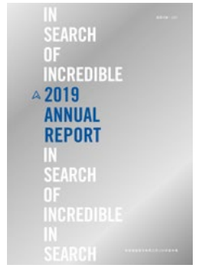
IN SEARCH OF INCREDIBLE

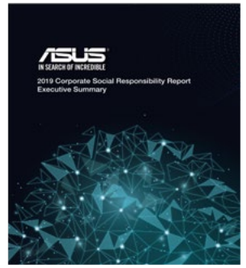
2019 Corporate Social Responsibility Report
Executive Summary

About CSR Report

The ASUS Corporate Social Responsibility Report for Fiscal Year 2019 details strategies, management structures and achievements made by ASUS on various sustainability initiatives. It also demonstrates how we have addressed the expectations of our stakeholders in regard to sustainability initiatives that have been established to protect the environment and to benefit society.



Annual report



Executive Summary

Detailed Report

For FY2019, key information related to corporate social responsibility efforts is being presented in two reports: An **Executive Summary Report** provides an overview of the ASUS sustainability strategy and vision as well as key achievements and material topics, and a **Detailed Report** includes information that provides stakeholders with a clear understanding of ASUS governance, environmental and social policies and initiatives and the positive impacts that they are effecting across the value chain and on the environment, employees and society.

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

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

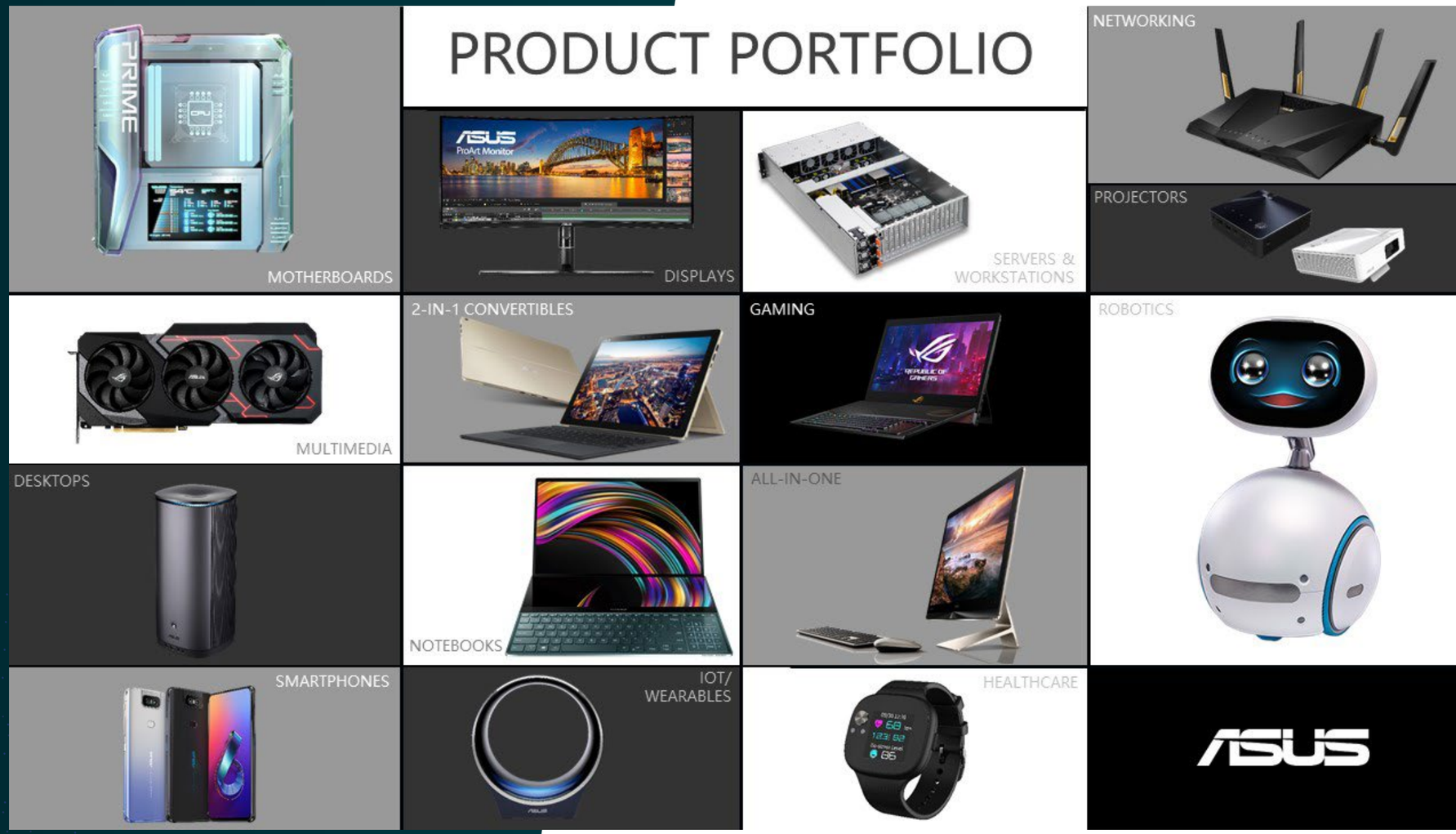
Contact Information

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

About ASUS

ASUS is a multinational company known for the world's best motherboards, PCs, monitors, graphics cards and routers. Along with an expanding range of superior gaming, content-creation and AIoT (Artificial Intelligence of Things) solutions, ASUS leads the industry through cutting-edge design and innovations made to create the most ubiquitous, intelligent, heartfelt and joyful smart life for everyone. With a global workforce that includes more than 5,000 R&D professionals, ASUS is driven to become the world's most admired innovative leading technology enterprise. Inspired by the In Search of Incredible brand spirit, ASUS won more than 11 awards every day in 2019 and ranks as one of Forbes' World's Best Regarded Companies and Fortune's World's Most Admired Companies.

ASUS Group consolidated revenue for 2019 was NT $351.3 billion, and net profit after tax was NT $13 billion.



Message from Chairman

This past year marked our 30th anniversary, a significant milestone that coincided with a strategic corporate transformation at ASUS. With the collective wisdom of our management team, we have evolved our brand vision and mission for the new digital era. It is our relentless mission to create the most ubiquitous, intelligent, heartfelt, and joyful smart life for everyone, as we aim to become the world's most admired innovative leading technology enterprise. The dedication of our entire workforce has led to our 7th consecutive victory as the Most Valuable International Brand from Taiwan, as ranked by Interbrand. This accomplishment reflects the timeless values instilled in our ASUS DNA: Focus on Fundamentals and Results, Lean Thinking, and Innovation and Aesthetics. Through multiple paradigm shifts in the tech industry, these founding principles have withstood the test of time and will forever remain valuable to the company.

In terms of finances, 2019 was a year that moved us forward as a company. Our net profit for 2019 increased 187% from 2018. The management team believes that there will be room for financial growth, and that we must balance short-term interests with long-term value in order to protect and maximize shareholder interest. Therefore, in terms of overall strategy, we must simultaneously consider the short term and the long term, and continuously create transformational innovations within our core business to achieve sustainable revenue and profit growth. In response to user needs and industry megatrends in the new digital era, we will focus on creating and accumulating long-term value by opening up new markets and new user segments as we proactively develop strategies in market categories such as AIoT, gaming, and commercial solutions.

ASUS has long been dedicated to sustainable business practices and to protecting the environment. As part of our 2020 Sustainability Goals, we utilize data and scientific management methodologies to optimize sustainability practices via core competencies as part of a long-term strategy. Our sustainability efforts as a company were recognized in 2019 with two g awards of Global Corporate Sustainability Awards, seven awards of Taiwan Corporate Sustainability Awards, the Asia Sustainability Reporting Awards, and ISO 20400:2017 Sustainable Procurement certification. ASUS was also recognized in the Morgan Stanley (MSCI) Global Sustainability Index, FTSE4Good Emerging Index, and FTSE4Good TIP Taiwan ESG Index.

Upon achieving our 2020 Sustainability Goals, ASUS will establish a new set of standards known as the 2025 Sustainability Goals. For this new set of standards, ASUS will bring about positive changes for society and for the environment using a triple-bottom-line accounting model, which will help in realizing a new vision of sustainability.

The outlook for 2020 has been impacted by the current COVID-19 pandemic, which will reduce commercial consumption and supply chain output in the first half of the year. Despite the short-term impacts on the business, ASUS has a firm operational foundation, with consumer mindshare that is both strong and widespread. With our abundant talent and firm finances, we will maintain our long-term commitment to growth of business operations and brand value. Managers at all levels will continue to make appropriate adjustments to operations and resource allocation while encouraging innovation in order to achieve sustained growth in our core business.

Chairman
Jonney Shih

Message from the Chief Executive Officers

2019 was a tumultuous year of changes in international political and economic situations, many of which had profound impacts on the value streams of businesses across the industry. Through the efforts of everyone at ASUS, we have been able to tackle challenges and adapt as needed. ASUS established a solid foundation in the first half of the year, resuming normal revenue growth and seeing operations move in a positive direction.

ASUS has also set forth several long-term indicators to accumulate brand value through the collective wisdom of the management team, including customer loyalty, product quality, and other benefits due to innovations. We have also launched several improvement programs. These efforts have been successful and have received positive feedback from users. These results have reinforced our belief in the ongoing cultivation of brand value.

ASUS continues to work to address concerns related to climate change through sustainable corporate practices. We view environmental protection and energy management as a challenge and also as an opportunity, and we have integrated processes into operations with the goal of reducing waste. ASUS voluntarily supports the 17 sustainable development goals advocated by the United Nations in 2019, and our 2020 Sustainability Goals laid out four key dimensions of focus: green products, a sustainable supply chain, sustainable operations and social involvement. ASUS also integrates key environmental, social and governance (ESG) principles into management decision-making processes with the goal of effecting positive changes for society and for the environment.

Through technology innovation, programs and actions, ASUS aims to set a new benchmark for sustainability in the industry. The introduction of sustainability-focused management initiatives and practices across the supply chain and procurement procedures are designed to mitigate environmental impacts while protecting human rights and creating positive change in society. ASUS continues to focus on conscientious procurement practices while leveraging competitive advantages in order to create a business model where sustainability drives the development of products and services. Efforts in this regard were acknowledged in 2019, when ASUS received the world's first ISO 20400 Sustainable Procurement certification from SGS.

By transforming the business as we make sustainability a consideration across all phases of operations, ASUS believes that it is building a better company while also helping to create positive change for the global economy, society and the environment.

Co-CEOs
S.Y. Hsu

Co-CEOs
Samson Hu

2019 Achievements in Sustainability

- Morgan Stanley Capital International (MSCI) Constituent ESG Leaders Indexes (2014-2019)
- FTSE4Good Emerging Index (2016-2019)
- FTSE4Good TIP Taiwan ESG Index (2017-2019)
- The World's Best Regarded Companies in Forbes magazine (2017-2019)
- One of the World's Most Admired Companies in Fortune magazine for the 4th time (2015, 2016, 2018, 2019)
- The Best Taiwan Global Brands Awards for 7 consecutive years (2013-2019)
- World's 1st company in electronics industry to receive ISO 20400 Sustainable Procurement Certification
- Global Corporate Sustainability Awards (GCSA) - Professional Award (Jonney Shih)
- Global Corporate Sustainability Awards (GCSA) - Best Practices Award (Great Practices)

Key Progress Indicators for 2019

Governance

US $1.549 Billion brand value
Named the No. 1 international brand from Taiwan for 7 consecutive years.

NT $354.1 Billion
NT $354.1 billion consolidated revenue.

NT $9.34 Billion
NT $9.34 billion in innovative R&D.

Environmental

71%
Eco-friendly products accounted for 71% of overall total revenue.

100% Energy Star compliance was achieved for all notebook computers.
Energy Star represents the world's most stringent energy-efficiency standards, and ASUS notebooks exceeded these standards by 26%.

74%
Computer recycling services were provided to 74% of markets worldwide, with recycling rates at 14.6% of global sales weight.

LEED Platinum
LEED Platinum certification was awarded to the new ASUS corporate headquarters building, with the highest-level green building certification from the U.S.-based LEED organization.

Social

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

More than 2,000 Employees Person-Time
More than 2000 employees person-time across the supply chain received more than 100 hours of functional education and training.

5.7:1
A 5.7:1 social return on investment (SROI) ratio was achieved for the Digital Inclusion Program, resulting in an impressive $5.70 return for every dollar spent.

Sustainable Strategy

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.

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

To become the world’ s most admired innovative leading technology enterprise.

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

Align material topics with latest trends in effective global sustainability, taking action in advance.

Through cooperation with partners in scientific technology and value chains, we established positive impacts.

Focus on the four key sustainability goal categories – Green Product, Supply Chain Management, Sustainable Operation, Social Involvement – as they relate to six aspects of product lifecycles

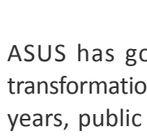
[1] The ESG premium: New perspectives on value and performance, McKinsey, 2020

Business Philosophy

ASUS has gone through numerous business transformations over the past 30 years. In recent years, public focus on companies has extended to include environmental protection efforts as well as socially responsible practices that also promote economic growth. Facing challenges and opportunities, ASUS has developed sustainability strategies that promote innovation while making us a better, more responsible corporation.

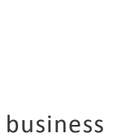
We believe that sustainability is a social responsibility, and that related goals should help address problems in society while protecting the environment. Socially responsible practices should seek the well-being of humankind while the business pursues operational growth. Therefore, guided by an honest desire to do the right thing while building the business, ASUS has merged sustainable practices with operations concepts, and each decision we make includes consideration of environmental and social impacts.

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



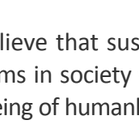
ASUS has strived to build a workplace of high standards by promoting equality, diversity, and tolerance. Resources are committed to educational courses, online learning, and tuition subsidies. These resources, combined with competitive salaries, health plans and generous benefits, help employees achieve a work-life balance.

Commit to integrity and diligence; focus on fundamentals and results



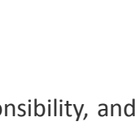
Honesty is a cornerstone of the ASUS business culture. All of our employees must comply with our Employee Code of Conduct. Key elements of this code also apply to our strategic partners, and the ASUS culture of honesty is promoted via regular trainings with, and audits of, partners across the supply chain.

Endlessly pursue to be number 1 in the areas of quality, speed, service, innovation and cost-efficiency



ASUS is renowned globally for providing top-tier motherboards, high-quality PCs, IT equipment and versatile technology solutions. We continue to develop innovative technologies which provide unprecedented digital experiences for consumers.

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



The ASUS design process includes consideration of the entire life cycle. With emphasis on environmental sustainability at each phase, measures are taken to improve efficiency and reduce resource consumption. This reduces our environmental footprint. We also apply digital technologies and services to help solve social problems, helping to promote well-being in communities.

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.

2009
World’s 1st notebook
to achieve carbon neutrality, with carbon emissions quantified in the product life cycle.

2016
World’s 1st consumer IT headquarters
to received Zero Waste to Landfill validation, quantifying waste recycling ratio.

2017
1st consumer technology company in Asia
to publish a Social Return on Investment (SROI) report, quantifying social impacts.

2018
1st technology company
to publish Environmental Profit and Loss (EP&L), quantifying social impacts.

2019
1st technology company
to publish sustainable value integration report with Total Impact Measurement & Management (TIMM), quantifying the true value of the company.

2019
World's 1st company in electronics industry
to receive ISO 20400 Sustainable Procurement certification, implementing sustainable supply chain management.

Materiality

Information disclosure in regard to stainability has become an essential element for contemporary corporations working to create a greener economy. The transparent disclosure of information to the public and stakeholders is possible via enhanced self-monitoring within the organization. Studies by Ernst & Young and Boston College show that information transparency helps with financial accuracy, which attracts participation from more investors. Moreover, corporations that maintain discussions and interaction with stakeholders enjoy an annual average increase rate of 4.4% in stock price.

When analyzing materiality, ASUS first reviews external factors, such as frame of sustainability, requests for social investment, trends in international development, popular issues in the industry and suggestions from clients to determine the topics of high concern for external stakeholders. We also collect perspectives and feedback from managers, employees, and partners in our supply chain, who are considered internal stakeholders.

For more information, please see Materiality in the Detailed report.

Topic Identification

33 topics of GRI Standards

SDGs **17** goals **169** targets

22 issues collected from DJSI, MSCI, FTSE, SASB and other Social Responsibility Investments

Benchmarking approaches of various global sustainability evaluations, from peers in information technology or from across the industry

Impact Analysis

- **Social and environmental impacts:** what impact we have 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

Material Topics

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

Our Support for SDGs

The Sustainable Development Goals (SDG) passed by member states of the United Nations (UN) in 2015 were the vision set for mutual promotion of the survival of humankind and sustainable development. 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.

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.

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 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 see the ASUS 2020 Sustainability Goals in the Detailed report.

Expand Green Competitiveness

Eco Product Revenue reach a growth rate of **20%**.

Achievement rate **80%**

Reduce Use of Raw Materials with High Environmental Impacts

Halogen-free components account for **85%**.

Achievement rate **100%**

Increase the Use of Eco-Friendly Materials

Reduce the use of PVC by **10%**.

Achievement rate **100%**

Reduce GHG Emissions

Reduce emissions in operations by **50%**.

Increase energy efficiency of major products by **50%**.

Achievement rate **70%**

Create A Circular Economy to Increase Resource Efficiency

Attained waste conversion rate in headquarters of **90%**.

Achieve global product recycling rate of **20%**.

Achievement rate **75%**

Use Responsible Minerals for Products

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

Achievement rate **100%**

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.

Achievement rate **100%**

Enhance Environmental Management in Supply Chain

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

Achievement rate **98%**

Realize the Vision of Digital Inclusion

The SROI of the digital inclusion program reaches **5**.

Achievement rate **100%**

Enhance the participation of Social Service

Contribute **30,000** hours in volunteer service worldwide.

Achievement rate **80%**

Circular Economy

The model of a linear economy adopted by most industries in the past promoted corporate growth and improved living standards for humankind, yet it also caused severe environmental issues, such as deteriorated ecology, climate change and waste due to consumption of massive resources. This not only increased corporate expenses for pollution prevention and administration, it also increased risks for the purchasing cost of raw materials and affected supply for the future.

Waste is the result of misplaced resources; the goal of a circular economy is to solve environmental and social problems.

At ASUS, we see the circular economy as the key to sustainable operations. We have evolved from a policy of passive pollution prevention to taking active, preemptive measures with the goal of further detaching economic growth from carbon emissions that result from resource consumption. Instead of a "cradle-to-grave" product life cycle, employing a linear-economy model based on the traditional "take, make, and dispose of" production cycle, ASUS aims for a "cradle-to-cradle" life cycle, employing a circular-economy model based on "reuse, sharing, repair, refurbishment, remanufacturing and recycling." The circular economy model cannot be achieved in one step. To achieve it, ASUS has analyzed international trends in sustainable development and referred to research[1] from Accenture. Combining our experience with developing digital technologies that facilitate the circular economy, for our product design and services we start with five concepts: Circular Supply Chain, Extension of Product Lifecycle, Products as a Service (PaaS), Sharing Platform, and Recycle for Regeneration. We also have adopted numerous measures to improve resource efficiency.

Computer Recycling Service Provided to 74% of Markets Worldwide, with Recycling at 14.6% of Global Sales Weight

ASUS provides recycling services in Taiwan, Europe, North America, China, and India. With recycling and resource circulation, an unusable product is given new value and new life, which is the key to the circular economy.

In Taiwan, ASUS has long promoted the Refurbished Computer and Digital Training program, in which refurbished computers are donated to help bridge the digital divide within communities.

Refurbished computers are donated to bridge digital gap of the disadvantage groups.

Products Made with Recycled Plastics

Since 2019, all commercial computers from ASUS have included at least 5% recycled plastic. For certain monitors, recycled plastics were obtained from other recycled products.

After overcoming challenges related to securing materials and cost thresholds, we have been working to increase the percentage of recycled plastics used in new devices, and we plan to extend this practice to other products.

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

Proactive Strategy of Prohibiting Hazardous Chemicals

Some chemicals that are currently approved for use may be determined as necessary to control in the future, which could interrupt the circularity of the products or components. ASUS has taken a proactive management strategy that precedes legal requirements by restricting over 300 types of chemicals.

Sales of Eco Products Accounted for 71% of Revenue

Eco Labels help consumers identify products or services with environmental standards that exceed legal requirements. In 2019, ASUS acquired a total of 8 types of Eco Labels in Europe, North America, and Asia for maximizing material values, promoting energy conservation and reducing emissions of greenhouse gases.

87.1% of Components Do Not Use Halogen Flame Retardants

Halogen flame retardants cause damage to the environment and to human health due to incomplete combustion. Furthermore, the parts containing halogen cannot be reused due to halogen acid, which is against the interest of the circular economy. ASUS has adopted a halogen-free policy since 2010, when we committed to reducing usage of halogen flame retardants.

World's 1st Company to Receive Circularity Facts Program Validation

To promote transformation into a circular economy, a corporation needs to establish methods of quantification to track achievements. The data collected helps decision makers distribute resources and manage performance tracking. Refurbished computers collected by ASUS underwent Circularity Facts Program Validation, and data has shown that the project circulation rate achieved 98%.

ASUS understands that a business model based on the circular economy requires a fundamental change in corporate culture and operations. Starting with the design and procurement phases and extending through sales and service, we will need to integrate the circularity concept across all business processes. To reach our goals, we are developing new models, such as PaaS, and we continue to find new ways to create opportunities that will help us move toward the goal of sustainability.

Climate Action

Climate change is a contemporary global issue that has profound impacts and presents challenges to humankind, ecology, and the earth. Over the past decade, according to the Global Risks Report that is published annually by the World Economic Forum (WEF), extreme climate is now the primary threat facing the modern world. Research by Stanford University[2] indicates that failure to achieve the goal of mitigating climate change, as specified in the Paris Agreement under the UN, may lead to the global economy losing trillions (USD) by the next century.

[2] Large potential reduction in economic damages under UN mitigation targets, Nature, 2018.

Key carbon-reduction strategies for the future include cloud-based and other information technologies, which ASUS is adopting in order to help address climate change.

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

Published Climate Action Report According to Task Force on Climate-Related Financial Disclosures

ASUS supports the Task Force on Climate-related Financial Disclosures (TCFD) and discloses governance, strategy, risk management, metrics and targets related to climate change according to the TCFD framework.

Measures with Scientific Basis Established with Scenario Simulation

ASUS adopted the Intended Nationally Determined Contributions (INDC) and 2°C scenario to simulate financial risk exposure, where financial loss due to climate risks during various operation phases such as supply chain, operations and market were analyzed. Counteractive measures were drafted and subsequently adopted.

Greenhouse Gases Reduction in Supply Chain

The carbon emissions of the ASUS supply chain accounted for 70% of ASUS total emissions. ASUS assists suppliers to establish carbon footprint inventory capabilities, routinely aggregates energy usage status and builds a carbon emission map. The performance of carbon reduction of the suppliers was listed as one of the evaluation factors for procurement, and that promoted transformation of the supply chain into low-carbon manufacturing.

100% of Notebook Computers Comply with Energy Star

Improvement of energy efficiency does not only reduce the carbon footprint, it also assists with saving electricity expenses for consumers. ASUS has invested in development of energy-saving software and hardware, and since 2013 all notebook computers have been built to comply with the latest Energy Star standards. The mean energy efficiency of our new notebook computers in 2019 was 26% better than notebooks that followed the minimum Energy Star requirements.

LEED Green Building Certification at Corporate Headquarters

Efficiency of the original ASUS headquarters building was improved in 2016 and it received a LEED green building certificate. In 2019, the ASUS new corporate headquarters campus received the Leadership in Energy and Environmental Design (LEED) v4 for Building Design and Construction (BD+C) Platinum certification. In the future, the building will be managed with the ISO 50001 Energy Management System to reduce carbon emissions from operations.

Emission Reduction Reached 15% in 2019

Through the ISO 50001 Energy Management System, we identify hot spots and equipment with high energy consumption and take measures to improve energy efficiency. ASUS is heading towards the goal of 50% emissions by 2025.

After the market supply of regenerated energy stabilizes in the future, we will gradually expand the ratio of utilizing regenerated energy, and adopt the principle of Science Based Targets (SBT) to strengthen our response to climate change. (Baseline 2008)

Digital technology is regarded as one of the major driving forces of global climate action. According to research, IoT solutions will contribute 15% of global carbon reduction in 2030. ASUS will continue to promote climate action with our core competitiveness and attempt to demonstrate substantial influence in the industry.

Responsible Manufacturing

As the demand for consumer products increases, corporations must consider environmental, social, and governance (ESG) factors, in addition to the five conventional aspects of quality, delivery, technology, cost, and service, when selecting suppliers, in order to improve sustainability performance across the supply chain. According to an investigation from Ernst & Young[3], 88% of investors would consider withdrawing from corporations with poor performance in sustainability risk management. Evidently, sustainable supply chains have become an important means for corporations to put their social responsibilities into practice.

[3] The state of sustainable supply chains – Building responsible and resilient supply chains, EY and UNGC, 2016

Sustainable development at ASUS includes the entire value chain, and is built through mutually beneficial win-win partnerships.

As a global leading technology company, ASUS works with over 700 suppliers worldwide. We believe that good management in the supply chain can reduce risks caused by environmental and social impacts while improving product quality and helping us realize sustainability goals. Socially responsible improvements in the supply chain can also benefit operational growth and competitiveness.

RBA Full Member

For our demonstration of top-tier performance in supply chain management, ASUS was invited to be a full member of Responsible Business Alliance (RBA). We require that suppliers (including their sub-suppliers) to comply with the ASUS Supplier Code of Conduct, which seeks to ensure a safe, ethical work environment that honors the rights of all workers.

Code of Conduct Enhancement in Regard to Female Employees and Prohibition of Child Labor

The ASUS Supplier Code of Conduct is based on the RBA Code of Conduct, the PAS7000 standard for the protection of youth and the prohibition of child labor, and the SA8000 standard outlining the protection of female employees, which identifies reasonable measures to be taken in work environments to ensure health and safety of female employees during and after pregnancy.

100% of Minerals Come from Qualified Smelters

ASUS assists suppliers in their efforts to procure responsible minerals. We do so by tracing the sources of raw materials, to ensure that 100% of four metals — tantalum, tin, tungsten, and gold — come from qualified smelters.

ASUS does not use minerals procured from the Central African Democratic Republic of Congo and neighboring countries where forced labor, child labor and other illegal mining practices are known to occur.

Environmental Profit and Loss (EP&L) Program

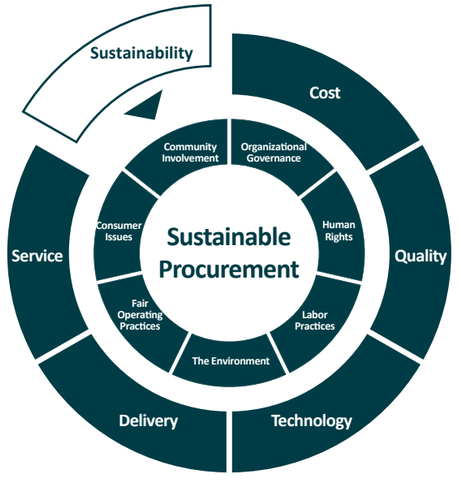
The Environmental Profit and Loss Program (EP&L) is assessed based on activities in the product life cycle. It measures the environmental and social impacts of products, starting with raw material extraction and extending through component manufacturing and product assembly. The monetization of these impacts makes it easier to compare environmental impacts across products, providing stakeholders with a planning and decision-making resource that may be used for evaluation of supply chain management, investment programs and other purposes.

World's 1st Company in the Electronics Industry to Receive ISO 20400 Sustainable Procurement Certification

ASUS received the high rating and set a new benchmark for the industry. Starting with the EP&L report, ASUS took a step-by-step approach in order to achieve the ISO 20400 Sustainable Procurement Certificate. Sustainable procurement underpins the Environmental Profit and Loss (EP&L) program, where environmental externalities are considered in the selection process of suppliers to reflect the true life-cycle cost (LCC). In the report, we apply 7 core subjects outlined in ISO 26000 Guidance on Social Responsibility to identify sustainability-related risks, and we include current details pertaining to procurement processes.

In addition to considering conventional factors such as cost, quality, technique, delivery and service, the concept of sustainability is included to achieve the complete life cycle procurement behavior. This reduces negative impacts to the environment while improving positive contributions to the society and economy.

Through our sustainable procurement program, ASUS has strengthened supplier management with comprehensive consideration for risks to the environment, society, and economy from procurement. With the program passing the validation by SGS, ASUS was proven to have introduced the concept of sustainable management into procurement policy and practice.

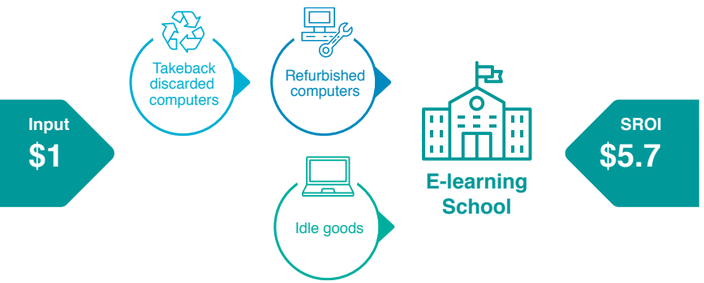


Digital Inclusion

Not everyone has been able to enjoy the benefits that technology has to offer. Barriers due to income, location, age, educational level, gender or race continue to exist. According to an evaluation by the United Nations Educational, Scientific and Cultural Organization (UNESCO)[4], the next generation needs greater digital literacy to effectively work, live, study and communicate. Without these digital skills, people will be marginalized in society because they have fewer opportunities to participate in the digital economy.

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

ASUS has been promoting digital inclusion programs for many years, providing access to digital technologies for people everywhere, regardless of education level, gender, age or race.



We believe that helping to bridge the digital divide not only helps to solve social inequality, create employment and promote innovative development of the economy, it also provides opportunities to uncover hidden talents that will be crucial to healthy economies of the future.

In the process of promoting computer recycling, we found that some discarded computers still functioned well, or could be reused after simple repairs. Therefore, we recycle computers regardless of brand, and donate them to vulnerable groups as the first step to solving the digital divide.

As of 2019, a total of 13,228 refurbished computers have been donated.

Through cooperation with NGOs, schools, and ASUS volunteers, we established the digital learning center to improve access to digital learning for children in remote regions, students in poverty, women and the elderly.

ASUS has cumulatively established digital opportunity centers in 38 countries with more than 500 computer classrooms and more than 550,000 beneficiaries.

In an effort to advance the circular economy concept, a sharing platform was used to match idle or stored products with users who needed them in order to participate in various digital classes. This helped to maximum efficiency in relation to resource utilization.

In 2019, 701 new computers were donated in Taiwan and abroad.

CERTIFIED PROGRAMME
SOCIAL VALUE
INTERNATIONAL

The Social Return on Investment (SROI) report adopts the concept of financial accounting, where currencies are used as unified units of measurement to analyze the investment, production and result of digital cultivation programs.

ASUS was the 1st consumer technology company in Asia to publish a SROI report.

ASUS continues to develop digital teaching materials so that refurbished computers are no longer just a “donation” but also a medium that helps the recipients and users to master digital skills. In 2019, when we evaluated the influence of the program over recent years, we saw an SROI increase from 3.61:1 in 2016 to 5.7:1 by 2019.

Innovative Technologies

During the Meeting of the Group of Friends on Digital Technologies held in 2019, António Guterres, the Secretary General of the UN, expressed that “new technologies, and particularly digital technologies, are already having a major impact on the world, affecting all our work on international peace and security, sustainable development and human rights.” Heading towards the 4th industrial revolution, corporations can achieve sustainability goals using digital technologies while establishing profit and sustainable competitiveness.

Striving to create infinite possibilities through the introduction of innovative technologies.

In recent years, ASUS has invested in the development of AIoT-related technology and applications, which has made us one of the very few corporations with key software and hardware technologies in cloud software, AI systems, IoT solutions and services. We have integrated these technologies to create a range of solutions, and we continue to work with partners in the public and private sectors to make environmental and social contributions through technology to build a better future.

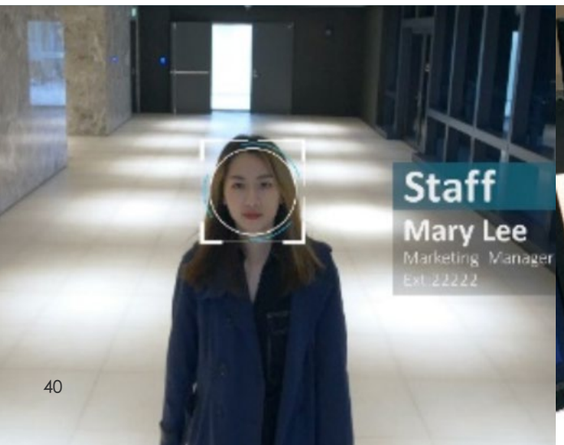
AI-Assisted Workplace Safety

ASUS designs AI models that analyze employee work environments and equipment status in to monitor certain aspects of operations with the goal of ensuring safe work conditions.

Unknown safety hazards and human operation errors are the two main causes of accidents. Through the active protection provided by AI, we are working to create a safer workplace.

AI-Assisted Production

The introduction of AI learning can improve accuracy of yield rates and also reduce labor costs. ASUS plans to use AI-assisted data analysis across the supply chain to solve problems and to further improve overall product quality.



AI Healthcare

An aging population is a social phenomenon currently seen around the world, and it is accompanied by increasing cases of chronic diseases. With the rapid increase of medical insurance expenditures in many countries, maintaining frontline healthcare and effective management of expenditures has become a big challenge for modern medical systems. The 2018 World Health Assembly determined that digital technology can play an important role in improving public health and recommended that countries around the world develop and expand the use of digital healthcare as a way of promoting sustainability.

ASUS promotes AI healthcare by adopting innovative technologies and integrating software and hardware. For healthcare systems that mainly provide diagnosis and treatment to more comprehensive ecosystems offering preventive medicine, quick screenings, disease care and development of physical and mental functions, we are able to provide effective health testing and comprehensive management solutions[5] to address the challenges associated with aging populations.

Medical Internet

Wearable devices monitor and record heart rate, blood pressure, body temperature and other data as well as provide sleep management and fitness and health programs to help users manage their health. Big data platforms can link with AI medical devices, enabling users to share their physiological status with medical institutions and receive telemedicine and health management services, and help hospitals develop precision medicine.

Artificial Intelligence Digital Diagnosis

Artificial intelligence digital diagnosis is a technology that integrates medical devices with automatic reporting systems to help medical personnel conduct effective diagnoses of illnesses. ASUS has already used this technology to introduce ultrasound quick screening and, in the future, will create a heart sound database to help with the diagnosis of heart disease.

Medical Data Platform

ASUS has collaborated with Clinerion, a Swiss medical data firm, to help manage big data used in clinical trials. The data from domestic hospitals can connect to international clinical trials immediately, which may help to accelerate the development of new drugs and improve success rates. This collaborative effort highlight how ASUS is helping to advance Taiwan's role as a healthcare data solutions leader.

[5] ASUS Medical Clouds data complies with the Health Insurance Portability and Accountability, HIPPA.

Sustainable Value Creation

ASUS adheres to our philosophy of providing valuable contributions to humanity. Starting from the product life cycle, we motivate the entire value chain to participate in corporate social responsibility, extending the core spirit of sustainable operations to social caring while continuing to establish sustainable corporate competitiveness with an innovative mindset. Starting from the perspective of stakeholders, we took an overview of macro influences on operations of self-owned organizations and product value chains under our brand. We also established a fundamental evaluation framework to monetize economic, environmental, and social influence, where costs and values generated in society by ASUS are considered from a macro perspective.

By presenting the value creation through a monetary value, internally we could review how the positive and negative impacts come from, as well as to promoting the decision-making process and key indicator management with sustainability to further maximizing our value creation. Externally, we applied the framework of Integrated Reporting (IR) published by the International Integrated Reporting Council (IIRC) to disclose ASUS' influences in sustainability to our stakeholders. ASUS expects to continuously bring positive changes to the environment and society, sharing sustainable value with stakeholders.

Six Main Capitals Input

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

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

Environment
- Electricity used in operation 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

Business Activity

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

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

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 Effciency, 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

Output / Outcome

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 CO_2e
- 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%

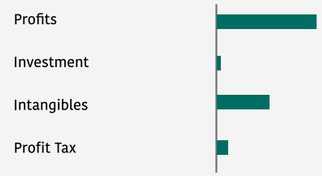
Intelligence
- All notebook computers comply with Energy Star, and the energy-efficiency of ASUS notebooks exceeded by 27%
- 4,092 patents were obtained worldwide in 2019

Human Resource
- Salary and benef it 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 lopportunity centers in 38 countries cumulatively

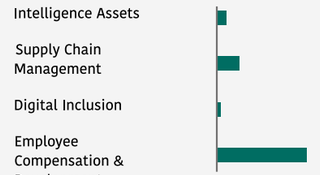
Value Creation

Economy



Environment

Society



Employee Investor Supply Chain Customer Media Community Government

The World's Most Admired Innovative Leading Technology Enterprise.

In search of incredible innovations to create the most ubiquitous,
intelligent, heartful, and joyful smart life for everyone.