security ● Environmental protection ● Innovative products and services
Supply Chain	Business partners have interwoven with ASUS to form a value chain of common interest, and bolster the cooperative relation in environmental, governance and social issues to create a new business model for upgrading competitive power for sustainable development.	<ul style="list-style-type: none"> ● Supplier workshop: annual ● Quarterly Business Review: quarterly ● Supplier audit: irregular ● Onsite consultation: irregular ● Seminar: irregular ● Website: irregular 	<ul style="list-style-type: none"> ● Supplier management ● Energy and pollution prevention ● Labor safety and labor rights
Shareholder/ Investor	Investors support ASUS's long-term growth. We demonstrate the value of investment with the results of sustainability in society, environment and economy, and create stable profits and return on investment.	<ul style="list-style-type: none"> ● Shareholders meeting: annual ● Annual report: annual ● CSR report: annual ● Investor conference: quarterly ● Financial statement: quarterly ● Market observation post system: irregular 	<ul style="list-style-type: none"> ● Financial performance ● Business ethics and anti-corruption ● Innovative products and services
Government	ASUS complies with regulations and follows government policies to serve as a model of an outstanding brand, leading the industrial upgrading.	<ul style="list-style-type: none"> ● Government document: irregular ● Conference, seminar: irregular 	<ul style="list-style-type: none"> ● Regulation compliance in governance, environment, and society ● Industrial innovation and development ● Public construction
Community	ASUS fulfills corporate social responsibility with the operational core of contributing to the society, which we believe could solve environmental and social problems and thus creating positive impacts.	<ul style="list-style-type: none"> ● Volunteer service: irregular ● Social media: irregular ● Website and email: irregular 	<ul style="list-style-type: none"> ● Social involvement (including donation, volunteer service)
Media	The media serve as one of the communication channels to our stakeholders. They could help stakeholders learn more about ASUS' actions.	<ul style="list-style-type: none"> ● Press: irregular ● Public relation: irregular 	<ul style="list-style-type: none"> ● Corporate governance ● Environmental and social activities ● Innovative development



We collected topics from the GRI standards, the United Nations Sustainable Development Goals (SDGs), and significant sustainability assessments, compared the actions of outstanding cooperates, industrial peers and cross-industry representative companies, and selected topics of concern defined via the stakeholder engagement. At the end we came up with 17 sustainability topics for our FY2019 reports.

GRI Standards	33 topics	33 topics from indicators in economic, environmental, and social areas.
SDGS	169 targets	Select goals relevant to corporate operation according to "An Analysis of the Goals and Targets" by GRI and UNGC.
Social Responsibility Investments	22 issues	DJSI, MSCI, FTSE, SASB and other Social Responsibility Investments.
Analysis on outstanding companies	3 types	Benchmarking approaches of various global sustainability evaluations, from peers in information technology or from across the industry.
Topics of concern form stakeholders	From 7 groups of stakeholders	

Identify 17 sustainability topics and classified them into 5 aspects – governance, environment, supply chain, social, and ICT innovation and technology

● Prioritization

In order to prioritize the material topics, we quantified material topics into 2 types of impact level: the level of stakeholder interest and the level of impact, and located them in the materiality matrix. There were total of 526 questionnaires from 7 groups of stakeholders. The level of impact of the topics was evaluated by the chief sustainability officer and the designated personnel from sustainability unit using the following 3 principles:

- Social and environmental impacts: what impact ASUS has on related issues
- Economic impacts: whether the issue may have a significant impact on ASUS
- Impact level: the scope of possible impacts due to ASUS actions in relation to governance, environment, and society

After going through the analysis of the above procedures and reviewed by the corporate sustainability unit and senior managers, we determined the materiality matrix for 2019, and the material topics were prioritized as short-, medium- and long-term goals including:

- Climate Action
- Circular Economy and Product Stewardship
- Innovative Products and Services
- Responsible Manufacturing
- Sustainable Value Creation

At the same time, we voluntarily disclosed the relevant management approaches and achievements on topics where either stakeholders had higher interests or they had greater impacts on ASUS sustainable operation.



● Validation and Review

Please see Appendix B: GRI Content Index for further information on the strategy, targets and management approach of each material topics.

Note: Please refer to the annual report for financial information and management policies on economic performance; sustainable value creation for sustainability information.



Response to Sustainable Development Goals

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

As a leading electronics corporation, ASUS supports the SDGs and sees the goals as a path to corporate sustainability. We refer to ideas presented in the “Integrating the SDGs into Corporate Reporting: A Practical Guide” as we analyze positive and negative impacts between the value chain and SDGs.

- Positive impacts: products, services, and investments are beneficial to SDGs and business markets
- Negative impacts: risks to humankind, the environment, or business operations

Activities related to SDGs have been incorporated into ASUS operations decisions, and we continue to take substantive, preemptive action on highlighted issues. This allows us to concentrate our energies and resources in areas in which we can effect long-term impacts.

Our Priority Actions to Support SDGs

Circular Economy



Circular economy is regarded as an important method of realizing SDGs. Our products are designed with this in mind. Extensive recycling and reuse is applied to improve efficiency of resource utilization and to reduce environmental impacts.

Climate Action



We continue to work to improve energy efficiency across operations and in our products. We also continue to take positive steps to reduce greenhouse gas emissions in support of the Paris Agreement.

Responsible Manufacturing



We continue to work in cooperation with strategic partners to strengthen labor, health and human rights policies, as we also work to help solve social issues.

Innovative Products and Services



Digital technologies such as the Internet of Things (IoT) and Artificial Intelligence (AI) are helping improve sustainability efforts.

Digital Inclusion



Offering refurbished computers and sharing platforms, we collaborate with external NGOs to provide effective and affordable PCs and other equipment and services to disadvantage groups in order to help bridge the digital divide.

Sustainable Value Creation



We leverage our core competencies to focus on material topics of concern to stakeholders. Our sustainability efforts across production and in product design are creating value while having positive impacts on the environment and society.



ASUS formulated strategies and goals for topics that were highly relevant SDGs, as well as approaches.

SDGs and ASUS Goals



Good Health and Well-being

Seek to restrict or even eliminate possible diseases caused by chemical substances in the life cycle of products and services under the precautionary principle.
Target: Halogen-free components account for 85% and the reduction of the use of PVC by 10% / Develop cloud medical care with innovative technology to improve the quality of medical care services for elders



Quality Education

Promote digital inclusion programs, provide efficient and affordable ICT equipment and services, and implement digital equality education on the concept of "Leaving no one behind".
Target: the SROI of the digital inclusion program reaches 5



Affordable and Clean Energy

Reduce energy consumption in the operations and provide energy-efficient products to consumers.
Target: 100% of notebook computers comply with Energy Star, and increased energy efficiency of by 50% / Gradually promote the use of renewable energy



Decent Work and Economic Growth

Adopt a health and safety management system, prohibit child labor and forced labor, and implement dignified labor; improve production efficiency and decouple economic growth from environmental degradation.
Target: 100% of key suppliers are in compliance with the ASUS Supplier Code of Conduct / 100% of responsible minerals are procured from qualified smelters / Develop big data and AIoT technology, and promote smart manufacturing transformation



Responsible Consumption and Production

Incorporate sustainability into the corporate vision and strategy, formulate sustainable development goals for products and services, develop a circular economy model, obtain the sustainability certification, and promote the sustainable procurement.
Target: Reach a growth rate of 20% in eco product revenue / Attain waste conversion rate in headquarters of 90% / Achieve global product recycling rate of 20% / Implement sustainable procurement management



Climate Action

Implement climate mitigation and adjustment strategies, disclose risks and opportunities in climate change through the TCFD framework, and enhance the climate resilience of operations and supply chains.
Target: Reduce emissions in operations by 50% / Establish an environmental footprint roadmap with the data coverage rate reaching 90% of product revenue



Partnerships to achieve the Goal

Strengthen global partnerships for sustainable development; share knowledge, skills and resources; develop scientific, technological and innovative capabilities regardless of gender, age, or race.
Target: Contribute 30,000 hours in volunteer service worldwide / Respond to international industry initiatives, strengthen cooperation between different industries, and create common prosperity value for society and enterprises

Performance of 2020 Sustainability Goals

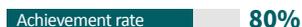
ASUS functions in ways that are compliant with relevant global regulations in relation to governance, environmental policies, and societal impacts. With our vision of becoming a leading corporation known for socially responsible practices, we continue to take active measures to promote strategic sustainability. Answering to consumer and stakeholder demands, and working with local government officials, we have incorporated meaningful sustainable practices into our operations plan, balancing our commitment to socially responsible practices and commercial competitiveness.

The ASUS 2020 Sustainability Goals have been created to ensure that our products, supply chain, and operations are aligned with sustainable goals. As noted below, in our Sustainability Goals we took a qualitative approach and have provided narratives detailing specific actions in relation to 10 goals. We also used quantitative indicators to track our annual achievements. For more information, please visit ASUS CSR website.



Expand Green Competitiveness

- Eco Product Revenue reaches a growth rate of **20%**.
- Implement green design and promote product environmental certification; green products account for 71% of revenue.



Reduce Use of Raw Materials with High Environmental Impacts

- Halogen-free components account for **85%**.
- Use halogen-free components except for materials technically and economically unfeasible; develop alternative materials.



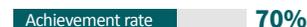
Increase the Use of Eco-Friendly Materials

- Reduce the use of PVC by **10%**.
- PVC is not use in components except for materials technically and economically unfeasible; develop alternative materials with the supply chain.



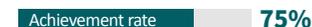
Reduce GHG Emissions

- Reduce emissions in operations by **50%**.
 - Increase energy efficiency of major products by **50%**.
- 100% of notebook computers comply with Energy Star; improve the energy-efficiency in software and hardware.



Create A Circular Economy to Increase Resource Efficiency

- Attain waste conversion rate in headquarters of **90%**.
 - Achieve global product recycling rate of **20%**.
- Provide recycling service in 74% of markets worldwide; expand coverage to increase recycling rate.



Use Responsible Minerals for Products

- 100%** of tantalum, tin, tungsten and gold procured from qualified smelters.
- 100% of responsible minerals are procured from qualified smelters.; investigate other controversial raw materials as a basis for future management.



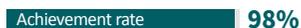
Enhance Corporate Social Responsibility in Supply Chain

- 100%** of key suppliers pass the audit performed by a 3rd party and are in compliance with the ASUS Supplier Code of Conduct.
- Complete audits to fulfill RBA requirement, and help suppliers to correct the findings.



Enhance Environmental Management in Supply Chain

- Establish an environmental footprint roadmap with the data coverage rate reaching **90%** of product revenue.
- Complete the environmental footprints of notebook computers, desktop computers, monitors, smart phones, and motherboards.



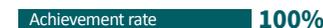
Realize the Vision of Digital Inclusion

- The SROI of the digital inclusion program reaches **5**.
- Create a 5.7:1 social return on investment and increase the influence of digital inclusion program through process improvement and expansion of the digital teaching.



Enhance the participation of Social Service

- Contribute **30,000** hours in volunteer service worldwide.
- Continue to organize volunteer services and provide service leave to increase participations; accumulated 7,152 service hours.





Sustainable Value Creation

Michael Porter, known as the father of modern management theory, said that corporate social responsibility "can be a source of opportunity, innovation, and competitive advantage." Enterprises should aim at sustainable operation and pay attention to the impact of the company on all stakeholders, society and the environment, so as to create long-term sustainable benefits.

ASUS integrates the sustainability strategy into its operational plans. We believe that thinking of sustainability performances should be the same as economic performances through an quantified assessment tool to provide guidelines for decision makers. ASUS follows the sustainability strategy "digitize data, adopt scientific management practices, and optimize core competencies". We quantify the inputs of our environmental and social projects to establish basic evaluation capabilities for economic, environmental, and social performance using monetary value, which helps to estimate the true value generated from corporate activities, making the overall sustainable performance easy to monitor and seek for improvement.

As early as in 2009, we began to quantify the impact of products on the environment since we announced the type III environmental declaration and the world's first notebook computer to achieve carbon neutrality. In 2016, in accordance with the Social Return on Investment (SROI) guidelines published by the British government, we monetized the social impact of the digital inclusive program, and in 2017 published the SROI report which was the first in Asia and in Taiwan technology company certified by the Social Value International. In 2018, we referred to the Natural Capital Protocol to monetize the impact of the supply chain on the environment and society, and released the environmental profit and loss assessment (EP&L) report of notebook computer, leading the industry to monetize the natural environment. And finally we established a corporate sustainability value management model based on the Triple Bottom Line (TBL) of economy, environment, and society, and became the 1st company in the information technology company to publish the Total Impact Measurement & Management (TIMM) report, which quantifying the true value of the company. In the future, we will continue to analyze the cost and value generated by ASUS on the environment and society from a macro perspective, review the cross-year performances and sustainable management practices, and implement the vision of comprehensive measurement and management of sustainable development.

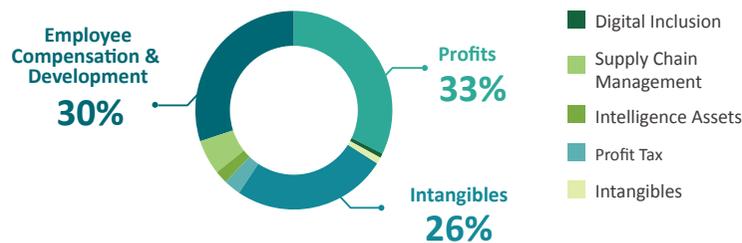
ASUS regularly implements stakeholder engagements and identifies material topics. From the perspective of the stakeholders, we evaluate the influence and value of the impact on the stakeholders in four aspects of economy, tax, environment and society. By presenting the value creation using monetary value, we could review sources that bring positive and negative impacts, and use the results for decision making and management to pursue the maximum value.



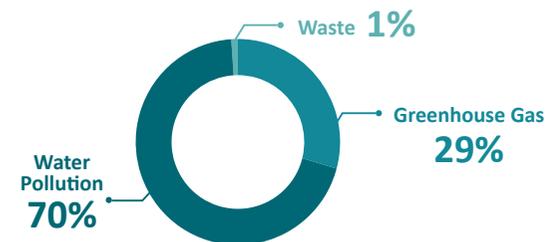
Dimension	Stakeholder	Material Topics	Impact Factor	Description on Value Creation
 Finance	Shareholders, customers, supply chains, employees	Economic performance	Profits, investment, intangibles	Financial livelihood and satisfaction of shareholders.
 Tax	Government	Economic performance	Profit tax	The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

ASUS continued to deepen impacts on material topics. The value creation in 2019 reached NT \$19.5 billion¹, which increased by 87% from 2018. The increase in positive impacts came from profits, investment, and employee compensation and development. In 2019, the scope of the EP&L program was extended to product categories contributing 90% of the revenues², with the negative impacts from greenhouse gas and water pollution. ASUS has planned the strategy and approaches for the supply chain management, and expects to change the environment and society with its influences, sharing our sustainable value creation with stakeholders.

Proportion of Positive Impact of Value Creation



Proportion of Negative Impact of Value Creation



¹ASUS' influence in sustainable development was converted into a monetary value as a way to measure and express the performance from the perspective of stakeholders. It is very different from the preparation of financial statements and the measurement of financial performance. Data related to sustainable value creation in 2018 & 2019 is not applicable to analysis or forecast using the perspective of financial statements, nor to benchmark for investment targets or stock measurement and judgment.

²In 2019, the program was extended to product categories contributing 90% of the revenues, including: notebook computers, desktop computers, monitors, cell phones, motherboards, and graphic cards.



Six Main Capitals Input

Business Activity

Output / Outcome

Value Creation

Finance

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

Manufacturing

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

Environment

- Electricity used in operation 24,570 MWH
- Water used in operation: 178 ML
- Waste in operation 455 tons
- Plastic Reduction Program
- Establish global Tack Back service, covering 74% of sales revenue

Intelligence

- Share Circularity practice and involved in the development of circularity standards
- Establish ASUS Intelligent Cloud Service Center (AICS)
- 5,000 R&D talents
- Invest NT \$9.34 billion in R&D

Human Resource

- Global employees 14,500
- Talent recruitment and cultivation system

Society

- 3,394 computers were donated worldwide for the Digital Inclusion Program
- Provide 2-day full-paid leave for volunteer services
- Corporate Social Investment with NT \$43.4 million

Philosophy:

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

Vision:

The World's Most Admired Innovative Leading Technology Enterprise.

Sustainable Strategy:

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

Sustainability Goals:

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

Core Value Drivers

Product and Service Innovation

Innovation R&D, Eco Design, Product Efficiency, Service and Support

Value Chain Management

Extraction, Manufacturing, Social Responsible Management, Product Recycling

Sustainable Operation

Talent Development, Greenhouse Gas Management, Risk Management

Value Sharing

Digital Inclusion, Volunteering Service, Social Prosperity

Corporate Governance

THE ASUS WAY



Finance

- Named the No. 1 international brand with US \$1.549 billion brand value
- Revenue NT \$274,303,722 thousand
- Cash dividend per share NT \$14
- EPS NT \$16.3



Manufacturing

- The proportion of halogen-free components accounted for 87.1%
- Sales of eco products accounted for 71%
- 100% key suppliers pass audits
- 100% of gold, tantalum, tin and tungsten came from qualified smelters
- Greenhouse gas emission in supply chain: 28,017,411 metric tons CO₂e
- Receive ISO 20400 Sustainable Procurement Certification



Environment

- New corporate headquarters building received a green building certification Leadership in Energy and Environmental Design (LEED) Platinum certification
- Greenhouse gas emission reduced by 15% (2008 baseline)
- Waste conversion rate in headquarter reached 72%
- Weight of recycled products reached 14.6%



Intelligence

- All notebook computers comply with Energy Star, and the energy-efficiency of ASUS notebooks exceeded by 27%
- 4,092 patents were obtained worldwide in 2019



Human Resource

- Salary and benefit if were beyond the regulations, ranked among the top 100 high-paying companies in Taiwan
- The average training hours per employee was 16.5 hours



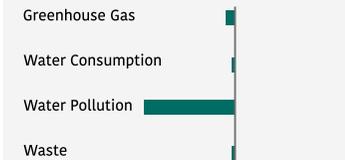
Society

- Social Return on Investment (SROI) for Digital Inclusion reached 5.7:1 in 2019
- Volunteer service reached 7,152 hours
- Establish more than 500 digital opportunity centers in 38 countries cumulatively

Economy



Environment



Society

