

Acer Corporate Environmental Report 2005



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Acer Corporate Environmental Report

As a member of the global business community, Acer assumes ultimate responsibility for implementing sustainable development practices. Dedicated to fulfilling our obligations as a corporate citizen, we have designated 2005 as the inaugural year for publishing Acer's Corporate Environmental Report (CER). The report chronicles Acer's environmental protection efforts and contributions over the years from past to present, providing a summary of the following information and achievements:

1. Views from Acer's Chairman and CEO on environmental protection, Acer's history and operational concepts.
2. Environmental management: Acer's environmental policies and Environmental Management System (EMS).
3. Future environmental objectives.
4. Product environmental management: Acer green product design and examples of improvements made.
5. Green office practices: resource sorting and recycling, water conservation, and energy conservation initiatives.
6. Green supply chain management: supplier compliance with Acer demands, and the European Union's Restriction of Hazardous Substances (RoHS) directive.
7. Environmental communication: Acer's internal and external environmental communication channels.
8. Customer relations: Acer's product quality management and customer services.
9. Staff relations: Acer's training programs and communication approach between employees and management.
10. Social welfare: Acer's endeavors to make progressive contributions to society.

In this first year of publishing the Acer CER, we wish to highlight Acer Inc.'s environmental management policies under a guiding vision in pursuit of ongoing and progressive innovation. By compiling information about Acer's environmental management and sustainable development efforts throughout its history, we are better equipped to formulate new objectives for ongoing implementation. Following subsequent developments within each area covered in this report, it is certain that future versions of the Acer CER will

portray even more diverse and substantial information regarding the environment and sustainable development.

While this publication is called an 'Environmental Report' its contents extend beyond Acer's environmental protection efforts, and include the company's efforts to fulfill societal responsibilities through social welfare activities that benefit all people. We are determined to continue making progressive strides in the direction of corporate sustainable development.

This report is also a way for us to communicate with our shareholders, industry associates, Acer colleagues, governmental agencies, grassroots organizations, and the public. We hope the report offers greater awareness of Acer's achievements and ongoing devotion to environmental protection and sustainability.

At last we thank you for taking the time to read this report, and sincerely welcome any opinions you may have regarding its contents. We will carefully consider your suggestions and use them as references for making further revisions in the future. We look forward to receiving your feedback and support.

2005 Acer Environmental Report

1. This report can be downloaded at <http://www.acer.com/>
2. If you have any questions about this report, please email eco@acer.com.tw
3. This report adopts the GRI guidelines



Message from Acer Chairman & CEO

- J.T. Wang



Since our establishment in 1976, Acer has faced many

transitions as the company adjusts to the dynamic, global environment. In 2000, Acer made the transformation to a brand name vendor, adopting an innovative global operations model based on the principles of “one company, one brand, one global team” and “multi-vendor, multi-distributor, multi-product.” This business model has proven successful in fortifying Acer’s position as a prominent brand name on the international market. The year 2004 was an especially memorable year in our marketing expansion into the European market with Acer notebook sales recording exceptional success.

As the scope of our business activities expands globally, Acer clearly understands its greater responsibility to society as an international corporation. While in the past we strove for business growth, now we are concentrating our efforts on achieving corporate sustainable development. Acer continuously works towards balanced growth, ensuring that all factors are taken into consideration when gains and losses are calculated. We pursue an

ongoing mission to build on the company’s successes and make positive contributions to society.

Our operational efficiency and cost competitiveness enable us to offer customers the most advanced technology at reasonable prices. Acer employees are precious commodities so we empower them with the autonomy to create an efficient work environment that simultaneously inspires the maximum cultivation of each individual’s potential and promotes mutual incentives for teamwork in working towards collective goals.

Acer recognized its responsibility to society long ago. Since establishing its first factory in 1981, we have continued efforts to minimize all aspects of environmental pollution. In our product design, we continuously pursue methods of limiting the environmental impact of products throughout their entire lifespan. Extensive efforts in the past have earned Acer the honor of being awarded the nation’s first national Enterprise Environmental Protection Award (EEPA). Acer also received the Outstanding Achievement Award from the Taiwan Ozone Layer Protection Association. Abroad, Acer earned the honor of winning first place in the German BUND Organization Information Industry Environmental Assessment.

Acer maintains utmost responsibility

over the environmental impact directly and indirectly caused by its operations. This has been evident since our transformation to a brand name marketing and service business. Though the company does not directly manufacture products anymore, we still fully uphold our environmental commitment. In fact, we place even greater focus on the environmental impact of product design and manufacturing practices of our suppliers than ever before. Any product imprinted with the Acer logo inherently carries our reputation.

In recent years, competitors have become more aware of Acer's Channel Business Model, which can effectively compete against the industry's direct model and has proven to be a success. We have inaugurated 2005 as Acer's environmental management year, and have geared up with plans for implementing newer and more extensive approaches with a greater emphasis on global markets. These approaches will inevitably help us achieve our goals for sustainable operations. Following suit for this inaugural year's occasion, we are publishing the first Acer CER, which is truly a milestone indicating our perpetual spirit for improvement and our initiative in fulfilling our responsibility to society.

On one level, publishing this environmental report demonstrates our commitment to fulfilling our responsibility to society, but on a even more significant level the report reveals the high demands and expectations Acer sets for itself. We hope that this report will give you a better understanding of Acer as a whole as ongoing efforts in creating innovative and empowering technology.

A handwritten signature in black ink, appearing to read "J. T. Lee". The signature is written in a cursive style with a large, sweeping "L" and "y".

Foreword by Acer President - Gianfranco Lanci



As a global corporate citizen, Acer is committed to reduce and prevent negative

environmental impacts, as well as promote a healthy workplace and living environment. Since sustainable development is an integral part of our company strategy, we have sharpened our focus on integrating economic prosperity, environmental quality and social equity, with hopes that to be a leadership of IT companies at sustainable business operation field.

Ranking the environment as one of our key management objectives, the environmental initiatives of all Acer global employees are backed by firm commitment from top management. Determined to bear full environmental responsibility for our actions, we publish this environmental management report to present our achievements, continual improvement, as well as our efforts to build know-how and awareness about sustainability throughout the organization.

With 2005 as the inaugural year of Acer Environmental Management System, we are gaining momentum toward

actualizing the following four focal environmental management objectives: upgrading our environmental management system, establishing a green supply chain, extending the manufacturer's responsibility, and strengthening environmental communication platforms.

● **Upgrading the Environmental Management System**

Due to the transition to a branded business from a manufacturing organization, Acer re-established its ISO 14001:1996 Environmental Management System (EMS) and gained certification in February 2003. We will upgrade our environmental management system to the latest revision, ISO14001:2004 and acquired certification by November 2005. Currently, all of our tier-one suppliers have acquired ISO 14001 certification.

● **Establishing a Green Supply Chain**

Energy saving, resource saving, and lower pollution are elemental facets of Acer products design and manufacture. We are now taking this one step further through the establishment of a green supply chain. In terms of energy saving, we strive to comply with Energy Star standards for all Acer products. In the area of resource saving, we are gradually

increasing the proportion of recycled materials in our products, and making sure that a greater ratio of end-of-life products gets recycled.

As for low-polluting products, we adhere to the EU directive on the restriction of certain hazardous substances (RoHS) by prohibiting the use of lead, cadmium, mercury, hexavalent chromium, and brominated flame retardants PBB and PBDE. As of Q1 of 2006, all Acer products shall comply with RoHS directive. In addition, we will refer to OSPAR regulations in gradually reducing the use of hazardous chemical substances.

- **Extending the Manufacturer's Responsibility**

Recognizing full environmental responsibility for our products, we believe the manufacturer should recycle end-of-life products and take the responsibility of waste disposal out of the hands of consumers. As of August 2005, all Acer operations and products comply with the EU directive on Waste Electrical & Electronic Equipment (WEEE). We continue to adopt locally appropriate measures to recycle end-of-life products as our business scale growing throughout the world.

- **Strengthening Platforms for Environmental Communication**

To disclose the environmental information of a corporate is an important responsibility for all global enterprises. In addition to the publication of our first environmental report this year, we have also launched an English website on environmental information about our operations to serve as a communication platform between Acer and related stakeholders.

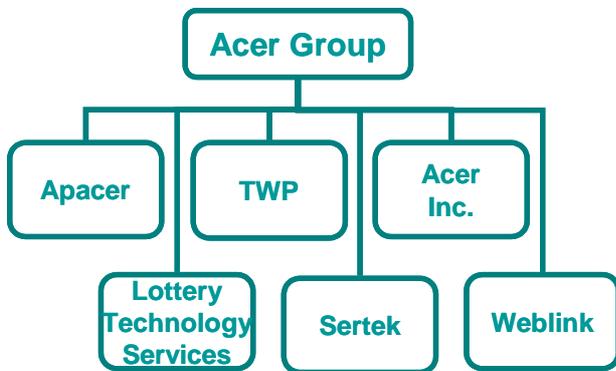
Today's regulatory schemes are more complicated and stakeholders' expectations have grown. Pressing environmental problems of the 21st century, such as global climate change and proliferating electronic wastes pose a sense of urgency. As a global enterprise, Acer firmly believes in making continual refinements and investing in technology to reduce the environmental impacts of our products.

With business operations established in many countries, Acer serves as a world role model for corporate citizenship. We believe our efforts and commitment will continue to contribute toward making the world a better place for all.



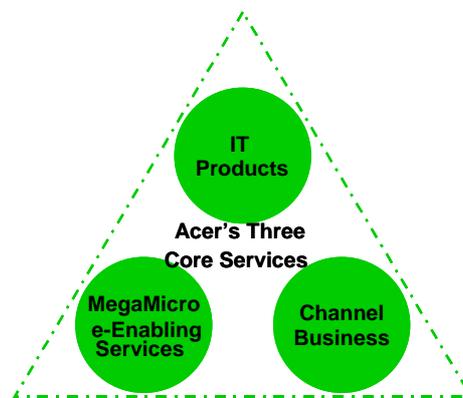
About Acer

Acer is a global, cutting-edge technology conglomerate primarily involved in the IT industry with the core business being IT products, IT services, and channel business. The Acer Group includes: Acer Inc., Weblink, TWP, Sertek, Lottery Technology Services, and Apacer.

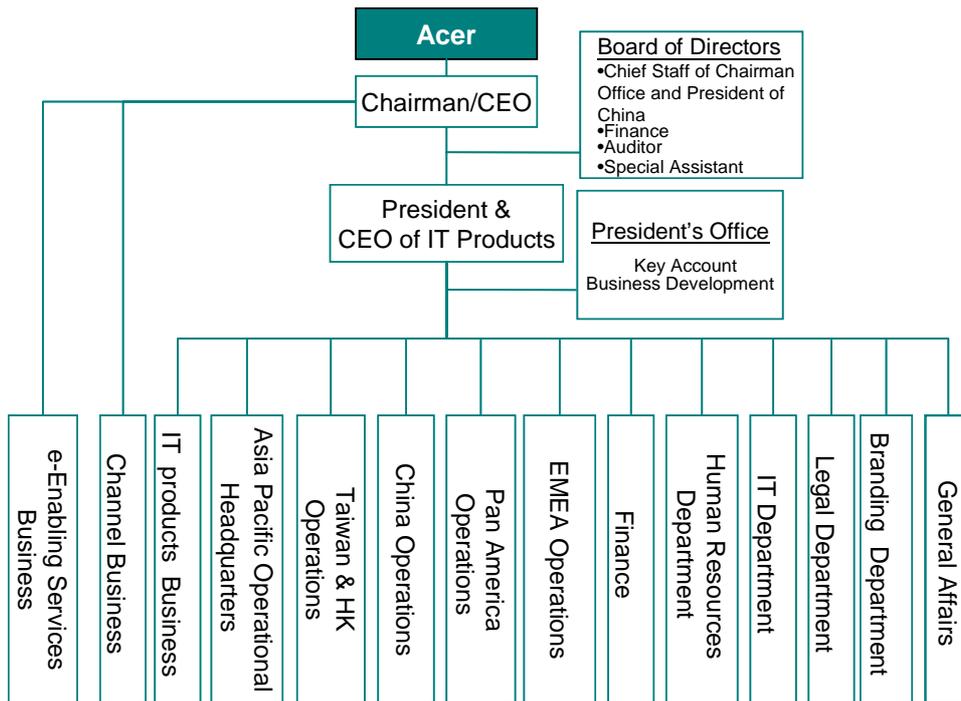


Acer was established in 1976 by its founder, Mr. Stan Shih. In 2000 the company made the transformation to a brand name operation. Currently, the Chairman and CEO Mr. J.T. Wang, and President Mr. Gianfranco Lanci are driving the initiative to create innovative marketing models for all Acer partners that will successfully challenge the world’s top-three PC computer brands.

Acer is primarily involved in R&D, design, marketing, and service of desktop PCs, notebooks, servers, LCD monitors, and digital home IT products, and also develops IT infrastructure and MegaMicro e-Enabling Services for a broad range of customer needs.



As Acer continues its emphasis on “Innovation and care” in providing services, revenues for 2004 reached over NT\$225 billion with 5,600 employees worldwide and products sold in over 100 countries. The company ranked as the worlds fifth largest computer brand, and once again for the seventh consecutive year since 1999 Acer received the Reader’s Digest “Gold” Computer SuperBrand in Asia. Acer’s organizational chart is presented in the diagram below.



Business Culture

“We use ‘fresh thinking’ to pursue ‘innovation’ and provide ‘contributions.’ We provide ‘fresh’ technology that everyone can use and enjoy. Speed, flexibility, and a well-planned operational system allow us to put the best PCs into the hands of our customers. We are building a people-friendly environment that cultivates the most innovative teams and develops the greatest potential. Our approach enables us to promote Acer’s sustainable operations and continue providing positive contributions to society.” These are the words from President Mr. Gianfranco Lanci, and clearly express the founding principles of Acer’s business culture.

“Fresh ideas to a business are just as vital as air and food to people, essential for operational sustainability.” This indicates that fresh thought is an essential element imbued in the business culture. Our business culture is based upon four main principles: humanistic values, customer-centric, knowledge-based, and cost competitiveness.



◆ **“Humanistic Values”**
Managerial Philosophy—Team Spirit

- autonomy/empowerment
- trust
- academic tuition assistance
- joint venture, stockholder sharing
- fairness and equity
- individual initiative and motivation
- allow staff to solve challenging situations
- utmost integrity in pursuing success

◆ **“Respect for Customers”**
Managerial Philosophy

- Efficiency and quality to ensure customer satisfaction
- Efficient resource utilization, minimizing profit margins and maximizing sales
- Creating time efficiency and cost advantages
- Making positive contributions to society
- Designing added-value hi-tech products

◆ **“Knowledge-Based”**
Managerial Philosophy—Open Sharing of Knowledge

- encourage leadership at all levels
- challenge advanced technology

- sustain spirit to begin new ventures
- face difficulties, breakthrough bottlenecks, and create value
- promote and develop a wellspring of progressive ideas

◆ **Cost Equity Managerial Philosophy—Power to the People**

- relay marathon
- autonomous financial management
- sustainability over personal gain
- efficient, streamlined organizational structure

Acer has worked hard over the years building up from its foundations as a “gardener of microprocessors” and evolving into its pioneering role as a leader in the knowledge-based economy. Innovative sales, services, and active investments have propelled Acer into its present position as an established member in the global community, continuously striving to make impacting contributions to humanity and the planet.



Acer Milestones

Making our Mark One Step at a Time

Acer is now heading into its 30th year of operations. Looking back at our development, four distinct ventures can be defined. Each phase has its own distinct mission forming a continuum on a progressive path as we actualize our goals.

First Venture (1976~1986)

Mission: Commercialize microprocessor technology

The first phase lasted ten years. It planted the seeds for growth based on the business concepts of humanizing corporate culture and making employees stockholders. Within two years of the establishment of the Acer Microprocessor training school, over 3,000 engineers in Taiwan's IT industry were trained. We began publishing the "Gardeners" magazine, which was freely distributed to IT professionals to spread knowledge about microprocessors. At this stage, Acer came out with various pioneer computer products such as the "MicroProfessor" educational tool, and the "SkyDragon" Chinese computer. Acer also developed and promoted a method for inputting Chinese characters on the keyboard to make computer use more universal.

Second Venture (1987~1995)

Mission: Establish a leading brand and go global

During the second ten years of operation, Acer embarked on a mission of ongoing expansion. It set up a multitude of overseas operations that effectively spurred Acer's globalization to become the world's eighth largest computer manufacturer.

In 1987, the Acer brand name changed from Multitech to Acer, establishing its own brand name and marking the beginnings of an aggressive push towards globalization. In 1991, the company pioneered the introduction of ChipUp™ technology. ChipUp™ technology replaced the single-unit CPU chip and substantially increased the operational efficiency of PCs. This technology marked a significant milestone in the development of intellectual property rights in Taiwan's manufacture industry.

During this phase, Acer also began devoting energies and resources to environmental protection issues. In 1991, Acer led the industry in developing the first screwless PC design. In 1992, Acer received Taiwan's first national Enterprise Environmental Protection Award (EEPA). In 1993, Acer employed a no-clean method to eliminate use of CFC cleaners from the circuit board cleaning process. In 1994, Acer won

first place in the German BUND Organization Information Industry Environmental Assessment. In 1995, Acer began working on designs for energy-saving notebooks and also requested that all of its contractors and suppliers cease the use of CFCs.

Third Venture (1996~2000)

Mission: Offer fresh technology for everyone ,everywhere

In celebration of the company's 20th anniversary, Acer announced its transformation into the third phase, which can be defined by the drive to develop innovative and user-friendly technology at reasonable prices that satisfies consumers' needs.

Acer showed perceptive foresight in making plans to build Aspire Park. This residential development area brings technology, people, and life into harmony and fulfills the living, recreational, educational, and working needs of people. It provides an ideal environment for nurturing uninhibited creativity and imagination, and a perfect environment for stimulating an "Oriental Renaissance."

Environmental management activities during this phase of operations included the beginning of the "Earth Day Everyday" campaign in all offices in

1996; ISO 14001 certification in 1997; the formulation of the "Green Design Guidelines and Review Procedures" in 1998 as well as the receiving of assistance from the Industrial Development Bureau, Ministry of Economic Affairs, to implement the "Acer Industrial Safety, Health and Environmental Protection System" between Acer and satellite factories. Then in 1999, we implemented the occupational safety Voluntary Protection Program (VPP) in the Hsin-an Factory, Taiwan.

Fourth Venture (2001~)

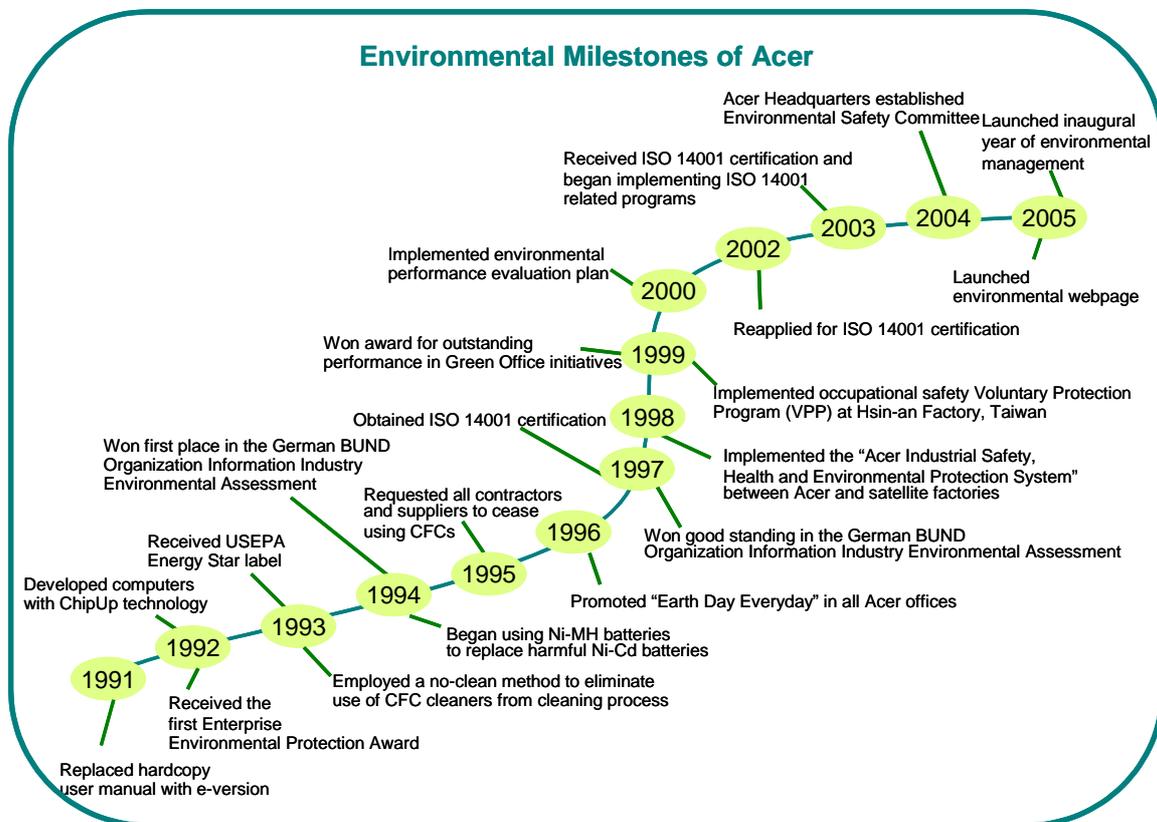
Mission: Transform from manufacturing to services

As a vital contributor to the current knowledge-based economy, Acer began its latest operational transformation in 2000. In response to the evolving trends of the global IT industry, Acer's Design, Manufacturing and Services operation was spun-off into an independent entity, the Wistron Corporation. Meanwhile, Acer focused on globally marketing its brand-name products.

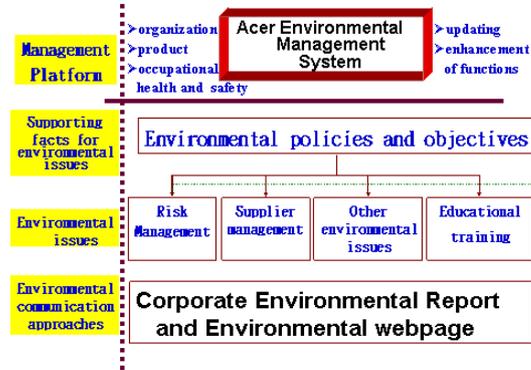
At the core of the new Acer vision is a drive toward innovative IT product marketing. These products and services are keys to Acer's success in becoming a world-class IT product company. Acer is also working hard to stay at the forefront

of the information age by expanding the domain of the PC. Only through continuous innovation can we remain an important contributor in the global information age.

Acer has continued its devotion to environmental management since its transformation to a brand name marketing and services business. In February 2003, Acer once again received ISO 14001 certification, and 2005 has been designated as the inaugural year of environmental management as we strive to achieve our vision of corporate sustainable development.



in environmental management. They are also useful tools for communicating environmental information to the public.



Acer Environmental Policies

As an international corporation supplying the world with computers and peripheral equipment, Acer accepts full responsibility for the impact our products, services, and activities have on the environment. We also realize that without a healthy and safe environment we would not be able to function as an enterprise. Thus, Acer promises to be a responsible corporate citizen, fully devoting energies and resources to environmental protection affairs.

- ### Acer Environmental Policies
1. Ensuring that our products and operations meet all applicable environmental regulatory requirements.
 2. Selecting technologies that minimize harmful, non-environmentally sensitive materials; conserve energy; and are recyclable.
 3. Saving energies, preventing pollution, minimizing and recycling discards in our daily operations.
 4. Promoting awareness of our environmental policy among employees and partners in our supply chain.
 5. Building an Environmental Management System (EMS) to continually monitor and improve activities.

ISO Steering Committee

The ISO Steering Committee is formed into departments with appointed representatives who convene regularly scheduled meetings. The committee was established to ensure continual improvement of quality and the Environmental Management System. The main tasks include:

1. Promote environmental activities
2. Decide EMS policies
3. Formulate and implement EMS

goals and targets, and environmental management programs

4. Implement EMS assessments and internal audits
5. Formulate EMS regulations and directives
6. Implement EMS educational training
7. Collect information regarding EMS laws and related issues

Acer ISO Steering Committee Projects

- 1. Elevator replacement**
- 2. Recycling and reduction of discarded CDs**
- 3. Reduction and treatment of product repair / replacement materials**
- 4. Reduction and treatment of discarded packaging**
- 5. Reduction and treatment of Acer CDs**
- 6. Acer product EMS**
- 7. Office energy conservation plan**

The New ISO 14001

Changes to ISO 14001 were announced in November 2004, marking the first revisions since the regulatory standards were established in 1996. The two main changes to the revised version were 1) broadening the EMS boundaries of products from the original "activities, products, or services" to the more inclusive "activities, products, and services"; and 2) changing the original

"all employees" to "persons working for, or on behalf of the organization."

Acer has already begun preparations to comply with ISO 14001 revisions and expects to receive the ISO 14001: 2004 certificate in October 2005. In March 2005, we invited Dr. Shen Yung-shuen from the Department of Environmental Engineering at Taiwans' Dayeh University to hold a course for the ISO Steering Committee to explain the differences between the new and old versions of ISO 14001. Dr. Shen also organized a "Green Product Design Concepts Training Course" for colleagues involved in product design.

At the end of April 2005 we audited all products currently under design, in manufacture, and for retail sale, including notebooks, desktop PCs, PDAs, monitors, overhead projectors, and servers. The objective of this audit was to determine the environmental impact of these products.

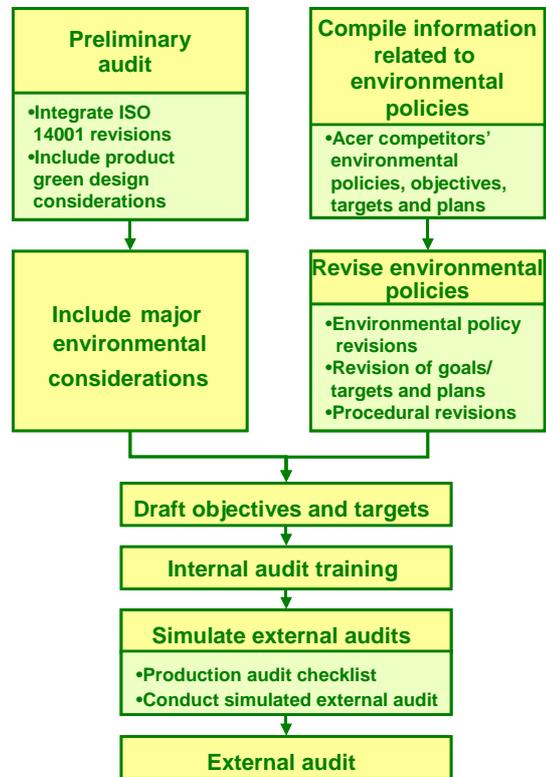
We identified the use of recycled materials, toxic substances and plastics, product packaging, additional packaging of service materials, upgraded use of space, energy use, dismantling ease, and material labeling. We traced all product line channels to review and discuss with suppliers the unique environmental impact of each product to determine which products must be improved to make them more environmentally

friendly. Through participation in this environmental assessment work, our employees gained a clearer understanding of what environmental design means and about the future trends of "green products."

The results of this comprehensive product identification and assessment revealed two areas that require most urgent attention at this stage: the use of toxic materials in some of our company's products (degree of RoHS compliancy) and insufficient use of recycled materials. We have already drafted resolution plans and set goals and targets addressing these concerns. In addition, we have reviewed our operational activities and service providers identifying those aspects that may have a detrimental impact on the environment. We hope that through this kind of ongoing process Acer will be able to minimize negative impacts on the environment.

In addition, we have reviewed ISO procedures and comply with the requirements the revised ISO 14001: 2004 and the company ' s internal environmental management system. We have added procedural documents on environmental performance indicators, corporate environmental report management, and green product development. Through different means of communication, coordination, and instruction, these new procedural

documents raise employees' understanding and value of environmental management.



Acer Response to ISO 14001:2004 Revision Procedures

Regulation Compliancy

In compliance with ISO 14001 regulatory standards we regularly check environmental protection standards to verify that Acer ' s operational activities comply with environmental protection regulations. Since 2000, Acer has had a perfect record of full compliance with all environmental protection regulations.

Future Environmental Objectives

In 2005, Acer's inaugural year of environmental management, we have drafted plans for the next phase (2006) of environmental objectives to work towards. The five focal points of our environmental objectives are to strengthen EMS, strengthen green product development, expand product recycling and processing services, strengthen green supply chain management, and strengthen environmental communication platforms.

● Strengthen EMS

In 2005, Acer will continue implementing revisions in the ISO 14001:2004 as well as continue operations and improvements in the spirit of ISO. In the next phase, we will plan and draft Acer's environmental performance indicator system. Since Acer is focused on globally marketing its brand-name product, and no longer directly involved in manufacturing, we have formulated an environmental performance indicator system especially suited to Acer. This indicator system will serve as an accurate benchmark of Acer's environmental performance.

● Strengthen Green Product Development

Acer has taken the initiative to set Q1 of 2006 as the deadline for all products to comply with the EU's RoHS Directives. As the EU just promulgated the EuP Directives in May 2005, the next phase will entail implementation of Acer product design standards. We will also closely follow developments in the EuP Directives and gradually implement these into Acer's product development design system. For example, we plan to gradually publish a series of manuals to cover the unique qualities of Acer products.

● Expand Product Recycling and Processing Services

We believe that responsibility for our products continues well after our products are in the hands of consumers. Recycling and processing of manufacture waste is also our responsibility. We are fully devoted to fulfilling requirements set by the EU's WEEE Directive prior to the August 2005 deadline. In the future, product recycling and processing will be extended unilaterally throughout all of Acer's operations. Our next phase of modifications will be to begin recycling and processing services in the U.S.

- **Strengthen Green Supply Chain Management**

Currently Acer is working to ensure that its suppliers comply with the EU's RoHS directive by July 2006. The next phase will involve requiring Acer's first-tier suppliers to gradually establish green product management systems, which will be subject to periodic auditing.

- **Strengthen Environmental Communication Platform**

This year Acer has already begun updating environmental information on its website. The site displays detailed environmental data providing those interested in Acer a chance to better understand current affairs and the ongoing commitment Acer has for environmental protection. We hope that the environmental website effectively presents information and successfully builds an interactive platform for Acer and its beneficiaries to communicate.

Acer 2006 Environmental Objectives

	Topic	Objectives
1	EMS	<ol style="list-style-type: none"> 1. Sustainable operation of EMS 2. Establish Acer environmental performance indicator system
2	Green Product Development	<ol style="list-style-type: none"> 1. All products compliant with RoHS directive by Q1 of 2006 2. Integrate EuP concepts into product design
3	Product Recycling and Treatment Services	<ol style="list-style-type: none"> 1. Comply with EU WEEE directive prior to August 2005 2. Begin product recycling and treatment services in the U.S.
4	Green Supply Chain	<ol style="list-style-type: none"> 1. Establish comprehensive supplier grading system 2. Complete green product management system audits of first-tier suppliers 3. Advise/require suppliers to improve corporate responsibility
5	Strengthen Environmental Communication Platform	<ol style="list-style-type: none"> 1. Continue to update environmental information on Acer's environmental webpage 2. Develop corporate sustainability report

Product Environmental Management

Environmental Impact Considered at Every Stage of Product Design

As an international corporation we know that among all of our business activities, it is our products that have the greatest impact on the environment. When Acer was still involved in manufacturing operations we placed strong emphasis on the environmental impact of products throughout their entire lifespan.

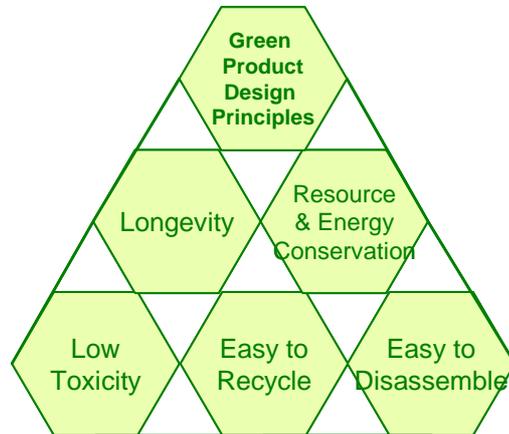
For example, in 1991, we developed the first screwless PC design; in 1993, led the industry in employing the no-clean method to eliminate use of CFC cleaners from the circuit board cleaning process; and in 1994, we began using Ni-MH batteries to replace harmful Ni-Cd batteries.

Green Product Design

Since Acer's transformation to brand name product marketing, our product design has focused first on products' environmental impact and then on user needs, functionality, and added value. From the onset of our product design stage, environmental impact is a top priority and we are dedicated to reducing environmental loading in all our product designs.

For example, we employ a lightweight

design, interchangeable molds, and heightened efficiency methods to reduce the use of resources. The initiatives we have made in designing green products are presented below:



World's First Carbon-Fiber Notebook Computer Acer's Ferrari 4000



Green Features

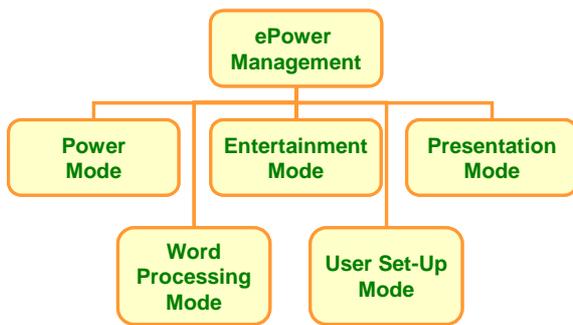
- ▲ **Lightweight design**
 - reduces transportation energy consumption
- ▲ **Increased tensile strength**
 - reduces chance of damage from impact, thus increasing product lifespan

Ferrari 4000 was jointly researched and developed by Acer and Ferrari. It is the first mass-produced notebook computer made with carbon-fibers, allowing reduced weight and increased tensile strength.

● Energy Saving Design

Acer introduced an AcerPAC personal computer in 1992 equipped with multimedia functions and an automatic energy-saving function in the shutdown mode. The model was awarded the Energy Star label by the U.S. EPA in 1993. Since then we have spared no effort in designing energy saving products, and now all Acer products carry the Energy Star label.

Acer's product R&D department has developed energy consumption management software – Acer ePower Management, allowing users to maximize energy efficiency based on the nature of work performed. This software employs integrated use of electricity and battery power to attain optimal energy usage.



Energy Star Facts

Energy Star was created by the U.S. EPA in 1992 with the primary goal of promoting the development of energy saving products. Participation in this energy saving program is offered entirely on a volunteer basis as enterprises take it upon their own initiative to apply if they so choose. Nations currently participating in the Energy Star Program are the U.S., the E.U., Canada, Japan, Australia, New Zealand, and Taiwan.

Acer Product Energy Efficiency Standards

Unit: Watts	Sleep Mode	Deep Sleep Mode	Shutdown Mode
Desktop PC	30	15	N/A
Notebook	15	5	2
LCD Monitor	4	-	2

After January 2006, LCD monitors will only consume 2W in sleep mode and 1W in shutdown mode.

● Low Toxicity Design

Concerned about health and environmental safety, Acer approaches the use of chemical substances cautiously. We abide by all regulations for designated chemical substances.

In response to the EU's Restriction of Hazardous Substances (RoHS) Directive on electric and electronic products, Acer has taken the initiative to ensure that all products are compliant by Q1 of 2006. This entails electric and electronic products not using lead, cadmium, mercury, hexavalent chromium, PBDEs and PBBs.



In addition to the six substances mentioned in the RoHS regulations, we restrict our suppliers from using the following hazardous chemical substances: rock wool, azo compounds, short chain chlorinated paraffins, CFCs, HCFCs, organic tin, PCBs, PCTs, and PCN.

- **Easy to Recycle and Disassemble**

Acer began leading the way in screwless PC design back in 1991 and to this day we continue R&D to improve screwless assembly methods. The advantages of this design are:

1. Convenient for user to upgrade and replace
2. Convenient maintenance
3. Easy to disassemble and recycle end-of-life computers

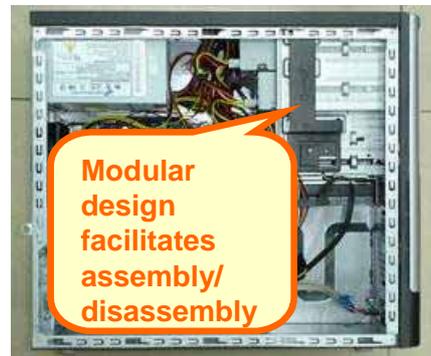
In designing easy to recycle/disassemble computers, we also:

1. Make every effort to avoid bonding and soldering different materials
2. Make every effort to avoid using surface adhesive technologies on plastic components
3. Label plastic materials and recyclables: All plastics and plastic packaging weighing 25g or more must carry the recycling label and material label to facilitate separation and recycling.

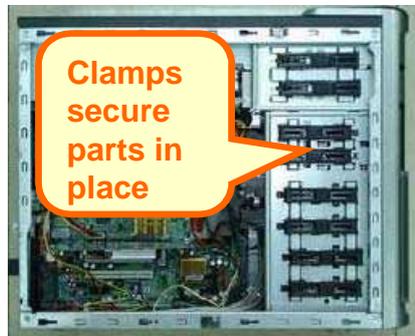
First-era design: minimized screw usage
- only 2 screws in one CDROM player



Improved design:
-after screws are tightened, module is simply inserted into place



Improved design:
-Clamp unnecessary



● Revised Instruction Manual

At the end of 2004 we completely revised the Acer notebook user manual to save paper, condensing what was originally 240 pages into 32 pages. We programmed general operational instructions into software and placed user environment setup information into an online user manual. These measures maintain product user safety information and provide a user-friendly quick user guide.

New User Manual

Old User Manual



Packaging Improvements

The function of packaging is to protect products during transport and delivery, and prevent damage due to impact. Striving to reduce the use of packaging and its environmental impact, Acer set up a special taskforce in 2003. The taskforce reviewed packaging of four notebook models, and worked toward reducing the use of packaging materials and establishing labeling standards for packaging material.

Currently Acer packaging materials adhere to the following principles:

1. Minimize packaging
2. Use recyclable and reusable packaging materials, such as paper and PE
3. Use other shock-absorbing materials, not polystyrene
4. Label plastic materials to facilitate separation and recycling

Before improvements



First improvement



Second improvement



The taskforce also assessed packaging of peripheral products and standardized the packaging to four different sizes. The space for largest components was greatly reduced, for example the packaging depth for optical hard discs was cut from 110mm to 55mm.

Labels for plastic materials were applied, applying LDPE labels for shock-absorbent material with recyclable labeling clearly printed on the cardboard box surface to facilitate separation and recycling.

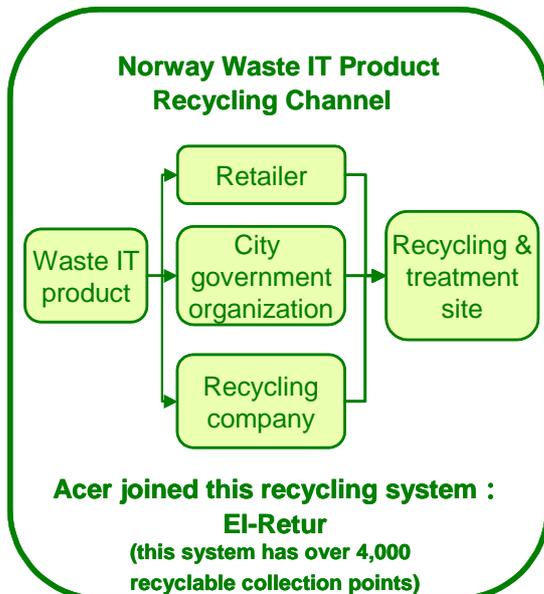
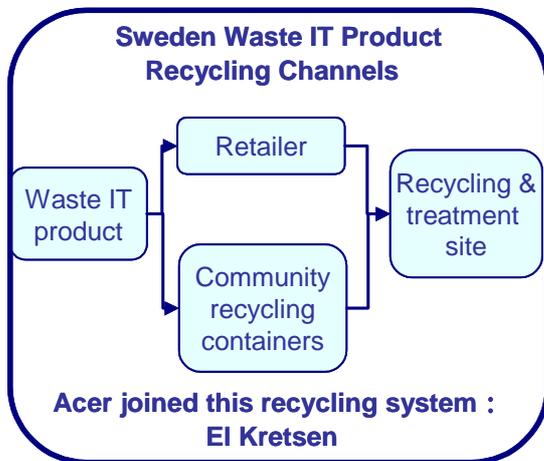


Information technology is rapidly evolving and continuously churning out new products that make life more convenient at home, the office, and

during play. However, this quick product replacement rate is leading to large amounts of disposed electrical and electronic goods. How to deal with discarded electrical and electronic goods is currently among the most pressing global environmental concerns.

In the past, waste electrical and electronic products did not undergo treatment, and instead were relegated to incinerators and landfills, causing serious damage to the environment. In June 2000, the EU addressed this problem by proposing the WEEE Directive for treating discarded electrical and electronic equipment. The directive makes manufacturers responsible for the treatment and recycling of their own products when they have reached the end of their lifespan.

Acer products are marketed worldwide and we recognize our responsibility for the final disposal of Acer products. We actively participate in waste product recycling and treatment systems wherever our products are sold, striving to ensure Acer products are adequately processed after consumers dispose of our goods. The following diagrams show Acer's involvement in recycling systems around the world:



In addition to the above systems Acer has joined SWICO in Switzerland, complies with the electronic goods recycling regulations (SB20) in California, USA, and complies with laws regulating recycling of consumer and corporate waste IT products in Japan.

Currently Acer headquarters is working on plans for product recycling and treatment plans for the U.S. and Europe. Our goal is to minimize the negative environmental impact of all Acer products after disposal, and ensure that they receive the best possible treatment.

Product Environmental Information

Providing environmental information about products is a responsibility that all international corporations must assume. The primary objective is to keep consumers informed about environmental information regarding the products they purchase. Acer uses the IT ECO standard for product environmental information labels so consumers know the environmental aspects of Acer products.

The IT ECO standard was jointly formulated by the Association of the Swedish IT and Telecom Industry, Norway's IKT, and Denmark's ITB. The information provided includes

environment-conscious designs, explanations of restricted materials, packaging, batteries, and energy use.

All information about the environmental aspects of Acer products is provided on our website so that consumers can click and learn the environmental facts on the products they have or want to purchase. As of the end of May 2005, Acer has listed environmental information for 15 notebooks, four desktop PCs, and two servers. For more information, please visit

<http://global.acer.com/about/environmental10.htm>

For our screens, Acer uses Sweden's TCO mark, which demands the most extensive and strict application criteria in the entire monitor industry. The label standards are primarily concerned with energy use, ergonomics, radiation, and safety.

As of May 2005, Acer has received TCO '99 certification on four CRT monitors and 23 LCD monitors, and TCO'03 certification on five CRT monitors and three LCD monitors. For more information, please visit <http://global.acer.com/about/environmental11.htm>

Eighteen Acer products have earned the Green Mark eco label from Taiwan's Environmental Protection Administration. This includes nine desktop PCs, two notebooks, and seven LCD monitors.



Acer Environmental Award Recognition

1992 First national Enterprise Environmental Protection Award (EEPA)

1994 Won First Place in the German BUND Organization Information Industry Environmental Assessment

1997 Won Second Place in the German BUND Organization Information Industry Environmental Assessment

2004 LCD monitor AL1731 received Germany's Red Dot Design Award



2005 TravelMate 3000 Notebook received Germany's Red Dot Design Award



2005 AL2032W LCD monitor received Germany's iF Design Award

◆ Although Germany's Red Dot and iF are product design awards, the review criteria also include environmental protection concerns

Green Office
Healing the Earth through everyday actions

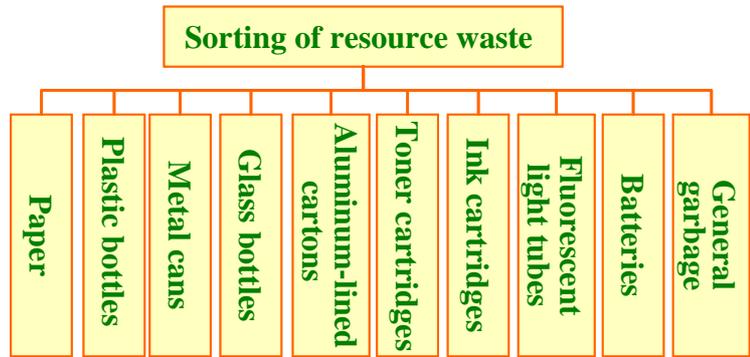
Acer has always emphasized the need to maintain a green office and put green principles into practice in our everyday work routine through small but significant actions, such as recycling, energy conservation, water conservation and adding greenery to the office. We believe that even small actions can go a long way toward creating a comfortable and clean work environment, ultimately to make the Earth a better place.



Waste Reduction and Resource Recycling

To reduce our use of paper, we make a great effort to keep all information in electronic form. In our restrooms, we encourage employees to “shake thrice” before drying hands with a paper towel. We also comply with government ordinances to sort all garbage and to

entrust a certified clearance organization to collect resources for recycling.



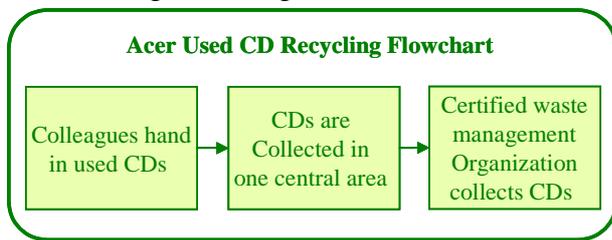
Bins are marked to help sort recyclable containers



Resource recycling center at Acer headquarters



The convenience of CDs has spurred an increase in their production and usage, as well as waste problems from discarded CDs. Therefore in 2003 we began implementing a discarded CD management program in our offices. All used CDs are collected twice per year in conjunction with the biannual reporting of end-of-life computers. The CDs are then given to a certified waste management organization.



2004 Acer Taipei's Resource Recycling Records

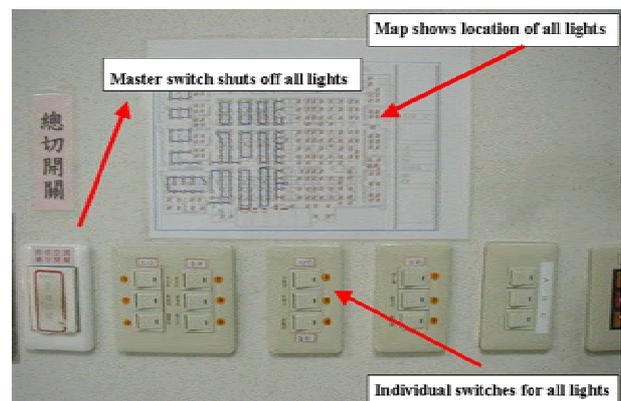
Item	Paper	Steel and aluminum cans	Plastic bottles	Aluminum lined cartons	Glass bottles
Unit	4,314 (kg)	107.4 (kg)	100.7 (kg)	14.0 (kg)	12.4 (kg)
Item	Ink cartridges	Toner cartridges	Fluorescent light tubes	Dry cell batteries	
Unit	242 cartridges	423 cartridges	2598 cartridges	349.6 (kg)	

Energy Conservation

In the office, we strive to promote energy conservation in various ways. For example, in designing our offices each floor is divided into sectors, each of which has its

own master power switch. The last colleague to leave the office need only flick one switch to turn off all the lights and air conditioners in one sector.

Lights are turned off to conserve energy



In 2005, we conducted an assessment on the possibility of replacing traditional fluorescent light tube fixtures with energy-saving ones. It was estimated that by doing so we can cut our annual energy consumption in half. In terms of economic efficiency, we could save around two-thirds on our annual power bills. While replacing the lights, we also changed the mirrored surfaces of light fixtures to cloudy surfaces to provide improved lighting that is more evenly spread out over the work area.

- **Office Lighting Improvement Assessment**

Table 1. Light fixture specs comparison chart

Item	Traditional	Energy -saving
Illumination	750lux	750lux
Luminous flux	1300lm	2900lm
Ballast	Traditional	electronic
Amp rating	1.2A	0.49A
Wattage	264W	108W
Lifetime	3,000hr	20,000hr
Guarantee period	6~12 months	3 years

Table 2. Economic efficiency assessment

Unit : NTD

-	First year		Third year	
	Current status (A)	After improve-ment (B)	Current status (A)	After improve-ment (B)
Newly purchased light fixtures (1)	-	1,220,000	-	1,220,000
Fixture replacement (2)	-	263,000	-	263,000
Electricity bill (3)	898,498	318,147	2,695,494	954,441
Peripherals (4)	109,956	0	329,868	0
Light tube replacement (5)	238,000	0	714,000	0
Subtotal (1+2+3+4+5)	1,246,454	1,801,147	3,739,362	2,437,441
Actual savings	- 554,693		+ 1,301,921	

Water Conservation

Frequent water shortages in Taiwan underline the importance of efficient use of water resources. Acer has launched a water conservation initiative in all its offices. In 2004, all faucet heads in our offices were replaced with water-saving fixtures to reduce water consumption.

Office Greening and Beautification

Living in an urban environment reduces the chance for contact with nature. We grow potted plants at all entrances of Acer buildings and colleagues are encouraged to adopt planting areas within each office. The addition of living green plants has resulted in a more comfortable office environment.

Greenery is planted at office entryways



Greenery is placed at offices



Doing our part in the office to help the Earth

- Colleagues are encouraged to bring their own cups to internal meetings to avoid use of paper cups
- Garbage is not left in the office overnight
- Colleagues are encouraged to bring their own shopping bags to avoid use of plastic bags
- Both sides of paper are used in printers and fax machines
- Only recycled paper is used
- Document envelopes are reused as far as possible
- Air conditioners are set at 23~25



Green Supply Chain
Reaching shared goals through the concept of community

With greater global emphasis on environmental consciousness, Acer has added environmental management concepts to our original production supply chain management practices. This ensures environmental protection principles are incorporated into our suppliers' management mechanisms. At Acer, we liken the relationships within the supply chain to those of a community, and believe we can work together toward a common goal to establish Acer's green supply chain management system one step at a time.

Acer has nearly 100 suppliers, most of which are systems suppliers and primary component suppliers. In terms of supply chain management, Acer makes no distinction between itself and its suppliers. Fostering a corporate culture that emphasizes creativity, Acer sets goals and lets suppliers propose the method of execution.

At the current stage, the focal project of our green supply chain management system complies with the EU's Restriction of Hazardous Substances Directive (RoHS). Our goal for Q1 of 2006 is for all Acer products to comply with RoHS standards.

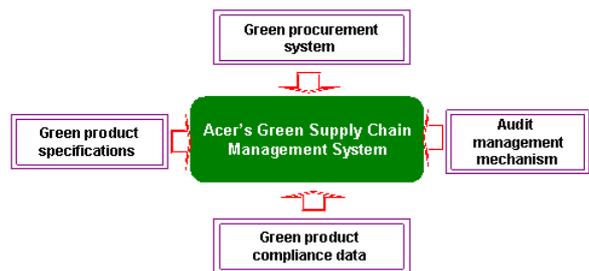
RoHS Service Group

Acer responds to the government's call to join the "Industry Response to EU Environmental Directive Technical Service Group" established by the Ministry of Economic Affairs. This group provides comprehensive and systematic technical service to instruct small to medium sized corporations in satisfying green supply chain requirements.



Acer Green Supply-Chain Management System

Acer's green supply chain management system is divided into four parts: 1) green product standards, 2) green product compliance data, 3) an audit management mechanism, and 4) the green procurement system. This mechanism works to achieve sound management of suppliers in terms of environmental protection.



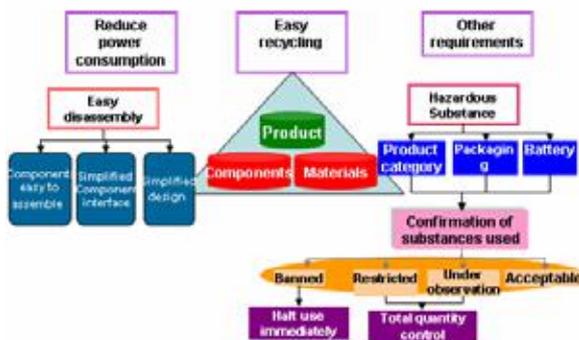
● Green Product Specification

All our suppliers adhere to Acer green product specifications. Suppliers are required to comply with these specifications with regards to rules on energy conservation, ease of recycling, low toxicity, battery usage and packaging. Moreover, as each supplier employs different lead-free mounting technology and uses different main boards, Acer sets different specifications for main boards of different materials.

submitting execution plans and directing the manufacture process. Finally, both sides work together to review outcomes.



ECO Product Requirements



● Audit Management Mechanisms

Audit management mechanisms for suppliers' environmental performance were formally implemented in January 2005. Audits of key component suppliers focus on control of materials and manufacture processes involving chemical substances. Audits of systems suppliers focus on two parts: system audit and manufacture process audit.

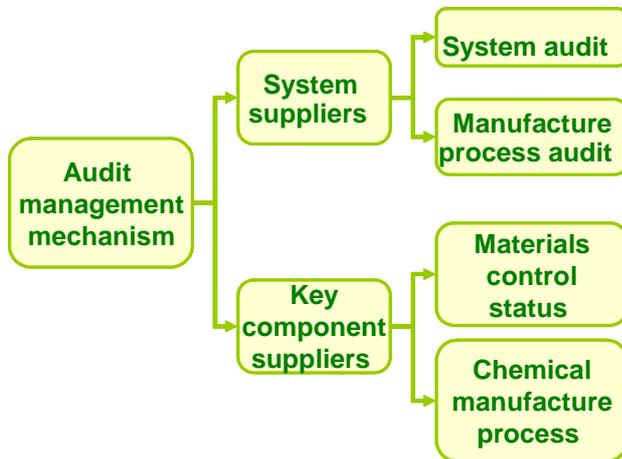
● Green Product Compliance Data

For all products, Acer suppliers are required to submit green product compliance data, including related test reports and guaranty. In the case of system suppliers, Acer places more emphasis on materials and manufacture management. At the outset, Acer first looks into how suppliers cope with related environmental issues, and then begins communicating requirements. The supplier is responsible for

System audits pertain to the status of the supplier's environmental management system. Audit categories include environmental policy, compliance with regulations, environmental management plans, environmental communication, environmental design, operation management, environmental supervision, and audit system, among others.

Manufacture process audits pertain to

onsite inspections at factories, mainly to get an understanding of manufacture conditions, design parameters and other circumstances concerning product manufacture.



● **Green procurement**

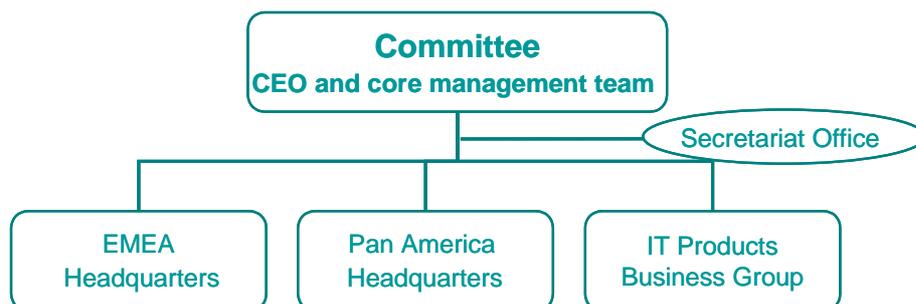
Acer’s green procurement system was built under previously existing procurement procedures. The first step is for suppliers to submit related green product compliance data, which then undergoes confirmation by Acer inspectors.

In terms of planning schedules for green procurement, in the second quarter of 2005 Acer began prioritizing procurement of RoHS compliant key components. By the third quarter of 2005 all key component procurements were RoHS compliant products.

Responding to the RoHS Directive

In response to the European Union’s promulgation of the RoHS Directive, Acer established 26 environmental taskforces under Acer's IT products business group. Two methods were adopted. The first was to dispatch 12 personnel in Europe to stay fully abreast of and coordinate with the progress of regulations in each country of the EU and the Americas. The second task was to establish an environmental safety taskforce at the Taiwan headquarters to proceed with communication and instruction for suppliers of each product line and key component, as well as substitution and confirmation of raw materials used in the manufacture process.

Organizational Framework for Environmental Protection at Acer



Acer's response to the RoHS Directive can be explained in three stages. First, in order to understand each supplier's current state of preparation to respond to the RoHS Directive, a special taskforce issued a questionnaire to each supplier. The content of this questionnaire inquired suppliers whether they had established related environmental management systems, and whether they had introduced lead-free manufacture procedures in the development of green products.

The second stage pertains to communication and instruction stage. For system suppliers, we informed suppliers of Acer's requirements and goal timeline. We also visited factories to better understand the actual response capacity of each supplier in terms of raw materials and manufacture processes. As for key component suppliers, suppliers were categorized and managed on a graded system based on survey results and based on each supplier's state of preparedness to respond to the RoHS Directive.

The third stage pertains to confirming the performance of those suppliers already prepared to make the switch to lead-free technology. In the end, after confirmation by a special taskforce the supplier may begin mass production of the intended product. A portion of suppliers has already successfully switched to lead-free manufacture

processes. We are confident of attaining our goal to have all products RoHS compliant by Q1 of 2006.

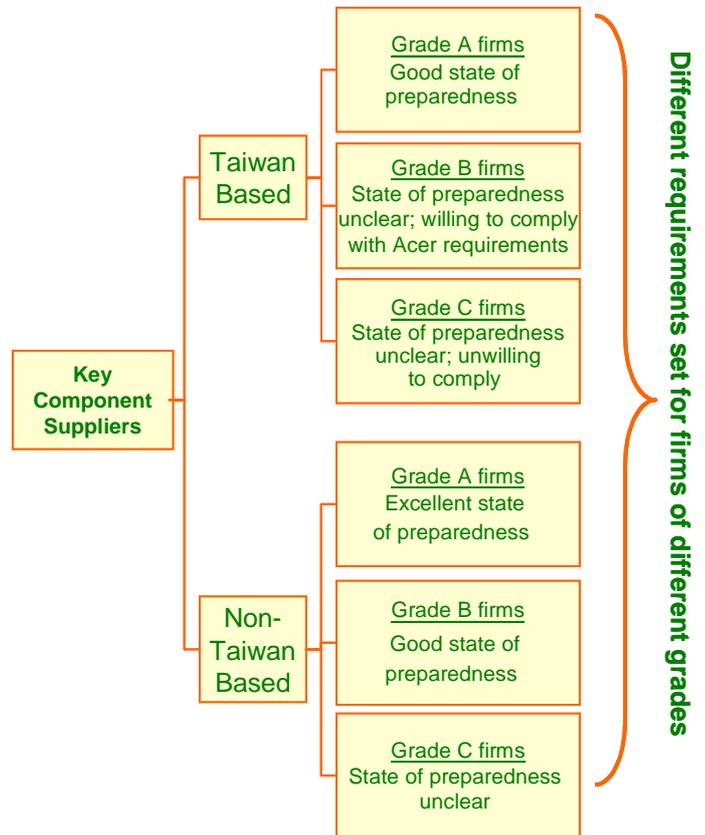


Figure: Graded management of main component suppliers

Environmental Communications

Establishing open channels for environmental communication

In this inaugural year of Acer's environmental management system, our main goal is to increase the number of unobstructed channels for environmental communication, both internal and external. For internal channels, we aim to strengthen education and training on environmental issues. For external channels, we are establishing a special environmental liaison window, publishing this environmental report and proactively engaging in communications and liaisons with international environmental organizations.

Environmental Education and Training

In the past our primary mode of environmental education and training involved participation in seminars held in Taiwan and abroad. This year we have invited related scholars to provide in-house training for our staff. Current topics of instruction include environmental management systems and compliance with related international environmental issues and regulations (i.e. WEEE and RoHS). Trainees are mainly executive personnel working in related areas. Future training topics will

focus on increasing environmental consciousness, and training will be expanded to all colleagues to ensure the entire staff is familiar with Acer's environmental concepts and practices.



Environmental Education Training Courses Recently Held by Acer

Date	Topic	Attendees
2004/12/15	Corporate Sustainable Development and Corporate Environmental Management Concepts: <ol style="list-style-type: none"> 1. International environmental protection trends 2. Corporate sustainable development 3. Acer's vision 	Management level
2005/01/17	Acer Corporate Environmental Report internal training: <ol style="list-style-type: none"> 1. CER development background and current status 2. International computer company CER benchmark studies 3. Acer CER selection and discussion 	Staff responsible for writing CER and product management department
2005/03/28	ISO 14001 general discussion and Acer environmental management system preliminary review: <ol style="list-style-type: none"> 1. Introduction to new version of ISO14001 2. Compare new/old versions of ISO14001 3. How to fill out preliminary review checklist 	ISO executive taskforce
2005/04/08	Green product design concept training course: <ol style="list-style-type: none"> 1. Green product design and development trends 2. Compare green product design in computer information industry 	Product design staff
2005/05/02	Lead-free product awareness training: <ol style="list-style-type: none"> 1. Introduction to lead-free products 2. Common problems with lead-free production and products 3. Multinationals' current progress on lead-free products and related promotion information 	Information product information group (including colleagues dispatched overseas)
2005/05/06	Green supply chain awareness raising: <ol style="list-style-type: none"> 1. Current status of green supply chain regulations (WEEE and RoHS) 2. Case studies of other multinationals' green supply chains 	Information product industry group (includes colleagues dispatched overseas)

Establishment of Environmental Communication Channels

Disclosure of environmental information is a social responsibility to be taken up by all corporations. We have installed a special environmental management liaison window and an environmental webpage, disclosed product environmental information, published this corporate environmental report, and actively engaged in exchanges with international environmental organizations.

External communication channels

1. Environmental management contact window
eco@acer.com.tw
2. Environmental information webpage
3. Product environmental information disclosure
4. Acer corporate environmental report
5. Proactive exchange with international environmental organizations
6. Cooperation with domestic research groups

● Acer Eco E-mail

In early 2005, we set up an exclusive environmental electronic contact window: eco@acer.com.tw. Citizens, colleagues, shareholders, suppliers, and environmental groups are welcome to contact us through this email about concerns, suggestions or opinions

regarding environmental management at Acer.

● Environmental Webpage

Acer's environmental webpage was launched in January 2005. On this webpage, we disclose all information regarding environmental policy, the environmental management system, environmental management organization, and product environmental information. Making use of the Internet's ability to shorten distances, we strive to inform the public about Acer's efforts and determination toward environmental protection.

Acer's environmental webpage:

www.global.acer.com/about/environmental.htm

● Publication of Environmental Report

Apart from making information open to all via our environmental webpage, we have now also published the first version of the Acer Corporate Environmental Report (CER) in 2005. In the next stage we will begin planning the next version of our environmental report. The report shows Acer's environmental performance and increases the public's familiarity with our efforts.

- **Exchange with Environmental Organizations**

We are proactive in forming information exchanges with domestic and foreign environmental organizations. For example we have discussed the US' recycling and disposal plans with the US group Silicon Valley Toxics Coalition (SVTC). We have also entered discussion with Greenpeace regarding the use of toxic chemical substances. We strive to listen to and respect environmental groups' views and recommendations. Their opinions and evaluations of our environmental performance help us monitor and progressively modify the direction and methods of our environmental policies. By remaining open to feedback, we are thus better able to conform to the world's expectations for Acer to protect the environment.

- **Cooperation with Government and Domestic Research Organizations**

Acer believes in the continual advancement of the environmental management profession. This is the only way to guarantee steady progress in the company's overall environmental performance. Currently we cooperate with the Institute of Environment and Resources, university professors and scholars in updating the ISO14001 environmental management system, writing our environmental report, and

managing the green supply chain and environmental risk. We also cooperate with the Environment and Development Foundation in carrying out research on RoHS compliancy certification.

Acer participates in two cooperation programs with Taiwan's Industrial Development Bureau, Ministry of Economic Affairs. One involves a product eco-design and promotion plan with guidance provided by the Industrial Technology Research Institute's Center for Environmental Safety and Health Technology Development. The other involves an environmental management technical tool-training plan, with guidance provided by the Foundation of Taiwan Industry Service.

By adopting strategic alliances models established by domestic research groups, we aim can understand and stay abreast of environmental issues in a more comprehensive and meaningful way. This will ensure a more progressive edge in our efforts to research and adopt comprehensive and appropriate response strategies.



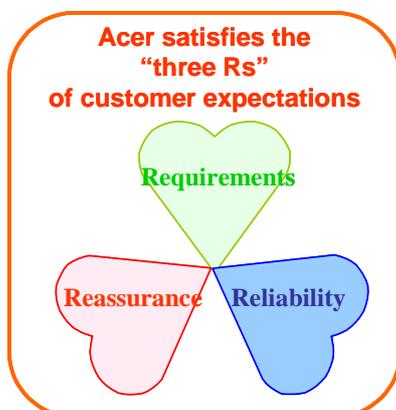
◆ A briefing on Acer's green procurement and green supply chain management during a seminar held by the Taiwan Ministry of Economic Affairs on 13 June 2005 regarding the effect of EU environmental directives on global procurement trends.

Client Relations

Innovation and intent to satisfy customer demands

Acer has always believed that “service is honor.” We provide clients with professional service and satisfy customer demands through innovation and steadfast intent. In the end, we hope that customers are proud of their Acer products.

Acer satisfies customer demands through innovative thinking, always seeking ways to put our creativity to optimal use and provide customers with cutting edge technology. Our customers rely on the knowledge that we conduct strict inspections on the quality of our products. Customers can rest assured knowing that they have a safe product and that Acer will continue to provide comprehensive customer service.



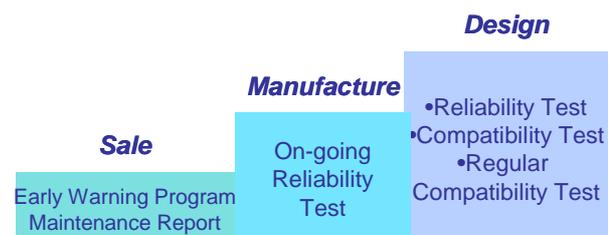
Product Quality Management

Acer Quality Policy

Flawless and competitive products and services that promptly reach the customer

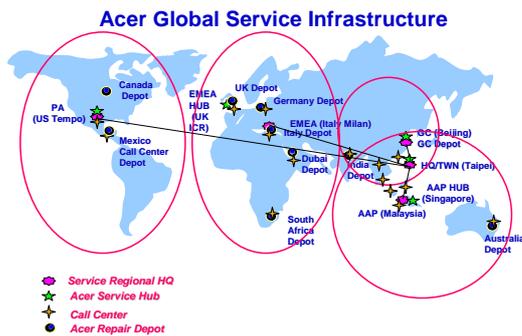
Acer works early on in the design stage to provide customers with reassurance and high quality products. Before mass production, all products must pass three tests for dependability, compatibility and regulation compliancy. To further confirm product stability, all products undergo the On-going Reliability Test (ORT) during mass production.

After new products enter the market, we launch an Early Warning Program to check the status of products at all times. Any problems are immediately reported to Acer headquarters upon discovery, and improvements are immediately incorporated into products already under production. Every week we compile product repair reports, in which we record problems, causes, consequences and solutions.

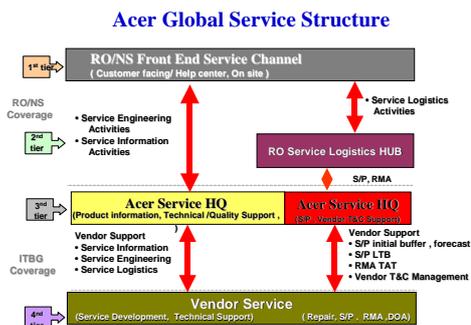


Customer Service

Fostering a corporate culture that holds respect for the customer, we have established a sound service system in which the customer is the leader, and professionalism is the rule throughout post-sale product service. Acer's global service infrastructure is divided into four regional headquarters in Greater China, Asia Pacific, Europe/Middle East/Africa, and The Americas, with service hubs in each region. We strive to provide perfect service to our customers all over the globe.



Each area has established repair service centers that can handle simple repairs. Repair work involving more technical difficulties may be sent to the regional headquarters.



Taiwan Area Services

In Taiwan, Acer has established 12 Acer Service Centers to provide customers with the convenience of products and services all in one store. We have also established customer service hotlines and e-Services, which provide information on technical problems, product repair progress inquiry service, and product marketing inquiry service. These comprehensive services are available year-round.

<http://www.acer.com.tw/service/index.htm>

China Area Services

Acer has established 100 service stations in the China Region since August 2004. These stations replace the prior use of representative companies or special appointment maintenance hubs and provide customers more convenient service through the establishment of unified repair service hotlines. In addition, we have selected 50 hub cities throughout China to provide 48-hour rapid repair service for desktop computers.

Europe Regional Services

Acer Europe allows customers to purchase insurance coverage for extended warranty service for up to five years. Acer Europe also temporarily loans computers to consumers while their products are in for repair. Rapid repair service is also provided.

Staff Relations

Respecting diversity and cultivating talents to create a win-win work environment

The total number of staff in the global Acer group has reached over 5,000. In the Acer management philosophy, relations among staff members are not top-to-bottom, but as partners starting an undertaking together. We have found that staff members are more likely to bring their abilities into full play when management gives them full authority, bears complete trust, respects diversity, cultivates talents and helps them develop their potential. Acer encourages and draws on the mutual benefits shared among partners in a way that fosters collective growth.

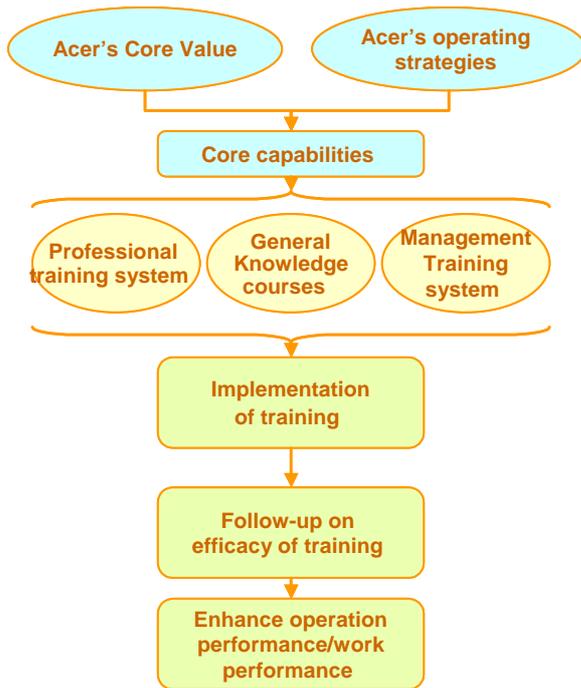
The Acer Staff Code of Conduct is based on the premise of complete trust:

Acer Staff Code of Conduct

1. Value customers' rights and the company's interests ; make clear distinction between public and private interests; consider practical economics when making decisions
2. Do not dispute with customers; proactively handle customer complaints
3. Do not disclose the confidentiality of customers and of the company
4. Strive to protect the visible and invisible assets of the company
5. Actively maintain the company's good reputation, avoid negative conduct
6. Fully understand the extent of one's authority, and be cautious of overstepping
7. Refrain from doing anything that might cause conflict between personal and company interests; if a conflict occurs, it should be disclosed appropriately
8. Do not take advantage of authority by accepting bribery or commission on sales personally
9. Do not use the company internet system for inappropriate matters
10. Do not get involved in illegal or illegitimate activities

Staff Welfare and Activity

Acer's greatest asset is the knowledge and intelligence of each employee. We firmly believe that growth of our staff's knowledge and intelligence is actually growth of the company's assets. We therefore attach great importance to the educational training of our staff. The conceptual framework for educational training is illustrated below:



Acer's educational training can be classified into five categories:

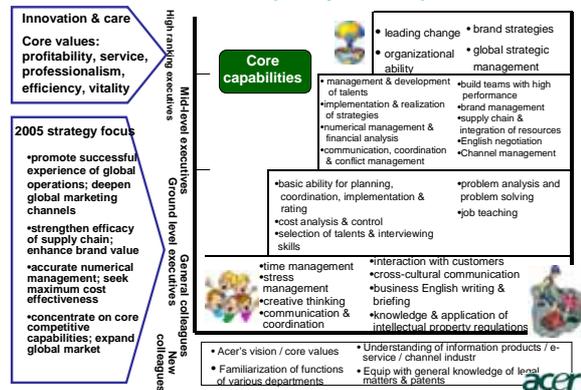
1. Executive management development training: targets ground level, mid-level and high-ranking executives; assists executives to enhance strategic thinking, strategy implementation, problem analysis and problem solving ability.
2. Specialized professional training: develops professional skills in specialized areas, such as supply chain and resource management
3. General knowledge courses: primarily general courses, e.g. skills in handling customer complaints, English courses, general environmental education training
4. Department-initiated self-organized training due to business demand: for instance, ISO 14001 environmental administrative system outline. Such training can be classroom training,

in-service training, or overseas training

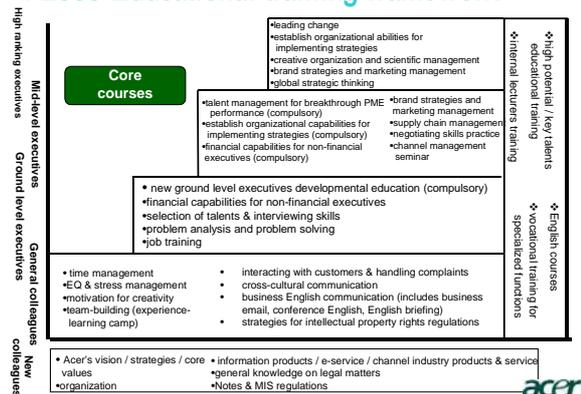
5. New personnel training



2005 Acer's core capacity development focus

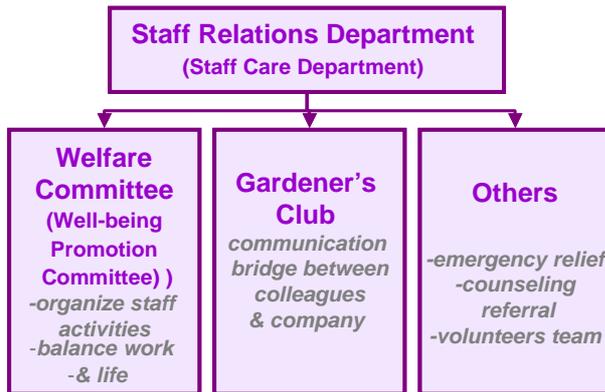


2005 Educational training framework



Staff Welfare and Activity

Acer has set up a Staff Relations Department under the Human Resources Headquarters to play the role of communicating the company's concern for each colleague. The department also serves as a bridge for colleagues to convey their recommendations to the company. The department endeavors to balance the work and life of colleagues, promote cohesion, increase the sense of belonging, and enable each colleague to feel proud to be a member of the Acer family.



● Staff Activity

Acer's human resources departments plan various activities throughout the year. Among the activities held at Acer headquarters in Taiwan include one- and two-day staff trips, hiking, camping, athletic competitions, New Year's mahjong competition, cultural activities, movie nights, classes for mothers, Chi Gong classes, Acer America's annual

Christmas party, fieldtrips, and such. We hope that participation in such activities increases interaction between employees and helps to create a balance between life and work.

Annual Outing 2004(Acer Middle East's)



Christmas Gift Exchange Event (Acer Malaysia)



● Staff Welfare

A local Taiwan welfare fund is used to provide financial assistance to colleagues for wedding celebrations and funeral services. Apart from holding outings for colleagues, Acer Taiwan has also established a fund for employees' own leisure time activities. This fund can be used for travel, health check-ups or as a donation.

Due to a rapid increase in medical and health care costs in the U.S., Acer provides an insurance plan and insurance statement for employees to choose the coverage plan that best suits their situation. The company has also set up a scholarship plan to encourage employees to go back to school for further education.

- **Gardener’s Club – Acer Headquarters**

Regarding staff as partners, the Gardener’s Club was established to let colleagues participate in the company's decision-making process and to gather the colleagues’ proposals for improving the company. The Gardener’s Club is a platform for communication and interaction between the colleagues and the company, with the primary aims to increase interaction of labor and management, discuss staff relations, promote the work conditions and employee welfare, improve productivity, and enhance the operational benefits of the company.

The chairman of the Gardener’s Club is the president of Acer Inc., and the gardeners are elected by all colleagues; presently there are 30 gardeners. The Gardener’s Club holds a meeting every quarter, during which it addresses company policies, management systems, etc., and it carries out exchange of ideas and communication through the means of proposing motions.

Origin of the name “Gardener’s Club”

In the initial stages of establishing Acer, Stan Shih , the first chairman of the Gardener’s Club, likened himself to a gardener, irrigating the field of the Taiwanese information industry, with conviction that it will flourish.



Social Welfare

Striving for global recognition as a corporation that contributes to society

Acer holds to the spirit of giving back to the society that sustains us. Through an innovative and caring service culture, we live up to our social responsibilities as a corporation by drawing on corporate resources and power to engage in actions that give back to society.

Apart from the yearend fundraising benefit, in the event of a serious disaster, we also hold fundraising activities to help people and places in need. For example, the great tsunami in South Asia in 2005. Almost all of Acer employees around the globe contributed to subscribe a large sum to the relief fund. The Acer headquarters in Taiwan offered a fund, which were channeled through a three-year project under the Government Information Office, Executive Yuan, to raise 100 children that had lost their families in the disaster.

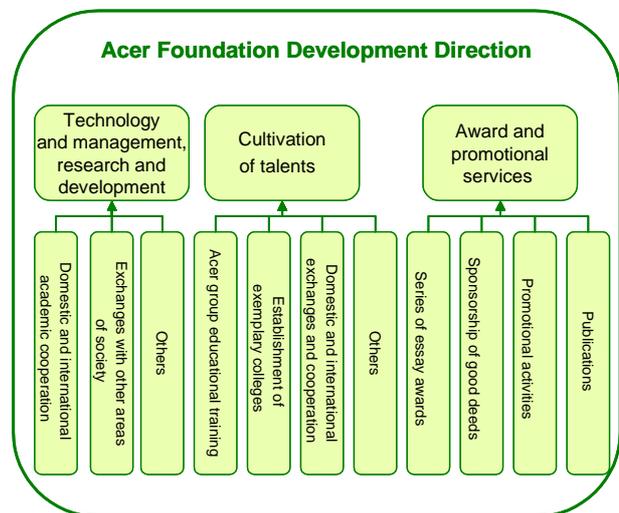
Acer Foundation

The Acer Foundation was established in July 1996 with funding from donations by each Acer business group. The three missions of the foundation are to research and develop technology and management, cultivate talents, and award good deeds.

We uphold a global vision of technology,

with the hopes that development of knowledge and sustained cultivation of talented individuals will result in a pooling of wisdom from all corners of the globe to spur further internationalization.

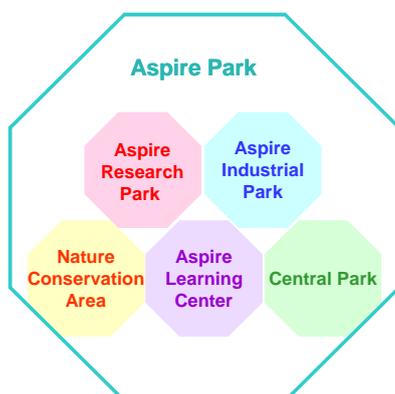
By developing non-profit initiatives and talented personnel, on an internal level, we hope to promote the development of Taiwan's society, raise the standards of academic research, and propel Taiwan's quest to become a "technology island." On an external level, we regard ourselves as world citizens and aim to cultivate international talents and strengthen international cooperation exchanges to promote global economic growth.



Acer Aspire Park

Acer proposed the “Employee Homing” in 1990, which is based on the premise that our intelligence and abilities are fully capable of creating a world in which life, work, recreation, learning and growth are all imbued with abundant vitality. The idea for Aspire Park was formulated to provide a blueprint for the future, including a residential environment with high-quality living standards, a work space with optimal efficiency and a place to satisfy the human need for lifelong learning.

Aspire Park is located in Gaoyuan Village and Sanhe Village in Longtan Township, Taoyuan County. The area covers 172 hectares and is situated in the Tongluochuan plateau at 198 to 303 meters above sea level. The park is divided into several areas, with 6% for research and development and educational facilities, 21% for industrial use, 23% for residential use, 18% for public park space and roads, and 33% for nature conservation areas.



Social Services

● Taiwan

Acer Volunteers was established in October 2004 with the goal of letting colleagues use their spare time and energy to contribute their expertise to public welfare services. Participation in the group provides opportunities for interaction between colleagues from different departments and between families of colleagues, and promotes friendship among colleagues. Volunteer activities work to enhance life experience and self-growth, while at the same time give back to society and bring Acer’s responsibility as a corporate citizen into full play.

Currently, there are 130 members in Acer Volunteers. Main activities attempt to extend the Acer core business concepts throughout the world. For example, the volunteers provide minority groups with assistance in setting up Internet framework, computer repair, and software design. They also coordinate with the welfare committee’s activities, and take minority groups to participate in these activities.

Volunteer activity in Pingtung (2005.02.11)



**Volunteer activity in Pingtung
– computer class (2005.02.11)**



Acer Volunteers past events

- 2004/10/26 Acer Volunteers installed message board
- 2004/11/10 Giving back to the townships of Taiwan: 5 computers were donated to LimenBorough, Sijhih
- 2004/11/16 19 boxes of clothing were donated to Pingtung mountain villages
- 2004/11/16 10 boxes of goods were donated to CCF in Taiwan
- 2004/11/21 Giving back to the townships: Fundraising auction and free computer medical service at Sijhih community welfare association meeting.
- 2005/01/19 Volunteer work slogan chosen
- 2005/01/25 Three bookmark donation activities held and donations were sent to seven organizations in Taiwan
- 2005/01/27 Orchid fundraising auction held to help Taoshan Elementary School
- 2005/01/27 60 boxes of clothes were sent to mountain villages in Pingtung
- 2005/02/11 Onsite survey made in rural mountain villages in Pingtung
- 2005/05/13 Healthy lunches and assistance given to mountain villages in Pingtung
- 2005/06/28 Donation of goods made to health recovery association

Acer Volunteers was established as a retirement gift for Acer Founder Stan Shih

● **China**

In 2000, Acer and the China Youth Development Foundation jointly held a Yangtze River tree-planting activity. From March to September 2000, Acer pledged to plant two trees for every computer purchased by consumers.

The Acer Forest covers 2,000 acres and is located in an important ecological protection area on the mid- to upstream section of the Yangtze River. And Leshan, the whole nation’s natural resource protection project. Acer’s donation funded the planting of over 100,000 tree saplings. Acer also donated over RMB 1 million toward remediation projects in areas with serious erosion along the Yangtze River.

Acer is the first IT corporation to participate in Yangtze River protection activities. We believe that this is a fundamental action to give back to consumers and society. We hope that these initiatives will lead other corporations to participate in similar activities.

● **Malaysia**

Every Chinese New Year, Acer Malaysia calls on colleagues to bring food and daily living necessities to orphanages and let the children feel the spirit of the Chinese New Year.

Acer Malaysia organized a Charity Drive to one an orphanage in Selangor state



● Middle East

Acer has made tremendous effort to carry out social welfare activities in the Middle East region. After the 2005 South Asia tsunami, Acer donated funds to rescue victims and donated desktop computers, monitors and notebook computers to a boy scout group in Dubai. Acer also supported students in organizing AIESEC.

Donation to support South Asia tsunami relief efforts



Sponsorship of Athletic Activities

Since its establishment, Acer has supported many athletic activities. We aim for the Acer brand image to carry the same kind of vitality that is seen in sports. Sport is also a good medium in which both the nation and corporations can appear in the limelight of the international stage. The health benefits and enjoyment that sports offers is also worth promoting in itself.

At the outset, Acer established a youth table tennis team. Since then Acer has supported international paralympic athletes to come to Taiwan, and has actively promoted baseball as well as cooperation with famous Formula One race teams. Acer continues to support and sponsor various sports activities.

Sports activities sponsored by Acer over the years

Time	Sports event	Location
2004	Scuderia Ferrari F1 team	Europe
	World Cup Women's Soccer Competition	Thailand
	Bulls (Chinese Professional Baseball League)	Taiwan
	Acer amateur golf plan	
2003	Scuderia Ferrari F1 team	Europe
	Indy 3000	Australia
	Acer Taiwan Open Golf Competition	Taiwan
	Youth Golf Promotion Plan	
	Bulls (Chinese Professional Baseball League)	
2002	Agan (Taiwan Major League)	Taiwan
	Handicapped baseball camp	Taiwan
	Agan Little League Baseball Summer Camp	Taiwan
	BAR F1 UK-US Team	Europe
2001	Prost Formula One Team	Europe
	Beijing Wins Bid to Host 2008 Olympics	China
1998	Asian Olympics in Bangkok	Bangkok, Thailand
1997	China Women's Open Table Tennis Competition	China
1996	Mexico Everest Climbing Team	Mexico
1993	Table Tennis Summer Camp	Taiwan
1992	Hsinchu Table Tennis Competition	Taiwan
1988	International Paralympic athletes come to Taiwan	Taiwan
	Youth Table Tennis Team	Taiwan

Future Prospects

Corporate sustainability

Sustainable development has become an essential component to corporate business strategy; it is also one of Acer's key visions. We strongly believe that sustainable development is founded on mutually beneficial interactions with the public. In the past, we have developed interactions with customers based on our products and services. In the future, we will develop even closer relationships with customers, regions and society through greater fulfillment of corporate social responsibility.

As a first step toward corporate sustainability we have chosen to keep the environment in mind in all our operations. Goals for the near future include establishing a sound environmental operating system. In the future we will work earnestly toward our promise to attain a set of clearly outlined environmental goals (See Chapter 6: Environmental Management System – Future Environmental Objectives). We look forward to receiving guidance and impetus from all circles to help us join the global effort to create a sustainable future for the Earth and humankind.



Glossary

Term	Explanation
AIESEL	Association International Etudiantsen Sciences Economiques Commerciales; The student organization
BVQI	Bureau Veritas Quality International
CCF	China's Children Fund
EMEA	Europe, Middle East, Africa Headquarters
EMS	Environmental Management System
Energy Star	International standard for energy-efficiency for electronic products
ePower Management	Electric power management system developed by Acer
EuP	Directive of Eco-design Requirements of Energy-using Products
Greenpeace	Greenpeace is a national environmental organization
GRI Guideline	Global Reporting Initiative Guidelines
ISO	International Organization for Standardization
LDPE	Low density polyethylene
OSPAR	Oslo and Paris Commissions for the Prevention of Marine Pollution
RoHS	Restriction of Hazardous Substances (EU directive)
SVTC	Silicon Valley Toxics Coalition
TCO standards	TCO are the initials, in Swedish, of the Swedish Confederation of Professional Employees, which sets stringent standards for devices that emit radiation
WEEE	Waste Electronics and Electrical Equipment (EU directive)

Acknowledgements

Acer strives to take up responsibility as an international corporate citizen toward actualizing sustainable development. Our first corporate environmental report (CER) this year is one step toward doing so. This CER serves as a new channel for communicating with the world, and we proudly share Acer's environmental information with all.

We sincerely thank Taiwan's Institute of Environment and Resources and Dr. Shen Yung-shuen of Dayeh University's Department of Environmental Engineering for their guidance and assistance in compiling this report. As this is our first CER, we apologize for inaccurate content, and we are most grateful for feedback from readers so we can make improvements the next time around. We gladly welcome your guidance and encouragement.