

Corporate Social Responsibility

CSR

Communicate with Love . Love to Communicate

NO. 06 / 2019.06



2018



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About this Report

This report is the 6th Corporate Social Responsibility Report issued by Askey. It provides detailed information on the practices and achievements by Askey for the economic, environmental and social indicators. The objective of this report is aimed at demonstrating Askey's determination to be socially responsible and an advocate 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 2018. Main areas affected by the ESG according to the disclosure include the Askey headquarters at Taiwan (containing the Zhonghe and Taoyuan plants^{Note5}) and the main manufacturing location in Suzhou, China (Askey Technology (Jiangsu) Limited).

Note: Taoyuan Plant trial production operation in December 2018

Issue Period

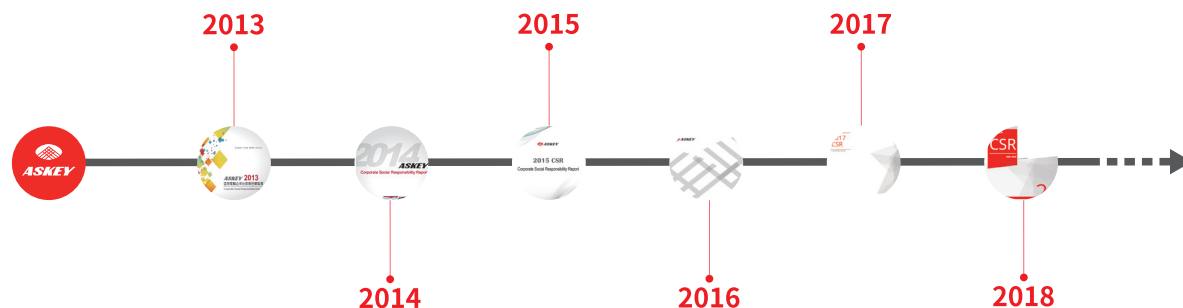
Askey has issued CSR reports on an annual basis since 2014 and has posted them on the company website. Previous version was released in Jun. 2018.

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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We value corporate social responsibility (CSR) and implement it in our corporate culture; it guides our colleagues to give back to the society and also realize our strategic blueprint for the sustainable development of “Shared glory with the economy,” “Shared interests with society” and “Co-existence with the environment.” So far, we have continuously improved the concept of corporate sustainability and played our role as corporate citizens, and we have become a global enterprise with a solid position in the international market.

Askey has continuously utilized its core technologies, capabilities, products and services to fulfil its corporate social responsibilities and give back to the society. In 2017, our cooperation with the Department of Transportation, Taipei City Government on the “Smart Taipei Railway Station project” achieved a breakthrough, by which we successfully resolved the largest maze in Taiwan – the Taipei Main Station. Askey developed a multifunction navigation app that integrated indoor navigation, store guide, and smart parking. With over 4,350 Bluetooth beacons installed around the Taipei Main Station, the deployment and density rank among the top in the world. We pay attention to users’ feelings and doing our best is our unchanging purpose. We are mindful towards users’ experience and shall remain consistent in the pursuit of providing quality services to the society.

In 2018, in response to the shifts in the international market and Taoyuan City Government’s development plan, Askey invested a new production plant inside the Farglory Free Trade Zone in Taoyuan. Not only has Askey created job opportunities for Taoyuan, the annual output value may even spark a new wave of growth. We will help the Taoyuan City Government to promote industrial upgrade and promote the overall development of Taoyuan Aerotropolis. With this new establishment, we helped improve the investment and economic environments, as well as opened the door for growing together with the local community.

The future is a turning point for the development of Askey, it is full of opportunities as well as challenges. With the coming of the 5G era, we must firmly grasp the market development and allow Askey to be fully prepared to reach further milestones. Riding on the next big tides, Askey needs to rely on the efforts of all its employees to face the market opportunities and challenges ahead. Let us pursue excellence together and make Askey soar higher!



Robert Lin,
CEO,
Askey Computer Corp.

A red square graphic with a large white number '1' on the left side. The text 'STAKEHOLDER' and 'ENGAGEMENT' is written in white capital letters on the right side of the square. The square is set against a light gray background with a subtle gradient.

STAKEHOLDER

ENGAGEMENT



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. In order to provide a basis for the development of a sustainability strategy and project execution, these channels are used to understand the stakeholders' issues of concern and their expectations.









1.1 Stakeholder Identification and Communication

Askey's CSR committee referenced 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 interest parties, including "Customer", "Employee", "Shareholder", "Supplier", "Contractor", "Local Community", "Government Agency" and "Trade Association". In addition, various communication methods and channels were also created.



- ★ Supplier- The provider of raw materials
- ★ Contractor- The provider of labor service









▲ Stakeholders of Askey

 Customer	 Employee	 Shareholder	 Supplier
Main source of income. Key to achieving sustainable business and service.	Important asset. Driver for continual growth of the company.	Force to support stable operation.	Business partner that pursues sustainable business and growth together.
Concerned Issues <ul style="list-style-type: none"> • Principles • Compliance • Products and Services • Principles (Supply chain) • Information Security Governance 	Concerned Issues <ul style="list-style-type: none"> • Employment and Labor / Management Relations • Occupational Health and Safety • Training and Education • Labor Rights • Market Presence 	Concerned Issues <ul style="list-style-type: none"> • Compliance • Information Security Governance • Employment and Labor / Management Relations • Labor Rights • Products and Services 	Concerned Issues <ul style="list-style-type: none"> • Products and Services • Principles (Supply chain) • Procurement Management • Environmental Responsibility for Products • Environmental Performance Assessment (Supply chain)
Major Communication Channels and Frequency <ul style="list-style-type: none"> • Company Website —————> Irregularly • Email —————> Irregularly • Customer Audit —————> Irregularly • Customer Service —————> Irregularly • Customer Satisfaction Survey —————> Semiyearly • CSR Report —————> Annually 	Major Communication Channels and Frequency <ul style="list-style-type: none"> • Website —————> Irregularly • Employee Opinion Box —————> Irregularly • Departmental Meetings —————> Irregularly • E-paper —————> Monthly • Welfare Committee Meeting —————> Monthly • Employee Management Meeting —————> Quarterly • Occupational Safety and Hygiene Committee —————> Quarterly • CSR Report —————> Annually 	Major Communication Channels and Frequency <ul style="list-style-type: none"> • Company Website —————> Irregularly • Board of Directors —————> Quarterly • Financial Report —————> Annually • CSR Report —————> Annually 	Major Communication Channels and Frequency <ul style="list-style-type: none"> • B2B Platform —————> Irregularly • Supplier Audit —————> Irregularly • Supplier Assessment —————> Monthly Annually • Supplier Conference —————> Annually • CSR Report —————> Annually
 Contractor	 Local Community	 Government Agency	 Trade Association
Business partner that pursues sustainable business and growth together.	Natural foundation for company existence and development.	Supervisor of business activities, products and service providers.	Bridge for coordination. Communication and recommendation proposals with the government.
Concerned Issues <ul style="list-style-type: none"> • Compliance • Principles (Supply chain) • Customer Privacy • Operation and Pollution Prevention • Environmental Performance Assessment (Supply chain) 	Concerned Issues <ul style="list-style-type: none"> • Compliance • Customer Privacy • Principles • Principles (Supply chain) • Market Presence 	Concerned Issues <ul style="list-style-type: none"> • Compliance • Principles • Energy and GHG Management • Indirect Economic Impacts • Occupational Health and Safety 	Concerned Issues <ul style="list-style-type: none"> • Labor Rights • Economic Performance • Compliance • Operation and Pollution Prevention • Employment and Labor / Management Relations
Major Communication Channels and Frequency <ul style="list-style-type: none"> • Company Website —————> Irregularly • Contractor Assessment —————> Irregularly • Contractor Conferences —————> Irregularly • CSR Report —————> Annually 	Major Communication Channels and Frequency <ul style="list-style-type: none"> • Company Website —————> Irregularly • Charitable Activities —————> Irregularly • CSR Report —————> Annually 	Major Communication Channels and Frequency <ul style="list-style-type: none"> • Check —————> Irregularly • Official Document —————> Irregularly • Conferences —————> Irregularly • CSR Report —————> Annually 	Major Communication Channels and Frequency <ul style="list-style-type: none"> • Company Website —————> Irregularly • Conferences —————> Irregularly • Organizational Member Conference —————> Annually • CSR Report —————> Annually

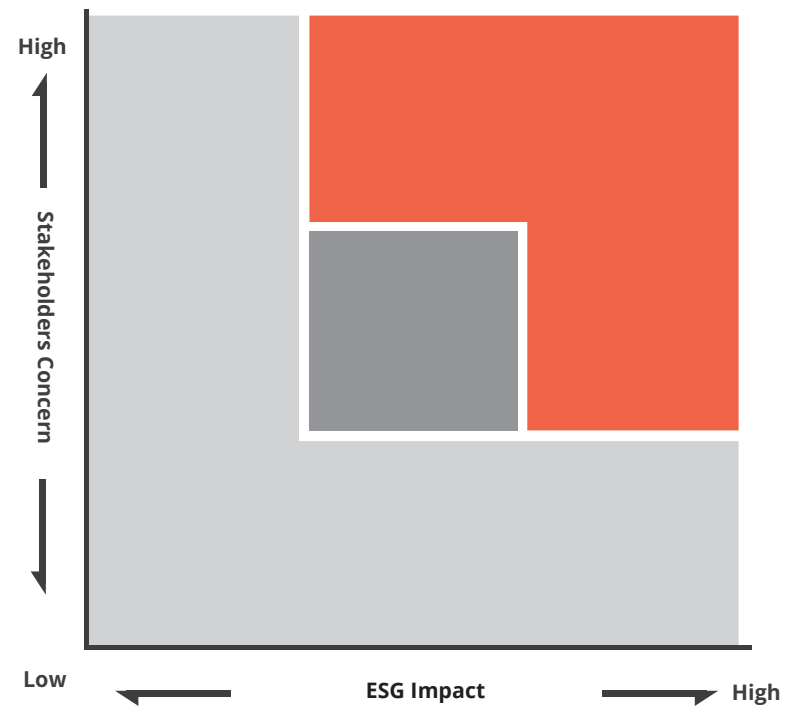
1.2 Material Issues Management

In addition to learning 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.



Issues						
 Economy/ Governance  Environment  Society  Supplier Chain Management  Raise  Drop  Added in 2018						
	Concern Issue	Compared with 2017	2018 Ranking		Impact Issue	Compared with 2017
High  Level of Stakeholder Concern  Low	 Compliance		1	 Information Security Governance		High
	 Principles (Supply chain)		2	 Compliance		High  Degree of ESG Impact  Low
	 Principles		3	 Economic Performance		
	 Labor Rights		4	 Market Presence		
	 Occupational Health and Safety		5	 Principles (Supply chain)		
	 Economic Performance		6	 Operation and Pollution Prevention		
	 Environmental Responsibility for Products		7	 Environmental Performance Assessment (Supply chain)		
	 Employment and Labor / Management Relations		8	 Principles		
	 Operation and Pollution Prevention		9	 Social Performance Assessment (Supply chain)		
	 Products and Services		10	 Procurement Management		
	 Environmental Performance Assessment (Supply chain)		11	 Occupational Health and Safety		
	 Customer Privacy		12	 Employment and Labor / Management Relations		
	 Social Performance Assessment (Supply chain)		13	 Products and Services		
	 Procurement Management		14	 Environmental Responsibility for Products		
	 Energy and GHG Management		15	 Training and Education		
	 Market Presence		16	 Customer Privacy		
	 Training and Education		17	 Diversity and Equal Opportunity		
	 Indirect Economic Impacts		18	 Environmental Expenditure and Investment		
	 Information Security Governance		19	 Labor Rights		
	 Diversity and Equal Opportunity		20	 Energy and GHG Management		
	 Social Participation		21	 Water Resources Management		
	 Environmental Expenditure and Investment		22	 Indirect Economic Impacts		
	 Water Resources Management		23	 Social Participation		

▲ 2018 Issues the level of stakeholders concern and degree of ESG impact

**Major Issues**

- Economic Performance
- Market Presence
- Principles
- Compliance
- Information Security Governance
- Labor Rights
- Principles (Supply chain)

Secondary issue




- Operation and Pollution Prevention
- Environmental Responsibility for Products
- Employment and Labor / Management Relations
- Occupational Health and Safety
- Products and Services
- Procurement Management
- Environmental Performance Assessment (Supply chain)
- Social Performance Assessment (Supply chain)




Other issues






- Indirect Economic Impacts
- Energy and GHG Management
- Water Resources Management
- Environmental Expenditure and Investment
- Training and Education
- Diversity and Equal Opportunity
- Social Participation
- Customer Privacy




▲ 2018 Sustainability issue matrix diagrams




After the results of the sustainability issue matrix diagram were confirmed by the CSR committee, Askey determined the 7 issues with which Askey stakeholders were most concerned about and which had the most economic, environmental and social impacts. Askey also referred to the GRI sustainability report guidelines to correspond to the related major issues and their borderlines to explain the management policies and goals. Regular supervisor meetings and annual management system review meetings and other measures will be used to evaluate the performances, and these performances are displayed in the various corresponding chapters. In order to display rich and complete report contents, Askey is willing to disclose secondary issues to achieve more active stakeholder communications.

 Economy/ Governance	Economic Performance		Impact Boundary		Topic-Specific GRI Standards (2016)	GRI 201:Economic Performance
Importance	• Creating steadily growing business performance and maintaining maximum equity for shareholders are the foundations for an organization to pursue sustainable business.					
Management Approach	• Improve corporate governance structure, effectively control operational cost and development direction while continuing to improve technology and innovation and strengthen market competitive advantages. • Establish and successfully maintain ISO9001, TL9000, IATF16949, ISO13485 and other quality management systems and improve quality management processes and systems to win customer satisfaction and trust.					
Target	• Steady growth of net profit after tax	Corresponding Chapter	2.2 Governance Structure 3.1 Business Overview 3.2 Customer Relation			

 Economy/ Governance	Market Presence		Impact Boundary		Topic-Specific GRI Standards (2016)	GRI 202:Market Presence
Importance	• Provide fair and reasonable salary compensation to win outstanding talents to create value with the company.					
Management Approach	• Follow related laws and maintain market salary conditions. • Provide fair and reasonable salary compensation according to education background, professional knowledge and skills and market standard to keep outstanding talents.					
Target	• Slow down the rate of employee turnover	Corresponding Chapter	5.1 Recruitment and Training			

 Economy/ Governance	Principles		Impact Boundary	 Customer Supplier	Topic-Specific GRI Standards (2016)	GRI 205:Anti-Corruption				
 Supply Chain Management	Principles (Supply chain)									
Importance	• “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. • We value the governance of the supply chains to ensure that suppliers can continue to supply and cooperate with us in order to satisfy customer needs.									
Management Approach	• 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. • Complete the implementation and continuous promotion of guidance in terms of governance with suppliers and in order to improve their sustainability									
Target	• 0 corruption events • Supplier assessment and governance aspect 100% improvement	Corresponding Chapter	2.2 Governance Structure 3.3 Supplier Management							

 Economy/ Governance	Compliance		Impact Boundary	 Supplier Contractor	Topic-Specific GRI Standards (2016)	GRI 307:Environmental Compliance GRI 419:Socioeconomic Compliance
Importance	• 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.					
Management Approach	• Specify dedicated responsible units and staff to monitor changes and compliances of laws and regulations regularly.					
Target	• 0 severe economic, environmental and social violation events	Corresponding Chapter	2.2 Governance Structure 4.1 Green Commitment 5.2 Safe and Healthy Workplace			

 Economy/ Governance	Information Security Governance		Impact Boundary	 Customer	Topic-Specific GRI Standards (2016)	Askey Customized Theme
Importance	• Only through complete information security protection measures can modern information be used conveniently. The security of customer data and personal privacy of employees must be guaranteed, and losses due to network attacks or other impacts must be prevented.					
Management Approach	• Establish computer system security, network security, computer virus protection, and the information infrastructure construction and continuous operations project. • Personal Information Security control.					
Target	• 0 information leak events	Corresponding Chapter	2.4 Information Security			

 Society	Labor Rights		Impact Boundary	 Supplier Contractor	Topic-Specific GRI Standards (2016)	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
Importance	• Proving outstanding products and services is the core for the implementation of corporate social responsibility.					
Management Approach	• 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 Suzhou site in China also implements a regular internal audit system to evaluate potential human right risks.					
Target	• 0 reported human rights infringement events.	Corresponding Chapter	2.2 Governance Structure 5.2 Safe and Healthy Workplace			

▲ 2018 Material issues and Askey's management approach

A red square is positioned in the center of the image. Inside the square, the word "CORPORATE" is written in white, uppercase letters. Below it, the word "GOVERNANCE" is also written in white, uppercase letters. To the left of the text, a large white number "2" is partially visible, with its right side overlapping the red square. The background of the entire image is a light gray gradient.

CORPORATE

GOVERNANCE



Corporate Governance

2.1 About Askey

2.2 Governance Structure

2.3 Risk Management

2.4 Information security

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

Founded in 1989, Askey is a leading network communication equipment manufacturer. It is a subsidiary of ASUS, a world-renowned brand. The headquarters of Askey are located in Taipei, Taiwan and its development, manufacturing and service locations are spread across Taiwan (Taipei, Yangmei, Hsinchu and Taoyuan), Suzhou China, Brazil etc. There are approximately 6141 employees worldwide. In the past few years, Askey has actively expanded towards the fields of 5G, smart vehicle, smart home, and smart city solutions. It continues to create new waves of momentum for business growth.



Company Name	Askey Computer Corporation
Date of Establishment	1989/08/23
Capital	NT\$ 4.8 billion
Headquarter	10F, No.119, Jiankang RD., Zhonghe DIST., New Taipei City, Taiwan, R.O.C.
Industry	Computers and Peripheral Equipment Manufacturing
Employees	6141 (end of 2018)

▲ Company Background



▲ Askey's Global Presence

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



1989

Askey Computer Corp. Established

1997

Initial public offering in Taipei

1999

The first Taiwanese company to be certified by Cable Labs.

2001

Transferred to Askey Technology.

2006

Wholly owned subsidiary of ASUS.

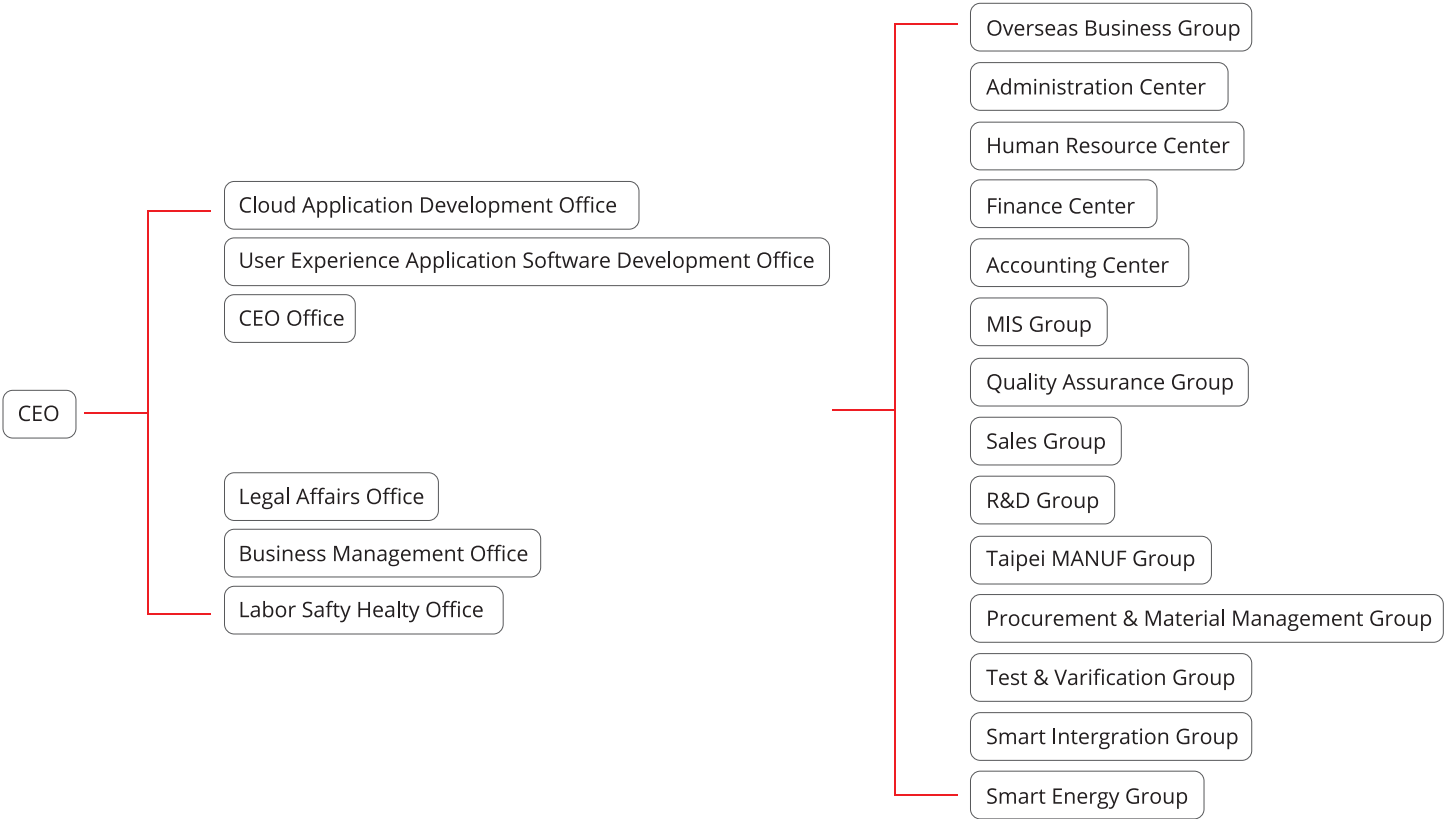
2017

Collaboration with Taipei City Government

2018

Established Taoyuan plant in Farglory Free Trade Zone

▲ Milestones



▲ Corporate Structure

▼ Awards

		Suzhou, China
	Binhu Vocational Training School, Suzhou City, Wujiang District	Excellent Corporate Training Station
		Suzhou, China
	Top 10 Enterprise in Foreign Trade, Wujiang District, Suzhou City	
		Suzhou, China
	Wujiang Economic Development Zone (Tongli Town)	Outstanding Unit for School- Enterprise Cooperation
		Suzhou, China
	Top 100 Enterprise in the Wujiang District	

Associations Participation

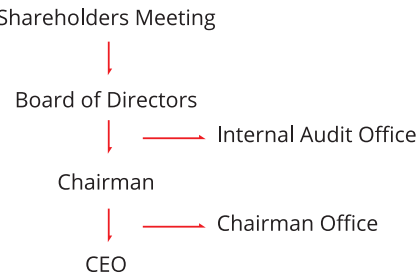
Although Askey currently hasn't officially stipulated any regulations or initiatives, it has actively participated in various industry associations to facilitate exchanges and learning across various industries to create greater mutual assistance and collaborations. By doing so, Askey has furthered in 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	

▲ Participation in Associations

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 governing unit of Askey and the center for major business decisions. Its main task is to appoint and direct the company's operations team and to be responsible for supervising the overall operation, in order to maintain maximum equity for shareholders. The chairman of Askey's board of directors is Robert Lin, who is also the Askey's CEO. There are also two other directors and a supervisor – each term of service is 3 years. 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 4 board of directors meetings held in 2018 and the attendance rate of the members of the board of directors was 100%. All members fulfilled their supervising and management responsibilities for important company affairs, including strategic direction, business performance and major investments, etc.

Title	Name	Gender	Academic Background and Resume
Chairman	Robert Lin	Male	· MBA, Tulane University, US · CEO, Askey
Director	Jonney Shih	Male	· Institute of Business and Management, National Chiao Tung University · General Manager, Computer Business Group, Acer · Chairman, ASUSTek
Director	Jerry Shen	Male	· Institute of Electrical Engineering, National Taiwan University · Manager, Acer · CEO, ASUSTek
Supervisor	Chin-chih Wu	Male	· Chief Technology Officer, ASUSTek


▲ Members of the Board

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


▲ 2018 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 various 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.
 - . We establish whistle-blowing system to report dishonest, unethical or improper behaviors and provide protection for the whistleblower from unfair and disrespectful treatment.
- 

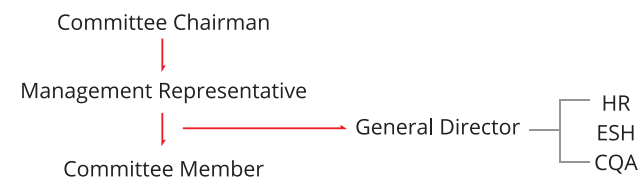
Environment

- . 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 promote to increase all staffs 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.

▲ Askey CSR Policies



Functions of the General Director:

- ★ Manage and promote labor right/business ethics issues.
- ★ Management and promote environmental health and safety issues.
- ★ Communicate with interested parties.

▲ Structure of the CSR committee



▲ CSR committee discussion topics

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. 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	Ethics Integrity						
<ul style="list-style-type: none"> • Business integrity • Conflict of interest • Gift giving • Information disclosure • Fair competition • Report mechanism 	<table> <tr> <td>Self-discipline document</td><td> <ul style="list-style-type: none"> . Employee and manufacturer business transaction items . Business ethics commitment . Service and confidentiality agreement </td></tr> <tr> <td>Training and promotion</td><td> <ul style="list-style-type: none"> . Education training . E-mail promotion </td></tr> <tr> <td>Report mechanism</td><td> <ul style="list-style-type: none"> . Anti-corruption report mailbox </td></tr> </table>	Self-discipline document	<ul style="list-style-type: none"> . Employee and manufacturer business transaction items . Business ethics commitment . Service and confidentiality agreement 	Training and promotion	<ul style="list-style-type: none"> . Education training . E-mail promotion 	Report mechanism	<ul style="list-style-type: none"> . Anti-corruption report mailbox
Self-discipline document	<ul style="list-style-type: none"> . Employee and manufacturer business transaction items . Business ethics commitment . Service and confidentiality agreement 						
Training and promotion	<ul style="list-style-type: none"> . Education training . E-mail promotion 						
Report mechanism	<ul style="list-style-type: none"> . Anti-corruption report mailbox 						

2.3 Risk Management

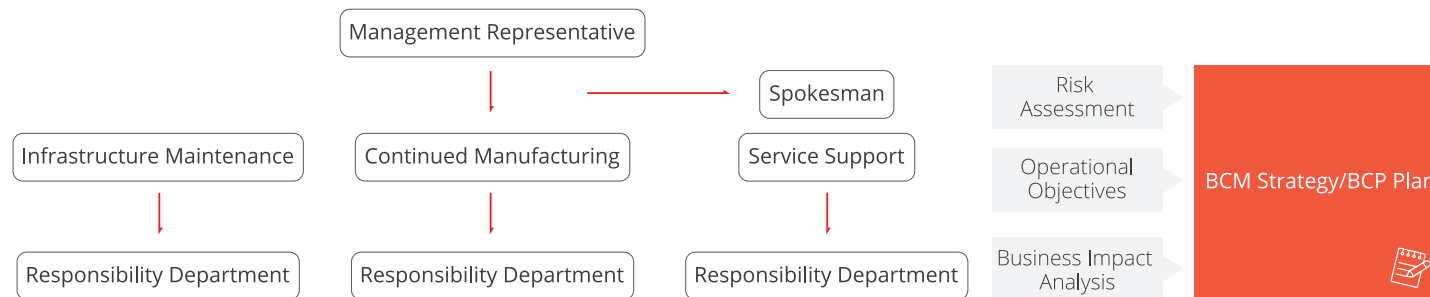
In recent years, severe changes in the global capital market and corporate governance environment, or disastrous impacts brought by climate changes have increased the risks enterprises may face during operation. Therefore, in order to develop sustainable operations, companies have to reflect on the effective 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 understands 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
 Governance/Economy	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. • Regularreviewoflaborsituation.
	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.



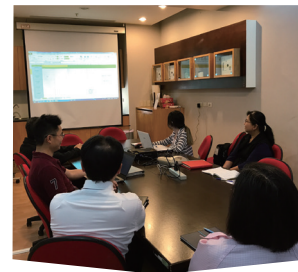
▲ Structure of the BCM committee

BCP simulation in Taiwan site for the year 2018

- Labor shortages
- Key equipment failures
- Material suppliers closed down
- Earthquake
- Cyber attacks



Simulation for Key equipment failures in Taiwan site for the year 2018



Simulation for Material suppliers closed down in Taiwan site for the year 2018



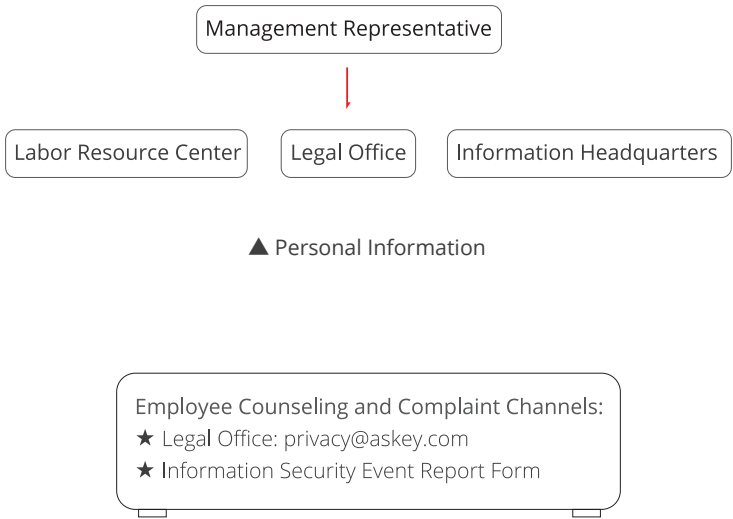
▲ BCP drill theme of pass years

2.4 Information Security

As a leading company in the network communication industry, Askey continues to actively establish the information security culture, performing strict control for personal information and hardware communications, understanding the global information security trends and their value to the company. Gaining the trust of stakeholders and guaranteeing the privacies of the company and customers are Askey's unchanging goals, therefore, there were no major information leak events in 2018.

Personal Information Security

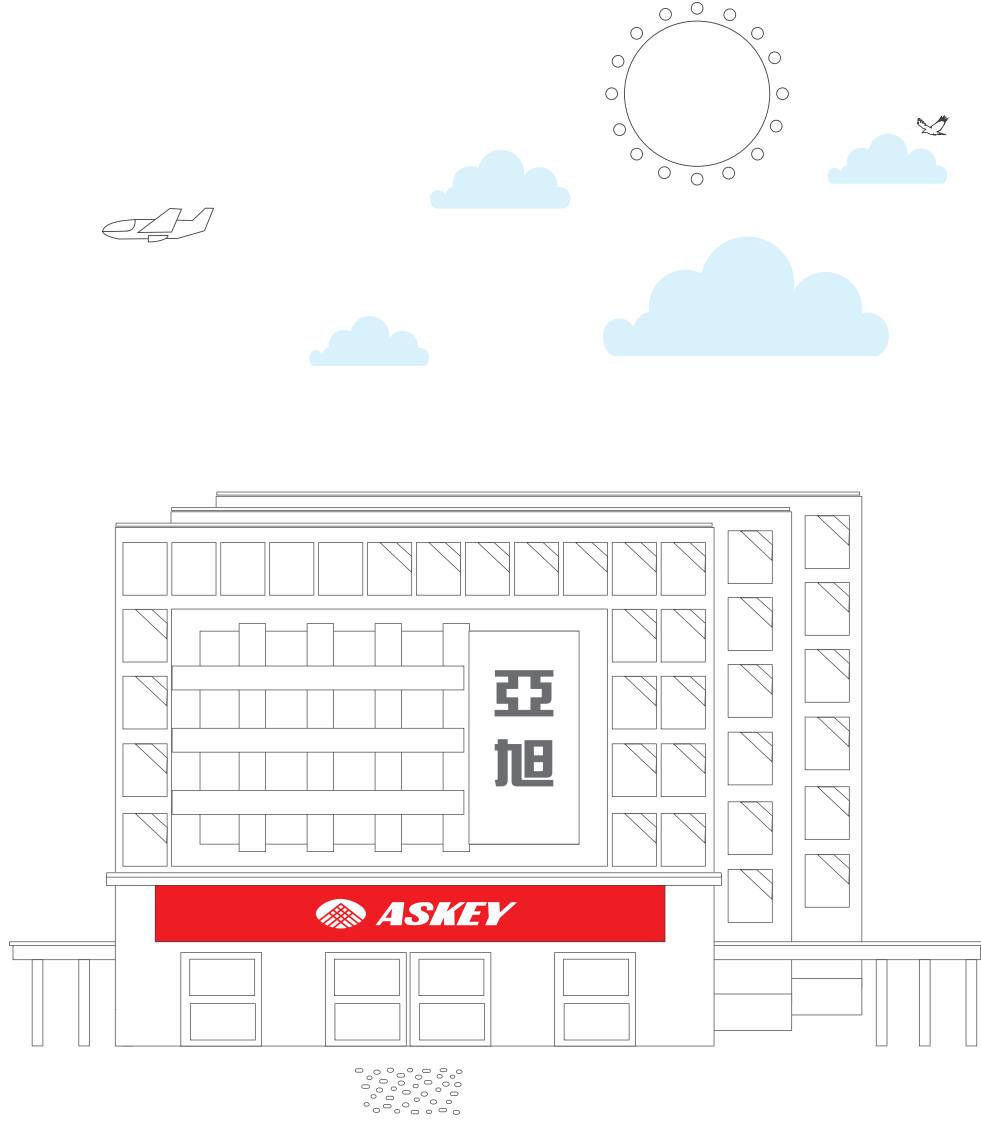
In order to enhance the protection of personal information and for information security management to comply with the regulations and industry standards, the "Personal Data Protection and Information Asset Security Policy" was formulated as a guideline for Askey to collect, process and utilize personal information, as well as establish and implement information asset security protection. The Personal Information Security committee is responsible for supervision in order to ensure that the Personal Information Security operates efficiently.



Communication Information Security

Internet attacks continued to emerge in recent years. In order to effectively protect ourselves against the threats of internet attacks, allow our employees to safely use the internet to communicate and transmit information, and prevent the confidential information of stakeholders from being leaked, Askey strives to improve its firewall security management, network equipment and system redundancy management, computer virus protection management, network intrusion detection management, data and software switching security management, and it effectively implemented the management operations described above for layers of protection.









ECONOMIC SUSTAINABILITY AND PROSPERITY

- 3.1 Business Overview
- 3.2 Customer Relation
- 3.3 Supplier Management

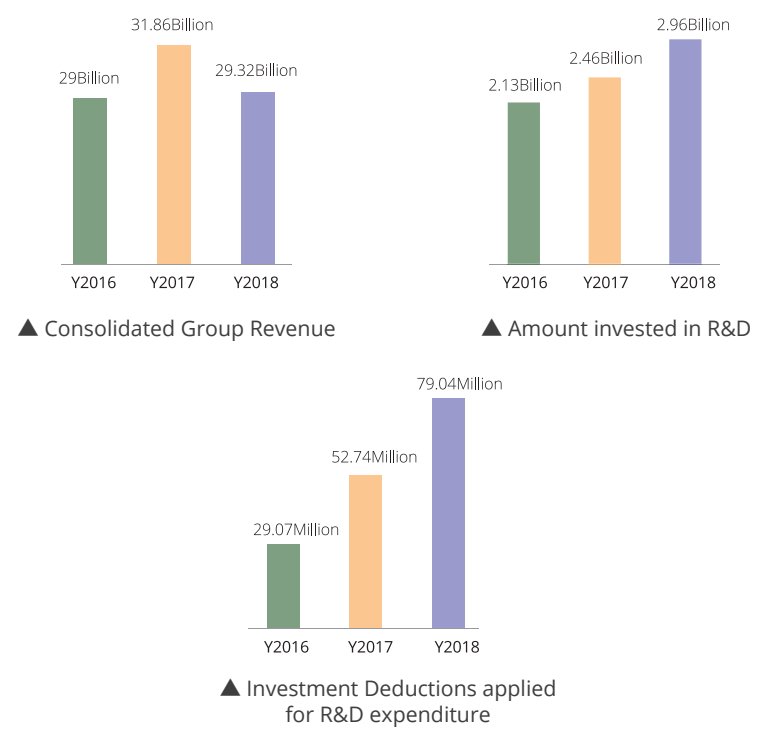
3. Economic Sustainability and Prosperity

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

3.1 Business Overview

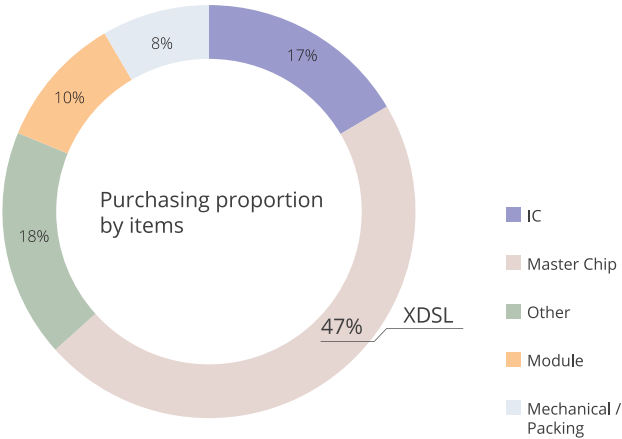
The consolidated group revenue of Askey is NT\$29.32 billion, net loss after taxation attributable to shareholders of the parent company is NT\$2.215 billion in 2018. The financial information described above was verified by an independent third-party accounting firm.

In order to enhance the R&D capability, increase product competitiveness and create higher values, the amount invested in R&D in 2018 totaled NT\$2.96 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 R&D expenditure for the year 2018 was approximately NT\$79.04 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 product line features a complete range of devices from broadband network products such as cable & xDSL modems, personal data terminals (PDT), broadband routers to fiber optic products, including the development of high-performance GPON, GPS and highly integrated devices. Sales span across Italy, Japan, Switzerland, USA and numerous countries around the world. The revenue proportion for the year 2018 is divided between products – xDSL has the highest ratio and accounts for approximately 36% of the total revenue, followed by Wireless at 15% and PDT at 13%.

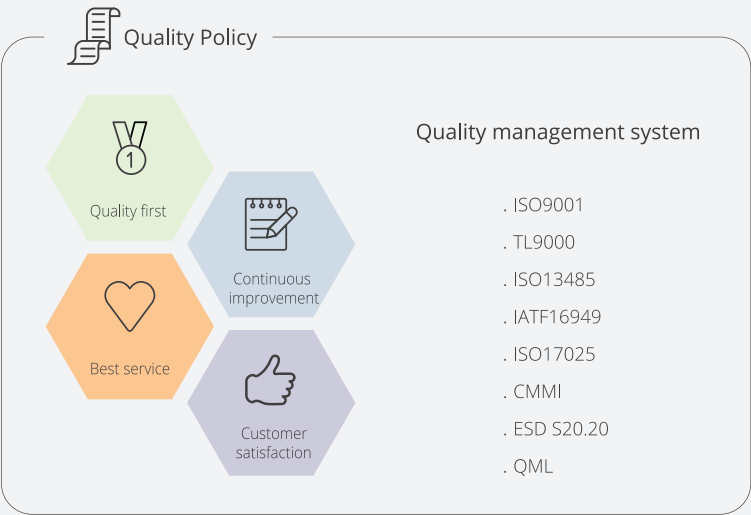


3.2 Customer Service

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 guaranteed 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 sound service quality.

3.2.1 Quality Management

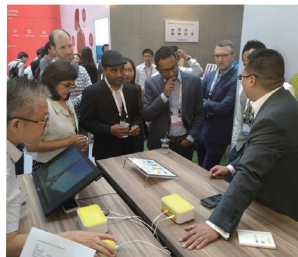
Askey pays close attention to the quality requirements of its customers and considers quality management as an essential part of its operation. We expect every employee to understand the importance of quality as well as the consequences of quality defects and to take joint ownership of product quality. Quality management systems such as ISO9001, TL9000, IATF16949 and ISO13485 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 implemented for the continuous improvement of the production cycle to ensure customer satisfaction through better product quality.



3.2.2 R&D and Innovation

Five Major IoT Solutions

In response to the wave of smart living brought on by IoT in recent years, Askey provided five major solutions at Computex 2018 to satisfy the needs of different operators and government units.



2018
Computex Taipei



High Capacity Smart Home Real-time Multimedia Server

The Smart Home trend is in full gear. Askey's QBee Box is equipped with LTE technology and provides 1TB of physical storage capacity. Share multimedia with friends and family members real-time without missing anything.



Stable Signal with Full-range Support

The stability of broadband signals affects users' internet experience. The LTE-A Pro Router uses 5G LTE transmission to provide the best network environment, and it is the first to support full-range LTE frequency bands.

Smart Taipei Main Station Program

In 2016, Askey introduced the "Smart Bus Station" program that integrated diverse functions such as digitalized public transport information, safety and digital advertising. Askey, then, officially signed a contract in 2017 with the Taipei City Government to augment the Smart Taipei Main Station Program. In 2018, the Smart TMS Program was materialized and Taipei citizens was greeted with the all-new "Taipei Main Station Navigator" indoor navigation app – a program to resolve complication in navigating through the Taipei Main Station and surrounding stations and malls. The app features functions such as indoor positioning and navigation, transportation schedules, smart parking, store guides, and disaster prevention notification. The app received great reviews with an approval rating of 4+ stars on both the Apple Store and the Google Play.



2018
Smart Taipei Main Station



2016
Smart Bus Station



2017
Smart Taipei Main Station



Seamless Roaming with No Delays

The release of Wireless Mesh Advanced eliminates homes and offices from experiencing poor signal. It works with a customized App that allows remote management. Multiple users can go online simultaneously with no delays in terms of network speed.



IoV Smart Imaging with Real-time Cloud Management

For smart traffic applications, Askey develops smart imaging solutions for IoV devices. Combining Advanced Data Acquisition and Control Systems (ADACS) with Amazon Web Services (AWS) - a cloud management platform, the device can be applied on real-time fleet management.



Enterprise Class Customized Smartphones

The TURBONET series products are customized waterproof smartphones created for enterprise users; functions such as 1D/2D barcode scanning, RFID tag reading, real-time warehouse management and photography can be provided based on different needs to help customers attain high efficiency management, reduced labor cost, and accelerate the application and deployment of big data.

Taipei Main Station Navigator APP



Main Functions

- Indoor positioning and navigation
- Transportation schedule and info
- Smart parking
- Store information
- Disaster prevention notification

APP Satisfaction Levels

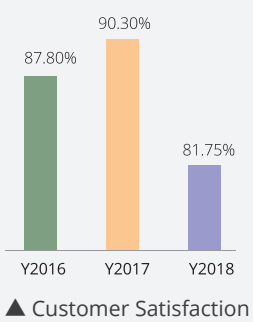
Apple Store
★★★★★ 4.4 stars

Google Play
★★★★★ 4.4 stars

2018 Taipei Main Station Navigator App officially launched

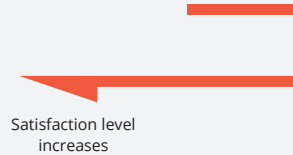
Customer Service

Askey has always focused on the interactions with the customers. It attends carefully to the needs and opinions of the customers. Not only do we contact and communicate with customers frequently, we also track the satisfaction levels of the customers, establish complete improvement procedures to process customer complaints and attend to customer opinions wholeheartedly, in order to meet their needs and expectations. Continuous improvement to surpass customer expectations is an unchanging goal and commitment at Askey.



Customer Satisfaction

In 2018, the twice-a-year customer satisfaction survey was sent out to the top 80% of customers in terms of transaction amount, and 25 responses were collected with a recovery rate of 100%. The overall satisfaction level was 81.75% and did not meet our annual target. We will review the cause for the non-compliant parts and continue to improve.

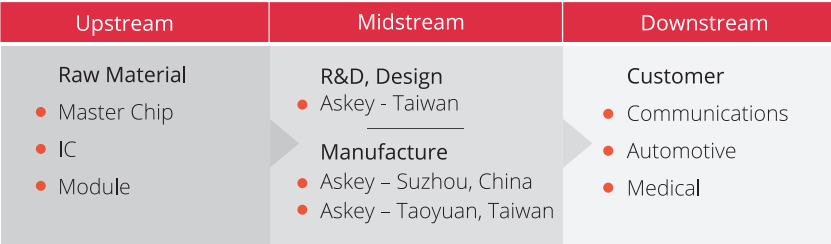


3.3 Supplier Management

Askey values social responsibility, labor rights, labor safety and labor health, and it also values its suppliers who form a community with Askey; we work together with suppliers on various issues and grow together, establishing a sustainable development cooperation supply chain.

3.3.1 Purchasing Overview

The suppliers of Askey's raw materials come from all over the world. The raw materials that we mainly purchase include the "main chip," general ICs, modules, and etc. Askey's Taiwan headquarter is responsible for product design and R&D, where as Askey Suzhou, China is responsible for manufacturing. In 2018, the largest proportion of procurement was the "main chip," which weighed approximately 50% of the procurement spending. If analyzed according to the site of transactions, Askey's main production base in Suzhou, China made 68% of the overall transactions, while the site in Taiwan accounted for 32%.



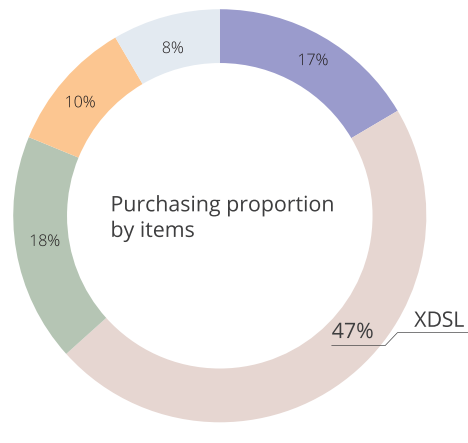
▲ Askey Supply Chain



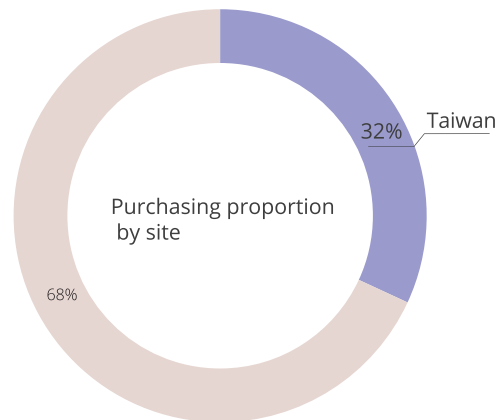
▲ Process of customer satisfaction survey

Complaint Handling

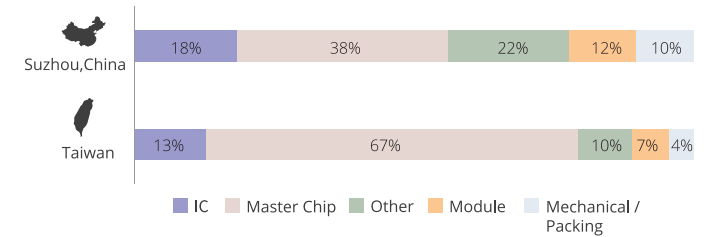
The complete customer complaint process and standard operating procedures are established to ensure that the customer response messages can be sent to the related units and managerial levels, so that cause analysis can be performed on customer opinions and effective improvement measures can be taken in real-time to solve the problems and respond to the feedback of customers, ensuring customer rights and interests, and improving and solidifying their loyalty and reliability.



- IC
- Master Chip
- Other
- Module
- Mechanical / Packing



- Taiwan
- Suzhou, China



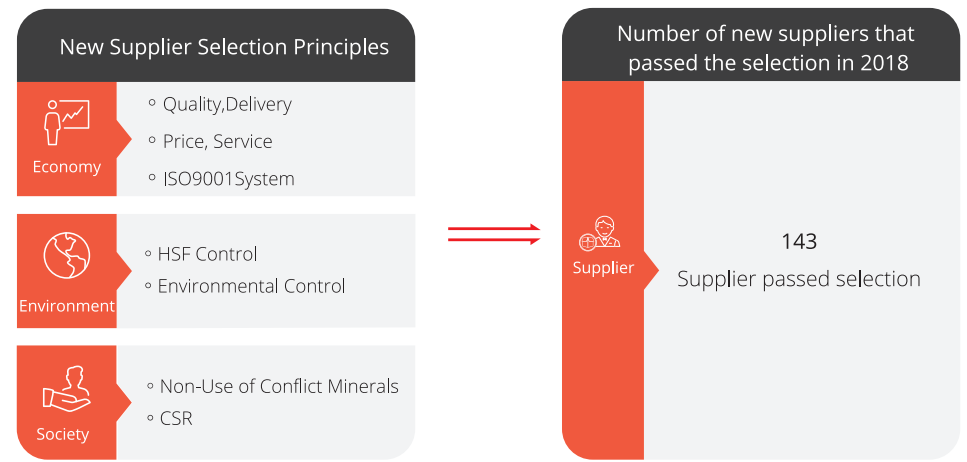
▲ Proportion of purchased items by site

3.3.2 Purchasing Management

Askey strives to collaborate with suppliers to create stable long-term supply chains using the concept of sustainable management. Not only do we consider the quality control technology, delivery, pricing and competitiveness of suppliers, we also demand the performance of the supply chain for the economy, environment and society, using these three aspects as the basis of establishing the mechanisms for Askey to control the supply chain. The control mechanism is divided into three major categories: supplier selection, supplier assessment and supplier continuous improvement.

Supplier Selection

For the selection of new suppliers, Askey mainly follows the internal and purchasing related control processes and procurement practice specifications; we also evaluate their respect for human rights and care-taking of their labors. In 2018, there was a total of 143 new suppliers that passed Askey's prudent and rigorous evaluation procedures.



Conflict Minerals

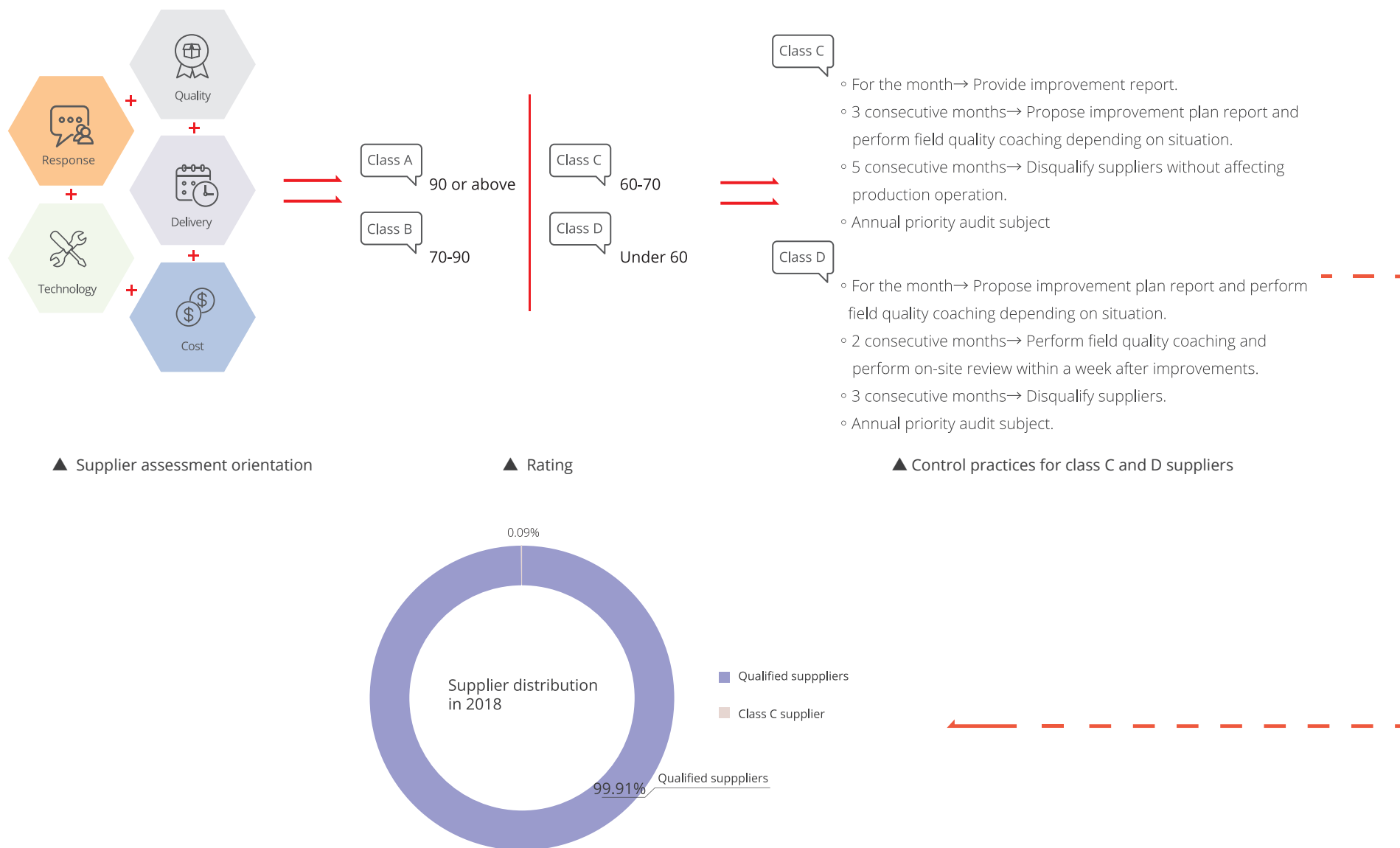
In order to prevent the raw materials used during the product manufacturing process from causing impacts on the society and environment, Askey does not support the mining of conflict materials extracted from the mines in the Democratic Republic of the Congo (DRC) and its neighboring countries. To ensure that the raw materials purchased do not come from the aforementioned areas, Askey requires that its supplier chain partners sign a “did not use/will not use conflict mineral commitment” in order to pass the new supplier selection. Surveys submitted by customers are used to back-trace and verify whether or not the supply chain complied with the customer demands. In 2018, all 14 customer surveys reached the standards.



▲ Management of conflict minerals

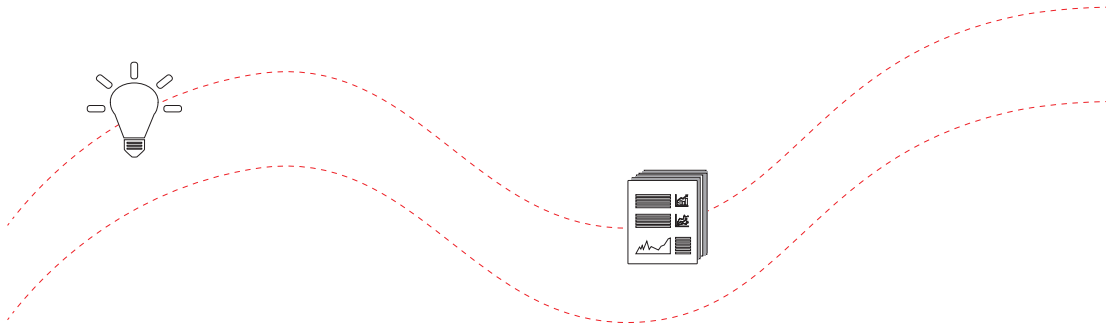
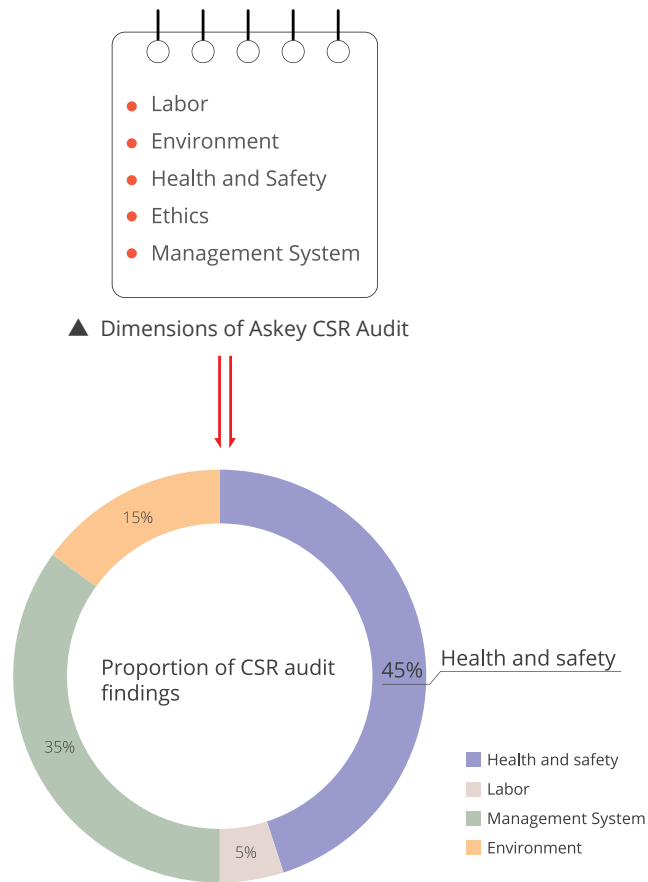
Supplier Assessment

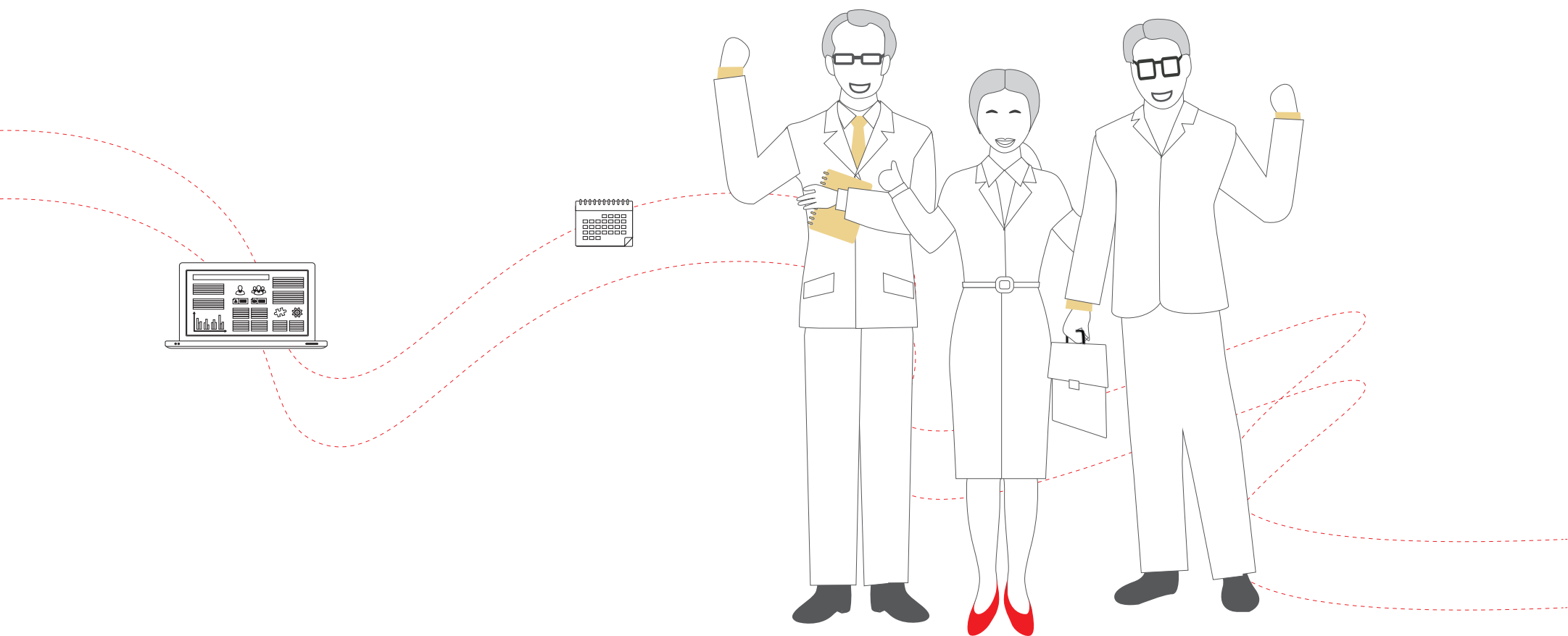
In order to help suppliers effectively implement the standardization of the quality system and process control, Askey's R&D, Procurement and Quality Assurance departments conduct assessments on items such as Clarification needed. Askey also notifies suppliers of the assessment results through the B2B system. Suppliers assessed as Class C or D will be controlled through adjusting the procurement ratio or finding alternative materials. Askey expects to use regular monitoring and assessment modes to maintain good cooperation and increase the respective efficiencies and performances. In 2018, there were no Class D unqualified supplier and the Class C suppliers amounted to only 0.09% of the total number of suppliers. All Class C suppliers have completed improvements 100%.



Supplier Continual Improvement

In order to have sustainable improvement for the supply chain ESG, Askey also scheduled annual audit plans; suppliers that did not meet the requirements must propose quality improvement plans. Coaching and second auditing will be performed after the suppliers have proposed specific corrective measures. In addition, in order to ensure that the suppliers implement the economy, environment and society aspects, corporate social responsibility on-site assessment is also arranged; on-site reviews and evaluations are used to evaluate the compliance of the supplier's self-assessment with the actual situation. In 2018, a total of 9 suppliers were evaluated on-site, and most of the parts that did not meet the requirements were on health safety and management systems. There was a total of 20 flaws in 2018 and improvements were completed for all of them.





ENVIRONMENTAL

SUSTAINABILITY

4.



ENVIRONMENTAL SUSTAINABILITY

- 4.1 Green Management
- 4.2 Green Products and Services

4. Environmental Sustainability

Our goal is to reduce global warming by minimizing pollution, resource consumption, and the generation of pollutants through effective environmental protection policies and constantly improved technologies. The belief of coexistence with the environment is part of Askey's corporate policies. We uphold the environmental policy goals of "observation of laws, reduction of pollution and waste, continuous improvement and full participation," and fully promote environmental management and performance improvement related activities in a prudent and positive attitude. We implement pollution prevention and increase employees' awareness of environmental protection, abide by laws and regulations, and fulfill our responsibilities and obligations, to make contributions to environmental protection. In 2018, Askey had no violations of environmental laws that resulted in huge fines.



4.1 Green Management

The larger a company's operation scale, the greater its impact and responsibility towards the environment. Askey is committed to environmentally-friendly production processes and minimizing resource consumption and the generation of pollutants and waste in order to show our determination to protect the environment.

4.1.1 Energy and Carbon Emission Management

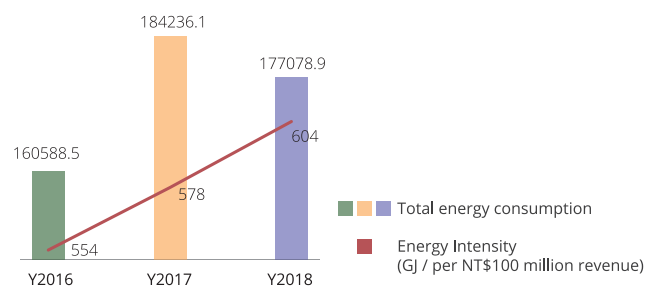
In the face of the increasingly serious climate change and global warming, Askey has been strongly aware of how precious and limited energy resources are. Therefore, Askey has put the concept of environmental protection into practice through establishing management systems and promoting energy-saving plans.

Due to the nature of the industry, most of the energy used by Askey is for production purposes. The total internal energy consumption in 2018 amounted to 177078.9 GJ, in which electricity made up the highest ratio at approximately 97%.

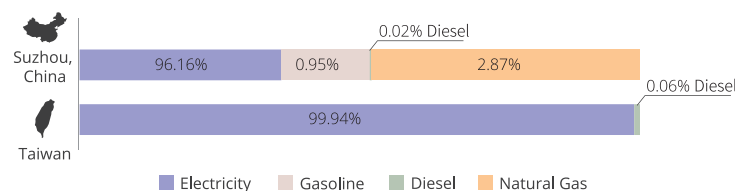
Energy	Y2016		Y2017		Y2018	
	Quantity	GJ	Quantity	GJ	Quantity	GJ
Electricity (1000 kWh)	42472.9	152902.4	49759.3	179133.4	47640.0	171503.8
Gasoline (L)	46961.6	1624.9	45290.1	1567.0	39555.4	1368.6
Diesel (L)	520.2	20.1	1263.5	48.9	1311.4	50.8
Natural Gas (M ³)	165882.0	6041.1	95740.0	3486.7	114110.0	4155.7
Total		160588.5		184236.1		177078.9
Energy Intensity (GJ / per NT\$100 million revenue)		554		578		604

Energy conversion:

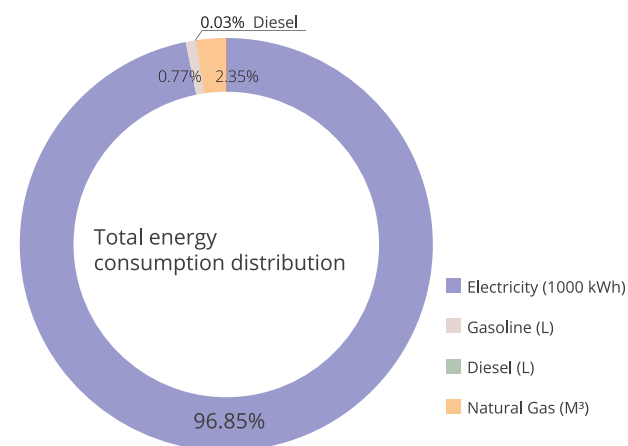
- ★ 1kWh = 3.6MJ
- ★ 1L Gasoline = 34.6MJ
- ★ 1L Diesel = 38.7MJ
- ★ 1M³ Natural Gas = 8700Kcal; 1 Kcal=4186J



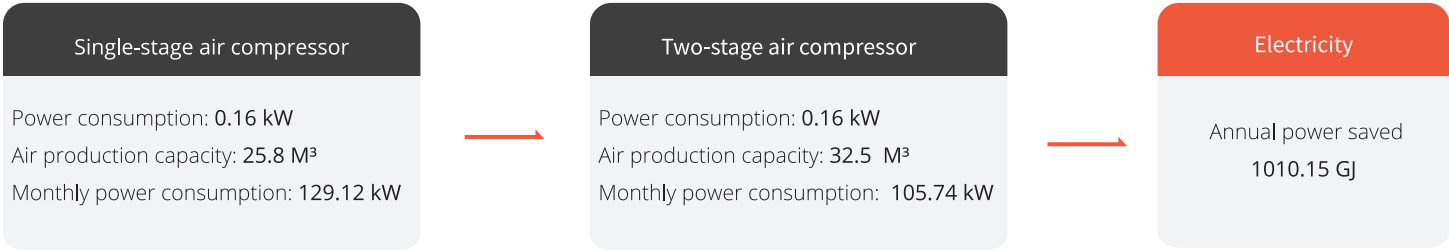
▲ Water use intensity in the past 3 years



◀ Energy use per site



In addition to the energy saving practices through daily management, Askey has actively promoted various energy-saving and carbon-reduction activities related to lighting, air-conditioning, etc. in various plants throughout the years, to reduce energy wastage and greenhouse gas emissions. Also, Askey strives to find opportunities to increase production efficiency and lower operational costs. In 2018, we also implemented energy-saving plans for air compressors on our production lines. We replaced single-stage air compressors with two-stage air compressors that have the same power consumption but a higher air production capacity, as a result of which, the electricity saved for the year reached as much as 1010.15 GJ.



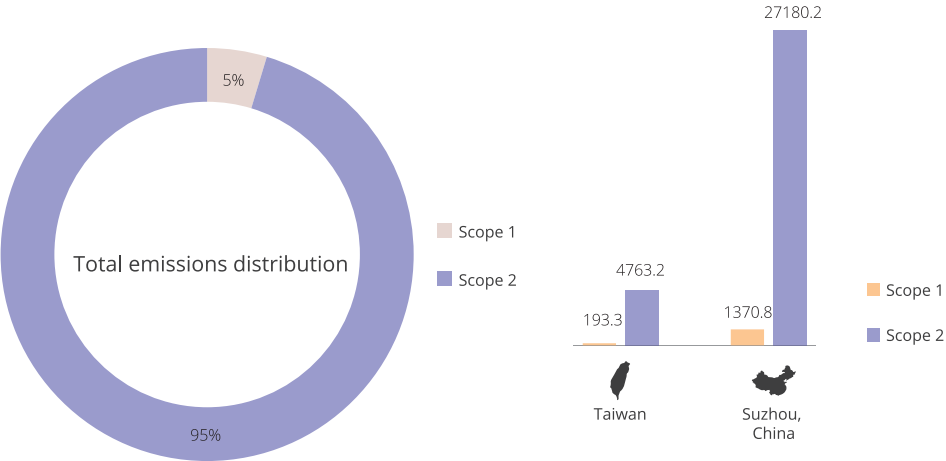
Greenhouse Gas Inventory

The earth’s weather and environment have already been affected by greenhouse gas and are gradually worsening. As a citizen of the earth, Askey should lead its employees to actively fight against climate change and global warming. This is one of the most important environmental protection issues for enterprises as well as one of the important tasks for their operations and management. Askey has established standard mechanisms for greenhouse gas inventory by referencing ISO14064-1 and other foreign and domestic guidelines for greenhouse gas inventory. We review each year’s inventory results to find key emission sources involved in the production process and then establish organized and continuous reduction measures accordingly.

Data on Askey’s greenhouse gas inventory range is collected based on the operational control. The total greenhouse gas emission of Askey in 2018, including Taiwan and the Suzhou site in China, was approximately 33507.5 tCO₂e, which mainly came from Scope 2 indirect greenhouse gas emissions at approximately 95%. If categorized by type of greenhouse gases, carbon dioxide is the largest contributor to emissions, with an emission density of 114.28 tCO₂e/NTD \$100 million revenue. Since 2010, the heavy production base in Suzhou, China has passed third-party verification every year to ensure inventory data quality. As for the site in Taiwan, the internal independent inventory was conducted. By means of the annual inventory results and data disclosure processes, Askey hopes to fully understand the conditions of greenhouse gas emission within the organization for continuous self-review and improvements.

Year	Greenhouse Gas Emissions(tCO ₂ e)			
	Direct GHG Emissions	Indirect GHG Emissions	Total Emissions	Energy Intensity (GJ /per NT\$100 million revenue)
2016	1430.5	32541.0	33971.5	117.1
2017	1449.3	33481.3	34930.6	109.6
2018	1564.1	31943.4	33507.5	114.3

- ★ GHG Emission Intensity = Total GHG emission/the consolidated group revenue in Y2018.
- ★ GWP Value comes from the 4th IPCC Report
- ★ Background : Inventory baseline year & emissions in Taiwan-Y2017/4,822.2 tCO₂e
Inventory baseline year & emissions in Suzhou, China- Y2009/41,300.7 tCO₂e



▲ Greenhouse Gas Emissions per site

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.

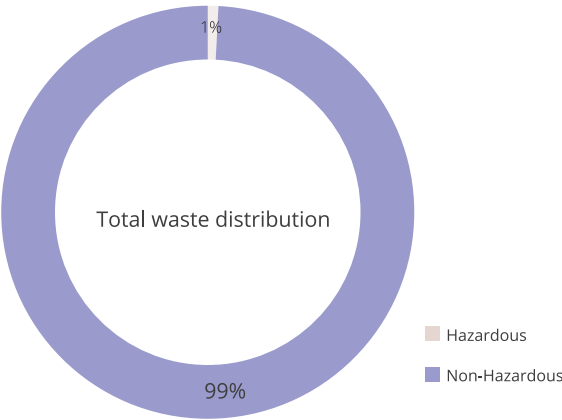
CDP is an independent non-profit organization jointly set up by leading institutional investors around the world. It sends out questionnaires every year asking businesses to disclose information, such as the risks and opportunities related to climate change and carbon management system. By participating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

4.1.2 Wastewater and Waste Management

The main water usage of Askey was for daily needs and none for production processes; the main source of water was the tap water provided by the government. Water resources play a significant role in the global sustainable development. Askey discharges the wastewater generated from the daily needs of employees during operation into specified sewage treatment systems according to the local laws and regulations, and also commissions legal inspection companies each year to test the water quality in order to ensure that our operational activities will not impact or pollute the environment.

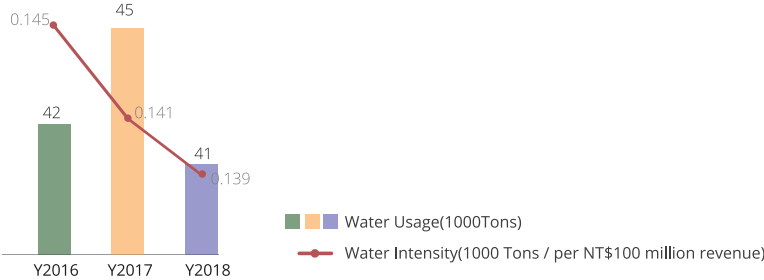
The total annual water usage of Askey in 2018 was 410,000 tons. In response to the water-saving environmental protection concept, a condensate collection system was set up on the top floor of Askey's Zhonghe plant, and the recycled water source was for flushing toilets and green water usage.

Waste generated from Askey's operations is usually divided into general business waste and hazardous business waste. Askey uses rigorous management for the generation, classification, recycling and final clearance of its waste, and outsources qualified waste handlers to recycle, reuse, incinerate or bury the wastes according to the classifications to ensure that they will not cause environmental pollution and to reduce the load on the environment. Therefore, in 2018, there were no violations in terms of environmental protection. The total amount of waste generated by Askey for the year 2018 was 4.57 tons per NTD \$100 million revenue.



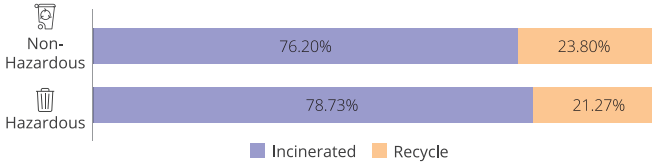
Category	Y2016	Y2017	Y2018
Hazardous – Recycled (Ton)	2.5	7.1	2.4
Hazardous – Incinerated (Ton)	5.9	0	8.7
Non-Hazardous - Recycled (Ton)	428.7	503.9	316.1
Non-Hazardous - Incinerated (Ton)	81.6	824.8	1012.1
Non-Hazardous – Buried (Ton)	720.0	0	0
Total Mass (Ton)	1238.7	1335.8	1339.3

Total amount of waste for the Taiwan plant:
Daily waste was estimated using the number of packages cleared and the weight of each package.



▲ Water use intensity in the past 3 years

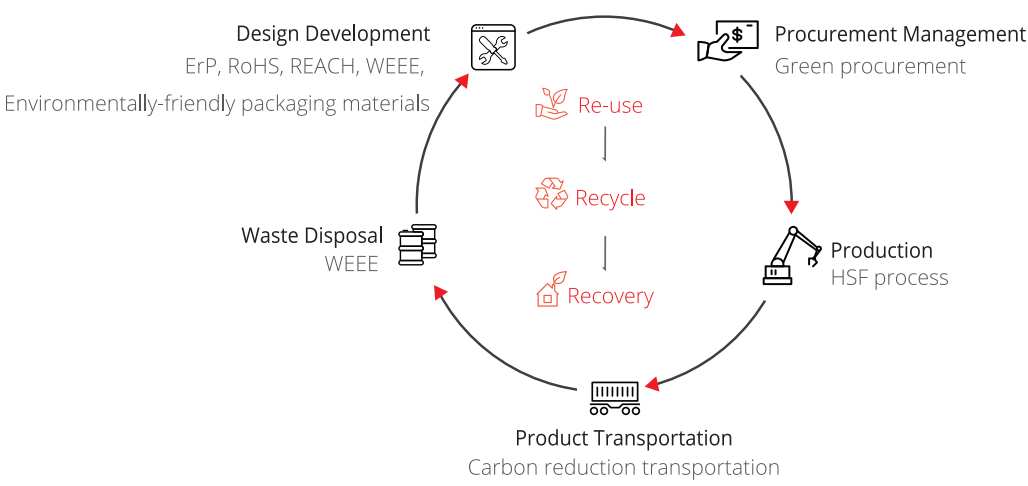
Water usage for the Taiwan plant: Estimated using the annual cost and average unit price.



▲ Total waste distribution

4.2 Green Products and Services

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.




4.2.1 Green Design

Askey clearly understands that products manufactured by enterprises may cause significant impact on the environment. Therefore, product planning should be based on green designs. In addition to satisfying customer needs, Askey takes “reducing environmental burden” as one of the fundamental principles of product planning, and strives to provide the best protection to the environment by reducing energy consumption, improving efficiency, and using environmentally degradable and reusable materials.

Energy-Saving Design

Askey has incorporated requirements set by the EU’s Energy-relating Product directive (ErP directive) into the product design and development stages to improve the environmental performance of energy-using products, and contribute towards environmental protection with concrete actions.

In 2018, Askey participated in Panasonic’s ECO-VC Activity and proposed methodologies on improving components composition and placement inside Panasonic’s LCD TV and WiFi router. This result only reduced the materials usage by half, it also reduced the annual electricity usage by 10%. The outstanding performance won the appraisal of the judges and the honor of the bronze award.



Panasonic's ECO-VC Activity

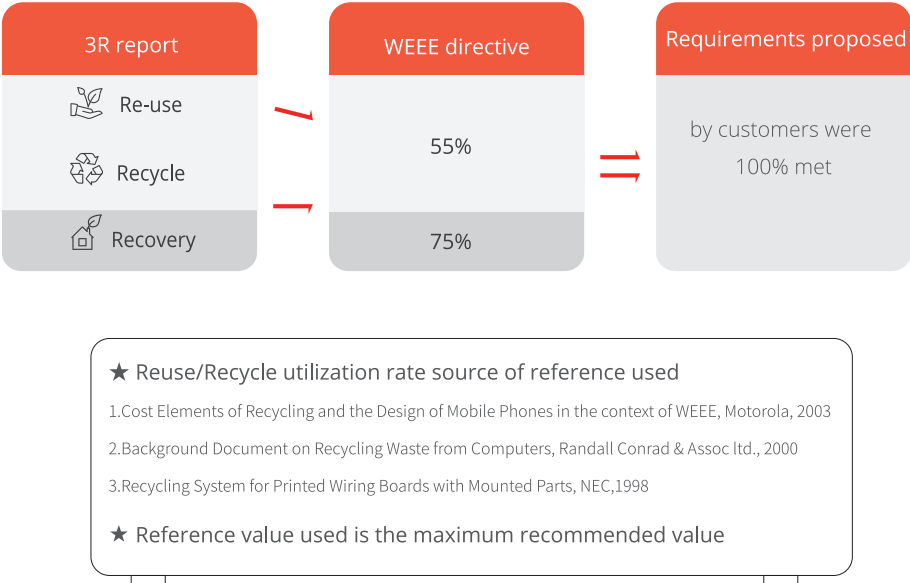
Proposal:
TV and WIFI receiver carbon emission reduction

Reduction Performance:
Materials usage reduced : Reduced **159 tons** / Reduction rate **49%**
Electricity reduced for a year : Reduced **551 tons** / Reduction rate **10%**

Content

Recycling Design

Although electronic products offer tremendous convenience, but when these products reached the end of their service life or faced replacement they become a massive liability on the environment. In response to tackle such issue, 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 and recycling registration requirements, Askey 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 logo to ensure they comply with the EU regulations relating to the WEEE directive. Technical documents such as product disassembly manuals and assessment reports (3R report) are generated and used as guidelines to attain the goal of high product recovery rate. Through self-assessment in 2018, the rates of reuse, recycled and recovery exceeded the goals set by WEEE directive.



4.2.2 Green Production

Mankind and the environment are two sides of the same coin. In order to pursue environmental sustainability, reduce the environmental impacts caused by production and fulfill our responsibilities as citizens of the earth, Askey is committed to complying with environmental laws and effectively implementing the green management concept with the goal of producing only eco-friendly products, strengthening our green competitiveness and green image, and becoming a green enterprise.

Green Purchasing

In 2014, Askey officially initiated an information system, the eGreen Management System, to control hazardous substances. Suppliers must upload third-party test reports, guarantee statements, composition tables, as well as information of materials into the eGreen system to ensure all information is up to date. This practice helped reduced errors and operation time when the tasks were managed manually. The company's R&D, Quality Assurance and related units can also use the eGreen system to control the standards of the composition and content of green products and take necessary control measures.

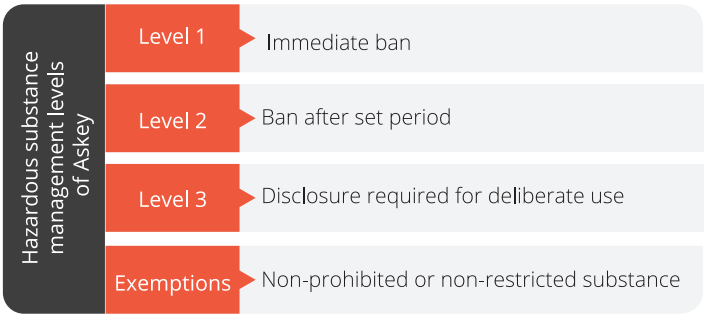


▲ The approval process of green materials

Restricted Use and Management of Hazardous Substances

Governments around the world are adopting increasingly stringent requirements for control of Hazardous Substance Free (HSF) standard. Askey recognizes the impact of hazardous substances (HS) on the environment as well as the importance of their management. In 2007, the “IECQ QC 080000 Hazardous Substance Process Management System for Electronic Components and Products” based around the existing quality management system was introduced. 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.

An inter-departmental HSF committee has also been established with clear divisions of responsibilities 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 reviews are conducted as well to ensure the effectiveness of HS management. These practices demonstrate Askey’s commitment and determination on environmental sustainability.



RoHS

Askey adheres to the RoHS (Restriction of the use of Certain Hazardous Substances Directive) 2011/65/EU directive and restricts the concentration of six hazardous substances. The entire range of Askey products conforms to the RoHS requirements, and there has been no returned shipments due to any violations. EU announced that RoHS 2.0 will be implemented from July 2019, adding restrictions to the usage of four new phthalates (DEHP, BBP, DBP and DIBP). Askey has already implemented this in advance in March 2018, and requires suppliers to provide updated RoHS 2.0 third-party test reports. All updates are expected to be completed before the regulation becomes effective in 2019.

REACH

Askey abides firmly to instructions specified by REACH (Registration, Evaluation, and Authorization of Chemicals). REACH is a decree applied by the EU for the integrated management of chemical substances entering countries in the EU. Through the control with the eGreen system, Askey demands that suppliers disclose all 191 announced substances of very high concern (SVHC) (as of the end of 2018) in the components, and encourages suppliers to reduce and eliminate the use of these chemical substances as soon as possible. In 2018, all 100% of product components complied with the REACH requirements.

Halogen-Free Requirements

Halogen is an element the periodic table under group VIIA. Due to its fire-resistance characteristic, it is extensively used in electronic components, adhesives and fire-retardants. Scientific researches 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

4.2.3 Green Logistics

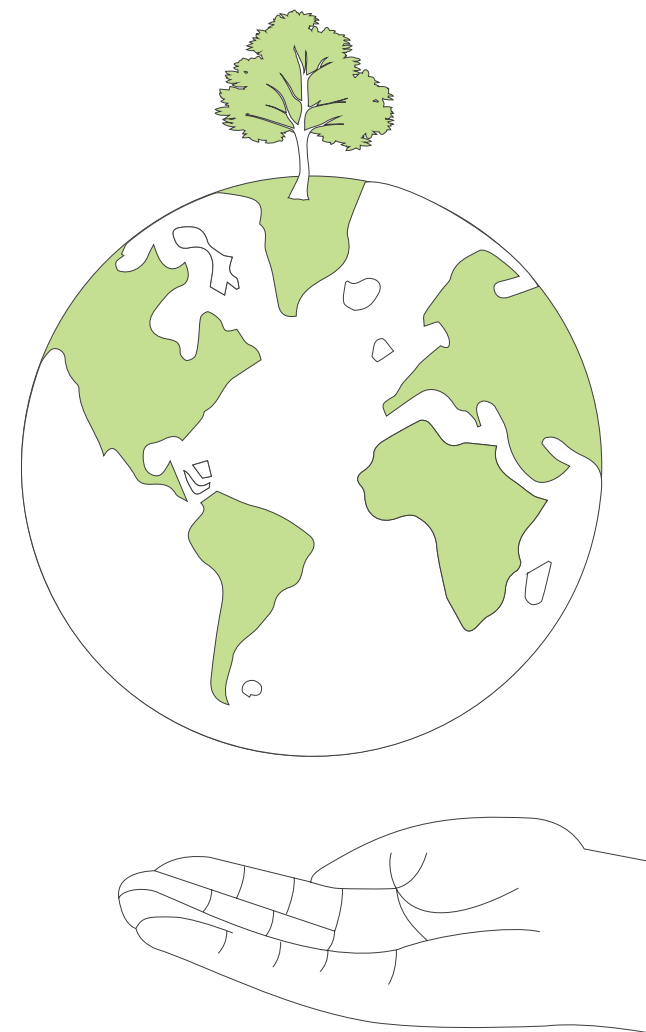
Askey not only upholds the “reduce and recycle” principle in waste management and tries to reduce waste generation as much as possible during the production processes, it also uses reverse recycling for the packaging materials supplied by upstream suppliers to help increase package reuse rate and reduce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

Category	Unit	Y2017	Y2018
Paper	Ton	515	499
Plastic	Ton	495	442
Wooden Pallet	Ton	149	171

▲ Packaging Materials Recycling

Transportation Optimization

In order to achieve green logistics, which is to reduce energy-consumption and carbon-emission generated during the product transportation processes, and without affecting customer delivery, 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.





SOCIAL

SUSTAINABILITY

AND

PROSPERITY



SOCIAL SUSTAINABILITY AND PROSPERITY

5.1 Recruitment and Training

5.2 Safe and Healthy Workplace

5.3 Social Participation and Contribution

5. Social Sustainability and Prosperity

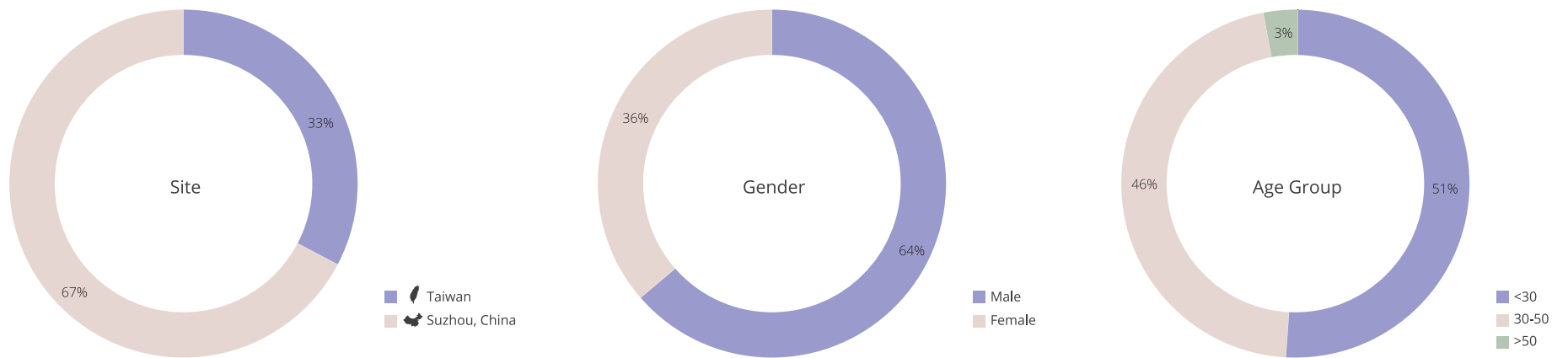
Askey creates good and comfortable working environments as well as excellent salaries and benefits for its employees. Actively caring, cultivating, supporting and encouraging its teams are important considerations to strengthen company coherence. Askey actively communicates with the society and invests in feedback to create friendly relations and contribute to society. We will continue to persist in our social sustainability and prosperity in the future.

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 content 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 Organization Workforce Analysis

At the end of 2018, the number of Askey's employees reached 6141, in which the ratio of male employees was 64% and that of female employees was 36%. In terms of regional distribution, 2005 employees are based in Taiwan and the remaining 4136 are based in Suzhou, China. As Askey's main production site is located in Suzhou, China, its overall labor distribution is approximately 67%.



Employment type	Area	Type	Male		Female		Total		
			Number of people	Proportion	Number of people	Proportion	Number of people	Proportion	
	🇹🇼 Taiwan	Direct	3	1%	303	99%	306	15%	
		Indirect	1182	70%	517	30%	1699	85%	
	🇨🇳 Suzhou, China	Direct	1989	70%	840	30%	2829	68%	
		Indirect	745	57%	562	43%	1307	32%	
Age	🇹🇼 Taiwan	<30	98	30%	232	70%	330	16%	
		30-50	963	64%	536	36%	1499	75%	
		>50	124	70%	52	30%	176	9%	
	🇨🇳 Suzhou, China	<30	1993	71%	825	29%	2818	68%	
		30-50	724	56%	577	44%	1301	31%	
		>50	17	100%	0	0%	17	0%	
Employment type and employment contract	🇹🇼 Taiwan	Full Time	Temporary	1185	59%	820	41%	2005	100%
			Permanent	-	-	-	-	-	-
	🇨🇳 Suzhou, China	Full Time	Temporary	175	56%	137	44%	312	8%
			Permanent	1344	59%	915	41%	2259	55%
			Intern	948	79%	251	21%	1199	29%
		Dispatch workers	267	73%	99	27%	366	9%	
Diverse	🇹🇼 Taiwan	Disabled	13	68%	6	32%	19	1%	
		Foreigners	5	2%	295	98%	300	15%	
	🇨🇳 Suzhou, China	Minority	187	62%	113	38%	300	7%	

- ★ The male and female ratios were calculated using the same type of workers, and the total ratio was calculated from workers in the same region.
- ★ The total ratio in the “Diverse” category was calculated based on regional statistics.
- ★ 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.

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 attain the balance in taking care of their families, as well as maintaining physical and mental well-being, so that they can grow together with the company to create profits and share successes together.

	Area	Type	Male	Female
Ratios of entry level wage per gender compared to local minimum wage	Taiwan	Direct	-	1.04
		Indirect Labor	1.02	1.00
	Suzhou, China	Direct	1.06	1.07
		Indirect Labor	1.40	1.18

- ★ Entry level employee: Grade one worker such as operator, clerks etc.
- ★ The minimum salary ratio was calculated using the average salary of the grade-one employees for that year.
- ★ The salary range includes the basic starting salary + fixed allowance (for example: applicable living allowance and technical bonus, etc.)

Recruitment and Retention

Askey recruits talents in accordance with the labor laws stipulated by the nation at which talents are recruited. Recruitment is based on the principle of equality in employment. There will be no differences or discriminations due to ethnicity, gender, age, religion, nationality, disability, marital status, sexual orientation or political standpoints. However, hiring of child laborers and prisoners is strictly prohibited. In terms of employee departure management, once an employee demands resignation, the Human Resource unit will arrange exit interviews for the unit supervisors and the employee to understand why the employee is leaving, and to provide care and support. If an employee's job contents need to be adjusted due to modifications in operational strategies 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 the company regulations. In 2018, the total turnover rate of Askey slightly increased compared to 2017; but compared to 2017, the turnover growth rate has decreased from 30% to 4%.

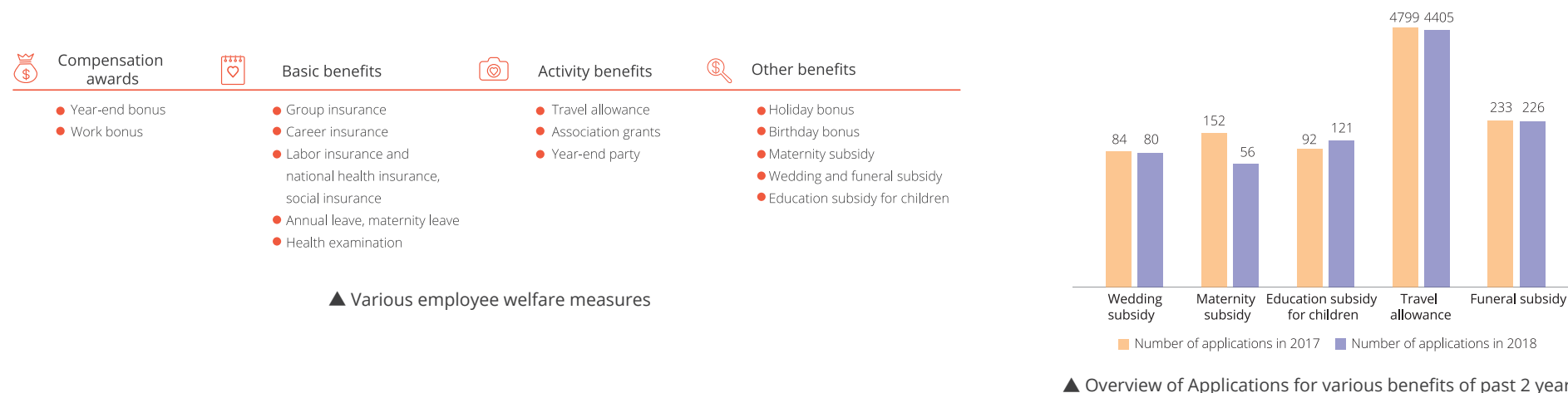
→] Rate of new employee hired					
Area	Type	Male		Female	
		Number of people	Rate of new employee hired	Number of people	Rate of new employee hired
Taiwan	<30	27	1%	118	6%
	30-50	85	4%	71	4%
	>50	7	0%	1	0%
Suzhou, China	<30	6829	165%	2480	60%
	30-50	670	16%	324	8%
	>50	2	0%	0	0%
Taiwan	Direct	0	0%	138	7%
	Indirect Labor	119	6%	52	3%
Suzhou, China	Direct	7333	177%	2698	65%
	Indirect Labor	168	4%	106	3%

←] Turnover rate					
Area	Type	Male		Female	
		Number of people	Turnover rate	Number of people	Turnover rate
Taiwan	<30	53	3%	67	3%
	30-50	242	12%	147	7%
	>50	25	1%	4	0%
Suzhou, China	<30	7194	174%	2863	69%
	30-50	836	20%	456	11%
	>50	3	0%	2	0%
Taiwan	Direct	2	0.1%	108	5%
	Indirect Labor	318	16%	110	5%
Suzhou, China	Direct	7702	186%	3144	76%
	Indirect Labor	331	8%	177	4%

- ★ The statistical categories for rate of new employees hired and turnover rate include all employees and workers (dispatched)
- ★ Statistical formula for rate of new employees hired and turnover rate:
Total number of newly hired or resigned employees for each category / the total number of employees of the various operational locations by the end of December 31

Employee Benefits

In order to allow every employee to commit to their works, Askey has actively planned various welfare measures and established an employee welfare committee according to law. Each full-time employee not only can enjoy benefits according to basic labor 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.















Parental Maternity Leave

Askey provides colleagues with the right to parental maternity leaves without pay based on local gender and work equality laws. After the parental maternity leave without pay ends, they can apply for return, and their return to their original posts will be arranged or they will be coached for new job posts in order to manage the employee's personal and family care needs. In 2018, 14 employees applied for maternity leave without pay in the Taiwan site, and all applicants were female employees. The overall return rate was 43% and the retention rate was 67%.

Definition	Male	Female	Total
No. of employees eligible for parental leave without pay in Y2018 (based on the number of employees who applied for maternity or paternity leave between Y2016 ~ Y2018)	125	57	182
No. of employees applied for parental leave without pay in Y2018	0	14	14
No. of employees expected to return to work after parental leave without pay in Y2018 (A)	1	13	14
No. of employees actually returned to work after parental leave without pay in Y2018 (B)	0	6	6
No. of employees returned to work after parental leave without pay in Y2017 (C)	0	6	6
No. of employees reinstated after parental leave in Y2017 and is still with the company after 1 year in Y2018 (D)	0	4	4
Return Rate (B/A)	0%	46%	43%
Retention (D/C)	0%	67%	67%

Retirement Insurance System

Askey's retirement system is based on the related laws and regulations stipulated by the local government. Every regular employee participates in the retirement plan. In addition to enjoying the social insurance required by the law, the company also applied for additional group business insurance for employees. The insurance covers accidental death, disability, medical treatment etc. Employees can also add their spouses and dependents to their insurance coverage at their own expense, allowing Askey employees and their families to enjoy additional insurances. For employees where the "Labor Standards Act" applies, Askey will check whether or not there is a sufficient retirement reserve regularly. According to the calculation results for 2018, the balance of the retirement reserve account of the Bank of Taiwan is enough to pay the employees who reached retirement conditions for a year. For employees where the "Labor Pension Act" applies, the company will set aside 6% of the insured salary to the employees' individual accounts created by the Bureau of Labor Insurance.

 Area	 Retirement Plan	 Pension provision as a percentage of salary	 Employee involvement in retirement plan	 Statute
 Taiwan	Old system	Company: 2% Employee: 0%	100%	A 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 Act."
	New System	Company: 6% Employee: 0-6%		
 Area	 Retirement Plan	 Pension provision as a percentage of salary	 Employee involvement in retirement plan	 Statute
 Suzhou, China	Pension	Company: 19% Employee: 8%	100%	In Suzhou, China, social insurance (pension, medical care, unemployment, work injury and childbirth) and provident funds are applied for employees according to the local laws, providing safe guarantees for the employees' retirement lives.

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 can be divided into 8 categories: newcomer training, promotion training, management function training, quality training, system training and professionalism training, allowing each employee who works at Askey to receive complete and solid trainings from the day he/she joined the company. 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 Activit	·ISO 9001 ·ISO14001 ·QC080000 ·OHSAS18001 ·IATF16949 ·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

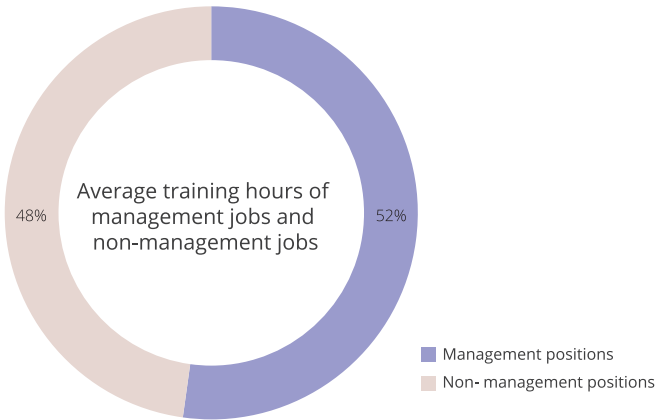
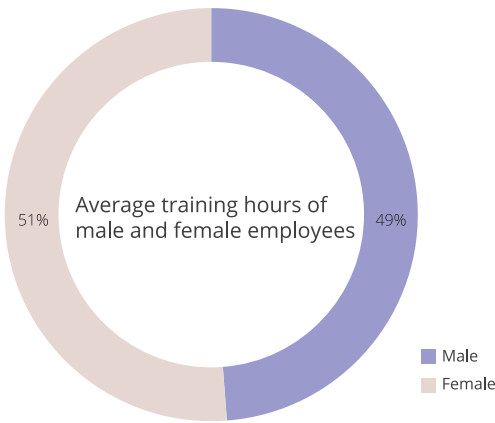
In terms of training effectiveness, in 2018 the average training hours received by each employee was 8.8 hours, and the cumulative training hours for the year reached as high as 54,032.7 hours. When analyzed according to gender, the average training hours of male and female employees were 8.6 hours and 9.1 hours, respectively. The statistics according to employee job categories, the average training hours of management jobs and non-management jobs were 9.5 hours and 8.7 hours, respectively.

		Male	Female	Total
Management positions	Training hours	5365.0	3207.7	8572.7
	Number of people	657	247	904
	Average training hours	8.2	13.0	9.5
		Male	Female	Total
Non-management positions	Training hours	28510.0	16950.1	45460.1
	Number of people	3262	1975	5237
	Average training hours	8.7	8.6	8.7

▲ Overall training hours

Course type	Number of courses	Number of trainees
Newcomer training	304	12105
Promotion training	2	27
Quality training	39	51
Professional training	147	3757
Management training	14	109
Self-improvement training	20	286
System training	129	20734

▲ Training courses and number of trainees for Y2018



Performance Management

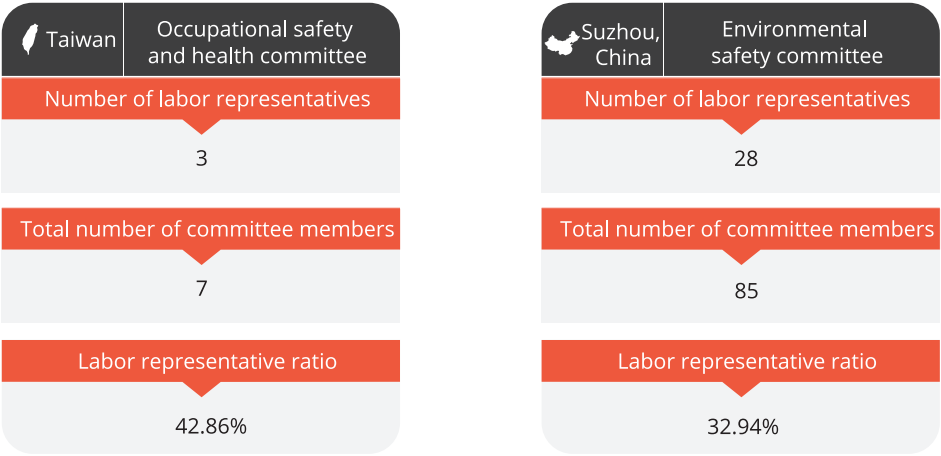
Askey performs regular mid-year and year-end performance evaluations for employees to properly understand their work performance during a work-year. Elements of evaluation include core capabilities and professional skills. The evaluations are used as the basis for promotions, salary adjustments and year-end 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

Creating a safe and healthy work environments for employees and maintaining their physical and mental health are basic obligations of Askey. Askey takes sound care of the employees to improve their morale, allowing every employee to enjoy work and live healthily.

5.2.1 Safety and Health Management

Askey strictly follows the safety and health related laws and specifications, and implements occupational safety and health management systems. Askey endeavors to implement safety and health management at the factories and continually improve the safety and health performance by using institutional and systematic management methods, as well as annual reviews. In addition to hazard identification and risk assessment executed at the operational locations, related control measures are taken for operations with higher risks of harm. These measures are aimed at enhancing safety and health risk control and effectively prevent the occurrence of any occupational disaster. The “Occupational Safety and Health Committee” was established in the Taiwan site in accordance with the local laws, and the “Environmental Safety Committee” was established simultaneously at the site in Suzhou, China. The committees hold regular meetings to discuss, coordinate, plan and supervise the safety and health related issues with the factory employees.



Statistical Analysis of the Occupational Disasters

Askey had a total of 10 employee accident-at-work incidents in 2018 and most of them were traffic accidents. Statistics for 2018 showed that the injury rates in the Taiwan and Suzhou plants were 0.354 and 0.083, respectively, and the lost workday rates were 1.515 and 0.361, respectively. There was no incidence of work-related fatal injuries or occupational diseases. In addition, there were also no work-related injuries or deaths for contractors working in the Askey plants.

Area	Gender	Work- Related Fatalities	IR	ODR	LDR	AR
Taiwan	Male	0	0.448	0	2.241	0.004
	Female	0	0.231	0	0.579	0.009
Suzhou, China	Male	0	0.032	0	0.257	0.003
	Female	0	0.115	0	0.546	0.007

- ★ IR = Number of lost workday case *200,000 hours of work / Total hours of work.
(The 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 haven'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.

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 to employees; comfortable and excellent working environments can bring vitality and growth to them. Askey adheres to the related laws and regulations to protect the basic human rights and interests of employees. We also value the balance between employees' work and life, as well as their health, physical and mental developments, allowing employees to be content with Askey and their work, so that they can work and grow together with the company. Askey had no violations that resulted in huge fines in 2018. However, there was only one penalty due to failure to keep attendance records on a daily basis as stipulated. Askey has already propagated that employees must use their access cards when starting and ending work, and asked supervisors to help with the supervision and implementation.



Employee Rights

Labor Rights

Askey values hard-working employees, and respects and protects their labor rights and interests. Should the company encounter major changes in business operations that might affect labor rights, it will follow the local laws and regulations to protect the work rights of all employees.

- The Taiwan plant will follow the laws and regulations of Taiwan.
Employees who have served the company for more than 3 months but less than 1 year will be notified 10 days in advance;
Employees who have served the company for more than one year but less than 3 years will be notified 20 days in advance;
Employees who have served the company for more than 3 years will be notified 30 days in advance.

Human Rights Protection

Human rights are fundamental and there should be no discrimination due to differences in race, skin color, gender or social class, and no one can be deprived or violated in terms of the basic rights arbitrarily. Askey acknowledges and supports the various international human rights conventions, abides by the local regulations, respects and maintains the freedom of association, collective negotiation and other human rights. Askey also strictly prohibits the employment of children 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. Askey's Suzhou plant in China is the main production base and there are more direct employees there. Therefore, the CSR internal audit and customer audit are used as review and control methods. Annual internal and external review results showed that no major risks existed, including child labor or forced labor.

In order to increase the colleagues' awareness on human rights, Askey holds annual internal educational promotions and has security personnel perform human rights related trainings regularly.

Total number of employees trained on human rights	Total number of hours	Total number of employees trained by security personnel	Training ratio
10903	5451.5	80	100%

Smooth Communication Channels

Askey values harmonious relationships between the company and employees. In order to listen to the voices and opinions of colleagues, and establish mutual trust and promises, not only are labor conferences held regularly to provide direct and sufficient communication platforms, suggestion boxes and complaint hotlines are also set up to allow employees to use diverse channels to express their thoughts, and receive immediate responses and handling, ensuring zero distance between their concerns.

Health Management and Promotion

The physical and mental well-beings of employees are one of the most important management issues to Askey. In addition to providing regular physical examinations for employees each year, Askey holds several health and medical treatment related seminars to allow employees to better understand the correct health management information and achieve the goal of preventive healthcare.

Health Management and Promotion

Employee Health Examinations

Askey holds physical examinations for employees regularly every year regardless of their age. Examination programs are planned based on the employees' health issues, age and genders. These programs usually outperform the examinations required by the law. Other physical examinations for the prevention of occupational hazards are arranged separately for employees with higher incidences of occupational hazards and high-risk operations. For employees with abnormal health examination results, the medical room will perform follow-up management and provide the necessary individual health consultation, care and guidance, in the hopes that colleagues will know their individual physical conditions at all times through the changes of data collected from the health examinations taken over a number of years.

Medical Treatment Seminars

Askey holds various seminar activities regularly on happy living that can promote physical health and enhance the friendships between employees; inviting colleagues to gain health and medical treatment knowledges, while relieving pressure from work. Point accumulation through health passports is also used to increase colleagues' participation rate.

Seminar Topics	Participation rate
Do not neglect depression and happiness will follow	96.20%
Different aspects of metabolism	95.20%
Difference between men and women—Discussion about the health crisis	98.20%
Embracing happy life with a great recipe for healthy joints	95.80%
Spring and Summer health care	97.80%
“Princess sickness” Fibromyalgia	95.80%
Operation “Saving the Scalp” in summer	95.20%
Don't let pressure control your health	98.50%
Autumn and Winter healthcare	97.20%

Club Activities

Askey encourages employees to participate in activities outside of work that are good for their physical and mental health, and it has subsidized budgets set for club activities, allowing employees to participate in activities with no burden. Current clubs include:

- Bodybuilding club
 - Badminton club
 - Volleyball club
 - Baseball and softball club
 - Basketball club
 - Calligraphy club
 - Fitness club
 - Cycling club
 - Physical fitness club
- Subsidy amount is approximately
NTD \$600,000

5.3 Social Participation and Contribution

In order to implement Askey's Corporate Social Responsibility, Askey leads its colleagues to participate deeply in societal activities, encouraging the employees to care about the society. Askey upholds the "communicate with love, love to communicate" spirit to give back to the society through practical actions.



Moon cake gift boxes

Giving Gifts and Love for the Moon Festival

Each year during the Moon Festival, Askey offers gifts to the community neighborhood and customers to experience the shared festive atmosphere. In 2018, Askey's Taiwan plant ordered moon cake gift boxes from "ABRAZO", as a gesture to care for the socially vulnerable groups and allow our customers to feel the warmth from such caring touch.



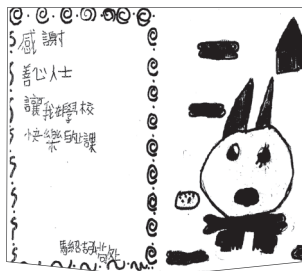
Sweet Potato Mooncake Book



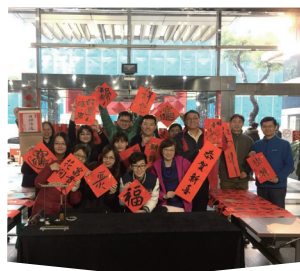
Activity

Sweet Potato Mooncake Book-Mooncake Crisp Public Welfare Subscription Activity

The Tsu-Yu Shelter Factory, which is run by the Yu-Cheng Social Welfare Foundation, (recommended by the Labor Affairs Department, New Taipei City Government) needs care and help from the society. In light of this, Askey's Taiwan plant as well as other loving groups and companies including the Taiwan Rotary Clubs Association, City TV and Nextedu for Children planned this mooncake subscription activity together, and had the Taiwan Rotary Clubs Association call out to enterprises to pledge at least 3,000 boxes of mooncakes. Vice-mayor Lu of New Taipei City even issued a certificate of appreciation for this, thanking the enterprises for their support to the shelter factory.



Cards



Charity sale

Want Want Wuxu Spring Couplet Charity Sale

At the beginning of 2018, Askey's calligraphy club held a spring couplet charity sale activity at the first-floor lobby of Askey's Taiwan plant. Calligraphy masters wrote spring couplet and the best spring couplets created by the colleagues from the calligraphy club were placed on sale, allowing the community and Askey colleagues to experience the festive atmosphere of the Lunar New Year. The NTD \$55,000 made from the charity sale was donated to promote school education budget. Sincere thank you letters were received from the beneficiary schools - Stella Maris Ursuline High School and Shengang Elementary School. Askey shows the strength of love everywhere.



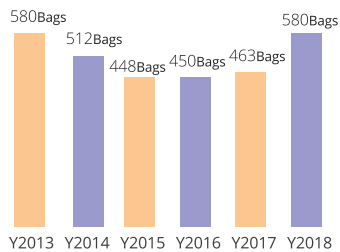
Awards

House Full of Happiness — Physical Bank

Askey continually cares for the local community. The Taiwan plant donated NTD \$50,000 to the regional center for New Taipei City's "House Full of Happiness – Physical Bank" project, fulfilling the responsibility for the regional community and using actions to support regional development.



Donating Blood



Bags of blood donated over the years

Donating Passionate Blood and Sending Warmth

In order to donate blood steadily for a long term, show continuous love and to respond to the concept of "donating a bag of blood to save lives," Askey's Taiwan plant holds blood donation activities together with the local parliamentary office each quarter to provide employees and citizens in the community with a convenient channel to make contributions to the society. Employees could donate blood during work hours or break time, and use this opportunity to consolidate the love of employees and the community, quietly sending warmth to the people in need.



Sending Warmth

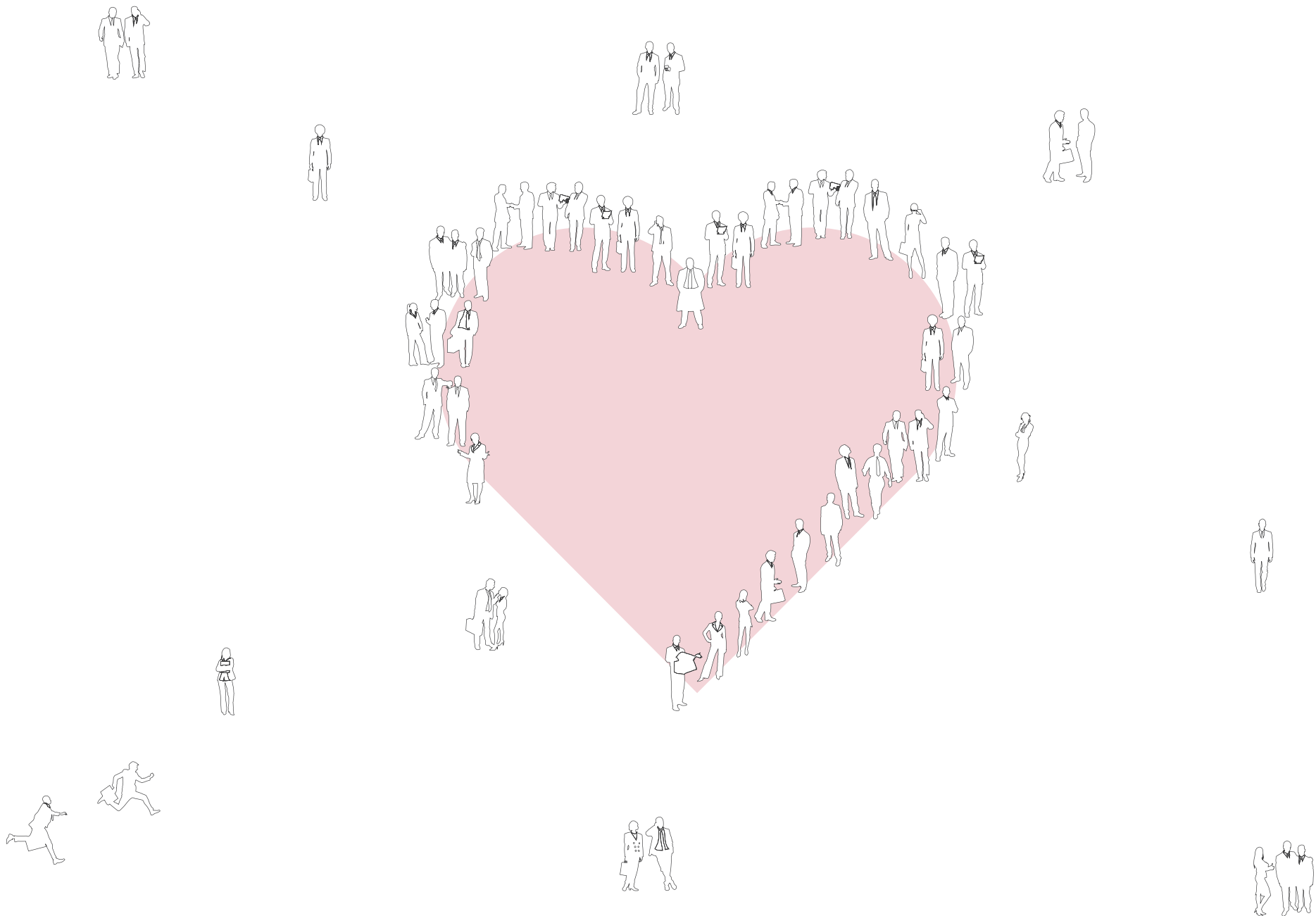


Activity

Respecting the Elderly and Sending Warmth & Love

Askey encourages employees to actively participate in various social welfare and volunteer activities. In the past 4 years, Askey's Suzhou plant in China sent supplies to the nursing homes in Songling Town of the Wujiang District. Employees volunteered to speak with the elderly and sent their blessings. Askey's care for and help to the society is reflected in the corporate culture and actions.

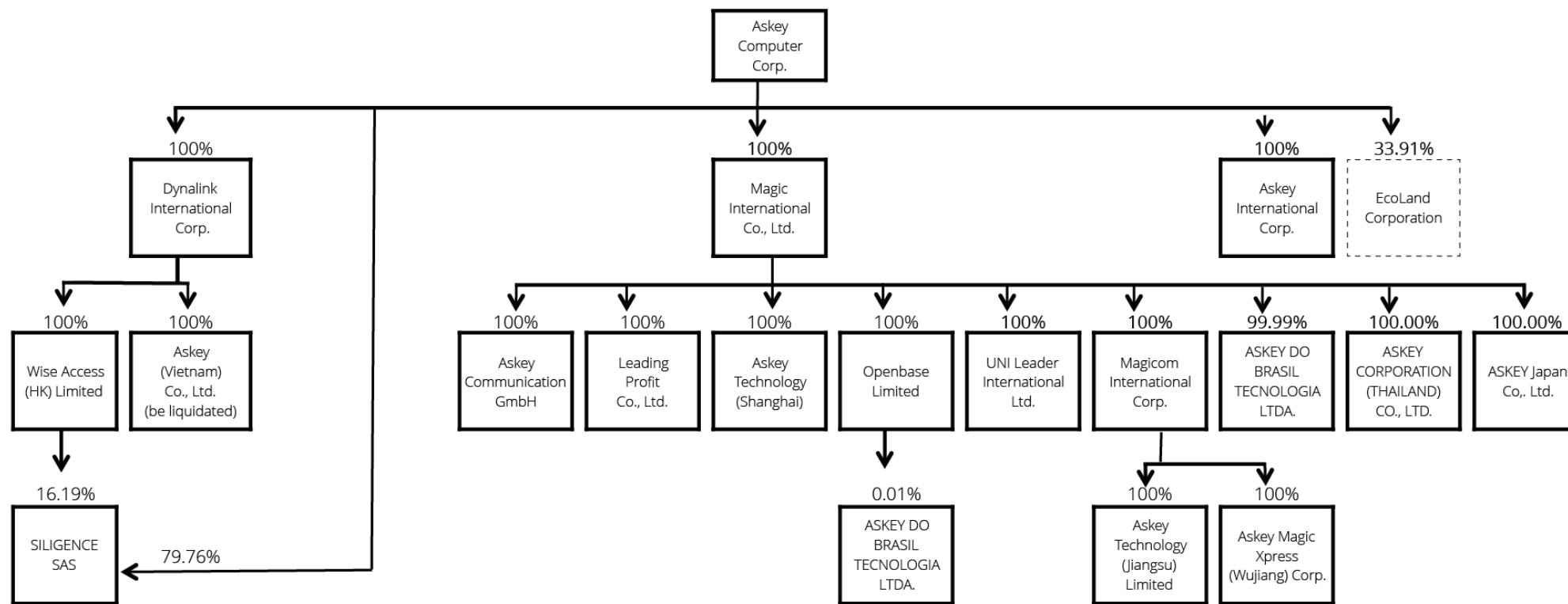
• Kiwi	6 cases
• Mengniu ShuHua Milk	15 cases
• Jujube	23 bags
• Nestle Middle-Aged and Senior Milk Powder	15 bags
• Dali Soft French Bread	18 bags
• TUC Biscuits	16 bags



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 2018

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 2018 (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 2018 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 2018.

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 2018 verified is accurate, reliable and provides a fair and balanced representation of ASKEY sustainability activities in 01/01/2018 to 12/31/2018.

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, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, ASKEY may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

Materiality

ASKEY has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders. Elements such as external ESG trends and internal sustainability policies may be taken into account when evaluating materiality for each topic.

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 2018, 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, disclosures on quantitative goals and objectives, and the specific actions taken to achieve goals and targets are recommended to be strengthened. More descriptions on the evaluations for the effectiveness of the management approach are also recommended.

Signed:

For and on behalf of SGS Taiwan Ltd.

David Huang, Director
Taipei, Taiwan
17 April, 2019
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	15	
102-2	Activities, brands, products, and services	2.1 About Askey 3.1 Business Overview	15 27	
102-3	Location of headquarters	2.1 About Askey	15	
102-4	Location of operations	2.1 About Askey	15	
102-5	Ownership and legal form	2.1 About Askey	15	
102-6	Markets served	3.1 Business Overview	27	
102-7	Scale of the organization	2.1 About Askey 3.1 Business Overview	15 27	
102-8	Information on employees and other workers	5.1 Recruitment and Training	49	
102-9	Supply chain	3.3 Supplier Management	31	
102-10	Significant changes to the organization and its supply chain	No significant re-organization for the year 2018.	-	
102-11	Precautionary principle or approach	2.3 Risk Management 4.1 Green Management 4.2 Green Products and Services	21 40 43	
102-12	External initiatives	2.1 About Askey	15	
102-13	Membership of associations	2.1 About Askey	15	
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	18	
Governance				
102-18	Governance structure	2.2 Governance Structure	18	
102-23	Chair of the highest governance body	2.2 Governance Structure	18	
Stakeholder engagement				
102-40	List of stakeholder groups	1.1 Stakeholder Identification and Communication	7	
102-41	Collective bargaining agreements	Not to sign collective agreement yet.	-	
102-42	Identifying and selecting stakeholders	1.1 Stakeholder Identification and Communication	7	
102-43	Approach to stakeholder engagement	1.1 Stakeholder Identification and Communication	7	
102-44	Key topics and concerns raised	1.1 Stakeholder Identification and Communication	7	

GRI Standard	Disclosure	Chapter	Page	Reason for omissions
Reporting practice				
102-45	Entities included in the consolidated financial statements	About this Report Organization Chart	3 65	
102-46	Defining report content and topic boundaries	1.2 Material Issues Management	9	
102-47	List of material topics	1.2 Material Issues Management	9	
102-48	Restatements of informatio	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	67	
102-56	External assurance	Independent Assurance Opinion Statement	66	

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	9	
103-2	The management approach and its components	1.2 Material Issues Management	9	
103-3	Evaluation of the management approach	1.2 Material Issues Management	9	

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	49	
201-4	Financial assistance received from government	3.1 Business Overview	27	
202 : Market Presence 2016				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.1 Recruitment and Training	49	
205 : Anti-Corruption 2016				
205-3	Confirmed incidents of corruption and actions taken	No violations	-	
Askey Customized Theme : Information Security Governance				
	Information Security Governance	2.4 Information security	23	

GRI 300 : Environmental Topic

GRI Standard	Disclosure	Chapter	Page	Reason for omissions
GRI 300 : Environmental Topic				
307-1	Non-compliance with environmental laws and regulations	No violations.	-	

GRI 400 : Social Topics

GRI Standard	Disclosure	Chapter	Page	Reason for omissions
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 conduct according to EICC requirement. No significant risks was found for the year 2018.	-	
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 conduct according to EICC requirement. No significant risks was found for the year 2018.	-	
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 conduct according to EICC requirement. No significant risks was found for the year 2018.	-	
410 : Security Practices 2016				
410-1	Security personnel trained in human rights policies or procedures	5.2 Safe and Healthy Workplace	56	
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	56	
419 : Socioeconomic Compliance 2016				
419-1	Non-compliance with laws and regulations in the social and economic area	5.2 Safe and Healthy Workplace	56	



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