



Leading Sustainability

Acer Corporate Responsibility Report 2012

Table of Contents

About this Report	1			
Message from the Chairman and CEO	2			
Message from the Corporate President	3			
2012 Goals and Achievements	4			
2013 Goals and Commitments	5			
		Acer Overview		
		6		
				
		Stakeholder Communication and Participation		
		16		
				
		Environmental and Energy Management		
		24		
				
		Responsible Supply Chain		
		38		
				
		Employee Welfare and Advancement		
		45		
				
		Customer Services		
		54		
				
		Community Involvement		
		58		
				
			History and Development	7
			Brand Values and Introduction	8
			Market Recognition	8
			Marketing Communications	9
			Corporate Governance	9
			Corporate Responsibility Policies and Strategies	13
			Stakeholder Identification	17
			Multi-Stakeholder Engagement	18
			Acer's Corporate Social Responsibility Forum	18
			Major Initiatives and Participation	22
			Product Design that Incorporates Environmental Considerations	25
			Responding to Energy and Climate Change	32
			Our Operations and the Environment	34
			Supplier Social and Environmental Management Structures	39
			2012 Site Check Results	41
			Management of Conflict Minerals	43
			Staff Structure	46
			Competitive Compensation Packages	47
			Employee Relationships	48
			Continuous Learning and Growth	49
			Health and Safety in the Work Environment	51
			Standards of Business Conduct	53
			Acer Group Service Model	55
			Customer Satisfaction Survey	56
			Protection of Customer Privacy	57
			Education	59
			Acer Volunteers	62
			Environmental Conservation	63
			Charity	64
			Independent Assurance Report	65
			Global Reporting Initiative Index	67

About this Report

Acer began issuing environmental reports in 2005 and corporate social responsibility (CSR) reports on a regular basis each year in 2008, disclosing information and future plans on the three aspects of corporate governance, environment, and society. The reports aim to give stakeholders in all sectors an understanding of Acer's determination to carry out sustainable development and social responsibility, and our performance in carrying out that determination. To download or access past Acer CSR Reports and for the latest sustainable development information, please visit Acer Group's website at <http://www.acer-group.com/public/Sustainability/>.

Boundaries and Scope of the Report

This report establishes organizational boundaries in accordance with the principles of consolidated financial reporting. The scope of the Report encompasses Group subsidiaries but not reinvested enterprises, and some performance information is not included. Any adjustment of the data will be separately explained in the text of the Report. The Chinese and English versions of the Report were released simultaneously on the Acer Group's Sustainable Acer website. For more detailed financial information, please refer to "Investor Relations" on the Acer Group's website at http://www.acer-group.com/public/Investor_Relations/overview.htm.

Report Issue Date and Frequency

This report was issued in August 2013 and discloses the Company's performance on all key issues of sustainable development in 2012 (from 1 January 2012 to 31 December 2012). Acer continues to issue CSR reports each year: the previous report was issued in September 2012.

Report Compilation Principles and Framework

The contents and framework of this report were compiled in accordance with the GRI G3.1 guideline that was announced in 2011 by the Global Report Initiative (GRI), and its final page contains its framework content and a cross-reference table of GRI indicators.

External Assurance Policy and Measures

Acer engaged KPMG to perform an independent limited assurance in accordance with ISAE 3000 on this Report, of which GRI G3.1 Application Level A was applied.

Contact Us

If you have any questions or suggestions regarding this report, please contact the Acer Corporate Sustainability Office at: cr@acer.com

Message from the Chairman and CEO

Looking back on 2012, the continuing weakness of the European economy and a paradigm shift in the global Information and Communication Technologies (ICT) industry both impacted on the Company's performance. But rather than slowing down its transition towards sustainable development, Acer pressed ahead at full pace, determined to strengthen business health, accumulate stronger creative energy and develop more responsible business models.

Since its inception Acer has endeavored to advance its corporate ideal of breaking down the barriers between people and technology through continuous innovation, in the hope of providing consumers with simple, reliable, easy-to-use products that meet diverse needs and raise the quality of people's lives. Faced with various internal and external challenges and development bottlenecks, Acer's ability to keep making breakthroughs and reinvent itself is about being able to keep innovating and changing while upholding the principles of sustainable development and corporate responsibility. We redefined our brand values in 2012, focusing on "Curious, Progressive and Human", and the Acer brand spirit is Explore Beyond Limits. We are determined to make Acer into a diverse, globally-recognized brand with a unique position.

With regards to corporate governance, in 2012 Acer's Board of Directors passed the "Executive Remuneration Guideline" in order to safeguard the long-term interests of shareholders. The main purpose of this measure is to strengthen the link between executive remuneration on the one hand, and long-term performance and long-term shareholder value on the other, so as to avoid potential risks arising from remuneration payment and thereby contribute to the steady growth of the Company's operations. At the same time, we actively responded to an appeal by the World Economic Forum (WEF) to address information security risks, by initiating the necessary remedial measures to avert significant impacts on the Company's operations. As regards CSR governance, Acer made another major breakthrough in 2012 by formally installing a Global CSR Committee composed of senior executives from all overseas head offices, major business units and functional departments. In addition, we have set long-term targets for carbon reduction throughout the Group, to cut greenhouse gas (GHG) emissions by 30% by 2015 and 60% by 2020, with 2009 as the baseline year, through more proactive energy management and the use of green electricity.

The industrial environment has changed. The winning factors are no longer confined to efficiency, cost and speed; user experience and marketing are the keys to success that Acer must grasp. We need to combine marketing with R&D and design, using selected user experiences to guide product development. Everything from logistics and sales to service must also contribute towards an equally friendly user experience and an outcome that adds to

the value of the brand. Green, low-carbon, smart and sustainable development are naturally key areas of our commitment to continuous innovation.

Having spent 2012 on reorganization and the development of new strategies, Acer now has a solid organization and team in place, with more clearly positioned business strategies and brand values, and stronger internal business health. CSR and sustainable governance mechanisms have also been introduced, while stakeholder trust in Acer is another important asset that keeps us moving forward, thanks in no small part to the Company's integrity and transparency. We are confident that through differentiated innovation and long-term pragmatic investment, we can mold Acer into the most sustainable, most valuable global brand.



J.T. Wang

Chairman and CEO



Message from the Corporate President

2012 was the 20th anniversary of the United Nations Conference on Sustainable Development (Rio+20) and a succession of other global initiatives aimed at developing a green economy. Acer used this trend as the impetus to get its house in order, and the support and trust of Acer's investors, employees, customers, consumers, suppliers and all stakeholders were our biggest drivers towards change and innovation.

After several years of foundation-building, Acer formally entered a strategic CSR phase in 2011. In 2012, in coordination with the Group's organizational restructuring, the Global CSR Committee began overseeing the organization's operations and strengthened the effectiveness of the internal CSR governance system. The Company's existing five CSR action plans—Energy and Climate Change, Green Products, Product Recycling, Supply Chain Management, and Reporting—have now been expanded with four major orientations covering the environment, society, governance, and communication (ESGC), so that CSR practices can be closely integrated into the daily operations of all business units and departments.

In 2012 our Global CSR Committee conducted its first CSR risk assessment, identified action plans of CSR priorities, and with a focus on strengthening internal communication, implemented an integrated, interdepartmental program of green product design and sustainable performance improvement.

The company spared no effort in developing green products. In 2012, Acer continued to launch brominated flame retardant and polyvinyl chloride (BFR/PVC) free products. We led the way by launching the world's thinnest Ultrabook™ laptop—the Aspire S5—followed by the Aspire S7 Ultrabook, which uses 94% less aluminum alloy than conventional unibody designs, thereby saving more energy in the manufacturing process. The S235HL LED backlit monitor adopts mercury-free materials and consumes up to 68% less power. With its unique industrial design, this model won both the coveted iF product design award in Germany and the Design & Innovation award at Computex Taipei in 2012. The Company also launched the V235HL commercial monitor, which is made with 65% post-consumer recycled plastic. Furthermore, we referred to EPEAT as the planning basis for Acer green products and in 2012, our full range of business notebook, desktop and monitor products complied with EPEAT product requirements.

As regards GHG management and auditing, we continued to make advances in the following areas: in 2012 our global carbon emissions data were externally verified by a third party for the first time, verifying data covering more than 30 countries and over 160 locations. At the same time, we also launched a number of actions with a view to attaining the carbon reduction targets we have committed to. Firstly, we improved our products' energy efficiency. Take the outstanding performance of our notebook

computers for example, with 60% of products (based on model number data) exceeding baseline ENERGY STAR® requirements for energy efficiency by at least 50%. Secondly, we improved our product packaging design to enhance its texture, while also reducing volume to maximize loaded container weight. In addition, good production planning is enabling us to gradually replace the use of air transport with sea and land transport, to reduce the CO₂ emissions of Acer products throughout their life-cycle. Finally, Acer also specifically requires major supplier partners to make improvements in this regard by meeting an emission intensity reduction target of 5% per year.

With respect to supplier sustainability management, in 2012 we developed a Vendor CSR Scorecard for the first time, to track supplier performance in terms of CSR practices, enable early identification of environmental, social and governance risks in the supply chain, and help suppliers implement the necessary measures to eliminate or reduce such risks. The Vendor CSR Scorecard is due to be rolled out from 2013.

In 2012, Acer's efforts yielded outstanding scores in the Carbon Disclosure Project (CDP), the Greenpeace Guide to Green Electronics and the Enough Project's Conflict Minerals Company Rankings. We will continue to listen with humility, exercise pragmatic leadership, and adopt a positive and honest attitude to reporting, establishing a closer partnership with stakeholders to jointly pave the way towards a green economy.



Jim Wong

Corporate President



2012 Goals and Achievements

	2012 Goals and Commitments	Status	Results and Comments
Environmental	Complete organizational greenhouse gas verification by third party	●	A third-party verification statement for the global data for 2009 and 2011 has already been obtained from SGS.
	Set greenhouse gas reduction targets	●	We have already set greenhouse gas targets and estimate that by 2015, Acer's global greenhouse gas emissions will be 30% lower than in 2009. Emissions by 2020 will be 60% lower than in 2009.
	Increase the proportion of green products in each product line	●	- Increased halogen-free models in all product lines, including notebooks, desktop PCs, monitors and smart phones. - Imported a high proportion of recycled plastic materials into some screen products.
	Prohibit the use of chemical substances such as dibutyl phthalate (DBP), di(2-ethylhexyl) phthalate (DEHP), benzyl butyl phthalate (BBP), and diisobutyl phthalate (DIBP) in new products	●	We have already included prohibitions or restrictions against the use of 7 types of phthalates in the chemical substance management guide for new Acer products.
Social	Promote the green innovation of ICT and reduce the impact of ICT's 3% share of carbon emissions by 15%	●	Organized the Acer Incredible Green Contest to encourage students from around the world to use ICT to achieve environmentally and socially sustainable targets.
	Hold the Acer CSR Forum	●	The theme of the 2012 Acer CSR Forum was "Green ICT • Green Economy". We invited Yvo de Boer, former General Secretary of the United Nations Framework Convention on Climate Change (UNFCCC) to deliver a keynote speech, which emphasized that low-carbon economy is an inevitable trend. Discussions focused on how Taiwan's ICT industry can use business strategies and technological innovations to make an even greater contribution to the global low-carbon economy.
	Carry Out number of environmental and social checks on suppliers by at least 150% over 2011	●	In 2012, we expanded our environmental and social responsibility checks on suppliers, carrying out site checks on 77 suppliers with more than 100,000 workers among them was 193% of 2011.
	Integrate the global human resources database, management application system, and talent management and development system	●	- A global talent resource database and an application management framework for e-system personnel have been established. - Approval authorization policies have been established for global staff management, along with policies for business travel and cross-regional talent transfer. - Already carried out development training for some executives.
Governance	Prepare the global CSR project plan	◎	Planning for the global corporate social responsibility program is already complete. Implementation will be postponed owing to internal budget control factors.
	Update the senior management remuneration system to align it with the Company's long-term interests	●	A top-level management compensation system has already been approved by the Board of Directors and Remuneration Committee, including both short-term and long-term targets and related incentives, in order to align it with the Company's long-term interests.

● Completed ◎ Partially completed

2013 Goals and Commitments

2013 Goals and Commitments

Environmental

Expand the breadth of Scope 3 GHG inventory items based on the GHG Protocol Technical Guidance for Calculating Scope 3 Emissions.

Expand the utilization of reusable plastics in our products.

Social

Carry out due diligence in the conflict-mineral supply chain according to the Second-Edition OECD Guidance and publish the findings, to promote the industry's development towards conflict-free minerals.

Increase the cumulative number of supplier audits to over 200.

Continue establishment of global human resources management, development of the application system, and create strong foundations befitting a global company.

Enforce implementation of the talent development policy, including developmental training for talent, cross-regional and cross-functional transfer, and a multi-faceted feedback mechanism designed to enhance capabilities.

Governance

Strengthen corporate governance, including performance appraisal questionnaires for directors and supervisors in respect of overall operations, targets and rewards for ranking executives, and a succession system, so as to ensure a sustainable business.

Formulate CSR performance management norms.

Launch a Vendor CSR Scorecard mechanism to push suppliers to effectively incorporate CSR into their business operations.



Acer Overview

Established in 1976 and headquartered in Xizhi, New Taipei City, Acer Inc. is a multinational high-tech company with its own brands, engaging mainly in the development, design, marketing and sale of personal computers, LCD monitors, servers, tablet computers and smartphones, and the provision of related services. Acer is also actively developing a cloud solution (AcerCloud). Our client base includes consumer product users, small and medium enterprises, large corporations, schools and government agencies. The company generated total revenue of NT\$429.51B in 2012 and is the world's third largest notebook brand.

History and Development

Brand Values and Introduction

Market Recognition

Marketing Communications

Corporate Governance

Corporate Responsibility Policies and Strategies



History and Development

The Acer Group owns major brands including Acer, Gateway and Packard Bell, employs approximately 8,000 people worldwide, has a presence in more than 100 countries with operational headquarters covering Europe, the Americas, Asia Pacific, China and Taiwan, operating in local consumer and commercial markets. Acer's main notebook manufacturing and supply base is located in Chongqing, China, with additional R&D facilities in Taiwan and China.

Acer's corporate mission is to break down the barriers between people and technology and our brand spirit is Explore Beyond Limits. Conscious of the importance of corporate social responsibility, Acer is also committed to establishing a green supply chain. Acer Group shares are listed on the Taiwan Stock Exchange (TSE) under the stock code 2353.

Amid sluggish economic conditions in Europe and America, in 2012 the Company's consolidated operating income was NT\$429.51B, down 9.6% on 2010, with net operating profit of NT\$1.03B. However, having recognized an intangible asset impairment loss of NT\$3.5B last year, the Company incurred a net loss of NT\$2.91B and an after-tax loss per share of NT\$1.1. For more detailed operating performance and financial information, please refer to the company's 2012 Annual Report. Having strengthened its management team, made organizational adjustments and developed a business strategy that addresses the current and future state of the industry, the Company is confident that results will gradually show in the future and expects that 2013 will provide opportunities to get back on track to growth and profitability.

The electronic goods industry has undergone seismic changes in recent years. In the past, personal computers dominated and Wintel architecture enjoyed absolute market superiority while partner manufacturers lacked autonomy. Now the situation is more diversified with three ecosystems—iOS, Android and Windows—no single operating platform, and integrated products also beginning to emerge. The old rules of the game no longer apply and industry players have even more room for innovation.

In the previous single-system environment of the PC industry, manufacturers competed on efficiency, speed, cost and size. In the current diversified landscape, the keys to success are being able to provide the ultimate user experience, and create product differentiation and customer value. To have these conditions we need to understand the consumer and get back to marketing basics.

Acer is continuously strengthening its marketing organization and processes, and engraining marketing into the daily process of R&D and design. By gaining an accurate understanding of customer needs to guide product and service development and the launch of differentiated and innovative products, we are establishing an end-to-end marketing operations system that will ensure long-term management of customer relationships, evolve towards a marketing-oriented approach and gradually turn the accumulated results into brand value.

As for our product offering, the growing popularity of touch-screen technology has ushered in a new era of touch and type products, in which our ultra-thin notebooks (Ultrabooks) and tablet computers are achieving stable growth. This is a direction in which the Company is making positive strides.

In the future, we will rely on our marketing and R&D capabilities to launch innovative products with differentiation that create value for customers, thereby increasing our operating margin and enhancing our brand positioning, and on this basis, pursue a healthy and enduring market share.



Global PC shipments

3,357 million units



Brand Values and Introduction

Market Recognition



2012



2013

	2010	2011	2012
Consolidated revenue	NT\$629.06B	NT\$475.34B	NT\$429.51B
Net operating profit	NT\$18.20B	(NT\$6.40B)	NT\$1.03B
PAT	NT\$15.12B	(NT\$6.60B)	(NT\$2.91B)
EPS	NT\$5.71	(NT\$2.52)	(NT\$1.07)

	PC shipments (10,000 units)	Market share	Market share ranking	Revenue share
Global	3,357	9.6%	4	100.0%
EMEA	1,331	12.7%	2	38.1%
Americas	748	6.9%	5	24.0%
Asia	1,215	9.1%	2	32.5%
Taiwan	63	19.8%	2	5.4%

Acer Group's latest interpretation of the brand spirit is Explore Beyond Limits, which envisages that each consumer is a modern-day explorer, with our mission being to provide the best tools to help the consumer explore infinite possibilities and go beyond previous limits. The values represented by Acer Group brands are Curious, Progressive and Human.

The company's major brands are Acer, Gateway and Packard Bell. We decided to discontinue the eMachines brand as its phased mission had been accomplished. In summary, the Acer brand is aimed at the general public and more technology-conscious consumers, and is characterized by sedate styling. Gateway and Packard Bell are aimed at fashion-forward consumers, so their designs are more avant-garde.

Besides, in compliance with the Generally Accepted Accounting Principles (GAAP) the Company revaluated the Gateway, Packard Bell, and eMachines, and in its 2012 Q4 earnings report, recognized approximately NT\$3.5B for the impairment of intangible assets in trademark rights. The revaluation required exhaustive calculations along with rational estimations that took full account of feasibility and appropriateness.

Starting from the consumer's actual needs, Acer strives to develop innovative, easy-to-use products that provide the finest user experience and fulfill the consumer's requirements. Furthermore, in order to fulfill its environmental responsibilities as a global citizen, Acer is also actively developing green products. In 2012, the Company won important international awards and media recognition for a number of its products, as summarized below:

- The S235HL monitor won the iF product design award in Germany and the Design & Innovation award at Computex Taipei. In addition to benefiting from a unique industrial design, the product has LED backlighting, adopts mercury-free materials and consumes up to 68% less power.
- The CloudMobile personal smartphone won Germany's iF product design award, and the Design & Innovation Award and Best Design Award at Computex Taipei.
- The Aspire S7 Slim Touch Ultrabook was named an International CES Innovations Design and Engineering Awards Honoree.



Marketing Communications

Acer holds firmly to the principles of integrity, transparency, proactiveness, timeliness, and regularity, and carries out marketing communication with consumers and partners, in compliance with local laws and regulations, through the corporate website, subsidiary websites, advertising, product exhibitions, press conferences, and sponsorship of activities. In these ways the Company communicates information on its corporate ideals, products, and services.

In 2012, the Company's most important marketing communication activity was sponsoring the London Olympics. As a Worldwide Partner of the International Olympic Committee, Acer supplied all necessary computing equipment, including 13,500 desktop computers, 13,000 LCD computer monitors, 2,900 notebook computers, and 950 servers and storage devices. In addition, we also mobilized hundreds of technical staff and provided technical support.

Maintaining precise and smooth operations throughout the games was a challenging task but one which Acer successfully achieved, not only winning high praise from the Organizing Committee, but also encapsulating the brand spirit Explore Beyond Limits.

The Olympics is one of the world's largest and most watched sporting events and has mass appeal. Its spirit stands for many positive images and values that coincide with Acer's ideals. In particular, the spirit of the athletes who constantly challenge and push themselves to achieve their maximum potential is also consistent with the Company's brand ethos Explore Beyond Limits. Through its sponsorship, Acer successfully communicated its corporate ideals to the participating athletes, media personnel, distribution channels, major clients, and internal staff.

Corporate Governance

Acer Inc. adheres to the principles of operational transparency, focuses on shareholders' rights and interests, and believes that a sound and effective Board of Directors is the foundation for excellent corporate governance. Acer directors must not only have the right qualifications and experience in compliance with legal and regulatory requirements, but also the highest professional standards. Acer's directors have all previously held senior positions in well-known enterprises at home and abroad, and have extensive experience in commerce, finance, accounting, corporate business, etc. In the re-election of Acer's Board of Directors in 2011, two independent directors, Dr. F.C. Tseng and Sir Julian Michael Horn-Smith, were elected with the aim of using the wisdom and professionalism of outstanding international industry personages for participation in corporate operations and decision-making, further fulfilling corporate governance requirements and improving management quality. The current Board consists of seven directors (including the two independent directors) and two supervisors. With the exception of one supervisor who is female, all board members are male. J.T. Wang is the Chairman and Chief Executive Officer of Acer Inc.¹

¹ There is no definition of "chief executive officer" in Taiwan corporate law. Acer considered various internal leadership structures before deciding that the same person should serve as chairman and chief executive, in order to achieve the following benefits:

- (i) Clearly defined leadership responsibilities: In accordance with relevant laws, the chairman is the Company's legal representative who assumes civil and criminal responsibility with respect to external parties, whereas the CEO is the Company operator. Combining the roles of chairman and CEO in one person avoids the situation of having a chairman with responsibility but no power, and a CEO with power but no responsibility. It unifies powers and responsibilities, while also avoiding potential conflict between chairman and CEO.
- (ii) Increased business efficiency: combining the roles of chairman and CEO in one person avoids the cost of transferring information from the operations level (CEO) to the decision-making level (chairman), and prevents an information divide, thus enhancing internal decision-making and executive efficiency.



Name of Director	Board title	Gender
Stan Shih	Non-Executive Director ²	Male
J.T. Wang	Executive Director	Male
Hsin-I Lin	Non-Executive Director	Male
Hung Rouan Investment	Non-Executive Director	N/A
Smart Capital (Legal representative: Philip Peng)	Non-Executive Director	Male
Julian Michael Horn-Smith	Independent Non-Executive Director ³	Male
F.C. Tseng	Independent Non-Executive Director	Male

The operations of the Financial Statement/Internal Control Audit Committee and of the Remuneration Committee established by the BOD are respectively executed in accordance with the provisions of the Regulations Governing Procedure for Board of Directors Meetings, the Financial Statement/Internal Control Audit Committee Charter, and the Remuneration Committee Charter.

The BOD has established three committees in order to reinforce the committees' operations, which are chaired by the new independent directors Sir Julian Michael Horn-Smith and Dr. F. C. Tseng so as to bolster their independence and also to upgrade corporate governance to a higher level.

	Chair	Members
Financial Statement/Internal Control Audit Committee	F. C. Tseng	George Huang, Carolyn Yeh, Philip Peng, Hsin-I Lin
Remuneration Committee	Julian Michael Horn-Smith	F. C. Tseng, Hsin-I Lin
Assets Disposal Executive Committee	Stan Shih	Philip Peng, George Huang

Acer takes conflicts of interest very seriously and in 2012 amended the Regulations Governing Procedure for Board of Directors Meetings in accordance with the Rules for Avoidance of Conflicts of Interest formulated by the competent authorities. In accordance with the existing Acer Regulations Governing Procedure for Board of Directors Meetings: when Company directors' own interests are detrimental to the interests of the Company, they shall recuse and absent themselves from deliberation and voting on the issue and shall not exercise voting rights on behalf of other directors.

² Non-Executive Director: There is no definition of "non-executive director" in Taiwan law. Non-Executive Director herein denotes directors who do not hold management positions within the Company.

³ Independent Director: In accordance with the Securities and Exchange Act, independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings and the positions they may concurrently hold (may not hold shares or assume senior positions with stakeholder organizations). They shall maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the company.



Financial Statement/Internal Control Audit Committee

The Financial Statement/Internal Control Audit Committee is chaired by independent director Dr. F.C. Tseng. Dr. Tseng formerly served as the Deputy Chief Executive Officer of TSMC and is currently TSMC's Vice Chairman. Hence, Acer draws on his ample experience of overall company operations to chair the Financial Statement/Internal Control Audit Committee. The responsibilities of the Financial Statement/Internal Control Audit Committee include reviewing the effective implementation, setup and correction of the Company's internal controls system; reviewing the Company accounting system, financial position and financial reporting procedures; and reviewing the qualifications of accountants and liaising with the Company's certified public accountants. In 2011, we proactively built a more comprehensive internal privacy protection framework to ensure smoother channels for employees to provide input to the independent directors chairing the audit committee and better protect the confidentiality of such input. In 2012, internal checks carried out by the Company revealed one incidence of fraud by operational staff in the Taiwan BU. In response, the company has inspected and modified payment receipt processes, and improved controls on client order forms, delivery addresses, and reconciliation of accounts receivable.

Remuneration Committee

The other Independent Director, Sir Julian Michael Horn-Smith, serves as chair of the Remuneration Committee. Sir Julian Michael Horn-Smith was formerly the Deputy Chief Executive of the world-renowned telecommunications company Vodafone and has held directorships or senior positions in a number of major international companies and financial institutions. Sir Horn-Smith's international background and experience have already reinforced Acer's global orientation. The responsibilities of the Remuneration Committee include CEO performance appraisal and salary setting, operations team performance appraisal, and formulating policies on staff remuneration and dividends. The Committee annually considers and approves related matters and convenes extraordinary meetings on an ad hoc basis. The Remuneration Committee convened five times from Jan. 1, 2012 to Dec. 31, 2012.

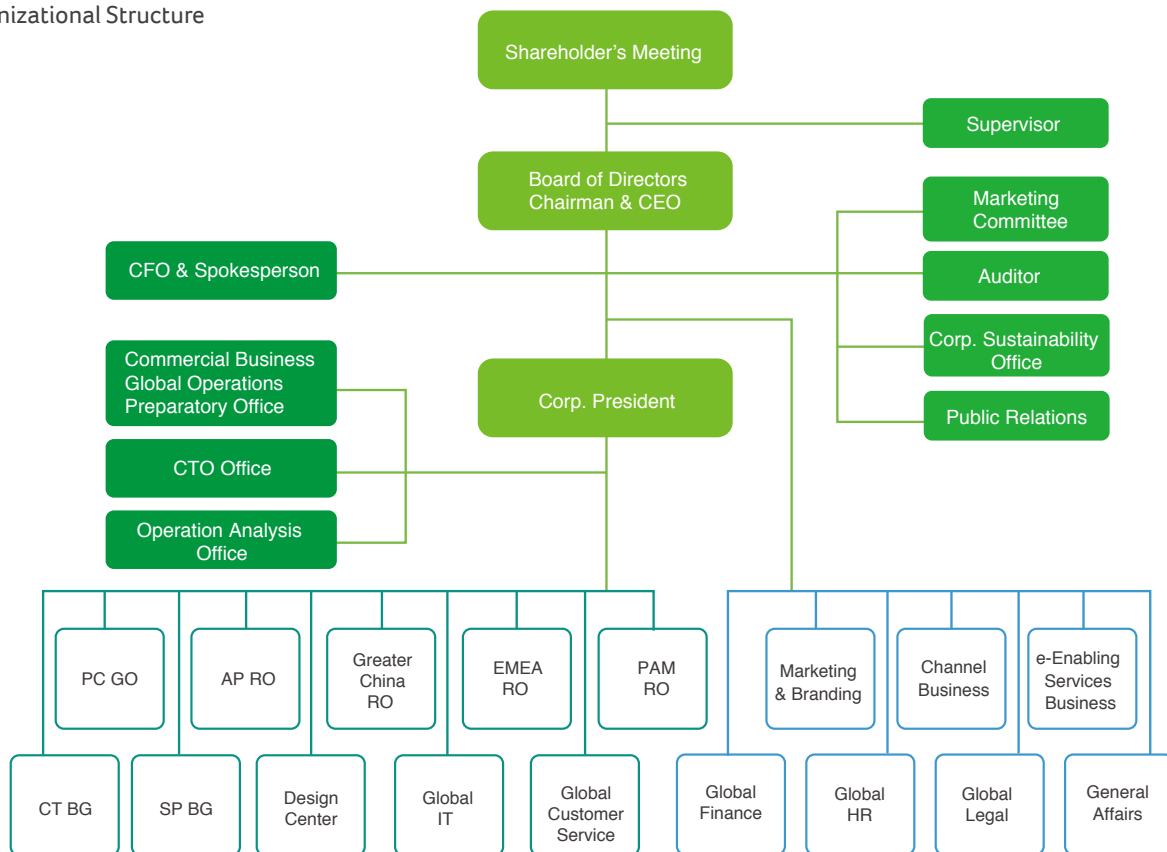
Board member remuneration is determined by the Remuneration Committee in accordance with the Articles of Association, the Supervisors Remuneration Guidelines, and the Executive Remuneration Guidelines, and is effective after approval by the Board of Directors. In addition, the Company's Articles of Association also specify that, where the Company has earnings at the end of the fiscal year, after paying all relevant taxes and making up losses in the previous year, the Company shall first set aside ten percent (10%) of said earnings as legal reserve (except when such legal reserve amounts to the total authorized capital). Thereafter, this Company shall set aside or reverse a special reserve in accordance with the applicable laws and regulations. Then, if any balance is left over, not more than 1% shall be set aside as remuneration to directors and supervisors.

Remuneration is paid to directors and supervisors in accordance with the provisions of the "Board of Directors and Supervisors Remuneration Guidelines". Employee board directors shall receive no director or supervisor remuneration. The remuneration structure for Company executives is governed under the "Executive Remuneration Guideline". Short-term incentives link to the overall performance of both individual and Company, whereas long-term incentives link to shareholders' value. Executives' annual KPIs include a portion of strategic KPIs and targets assigned by decision-making executives whether financial or non-financial, to ensure that the executive team understands the strategic goals of the Company and moves in the same direction to attain them. Severance payments are handled in accordance with local regulations.

Senior executives are reminded of the Standards of Business Conduct in the remuneration confirmation letter each year and must sign to confirm compliance therewith.



Acer Organizational Structure



Data as at Dec. 31, 2012

Assets Management and Handling Committee

Acer founder Stan Shih presides over the Assets Disposal Executive Committee. Since retiring from Acer, Stan Shih has chaired several investment companies and actively participates in various asset management projects. He was appointed as a member of Acer's Assets Disposal Executive Committee due to his extensive experience in investment and asset management.

Future Development of Corporate Governance

Acer continues to pursue a higher level of corporate governance, while the current Board of Directors also continues to strengthen the Company's corporate governance function with a view to attaining the world-class standards befitting a large multinational corporation. Since the current Board of Directors was selected by the shareholders' meeting in 2011, Acer has gradually revised and issued a number of internal rules, and at the most recent meeting of the Board of Directors passed an amendment to the Company's Articles of Association, which was passed on at the General Meeting of Shareholders in 2013. According to the proposed amendment, after the next Board of Directors is voted in by shareholders, the Board will formally establish an audit committee that will replace the functions of supervisors. In addition, the Board will expand from 9 to 11 members, including at least three independent directors, who will comprise the newly established audit committee. We believe that this will reinforce the Board's independence and significantly improve the future effectiveness of Acer's corporate governance.

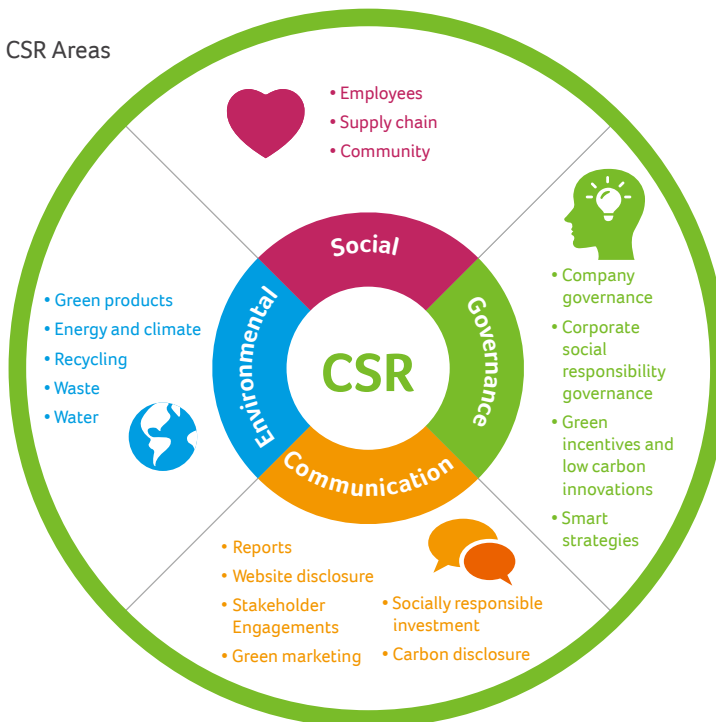


Corporate Responsibility Policies and Strategies

Since the 2006 First Acer Sustainability Year, Acer has viewed and promoted essential sustainability issues with a more proactive attitude and participates in international CSR initiatives and organizations. In 2008, we formally installed the CSR Executive Committee, and established the Corporate Sustainability Office (CSO) as an establishment directly in charge of Acer Group's CSR affairs, to achieve more organized governance, promote the five major action plans — Energy and Climate Change, Green Products, Product Recycling, Supply Chain Management, and Reporting — and fulfill our CSR commitment.

After several years of foundation-building, we formally entered a strategic CSR phase in 2011 by setting up a Global Corporate Social Responsibility Committee (GCSRC) to expand the scope of the Company's internal CSR governance system. We also reviewed the original five major orientations and carried out a re-categorization of key issues, proposing four major orientations for the next stage of development — environment, society, governance, and communication (ESGC). In 2013 the Company also plans to set CSR Key Performance Indicators for selected departments, so as to closely integrate CSR practices into day-to-day operations. Accumulation of intangible assets in the period 2015-2020 will enable us to strengthen Acer's brand differentiation and build a market-leading brand with valuable innovation capabilities.

2011–2014 Key Strategic CSR Areas



Definition of Acer's Corporate Sustainability

We define Acer's corporate sustainability as "a successful global IT company that achieves in triple-bottom line, i.e., outstanding balanced performance in economy, environment and society", thus pursuing financial growth, environmental protection and social advancement as Acer actively works to fulfill its CSR.

Corporate Responsibility Policy

- We aim to meet the growing expectations of stakeholders and seek continuous improvement in business operations, better communication with stakeholders, and recognition and support from the market.



Implementing corporate social responsibility calls for commitment and leadership from the Company's ranking administrators and the participation of all departments. In 2011, Acer established a Global Corporate Social Responsibility Committee (GCSRC) comprised by the Corporate President and the senior managers of all departments and regions. The Committee regularly reviews our progress on CSR matters and sets future directions and targets. By combining CSR with our overall business strategy, we have made significant progress in respect of corporate governance, commercial operations, stakeholder communication, competence building, and several other specific issues. We believe that CSR can help increase Acer's competitiveness and inspire product and service innovation, while also having a positive effect on environmental and social issues.

Tiffany Huang
President
PC Global Operations





- We will walk the talk on CSR by means of a top-down process with practical, prioritized, workable and measurable action plans which are relevant to our products and services.
- We will manage the risks and explore the opportunities of sustainable development through efficient governance wherever we operate.
- We will engage suppliers to work together for business ethics, mitigating climate change and improving resource efficiency.

Corporate Responsibility Governance

In 2011, Acer established the Global Corporate Social Responsibility Committee (GCSRC). The GCSRC primarily consists of senior managers of the major business units, functional units, the four global regions and the CSO, and is chaired by the President of PC Global Operations, who reports directly to the Corporate President. In order to effectively liaise and integrate with all overseas bases worldwide, we have established Regional Office (RO) CSR executive secretarial positions to represent the regions at Committee meetings, coordinate and integrate related work, report the deliberations and resolutions of the Committee directly to the RO heads, and follow up and report back on the results achieved.

The GCSRC meets once every six months to communicate sustainability issues in detail to Acer's global bases and to the various internal departments. The personal attendance of senior managers makes it possible to form a consensus with a view to practicing and gradually internalizing CSR into the organization's operations. In the first quarter of each

CSR: major orientations and achievements at each stage

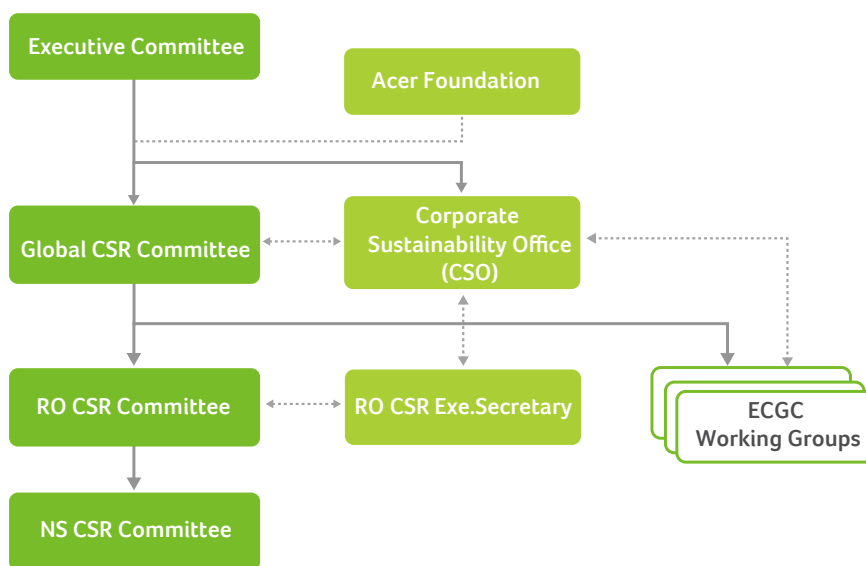




year, the GCSRC reviews the strategic orientations of the previous year and the results obtained. In the third quarter, in addition to reviewing progress made in the first half of the year, the Committee formulates strategies and targets for the following year and reports to the Executive Committee.

We held the first consultation meeting to ascertain the CSR management priorities in the various regions in the first half of 2012, followed by a formal meeting in September to discuss how the various departments could fully internalize CSR practices, as well as to build consensus, set annual targets, discuss product and service innovations, assess CSR risks, and prepare an end-of-year report for submission to the Executive Committee. Also in 2012, we completed an internal CSR data sharing platform.

Governance Structure of Acer Sustainable Development



Risk Management

In addition to setting up the GCSRC, in the area of enterprise risk management we have launched an integrated, organizational risk control mechanism. Given that risk management has a huge impact on business operations, we decided to address deficiencies in the current risk management system, thereby strengthening the integrated control between the various risk items.

In November 2012, Acer established a special working group to: conduct an organization-wide risk factor audit focusing on economic, environmental and social aspects and starting with the identification of risk items; analyze the likelihood of risks arising from the relationship between value chain activities and the corporate strategy; estimate risk probability and severity; and formulate risk contingency and mitigation plans as well as a crisis intervention mechanism, in order to facilitate early warning and mitigate the impact of risks on our operations.

Taking account of priorities in respect of the global environment and the organization's operating strategy, in 2012 we identified six key risk item categories —Corporate Governance Risks, Financial Risks, Climate Change Risks, Brand Risks, Supply Chain Risks, and EHS Risks. We then carried out assessments on each category, and proposed contingency and mitigation measures.



Stakeholder Communication and Participation

Acer Inc. adopts a pragmatic and positive approach to stakeholder engagement on sustainable development issues. Before 2008, we adopted more limited engagement channels, primarily focusing on communication with investors, suppliers, channels, consumers, government, employees and communities. From 2008, starting with the Corporate Sustainability Office and applying the principles of inclusivity, materiality and responsiveness, we specifically looked at major stakeholders of Acer's sustainable development in the three areas of economy, environment and society, identifying results and specific engagement channels which were then submitted to the core management team for confirmation and approval.

Stakeholder Identification

Multi-Stakeholder Engagement

Acer's Corporate Social Responsibility Forum

Major Initiatives and Participation

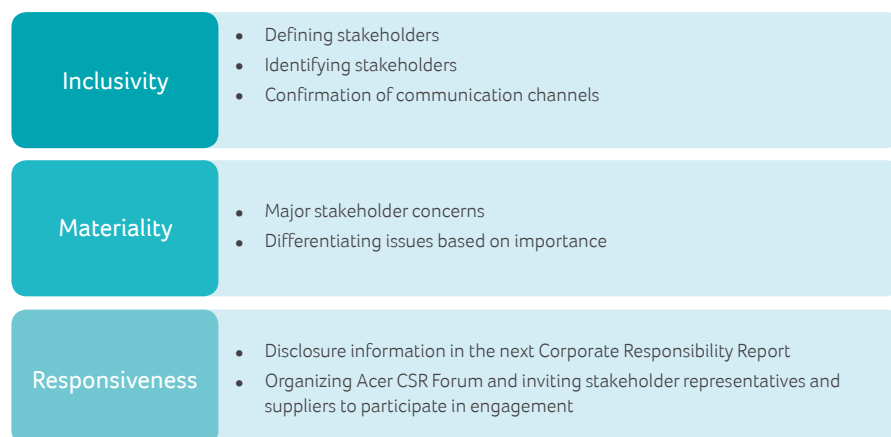


Stakeholder Identification

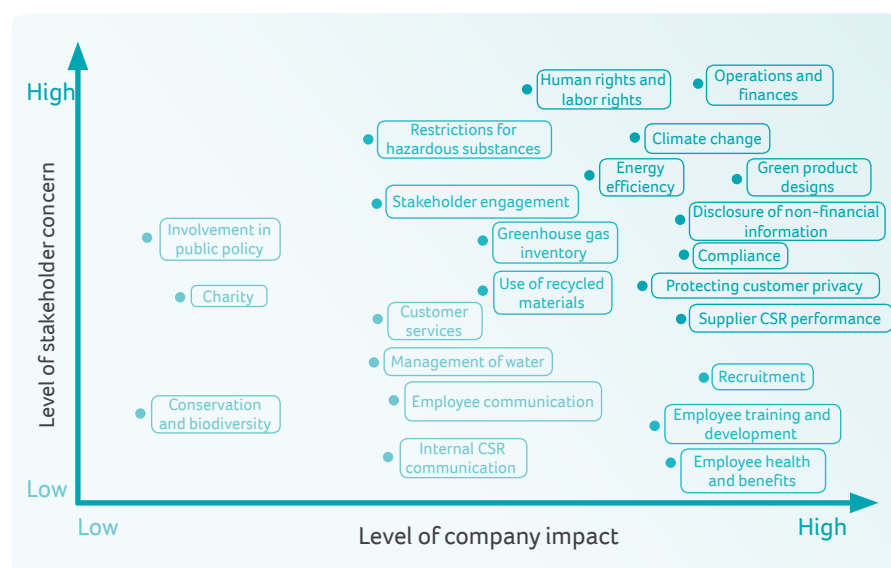
After setting up the Global Corporate Social Responsibility Committee (GCSRC) in 2011, we coordinated global risk identification and assessments with respect to sustainability and corporate responsibility, effectively identifying stakeholder concerns. Referring to the AA1000 Accountability Principles Standard (AA1000APS) and the AA1000 Stakeholder Engagement Standard (AA1000SES), we established a procedure for managing stakeholder concerns, to help us identify and respond to sustainability-related information and effectively improve the level of information disclosure. Since then, Acer Inc. has a more complete program and structure for identifying stakeholders, according to the following basic process:

- Based on annual global and local sustainability issues, the Corporate Sustainability Office undertakes a comprehensive review of Acer stakeholder concerns and impacts
- Corporate responsibility risk assessment and identification of key stakeholders by the GCSRC
- Core management team confirms and approves engagement methods and procedures

Stakeholder concern management procedure



Materiality analysis of stakeholder concerns



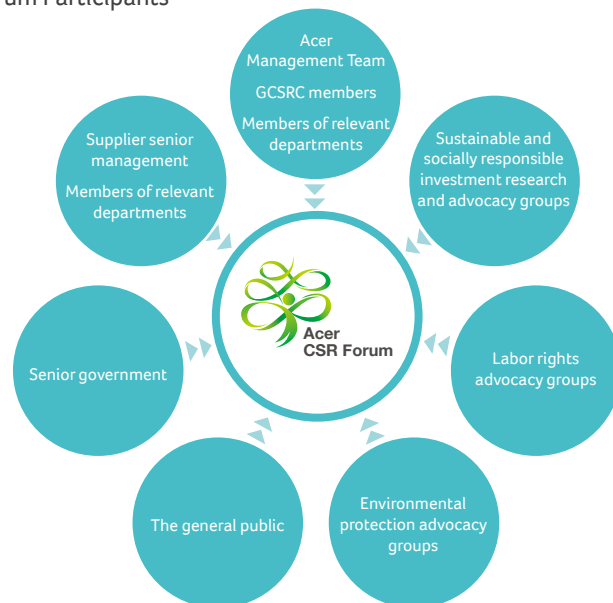


Multi-Stakeholder Engagement

The key to stakeholder engagement is real communication and participation. In addition to maintaining traditional channels of dialog with investors, suppliers, employees, distribution channels, consumers and governments, starting in 2008 we established a multi-stakeholder engagement channel - the Annual Acer CSR Forum - to invite communication with diverse stakeholders. We listen to the views of stakeholders, establishing good channels of communication and interactive relationships to help us understand global trends, issues, risks and opportunities in respect of corporate responsibility. We internalize all suggestions and constructive feedback provided by stakeholders into the Company's internal management mechanism, so that we can more effectively implement our responsibility as a global citizen.

During the two-day meeting, we bring diverse stakeholders into face-to-face contact with Acer managers, executives and rank-and-file employees, to give our workforce a deeper appreciation of stakeholder concerns. Furthermore, in order to make communication as effective and focused as possible, we first carry out internal sustainability and corporate responsibility training at every level.

Acer CSR Forum Participants



Acer Corporate Social Responsibility Forum

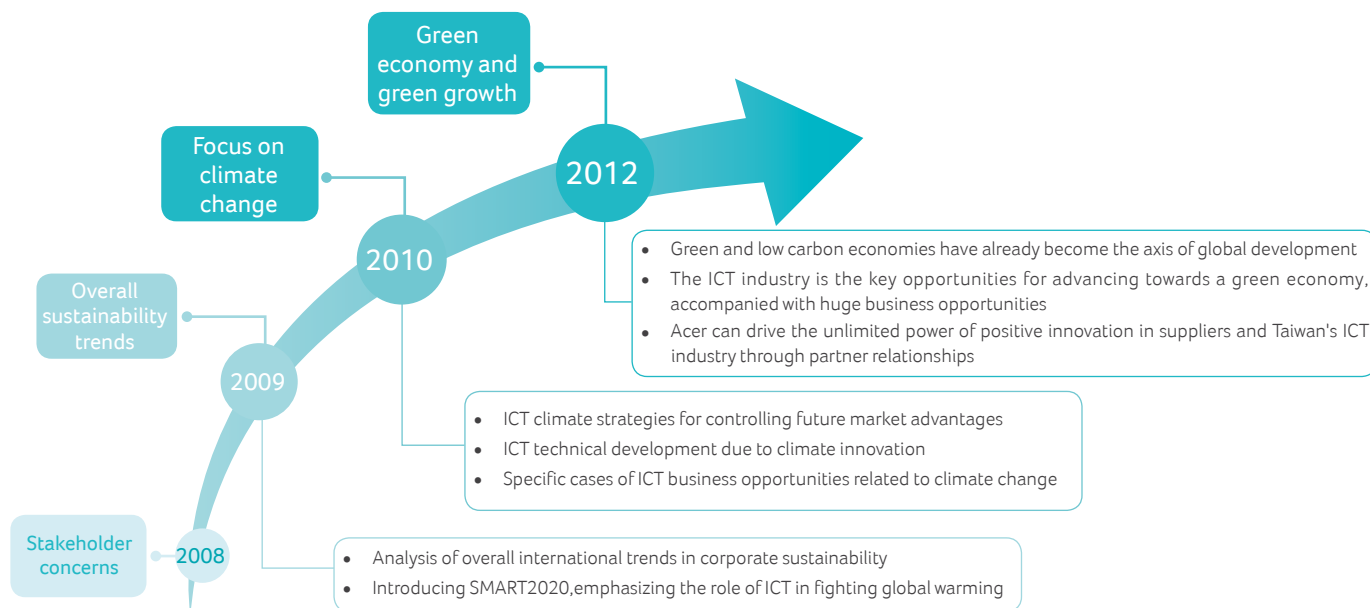
Since 2008, Acer has invited international stakeholders and representatives from Taiwan's ICT industry to participate in the Acer CSR Forum, building a world-class platform for communication between Taiwan's ICT industry and high-profile stakeholder organizations for the sustainable development of the global electronics industry, and to tackle future business risks and market challenges faced by the industry.

The main aims of holding the Acer CSR Forum are:

- To utilize the resources and power of the Acer brand to advocate the need for economic restructuring.
- To provide a platform for dialogue and communication with stakeholders in order to promote understanding and establish partnership opportunities.
- To share experiences of the innovation process, leveraging the catalytic function of the knowledge economy.
- To review the process of integrating business strategy with CSR and sustainable development, accelerate the transition and upgrading of technology, products and services.
- To identify a new positioning strategy for Taiwan's ICT industry within the global green economy.



Evolution of the Acer CSR Forum



Group photo of distinguished guests at the 2012 Acer CSR Forum

From 2008 to 2010, the Acer CSR Forum was annually held in November or December. In 2011, due to organizational reforms, the forum was rescheduled to March 2012 so that the relevant information could be coordinated with core management team and GCSRC meetings. This also enabled our operations to be aligned with stakeholder engagement on sustainability issues, further facilitating the internalization of key issues into the actions of all departments.

For the 2012 Acer CSR Forum, which was held in March 20, we designed a unique logo to showcase our commitment to sustainable development and green design. The meaning of this logo is:

- By means of its brand influence and through partnerships, Acer will boost the unlimited energy for positive innovation of the supply chain and Taiwan's ICT industry
- Striving to develop green ICT technology products and services in order to achieve a green economy and sustainable growth





The main theme for the 2012 Acer CSR Forum was "Green ICT • Green Economy" and we invited Dun-Yi Wu, the elected Vice President of Taiwan, to give the opening remarks. The high-level forum included lectures by two keynote speakers — Yvo de Boer, former General Secretary of the United Nations Framework Convention on Climate Change (UNFCCC), and Fumitoshi Terashima, Senior Vice President of Acer supplier Sanyo Energy — who gave ranking executives of participating suppliers and representatives from industry, government, academia and research institutions an overview of international trends and advances in sustainable development.

After the keynote speeches, Eugene Chien, Chairman of the Taiwan Institute for Sustainable Energy (TAISE) hosted a panel discussion on the theme "Green ICT • Green Economy" in which Acer Chairman J.T. Wang and the two invited experts discussed the latest trend of the low-carbon economy and the contributions made by ICT products to the low-carbon economy.

Overview of the Acer CSR Forum

Communication between Acer and stakeholders				
	Eight major stakeholder expectations were concluded during the meeting	Meeting with environmental protection groups in Taiwan (Cancelled)	A communication meeting was held to map out Acer's five major orientations	Three communication meetings were held at the Acer headquarters during which Acer executives and employees discussed issues of concern with stakeholders
Communication between suppliers and stakeholders	A high-level forum was held, allowing stakeholders and high-ranking executives representing suppliers to communicate face-to-face	A high-level forum was hosted to inform executives representing our suppliers of the latest sustainability developments in ICT		
	An open forum was hosted to strengthen CSR understanding among technical personnel working for suppliers	To increase face-to-face engagement between partnering suppliers and stakeholders: Eight of Acer's key suppliers were invited to engage in exchange activities on Green Production, Green Product Designs, Product Carbon Footprint and Labor Rights	Organized workshops on Green Products, Supply Chain & Labor Rights, Energy & Climate Change, and Corporate Communications	Organized four workshops on issues of Supply Chain Management, Communication, Green Products, and Energy & Climate Change
Participating stakeholders	2008 Global Challenges to the Sustainable Development of the ICT Industry	2009 Bridging the Gap & Walking the Talk	2010 Building a Responsible Supply Chain	2012 Green ICT • Green Economy
	- Association for Sustainable & Responsible Investment in Asia (ASrIA) - Carbon Disclosure Project (CDP) - Climate Savers Computing Initiative (CSCI) - Electronic Industry Citizenship Coalition (EICC) - Greenpeace - Centre for Research on Multinational Corporations (SOMO) - Workers' Assistance Center (WAC)	- World Business Council for Sustainable Development (WBCSD) - Global e-Sustainability Initiative (GeSI) - Electronic Industry Citizenship Coalition (EICC) - Climate Savers Computing Initiative (CSCI) - Association for Sustainable & Responsible Investment in Asia (ASrIA) - International Chemical Secretariat (ChemSec) - Workers' Assistance Center (WAC)	- Carbon Disclosure Project (CDP) - Global Reporting Initiative (GRI) - Green Electronics Council (GEC) - International Chemical Secretariat (ChemSec) - Electronic Industry Citizenship Coalition (EICC) - Climate Savers Computing Initiative (CSCI) - Council of Labor Affairs	- Climate Savers Computing Initiative (CSCI) - Carbon Disclosure Project (CDP) - Greenpeace - Sustainable Asset Management (SAM) ⁴ - Green Electronics Council (GEC) - Electronic Industry Citizenship Coalition (EICC)

⁴ In 2013 SAM was renamed RobecoSAM.



Furthermore, the 2012 Forum also included four workshops with the following themes: supply chain management, communication, green products and energy and climate change. Senior executives of Acer presided over each workshop, during which representatives from international stakeholders and blue-chip suppliers shared international trends and industry methods. Before the forum, we asked each supplier who registered for the various workshops to submit questions on each theme, so as to increase the efficiency and depth of the workshop discussions.

Stakeholders put forward the following recommendations at the 2012 Forum:

- Enterprises could be more actively involved in the rulemaking process, so as to ensure timely and effective risk management control.
- Server demand will intensify in the future and therefore energy management issues will become increasingly important.
- Encourage the formulation and publication of company-wide carbon reduction targets so as to clearly indicate the Company's determination to investors, drive enterprises to fully implement them, and effectively attract support from potential customers and investors.
- Clean energy could be listed as a future development focus.
- Continue to maintain strict controls on banned chemicals.
- Enterprises have a responsibility to educate customers and suppliers. Acer can review supplier's strengths and weaknesses with regard to CSR practices and provide guidance on necessary improvements.

Internal Stakeholder Engagement Meetings

In 2012, during the holding of the Acer CSR Forum, we invited representatives of stakeholder groups to three communication meetings which were held at the Acer headquarters and hosted by high-ranking executives, which enabled employees from the relevant departments to engage in face-to-face communication and discussion, so as to clarify and examine the future direction of our activities and plans.

	Supply Chain Management	Green Products	CSR Information Disclosure and Governance
Host	AVP, Key Components Procurement Business Unit	Chief Technology Officer, R&D Center	Chief Financial Officer
Stakeholder groups	• Carbon Disclosure Project (CDP) • Electronic Industry Citizenship Coalition (EICC)	• Climate Savers Computing Initiative (CSCI) • Green Electronics Council (GEC)	• Carbon Disclosure Project (CDP) • Sustainable Asset Management (SAM)
Acer participants	Middle and senior executives in the Acer procurement and supply chain management	Acer R&D executives and employees	Executives from Acer's HR, Finance, Legal, General Affairs and Investor Relations offices at director level and above
Agenda	Global CSR trends and CDP supply chain planning	Future energy management priorities and green product R&D and promotion	How the Company's CSR information disclosure enhances corporate governance and increases attention from investors.



CSR Information Disclosure and Governance Workshop

In addition, in view of the growing impact that CSR information disclosure has on enhancing corporate governance, we specifically organized a CSR Information Disclosure and Governance Workshop at the Acer CSR Forum and invite Sustainable Asset Management (SAM) to engage in discussion and communication with a number of Taiwanese companies and academics, exploring in-depth issues relating to corporate information disclosure and its importance in economic, environmental and social terms.

Major Initiatives and Participation

In order to study CSR-related issues in greater depth and join forces with NGOs and businesses in improving the sustainability of the ICT industry, we are members of the CSR-related organizations listed below. Furthermore, Acer Chairman J.T. Wang serves as Chairman of the company's Taipei Computer Association (TCA) with the aim of using the TCA's leadership to encourage more businesses to practice CSR, in addition to its purpose of leading development and application in the ICT industry.

- World Business Council for Sustainable Development (WBCSD)
- Information Technology Industry Environmental Leadership Council (ITI ELC)
- Electronic Industry Citizenship Coalition
- CDP Supply Chain Program
- Taiwan Business Council for Sustainable Development
- Taiwan Corporate Sustainability Forum

Carbon Disclosure Project

Acer and the Acer Foundation have provided long-term sponsorship for the CDP's initiatives in Taiwan, including the annual CDP Pre-Launch Event in April and the CDP Launch Event in November. These initiatives, which have been attended by over 1,000 business leaders since 2008, keep the island's industries and Acer suppliers informed about the latest trends in carbon risk management, and help businesses respond to investor demands on carbon information disclosure.

In 2012, we invited international speakers to deliver presentations on natural capital valuation and future trends regarding external cost internalization. We also used video conferencing and a live linkup so that CDP experts could directly explain the characteristics and scoring mechanism of the CDP 2012 questionnaire. A total of 197 enterprises attended the 2012 CDP Pre-Launch Event.

Promotion of the Taiwan Corporate Sustainability Forum

The Taiwan Corporate Sustainability Forum (TCSF) was established in 2008 with the goal of providing representative Taiwanese enterprises with a platform for discussion and sharing on the issue of sustainability. Acer has served as the convener of TCSF beginning with its second iteration in 2011, thereby continuing to promote cooperation within the ICT industry and with other industries in the implementation of relevant action plans aimed at bringing about more sustainable practices among Taiwanese enterprises.

Besides drawing attention to planned revisions to the fourth-generation Sustainability Reporting Guidelines (G4) of the Global Reporting Initiative (GRI) since 2011, Acer also joined forces with TCSF members in a concerted response to the World Business Council for



Sustainable Development's Vision 2050. Following a number of workshops the Taiwan Vision 2050 plan was formulated, which identifies eight key issues — energy and climate change, ecology and environment, water, agriculture, education and personal values, economy, politics, and health and population — with a view to achieving a better vision for Taiwan by 2050, and sketches a preliminary outline of the tasks to be accomplished at each stage of the process. We will continue to support all parties in applying the methods and framework of Taiwan Vision 2050.

Acer also led TCSF to echo the WBCSD's Changing Pace discussion paper in 2012 by putting forward Energy & Climate Change as a key issue; in addition, we set up a policy working group in the hope of pooling the strength and experience of the Forum's member companies to propose suggestions on the formulation of relevant laws and policies, to help governments build a business environment that is more conducive to sustainable development.

Movement One Campaign - Sponsorship of the "Lighting up the Community Together" Project

In 2010 Acer began responding to the Movement One initiative of the Taiwan BCSD. In 2012, we sponsored the "Lighting up the Community Together" project to promote energy saving in residential buildings, public lectures in the community, community volunteer service teams, a community arts and culture youth volunteer service and other initiatives, joining forces with other Taiwanese enterprises to show care and concern for the community.



Group photo of Movement One participants



Environmental and Energy Management

Climate change and the depletion of natural resources have a significant impact on the way we live and work. We believe that ICT technology will play a central role in helping businesses and consumers adapt to a low-carbon economy. Therefore, at Acer we are continuously improving the environmental performance of our products and services, shouldering our responsibilities to corporate sustainable development and the environment from the dual aspects of product design and company operations, and more proactively dealing with the risks and opportunities of climate change, as we move towards our goal of becoming a climate-friendly business.

Acer proposes new IT solutions to help businesses and consumers use energy more efficiently. At the same time, we hope to exert our influence to help suppliers and customers reduce environmental impact through our products and services, working together for the sake of the environment.

Product Design that
Incorporates Environmental
Considerations

Responding to Energy
and Climate Change

Our Operations and the
Environment



Product Design that Incorporates Environmental Considerations

Acer is fully aware of the potential impact our products and services may have on the environment. Hence, in addition to considering user needs, functionality and added value in each stage of product design, to reduce environmental loading, we are also researching into quantifying the amount of raw materials in our products to help our stakeholders to better understand how Acer products use environmental resources. At the same time, we enforce a Green Product Policy as follows:

- Based on the life cycle concept, we offer high-quality products that are energy and resource efficient, low in pollutants and hazardous substances, and easy to recycle
- By employing green purchasing and through communications with our suppliers we have been able to establish a green supply chain that is fully compliant with international environmental practice.

In addition to observing relevant laws, Acer strives to reduce the environmental impact of its products through the management of chemical substances, using sustainable packaging and design, and increasing energy efficiency and product recycling to satisfy the requirements of more challenging standards such as PVC/BFR Free, EPEAT and ENERGY STAR®. We are helping customers save energy and resources and enjoy a more sustainable lifestyle at home and at work by reducing impact at all stages of the product cycle.

Management of Chemical Substances

We need to understand the use of the many chemical substances found in our products and strive to minimize the potential risks such substances pose to the environment and human health. All Acer products comply with the European directive RoHS, but Acer has become even more preemptive by integrating chemical management with our suppliers, and, in addition to complying with regulations on the management of chemical substances stipulated in the European directive, REACH, working with our suppliers to focus on whether chemicals in our products present potential harm to the environment. If such chemicals are discovered, we produce an initial report and then put them on a restricted/prohibited list to further reduce the associated dangers.

In 2012, Acer restricted and prohibited the use of seven phthalates dangerous to human health, and prohibited our suppliers from adding such substances. Moreover, at the end of 2012, we conducted an investigation into whether our products contained beryllium, antimony, arsenic, selenium, and bismuth, and in 2013, will implement more stringent requirements and standards for those chemical substances.

Acer continues to release BFR and PVC-free products. Product line achievements for 2012 are detailed below.

Notebooks

The following BFR and PVC-free products (excluding external power cable) were released in 2012; TravelMateP633-M, TravelMateP633-V, TravelMateP643-M, TravelMateP643-V, TravelMateP653-M, TravelMateP653-V and Ultrabook S5-391.

LED monitors

One BFR and PVC-free models, the C223HQL, has released in 2012, in addition to those released since August 2010.

Desktop PCs

Released BFR and PVC-free models such the Veriton L4620G and Veriton L6620G for commercial use.

Smart phones

After the release of the BFR and PVC-free ICONIA SMART hybrid in 2011, Acer released a new range of BFR and PVC-free smart phones in 2012 such as the CloudMobile S500, the PVC-free Acer Liquid Glow E330 and Acer Liquid Gallant E350.





PVC/BFR-free Product Line with Model Numbers from 2009 to 2012

2009	2010	2011	2012
Notebooks • Asprie 3811TZ • Asprie 3811TZG	Notebooks • TravelMate 8172T • TravelMate 8372T • TravelMate 8472T • TravelMate 8572T • NS10 (Gateway) • NS30 (Gateway) • NS40 (Gateway) • NS51 (Gateway)	Notebooks • TravelMate 6595T • TravelMate 6595TG • TravelMate 8573T • TravelMate 8573TG • TravelMate 6495T • TravelMate 6495TG • TravelMate 8473T • TravelMate 8473TG	Notebooks • TravelMate P633-M • TravelMate P633-V • TravelMate P643-M • TravelMate P643-V • TravelMate P653-M • TravelMate P653-V • Ultrabook S5-391
	Monitors • C233HL	Monitors • C193WL	Monitors • C223HQL
	Desktop computers • aHornet	Smartphones • ICONIA SMART	Desktop computers • Veriton L4620G • Veriton L6620G
			Smartphones • S500

One of many voluntary environmental standards, the success of EPEAT has led to its development and increasing importance worldwide. EPEAT is characterized by its focus on indicators at different stages of the product cycle, stipulating more stringent management standards for hazardous substances than RoHS, and delivering important guidance for eco-friendly products by requiring recycling management, extension of product life, conservation of energy, green management performance and eco-friendly packaging. In addition, EPEAT also encourages use of post-consumer recycled plastics to improve product recycling and material flow after use. Acer works proactively with suppliers to overcome technical difficulties and develop products made from post-consumer recycled (PCR) plastics. In 2012, we invested even more resources in developing EPEAT registered products that now includes our full range of notebooks for commercial use, as well as our desktop PCs and monitors. We have registered 100 gold and 67 silver products in eight of the 42 EPEAT countries, including Australia, Canada, France, Germany, Spain, Switzerland, Taiwan, and the US⁵.

Acer EPEAT Registered Products 2009 - 2012

	2009	2010	2011		2012		Total
	Silver	Silver	Gold	Silver	Gold	Silver	
Desktop PCs	-	45	17	44	50	8	164
Monitors	-	38	5	22	12	51	128
All-in-one desktop PC	-	-	3	22	7	-	32
Notebooks	162	109	11	24	30	8	344
Thin client	-	-	-	-	1	-	1
Total	162	192	36	112	100	67	669

Source: EPEAT website January 2013

⁵ Where EPEAT allows one model to be registered in two countries, the recorded number is 2.

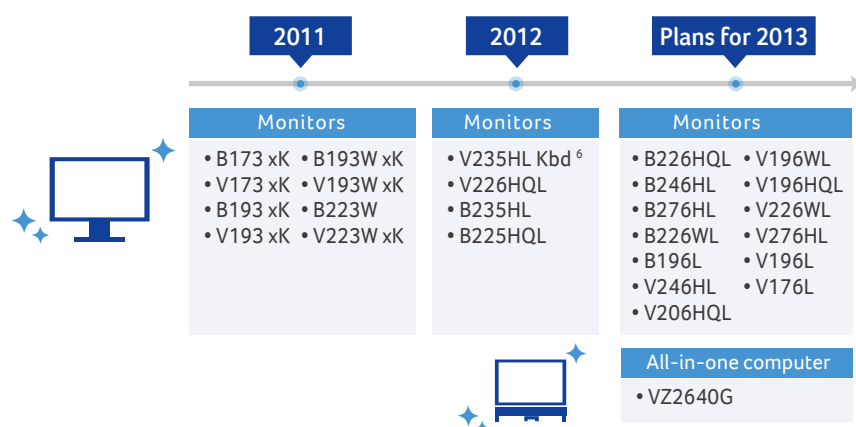


In addition, we have applied for voluntary environmental labels from around the world, including the China Energy Conservation Program, China Environmental Labeling, Taiwan Green Mark and the TCO Certified, which further demonstrates Acer's commitment to eco-friendly products.

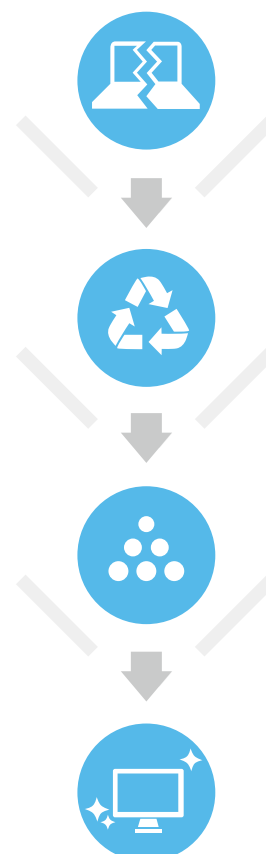
Post-consumer Recycled Plastics

In order to promote the reuse of resources, Acer has taken the initiative in using post-consumer recycled plastics (PCR) in its products. To address the pollution and safety issues that readily occur during the recycling of reusable materials, we encourage our plastic suppliers and upstream recycling partners to meet the relevant international standards on quality, environment, health and safety, and responsible recycling, and to obtain an international export license and recycling permit approved by the their respective local government. Released in 2012, the Acer V235HL Kbd for commercial use is composed of plastics that contain 65% PCR plastics, and in the future we will expand the utilization of reusable plastics in our range of monitors and All-in-one PCs.

Acer Products and Model Numbers Manufactured From Reused Plastics for the Previous Year



Recycling process



Use of Sustainable Paper and Packaging

To reduce environmental impact, Acer formed a product packaging team in 2003 and implemented appropriate strategies to reduce packaging volumes, to adopt recycled materials, and to limit the use of hazardous substances.

In the second quarter of 2012, we officially published the Acer Group Sustainable Paper and Packaging Policy to encourage and require all related suppliers to use materials obtained legally, to observe forestry conservation laws, and to refrain from involvement in illegal practices in the countries and regions where they operate. We reiterated our position to ensure our suppliers were fulfilling these requirements at the Supplier CSR Communication Meeting held in November 2012.

In addition, we use eco-friendly paper products wherever possible in our various business operations, including the use of recycled materials, and recyclable and reusable materials, whilst reducing environmental impact throughout the product cycle and minimizing the use of virgin pulp.

⁶ The Acer V235HL Kbd is composed of plastics that contain 65% PCR, while the other models are composed of plastics that contain 28% PCR.

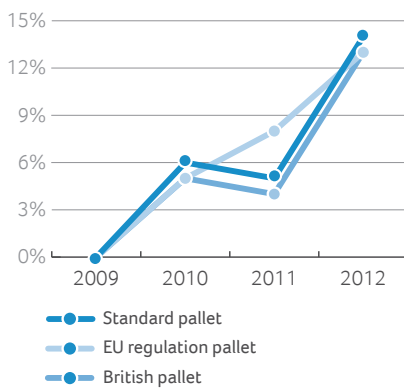


The following four principles have been adopted as design guidelines for product packaging:

- Effective designs that are fit for purpose
- Designs that improve the efficient use of resources
- Designs that are recyclable
- Designs that consider the user and the environment

In the case of notebook computers, Acer is planning to introduce innovative methods and several new types of packaging in five key areas in 2013, including case packaging, packaging materials, internal packaging, the case handle and labeling. Acer will use innovative designs to continually improve product packaging, to reduce natural resource use and further reduce packaging costs.

Improvement in Pallet Load Efficiency from 2009 to 2012



(Data calculated on: April 18, 2013)

Increasing Product Transport Efficiency

Tens of thousands of Acer products are delivered to consumers daily, so Acer is striving to reduce the volume and weight of product packaging to improve transportation efficiency and energy consumption, and to further reduce carbon emissions and transport costs. We reduce CO₂ emissions through the three following methods.

Improving Load Efficiency

We have been researching how to reduce packaging dimensions to maximize use of pallets, containers and load. Average load quantity per pallet has increased 13% between 2009 and 2012. We have been integrating shipments wherever possible; in Europe, for example, packaging quantity and material use has been reduced by combining several orders onto one pallet. We have also been amalgamating separate shipments into one container, combining two 20-foot containers into one 40-foot container for shipment, for example, to reduce the number of containers and trips.

Transforming Shipping Methods and Improving Supply Chain Management

By using good materials and effective production planning, we are able to arrange shipping schedules in advance, thus avoiding air cargo and using sea freight to reduce carbon dioxide emissions, whilst still meeting client delivery deadlines. We have been increasing sea freight, reducing air cargo, and setting up transport hubs in key areas. In the eastern United States, for example, we have established two transport hubs to get closer to our clients and reduce the distance of transport flows from west to east. We are adding several new ports of entry in Europe, where we previously had only one, to reduce the distance and duration of road transport, deliver products to our clients more quickly, and reduce CO₂ emissions.

Reduce Use of Packaging Materials

To reduce freight volumes, we have been removing outer crate packaging from shipments to Europe, the Middle East and Africa (EMEA) as well as Pan America, thereby reducing use of packaging materials and improving load efficiency. Such a strategy can increase average load efficiency for a 15 inch notebook by 11%. To save paper, we have been working with suppliers to integrate product information such as bar codes and weight labels. In accordance with freight regulations at destination ports, we have saved resources and labor by removing information labels from cartons shipped between China, Europe and the US. We will also continue to investigate the feasibility of other methods to reduce packaging.

We have been collecting transport emission data from our logistics suppliers and partners since 2012, which currently covers EMEA and parts of China. As air cargo emissions are the highest proportionally, we will adjust transportation methods, introduce rail freight for shipments to Europe, and complete data collection to achieve a more complete global picture on transport emissions in 2013.



Unit: Carbon dioxide equivalent in tons

Region	Transport method	Greenhouse Gas Emissions	2012 Total
Europe, Africa and the Middle East	Air Cargo	39,262	54,400
	Sea Freight	15,057	
	Road and Rail	81	
China	Air Cargo	7,645	10,703
	Road	3,058	

Increase Energy Efficiency

Acer is striving to increase product energy efficiency to help consumers reduce energy consumption during use. Meeting the European ErP directive is the basic energy efficiency requirement at Acer, which includes meeting consumption targets for standby, shutdown and the external power supply unit. In 2012, we obtained ENERGY STAR® labels for all our notebook computers, around 60% of which exceeded ENERGY STAR® specification by over 50% (based on model number data). In 2013, we will introduce more stringent energy efficiency requirements that will be incorporated into design standards to continually improve product energy efficiency, reduce energy consumption for consumers and lower carbon emissions.

Product Innovation

In 2012, Acer launched the Aspire S7 Ultrabook (Aspire S7-391), which won the CES 2013 Innovations Design and Engineering Award. The innovative development of its production process and eco-friendly design means the Aspire S7 has become the smart and green choice for consumers. The S7 boasts the following eco-friendly features:

- **Optimal Use of Materials**

The Aspire S7-391 features an Acer-patented structural design wherein the cover, made of white Gorilla® Glass 2, also forms part of the Ultrabook's framework. This design enables the S7-391 to be built super thin; the Gorilla® Glass makes the cover strong, scratch resistant, easy to clean and elegant. This unique structural design requires minimal aluminum and uses 94% less raw material than conventional unibody designs.

- **Less Power Consumption**

The Aspire S7 Series benchmark for power consumption is higher than the industry standard and consumes 64% less power than is mandated by the ENERGY STAR® 5.2 specification. This model uses smart energy technology that allows the battery to be recharged 1000 times, which exceeds traditional batteries by a factor of 3.3 times. In addition, the TwinAir system is able to achieve rapid cooling and keep the case at a comfortable temperature.

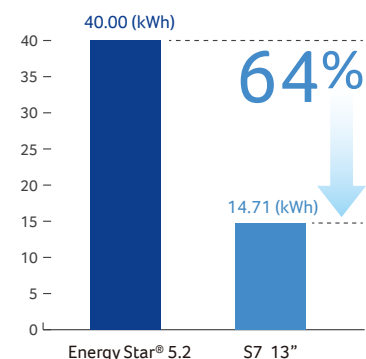
- **Environmentally Responsible**

The Aspire S7-391 is built with glass, a recyclable metal chassis, and a mercury-free LED display. It meets RoHS Directive, ENERGY STAR® 5.2 specification and EPEAT Gold criteria.

The stunning and smart Aspire S7 series is not simply the expression of a newly developed, eco-friendly design, but also the strategic outcome of Acer's application of core competencies to create a sustainable product that coexists with the environment.



The energy consumption of the Aspire S7 is 64% lower than the standards stipulated in ENERGY STAR® 5.2



⁷ In light of the new ENERGY STAR® version 6.0 to be introduced in 2013 and client needs, we have not applied for ENERGY STAR® labels for our complete range of monitors.



Since 2009, Acer has partnered with Best Buy to provide voluntary recycling services for Acer branded products throughout the US. While this has become a very successful program that continues to grow year on year, Acer continues to look for other ways to increase voluntary recycling services in addition to those prescribed in state law.

In 2011, Acer joined the eCycling Leadership Initiative developed by the Consumer Electronics Association, the aim of which is to develop industry-wide collection programs to improve voluntary recycling in the US. Acer voluntary recycling increased 20% in 2011 and by 40% in 2012. This program has been extremely successful over the past two years. Acer will continue to participate in the program in 2013.

In addition to the eCycling Leadership Initiative, Acer is also piloting a new program over the next two years, which is predicted to further increase our voluntary recycling in the US.

Mark Groveunder

Vice President
Acer Pan-America
Customer Service



Product Recycling

All electronic products have a certain lifetime and waste products can potentially degrade the environment if they do not undergo appropriate treatment. Acer strives to put environmental considerations into product design not only by creating environmentally friendly products that are easy to recycle, but also by providing consumers with convenient recycling channels through voluntary recycling schemes that comply with legal requirements. We support Individual Producer Responsibility (IPR), and pledge to work with governments, consumers and retailer stakeholders to undertake responsibility for the recycling and management of e-waste.

United States

We are continually working to expand voluntary recycling channels in North America to ensure consumers have greater convenience and peace of mind when recycling end-of-life products. In 2012, we continued our recycling partnerships with E-World, and expanded our work with Reverse Logistics Group Americas. We have boosted voluntary recycling in the United States through the expansion of these partnerships in 2012 and our increased participation in the eCycling Leadership Initiative run by the Consumer Electronics Association (CEA).

In 2012, Acer America expanded the scope of its voluntary recycling plans by continuing to participate in the CEA's Billion Pound Challenge Consumer Electronics, which was launched as a collaborative effort among IT manufacturers. The pilot project was expanded to four states (Colorado, Massachusetts, Texas, Utah). In 2012, we recycled 1,146,860 kilograms of waste through externally accredited recycling companies, far in excess of the 473,732 kilograms recycled in 2011. In 2013, we will continue to participate in the project by expanding to additional states. Acer also continues its partnership with Best Buy in supporting their in-store recycling program and sees increased recycling weights year after year.

Acer America continues to require that all recycling schemes ensure appropriate disposal and management of end-of-life electronics devices, components and materials. In 2012, we transferred our entire recycling operation to companies with environment management certification such as Responsible Recycling (R2) or eStewards; with the exception of one company that will obtain accreditation in 2013. Acer continues to request that all suppliers and second tier suppliers comply with Acer waste disposal standards for the management of end-of-life products.

In 2011, Acer implemented a recycling vendor auditing program. The goal of the program was to observe the vendor's on-site activities, verify their conformance to Acer's Standard for Electronics Recycling, and to review their general environmental, health, and safety performance. The audit program incorporated both internal and third party audits managed by Acer's recycling program administrators. The audits targeted the first tier electronics processors within Acer's programs and included a review of the vendor's downstream processors as well. In 2011 and 2012, Acer completed audits on 76% of its first tier recyclers, and plans to audit the remaining active recyclers in 2013.

In 2012, Acer recycled a total 8,371,704 kilograms of electronic waste in North America.

Europe

In Europe, Acer conducts recycling and uses designs that minimize waste in accordance with the various regulations for products, batteries and packaging etc., stipulated in the European Union Waste Electrical and Electronic Equipment (WEEE) directive. For detailed information on recycling channels, please visit the European Acer websites.



Asia-Pacific

Many countries in the Asia-Pacific region, including India, Taiwan, Japan, and Thailand, promote voluntary product recycling services that offer consumers postal and drop-in options.

India

We have implemented the Acer India e-Waste Program for several years, inviting consumers to user Acer to recycle waste Acer products. Acer sends a recycle certificate to the consumer once the product has been recycled. In 2012, Acer India recycled 34,348 kilos of e-waste through a program run by Attero and E-Parisaraa, two recycling companies specializing in e-waste disposal.

Taiwan

Acer Taiwan has been recycling products through participation in the recycling system run by the Environmental Protection Administration (EPA) of the Executive Yuan. We have estimated the recycling data for Acer products in Taiwan from rates in the Taiwan region issued annually by the EPA Recycling Management Fund of the Executive Yuan. In addition, Acer Taiwan has set up recycling bins for old cell phones in 25 service locations since 2010, which have made it easier for consumers to recycle their old phones. In 2011, we added recycling bins for the notebooks batteries.

Year	Number of computers recycled (units)	Recycling rate (%)	Total mass recycled (tons)
2006	73,261	31.20%	869
2007	77,763	29.80%	876
2008	96,652	29.47%	1,089
2009	104,012	26.28%	1,158
2010	159,243	35.75%	1,801
2011	207,871	37.72%	2,361
2012	112,863	18.70%	1,269

Thailand

In Thailand we organized the Acer ARSA Love and Share project to encourage local people to recycle computers and to demonstrate care in the community. We offered discounts on the price of Acer desktop PCs to those who recycled computers. We donated the 280 second-hand computers and terminals collected to the Associate of Persons with Physical Disabilities for reuse or to sell on. This program has enabled us to increase revenue, support disadvantaged groups and also help the environment.

Japan

Acer Japan is partnered with the local Japanese PC3R Promotion Association, which allows consumers to register through the Acer Japan recycling website, by email or by fax, and then send their waste products for recycling through the post. The three bands Acer, eMachines and Gateway, recycled 6,857 products with a total weight of 65,087 kilos during the 2012 financial year.



Acer Thailand donating second-hand computers to charity



Product type	Category	Recycled weight	Number of units recycled	Amount processed for recycling (kilos)	Reusable amount (kilos)	Recycling rate (%)
Desktop PCs ⁸	Commercial	1,052.80	90	35,899.10	30,673.90	85.40%
	Consumer	34,846.30	2,979			
	Total	35,899.10	3,069			
Notebooks	Commercial	87.20	34	4,184.00	1,614.70	38.60%
	Consumer	4,096.90	1598			
	Total	4,184.00	1632			
CRT monitors	Commercial	998.10	55	19,817.60	15,954.20	80.50%
	Consumer	18,819.50	1037			
	Total	19,817.60	1,092			
LED monitors	Commercial	156.00	32	5,186.50	1,722.30	33.20%
	Consumer	5,030.50	1,032			
	Total	5,186.50	1,064			

Responding to Energy and Climate Change

Manage the Climate Risks

Climate change poses both risks and opportunities to the ICT industry. Rather than simply working to reduce its own emissions, the ICT industry needs to control the risks posed by climate change to business operations and to utilize ICT technologies to create carbon reduction opportunities for other industries. The many natural disasters that have occurred over recent years have had significant impact on PC manufacturing and the production supply chain, demonstrating that climate change has become one of the most significant issues in product risk management. Acer has implemented a practical response to reduce the effects of climate change on its activities.

We face risks that include the impact of natural disasters on the supply chain, product transportation and sales, including, for example, the shortage of key components, and the effects of bad weather on the key routes for transporting products. It also includes the legal requirements imposed by different countries on business operations and products, for example carbon taxes or environmental labels for low carbon products, or consumer preference for energy efficient and eco-friendly products. We have developed a response to these issues by analyzing and researching the key factors in past events, such as frequency and effect, to reduce the impact of climate risks.

Greenhouse Gas Inventory

In 2012, Acer commissioned a CDP accredited external audit firm, approved by the Taiwanese Environmental Protection Administration, to conduct the first external verification into scope 1 and 2 emissions worldwide. The main findings of this verification were based around adjusted data to actual period at various locations, natural gas use in certain areas, clarification of lease relations in various service centers, and the use of green power.

⁸ Including All-in-one desktop PCs



Using the base year (2009), and annual data from external verifications, we were able to more clearly formulate action plans to meet reduction targets in absolute terms, and evaluate the necessary investment of resources.

After verification by an external agency, total scope 1 and 2 emissions for the Acer group was 42,027 tons in 2009 and 42,874 tons in 2011 respectively, with natural gas usage in North America and Europe and the burning of fossil fuels in various regions accounting for the majority of scope 1 emissions, and electricity consumption accounting for around 80% of scope 2 emissions. Total emissions in 2011 had increased around 2% compared to the base year.

After collating and analyzing data, we found that the main determiner for conserving energy and reducing carbon within the Acer Group was the efficient utilization of electricity in Acer offices and workplaces.

In accordance with the GHG Protocol and Operational control approach, Acer added into its scope tens of business operation sites in mainland China in 2012, in response to the acquisition of Founder, and the Cloud Computing Business Unit in North America. In 2012, Acer also combined several small business units in various locations across Europe and sold E-Ten buildings in Neihu and other locations. We have already compiled initial statistics for the Group and calculated total emissions at 39,372 of carbon dioxide equivalent tons. Scope 3: Emissions caused by staff air travel also reached 4,723 tons. Scope 1 and 2 emissions in 2012 have reduced around 8% compared to 2011; emission data is currently being verified by an external agency and the final results will be published on the Acer sustainability website.

Reducing Greenhouse Gases

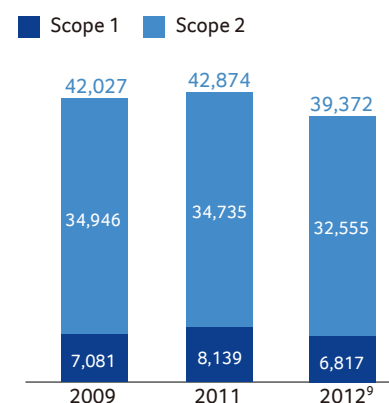
We have set global targets to reduce Acer greenhouse gas emissions by 30% between 2009 and 2015 and 60% between 2009 and 2020. We understand that the opportunity to reduce greenhouse gases is not restricted to our own operations. There are currently many reduction programs offering stringent mechanisms to ensure good results, and in the future we will consider the feasibility of investing in reusable energy projects or purchasing carbon credits to offset our emissions.

In terms of green energy, Acer Germany and Acer Italy have been using green electricity continually for two years since 2011. We will also continue to evaluate the feasibility of purchasing green electricity for our primary overseas operations, and to positively communicate with Taiwanese government and NGOs on the issue, requesting that the government launches pricing mechanism that give more opportunities to companies to buy green electricity and stimulate market demand.

Greenhouse Gas Management in the Supply Chain

In order to generate successful carbon reduction in the supply chain, Acer has required suppliers to submit carbon data since 2009. Acer also requires Original Design Manufacturing (ODM) companies to set long term carbon targets by the end of 2012, to summarize reduction effectiveness on a regular basis, and to specify reusable energy, or green electricity, as significant solutions to reduce carbon. Acer will also use climate change response and carbon reduction as factors in the Vendor CSR Scorecard for evaluating the corporate social responsibility of companies in the supply chain. Our regular evaluation of suppliers will encourage partners to continually improve operational efficiency in relation to greenhouse gases.

Total Scope 1 and Scope 2 Emissions for Acer Group



Unit: Carbon dioxide equivalent in tons



Greenhouse Gas Verification Certification for Acer Group Operations Worldwide for 2009 and 2011

⁹ Data for 2012 is currently subject to external verification.



In 2012, the CDP response rate from Acer suppliers reached 95%. The average disclosed score was 56, an improvement on 2011 and also higher than the average CDP supplier score of 48, whilst the performance rating was Band C, higher than the global Band D average. We will continue to conduct supplier training, such as sponsoring CDP instruction and other resources, and expect suppliers to continually improve CDP performance.

Product Carbon Footprint

In partnership with a consultancy team from the Industrial Technology Research Institute of Taiwan, we conducted product carbon footprint training with key suppliers on product lines ranging from notebooks to projectors in 2012. In total, 53 companies, including connector, motherboard and packaging manufacturers, took part in training which included a survey, on-site training, the definition of product carbon footprints, an examination of calculation methods, and a section on reducing product carbon. In 2013, we expect to receive more complete information on product carbon footprints, which suppliers can use to address the stages of primary consumption, and to improve energy efficiency within the factory.

Disclosure, Communication and Initiatives

Acer was awarded 81 points and a Band B for the quality and performance disclosed in the 2012 CDP survey, which represented an improvement in all areas compared to 2011. In 2013, we will invest more resources to improve data quality and actual carbon reduction, to meet the expectation of our investors and stakeholders.

In communication with our stakeholders, we continued to meet with CDP supervisors through the annual CSR forum and internal meetings, and to facilitate direct lines of communication between senior executives, Chief Financial Officer and supply chain supervisors. We participated in the CDP supplier program, joined the EICC Carbon Reporting System, and used externally-run programs to continually improve the responsiveness of our suppliers.

In addition, the Acer Foundation continued to sponsor CDP Pre-launch Event and CDP Launch Event in Taiwan, to enable more Taiwanese companies to obtain the latest requirements of international institutional investors on climate change.

Our Operations and the Environment

We implement stringent management of environment, health and safety (EHS), setting targets and action plans each year to continually improve EHS performance. We also strive to reduce the impact of business operations, in terms of water, energy resources, paper and waste generation on the global environment and local community. In 2012, Acer had a clean record in terms of significant spills and violations of environmental regulations.

Sound Environmental and Health Management

Acer business and global operations are primarily run from offices and certain storage locations. Global headquarters are located in a normal office building in the Xizhi Eastern Science Park, which is not an official conservation area. Acer products and services do not have any significant impact on the global ecosystem or biodiversity.

Observing environmental, health, and safety (EHS) policies and implementing the Acer EHS management system has assisted us in fulfilling our pledges and reaching our corporate



targets, including management of the potential hazards to people and the environment, reducing the environmental impact of our company operations and products, regular monitoring to ensure we are compliant with relevant laws and Acer standards, and to ensure Acer staff enjoy a comfortable environment and attach importance to health and safety precautions.

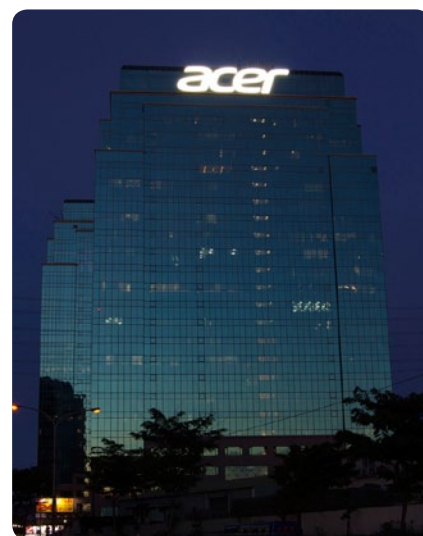
In 2012, we ran a total of nine environmental management courses, ten health and safety courses, and seven courses on conducting internal audits. We have an accredited external agency audit our performance each year to ensure that every item in our EHS management program is being fully implemented. In 2012, Acer expanded the ISO14001:2004 and OHSAS18001:2007 certification for EHS management at Acer's Xizhi office headquarters to cover all business units at Xizhi, implementing EHS management system requirements, maintaining a comfortable working environment for the entire workforce, and ensuring the health and safety of all personnel entering and leaving the site.

Acer also requires all suppliers to establish EHS systems. Currently, all of Acer's ODM suppliers have obtained ISO 14001 certification, and the vast majority are either implementing the OHSAS18001 system or in the process of obtaining certification. Acer also conducts audits of supplier EHS management systems each year to ascertain the degree of implementation and effectiveness.

Energy Conservation Measures

Acer operates on a brand management model, and although electricity use in offices accounts for the majority of energy consumption, Acer continues to research into other energy conservation programs. In 2012, Acer Taiwan achieved a total electricity saving of 600,000 kWh compared with 2011 by adopting the following energy conservation measures.

Energy Conservation Measures	Offices Implementing Measures
Equipped with solar powered electrical system	Acer Taiwan Aspire Park
Energy-efficient lighting used in office refurbishment	Acer Taiwan E-Ten Neihu Office, E-Ten Wugu factory
Replace traditional lighting with energy efficient equivalents in office areas	Acer Taiwan Headquarters Xizhi, Songxin Information Center
Manually controlled lighting in restrooms replaced with timer controlled equivalent	Acer Taiwan Headquarters Xizhi
Replaced old cooling system with energy-efficient equivalent	Acer Taiwan Aspire Park, Acer Taiwan Taoyuan Shipping Center
Replaced cooling towers, adopted energy-efficient equipment, reduced water use and fan operating times	Acer Taiwan Headquarters Xizhi
Installed frequency converters for cooling tower pumps	Acer Taiwan Headquarters Xizhi
Installed frequency converters for coolant pumps	Acer Taiwan Aspire Park
Conducted investigation into use of electrical office refrigerators, recommended the replacement of outdated models and introduced new procurement standards.	Acer Taiwan Headquarters Xizhi
Installed blinds to reduce energy consumption of air conditioning in summer	Acer Taiwan Headquarters Xizhi
Purchased electrical equipment with energy efficiency mark	Acer Taiwan Headquarters Xizhi





Water Resource Management

Acer's global operations focus on marketing Acer products and providing customer services; our primary facilities are offices and we do not run factories. Normal office use accounts for the majority of our water consumption. In 2012, we consumed a relatively small amount of water using approximately 187,157 tons¹⁰. We use water provided by local water authorities and have little influence on water resources. Waste water produced by our global offices consists of domestic sewage, calculated at 80% of water used. In 2012, we discharged a total of 149,726 tons¹¹, which was transferred into public sewers according to local laws, processed by local sewage treatment facilities, and has no obvious environmental impact.

To preserve precious water resources, we continue to advocate water conservation to our staff, encouraging them to report leaks, conduct more rigorous routine inspections, and improve water equipment. We continue to investigate the feasibility of other initiatives to achieve better water conservation results. We have adopted a water recycling system for grass and plant irrigation at the Acer Taiwan Aspire Park, which recycled 98,770 cubic meters of water in 2012. In addition, we have installed water-saving toilets in the guest rooms of the Aspire Park Hotel; Acer Germany has installed rainwater tanks to reuse water resources.

In 2011, we launched the Acer Water Plan to raise awareness of water-related issues in three key areas, Acer operations, Suppliers, and Dissemination, so that from a macro-economic perspective, we could enable Taiwanese companies and our suppliers to engage with environmental protection and this new trend in corporate sustainable development.

In 2012, we used the Aqua Gauge tool developed by WBCSD and Ceres to identify how well we manage water issues in comparison with our competitors, so as to revise and strengthen our plans for future improvement. We also used the data system collated by EICC to conduct an initial appraisal of how well dozens of our suppliers managed water resources. From this investigation, we found that 58% of suppliers had formulated policies and planning on water-related issues, and that around 30% had set targets for reducing water consumption. Companies that used water in manufacturing, which constituted 18% of the total number of companies, accounted for over 60% of total water used, whilst 13% of suppliers suffered the effects of droughts or flooding. From the results of the first survey conducted this year, we established core competencies for managing water resource issues, and in future will gain a deeper insight into the water resource management of our suppliers so as to further identify corporate risks and opportunities in relation to sustainable development.

Waste Management

In order to implement waste management, from 2012 we set about investigating the quantities and methods of recyclable wastes in our global centers for different types of waste (including paper, aluminum, plastics, glass, IT equipment and more). To encourage staff to separate waste and recycle resources at Acer Taiwan, we separate refuse into common waste, recycling and IT equipment. Common waste will be processed in accordance with the regulations of the building management committee or delivered to the local cleaning teams for disposal; recycling items will be sent to the recycling firms after sorting or be collected by recycling trucks; waste IT equipment will be sent to contractors for processing in accordance with annual operations.

¹⁰ Data for water consumption covers 81.4% of Acer's global workforce.

¹¹ Data for domestic sewage is calculated at 80% of water consumption (water escape through air conditioning accounts for 20%), and covers 81.4% of Acer's global workforce.



Paper Reduction and Recycling

From 2012, Acer Taiwan has chosen to use FSC-certified copy paper to reduce environmental impact and to protect forests and biological integrity. To reduce paper use, we have been encouraging staff to reduce printing volumes and to print on both sides, which has reduced printing volumes in 2012 by 6% compared to 2011. At the end of each quarter we destroy unwanted confidential documents using water, instead of burning or burying them, which avoids polluting the atmosphere or soil; in 2012 we destroyed about 9,190 kilograms in this manner. In addition, Acer Germany has been using FSC paper in their offices.

Staff Transportation and Commuting

To reduce the environmental impact caused by staff transportation, Acer Taiwan established a carpool system at its Xizhi headquarters in 2012, to encourage staff to carpool to and from work, as well as reminding them to use conference calls instead of traveling abroad for business meetings. Total distance traveled for overseas business in 2012 was 11% lower compared to 2011.

Environmental Information

Environmental information, including the total input (direct and indirect energy resources) and total output (greenhouse gases, waste water, and solid waste), for Acer in 2012 is shown in the table below.

Total Input		Total Output		
Direct Energy and Resource Use	Indirect Energy	Indirect Energy Greenhouse Gas Emissions (Unit: Carbon dioxide equivalent in tons)	Waste water	Solid Waste
Natural Gas 919,322 Cubic meters	Purchased Electricity 56,249,493 kWh	Scope 1 ¹³ 6,817 tons	Domestic sewage ¹⁶ 149,726 metric tons	Common waste ¹⁷ 11.6 metric tons
Petroleum 1,022,583 liters		Scope 2 ¹⁴ 32,555 tons		Recycled resources ¹⁸ 2,400 metric tons
Diesel 843,087 liters		Scope 3 ¹⁵ Staff flights for global business travel 4,723 tons		Recycled IT equipment ¹⁹ 311.1 metric tons
Water ¹² 187,157 metric tons		Product Transportation 65,013 tons		

¹² Data for water consumption covers 81.4% of Acer's global workforce.

¹³ Quantities for direct and indirect energy resources and greenhouse gas emissions are currently being verified by an external agency.

¹⁴ Quantities for direct and indirect energy resources and greenhouse gas emissions are currently being verified by an external agency.

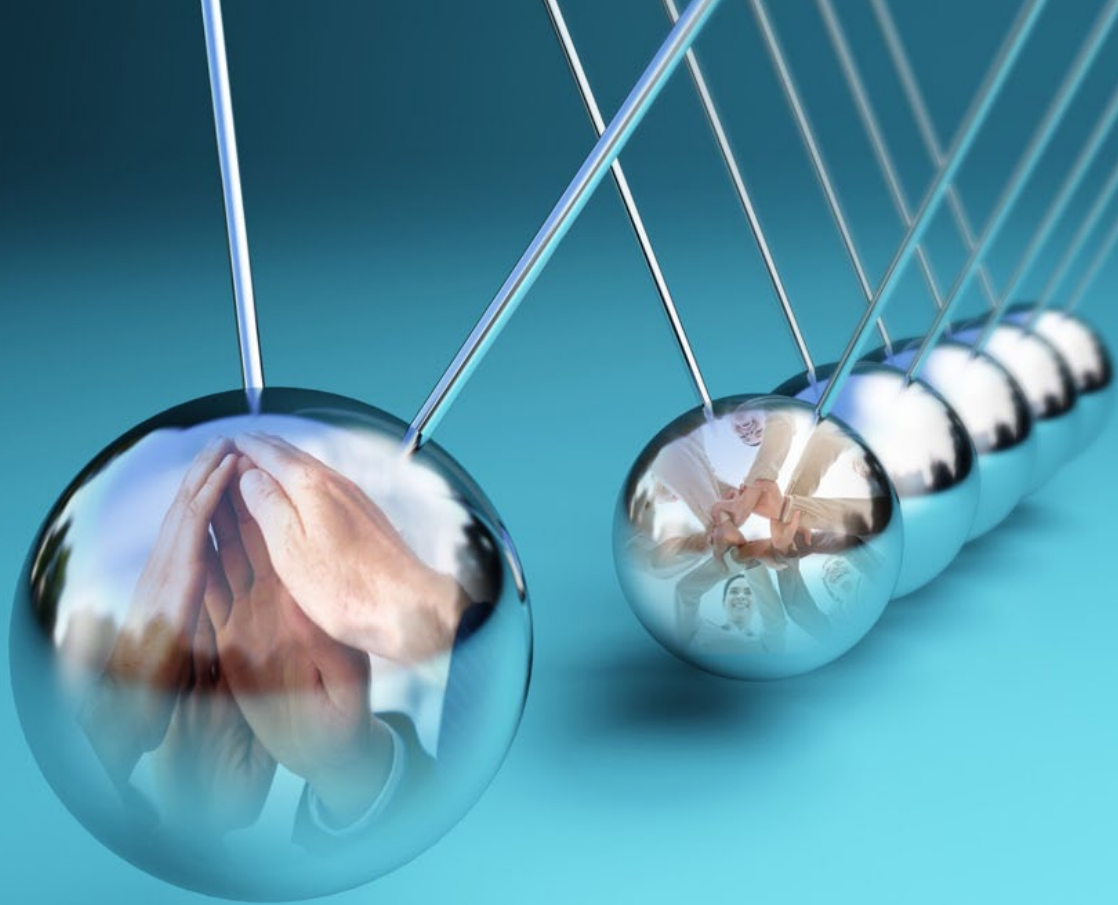
¹⁵ Scope 3 product transportation includes: Europe, Africa, the Middle East and China.

¹⁶ Data for domestic sewage is calculated at 80% of water consumption (water escape through air conditioning accounts for 20%), and covers 81.4% of Acer's global workforce.

¹⁷ Common waste data is for Acer Taiwan's Xizhi headquarters.

¹⁸ Data for recycled resources covers 68.1% of Acer's global workforce.

¹⁹ Data for waste IT equipment covers 64.2% of Acer's global workforce.



Responsible Supply Chain

We treat our top suppliers from all parts of the globe with consistent fairness, to achieve efficient global operations and partnerships and to provide clients with high quality products. We also strive to ensure that a safe working environment is provided throughout the supply chain, that employees are treated with dignity and respect, and that suppliers observe ethical codes and shoulder their environmental responsibilities throughout business operations. We are grateful to all our suppliers for working hard with Acer to establish a supply chain that is responsible to society and the environment. We will carefully investigate the necessary responses to sustainability issues with a positive attitude and from a broad perspective so as to increase the positive effect of the supply chain on society and the environment. Our target is to develop a supply chain comprising the most socially and environmentally responsible suppliers in the world.

Supplier Social and Environmental Management Structures

2012 Site Check Results

Management of Conflict Minerals



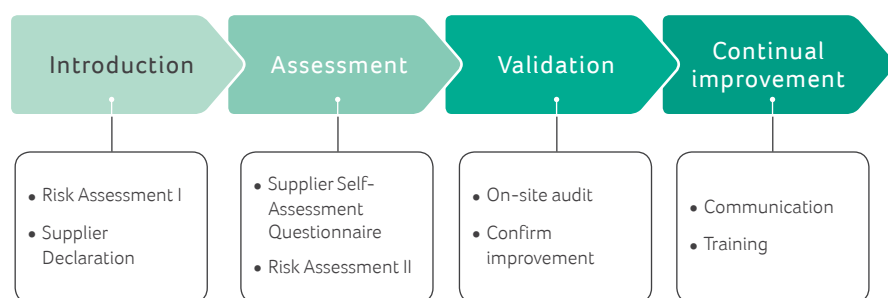
Since joining the Electronic Industry Citizenship Coalition (EICC) in 2008, Acer has been enthusiastically participating in EICC events and activities to understand the latest international approaches to implementing corporate social responsibility and to share practical experience with fellow members. The manufacturing suppliers should comply with the EICC code of conduct and local regulations and reach consistent standards regardless of location. We also encourage our suppliers to fulfill their corporate responsibilities and to promote the code of conduct among their own suppliers, thus helping to raise working conditions in global supply chains in the electronics industry.

We also continue to communicate with suppliers to improve their ability to respond to sustainability issues, and encourage them to put sustainable development on the management agenda. In 2012, we held the fourth Acer CSR Forum, and ran workshops in the supplier section to address four key issues, Supplier Management, Communication, Energy Resources and Climate Change, and Green Products. We invited international stakeholders, suppliers and Acer executives to participate in extensive talks to analyze and positively respond to the problems behind the issues faced in the supply chain, so as to further improve social and environmental responsibility.

In 2012, we also developed the Vendor CSR Scorecard, which involves an examination of supplier CSR performance to achieve environmental, social and management progress, and to assist suppliers in adopting the necessary measures. We expect to start implementing the scheme in 2013.

We work positively and in partnership with our suppliers to set management standards, develop more communication channels and help suppliers improve their capabilities. We have adopted the EICC code of conduct as our standard, and refer to the EICC Supplier Engagement Process by dividing our suppliers' social and environmental management process into four stages: Introduction, Assessment, Validation, and Continuing improvement.

Supplier Social and Environmental Management Process



Phase 1 - Introduction

Risk Assessment I

We conduct an initial risk assessment of the supplier in accordance with the factory location, manufacturing processes, business relations with Acer and basic factory data. We incorporate all suppliers with medium and high risks into the next phase of supplier management.

Responsible Supply Chain



Acer sells tens of millions of ICT products each year. We hope that each product is manufactured in a safe environment, and that each employee is treated fairly and with dignity. Therefore, Acer has adopted the EICC code of conduct as the Acer supplier code of conduct since 2008, promoting the code throughout our supply chain, conducting annual on-site inspections to ensure our suppliers are complying with the code, and working together to improve the social and environmental performance.

Ellen Chen

Assistant Vice President
Key Component
Procurement
Business Unit



Supplier Social and Environmental Management Structures



Supplier Declaration

Acer not only requires the supplier to sign the Declaration of Compliance with the EICC Code of Conduct, and our stipulation to provide social and environmental data, but also to verify that the operations of its own suppliers comply with the EICC Code of Conduct. In 2012, we also incorporated such documentation into the contracts our new suppliers are required to sign.

Phase 2 - Assessment

Supplier Self-Assessment Questionnaire

As the basis of managing the social and environmental risks of our suppliers, all vendors with medium and high risks identified in Risk Assessment 1 must complete the EICC-GeSI Supplier Self-Assessment Questionnaire (SAQ), which focuses on self-evaluation in four key areas, Labor, Health and Safety, Ethics and the Environment.

Risk Assessment II

Risk Assessment II is conducted with reference to the supplier self-assessment, prior audit results, the degree of risk associated with the factory location, business relations with Acer, and consideration of the concerns of all stakeholders involved.

Phase 3 Validation

On-site Audit

Acer continues to audit the social and environmental performance of our suppliers because we believe on-site inspections are the most direct and comprehensive way to confirm our suppliers are living up to their social and environmental obligations. We primarily commission third party auditors to inspect the social and environmental performance of our suppliers. The inspections are led by Acer audit managers and run using comprehensive EICC tools to achieve the dual objectives of Acer-led management and an objective third party audit. We also encourage suppliers to participate in the EICC Validated Audit Process (VAP) to reduce the burden of having to undergo audits for different clients. From 2013, we will also require low-risk suppliers to submit a report for verification.

Corrective Action Verification

We require suppliers to submit a Corrective Action Report (CAR) in response to the issues identified in the audit within 30 days of receiving the audit report, which will be approved in writing by management personnel and verified against the on-site audit in the following year.



Phase 4 - Continual improvement

Communication

Our close partnership with suppliers is also reflected in our work on social and environment responsibility. We maintain two-way communication with our suppliers through focus groups, the annual Supplier CSR Communication Meeting, the CSR forum and CSR related discussions.

Training

In addition to requiring compliance with local and Acer regulations, we also provide suppliers with the latest trends and training in social and environmental responsibility, to improve response to the challenges of sustainable development throughout the supply chain.

Acer works with suppliers in key areas to establish a sustainable supply chain, by focusing on the four management processes above.

Acer continues to audit supplier performance in terms of social and environmental responsibility. Audit methods include: audits led by management personnel, audits run by third parties and the EICC Validated Audit Process (VAP). We use different audit methods to identify supplier non-compliance in the field of environmental and social responsibility, and to maintain effective management of these issues in the Acer supply chain.

Number and Type of Plants Checked from 2010 to 2012

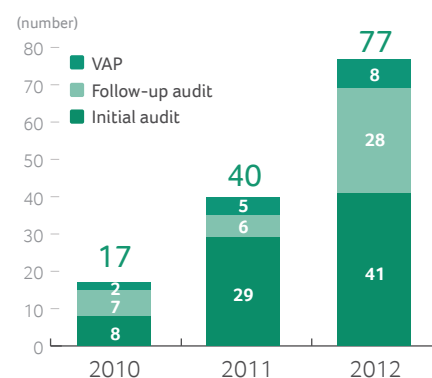


Acer is committed to ensuring that all suppliers treat their employees with respect, adopt manufacturing processes that demonstrate environmental responsibility and provide safe working conditions. We adopt the EICC code of conduct which covers six major areas including Labor, Ethics, Health and Safety, Environment, Ethics management and Health and Safety Management. In 2012, we expanded the social and environmental responsibility audits of our suppliers by conducting factory inspections at 77 of our manufacturing facilities; the number of site checks was 193% of 2011. These audits covered more than 100,000 directly employed workers and included interviews with over 900 employees.

We require suppliers to submit a Corrective Action Report (CAR) in response to the issues identified in the audit within 30 days of receiving the audit report, which will be approved in writing by management personnel and verified against the on-site audit in the following year. Acer will adjust procurement strategies for those suppliers identified as high risk in audits.

2012 Site Check Results

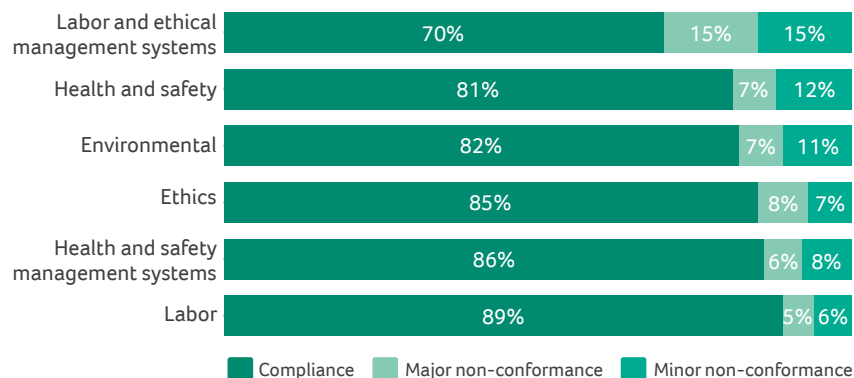
Visits and participants for Digital Mobile Vans



Acer conducts on-site audits on social and environmental responsibility every year to verify that suppliers comply with the EICC code of conduct



Initial Audit Results 2012



Employees must be provided with personal protective equipment to ensure safe operation, in accordance with regulations

Top Areas of Non Compliance in On-site Audits

Categories	EICC regulations	Major Issues	Corrective Actions
Labor	Working Hours	Workers exceeded the prescribed limit for overtime hours and worked an average of seven days without a day off.	We suggest that suppliers establish a warning function in the overtime management system to remind supervisors that overtime for the personnel concerned has already exceeded limits, and to adopt rest management and improve scheduling. We require suppliers to prioritize the improvement of overtime and at least one day off per seven-day week, and will continue to monitor improvement. We suggest that suppliers consider capacity requirement planning, and improve their shift scheduling and hiring to address overtime issues.
Environment	Toxic materials	Lack of appropriate secondary containment around storage areas to prevent harmful chemical reactions.	We require our suppliers to propose a corrective action plan to prevent toxic substances from causing injury.
Labor	Young Workers	Young workers exceeded the prescribed limit for overtime hours, i.e., overtime exceeding 3 hours per day or 36 hours per month.	We suggest that suppliers establish an automatic warning function in the staff overtime management system, adopt working hours management and improve scheduling. We also require suppliers to improve their shift scheduling and hiring in order to address overtime issues.
Health and Safety	Occupational Safety	Personal protective equipment missing, not used in accordance with regulations, or not implemented, such as extractor fans not in place for soldering, masks not provided in accordance with regulations, protection not applied to the sharp corners of equipment. No standards formulated, insufficient regulations, or no implementation. For example employees hold probes with both hands when conducting high pressure tests, employees stand up and work on forklift trucks, chairs fixed to the production line test tables.	We request suppliers and employees to wear all necessary personal protective equipment (PPE) in accordance with regulations, we require suppliers to implement risk training at work and ensure employees use PPE correctly, and that supervisors effectively manage and monitor.
Labor and Ethics Management System	Communication	Suppliers failed to establish labor relations, ethics policies, performance, practical experience and the desired communication channels with suppliers.	We require suppliers to formulate and implement specific procedural documents, and keep corresponding records.



Supplier Assessment in Partnership with Chongqing Government

Chongqing is an important production base for Acer notebooks and so we have been supporting the municipal government's emphasis and requirements on CSR. In April 2012, in partnership with an external audit agency and officials from Chongqing Municipal Economic and Information Commission, Acer supplier management conducted on-site assessments of notebook suppliers to promote positive improvements in working conditions. The audit covered labor rights, health and safety, and environmental and business ethics, and was conducted in accordance with the EICC code of conduct and Key CSR Assessment Methods for ICT industry in Chongqing (Trial) .

Officials from the Chongqing government were involved throughout the entire process, and were present to directly address and explain issues raised by suppliers and to establish strong two-way communication channels. The findings from this assessment revealed major problems in terms of overtime and at least one day off per seven-day week, and minor management issues including incomplete records and implementation. All identified issues were recorded so improvement could be monitored.



Supplier Assessment Conducted in Partnership Between Acer and the Chongqing Government

The raw materials and processes involved in product manufacture may cause social and environment issues. Mineral trade between the Democratic Republic of Congo and adjoining countries has led to serious armed conflict and aroused the concerns of the international community. Our products contain metal elements such as gold tantalum, tin, and tungsten , which are obtained from various sources, including recycling and mining, and produced in different areas. As an established brand, we realize our opportunity to exert a positive influence on this issue, and so support the legislation stipulated in the relevant regulations.

Management of Conflict Minerals

Our Commitment

Acer is committed to ensuring that working conditions in its supply chain are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and ethical. As a result, Acer will not accept any supply chain activities in the DRC or adjoining countries that fuel conflict of tantalum, tin, tungsten, and gold. Acer supports the US Dodd-Frank Wall Street Reform and Consumer Protection Act (H.R. 4173), and will support similar requirements in other parts of the world. In addition to this individual commitment, we also participate in the Extractives Working Group run by the EICC/Global e-Sustainability Initiative (GeSI) to support EICC/GeSI due diligence programs, the OECD due diligence guidance, and pilot smelter audit and verification programs. Furthermore, we run sourcing schemes within the local region and engage with stakeholders to achieve consistency and ensure effective communication. Acer understands that a certification program may be a necessary solution in the future and we will support such a process should all the relevant stakeholders agree. In the meantime, we will continue to support the audit and verification programs established by the EICC and GeSI.

²⁰ In January 2012, the Chongqing government published the Key CSR Assessment Methods for ICT Industry in Chongqing (Trial) and began CSR assessment for local companies in order to promote the development of the ICT industry and establish sound procedures for staff recruitment and working conditions. The assessment included: recruitment standards, work intensity, remuneration and benefits, humane management, working environment, stable workforce and other work.



Our Actions



ICGLR-OECD-UN Joint meeting on Implementation of Due Diligence for Responsible Sourcing in 3TG (tantalum, tin and tungsten) and Gold Supply Chain²¹

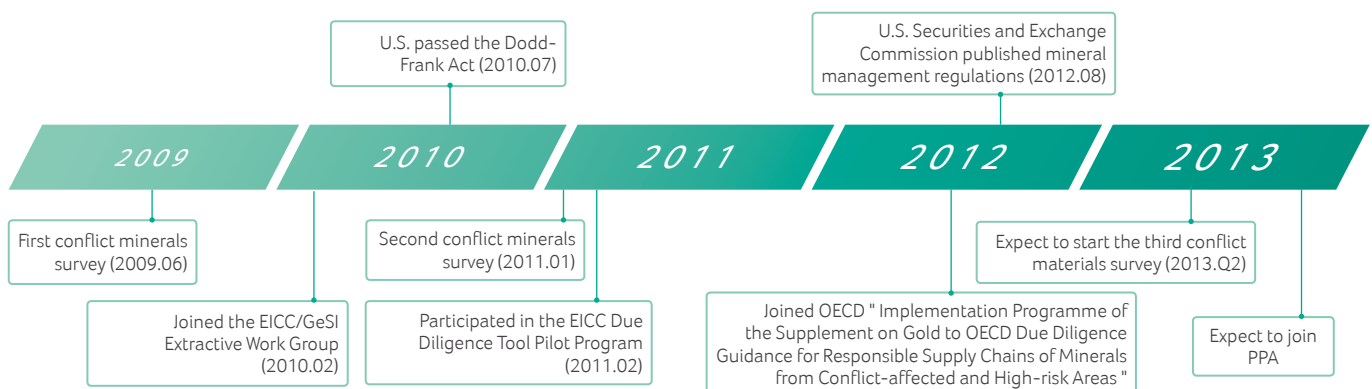
Since 2009, Acer has engaged with its suppliers to educate them on the issue of conflict minerals and to trace the supply chain back to the sources of cobalt, gold, palladium, tantalum, tin, and tungsten.

In 2010, Acer began participation in the EICC/GeSI Extractives, and Due Diligence work groups, contributing to the development of the Conflict Minerals Reporting Tool Template, which facilitates disclosure and communication from smelters in the supply chain. In 2011, we participated in the template pilot by conducting a test-run with Acer's suppliers and gathering feedback for further refinement of the template, and in the same year, we started to use the tool to launch a survey with our suppliers on smelting plants.

In 2012, following the initial identification of the smelters in our supply chain, we submitted our smelter lists into the EICC/GeSI CFS program to facilitate the creation of an industry smelter master list, which would be used going forward to target smelter companies for CFS Program participation. We also published the initial results on the website. Furthermore, we began a targeted effort to verify smelter status and then to reach out to certain smelters to encourage them to participate in the CFS Program. The effort included sending encouragement letters, direct contact via telephone, and smelter facility visits in China. This effort will continue in the future as necessary until we have a critical mass of participating smelters in the CFS program for each of the four metals Acer also sought to further develop its due diligence program to ensure that it would employ best practices and would be effective at improving the situation in the region. We also continue to hold meetings with suppliers to ascertain progress on the issue of conflict minerals, to explain Acer's commitments and supplier requirements, and to ensure they have a greater awareness and more thorough understanding of the issues.

In the meantime, we will search for other opportunities for due diligence to ensure best practice and to effectively ameliorate the mineral conflict between the DRC and its neighbors. Acer joined the " Implementation Programme of the Supplement on Gold to OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-affected and High-risk Areas " in November of 2012. Acer will continue to participate by implementing the OECD Guidance and participating on discussions to build due diligence capacity in our supply chain and in the region and to share experiences on program implementation. Acer also signed and submitted its Expression of Intent to join the Public-Private Alliance (PPA) for Responsible Minerals Trade, and hopes to be able to contribute along with other companies, governments, and civil societies to support solutions to supply chain challenges and to enable the future sourcing of legitimate, conflict-free minerals from the region

Action Taken on Conflict Minerals by Acer in the Previous Year



²¹ ICGLR: International Conference on the Great Lakes Region

OECD: Organization of Economic Cooperation and Development

UN: United Nations

Source: 4th ICGLR-OECD-UN Joint Meeting on Implementation of Due Diligence for Responsible Sourcing in the 3T and Gold Supply Chain



Employee Welfare and Advancement

Acer strives to create a high-quality working environment, promote a work-life balance program, care for employees' physical and mental health, provide competitive compensation, and enhance employees' core and professional competencies and career development through systematic training and staff development plans.

Staff Structure

Competitive Compensation Packages

Employee Relationships

Continuous Learning and Growth

Health and Safety in the Work Environment

Standards of Business Conduct



Staff Structure



To attract, retain and facilitate the development of top talents, we strive to create a high-quality working environment, maintain open communication channels, provide competitive compensation, encourage staff to increase productivity, and assist them in maintaining an appropriate work-life balance.

Tek Yoong Kon

Chief Financial Officer and Head of Human Resources

Asia-Pacific Financial, Human Resources and General Affairs



Hiring

As of the end of December 2012, Acer had 7,967 employees worldwide, including 1,103 managers, 3,180 members of professional staff, 551 members of administrative staff and 3,133 technicians. The average age is 36 and staff members have worked at the company for an average of 6.2 years.

Recruitment

When hiring employees, we abide by the local labor laws of each location and prioritize the hiring of local employees. We adhere to equal opportunity principles and do not discriminate on the basis on race, gender, age, religion, nationality or politics. We prohibit the use of child labor. We make appointments based on merit and recruit talent from around the world. A total of 73 new employees were hired in 2012.

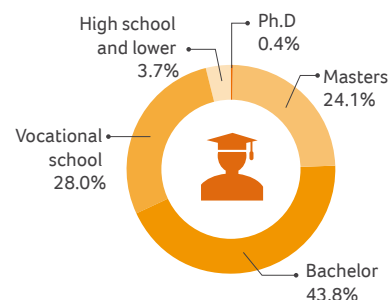
In 2012, staff turnover was 11.9%, a figure consistent with world levels. The region of China was affected by supply and demand in the labor market with a higher staff turnover rate (32.1%). Employees in other regions were relatively stable with turnover rates falling within an acceptable range.

In the event of significant operational changes, Acer notified all affected colleagues in accordance with relevant local laws. For example, staff at the Acer headquarters in Taiwan who have worked for the company for longer than three months but less than one year are given ten days notice, staff who have worked continuously for the company for longer than one year but less than three years are given twenty days notice and staff who have worked continuously for the company for longer than three years are given thirty days notice.

Data for Turnover and Employment Rates by Region

Region	Turnover ²²		Employment rate ²³	
	Number of people	Percentage	Number of people	Percentage
Taiwan	372	13.9%	452	16.9%
China	329	32.1%	324	31.6%
Pan-America	61	7.6%	45	5.6%
Pan-European	49	3.1%	89	5.6%
Pan-Asian	140	7.4%	114	6.0%
Total	951	11.9%	1,024	12.8%

Staff Qualification Percentages



Average 6.2 Years at the Company

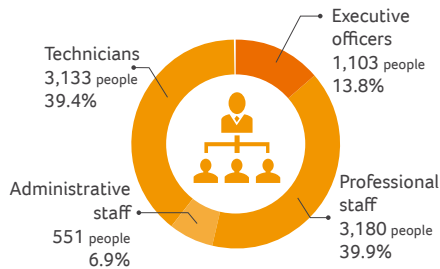
²² Turnover rate is calculated based on the number of staff leaving the post per month divided by the number of current staff per month, with the annual rate based on the total for the twelve months.

²³ Employment rate is calculated based on the number of new staff divided by the number of current staff per month, with the annual rate based on the total for the twelve months.

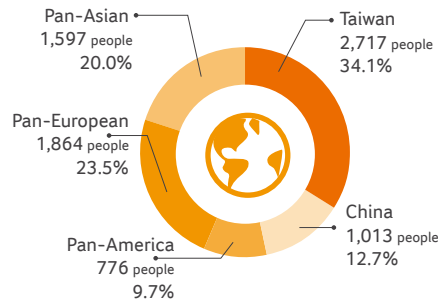


Staff Structure Distribution Table²⁴

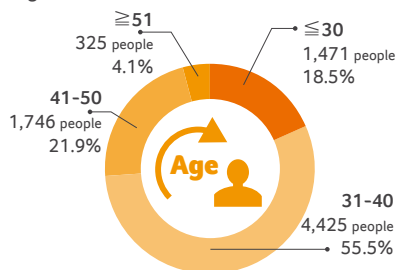
Workers



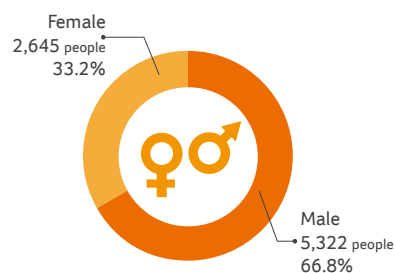
Work location



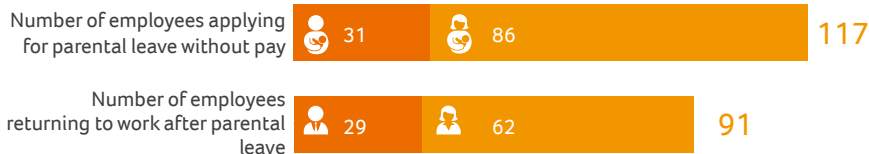
Age



Gender



Number of employees applying for parental leave and reinstatement



Salary

Competition is fierce in the global technology market and competition for talent is much the same. In order to attract and retain outstanding employees, we provide competitive comprehensive salary packages. When developing salary policies, we comply with the requirements of the local labor laws of each location and do not discriminate on the basis of gender, religion, race or politics. We consult salary survey information from management consulting companies to ensure our salaries are competitive in the talent markets of each region. In addition, we also issue bonuses based on company profit and unit and individual performance to reward outstanding employees. For example, Acer Taiwan provides performance and employee bonuses.

The Acer salary policy system is based on the following principles:

- Must take into account the interests of shareholders and employees
- Must be able to attract and retain outstanding talent
- Provide appropriate incentives to reward employees who make a contribution to the company

Competitive Compensation Packages

²⁴ In the future, global HR data will be integrated to reveal more complete information.



Acer Family Day



Employee Trip

Employee Benefits

In addition to the benefits as stipulated by law, we also provide group medical insurance and outstanding employee benefits based on local customs. For example the Taiwan Employee Welfare Committee - Acer Welfare Committee provided the following three major employee benefits in 2012:

1. Recreation and Entertainment Benefits

The company organized numerous activities for colleagues and their families. Over 20,000 people attended the 2-3 day tours, family day and arts appreciation activities giving colleagues the chance to get relaxed and spend time with their families. We also provided help-yourself recreational subsidies allowing colleagues to choose their own recreation and entertainment, promoting the balanced development of body and spirit.

2. Social development activities

We provided funds for a variety of social activities to promote emotional interaction between colleagues. Colleagues deeply appreciate the variety of relaxation areas including massage chairs, electronic games facilities, exercise facilities, lounge and café.

3. Cash benefits

We provided vouchers for the three major festivals as well as birthdays, along with scholarships and cash subsidies for weddings and funerals.

Vietnam Halloween Party

Acer Vietnam held its Halloween Party in November, 2012. Employees and their dependents got the opportunity to express their creativity in the make-up competition, for which the company received great positive feedback.



Retirement System

Acer's retirement system is based on the local laws and regulations of each location. In Taiwan, in addition to pensions due to employees under the Labor Standards Act and Labor Pension Act, the company has also established an "Early Retirement System". Any employees who are 50 years of age or over and have worked for the company for 15 years may apply for retirement and start planning for their futures as early as possible.

Employee Relationships

Employee Communication

Acer values employees' ideas and provides open internal communication channels including a logistics service hotline, cross-level executive communication, and a biennial online global employee opinion survey including an opinion survey about the degree of implementation of CSR, covering topics such as awareness of CSR plans, green products, business ethics, CSR disclosure and individual roles in CSR. In addition, Taiwan organizes quarterly Employee Representative Meetings. The Chairman and CEO of the company meets face to face with a representative selected by employees to discuss and implement resolutions for matters relating to operations management, work environment and employees' rights. In 2012, employees in Taiwan reported the following major resolutions through the Employee



Representative Meetings. We have formulated and are carrying out improvement plans for each resolution.

Major resolutions of the 2012 Employee Representative Meetings (Taiwan Region)

- Enhance the company's internal coordination/integration systems
- Improve office environments
- Provide more conference equipment and improve the electricity consumption habits of colleagues
- Promote green supply chains
- Improve garbage and recycling operations
- Increase incentive systems for employee proposals

Communication between Thai Employees

Acer Thailand holds monthly employee communication meetings chaired by Acer Thailand's top executive. Colleagues take turns to talk face to face about future operational goals, while executives take the opportunity to listen to employee ideas and provide direct feedback.



Human Rights and Freedom of Association

Acer believes that every employee has the right to receive respect and fair treatment. In addition to its commitment to respecting internationally recognized human rights (such as the United Nations Declaration of Human Rights and the International Labor Organization's Fundamental Conventions), the company has formulated the Standards of Business Conduct, which sets down related human rights policies including respect of diversity, fair treatment, and anti-discrimination and harassment. The company has also formulated human rights policies to enable communication of business ethics with related stakeholders, and has never prevented or hindered the freedom of association of any employee.

In order to protect gender equality and human dignity and provide a work environment without sexual harassment and gender discrimination, the Taiwan region has specifically drafted the "Sexual Harassment Prevention Measures and Disciplinary Actions," clarifying complaints channels, operating procedures and disciplinary regulations, as well as providing training courses for the prevention of sexual harassment to increase employee awareness and prevent the occurrence of sexual harassment. The company received two complaints in 2012, both of which were investigated and handled immediately and for which disciplinary action has been taken in accordance with relevant laws and regulations. No incidences of racial discrimination occurred.

Personnel Training and Career Development

In cooperation with developments to company strategy, training for 2012 focused on advocating brand values, creating value for the customer through innovation, strengthening process management to improve implementation efficiency, improving the quality of

Continuous Learning and Growth



products and services, and strengthening the core competencies of supervisors and colleagues at all levels to ensure effective strategy implementation.

Annual training was delivered by means of new employee training, general courses, professional training for each post, management skills development and online learning. In order to ensure the quality of training, all trainings were carried out in accordance with the "The Management Process of Internal and External Training". In 2012, Taiwan ran 176 training courses for a total of 3,611 participants over a total of 14,821 man hours. Training focused on strengthening leadership and management capabilities of supervisors at all levels, to provide guidance for leadership roles, improve personnel management and to help leaders to enable the team to reach targets.

Data on Employees Trained and Training Hours Worldwide for the Taiwan Region

Type of Employee	Participants	Course Man-hours	Average Training Hours
Senior Management	31	598	19.3
Middle/Base-level Management	263	2,596	9.9
Rank-and-file Colleagues	3,317	11,627	3.5
Total	3,611	14,821	4.1

Development of Diversified Learning

All employees are able to improve their professional capabilities by means of multiple development paths. For example, development paths within the company to include job training, coaching, job transfers, seminars, online learning and study groups. Externally, employees can participate in professional seminars and short-term training courses at prestigious foreign universities and training organizations. In addition, in order to encourage colleagues to obtain professional certification and improve their professional capabilities, the Electronic Service Business Group formulated the "Incentives for Professional Certification" to provide subsidies and bonuses to cover test fees for professional certification.

Living the Acer Brand Values

In order to advocate for Acer's brand values (exploration, progress, humanistic), Acer Middle East organized a one-day activity in November to help colleagues understand the construction and spirit of brand values using experiential learning and team building exercises.



Acer Middle East's Brand Values Training Activity

Thailand Experiential Learning Training

57 managers from Acer Thailand organized 2 days of team adventure training in August 2012 to improve skills such as team cooperation, creative problem resolution and using resources to improve productivity through experiential learning.





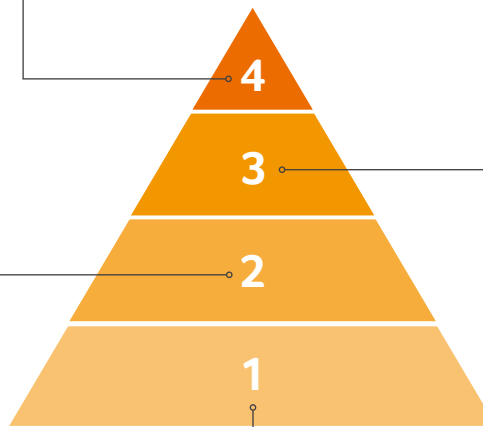
Training Structure and Results

Management Skills Training System

During Acer's transformation, the focus of management training for managers of all levels has been on strengthening leadership innovation capabilities in all managers, raising team morale, cross-unit cooperation and communication and skills for selecting, educating and retaining talent. Typical representative training courses for high level management included dynamic competitive strategies and leadership innovation. Training for mid-level managers focused on strengthening guidance and communication capabilities and building high performance teams. Training for base-level managers focused on strengthening basic core management capabilities.

General Courses

General courses were mainly based on the 2012 training focus plans. Typical courses included systematic innovation methods and applications (AIM model), problem analysis and improvement (DMAIC model), applications of mind mapping, improving work efficiency, negotiating skills in practice and electrostatic grounding seminars. 1,816 colleagues from across Taiwan participated in these training courses.



Vocational Professional Training Systems

Professional skills training is provided as required for each department and professional seminars are organized to help colleagues understand product development trends. Courses included a variety of topics including business opportunities and trends in the integration of the three global networks (telecommunications, radio and the Internet), analyzing trends in consumer electronics from CES (Int'l Consumer Electronics Trade Show- 2012), cloud computing developments in home electronics and the exploration of innovative applications and business opportunities, development trends in new generation mobile wireless broadband technology TD-LTE and potential business opportunities, App mobile marketing - innovative marketing policies for smart phones and effective methods for exploring the needs of ICT consumers.

New Employee Training

The company arranged guidance training for new employees on their first day to help them understand basic operating principles as quickly as possible. New employee training is organized for new employees by the training unit within a month of starting work, providing explanations of company systems, rules and regulations, core values, brand values, corporate culture and standards of business conduct (including information regarding labor rights, freedom of expression, prevention of sexual harassment and anti-corruption) to help employee transition smoothly into the team. In 2012, 374 new employee from Taiwan attended training.

Performance Management and Development

The goal of Acer's performance management and development system is to improve performance at individual, departmental and organizational levels and includes goal setting, delegation, communication and coaching, consequence management and change management. In 2012, the proportion of Acer Taiwan employees involved in performance evaluations reached 100%.

Health and Safety Training

In order to continue to increase employee safety awareness in the workplace and strengthen health and hygiene concepts, Acer Taiwan held the "Education and Training for General Labor Safety and Health" at its headquarters in Xizhi in 2012 in accordance with "CLA Rules on Education and Training of Labor Safety and Health" and the requirements of the OHSAS 18001 standards.

This training helped colleagues understand Acer's labor health and safety policies and related considerations including employer's responsibilities and employees' obligations with regard to labor safety and health(legal), understanding common office accidents, types of hazard and preventative methods (environmental), regulations related to company safety and health and matters required cooperation from colleagues (safety) and preventative health care and health promotion for technology workers (welfare).

Training placed strong emphasis on case studies including the prevention of traffic accidents

Health and Safety in the Work Environment



when traveling to and from the workplaces, laboratory safety, health issues when using computers, safety when taking stairs, safety when using electrical sockets, safety when using electronics, office hygiene, domestic and international business travel, travel health and disease prevention and safety. The training was provided in seven sessions and was attended by a total of 841 colleagues from Taiwan.

In 2012, Acer Taiwan's headquarters in Xizhi teamed up with the local Xizhi branch of the Cathay General Hospital to provide employees with continuous health care services, organize First Aid training (CPR) and automated external defibrillator (AED) training, simulation exercises for office emergencies requiring hospitalization, health management seminars and Acer's quit smoking class

Health Checks, Health Education and Promotion

Acer cooperated with professional medical organizations in carrying out its biennial employee health inspection and provided tracking management for colleagues whose health inspection results showed serious abnormalities with assistance from medical organizations. Acer Taiwan organized a series of mind and body health seminars with a total of 2,946 participants and provided a variety of recreational facilities in the employee recreation area and basketball court to relieve stress, including table tennis, a basketball shooting machine, video game consoles and electronic massage chairs. Starting in 2008, Acer launched its Acer massage station, bringing in visually-impaired masseurs to provide colleague massages, with over 9,000 people participating in the scheme so far.

In order to enrich the recreational lives of employees, Acer encourages employees to create a variety of clubs and has established the "Acer Sports Team" to encourage colleagues to enter a variety of sporting events, including: sports competitions such as the "Taipei Marathon", "Swim Across Sun Moon Lake" and the "Acer Climbing Race". In 2012, a total of 1,661 colleagues and their families participated in these activities.

Acer's 2012 Injury and Disabling Severity Rates

	Injury rate (IR) Total number of injuries x 200,000/total work hours		Lost day rate (LDR) Total lost days x 200,000/total work hours	
	Acer Global	Acer Taiwan	Acer Global	Acer Taiwan
Male	0.08	0.15	0.48	0.76
Female	0.02	0.07	0.53	3.53 ²⁵
Total	0.10	0.22	1.01	4.29

Acer Middle East's Health Promotion Plan

Acer Middle East ran a health promotion scheme over November and December to encourage employees to challenge themselves by setting targets to lower weight, waist circumference, blood pressure, cholesterol and sugar intake over the 2 month period. The company rewarded those who reached their targets.



²⁵ In 2012, a female colleague from Acer's headquarters in Xizhi was involved in a car accident which resulted in a hospital stay and long-term recuperation at home. A total of 92 days were lost due to this case.



Improving Hardware and Software Facilities

In order to perfect channels of communication, Acer Taiwan set up an Employee Representatives organization. The representatives were elected by employees from all departments. The meetings are held quarterly to discuss topics including health and safety issues and improvement tracking. In order to build a good working environment and ensure colleague health and safety, the Acer Taiwan headquarters in Xizhi has launched an ESH (Environment, Safety, and Health) management system. The ESH management group is comprised of 23 members. Apart from the management representatives and promotional groups, the remaining 20 members are suitable employees elected from each unit (the proportion of labor representatives is 87%). In addition to regularly organizing meetings to discuss issues relating to ESH, the team also carries out an annual workplace hazard identification, considers environmental impact and proposes improvements for significant-risk, high-impact projects. In 2012, Acer Taiwan's headquarters in Xizhi carried out a number of improvement projects including: improving over-cooling in the top-floor conference area, reducing the impact of noise from the rooftop cooling tower, improving ventilation in office areas and preventing the loss of fireproof coating from office ceilings. In addition, a number of annual environmental checks are carried out on the quality of drinking water, indoor carbon dioxide, electromagnetic waves, Legionnaire's disease in the cooling tower and formaldehyde to control and maintain the quality of office environments.

In addition to carefully abiding by relevant national laws and regulations, Acer requires colleagues to be honest and exceed the public expectations for the Acer company. For this reason, we drafted the "Standards of Business Conduct" in 2009. In the event that any of these regulations are violated the situation is handled according to the severity of the violation. Serious cases are subject to necessary disciplinary action and even dismissal.

The Standards of Business Conduct also clearly states our anti-corruption rules, including conflicts of interest, the banning of inappropriate interests, business entertainment and bestowing of gifts, as well as detailing mechanisms to address potential corruption. In addition, the company is reducing the possibility of corruption by conducting regular audits of internal business processes, utilizing effective internal controls and internal self-inspection.

These regulations require that all Acer employees carry out business activities to the highest standard of conduct. Every new employee receives educational training and is required to comply with these regulations. In addition, the Standards of Business Conduct is integrated into performance appraisals to remind colleagues of their obligation to adhere to the code. Direct line managers are responsible for ensuring all their staff members are following the Standards of Business Conduct.

Standards of Business Conduct





Customer Services

Acer has always followed a quality policy of "Serve with honor and work with pride " and adheres to the concept of "Service is the pride of Acer" in providing professional products and services. In order to satisfy customer requirements, Acer employs a fresh approach with regard to the comprehensive pursuit of innovation and contribution, providing customers with cutting-edge technology. In order to win the trust of our customers, we carry out rigorous checks on product quality and provide safe products. To provide peace of mind for customers, we have also established a comprehensive customer service mechanism.

Acer Group Service Model

Customer Satisfaction Survey

Protection of Customer Privacy



The Acer service network is made up of Acer's directly controlled service centers and authorized maintenance centers. We have set up many maintenance centers worldwide and cooperate with authorized service centers in required areas. The four features of this service model are:

- Hybrid model: Both self-owned and affiliated telephone customer services and maintenance centers
- Self-owned IT systems: "One company, one system": provides seamless, real-time links between all service units.
- Spare parts logistics: Central and local inventory managed by a single system. We have set up spare parts centers on five continents in response to the customer demand for maintenance services.
- Multiple-brands: Meets the brand requirements of specific customers around the world.

In 2012, there were no major cases in which Acer violated laws and regulations with regard to products and services.

Multiple Service Channels

We are devoted to helping customers understand our product features and services and to using a variety of methods to understand customer requirements. Acer customers can contact us at any time and provide comments and suggestions through any one of the channels listed below.

- Network download and support services
- Telephone services support center/technical support
- Acer-managed service centers
- Authorized service centers and professional maintenance companies
- International travelers warranty service centers
- Acer Web Master (procedures and mechanism for handling customer complaints)
- Facebook and Acer community

Acer America's Listen to Customers Project

In 2012, Acer started to provide an even more diverse selection of channels to enable American customers to communicate with the company. We receive customer feedback through a variety of electronic channels including email, chat rooms and our telephone customer service center. We are active on social network sites including Twitter and Facebook, giving us more opportunities to listen to customers. We analyze user feedback obtained through each channel. This helps us to gain an even more accurate understanding of user experiences and helps us continue to track progress after improvements have been implemented. These efforts have resulted in a gradual increase in levels of customer satisfaction in America.

Customer Service System

A good system is the basis of customer service activities. In order to further improve customer service quality, we developed the Acer Customer Service System (CSS) to centrally manage Acer's directly-managed service centers, authorized service centers, professional maintenance companies, telephone service support centers, spare parts planning and warehouse management as well as managing customer interactions through the network. This system will help us improve maintenance schedules and quality.

Use of this system has started in Europe, the Middle East, Africa, America and Asia-Pacific

Acer Group Service Model



In 2012, Acer further improved service facilities in all EMEA regions, focusing on customer satisfaction and social and environmental aspects. We handle telephone customer services and maintenance centers for both directly controlled and affiliated businesses, enabling us to quickly respond to market requirements, avoid unnecessary time wastage and avoid non-environmentally friendly methods such as shipping products to maintenance locations in distant countries. Acer has strategically set up directly controlled service centers in major markets, providing local customer services as well as providing job opportunities in the areas around our European center. Acer has launched an "Extended Warranty" project in major European markets, providing Acer customers with an additional option. This project guarantees fast, cost-effective, high-quality maintenance services for Acer products even after the warranty period has expired. Extending product warranty periods by providing local maintenance services reduces unnecessary product replacement and increases customer satisfaction. Acer helps our customers to maximize usage of our innovative products, displaying our commitment to environmental protection.

Thomas Riege

Assistant Vice President
Customer Services
for Europe, the Middle East
and Africa





regions and we expect to expand worldwide by 2014, providing customers with even better services.

Online Education and Training for Employees and Partners

In order to enable our worldwide customer service staff to provide customer advice and assistance, we have established an online learning system (the Acer E-Academy) since 2009 to provide professional knowledge training for new products, resolution of common product queries and customer coping skills and standard processes to first-line customer service employees and operating unit employees, including an online evaluation after the course has finished. Over 7,000 employees and partners worldwide have already obtained the latest product knowledge via this system, enabling them to provide even better customer service.

Product Alerts and Recall

Whenever we have important product information or need to recall products, we post all the details customers need to know on our websites for each country. For instance, customers can check whether their products have been affected under "Support" on the Taiwan website and can proceed according to the steps outlined on the website. In addition, we inform all customers calling our telephone support center and help them resolve any issues. No incidents with the potential to cause customer safety concerns occurred in 2012.

Customer Satisfaction Survey

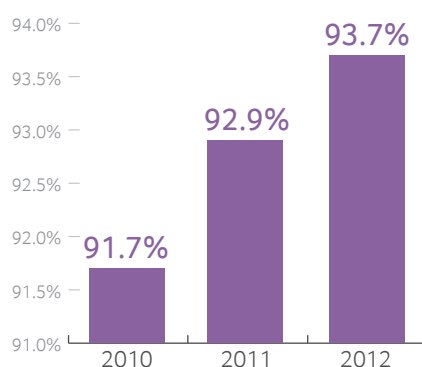
In order to gain a deeper understanding of customer requirements, Acer carried out a customer satisfaction survey to gain customer feedback and improve any areas of concern. The customer satisfaction survey was divided into two major categories. One was aimed at single products and was carried out on a global scale. For example, a customer satisfaction survey was carried out on the S7 laptop in America. A user satisfaction survey aimed at tablets was also carried out in Europe in 2012.

In addition, Acer carried out evaluations and surveys of customer satisfaction after receiving services related to product inquiries to ensure customer requirements are being understood and handled appropriately. Customer response is also an important basis for the continuous improvement of Acer's operational processes.

After Acer has carried out analysis on customer problems, the results are forwarded to the relevant internal product units. All relevant teams are required to draft, implement and track improvement plans.

Acer carried out the customer satisfaction survey to obtain customer feedback and improve our products. In order to further understand the complete picture of global satisfaction levels, we carried out a customer satisfaction survey on all customers who had received service at a maintenance center or who had called the customer service hotline for support and assistance. After compiling the data, we converted the questionnaire results to determine that global satisfaction scores had risen from 93 in 2011 to 94 in 2012.

Global Customer Satisfaction Survey





Acer America's Customer Service Week

In order to help out customer service staff regain their energy and enthusiasm, we held a Customer Service Week from October 1 to October 5 at the Temple Acer Service Corporation, where it has been held each year since 2011. The theme was "Be the One". In addition to recognizing the importance of customer service and commending our outstanding and professional customer service staff, we also used the week to motivate customer service staff to continue to provide enthusiastic and professional service for our customers.



Group picture: Acer America's customer service staff

We are devoted to protecting the confidential information of our customers and strictly adhere to Acer's Privacy Policy. All Acer employees are required to carefully protect confidential or proprietary information provided by customers. Our products make use of data security technology to protect consumers' personal information.

Protection of Customer Privacy

Our privacy practices:

- Comply with regulations
- Comprehensive information security protection measures
- Implementing internal personnel controls and training
- Strict internal control and audit systems
- Mechanisms for the easy handling of privacy issues

In response to Taiwan region regulations, in 2012 we formulated the Acer Regulations on Personal Information Management, to ensure that the collection and processing of personal information is conducted accordance with the law. No complaints were made against the company with regard to the violation of customer privacy and the loss of customer information in 2012.





Community Involvement

At Acer, we believe our products are capable of improving lives. We create products for the majority, not just a select minority. Our goal is to create a world in which everyone can enjoy access to the latest technology. We hope our products can satisfy the curiosity of all people and enable them to explore endless possibilities.

Therefore, Acer promises to improve ICT capabilities in all societies, allowing individuals, communities and organizations to utilize the influence of ICT and improve their quality of life and competitiveness through exploration. In terms of community involvement, Acer, the Acer Foundation and the Gateway Foundation start from core competencies, considering the needs of the local community in each region when giving back to the community by means of our technologies and products, employee capabilities and donations. We hope to establish shared values with the community, furthering the company's economic interests while also achieving social inclusion.

Education

Acer volunteers

Community Volunteers

Charity



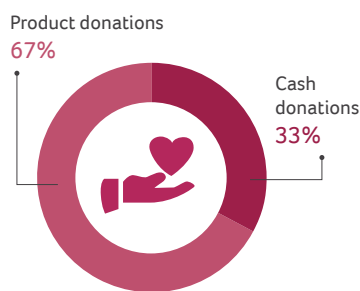
Community involvement

In 2012, Acer invested a total of 64,000,000 NTD into global community participation, with a particular emphasis on education, Acer volunteers, environmental conservation and charity work, with educational and charity projects implemented in every region.

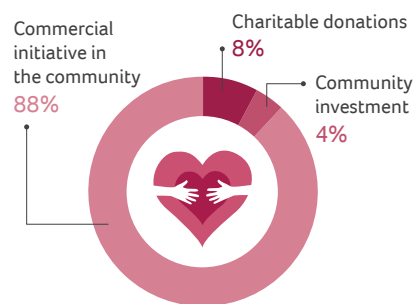
Acer's Community Involvement: Region and Type

	Education	Volunteers	Environmental Conservation	Charity
Asia	✓	✓	✓	✓
Americas	✓			✓
EMEA	✓			✓
Taiwan	✓	✓	✓	✓

Donation categories



Type of community activities



As technology advances, so does the desire to learn, create and explore. Therefore, we work with local non-profit organizations toward the continuous promotion and exploration of values created by the integration of technology and education. We create more opportunities for disadvantaged groups and young students and equip them to grow in the information economy.

Using Technology to Inspire Educational Innovation

As a leading global computer manufacturer, Acer provides global education community with innovation and affordable technology. As technological products have become increasingly vital as tools for learning and exploration, we have become more aware of the ability of technology to promote innovation in education. It is increasingly clear that improvements in the digital capabilities of a society must start from its teachers. Therefore, in order to inspire new models for the use of technology in education we have launched projects in both Europe and Indonesia to encourage teachers to make better use of technology in teaching and learning.



From its inception in 1996, the Acer Foundation has adhered to the concept of "embracing technology allows us to widen our horizons", creating opportunities for young students including organizing the Dragon Smile Contest, the Acer Digital Arts Award and the Incredible Green Contest, attracting thousands of participants each year. In addition, starting from core competencies, we devote ourselves to improving digital inclusion. Over the years, Acer has enabled disadvantaged groups to use information technology by means projects such as the digital van, digital opportunity classrooms for remote areas and the Information Education Project Targeting the Typhoon Morakot Disaster Area, opening up new opportunities in the lives of participants. In the future, the Acer Foundation will continue to integrate its business strategies and prosper together with the community.

Richard Lai

Executive
Director



Education





European Tablet Education Program

Acer believes that the use of technology can supplement and improve teaching methods. From 2010 to 2011, Acer worked with European Schoolnet in successfully implementing its netbook pilot program for educational innovation in Europe. Tablets are a new type of mobile computer with multi-touch screens that make browsing web pages and reading articles easier than ever before. With their handwriting and drawing functions, tablets are the perfect tool for mobile learning. Between November 2011 and June 2012, Acer and European Schoolnet continued their research into the use of tablets in strengthening education. Acer donated Iconia W500 tablets to 263 teachers from 63 schools in 8 different countries (Estonia, France, Germany, Italy, Portugal, Spain, Turkey and the UK) for use in teaching. In addition, during this pilot program Acer also provided tablets for 116 students, including one class in the UK and three classes in Spain in order to further understand 1:1 use in teaching.

We cooperate with European Schoolnet to set up 1:1 teaching website, providing teachers with teaching resources, lesson plans and a platform for sharing experiences. We carried out a questionnaire survey on teachers participating in the program both before the start of and after the program in order to further understand feedback from teachers with regard to the use of tablet computers. All research and program results were given to European Schoolnet for reference. We believe that by means of this pilot program, we can better understand key factors for the successful use of tablet computers for learning in schools, which will in turn help us respond more effectively to customer needs when designing new products.

Program to Increase Teacher Information Capabilities in Indonesia



Students in remote areas watching teaching materials on computers as part of the Teaching Indonesia program

Starting in 2010, Asia Indonesia launched the Acer New-Era Teachers Program (Acer Guru Era Baru), which included organizing seminars and workshops and providing sponsorship and product promotions. Between 2010 and 2012, we organized 10 roadshows (GURARU), attended by over 5,000 teachers and set up the social website Guraru to encourage sharing and discussion between teachers and others. In addition, we also sponsored the Indonesia Mengajar Foundation's Teaching Indonesia program over two consecutive years starting in 2011. 250 of Indonesia's most outstanding university graduates were recruited, trained and assigned to teach for one year in 14 remote regions across Indonesia. We provided a laptop for each teacher (AS4830TG), with a total value of over 170,000 US dollars and assisted with training and promotion to encourage more effective teaching through the use of computers, sowing the seeds of opportunity throughout remote regions.



Teaching with Acer's Digital Mobile Vans

Increasing Digital Opportunities in Remote Regions

We are proud of our products, but we are even more proud of the things people are able to achieve by means of our products. We are devoted to increasing digital opportunities in remote regions because we believe that using technology helps reduce the education divide and promote digital inclusion for children. We also believe that children can create greater opportunities for the future through the use of technology. In 2012, the Acer Digital Opportunities for Remote Regions program included Taiwan, the Philippines and Indonesia

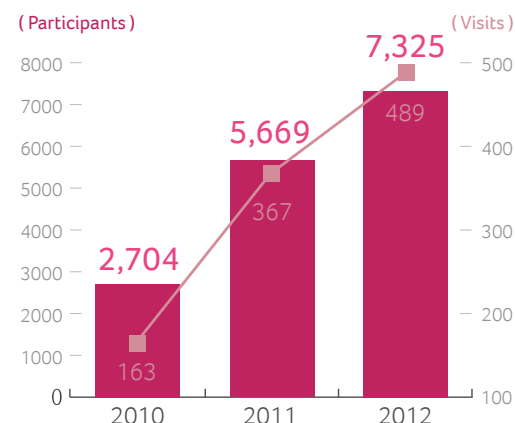
Digital Mobile Van

In Taiwan, we worked together with the Hanguang Education Foundation in launching the Acer Digital Mobile Van in Hualien in June 2010, providing computer courses in a number of small communities. The program received a large response from member of the public. In April 2012, we expanded the program to include Yilan County. We currently have four Digital

²⁶ 1:1 Computer teaching refers to the use of low cost computer apparatus in teaching, such as smart phones, tablets or netbooks. 1:1 refers to the proportion of users to equipment, e.g. one netbook per user.



Visits and participants for Digital Mobile Vans providing services across Hualien and Yilan



Mobile Vans carrying 105 laptops, projectors, wireless Internet equipment, lecturers and assistants, providing services to tribes and villages across Hualien and Yilan.

In 2012, we donated a further 21 desktop computers to digital mobile vans - 40 foot computer learning containers (Van Aralan) run by the Fil-Chil Love and Care Foundation and the Adamson Alumni Foundation in the Philippines. Computer learning courses went on the road to 29 remote regions throughout the Philippines, helping those without formal education learn a valuable skill.

Digital Opportunity Classrooms

In order to improve the quality of education and reduce the digital divide, Acer Indonesia sponsored a digital classroom in the Putra Sampoerna Foundation's Sampoerna Academy and provided a digital system known as the Acer Classroom Manager to help manage computer learning activities and increase teaching efficiency.



Students listening carefully to a class in one of the Philippines computer learning containers



Acer Indonesia donated a digital classroom to the Sampoerna Academy

Creating Opportunities for Young Students

The students of today are the leaders, innovators and entrepreneurs of tomorrow. We hope to be able to rouse their curiosity and inspire them to explore their potential. By means of our activities at Acer and the Acer Foundation, including our Incredible Green Contest, Digital Arts Award, Dragon Smile Contest and the Acer Campus Elite program, we have created educational, vocational and even entrepreneurial opportunities for countless students with the courage to face risks and embrace challenges.

Green Innovation International Contest

The Acer Foundation works with the Taiwan Institute for Sustainable Energy in organizing the Incredible Green Contest to encourage the new generation of young students to use ICT technology, integrating products, tools or ideas focused on carbon emissions reduction and ecological protection and putting forward innovative, sustainable concepts for green living and making eco-friendly creative ideas a reality.

Over 2,000 teams and individuals from over 100 countries registered to participate during 2012. The works of the final 12 winners will be displayed at Computex Taipei, one of the three largest computer shows in the world, giving them the chance not only to gain approval from global ICT manufacturers and become commercialized products but also to publicize their green, sustainable concepts and bring their environmental effects into play.



Starting Ceremony for the Incredible Green Contest



Group photo for the Acer Elite program

Acer Elite

We have been planning the Acer Elite program in China with a theme of "growth originates from practice" to help university students cultivate workplace capabilities through social practice. The program started in June 2011 and will run for a period of three years. The program currently covers 80 universities and colleges in 16 cities.

The elite involved in the project come from different grades and different departments. Students learn about competition and cooperation through a series of rich and colorful themed activities including workplace skills training and social viability training. Students are divided into groups to complete planning, implementation and promotional tasks for the Acer brand, the Olympics and social welfare projects.

By means of the Acer Elite program we hope to allow university students to experience the concepts of thinking outside themselves and exploring infinite possibilities, helping them to realize their value and become outstanding talent.

Acer Volunteers

We encourage all Acer employees to actively participate in volunteer activities to gain new experiences and ideas as well as the energy and skills needed to face the challenges presented by work and customers. Every employee of Acer Taiwan enjoys two days of paid volunteer leave each year. The Acer Taiwan Volunteer Team has developed continuously from its inception in 2003 until now. Current services cover four major areas including "digital volunteers", "community volunteers", "overseas volunteers" and "environmental conservation volunteers".



Acer volunteers show tribal children how to use the Internet

Digital Volunteers

Acer's Mobile Digital Vans are aimed at reducing the digital divide in remote areas. From 2010, Acer has sponsored four Mobile Digital Vans in both Hualien and Yilan and has encouraged colleagues to step up and help out as digital volunteers, teaching disadvantaged groups how to use computers and the Internet, creating more learning and vocational opportunities.

Community Volunteers

Volunteers Tutoring Disadvantaged Children in Xizhi

Helping pupils complete their schoolwork, establishing self-confidence and a sense of responsibility by studying with them. The volunteers are implementing character education and positive attitudes through group activities.

Spring Festival Treats Activity

On the night before Chinese New Year's Eve, we delivered Spring Festival dishes to the homes of senior citizens living alone in Xizhi, Shengkeng and Shiding as part of our elderly welfare initiative.



Group photo: Acer volunteers, their families and senior citizens



Overseas Volunteers

Cambodia Dental Clinic Team

Acer volunteers and the Dental Association went to Cambodia to provide diagnostic services and deliver supplies for villagers and students

Cambodia Agricultural Extension Team

Acer volunteers brought Taiwanese agricultural technology to the villages of Cambodia, providing practical help by improving barren farmland, providing residents with opportunities for sustainable living.

Environmental Conservation Volunteers

Working holidays gave Acer volunteers the chance to invest in environmental conservation and the protection of mountain forests. Volunteers and their families participated in the renovation of environmental facilities and forest cleaning activities.

Other Social Welfare Activities

Giving Blood: In 2012 we organized four opportunities for giving blood. 1,768 people responded and 2,861 bags were donated (250cc/bag). The results were outstanding and these activities were praised by the Ministry of the Interior.

Donations: 388 colleagues responded and a total of 1,894,000 NTD was raised.

Raising In-kind Donations: In-kind donations were raised from employees for charity groups.

We promoted environmental conservation concepts within the company through volunteer activities and worked together with non-profit organizations to improve environmental awareness in communities and among Acer employees leading to environmental initiatives.

In 2011, we worked with the Green Earth Heritage Foundation in the Philippines to build an Acer Bamboo Greenhouse to cultivate plant and tree seedlings. In 2012, 50 Acer volunteers, along with their family and friends, planted 1,000 of these cultivated seedlings in the Sierra Madre Mountain. We responded to the Haribon Foundation's "Road to 2020" initiative - to repopulate 1,000,000 hectares of rain forest in the Philippines by 2020. We worked together to establish a Hari Eco Van equipped with books and electronic equipment. The van tours the Philippines teaching children the importance of biodiversity conservation. In China, Acer sponsored Beijing Normal University's research in Bohai Bay. We invited members of the Acer Elite to volunteer in assisting this ecological survey, promoting the concepts of environmental protection. In India, we responded to the "Earth Hour" turn-off-the-light activity by switching off the lights between 8.30 pm and 9.30 pm on 31st March, 2012 and distributing staff free saplings on World Environment Day, responding to environmental conservation with action.



Acer group photo in front of a Cambodian volunteer school



Trail renovation and ditch cleaning at the Baxianshan Nature Center Working holiday at Syue Mountain



Working holiday at Syue Mountain

Environmental Conservation



Acer Philippines volunteers plant seedlings cultivated by the Acer Bamboo Greenhouse



Charity

In addition to our global operations, we have also worked for many years with a variety of local charitable organizations. This cooperation not only helps communities, but also strengthens our connections with the community, allowing our relationships to grow stronger.

Acer India is involved in long-term sponsorship with the charitable organization SCALE which provides services for 4,500 members of disadvantaged groups including medical and health care education and job training. In Thailand, Vietnam and Indonesia, many Acer volunteers have enthusiastically participated in charitable activities including visiting orphanages, care homes and remote schools and donating food, supplies and tools. In the UK, we organized a fund raising coffee morning for Macmillan Cancer Support selling home-baked cakes and organizing a prize draw for tablet computers. We invited colleagues and local businesses to attend, giving them the chance to assist cancer patients and their families.

In America, we donated 5 Acer All-in-one computers and 43 tablet computers to the Providence Hearing and Speech Center, helping the center to carry out therapy courses with the easy-to-use touch screens, assisting low-income groups to improve and overcome their challenges with speaking, language and hearing. In addition, we also provided 20,000 US dollars in sponsorship to US beach volley ball team member and London Olympic contender Kerri Walsh's Make-a-Wish Foundation, helping to improve the lives of children and inviting people to spend an amazing day with Walsh before the start of the Olympics.



Acer Thailand visits remote regions to provide charitable donations.



Acer Vietnam volunteers enthusiastically take part in a charitable tour.



Acer Vietnam donates 200 textbooks along with stationery to poor students in remote areas.

Independent Assurance Report

To Acer Incorporation

We have been engaged by Acer Inc. ('Acer') to provide limited assurance on the Corporate Responsibility Report of Acer for the year ended December 31, 2012 ('the Report').

Acer is responsible for the preparation and presentation of the Report, and for the information and assertions contained within it; for determining Acer's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Context and Scope

Our engagement was designed to carry out a limited assurance engagement and to express a conclusion on whether the information in the Report is fairly stated in all material respects, based on the reporting criteria set out in the Criteria below, excluding the Report's section on Greenhouse Gas Emissions (Scope 1 and 2) and associated energy, electricity consumption related data, of which the disclosures will be verified (and modified if necessary) independently by SGS Taiwan Limited. Consequently, this assurance engagement will not express a conclusion on the Greenhouse Gas Emissions (Scope 1 and 2) and associated energy, electricity consumption related data.

Criteria

In preparing the Report, Acer applied the Global Reporting Initiative's ('GRI') Sustainability Reporting Guidelines (G3.1) Application Level A as set forth in "About This Report" section of the Report.

Assurance

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000: *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board.

That Standard requires that we comply with applicable ethical requirements, including independence requirements of the IFAC (International Federation of Accountants) Code of Ethics for Professional Accountants, and that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement.

Summary of Work Performed

A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the sustainability report, and applying analytical and other evidence gathering procedures, as appropriate. Our procedures included:

- Inquiries of senior management to gain an understanding of Acer's processes for determining the material issues for Acer's key stakeholders;
- Interviews with senior management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Interviews with relevant staff at corporate and business unit level responsible for providing the information in the Report;
- Inquiries about the design and implementation of key systems and methods used to collect and process the information reported, including the aggregation of data into information as presented in the Report;



- A visit to a site operating in Shanghai, China, selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria;
- Comparing the information presented in the Report to corresponding information in the relevant underlying sources on a sample basis, to determine whether all the relevant information contained in such underlying sources has been included in the Report;
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Acer.

A limited assurance engagement is substantially less in scope, based on the extent of evidence-gathering, than a reasonable assurance engagement or an audit conducted in accordance with International Standards on Auditing and Assurance Engagements. Therefore, the extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, thus a lower level of assurance is provided, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit or a reasonable assurance engagement.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Corporate Responsibility Report of Acer for the year ended December 31, 2012 is not presented fairly, in all material respects, in accordance with the GRI's Sustainability Reporting Guidelines (G3.1) Application Level A set forth in "About This Report" section of the Report.

Our assurance report is made solely to Acer in accordance with the terms of our engagement. Our work has been undertaken so that we might state to Acer those matters we have been engaged to state in this assurance report and for no other purpose. We do not accept or assume responsibility to anyone other than Acer for our work, for this assurance report, or for the conclusions we have reached.

KPMG

Taipei, Taiwan

July 29, 2013

Global Reporting Initiative Index

GRI Index	Chapters	Page	Remarks
1. Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	Message from the Chairman and CEO Message from the Corporate President	2 3
1.2	Description of key impacts, risks, and opportunities.	Message from the Chairman and CEO Message from the Corporate President History and Development Risk Management Manage the Climate Risks	2 3 7 15 32
2. Organizational Profile			
2.1	Name of the organization.	Acer Overview	6
2.2	Primary brands, products, and/or services.	History and Development Brand Values and Introduction	7 8
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Corporate Governance	9
2.4	Location of organization's headquarters.	History and Development	7
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	History and Development	7
2.6	Nature of ownership and legal form.	History and Development	7
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	History and Development	7
2.8	Scale of the reporting organization.	History and Development	7
2.9	Significant changes during the reporting period regarding size, structure, or ownership	History and Development	7
2.10	Awards received in the reporting period.	Market Recognition	8
3. Report Parameters			
Report Profile			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	About this Report	1
3.2	Date of most recent previous report (if any).	About this Report	1
3.3	Reporting cycle (annual, biennial, etc.)	About this Report	1
3.4	Contact point for questions regarding the report or its contents.	About this Report	1
Report Scope and Boundary			
3.5	Process for defining report content	Corporate Responsibility Policies and Strategies	13
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	About this Report	1
3.7	State any specific limitations on the scope or boundary of the report	About this Report	1

GRI Index		Chapters	Page	Remarks
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	About this Report	1	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	About this Report	1	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	About this Report	1	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	About this report Greenhouse Gas Inventory	1 32	
GRI Content Index				
3.12	Table identifying the location of the Standard Disclosures in the report.	Global Reporting Initiative Index	67	
Assurance				
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	About this Report	1	
4. Governance, Commitments and Engagement				
Governance				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Corporate Governance Corporate Responsibility Governance	9 14	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	Message from the Chairman and CEO Corporate Governance	2 9	
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Corporate Governance	9	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Company Governance Employee Communication	9 48	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Corporate Governance	9	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Corporate Governance	9	
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Corporate Governance	9	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Corporate Responsibility Policy and Strategy Standards of Business Conduct	13 53	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Corporate Governance Corporate Responsibility Governance	9 14	

GRI Index		Chapters	Page	Remarks
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Corporate Governance Corporate Responsibility Governance	9 14	
Commitments to External Initiatives				
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Risk Management	15	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Major Initiatives and Participation Responsible Supply Chain Management of Conflict Minerals	22 38 43	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization:	Major Initiatives and Participation Responsible Supply Chain Management of Conflict Minerals	22 38 43	
Stakeholder Engagement				
4.14	List of stakeholder groups engaged by the organization.	Stakeholder Identification	17	
4.15	Basis for identification and selection of stakeholders with whom to engage.	Stakeholder Communication and Participation	16	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Multi-Stakeholder Engagement	18	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Stakeholder Communication and Participation Management of conflict minerals	16 43	
Economic				
EC MA	Economic management approach	History and Development	7	
Economic Performance				
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	History and Development	7	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Manage the Climate Risks	32	
EC3	Coverage of the organization's defined benefit plan obligations.	Retirement System	48	
EC4	Significant financial assistance received from government.			No financial assistance from government
Market Share				
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Responsible Supply Chain	38	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Staff Structure	46	
Indirect Economic Impacts				
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement.	Community Involvement	58	

GRI Index		Chapters	Page	Remarks
Environment				
EN MA	Environmental management approach	Sound environmental and health management Responsible Supply Chain	34 38	
Materials				
EN1	Materials used by weight or volume.	Product Design that Incorporates Environmental Considerations Product Innovation Paper Reduction and Recycling	25 29 37	
EN2	Percentage of materials used that are recycled input materials.	Post-consumer Recycled Plastics	27	
Energy				
EN3	Direct energy consumption by primary energy source.	Environmental information	37	
EN4	Indirect energy consumption by primary source.	Environmental information	37	
EN5 (Add)	Energy saved due to conservation and efficiency improvements.	Increase Energy Efficiency Product Innovation	29 29	
EN6 (Add)	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Increase Energy Efficiency Product innovation	29 29	
EN7 (Add)	Initiatives to reduce indirect energy consumption and reductions achieved.	Staff Transportation and Commuting Increase Energy Efficiency	37 29	
Water				
EN8	Total water withdrawal by source.	Water Resource Management Environmental Information	36 37	
EN9 (Add)	Water sources significantly affected by withdrawal of water.	Water Resource Management	36	
EN10 (Add)	Percentage and total volume of water recycled and reused.	Water Resource Management	36	
Biodiversity				
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Sound Environmental and Health Management	34	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Sound Environmental and Health Management	34	
EN13 (Add)	Habitats protected or restored.	Sound Environmental and Health Management	34	
Emissions, Effluents, and Waste				
EN16	Total direct and indirect greenhouse gas emissions by weight.	Greenhouse Gas Inventory	32	
EN17	Other relevant indirect greenhouse gas emissions by weight.	Greenhouse Gas Inventory	32	
EN18 (Add)	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Reducing Greenhouse Gases Energy Conservation Measures	33 35	

GRI Index		Chapters	Page	Remarks
EN19	Emissions of ozone-depleting substances by weight.			Acer is a brand marketing company whose major facilities mostly comprise of office buildings that do not produce ozone-depleting substances
EN20	NO, SO, and other significant air emissions by type and weight.			Acer is a brand marketing company whose major facilities mostly comprise of office buildings that do not emit major air pollutants
EN21	Total water discharge by quality and destination.	Water Resource Management Environmental Information	36 37	
EN22	Total weight of waste by type and disposal method.	Waste Management Environmental Information	36 37	
EN23	Total number and volume of significant spills.	Our Operations and the Environment	34	
EN24 (Add)	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.			We do not import or export hazardous waste.
EN25 (Add)	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Sound Environmental and Health Management Water Resource Management	34 36	
Products and Services				
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Product Design that Incorporates Environmental Considerations	25	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Product Recycling	30	
Compliance				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	Our Operations and the Environment	34	
Transport				
EN29 (Add)	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Increasing Product Transport Efficiency Staff Transportation and Commuting	28 37	
Labor Practices & Decent Work				
LA MA	Labor Practices & Decent Work management approach	Staff Structure Standards of Business Conduct Responsible Supply Chain	46 53 38	
Employment				
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Staff Structure	46	
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Staff Structure	46	

GRI Index		Chapters	Page	Remarks
LA3 (Add)	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	Competitive Compensation Packages	47	
LA15	Return to work and retention rates after parental leave, by gender.	Staff Structure	46	
Labor/ Management Relations				
LA4	Percentage of employees covered by collective bargaining agreements.	Human Rights and Freedom of Association	49	
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	Human Rights and Freedom of Association	49	
Occupational Health and Safety				
LA6 (Add)	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Health and Safety in the Work Environment	51	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	Health and Safety in the Work Environment	51	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Health and Safety in the Work Environment	51	
LA9 (Add)	Health and safety topics covered in formal agreements with trade unions.	Health and Safety in the Work Environment	51	
Training and Education				
LA10	Average hours of training per year per employee by gender, and by employee category.	Continuous Learning and Growth	49	
LA11 (Add)	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Continuous Learning and Growth	49	
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Continuous Learning and Growth	49	
Diversity and Equal Opportunity				
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Staff Structure	46	
Equal Remuneration for Women and Men				
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Staff Structure	46	
Human Rights				
HR MA	Human Rights management approach	Human Rights and Freedom of Association Responsible Supply Chain	49 38	
Investment and Procurement Practices				
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.			We did not have significant investment in 2012.

GRI Index		Chapters	Page	Remarks
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.	2012 Site Check Results	41	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Continuous Learning and Growth	49	
Non-discrimination				
HR4	Total number of incidents of discrimination and corrective actions taken.	Human Rights and Freedom of Association 2012 Site Check Results	49 41	
Freedom of Association and Collective Bargaining				
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Human Rights and Freedom of Association 2012 Site Check Results	49 41	
Child Labor				
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Recruitment 2012 Site Check Results	46 41	
Forced and Compulsory Labor				
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Human Rights and Freedom of Association 2012 Site Check Results	49 41	
Assessment				
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Human Rights and Freedom of Association	49	
Remediation				
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Human Rights and Freedom of Association	49	
Society				
SO MA	Society management approach	Corporate Governance Employee Welfare and Advancement Community Involvement	9 45 58	
Local Communities				
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Community Involvement	58	
SO9	Operations with significant potential or actual negative impacts on local communities.	Our Operations and the Environment	34	
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Our Operations and the Environment	34	
Corruption				
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Standards of Business Conduct	53	

GRI Index		Chapters	Page	Remarks
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Standards of Business Conduct	53	
SO4	Actions taken in response to incidents of corruption.	Corporate Governance Standards of Business Conduct	9 53	
Public Policy				
SO5	Public policy positions and participation in public policy development and lobbying.	Stakeholder Communication and Participation Management of Conflict Minerals	16 43	
SO6 (Add)	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.			No political donations
Anti-Competitive Behavior				
SO7 (Add)	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.			No lawsuits involving anti-competitive behavior, anti-trust and monopoly measures
Compliance				
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.			The Group did not receive any significant fines or other penalties for violating laws and regulations in 2012.
Product Responsibility				
PR MA	Product Responsibility management approach	Product Design that Incorporates Environmental Considerations Acer Group Service Model Product Alerts and Recall	25 55 56	
Customer Health and Safety				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Product Design that Incorporates Environmental Considerations Product Alerts and Recall	25 56	
PR2 (Add)	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Product Alerts and Recall	56	
Product and Service Labeling				
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Product Design that Incorporates Environmental Considerations Product Alerts and Recall	25 56	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Customer Satisfaction Survey	56	
Marketing Communications				
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Marketing Communications	9	

GRI Index		Chapters	Page	Remarks
Customer Privacy				
PR8 (Add)	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Protection of Customer Privacy	57	
Compliance				
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	Acer Group Service Model	55	

Notes:(Add) refers to additional instructions



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