

Communicate with Love . Love to Communicate

2017 CSR

Corporate Social Responsibility





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About This Report

This report is the 5th Corporate Social Responsibility Report issued by Askey and provides detailed information on the practices and achievements of Askey for the economic, environmental and social indicators. With this report, we aim to demonstrate our determination to be socially responsible advocates of sustainable development to the general public.

Report Scope and Boundary

This report presents major environmental, social and governance (ESG) topics and corresponding management policies and performances of Askey Corporation between January 1 and December 31 of 2017. Main areas affected by the ESG according to the disclosure include the Askey headquarters, Taiwan and the main manufacturing location, Suzhou, China (Askey Technology (Jiangsu) Limited).

Issue Period

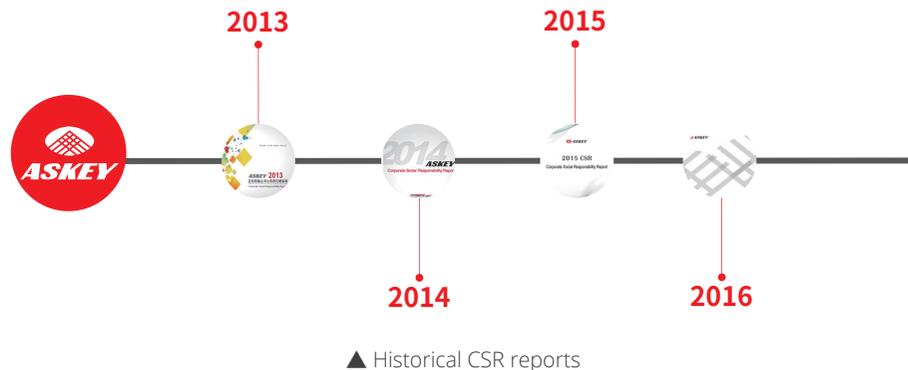
Askey has issued CSR reports on an annual basis since 2014 and has posted them on the company website. Previous version is released in Jun. 2017.

Editorial Principles

This report was written in accordance to the GRI Standards “Core Option” which was released in 2016 by the Global Sustainability Standard Board.

Report Assurance

The report was verified by SGS Taiwan Ltd. according to middle assurance standards such as the principles of GRI Standards “Core Option” and the Accountability 1000 Assurance Standard TYPE I . The Independent Assurance Opinion Statement is attached to the appendix of this report.



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From the CEO

Corporate Social Responsibility is at the heart of Askey's business.

Askey has always strived to create the balance between responsibility and success by combining the latest technologies in product development and manufacturing to create the competitive edge that fulfils our customer's strategy while making sure that we fulfill our environmental and social responsibilities. Askey's goal is to have a sustainable business that is profitable, thus contributing to the economy we are evolving within.

In 2017, we used our core competences in Network Communication and collaborated with the Taipei City Department of Transportation to create and launch the "Taipei Main Station Smart Navigation". This solution's aim is to make circulation within the Taipei Main Station more efficient and make the citizens' as well as visitors' experience within Taipei Main Station more enjoyable.

Capitalizing on our Broadband Technology expertise, we also collaborated with the Hsinchu County Government to develop the "Cloud Marketing Shopping Platform and App" to promote economic growth and prosperity.

Those two areas were new to Askey but were based on our year-long expertise and we sincerely hope that, as we move forward, we can continue to apply our core competences and technology to create solutions that have a positive influence on our society, while maintaining awareness about our duties and responsibilities to achieve a sustainable co-existence between economic success and prosperity.

Askey is fully aware of the shortage in global resources and of the increasing climate changes and we are careful with the use of natural resources. Askey has been constantly working on its processes to promote an environmentally friendly behavior while improving performance. We have also implemented controlled lifecycle management and have integrated it into our product development and manufacturing steps – from product design, to material procurement, to manufacturing and production down to waste disposal, our goal is to be responsibly sustainable.

"Shared glory with the economy", "Shared interests with society" and "Coexistence with the environment" have always been the cornerstones of Askey's strategy. We live by the respect of maintaining our core values "integrity, diligence, respect and pragmatism" and we will continue to work on enhancing corporate governance and information transparency, while supplying the best service to our customers, the best conditions for our employees and the best protection for the environment. This way we can create a better future for all.

CEO, Askey Computer Corp.



1. Stakeholder Engagement

1.1 Stakeholder Identification and Communication

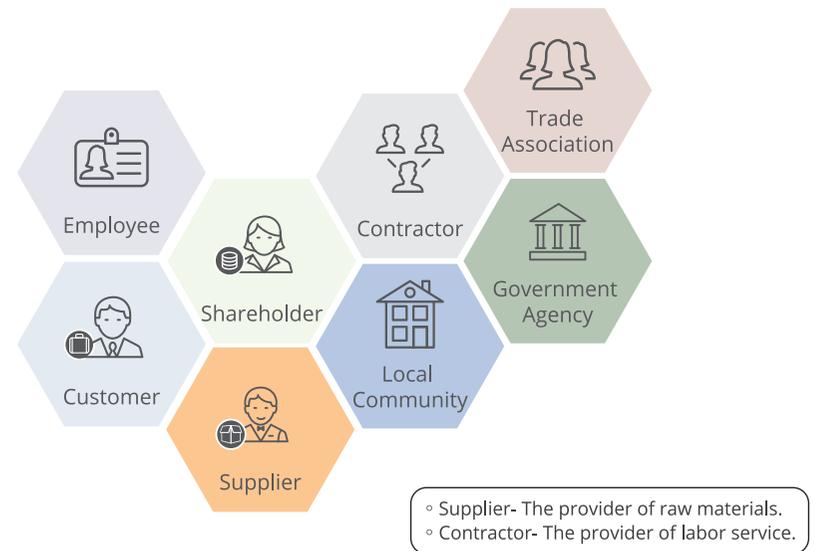
1.2 Material Issues Management

1. Stakeholder Engagement

A company pursuing sustainable development must establish a range of transparent and effective channels of communication. These are used to understand the issues of concern to stakeholders and their expectations in order to provide a basis for the development of a sustainability strategy and project execution.

1.1 Stakeholder Identification and Communication

Askey's CSR committee referred to the experiences of department leaders and employees, as well as the five major principles responsibility, influence, dependence, diverse perspectives and tension recommended by the AA1000 Stakeholder Engagement Standard (SES), and identified 8 major interested parties including "Customer", "Employee", "Shareholder", "Supplier", "Contractor", "Local Community", "Government Agency" and "Trade Association". Various communication methods and channels were also created.



▲ Stakeholders of Askey

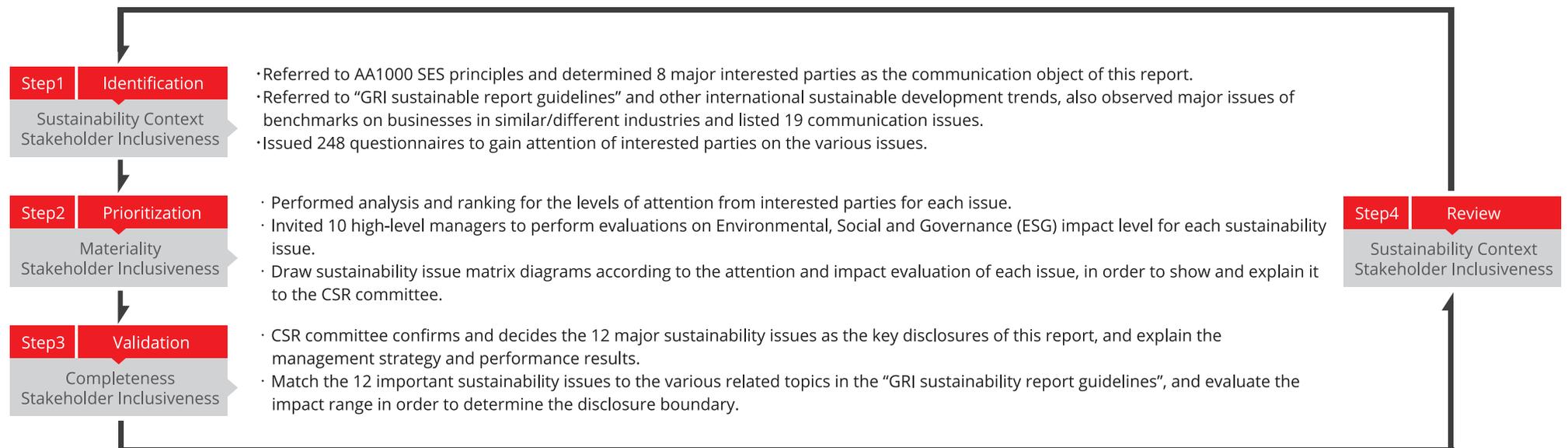
Stakeholders	Importance	Concerned Issues	Major Communication Channels	Frequency
 Customer	Main source of income. Key to achieving sustainable business and service.	<ul style="list-style-type: none"> • Customer Privacy • Environmental Responsibility for Products • Labor Rights • Principles • Compliance 	Company Website Email Customer Audit Customer Service Customer Satisfaction Survey CSR Report	Irregularly Semiyearly Annually
 Employee	Important asset. Driver for continual growth of the company.	<ul style="list-style-type: none"> • Compliance • Employment and Labor / Management Relations • Products and Services • Occupational Health and Safety • Labor Rights 	Website Employee Opinion Box Departmental Meetings E-paper Welfare Committee Meeting Employee Management Meeting Occupational Safety and Hygiene Committee CSR Report	Irregularly Monthly Quarterly Annually
 Shareholder	Force to support stable operation.	<ul style="list-style-type: none"> • Compliance • Economic Performance • Operation and Pollution Prevention • Employment and Labor / Management Relations • Procurement Management 	Company Website Board of Directors Financial Report CSR Report	Irregularly Quarterly Annually
 Supplier	Business partner that pursues sustainable business and growth together.	<ul style="list-style-type: none"> • Procurement Management • Principles • Sustainable Supply Chain • Products and Services • Labor Rights 	B2B Platform Supplier Audit Supplier Assessment Supplier Conference CSR Report	Irregularly Monthly Annually Annually
 Contractor	Business partner that pursues sustainable business and growth together.	<ul style="list-style-type: none"> • Occupational Health and Safety • Labor Rights • Procurement Management • Compliance • Training and Education 	Company Website Contractor Assessment Contractor Conferences CSR Report	Irregularly Annually
 Local Community	Natural foundation for company existence and development.	<ul style="list-style-type: none"> • Water Resources Management • Compliance • Labor Rights • Products and Services • Environmental Responsibility for Products 	Company Website Charitable Activities CSR Report	Irregularly Annually

Stakeholders	Importance	Concerned Issues	Major Communication Channels	Frequency
 Government Agency	Supervisor of business activities, products and service providers.	<ul style="list-style-type: none"> • Compliance • Water Resources Management • Training and Education • Occupational Health and Safety • Energy and GHG Management 	Check Official Document Conferences CSR Report	Irregularly Annually
 Trade Association	Bridge for coordination. Communication and recommendation proposals with the government.	<ul style="list-style-type: none"> • Market Presence • Energy and GHG Management • Operation and Pollution Prevention • Environmental Responsibility for Products • Employment and Labor / Management Relations 	Company Website Conferences Organizational Member Conference CSR Report	Irregularly Annually

▲ CSR issues and communication channels of stakeholders

1.2 Material Issues Management

In addition to learning about stakeholder needs and opinions through routine communication channels, Askey also has procedures in place to effectively identify and organize material issues in sustainability. The result is a more focused report for effective stakeholder communications.



▲ Step of the material issues management

Issues			
Economy/ Governance	Environment	Society	Supplier Chain Management
Labor Rights			Compliance
Compliance		Economic Performance	
Environmental Responsibility for Products		Market Presence	
Occupational Health and Safety		Employment and Labor / Management Relations	
Products and Services		Principles	
Employment and Labor / Management Relations		Indirect Economic Impacts	
Training and Education		Operation and Pollution Prevention	
Principles		Products and Services	
Energy and GHG Management		Occupational Health and Safety	
Market Presence		Environmental Responsibility for Products	
Operation and Pollution Prevention		Customer Privacy	
Water Resources Management		Energy and GHG Management	
Procurement Management		Labor Rights	
Customer Privacy		Procurement Management	
Sustainable Supply Chain		Sustainable Supply Chain	
Social Participation		Water Resources Management	
Indirect Economic Impacts		Training and Education	
Economic Performance		Diversity and Equal Opportunity	
Diversity and Equal Opportunity		Social Participation	

High

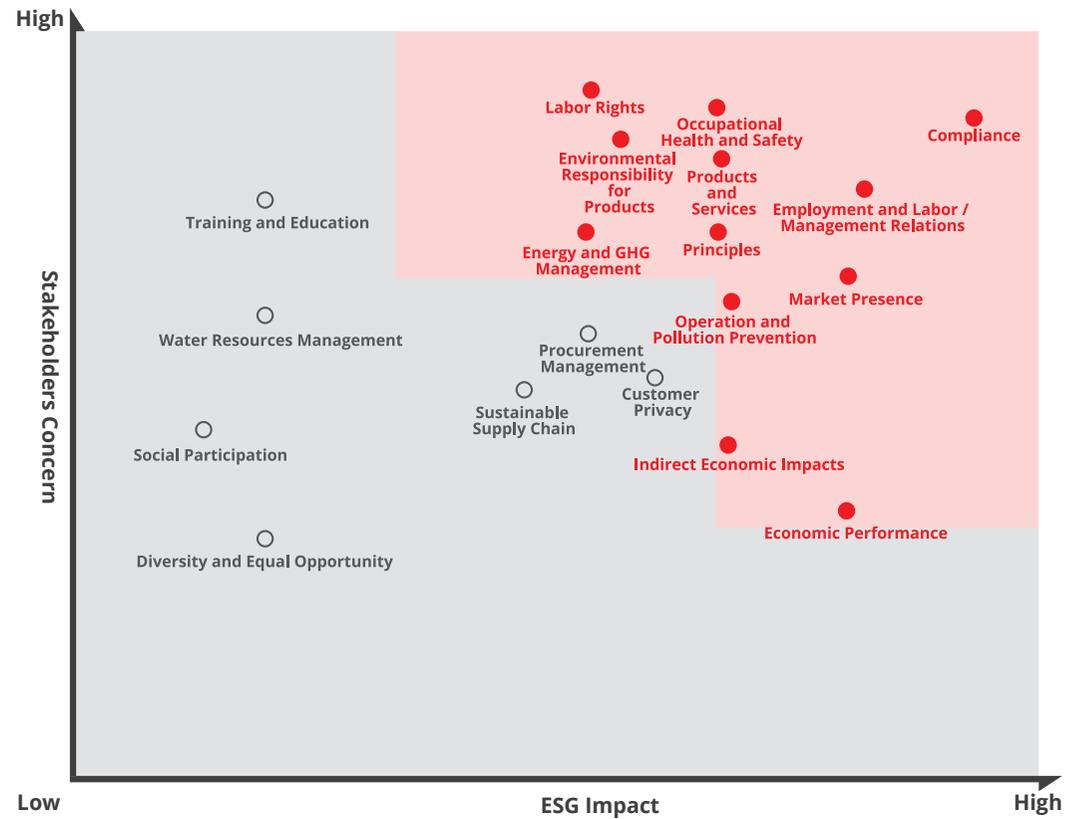
Level of Stakeholder Concern

Low

High

Degree of ESG Impact

Low



▲ 2017 sustainability issue matrix diagrams

▲ Issues according to the level of stakeholders concern and degree of ESG impact

Based on the sustainability issue matrix diagram and after being reviewed and confirmed by the CSR committee, Askey will decide the 12 issues that have significant impacts on the economy, environment and society which interested parties are highly interested in. The GRI sustainability report guidelines will also be referred to in order to match related major topics and their limits and explain the management policies and goals.

Aspect	Material Issues	Importance	Topic-Specific GRI Standards (2016)	SDGs
 Economy/ Governance	Economic Performance	Creating steadily growing business performance and maintaining maximum equity for shareholders are the foundations for an organization to pursue sustainable business.	GRI 201 : Economic Performance	
	Market Presence	Provide fair and reasonable salary compensation to win outstanding talents to create value with the company.	GRI 202 : Market Presence	
	Indirect Economic Impacts	Actively participate in the government's "Smart City" construction to exert our core technologies and promote the development of economic society and create sustainable future.	GRI 203 : Indirect Economics Impacts	 
	Principles	"Ethical integrity" is the core value of Askey's operation. It is also the key element that won the trust and support of interested parties including customers and suppliers etc.	GRI 205 : Anti-Corruption	
	Compliance	Following and urging suppliers and contractors to follow related laws and regulations is a management responsibility of an enterprise in order to avoid causing negative impact to the image and reputation due to violations.	GRI 307 : Environmental Compliance GRI 419 : Socioeconomic Compliance	
 Environment	Energy and GHG Management	Faced with increasing high energy prices and the trend of carbon reduction, issues such as how to increase the utilization rate of energy and reduce operational cost and greenhouse gas emissions have become important when an organization wants to pursue sustainable development.	GRI 302 : Energy GRI 305 : Emissions	
	Operation and Pollution Prevention	Ensuring that waste produced during business operation are properly and legally cleaned and processed in order to reduce impact to the natural environment is a corporate responsibility. Askey wants to steadily develop sustainable relationships with suppliers and contractors to uphold the corporate social responsibilities together.	GRI 306 : Effluents and Waste	 
	Environmental Responsibility for Products	Reduce impact caused to the environment during the life cycle from material procurement to final disposal and enhance organization environmental management performance.	GRI 301 : Materials	
 Society	Employment and Labor / Management Relations	Guarantee labor benefits and maintain good labor relations in order for employees to enjoy work, exert their talents and grow with the company.	GRI 401 : Employment GRI 402 : Labor/Management Relations	
	Occupational Health and Safety	Guarantee the safety and health of employees and other workers is a company's statutory responsibility and obligation.	GRI 403 : Occupational Health and Safety	
	Labor Rights	Human right is a basic right that people are born with that cannot be deprived and infringed randomly. How to ensure employees and workers are treated with fairness and dignity is a key factor for whether a company can achieve sustainable operation.	GRI 406 : Non-Discrimination GRI 407 : Freedom of Association and Collective Bargaining GRI 408 : Child Labor GRI 409 : Forced or Compulsory Labor GRI 410 : Security Practices GRI 412 : Human Rights Assessment	
	Products and Services	Providing outstanding products and services is the core for the implementation of corporate social responsibility.	GRI 416 : Customer Health and Safety GRI 417 : Marketing and Labeling	

▲ 2017 material issues and Askey's management approach

Impact Boundary	Management Approach	Target	Corresponding Chapter
	<ul style="list-style-type: none"> Improve corporate governance structure, effectively control operational cost and development direction while continuing to improve technology, innovation and strengthen market competitive advantages. Establish and successfully maintain ISO9001, TL9000, TS16949, ISO13485 and other quality management systems and improve quality management processes and systems to win customer satisfaction and trust. 	Steady growth of net profit after tax.	2.2 Governance Structure 3.1 Business Overview 3.2 Customer Relation
	<ul style="list-style-type: none"> Follow related laws and grasp market salary conditions. Provide fair and reasonable salary compensation according to education background, professional knowledge and skills and market standard to keep outstanding talents. 	Decrease in worker turnover rate.	5.1 Recruitment and Training
 Taiwan	<ul style="list-style-type: none"> Establish dedicated teams needed for the infrastructure investment of the “Smart City” and support service scale, cost and time limit in order to perform progress management and control. 	Complete related facility construction and provide service according to plan.	5.3 Social Participation and Contribution
 Customer  Supplier 	<ul style="list-style-type: none"> Establish “employee gift and social guidelines”, “anti-corruption standards”, and “code of business conduct” to standardize the code of conduct for operation related activities. Establish internal control and self-evaluation mechanisms to reduce the possibility of greedy behaviors. 	0 corruption events.	2.2 Governance Structure
 Supplier  Contractor 	<ul style="list-style-type: none"> Specify dedicated responsible units and staff to monitor changes and compliances of laws and regulations regularly. 	0 severe economic, environmental and social violation events.	2.2 Governance Structure 4.1 Green Commitment 5.2 Safe and Healthy Workplace
	<ul style="list-style-type: none"> Implement and execute ISO14064-1 greenhouse gas inventory. Find opportunities to increase energy utilization rate according to the annual inventory results, and set up improvement plans to enhance energy management. 	Set up and implement energy-saving carbon-reduction plans every year.	4.2 Green Management
 Supplier  Contractor 	<ul style="list-style-type: none"> Implement and maintain effective operation of ISO14001 environmental management system. Set related operation procedures and standards to control and lower negative impact caused to the natural environment due to business activities. 	0 severe environmental pollution events.	4.1 Green Commitment 4.2 Green Management
 Supplier 	<ul style="list-style-type: none"> Start with green designs and use controls at various stages including material procurement, manufacturing and production, and waste disposal etc. to reduce effects and impacts caused to the environment within the product life cycle. 	Product recycle rate target complies with WEEE directive.	4.3 Green Products and Services
	<ul style="list-style-type: none"> Comply with labor related regulations. Use coordinating channels such as labor conference to exchange opinions and promote collaborative and peaceful working relationships. 	0 labor dispute events.	5.2 Safe and Healthy Workplace
 Contractor 	<ul style="list-style-type: none"> Implement and effectively maintain the OHSAS18001 occupational safety and health management system. Hold meetings regularly to review and coordinate labor safety and health related businesses. 	0 occurrences of severe injury or death events.	5.2 Safe and Healthy Workplace
 Supplier  Contractor 	<ul style="list-style-type: none"> Establish labor policies to clearly declare and protect labor rights, and set up “social responsibility management manuals” and other documents to follow. Besides accepting labor-right related customer audit, the site Suzhou in China also implements a regular internal audit system to evaluate potential human right risks. 	0 reported human rights infringement events.	2.2 Governance Structure 5.2 Safe and Healthy Workplace
 Customer 	<ul style="list-style-type: none"> Implement QC080000 hazardous substance process management system in order to reduce, restrict or prohibit use of substances that endangers human health. Comply with related international safety regulations and perform related information marks. 	100% compliance with RoHS requirements for production materials.	4.3 Green Products and Services



2. Corporate Governance

- 2.1 About Askey
- 2.2 Governance Structure
- 2.3 Risk Management

2. Corporate Governance

Corporate governance is the basis of sustainable business operation. Integrity and transparency are the core values of sustainable business operation. Askey continually and gradually enhances the board functions and increases internal operation and risk management abilities while using integrity as the business philosophy to comply with laws and regulations in order to guarantee the maintenance of maximum equity for interested parties and fulfill corporate social responsibilities.

2.1 About Askey

Askey was established in 1989 and is a leading network communication equipment manufacturer. It is a subsidiary of the world-renowned brand "ASUS". The headquarters of Askey are located in Taipei, Taiwan and its development, manufacturing and service locations are scattered all over Taiwan (Taipei, Yangmei and Hsinchu), Suzhou China, Brazil etc. There are approximately 7,500 employees worldwide. In the past few years, Askey has actively expanded towards the fields of smart vehicle products, smart homes, smart cities etc., willing to create a new wave of momentum for business growth.



Company Name	Askey Computer Corporation
Date of Established	1989/08/23
Amount of Capital	NT\$ 4.8 billion
Headquarters	10F, No.119, Jiankang RD., Zhonghe DIST., New Taipei City, Taiwan, ROC
Industry	Computers and Peripheral Equipment Manufacturing
Employees	7,500 (end of 2017)

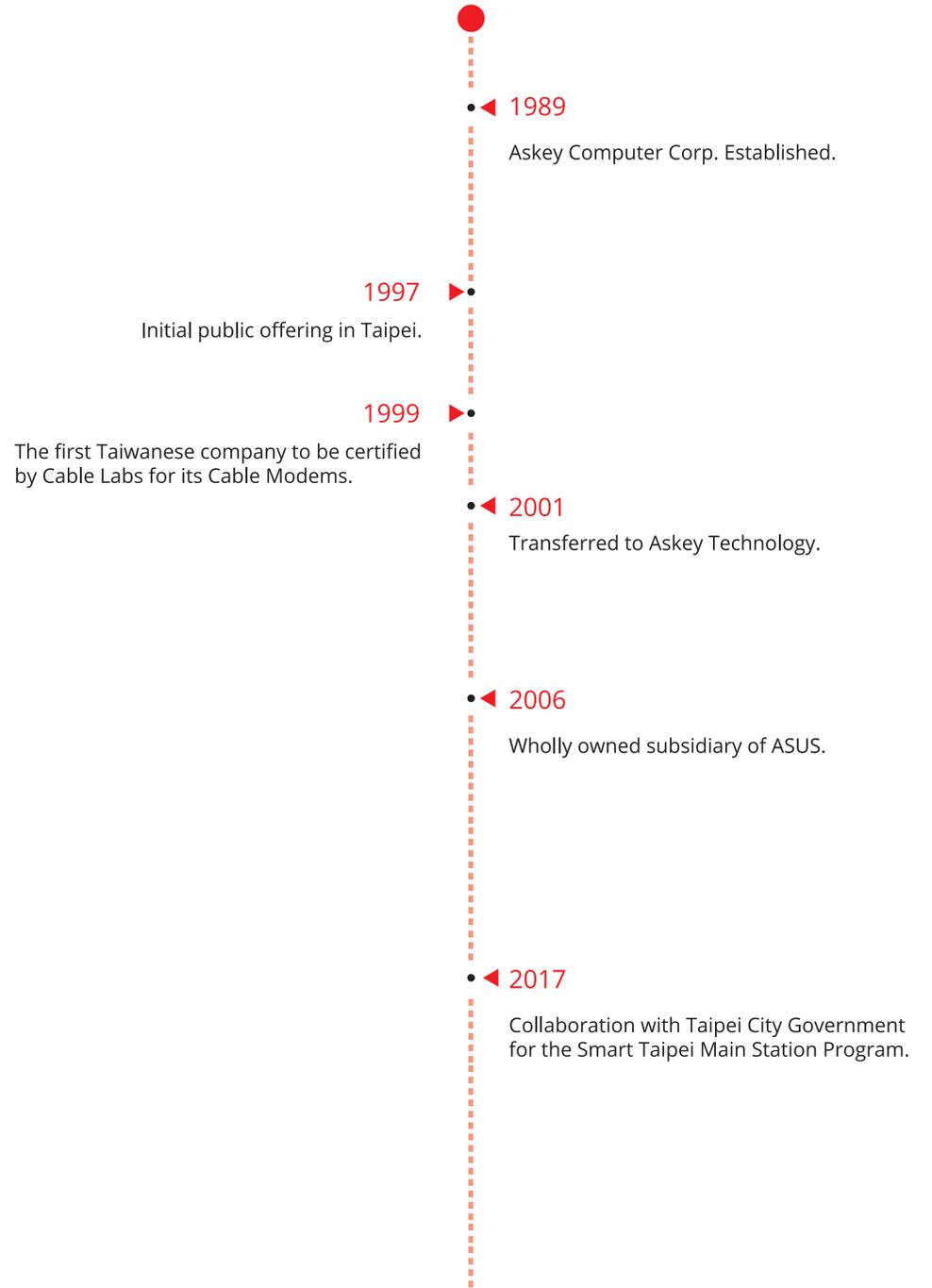
▲ Company background



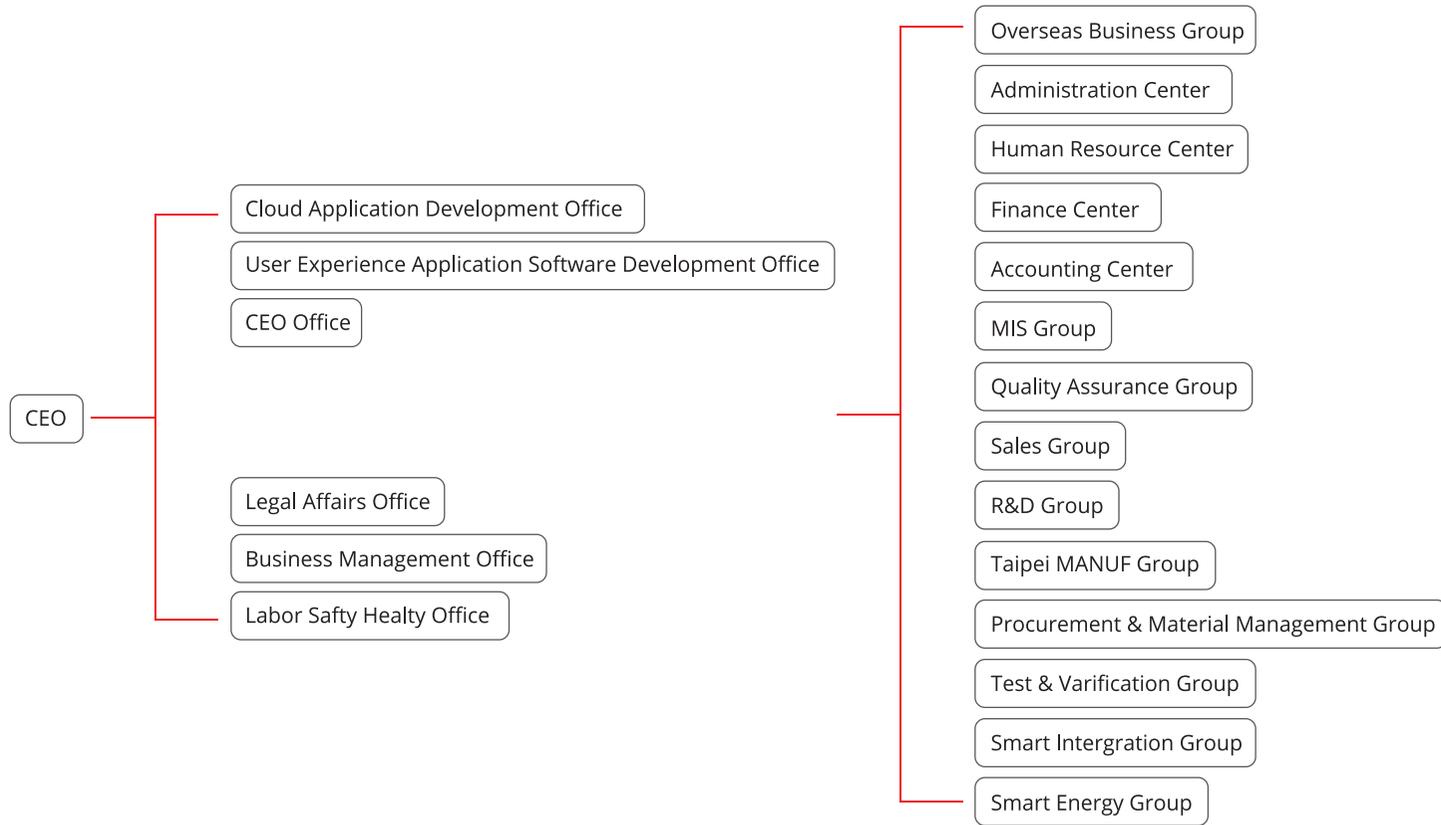
▲ Global presence of Askey

1. Commit to integrity and diligence, focus on fundamentals and results.
2. Inspire, motivate and nurture our employees to explore their highest potential.
3. Endlessly pursue to be number one in the areas of quality, speed service, innovation and cost-efficiency.
4. Strive to be among the world-class high-tech leaders and to provide valuable contributions to humanity.

▲ Business philosophy



▲ Milestones of Askey



▲ Structure

Awards

	Taiwan		Suzhou, China		Suzhou, China		Suzhou, China
	Architecture and Building Research Institute, Ministry of the Interior		Suzhou Wujiang District General Trade Union Staff School		Wujiang District, Suzhou City		Wujiang District, Suzhou City
	2017 Intelligent Green Building Design Competition Silver Award		Excellent Corporate Training Station		Top 10 Enterprise in Foreign Trade		Top 100 Enterprise

Associations Participation

Although Askey currently hasn't officially signed any external related regulations or initiatives, it has actively participated in various industry associations and used sufficient exchanges and learning with similar/different industries to create great mutual assistance and collaborations. By doing so, Askey expects to use mutual exchanges and interactions to gain understanding of industrial trends, market information and government laws and regulations.

Site	Association	Role
 Taiwan	Taiwan Electrical and Electronic Manufacturers' Association	Member
	Taiwan Transportation Vehicle Manufacturers Association	
	Taiwan Telematics Industry Association	
	New Taipei City Green Industry Association	
	Taipei Computer Association	
 Suzhou, China	Suzhou Wujiang District Foreign Investment Enterprise Association	Vice president
	Suzhou Wujiang District Taiwan Compatriot Investment	

▲ External associations participation

2.2 Governance Structure

Askey has designed and constructed a complete organizational structure according to the company's business strategies and goals. The intention is to perform various businesses, to promote activities and to make adjustments according to internal and external changes, in order to enhance operation efficiency and increase the organization's operational performance.



▲ Governance framework of Askey

Board of Directors

The board of directors is the highest governance unit of Askey and the center for major business decisions, its main job is to appoint and direct the company's operating team and to be responsible for supervising the overall operation and various matters in order to maintain maximum equity for shareholders. The chairman of Askey's board of directors is Robert Lin, who is also the CEO of Askey. There are also two other directors and a supervisor. A "Board of directors management and operation procedures" has been created to improve the supervision function and strengthen the management mechanisms.

There was a total of 5 board of directors meetings held in 2017 and the attendance rate of the members of the board of directors was 100%. All members fulfilled their supervising and management responsibilities for important items of the company including strategic direction, business performance and major investments etc.

Title	Name	Gender	Academic Background and Resume
Chairman	Robert Lin	Male	<ul style="list-style-type: none"> MBA, Tulane University, US CEO, Askey
Director	Jonney Shih	Male	<ul style="list-style-type: none"> Institute of Business and Management, National Chiao Tung University General Manager, Computer Business Group, Acer Chairman, ASUSTek
Director	Jerry Shen	Male	<ul style="list-style-type: none"> Institute of Electrical Engineering, National Taiwan University Manager, Acer CEO, ASUSTek
Supervisor	Chin-chih Wu	Male	<ul style="list-style-type: none"> Chief Technology Officer, ASUSTek

▲ Members of the Board

	Board of Directors	4 Members
	Meeting Frequency	1 Quarter
	Numbers of Meeting	5 Times
	Attendance Rate	100 %

▲ 2017 Operation of the Board

Corporate Social Responsibility Committee

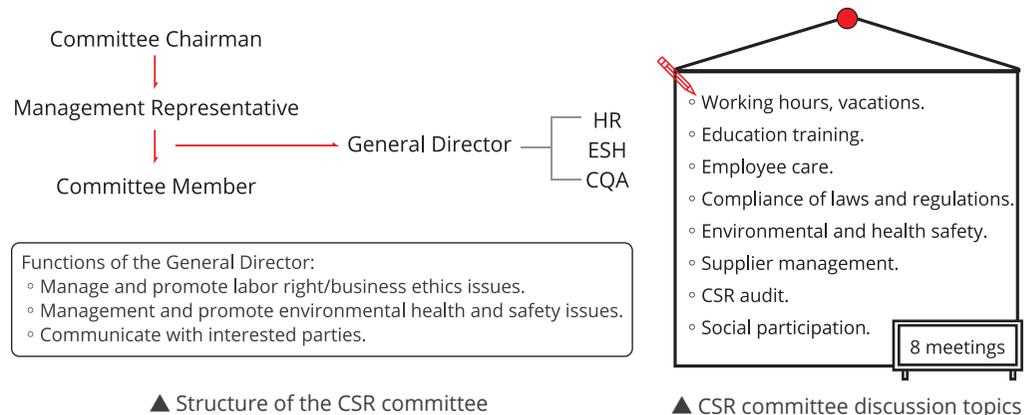
In order to uphold a forward-looking and diligent attitude and fulfill corporate social responsibility, Askey established a cross-department corporate social responsibility committee in 2013. It was organized with the CEO Robert Lin as director, the deputy general manager Steven Chang as management representative, and some responsible unit supervisors as committee members. The intention was to use collaboration between different departments in combination with internal management mechanisms to plan and promote CSR related activities together and display Askey's perseverance and determination for implementing sustainable development.

- Governance/Economy**
 - We manage with integrity, ban bribery and any other forms or sources of illegal profit.
 - We have an absolutely no bribery, no extortion and no embezzlement policy.
 - We respect and protect intellectual property rights.

- Environment**
 - Comply with related environmental laws and provisions.
 - Prevent and continuous improve pollutions, save energy and do resource recycling.
 - Communication well inside and outside the factory, and propagandize the environmental safety management system and policies.
 - Enhance the pollution source control, precede the process waste reduction and reduce the impact on the environment during manufacturing.
 - Introduce the best process to improve the operation environment to protect the safety and health of staff.
 - Implement the environment safety management training and propagandize to increase all staff's concept of safety and environment protection.

- Society**
 - We forbid engaging in or supporting the use of child labor, prison labor or forced labor.
 - Our employees' working hours must follow the standards of local laws.
 - We ensure that every employee has one day off every seven days.
 - We forbid racial or gender discrimination, slavery, human trafficking, exploitation and inhumane treatment of our employees.
 - We comply to the standards of local legal minimum wage.
 - We pay the sufficient salary for overtime working and social insurances according to the applicable laws.
 - Our juvenile workers shall not perform any overtime work, night shift work or hazardous work.

▲ CSR policy of Askey



▲ Structure of the CSR committee

▲ CSR committee discussion topics

Through years of uninterrupted efforts and cultivation, the overall performance of Askey's corporate social responsibility has won the bronze and silver medals for sustainable development awarded by the international organization EcoVadis. In 2017, Askey was even ranked in the top 3% for global suppliers and top 6% for communication equipment manufacturer reviewed by EcoVadis and was awarded the gold medal. In the future, Askey will continue to uphold the promise and mission to contribute towards society and continually improve sustainability performance.



Getting to know EcoVadis

- ★ First collaboration platform to provide supplier sustainable development rating for global supply chains.
- ★ Performs analysis and evaluations on business performances using 4 major topics (including environment, labor rights, fair business management and sustainable procurement) with a total of 21 independent indexes.

▲ EcoVadis gold medal award



▲ 2017 Askey's rankings in the various EcoVadis indexes

Ethics and Integrity

"Integrity" is the core value of Askey. We believe and insist that highest integrity standards should be followed among all business interactions and any form of corruption, extortion, misappropriation of public funds and any other similar behaviors are strictly prohibited. In order to integrate the concepts of ethics and integrity into the corporate culture, Askey created the "code of business conduct", "anti-corruption standards" and "employee gift and social guidelines" and organizes trainings that has to be followed by managers and employees. When any doubts on ethics and integrity occur, they can be reported to the company's management level or personnel unit. And if any violation events were discovered, they can be reported through the report mailbox.

For the operation procedures of daily operation activities that face a potential risk of corruption, Askey has created internal control and self-evaluation mechanisms that aim at making each department responsible for executing internal control and self-evaluation operations. Then the audit room is in charge of reviewing the self-evaluation reports to reduce the possibility of corruption behaviors and to prevent problems from occurring. Regular internal audit and irregular audit by customers are done simultaneously in order to ensure that no dishonest behaviors occurred.

Business Ethics Code of Practice

- Business integrity
- Conflict of interest
- Gift giving
- Information disclosure
- Fair competition
- Report mechanism

Ethics Integrity

- Self-discipline document**
 - Employee and manufacturer business transaction items
 - Business ethics commitment
 - Service and confidentiality agreement
- Training and promotion**
 - Education training
 - E-mail promotion
- Report mechanism**
 - Anti-corruption report mailbox

2.3 Risk Management

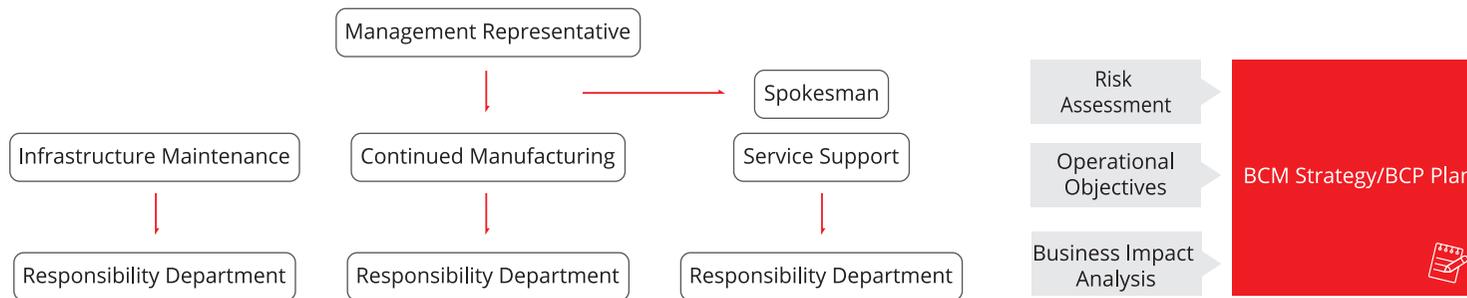
In recent years, severe changes in the global capital market and corporate governance environment, or disastrous impacts brought by climate changes have increased the risks enterprises may face during operation. Therefore, in order to develop sustainable operations, companies have to reflect on the effective identification and evaluation of potential internal and external risks during operation. Thus, they may propose corresponding strategies and control mechanisms to deal with these issues.

Askey continually pays attention to changes in global environments and understand the trends in risk change. This gives therefore the ability to Askey to predict possible risks its various businesses might encounter and to control them within bearable level and range. This will ensure personnel and asset safety, increase product service quality and equity value for shareholders, while continually improving existing risk management mechanisms and transforming risks into opportunities.

Aspect	Risk	Strategy / Practice
 Economy/ Governance	IT Security Risk	<ul style="list-style-type: none"> • Set data security related operation specifications. • Data security promotion. • Important data backup mechanism. • Disaster recovery operation procedures. • Data security event notification mechanism.
	Exchange Rate Risk	<ul style="list-style-type: none"> • Functional currency exchange rate risk management. • Use derivative financial instruments to avoid risks.
	Credit Risk	<ul style="list-style-type: none"> • Establish credit policy. • New customer credit risk analysis and management.
	Liquidity Risk	<ul style="list-style-type: none"> • Group liquidity demand forecast monitoring. • Improve the efficiency of capital usage.
	Materials Interruption Risk	<ul style="list-style-type: none"> • Develop second source. • Raw material inventory control.
 Environment	Climate Change Risk	<ul style="list-style-type: none"> • Greenhouse gas voluntary inventory. • Promote energy saving solutions, reduce greenhouse gas emission. • Green design, reduce product energy consumption.
 Society	Manpower Shortage	<ul style="list-style-type: none"> • Improve salary and welfare system. • Enhance communication channel and participation mechanism. • Regular review of labor situation.
	Occupational Safety and Health Risk	<ul style="list-style-type: none"> • Establish occupational safety and health system. • Establish various job safety and health standards. • Hazardous operations control. • Education and training. • Contractor management.

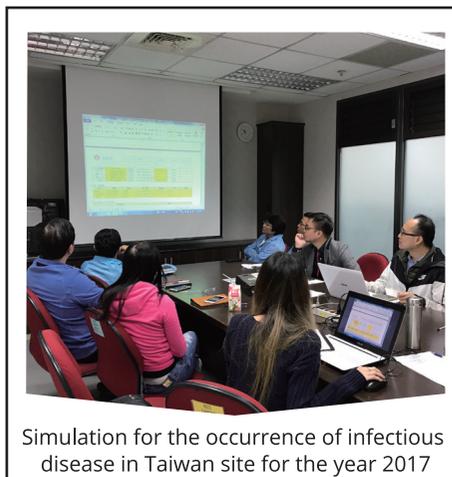
Business Continuity Management

As the variability and unpredictability of the operating environment gradually increase, Askey realized that in order for an enterprise to pursue sustainable operation, it must rely on a continuous and effective management mode. Therefore, it followed the ISO 22301 Business Continuity Management System (BCM) architecture and spirit and established the BCM implementation committee to promote related operation activities. Askey also gradually constructs various business continuity plans (BCP) according to the business impact analysis (BIA) and risk assessment (RA) results and arrange conditional simulations regularly to review their effectiveness. Thanks to this, Askey hopes to effectively increase the organization's emergency handling and recovery flexibility, to strengthen the overall competitiveness and maintain the equity of interested parties as well as the reputation of the company.



▲ Structure of the BCM committee

- Historical Exercise Theme
- Earthquake
 - Fire
 - Infectious Diseases
 - Manpower Shortage
 - Supplier Failure



Supplier
Procurement
Manufacture
Product
Supply Chain
Inventory
Distribution
Logistic

3. Economic Sustainability and Prosperity

3.1 Business Overview

3.2 Customer Relation

3.3 Supplier Management

Customer

3. Economic Sustainability and Prosperity

Askey strives to provide customers with the most competitive products through a spirit of rigorous corporate governance and continued innovation in R&D. Askey also exert a positive influence on the supply chain to create sustainable growth and value in partnership with all stakeholders.

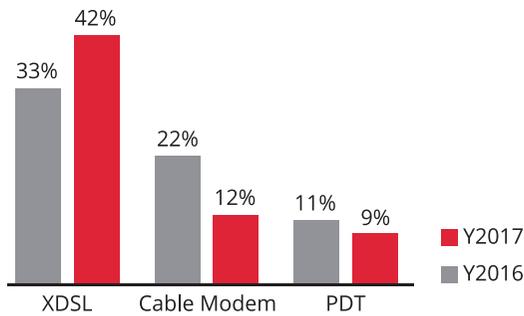
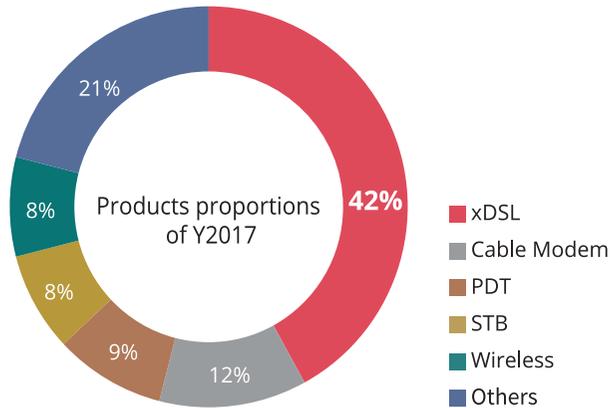
3.1 Business Overview

The consolidated group revenue of Askey is NT\$31.86 billion, net loss after taxation attributable to shareholders of the parent company is NT\$1.055 billion in 2017. The financial information described above was verified by an independent third-party accounting firm.

In order to enhance the R&D capability, increase product competitiveness and create higher values, the amount invested in R&D in 2017 totaled NT\$2.46 billion. In the site of Suzhou in China, Askey continued to receive the "technology development investment deduction" tax benefits provided by the local government. The investment deductions applied for research and development expenditure for the year 2017 were approximately NT\$ 52.74 million. Askey expects to use continual improvement in R&D technology to inject new energy in the industry and to steadily strengthen market competitiveness.

Revenue Proportion

Askey focuses on the manufacturing of network communication equipment and electronic products. Its production line features a complete range of devices from broadband network products such as cable modem, xDSL, personal data terminals (PDT), broadband routers etc., to fiber optic products including the development of high-potentials devices such as GPON, GPS and high-end integration products. Its sales range includes Italy, Switzerland, U.S.A and other countries around the world. The revenue proportion for the year 2017 is divided between products, xDSL has the highest ratio and accounts for approximately 42% of the total revenue, followed by cable modem at 12% and PDT at 9%.



▲ Revenue proportions for the three major products of Askey

3.2 Customer Service

Askey believes that providing customers with competitive products and quality services play an important role in maintaining business profits. We therefore aggressively develop new products to meet the diverse needs of our customers. We also established a rigorous quality management system to provide customers with a trustworthy quality.

The protection of our customers' privacy and assets is taken very seriously by Askey. We work actively to understand and respond to customers' needs in a timely manner in order to win their trust and satisfaction through good service quality.

3.2.1 Products and Services

Askey is a professional manufacturer of communication equipment. Apart from focusing on the development of its core market, Askey has been developing and manufacturing smart home, smart automotive and medical care products in recent years. Askey's goal is to build and integrate a comprehensive, yet diversified product range that meets the needs of the mainstream market. We aim at becoming one of the top suppliers of high-quality networking communications products and components by satisfying the needs of our customers and surpassing their expectations.



Manufacturing Experiences.
Since 1989.

▲ Askey products portfolio

Quality Management

Askey pays close attention to the quality requirements of its customers and considers quality management as an essential part of its work. We expect every employee to understand the importance of quality as well as the consequences of quality defects and to take joint ownership of product quality.

Quality management systems such as ISO9001, TL9000, TS16949 and ISO 13485 have been introduced, implemented and effectively maintained by Askey to build sound quality management processes and systems. The PDCA management cycle (Plan, Do, Check, Action) has also been embraced for the continuous improvement of the production cycle to ensure customer satisfaction through better product quality.



▲ Quality policy of Askey

Quality Management System	Site	
	Taiwan	Suzhou, China
ISO9001	V	V
TL9000	V	V
ISO13485	V	V
TS16949	V	V
ISO17025		V
CMMI	V	
ESD S20.20	V	V
QML		V

▲ Quality management system of Askey

3.2.2 R&D and Innovation

In response to new technologies such as the Internet of Things (IoT), Industry 4.0 etc. and emerging concepts such as smart home and smart city, Askey has been using its years of ODM/OEM production experience to develop smart integration. After releasing the smart home ecosystem QBee in 2015 and the "Askey Smart Bus Station" in 2016 that integrates diverse functions such as safety, information, positioning and entertainment, in 2017, Askey officially signed a contract with the Taipei City Government to push the Smart Taipei Main Station Program. A series of smart home and smart city systems developments allowed Askey to provide rich and practical complete solutions for the development of futuristic city. This also means that it has showed the ability to adapt from an OEM model to the development of high added value solutions such as smart networking applications.

In addition, Askey is recognized by the Industrial Development Bureau, Ministry of Economic Affairs as a recommended manufacturer for government subsidized programs to innovate and improve broadband application in city and rural areas. For instance, a project in collaboration with Hsinchu County Government, to introduce use of digital application within the aboriginal communities, calls for development of cloud marketing, shopping platform, and Apps. The concept is to use 4G broadband to create innovative applications with the idea of digital equality, to convert precious cultural assets, handicrafts and agricultural products of aboriginal tribes into diverse digital contents using information and communication tools. Moreover, in order to reduce urban/rural economic, resource and digital gaps as well as other social issues, Internet, 4G broadband mobile technology and cloud technology have been used to perform far-reaching marketing, broadcasting and storage.

The timeline highlights three key milestones:

- Y2015:** Introduction of Smart Home Systems (QBee™) - A great place to start.
- Y2016:** Introduction of Smart Bus Station.
- Y2017:** Introduction of Smart Taipei Main Station Program.

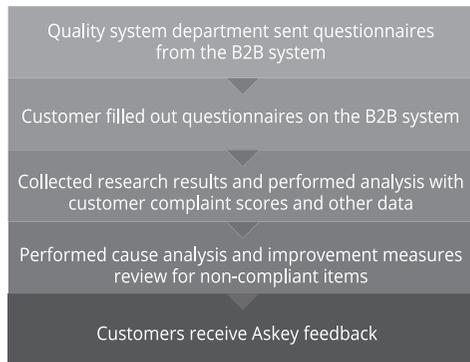
3.2.3 Customer Privacy and Customer Satisfaction

In addition to an innovative R&D and to the production of high-quality products, Askey provides customers with comprehensive services in the hope of building a solid, long-term business partnership and becoming a trusted partner in their success.

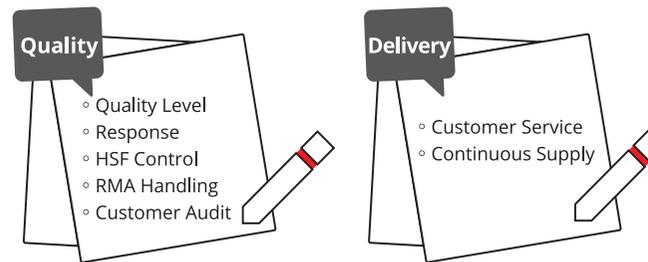
Customer Satisfaction

Customer satisfaction is a basic responsibility in business. To serve our customers more effectively and become their preferred business partner, we conduct at Askey a customer satisfaction survey every 6 months to analyze their needs and carry out targeted improvements to boost customer satisfaction with Askey products and services.

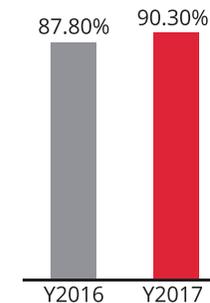
In 2017, the customer satisfaction survey was sent out to the top 80% of customers by transaction amount. A total of 33 surveys were sent out and 33 responses were collected with a recovery rate of 100%. The 2017 customer satisfaction score reached 90.3% and met the target. Apart from the effective operation and maintenance of the quality management system, continuous improvements in our processes have helped strengthen our overall product quality which will improve customer satisfaction on a long term perspective.



▲ Process of customer satisfaction survey



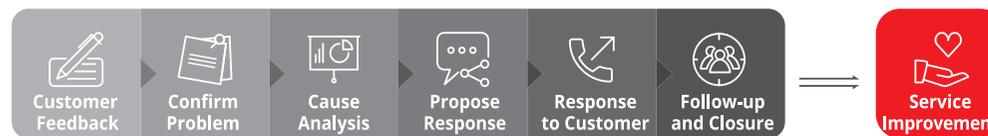
▲ Items of customer satisfaction survey



▲ Result of customer satisfaction survey

Customer Complaints

Askey treats customer complaints as opportunities and motivation for continuous improvement. They help our company provide a product quality and service that better match customer's requirements and expectations. A complete customer complaint handling process has therefore been put in place to ensure that messages from customers can be transferred directly to the relevant units and to the management. Customer's feedback is also analyzed so that effective measures can be adopted in a timely manner to protect customers' interests as well as to boost and strengthen their loyalty and trust.



▲ Process of customer complaints handling

Customer Privacy

Askey strongly values the protection of customer privacy and property and make it a top priority before the improvement of customer service and satisfaction. All employees are expected to provide effective protection of tangible or intangible information and assets. There were no complaints on the violations of customer privacy nor loss of data in 2017.

To ensure the proper protection of customers privacy and their confidential information, Askey not only signs confidentiality agreements to protect customers' interests but also requires each new employee to sign the "Service and Non-Disclosure Agreement" upon arrival, to avoid the leaking of professional secrets due to personal reasons. Internal regulations, announcements and data access restrictions are used to strengthen internal protection of privacy and business secrets as well.

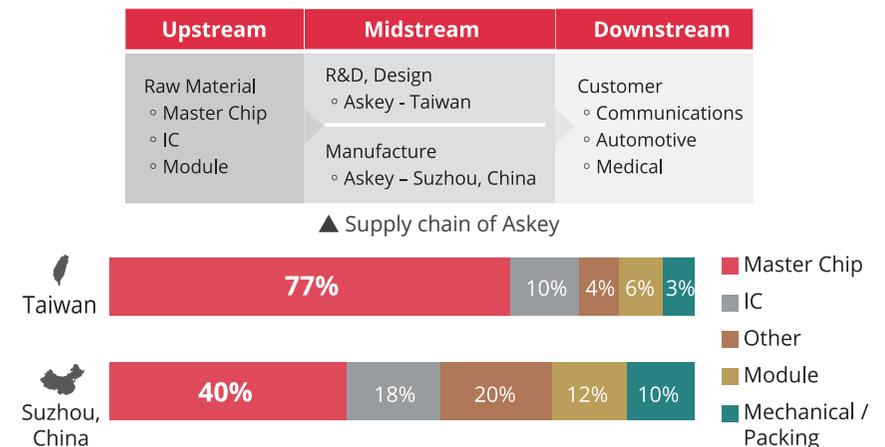
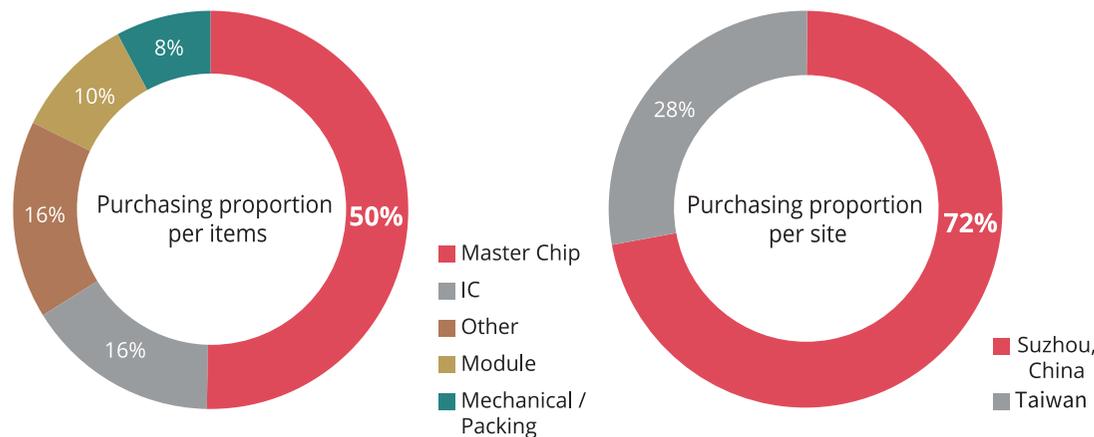
- Access systems set for information data centers.
 - Installation of enterprise anti-virus software.
 - Account/password connection setting, changed regularly.
 - Firewall construction.
 - Electronic file encryption.
- ▲ Confidential data maintenance practices

3.3 Supplier Management

Askey not only strives to build trust with customers but also works actively to establish a long-term partnership for mutual growth with its suppliers. The development of a mutually beneficial relationship based on trust enables the joint pursuit of sustainable development and growth.

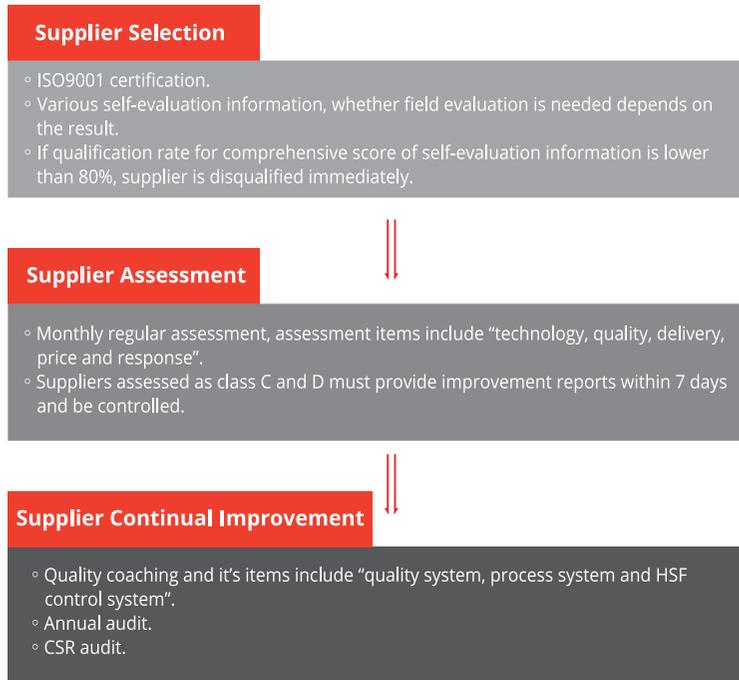
3.3.1 Purchasing Overview

As Askey's produce and service combinations are fairly wide and flexible, therefore its supply sources are very diverse. In 2017, the largest amount of purchased item was the "master chip", which totalized up to 50% of the procurement spending amount. If we analyze according to the site of transactions, Suzhou China, which is Askey's main production base, made 72% of the transactions while the site of Taiwan accounted for 28%.



3.3.2 Purchasing Management

Askey strives to create and maintain long-term collaborations with domestic and foreign suppliers, and is willing to create steadily developing sustainable supply chains with them. Not only should the product quality, delivery, price and service meet Askey's requirements and customer expectations, but Askey's suppliers must also implement and fulfill social responsibilities including environmental protection, respect for human rights etc. Askey wants to grow and develop a mutually beneficial collaboration with its supply chain partners, as well as to create sustainable business opportunities with them.



▲ Suppliers management strategy

Supplier Selection

Askey follows prudent and rigorous procedures to perform the evaluation and selection of its new suppliers. Not only are the supplier's product quality, price, delivery, service and technical capabilities used as the base of the selection, but other environmental standards such as hazardous substance management and social standards such as labor/human rights etc. are also taken into consideration and evaluation. By doing so, Askey hopes its suppliers will also consider sustainable development concerns a main issue for their company and will share responsibility with Askey to offer a great contribution to the society.

Nowadays, enterprises are promoting localized procurement, some of the considerations implied by such action are mainly the search of supply efficiency and the support of stability for the local economies. However it can also reduce consumptions resulting from logistics, such as energy and natural resource consumption, and also carbon emissions, thus lowering the environmental impacts. Although the current rate of localized procurement in Askey is not high, Askey plans to actively develop its local suppliers - with the prerequisite of meeting target costs - to further increase its localized procurement and work towards the development of local supply chains.



▲ Principles guiding the selection of a new supplier

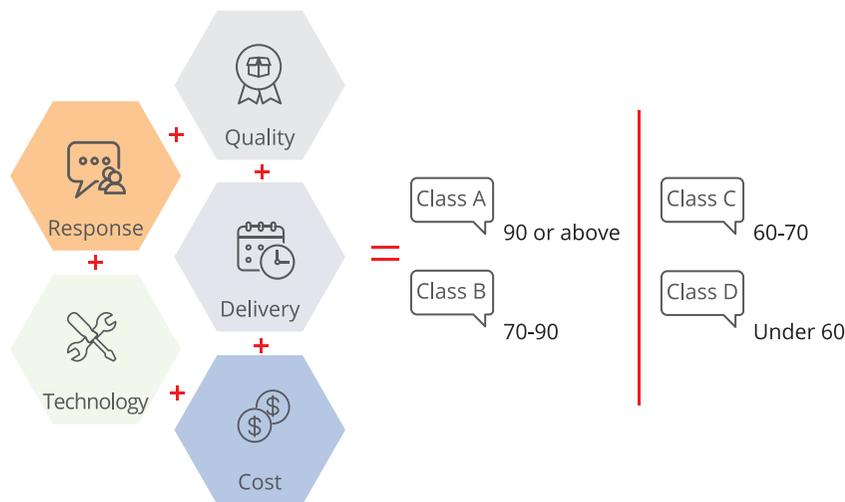
Based on its engagements in corporate social responsibilities, Askey does not support the mining conflict on the extraction of minerals in the Democratic Republic of Congo and neighboring countries in the Central Africa regions. Askey uses responsible purchasing behaviors to extend its influence to the supply chain, requesting its supplier partners to avoid using minerals sourced in conflict areas. Askey keeps a close eye on information related to minerals coming from conflict areas when selecting new raw material suppliers. For example, if a supplier clearly knows that it did not use conflict minerals, it is required to sign a “did not use/will not use conflict mineral commitment”. Askey thus expects that these specific requirements and constraint on the supply chain will influence positively the mineral conflicts issue.



▲ Management of conflict minerals

Supplier Assessment

Each month, Askey’s departments including R&D, procurement and quality conducts assessments on items such as technology, delivery and quality etc., and notifies suppliers of the assessment results through the B2B system. Suppliers in Class C and D will see purchase ratio adjusted or will have to find alternative materials. Askey expects to use regular monitoring and assessment modes to keep a good cooperation and increase respective efficiencies and performances.



▲ Supplier assessment orientation and rating

- Class C**
 - For the month→ Provide improvement report.
 - 3 consecutive months→ Propose improvement plan report and perform field quality coaching depending on situation.
 - 5 consecutive months→ Disqualify suppliers without affecting production operation.
 - Annual priority audit subject.
- Class D**
 - For the month→ Propose improvement plan report and perform field quality coaching depending on situation.
 - 2 consecutive months→ Perform field quality coaching and perform on-site review within a week after improvements.
 - 3 consecutive months→ Disqualify suppliers.
 - Annual priority audit subject.

▲ Control practices for class C and D suppliers

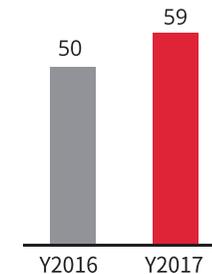
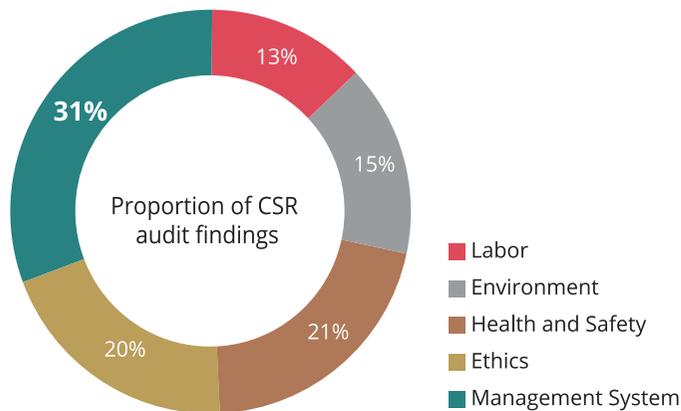
Supplier Continual Improvement

In order to lower the ESG risk of the supply chain and improve overall supply chain competitiveness, Askey has scheduled annual supplier audit plans. The audit includes various controls of the process and system, and suppliers that did not meet the requirements must propose improvement measures and follow new coaching and auditing process depending on the needs. In addition, in order to ensure that the suppliers meet Askey's management requirements on sustainability, annual assessments about corporate social responsibility implementation are also arranged. On-site reviews and evaluations are used to understand the supplier's management status and its level of CSR implementation regarding economic, environmental and social aspects.

In 2017, Askey has completed 59 CSR on-site reviews, and none of them showed significant actual nor potential negative impact issues on the environment and labor/human rights. Suppliers have also proposed effective and feasible improvement plans for items that did not meet audit's requirements, and all cases were closed. Askey will continue to use in the future different methods including the ESG audits and annual supplier conference announcements to encourage suppliers to pay attention to employee rights, to improve environmental safety and health risks at the work place, as well as to fulfill corporate social responsibilities in collaboration with Askey.



▲ Dimensions of Askey CSR Audit



▲ Frequency of CSR audit



4. Environmental Sustainability

4.1 Green Commitment

4.2 Green Management

4.3 Green Products and Services

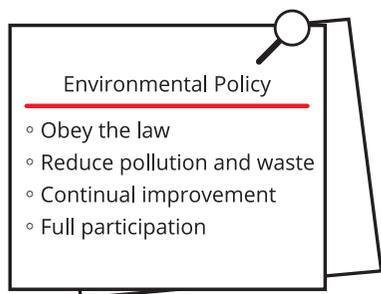
4. Environmental Sustainability

Askey is aware of a business' social responsibility on environmental protection. Our pursuit of a stable business growth must take into account the rigorous practice and measures relative to environmental management and ecological protection. We hope that the adoption of a life cycle-based approach with verifications on the product design, material purchasing, production, manufacturing and disposal stages will fulfill our goal of environmental sustainability.

4.1 Green Commitment

Environment friendly behaviors and a great attention toward limited resources are missions and responsibilities that Askey should bear, as they are key to improve environmental sustainability. We uphold the environmental policy goals of "obeying the law, reducing pollution and waste with a continual improvement and a full participation". We use cautious and positive attitudes to fully promote environmental management and performance improvement related activities, we implement pollution prevention and increase employees' awareness of environmental protection. Moreover, we abide by the laws and regulations to fulfill our responsibilities and obligations, to make contributions to the environmental protection. In 2017, Askey didn't violate any environmental protection act that resulted in huge fines.

In order to prevent pollution and effectively decrease impacts on the environment caused by companies activities (including products and services), Askey regularly monitors its compliance with environment related laws and regulations. Askey also followed the ISO14001 international standard and created an "environmental management system", this means, using the execution of standardized operation procedures, the creation of continuous improvement goals and regular reviews of environmental performance and the P-D-C-A cycle mode, to effectively enhance environmental management and improve environmental quality.



Management System	Taiwan	Suzhou, China
ISO14001	Y1998	Y2006
QC080000	Y2007	Y2007
ISO14064-1	-	Y2010

▲ Askey green management system

4.2 Green Management

Aware of its responsibilities towards the Earth, Askey works actively to incorporate green thinking into its management process. In addition to ensuring that all activities, products and services are conform to environmental laws and customer requirements, Askey also strives to conserve the use of energy resources, reduce waste resulting from production processes and prevent pollution, as it is an integral part of our corporate social responsibility on environmental protection.

4.2.1 Environmental Information

As an enterprise operation's scale grows, its effect and responsibility to the environment grows concurrently. Askey strives to use environmental friendly production processes and tries as much as possible to reduce resource usage, the generation of polluting substances and wastes in order to show its determination to protect the environment. The total investments (energy and resource) and total output (greenhouse gas and waste) and other environmental information of Askey for the year 2016-2017 are summarized in the table below.

	Category	Item	Y2016	Y2017
Input	Energy	Electricity (1000 kWh)	42,472.9	49,759.3
		Gasoline (L)	46,961.6	45,290.1
		Diesel (L)	520.2	1,263.5
		Natural Gas (M ³)	165,882.0	95,740.0
			Total (GJ)	160,588.5
	Water	Running Water (M ³)	417,460.0	452,571.0
	Environmental Expenditure	Expenditure on Environment (NT\$ 1,000)	-	170.0
Output	Green House Gases (GHG)	Direct Emissions (t CO ₂ e)	1,430.5	1,449.3
		Indirect Emissions (t CO ₂ e)	32,541.0	33,481.3
		Total Emissions (t CO₂e)	33,971.5	34,930.6
	Waste	Hazardous - Recycled (Ton)	2.5	7.1
		Hazardous - Incinerated (Ton)	5.9	0
		Non-Hazardous - Recycled (Ton)	428.7	503.9
		Non-Hazardous - Incinerated (Ton)	81.6	824.8
		Non-Hazardous - Buried (Ton)	720.0	0
		Total Mass (Ton)	1238.7	1335.8

◦ The water consumption for Taiwan site was extrapolated from annual costs and average unit price.
 ◦ The quantity of consumer waste for Taiwan site was extrapolated from the number and weight of bags removed.
 ◦ Environmental expenditure was disclosed since 2017.

4.2.2 Energy and Carbon Emissions Management

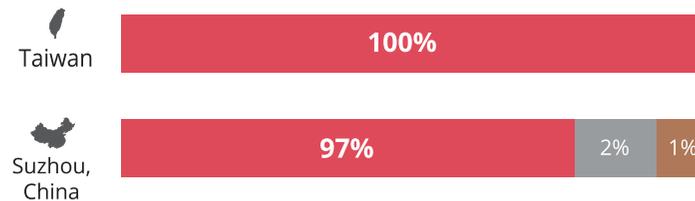
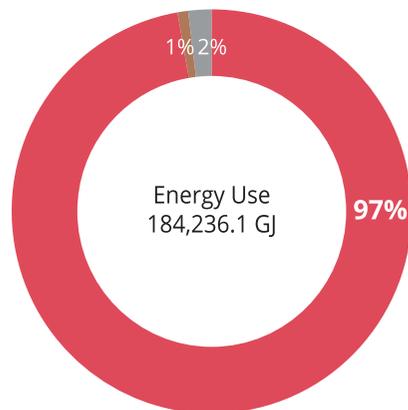
The increasing severity of climate change and global warming has made Askey strongly aware of how precious and limited energy resources are. Systems and energy conservation initiatives have therefore been put in place to efficiently participate in the environmental protection.

Due to the nature of the industry, most of the energy resources used by Askey are for production purposes. Total internal energy consumption in 2017 amounted to 184,236.1 GJ with around 97% coming from electricity. The energy intensity in 2017 is slightly higher than before because the electricity use of the branch offices in Yangmei and Hsinchu were counted first.

Energy	Y2016		Y2017	
	Quantity	GJ	Quantity	GJ
Electricity (1000 kWh)	42,472.9	152,902.4	49,759.3	179,133.4
Gasoline (L)	46,961.6	1,624.9	45,290.1	1,567.0
Diesel (L)	520.2	20.1	1,263.5	48.9
Natural Gas (M ³)	165,882.0	6,041.1	95,740.0	3,486.7
Total	-	160,588.5	-	184,236.1
Energy Intensity	554 GJ / per NT\$100 million revenue		579 GJ / per NT\$100 million revenue	

- 1kWh = 3.6 MJ
- 1L Gasoline = 34.6 MJ
- 1L Diesel = 38.7 MJ
- 1M³ Natural Gas = 8700 Kcal; 1 Kcal=4186 J

▲ Energy use of Askey

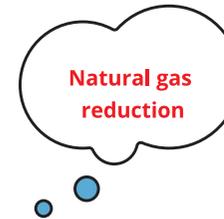


▲ 2017 Energy use per site

Not only did Askey try to save energy with daily management practices, but it has also actively promoted various energy-saving, carbon-reduction activities related to lightning, air conditioning etc. in its various plants. Thanks to these actions, Askey hopes to reduce wear and tear as well as greenhouse gas emissions, and tries to find opportunities from within to increase production efficiency and lower operational costs.



Site: Taiwan
 Practice: Changed T9 lamps to LED lamps
 Benefit: Power consumption ↓635GJ
 GHG emission ↓93t CO₂e
 Description: Estimation of power-consumption difference before and after improvement



Site: Suzhou, China
 Practice: Boiler hot water heat exchange transformation
 Benefit: Power consumption ↓2,554GJ
 GHG emission ↓154t CO₂e
 Description: Estimation of power-consumption difference between Y2017 and Y2016

Greenhouse Gas Inventory

Fighting against climate changes and global warming are currently the most important environmental protection issues for enterprises, as well as important tasks for company operation and management. Asker referred to ISO14064-1 and other foreign and domestic inventory guidelines and created consequently a greenhouse gas inventory standard mechanism. Each year's inventory results are reviewed to find key emission sources involved in the production process and then elaborate organized and continuous reduction measures.

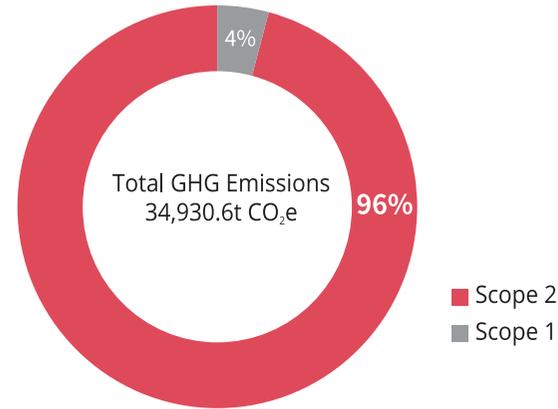
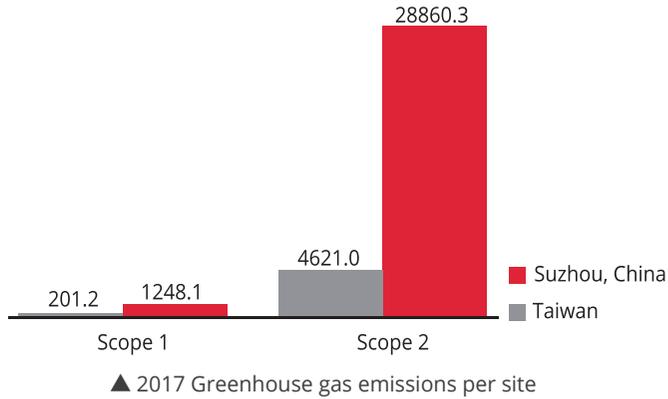
Data on Askey's greenhouse gas inventory range is collected based on operational control, the total greenhouse gas emission of Askey in 2017, including the Taiwan and Suzhou site in China was approximately 34,930.6t CO₂e, which mainly came from category two indirect greenhouse gas emissions at approximately 96%. If categorized according to greenhouse gas type, the ratio of carbon dioxide emission was the greatest, and had an emission density of 109.8t CO₂e/NT\$ 100 million revenue, which had slightly reduced by 6% compared to 2016. Since 2010, the heavy production based in Suzhou China has passed third-party verification every year in order to ensure inventory data quality. In the site of Taiwan, internal autonomy inventory is conducted. Askey wants to use annual inventory results and data disclosure processes to fully understand the conditions of greenhouse gas emission within the organization for continuous self-review and improvements.

Emission Source	Emergency generator/Official car Equipment refrigerant supplement Fire-fighting facilities Outsourcing electricity
Practice	According to ISO14064-1
Analysis	Quantitative analysis
GHG Type	CO ₂ 、CH ₄ 、N ₂ O

Year	Greenhouse Gas Emissions (t CO ₂ e)			
	Direct GHG Emissions	Indirect GHG Emissions	Total Emissions	Emission Intensity
2017	1,449.3	33,481.3	34,930.6	109.8 (per NT\$100 million revenue)
2016	1,430.5	32,541.0	33,971.5	117.1 (per NT\$100 million revenue)

- GHG Emission Intensity = Total GHG emission / the consolidated group revenue in Y2017.
- GWP Value comes from the 4th IPCC Report
- Background : Inventory baseline year & emissions in Taiwan—Y2017 / 4,822.2t CO₂e
Inventory baseline year & emissions in Suzhou, China—Y2009 / 41,300.7t CO₂e

▲ Greenhouse gas emissions



Carbon Disclosure

Askey began to participate in the Carbon Disclosure Project (CDP) in 2015. Questionnaire responses and results were provided on the company's GHG emissions, as well as strategies on how to deal with the investment risks and opportunities of climate change.

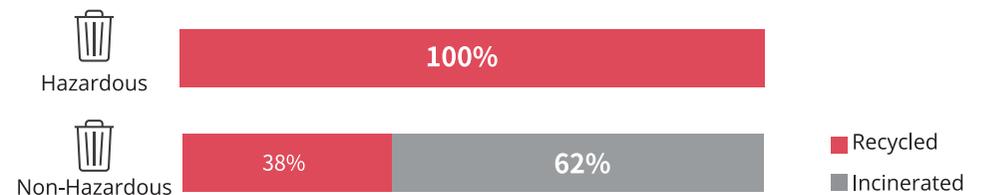
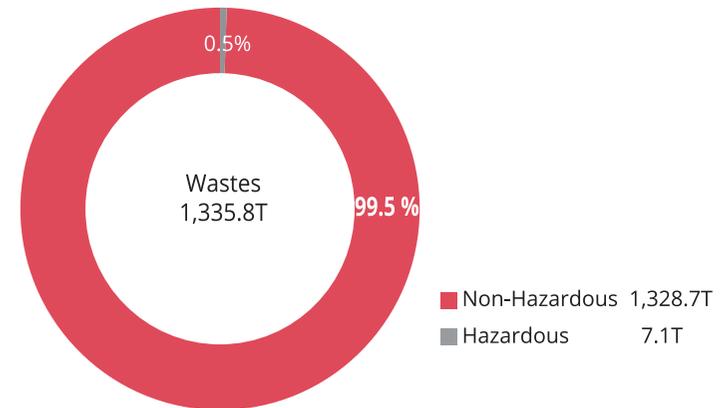
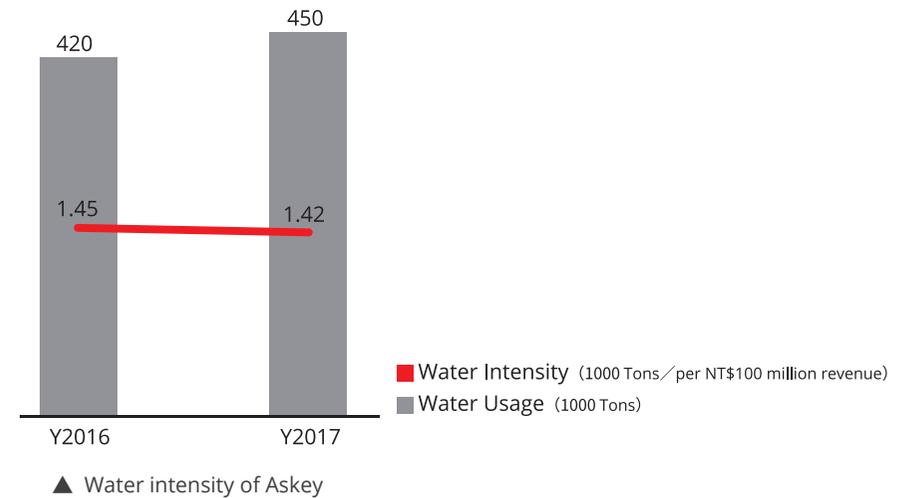
CDP is an independent non-profit organization jointly set up by leading institutional investors around the world. It sends out questionnaires every year asking businesses to disclose information, such as the risks and opportunities related to climate change and carbon management system. By participating in the CDP, Askey hopes to make a contribution to climate change mitigation and natural resource protection through self-review and self-management.

4.2.3 Wastewater and Waste Management

The total water usage of Askey in 2017 was approximately 450 thousand tons, the main water source was tap water and no groundwater was used. No wastewater was generated during the production processes, only sewage resulting from the daily needs of the employees. The sewage generated by the daily needs of the employees during the working hours were discharged into designated sewage treatment systems according to local laws and regulations. Legal inspection companies are also commissioned every year to check the water quality, in order to ensure that operational activities will not affect or cause pollution to the environment.

Due to industry attributes, the main water usage of Askey was for the daily needs of its employees. The ratio of water used by production processes to the total water usage is an extremely small percentage. Although the risk level of organizational operations being impacted by water resources is relatively low, several water-saving measures such as “adding water-saving accessories at outlets” and “water-saving promotions” are still used to actively manage water resource usage. The water usage density of Askey for the year 2017 remained the same compared to 2016.

As for waste generated during the production and service processes, Askey uses rigorous management mechanisms to ensure they are safely and properly processed according to the requirements of local laws and regulations, in order to lower the burden caused to the environment. Appropriate classifications and managements are also used to increase resource reusability and value. The total amount of waste generated by Askey for the year 2017 was 4.20 tons per NT\$100 million revenue, which is slightly lower than the 4.27 tons of 2016. Waste generated by the company is mainly divided into common business waste and hazardous business waste. The main sources of common business waste are garbage and plastic cases resulting from the daily needs of the employees. As for the hazardous business waste, main sources include PC boards, electronic components and waste solutions etc. Qualified waste companies were commissioned to clean and process all the waste, and Askey had no violations respective to that in 2017.

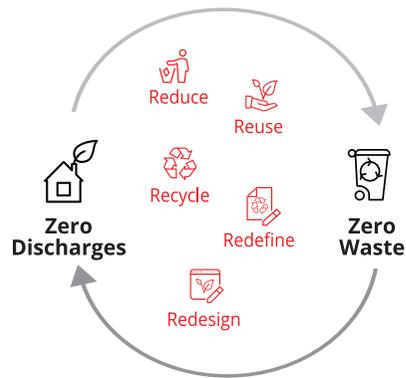


▲ Wastes per type of disposal

4.3 Green Products and Services

According to a report from the UN International Resources Committee, global resource extraction has increased from 22 billion tons in 1970 to 70 billion tons in 2010. If this resource supply mode continues, it will reach 180 billion tons by 2050. This will cause shortage of key resources, climate changes, air pollution, diminution of the biodiversity, war conflicts and many other risks.

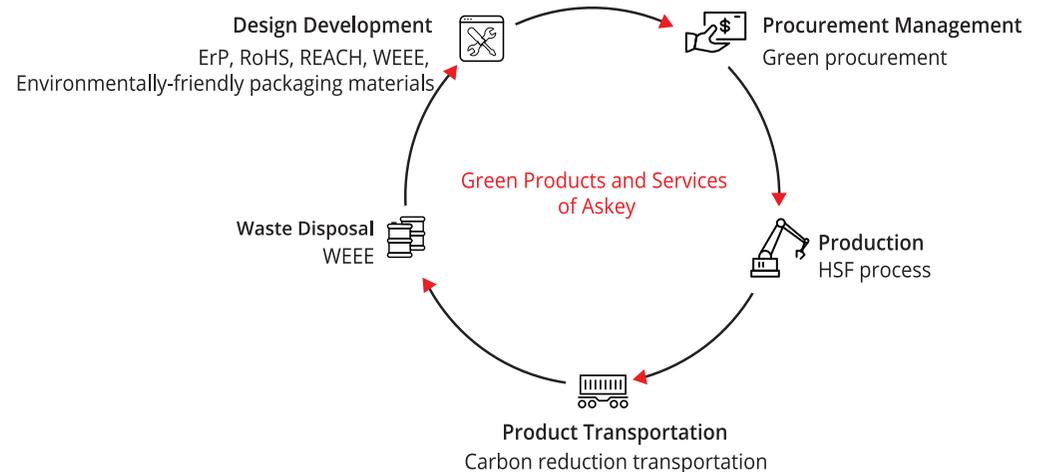
Faced with the danger of global resources becoming scarce, the dramatic increase of impacts from climate changes and as a member of the corporate society, Askey uses a new “circular economy” concept, striving to provide environmental-friendly products and services, fulfilling the corporate social responsibility of eco-protection and showing care to the planet.



Getting to know circular economy

- First proposed by U.S. economist Paul Ekins in the 1960s.
- Refers to the economic type derived from the “production - use - discard - recycle - reuse” cycle mode.

▲ Spirit of circular economy



4.3.1 Green Design

Askey clearly knows that products manufactured by enterprises may cause large impacts to the environment. Therefore, green designs are used as the main spindle for product planning. In addition to satisfying customer needs, plans are also considered from the “how to reduce the environmental burden” perspective, products are planned to reach low power consumption and high efficiency. Easily dismantled, recycled and reused resources are also used for a better protection of the environment.

Energy-Saving Design

ErP-related requirements are taken into account by Askey. From the product design and development stage to the improvement of environmental respect, Askey wants to have a tangible contribution to the environment.

To ensure the safety and improve the efficiency of energy supplies, all Askey products destined for EU regions conform to the compulsory CE Marking requirements. This means every aspect including design, production, packaging, user manuals, transportation, sales, product service life and recovery after use all conform to European regulations governing health, safety and environmental protection. We also ensure that the product poses no threat to the human body or environment at any point.

Recycling Design

Electronic products offer tremendous convenience but the waste produced at the end of their service life or upon replacement produce massive environmental damage as well. In response, Askey begins assessing the principle of “reuse, recycled and recovery” from the product design stage. This is intended to reduce the environmental impact of business operations and achieve environmental sustainability.

In accordance with the EU Waste Electrical and Electronic Equipment (WEEE) directive, parts made from recyclable materials are used where possible. Coatings, welds and adhesives that complicate disassembly are also avoided in the design. Technical documents such as product disassembly manuals and assessment reports (3R report) are realized to achieve the goal of high product recovery rate. Through self-assessment in 2017, the rates of reuse, recycled and recovery are better than the goals of WEEE directive.

In accordance with the principle of manufacturer responsibility, Askey also cooperates with customers' recycling programs by joining the recycling systems in Italy, Germany, Switzerland, Denmark and other regions. Products are also marked with the WEEE recycling bin mark to ensure they comply with EU regulations relating to the WEEE directive.

4.3.2 Green Production

Mankind and the environment are two sides of the same coin. For the sake of environmental sustainability, reduce the environmental impact of production activities, and fulfill our responsibility as a citizen of planet Earth, Askey is committed to complying with environmental laws, and effective implementation of the green management philosophy. Our goal is to strengthen our green competitiveness and green image by producing only eco-friendly products so that we can become a green enterprise.

Green Purchasing

Askey created a systematic eGreen Management System, suppliers can use this system platform to understand Askey's latest declaration requirements of the green specification and perform approval operations for green materials. All green material suppliers must provide the composition tables, third-party test reports, guarantee statement and safety data sheet etc., and pass reviews from the green department before they can be used. The company's related units including R&D and quality assurance etc. can also use the eGreen system to grasp control standards for green product composition and content, and take the necessary control measures.



▲ The approval process of green materials

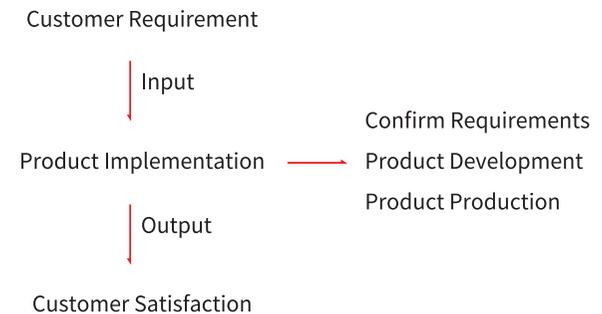
Restricted Use and Management of Hazardous Substances

National governments around the world are now adopting increasingly stringent requirements for Hazardous Substance Free (HSF). Askey recognizes the impact of hazardous substances (HS) on the environment as well as the importance of their management so we introduced in 2007 the "IECQ QC 080000 Hazardous Substance Process Management System for Electronic Components and Products" based around the existing quality management system. Hazardous substances are now managed in a procedural and systematic manner to ensure that all materials, parts, indirect materials and packaging materials used during production conform with international environmental regulations and customer requirements. Every effort is made to minimize the impact on the environment.

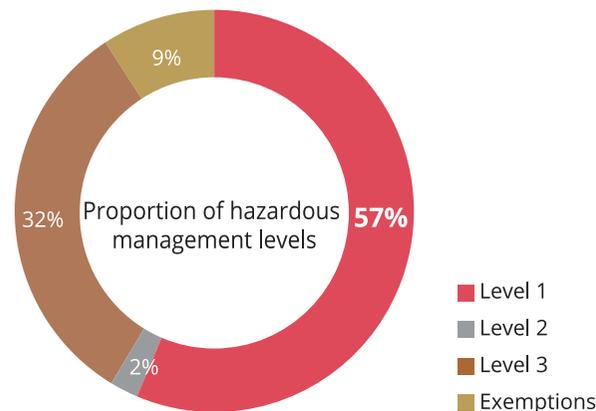
Askey adheres to the RoHS 2011/65/EU directive and all 100% of our products and components conform with RoHS requirements. An inter-departmental HSF committee has also been established with clear divisions of responsibility to ensure more effective HS management. Operating rules and checks have been defined throughout the product design, purchasing, stock-in, production and shipping stages. Regular internal and external audits and management review are conducted as well to ensure the effectiveness of HS management. All of these demonstrate Askey's commitment and determination on environmental sustainability.



▲ Hazardous substance management levels of Askey



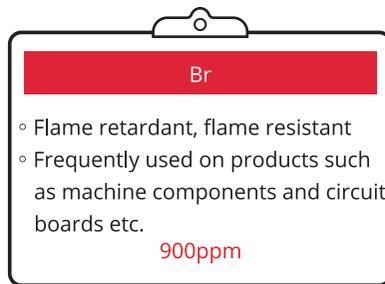
▲ HSF management from product development to mass production



Halogen-Free Requirements

Halogen is an element in group VIIA of the periodic table. Its fire-resistance means it is extensively used in electronic components, adhesives and fire-retardants. Scientific research in recent years however have shown that many halogen compounds pose a potential threat to the human body and the environment. Polybrominated Biphenyls (PBBs) and Polybrominated Diphenyl Ethers (PBDEs) in particular may interfere with development of the brain and cause cancer. They are now therefore classified as restricted substances under the EU Restriction of Hazardous Substances (RoHS) directive.

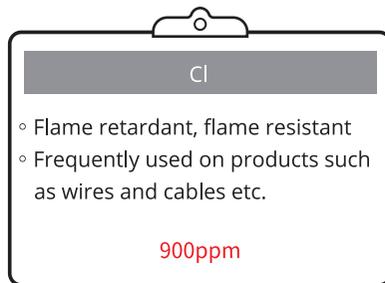
To prevent environmental pollution and harm to the human body, the "Halogen-free technology standard" was defined by Askey. A maximum permissible concentration of 900ppm for Bromine (Br) or Chlorine (Cl), as well as a maximum total concentration of 1500ppm for Br and Cl together has now been set for Halogen Free products to reduce their environmental impact.



Br

- Flame retardant, flame resistant
- Frequently used on products such as machine components and circuit boards etc.

900ppm



Cl

- Flame retardant, flame resistant
- Frequently used on products such as wires and cables etc.

900ppm

4.3.3 Green Logistics

Askey not only upholds the "reduce waste for processes and recycle" waste management principle and tries to reduce waste generation as much as possible for the production processes, it also uses reverse recycling for the packaging materials supplied by upstream suppliers to help increase package reuse rate and reduce the usage amount, and further achieve the goals of energy-saving, carbon-reduction and green earth.

Type	Unit	Y2017
Paper	Ton	515
Plastic	Ton	495
Wooden Pallet	Ton	149

▲ Packaging materials recycling

Transportation Optimization

In order to reduce energy-consumption and carbon-emission generated during the product transportation process, Askey collaborated with logistics and transportation companies to increase transportation efficiency and lower transportation cost using the principles of consolidated transportation and optimal route planning etc. without affecting customer delivery, to achieve saving benefits of green logistics.



5. Social Sustainability and Prosperity

As a member of corporate citizen, Askey believes that while creating profit and being responsible to shareholder interest, the company should also take social responsibility for its employees and the society. Moreover, appropriating employees' rights and benefits, attentiveness to safety and health of the workplace, actively creating friendly relationships with the community and participating in local construction and public welfare activities are all Askey's contributions towards social sustainability and prosperity.

5.1 Recruitment and Training

We believe that having sound and harmonious environments and atmospheres can help employees to work safely, learn and grow. Coupling the aforementioned with complete and comprehensive salary benefits and training systems cohesiveness and corporate recognition can be created among the employees. With contented employees it'll help create long-term growth and competitiveness for the company. We think this dynamic will create and share sustainable and prosperous values for the company, employee and society.

5.1.1 Workforce Analysis

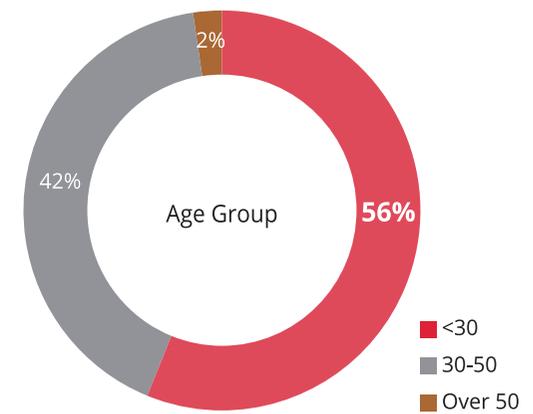
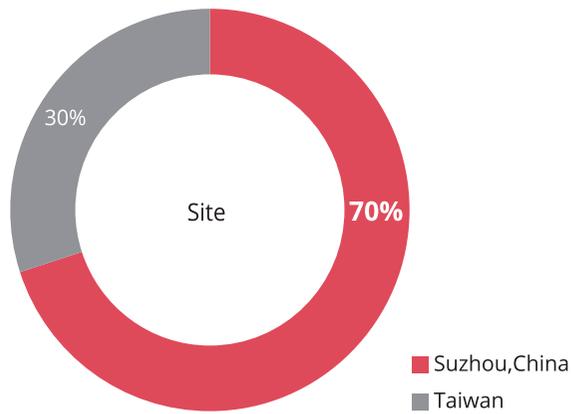
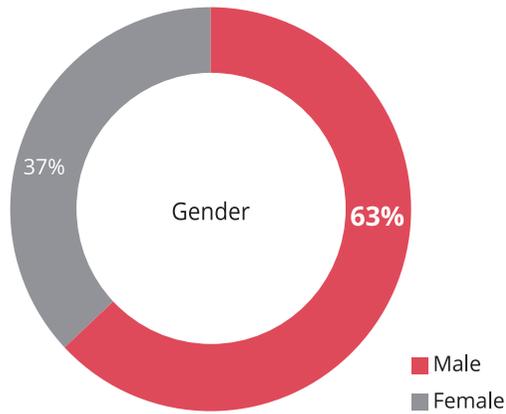
Up to the end of 2017, Askey's number of employees reached 7,448, the ratio of male to female employees is approximately 2 to 1. In terms of regional distribution, 2,243 employees are based in Taiwan and 5,205 are based in Suzhou, China. Since Askey's main production site is located in Suzhou, it's overall loabordistribution is approximately 70%.

5. Social Sustainability and Prosperity

5.1 Recruitment and Training

5.2 Safe and Healthy Workplace

5.3 Social Participation and Contribution



▲ Workforce structure of Askey in Y2017

Site	Gender	Direct Labor	Indirect Labor	Total
		Percentage	Percentage	Percentage
Taiwan	Male	0% (5)	62% (1,382)	62% (1,387)
	Female	12% (273)	26% (583)	38% (856)
Suzhou, China	Male	46% (2,382)	17% (898)	63% (3,280)
	Female	25% (1,292)	12% (633)	37% (1,925)

▲ Workforce structure per labor type

Site	Gender	<30	30-50	Over 50	Total
		Percentage	Percentage	Percentage	Percentage
Taiwan	Male	7% (148)	50% (1,130)	5% (109)	62% (1,387)
	Female	10% (221)	26% (588)	2% (47)	38% (856)
Suzhou, China	Male	48% (2,500)	15% (762)	0% (18)	63% (3,280)
	Female	25% (1,312)	12% (613)	0% (0)	37% (1,925)

▲ Workforce structure per age and gender

Site	Gender	Full Time		Part Time		Total
		Permanent	Temporary	Permanent	Temporary	
Taiwan	Male	NA	62% (1,382)	0% (5)	NA	62% (1,387)
	Female	NA	38% (854)	0% (2)	NA	38% (856)
Suzhou, China	Male	60% (3,125)	3% (155)	NA	NA	63% (3,280)
	Female	35% (1,797)	2% (128)	NA	NA	37% (1,925)

▲ Workforce structure per employment type and employment contract

Site	Disability	Foreigners	Minority
Taiwan	1% (20)	12% (268)	NA
Suzhou, China	0% (1)	0% (0)	6% (320)

▲ Work diversity

Site	Direct Labor		Indirect Labor	
	Male	Female	Male	Female
Taiwan	1	1	1.03	1.09
Suzhou, China	1	1	1	1.01

▲ Ratios of entry level wage per gender compared to local minimum wage

- Foreigners: Full-time workers who were hired locally but do not have local citizenship.
- Minority: Non-Han ethnic groups in the People's Republic of China.
- Entry level employee: Grade one worker such as operator, clerks...etc.

5.1.2 Compensation and Benefits

Employees are highly valued at Askey, they are the driving force of company growth, success, and sustainable operation. In order to attract and retain talents, Askey strives on providing complete salary and insurance benefits so that while employees focus and commit themselves fully on work, they can also achieve the balance in taking care of their families, as well as maintaining physical and mental well-being, so that they can grow stronger with the company to create profits and share successes together.

Recruitment and Retention

Askey recruits local, suitable talents according to operational needs. Recruitment is based on job post, education backgrounds, past experiences, professional knowledge and skills. Stable salary treatment is adopted and complies with the laws and regulations stipulated by the local government. Moreover, there will not be any differences or discriminations due to factors such as gender, age, ethnicity, nationality, religion, marital status, sexual orientation, political standpoints, and hiring of child labor is strictly prohibited.

In terms of employee departure management, once an employee demands resignation, the human resources unit will arrange exit interviews for unit supervisors and the litigant to understand why the employee is leaving and provide care and support. If an employee's job contents need to be adjusted due to modifications in operational requirements or business changes, communication and coaching for the transferee will be performed. If internal assessments cannot find a suitable post or if the employee is unwilling to transfer, dismissal related matters will be executed according to company regulations.

Rate of new employee hired

		<30		30-50		Over 50		
		Male	Female	Male	Female	Male	Female	
Taiwan	Male	2%	6%	0%				
	Female	4%	15%	1%				
Suzhou, China	Male	161%	19%	0%				
	Female	68%	9%	0%				
Taiwan	Direct Labor		Indirect Labor					
	Male	Female	Male	Female				
Suzhou, China	1%	0%	8%	19%				
	(17)	(11)	(181)	(431)				
Suzhou, China	174%	73%	6%	4%				
	(9,039)	(3,813)	(328)	(188)				

Turnover rate

		<30		30-50		Over 50		
		Male	Female	Male	Female	Male	Female	
Taiwan	Male	2%	7%	0%				
	Female	2%	6%	0%				
Suzhou, China	Male	153%	22%	0%				
	Female	74%	10%	0%				
Taiwan	Direct Labor		Indirect Labor					
	Male	Female	Male	Female				
Suzhou, China	0%	3%	9%	5%				
	(9)	(67)	(195)	(112)				
Suzhou, China	169%	81%	6%	4%				
	(8,803)	(4,222)	(334)	(186)				

Employee Benefits

In order to allow every employee to safely commit to their works, Askey has actively planned various complete welfare measures and established an employee welfare committee according to law. Each official employee not only can enjoy benefits according to basic regulations such as labor insurance and pension, Askey also provides group insurance, health examinations, travel allowances and other diverse benefits. With considerations for employees' living and necessities, it helps to create a bonding between the company and its employees so that both sides will attain sustainable growth and create a win-win result.

 Compensation awards	 Basic benefits	 Activity benefits	 Other benefits
<ul style="list-style-type: none"> Year-end bonus Work bonus 	<ul style="list-style-type: none"> Group insurance Career insurance Labor insurance and national health insurance, social insurance Annual leave, maternity leave Health examination 	<ul style="list-style-type: none"> Travel allowance Association grants Year-end party 	<ul style="list-style-type: none"> Holiday bonus Birthday bonus Maternity subsidy Wedding and funeral subsidy Education subsidy for children

▲ Various employee welfare measures

Item	Number of applications in Y2017
Travel allowance	4,799
Maternity subsidy	152
Wedding subsidy	84
Funeral subsidy	233
Education subsidy for children	92

▲ Various benefit application overview

In order to allow every employee to achieve balance in both work and living, Askey provides employees holidays and leaves in accordance to local labor laws. Types of leaves include annual, wedding, maternity, and bereavement. If employees need longer periods of leaves for child care, once they meet the application requirements, the company will agree to process the application regardless of applicants' gender. After the parental maternity leave without pay ends, the company will actively arrange for the return of the employees and to their original posts, or coach them for new job posts. In 2017, 11 employees applied for maternity leave without pay in the Taiwan site, and all applicants were female employees. The overall return rate was 60% and the retention rate was as high as 88%.

	Male	Female	Total
No. of employees eligible for parental leave without pay in Y2017 (based on the number of employees who applied for maternity or paternity leave between Y2015 ~ Y2017)	135	66	201
No. of employees applied for parental leave without pay in Y2017	0	11	11
No. of employees expected to return to work after parental leave without pay in Y2017 (A)	1	9	10
No. of employees actually returned to work after parental leave without pay in Y2017 (B)	0	6	6
No. of employees returned to work after parental leave without pay in Y2016 (C)	1	7	8
No. of employees reinstated after parental leave in Y2016 and is still with the company after 1 year in Y2017 (D)	1	6	7
Return Rate (B/A)	0%	67%	60%
Retention (D/C)	100%	86%	88%

▲ Analysis of parental leave in Y2017 in Askey Taiwan

Retirement Insurance System

Askey's retirement system is based on related laws and regulations stipulated by the local government. Every official employee participates in the retirement plan. For employees in the Taiwan site, retirement reserve is set aside regularly to the statutory retirement account or individual retirement accounts according to the pension rules listed in the "Labor Standards Act" and "Labor Pension Statutes". For employees where the "Labor Standards Act" applies, Askey will check whether the retirement reserve is sufficient regularly. According to actuarial results of 2017, the retirement reserve account balance of the Bank of Taiwan is enough to pay employees who reached retirement conditions for within a year. For employees where the "Labor Pension Statutes" applies, the company will set aside 6% of the insured salary to employees' individual accounts created by the Bureau of Labor Insurance. As for the China plants, social insurance (pension, medical care, unemployment, work injury and childbirth) and provident funds are applied for employees according to local laws and regulations, providing safe guarantees for the employees' retirement lives.

In addition to enjoying the social insurance required by law, the company also applied, additionally, for group business insurance for employees. The insurance coverage includes accidental death, disability and medical treatment etc. Employees can also add their spouses and dependents into their insurance coverage at their own expenses, allowing Askey employees and their families to enjoy additional guarantees.

Site	Retirement plan	Pension provision as a percentage of salary	Employee involvement in retirement plan
 Taiwan	Old pension system	Employer Contribution : 2% Employee Contribution : 0%	100%
	New pension system	Employer Contribution : 6% Employee Contribution : 0-6%	
 Suzhou, China	Pension	Employer Contribution : 19% Employee Contribution : 8%	100%

▲ Pension system

5.1.3 Talent Cultivation and Development

Excellent talents are the cornerstone for the success of an organization, as well as key element for corporate competitiveness. Askey strives on cultivating talents, and actively plans rich and diverse training courses in order to stimulate employee potentials, strengthen talent capital and increase team performance as well as organizational operating energy, achieving the vision of sustainable operation and development for the company.

Education and Training Systems

Askey has planned learning maps for each job class based on core, professional, management function and organizational development needs, with hopes that professional knowledge can be effectively inherited, and to cultivate professional and management talents needed for the organization. Current talent cultivation systems and be divided into 8 categories. Newcomer training, promotion training, management function training, quality training, system training and professionalism training, allowing each employee who comes working at Askey to receive complete and solid trainings from the day he/she starts working. Askey uses systematic training, cultivation and guidance to gradually strengthen employees' professional knowledge and skills so that they can further exert their potentials on their job posts and effectively increase their work quality and efficiency.

Askey Vision and Strategy

Diligence . Improvement . Innovation

Level	Title	Grade	Off-Job Training (OFF-JT)							
			New Employee Training	Promotion Training	Management Training	Quality Training	System Training	Professional Training	Internal Instructor Training	Self-Improvement Training
High-Level Management	Plant Manager/Senior Director Deputy Plant Manager/Director	11~12	·New Employee Consensus Training ·DL New Employee Orientation Training ·IDL New Employee On-the-Job Training			·6 Sigma (GB & YB) ·Lean Activity ·Internal Auditor Certification ·QCC/QIT Quality Activity	·ISO9001 ·ISO14001 ·QC080000 ·OHSAS18001 ·TS16949 ·TL9000 ·ISO13485 ·IPC QML ·ESD2.0 ·CSR ·HSF	·CE Skills Training Internal Skills Assessment ·IPC Certified Welder ·R&D ·Finance ·Sales ·IT ·HR ·Materials ·Testing & Certification ·Departmental Professional Knowledge Training	·Internal Instructor Certification Training	·Stress Management ·Emotional Management ·Inter-Personal Relations ·Communication Skills ·Office Software ·Briefing Tips
Mid-Level Management	Senior Manager/Manager Assistant Manager	8~10			·Mid-Level Management Training (MTP)					
Junior Management	Section Chief/Deputy Section Chief	6~7		·Junior Management Promotion Training	·Junior Management Training (TWI)					
	Senior Team Leader/Team Leader Senior Deputy Team Leader	4~5		·Team Leader Promotion Training	·Team Leader Development Training (TWI)					
Junior Employee	Indirect Employees: Specialists, Clerks	1~2								
	Direct Employees: Operators, Technicians									
On-the-Job Training (OJT)										
Individual Career Development Plan										

▲ Askey training and development system

Training Effectiveness

In terms of training effectiveness, in 2017 the average training hours received by each employee was 13.4 hours, and the cumulative training hours for the year reached as high as 99,596.6 hours. When analyzed according to gender, the average training hours of male and female employees were 13.2 hours and 13.7 hours, respectively. The statistics according to employee job categories, the average training hours of management jobs and non-management jobs were 20.8 hours and 12.2 hours, respectively.

	Male	Female
Total training hours for management positions	13,698.5	7,043.4
Average training hours	18.9	25.9
Average training hours	20.8	
Total training hours for non-management positions	47,869.5	30,985.2
Average training hours	12.1	12.3
Average training hours	12.2	
Total training hours	99,596.6	
Average training hours	13.2	13.7
Average training hours	13.4	

▲ Overall training hours analysis

Course type	No. of courses	No. of trainees
Newcomer training	341	14,246
Promotion training	8	192
Professional training	246	3,501
Quality training	83	1,273
Management training	9	175
Internal lecturer training	1	30
Self-improvement training	14	148
System training	168	23,905

▲ Training courses and number of trainees for Y2017

		Management Positions	Non-Management Positions
		Taiwan	Male: 6.6hrs
	Female: 7.2hrs	6.5hrs	
Suzhou, China	Male: 31.2hrs	14.4hrs	
	Female: 35.9hrs	14.9hrs	

▲ Statistical analysis on training

Performance Management

Askey performs regular mid-year and year-end performance evaluations for employees to properly understand their work performance during a work-year. Elements of evaluation include core capabilities and professional skills. The evaluations are used as the basis for promotions, salary adjustments and year-end bonuses. For employees with less satisfactory performances, supervisors will help them with improvement plans and provide work guidance to improve their capabilities and performances.

5.2 Safe and Healthy Workplace

Askey views employees as sustainable partners who can grow together. The company strives on providing safe and healthy work environments as well as equal and friendly atmosphere so that every employee will enjoy working at Askey.

5.2.1 Safety and Health Management

Askey strictly follows safety and health related laws and required specifications and implements occupational safety and health management systems. Institutional and systematic management measures and annual reviews are being applied to implement safety and health management in all work area. Not only are workplace implemented with hazard identification and risk assessment, related control measures are also used for operations with higher risks or harm, so to enhance safety and health risk controls, and effectively prevent the occurrence of any occupational hazards or disasters.



Obey the law

- Comply with related laws and regulations.



Full participation

- Internal and external communication.
- Improve staff awareness.



Continual improvement

- Improve work environments.
- Protect the safety and health of employees.

▲ Occupational health and safety policy of Askey

Askey has established an “Occupational Safety and Health Committee” by law, it is the highest decision-making unit for occupational safety and health. Regular meetings are held every quarter to discuss, coordinate, plan and supervise safety and health related issues. The general manager serves as the chairman, and has a total of 3 labor representatives, making up over 1/3 of committee members. Although it is not demanded by law in the Suzhou site (of China), but an “Environmental Safety Committee” (labor representation approximately 33%) is also established and regular meetings are held to perform communication and suggestion on environmental safety related issues with employees at the plant.

Analysis of Occupational Injury Statistics

Askey had a total of 12 employee accident-at-work events in 2017, and most of them were traffic accidents. Statistics for 2017 showed that the injury rates in the Taiwan and Suzhou were 0.244 and 0.103, respectively, and the lost workday rates were 2.932 and 2.403, respectively. There was no incidence of work-related fatal injuries among Askey’s employees, as well as contractors working in the Askey plants.

		Work-Related Fatalities	ODR	IR	LDR	AR
Taiwan	Male	0	0	0.245	4.410	0.004
	Female	0	0	0.243	0.730	0.008
Suzhou, China	Male	0	0	0.116	3.347	0.003
	Female	0	0	0.081	0.766	0.006

- IR = Number of lost workday case *200,000 hours of work / Total hours of work. (Those data doesn't contain " adhesive bandage accident" which can be treated by oneself.)
- LDR = Accumulated number of lost workdays due to accidental injuries*200,000 hours of work / Total hours of work. Lost workdays:
Taiwan- Counted by calendar days. Accidental and return day doesn't been included.
Suzhou, China- Counted by working days. Accidental day is included and doesn't contain weekday.
- AR = Total days lost + hours of sick leave / Total hours of work.

▲ Safety & health management performance indicators

Contractors Management

Contractors are important work partners of Askey, hence “contractor evaluation and assessment operational procedures” were set up to guarantee their safety, rights and interests. Policies for management and evaluation of contractors are being applied to ensure that contractor operations comply with the various safety and health related regulations stipulated by Askey.



5.2.2 Energetic Workplace

Equal and friendly workplace atmospheres can bring a sense of belonging and happiness for employees, whereas comfortable and excellent work environment can bring vitality and growth. Askey adheres to related laws and regulations to protect basic human rights and interests of employees. We also value employees' balance between work, living, and health, allowing employees to be content with Askey and their work.

Labor Rights

Askey values hard-working employees, therefore their labor rights and interests are respected and guaranteed. Should the company encounter major changes in company operation that might affect labor rights, employees who are hired for more than 3 months but less than 1 year will be notified 10 days in advance. For employees who have worked at the company for more than 1 year but less than 3 years will be notified 20 days in advance, and employees who have worked at the company for over 3 years will be notified 30 days in advance. The Suzhou plants also comply with local regulations to protect labor rights of all employees there.

Human Rights Protection

Human rights is fundamental and there should be no discrimination due to difference in race, gender or social class, and no one can be deprived or violated of the basic rights arbitrarily. Askey acknowledges and supports the various international human rights conventions, abides by local regulations, respects and maintains freedom of association, collective negotiation and other human rights. Askey also strictly prohibits the employment of child labor or those who are under the legal minimum employment age. The company treats every employee equally and endeavors to eliminate various forms of labor misconduct and any discrimination in employment. Through annual internal and external review results to ensure that no significant risks such as child labor and forced labor exist.

In order to increase employees' awareness on human rights, Askey holds regular internal educational programs every year. 15,471 participants in attended the programs in 2017, accumulating 7,735.5 hours in program time. In addition, human rights related trainings are performed for security personnel and are listed as promotional item every year. The total number of security personnel in the Taiwan and China plants was 87 in 2017, with 100% training rate.

Smooth Communication Channels

Askey values harmonious relationships between the company and employees. In the efforts to create mutual trust, opinions and voices are gather; hence, regular labor conferences are being held to provide direct communication platforms, suggestion boxes and complaint hotlines are also set to allow employees to use diverse channels to express their thoughts. Response and handling are performed immediately so that there is no delay or distance in the interactions.



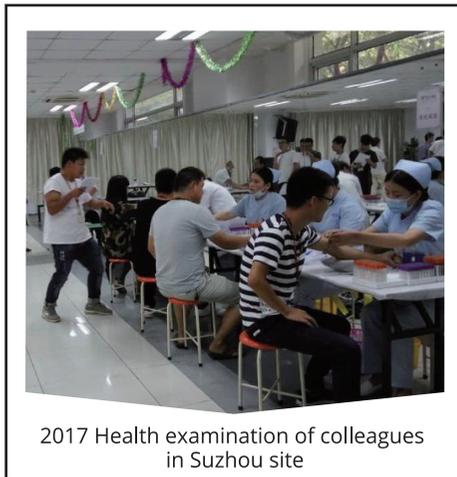
▲ Diverse communication channels

Health Management and Promotion

Physical and mental well-beings of employees are some of the most important management issues to Askey. The company holds physical examinations for employees regularly every year regardless of their age. Examination programs are planned comprehensively based on employees' health issues, age and gender. Very often, the programs outperform the examination items required by law. Other physical examinations for the prevention of occupational hazards are arranged separately for employees with higher risk operations. Tracking management is performed by the medical team and individual health advisory care and guidance are also provided for employees who may have abnormal test results. Askey hopes employees can understand and attend to their health conditions at all times, based on the data collected from the physical examinations over time.



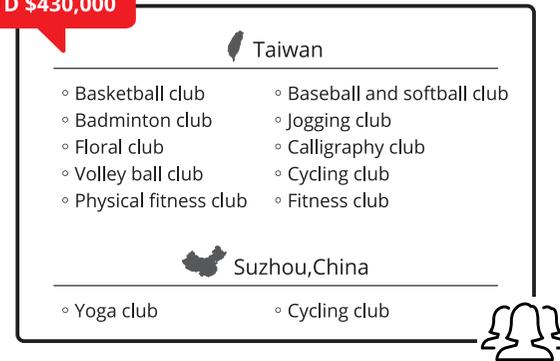
2017 Health examination of colleagues in Taiwan site



2017 Health examination of colleagues in Suzhou site

Meanwhile, Askey also holds several health and medical treatment related seminars each year, allowing employees to have more understanding of correct health management information. The company also encourages employees to actively organize societies such as badminton, bicycling and physical fitness clubs. The company also appropriates funds to aid these sports activities. By planning and organizing multiple health promotion activities, Askey hopes to improve both the physical and mental well-beings of employees to achieve the goals of improving work morale and quality.

Subsidy Amount
Approximately
NTD \$430,000



▲ Askey club activities

Medical seminar topics and colleague satisfaction level for Y2017

- Invisible visual killer-glaucoma ○○○ 😊97%
- Chinese medicine acupuncture health care for common diseases of office workers ○○○ 😊96%
- Allergic rhinitis and asthma ○○○ 😊98%
- Overwork and three highs ○○○ 😊95%
- Avoiding fatigue and body supplementary strategies for spring and summer ○○○ 😊98%
- Not totally satisfied with your body weight? Weight lost challenge ○○○ 😊98%
- Knowing colorectal cancer ○○○ 😊98%
- Flu and pneumonia ○○○ 😊96%
- Weight lost seminar ○○○ 😊98%



5.3 Social Participation and Contribution

As a major manufacturer of network communication products, Askey upholds the spirit of “Communicate with Love, Love to Communicate” and actively invests in social participation and contributions, all aimed at fulfilling Askey’s social responsibilities, as corporate citizen.

Smart Taipei Main Station Program

Taipei Main Station is an important portal for domestic and foreign travelers. In order to resolve the difficulty in navigating through the station, which comprises six transportation terminals and five shopping centers, the Taipei City Government and Askey collaborated on a program to implement “smart solutions” for the Taipei Main Station. Askey is responsible for the planning, designing, construction and operational management of the “smart solutions”. To meet every citizens’ needs, innovative technologies are being implemented to create a beautiful and smart city that is sustainable into the far future.



▲ Five major functions of Smart Taipei Main Station Program



Signing press conference of Smart Taipei Main Station Program

Talent Cultivation

In order to attract campus talents into the telecommunication industry, the Industrial Development Bureau and the Communication Industry Development and Promotion Team of the Ministry of Economic Affairs held the “MOBILE HEROES Communications Competition”. Since the program’s inception in 2002, it has attracted many talented students to participate in innovative R&D and design events. Askey spares no effort in cultivating information communication talents, and actively participates and sponsors the prizes for the competition, hoping that more outstanding Taiwanese youths have the courage to innovate and expand their creativities to realize their dreams.



Askey Booth at the 2017 Mobile Heroes Exhibition



2017 Communications Competition award ceremony

Caring for the Weak

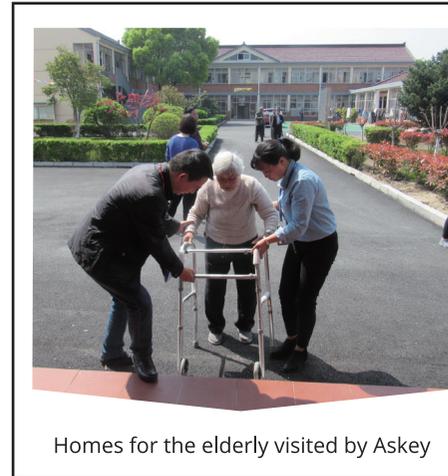
Askey upholds the value of “take from society/give back to society” and continues to care for the vulnerable groups. After inviting Children Are Us bakery to hold a charity bazaar and sell hand-made desserts at Askey headquarters in 2016, in 2017 Askey purchased gift boxes for charity event from the Syin-Lu Social Welfare Foundation as Moon Festival gifts for our neighbors and customers, taking real actions to cheer and help the disadvantaged. At the same time, a donation of NT\$50,000 was made to the New Taipei City Government to contribute to the society.



Syin-Lu Foundation gift box

Caring for the Elderly

Askey encourages employees to actively participate in various social welfare and volunteer activities. For 3 consecutive years, employees in Suzhou, China represented the company and visited homes for the elderly in Songling Town, Wujiang District of Suzhou City to visit and care for the elderly and donate needed supplies. Employees learned to care and contribute proactively through these interactions and exchanges with the elderly. As a result, the actions drove and promoted teamwork spirit.



Homes for the elderly visited by Askey



Homes for the elderly visited by Askey

Donation details

- Bergamot pears **8 cases**
- Orange **8 cases**
- Shandong jujube **20 bags**
- Biscuits **15 cases**
- Soft bread **10 bags**
- Milk oatmeal **15 bags**
- Black sesame paste **10 bags**
- Nutrition milk powder **10 bags**
- Low-lactose nutrition milk **10 cases**

Supporting Small Farmers and Friendly Environment

Askey encourages employees and community neighborhood to support small organic farmers to promote greener life. In August, Askey invited the “Tri-small Market” from Douliu City (of Yunlin County) to set up booths at the first floor of Askey headquarters to sell non-toxic fruits and vegetables as well as organic processed produces and other agricultural products. Askey also ordered approximately 2,300 cases of pomelo from small pomelo farmers to gift to the employees during the Moon Festival, taking real action to support local farmers and contributing towards friendly environments.



Promotion for non-toxic fruits and vegetables



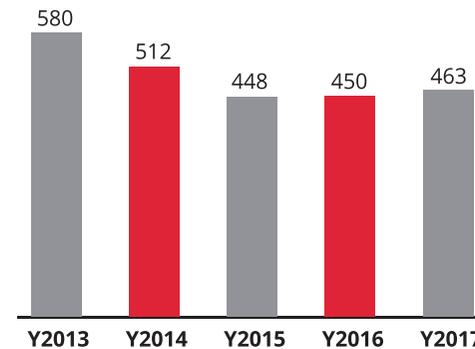
Pomelo gift boxes from small grapefruit farmers

Blood Donation

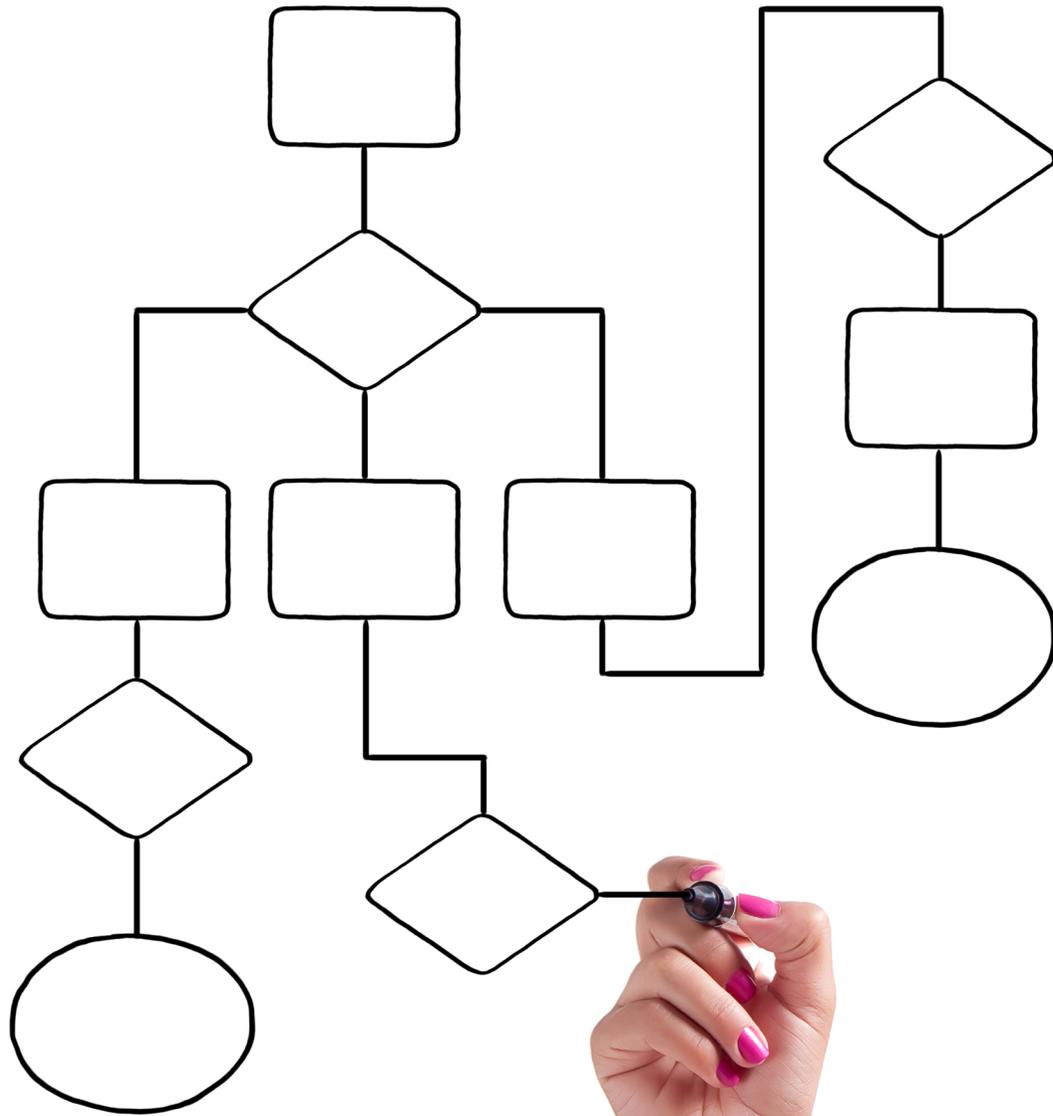
To respond to the call for “donating a bag of blood to save lives”, Askey holds regular blood donation activities in the Taiwan site with the Taipei Blood Center. Every three months, employees and neighbors are called upon to donate blood and spread the spirit. Since the start of holding this activity in 2013, Askey employees have donated approximately 2,500 bags of blood. Askey will continue to respond and hold this activity into the future to ensure that everyone has the chance to spread the love and care for society.



Blood donation



▲ Bags of blood donated over the years



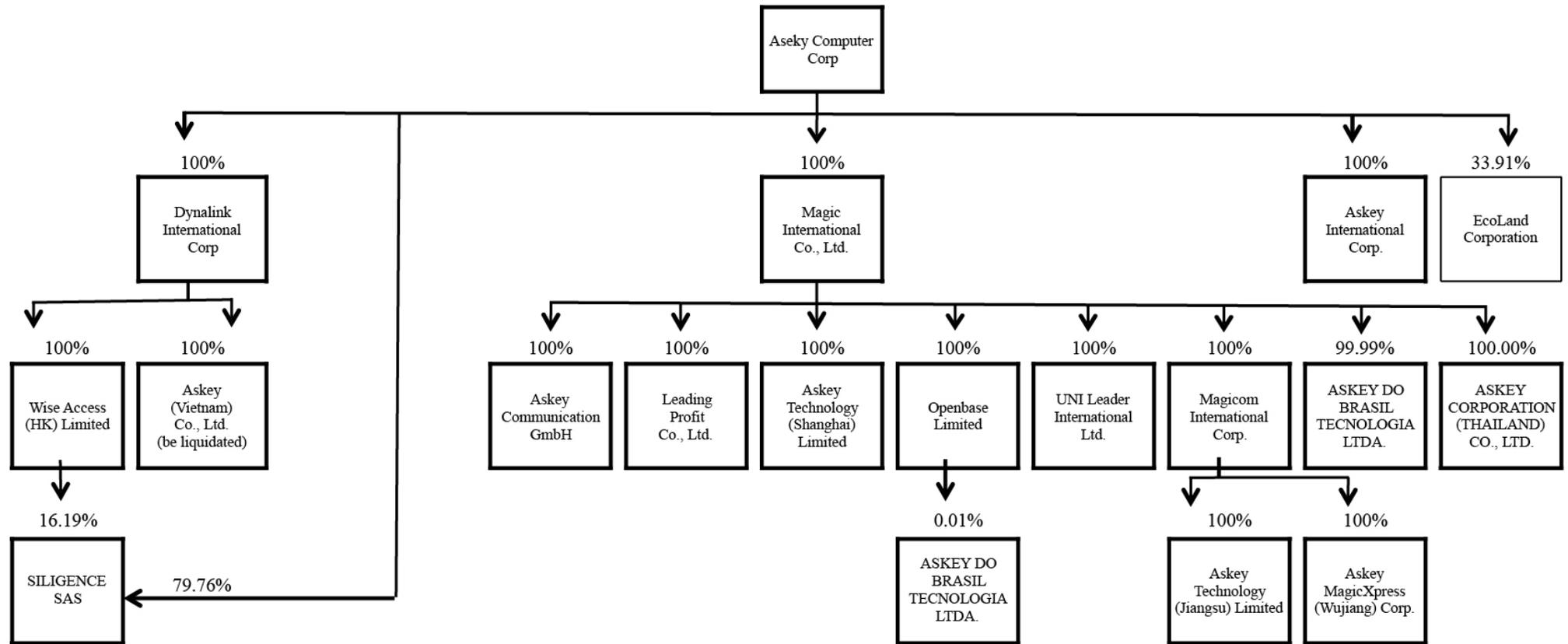
Appendices

Organization Chart

Independent Assurance Opinion Statement

GRI Standards Index Table

Organization Chart





ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ASKEY COMPUTER CORPORATION'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2017

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by ASKEY COMPUTER CORPORATION (hereinafter referred to as ASKEY) to conduct an independent assurance of the Corporate Social Responsibility Report for 2017 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in this report.

The information in the ASKEY's CSR Report of 2017 and its presentation are the responsibility of the management of ASKEY. SGS has not been involved in the preparation of any of the material included in ASKEY's CSR Report of 2017.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all ASKEY's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 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:

- AA1000 Assurance Standard (2008) Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008) at a moderate level of scrutiny; 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 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 affirm our independence from ASKEY, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

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 ASKEY's CSR Report of 2017 verified is accurate, reliable and provides a fair and balanced representation of ASKEY sustainability activities in 01/01/2017 to 12/31/2017.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation 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 in accordance with Core Option and AA1000 Assurance Standard (2008) Type 1, Moderate level assurance.

AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

ASKEY has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, more direct two-ways stakeholder engagements are encouraged.

Materiality

ASKEY has established processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group. Sustainability context such as societal norms, financial considerations, peer-based norms and policy-based performance are suggested to be taken into account when evaluating materiality for each issue.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS (2016) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, ASKEY's CSR Report of 2017, is adequately in line with the GRI Standards in accordance with Core Option. The material topics 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 and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to have more descriptions on how efforts were given to mitigate the identified ESG impacts. When reporting on goals and targets for each material topic, the expected results are suggested to be set, if applicable, with quantitative objectives

Signed:

For and on behalf of SGS Taiwan Ltd.

David Huang, Director
Taipei, Taiwan
04 June, 2018
WWW.SGS.COM



AA1000
Licensed Assurance Provider
000-8

GRI Standards Index Table

GRI 102 : General Disclosures 2016

GRI Standard	Disclosure	Chapter	Page	Reason for omissions
Organizational profile				
102-1	Name of the organization	2.1 About Askey	11	
102-2	Activities, brands, products, and services	2.1 About Askey 3.1 Business Overview	11 19	
102-3	Location of headquarters	2.1 About Askey	11	
102-4	Location of operations	2.1 About Askey	11	
102-5	Ownership and legal form	2.1 About Askey	11	
102-6	Markets served	3.1 Business Overview	19	
102-7	Scale of the organization	2.1 About Askey 3.1 Business Overview	11 19	
102-8	Information on employees and other workers	5.1 Recruitment and Training	37	
102-9	Supply chain	3.3 Supplier Management	23	
102-10	Significant changes to the organization and its supply chain	No significant re-organization for the year 2017.	-	
102-11	Precautionary principle or approach	From the CEO	4	
102-12	External initiatives	2.1 About Askey	11	
102-13	Membership of associations	2.1 About Askey	11	
Strategy				
102-14	Statement from senior decision-maker	From the CEO	4	
Ethics and integrity				
102-16	Values, principles, standards, and norms of behavior	2.2 Governance Structure	14	
102-17	Mechanisms for advice and concerns about ethics	2.2 Governance Structure	14	
Governance				
102-18	Governance structure	2.2 Governance Structure	14	
102-22	Composition of the highest governance body and its committees	2.2 Governance Structure	14	
102-23	Chair of the highest governance body	2.2 Governance Structure	14	
Stakeholder engagement				
102-40	List of stakeholder groups	1.1 Stakeholder Identification and Communication	5	
102-41	Collective bargaining agreements	Not to sign collective agreement yet.	-	
102-42	Identifying and selecting stakeholders	1.1 Stakeholder Identification and Communication	5	
102-43	Approach to stakeholder engagement	1.1 Stakeholder Identification and Communication	5	
102-44	Key topics and concerns raised	1.1 Stakeholder Identification and Communication	5	

GRI Standard	Disclosure	Chapter	Page	Reason for omissions
Reporting practice				
102-45	Entities included in the consolidated financial statements	Organization Chart	51	
102-46	Denifying report content and topic boundaries	1.2 Material Issues Management	7	
102-47	List of material topics	1.2 Material Issues Management	7	
102-48	Restatements of information	No restatements of information.	-	
102-49	Changes in reporting	No significant changes.	-	
102-50	Reporting period	About This Report	3	
102-51	Date of most recent report	About This Report	3	
102-52	Reporting cycle	About This Report	3	
102-53	Contact point for questions regarding the report	About This Report	3	
102-54	Claims of reporting in accordance with the GRI Standards	About This Report	3	
102-55	GRI content index	GRI Standards Index Table	53	
102-56	External assurance	Independent Assurance Opinion Statement	52	

GRI 103 : Management Approach 2016

GRI Standard	Disclosure	Chapter	Page	Reason for omissions
103-1	Explanation of the material topic and its Boundary	1.2 Material Issues Management	7	
103-2	The management approach and its components	1.2 Material Issues Management	7	
103-3	Evaluation of the management approach	1.2 Material Issues Management	7	

GRI 200 : Economics Topics

GRI Standard	Disclosure	Chapter	Page	Reason for omissions
201 : Economic Performance 2016				
201-3	Defined benefit plan obligations and other retirement plans	5.1 Recruitment and Training	37	
201-4	Financial assistance received from government	3.1 Business Overview	19	
202 : Market Presence 2016				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.1 Recruitment and Training	37	
203 : Indirect Economics Impacts 2016				
203-1	Infrastructure investments and services supported	5.3 Social Participation and Contribution	47	
205 : Anti-Corruption 2016				
205-3	Confirmed incidents of corruption and actions taken	No violations.	-	

GRI 300 : Environmental Topics

GRI Standard	Disclosure	Chapter	Page	Reason for omissions
301 : Materials 2016				
301-2	Recycled input materials used	-	-	Not Applicable.
302 : Energy 2016				
302-1	Energy consumption within the organization	4.2 Green Management	28	
302-3	Energy intensity	4.2 Green Management	28	
302-4	Reduction of energy consumption	4.2 Green Management	28	
305 : Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	4.2 Green Management	28	
305-2	Energy indirect (Scope 2) GHG emissions	4.2 Green Management	28	
305-4	GHG emissions intensity	4.2 Green Management	28	
305-5	Reduction of GHG emissions	4.2 Green Management	28	
306 : Effluents and Waste 2016				
306-2	Waste by type and disposal method	4.2 Green Management	28	
306-4	Transport of hazardous waste	No requirements.	-	
307 : Environmental Compliance 2016				
307-1	Non-compliance with environmental laws and regulations	No violations.	-	

GRI 400 : Social Topics

GRI Standard	Disclosure	Chapter	Page	Reason for omissions
401 : Employment 2016				
401-1	New employee hires and employee turnover	5.1 Recruitment and Training	37	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.1 Recruitment and Training	37	
401-3	Parental leave	5.1 Recruitment and Training	37	
402 : Labor/Management Relations 2016				
402-1	Minimum notice periods regarding operational changes	Follow the local laws and regulations.	-	
403 : Occupational Health and Safety 2016				
403-1	Workers representation in formal joint management-worker health and safety committees	5.2 Safe and Healthy Workplace	43	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	5.2 Safe and Healthy Workplace	43	
403-4	Health and safety topics covered in formal agreements with trade unions	Not to sign collective agreement yet.	-	
406 : Non-Discrimination 2016				
406-1	Incidents of discrimination and corrective actions taken	No violations.	-	
407 : Freedom of Association and Collective Bargaining 2016				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	CSR internal audit, customer audit and supplier audit were conducted according to EICC requirement. No significant risks were found for the year 2017 .	-	
408 : Child Labor 2016				
408-1	Operations and suppliers at significant risk for incidents of child labor	CSR internal audit, customer audit and supplier audit were conducted according to EICC requirement. No significant risks were found for the year 2017.	-	
409 : Forced or Compulsory Labor 2016				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	CSR internal audit, customer audit and supplier audit were conducted according to EICC requirement. No significant risks were found for the year 2017.	-	
410 : Security Practices 2016				
410-1	Security personnel trained in human rights policies or procedures	5.2 Safe and Healthy Workplace	43	
412 : Human Rights Assessment 2016				
412-1	Operations that have been subject to human rights reviews or impact assessments	5.2 Safe and Healthy Workplace	43	

GRI Standard	Disclosure	Chapter	Page	Reason for omissions
416 : Customer Health and Safety 2016				
416-1	Assessment of the health and safety impacts of product and service categories	4.3 Green Products and Services	33	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No violations.	-	
417 : Marketing and Labeling 2016				
417-1	Requirements for product and service information and labeling	4.3 Green Products and Services	33	
417-2	Incidents of non-compliance concerning product and service information and labeling	No violations.	-	
419 : Socioeconomic Compliance 2016				
419-1	Non-compliance with laws and regulations in the social and economic area	There were 4 penalties of Labor Standards Act in Taiwan site, Internal review had been conducted.	-	



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